

# Velindre NHS Trust Accountability Report 2016/17



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# Velindre NHS Trust Scope of Responsibility:

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

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

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

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

The Trust hosts organisations on behalf of other bodies. A Host Organisation is one that provides a statutory framework that furnishes facilities and resources for a function/organisation on behalf of a third party. Accountability for the operational delivery and associated performance and risks resulting from the activity of the hosted function/organisation rests with the third party.

Directors of the Hosted Organisations are bound by an Annual Governance Compliance Statement with the Velindre NHS Trust Chief Executive and in accordance with the individual hosting agreements with Velindre NHS Trust.

Organisations hosted by Velindre NHS Trust include;

## **NHS Wales Shared Services Partnership (NWSSP)**

On 11<sup>th</sup> May 2012, the Velindre National Health Service Trust Shared Services Committee (Wales) Regulations 2012 No.1261 (W.156) was laid before the National Assembly for Wales and came into force on 1<sup>st</sup> June 2012. The NWSSP is a dedicated organisation that supports the statutory bodies of NHS Wales through the provision of a comprehensive range of high quality, customer focused support functions and services.

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

### **NHS Wales Informatics Services (NWIS)**

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

### **Health and Care Research Wales Workforce**

With effect from the 1<sup>st</sup> April 2015 the National Institute for Social Care and Health Research Clinical Research Centre (NISCHR CRC) was re-organised and rebranded and Velindre NHS Trust hosted “Health and Care Research Wales Workforce” up until the 30<sup>th</sup> September 2016.

Health and Care Research Wales is a national, multi-faceted, virtual organisation funded and overseen by the Welsh Government’s Division for Social Care and Health Research. It provides an infrastructure to support and increase capacity in research and development (R&D), runs a range of responsive funding schemes and manages the [NHS R&D funding allocation](#). The responsible Officer is held accountable by Welsh Government for the delivery and performance of services.

The Trust ceased to host Health and Care Research Wales Workforce as at the 30<sup>th</sup> September 2016 when staff and resources were transferred to relevant statutory health organisations in Wales.

# Scope of the Accountability Report:

In line with Welsh Government and HM Treasury Guidance, the Trust has produced an Accountability Report for the financial reporting period 2016/17.

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

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

## 1. Corporate Governance Report

## 2. Financial Accountability Report

## 3. Remuneration and Staff Report

## 4. National Assembly for Wales Accountability and Audit Report

# 1. Corporate Governance Report:

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




The Corporate Governance Report includes the following sub sections:




- I. Directors Report
  - II. The Statement of Accounting Officers Responsibilities
  - III. The statement of Directors Responsibilities in respect of the Accounts
  - IV. Governance Statement
-

# I. Directors' Report





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



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

|   |  |
|---|--|
|    | <p><b>Professor Rosemary Kennedy, CBE OSTJ TD, Chairman</b></p> <p><b>Appointment:</b><br/>Professor Kennedy was appointed Chairman of Velindre NHS Trust in January 2011.</p> <p><b>Area of Expertise:</b><br/>Partnerships and Collaboration.</p> <p><b>Board Committee Membership</b></p> <p>Professor Kennedy Chairs the Trust Board meeting, Remuneration Committee, Advisory Consultant Appointment Committee and Charitable Funds Committee and is a member of the Information Governance &amp; Information Management and Technology Committee.</p> <p>Professor Kennedy is supported by six other Independent Members.</p>                                |
|  | <p><b>Mr. Paul Griffiths, Independent Member</b></p> <p><b>Appointment:</b><br/>Mr. Griffiths was appointed as an Independent Member of the Trust in October 2009. Mr. Griffith's tenure ended on the 31<sup>st</sup> March 2017.</p> <p><b>Area of Expertise:</b><br/>Finance.</p> <p><b>Board Committee Membership</b></p> <p>Mr. Griffiths is Chair of the Audit Committee (Trust) and Audit Committee (NHS Wales Shared Services Partnership) and is a member of the Planning &amp; Performance Committee.</p> <p><b>Champion Role:</b><br/>Trust Champion for Finance and Governance<br/>Board's Independent Member link with the Velindre Cancer Centre.</p> |
|  | <p><b>Professor Jane Hopkinson, Independent Member</b></p> <p><b>Appointment:</b><br/>Professor Hopkinson was appointed as an Independent Member of the Trust in</p>   |

|   |  |
|---|--|
|   | <p>August 2012.</p> <p><b>Area of Expertise:</b><br/>University Representative.</p> <p><b>Board Committee Membership</b><br/>Professor Hopkinson Chairs the Research &amp; Development Committee, and is a member of the Audit Committee (Trust) and Audit Committee (NHS Wales Shared Services Partnership).</p> <p><b>Champion Role:</b><br/>Trust Champion for Research.</p>  |
|    | <p><b>Mr. Harry Ludgate, Independent Member</b></p> <p><b>Appointment:</b><br/>Mr. Ludgate was appointed as an Independent Member of the Trust in June 2009. Mr. Ludgate's tenure ended on the 31<sup>st</sup> March 2017.</p> <p><b>Area of Expertise:</b><br/>Information Governance &amp; Information Management and Technology.</p> <p><b>Board Committee Membership</b><br/>Mr. Ludgate is Chair of the Information Governance &amp; Information Management &amp; Technology Committee and the Workforce and Organisational Development Committee. He is a member of the Remuneration Committee.</p> <p><b>Champion Role:</b><br/>Trust Champion for Information, Workforce and Communications.</p> |
|  | <p><b>Mrs. Janet Pickles, Independent Member</b></p> <p><b>Appointment:</b><br/>Mrs. Pickles was appointed as an Independent Member of the Trust in October 2012.</p> <p><b>Area of Expertise:</b><br/>Quality &amp; Safety</p> <p><b>Board Committee Membership</b><br/>Mrs. Pickles Chairs the Quality &amp; Safety Committee and is a member of the Charitable Funds Committee, Remuneration Committee and Workforce &amp; Organisational Development Committee.</p> <p><b>Champion Role:</b><br/>Trust Champion for Infection Control, Patients and Older People and is the Trust Board's Independent Member link with the Welsh Blood Service.</p>  |
|  | <p><b>Mr. Phil Roberts, Independent Member</b></p> <p><b>Appointment:</b><br/>Mr. Roberts was appointed as an Independent Member of the Trust in March 2012.</p> <p><b>Area of Expertise:</b><br/>Estates</p>  |



|   |   |
|---|---|
|   | <p><b>Board Committee Membership</b><br/>Mr. Roberts is Chair of the Planning &amp; Performance Committee and a member of the Research &amp; Development Committee and Information Governance &amp; Information Management Technology Committee.</p> <p><b>Champion Role:</b><br/>Trust Champion for Design, Sustainability, Welsh Language, Public &amp; Patient Involvement.</p>  |
|    | <p><b>Judge Ray Singh, Independent Member</b></p> <p><b>Appointment:</b><br/>Judge Singh was appointed as an Independent Member of the Trust in November 2011.</p> <p><b>Area of Expertise:</b><br/>Legal.</p> <p><b>Board Committee Membership</b><br/>Judge Singh is a member of the Audit Committee (Trust), Audit Committee (NHS Wales Shared Services Partnership), Quality &amp; Safety Committee and Remuneration Committee.</p> <p><b>Champion Role:</b><br/>Trust Champion for Violence &amp; Aggression, Safeguarding and Putting Things Right.</p> |
|  | <p><b>Mr. Steve Ham, Chief Executive (Accountable Officer)</b></p> <p><b>Board Committee Membership</b><br/>Mr. Ham is a member of the Charitable Funds Committee and Advisory Consultant Appointments Committee.</p>   |
|  | <p><b>Professor Peter Barrett-Lee, Medical Director</b></p> <p><b>Board Committee Membership</b><br/>Professor Barrett-Lee is a member of the Research &amp; Development Committee and Advisory Consultant Appointments Committee.</p> <p><b>Lead Function:</b> Medical Director &amp; Research</p>   |
|  | <p><b>Professor Sue Morgan, Executive Director of Nursing &amp; Service Improvement</b></p> <p><b>Lead Function:</b> Quality &amp; Safety</p>   |

|  |   |
|--|---|
|   | <p><b>Ms. Sarah Morley, Executive Director of Organisational Development &amp; Workforce</b></p> <p><b>Lead Function:</b> Organisational Development &amp; Workforce</p>  |
|   | <p><b>Mr. Mark Osland, Executive Director of Finance &amp; Informatics</b></p> <p><b>Board Committee Membership</b><br/>Mr. Osland is a member of the Charitable Funds Committee.</p> <p><b>Lead Function:</b> Finance, Informatics and Charitable Funds.</p>   |
|   | <p><b>Mr. Carl James, Director of Strategic Transformation, Planning, Performance &amp; Estates</b></p> <p>Responsible for strategic developments and planning and the continuous improvement of performance on behalf of the Trust.</p> <p><b>Lead Function:</b> Strategic Transformation, Planning, Performance &amp; Estates</p> |
|  | <p><b>Mrs. Georgina Galletly, Director of Corporate Governance/Trust Secretary</b></p> <p>Principal advisor to the Board and the organisation as a whole on all aspects of governance and ensuring that the Trust meets the standards of good governance set for the NHS in Wales.</p> <p><b>Lead Function:</b> Governance.</p>     |

Further information in respect of the Board and Committee Activity, the System of Internal Control and the Trust Assurance Framework are captured in the Governance Statement section of this report on pages 16 and 17, 18 and 21 and 22 respectively.

### ***Public Interest Declaration***

Each Director has stated in writing that there is no relevant audit information of which the NHS body's auditors are unaware. They have taken all the steps that they ought to have taken as a director in order to make the auditors aware of any relevant audit information and to establish that the NHS body's auditors are aware of that information.

All Board members and Senior Managers within the Trust (including Directors of all Hosted Organisations) have declared any interests in companies which may result in a conflict with their managerial responsibilities. No material interests have been declared during 2016/17, a full register of interests for 2016/17 is available upon request from the Director of Corporate Governance.

## ***Disclosure Statements***

- As an employer with staff entitled to membership of the NHS Pension Scheme, control measures are in place to ensure all employer obligations contained within the Scheme regulations are complied with. This includes ensuring that deductions from salary, employer's contributions and payments in to the Scheme are in accordance with the Scheme rules, and that member Pension Scheme records are accurately updated in accordance with the timescales detailed in the Regulations.
- The Trust has had two lapses in the security of data that warranted reporting to the Information Commissioners Office (ICO) in 2016/17: -
  - **Reported July 2016** - Clinical correspondence detailing sensitive information of a personal nature about a patient of the Trust was misdirected in error to the patient's next door neighbour. The Information Commissioners Office confirmed the case was triaged by a member of the Enforcement Team and logged the incident as a breach of the seventh data protection principle and a record of the incident will be kept on file. The ICO have not taken any further enforcement action against the Trust.
  - **Reported March 2017** - Security breach concerning employee data held on the Trust's behalf by one of the Trusts service providers – the US based Landauer Company - that was compromised as a result of a cyber security attack on one of Landauer's UK Server. The Information Commissioners Office have confirmed receipt of the Trust's submission; confirming the information provided has been forwarded to their Enforcement Department, who on considering the information provided and will be in contact with the Trust in due course. ICO outcome decision pending.
- Whilst there is no requirement to comply with all elements of the UK Corporate Governance Code, Velindre NHS Trust has undertaken an assessment against the main principles as they relate to an NHS public sector organisation in Wales. This assessment has been informed by the Trust's assessment of Governance undertaken by the Board in April 2017 and also evidenced by internal and external audits. The Trust is clear that it is complying with the main principles of the Code, 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.
- The Trust's Five Year Carbon Reduction Strategy continues to be implemented throughout all divisions and hosted organisations. This year the Trust has identified infrastructure improvements for 2017/18 as part of the 4th year of the Trust's Carbon Reduction Strategy, in conjunction with Welsh Government agencies. Assessments of energy conservation measures continue to be developed in accordance with emergency

preparedness and civil contingency requirements as based on UK Climate Impact Programme (UKCIP) 2009 weather projections, to ensure that the organisation's obligation under the Climate Change Act and the Adaptation reporting requirements are fulfilled as detailed in the Welsh Government statutory guidance documents 'Preparing for a changing climate Part 1 and Part 2.

## **II. STATEMENT OF THE CHIEF EXECUTIVE'S RESPONSIBILITIES AS ACCOUNTABLE OFFICER OF VELINDRE NHS TRUST**

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

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

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

Date: 5<sup>th</sup> June 2017

 Chief Executive

### III. STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

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

In preparing those accounts, the directors are required to:

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

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

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

#### By Order of the Board

#### Signed:

On behalf of the  
Chairman:



Dated: 5<sup>th</sup> June 2017

Chief Executive :



Dated: 5<sup>th</sup> June 2017

Executive Director of Finance & Informatics

Dated: 5<sup>th</sup> June 2017



## IV. GOVERNANCE STATEMENT

### *The Trust's Assurance Framework*

This Annual Governance Statement details the arrangements in place for discharging the Chief Executive's responsibility to manage and control Velindre NHS Trust's resources, and the organisations which it hosts, during the financial year 2016/17.

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

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

### *Discharging Responsibilities*

The Board has been constituted to comply with the National Health Service Wales, Velindre NHS Trust (Establishment) Order 1993 No.2838 and Amendment Orders 2002 No.442 (W.57) and 2002 No.2199 (W.219). 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 Board discharges its responsibilities through its Committees (listed in the table on page 15 and 16) and scheme of delegation which is set out in our Standing Orders.

There are 10 Committees, reporting directly to the Board which is supported by sub-Committees/groups in the discharge of functions;

| <b>Committee</b>   | <b>Sub Committee</b>                        |
|--|---|
| Quality & Safety Committee   | Trust Organisational Learning Committee     |
| Audit Committee (including 5 separate meetings annually of the "Audit Committee- for Shared Services" to consider NHS Wales Shared Services Partnership (NWSSP) Matters) | N/A   |
| Charitable Funds Committee   | Investment Performance Review Sub-Committee |

| <b>Committee</b>  | <b>Sub Committee</b>  |
|---|---|
| Research & Development Committee  | Research Risk Review Committee<br>Genetic Modification Sub<br>Committee |
| Information Governance & IM&T Committee   | N/A   |
| Remuneration Committee  | N/A   |
| Workforce & Organisational Development Committee                                      | N/A   |
| Planning & Performance Committee  | N/A   |
| Transforming Cancer Services Programme<br>Management Committee. (disbanded July 2016) | N/A   |
| Advisory Consultant Appointments Committee.<br>(Established 2016).                    | N/A   |

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

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

These documents, together with the range of policies set by the Board make up the Governance and Accountability Framework. The Standing Orders have been periodically updated to account for alterations in year; details in respect of the reviews are outlined in section 3.

The dates the Board and Committees met during the period 2016/17 is captured in Appendix 1. All meetings were quorate during this period

At six month intervals the Audit Committee receives a 'governance pack' from NWIS providing a specific focus on the key aspects of assurance in relation to the hosted organisation which includes compliance with Trust Policies, delegations and procurement procedures.

### ***Committee Activity***

In line with Standing Orders, each Committee formally reports annually to the Trust Board on its work during the year detailing the business, activities, attendance and main issues dealt with by the Committee in the reporting year. Copies of the Committee Annual Reports



are available within the Board papers on the Trust's website or from the Head of Corporate Governance.

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

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

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

The Audit Committee developed a mechanism by which it evidenced the discharge of its duties on behalf of the Board through a 'Committee Assurance Schedule' based on the Terms of Reference and delegated powers. This mechanism was adopted and used by the Research & Development Committee, Planning & Performance Committee and Workforce & Organisational Development Committee during the period and will be rolled out across the remaining Committees as appropriate.

Key highlights and issues considered by the Trust Board and its Committees during 2016/17 are included at Appendix 1 of the Governance Statement.

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

During 2016/17, key aspects of Board business and issues delegated to the Audit Committee for consideration and advice, including action taken included;

- Agreement of the Internal and External Audit Plans for the year.
- Receiving Internal and External Audit Reports and subsequently monitoring progress against Audit Action Plans.
- Agreeing the annual counter fraud plan and monitoring counter fraud activities.
- Regular review of the register of gifts and hospitality.
- Monitoring the development and draft content of the Trust's Annual Governance Statement.

- Monitoring of Governance Arrangements across the organisation, including hosted bodies.
- Monitoring overall risk management process by reviewing the Trust Risk Register at each meeting.

Further detail in respect of key highlights and issues considered by the Audit Committee during 2016/17 are captured in Appendix 1 of the Governance Statement.

### ***Engagement with the Local Partnership Forum***

In support of the Board, the Trust also has a Local Partnership Forum that met three times during 2016/17, with Joint Chairs who are each nominated from the staff representatives and Executive Directors. The role of the Local Partnership Forum is to supply the main (but not only) forum within the Trust where the Directors of the Trust and Trade Union Representatives can discuss together and develop appropriate directions and responses to all major service development and change management issues.

Examples of engagement with the Local Partnership Forum during 2016/17 are outlined in Appendix 1 of the Accountability Report.

### ***Board Development and Effectiveness***

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

During 2016/17, the Board held sessions on the following topics;

#### **April 2016**

- **“Building Excellence”** Follow up session on Leadership in the Organisational Development Strategy.
- **Transforming Cancer Services – Programme Update.**

#### **May 2016**

- **Transforming Cancer Services – In-Depth Briefing**
- **2016/17 Budget Setting & Integrated Medium Term Plan (IMTP) Financial Update**

#### **June 2016**

- **Integrated Medium Term Plan (IMTP) Financial Update**
- **Microsoft License Contract**
- **Wellbeing of Future Generations Act**
- **Cancer Strategy**

- **Transforming Cancer Services – Programme Update**

#### **July 2016**

- **Welsh Blood Service ATOS – Supply Chain Solutions**
- **Radiotherapy Strategy**
- **Organisational Development Strategy – “Be Connected”**
- **Integrated Medium Term Plan – Update**
- **Transforming Cancer Services – In-Depth Briefing**

#### **September 2016**

- **Coaching for Performance – Facilitated Workshop**
- **University Trust Status**
- **Technology Hub – Project Update**
- **Cancer Strategy**
- **“Invigorate” Innovation Strategy**

#### **October 2016**

- **Integrated Medium Term Plan (IMTP) Development, Ambitions and Priorities**
- **Transforming Cancer Services – In-Depth Briefing**
  - Innovative Finance
  - Project Agreement
  - Preferred Option

#### **January 2017**

- **Trust’s Financial Position**
- **Welsh Blood Service Supply Chain**
- **Wales Audit Office – Structured Assessment 2016 Report**

#### **February 2017**

- **Informatics – National and Local Considerations**
- **Risk & Board Assurance - To revisit risk domains, appetite and tolerances with the board and discuss proposals for new Board Assurance Framework.**
- **Innovation – To update the Board on InVigorate and developing opportunities**

## ***Standing Orders and Standing Financial***

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

### **May 2016**

- At the Research & Development Committee on the 30th March 2016, it was identified that the quoracy for the meeting required amendment to ensure consistency with other Board Committees. Approval was sought to amend the Terms of Reference under Chairs Urgent Action on the 28th April 2016. At the Trust Board meeting in May 2016 the Trust Board were advised to amend the Standing Orders to reflect the latest version of the Research & Development Committee Terms of Reference.

### **July 2016**

- Removal of reference to the Transforming Cancer Services Programme Management Committee as a Board Committee.

### **January 2017**

- Amendments to the Terms of Reference for the following Board Committees:
  - Research & Development Committee
  - Planning & Performance Committee
  - Audit Committee
- Removal of the Health and Care Research Wales Workforce from Section 5 – Financial Limits.

### **March 2017**

- Amendments to the Terms of Reference for the following Board Committees:
  - Information Governance & IM&T Committee
  - Workforce & Organisational Development Committee

## ***Board Appointments during 2016/17***

The Trust made the following Board appointments;

- Mr Mark Osland was formally appointed as Executive Director of Finance & Informatics on the 1st July 2016, following a period as Interim Director of Finance from the 5<sup>th</sup> January 2015 to the 30<sup>th</sup> June 2016.

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

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

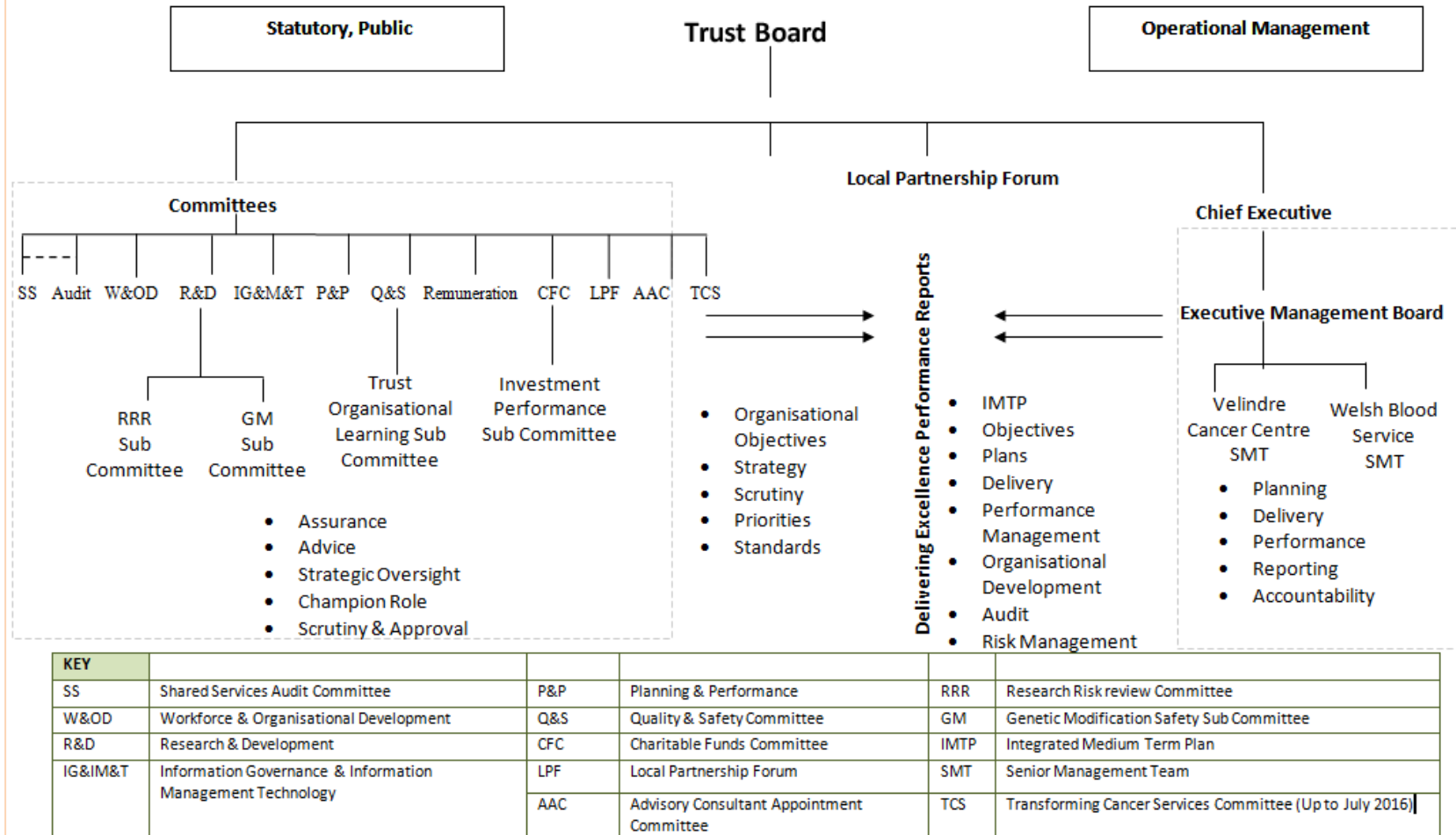
The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place for the year ended 31 March 2017 and up to the date of approval of the 2016/17 annual report and accounts.

The Welsh Government requires that the Trust operates within the wider governance framework set for the NHS in Wales and incorporating the standards of good governance set for the NHS in Wales (as defined within the Citizen Centred Governance principles and Standards for Health Services in Wales), together with its planning and performance management frameworks.

The Trust's Assurance Framework on page 22 supports the system of internal control.

## The Trust's Assurance Framework

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



## ***Governance of the Charitable Funds***

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

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

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

The CFC is supported by the Charitable Funds Operational Management Group, which was established early in 2011 to strengthen the governance arrangements by monitoring the operational application and management of all Charitable Funds held within the Velindre NHS Trust. The CFC is also supported by an Investment Performance Review - Sub Committee, to oversee the investments made by the Charity.

A meeting of all Trustees takes place on an annual basis and scheduled as a half day ‘Trustee Awareness Event’. The aim of the event held in November 2016 was to “take stock” of where we are at whilst also learning from others to help clarify our thoughts in respect of the journey ahead and setting our strategic direction. Topics/Presentations received included:

- **Strategic Direction Report Recommendations** – Progress Update Report
  - **Welsh Blood Service Charitable Status Developments** – Update
  - **Learning and Updates to help us on our Journey – External Presentations:**
    - Introductory meeting with the Charity’s new Investment Manager, Including their investment approach and views on social investments.
    - Social Investments - The ability to make social investments (permitting what is sometimes called mixed motive investment or mission investment)
    - Setting the Strategic Direction – Age Cymru
  - **Group Exercise– where do we want to be heading.**
-

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

[www.velindre-tr.wales.nhs.uk](http://www.velindre-tr.wales.nhs.uk)

### ***Hosted Organisations Systems of Internal Control and Assurance***

Aside from the NHS Wales Shared Services Partnership Committee, hosted organisations utilise the existing Trust's Committee Structure illustrated above. A separate Velindre NHS Trust Audit Committee is held to consider issues relating specifically to NWSSP, having the same Chair and Independent Membership as the Velindre NHS Trust Audit Committee. Information relating to the governance arrangements in NWSSP is contained within the Director's Annual Governance Statement to the Velindre NHS Trust Chief Executive which is on the Trust's website: [www.velindre-tr.wales.nhs.uk](http://www.velindre-tr.wales.nhs.uk)

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

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

### ***Capacity to handle risk***

The Trust has an approved Risk Management Policy in place. The Policy details a robust risk assessment process to identify, assess and manage organisational risks which are reported on a risk register, to the Trust Board. The Trust Board is ultimately responsible for overseeing the Trust's risk register and holding the Executive to account for ensuring management action is taken to minimise risk. The Board delegate's responsibility to the Trust's Quality & Safety Committee for overseeing the risk management process and the Trust's Audit Committee retains the oversight to ensure the system of risk management is effective.

The organisations hosted by Velindre NHS Trust maintain and manage their own risk registers and comply with the Trust escalation processes to ensure the Board is made aware of any significant relevant risks relating to the Boards responsibilities via the Trust Risk Register as necessary. Risks relating to hosted organisations will only be escalated to the Velindre NHS



Trust risk register where matters directly affecting the Trust are apparent. Matters relating to service delivery and performance are a matter for hosted bodies to receive, manage, and escalate as necessary to the relevant sponsor body.

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

Information on the risks managed and mitigated during 2016/17 is detailed in the Trust Risk Register which is received by the Trust Board. Trust Board papers are available on the Trust Internet site, via the following link: [Trust Board Meeting Papers](#).

## ***Risk Management***

The process by which the Trust manages risk is detailed in the Trust's Risk Management Policy, which is available from the Trusts Internet Site via the following link: <http://www.velindre-tr.wales.nhs.uk/quality-safety-policies>

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

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

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

The Chief Executive, as Accountable Officer for the Trust, has overall accountability and responsibility for having an effective risk management system in place within the Trust, including hosted organisations. The Chief Executive is responsible for meeting all statutory requirements and adhering to guidance issued by the Welsh Government Department of Health

& Social Services in respect of governance. Within the Trust's Risk Management Policy, the Chief Executive has set clear measurable risk management objectives for the Executive Directors and Service Directors with delegated responsibility for risk management and governance.

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

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

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

- Guidance and technology appraisals from the National Institute for Health and Care Excellence (NICE)
- National Service Frameworks (NSFs)
- National Enquiries for example Confidential Inquiries
- Patient Safety Alerts
- Professional Guidelines for example from Royal Colleges
- Guidelines or standards from other national /local bodies
- Local and national audit
- Research & Development
- Participation in clinical trials.

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

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

## ***Trust Risk Register***

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

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

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

Mitigation actions are in place for all risks identified and actions plans have been developed to reduce risks to an accepted level.

Each risk on the Trust risk register is assigned to an assuring Committee of the Board to enable in-depth monitoring of management action in relation to specific risks. Risks are also monitored and reviewed monthly by the Executive Management Board and all risks are routinely reported quarterly to the appropriate Committee and the Board. The Audit Committee oversees that the risk management system in place is effective. Importance of maintaining an open and active dialogue on risks throughout the organisation is an approach that the Trust has cultivated.

The Trust's risk register is published in the Trust Board Meeting papers published on the Trust Website detailing the organisations top risks, and the controls in place to manage those risks. The register is dynamic and reviewed continuously throughout the year. The Board acknowledges that a continued focus on management and assurance processes during 2017/18 will strengthen confidence that the Board are sighted on the right risks at the right time and can report transparently on actions to manage and mitigate organisational risks.

During 2016/17 further improvements were made to the risk register in respect of the processes used to report and monitor risks by the Board. The Executive Board was proactive in developing the register and all risks included on the Trust risk register underwent a review to improve the narrative description of the risk. The process for closing risks and de-escalating risk to the service divisions was also made more visible.

The significant risks on the Trust Risk Register as at the 31<sup>st</sup> March 2017 are outlined below: Further details in respect of the Trust's key risks, including significant clinical risks are outlined within the Trust's Annual Quality Statement (AQS). The AQS is included within the Trust Annual Report which is held on the Trust Internet site under key publications.

As at the 31<sup>st</sup> March 2017, the risks on the Trust's risk register include;

- **Accommodation** - Lack of physical space to accommodate the current requirements for services delivered at Velindre Cancer Centre (VCC). The VCC continue to review best utilisation of space and usage, including the use of outreach clinics.
- **Radiotherapy capacity** - Availability of sufficient radiotherapy capacity within available financial resource. A business case has been submitted to commissioners for additional radiotherapy capacity to meet forecast demand. In the meantime, the VCC have continued with efficiency/service Improvement work to ensure maximum efficiency within radiotherapy services.
- **Electronic patient record** - In the event of a significant CANISC system failure, Velindre Cancer Centre would have no electronic patient record and no chemotherapy or radiotherapy workflow management systems. In this scenario treatment would be seriously compromised, for inpatient admissions and /or outpatient appointments. Electronic access of patient medical histories would not be available to guide treatment decisions. Funding has been approved from Welsh Government to secure the necessary resources to fully scope a business case for a full replacement programme, with the project manager commencing March 2017.
- **Non delivery of the expected benefits contained within the Transforming Cancer Services programme and the Infrastructure Project.** There are a wide range of risks associated with the project which includes clinical, capacity and capability, commercial, governance and financial risks. Actions to manage the risk are extensive and include full project management

- **Laboratory Information Management System (LIMS)** - Failure to implement the new LIMS for the Welsh Bone Marrow Donor Registry (WBMDR) could result in a breach of regulation & loss of Human Tissue Authority (HTA) License, which will result in closure of the registry and inability to comply with Single European Code. Project plan is in place and being actively monitored. Discussions with the HTA suggest there is possibility of a deferral period to ensure compliance by the service.
- **Systemic Anti Cancer Therapy** - Lack of resources and capacity to implement new drugs (SACT's) within the revised timescales of 60 days could prevent the VCC complying with this statutory requirement. Work to implement and mitigate risks is actively being taken forward through the SACT group.

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

## ***Risk Management Strategy***

The Trust's Risk Management Strategy covers the period 2015/18. Risk management continues to be an integral component of the Trusts service delivery, and will ensure alignment to the 3 year Integrated Business Plan and other supporting strategies. Underpinning this strategy is a commitment by the Trust Board to undertake an annual review of its risk appetite, and to communicate this to staff involved in the management of risk.

## ***Risk Appetite***

During February 2017 a further Board session was held on risk appetite. The session focused on the organisation's risk appetite and risk tolerance levels. This enabled the Trust to strengthen the operational application of risk management, and add value to strategic decision making.

The session initiated further actions to build and shape the risk systems and process already in place. Work has commenced to define our risk appetite and to identify what level of appetite currently exists within the Trust. As part of the on-going development of the Trust assurance framework, the Integrated Medium Term Plan (IMTP) process for 2016/19 was improved to include risk assessments against the delivery of Trust objectives. Upon adoption of the IMTP, any high level risks will be referred to the Trust risk register for monitoring by the Board. This ensures an integrated approach to risk and performance management and will improve the annual planning cycle.

Further risk training and education will be taken forward during 2017/18. The aim will be to develop managers and Board members to assess risks in accordance with the Trust risk appetite and tolerance levels. This will be a significant development to the Trusts approach for managing risk.

The risk appetite statement will be the driver for implementing the Trust's strategic objectives. It will provide senior management with clear direction about how the Board wants risks to be managed, and will introduce a common language and framework throughout the organisation to ensure risk is managed in a consistent way

The Trust Board will, on an annual basis, undertake a formal review of its risk appetite, and will document its risk appetite as a formal statement.

### ***Health and Care Standards for Wales***

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

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

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

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

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

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

## ***Governance & Accountability Assessment / Board Effectiveness***

The Trust combined Board effectiveness and Board assessment of Governance & Accountability within a single questionnaire that was issued to Board members for completion in February 2017.

As in previous years, an Integrated Governance group was convened on the 7<sup>th</sup> April 2017. The purpose of this meeting was to scrutinise the outcome from the Health and Care Standards Assessment in conjunction with the results from the Board self assessment questionnaire. At this meeting the Board made a judgment using the maturity matrix definitions to conclude how the Trust has performed during 2016/17.


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

The Trust’s self assessment of the overall maturity level for 2016/17 was assessed as Level 4; the maturity level has remained the same for 2016/17 as was assessed in 2015/16.

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

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

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

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

The audit identified a number of areas of good practice; the organisation has a framework in place for the management and completion of the Health and Care Standards self-assessments. There is a Governance Timetable in place for completing the Annual Report which includes key deadlines for the completion of the Health and Care Standards self assessments. For those standards reviewed audit noted that self assessments and self-assessment highlight reports confirming the scores for the standards had been completed by the Divisions of the Trust and the hosted body NWIS.

The review of the Governance, Leadership and Accountability Standard self-assessment noted that improvements were identified and that the outcomes were consistent with Internal Audit’s knowledge of the Trust

### ***Review of Effectiveness***

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

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



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

As in previous years an Integrated Governance Group was held on the 7<sup>th</sup> April 2017 comprising of Board members and attendees. The purpose of this meeting is to scrutinise the outcome from the Annual Board effectiveness self assessment questionnaire in addition to the Health and Care Standards Assessment. It is at this meeting that the Board concluded an overall maturity level for 2016/17 as Level 4; which is defined as 'having well developed plans and processes and can demonstrate sustainable improvement throughout the organisation'. Further detail is outlined on page 30 of this report.

During 2016/17, the Trust and NHS Wales Shared Services Audit Committee undertook Annual Committee Effectiveness Surveys. Although, minor areas of improvement were identified the overall assessment from the outcome was that the Committees are operating effectively and discharging their duties delegated by the Trust Board appropriately.

The scrutiny of these arrangements is in part informed through the internal mechanisms already referred to, but also through the independent and impartial views expressed by a range of bodies external to the Trust, where during 2016/17 no significant issues have been identified. These include;

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

### ***Internal Audit Opinion & Scores for 2016-17***

Internal audit provides the Chief Executive and the Board through the Audit Committee with a flow of assurance on the system of internal control. The Chief Executive has commissioned a programme of audit work which has been delivered in accordance with public sector internal

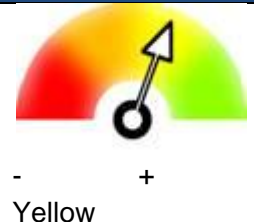
audit standards by the NHS Wales Shared Services Partnership. The scope of this work is agreed with the Audit Committee and is focused on significant risk areas and local improvement priorities.

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

### ***The Head of Internal Audit Opinion***

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

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

| RATING               | INDICATOR   | DEFINITION  |
|----------------------|---|---|
| Reasonable assurance |  | The Board can take <b>reasonable assurance</b> 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 <b>low to moderate impact on residual risk</b> exposure until resolved. |

In reaching this opinion I have identified that the majority of reviews during the year concluded positively with robust control arrangements operating in some areas. From the reports issued during the year ten were allocated Reasonable Assurance and three were allocated Substantial Assurance.

The only report that concluded with “Limited Assurance” during the period was the review of Absence Management. In response to receiving the ‘limited’ assurance for Absence Management, the lead officer attended the Trust Audit Committee in December 2016 where a full discussion was held. The limited assurance rating was also reported to the Trust Board on 26<sup>th</sup> January 2017 through the Chair of the Audit Committee’s highlight report.

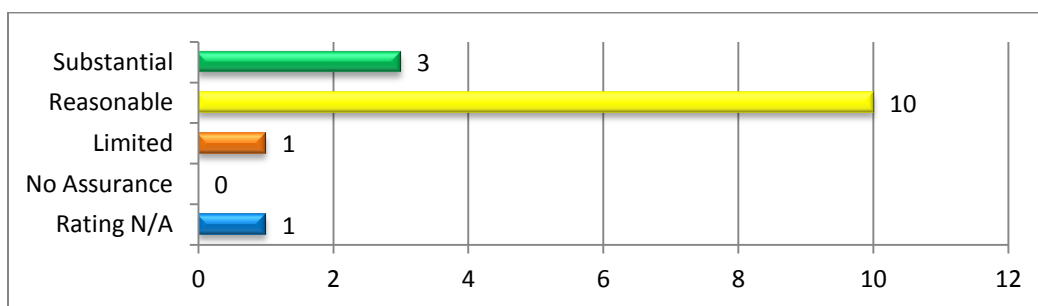
The detailed findings of the report were considered by the Lead Officer for the function and a full management action plan developed and reported to the Audit Committee in February 2017. The management action details actions (immediate and longer term) and a timetable for

addressing the weaknesses identified from the audit and will be scrutinised and monitored by the Audit Committee.

The Trust's Audit Committee will commission a follow-up audit to the report (as all 'limited' and 'no' assurance reports) to ensure the position is strengthened in a timely manner. The position will be closely monitored at all successive Audit Committee meetings through the audit action plan/recommendations tracker to ensure all actions are implemented promptly.

There were no reviews with a conclusion of "No Assurance" during the period.

An overall summary of the results from the 15 audit reviews undertaken during the year is presented in the graph below:



### ***Wales Audit Office Structured Assessment 2016***

The Trust's External Auditors, Wales Audit Office (WAO), conducted a Structured Assessment during 2016 that focussed on the corporate arrangements for ensuring that resources are used efficiently, effectively and economically.

#### **Findings of the WAO Structured Assessment 2016:**

WAO's overall conclusion from the 2016 structured assessment work is that governance and assurance arrangements have improved again this year and whilst financial management remains generally sound, the Trust is at risk of not achieving financial balance.

#### **Financial Planning and Management:**

In reviewing the Trust's financial planning and management arrangements WAO found that the Trust continues to control budgets and monitor saving plans effectively but the Trust is at risk of not achieving financial balance this year.

## Governance and Assurance:

In relation to governing the business, WAO concluded: In reviewing the Trust's corporate governance and board assurance arrangements it found that the Trust's approach to governance and assurance is generally sound and improving although some further areas for improvement were highlighted.

- **Strategic and operational planning:** The Trust has made steady progress in developing its IMTP through increased planning capacity and improved modelling. Scope remains to strengthen IMTP scrutiny and to integrate various strategies.
- **Board and Committee Effectiveness:** The system of assurance is generally effective and while the Trust has made good progress on improving Board and committee effectiveness, there is some further scope for improvement.
- **Organisational Structure:** The Trust is on a journey towards closer working between the divisions and is liaising with Welsh Government to clarify its governance remit for hosted bodies.
- **Progress in addressing issues from previous structured assessments:** The Trust has made good progress in addressing issues from previous structured assessments although this year we note issues with tracking of audit recommendations.

Recommendations are being addressed by the Executive Management Board and progress will be monitored by the Audit Committee by scrutiny of the Audit Action Plan.

## *Information Governance*

The Trust has had two lapses in the security of data that warranted reporting to the Information Commissioners Office (ICO) in 2016/17 and these are detailed on page 11 of the Directors Report under the "Disclosure Statements" section.

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

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

## ***Emergency Preparedness***

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

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

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

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

## ***Integrated Medium Term Plan (IMTP)***

The achievement of the Trust's vision and strategic objectives is driven by 'Delivering Excellence', our Integrated Medium Term Plan (IMTP), which sets out the priorities and actions that will be delivered on a rolling 3 year basis. The plan for 2016/17 - 2018/19 was submitted to Welsh Government in March 2016. In June 2016, Velindre NHS Trust had its IMTP approved by the Welsh Ministers, and accordingly met its statutory duty to have an approved IMTP in place for 2016/17. This followed revised national planning requirements in 2013 and a move from an annual to a three year planning process. Having an approved IMTP in place is a key way of demonstrating to the local population, Board, staff, partners and Welsh Government that the organisation possesses the requisite level of maturity to plan and deliver with confidence over a three year period. The IMTP is refreshed on an annual basis and approved by Trust Board in March each year.

The Trust provided a reflection on progress against the key priorities, performance and ambitions outlined in the IMTP for 2016/17 within the IMTP for 2017 - 2020, which was considered by the Planning & Performance Committee and Trust Board. This assessment was a high level overview of performance against the overall plan. This confirmed that delivery progress against objectives was broadly in accordance with the forecast trajectory. The Trust will undertake a more in-depth review of achievements made during 2016/17 once all performance information has been validated. In respect of the financial performance, the Trust reported a small surplus against its income and expenditure position for the year ended 31<sup>st</sup>

March 2017, as reflected in the Annual Accounts. This review and reflection on the IMTP for 2016/17 will be subject to scrutiny and assurance through the Planning and Performance Committee and Trust Board and ongoing Trust priorities will continue to be monitored and scrutinised into 2017/18.

The Trust submitted the Board approved IMTP for 2017 - 2020 in accordance with the NHS Planning Framework on the 31<sup>st</sup> March 2017. At the time of writing this report the Trust is awaiting a response from the Welsh Ministers confirming whether approval has been acquired for the IMTP for 2017-2020.

The final version of the IMTP for 2017-2020 is available via the following link:  
<http://www.velindre-tr.wales.nhs.uk/key-publications>

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

## ***Ministerial Directions***

A list of Ministerial Directions issued by the Welsh Government during 2016/17 is available at:-  
<http://gov.wales/legislation/subordinate/nonsi/nhswales/2014/?lang=en>

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

Welsh Health Circulars issued by Welsh Government are logged by the Trust Secretary and assigned an Executive Lead to assess the impact to the Trust and take forward necessary actions as appropriate. A register and action log is maintained by the Trust Secretary. A list of Welsh Health Circulars issued by the Welsh Government during 2016/17 is available at:  
<http://howis.wales.nhs.uk/whcirculars.cfm>

## ***Equality & Diversity***

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

The control measures include;

- Trust Equality Monitoring Annual Report.
- Equality reports to Quality and Safety Committee on the Trusts Equality Objectives and Actions
- Reports to the Equality and Human Rights Commissions’ enquiries.

- Reports to the Centre for Equality and Human Rights enquiries.
- Report to the Welsh Government Equalities Team.
- Provision of evidence to the Health Care Standards Audit, specifically Standard 2.
- Equality Impact Assessments.

## ***Conclusion***

The system of internal control has been in place for the year ended 31 March 2017 and up to the date of approval of the 2016/17 annual report and accounts.

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

Signed by  
Chief Executive



Date: 5<sup>th</sup> June 2017

## APPENDIX 1 – Governance Statement - Board and Committee Activity 2016/17

The table below outlines the key highlights and issues considered by the Trust Board and its Committees during 2016/17.

|  |   |
|--|---|
| <p><b>Trust Board</b></p> <p>Meeting Dates:</p> <ul style="list-style-type: none"> <li>• Extra-ordinary meeting 19<sup>th</sup> and 26<sup>th</sup> May 2016</li> <li>• 21<sup>st</sup> July 2016</li> <li>• 22<sup>nd</sup> September 2016</li> <li>• 24<sup>th</sup> November 2016</li> <li>• 26<sup>th</sup> January 2017</li> <li>• 30<sup>th</sup> March 2017</li> </ul> <p>All meetings were quorate</p> | <ul style="list-style-type: none"> <li>• A presentation on Person-Centred Care at Velindre Cancer Centre.</li> <li>• Committee Highlight Reports.</li> <li>• WF&amp;OD Initiatives in respect of Leadership Development, NHS Wales Staff Survey, Velindre NHS Trust Listening Tour.</li> <li>• Welsh Language Annual Monitoring Report for 2015/16 – reporting on the Trusts performance submission for 2015/16 and the Welsh Language Standards.</li> <li>• Updates and progress in respect of the Transforming Cancer Services Programme.</li> <li>• Financial Reports to update the Board on the Financial Position of the Trust.</li> <li>• Scrutiny of the Trusts Risk Register.</li> <li>• Considered the Delivering Excellence Performance Reports at each meeting.</li> <li>• Progress updates and approval in respect of the Integrated Medium Term Plan (IMTP).</li> <li>• Updates and progress in respect of the All Wales Blood Service Programme implementation.</li> <li>• The development work in respect of the Welsh Technology Adoption Hub Project.</li> <li>• Healthcare Inspectorate Wales Annual Report of Velindre NHS Trust.</li> <li>• The development of the Velindre Cancer Strategy for 2016-2026.</li> <li>• The Board approved the recommendation to take forward the Shaping the Future of Radiotherapy – A Strategy 2016.</li> <li>• A briefing on the “It Makes Sense Campaign” provided by Action on Hearing Loss and the RNIB.</li> <li>• Considered the Accommodation Sustainability Strategy for Velindre Cancer Centre.</li> <li>• Considered the development of the Innovation Framework – InVigorate Strategy.</li> </ul> |
|--|---|



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| <p><b>Workforce &amp; Organisational Development</b></p> <p>Meeting Dates:</p> <ul style="list-style-type: none"> <li>• 12<sup>th</sup> May 2016</li> <li>• 6<sup>th</sup> September 2016</li> <li>• 6<sup>th</sup> December 2016</li> <li>• 28<sup>th</sup> February 2017</li> </ul> <p>All meetings were quorate</p> | <ul style="list-style-type: none"> <li>• Received and approved a new Velindre NHS Trust Long Service Award Scheme</li> <li>• Approved the Trust’s Bilingual Skills Strategy.</li> <li>• Received regular updates on the development of the Trust’s OD Strategy “Building Excellence”, prior to its approval by the Trust Board. Following approval, regular updates were sought and provided in respect of implementation and embedding the Trust’s core values and behaviours; the development of the ‘Think Tanks’; and the development of the listening tour (Be Connected).</li> <li>• Noted the Trust’s achievement of retaining its Investors in People Award.</li> <li>• Received and noted regular updates on the All Wales Blood Service Project and the progress being made against the Project Plan.</li> <li>• Approved a new Workforce and OD Performance Report format.</li> <li>• Received an update on the planned Nurse Revalidation Process by the Nursing and Midwifery Council in 2016.</li> <li>• Received and noted the progress being made in developing a Trust ‘Health and Wellbeing Framework’.</li> <li>• Received and noted updates on the Transforming Cancer Services Workforce and OD work stream. As the project developed, updates were provided on workforce planning and resourcing.</li> <li>• Received and noted updates on the implementation of the new pay progression process, which required PADR activity to be aligned to staff incremental dates and pay progression.</li> <li>• Received and noted updates on the Trust’s progress to becoming a Top 100 ‘Stonewall Diversity Champion’ organisation.</li> <li>• Received and noted updates on the work being undertaken by the Trust, to understand the reasons for sickness absences and initiatives being implemented to reduce both long term and short term absence levels across the Trust.</li> </ul> |
| <p><b>Quality &amp; Safety Committee</b></p> <p>Meeting Dates:</p> <ul style="list-style-type: none"> <li>• 9<sup>th</sup> June 2016</li> <li>• 8<sup>th</sup> September 2016</li> <li>• 1<sup>st</sup> December 2016</li> </ul> <p>All meetings were</p>  | <ul style="list-style-type: none"> <li>• Ombudsman Annual Letter 2014 – 2015</li> <li>• Update on the progress made by the Cancer Centre against the Controlled Drugs (CDs) (Supervision of management and Use) (Wales) Regulation 2008 VCC Controlled Drugs.</li> <li>• Feedback from the Welsh Risk Pool Audit Report Concerns/Claims 2014/15 and key findings.</li> <li>• Progress update in relation to the Welsh Risk Pool audit action plan (concerns and compensation claims management standard</li> </ul>   |

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| <p>quorate</p>   | <p>2013/14), and informal feedback on the findings of the 2014/15 audit</p> <ul style="list-style-type: none"> <li>• A paper outlining the planned way forward to implement nurse revalidation.</li> <li>• Approved Quality &amp; Safety related policies and procedures.</li> <li>• Welsh Risk Pool Concerns Audit &amp; Action Plan 2014/15;</li> <li>• Miscellaneous Litigation Reports.</li> <li>• The Professional (Nursing) Assurance Framework.</li> <li>• Learning from the Trust's 2014/15 influenza vaccination programme.</li> <li>• Claims profile and performance reports.</li> <li>• Progress update in relation to the Trust's 'Trusted to Care' assurance framework.</li> <li>• The planned process to inform transition from the current Healthcare Standards framework to the Health and Care Standards framework.</li> </ul>   |
| <p><b>Audit Committee</b></p> <p>Meeting Dates:</p> <ul style="list-style-type: none"> <li>• 26<sup>th</sup> April 2016</li> <li>• 1<sup>st</sup> June 2016</li> <li>• 19<sup>th</sup> July 2016</li> <li>• 4<sup>th</sup> October 2016</li> <li>• 8<sup>th</sup> December 2016</li> <li>• 14<sup>th</sup> February 2017</li> </ul> <p>All meetings were quorate</p> | <ul style="list-style-type: none"> <li>• External Audit - The Committee approved the Wales Audit Office (WAO) 2016 plan.</li> <li>• The Committee received regular progress reports from the Internal Audit (IA) team during the year and received a report on the IA Operational Plan 2016/17 and the Audit Strategy 2016/19.</li> <li>• Annual Accounts, Annual Governance Statement &amp; Accountability Report - The Committee meeting in June 2016 noted the contents of the Annual Accounts, Annual Governance Statement, Letter of Representation and the Trust's response to WAO regarding the Governance &amp; Remuneration report.</li> <li>• The Committee received an annual report from the Counter Fraud Specialist.</li> <li>• Regular reports in respect of Counter Fraud were received and details of other current cases in the public domain were shared where relevant.</li> <li>• The Committee received a presentation covering the role &amp; relationship of the three bodies involved in providing counter fraud services within Wales.</li> <li>• A Committee self assessment questionnaire was completed by Members and attendees and was found to be generally very positive with a few areas for improvement noted and progressed.</li> <li>• Performance against the Public Sector Payment Policy (PSPP) target was reviewed at each meeting and the Committee</li> </ul> |

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|   | <p>requested regular reports detailing steps taken and plans to improve the position on a monthly and annual basis.</p> <ul style="list-style-type: none"> <li>• NWIS governance issues were regularly reported and reviewed by the Committee with NWIS representatives attending. The NWIS Audit Action plan was also regularly reviewed.</li> <li>• The Trust risk register was presented at each meeting for review by the Committee noting that more detailed reviews took place in the relevant Committee / Divisional meetings.</li> <li>• The Audit Action plan was regularly reviewed by the Committee.</li> </ul>  |
| <p><b>Charitable Funds Committee</b></p> <p>Meeting Dates:</p> <ul style="list-style-type: none"> <li>• 10<sup>th</sup> May 2016</li> <li>• 9<sup>th</sup> August 2016</li> <li>• 8<sup>th</sup> November 2016</li> <li>• 16<sup>th</sup> February 2016</li> </ul> <p>All meetings were quorate</p> | <ul style="list-style-type: none"> <li>• Strategic Direction Review – A development group was established to take forward the recommendations from the Strategic Direction review which was commissioned at the end of 2015. Updates were received at Committee meetings.</li> <li>• Approved the Trustee Annual Report 2015-16.</li> <li>• Welsh Blood service Charitable Status Developments – Update</li> <li>• Charities Vision, Aims and Objectives - were reviewed to better align with the Integrated Medium Term Plan and the activity of the Welsh Blood Service.</li> <li>• Charities (Protection and Social Investment) Act 2016 – the Committee were provided with an overview of the Act and its implementation during 2016 and into 2017.</li> <li>• Fundraising Events and Activities – Velindre fundraisers continued to show amazing commitment and ingenuity, taking part in a huge variety of events: walking, running, hosting Balls, dinners and quizzes, cake sales, dress down days and coffee mornings, all raising funds and the profile of Velindre.</li> <li>• New Ambassadors and Patrons – in September 2016 in accordance with the agreed appointment framework the Charitable Funds Committee appointed 5 new Ambassadors and 1 new Patron to the Charity.</li> <li>• The continued increase in fundraising income as evidenced in the Fundraising Activity Report and Financial Statements received by the Committee.</li> <li>• As a standing agenda item the Committee receives regular financial statement reports in respect of the Charitable Funds, detailing the financial position and performance against agreed targets.</li> <li>• An Investment Managers Tender Exercise was completed in 2016 and Brewin Dolphin was appointed as the Charity's new</li> </ul> |

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| <p><b>Planning &amp; Performance Committee</b></p> <p>Meeting Dates:</p> <ul style="list-style-type: none"> <li>• 28<sup>th</sup> April 2016</li> <li>• 30<sup>th</sup> June 2016</li> <li>• 25<sup>th</sup> August 2016</li> <li>• 27<sup>th</sup> October 2016</li> <li>• 15<sup>th</sup> December 2016</li> <li>• 20<sup>th</sup> February 2017</li> </ul> <p>All meetings were quorate</p> | <p>Investment Managers.</p> <ul style="list-style-type: none"> <li>• The committee approved Delivering Excellence 2016/17 – 2018/19 to go to Trust Board for approval.</li> <li>• The committee endorsed the development and production of an easy read summary of the IMTP.</li> <li>• The Well Being of Future Generations Act – development of the Wellbeing Statement.</li> <li>• The committee reviewed, provided scrutiny and feedback on the Trust Annual Performance report, the first year that this had been a requirement as part of the annual reporting process.</li> <li>• A number of strategic developments have been presented to the committee at draft stage, through to final approval such as the Cancer strategy, the Radiotherapy strategy, Invigorate and the WBS Research and Development strategy.</li> <li>• The committee endorsed the project to review Performance Measures across the Trust during 2016/17.</li> <li>• The committee provided scrutiny and discussed performance measures compliance and progress against our three year plan objectives at each committee meeting.</li> <li>• The Committee sought further information and discussed in detail a number of key performance areas. Noting constraints, barriers and action plans to improve delivery and services provided.</li> <li>• The committee reviewed progress with the TCS programme and discussed various stages of business case development. The November committee meeting focused on the business cases in detail.</li> <li>• The committee discussed and considered mitigation to the risks identified that fell under its remit in advance of Trust Board meetings.</li> </ul> |
| <p><b>Research &amp; Development Committee</b></p> <p>Meeting Dates:</p> <ul style="list-style-type: none"> <li>• 28<sup>th</sup> June 2016</li> <li>• 21<sup>st</sup> September 2016</li> <li>• 7<sup>th</sup> December 2016</li> <li>• 29<sup>th</sup> March 2017</li> </ul> <p>All meetings were</p>  | <ul style="list-style-type: none"> <li>• Considered and received updates in respect of the development of the Welsh Blood Service Research &amp; Development Strategy.</li> <li>• Considered the R&amp;D Elements within the development of the Radiotherapy Strategy.</li> <li>• Considered business cases for approval that had R&amp;D implications.</li> <li>• Received updates in respect of the projects approved by the Moondance Programme.</li> <li>• Updated on the Enhancing NHS Approvals Programme.</li> <li>• Considered the development of the Innovation Framework – InVigorate Strategy.</li> </ul>  |

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| <p>quorate</p>  | <ul style="list-style-type: none"> <li>Received R&amp;D Performance Activity reports.</li> </ul>   |
| <p><b>Advisory Consultant Appointments Committee</b></p>  | <ul style="list-style-type: none"> <li>As and when required the Advisory Consultant Appointment Committee met to manage the arrangements for appointments to NHS Consultant posts within the Trust.</li> </ul>   |
| <p><b>Information Governance &amp; IM&amp;T Committee</b></p> <p>Meeting Dates:</p> <ul style="list-style-type: none"> <li>9<sup>th</sup> May 2016</li> <li>5<sup>th</sup> September 2016</li> <li>7<sup>th</sup> November 2016</li> <li>6<sup>th</sup> February 2017</li> </ul> <p>All meetings were quorate</p> | <ul style="list-style-type: none"> <li>Development of a Strategic Outline Programme to outline the core work programmes and funding required to deliver the Trust ambition for the next 5 years</li> <li>From July 2015 until the end of the December 2016 work focused on the stability of the Blood Establishment Computer System (BECS) within Welsh Blood Service. This involved some maintenance patches being deployed in order to support the efficient delivery of operational processes.</li> <li>For Velindre Cancer Centre, planning and engagement regarding the stabilisation and long term future for Canisc was a key feature of the work programme.</li> <li>The Committee oversaw some significant changes in Informatics leadership with a new Executive Director of Finance and Informatics, the introduction of a Deputy Associate Director of Informatics role and a new Head of Business Systems for the Welsh Blood Service. These appointments have given the Trust the opportunity to review its current Informatics service provision.</li> <li>Welsh Blood Service has had a successful 18 months with the establishment of the BECS and then an historic move to become and All Wales Blood Service in May 2016. This was WBS Priority 1 for its Integrated Medium Term Plan (IMTP).</li> <li>In addition to this the Welsh Blood Service continued in its Provision of ongoing project management and software development support for the implementation of the all-Wales Laboratory Information Management System (LIMS) for Blood Transfusion, Histocompatibility and Immunogenetics and Welsh Bone Marrow Donor Registry modules [IMTP Priority 4].</li> <li>Velindre Cancer Centre has also continued to make good progress against infrastructure and project plans for the period, which are delivering improvements for staff, patients and the public who visit the hospital. Perhaps the most significant of these was the ChemoCare upgrade which was completed January 2016 and linked to IMTP priority VCC085.</li> <li>The IM&amp;T programme of change includes the implementation of</li> </ul> |

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|  | <p>the national products, which are key objectives within the Trust Integrated Medium Term Plan (IMTP), and the Committee has responsibility for monitoring those sections of the Plan which are specific IM&amp;T. The Committee was kept informed of any challenges during the year.</p> <ul style="list-style-type: none"> <li>• All IM&amp;T projects provide monitoring reports to the Committee, which provides an overarching Trust programme view, highlighting progress, escalation of risks and issues, and notification of approved project change controls.</li> </ul>  |
| <p><b>Remuneration Committee</b></p> <p>Meeting Dates:</p> <ul style="list-style-type: none"> <li>• 26<sup>th</sup> May 2016</li> <li>• 21<sup>st</sup> July 2016</li> <li>• 22<sup>nd</sup> September 2016</li> <li>• 24<sup>th</sup> November 2016</li> <li>• 26<sup>th</sup> January 2017</li> <li>• 30<sup>th</sup> March 2017</li> </ul> <p>All meetings were quorate</p> | <ul style="list-style-type: none"> <li>• Considered Voluntary Early Release applications received during the year for approval.</li> <li>• Considered the Impact of the Pension Tax Rules on our Workforce</li> <li>• Approved the Pay Award for non-Agenda for Change Employees</li> </ul>   |
| <p><b>Local Partnership Forum</b></p> <p>Meeting Dates:</p> <ul style="list-style-type: none"> <li>• 21<sup>st</sup> June 2016<br/><i>cancelled.</i></li> <li>• 27<sup>th</sup> September 2016</li> <li>• 13<sup>th</sup> December 2016</li> <li>• 22<sup>nd</sup> March 2017</li> </ul> <p>All meetings were quorate</p>  | <ul style="list-style-type: none"> <li>• Standard for Partnership Working - The LPF developed a “Standard for Partnership Working” document, which sets out why partnership working is important within the Trust.</li> <li>• The Forum supported the introduction of a Staff Recognition Award Scheme, based on nominations from a range of categories.</li> <li>• The Forum supported the introduction of a Long Service Award Scheme, based on 25 years and 40 years NHS service. The scheme commenced in July 2016.</li> <li>• Partnership Working Action Plan - developed and approved the action plan in partnership.</li> </ul> <p>LPF has provided the opportunity to inform, discuss and appraise trade union representatives on the following issues over the past 12 months:</p> <ul style="list-style-type: none"> <li>• progress being made against the All Wales Blood Service Project Implementation plan;</li> <li>• progress being made against the BECS project implementation plan;</li> <li>• updates and briefings on the Trust’s IMTP;</li> </ul> |

- progress being made on the Transforming Cancer Services Project;
- the Trust's Equality Monitoring Report and the actions being made to monitor progress against the agreed objectives;
- updates and briefings on the development of the OD Strategy "Building Excellence";
- updates and briefing on the restructuring of the Workforce and OD Function;
- updates on the Welsh Audit Office Health and Wellbeing audit review and key recommendations for the Trust;
- updates on the development of a new Trust Health and Wellbeing Group;
- discussions relating to the new Trust Health and Wellbeing Strategy;
- discussions on the Trust's Workforce Metrics, in relation to sickness absence and PADR compliance;
- updates on the Trust's financial performance;
- updates regarding the implementation of Electronic Rostering;
- updates on the implementation of NMC Nurse Revalidation;
- updates on the various salary sacrifice schemes run by the Trust and proposals for new schemes e.g. Car and white goods schemes;
- updates on the NHS Wales Hire to Retire Programme of Work;
- updates on the 2016 NHS Wales Staff Survey; and
- Updates on work the Trust would be undertaking in response to the Working Longer Review.

## APPENDIX 2 – Governance Statement - Board Member Attendance at Trust Board Meetings 2016/17

|                            | 19 <sup>th</sup> May<br>2016* | 26 <sup>th</sup> May<br>2016 | 21 <sup>st</sup> July<br>2016 | 22 <sup>nd</sup><br>September<br>2016 | 24 <sup>th</sup><br>November<br>2016 | 26 <sup>th</sup><br>January<br>2017 | 30 <sup>th</sup><br>March<br>2017 |
|----------------------------|-------------------------------|------------------------------|-------------------------------|---------------------------------------|--------------------------------------|-------------------------------------|-----------------------------------|
| <b>Independent Members</b> |                               |                              |                               |                                       |                                      |                                     |                                   |
| Prof. Rosemary Kennedy     | ✓                             | ✓                            | ✓                             | ✓                                     | ✓                                    | ✓                                   | ✓                                 |
| Mr. Paul Griffiths         | ✓                             | ✓                            | ✓                             | ✓                                     | ✓                                    | ✓                                   | ✓                                 |
| Mr. Harry Ludgate          | ✓                             | <b>Apologies</b>             | ✓                             | ✓                                     | ✓                                    | ✓                                   | ✓                                 |
| Prof. Jane Hopkinson       | ✓                             | ✓                            | ✓                             | ✓                                     | ✓                                    | ✓                                   | ✓                                 |
| Judge Ray Singh            | <b>Apologies</b>              | ✓                            | ✓                             | ✓                                     | <b>Apologies</b>                     | ✓                                   | ✓                                 |
| Mr. Phil Roberts           | ✓                             | ✓                            | ✓                             | ✓                                     | ✓                                    | ✓                                   | ✓                                 |
| Mrs. Jan Pickles           | ✓                             | ✓                            | ✓                             | ✓                                     | ✓                                    | ✓                                   | ✓                                 |
| <b>Executive Directors</b> |                               |                              |                               |                                       |                                      |                                     |                                   |
| Mr. Steve Ham              | ✓                             | ✓                            | ✓                             | ✓                                     | ✓                                    | ✓                                   | ✓                                 |
| Prof. Peter Barrett-Lee    | <b>Apologies</b>              | <b>Apologies</b>             | ✓                             | ✓                                     | ✓                                    | ✓                                   | ✓                                 |
| Prof Susan Morgan          | ✓                             | ✓                            | ✓                             | <b>Apologies</b>                      | <b>Apologies</b>                     | ✓                                   | <b>Apologies</b>                  |
| Ms Sarah Morley            | ✓                             | ✓                            | ✓                             | <b>Apologies</b>                      | ✓                                    | ✓                                   | ✓                                 |
| Mr. Mark Osland            | ✓                             | ✓                            | ✓                             | ✓                                     | <b>Apologies</b>                     | ✓                                   | ✓                                 |



## 2. FINANCIAL ACCOUNTABILITY REPORT

### *Expenditure Regularity*

As a result of the economic climate and the requirement to reduce the level of public spending, the Trust has had to accommodate an increase in demand for high quality service and significant cost pressures. As a result, the Trust's primary financial objective during the period was to deliver efficiency savings to offset unfunded cost pressures to allow it to meet its financial duty to breakeven. The Trust will be required to continue to identify efficiency and productivity measures in the future to match cost and service pressures.

During the year, the Trust established a National Technology Adoption Hub, which will be known as Health Technology Wales.

On 30 September 2016 the Health and Care Research Wales Workforce transferred from Velindre NHS Trust to other statutory health organisations in Wales.

On 1 October 2016 the Surgical Material Testing Laboratory (SMTL) transferred to the NHS Wales Shared Service Partnership ('NWSSP') from Abertawe Bro Morgannwg University Health Board (ABMUHB).

There have been no other significant events during 2016/17.

### *Financial Targets*

The Trust has met three out of its four financial targets for the year ended 31 March 2017:

- Breakeven duty - The Trust achieved a surplus of £35,000 in 2016/17 (2015/16: surplus of £40,000) and therefore met its breakeven requirement for the year.
- External Finance Limit (EFL) - The Trust is given an External Financing Limit by the Welsh Government which it is permitted to 'undershoot' but not exceed. For 2016/17, the Trust met its target, with an 'undershoot' of £8,566,000 (2015/16: undershoot of £94,000). This target demonstrates that the Trust has successfully delivered on its capital programme within the limit set by the Welsh Government.
- The Trust submitted an Integrated Medium Term Plan for the period 2016/17 - 2018/19 in accordance with the NHS Wales Planning Framework, which was subsequently approved by the Cabinet Secretary. The Integrated Medium Term Plan relates only to the Velindre NHS Trusts core activities and does not apply to the organisations hosted by the Trust.

- Creditor payments - The Trust is required to pay 95% of the number of non-NHS bills within 30 days of the receipt of goods or a valid invoice (whichever is the later). The Trust has not met this target, paying 94.4% (2015/16: 91.7%) within the required time. The performance in 2016-17 represents a significant improvement to the 2015-16 result and is close to the target required. The Trust will continue to improve internal processes and external communications with suppliers including working to ensure invoices received include the necessary information to allow a speedy and correct payment to be made.

## ***Fees and Charges - Auditor Remuneration***

Fees paid to the Wales Audit Office for their statutory audit and performance audit work were £201,000.

## ***Material Remote Contingent Liabilities***

The Trust hosts the Welsh Risk Pool (WRP) as part of NHS Wales Shared Services Partnership (NWSSP). The WRP returns from Welsh Health Organisations estimate that in 2016/17 the Trust has remote contingent liabilities of £41,253,000 (2015-16: £91,346,000) which relate to potential litigation claims for NHS Wales that 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.

## ***Long Term Expenditure Trends***

|                     | 2011/12        | 2012/13        | 2013/14        | 2014/15        | 2015/16        | 2016/17        |
|---------------------|----------------|----------------|----------------|----------------|----------------|----------------|
|                     | £000           | £000           | £000           | £000           | £000           | £000           |
| <b>Pay</b>          | 68,598         | 99,577         | 109,970        | 110,814        | 132,653        | 144,112        |
| <b>Non Pay</b>      | 57,108         | 179,623        | 296,211        | 355,157        | 289,643        | 478,901        |
| <b>Depreciation</b> | 8,654          | 9,202          | 11,994         | 14,518         | 16,629         | 15,989         |
|                     |                |                |                |                |                |                |
| <b>TOTAL</b>        | <b>134,360</b> | <b>288,402</b> | <b>418,175</b> | <b>480,489</b> | <b>438,925</b> | <b>639,002</b> |

### **Notes**

*During 2012/13 The All Wales Shared Services Partnership was transferred to the Trust.*

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

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

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

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

### 3. REMUNERATION & STAFF REPORT

The details of the Remuneration Relationship are reported on page 60 and note 9.5 of the Annual Accounts.

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

Existing public sector pay arrangements apply to all staff including members of the Executive Team. In 2016/17 the salary of two members of the Executive Team were considered and approved by the Remuneration and Terms of Service Committee. All members of the Executive Team are on pay points and not pay scales and therefore no member of the Executive Team were entitled to or received any incremental increase in salary during 2016/17.

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

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

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

During 2016/17 the Remuneration Committee approved the following:

- A change in remuneration of the Executive Director of OD and Workforce, from £85,000 to £90,000 in line with the NHS Wales Executive Salary Scales. The change reflected that this post had not been re-evaluated in line with other Executive Director of Workforce and OD posts across NHS Wales.

A payment was also approved to reflect the total pay arrears which the Executive Director of OD and Workforce was due, which was paid in part in 2016/17 and the remainder in 2017/18.

- A change in remuneration of the Director of Planning and Performance, from £95,000 to £110,000 in line with the NHS Wales Executive Salary Scales. The change reflected the expansion of this post, in terms of increased scope, role and responsibilities of the renamed post, Director of Strategic Transformation, Planning and Performance.
- A payment of £25,000 was also approved to reflect the total pay arrears which the Director of Strategic Transformation, Planning and Performance was due from 1<sup>st</sup> April 2015.
- The Remuneration Committee also considered and approved applications relating to the voluntary early release scheme ('VERs'). Full details of compensation paid under the VERs scheme are disclosed in the financial statements.

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

Payments have been made to the Welsh Government for the services of the Interim Director of Finance who was on secondment to Velindre NHS Trust, up until the 30<sup>th</sup> June 2016, when the post was filled substantively. There have been no payments for any professional indemnity insurance for an Officer or Director of the Trust.

The remuneration report is required to contain information about senior manager's remuneration. The senior management team consists of the Chief Executive, the Executive Directors and the Independent Members (Non-Executive Directors) and the Director of Strategic Transformation, Planning, Performance and Estates. Full details of senior managers' remuneration are later in the table on page 56.

The totals in the following tables may differ from those in the Annual Accounts as they represent staff in post at the 31<sup>st</sup> March 2017.

## Staff Composition by Gender

A breakdown of the workforce by gender is set out in the table below. This figure represents the composition as at 31<sup>st</sup> March 2017.

| Gender             | Headcount    | FTE          | %          |
|--------------------|--------------|--------------|------------|
| Female             | 2,359        | 2,078        | 63         |
| Male               | 1,406        | 1,368        | 37         |
| <b>Grand Total</b> | <b>3,765</b> | <b>3,446</b> | <b>100</b> |

## Staff Composition by Staff Group

During 2016/17 the average full time equivalent (FTE) number of staff employed by the Trust was 3,563. The average number of employees is calculated as the full time equivalent number of employees in each week of the financial year divided by the number of weeks in the financial year. The table below provides a breakdown of the workforce by staff grouping.

\*FTE – Full-time Equivalent

| Average FTE Number of Employees              |                      |              |                            |               |               |
|--|----------------------|--------------|----------------------------|---------------|---------------|
|  | Permanently Employed | Agency Staff | Staff on Inward Secondment | 2016/17 Total | 2015/16 Total |
| Administrative, Clerical and Board Members   | 2,095                | 24           | 20                         | 2,139         | 2,081         |
| Ambulance Staff                              | 0                    | 0            | 0                          | 0             | 0             |
| Medical and Dental                           | 441                  | 0            | 1                          | 442           | 350           |
| Nursing and Midwifery Registered             | 187                  | 0            | 1                          | 188           | 234           |
| Professional, Scientific and Technical Staff | 34                   | 3            | 0                          | 37            | 35            |
| Additional Clinical Services                 | 197                  | 0            | 0                          | 197           | 180           |

|                             | Permanently Employed | Agency Staff | Staff on Inward Secondment | 2016/17 Total | 2015/16 Total |
|-----------------------------|----------------------|--------------|----------------------------|---------------|---------------|
| Allied Health Professionals | 112                  | 4            | 0                          | 116           | 120           |
| Healthcare Scientists       | 127                  | 1            | 0                          | 128           | 119           |
| Estates and Ancillary       | 295                  | 20           | 0                          | 315           | 306           |
| Students                    | 1                    | 0            | 0                          | 1             | 0             |
| <b>Total</b>                | <b>3,489</b>         | <b>52</b>    | <b>22</b>                  | <b>3,563</b>  | <b>3,425</b>  |

### ***Sickness Absence Data 2016/17***

The data shows an overall increase in sickness absence levels during 2016-17 and as a result the Trust did not achieve the Welsh Government Sickness Absence Rate of 3.54% during this period.

To respond to the increase in sickness absence levels, the Workforce Team are working closely with managers, undertaking sickness audits and coaching them to manage their new and ongoing sickness cases in accordance with the All Wales Sickness Absence Policy. The Workforce Team are also providing managers with their monthly sickness absence data, to assist them to identify those staff that are about to trigger or are hitting a sickness absence trigger, to enable them to proactively and effectively manage these sickness absence cases.

|  | 2016/17 | 2015/ 16 | Variance |
|--|---------|----------|----------|
| <b>Total Days Lost (Long Term):</b>  | 34,334  | 33,862   | 472      |
| <b>Total Days Lost (Short Term):</b>   | 16,704  | 14,076   | 2,628    |
| <b>Total Days Lost:</b>  | 51,038  | 47,938   | 3,100    |
| <b>Total Staff Years Lost: (Average Staff Employed in the Period – Full Time Equivalent)</b> | 3,489   | 3,309    | 180      |
| <b>Average Working Days Lost:</b>  |         |          |          |
| <b>Total Staff Employed in Period (Headcount):</b>   | 3,880   | 3,285    | 595      |
| <b>Total Staff Employed in Period with No Absence (Headcount):</b>                           | 1,689   | 1,623    | 66       |
| <b>Percentage Staff with No Sick Leave:</b>  | 43.53%  | 49.41%   | -5.88%   |

## ***Staff Policies***

During 2016/17 in accordance with the Trust workforce policy schedule, a number of policies and procedures were reviewed and approved by the Workforce and Organisational Development Committee. All Trust policies and procedures are equality impact assessed against the nine protected characteristics, to ensure that they do not discriminate against people who apply to work in the Trust or are employed by the Trust. All Trust policies and procedures are available to access via the Trust Internet website, via the link below.

<http://www.velindre-tr.wales.nhs.uk/freedom-of-information-publications>

## ***Salary and Pension Disclosure Tables – Single Total Figure of Remuneration***

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

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

The salary and pension disclosures reflect the senior manager's information. As indicated on page 52 the senior management team consists of the Chief Executive, the Executive Directors and the Independent Members (Non-Executive Directors) and the Director of Strategic Transformation, Planning, Performance and Estates.

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

| Name and Title   | 2016/17                  |                                     |  |   |                               | 2015/16                  |                                     |  |   |                               |
|--|--------------------------|-------------------------------------|--|---|-------------------------------|--------------------------|-------------------------------------|--|---|-------------------------------|
|  | Salary (bands of £5,000) | Other Remuneration (bands of £5000) | Benefits in Kind (to the nearest £100) | Pension benefits (to the nearest £1000) | Total (to the nearest £1,000) | Salary (bands of £5,000) | Other Remuneration (bands of £5000) | Benefits in Kind (to the nearest £100) | Pension benefits (to the nearest £1000) | Total (to the nearest £1,000) |
| <b>Executive Directors and Senior Managers</b>   |                          |                                     |  |   |                               |                          |                                     |  |   |                               |
| Steve Ham<br>Chief Executive   | 130-135                  | 0                                   | 0                                      | 11                                      | 140-145                       | 130-135                  | 0                                   | 0                                      | 35                                      | 165-170                       |
| Mark Osland<br>Executive Director of Finance & Informatics <sup>1</sup>                | 95-100                   | 0                                   | 0                                      | 19                                      | 115-120                       | 95-100                   | 0                                   | 0                                      | 0                                       | 95-100                        |
| Peter Barrett-Lee<br>Medical Director <sup>2</sup>                                     | 50-55                    | 100-105                             | 2                                      | 0                                       | 150-155                       | 80-85                    | 110-115                             | 3                                      | 0                                       | 195-200                       |
| Susan Morgan<br>Executive Director of Nursing and Service Improvement                  | 95-100                   | 0                                   | 0                                      | 5                                       | 95-100                        | 95-100                   | 0                                   | 0                                      | 0                                       | 95-100                        |
| Sarah Morley<br>Executive Director of OD and Workforce <sup>3</sup>                    | 90 - 95                  | 0                                   | 0                                      | 28                                      | 120 - 125                     | 85-90                    | 0                                   | 0                                      | 15                                      | 100-105                       |
| Carl James<br>Director of Strategic Transformation, Planning, Performance <sup>4</sup> | 120 - 125                | 0                                   | 33                                     | 12                                      | 135 - 140                     | 95-100                   | 0                                   | 24                                     | 6                                       | 100-105                       |

Notes:

1. The Executive Director of Finance & Informatics was appointed to the substantive post of Executive Director of Finance & Informatics on the 1<sup>st</sup> July 2016. All employment costs for the period 1<sup>st</sup> April – 30 June 2016 have been recharged from the employing organisation to Velindre NHS Trust.
2. The salary for the Medical Director in 2015/16 included pay arrears and for 2016/17 only records the amount paid for work undertaken for board duties.
3. The Executive Director of OD and Workforce post was re-evaluated with effect from autumn 2015 and back pay was paid in part in 2016/17 and the remainder in 2017/18. This required the opening balance in the pension disclosure to be amended.



4. The Director of Strategic Transformation, Planning, Performance & Estates received a benefit in kind in 2015/16 which was not recorded in that financial year's remuneration report as the annual report and accounts were completed before the information was available. This was because the P11D Expenses and benefits return was compiled and submitted to HM Revenue & Customs after the completion of the annual report and accounts.

| Name and Title                                      | 2016/17                  |                                     |  |   |                               | 2015/16                  |                                     |  |   |                               |
|---|--------------------------|-------------------------------------|--|---|-------------------------------|--------------------------|-------------------------------------|--|---|-------------------------------|
|   | Salary (bands of £5,000) | Other Remuneration (bands of £5000) | Benefits in Kind (to the nearest £100) | Pension benefits (to the nearest £1000) | Total (to the nearest £1,000) | Salary (bands of £5,000) | Other Remuneration (bands of £5000) | Benefits in Kind (to the nearest £100) | Pension benefits (to the nearest £1000) | Total (to the nearest £1,000) |
| <b>Independent Members/Non -Executive Directors</b> |                          |                                     |  |   |                               |                          |                                     |  |   |                               |
| Rosemary Kennedy, Independent Member                | 40-45                    | 0                                   | 0                                      | 0                                       | 40-45                         | 40-45                    | 0                                   | 0                                      | 0                                       | 40-45                         |
| Paul Griffiths, Independent Member                  | 5-10                     | 0                                   | 0                                      | 0                                       | 5-10                          | 5-10                     | 0                                   | 0                                      | 0                                       | 5-10                          |
| Harry Ludgate, Independent Member                   | 5-10                     | 0                                   | 0                                      | 0                                       | 5-10                          | 5-10                     | 0                                   | 0                                      | 0                                       | 5-10                          |
| Ray Singh Independent Member                        | 5-10                     | 0                                   | 0                                      | 0                                       | 5-10                          | 5-10                     | 0                                   | 1                                      | 0                                       | 5-10                          |
| Phil Roberts Independent Member                     | 5-10                     | 0                                   | 0                                      | 0                                       | 5-10                          | 5-10                     | 0                                   | 3                                      | 0                                       | 5-10                          |
| Jane Hopkinson, Independent Member                  | 5-10                     | 0                                   | 0                                      | 0                                       | 5-10                          | 5-10                     | 0                                   | 0                                      | 0                                       | 5-10                          |
| Janet Pickles, Independent Member                   | 5-10                     | 0                                   | 0                                      | 0                                       | 5-10                          | 5-10                     | 0                                   | 0                                      | 0                                       | 5-10                          |

## ***Salary and Pension Disclosure***

### ***Cash Equivalent Transfer Values***

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

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

### ***Real Increase in CETV***

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

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

| Name and Title  | Real increase in pension at age 60 (bands of £2,500) | Real increase in pension lump sum at aged 60 (bands of £2,500) | Total accrued pension at age 60 at 31 March 2017 (bands of £5,000) | Lump sum at age 60 related to accrued pension at 31 March 2017 (bands of £5,000) | Cash Equivalent Transfer Value at 31 March 2017 | Cash Equivalent Transfer Value at 31 March 2016 | Real increase in Cash Equivalent Transfer Value | Employer's contribution to stakeholder pension |
|---|--|--|--|--|---|---|---|--|
|   | £000   | £000   | £000   | £000   | £000  | £000  | £000  | £000   |
| <b>Steve Ham</b><br>Chief Executive   | 0-2.5  | 2.5-5  | 30-35  | 95-100   | 700   | 644   | 48  | -  |
| <b>Mark Osland</b> Executive<br>Director of Finance &<br>Informatics                    | 0-2.5  | 0  | 0-5  | 0  | 17  | 0   | 17  | -  |
| <b>Peter Barrett-Lee</b><br>Medical Director  | 0  | 0  | 55-60  | 175-180  | 1,300   | 1,284   | 0   | -  |
| <b>Susan Morgan</b><br>Director of Nursing and<br>Service Improvement                   | 0-2.5  | 0-2.5  | 35-40  | 105-110  | 762   | 715   | 39  | -  |
| <b>Sarah Morley</b><br>Executive Director of OD<br>and Workforce                        | 0-2.5  | 5-7.5  | 15-20  | 55-60  | 359   | 314   | 42  | -  |
| <b>Carl James</b><br>Director of Strategic<br>Transformation,<br>Planning & Performance | 0-2.5  | 0  | 35-40  | 0  | 379   | 371   | 3   | -  |

Notes: As Independent Members/Non-Executive Directors do not receive pensionable remuneration, there will be no entries in respect of pensions for Independent Members.

### ***Reporting of Other Compensation Schemes – Exit Packages***

During 2016/17 exit packages were approved for 12 staff with a value of £334,568. The actual date of departure might be in a subsequent period. The data here has therefore been presented on a different basis to Note 9.4 to the Annual Accounts.

### ***Remuneration Relationship***

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

The banded remuneration of the highest-paid Director in Velindre NHS Trust in the financial year 2016/17 was £130,000 - £ 135,000 (2015/16, £130,000 - £135,000). This was 5.1 times (2015/16, 5.0) the median remuneration of the workforce, which was £26,302 (2014/15, £26,929).

In 2016/17, 4 (2015/16, 4) employees received remuneration in excess of the highest-paid Director. These employees are Medical Consultants. Remuneration ranged from £16,100 to £190,800 (2015/16 £15,100 to £185,000).

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

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

For 2016/17 the cost of employing agency staff within the Trust has been included within the calculation of median salary. Previously the Trust had assessed that given the relatively small number of agency staff employed throughout the year; there would be no significant effect on the median salary reported above and therefore excluded it from the calculation. Comparatives shown above therefore exclude the costs of employing agency staff. There are no Trust Directors paid on this basis.

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.

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## ***Expenditure on Consultancy***

During 2016/17 the Trust spent £2,727,180 on external consultancy fees (£2,236,120 related to the NHS Wales Informatics Service). Examples include:

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

## ***Tax Assurance for Off-Payroll Engagements***

Following the Review of Tax Arrangements of Public Sector Appointees published by the Chief Secretary to the Treasury on 23 May 2012, departments must publish information on their highly paid and/or senior off-payroll engagements. The information, contained in the three tables below, includes all off-payroll engagements as at 31 March 2017 for those earning more than £220 per day and that last longer than six months for the core department, its executive agencies and its arm's length bodies.

**Table 1: For all off-payroll engagements as of 31 March 2017, for those earning more than £220 per day and that last for longer than six months**

|   |    |
|---|----|
| <b>No. of Existing Engagements as of 31 March 2017</b>                              | 42 |
| Of which...   |    |
| <b>No. that have existed for less than one year at time of reporting.</b>           | 18 |
| <b>No. that have existed for between one and two years at time of reporting.</b>    | 6  |
| <b>No. that have existed for between two and three years at time of reporting.</b>  | 7  |
| <b>No. that have existed for between three and four years at time of reporting.</b> | 5  |
| <b>No. that have existed for four or more years at time of reporting.</b>           | 6  |

Within the total number of off-payroll engagements disclosed, 6 engagements related to staff seconded from other NHS Wales Organisations.

**Table 2: For all new off-payroll engagements, or those that reached six months in duration, between 1 April 2016 and 31 March 2017, for more than £220 per day and that last for longer than six months**

|   |           |
|---|-----------|
| <b>No. of new engagements, or those that reached six months in duration, between 1 April 2016 and 31 March 2017</b>   | <b>45</b> |
| <b>No. of the above which include contractual clauses giving the department the right to request assurance in relation to income tax and National Insurance obligations</b> | <b>45</b> |
| <b>No. for whom assurance has been requested</b>  | <b>45</b> |
| Of which...   |           |
| <b>No. for whom assurance has been received</b>   | <b>45</b> |
| <b>No. for whom assurance has not been received</b>   | <b>0</b>  |
| <b>No. that have been terminated as a result of assurance not being received.</b>   | <b>0</b>  |

Within the total number of new off-payroll engagements disclosed, there were no engagements related to staff seconded from another NHS Wales organisation.

**Table 3: For any off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, between 1 April 2016 and 31 March 2017**

|   |          |
|---|----------|
| <b>No. of off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, during the financial year.</b>  | <b>1</b> |
| <b>No. of individuals that have been deemed “board members, and/or, senior officials with significant financial responsibility”, during the financial year. This figure should include both off-payroll and on-payroll engagements.</b> | <b>0</b> |

## **5. NATIONAL ASSEMBLY FOR WALES ACCOUNTABILITY AND AUDIT REPORT**

Where the Trust undertakes activities that are not funded directly by the Welsh Government the Trust receives income to cover its costs. Further detail of income received is published in the Trust's annual accounts; within note 3 headed 'other operating revenue'.

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

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

The Trust hosts the Welsh Risk Pool (WRP) as part of NHS Wales Shared Services Partnership (NWSSP) and therefore its accounts include the estimates of remote contingent liabilities from Welsh Health Organisations for potential litigation claims that could arise in the future due to known incidents. In 2016/17, the financial statements of the Trust are reporting total remote contingent liabilities of £41,253,000.

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

I certify that I have audited the financial statements of Velindre NHS Trust for the year ended 31 March 2017 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 13 and 14], 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 Velindre 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 Foreword and Accountability 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 Velindre NHS Trust as at 31 March 2017 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 part of the remuneration report to be audited has been properly prepared in accordance with the National Health Service (Wales) Act 2006 and directions made there under by Welsh Ministers;
- the information contained in the Foreword and Accountability Report 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.

## **Report**

I have no observations to make on these financial statements.

Huw Vaughan Thomas  
Auditor General for Wales  
7th June 2017

Wales Audit Office  
24 Cathedral Road  
Cardiff  
CF11 9LJ

# Velindre NHS Trust Financial Report 2016/17



# Velindre NHS Trust

## Foreword

These accounts for the period ended 31 March 2017 have been prepared to comply with International Financial Reporting Standards (IFRS) adopted by the European Union, in accordance with HM Treasury's FReM by Velindre NHS Trust under schedule 9 section 178 Para 3 (1) of the National Health Service (Wales) Act 2006 (c.42) in the form in which the Welsh Ministers, with the approval of the Treasury, directed.

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

In addition to the above services, Velindre NHS Trust is host to a number of organisations. At period ended 31 March 2017 these included:

- NHS Wales Informatics Services (NWIS) which was established as a hosted body on 1 April 2010;
- NHS Wales Shared Services Partnership (NWSSP) which was established as a hosted body on 1 June 2012. Following the initial establishment, the functions of a number of separate bodies have been transferred into NWSSP. On 1 October 2016 the Surgical Material Testing Laboratory transferred from Abertawe Bro Morgannwg University Health Board to NWSSP; and
- Health Technology Wales which was established by the Trust during 2016/17.

The Trust ceased to host the Health and Care Research Wales Workforce on 30 September 2016 following transfer of staff and resources to other statutory Health Boards in Wales.

There have been no other significant events during 2016/17.

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 March 2017

|  | Note        | 2016-17<br>£000<br>NHS Trust | 2015-16<br>£000 | 2016-17<br>£000<br>Consolidated | 2015-16<br>£000 |
|--|-------------|------------------------------|-----------------|---------------------------------|-----------------|
| Revenue from patient care activities   | 2           | 353,753                      | 169,914         | 353,753                         | 169,914         |
| Other operating revenue  | 3           | 283,295                      | 267,518         | 283,379                         | 270,119         |
| Operating expenses   | 4           | (638,268)                    | (438,128)       | (639,002)                       | (438,925)       |
| <b>Operating (deficit)/surplus</b>   |             | <b>(1,220)</b>               | <b>(696)</b>    | <b>(1,870)</b>                  | <b>1,108</b>    |
| Investment revenue   | 5           | 29                           | 57              | 107                             | 152             |
| Other gains and losses   | 6           | 5                            | 4               | 5                               | 4               |
| Finance costs  | 7           | 1,613                        | 771             | 1,613                           | 771             |
| <b>Consolidated Total</b>  |             |                              |                 | <b>(145)</b>                    | <b>2,035</b>    |
| <b>Retained surplus</b>  | <b>30.1</b> | <b>427</b>                   | <b>136</b>      |                                 |                 |
| <b>Other Comprehensive Income</b>  |             |                              |                 |                                 |                 |
| <b>Items that will not be reclassified to net operating costs:</b>             |             |                              |                 |                                 |                 |
| Net gain/(loss) on revaluation of property, plant and equipment                |             | 625                          | 2,910           | 625                             | 2,910           |
| Net gain/(loss) on revaluation of intangible assets                            |             | 0                            | 0               | 0                               | 0               |
| Net gain/(loss) on revaluation of financial assets                             |             | 0                            | 0               | 90                              | (133)           |
| 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  |             | (15)                         | 0               | (15)                            | 0               |
| Movements in other reserves  |             | 0                            | 0               | 0                               | 0               |
| Transfers between reserves   |             | 0                            | 0               | 0                               | 0               |
| Net gain/loss on Other Reserve   |             | 0                            | 0               | 0                               | 0               |
| Reclassification adjustment on disposal of available for sale financial assets |             | 0                            | 0               | 0                               | 0               |
| <b>Sub total</b>   |             | <b>610</b>                   | <b>2,910</b>    | <b>700</b>                      | <b>2,777</b>    |
| <b>Items that may be reclassified subsequently to net operating costs</b>      |             |                              |                 |                                 |                 |
| Net gain/(loss) on revaluation of financial assets held for sale               |             | 0                            | 0               | 0                               | 0               |
| <b>Sub total</b>   |             | <b>0</b>                     | <b>0</b>        | <b>0</b>                        | <b>0</b>        |
| <b>Total other comprehensive income for the year</b>                           |             | <b>610</b>                   | <b>2,910</b>    | <b>700</b>                      | <b>2,777</b>    |
| <b>Total comprehensive income for the year</b>                                 |             | <b>1,037</b>                 | <b>3,046</b>    | <b>555</b>                      | <b>4,812</b>    |

The notes on pages 6 to 62 form part of these accounts.

## STATEMENT OF FINANCIAL POSITION AS AT 31 March 2017

|  | Note | 31 March<br>2017 | 31 March<br>2016 | 31 March<br>2017    | 31 March<br>2016 |
|--|------|------------------|------------------|---------------------|------------------|
|  |      | <b>NHS Trust</b> |                  | <b>Consolidated</b> |                  |
|  |      | <b>£000</b>      | £000             | <b>£000</b>         | £000             |
| <b>Non-current assets</b>                    |      |                  |                  |                     |                  |
| Property, plant and equipment                | 12   | 106,034          | 97,380           | 106,034             | 97,380           |
| Intangible assets                            | 13   | 22,553           | 23,927           | 22,553              | 23,927           |
| Trade and other receivables                  | 18   | 609,547          | 460,564          | 609,547             | 460,564          |
| Other financial assets                       | 19   | 0                | 0                | 5,618               | 4,822            |
| <b>Total non-current assets</b>              |      | <b>738,134</b>   | <b>581,871</b>   | <b>743,752</b>      | <b>586,693</b>   |
| <b>Current assets</b>                        |      |                  |                  |                     |                  |
| Inventories                                  | 17   | 5,838            | 6,380            | 5,838               | 6,380            |
| Trade and other receivables                  | 18   | 333,534          | 296,567          | 332,985             | 296,363          |
| Other financial assets                       | 19   | 0                | 0                | 0                   | 0                |
| Cash and cash equivalents                    | 20   | 18,888           | 10,279           | 19,482              | 11,782           |
|  |      | <b>358,260</b>   | <b>313,226</b>   | <b>358,305</b>      | <b>314,525</b>   |
| Non-current assets held for sale             | 12.2 | 0                | 0                | 0                   | 0                |
| <b>Total current assets</b>                  |      | <b>358,260</b>   | <b>313,226</b>   | <b>358,305</b>      | <b>314,525</b>   |
| <b>Total assets</b>                          |      | <b>1,096,394</b> | <b>895,097</b>   | <b>1,102,057</b>    | <b>901,218</b>   |
| <b>Current liabilities</b>                   |      |                  |                  |                     |                  |
| Trade and other payables                     | 21   | (101,761)        | (90,912)         | (101,935)           | (91,062)         |
| Borrowings                                   | 22   | (25)             | (16)             | (25)                | (16)             |
| Other financial liabilities                  | 23   | 0                | 0                | 0                   | 0                |
| Provisions                                   | 24   | (248,036)        | (213,928)        | (248,036)           | (213,928)        |
| <b>Total current liabilities</b>             |      | <b>(349,822)</b> | <b>(304,856)</b> | <b>(349,996)</b>    | <b>(305,006)</b> |
| <b>Net current assets/(liabilities)</b>      |      | <b>8,438</b>     | <b>8,370</b>     | <b>8,309</b>        | <b>9,519</b>     |
| <b>Total assets less current liabilities</b> |      | <b>746,572</b>   | <b>590,241</b>   | <b>752,061</b>      | <b>596,212</b>   |
| <b>Non-current liabilities</b>               |      |                  |                  |                     |                  |
| Trade and other payables                     | 21   | (309,834)        | (272,072)        | (309,834)           | (272,072)        |
| Borrowings                                   | 22   | (76)             | (62)             | (76)                | (62)             |
| Other financial liabilities                  | 23   | 0                | 0                | 0                   | 0                |
| Provisions                                   | 24   | (300,032)        | (188,821)        | (300,032)           | (188,821)        |
| <b>Total non-current liabilities</b>         |      | <b>(609,942)</b> | <b>(460,955)</b> | <b>(609,942)</b>    | <b>(460,955)</b> |
| <b>Total assets employed</b>                 |      | <b>136,630</b>   | <b>129,286</b>   | <b>142,119</b>      | <b>135,257</b>   |
| <b>Financed by Taxpayers' equity:</b>        |      |                  |                  |                     |                  |
| Public dividend capital                      |      | 94,969           | 88,662           | 94,969              | 88,662           |
| Retained earnings                            |      | 13,813           | 12,591           | 13,813              | 12,591           |
| Revaluation reserve                          |      | 27,848           | 28,033           | 27,848              | 28,033           |
| Other reserves                               |      | 0                | 0                | 0                   | 0                |
| Funds Held on Trust Reserves                 |      |                  |                  | 5,489               | 5,971            |
| <b>Total taxpayers' equity</b>               |      | <b>136,630</b>   | <b>129,286</b>   | <b>142,119</b>      | <b>135,257</b>   |

The financial statements were endorsed by the Audit Committee and approved by the Board on 30th May 2017. They were signed on behalf of the Board by:

Chief Executive.....



Date..... 5th June 2017

The notes on pages 6 to 62 form part of these accounts.

## STATEMENT OF CHANGES IN TAXPAYERS' EQUITY

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

The notes on pages 6 to 62 form part of these accounts.

**STATEMENT OF CHANGES IN TAXPAYERS' EQUITY**

| 2015-16  | Public<br>Dividend<br>Capital<br>£000 | Retained<br>earnings<br>£000 | Revaluation<br>reserve<br>£000 | Other<br>reserves<br>£000 | Total<br>£000  | Funds held<br>on Trust<br>Reserves<br>£000 | Consolidate<br>d Total<br>£000 |
|--|---------------------------------------|------------------------------|--------------------------------|---------------------------|----------------|--|--------------------------------|
| <b>Balance at 1 April 2015</b>   | 84,383                                | 12,404                       | 25,174                         | 0                         | 121,961        | 4,205                                      | 126,166                        |
| Changes in taxpayers' equity for 2015-16                                       |                                       |                              |                                |                           |                |  |                                |
| Retained surplus/(deficit) for the year  |                                       | 136                          |                                |                           | 136            | 0  | 136                            |
| Net gain/(loss) on revaluation of property, plant and equipment                |                                       | 51                           | 2,859                          | 0                         | 2,910          | 0  | 2,910                          |
| Net gain/(loss) on revaluation of intangible assets                            |                                       | 0                            | 0                              | 0                         | 0              | 0  | 0                              |
| Net gain/(loss) on revaluation of financial assets                             |                                       | 0                            | 0                              | 0                         | 0              | (133)                                      | (133)                          |
| Net gain/(loss) on revaluation of PPE and Intangible assets held for sale      |                                       | 0                            | 0                              | 0                         | 0              | 0  | 0                              |
| Net gain/(loss) on revaluation of financial assets held for sale               |                                       | 0                            | 0                              | 0                         | 0              | 0  | 0                              |
| Impairments and reversals  |                                       | 0                            | 0                              | 0                         | 0              | 0  | 0                              |
| Movements in other reserves  |                                       | 0                            | 0                              | 0                         | 0              | 0  | 0                              |
| Transfers between reserves   |                                       | 0                            | 0                              | 0                         | 0              | 0  | 0                              |
| Net gain/loss on Other Reserve (specify)                                       |                                       | 0                            | 0                              | 0                         | 0              | 0  | 0                              |
| Reclassification adjustment on disposal of available for sale financial assets |                                       | 0                            | 0                              | 0                         | 0              | 0  | 0                              |
| Reserves eliminated on dissolution   | 0                                     |                              |                                |                           | 0              |  | 0                              |
| New Public Dividend Capital received   | 4,279                                 |                              |                                |                           | 4,279          |  | 4,279                          |
| Public Dividend Capital repaid in year   | 0                                     |                              |                                |                           | 0              |  | 0                              |
| Public Dividend Capital extinguished/written off                               | 0                                     |                              |                                |                           | 0              |  | 0                              |
| Other movements in PDC in year   | 0                                     |                              |                                |                           | 0              |  | 0                              |
| FHoT - Endowment   |                                       |                              |                                |                           |                | 0  | 0                              |
| FHoT - Restricted  |                                       |                              |                                |                           |                | 0  | 0                              |
| FHoT - Unrestricted  |                                       |                              |                                |                           |                | <b>1,899</b>                               | <b>1,899</b>                   |
| <b>Balance at 31 March 2016</b>  | <b>88,662</b>                         | <b>12,591</b>                | <b>28,033</b>                  | <b>0</b>                  | <b>129,286</b> | <b>5,971</b>                               | <b>135,257</b>                 |

The notes on pages 6 to 62 form part of these accounts.

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2017

|   | Note | 2016-17<br>£000 | 2015-16<br>£000 | 2016-17<br>£000 | 2015-16<br>£000 |
|---|------|-----------------|-----------------|-----------------|-----------------|
|   |      | NHS Trust       |                 | Consolidated    |                 |
| <b>Cash flows from operating activities</b>                                   |      |                 |                 |                 |                 |
| Operating surplus/(deficit)   | SOCI | (1,220)         | (696)           | (1,870)         | 1,108           |
| Depreciation and amortisation   | 4    | 15,989          | 16,629          | 15,989          | 16,629          |
| Impairments and reversals   | 4    | 0               | (39)            | 0               | (39)            |
| Release of PFI deferred credits   |      | 0               | 0               | 0               | 0               |
| Donated Assets received credited to revenue but non-cash                      | 3    | (392)           | (96)            | (392)           | (96)            |
| Government Granted Assets received credited to revenue but non-cash           | 3    | 0               | 0               | 0               | 0               |
| Interest paid   |      | (3)             | (4)             | (3)             | (4)             |
| (Increase)/decrease in inventories  |      | 542             | (850)           | 542             | (850)           |
| (Increase)/decrease in trade and other receivables                            |      | (185,775)       | (32,456)        | (185,605)       | (32,121)        |
| Increase/(decrease) in trade and other payables                               |      | 48,795          | 77,992          | 48,658          | 77,823          |
| Increase/(decrease) in provisions   |      | 146,932         | (42,258)        | 146,932         | (42,258)        |
| <b>Net cash inflow (outflow) from operating activities</b>                    |      | <b>24,868</b>   | <b>18,222</b>   | <b>24,251</b>   | <b>20,192</b>   |
| <b>Cash flows from investing activities</b>                                   |      |                 |                 |                 |                 |
| Interest received   |      | 29              | 57              | 107             | 152             |
| (Payments) for property, plant and equipment                                  |      | (16,649)        | (18,883)        | (16,649)        | (18,883)        |
| Proceeds from disposal of property, plant and equipment                       |      | 180             | 4               | 180             | 4               |
| (Payments) for intangible assets  |      | (6,130)         | (3,935)         | (6,130)         | (3,935)         |
| Proceeds from disposal of intangible assets                                   |      | 0               | 0               | 0               | 0               |
| (Payments) for investments with Welsh Government                              |      | 0               | 0               | 0               | 0               |
| Proceeds from disposal of investments with Welsh Government                   |      | 0               | 0               | 0               | 0               |
| (Payments) for financial assets.  |      | 0               | 0               | (5,485)         | (3,053)         |
| Proceeds from disposal of financial assets.                                   |      | 0               | 0               | 5,115           | 1,419           |
| Rental proceeds   |      | 0               | 0               | 0               | 0               |
| <b>Net cash inflow (outflow) from investing activities</b>                    |      | <b>(22,570)</b> | <b>(22,757)</b> | <b>(22,862)</b> | <b>(24,296)</b> |
| <b>Net cash inflow (outflow) before financing</b>                             |      | <b>2,298</b>    | <b>(4,535)</b>  | <b>1,389</b>    | <b>(4,104)</b>  |
| <b>Cash flows from financing activities</b>                                   |      |                 |                 |                 |                 |
| Public Dividend Capital received  |      | 6,307           | 4,279           | 6,307           | 4,279           |
| Public Dividend Capital repaid  |      | 0               | 0               | 0               | 0               |
| Loans received from Welsh Government  |      | 0               | 0               | 0               | 0               |
| Other loans received  |      | 0               | 0               | 0               | 0               |
| Loans repaid to Welsh Government  |      | 0               | 0               | 0               | 0               |
| Other loans repaid  |      | 0               | 0               | 0               | 0               |
| Other capital receipts  |      | 0               | 0               | 0               | 0               |
| Capital elements of finance leases and on-SOFP PFI                            |      | 4               | 8               | 4               | 8               |
| Cash transferred (to)/from other NHS Wales bodies                             |      | 0               | 0               | 0               | 0               |
| <b>Net cash inflow (outflow) from financing activities</b>                    |      | <b>6,311</b>    | <b>4,287</b>    | <b>6,311</b>    | <b>4,287</b>    |
| <b>Net increase (decrease) in cash and cash equivalents</b>                   |      | <b>8,609</b>    | <b>(248)</b>    | <b>7,700</b>    | <b>183</b>      |
| <b>Cash [and] cash equivalents<br/>at the beginning of the financial year</b> | 20   | <b>10,279</b>   | 10,527          | <b>11,782</b>   | 11,599          |
| <b>Cash [and] cash equivalents<br/>at the end of the financial year</b>       | 20   | <b>18,888</b>   | 10,279          | <b>19,482</b>   | 11,782          |

The notes on pages 6 to 62 form part of these accounts.



## Notes to the Accounts

### Accounting policies

#### 1. Accounting policies

The Cabinet Secretary for Health, Well-being and Sport 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 2016-17 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 the Welsh Health Specialised Services Committee (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.

Only non-NHS income may be deferred.

#### Funds Held on Trust ('FHOT')

Incoming resources are accrued and included within the statement of comprehensive income when it can be quantified with reasonable certainty, and is deferred when it relates to future accounting periods.

Legacies are recognised as incoming resources when receipt of the legacy is considered virtually certain; this will be once confirmation has been received from the representatives of the estates that the payment of the legacy will be made or property transferred and once all conditions attached to the legacy have been fulfilled. Donations are accounted for when received except for donations from events which are recognised when the event takes place.

### 1.5 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.

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

#### NEST Pension Scheme

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

### 1.6 Other expenses

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

### 1.7 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 the Trust, or service potential will be supplied;
- it is expected to be used for more than one financial year;
- the cost of the item can be measured reliably; and
- the item has cost of at least £5,000; or
- Collectively, a number of items have a cost of at least £5,000 and individually have a cost of more than £250, where the assets are functionally interdependent, they had broadly simultaneous purchase dates, are anticipated to have simultaneous disposal dates and are under single managerial control; or

- Items form part of the initial equipping and setting-up cost of a new building, ward or unit, irrespective of their individual or collective cost.

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

### Valuation

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

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

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

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

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

From 2015-16, IFRS 13 Fair Value Measurement must be complied with in full. However, IAS 16 and IAS 38 have been adapted for the public sector context which limits the circumstances under which a valuation is prepared under IFRS 13. Assets which are held for their service potential and are in use should be measured at their current value in existing use. For specialised assets current value in existing use should be interpreted as the present value of the asset's 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 IFRS 13.

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. No indices for buildings and equipment were issued in 2016-17 due to the uncertainty surrounding the impact of Brexit on all sectors of the property market. The carrying value of existing assets at that date will be written off over their remaining useful lives and new fixtures and equipment are carried at depreciated historic cost

as this is not considered to be materially different from fair value.

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

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

### **Subsequent expenditure**

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

## **1.8 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,

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

### **1.9 Research and development**

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

### **1.10 Depreciation, amortisation and impairments**

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

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

References in IAS 36 to the recognition of an impairment loss of a revalued asset being treated as a revaluation decrease to the extent that 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 a weighted average 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 2016-17. 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.

### 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.

The shares held by the FHOT are not held for trading and accordingly are classified as available for sale (see below).

#### Held to maturity investments

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

#### Available for sale financial assets

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



**Loans and receivables**

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

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

The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, to the initial fair value of the financial asset.

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

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

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

**1.25 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'.

**For consolidated NHS Trust charities**

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 NHS Charity, Velindre NHS Trust Charitable Funds, it is considered for accounting standards compliance to have control of Velindre NHS Trust Charitable Funds as a subsidiary and therefore is required to consolidate the results of Velindre NHS Trust Charitable Funds within the statutory accounts of the trust.

The consolidation is for reporting purposes only and does not affect the charity's legal and regulatory independence and day to day operations.

**1.35 Absorption Accounting**

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

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

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

IFRS 9 Financial Instruments

IFRS14 Regulatory Deferral Accounts

IFRS15 Revenue from contracts with customers

IFRS 16 Leases

**1.37 Accounting standards issued that have been adopted early**

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

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| 2. Revenue from patient care activities   | 2016-17        | 2015-16        | 2016-17        | 2015-16        |
|---|----------------|----------------|----------------|----------------|
|   | NHS Trust      |                | Consolidated   |                |
|   | £000           | £000           | £000           | £000           |
| Welsh Government  | 1,311          | 1,819          | 1,311          | 1,819          |
| Welsh Government Welsh Risk Pool Reimbursements                                   | 258,167        | 82,639         | 258,167        | 82,639         |
| Welsh Health Specialised & Emergency Ambulance Services Committees (WHSSC & EASC) | 36,386         | 32,515         | 36,386         | 32,515         |
| Local health boards   | 55,189         | 50,329         | 55,189         | 50,329         |
| Welsh NHS Trusts  | 256            | 120            | 256            | 120            |
| Other NHS Trusts  | 0              | 59             | 0              | 59             |
| Other NHS England bodies  | 16             | 0              | 16             | 0              |
| Foundation Trusts   | 0              | 0              | 0              | 0              |
| Welsh Local Authorities   | 0              | 0              | 0              | 0              |
| Local authorities   | 0              | 0              | 0              | 0              |
| Non NHS:  |                |                |                |                |
| Private patient income  | 1,839          | 1,862          | 1,839          | 1,862          |
| Overseas patients (non-reciprocal)  | 0              | 3              | 0              | 3              |
| Injury Costs Recovery (ICR) Scheme  | 0              | 0              | 0              | 0              |
| Other revenue from activities   | 589            | 568            | 589            | 568            |
| <b>Total</b>  | <b>353,753</b> | <b>169,914</b> | <b>353,753</b> | <b>169,914</b> |

ICR income is subject to a provision for impairment of 22.94% to reflect expected rates of collection.

| 3. Other operating revenue                            | 2016-17        | 2015-16        | 2016-17        | 2015-16        |
|---|----------------|----------------|----------------|----------------|
|   | NHS Trust      |                | Consolidated   |                |
|   | £000           | £000           | £000           | £000           |
| Patient transport services                            | 0              | 0              | 0              | 0              |
| Education, training and research                      | 3,448          | 3,338          | 3,448          | 3,338          |
| Charitable and other contributions to expenditure     | 3,245          | 3,111          | 615            | 1,303          |
| Incoming FHoT Revenue                                 |                |                |                |                |
| Unrestricted - donations and legacies                 |                |                | 2,608          | 4,409          |
| Restricted - donations and legacies                   |                |                | 106            | 0              |
| Receipt of donations for capital acquisitions         | 392            | 96             | 392            | 96             |
| Receipt of government grants for capital acquisitions | 0              | 0              | 0              | 0              |
| Non-patient care services to other bodies             | 768            | 687            | 768            | 687            |
| Income generation                                     | 757            | 874            | 757            | 874            |
| Rental revenue from finance leases                    | 0              | 0              | 0              | 0              |
| Rental revenue from operating leases                  | 0              | 0              | 0              | 0              |
| Other revenue:  |                |                |                |                |
| Provision of laundry, pathology, payroll services     | 0              | 0              | 0              | 0              |
| Accommodation and catering charges                    | 161            | 158            | 161            | 158            |
| Mortuary fees   | 0              | 0              | 0              | 0              |
| Staff payments for use of cars                        | 232            | 160            | 232            | 160            |
| Business unit   | 0              | 0              | 0              | 0              |
| Other   | 274,292        | 259,094        | 274,292        | 259,094        |
| <b>Total</b>  | <b>283,295</b> | <b>267,518</b> | <b>283,379</b> | <b>270,119</b> |
| Other revenue comprises:                              |                |                |                |                |
| NHS Wales Shared Services Partnership                 | 214,677        | 199,946        | 214,677        | 199,946        |
| NHS Wales Informatics Services                        | 53,568         | 49,772         | 53,568         | 49,772         |
| Other   | 6,047          | 9,376          | 6,047          | 9,376          |
| <b>Total</b>  | <b>274,292</b> | <b>259,094</b> | <b>274,292</b> | <b>259,094</b> |

| <b>4. Operating expenses</b>                                  | <b>2016-17</b>   | <b>2015-16</b> | <b>2016-17</b>      | <b>2015-16</b> |
|---|------------------|----------------|---------------------|----------------|
| <b>4.1 Operating expenses</b>                                 | <b>£000</b>      | <b>£000</b>    | <b>£000</b>         | <b>£000</b>    |
|   | <b>NHS Trust</b> |                | <b>Consolidated</b> |                |
| Welsh Government  | 0                | 0              | 0                   | 0              |
| WHSSC & EASC  | 0                | 0              | 0                   | 0              |
| Local Health Boards   | 2,967            | 2,988          | 2,967               | 2,988          |
| Welsh NHS Trusts  | 622              | 836            | 622                 | 836            |
| Other NHS Trusts  | 0                | 1              | 0                   | 1              |
| Goods and services from other NHS bodies                      | 0                | 0              | 0                   | 0              |
| Purchase of healthcare from non-NHS bodies                    | 0                | 0              | 0                   | 0              |
| Welsh Local Authorities                                       | 26               | 7              | 26                  | 7              |
| Other Local Authorities                                       | 0                | 0              | 0                   | 0              |
| Directors' costs  | 813              | 907            | 813                 | 907            |
| Staff costs   | 143,299          | 131,746        | 143,299             | 131,746        |
| Supplies and services - clinical                              | 42,308           | 37,163         | 42,308              | 37,163         |
| Supplies and services - general                               | 39,418           | 39,187         | 39,418              | 39,187         |
| Consultancy Services  | 2,727            | 1,935          | 2,727               | 1,935          |
| Establishment   | 15,026           | 16,168         | 15,026              | 16,168         |
| Transport   | 1,346            | 1,663          | 1,346               | 1,663          |
| Premises  | 26,024           | 22,707         | 26,024              | 22,707         |
| FHoT Resources expended                                       |                  |                |                     |                |
| Costs of generating funds                                     |                  |                | 385                 | 337            |
| Charitable activities   |                  |                | 319                 | 452            |
| Governance Costs  |                  |                | 30                  | 8              |
| Impairments and Reversals of Receivables                      | 0                | 0              | 0                   | 0              |
| Depreciation  | 8,498            | 9,025          | 8,498               | 9,025          |
| Amortisation  | 7,491            | 7,604          | 7,491               | 7,604          |
| Impairments and reversals of property, plant and equipment    | 0                | (39)           | 0                   | (39)           |
| Impairments and reversals of intangible assets                | 0                | 0              | 0                   | 0              |
| Impairments and reversals of financial assets                 | 0                | 0              | 0                   | 0              |
| Impairments and reversals of non current assets held for sale | 0                | 0              | 0                   | 0              |
| Audit fees  | 201              | 201            | 201                 | 201            |
| Other auditors' remuneration                                  | 0                | 0              | 0                   | 0              |
| Losses, special payments and irrecoverable debts              | 259,923          | 83,360         | 259,923             | 83,360         |
| Research and development                                      | 0                | 0              | 0                   | 0              |
| Other operating expenses                                      | 87,579           | 82,669         | 87,579              | 82,669         |
| <b>Total</b>  | <b>638,268</b>   | <b>438,128</b> | <b>639,002</b>      | <b>438,925</b> |

4. Operating expenses (continued)

4.2 Losses, special payments and irrecoverable debts:

|  | 2016-17        | 2015-16       | 2016-17        | 2015-16       |
|--|----------------|---------------|----------------|---------------|
|  | £000           | £000          | £000           | £000          |
|  | NHS Trust      |               | Consolidated   |               |
| Charges to operating expenses                              |                |               |                |               |
| Increase/(decrease) in provision for future payments:      |                |               |                |               |
| Clinical negligence  | 248,423        | 37,231        | 248,423        | 37,231        |
| Personal injury  | 2,613          | 2,609         | 2,613          | 2,609         |
| All other losses and special payments                      | 44             | 44            | 44             | 44            |
| Defence legal fees and other administrative costs          | 2,070          | 545           | 2,070          | 545           |
| Gross increase/(decrease) in provision for future payments | 253,150        | 40,429        | 253,150        | 40,429        |
| Contribution to Welsh Risk Pool                            | 0              | 0             | 0              | 0             |
| Welsh Risk Pool creditor movement                          | 6,773          | 42,931        | 6,773          | 42,931        |
| Premium for other insurance arrangements                   | 0              | 0             | 0              | 0             |
| Irrecoverable debts  | 0              | 0             | 0              | 0             |
| Less: income received/ due from Welsh Risk Pool            | 0              | 0             | 0              | 0             |
| <b>Total charge</b>  | <b>259,923</b> | <b>83,360</b> | <b>259,923</b> | <b>83,360</b> |

The Clinical Negligence includes £Nil (2015-16 £Nil) in respect of payments made under Redress.

Personal injury includes £Nil in respect of permanent injury benefits (2015-16 £Nil).

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| 5. Investment revenue       | 2016-17   | 2015-16   | 2016-17      | 2015-16    |
|-----------------------------|-----------|-----------|--------------|------------|
|                             | £000      | £000      | £000         | £000       |
|                             | NHS Trust |           | Consolidated |            |
| <b>Rental revenue :</b>     |           |           |              |            |
| PFI finance lease revenue:  |           |           |              |            |
| Planned                     | 0         | 0         | 0            | 0          |
| Contingent                  | 0         | 0         | 0            | 0          |
| Other finance lease revenue | 0         | 0         | 0            | 0          |
| <b>Interest revenue:</b>    |           |           |              |            |
| Bank accounts               | 29        | 57        | 29           | 57         |
| Other loans and receivables | 0         | 0         | 0            | 0          |
| Impaired financial assets   | 0         | 0         | 0            | 0          |
| Other financial assets      | 0         | 0         | 78           | 95         |
| <b>Total</b>                | <b>29</b> | <b>57</b> | <b>107</b>   | <b>152</b> |

| 6. Other gains and losses  | 2016-17   | 2015-16  | 2016-17      | 2015-16  |
|--|-----------|----------|--------------|----------|
|  | £000      | £000     | £000         | £000     |
|  | NHS Trust |          | Consolidated |          |
| Gain/(loss) on disposal of property, plant and equipment                             | 5         | 4        | 5            | 4        |
| Gain/(loss) on disposal of intangible assets   | 0         | 0        | 0            | 0        |
| Gain/(loss) on disposal of assets held for sale                                      | 0         | 0        | 0            | 0        |
| Gain/(loss) on disposal of financial assets  | 0         | 0        | 0            | 0        |
| Gains/(loss) on foreign exchange   | 0         | 0        | 0            | 0        |
| Change in fair value of financial assets at fair value through income statement      | 0         | 0        | 0            | 0        |
| Change in fair value of financial liabilities at fair value through income statement | 0         | 0        | 0            | 0        |
| Recycling of gain/(loss) from equity on disposal of financial assets held for sale   | 0         | 0        | 0            | 0        |
| <b>Total</b>   | <b>5</b>  | <b>4</b> | <b>5</b>     | <b>4</b> |

| 7. Finance costs                               | 2016-17        | 2015-16      | 2016-17        | 2015-16      |
|--|----------------|--------------|----------------|--------------|
|  | £000           | £000         | £000           | £000         |
|  | NHS Trust      |              | Consolidated   |              |
| Interest on loans and overdrafts               | 0              | 0            | 0              | 0            |
| Interest on obligations under finance leases   | 3              | 4            | 3              | 4            |
| Interest on obligations under PFI contracts:   |                |              |                |              |
| Main finance cost                              | 0              | 0            | 0              | 0            |
| Contingent finance cost                        | 0              | 0            | 0              | 0            |
| Interest on late payment of commercial debt    | 0              | 0            | 0              | 0            |
| Other interest expense                         | 0              | 0            | 0              | 0            |
| <b>Total interest expense</b>                  | <b>3</b>       | <b>4</b>     | <b>3</b>       | <b>4</b>     |
| Provisions unwinding of discount               | (2,132)        | (3,057)      | (2,132)        | (3,057)      |
| Periodical Payment Order unwinding of discount | 516            | 2,282        | 516            | 2,282        |
| Other finance costs                            | 0              | 0            | 0              | 0            |
| <b>Total</b>                                   | <b>(1,613)</b> | <b>(771)</b> | <b>(1,613)</b> | <b>(771)</b> |



## 8. Operating leases

### 8.1 Trust as lessee

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

| Payments recognised as an expense | 2016-17      | 2015-16      | 2016-17      | 2015-16      |
|-----------------------------------|--------------|--------------|--------------|--------------|
|                                   | £000         | £000         | £000         | £000         |
|                                   | NHS Trust    |              | Consolidated |              |
| Minimum lease payments            | 2,945        | 3,225        | 2,945        | 3,225        |
| Contingent rents                  | 0            | 0            | 0            | 0            |
| Sub-lease payments                | 0            | 0            | 0            | 0            |
| <b>Total</b>                      | <b>2,945</b> | <b>3,225</b> | <b>2,945</b> | <b>3,225</b> |

| Total future minimum lease payments                    | 2016-17       | 2015-16       | 2016-17       | 2015-16       |
|--|---------------|---------------|---------------|---------------|
|  | £000          | £000          | £000          | £000          |
| Payable:   | NHS Trust     |               | Consolidated  |               |
| Not later than one year                                | 2,288         | 2,503         | 2,288         | 2,503         |
| Between one and five years                             | 6,734         | 7,567         | 6,734         | 7,567         |
| After 5 years  | 2,325         | 2,998         | 2,325         | 2,998         |
| <b>Total</b>   | <b>11,347</b> | <b>13,068</b> | <b>11,347</b> | <b>13,068</b> |
| Total future sublease payments expected to be received | 0             | 0             | 0             | 0             |

**8. Operating leases (continued)**

**8.2 Trust as lessor**

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

**Rental Revenue**

| Receipts recognised as income | 2016-17   | 2015-16  | 2016-17      | 2015-16  |
|-------------------------------|-----------|----------|--------------|----------|
|                               | £000      | £000     | £000         | £000     |
|                               | NHS Trust |          | Consolidated |          |
| Rent                          | 0         | 0        | 0            | 0        |
| Contingent rent               | 0         | 0        | 0            | 0        |
| Other                         | 0         | 0        | 0            | 0        |
| <b>Total rental revenue</b>   | <b>0</b>  | <b>0</b> | <b>0</b>     | <b>0</b> |

| Total future minimum lease payments<br>Receivable: | 2016-17   | 2015-16  | 2016-17      | 2015-16  |
|--|-----------|----------|--------------|----------|
|  | £000      | £000     | £000         | £000     |
|  | NHS Trust |          | Consolidated |          |
| Not later than one year                            | 0         | 0        | 0            | 0        |
| Between one and five years                         | 0         | 0        | 0            | 0        |
| After 5 years                                      | 0         | 0        | 0            | 0        |
| <b>Total</b>                                       | <b>0</b>  | <b>0</b> | <b>0</b>     | <b>0</b> |

9. Employee costs and numbers

| 9.1 Employee costs                            | Permanently<br>employed<br>staff | Agency<br>Staff | Staff on<br>Inward<br>Secondment | 2016-17        | 2015-16        |
|---|----------------------------------|-----------------|----------------------------------|----------------|----------------|
|   |                                  |                 |                                  | £000           | £000           |
| Salaries and wages                            | 117,630                          | 2,185           | 1,209                            | 121,024        | 111,497        |
| Social security costs                         | 10,693                           | 0               | 21                               | 10,714         | 7,545          |
| Employer contributions to NHS Pensions Scheme | 15,595                           | 0               | 15                               | 15,610         | 13,503         |
| Other pension costs                           | 4                                | 0               | 0                                | 4              | 3              |
| Other post-employment benefits                | 0                                | 0               | 0                                | 0              | 0              |
| Termination benefits                          | 0                                | 0               | 0                                | 0              | 0              |
| <b>Total</b>                                  | <b>143,922</b>                   | <b>2,185</b>    | <b>1,245</b>                     | <b>147,352</b> | <b>132,548</b> |
| <b>Of the total above:</b>                    |                                  |                 |                                  |                |                |
| Charged to capital                            |                                  |                 |                                  | 1,473          | 703            |
| Charged to revenue                            |                                  |                 |                                  | 145,879        | 131,845        |
| <b>Total</b>                                  |                                  |                 |                                  | <b>147,352</b> | <b>132,548</b> |

Net movement in accrued employee benefits (untaken staff leave accrual included above) (59) (7)

9.2 Average number of employees

|  | Permanently<br>Employed | Agency<br>Staff | Staff on<br>Inward<br>Secondment | 2016-17      | 2015-16      |
|--|-------------------------|-----------------|----------------------------------|--------------|--------------|
|  |                         |                 |                                  | Total        | Total        |
|  |                         |                 |                                  | Number       | Number       |
| Administrative, clerical and board members   | 2,095                   | 24              | 20                               | 2,139        | 2,081        |
| Ambulance staff                              | 0                       | 0               | 0                                | 0            | 0            |
| Medical and dental                           | 441                     | 0               | 1                                | 442          | 350          |
| Nursing, midwifery registered                | 187                     | 0               | 1                                | 188          | 234          |
| Professional, scientific and technical staff | 34                      | 3               | 0                                | 37           | 35           |
| Additional Clinical Services                 | 197                     | 0               | 0                                | 197          | 180          |
| Allied Health Professions                    | 112                     | 4               | 0                                | 116          | 120          |
| Healthcare scientists                        | 127                     | 1               | 0                                | 128          | 119          |
| Estates and Ancillary                        | 295                     | 20              | 0                                | 315          | 306          |
| Students                                     | 1                       | 0               | 0                                | 1            | 0            |
| <b>Total</b>                                 | <b>3,489</b>            | <b>52</b>       | <b>22</b>                        | <b>3,563</b> | <b>3,425</b> |

The NHS Trust does not employ additional staff for FHOT administration duties.

9.3 Employee benefits

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

9.4 Reporting of other compensation schemes - exit packages

|   | 2016-17  | 2016-17                                       | 2016-17  | 2016-17   | 2015-16  |
|---|--|---|--|---|--|
| 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   | 1  | 0   | 1  | 0   | 3  |
| £10,000 to £25,000  | 2  | 1   | 3  | 0   | 9  |
| £25,000 to £50,000  | 1  | 2   | 3  | 0   | 5  |
| £50,000 to £100,000   | 0  | 0   | 0  | 0   | 1  |
| £100,000 to £150,000  | 1  | 0   | 1  | 0   | 0  |
| £150,000 to £200,000  | 0  | 0   | 0  | 0   | 0  |
| more than £200,000  | 0  | 0   | 0  | 0   | 0  |
| <b>Total</b>  | <b>5</b>   | <b>3</b>                                      | <b>8</b>   | <b>0</b>  | <b>18</b>  |

|   | 2016-17                           | 2016-17                    | 2016-17                       | 2016-17   | 2015-16                       |
|---|-----------------------------------|----------------------------|-------------------------------|---|-------------------------------|
| 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   | 3,649                             | 0                          | 3,649                         | 0   | 19,572                        |
| £10,000 to £25,000  | 33,512                            | 22,458                     | 55,970                        | 0   | 133,162                       |
| £25,000 to £50,000  | 25,832                            | 83,658                     | 109,490                       | 0   | 221,577                       |
| £50,000 to £100,000   | 0                                 | 0                          | 0                             | 0   | 54,516                        |
| £100,000 to £150,000  | 133,213                           | 0                          | 133,213                       | 0   | 0                             |
| £150,000 to £200,000  | 0                                 | 0                          | 0                             | 0   | 0                             |
| more than £200,000  | 0                                 | 0                          | 0                             | 0   | 0                             |
| <b>Total</b>  | <b>196,206</b>                    | <b>106,116</b>             | <b>302,322</b>                | <b>0</b>  | <b>428,827</b>                |

Redundancy and other departure costs have been paid in accordance with the provisions of the NHS Voluntary Early Release Scheme (VERS). Where the Trust has agreed early retirements or compulsory redundancies, the additional costs are met by the Trust and not by the NHS pensions scheme. Ill-health retirement costs are met by the NHS pensions scheme and are not included in the table (see note 10 for details of ill health retirement costs).

This disclosure reports the number and value of exit packages taken by staff leaving in the year. 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 Velindre NHS Trust in the financial year 2016-17 was £130,000-£135,000 (2015-16, £130,000-£135,000). This was 5.1 times (2015-16, 5.0) the median remuneration of the workforce, which was £26,302 (2015-16, £26,929).

In 2016-17, 4 (2015-16, 4) employees received remuneration in excess of the highest-paid director. These employees are Medical Consultants. Remuneration ranged from £16,100 to £190,800 (2015-16 £15,100-£185,000).

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

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

The cost of employing agency staff within the Trust has been included within the calculation of median salary. Historically, the Trust excluded these costs given the relatively small number of agency staff employed throughout the year, and determined there would be no significant effect on the median salary reported. The calculation undertaken in 2016-17 now includes such costs, and a comparison confirms that previous determination was correct. There are no Trust Directors paid on this basis.

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](http://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 2017, is based on valuation data as 31 March 2016, updated to 31 March 2017 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.

The next actuarial valuation is to be carried out as at 31 March 2016. This will set the employer contribution rate payable from April 2019 and will consider the cost of the Scheme relative to the employer cost cap. There are provisions in the Public Service Pension Act 2013 to adjust member benefits or contribution rates if the cost of the Scheme changes by more than 2% of pay. Subject to this 'employer cost cap' assessment, any required revisions to member benefits or contribution rates will be determined by the Secretary of State for Health after consultation with the relevant stakeholders.

**c) National Employment Savings Trust (NEST)**

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

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

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

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

The earnings band used to calculate minimum contributions under existing legislation is called qualifying earnings. Qualifying earnings are currently those between £5,824 and £43,000 for the 2016-17 tax year (2015-16 £5,824 and £42,385).

NEST has an annual contribution limit of £4,900 for the 2016-17 tax year (£4,700 for 2015-16). This means the most that can be contributed to a single pot in the current tax year is £4,900. 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.

Alternatively under certification, employers may choose to calculate contributions in a way that meets the requirements of one of three sets of tiers described in the legislation. The three tiers have minimum contribution rates as detailed on the NEST website.

**10.1 Retirement costs due to ill-health**

During 2016-17 there was 1 (2015-16, 6) early retirement from the Trust agreed on the grounds of ill-health. The estimated additional pension costs of these ill-health retirements is £73,000 (2015-16, £466,000). 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.

|  | <b>2016-17</b> | <b>2016-17</b> | 2015-16 | 2015-16 |
|--|----------------|----------------|---------|---------|
|  | <b>Number</b>  | <b>£000</b>    | Number  | £000    |
| <b>NHS</b>                             |                |                |         |         |
| Total bills paid in year               | <b>2,612</b>   | <b>46,230</b>  | 2,643   | 47,550  |
| Total bills paid within target         | <b>2,143</b>   | <b>40,132</b>  | 2,033   | 39,861  |
| Percentage of bills paid within target | <b>82.0%</b>   | <b>86.8%</b>   | 76.9%   | 83.8%   |
| <b>Non-NHS</b>                         |                |                |         |         |
| Total bills paid in year               | <b>72,657</b>  | <b>253,490</b> | 68,400  | 206,007 |
| Total bills paid within target         | <b>68,592</b>  | <b>243,359</b> | 62,713  | 194,078 |
| Percentage of bills paid within target | <b>94.4%</b>   | <b>96.0%</b>   | 91.7%   | 94.2%   |
| <b>Total</b>                           |                |                |         |         |
| Total bills paid in year               | <b>75,269</b>  | <b>299,720</b> | 71,043  | 253,557 |
| Total bills paid within target         | <b>70,735</b>  | <b>283,491</b> | 64,746  | 233,939 |
| Percentage of bills paid within target | <b>94.0%</b>   | <b>94.6%</b>   | 91.1%   | 92.3%   |

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

|  | <b>2016-17</b> | 2015-16 |
|--|----------------|---------|
|  | <b>£</b>       | £       |
| Amounts included within finance costs from claims made under legislation | <b>0</b>       | 0       |
| Compensation paid to cover debt recovery costs under legislation         | <b>0</b>       | 0       |
| <b>Total</b>   | <b>0</b>       | 0       |

The PSPP measure of compliance applies on a Trust only basis, therefore no consolidated PSPP measures have been calculated and disclosed.



12. Property, plant and equipment :

2016-17

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

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          | FHoT     | Consolidated Total |
|---|---------------|--------------------------------|------------|---|-------------------|---------------------|------------------------|------------------------|----------------|----------|--------------------|
| Cost or valuation   | £000          | £000                           | £000       | £000  | £000              | £000                | £000                   | £000                   | £000           | £000     | £000               |
| <b>At 1 April 2015</b>  | 15,932        | 51,789                         | 242        | 4,043   | 28,891            | 2,131               | 21,373                 | 890                    | 125,291        | 0        | 125,291            |
| Indexation  | 313           | 2,887                          | 14         | 0   | 0                 | 0                   | 0                      | 0                      | 3,214          | 0        | 3,214              |
| Revaluation   | 0             | 0                              | 0          | 0   | 0                 | 0                   | 0                      | 0                      | 0              | 0        | 0                  |
| Additions - purchased   | 0             | 1,016                          | 0          | 7,452   | 576               | 179                 | 2,970                  | 123                    | 12,316         | 0        | 12,316             |
| Additions - donated   | 0             | 0                              | 0          | 0   | 66                | 0                   | 9                      | 0                      | 75             | 0        | 75                 |
| Additions - government granted  | 0             | 0                              | 0          | 0   | 0                 | 0                   | 0                      | 0                      | 0              | 0        | 0                  |
| Transfers from/(into) other NHS bodies  | 0             | 0                              | 0          | 0   | 19                | 1,933               | 12                     | 0                      | 1,964          | 0        | 1,964              |
| Reclassifications   | 0             | 256                            | 0          | (2,244)   | 11                | 0                   | 1,977                  | 0                      | 0              | 0        | 0                  |
| Reclassified as held for sale   | 0             | 0                              | 0          | 0   | 0                 | 0                   | 0                      | 0                      | 0              | 0        | 0                  |
| Disposals other than by sale  | 0             | (547)                          | 0          | 0   | (1,969)           | (144)               | (2,121)                | (64)                   | (4,845)        | 0        | (4,845)            |
| Impairments   | 0             | 0                              | 0          | 0   | 0                 | 0                   | 0                      | 0                      | 0              | 0        | 0                  |
| Reversal of impairments   | 0             | 70                             | 0          | 0   | 0                 | 0                   | 0                      | 0                      | 70             | 0        | 70                 |
| <b>At 31 March 2016</b>   | <b>16,245</b> | <b>55,471</b>                  | <b>256</b> | <b>9,251</b>                                      | <b>27,594</b>     | <b>4,099</b>        | <b>24,220</b>          | <b>949</b>             | <b>138,085</b> | <b>0</b> | <b>138,085</b>     |
| <b>Depreciation</b>   |               |                                |            |   |                   |                     |                        |                        |                |          |                    |
| <b>At 1 April 2015</b>  | 0             | 5,882                          | 32         | 0   | 15,409            | 820                 | 12,260                 | 672                    | 35,075         | 0        | 35,075             |
| Indexation  | 0             | 302                            | 2          | 0   | 0                 | 0                   | 0                      | 0                      | 304            | 0        | 304                |
| Revaluation   | 0             | 0                              | 0          | 0   | 0                 | 0                   | 0                      | 0                      | 0              | 0        | 0                  |
| Transfers from/(into) other NHS bodies  | 0             | 0                              | 0          | 0   | 6                 | 1,097               | 12                     | 0                      | 1,115          | 0        | 1,115              |
| Reclassifications   | 0             | 0                              | 0          | 0   | 0                 | 0                   | 0                      | 0                      | 0              | 0        | 0                  |
| Reclassified as held for sale   | 0             | 0                              | 0          | 0   | 0                 | 0                   | 0                      | 0                      | 0              | 0        | 0                  |
| Disposals other than by sale  | 0             | (547)                          | 0          | 0   | (1,969)           | (144)               | (2,121)                | (64)                   | (4,845)        | 0        | (4,845)            |
| Impairments   | 0             | 0                              | 0          | 0   | 0                 | 0                   | 0                      | 0                      | 0              | 0        | 0                  |
| Reversal of impairments   | 0             | 31                             | 0          | 0   | 0                 | 0                   | 0                      | 0                      | 31             | 0        | 31                 |
| Charged during the year   | 0             | 2,108                          | 14         | 0   | 2,523             | 578                 | 3,742                  | 60                     | 9,025          | 0        | 9,025              |
| <b>At 31 March 2016</b>   | <b>0</b>      | <b>7,776</b>                   | <b>48</b>  | <b>0</b>  | <b>15,969</b>     | <b>2,351</b>        | <b>13,893</b>          | <b>668</b>             | <b>40,705</b>  | <b>0</b> | <b>40,705</b>      |
| <b>Net book value</b>   |               |                                |            |   |                   |                     |                        |                        |                |          |                    |
| At 1 April 2015   | 15,932        | 45,907                         | 210        | 4,043   | 13,482            | 1,311               | 9,113                  | 218                    | 90,216         | 0        | 90,216             |
| <b>Net book value</b>   |               |                                |            |   |                   |                     |                        |                        |                |          |                    |
| At 31 March 2016  | 16,245        | 47,695                         | 208        | 9,251   | 11,625            | 1,748               | 10,327                 | 281                    | 97,380         | 0        | 97,380             |
| <b>Net book value at 31 March 2016 comprises :</b>                                      |               |                                |            |   |                   |                     |                        |                        |                |          |                    |
| Purchased   | 16,245        | 41,816                         | 208        | 9,251   | 11,332            | 1,748               | 10,310                 | 281                    | 91,191         | 0        | 91,191             |
| Donated   | 0             | 5,879                          | 0          | 0   | 293               | 0                   | 8                      | 0                      | 6,180          | 0        | 6,180              |
| Government Granted  | 0             | 0                              | 0          | 0   | 0                 | 0                   | 9                      | 0                      | 9              | 0        | 9                  |
| <b>At 31 March 2016</b>   | <b>16,245</b> | <b>47,695</b>                  | <b>208</b> | <b>9,251</b>                                      | <b>11,625</b>     | <b>1,748</b>        | <b>10,327</b>          | <b>281</b>             | <b>97,380</b>  | <b>0</b> | <b>97,380</b>      |
| <b>Asset Financing:</b>   |               |                                |            |   |                   |                     |                        |                        |                |          |                    |
| Owned   | 16,245        | 47,695                         | 208        | 9,251   | 11,616            | 1,748               | 10,262                 | 277                    | 97,302         | 0        | 97,302             |
| Held on finance lease   | 0             | 0                              | 0          | 0   | 9                 | 0                   | 65                     | 4                      | 78             | 0        | 78                 |
| On-SoFP PFI contract  | 0             | 0                              | 0          | 0   | 0                 | 0                   | 0                      | 0                      | 0              | 0        | 0                  |
| PFI residual interest   | 0             | 0                              | 0          | 0   | 0                 | 0                   | 0                      | 0                      | 0              | 0        | 0                  |
| <b>At 31 March 2016</b>   | <b>16,245</b> | <b>47,695</b>                  | <b>208</b> | <b>9,251</b>                                      | <b>11,625</b>     | <b>1,748</b>        | <b>10,327</b>          | <b>281</b>             | <b>97,380</b>  | <b>0</b> | <b>97,380</b>      |
| <b>The net book value of land, buildings and dwellings at 31 March 2016 comprises :</b> |               |                                |            |   |                   |                     |                        |                        |                |          |                    |
|   |               |                                |            |   |                   |                     | £000                   | £000                   | £000           |          |                    |
| Freehold  |               |                                |            |   |                   |                     | 60,960                 | 0                      | 60,960         |          |                    |
| Long Leasehold  |               |                                |            |   |                   |                     | 0                      | 0                      | 0              |          |                    |
| Short Leasehold   |               |                                |            |   |                   |                     | 3,188                  | 0                      | 3,188          |          |                    |
| <b>Total</b>  |               |                                |            |   |                   |                     | <b>64,148</b>          | <b>0</b>               | <b>64,148</b>  |          |                    |

**12. Property, plant and equipment :**

**Donated Assets**

Velindre NHS Trust received the following donated assets in 2016-17:

*Received from Velindre NHS Trust Charitable Funds:*

|   |          |
|---|----------|
| Contribution towards First Floor Ward Refurbishment | £175,000 |
| Abdominal Compression Kit                           | £26,000  |
| Dynamic Thorax Phantom                              | £20,000  |
| Powered Patient Chair                               | £8,000   |
| IT Server and Licenses for Research Department      | £4,000   |

*Received from Royal Voluntary Service:*

|   |          |
|---|----------|
| Contribution towards First Floor Ward Refurbishment | £160,000 |
|---|----------|

**Valuations**

The Trust's Land and Buildings were last revalued by the District Valuation Service with an effective date of 1 April 2012. This valuation was prepared in accordance with the terms of the Royal Institution of Chartered Surveyors' Valuation Standards, 6th edition.

The Trust is required to apply the revaluation model set out in IAS 16 and value its capital assets to fair value. Fair value is defined by IAS16 as the amount for which an asset could be exchanged between knowledgeable, willing parties in an arms length transaction. This has been undertaken on the assumption that the property is sold as part of the continuing enterprise in occupation.

In 2016-17 indexation has been applied to property plant and equipment based on indices supplied by the District Valuation Office.

IFRS 13 Fair Value Measurement is not relevant to these accounts.

**Asset Lives**

Assets are depreciated over the following lives:

- a) Land and Assets Under Construction - Not depreciated.
- b) Buildings - as determined by the District Valuation Service.
- c) Equipment - 5 to 15 years.

**Transfer of Assets**

On 1st October 2016, the NHS Wales Shared Services Partnership at Velindre NHS Trust became the host body for the Surgical Material Testing Laboratory (SMTL). The SMTL assets were transferred into the organisation from Abertawe Bro Morgannwg University Health Board.

**Gain/(Loss) on Sale**

| Asset description | Reason for sale   | Gain/(Loss) on sale<br>£000 |
|-------------------|-------------------|-----------------------------|
| 4 Motor Vehicles  | Vehicles replaced | 5                           |
|                   |                   | 0                           |
|                   |                   | 5                           |

12.2 Non-current assets held for sale

|   | Land     | Buildings,<br>including<br>dwellings | Other property<br>plant and<br>equipment | Intangible assets | Other assets | Total    | FHoT assets | ConsolidatedTotal |
|---|----------|--------------------------------------|--|-------------------|--------------|----------|-------------|-------------------|
|   | £000     | £000                                 | £000                                     | £000              | £000         | £000     | £000        | £000              |
| <b>Balance b/f 1 April 2016</b>   | <b>0</b> | <b>0</b>                             | <b>0</b>                                 | <b>0</b>          | <b>0</b>     | <b>0</b> | <b>0</b>    | <b>0</b>          |
| Plus assets classified as held for sale in year   | 0        | 0                                    | 0  | 0                 | 0            | 0        | 0           | 0                 |
| Revaluation   | 0        | 0                                    | 0  | 0                 | 0            | 0        | 0           | 0                 |
| Less assets sold in year  | 0        | 0                                    | 0  | 0                 | 0            | 0        | 0           | 0                 |
| Less impairment for assets held for sale  | 0        | 0                                    | 0  | 0                 | 0            | 0        | 0           | 0                 |
| Plus reversal of impairments  | 0        | 0                                    | 0  | 0                 | 0            | 0        | 0           | 0                 |
| Less assets no longer classified as held for sale for reasons other than disposal by sale | 0        | 0                                    | 0  | 0                 | 0            | 0        | 0           | 0                 |
| <b>Balance c/f 31 March 2017</b>  | <b>0</b> | <b>0</b>                             | <b>0</b>                                 | <b>0</b>          | <b>0</b>     | <b>0</b> | <b>0</b>    | <b>0</b>          |
| Balance b/f 1 April 2015  | 0        | 0                                    | 0  | 0                 | 0            | 0        | 0           | 0                 |
| Plus assets classified as held for sale in year   | 0        | 0                                    | 0  | 0                 | 0            | 0        | 0           | 0                 |
| Revaluation   | 0        | 0                                    | 0  | 0                 | 0            | 0        | 0           | 0                 |
| Less assets sold in year  | 0        | 0                                    | 0  | 0                 | 0            | 0        | 0           | 0                 |
| Less impairment for assets held for sale  | 0        | 0                                    | 0  | 0                 | 0            | 0        | 0           | 0                 |
| Plus reversal of impairments  | 0        | 0                                    | 0  | 0                 | 0            | 0        | 0           | 0                 |
| Less assets no longer classified as held for sale for reasons other than disposal by sale | 0        | 0                                    | 0  | 0                 | 0            | 0        | 0           | 0                 |
| Balance c/f 31 March 2016   | 0        | 0                                    | 0  | 0                 | 0            | 0        | 0           | 0                 |

At 31 March 2017, the Trust did not hold any non-current assets that were held for sale.

13. Intangible assets

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

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         | FHoT     | Consolidated Total |
|--|-----------------------------|--|--------------------------|----------|--|-----------------------------|---------------|----------|--------------------|
| Cost or valuation                                | £000                        | £000                                   | £000                     | £000     | £000   | £000                        | £000          | £000     | £000               |
| <b>At 1 April 2015</b>                           | 49,122                      | 6,292                                  | 1,924                    | 0        | 0  | 0                           | 57,338        | 0        | 57,338             |
| Revaluation                                      |                             | 0                                      |                          |          | 0  | 0                           | 0             | 0        | 0                  |
| Additions  |                             |  |                          |          |  |                             |               |          |                    |
| - purchased                                      | 2,854                       | 18                                     | 1,063                    | 0        | 0  | 0                           | 3,935         | 0        | 3,935              |
| - internally generated                           | 0                           | 0                                      | 0                        | 0        | 0  | 0                           | 0             | 0        | 0                  |
| - donated  | 21                          | 0                                      | 0                        | 0        | 0  | 0                           | 21            | 0        | 21                 |
| - government granted                             | 0                           | 0                                      | 0                        | 0        | 0  | 0                           | 0             | 0        | 0                  |
| Transfers from/(into) other NHS bodies           | 0                           | 0                                      | 0                        | 0        | 0  | 0                           | 0             | 0        | 0                  |
| Reclassifications                                | 0                           | 0                                      | 0                        | 0        | 0  | 0                           | 0             | 0        | 0                  |
| Reclassified as held for sale                    | 0                           | 0                                      | 0                        | 0        | 0  | 0                           | 0             | 0        | 0                  |
| Disposals other than by sale                     | (1,195)                     | 0                                      | 0                        | 0        | 0  | 0                           | (1,195)       | 0        | (1,195)            |
| Impairments                                      | 0                           | 0                                      | 0                        | 0        | 0  | 0                           | 0             | 0        | 0                  |
| Reversal of impairments                          | 0                           | 0                                      | 0                        | 0        | 0  | 0                           | 0             | 0        | 0                  |
| <b>At 31 March 2016</b>                          | <b>50,802</b>               | <b>6,310</b>                           | <b>2,987</b>             | <b>0</b> | <b>0</b>                                     | <b>0</b>                    | <b>60,099</b> | <b>0</b> | <b>60,099</b>      |
| <b>Amortisation</b>                              |                             |  |                          |          |  |                             |               |          |                    |
| <b>At 1 April 2015</b>                           | 25,116                      | 4,647                                  | 0                        | 0        | 0  | 0                           | 29,763        | 0        | 29,763             |
| Revaluation                                      |                             | 0                                      |                          |          | 0  | 0                           | 0             | 0        | 0                  |
| Transfers from/(into) other NHS bodies           | 0                           | 0                                      | 0                        | 0        | 0  | 0                           | 0             | 0        | 0                  |
| Reclassifications                                | 0                           | 0                                      | 0                        | 0        | 0  | 0                           | 0             | 0        | 0                  |
| Reclassified as held for sale                    | 0                           | 0                                      | 0                        | 0        | 0  | 0                           | 0             | 0        | 0                  |
| Disposals other than by sale                     | (1,195)                     | 0                                      | 0                        | 0        | 0  | 0                           | (1,195)       | 0        | (1,195)            |
| Impairments                                      | 0                           | 0                                      | 0                        | 0        | 0  | 0                           | 0             | 0        | 0                  |
| Reversal of impairments                          | 0                           | 0                                      | 0                        | 0        | 0  | 0                           | 0             | 0        | 0                  |
| Charged during the year                          | 6,503                       | 693                                    | 408                      | 0        | 0  | 0                           | 7,604         | 0        | 7,604              |
| <b>Accumulated amortisation at 31 March 2016</b> | <b>30,424</b>               | <b>5,340</b>                           | <b>408</b>               | <b>0</b> | <b>0</b>                                     | <b>0</b>                    | <b>36,172</b> | <b>0</b> | <b>36,172</b>      |
| Net book value At 1 April 2015                   | 24,006                      | 1,645                                  | 1,924                    | 0        | 0  | 0                           | 27,575        | 0        | 27,575             |
| <b>Net book value At 31 March 2016</b>           | <b>20,378</b>               | <b>970</b>                             | <b>2,579</b>             | <b>0</b> | <b>0</b>                                     | <b>0</b>                    | <b>23,927</b> | <b>0</b> | <b>23,927</b>      |
| Net book value                                   |                             |  |                          |          |  |                             |               |          |                    |
| Purchased  | 20,359                      | 0                                      | 2,579                    | 0        | 0  | 0                           | 22,938        | 0        | 22,938             |
| Internally Generated                             | 0                           | 970                                    | 0                        | 0        | 0  | 0                           | 970           | 0        | 970                |
| Donated  | 19                          | 0                                      | 0                        | 0        | 0  | 0                           | 19            | 0        | 19                 |
| Government granted                               | 0                           | 0                                      | 0                        | 0        | 0  | 0                           | 0             | 0        | 0                  |
| <b>At 31 March 2016</b>                          | <b>20,378</b>               | <b>970</b>                             | <b>2,579</b>             | <b>0</b> | <b>0</b>                                     | <b>0</b>                    | <b>23,927</b> | <b>0</b> | <b>23,927</b>      |

### 13. Intangible assets

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

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

No intangible assets have been acquired by Government Grant.

### 14. Revaluation reserve balance for intangible assets

|             | <b>2016-17</b>   | 2015-16 | <b>2016-17</b>      | 2015-16 |
|-------------|------------------|---------|---------------------|---------|
|             | £000             | £000    | £000                | £000    |
|             | <b>NHS Trust</b> |         | <b>Consolidated</b> |         |
| At 1 April  | <b>0</b>         | 0       | <b>0</b>            | 0       |
| Changes     | <b>0</b>         | 0       | <b>0</b>            | 0       |
| At 31 March | <b>0</b>         | 0       | <b>0</b>            | 0       |

15. Impairments

| Impairments in the period arose from:                        | 2016-17                        |                      | 2015-16                        |                      |
|--|--------------------------------|----------------------|--------------------------------|----------------------|
|  | Property, plant<br>& equipment | Intangible<br>assets | Property, plant<br>& equipment | Intangible<br>assets |
|  | £000                           | £000                 | £000                           | £000                 |
| Loss or damage from normal operations                        | 0                              | 0                    | 0                              | 0                    |
| Abandonment of assets in the course of construction          | 0                              | 0                    | 0                              | 0                    |
| Over specification of assets (Gold Plating)                  | 0                              | 0                    | 0                              | 0                    |
| Loss as a result of a catastrophe                            | 0                              | 0                    | 0                              | 0                    |
| Unforeseen obsolescence                                      | 0                              | 0                    | 0                              | 0                    |
| Changes in market price                                      | 0                              | 0                    | 0                              | 0                    |
| Other (Specify)  | 0                              | 0                    | 0                              | 0                    |
| Reversal of impairment                                       | 0                              | 0                    | (39)                           | 0                    |
| <b>Impairments charged to operating expenses</b>             | <b>0</b>                       | <b>0</b>             | <b>(39)</b>                    | <b>0</b>             |
| FHoT Impairments charged to operating expenses               | 0                              | 0                    | 0                              | 0                    |
| <b>Consolidated impairment charged to operating expenses</b> | <b>0</b>                       | <b>0</b>             | <b>(39)</b>                    | <b>0</b>             |

Analysis of impairments :

|   |          |          |             |          |
|---|----------|----------|-------------|----------|
| Operating expenses in Statement of Comprehensive Income | 0        | 0        | (39)        | 0        |
| Revaluation reserve                                     | 0        | 0        | 0           | 0        |
| <b>Total</b>  | <b>0</b> | <b>0</b> | <b>(39)</b> | <b>0</b> |
| FHoT Operating expenses in SoCNI                        | 0        | 0        | 0           | 0        |
| <b>NHS Consolidated Total</b>                           | <b>0</b> | <b>0</b> | <b>(39)</b> | <b>0</b> |

16. Capital commitments

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

|                               | 31 March     | 31 March     | 31 March     | 31 March     |
|-------------------------------|--------------|--------------|--------------|--------------|
|                               | 2017         | 2016         | 2017         | 2016         |
|                               | NHS Trust    |              | Consolidated |              |
|                               | £000         | £000         | £000         | £000         |
| Property, plant and equipment | 2,319        | 1,082        | 2,319        | 1,082        |
| Intangible assets             | 1,226        | 1,685        | 1,226        | 1,685        |
| <b>Total</b>                  | <b>3,545</b> | <b>2,767</b> | <b>3,545</b> | <b>2,767</b> |



17. Inventories

17.1 Inventories

|   | <b>31 March</b>  | 31 March | <b>31 March</b>     | 31 March |
|---|------------------|----------|---------------------|----------|
|   | <b>2017</b>      | 2016     | <b>2017</b>         | 2016     |
|   | <b>£000</b>      | £000     | <b>£000</b>         | £000     |
|   | <b>NHS Trust</b> |          | <b>Consolidated</b> |          |
| Drugs   | <b>852</b>       | 1,176    | <b>852</b>          | 1,176    |
| Consumables                                   | <b>3,992</b>     | 3,841    | <b>3,992</b>        | 3,841    |
| Energy  | <b>0</b>         | 0        | <b>0</b>            | 0        |
| Work in progress                              | <b>0</b>         | 0        | <b>0</b>            | 0        |
| Other   | <b>994</b>       | 1,363    | <b>994</b>          | 1,363    |
| <b>Total</b>                                  | <b>5,838</b>     | 6,380    | <b>5,838</b>        | 6,380    |
| <b>Of which held at net realisable value:</b> | <b>0</b>         | 0        | <b>0</b>            | 0        |

17.2 Inventories recognised in expenses

|  | <b>31 March</b>  | 31 March | <b>31 March</b>     | 31 March |
|--|------------------|----------|---------------------|----------|
|  | <b>2017</b>      | 2016     | <b>2017</b>         | 2016     |
|  | <b>£000</b>      | £000     | <b>£000</b>         | £000     |
|  | <b>NHS Trust</b> |          | <b>Consolidated</b> |          |
| Inventories recognised as an expense in the period | <b>50,818</b>    | 49,281   | <b>50,818</b>       | 49,281   |
| Write-down of inventories (including losses)       | <b>410</b>       | 39       | <b>410</b>          | 39       |
| Reversal of write-downs that reduced the expense   | <b>0</b>         | 0        | <b>0</b>            | 0        |
| <b>Total</b>                                       | <b>51,228</b>    | 49,320   | <b>51,228</b>       | 49,320   |

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18. Trade and other receivables

18.1 Trade and other receivables

| Current                                       | 31 March       | 31 March       | 31 March       | 31 March       |
|---|----------------|----------------|----------------|----------------|
|   | 2017           | 2016           | 2017           | 2016           |
|   | £000           | £000           | £000           | £000           |
|   | NHS Trust      |                | Consolidated   |                |
| Welsh Government                              | 312,686        | 272,826        | 312,686        | 272,826        |
| WHSC & EASC                                   | 807            | 2,254          | 807            | 2,254          |
| Welsh Health Boards                           | 9,570          | 11,201         | 9,570          | 11,201         |
| Welsh NHS Trusts                              | 473            | 167            | 473            | 167            |
| Non - Welsh Trusts                            | 0              | 78             | 0              | 78             |
| Other NHS                                     | 340            | 197            | 340            | 197            |
| Welsh Risk Pool                               | 0              | 0              | 0              | 0              |
| Welsh Local Authorities                       | 130            | 30             | 130            | 30             |
| Other Local Authorities                       | 0              | 0              | 0              | 0              |
| Capital debtors                               | 175            | 0              | 175            | 0              |
| Other debtors                                 | 3,931          | 5,205          | 3,363          | 4,936          |
| FHoT debtor                                   |                |                | 19             | 65             |
| Provision for impairment of trade receivables | (372)          | (144)          | (372)          | (144)          |
| Pension Prepayments                           |                |                |                | 0              |
| NHS Pensions Agency                           | 0              | 0              | 0              | 0              |
| NEST  | 0              | 0              | 0              | 0              |
| Other prepayments                             | 4,907          | 4,330          | 4,907          | 4,330          |
| Accrued income                                | 887            | 423            | 887            | 423            |
| Sub-total                                     | 333,534        | 296,567        | 332,985        | 296,363        |
| <b>Non-current</b>                            |                |                |                |                |
| Welsh Government                              | 609,547        | 460,564        | 609,547        | 460,564        |
| WHSC & EASC                                   | 0              | 0              | 0              | 0              |
| Welsh Health Boards                           | 0              | 0              | 0              | 0              |
| Welsh NHS Trusts                              | 0              | 0              | 0              | 0              |
| Non - Welsh Trusts                            | 0              | 0              | 0              | 0              |
| Other NHS                                     | 0              | 0              | 0              | 0              |
| Welsh Risk Pool                               | 0              | 0              | 0              | 0              |
| Welsh Local Authorities                       | 0              | 0              | 0              | 0              |
| Other Local Authorities                       | 0              | 0              | 0              | 0              |
| Capital debtors                               | 0              | 0              | 0              | 0              |
| Other debtors                                 | 0              | 0              | 0              | 0              |
| FHoT debtor                                   |                |                | 0              | 0              |
| Provision for impairment of trade receivables | 0              | 0              | 0              | 0              |
| Pension Prepayments                           |                |                |                | 0              |
| NHS Pensions Agency                           | 0              | 0              | 0              | 0              |
| NEST  | 0              | 0              | 0              | 0              |
| Other prepayments                             | 0              | 0              | 0              | 0              |
| Accrued income                                | 0              | 0              | 0              | 0              |
| Sub-total                                     | 609,547        | 460,564        | 609,547        | 460,564        |
| <b>Total trade and other receivables</b>      | <b>943,081</b> | <b>757,131</b> | <b>942,532</b> | <b>756,927</b> |

The great majority of trade is with Welsh Health Boards & Trusts. As Welsh Health Boards & Trusts are funded by Welsh Government, no credit scoring of them is considered necessary.

Trade receivables disclosed above include £1,829,000 (2015-16: £1,912,000) which are past due at the reporting date (see note 18.3 for aged analysis).

The Trust has recognised an allowance for doubtful debts by providing at a percentage of total receivables according to the aging category. The allowance provided by category is based on historical experience. The Trust does not hold any collateral over its trade receivables.

**18.2 Receivables VAT**

|                   | <b>31 March</b>  | 31 March   | <b>31 March</b>     | 31 March   |
|-------------------|------------------|------------|---------------------|------------|
|                   | <b>2017</b>      | 2016       | <b>2017</b>         | 2016       |
|                   | <b>£000</b>      | £000       | <b>£000</b>         | £000       |
|                   | <b>NHS Trust</b> |            | <b>Consolidated</b> |            |
| Trade receivables | <b>187</b>       | 199        | <b>187</b>          | 199        |
| Other             | <b>0</b>         | 0          | <b>0</b>            | 0          |
| <b>Total</b>      | <b>187</b>       | <b>199</b> | <b>187</b>          | <b>199</b> |

**18.3 Receivables past their due date but not impaired**

|   | <b>31 March</b>  | 31 March | <b>31 March</b>     | 31 March |
|---|------------------|----------|---------------------|----------|
|   | <b>2017</b>      | 2016     | <b>2017</b>         | 2016     |
|   | <b>£000</b>      | £000     | <b>£000</b>         | £000     |
|   | <b>NHS Trust</b> |          | <b>Consolidated</b> |          |
| By up to 3 months                       | <b>389</b>       | 766      | <b>389</b>          | 766      |
| By 3 to 6 months                        | <b>266</b>       | 455      | <b>266</b>          | 455      |
| By more than 6 months                   | <b>1,174</b>     | 691      | <b>1,174</b>        | 691      |
| <b>Balance at end of financial year</b> | <b>1,829</b>     | 1,912    | <b>1,829</b>        | 1,912    |

**18.4 Allowance for bad and doubtful debts**

|   | <b>31 March</b>  | 31 March | <b>31 March</b>     | 31 March |
|---|------------------|----------|---------------------|----------|
|   | <b>2017</b>      | 2016     | <b>2017</b>         | 2016     |
|   | <b>£000</b>      | £000     | <b>£000</b>         | £000     |
|   | <b>NHS Trust</b> |          | <b>Consolidated</b> |          |
| Balance at beginning of the year                          | <b>(144)</b>     | (126)    | <b>(144)</b>        | (126)    |
| Transfer to other NHS Wales body                          | <b>0</b>         | 0        | <b>0</b>            | 0        |
| Provision utilised (Amount written off during the year)   | <b>5</b>         | 0        | <b>5</b>            | 0        |
| Provision written back during the year no longer required | <b>0</b>         | 0        | <b>0</b>            | 0        |
| (Increase)/Decrease in provision during year              | <b>(233)</b>     | (18)     | <b>(233)</b>        | (18)     |
| Bad debts recovered during year                           | <b>0</b>         | 0        | <b>0</b>            | 0        |
| <b>Balance at end of financial year</b>                   | <b>(372)</b>     | (144)    | <b>(372)</b>        | (144)    |

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<br>2017<br>£000<br>NHS Trust | 31 March<br>2016<br>£000 | 31 March<br>2017<br>£000<br>Consolidated | 31 March<br>2016<br>£000 |
|---|---------------------------------------|--------------------------|--|--------------------------|
| <b>Current</b>                                  |                                       |                          |  |                          |
| Shares and equity type investments              |                                       |                          |  |                          |
| Held to maturity investments at amortised costs | 0                                     | 0                        | 0  | 0                        |
| At fair value through SOCI                      | 0                                     | 0                        | 0  | 0                        |
| Available for sale at FV                        | 0                                     | 0                        | 0  | 0                        |
| Deposits  | 0                                     | 0                        | 0  | 0                        |
| Loans   | 0                                     | 0                        | 0  | 0                        |
| Derivatives                                     | 0                                     | 0                        | 0  | 0                        |
| Other (Specify)                                 |                                       |                          |  |                          |
| Held to maturity investments at amortised costs | 0                                     | 0                        | 0  | 0                        |
| At fair value through SOCI                      | 0                                     | 0                        | 0  | 0                        |
| Available for sale at FV                        | 0                                     | 0                        | 0  | 0                        |
| <b>Total</b>                                    | <b>0</b>                              | <b>0</b>                 | <b>0</b>                                 | <b>0</b>                 |
| <b>Non-Current</b>                              |                                       |                          |  |                          |
| Shares and equity type investments              |                                       |                          |  |                          |
| Held to maturity investments at amortised costs | 0                                     | 0                        | 0  | 0                        |
| At fair value through SOCI                      | 0                                     | 0                        | 0  | 0                        |
| Available for sale at FV                        | 0                                     | 0                        | 0  | 0                        |
| Deposits  | 0                                     | 0                        | 0  | 0                        |
| Loans   | 0                                     | 0                        | 0  | 0                        |
| Derivatives                                     | 0                                     | 0                        | 0  | 0                        |
| Other (Specify)                                 |                                       |                          |  |                          |
| Held to maturity investments at amortised costs | 0                                     | 0                        | 0  | 0                        |
| At fair value through SOCI                      | 0                                     | 0                        | 5,618                                    | 4,822                    |
| Available for sale at FV                        | 0                                     | 0                        | 0  | 0                        |
| <b>Total</b>                                    | <b>0</b>                              | <b>0</b>                 | <b>5,618</b>                             | <b>4,822</b>             |

20. Cash and cash equivalents

|  | 31 March<br>2017<br>£000 | 31 March<br>2016<br>£000 | 31 March<br>2017<br>£000 | 31 March<br>2016<br>£000 |
|--|--------------------------|--------------------------|--------------------------|--------------------------|
|  | NHS Trust                |                          | Consolidated             |                          |
| Opening Balance  | 10,279                   | 10,527                   | 11,782                   | 11,599                   |
| Net change in year   | 8,609                    | (248)                    | 7,700                    | 183                      |
| <b>Closing Balance</b>   | <b>18,888</b>            | 10,279                   | <b>19,482</b>            | 11,782                   |
| <b>Made up of:</b>   |                          |                          |                          |                          |
| Cash with Government Banking Service (GBS)                       | 14,969                   | 6,347                    | 14,969                   | 6,347                    |
| Cash with Commercial banks                                       | 0                        | 0                        | 594                      | 1,503                    |
| Cash in hand   | 19                       | 32                       | 19                       | 32                       |
| <b>Total cash</b>  | <b>14,988</b>            | 6,379                    | <b>15,582</b>            | 7,882                    |
| Current investments  | 3,900                    | 3,900                    | 3,900                    | 3,900                    |
| <b>Cash and cash equivalents as in SoFP</b>                      | <b>18,888</b>            | 10,279                   | <b>19,482</b>            | 11,782                   |
| Bank overdraft - GBS   | 0                        | 0                        | 0                        | 0                        |
| Bank overdraft - Commercial banks                                | 0                        | 0                        | 0                        | 0                        |
| <b>Cash &amp; cash equivalents as in Statement of Cash Flows</b> | <b>18,888</b>            | 10,279                   | <b>19,482</b>            | 11,782                   |

| 21. Trade and other payables at the SoFP Date          | 31 March       | 31 March      | 31 March       | 31 March      |
|--|----------------|---------------|----------------|---------------|
|  | 2017           | 2016          | 2017           | 2016          |
| Current  | £000           | £000          | £000           | £000          |
|  | NHS Trust      |               | Consolidated   |               |
| Welsh Government                                       | 1,246          | 1,227         | 1,246          | 1,227         |
| WHSSC & EASC   | 22             | 59            | 22             | 59            |
| Welsh Health Boards                                    | 57,378         | 51,229        | 57,378         | 51,229        |
| Welsh NHS Trusts                                       | 2,220          | 1,623         | 2,220          | 1,623         |
| Other NHS  | 687            | 1,004         | 687            | 1,004         |
| Welsh Local Authorities                                | 133            | 101           | 133            | 101           |
| Other Local Authorities                                | 0              | 0             | 0              | 0             |
| Taxation and social security payable / refunds:        |                |               |                |               |
| Refunds of taxation by HMRC                            | 0              | 0             | 0              | 0             |
| VAT payable to HMRC                                    | 0              | 0             | 0              | 0             |
| Other taxes payable to HMRC                            | 1,160          | 1,200         | 1,160          | 1,200         |
| National Insurance contributions payable to HMRC       | 1,703          | 1,356         | 1,703          | 1,356         |
| Non-NHS trade payables - revenue                       | 18,992         | 14,129        | 18,992         | 14,129        |
| Non-NHS trade payables - capital                       | 3,678          | 3,839         | 3,678          | 3,839         |
| FHoT payables  |                |               | 174            | 150           |
| Rentals due under operating leases                     | 0              | 0             | 0              | 0             |
| Obligations due under finance leases and HP contracts  | 0              | 0             | 0              | 0             |
| Imputed finance lease element of on SoFP PFI contracts | 0              | 0             | 0              | 0             |
| Pensions: staff  | 2,005          | 1,925         | 2,005          | 1,925         |
| Accruals   | 10,699         | 11,777        | 10,699         | 11,777        |
| Deferred Income:                                       |                |               |                |               |
| Deferred income brought forward                        | 1,443          | 1,122         | 1,443          | 1,122         |
| Deferred income additions                              | 2,005          | 853           | 2,005          | 853           |
| Transfer to/from current/non current deferred income   | 0              | 0             | 0              | 0             |
| Released to the Income Statement                       | (1,610)        | (532)         | (1,610)        | (532)         |
| Other liabilities - all other payables                 | 0              | 0             | 0              | 0             |
| PFI assets – deferred credits                          | 0              | 0             | 0              | 0             |
| PFI - Payments on account                              | 0              | 0             | 0              | 0             |
| <b>Sub-total</b>                                       | <b>101,761</b> | <b>90,912</b> | <b>101,935</b> | <b>91,062</b> |

In respect of the Pensions figure shown above, £2,005,000 relates to the NHS Pension scheme (2015-16 £1,925,000) and £3 to the NEST pension scheme (2015-16 £312).

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

|  | 31 March       | 31 March       | 31 March       | 31 March       |
|--|----------------|----------------|----------------|----------------|
|  | 2017           | 2016           | 2017           | 2016           |
| Non-current  | £000           | £000           | £000           | £000           |
|  | NHS Trust      |                | Consolidated   |                |
| Welsh Government                                       | 0              | 0              | 0              | 0              |
| WHSSC & EASC   | 0              | 0              | 0              | 0              |
| Welsh Health Boards                                    | 0              | 0              | 0              | 0              |
| Welsh NHS Trusts                                       | 0              | 0              | 0              | 0              |
| Other NHS  | 0              | 0              | 0              | 0              |
| Welsh Local Authorities                                | 0              | 0              | 0              | 0              |
| Other Local Authorities                                | 0              | 0              | 0              | 0              |
| Taxation and social security payable / refunds:        |                |                |                |                |
| Refunds of taxation by HMRC                            | 0              | 0              | 0              | 0              |
| VAT payable to HMRC                                    | 0              | 0              | 0              | 0              |
| Other taxes payable to HMRC                            | 0              | 0              | 0              | 0              |
| National Insurance contributions payable to HMRC       | 0              | 0              | 0              | 0              |
| Non-NHS trade payables - revenue                       | 309,834        | 272,072        | 309,834        | 272,072        |
| Non-NHS trade payables - capital                       | 0              | 0              | 0              | 0              |
| FHoT payables  |                |                | 0              | 0              |
| Rentals due under operating leases                     | 0              | 0              | 0              | 0              |
| Obligations due under finance leases and HP contracts  | 0              | 0              | 0              | 0              |
| Imputed finance lease element of on SoFP PFI contracts | 0              | 0              | 0              | 0              |
| Pensions: staff  | 0              | 0              | 0              | 0              |
| Accruals   | 0              | 0              | 0              | 0              |
| Deferred Income:                                       |                |                |                |                |
| Deferred income brought forward                        | 0              | 0              | 0              | 0              |
| Deferred income additions                              | 0              | 0              | 0              | 0              |
| Transfer to/from current/non current deferred income   | 0              | 0              | 0              | 0              |
| Released to the Income Statement                       | 0              | 0              | 0              | 0              |
| Other liabilities - all other payables                 | 0              | 0              | 0              | 0              |
| PFI assets – deferred credits                          | 0              | 0              | 0              | 0              |
| PFI - Payments on account                              | 0              | 0              | 0              | 0              |
| Sub-total  | <b>309,834</b> | <b>272,072</b> | <b>309,834</b> | <b>272,072</b> |
| <b>Total</b>   | <b>411,595</b> | <b>362,984</b> | <b>411,769</b> | <b>363,134</b> |

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

| <b>22. Borrowings</b>                     | <b>31 March</b>  | 31 March  | <b>31 March</b>     | 31 March  |
|---|------------------|-----------|---------------------|-----------|
| <b>Current</b>                            | <b>2017</b>      | 2016      | <b>2017</b>         | 2016      |
|   | <b>£000</b>      | £000      | <b>£000</b>         | £000      |
|   | <b>NHS Trust</b> |           | <b>Consolidated</b> |           |
| Bank overdraft - GBS                      | 0                | 0         | 0                   | 0         |
| Bank overdraft - Commercial bank          | 0                | 0         | 0                   | 0         |
| Loans from:                               |                  |           |                     |           |
| Welsh Government                          | 0                | 0         | 0                   | 0         |
| Other entities                            | 0                | 0         | 0                   | 0         |
| PFI liabilities:                          |                  |           |                     |           |
| Main liability                            | 0                | 0         | 0                   | 0         |
| Lifecycle replacement received in advance | 0                | 0         | 0                   | 0         |
| Finance lease liabilities                 | 25               | 16        | 25                  | 16        |
| Other                                     | 0                | 0         | 0                   | 0         |
| <b>Total</b>                              | <b>25</b>        | <b>16</b> | <b>25</b>           | <b>16</b> |
| <b>Non-current</b>                        |                  |           |                     |           |
| Bank overdraft - OPG                      | 0                | 0         | 0                   | 0         |
| Bank overdraft - Commercial bank          | 0                | 0         | 0                   | 0         |
| Loans from:                               |                  |           |                     |           |
| Welsh Government                          | 0                | 0         | 0                   | 0         |
| Other entities                            | 0                | 0         | 0                   | 0         |
| PFI liabilities:                          |                  |           |                     |           |
| Main liability                            | 0                | 0         | 0                   | 0         |
| Lifecycle replacement received in advance | 0                | 0         | 0                   | 0         |
| Finance lease liabilities                 | 76               | 62        | 76                  | 62        |
| Other                                     | 0                | 0         | 0                   | 0         |
| <b>Total</b>                              | <b>76</b>        | <b>62</b> | <b>76</b>           | <b>62</b> |

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



**23. Other financial liabilities**

|  | <b>31 March</b>  | 31 March | <b>31 March</b>     | 31 March |
|--|------------------|----------|---------------------|----------|
|  | <b>2017</b>      | 2016     | <b>2017</b>         | 2016     |
| <b>Current</b>                         | <b>£000</b>      | £000     | <b>£000</b>         | £000     |
|  | <b>NHS Trust</b> |          | <b>Consolidated</b> |          |
| <b>Financial Guarantees</b>            |                  |          |                     |          |
| At amortised cost                      | 0                | 0        | 0                   | 0        |
| At fair value through SoCI             | 0                | 0        | 0                   | 0        |
| Derivatives at fair value through SoCI | 0                | 0        | 0                   | 0        |
| <b>Other</b>                           |                  |          |                     |          |
| At amortised cost                      | 0                | 0        | 0                   | 0        |
| At fair value through SoCI             | 0                | 0        | 0                   | 0        |
| <b>Total</b>                           | <b>0</b>         | <b>0</b> | <b>0</b>            | <b>0</b> |

|  | <b>31 March</b>  | 31 March | <b>31 March</b>     | 31 March |
|--|------------------|----------|---------------------|----------|
|  | <b>2017</b>      | 2016     | <b>2017</b>         | 2016     |
| <b>Non-current</b>                     | <b>£000</b>      | £000     | <b>£000</b>         | £000     |
|  | <b>NHS Trust</b> |          | <b>Consolidated</b> |          |
| <b>Financial Guarantees</b>            |                  |          |                     |          |
| At amortised cost                      | 0                | 0        | 0                   | 0        |
| At fair value through SoCI             | 0                | 0        | 0                   | 0        |
| Derivatives at fair value through SoCI | 0                | 0        | 0                   | 0        |
| <b>Other</b>                           |                  |          |                     |          |
| At amortised cost                      | 0                | 0        | 0                   | 0        |
| At fair value through SoCI             | 0                | 0        | 0                   | 0        |
| <b>Total</b>                           | <b>0</b>         | <b>0</b> | <b>0</b>            | <b>0</b> |

24. Provisions

2016-17

24.1 NHS Trust and Welsh Risk Pool

|   | At 1 April 2016 | Structured settlement cases transferred to Risk Pool | Transfers to creditors | Transfers between current and non current | Transfers (to)/from other NHS body | Arising during the year | Utilised during the year | Reversed unused | Unwinding of discount | At 31 March 2017 |
|---|-----------------|--|------------------------|---|------------------------------------|-------------------------|--------------------------|-----------------|-----------------------|------------------|
|   | £000            | £000   | £000                   | £000                                      | £000                               | £000                    | £000                     | £000            | £000                  | £000             |
| <b>Current</b>                              |                 |  |                        |   |                                    |                         |                          |                 |                       |                  |
| Clinical negligence                         | 203,502         | (42,009)   | (9,881)                | (13,105)                                  | 0                                  | 180,579                 | (47,032)                 | (33,292)        | (2,078)               | 236,684          |
| Personal injury                             | 4,535           | 0  | 0                      | 11  | 0                                  | 4,742                   | (2,119)                  | (2,137)         | (13)                  | 5,019            |
| All other losses and special payments       | 43              | 0  | 0                      | 0   | 0                                  | 44                      | (43)                     | 0               | 0                     | 44               |
| Defence legal fees and other administration | 4,466           | 0  | 0                      | 446                                       | 0                                  | 3,214                   | (942)                    | (2,188)         | (13)                  | 4,983            |
| Pensions relating to: former directors      | 0               |  | 0                      | 0   | 0                                  | 0                       | 0                        | 0               | 0                     | 0                |
| Pensions relating to: other staff           | 26              |  | (6)                    | 21  | 0                                  | 0                       | (19)                     | 0               | 0                     | 22               |
| Restructurings                              | 0               |  | 0                      | 0   | 0                                  | 0                       | 0                        | 0               |                       | 0                |
| Other                                       | 1,356           |  | 0                      | 0   | 0                                  | 955                     | (447)                    | (580)           |                       | 1,284            |
| <b>Total</b>                                | <b>213,928</b>  | <b>(42,009)</b>                                      | <b>(9,887)</b>         | <b>(12,627)</b>                           | <b>0</b>                           | <b>189,534</b>          | <b>(50,602)</b>          | <b>(38,197)</b> | <b>(2,104)</b>        | <b>248,036</b>   |
| FHoT  | 0               | 0  | 0                      | 0   | 0                                  | 0                       | 0                        | 0               | 0                     | 0                |
| <b>Consolidated Total</b>                   | <b>213,928</b>  | <b>(42,009)</b>                                      | <b>(9,887)</b>         | <b>(12,627)</b>                           | <b>0</b>                           | <b>189,534</b>          | <b>(50,602)</b>          | <b>(38,197)</b> | <b>(2,104)</b>        | <b>248,036</b>   |

**Non Current**

|   |                |          |          |               |          |                |                |                |             |                |
|---|----------------|----------|----------|---------------|----------|----------------|----------------|----------------|-------------|----------------|
| Clinical negligence                         | 187,684        | 0        | 0        | 12,939        | 0        | 107,387        | (3,524)        | (6,251)        | (25)        | 298,210        |
| Personal injury                             | (1)            | 0        | 0        | (7)           | 0        | 0              | 0              | 8              | 0           | 0              |
| All other losses and special payments       | 0              | 0        | 0        | 0             | 0        | 0              | 0              | 0              | 0           | 0              |
| Defence legal fees and other administration | 809            | 0        | 0        | (284)         | 0        | 742            | (72)           | 302            | (3)         | 1,494          |
| Pensions relating to: former directors      | 0              |          | 0        | 0             | 0        | 0              | 0              | 0              | 0           | 0              |
| Pensions relating to: other staff           | 168            |          | 0        | (21)          | 0        | 6              | 0              | 0              | 0           | 153            |
| Restructurings                              | 0              |          | 0        | 0             | 0        | 0              | 0              | 0              |             | 0              |
| Other                                       | 161            |          | 0        | 0             | 0        | 14             | 0              | 0              |             | 175            |
| <b>Total</b>                                | <b>188,821</b> | <b>0</b> | <b>0</b> | <b>12,627</b> | <b>0</b> | <b>108,149</b> | <b>(3,596)</b> | <b>(5,941)</b> | <b>(28)</b> | <b>300,032</b> |
| FHoT  | 0              | 0        | 0        | 0             | 0        | 0              | 0              | 0              | 0           | 0              |
| <b>Consolidated Total</b>                   | <b>188,821</b> | <b>0</b> | <b>0</b> | <b>12,627</b> | <b>0</b> | <b>108,149</b> | <b>(3,596)</b> | <b>(5,941)</b> | <b>(28)</b> | <b>300,032</b> |

**TOTAL**

|   |                |                 |                |          |          |                |                 |                 |                |                |
|---|----------------|-----------------|----------------|----------|----------|----------------|-----------------|-----------------|----------------|----------------|
| Clinical negligence                         | 391,186        | (42,009)        | (9,881)        | (166)    | 0        | 287,966        | (50,556)        | (39,543)        | (2,103)        | 534,894        |
| Personal injury                             | 4,534          | 0               | 0              | 4        | 0        | 4,742          | (2,119)         | (2,129)         | (13)           | 5,019          |
| All other losses and special payments       | 43             | 0               | 0              | 0        | 0        | 44             | (43)            | 0               | 0              | 44             |
| Defence legal fees and other administration | 5,275          | 0               | 0              | 162      | 0        | 3,956          | (1,014)         | (1,886)         | (16)           | 6,477          |
| Pensions relating to: former directors      | 0              |                 | 0              | 0        | 0        | 0              | 0               | 0               | 0              | 0              |
| Pensions relating to: other staff           | 194            |                 | (6)            | 0        | 0        | 6              | (19)            | 0               | 0              | 175            |
| Restructurings                              | 0              |                 | 0              | 0        | 0        | 0              | 0               | 0               |                | 0              |
| Other                                       | 1,517          |                 | 0              | 0        | 0        | 969            | (447)           | (580)           |                | 1,459          |
| <b>Total</b>                                | <b>402,749</b> | <b>(42,009)</b> | <b>(9,887)</b> | <b>0</b> | <b>0</b> | <b>297,683</b> | <b>(54,198)</b> | <b>(44,138)</b> | <b>(2,132)</b> | <b>548,068</b> |
| FHoT  | 0              | 0               | 0              | 0        | 0        | 0              | 0               | 0               | 0              | 0              |
| <b>Consolidated Total</b>                   | <b>402,749</b> | <b>(42,009)</b> | <b>(9,887)</b> | <b>0</b> | <b>0</b> | <b>297,683</b> | <b>(54,198)</b> | <b>(44,138)</b> | <b>(2,132)</b> | <b>548,068</b> |

**Expected timing of cash flows:**

|   | In year to 31 March 2018 | Between 1 April 2018 and 31 March 2022 | Thereafter    | Totals         |
|---|--------------------------|--|---------------|----------------|
|   | £000                     | £000                                   | £000          | £000           |
| Clinical negligence                         | 236,684                  | 200,781                                | 97,429        | 534,894        |
| Personal injury                             | 5,019                    | 0                                      | 0             | 5,019          |
| All other losses and special payments       | 44                       | 0                                      | 0             | 44             |
| Defence legal fees and other administration | 4,983                    | 1,494                                  | 0             | 6,477          |
| Pensions - former directors                 | 0                        | 0                                      | 0             | 0              |
| Pensions - other staff                      | 22                       | 78                                     | 75            | 175            |
| Restructuring                               | 0                        | 0                                      | 0             | 0              |
| Other                                       | 1,284                    | 175                                    | 0             | 1,459          |
| <b>Total</b>                                | <b>248,036</b>           | <b>202,528</b>                         | <b>97,504</b> | <b>548,068</b> |
| FHoT  | 0                        | 0                                      | 0             | 0              |
| <b>Consolidated Total</b>                   | <b>248,036</b>           | <b>202,528</b>                         | <b>97,504</b> | <b>548,068</b> |

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. There are no clinical negligence provision arising from Redress included in the above.

As at 31 March 2017 Velindre NHS Trust had other provisions of £1,459,000, consisting of dilapidation provisions of £690,000 (2015-16: £938,000) for properties held under operating leases; the expected cost of decommissioning caesium sources of £175,000 (2015-16: £161,000); stock valuation provision of £525,000 (2015-16: £187,000); and employee costs of £69,000 (2015-16: £231,000).

24. Provisions

2016-17

24.2 NHS Trust

|   | At 1 April 2016 | Structured settlement cases transferr-ed to Risk Pool | Transfers to creditors | Transfers between current and non current | Transfers (to)/from other NHS body | Arising during the year | Utilised during the year | Reversed unused | Unwinding of discount | At 31 March 2017 |
|---|-----------------|---|------------------------|---|------------------------------------|-------------------------|--------------------------|-----------------|-----------------------|------------------|
|   | £000            | £000  | £000                   | £000                                      | £000                               | £000                    | £000                     | £000            | £000                  | £000             |
| <b>Current</b>                              |                 |   |                        |   |                                    |                         |                          |                 |                       |                  |
| Clinical negligence                         | 382             | 0   | 0                      | 0   | 0                                  | 93                      | (159)                    | 0               | 0                     | 316              |
| Personal injury                             | 128             | 0   | 0                      | 0   | 0                                  | 4                       | (10)                     | 0               | 0                     | 122              |
| All other losses and special payments       | 43              | 0   | 0                      | 0   | 0                                  | 44                      | (43)                     | 0               | 0                     | 44               |
| Defence legal fees and other administration | 86              | 0   | 0                      | 0   | 0                                  | 26                      | (25)                     | (20)            | 0                     | 67               |
| Pensions relating to: former directors      | 0               |   | 0                      | 0   | 0                                  | 0                       | 0                        | 0               | 0                     | 0                |
| Pensions relating to: other staff           | 26              |   | (6)                    | 21  | 0                                  | 0                       | (19)                     | 0               | 0                     | 22               |
| Restructurings                              | 0               |   | 0                      | 0   | 0                                  | 0                       | 0                        | 0               |                       | 0                |
| Other                                       | 1,356           |   | 0                      | 0   | 0                                  | 955                     | (447)                    | (580)           |                       | 1,284            |
| <b>Total</b>                                | <b>2,021</b>    | <b>0</b>  | <b>(6)</b>             | <b>21</b>                                 | <b>0</b>                           | <b>1,122</b>            | <b>(703)</b>             | <b>(600)</b>    | <b>0</b>              | <b>1,855</b>     |
| <b>Non Current</b>                          |                 |   |                        |   |                                    |                         |                          |                 |                       |                  |
| Clinical negligence                         | 0               | 0   | 0                      | 0   | 0                                  | 0                       | 0                        | 0               | 0                     | 0                |
| Personal injury                             | 0               | 0   | 0                      | 0   | 0                                  | 0                       | 0                        | 0               | 0                     | 0                |
| All other losses and special payments       | 0               | 0   | 0                      | 0   | 0                                  | 0                       | 0                        | 0               | 0                     | 0                |
| Defence legal fees and other administration | 0               | 0   | 0                      | 0   | 0                                  | 0                       | 0                        | 0               | 0                     | 0                |
| Pensions relating to: former directors      | 0               |   | 0                      | 0   | 0                                  | 0                       | 0                        | 0               | 0                     | 0                |
| Pensions relating to: other staff           | 168             |   | 0                      | (21)                                      | 0                                  | 6                       | 0                        | 0               | 0                     | 153              |
| Restructurings                              | 0               |   | 0                      | 0   | 0                                  | 0                       | 0                        | 0               |                       | 0                |
| Other                                       | 161             |   | 0                      | 0   | 0                                  | 14                      | 0                        | 0               |                       | 175              |
| <b>Total</b>                                | <b>329</b>      | <b>0</b>  | <b>0</b>               | <b>(21)</b>                               | <b>0</b>                           | <b>20</b>               | <b>0</b>                 | <b>0</b>        | <b>0</b>              | <b>328</b>       |
| <b>TOTAL</b>                                |                 |   |                        |   |                                    |                         |                          |                 |                       |                  |
| Clinical negligence                         | 382             | 0   | 0                      | 0   | 0                                  | 93                      | (159)                    | 0               | 0                     | 316              |
| Personal injury                             | 128             | 0   | 0                      | 0   | 0                                  | 4                       | (10)                     | 0               | 0                     | 122              |
| All other losses and special payments       | 43              | 0   | 0                      | 0   | 0                                  | 44                      | (43)                     | 0               | 0                     | 44               |
| Defence legal fees and other administration | 86              | 0   | 0                      | 0   | 0                                  | 26                      | (25)                     | (20)            | 0                     | 67               |
| Pensions relating to: former directors      | 0               |   | 0                      | 0   | 0                                  | 0                       | 0                        | 0               | 0                     | 0                |
| Pensions relating to: other staff           | 194             |   | (6)                    | 0   | 0                                  | 6                       | (19)                     | 0               | 0                     | 175              |
| Restructurings                              | 0               |   | 0                      | 0   | 0                                  | 0                       | 0                        | 0               |                       | 0                |
| Other                                       | 1,517           |   | 0                      | 0   | 0                                  | 969                     | (447)                    | (580)           |                       | 1,459            |
| <b>Total</b>                                | <b>2,350</b>    | <b>0</b>  | <b>(6)</b>             | <b>0</b>                                  | <b>0</b>                           | <b>1,142</b>            | <b>(703)</b>             | <b>(600)</b>    | <b>0</b>              | <b>2,183</b>     |

Expected timing of cash flows:

|   | In year<br>to 31 March 2018 | Between<br>1 April 2018<br>31 March 2022 | Thereafter | Totals       |
|---|-----------------------------|--|------------|--------------|
|   | £000                        | £000                                     | £000       | £000         |
| Clinical negligence                         | 316                         | 0  | 0          | 316          |
| Personal injury                             | 122                         | 0  | 0          | 122          |
| All other losses and special payments       | 44                          | 0  | 0          | 44           |
| Defence legal fees and other administration | 67                          | 0  | 0          | 67           |
| Pensions - former directors                 | 0                           | 0  | 0          | 0            |
| Pensions - other staff                      | 22                          | 78                                       | 75         | 175          |
| Restructuring                               | 0                           | 0  | 0          | 0            |
| Other                                       | 1,284                       | 175                                      | 0          | 1,459        |
| <b>Total</b>                                | <b>1,855</b>                | <b>253</b>                               | <b>75</b>  | <b>2,183</b> |

24. Provisions

2016-17

24.3 Welsh Risk Pool

|   | At 1 April 2016 | Structured settlement cases transferr-ed to Risk Pool | Transfers to creditors | Transfers between current and non current | Transfers (to)/from other NHS body | Arising during the year | Utilised during the year | Reversed unused | Unwinding of discount | At 31 March 2017 |
|---|-----------------|---|------------------------|---|------------------------------------|-------------------------|--------------------------|-----------------|-----------------------|------------------|
|   | £000            | £000  | £000                   | £000                                      | £000                               | £000                    | £000                     | £000            | £000                  | £000             |
| <b>Current</b>                              |                 |   |                        |   |                                    |                         |                          |                 |                       |                  |
| Clinical negligence                         | 203,432         | (42,009)  | (9,881)                | (13,105)                                  | 0                                  | 180,491                 | (46,951)                 | (33,292)        | (2,078)               | 236,607          |
| Personal injury                             | 4,477           | 0   | 0                      | 11  | 0                                  | 4,738                   | (2,109)                  | (2,145)         | (13)                  | 4,959            |
| All other losses and special payments       | 0               | 0   | 0                      | 0   | 0                                  | 0                       | 0                        | 0               | 0                     | 0                |
| Defence legal fees and other administration | 4,456           | 0   | 0                      | 446                                       | 0                                  | 3,188                   | (917)                    | (2,168)         | (13)                  | 4,992            |
| Pensions relating to: former directors      | 0               |   | 0                      | 0   | 0                                  | 0                       | 0                        | 0               | 0                     | 0                |
| Pensions relating to: other staff           | 0               |   | 0                      | 0   | 0                                  | 0                       | 0                        | 0               | 0                     | 0                |
| Restructurings                              | 0               |   | 0                      | 0   | 0                                  | 0                       | 0                        | 0               |                       | 0                |
| Other                                       | 0               |   | 0                      | 0   | 0                                  | 0                       | 0                        | 0               |                       | 0                |
| <b>Total</b>                                | <b>212,365</b>  | <b>(42,009)</b>                                       | <b>(9,881)</b>         | <b>(12,648)</b>                           | <b>0</b>                           | <b>188,417</b>          | <b>(49,977)</b>          | <b>(37,605)</b> | <b>(2,104)</b>        | <b>246,558</b>   |
| <b>Non Current</b>                          |                 |   |                        |   |                                    |                         |                          |                 |                       |                  |
| Clinical negligence                         | 187,684         | 0   | 0                      | 12,939                                    | 0                                  | 107,396                 | (3,524)                  | (6,251)         | (25)                  | 298,219          |
| Personal injury                             | (1)             | 0   | 0                      | (7)                                       | 0                                  | 0                       | 0                        | 8               | 0                     | 0                |
| All other losses and special payments       | 0               | 0   | 0                      | 0   | 0                                  | 0                       | 0                        | 0               | 0                     | 0                |
| Defence legal fees and other administration | 809             | 0   | 0                      | (284)                                     | 0                                  | 742                     | (72)                     | 302             | (3)                   | 1,494            |
| Pensions relating to: former directors      | 0               |   | 0                      | 0   | 0                                  | 0                       | 0                        | 0               | 0                     | 0                |
| Pensions relating to: other staff           | 0               |   | 0                      | 0   | 0                                  | 0                       | 0                        | 0               | 0                     | 0                |
| Restructurings                              | 0               |   | 0                      | 0   | 0                                  | 0                       | 0                        | 0               |                       | 0                |
| Other                                       | 0               |   | 0                      | 0   | 0                                  | 0                       | 0                        | 0               |                       | 0                |
| <b>Total</b>                                | <b>188,492</b>  | <b>0</b>  | <b>0</b>               | <b>12,648</b>                             | <b>0</b>                           | <b>108,138</b>          | <b>(3,596)</b>           | <b>(5,941)</b>  | <b>(28)</b>           | <b>299,713</b>   |
| <b>TOTAL</b>                                |                 |   |                        |   |                                    |                         |                          |                 |                       |                  |
| Clinical negligence                         | 391,116         | (42,009)  | (9,881)                | (166)                                     | 0                                  | 287,887                 | (50,475)                 | (39,543)        | (2,103)               | 534,826          |
| Personal injury                             | 4,476           | 0   | 0                      | 4   | 0                                  | 4,738                   | (2,109)                  | (2,137)         | (13)                  | 4,959            |
| All other losses and special payments       | 0               | 0   | 0                      | 0   | 0                                  | 0                       | 0                        | 0               | 0                     | 0                |
| Defence legal fees and other administration | 5,265           | 0   | 0                      | 162                                       | 0                                  | 3,930                   | (989)                    | (1,866)         | (16)                  | 6,486            |
| Pensions relating to: former directors      | 0               |   | 0                      | 0   | 0                                  | 0                       | 0                        | 0               | 0                     | 0                |
| Pensions relating to: other staff           | 0               |   | 0                      | 0   | 0                                  | 0                       | 0                        | 0               | 0                     | 0                |
| Restructurings                              | 0               |   | 0                      | 0   | 0                                  | 0                       | 0                        | 0               |                       | 0                |
| Other                                       | 0               |   | 0                      | 0   | 0                                  | 0                       | 0                        | 0               |                       | 0                |
| <b>Total</b>                                | <b>400,857</b>  | <b>(42,009)</b>                                       | <b>(9,881)</b>         | <b>0</b>                                  | <b>0</b>                           | <b>296,555</b>          | <b>(53,573)</b>          | <b>(43,546)</b> | <b>(2,132)</b>        | <b>546,271</b>   |

Expected timing of cash flows:

|   | In year to 31 March 2018 | Between 1 April 2018 and 31 March 2022 | Thereafter    | Totals         |
|---|--------------------------|--|---------------|----------------|
|   | £000                     | £000                                   | £000          | £000           |
| Clinical negligence                         | 236,607                  | 200,790                                | 97,429        | 534,826        |
| Personal injury                             | 4,959                    | 0                                      | 0             | 4,959          |
| All other losses and special payments       | 0                        | 0                                      | 0             | 0              |
| Defence legal fees and other administration | 4,992                    | 1,494                                  | 0             | 6,486          |
| Pensions - former directors                 | 0                        | 0                                      | 0             | 0              |
| Pensions - other staff                      | 0                        | 0                                      | 0             | 0              |
| Restructuring                               | 0                        | 0                                      | 0             | 0              |
| Other                                       | 0                        | 0                                      | 0             | 0              |
| <b>Total</b>                                | <b>246,558</b>           | <b>202,284</b>                         | <b>97,429</b> | <b>546,271</b> |

Timing of cashflow has been profiled to match total current liabilities. However, the total will include cases which may settle with a structured settlement, so the underlying cashflow may be over a number of years. There can also be delays in settlement dates anticipated for next year which will further impact the cash flow timing. During 2017-18 the Welsh Risk Pool best estimate is that £81m (2015-16: £63.5m) will be paid out on legal claims.

## 24. Provisions (continued)

2015-16

## 24.4 NHS Trust and Welsh Risk Pool

|   | At 1 April<br>2015 | Structured<br>settlement<br>cases<br>transferred<br>to Risk Pool | Transfers<br>to creditors | Transfers<br>between<br>current and<br>non current | Transfers<br>(to)/from<br>other NHS<br>body | Arising<br>during the<br>year | Utilised<br>during the<br>year | Reversed<br>unused | Unwinding<br>of discount | At 31 March<br>2016 |
|---|--------------------|--|---------------------------|--|---|-------------------------------|--------------------------------|--------------------|--------------------------|---------------------|
|   | £000               | £000   | £000                      | £000   | £000  | £000                          | £000                           | £000               | £000                     | £000                |
| <b>Current</b>                              |                    |  |                           |  |   |                               |                                |                    |                          |                     |
| Clinical negligence                         | 195,865            | (10,037)   | (12,310)                  | 52,398   | 0   | 126,589                       | (44,911)                       | (101,113)          | (2,979)                  | 203,502             |
| Personal injury                             | 5,084              | 0  | 0                         | 26   | 0   | 4,828                         | (3,174)                        | (2,219)            | (10)                     | 4,535               |
| All other losses and special payments       | 140                | 0  | 0                         | 0  | 0   | 44                            | (141)                          | 0                  | 0                        | 43                  |
| Defence legal fees and other administration | 4,690              | 0  | 0                         | 255  | 0   | 3,439                         | (860)                          | (3,044)            | (14)                     | 4,466               |
| Pensions relating to: former directors      | 0                  |  | 0                         | 0  | 0   | 0                             | 0                              | 0                  | 0                        | 0                   |
| Pensions relating to: other staff           | 21                 |  | (6)                       | 30   | 0   | 0                             | (19)                           | 0                  | 0                        | 26                  |
| Restructurings                              | 0                  |  | 0                         | 0  | 0   | 0                             | 0                              | 0                  |                          | 0                   |
| Other                                       | 1,470              |  | 0                         | 17   | 0   | 541                           | (480)                          | (192)              |                          | 1,356               |
| <b>Total</b>                                | <b>207,270</b>     | <b>(10,037)</b>  | <b>(12,316)</b>           | <b>52,726</b>                                      | <b>0</b>                                    | <b>135,441</b>                | <b>(49,585)</b>                | <b>(106,568)</b>   | <b>(3,003)</b>           | <b>213,928</b>      |
| FHoT  | 0                  | 0  | 0                         | 0  | 0   | 0                             | 0                              | 0                  | 0                        | 0                   |
| <b>Consolidated Total</b>                   | <b>207,270</b>     | <b>(10,037)</b>  | <b>(12,316)</b>           | <b>52,726</b>                                      | <b>0</b>                                    | <b>135,441</b>                | <b>(49,585)</b>                | <b>(106,568)</b>   | <b>(3,003)</b>           | <b>213,928</b>      |
| <b>Non Current</b>                          |                    |  |                           |  |   |                               |                                |                    |                          |                     |
| Clinical negligence                         | 237,231            | (4,527)  | (724)                     | (52,470)   | 0   | 25,961                        | (3,527)                        | (14,206)           | (54)                     | 187,684             |
| Personal injury                             | 0                  | 0  | 0                         | (1)  | 0   | 0                             | 0                              | 0                  | 0                        | (1)                 |
| All other losses and special payments       | 0                  | 0  | 0                         | 0  | 0   | 0                             | 0                              | 0                  | 0                        | 0                   |
| Defence legal fees and other administration | 937                | 0  | 0                         | (208)  | 0   | 279                           | (70)                           | (129)              | 0                        | 809                 |
| Pensions relating to: former directors      | 0                  |  | 0                         | 0  | 0   | 0                             | 0                              | 0                  | 0                        | 0                   |
| Pensions relating to: other staff           | 177                |  | 0                         | (30)   | 0   | 21                            | 0                              | 0                  | 0                        | 168                 |
| Restructurings                              | 0                  |  | 0                         | 0  | 0   | 0                             | 0                              | 0                  |                          | 0                   |
| Other                                       | 167                |  | 0                         | (17)   | 0   | 11                            | 0                              | 0                  |                          | 161                 |
| <b>Total</b>                                | <b>238,512</b>     | <b>(4,527)</b>   | <b>(724)</b>              | <b>(52,726)</b>                                    | <b>0</b>                                    | <b>26,272</b>                 | <b>(3,597)</b>                 | <b>(14,335)</b>    | <b>(54)</b>              | <b>188,821</b>      |
| FHoT  | 0                  | 0  | 0                         | 0  | 0   | 0                             | 0                              | 0                  | 0                        | 0                   |
| <b>Consolidated Total</b>                   | <b>238,512</b>     | <b>(4,527)</b>   | <b>(724)</b>              | <b>(52,726)</b>                                    | <b>0</b>                                    | <b>26,272</b>                 | <b>(3,597)</b>                 | <b>(14,335)</b>    | <b>(54)</b>              | <b>188,821</b>      |
| <b>TOTAL</b>                                |                    |  |                           |  |   |                               |                                |                    |                          |                     |
| Clinical negligence                         | 433,096            | (14,564)   | (13,034)                  | (72)   | 0   | 152,550                       | (48,438)                       | (115,319)          | (3,033)                  | 391,186             |
| Personal injury                             | 5,084              | 0  | 0                         | 25   | 0   | 4,828                         | (3,174)                        | (2,219)            | (10)                     | 4,534               |
| All other losses and special payments       | 140                | 0  | 0                         | 0  | 0   | 44                            | (141)                          | 0                  | 0                        | 43                  |
| Defence legal fees and other administration | 5,627              | 0  | 0                         | 47   | 0   | 3,718                         | (930)                          | (3,173)            | (14)                     | 5,275               |
| Pensions relating to: former directors      | 0                  |  | 0                         | 0  | 0   | 0                             | 0                              | 0                  | 0                        | 0                   |
| Pensions relating to: other staff           | 198                |  | (6)                       | 0  | 0   | 21                            | (19)                           | 0                  | 0                        | 194                 |
| Restructurings                              | 0                  |  | 0                         | 0  | 0   | 0                             | 0                              | 0                  |                          | 0                   |
| Other                                       | 1,637              |  | 0                         | 0  | 0   | 552                           | (480)                          | (192)              |                          | 1,517               |
| <b>Total</b>                                | <b>445,782</b>     | <b>(14,564)</b>  | <b>(13,040)</b>           | <b>0</b>   | <b>0</b>                                    | <b>161,713</b>                | <b>(53,182)</b>                | <b>(120,903)</b>   | <b>(3,057)</b>           | <b>402,749</b>      |
| FHoT  | 0                  | 0  | 0                         | 0  | 0   | 0                             | 0                              | 0                  | 0                        | 0                   |
| <b>Consolidated Total</b>                   | <b>445,782</b>     | <b>(14,564)</b>  | <b>(13,040)</b>           | <b>0</b>   | <b>0</b>                                    | <b>161,713</b>                | <b>(53,182)</b>                | <b>(120,903)</b>   | <b>(3,057)</b>           | <b>402,749</b>      |

At the 31 March 2016 the Trust had other provisions of £1,517,000 consisting of dilapidation provisions of £938,000 (2014-15: £1,418,000) for properties held under operating leases, the expected cost of decommissioning cesium sources of £161,000 (2014-15: £150,000), stock valuation provision of £187,000 (2014-15: Nil), and £231,000 (2014-15: £69,000) relating to employee costs.

## 25. Contingencies

### 25.1 Contingent liabilities

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

|   | 31 March<br>2017<br>£000 | 31 March<br>2016<br>£000 | 31 March<br>2017<br>£000 | 31 March<br>2016<br>£000 |
|---|--------------------------|--------------------------|--------------------------|--------------------------|
|   | NHS Trust                |                          | Consolidated             |                          |
| Legal claims for alleged medical or employer negligence                                     | 854,463                  | 787,545                  | 854,463                  | 787,545                  |
| Doubtful debts  | 0                        | 0                        | 0                        | 0                        |
| Equal pay cases   | 0                        | 0                        | 0                        | 0                        |
| Defence costs   | 0                        | 0                        | 0                        | 0                        |
| Other (Please specify)  | 0                        | 0                        | 0                        | 0                        |
| Total value of disputed claims  | 854,463                  | 787,545                  | 854,463                  | 787,545                  |
| Amount recovered under insurance arrangements in the event of these claims being successful | (854,238)                | (787,193)                | (854,238)                | (787,193)                |
| Net contingent liability  | 225                      | 352                      | 225                      | 352                      |

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

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

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

### 25.2. Remote contingent liabilities

|                    | 31 March<br>2017<br>£000 | 31 March<br>2016<br>£000 | 31 March<br>2017<br>£000 | 31 March<br>2016<br>£000 |
|--------------------|--------------------------|--------------------------|--------------------------|--------------------------|
|                    | NHS Trust                |                          | Consolidated             |                          |
| Guarantees         | 0                        | 0                        | 0                        | 0                        |
| Indemnities        | 41,253                   | 91,346                   | 41,253                   | 91,346                   |
| Letters of comfort | 0                        | 0                        | 0                        | 0                        |
| Total              | 41,253                   | 91,346                   | 41,253                   | 91,346                   |

### 25.3 Contingent assets

|       | 31 March<br>2017<br>£000 | 31 March<br>2016<br>£000 | 31 March<br>2017<br>£000 | 31 March<br>2016<br>£000 |
|-------|--------------------------|--------------------------|--------------------------|--------------------------|
|       | NHS Trust                |                          | Consolidated             |                          |
|       | 0                        | 0                        | 0                        | 0                        |
|       | 0                        | 0                        | 0                        | 0                        |
|       | 0                        | 0                        | 0                        | 0                        |
| Total | 0                        | 0                        | 0                        | 0                        |

The Trust has no contingent assets.

## 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<br>year to 31 March 2017 |                   | Approved to write-off<br>year to 31 March 2017 |                   |
|---------------------------------------|--|-------------------|--|-------------------|
|                                       | Number   | £                 | Number   | £                 |
| Clinical negligence                   | 302  | 54,279,045        | 298  | 54,120,295        |
| Personal injury                       | 49   | 1,791,382         | 47   | 1,781,816         |
| All other losses and special payments | 7  | 89,441            | 7  | 89,441            |
| <b>Total</b>                          | <b>358</b>                                       | <b>56,159,868</b> | <b>352</b>                                     | <b>55,991,552</b> |
| FHoT losses and special payments      | 0  | 0                 | 0  | 0                 |
| <b>Consolidated Total</b>             | <b>358</b>                                       | <b>56,159,868</b> | <b>352</b>                                     | <b>55,991,552</b> |

Analysis of cases:

| Cases where cumulative amount exceeds £300,000<br>Case reference |            | Amounts             | Cumulative<br>amount | Approved to          |
|--|------------|---------------------|----------------------|----------------------|
|  |            | paid out in<br>year |                      | write-off<br>in year |
|  |            | £                   | £                    | £                    |
| Abertawe Bro Morgannwg UHB                                       | 8          | 7,041,354           | 7,942,092            | 7,041,354            |
| Aneurin Bevan UHB  | 4          | 4,728,341           | 4,728,341            | 4,728,341            |
| Betsi Cadwaladr UHB  | 6          | 5,281,680           | 8,506,013            | 5,281,680            |
| Cardiff and Vale UHB   | 13         | 11,037,454          | 13,809,694           | 11,037,454           |
| Cwm Taf UHB  | 7          | 3,909,195           | 4,736,994            | 3,909,195            |
| Hywel Dda UHB  | 6          | 4,200,401           | 4,200,401            | 4,200,401            |
| Powys Teaching Health Board                                      | 0          | 0                   | 0                    | 0                    |
| Public Health Wales  | 1          | 508,130             | 508,130              | 508,130              |
| <b>Sub-total</b>   | <b>45</b>  | <b>36,706,555</b>   | <b>44,431,665</b>    | <b>36,706,555</b>    |
| <b>All other cases</b>   | <b>313</b> | <b>19,453,313</b>   | <b>88,816,235</b>    | <b>19,284,997</b>    |
| <b>Total cases</b>   | <b>358</b> | <b>56,159,868</b>   | <b>133,247,900</b>   | <b>55,991,552</b>    |

**26. Losses and special payments**

**26.2 Velindre NHS Trust excluding Welsh Risk Pool**

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

**Gross loss to the Exchequer**

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

|                                       | Amounts paid out during<br>year to 31 March 2017 |                | Approved to write-off<br>year to 31 March 2017 |              |
|---------------------------------------|--|----------------|--|--------------|
|                                       | Number   | £              | Number   | £            |
| Clinical negligence                   | 4  | 158,750        | 0  | 0            |
| Personal injury                       | 2  | 9,566          | 0  | 0            |
| All other losses and special payments | 3  | 5,947          | 3  | 5,947        |
| <b>Total</b>                          | <b>9</b>   | <b>174,263</b> | <b>3</b>                                       | <b>5,947</b> |

Analysis of cases:

|   |           | Number   | Amounts<br>paid out in<br>year<br>£ | Cumulative<br>amount<br>£ | Approved to<br>write-off<br>in year<br>£ |
|---|-----------|----------|-------------------------------------|---------------------------|--|
| <b>Cases where cumulative amount exceeds £300,000</b> |           |          |                                     |                           |  |
| Case reference  | Case type |          |                                     |                           |  |
| None  |           |          | 0                                   | 0                         | 0  |
| <b>Sub-total</b>                                      |           |          | <b>0</b>                            | <b>0</b>                  | <b>0</b>                                 |
| <b>All other cases</b>                                |           | <b>9</b> | <b>174,263</b>                      | <b>622,561</b>            | <b>5,947</b>                             |
| <b>Total cases</b>                                    |           | <b>9</b> | <b>174,263</b>                      | <b>622,561</b>            | <b>5,947</b>                             |



**26. Losses and special payments**

**26.3 Welsh Risk Pool**

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

**Gross loss to the Exchequer**

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

|                                       | Amounts paid out during<br>year to 31 March 2017 |                   | Approved to write-off<br>year to 31 March 2017 |                   |
|---------------------------------------|--|-------------------|--|-------------------|
|                                       | Number   | £                 | Number   | £                 |
| Clinical negligence                   | 298  | 54,120,295        | 298  | 54,120,295        |
| Personal injury                       | 47   | 1,781,816         | 47   | 1,781,816         |
| All other losses and special payments | 4  | 83,494            | 4  | 83,494            |
| <b>Total</b>                          | <b>349</b>                                       | <b>55,985,605</b> | <b>349</b>                                     | <b>55,985,605</b> |

Analysis of cases:

|   | Number     | Amounts<br>paid out in<br>year<br>£ | Cumulative<br>amount<br>£ | Approved to<br>write-off<br>in year<br>£ |
|---|------------|-------------------------------------|---------------------------|--|
| <b>Cases where cumulative amount exceeds £300,000</b> |            |                                     |                           |  |
| Abertawe Bro Morgannwg UHB                            | 8          | 7,041,354                           | 7,942,092                 | 7,041,354                                |
| Aneurin Bevan UHB                                     | 4          | 4,728,341                           | 4,728,341                 | 4,728,341                                |
| Betsi Cadwaladr UHB                                   | 6          | 5,281,680                           | 8,506,013                 | 5,281,680                                |
| Cardiff and Vale UHB                                  | 13         | 11,037,454                          | 13,809,694                | 11,037,454                               |
| Cwm Taf UHB   | 7          | 3,909,195                           | 4,736,994                 | 3,909,195                                |
| Hywel Dda UHB   | 6          | 4,200,401                           | 4,200,401                 | 4,200,401                                |
| Powys Teaching Health Board                           | 0          | 0                                   | 0                         | 0  |
| Public Health Wales                                   | 1          | 508,130                             | 508,130                   | 508,130                                  |
| <b>Sub-total</b>                                      | <b>45</b>  | <b>36,706,555</b>                   | <b>44,431,665</b>         | <b>36,706,555</b>                        |
| <b>All other cases</b>                                | <b>304</b> | <b>19,279,050</b>                   | <b>88,193,674</b>         | <b>19,279,050</b>                        |
| <b>Total cases</b>                                    | <b>349</b> | <b>55,985,605</b>                   | <b>132,625,339</b>        | <b>55,985,605</b>                        |

## 27. Finance leases

### 27.1 Finance leases obligations (as lessee)

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

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

The Trust's obligation under finance leases are secured by the lessors' rights over the leased assets disclosed in note 12.

#### Amounts payable under finance leases:

| LAND   | 31 March  | 31 March | 31 March     | 31 March |
|--|-----------|----------|--------------|----------|
|  | 2017      | 2016     | 2017         | 2016     |
|  | £000      | £000     | £000         | £000     |
|  | NHS Trust |          | Consolidated |          |
| <b>Minimum lease payments</b>                    |           |          |              |          |
| Within one year                                  | 0         | 0        | 0            | 0        |
| Between one and five years                       | 0         | 0        | 0            | 0        |
| After five years                                 | 0         | 0        | 0            | 0        |
| Less finance charges allocated to future period: | 0         | 0        | 0            | 0        |
| <b>Minimum lease payments</b>                    | <b>0</b>  | <b>0</b> | <b>0</b>     | <b>0</b> |
| Included in:                                     |           |          |              |          |
| Current borrowings                               | 0         | 0        | 0            | 0        |
| Non-current borrowings                           | 0         | 0        | 0            | 0        |
| <b>Total</b>                                     | <b>0</b>  | <b>0</b> | <b>0</b>     | <b>0</b> |
| <b>Present value of minimum lease payments</b>   |           |          |              |          |
| Within one year                                  | 0         | 0        | 0            | 0        |
| Between one and five years                       | 0         | 0        | 0            | 0        |
| After five years                                 | 0         | 0        | 0            | 0        |
| <b>Total present value of minimum lease paym</b> | <b>0</b>  | <b>0</b> | <b>0</b>     | <b>0</b> |
| Included in:                                     |           |          |              |          |
| Current borrowings                               | 0         | 0        | 0            | 0        |
| Non-current borrowings                           | 0         | 0        | 0            | 0        |
| <b>Total</b>                                     | <b>0</b>  | <b>0</b> | <b>0</b>     | <b>0</b> |

27.1 Finance leases obligations (as lessee) continued

Amounts payable under finance leases:

| BUILDINGS  | 31 March         | 31 March        | 31 March            | 31 March        |
|--|------------------|-----------------|---------------------|-----------------|
|  | 2017             | 2016            | 2017                | 2016            |
|  | £000             | £000            | £000                | £000            |
|  | <b>NHS Trust</b> |                 | <b>Consolidated</b> |                 |
| Minimum lease payments                               |                  |                 |                     |                 |
| Within one year                                      | 0                | 0               | 0                   | 0               |
| Between one and five years                           | 0                | 0               | 0                   | 0               |
| After five years                                     | 0                | 0               | 0                   | 0               |
| Less finance charges allocated to future periods     | 0                | 0               | 0                   | 0               |
| <b>Minimum lease payments</b>                        | <b>0</b>         | <b>0</b>        | <b>0</b>            | <b>0</b>        |
| Included in: Current borrowings                      | 0                | 0               | 0                   | 0               |
| Non-current borrowings                               | 0                | 0               | 0                   | 0               |
| <b>Total</b>   | <b>0</b>         | <b>0</b>        | <b>0</b>            | <b>0</b>        |
| <b>Present value of minimum lease payments</b>       |                  |                 |                     |                 |
| Within one year                                      | 0                | 0               | 0                   | 0               |
| Between one and five years                           | 0                | 0               | 0                   | 0               |
| After five years                                     | 0                | 0               | 0                   | 0               |
| <b>Total present value of minimum lease payments</b> | <b>0</b>         | <b>0</b>        | <b>0</b>            | <b>0</b>        |
| Included in: Current borrowings                      | 0                | 0               | 0                   | 0               |
| Non-current borrowings                               | 0                | 0               | 0                   | 0               |
| <b>Total</b>   | <b>0</b>         | <b>0</b>        | <b>0</b>            | <b>0</b>        |
| <b>OTHER</b>   | <b>31 March</b>  | <b>31 March</b> | <b>31 March</b>     | <b>31 March</b> |
|  | <b>2017</b>      | <b>2016</b>     | <b>2017</b>         | <b>2016</b>     |
|  | <b>£000</b>      | <b>£000</b>     | <b>£000</b>         | <b>£000</b>     |
|  | <b>NHS Trust</b> |                 | <b>Consolidated</b> |                 |
| Minimum lease payments                               |                  |                 |                     |                 |
| Within one year                                      | 27               | 20              | 27                  | 20              |
| Between one and five years                           | 78               | 67              | 78                  | 67              |
| After five years                                     | 0                | 0               | 0                   | 0               |
| Less finance charges allocated to future periods     | (4)              | (8)             | (4)                 | (8)             |
| <b>Minimum lease payments</b>                        | <b>101</b>       | <b>79</b>       | <b>101</b>          | <b>79</b>       |
| Included in: Current borrowings                      | 25               | 17              | 25                  | 17              |
| Non-current borrowings                               | 76               | 62              | 76                  | 62              |
| <b>Total</b>   | <b>101</b>       | <b>79</b>       | <b>101</b>          | <b>79</b>       |
| <b>Present value of minimum lease payments</b>       |                  |                 |                     |                 |
| Within one year                                      | 25               | 17              | 25                  | 17              |
| Between one and five years                           | 76               | 62              | 76                  | 62              |
| After five years                                     | 0                | 0               | 0                   | 0               |
| <b>Total present value of minimum lease payments</b> | <b>101</b>       | <b>79</b>       | <b>101</b>          | <b>79</b>       |
| Included in: Current borrowings                      | 25               | 17              | 25                  | 17              |
| Non-current borrowings                               | 76               | 62              | 76                  | 62              |
| <b>Total</b>   | <b>101</b>       | <b>79</b>       | <b>101</b>          | <b>79</b>       |

**27.2 Finance lease receivables (as lessor)**

There are no finance lease receivables.

**Amounts receivable under finance leases:**

|  | <b>31 March</b>  | 31 March | <b>31 March</b>     | 31 March |
|--|------------------|----------|---------------------|----------|
|  | <b>2017</b>      | 2016     | <b>2017</b>         | 2016     |
|  | <b>£000</b>      | £000     | <b>£000</b>         | £000     |
|  | <b>NHS Trust</b> |          | <b>Consolidated</b> |          |
| <b>Gross investment in leases</b>                    |                  |          |                     |          |
| Within one year                                      | 0                | 0        | 0                   | 0        |
| Between one and five years                           | 0                | 0        | 0                   | 0        |
| After five years                                     | 0                | 0        | 0                   | 0        |
| Less finance charges allocated to future periods     | 0                | 0        | 0                   | 0        |
| <b>Present value of minimum lease payments</b>       | <b>0</b>         | <b>0</b> | <b>0</b>            | <b>0</b> |
| Included in:   |                  |          |                     |          |
| Current borrowings                                   | 0                | 0        | 0                   | 0        |
| Non-current borrowings                               | 0                | 0        | 0                   | 0        |
| <b>Total</b>   | <b>0</b>         | <b>0</b> | <b>0</b>            | <b>0</b> |
| <b>Present value of minimum lease payments</b>       |                  |          |                     |          |
| Within one year                                      | 0                | 0        | 0                   | 0        |
| Between one and five years                           | 0                | 0        | 0                   | 0        |
| After five years                                     | 0                | 0        | 0                   | 0        |
| <b>Total present value of minimum lease payments</b> | <b>0</b>         | <b>0</b> | <b>0</b>            | <b>0</b> |
| Included in:   |                  |          |                     |          |
| Current borrowings                                   | 0                | 0        | 0                   | 0        |
| Non-current borrowings                               | 0                | 0        | 0                   | 0        |
| <b>Total</b>   | <b>0</b>         | <b>0</b> | <b>0</b>            | <b>0</b> |

| 27.3 Rental Revenue         | 31 March  | 31 March | 31 March     | 31 March |
|-----------------------------|-----------|----------|--------------|----------|
|                             | 2017      | 2016     | 2017         | 2016     |
|                             | £000      | £000     | £000         | £000     |
|                             | NHS Trust |          | Consolidated |          |
| Contingent rent             | 0         | 0        | 0            | 0        |
| Other                       | 0         | 0        | 0            | 0        |
| <b>Total rental revenue</b> | <b>0</b>  | <b>0</b> | <b>0</b>     | <b>0</b> |

#### 27.4 Finance Lease Commitment

The Trust has not entered into any new contracts to lease (building assets) under finance leases during 2016-17.

#### 28. Private finance transactions

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

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

## 29. Financial Risk Management

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

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

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

### Liquidity risk

NHS Trusts' 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.

The majority of the funds held on Trust expenditure is financed from donations and legacies. There are no borrowings, and therefore, FHoT are not exposed to significant liquidity risk.

### 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.

The funds held on Trust are exposed to fluctuations in interest rates on the monies invested in deposits and on the stock market.

### Foreign currency risk

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

### Credit Risk

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

### General

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

**30. Financial Performance**

**30.1 STATUTORY FINANCIAL DUTIES**

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

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

The first assessment of performance against the 3-year statutory duty under Schedules 4 2(1) and 4 2(2) is at the end of 2016-17, being the first three year period of assessment.

Welsh Health Circular WHC/2016/054 replaces WHC/2015/014 "Statutory and Financial Duties of Local Health Boards and NHS Trusts" and further clarifies the statutory financial duties of NHS Wales bodies and is effective for 2016-17.

**30.1.1 Financial Duty**

|   | Annual financial performance |                 |                 | <b>2014-17<br/>Financial<br/>duty<br/>£000</b> |
|---|------------------------------|-----------------|-----------------|--|
|   | 2014-15<br>£000              | 2015-16<br>£000 | 2016-17<br>£000 |  |
| Retained surplus                          | 616                          | 136             | 427             | <b>1,179</b>                                   |
| Less Donated asset / grant funded revenue | <u>(577)</u>                 | <u>(96)</u>     | <u>(392)</u>    | <b>(1,065)</b>                                 |
| Adjusted surplus/(deficit)                | <u>39</u>                    | <u>40</u>       | <u>35</u>       | <b>114</b>                                     |

Velindre NHS Trust has met its financial duty to break even over the 3 years 2014-15 to 2016-17.

**30.1.2 Integrated Medium Term Plan (IMTP)**

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

The Trust submitted an Integrated Medium Term Plan for the period 2016-17 to 2018-19 in accordance with NHS Wales Planning Framework.

|  | <b>Financial duty<br/>2016-17<br/>to<br/>2018-19<br/>Status</b> |
|--|---|
| The Cabinet Secretary for Health, Well-being and Sport approval status | Approved  |

Velindre NHS Trust has met its annual financial duty to have an approved financial plan for the period 2016-17 to 2018-19.

Velindre NHS Trust's 2014-15 to 2016-17 IMTP was approved.  
Velindre NHS Trust's 2015-16 to 2017-18 IMTP was approved.  
Velindre NHS Trust's 2016-17 to 2018-19 IMTP was approved.

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**30. Financial Performance (cont)**

**30.2 ADMINISTRATIVE REQUIREMENTS**

**30.2.1. External financing**

| <b>The Trust is given an external financing limit which it is permitted to undershoot</b> | <b>£000</b>    | 31 March<br>2017<br><b>£000</b> | 31 March<br>2016<br><b>£000</b> |
|---|----------------|---------------------------------|---------------------------------|
| External financing limit set by the Welsh Government                                      |                | <b>6,307</b>                    | 4,529                           |
| Cash flow financing   | <b>(2,298)</b> |                                 | 4,435                           |
| Finance leases taken out in the year  | <b>39</b>      |                                 | 0                               |
| Other capital receipts  | <b>0</b>       |                                 | 0                               |
| External financing requirement  |                | <b>(2,259)</b>                  | 4,435                           |
| Undershoot (overshoot)  |                | <b>8,566</b>                    | 94                              |

**The Trust has achieved its external financing limit.**

**30.2.2. Creditor payment**

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

|  |                |
|--|----------------|
|  | <b>2016-17</b> |
| Total number of non-NHS bills paid 2016-17       | <b>72,657</b>  |
| Total number of non-NHS bills paid within target | <b>68,592</b>  |
| Percentage of non-NHS bills paid within target   | <b>94.4%</b>   |

**The Trust has not met the target.**



**31. Third party assets**

|                 | <b>31 March</b> | 31 March |
|-----------------|-----------------|----------|
|                 | <b>2017</b>     | 2016     |
|                 | <b>£000</b>     | £000     |
| Investments     | <b>0</b>        | 0        |
| Monetary Assets | <b>0</b>        | 0        |
| <b>Total</b>    | <b>0</b>        | 0        |

Velindre NHS Trust and the FHoT do not hold Third Party Assets.

**32. Events after reporting period**

Velindre NHS Trust had no events after the reporting period.

### 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<br>related party | Income from<br>related party | Amounts owed<br>to related party | Amounts due<br>from related<br>party |
|---------------------------------|-----------------------------------|------------------------------|----------------------------------|--------------------------------------|
|                                 | £000                              | £000                         | £000                             | £000                                 |
| Welsh Government                | 10,670                            | 286,493                      | 1,246                            | 1,534                                |
| WHSSC/EASC                      | 89                                | 36,848                       | 22                               | 807                                  |
| Abertawe Bro Morgannwg UHB      | 5,014                             | 24,213                       | 203                              | 1,895                                |
| Aneurin Bevan UHB               | 4,410                             | 31,144                       | 257                              | 1,983                                |
| Betsi Cadwaladr UHB             | 4,408                             | 17,997                       | 340                              | 1,433                                |
| Cardiff & Vale UHB              | 5,952                             | 27,847                       | 1,166                            | 2,247                                |
| Cwm Taf UHB                     | 3,967                             | 15,588                       | 286                              | 1,148                                |
| Hywel Dda UHB                   | 1,833                             | 9,708                        | 103                              | 718                                  |
| Powys Teaching Health Board     | 386                               | 2,263                        | 106                              | 147                                  |
| Velindre NHS Trust              | 0                                 | 0                            | 0                                | 0                                    |
| Public Health Wales NHS Trust   | 453                               | 2,257                        | 41                               | 317                                  |
| Welsh Ambulance Service Trust   | 1,769                             | 1,372                        | 56                               | 156                                  |
| Welsh Local Authorities         | 2,073                             | 271                          | 133                              | 130                                  |
| Cardiff University              | 25,310                            | 412                          | 666                              | 77                                   |
| Swansea University              | 16,395                            | 61                           | 1,149                            | 7                                    |
| Cardiff Metropolitan University | 4,526                             | 0                            | 234                              | 0                                    |
| University of South Wales       | 14,415                            | 13                           | 720                              | 11                                   |
| University of Wales             | 303                               | 8                            | 12                               | 11                                   |
| Bangor University               | 11,245                            | 17                           | 391                              | 0                                    |
| Glyndwr University              | 1,756                             | 0                            | 480                              | 0                                    |
| Charities                       | 0                                 | 2,628                        | 0                                | 568                                  |
| <b>TOTAL</b>                    | <b>114,974</b>                    | <b>459,140</b>               | <b>7,611</b>                     | <b>13,189</b>                        |

In addition, the Trust has had a number of material transactions with other Government departments and other central and local Government bodies. The majority of these transactions have been with universities as disclosed above, other transactions include payments to English, Scottish and Irish NHS organisations amounting to £1,572,000 (2015-16: £1,836,000).

The Trust Board is the corporate trustee of Velindre NHS Trust Charitable Funds. During the year the Trust received £2,628,000 (2015-16: £1,816,000) from Velindre NHS Trust Charitable Funds.

The Welsh Government receipts include £6,307,000 that relates to PDC capital received during 2016-17.

Transactions with charities include Cancer Research UK, Cancer Research Wales, Macmillan Cancer Support, Marie Curie, George Thomas Centre, Prostate Cancer UK and Ty Hafan.

**34. Pooled budgets**

Velindre NHS Trust has no pooled budgets.

35. Operating Segments

|   | VELINDRE       |                | NWIS          |               | NWSSP          |                | WRP            |               | TOTAL          |                | FHOT         |              | ELIMINATIONS   |                | CONSOLIDATED   |                |
|---|----------------|----------------|---------------|---------------|----------------|----------------|----------------|---------------|----------------|----------------|--------------|--------------|----------------|----------------|----------------|----------------|
|   | 2016-17        | 2015-16        | 2016-17       | 2015-16       | 2016-17        | 2015-16        | 2016-17        | 2015-16       | 2016-17        | 2015-16        | 2016-17      | 2015-16      | 2016-17        | 2015-16        | 2016-17        | 2015-16        |
| <b>Operating Revenue</b>                                      | <b>£000</b>    | <b>£000</b>    | <b>£000</b>   | <b>£000</b>   | <b>£000</b>    | <b>£000</b>    | <b>£000</b>    | <b>£000</b>   | <b>£000</b>    | <b>£000</b>    | <b>£000</b>  | <b>£000</b>  | <b>£000</b>    | <b>£000</b>    | <b>£000</b>    | <b>£000</b>    |
| Segmental Income  | 110,102        | 105,164        | 53,583        | 49,691        | 215,196        | 199,888        | 258,167        | 82,689        | 637,048        | 437,432        | 2,714        | 4,409        | (2,628)        | (1,808)        | 637,134        | 440,033        |
|   | 110,102        | 105,164        | 53,583        | 49,691        | 215,196        | 199,888        | 258,167        | 82,689        | 637,048        | 437,432        | 2,714        | 4,409        | (2,628)        | (1,808)        | 637,134        | 440,033        |
| <b>Operating expenses</b>                                     | <b>£000</b>    | <b>£000</b>    | <b>£000</b>   | <b>£000</b>   | <b>£000</b>    | <b>£000</b>    | <b>£000</b>    | <b>£000</b>   | <b>£000</b>    | <b>£000</b>    | <b>£000</b>  | <b>£000</b>  | <b>£000</b>    | <b>£000</b>    | <b>£000</b>    | <b>£000</b>    |
| Welsh Government  | 0              | 0              | 0             | 0             | 0              | 0              | 0              | 0             | 0              | 0              | 0            | 0            | 0              | 0              | 0              | 0              |
| WHSCC & EASC  | 0              | 0              | 0             | 0             | 0              | 0              | 0              | 0             | 0              | 0              | 0            | 0            | 0              | 0              | 0              | 0              |
| Local Health Boards   | 1,258          | 314            | 1,579         | 2,409         | 130            | 265            | 0              | 0             | 2,967          | 2,988          | 0            | 0            | 0              | 0              | 2,967          | 2,988          |
| Welsh NHS Trusts  | 454            | 606            | 168           | 24            | 0              | 206            | 0              | 0             | 622            | 836            | 0            | 0            | 0              | 0              | 622            | 836            |
| Other NHS Trusts  | 0              | (6)            | 0             | 0             | 0              | 7              | 0              | 0             | 0              | 1              | 0            | 0            | 0              | 0              | 0              | 1              |
| Goods and services from other NHS bodies                      | 0              | 0              | 0             | 0             | 0              | 0              | 0              | 0             | 0              | 0              | 0            | 0            | 0              | 0              | 0              | 0              |
| Purchase of healthcare from non-NHS bodies                    | 0              | 0              | 0             | 0             | 0              | 0              | 0              | 0             | 0              | 0              | 0            | 0            | 0              | 0              | 0              | 0              |
| Welsh Local Authorities                                       | 0              | 7              | 26            | 0             | 0              | 0              | 0              | 0             | 26             | 7              | 0            | 0            | 0              | 0              | 26             | 7              |
| Other Local Authorities                                       | 0              | 0              | 0             | 0             | 0              | 0              | 0              | 0             | 0              | 0              | 0            | 0            | 0              | 0              | 0              | 0              |
| Directors' costs  | 813            | 907            | 0             | 0             | 0              | 0              | 0              | 0             | 813            | 907            | 0            | 0            | 0              | 0              | 813            | 907            |
| Staff costs   | 52,439         | 51,265         | 21,725        | 20,102        | 69,135         | 60,379         | 0              | 0             | 143,299        | 131,746        | 0            | 0            | 0              | 0              | 143,299        | 131,746        |
| Supplies and services - clinical                              | 41,492         | 36,721         | 18            | 0             | 798            | 442            | 0              | 0             | 42,308         | 37,163         | 0            | 0            | 0              | 0              | 42,308         | 37,163         |
| Supplies and services - general                               | 507            | 799            | 100           | 100           | 38,811         | 38,288         | 0              | 0             | 39,418         | 39,187         | 0            | 0            | 0              | 0              | 39,418         | 39,187         |
| Consultancy Services  | (184)          | 228            | 2,236         | 1,321         | 675            | 386            | 0              | 0             | 2,727          | 1,935          | 0            | 0            | 0              | 0              | 2,727          | 1,935          |
| Establishment   | 2,813          | 2,297          | 5,121         | 7,334         | 7,092          | 6,537          | 0              | 0             | 15,026         | 16,168         | 0            | 0            | 0              | 0              | 15,026         | 16,168         |
| Transport   | 286            | 210            | 13            | 33            | 1,047          | 1,420          | 0              | 0             | 1,346          | 1,663          | 0            | 0            | 0              | 0              | 1,346          | 1,663          |
| Premises  | 4,453          | 5,198          | 14,290        | 9,792         | 7,281          | 7,717          | 0              | 0             | 26,024         | 22,707         | 0            | 0            | 0              | 0              | 26,024         | 22,707         |
| Costs of generating funds                                     | 0              | 0              | 0             | 0             | 0              | 0              | 0              | 0             | 0              | 0              | 550          | 498          | (165)          | (161)          | 385            | 337            |
| Charitable activities   | 0              | 0              | 0             | 0             | 0              | 0              | 0              | 0             | 0              | 0              | 2,774        | 2,099        | (2,455)        | (1,647)        | 319            | 452            |
| Governance Costs  | 0              | 0              | 0             | 0             | 0              | 0              | 0              | 0             | 0              | 0              | 40           | 8            | (8)            | 0              | 32             | 8              |
| Impairments and Reversals of Receivables                      | 0              | 0              | 0             | 0             | 0              | 0              | 0              | 0             | 0              | 0              | 0            | 0            | 0              | 0              | 0              | 0              |
| Depreciation  | 6,211          | 5,894          | 1,036         | 1,905         | 1,251          | 1,226          | 0              | 0             | 8,498          | 9,025          | 0            | 0            | 0              | 0              | 8,498          | 9,025          |
| Amortisation  | 0              | 0              | 7,491         | 7,604         | 0              | 0              | 0              | 0             | 7,491          | 7,604          | 0            | 0            | 0              | 0              | 7,491          | 7,604          |
| Impairments and reversals of property, plant and equipment    | 0              | (39)           | 0             | 0             | 0              | 0              | 0              | 0             | 0              | (39)           | 0            | 0            | 0              | 0              | 0              | (39)           |
| Impairments and reversals of intangible assets                | 0              | 0              | 0             | 0             | 0              | 0              | 0              | 0             | 0              | 0              | 0            | 0            | 0              | 0              | 0              | 0              |
| Impairments and reversals of financial assets                 | 0              | 0              | 0             | 0             | 0              | 0              | 0              | 0             | 0              | 0              | 0            | 0            | 0              | 0              | 0              | 0              |
| Impairments and reversals of non current assets held for sale | 0              | 0              | 0             | 0             | 0              | 0              | 0              | 0             | 0              | 0              | 0            | 0            | 0              | 0              | 0              | 0              |
| Audit fees  | 201            | 201            | 0             | 0             | 0              | 0              | 0              | 0             | 201            | 201            | 0            | 0            | 0              | 0              | 201            | 201            |
| Other auditors' remuneration                                  | 0              | 0              | 0             | 0             | 0              | 0              | 0              | 0             | 0              | 0              | 0            | 0            | 0              | 0              | 0              | 0              |
| Losses, special payments and irrecoverable debts              | 128            | (146)          | 0             | 0             | 12             | 46             | 259,783        | 83,460        | 259,923        | 83,360         | 0            | 0            | 0              | 0              | 259,923        | 83,360         |
| Research and development                                      | 0              | 0              | 0             | 0             | 0              | 0              | 0              | 0             | 0              | 0              | 0            | 0            | 0              | 0              | 0              | 0              |
| Other operating expenses                                      | (1,153)        | 655            | (220)         | (933)         | 88,952         | 82,947         | 0              | 0             | 87,579         | 82,669         | 0            | 0            | 0              | 0              | 87,579         | 82,669         |
| <b>Total</b>  | <b>109,718</b> | <b>105,111</b> | <b>53,583</b> | <b>49,691</b> | <b>215,184</b> | <b>199,866</b> | <b>259,783</b> | <b>83,460</b> | <b>638,268</b> | <b>438,128</b> | <b>3,364</b> | <b>2,605</b> | <b>(2,628)</b> | <b>(1,808)</b> | <b>639,004</b> | <b>438,925</b> |
| Investment Revenue  | 29             | 57             | 0             | 0             | 0              | 0              | 0              | 0             | 29             | 57             | 78           | 95           | 0              | 0              | 107            | 152            |
| Other Gains and Losses  | 5              | 4              | 0             | 0             | 0              | 0              | 0              | 0             | 5              | 4              | 0            | 0            | 0              | 0              | 5              | 4              |
| Finance Costs   | (3)            | 0              | 0             | 0             | 0              | 0              | 1,616          | 771           | 1,613          | 771            | 0            | 0            | 0              | 0              | 1,613          | 771            |
| <b>SURPLUS / (DEFICIT)</b>                                    | <b>415</b>     | <b>114</b>     | <b>0</b>      | <b>0</b>      | <b>12</b>      | <b>22</b>      | <b>0</b>       | <b>0</b>      | <b>427</b>     | <b>136</b>     | <b>(572)</b> | <b>1,899</b> | <b>0</b>       | <b>0</b>       | <b>(145)</b>   | <b>2,035</b>   |

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

36. Other

## **Velindre NHS Trust Annual Accounts 2016-17**

### **37. Accounts direction**

#### **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 (FRoM), 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 FRoM 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