

Velindre NHS Trust

Foreword

These accounts for the period ended 31 March 2012 have been prepared to comply with International Financial Reporting Standards (IFRS) in accordance with HM Treasury's I-FReM by the 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 the 1st April 1994 and at that time was a single specialty Trust providing only Cancer Services with a turnover of £9m. Over the last eighteen years the Trust has significantly evolved and now has a turnover of £83m from directly managed services with the remainder of turnover being generated by hosted bodies.

The main function of the Trust is to provide All Wales and Regional clinical, health and social care services to the NHS and people of Wales and these services provided by the Trust during 2011/12 included:

Regional non-surgical Cancer Services, mainly to the people of South East Wales, provided from Velindre Hospital and outreach clinics and Welsh Blood Service (WBS), including Welsh Transplantation and Immunogenetics Laboratory (WTAI).

Over the years Velindre NHS Trust has in addition taken on board a number of hosted organisations. At the end of 2011/12 these included:

- NHS Wales Informatic Services (NWIS)
- National Institute for Social Care and Health Research Clinical Research Centre (NISCHR CRC - formally Wales Cancer Trials Network)
- Cancer Research Care Cymru (CRCC)
- National Collaborating Centre for Cancer (NCC-C)
- Cancer Services Co-ordinating Group
- Cardiac Services Co-ordination Group

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 March 2012

	Note	2011-12 £000	2010-11 £000
Revenue from patient care activities	2	75,744	76,091
Other operating revenue	3	58,623	66,568
Operating expenses	5	(134,360)	(142,683)
Operating surplus/(deficit)		7	(24)
Investment revenue	6	58	33
Other gains and losses	7	(20)	0
Finance costs	8	(2)	(2)
Retained surplus/(deficit)	32.1	43	7
Other Comprehensive Income			
Net gain on revaluation of property, plant and equipment		1,572	0
Net gain on revaluation of intangible assets		0	0
Net gain on revaluation of financial assets		0	0
Net gain on revaluation of assets held for sale		0	0
Impairments and reversals		0	0
Movements in other reserves		0	0
Transfers between reserves		0	0
Net gain/loss on Other Reserve		0	0
Reclassification adjustment on disposal of available for sale financial assets		0	0
Total other comprehensive income for the year		1,572	0

STATEMENT OF FINANCIAL POSITION AS AT 31 March 2012

	Note	31 March 2012	31 March 2011 (Restated)
		£000	£000
Non-current assets			
Property, plant and equipment	13	78,029	77,504
Intangible assets	14	14,250	9,204
Trade and other receivables	19	0	0
Other financial assets	20	0	0
Other assets	21	0	0
Total non-current assets		92,279	86,708
Current assets			
Inventories	18	1,584	1,908
Trade and other receivables	19	12,810	19,146
Other financial assets	20	0	0
Other assets	21	0	0
Cash and cash equivalents	22	22,231	7,347
		36,625	28,401
Non-current assets held for sale	13	0	0
Total current assets		36,625	28,401
Total assets		128,904	115,109
Current liabilities			
Trade and other payables	23	(30,739)	(24,494)
Borrowings	24	(2,085)	(12)
Other financial liabilities	25	0	0
Provisions	27	(92)	(311)
Other liabilities	26	(2)	(2)
Total current liabilities		(32,918)	(24,819)
Net current assets/(liabilities)		3,707	3,582
Total assets less current liabilities		95,986	90,290
Non-current liabilities			
Trade and other payables	23	0	0
Borrowings	24	(171)	(980)
Other financial liabilities	25	0	0
Provisions	27	(286)	(293)
Other liabilities	26	0	(2)
Total non-current liabilities		(457)	(1,275)
Total assets employed		95,529	89,015
Financed by Taxpayers' equity:			
Public dividend capital		57,908	53,009
Retained earnings		11,560	11,517
Revaluation reserve		26,061	24,489
Other reserves		0	0
Total taxpayers' equity		95,529	89,015

The financial statements were approved by the Audit Committee on behalf of the Board on 31 May 2012 and signed on behalf of the Board by:

Mr Simon Dean, Chief Executive Officer

Date: 31 May 2012

STATEMENT OF CHANGES IN TAXPAYERS' EQUITY

2011-12	Public Dividend Capital £000	Retained earnings £000	Revaluation reserve £000	Other reserves £000	Total £000
Balance at 1 April 2011 restated	53,009	11,517	24,489	0	89,015
Changes in taxpayers' equity for 2011-12					
Retained surplus/(deficit) for the year		43			43
Net gain on revaluation of property, plant and equipment		0	1,572	0	1,572
assets		0	0	0	0
Net gain on revaluation of financial assets					
Net gain on revaluation of assets held for sale		0	0	0	0
Impairments and reversals		0	0	0	0
Movements in other reserves		0	0	0	0
Transfers between reserves		0	0	0	0
Net gain/loss on Other Reserve (specify)		0	0	0	0
Reclassification adjustment on disposal of available for sale financial assets		0	0	0	0
Reserves eliminated on dissolution	0				0
New Public Dividend Capital received	6,634				6,634
Public Dividend Capital repaid in year	0				0
Public Dividend Capital extinguished/written off	0				0
Other movements in PDC in year	(1,735)				(1,735)
Balance at 31 March 2012	57,908	11,560	26,061	0	95,529

The notes on pages 6 to 60 form part of these accounts.

STATEMENT OF CHANGES IN TAXPAYERS' EQUITY

2010-11	Public Dividend Capital £000	Retained earnings £000	Revaluation reserve £000	Donated asset reserve £000	Govern- ment Grant Reserve £000	Other reserves £000	Total £000
Balance at 31 March 2010							
As previously stated in 2009-10 accounts	45,313	1,828	26,868	6,293	0	0	80,302
Prior period adjustment for removal of donated and government granted asset reserves	0	6,198	95	(6,293)	0	0	0
Other prior period adjustment	0	1,010	0	0	0	0	1,010
Restated balance	45,313	9,036	26,963	0	0	0	81,312
Changes in taxpayers' equity for 2010-11							
Retained surplus/(deficit) for the year		7					7
Net gain on revaluation of property, plant and equipment		0	0			0	0
assets		0	0			0	0
Net gain on revaluation of financial assets		0	0			0	0
Net gain on revaluation of assets held for sale		0	0			0	0
Impairments and reversals		0	0			0	0
Movements in other reserves		0	0			0	0
Transfers between reserves		2,474	(2,474)			0	0
Net gain/loss on Other Reserve (specify)		0	0			0	0
Reclassification adjustment on disposal of available for sale financial assets		0	0				0
Reserves eliminated on dissolution	0						0
New Public Dividend Capital received	5,000						5,000
Public Dividend Capital repaid in year	0						0
Public Dividend Capital extinguished/written off	0						0
Other movements in PDC in year	2,696						2,696
Restated balance at 31 March 2011	53,009	11,517	24,489			0	89,015

The notes on pages 6 to 60 form part of these accounts.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2012

	Note	2011-12 £000	2010-11 £000
Cash flows from operating activities			
Operating surplus/(deficit)	SOCI	7	(24)
Depreciation and amortisation	5	8,654	8,650
Impairments and reversals	5	444	0
Release of PFI deferred credits		0	0
Donated Assets received credited to revenue but non-cash	3	0	(159)
Government Granted Assets received credited to revenue but non-cash	3	0	0
Interest paid		0	0
(Increase)/decrease in inventories		324	12
(Increase)/decrease in trade and other receivables		4,601	3,964
(Increase)/decrease in other current assets		0	0
Increase/(decrease) in trade and other payables		4,689	3,399
Increase/(decrease) in other current liabilities		(2)	0
Increase/(decrease) in provisions		(226)	94
Net cash inflow/(outflow) from operating activities		18,491	15,936
Cash flows from investing activities			
Interest received		55	31
(Payments) for property, plant and equipment		(5,700)	(14,653)
Proceeds from disposal of property, plant and equipment		0	0
(Payments) for intangible assets		(5,670)	0
Proceeds from disposal of intangible assets		0	0
(Payments) for investments with Welsh Government		0	0
Proceeds from disposal of investments with Welsh Government		0	0
(Payments) for financial assets.		0	0
Proceeds from disposal of financial assets.		0	0
Rental proceeds		0	0
Net cash inflow/(outflow) from investing activities		(11,315)	(14,622)
Net cash inflow/(outflow) before financing		7,176	1,314
Cash flows from financing activities			
Public Dividend Capital received		6,634	5,000
Public Dividend Capital repaid		0	0
Loans received from Welsh Government		0	0
Other loans received		0	0
Loans repaid to Welsh Government		0	0
Other loans repaid		0	0
Other capital receipts		0	0
Capital elements of finance leases and on-SOFP PFI		0	0
Cash transferred (to)/from other NHS Wales bodies		0	0
Net cash inflow/(outflow) from financing activities		6,634	5,000
Net increase/(decrease) in cash and cash equivalents		13,810	6,314
Cash [and] cash equivalents [and bank overdrafts] at the beginning of the financial year	22	6,397	83
Cash [and] cash equivalents [and bank overdrafts] at the end of the financial year	22	20,207	6,397

The notes on pages 6 to 60 form part of these accounts.

Notes to the Accounts

Accounting policies

1. The Welsh Minister for Health and Social Services has directed that the financial statements of NHS Trusts in Wales shall meet the accounting requirements of the NHS Trust Manual for Accounts. Consequently, the following financial statements have been prepared in accordance with the 2011/12 NHS Trusts Manual for Accounts. The accounting policies contained in that manual follow the European Union version of the International Financial Reporting Standards to the extent that they are meaningful and appropriate to the NHS, as determined by HM Treasury, which is advised by the Financial Reporting Advisory Board. Where the NHS Trusts Manual for Accounts permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the trust for the purpose of giving a true and fair view has been selected. The particular policies adopted by the trust are described below. They have been applied consistently in dealing with items considered material in relation to the accounts.

1.1 Accounting convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment, intangible assets 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 and the Health Boards. This revenue is recognised in the period in which services are provided.

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

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

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

1.5 Employee Benefits

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

Retirement benefit costs

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

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

1.6 Other expenses

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

1.7 Property, plant and equipment

Recognition

Property, plant and equipment is capitalised if:

- it is held for use in delivering services or for administrative purposes;
- it is probable that future economic benefits will flow to, or service potential will be supplied to, the trust;
- it is expected to be used for more than one financial year;
- the cost of the item can be measured reliably; and
- the item has cost of at least £5,000; or

Collectively, a number of items have a cost of at least £5,000 and individually have a cost of more than £250, where the assets are functionally interdependent, they had broadly simultaneous purchase dates, are anticipated to have simultaneous disposal dates and are under single managerial control; or

Items form part of the initial equipping and setting-up cost of a new building, 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.

For 2011-12 indexation has been applied to the Land and Properties of NHS Wales Trusts based on indices for NHS Wales Land and Buildings obtained from the District Valuation Office. Bodies must consider annually whether indexation using an appropriate basis is required. The carrying value of existing assets at that date will be written off over their remaining useful lives and new fixtures and equipment are carried at depreciated historic cost as this is not considered to be materially different from fair value.

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

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 benefits therefrom can reasonably be regarded as assured. Expenditure so deferred is limited to the value of future benefits expected and is amortised through the SOCI on a systematic basis over the period expected to benefit from the project.

1.10 Depreciation, amortisation and impairments

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.

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

1.11 Borrowing costs

Borrowing costs are recognised as expenses as they are incurred.

1.12 Donated assets

Following the accounting policy change outlined in the Treasury FREM for 2011-12, 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.

This accounting policy change has been applied retrospectively and consequently the 2010-11 results have been restated.

1.13 Government grants

Following the accounting policy change outlined in the Treasury FREM for 2011-12, 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.

This accounting policy change has been applied retrospectively and consequently the 2010-11 results have been restated.

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

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

1.15 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 Inventories

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

1.18 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.

1.19 Provisions

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

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the 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.

1.20 Clinical Negligence Costs

The Welsh Risk Pool operates a risk pooling scheme which is currently funded by the Welsh Government. The WRP is hosted by Betsi Cadwaladr University LHB.

1.21 EU Emissions Trading Scheme

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

1.22 Contingencies

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

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

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

1.23 Financial assets

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

Financial assets are initially recognised at fair value.

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

Financial assets at fair value through SOCI

The Trust has no embedded derivatives.

Held to maturity investments

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

Available for sale financial assets

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

Loans and receivables

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

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

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

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

The loss is recognised in expenditure and the carrying amount of the asset is reduced directly/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.

1.24 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 SOCI

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.

1.25 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.

1.26 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.

1.27 Third party assets

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

1.28 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. In 2009-10 a charge, reflecting the cost of capital utilised by the NHS Trust, was paid over as public dividend capital dividend. The charge was calculated at the real rate set by HM Treasury (3.5%) on the average carrying amount of all assets less liabilities, except for donated assets and cash with the Government Banking Service and the National Loans Fund. The average carrying amount of assets was calculated as a simple average of opening and closing relevant net assets.

1.29 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

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.

1.30 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.

1.31 Critical Judgements in applying accounting policies

The following are the 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.

1.32 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

subject to final review

(i) Provisions for clinical and personal injury claims have been estimated based on the values advised by the Welsh risk Pool as in previous years (£290K)

(ii) Voluntary early release scheme payments which have not yet been paid have been estimated based on the calculations provided to the relevant remuneration committee and will be subject to final review (£230K).

(iii) The final value of the construction of bunkers 7 & 8 has been estimated by the Trust's professional advisors following a review of claims made by the contractor (£3,741K)

1.33 Subsidiaries

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

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

1.34 Associates

Material entities over which the trust has the power to exercise significant influence so as to obtain economic or other benefits are classified as associates and are recognised in the trust's accounts using the equity method. The investment is recognised initially at cost and is adjusted subsequently to reflect the trust's share of the entity's profit/loss and other gains/losses. It is also reduced when any distribution is received by the trust from the entity.

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

1.35 Joint ventures

Material entities over which the trust has joint control with one or more other parties so as to obtain economic or other benefits are classified as joint ventures. Joint ventures are accounted for by [delete: proportional consolidation, equity method].

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

1.36 Joint operations

Joint operations are activities undertaken by the trust in conjunction with one or more other parties but which are not performed through a separate entity. The trust records its share of the income and expenditure; gains and losses; assets and liabilities; and cash flows.

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

There are no accounting standards issued by the IASB and IFRIC which have not been adopted because they are not yet required to be adopted.

1.38 Accounting standards issued that have been adopted early

There are no accounting standards issued which have been adopted early.

Velindre Trust Annual Accounts 2011-12

2. Revenue from patient care activities	2011-12	2010-11
	£000	£000
Welsh Government	26	6
Welsh Health Specialised Services Committee (WHSSC)	29,496	29,624
Local health boards	44,220	43,200
Welsh NHS Trusts	32	1,606
Other NHS trusts	503	0
Strategic health authorities and primary care trusts	0	0
Foundation Trusts	0	0
Welsh Local Authorities	0	0
Local authorities	0	0
Non NHS:		
Private patient income	1,046	1,144
Overseas patients (non-reciprocal)	0	0
Injury Costs Recovery (ICR) Scheme	0	0
Other revenue from activities	421	511
Total	75,744	76,091

ICR income is subject to a provision for impairment of 10.5% to reflect expected rates of collection.

3. Other operating revenue	2011-12	2010-11
	£000	£000
Patient transport services	0	0
Education, training and research	2,837	3,408
Charitable and other contributions to expenditure	1,953	1,934
Receipt of donations for capital acquisitions	0	0
Receipt of government grants for capital acquisitions	0	0
Non-patient care services to other bodies	0	0
Income generation	869	631
Rental revenue from finance leases	0	0
Rental revenue from operating leases	0	0
Other revenue:		
Provision of laundry, pathology, payroll services	0	3
Accommodation and catering charges	142	148
Mortuary fees	0	0
Staff payments for use of cars	52	59
Business unit	0	0
Other	52,770	60,385
Total	58,623	66,568

Other revenue of £52846k (2010-11 £60385k) comprises

1 NWIS	43,488	52,028
2 Other	9,282	8,357
3		
4		
5		
6		
7		
8		
Total	52,770	60,385

4. Income generation activities

Velindre has no income generation Activity who's costs exceed £1 million

Velindre Trust Annual Accounts 2011-12

5. Operating expenses	2011-12	2010-11
5.1 Operating expenses	£000	£000
Welsh Government	0	0
WHSSC	0	0
Local Health Boards	2,991	1,540
Welsh NHS Trusts	633	642
Other NHS Trusts	0	24
Goods and services from other NHS bodies	16	0
Purchase of healthcare from non-NHS bodies	0	0
Welsh Local Authorities	0	0
Other Local Authorities	0	0
Directors' costs	745	531
Staff costs	67,853	71,450
Supplies and services - clinical	30,050	28,881
Supplies and services - general	873	1,183
Consultancy Services	4,229	699
Establishment	4,795	14,730
Transport	294	204
Premises	10,007	8,945
Provision for impairment of receivables	40	(12)
Depreciation	5,521	4,422
Amortisation	3,133	4,228
Impairments and reversals of property, plant and equipment	444	0
Impairments and reversals of intangible assets	0	0
Impairments and reversals of financial assets	0	0
Impairments and reversals of non current assets held for sale	0	0
Audit fees	211	255
Other auditors' remuneration	0	0
Losses, special payments and irrecoverable debts	(13)	291
Research and development	0	0
Other operating expenses	2,538	4,670
Total	134,360	142,683

Velindre Trust Annual Accounts 2011-12

5. Operating expenses (continued)

5.2 Losses, special payments and irrecoverable debts:

charges to operating expenses	2011-12 £000	2010-11 £000
Increase/(decrease) in provision for future payments:		
Clinical negligence	(184)	212
Personal injury	40	73
All other losses and special payments	0	172
Defence legal fees and other administrative costs	2	4
Gross increase/(decrease) in provision for future payments	(142)	461
Contribution to Welsh Risk Pool	0	0
Premium for other insurance arrangements	0	0
Irrecoverable debts	0	0
Less: income received/ due from Welsh Risk Pool	129	(170)
Total charge	(13)	291

The Clinical Negligence includes £nil in respect of payments made under Redress.
Personal injury includes £nil(2010-11 £nil in respect of permanent injury benefits.

6. Investment revenue	2011-12	2010-11
	£000	£000
Rental revenue :		
PFI finance lease revenue:		
Planned	0	0
Contingent	0	0
Other finance lease revenue	0	0
Interest revenue:		
Bank accounts	58	33
Other loans and receivables	0	0
Impaired financial assets	0	0
Other financial assets	0	0
Total	58	33

7. Other gains and losses	2011-12	2010-11
	£000	£000
Gain/(loss) on disposal of property, plant and equipment	(20)	0
Gain/(loss) on disposal of intangible assets	0	0
Gain/(loss) on disposal of financial assets	0	0
Gains/(loss) on foreign exchange	0	0
Change in fair value of financial assets at fair value through income statement	0	0
Change in fair value of financial liabilities at fair value through income statement	0	0
Recycling of gain/(loss) from equity on disposal of financial assets held for sale	0	0
Total	(20)	0

8. Finance costs	2011-12	2010-11
	£000	£000
Interest on loans and overdrafts	0	0
Interest on obligations under finance leases	2	2
Interest on obligations under PFI contracts:		
Main finance cost	0	0
Contingent finance cost	0	0
Interest on late payment of commercial debt	0	0
Other interest expense	0	0
Total interest expense	2	2
Other finance costs	0	0
Total	2	2

9. Operating leases

As lessee

	2011-12	2010-11
	£000	£000
Minimum lease payments	1,586	1,376
Contingent rents	0	0
Sub-lease payments	0	0
Total	1,586	1,376

Total future minimum lease payments	2011-12	2010-11
	£000	£000
Payable:		
Not later than one year	1,545	1,341
Between one and five years	3,379	3,556
After 5 years	874	120
Total	5,798	5,017
Total future sublease payments expected to be received	0	0

As lessor

[There are no significant leasing arrangement where the Trust is the lessor.]

Rental revenue	2011-12	2010-11
	£000	£000
Rent	0	0
Contingent rent	0	0
Other	0	0
Total rental revenue	0	0

Total future minimum lease payments	2011-12	2010-11
	£000	£000
Receivable:		
Not later than one year	0	0
Between one and five years	0	0
After 5 years	0	0
Total	0	0

10. Employee costs and numbers

10.1 Employee costs	Permanently employed staff	Agency Staff	Staff on Inward Secondment	2011-12	2010-11
				£000	£000
	£000	£000	£000	£000	£000
Salaries and wages	55,961	884	700	57,545	61,035
Social security costs	4,092	0	46	4,138	3,974
Employer contributions to NHS Pensions Scheme	6,905	0	59	6,964	6,882
Other pension costs	0	0	0	0	0
Other post-employment benefits	0	0	0	0	0
Termination benefits	0	0	0	0	0
Total	66,958	884	805	68,647	71,891
Of the total above:					
Charged to capital				140	371
Charged to revenue				68,507	71,520
				68,647	71,891

10.2 Average number of employees

	Permanently Employed	Agency Staff	Staff on Inward Secondment	Total	Total
				Number	Number
	Number	Number	Number	Number	Number
Medical and dental	79	0	2	81	76
Ambulance staff	0	0	0	0	0
Administrative and estates	934	25	12	971	1,005
Healthcare assistants and other support staff	61	0	0	61	63
Nursing, midwifery and health visiting staff	294	0	0	294	299
Nursing, midwifery and health visiting learners	0	0	0	0	0
Scientific, therapeutic and technical staff	324	0	0	324	296
Social care staff	0	0	0	0	0
Other	0	0	0	0	0
Total	1,692	25	14	1,731	1,739

10.3 Employee benefits

The Trust does not have an employee benefit scheme.

10.4 Reporting of other compensation schemes - exit packages

	Total number of exit packages by cost band Number 2011-12	Total number of exit packages by cost band Number 2010-11
Exit package cost band		
<£10,000	2	3
£10,000 to £25,000	9	9
£25,000 to £50,000	3	8
£50,000 to £100,000	4	2
£100,000 to £150,000	0	0
£150,000 to £200,000	0	0
£200,000+	0	0
Total number of exit packages by type	18	22
Total resource cost £	638,962	578,686

Redundancy and other departure costs have been paid in accordance with the provisions of the NHS Scheme or the Trust Voluntary Early Release scheme. **Exit costs in this note are accounted for in full in the year of departure.** Where the Trust has agreed early retirements, 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.

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

10.5 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 2011-12 was £130-135k (2010-11, £85-90k). This was 5 times (2010-11, 4 times) the median remuneration of the workforce, which was £26k (2010-2011, £25k). A new Chief Executive was appointed from the 1st of June 2011

In 2011-12, 4 employees received remuneration in excess of the highest-paid director. Remuneration ranged from £9k to £169k.

Total remuneration includes salary, non-consolidated performance-related pay, benefits-in-kind as well as severance payments. It does not include employer pension contributions and the cash equivalent transfer value of pensions. In addition the remuneration which has been used to calculate these amounts have been annualised for all employees where there has been either a part year effect or individuals are on reduced hours.

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

11. Pensions

Pension costs

Past and present employees are covered by the provisions of the NHS Pensions Scheme. Details of the benefits payable under these provisions can be found on the NHS Pensions website at www.nhsbsa.nhs.uk/pensions. The scheme is an unfunded, defined benefit scheme that covers NHS employers, GP 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.

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) Full actuarial (funding) valuation

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

The last formal actuarial valuation undertaken for the NHS Pension Scheme was completed for the year ending 31 March 2004. Consequently, a formal actuarial valuation would have been due for the year ending 31 March 2008. However, formal actuarial valuations for unfunded public service schemes have been suspended by HM Treasury on value for money grounds while consideration is given to recent changes to public service pensions, and while future scheme terms are developed as part of the reforms to public service pension provision. Employer and employee contribution rates are currently being determined under the new scheme design.

b) Accounting valuation

A valuation of the scheme liability is carried out annually by the scheme actuary as at the end of the reporting period. Actuarial assessments are undertaken in intervening years between formal valuations using updated membership data are accepted as providing suitably robust figures for financial reporting purposes. However, as the interval since the last formal valuation now exceeds four years, the valuation of the scheme liability as at 31 March 2012 is based on detailed membership data as at 31 March 2010 updated to 31 March 2012 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, published annually. These accounts can be viewed on the NHS Pensions website. Copies can also be obtained from The Stationery Office.

c) Scheme provisions

The NHS Pension Scheme provided defined benefits, which are summarised below. This list is an illustrative guide only, and is not intended to detail all the benefits provided by the Scheme or the specific conditions that must be met before these benefits can be obtained.

The Scheme is a “final salary” scheme. Annual pensions are normally based on 1/80th for the 1995 section and of the best of the last three years pensionable pay for each year of service, and 1/60th for the 2008 section of reckonable pay per year of membership. Members who are practitioners as defined by the Scheme Regulations have their annual pensions based upon total pensionable earnings over the relevant pensionable service.

With effect from 1 April 2008 members can choose to give up some of their annual pension for an additional tax free lump sum, up to a maximum amount permitted under HMRC rules. This new provision is known as “pension commutation”.

Annual increases are applied to pension payments at rates defined by the Pensions (Increase) Act 1971, and are based on changes in retail prices in the twelve months ending 30 September in the previous calendar year. From 2011-12 the Consumer Price Index (CPI) will be used to replace the Retail Prices Index (RPI).

Early payment of a pension, with enhancement, is available to members of the scheme who are permanently incapable of fulfilling their duties effectively through illness or infirmity. A death gratuity of twice final year’s pensionable pay for death in service, and five times their annual pension for death after retirement is payable

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 the employer.

Members can purchase additional service in the NHS Scheme and contribute to money purchase AVC’s run by the Scheme’s approved providers or by other Free Standing Additional Voluntary Contributions (FSAVC) providers.

11.1 Retirement costs due to ill-health

During 2011-12 there were 3 (2010-11 6) early retirements from the trust agreed on the grounds of ill-health. The estimated additional pension costs of these ill-health retirements will be £119,695 (2010-11 £428,812). The cost of these ill-health retirements will be borne by the NHS Business Services Authority - Pensions Division.

12. Public Sector Payment Policy

12.1 Prompt payment code - measure of compliance

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

	2011-12	2011-12	2010-11	2010-11
	Number	£000	Number	£000
NHS				
Total bills paid in year	1,726	12,889	2,863	13,932
Total bills paid within target	1,327	9,591	2,807	13,819
Percentage of bills paid within target	76.9%	74.4%	98.0%	99.2%
Non-NHS				
Total bills paid in year	29,626	79,691	28,668	84,976
Total bills paid within target	28,290	78,286	27,438	82,966
Percentage of bills paid within target	95.5%	98.2%	95.7%	97.6%
Total				
Total bills paid in year	31,352	92,580	31,531	98,908
Total bills paid within target	29,617	87,877	30,245	96,785
Percentage of bills paid within target	94.5%	94.9%	95.9%	97.9%

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

	2011-12	2010-11
	£	£
Amounts included within finance costs from claims made under legislation	0	0
Compensation paid to cover debt recovery costs under legislation	0	0
Total	0	0

13. Property, plant and equipment :

2011-12

	Land	Buildings, excluding dwellings	Dwellings	Assets under construc-tion and payments on account	Plant & machinery	Transport Equipment	Information Technology	Furniture and fittings	Total
Cost or valuation	£000	£000	£000	£000	£000	£000	£000	£000	£000
At 1 April 2011	10,810	41,561	140	10,084	20,359	1,133	16,482	1,425	101,994
Indexation	0	1,682	5	0	0	0	0	0	1,687
Revaluation	0	480	0	0	1,804	(173)	(168)	(390)	1,553
Additions - purchased	0	502	0	625	982	386	2,410	23	4,928
Additions - donated	0	0	0	0	0	0	0	0	0
Additions - government granted	0	0	0	0	0	0	0	0	0
Transfers from/(into) other NHS bodies	0	0	0	0	0	0	0	0	0
Reclassifications	0	0	0	(905)	540	106	259	0	0
Reclassified as held for sale	0	0	0	0	0	0	0	0	0
Disposals other than by sale	0	0	0	0	(643)	0	(170)	(145)	(958)
Impairments	0	0	0	(444)	0	0	0	0	(444)
At 31 March 2012	10,810	44,225	145	9,360	23,042	1,452	18,813	913	108,760
Depreciation									
At 1 April 2011	0	2,393	17	0	13,093	1,042	6,598	1,347	24,490
Indexation	0	114	1	0	0	0	0	0	115
Revaluation	0	480	0	0	1,804	(173)	(168)	(390)	1,553
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	0	0	0	0	(633)	0	(170)	(145)	(948)
Impairments	0	0	0	0	0	0	0	0	0
Charged during the year	0	1,386	9	0	1,534	37	2,523	32	5,521
At 31 March 2012	0	4,373	27	0	15,798	906	8,783	844	30,731
Net book value									
At 1 April 2011	10,810	39,168	123	10,084	7,266	91	9,884	78	77,504
At 31 March 2012	10,810	39,852	118	9,360	7,244	546	10,030	69	78,029
Net book value at 31 March 2012 comprises :									
Purchased	10,810	33,824	118	9,360	7,073	546	10,030	69	71,830
Donated	0	6,028	0	0	171	0	0	0	6,199
Government Granted	0	0	0	0	0	0	0	0	0
At 31 March 2012	10,810	39,852	118	9,360	7,244	546	10,030	69	78,029
Asset Financing:									
Owned	10,810	39,852	118	9,360	7,041	546	10,030	46	77,803
Held on finance lease	0	0	0	0	203	0	0	23	226
On-SoFP PFI contract	0	0	0	0	0	0	0	0	0
PFI residual interest	0	0	0	0	0	0	0	0	0
At 31 March 2012	10,810	39,852	118	9,360	7,244	546	10,030	69	78,029

The net book value of land, buildings and dwellings at 31 March 2012 comprises :

	£000
Freehold	50,492
Long Leasehold	0
Short Leasehold	288
	50,780

The figure included in Revaluation of £1,553K relates to an adjustment to account for the value of second hand assets purchased in 2011/12 and previous years.

13. Property, plant and equipment :

2010-11

	Land	Buildings, excluding dwellings	Dwellings	Assets under construc-tion and payments on account	Plant & machinery	Transport Equipment	Information Technology	Furniture and fittings	Total
Cost or valuation	£000	£000	£000	£000	£000	£000	£000	£000	£000
At 1 April 2010	10,810	41,325	140	7,084	19,710	1,133	8,488	1,162	89,852
Indexation	0	0	0	0	0	0	0	0	0
Revaluation	0	0	0	0	0	0	0	0	0
Additions - purchased	0	236	0	3,000	490	0	6,600	0	10,326
Additions - donated	0	0	0	0	159	0	0	0	159
Additions - government granted	0	0	0	0	0	0	0	0	0
Transfers from/(into) other NHS bodies	0	0	0	0	0	0	1,394	263	1,657
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	0	0	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0	0	0
At 31 March 2011	10,810	41,561	140	10,084	20,359	1,133	16,482	1,425	101,994
Depreciation									
At 1 April 2010	0	1,002	9	0	11,558	1,004	4,525	1,092	19,190
Indexation	0	0	0	0	0	0	0	0	0
Revaluation	0	0	0	0	0	0	0	0	0
Transfers from/(into) other NHS bodies	0	0	0	0	0	0	680	198	878
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	0	0	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0	0	0
Charged during the year	0	1,391	8	0	1,535	38	1,393	57	4,422
At 31 March 2011	0	2,393	17	0	13,093	1,042	6,598	1,347	24,490
Net book value at 1 April 2010	10,810	40,323	131	7,084	8,152	129	3,963	70	70,662
Net book value at 31 March 2011	10,810	39,168	123	10,084	7,266	91	9,884	78	77,504
Net book value at 31 March 2011 comprises :									
Purchased	10,810	33,188	123	10,084	7,036	91	9,884	78	71,294
Donated	0	5,980	0	0	230	0	0	0	6,210
Government Granted	0	0	0	0	0	0	0	0	0
Total 31 March 2011	10,810	39,168	123	10,084	7,266	91	9,884	78	77,504
Asset Financing:									
Owned	10,810	39,168	123	10,084	7,266	91	9,884	68	77,494
Held on finance lease	0	0	0	0	0	0	0	10	10
On-SoFP PFI contract	0	0	0	0	0	0	0	0	0
PFI residual interest	0	0	0	0	0	0	0	0	0
Total 31 March 2011	10,810	39,168	123	10,084	7,266	91	9,884	78	77,504

The net book value of land, buildings and dwellings at 31 March 2011 comprises :

Freehold	£000
Long Leasehold	49,758
Short Leasehold	0
	<u>343</u>
	50,101

Disclosures:

Donated assets - Velindre NHS Trust did not receive any donated asset during this Financial Year

Valuations

The Trusts Land and Buildings were revalued by the District Valuation Service with an effective date of 1st April 2009.

The valuation has been 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.

Assets are depreciated over the following lives

Land	not depreciated
Buildings	as determined by the District Valuation service
Equipment	5-15 years

Impairments -MEA

The District carried out a valuation exercise in March 2012 on the building work undertaken at Velindre Cancer Centre for the new Linacs. This resulted in a impairment of buildings assets under construction of £444,000

13.2 Non-current assets held for sale

	Land	Buildings, including dwellings	Other property plant and equipment	Intangible assets	Other assets	Total
	£000	£000	£000	£000	£000	£000
Balance b/f 1 April 2011	0	0	0	0	0	0
Plus assets classified as held for sale in year	0	0	0	0	0	0
Less assets sold in year	0	0	0	0	0	0
Less impairment for assets held for sale	0	0	0	0	0	0
Less assets no longer classified as held for sale for reasons other than disposal by sale	0	0	0	0	0	0
Balance c/f 31 March 2012	0	0	0	0	0	0
Balance b/f 1 April 2010	0	0	0	0	0	0
Plus assets classified as held for sale in year	0	0	0	0	0	0
Less assets sold in year	0	0	0	0	0	0
Less impairment for assets held for sale	0	0	0	0	0	0
Less assets no longer classified as held for sale for reasons other than disposal by sale	0	0	0	0	0	0
Balance c/f 31 March 2011	0	0	0	0	0	0

14. Intangible assets

2011-12	Computer software purchased	Computer software internally developed	Licenses and trade-marks	Patents	Development expenditure internally generated	EU Emission Trading Scheme	Total
Cost or valuation	£000	£000	£000	£000	£000	£000	£000
At 1 April 2011	21,502	4,015	0	0	0	0	25,517
Revaluation		0			0	0	0
Additions							
- purchased	7,734	457	0	0	0	0	8,191
- internally generated	0	0	0	0	0	0	0
- donated	0	0	0	0	0	0	0
- government granted	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0	0
Disposals	(2,982)	0	0	0	0	0	(2,982)
Impairments	0	0	0	0	0	0	0
Gross cost at 31 March 2012	26,254	4,472	0	0	0	0	30,726
Amortisation							
Accumulated amortisation at 1 April 2011	15,342	971	0	0	0	0	16,313
Revaluation		0			0	0	0
Reclassifications	0	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0	0
Disposals	(2,970)	0	0	0	0	0	(2,970)
Impairments	0	0	0	0	0	0	0
Charged during the year	2,323	810	0	0	0	0	3,133
Accumulated amortisation at 31 March 2012	14,695	1,781	0	0	0	0	16,476
Net book value at 1 April 2011	6,160	3,044	0	0	0	0	9,204
Net book value at 31 March 2012	11,559	2,691	0	0	0	0	14,250
Net book value							
Purchased	11,559	0	0	0	0	0	11,559
Internally Generated	0	2,691	0	0	0	0	2,691
Donated	0	0	0	0	0	0	0
Government granted	0	0	0	0	0	0	0
Total at 31 March 2012	11,559	2,691	0	0	0	0	14,250

14. Intangible assets

2010-11	Computer software purchased	Computer software internally developed	Licenses and trademarks	Patents	Development expenditure internally generated	EU Emission Trading Scheme	Total
Cost or valuation	£000	£000	£000	£000	£000	£000	£000
At 1 April 2010	18,211	2,298	0	0	690	0	21,199
Revaluation		0			0	0	0
Additions							
- purchased	3,291	1,027	0	0	0	0	4,318
- internally generated	0	0	0	0	0	0	0
- donated	0	0	0	0	0	0	0
- government granted	0	0	0	0	0	0	0
Reclassifications	0	690	0	0	(690)	0	0
Reclassified as held for sale	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0	0
Gross cost at 31 March 2011	21,502	4,015	0	0	0	0	25,517
Amortisation							
Accumulated amortisation at 1 April 2010	11,694	391	0	0	0	0	12,085
Revaluation		0			0	0	0
Reclassifications	0	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0
Reversals of impairments	0	0	0	0	0	0	0
Charged during the year	3,648	580	0	0	0	0	4,228
Accumulated amortisation at 31 March 2011	15,342	971	0	0	0	0	16,313
Net book value at 1 April 2010	6,517	1,907	0	0	690	0	9,114
Net book value at 31 March 2011	6,160	3,044	0	0	0	0	9,204
Net book value							
Purchased	6,160	0	0	0	0	0	6,160
Internally Generated	0	3,044	0	0	0	0	3,044
Donated	0	0	0	0	0	0	0
Government granted	0	0	0	0	0	0	0
Total at 31 March 2011	6,160	3,044	0	0	0	0	9,204

14. 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

15. Revaluation reserve balance for intangible assets

	2011-12 £000	2010-11 £000
At 1 April	0	0
Changes (itemised)	0	0
At 31 March	<u>0</u>	<u>0</u>

16. Impairments

Impairments in the period arose from:	2011-12		2010-11	
	Property, plant & equipment	Intangible assets	Property, plant & equipment	Intangible assets
	£000	£000	£000	£000
Loss or damage from normal operations	0	0	0	0
Abandonment of assets in the course of construction	29	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	415	0	0	0
Other (specify)	0	0	0	0
Impairments charged to operating expenses	444	0	0	0

Impairments charged in the year to

Operating expenses in Statement of Comprehensive Income	444	0	0	0
Revaluation reserve	0	0	0	0

Major building work has been undertaken at Velindre Cancer Centre over the last 3 years to site 2 new Linacs. As part of this exercise the District Valuers Office has reviewed the value of this building work as a IFRS Modern equivalent asset Value. As a result of the valuation an impairment of 415 was required

17. Capital commitments

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

	31 March	31 March
	2012	2011
	£000	£000
Property, plant and equipment	714	599
Intangible assets	7,682	2,613
Total	8,396	3,212

18. Inventories

18.1 Inventories

	31 March	31 March
	2012	2011
	£000	£000
Drugs	322	363
Consumables	458	502
Energy	0	0
Work in progress	0	0
Other	804	1,043
Total	<u>1,584</u>	<u>1,908</u>
Of which held at net realisable value:	<u>0</u>	<u>0</u>

18.2 Inventories recognised in expenses

	31 March	31 March
	2012	2011
	£000	£000
Inventories recognised as an expense in the period	0	0
Write-down of inventories (including losses)	0	0
Reversal of write-downs that reduced the expense	0	0
Total	<u>0</u>	<u>0</u>

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19. Trade and other receivables

19.1 Trade and other receivables

	31 March 2012 £000	31 March 2011 £000
Current		
Welsh Government	570	7,724
Welsh Health Specialised Services Committee	0	18
Welsh Health Boards	4,776	3,561
Welsh NHS Trusts	542	93
Non - Welsh Trusts	479	347
Other NHS	0	0
Welsh Risk Pool	12	155
Welsh Local Authorities	0	0
Other Local Authorities	0	0
Capital debtors	0	0
Other debtors	3,069	4,827
Provision for impairment of trade receivables	(139)	(82)
Pension Prepayments	0	0
Other prepayments and accrued income	3,501	2,503
Sub-total	<u>12,810</u>	<u>19,146</u>
Non-current		
Welsh Government	0	0
Welsh Health Specialised Services Committee	0	0
Welsh Health Boards	0	0
Welsh NHS Trusts	0	0
Non - Welsh Trusts	0	0
Other NHS	0	0
Welsh Risk Pool	0	0
Welsh Local Authorities	0	0
Other Local Authorities	0	0
Capital debtors	0	0
Other debtors	0	0
Provision for impairment of trade receivables	0	0
Pension Prepayments	0	0
Other prepayments and accrued income	0	0
Sub-total	<u>0</u>	<u>0</u>
Total trade and other receivables	<u><u>12,810</u></u>	<u><u>19,146</u></u>

No interest is charged on trade receivables.

19.2 Receivables past their due date but not impaired

	31 March	31 March
	2012	2011
	£000	£000
By up to 3 months	461	398
By 3 to 6 months	358	119
By more than 6 months	683	421
Balance at end of financial year/period	1,502	938

19.3 Provision for the impairment of receivables

	31 March	31 March
	2012	2011
	£000	£000
Balance at beginning of the year	(82)	(95)
Transfer to other NHS Wales body	0	0
Amount written off during the year	0	53
Amount recovered during the year	0	0
Increase/(decrease) in receivables impaired	(57)	(40)
Balance at 31 March	(139)	(82)

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.

20. Other financial assets

	31 March 2012	31 March 2011
	£000	£000
Non-current		
Finance lease receivables	0	0
Financial assets carried at fair value through income statement	0	0
Held to maturity investments carried at amortised cost	0	0
Available for sale financial assets carried at fair value	0	0
Loans carried at amortised cost	0	0
Total	<u>0</u>	<u>0</u>
Current		
Finance lease receivables	0	0
Financial assets carried at fair value through income statement	0	0
Held to maturity investments carried at amortised cost	0	0
Available for sale financial assets carried at fair value	0	0
Loans carried at amortised cost	0	0
Total	<u>0</u>	<u>0</u>

21. Other assets

	31 March 2012	31 March 2011
	£000	£000
Non-current		
Other assets	0	0
Total	<u>0</u>	<u>0</u>
Current		
EU Emissions trading scheme allowances	0	0
Other assets	0	0
Total	<u>0</u>	<u>0</u>

22. Cash and cash equivalents

	31 March	31 March
	2012	2011
	£000	£000
Opening Balance	6,397	83
Net change in year	10	6,314
Closing Balance	<u>6,407</u>	<u>6,397</u>
Made up of:		
Cash with Government Banking Service (GBS)	8,421	7,338
Commercial banks	0	0
Cash in hand	10	9
Current investments	<u>13,800</u>	<u>0</u>
Cash and cash equivalents as in SoFP	22,231	7,347
Bank overdraft - GBS	(2,024)	(793)
Bank overdraft - Commercial	<u>0</u>	<u>(157)</u>
Cash & cash equivalents as in Statement of Cash Flows	<u>20,207</u>	<u>6,397</u>

Velindre Trust Annual Accounts 2011-12

23. Trade and other payables at the SoFP Date	31 March	31 March
	2012	2011
	£000	£000
Current		
Welsh Government	10,972	1,212
Welsh Health Specialised Services Committee	212	340
Welsh Health Boards	2,315	1,590
Welsh NHS Trusts	122	247
Other NHS	4,911	9,472
Welsh Local Authorities	33	2
Other Local Authorities	0	0
Income tax and social security	2	5
Non-NHS trade payables - revenue	2,307	2,611
Non-NHS trade payables - capital	4,879	3,338
Rentals due under operating leases	0	0
Pensions: staff	0	4
Accruals	3,876	4,651
Deferred Income	1,110	1,022
Other liabilities - all other payables	0	0
Sub-total	30,739	24,494
Non-current		
Welsh Government	0	0
Welsh Health Specialised Services Committee	0	0
Welsh Health Boards	0	0
Welsh NHS Trusts	0	0
Other NHS	0	0
Welsh Local Authorities	0	0
Other Local Authorities	0	0
Income tax and social security	0	0
Non-NHS trade payables - revenue	0	0
Non-NHS trade payables - capital	0	0
Rentals due under operating leases	0	0
Pensions: staff	0	0
Accruals	0	0
Deferred Income	0	0
Other liabilities - all other payables	0	0
Sub-total	0	0
Total	30,739	24,494

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

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24. Borrowings	31 March	31 March
Current	2012	2011
	£000	£000
Bank overdraft - GBS	2,024	0
Bank overdraft - Commercial bank	0	0
Loans from:		
Welsh Government	0	0
Other entities	0	0
PFI liabilities:		
Main liability	0	0
Lifecycle replacement received in advance	0	0
Finance lease liabilities	61	12
Other	0	0
Total	2,085	12
Non-current		
Bank overdraft - GBS	0	793
Bank overdraft - Commercial bank	0	157
Loans from:		
Welsh Government	0	0
Other entities	0	0
PFI liabilities:		
Main liability	0	0
Lifecycle replacement received in advance	0	0
Finance lease liabilities	171	30
Other	0	0
Total	171	980

24.2 Loan advance/strategic assistance funding

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

25. Other financial liabilities

Current	31 March 2012 £000	31 March 2011 £000
Financial liabilities carried at fair value through income statement.	0	0
Non-current		
Financial liabilities carried at fair value through income statement.	0	0

26. Other liabilities

Current	31 March 2012 £000	31 March 2011 £000
Lease incentives	2	2
PFI asset - deferred credit	0	0
Other (Please specify)	0	0
	<u>2</u>	<u>2</u>
Non-current		
Lease incentives	0	2
PFI asset - deferred credit	0	0
Other (Please specify)	0	0
	<u>0</u>	<u>2</u>

27. Provisions

2011-12

	At 1 April 2011	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 2012
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Current										
Clinical negligence	213	0	0	0	0	5	(29)	(189)	0	0
Personal injury	37	0	0	0	0	40	(43)	0	0	34
All other losses and special payments	1	0	0	0	0	0	0	(1)	0	0
Defence legal fees and other administration	39	0	0	0	0	20	(5)	(18)		36
Pensions relating to: former directors	0		0	0	0	0	0	0	0	0
Pensions relating to: other staff	21		0	18	0	5	(22)	0	0	22
Restructurings	0		0	0	0	0	0	0		0
Other	0		0	0	0	0	0	0		0
Total	311	0	0	18	0	70	(99)	(208)	0	92
Non Current										
Clinical negligence	0	0	0	0	0	0	0	0	0	0
Personal injury	0	0	0	0	0	0	0	0	0	0
All other losses and special payments	0	0	0	0	0	0	0	0	0	0
Defence legal fees and other administration	0	0	0	0	0	0	0	0		0
Pensions relating to: former directors	0		0	0	0	0	0	0	0	0
Pensions relating to: other staff	187		0	(18)	0	0	0	0	0	169
Restructurings	0		0	0	0	0	0	0		0
Other	106		0	0	0	11	0	0		117
Total	293	0	0	(18)	0	11	0	0	0	286
TOTAL										
Clinical negligence	213	0	0	0	0	5	(29)	(189)	0	0
Personal injury	37	0	0	0	0	40	(43)	0	0	34
All other losses and special payments	1	0	0	0	0	0	0	(1)	0	0
Defence legal fees and other administration	39	0	0	0	0	20	(5)	(18)		36
Pensions relating to: former directors	0		0	0	0	0	0	0	0	0
Pensions relating to: other staff	208		0	0	0	5	(22)	0	0	191
Restructurings	0		0	0	0	0	0	0		0
Other	106		0	0	0	11	0	0		117
Total	604	0	0	0	0	81	(99)	(208)	0	378

Expected timing of cash flows:

Timing period yet to be confirmed

	In the remainder of spending review to 31 March 2015	Between 1 April 2015 and 31 March 2020	Thereafter	Totals
	£000	£000	£000	£000
Clinical negligence	0	0	0	0
Personal injury	34	0	0	34
All other losses and special payments	0	0	0	0
Defence legal fees and other administration	36	0	0	36
Pensions - former directors	0	0	0	0
Pensions - other staff	63	73	55	191
Restructuring	0	0	0	0
Other	0	0	117	117
Total	133	73	172	378

Included in other is the cost of decommissioning of Cesium sources £117,000

27. Provisions (continued)

2010-11

	At 31 March 2010	Structured settlement cases transferred to Risk Pool	Transfer to creditors	Transfer 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 2011
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Current										
Clinical negligence	41	0	0	0	0	227	(40)	(15)	0	213
Personal injury	88	0	0	0	0	90	(124)	(17)	0	37
All other losses and special payments	0	0	0	0	0	172	(171)	0	0	1
Defence legal fees and other administration	55	0	0	0	0	22	(20)	(18)		39
Pensions relating to: former directors	0		0	0	0	0	0	0	0	0
Pensions relating to: other staff	19		0	14	0	10	(22)	0	0	21
Restructurings	0		0	0	0	0	0	0		0
Other	0		0	0	0	0	0	0		0
Total	203	0	0	14	0	521	(377)	(50)	0	311
Non Current										
Clinical negligence	0	0	0	0	0	0	0	0	0	0
Personal injury	0	0	0	0	0	0	0	0	0	0
All other losses and special payments	0	0	0	0	0	0	0	0	0	0
Defence legal fees and other administration	0	0	0	0	0	0	0	0		0
Pensions relating to: former directors	0		0	0	0	0	0	0	0	0
Pensions relating to: other staff	201		0	(14)	0	0	0	0	0	187
Restructurings	0		0	0	0	0	0	0		0
Other	106		0	0	0	0	0	0		106
Total	307	0	0	(14)	0	0	0	0	0	293
TOTAL										
Clinical negligence	41	0	0	0	0	227	(40)	(15)	0	213
Personal injury	88	0	0	0	0	90	(124)	(17)	0	37
All other losses and special payments	0	0	0	0	0	172	(171)	0	0	1
Defence legal fees and other administration	55	0	0	0	0	22	(20)	(18)		39
Pensions relating to: former directors	0		0	0	0	0	0	0	0	0
Pensions relating to: other staff	220		0	0	0	10	(22)	0	0	208
Restructurings	0		0	0	0	0	0	0		0
Other	106		0	0	0	0	0	0		106
Total	510	0	0	0	0	521	(377)	(50)	0	604

Included in other is the cost of decommissioning of Cesium sources £106,000

28. Finance leases

28.1 Finance leases obligations (as lessee)

There were no significant Leasing arrangements

Amounts payable under finance leases:

LAND	31 March 2012 £000	31 March 2011 £000
Minimum lease payments		
Within one year	0	0
Between one and five years	0	0
After five years	0	0
Less finance charges allocated to future periods	0	0
Minimum lease payments	<u>0</u>	<u>0</u>
Included in:		
Current borrowings	0	0
Non-current borrowings	0	0
Total	<u>0</u>	<u>0</u>
Present value of minimum lease payments		
Within one year	0	0
Between one and five years	0	0
After five years	0	0
Total present value of minimum lease payments	<u>0</u>	<u>0</u>
Included in:		
Current borrowings	0	0
Non-current borrowings	0	0
Total	<u>0</u>	<u>0</u>

28.1 Finance leases obligations (as lessee) continued

	31 March 2012 £000	31 March 2011 £000
Amounts payable under finance leases:		
BUILDINGS		
Minimum lease payments		
Within one year	0	0
Between one and five years	0	0
After five years	0	0
Less finance charges allocated to future periods	0	0
Total minimum lease payments	0	0
Current borrowings	0	0
Non-current borrowings	0	0
Total	0	0
Present value of minimum lease payments		
Within one year	0	0
Between one and five years	0	0
After five years	0	0
Total present value of minimum lease payments	0	0
Included in: Current borrowings	0	0
Non-current borrowings	0	0
Total	0	0
OTHER		
	31 March 2012 £000	31 March 2011 £000
Minimum lease payments		
Within one year	61	12
Between one and five years	171	30
After five years	0	0
Less finance charges allocated to future periods	0	0
Total minimum lease payments	232	42
Included in: Current borrowings	61	12
Non-current borrowings	171	30
Total	232	42
Present value of minimum lease payments		
Within one year	61	12
Between one and five years	171	30
After five years	0	0
Total present value of minimum lease payments	232	42
Included in: Current borrowings	61	12
Non-current borrowings	171	30
Total	232	42

28.2 Finance lease receivables (as lessor)

There are no finance lease receivables.

Amounts receivable under finance leases:

	31 March 2012 £000	31 March 2011 £000
Gross investment in leases		
Within one year	0	0
Between one and five years	0	0
After five years	0	0
Less finance charges allocated to future periods	0	0
Gross lease payments	<u>0</u>	<u>0</u>
Included in:		
Current borrowings	0	0
Non-current borrowings	0	0
Total	<u>0</u>	<u>0</u>
Present value of minimum lease payments		
Within one year	0	0
Between one and five years	0	0
After five years	0	0
Total present value of minimum lease payments	<u>0</u>	<u>0</u>
Included in:		
Current borrowings	0	0
Non-current borrowings	0	0
Total	<u>0</u>	<u>0</u>

28.3 Rental Revenue	31 March	31 March
	2012	2011
	£000	£000
Contingent rent	0	0
Other	0	0
Total rental revenue	0	0

Velindre NHS Trust has not entered into any new contracts to lease (building assets) under finance leases during 2011-12.

29. Private finance transactions

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

29. 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 balance sheet."

30. Financial risk

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

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

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

Liquidity risk

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

Interest-rate risks

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

Foreign currency risk

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

Credit Risk

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

General

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

Maturity of financial liabilities	31 March	31 March
	2012	2011
	£000	£000
In one year	0	0
In more than one year but not more than two years	0	0
In more than two years but not more than five years	0	0
In more than five years	0	0
Total	0	0

31. Financial Instruments

Financial assets	At "fair value" through I&E £000	Loans and receivables £000	Available for sale £000	Total £000
Embedded derivatives	0	0	0	0
NHS receivables	6,367	0	0	6,367
Cash at bank and in hand	20,207	0	0	20,207
Other financial assets	2,533	0	0	2,533
Total at 31 March 2012	29,107	0	0	29,107

Financial liabilities	At "fair value" through I&E £000	Other £000	Total £000
Embedded derivatives	0	0	0
PFI and finance lease obligations	232	0	232
Other financial liabilities	29,627	0	29,627
Total at 31 March 2012	29,859	0	29,859

Financial assets	At "fair value" through I&E £000	Loans and receivables £000	Available for sale £000	Total £000
Embedded derivatives	0	0	0	0
NHS receivables	11,743	0	0	11,743
Cash at bank and in hand	6,397	0	0	6,397
Other financial assets	4,297	0	0	4,297
Total at 31 March 2011	22,437	0	0	22,437

Financial liabilities	At "fair value" through I&E £000	Other £000	Total £000
Embedded derivatives	0	0	0
PFI and finance lease obligations	42	0	42
Other financial liabilities	23,463	0	23,463
Total at 31 March 2011	23,505	0	23,505

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

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

32. Financial performance targets

The Trust has met 3 out of 3 of its financial targets. Details are given below:

32.1 Breakeven	2011-12
	£000
Target retained surplus	0
Actual retained surplus	<u>43</u>
Variance	<u>(43)</u>

The Trust has met its current year and on-going breakeven requirement in full.

32.2 External financing	31 March	31 March
The Trust is given an external financing limit which it is permitted to undershoot	2012	2011
	£000	£000
External financing limit set by the Welsh Government	6,634	(1,314)
Cash flow financing	6,624	(1,314)
Finance leases taken out in the year	0	0
Other capital receipts	0	0
External financing requirement	<u>6,624</u>	<u>(1,314)</u>
Undershoot (overshoot)	<u>10</u>	<u>0</u>

The Trust has achieved its external financing limit.

32.3 Creditor payment

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

Total number of non-NHS bills paid 2011-12	29,606
Total number of non-NHS bills paid within target	28,272
Percentage of non-NHS bills paid within target	95.5%

The Trust has met the target.

33. Contingencies

33.1 Contingent liabilities

	31 March 2012 £000	31 March 2011 £000
Provision has not been made in these accounts for the following amounts:		
Legal claims for alleged medical or employer negligence	1,497	142
Doubtful debts	0	0
Equal pay cases	0	0
Defence costs	0	0
Other (Please specify)	0	0
Total value of disputed claims	1,497	142
Amount recovered under insurance arrangements in the event of these claims being successful	(1,422)	0
Net contingent liability	75	142

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.

A construction contract for the delivery of additional radiotherapy capacity has been recently completed following a significant delay, the impact of which is not yet clear.

33.2 Contingent assets

The Trust has no contingent assets.

34. Third party assets

The Trust has no Third Party Assets.

35. Events after reporting period

At 1st June 2012 the functions and their associated assets and liabilities will be transferring from all other Welsh LHBs and NHS Trusts to Velindre NHS Trust, to form the NHS Wales Shared Services Partnership (NWSSP). In accordance with the FReM, the transfer of functions will be treated as a merger, and all transactions and balances relating to these functions will be shown in future years in Velindre NHS Trust's financial statements.

The NHS Wales Shared Services Partnership (NWSSP) comprises of the following services:-

- Audit and Assurance
- Contractor Services
- Central Team eBusiness Services
- Employment Services
- Facilities Services
- Legal & Risk Services
- Prescribing Services
- Procurement Services
- Welsh Risk Pool Services

36. 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.

	Payments to related party	Receipts from related party	Amounts owed to related party	Amounts due from related party
	£000	£000	£000	£000

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, namely;

	Payments to related party	Receipts from related party	Amounts owed to related party	Amounts due from related party
	£000	£000	£000	£000
Welsh Government	14,870	64,822	10,972	570
WHSSC	0	29,464	212	0
AMBU LHB	2,181	6,863	274	565
Aneurin Bevan LHB	2,879	16,343	637	979
Betsi Cadwaladr LHB	1,125	2,740	282	210
Cardiff & Vale LHB	2,644	18,844	436	1,891
Cwm Taff	1,424	7,585	114	673
Hwyel Dda	1,703	2,885	517	121
Powys	148	1,682	55	337
Public Health	110	1,464	25	514
Welsh Ambulance	686	172	97	28
TOTAL	27,770	152,864	13,621	5,888

The Trust Board is the Corporate Trustee of Velindre Charitable Funds. During the year the Trust received £1,057,000 (£1,037,000 in 2010/2011), from Velindre Charitable Funds.

37. Intra Government balances

	Receivables: Current £000	Receivables: Non-current £000	Payables: Current £000	Payables: Non-current £000
2011-12:				
Welsh Government	570	0	10,972	0
Welsh Local Health Boards	4776	0	2,315	0
Welsh NHS Trusts	542	0	122	0
WHSSC	0	0	212	0
All English Health Bodies	472	0	4,911	0
All N. Ireland Health Bodies	4	0	0	0
All Scottish Health Bodies	3	0	0	0
Miscellaneous	12	0	0	0
Credit note provision	0	0	0	0
Sub total	6,379	0	18,532	0
Other Central Government Bodies				
Other Government Departments	0	0	0	0
Revenue & Customs	853	0	2	0
Local Authorities	0	0	33	0
Balances with Public Corporations and trading funds	0	0	0	0
Balances with bodies external to Government	5,578	0	12,172	0
TOTAL	12,810	0	30,739	0

	Receivables: Current £000	Receivables: Non-current £000	Payables: Current £000	Payables: Non-current £000
2010-11:				
Welsh Government	7,724	0	1,212	0
Welsh Local Health Boards	3,561	0	1,590	0
Welsh NHS Trusts	93	0	247	0
WHSSC	18	0	340	0
All English Health Bodies	323	0	9,472	0
All N. Ireland Health Bodies	12	0	0	0
All Scottish Health Bodies	12	0	0	0
Miscellaneous	1,890	0	1,658	0
Credit note provision	0	0	0	0
Sub total	13,633	0	14,519	0
Other Central Government Bodies				
Other Government Departments	0	0	0	0
Revenue & Customs	1,049	0	14	0
Local Authorities	0	0	2	0
Balances with Public Corporations and trading funds	0	0	0	0
Balances with bodies external to Government	4,464	0	9,959	0
TOTAL	19,146	0	24,494	0

38. Losses and special payments

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

Gross loss to the Exchequer

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

	Amounts paid out during year to 31 march 2012		Approved to write-off to 31 march 2012	
	Number	£	Number	£
Clinical negligence	2	29,300	1	17,200
Personal injury	3	42,906	1	38,005
All other losses and special payments	0	0	0	0
Total	5	72,206	2	55,205

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

		Amounts paid out in year £	Cumulative amount £	Approved to write-off in year £
Cases exceeding £250,000				
Case reference	Case type			
There are no cases exceeding £250,000				
Sub-total		0	0	0
All other cases		72,206	117,751	55,205
Total cases		72,206	117,751	55,205

39. Pooled budgets

Velindre NHS trust has no pooled budgets.

40. Operating segments

	Segment Income £000	Costs Attributable to Segment £000	Surplus/ (Deficit) £000
Cancer Services	51,616	(52,025)	(409)
Welsh Blood Services	31,303	(31,188)	115
Corporate Services	1,719	(1,380)	339
NHS Wales Information Service	43,234	(43,234)	0
Cardiac Services Coordinating Group	272	(270)	2
Cancer Services Coordinating Group	240	(240)	0
National Collaborating Centre for Cancer	862	(862)	0
National Institute for Social Care and Health Research	5,197	(5,201)	(4)
Total	134,443	(134,400)	43

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

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

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

Date: 31 May 2012

Mr Simon Dean, Chief Executive Officer

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF

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

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

By Order of the Board

Signed:

Date: 31 May 2012 Rosemary Kennedy, Chairman

Date: 31 May 2012 Simon Dean, Chief Executive Officer

Date: 31 May 2012 Steve Ham, Director of Finance

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

NHS TRUSTS

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

BASIS OF PREPARATION

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

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

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

FORM AND CONTENT

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

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

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

MISCELLANEOUS

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

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

Signed by the authority of Welsh Ministers

Signed : Chris Hurst

Dated : 17.06.2010

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



ANNUAL GOVERNANCE STATEMENT 2011/2012

1. Scope of Responsibility

Velindre NHS Trust is a nationally recognised specialist centre of excellence for the provision of non-surgical oncology including radiotherapy and chemotherapy; specialist palliative care; blood transfusion; specialist immunohaematology; antenatal blood testing reference work; and transplant immunology.

The Trust provides a range of specialist non-surgical oncology services to approximately 1.5 million people of south east Wales, and to the whole of Wales for some services, working in partnership with the hospitals managed by the Local Health Boards. The Welsh Blood Service collects processes and delivers blood and blood products to hospitals across south and mid Wales.

The operational delivery of services is managed through Velindre Cancer Centre and the Welsh Blood Service.

The Trust also hosts the following organisations on behalf of NHS Wales.

NHS Wales Informatics Services (NWIS)

On the 1st April 2010 the Trust became the host body for the newly formed NWIS. NWIS operates under the direction of the Chief Information Officer 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. 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.

NISCHR Clinical Research Centre (NISCHR CRC)

The National Institute for Social Care and Health Research Clinical Research Centre (NISCHR CRC) was established in 2010, and brings together all-Wales research networks in health and social care and cancer.

National Collaborating Centre for Cancer (NCC-C)

The NCC-C was established in April 2003. The centre is funded and commissioned by the National Institute for Health and Clinical Excellence (NICE) to develop evidence-based clinical guidelines for the NHS in England, Wales and Northern Ireland on treating and caring for people with cancer.

Cancer National Specialist Advisory Group – Core Team (CNSAG - CT)

CSCG is an all-Wales NHS organisation based in Cardiff. It works with the Welsh Government and the Cancer Networks to ensure delivery of high quality, up-to-date care for cancer patients and their carer.

Cardiac Networks Coordinating Group (CNCG)

CNCG supports the Welsh Assembly Government, the Regional Cardiac Networks and other National stakeholders with advice and guidance on cardiac related strategy, policy and standards, and workforce issues.

The Board is accountable for Governance and Internal Control. As Accountable Officer and Chief Executive of the Board, I have 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 I am personally responsible. These are carried out in accordance with the responsibilities assigned by the Accounting Officer of NHS Wales.

2. Governing the Trust

The Trust Board has ultimate responsibility for all the Trust's activities. The principles of Corporate Governance and the requirements contained in the Code of Practice of Openness in the NHS have been implemented. The Board meets regularly, with all meetings being open to the public.

The responsibilities of the Trust Board are:

- To ensure all the Trust's business is conducted in an open manner with the highest standards of honesty.
- To determine overall strategy and policies of the Trust.
- To monitor performance and standards of business.
- To ensure that money is spent wisely

The Trust Board appointed the Chief Executive. An appointment panel of Independent Members and the Chief Executive appoints the Executive Directors. The Welsh Government appoints the Trust Chair and Independent Members. The Trust Remuneration Committee, in accordance with Trust Policies and Procedures, determines remuneration of Trust Executive Directors.

The Board functions as a corporate decision making body, Executive Directors and Independent Members being full and equal members and sharing corporate responsibility for all the decisions of the Board.

The Board is supported by the Board Secretary, who acts as principle advisor on all aspects of governance within the Trust.

The Board has been constituted to comply with the NHS (Wales) Act 2006 and the National Health Service Trusts (Membership and Procedure) Regulations 1990 (1990/2024).

The Board is responsible for monitoring performance against the organisational goals outlined in the SWFF and progress against the Trust Delivery Plan. Assurance is provided to the Board through the Board Committees who report directly to the Board following each meeting and annually via a Committee Annual Report.

In addition to responsibilities and accountabilities set out in terms and conditions of appointment, Board Members also have clear job roles and fulfil a number of Champion Roles where they act as ambassadors for these matters.

The Board members in post during the financial year 2011/2012 are:

Name	Position	Area of expertise/ Representative Role	Champion Roles
Rosemary Kennedy	Chairman	Chair	Partnerships & Collaboration
June Smail	Independent Member	Quality & Safety	Infection Control Patient Champion Older Persons Link - WBS
Stephen Tomlinson	Independent Member	University Nominee	Research & Development
Paul Griffiths	Independent Member	Finance	Veterans Link - VCC
Harry Ludgate	Independent Member	Information & Workforce & OD	Information Governance Information Management & Technology Workforce & OD Link - NWIS
Ray Singh (Appointed 1 st November 2011)	Independent Member	Legal	Violence & Aggression
Phil Roberts (Appointed 1 st March 2012)	Independent Member	Estates & Planning	Design
Simon Dean (Appointed as Chief Executive 1 st June 2011)	Chief Executive	Accountable Officer	Health & Safety
Peter Barrett-Lee	Executive Medical Director	Medical	Patient Safety & Quality (Shared) Caldicott Guardian Freedom of Information Clinical Audit Research &

			Development Medicines Management
Steve Ham	Executive Director of Finance	Finance Information Management & Technology	Financial Governance Procurement Charitable Funds IG&IM&T
Diane Smith (up to 31/08/11) <i>Interim arrangements were in place until the appointment of the new Executive Director of Nursing & Service Improvement (appointed 1st April 2012)</i>	Executive Director of Nursing & Quality	Nursing Quality & Safety	Patient Safety & Quality (Shared) Child Protection/Vulnerable Adults Infection, Prevention and Control Concerns Patient Involvement Delayed Transfers of Care
Ian Sharp	Executive Director of Workforce and Organisational Development	Workforce & Organisational Development	Workforce/Organisational Development Equality and Human Rights Welsh Language Training
Other Directors (Non Board Members for Information)			
Geoff Poole	Director of Welsh Blood Service	Blood Services in South & West Wales	
Andrea Hague	Director of Velindre Cancer Centre	Velindre Cancer Services	

As Chief Executive and Accountable Officer, I have personal responsibility for the overall organisation, management and staffing of the Trust. I am required to assure myself and therefore the Board, that the Trust Executive Level Management arrangements are fit for the purpose of providing effective whole system executive level leadership.

I am supported by two Divisional Directors that provide clinical leadership in the planning and delivery of services in the areas of Blood Services and Cancer Services. They in turn are supported by Senior Management Teams in the respective Divisions.

Trust wide/corporate functions including: Quality & Safety, Finance, Workforce & Organisational Development, IM&T, Estates and others, assist managers and myself by providing advice and support in their specialist areas.

3. Vision and Values

The Board has agreed its vision and five strategic goals which guide its work.

Vision – *Delivering Quality, Care & Excellence.*

Our goals are

High quality outcomes

Improved well-being and quality of life for our patients, donors and staff

Excellent care for our patients and donors

World-class Research and Development

Organisational excellence

These goals underpin the strong governance ethos that is being embedded throughout the Trust through its Governance Framework.

4. System of Internal Control

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

The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place for the year ended 31 March 2012 and up to the date of approval of the 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.

At a local level, the Trust has agreed Standing Orders for the regulation of proceedings and business. They are designed to translate the statutory requirements set out in the NHS Trusts Regulations 1990, into day to day operating practice, and together with the adoption of a scheme of delegation to officers and others, and Standing Financial Instructions, they provide the regulatory framework for the business conduct of the Trust and define its 'ways of working'.

These documents, together with the range of policies set by the Board, and the adoption of the Values and Standards of Behaviour framework, make up the Trusts Governance Framework.

During 2011, a review of the governance arrangements within the Trust by the Board Secretary was initiated, with progress monitored by the Board and processes being strengthened as a result of the continuing review.

All Board and Committee agendas and papers are published 10 days in advance, demonstrating the Board's commitment to openness and transparency in the conduct of its business.

There are 7 Board Committees, which are supported by sub-committees/groups in the discharge of functions:

- Trust Board
- Quality & Safety Committee
- Audit Committee
- Charitable Funds Committee
- Research & Development Committee
- Information Governance & IM&T Committee
- Remuneration Committee

The Trust also has a Local Partnership Forum that reports to the Board with Joint Chairs who are each nominated from the staff representatives and Executive Directors.

In addition, to the formal Trust Board meetings, the Trust Chairman brings together all Independent Members of the Board on a quarterly basis into an "Independent Members Meeting", which although is not a formal committee, has routine oversight of the key issues from each Committee across the Trust to ensure there are appropriate connections being made and any potential gaps are avoided.

Each Committee produces an annual report received by the Board detailing the business, activities and main issues dealt with by the Committee in the reporting year. The annual reports detail committee attendance, coverage of work and self assessment of its effectiveness. Copies of the Committee Annual Reports are available upon request from the Board Secretary.

The following table provides information of which Board Members are also members (or attend) Board Committees for the financial year. **(As at year end 31.3.2012)**

Trust Board members		Trust Board Committees	Audit Committee	Quality & Safety Committee	Remuneration Committee	Charitable Funds Committee	Information Governance & IM&T Committee	Research & Development Committee
Dr Rosemary Kennedy	Chairman				✓	✓		
Professor Stephen Tomlinson	Independent Member					✓	✓	✓
Mrs. June Smail	Independent Member			✓				✓
Mr. Paul Griffiths	Independent Member		✓	✓	✓	✓		
Mr. Harry Ludgate	Independent Member		✓		✓		✓	
Ray Singh (appointed 1 st November 2011)	Independent Member			✓	✓	✓		✓
Phil Roberts (appointed 1 st March 2012).	Independent Member		✓			✓	✓	✓
Mr Simon Dean	Chief Executive (Interim appointment until appointed in permanent position on 1 st June 2011)		✓	✓	✓	✓		
Mr. Steve Ham	Executive Director of Finance		✓			✓	✓	
Mr. Ian Sharp	Executive Director of Workforce & OD				✓		✓	
Mrs. Diane Smith	Executive Director of Nursing (up to 31.08.11) Interim arrangements were in place until the appointment of the new Executive Director of Nursing & Service Improvement on the 1 st April 2012.			✓				✓
Prof. Peter Barrett-Lee	Executive Medical Director (Interim appointment until 22.05.11, before being appointed to substantive post)			✓		✓		✓

In addition to Board and Committee meetings, the Board holds regular development sessions covering all aspects of corporate responsibility. During 2011/12, the Board held sessions on the following topics;

Subject & Purpose	Trust Lead	Purpose	Date
Quality	Executive Director of Nursing & Service Improvement	To define 'quality' for Velindre Trust & start the development of a Quality Management Framework	25 May 2011
Care	Executive Director of Nursing & Service Improvement	To define 'care' for Velindre Trust & continue to develop the Quality Management Framework	25 July 2011
Excellence	Executive Director of Nursing & Service Improvement	To define 'excellence' for the Trust & continue to develop the Quality Management Framework	22 Sept 2011
Financial Briefing	Executive Director of Finance	To gain a thorough understanding of the financial position of the Trust at month 6, including an analysis of the forecast year end position	22 Sept 2011
The Role of the Trustee	Executive Director of Finance/ Board Secretary	To gain a full appreciation of the role of Trust Board Members as 'Trustees' to the Velindre Trust Charitable Funds.	9 Nov 2011
Financial Briefing	Executive Director of Finance	To gain a thorough understanding of the financial position of the Trust including an analysis of the forecast year end position	9 Nov 2011
Information Governance & Information Management & Technology (IG & IM&T).	Executive Director of Finance	To identify the existing and future opportunities in IM&T and IG across the Trust and beyond.	16 Jan 2012

In March 2012, the Board undertook a review of its own effectiveness by self assessment. The overall ratings were good including Board Maturity, Board Learning, Committee Contribution, Foresight and Engagement. Areas identified for

further development are included in an overall governance review, reporting every 6 months to the Board.

Register of Directors Interests

Members of the Trust Board complete Declarations of Interest forms on annual basis. A Register of Interests is available for inspection on request.

All Trust Board and Sub-Committee members are given the opportunity to declare interests at the commencement of Trust Board and Sub-Committee meetings.

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 them aware of any relevant audit information and to establish that the NHS body's auditors are aware of that information.

5. Gaining Assurance & Handling Risk

In August 2011, the Board approved a Board Cycle of Business that supports the Governance Framework. It includes:

- Trust Risk Register
- Committee Annual Reports
- External & Internal Audit Reports
- Standards for Health
- Standing Orders and Standing Financial Instructions
- Annual Business Plan

To help further improve the assurance in organisations across NHS Wales, work is being progressed on an all-Wales basis by the Board Secretaries supported by the Wales Audit Office which the Trust is contributing to.

The Board uses this assurance in a number of ways, including:

- Undertaking an assessment of assurance against objectives and health standards;
- Informing Board and Committee business and ensure appropriate scrutiny across the breadth of health standards and objectives;
- Informing the work of internal and clinical audit;

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. The organisations 'risk appetite' helps to identify how best to manage each risk. The Trust identifies an acceptable level of risk for each risk contained within the Trust register.

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

Whilst the overall risk profile for the organisation is considered LOW, the next year will be extremely challenging in this financial climate as the Trust makes further progress with essential service modernisation to improve services to patients/donors.

The key risks currently facing the organisation include;

- accommodation pressures at the Velindre Cancer Centre Estate to accommodate future expansion;
- the availability of capital resources for the Trust to support capital schemes;
- the shortage of junior oncology doctors.

Mitigation actions are in place for all risks and actions plans have been developed to reduce risks to an accepted level. The Trust risk register is reviewed monthly by the Executive Management Board and Quarterly by the Quality & Safety Committee.

The Trust's Assurance Framework is underpinned by the Doing Well, Doing Better: Standards for Health Services in Wales as its framework for gaining assurance on its ability to fulfil its aims and objectives for the delivery of safe, high quality health services. This involves self assessment of performance against the standards across all activities and at all levels throughout the organisation.

The Trust's Assurance Framework is underpinned by the 26 Standards for Health Services (SHS) as its framework for gaining assurance on its ability to fulfil its aims and objectives for the delivery of safe, high quality health services. This involves self assessment of performance against the standards across all activities and at all levels throughout the organisation.

Standards for Health Services (SHS) – Self Assessment

During February 2012, the Trust undertook a self assessment against each of the 26 SHS. The Standards were assessed using an agreed framework with a maturity rating allocated to each standard. Teams were established with representation from each of the service divisions to assess performance across the whole organisation.

Service improvements identified from the 2010/11 assessment were captured in the 2011/12 assessment and were used to determine maturity ratings for each Standard. Key achievements during the year and evidence in respect of the SHS are reflected in the table at section 6.

The completed assessment was endorsed by the Trust Executive Management Board.

The maturity scores definitions are as outlined by Health Inspectorate Wales.¹

The self-assessment of maturity against each standard is provided below:-

Standard		2010/2011 Maturity Scores	2011/2012 Maturity Scores
1.	Governance and Accountability Framework	4	4
2.	Equality, diversity and human rights	3	3
3.	Health Promotion, Protection and Improvement	3	3
4.	Civil Contingency and Emergency Planning Arrangements	4	3
5.	Citizen Engagement and Feedback	4	4
6.	Participating in Quality Improvement Activities	3	3
7.	Safe and Clinically Effective Care	3	3
8.	Care Planning and Provision	3	3
9.	Patient Information and Consent	3	3
10.	Dignity and respect	4	4
11.	Safeguarding Children and Safeguarding Vulnerable Adults	3	3
12.	Environment	3	3
13.	Infection Prevention and Control (IPC) and Decontamination.	4	4
14.	Nutrition	4	4
15.	Medicines Management	3	3
16.	Medical Devices, Equipment and Diagnostic Systems	3	3
17.	Blood Management	4	4
18.	Communicating Effectively	2	2
19.	Information Management and Communications Technology	2	3
20.	Records Management	3	3
21.	Research, Development and Innovation	4	5
22.	Managing Risk and Health and Safety	3	3
23.	Dealing with concerns and managing incidents	3	3
24.	Workforce Planning	3	3
25.	Workforce Recruitment and Employment Practices	3	3
26.	Workforce Training and Organisational Development	3	3

¹ KEY:

- 5 = Leading
- 4 = Practising
- 3 = Developing
- 2 = Responding
- 1 = Aware

The Organisation has plans in place to achieve the improvement actions identified and within clearly defined timescales proportionate to the risk. Details of these plans can be made available on request from the Trust Board Secretary.

The Internal Audit Services provided by Cardiff & Vale Health Board, in undertaking an independent review of the process for self assessment of the Standards for Health Services, concluded that;

The level of assurance given is: **Adequate Assurance**

Generally, there is a sound system of internal control and broadly there is operational compliance with those controls. However, some weaknesses in the design of controls and/or inconsistent application of controls could put the achievement of particular system objectives at risk.

In support of the self assessment approach, the Minister for Health and Social Services wrote to Chairs and Chief Executives in February 2011, requiring that an overarching Governance and Accountability module is completed; this focuses the self-assessment at organisational level on how well the Trust is governed.

The self assessment was completed by Board Members supported by the Board Secretary and Internal Audit at a special workshop in March 2012 using the templates and guidance issued by the Welsh Government and Healthcare Inspectorate Wales. The process was the same as that used in 2010/2011, based in the templates and guidance issued by Welsh Government and Health Inspectorate Wales and was commended by Healthcare Inspectorate Wales and Wales Audit Office as good practice. A summary of the outcome of the organisational wide assessment is provided on page 12.

Governance and Accountability Module – Self Assessment

Governance and Accountability Module	We do not yet have a clear, agreed understanding of where we are (or how we are doing) and what/where we need to improve.	We are aware of the improvements that need to be made and have prioritised them, but are not yet able to demonstrate meaningful action	We are developing plans and processes and can demonstrate progress with some of our key areas for improvement	We have well developed plans and processes and can demonstrate sustainable improvement throughout the organisation / business	We can demonstrate sustained good practice and innovation that is shared throughout the organisation / business and which others can learn from
Setting the direction					✓

Enabling delivery				✓	
Delivering results achieving excellence					✓
OVERALL MATURITY LEVEL					✓


This indicates increased maturity since 2010/2011 in the theme of *'Delivering results, achieving excellence'* as well as the overall assessment of maturity.

A detailed narrative was produced with supporting evidence based on the Health Inspectorate Wales template, to confirm this assessment. All evidence is available upon request from the Board Secretary.

Independently to the Trust, the Welsh Risk Pool will undertake a number of assessments against Standards and Clinical areas. The results of these assessments will be reported following the 2011/12 year end.

The Internal Audit Service provides annual assurance to me and the Trust Board on the effectiveness of the organisations risk management, control and governance processes (i.e. the organisations system of internal control).

The Internal Audit Assurance Statement and Internal Audit Annual Report 2011/12 concluded that:

	<p>The Board can take reasonable assurance that the arrangements upon which the organisation relies to manage risk, control and governance within those areas under review, and the operational compliance noted, are suitably designed and applied effectively. However, some issues have been identified that, if not addressed, increase the likelihood of risks materialising.</p>
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6. Improvements in Governance Arrangements during 2011/12

The organisation uses the Doing Well, Doing Better: Standards for Health Services in Wales as its framework for gaining assurance on its ability to fulfil its aims and objectives for the delivery of safe, high quality health services. This involves self assessment of performance against the standards across all activities and at all levels throughout the organisation.

The self-assessment against the Standards for Health Services has identified and evidenced key governance improvements during 2011/12, including;

Standard	Descriptor
1	Governance and Accountability Framework
	<p>Approval of the Standards of Behaviour Framework Policy, incorporating Declarations of Interest, Gifts, Hospitality and Sponsorship outlining the standards of behaviour expected of independent members and all Trust staff;</p> <p>Increased scrutiny on the Declarations of Interest Register and Gifts, Hospitality and Sponsorship Register for all members of staff.</p> <p>A review was conducted on the effectiveness of the Board and is being conducted for all Board Committees.</p> <p>Approval of the Counter Fraud and Corruption Policy outlining the arrangements for deterrence and detection of fraud.</p> <p>Induction Programme for all new Board Members introduced.</p> <p>Development of a Quality Management Framework to monitor all aspects of performance across the Trust.</p>
2.	Equality, diversity and human rights
	<p>The Trust has developed a revised Equality Impact Assessment toolkit which is embedded into the policy framework, ensuring all groups' needs are highlighted. A group has been established to conduct assessments and monitor actions from these assessments</p> <p>The Trust has been awarded the Rainbow mark in recognition of the work it has done to ensure that policies, staff support and patient services have demonstrated a commitment to support and protect the needs of lesbian, gay, bisexual, and transgender (LGBT) staff.</p> <p>Inclusive Design audit undertaken to look at identifying ways to improve access holistically from communication to physical access to services.</p>
3	Health Promotion, Protection and Improvement
	Performance maintained from 2010/11.
4.	Civil Contingency and Emergency Planning Arrangements
	Arranged delivery of Trust wide Project Argus Training (Phase 3)

		<p>A Business Continuity Plan is in place for all operational services, this is to be updated to reflect the whole organisation's activities.</p> <p>Internal Audit has reviewed the adequacy of arrangements in place across the Trust to provide continuity of service in the event of an emergency or significant event or adverse condition. The Auditors reported 'Limited Assurance'. The Chief Executive is Chairing a meeting of Trust leads to address the recommendations from the report in a timely fashion.</p> <p>The General Manager VCC identified as Velindre Cancer Centre Emergency Response Lead with support from 2 other key members of staff.</p> <p>A mutual resilience framework needs to be established and agreed across/between the UK Blood Service. Draft Memorandum of Understanding (MoU) for review due August 2012 with the final draft being submitted</p> <p>VCC required an adverse weather plan with the Welsh Ambulance Services NHS Trust. Policy in place and been tested in recent adverse weather.</p> <p>All departments have updated their adverse weather continuity plans. These were tested during adverse weather in 2012 and there was no longer a major disruption to services.</p> <p>WBS - evacuation procedures in place Between April & December 2011 there were 2 evacuations at Talbot Green and 2 at Bocam Park</p>
5.	Citizen Engagement and Feedback	<p>Leading on the development of digital patient stories</p> <p>Patient representative integral stakeholder in Urology Velindre Improvement Programme (VIP) event and this will continue within the service improvement programme.</p> <p>Inclusive Design Report involved external specialist to assess the needs of all 'citizens' in terms of access in the wider sense to Trust premises, services etc</p>
6.	Participating in Quality Improvement Activities	<p>Draft Quality Management Framework developed. Further development required to link to Trust Assurance Framework.</p> <p>Service Improvement Board in the VCC now established</p>

7.	Safe and Clinically Effective Care	<p>Improve compliance with National Patient Safety Alerts (NPSA) - Alerts group established medical representation included on the group. NPSA attendance included.</p> <p>Review and update National Institute of Clinical Excellence (NICE) Guidance Procedure. Procedure revised and approved at Executive Management Board.</p>
8.	Care Planning and Provision	<p>MacMillan welfare rights advisor recruited. Key worker initiative implemented but needs time to embed and review effectiveness. Additional Macmillan physiotherapy role advertised to increase resources at Out Of Hours.</p>
9.	Patient Information and Consent	<p>6 Month pilot of new chemotherapy education in progress due to complete March 2012.</p> <p>Revised chemotherapy education programme has been implemented and the choice of a DVD as an information support method will be discussed and evaluated as part of this work. Awaiting feedback from the production company initial meeting booked for January for filming date.</p> <p>Production of Radiotherapy (RT) education DVD for patients receiving Mould Room treatments been approved.</p> <p>Implement UK Oncology Nursing Society UKON's best practice for out of hour's advice. Trust policies and procedure have been updated to reflect this.</p> <p>Work on going regarding development of website</p>
10.	Dignity and Respect	<p>The Dignity Code was launched in September 2011. Dignity in Care Group, which was set in up 2009, will monitor and report to the Senior Management Team and Trust Quality and Safety Committee</p> <p>Implementation of the 1000 Lives Plus dementia intelligent target (which will include training/awareness). Recruited lead for dementia during February 2012. Training organised for March for groups of staff provided by Cardiff and Vale.</p> <p>The Discharge Liaison nurse pro-actively manages each discharge using Unified assessment and case conference discharge planning as the model. Excellent links have been developed with community teams, nursing home managers and discharge liaison nurses in South Wales Local Health Boards (LHBs). Continue</p>

		proactive discharge planning and monitor delays including submission of delayed transfer data. Dignity group to monitor and review bi-annually
11.	Safeguarding Children and Safeguarding Vulnerable Adults	WBS - Level 2 Safeguarding Children delivered in November 11. Awareness sessions delivered on an ongoing basis. Vulnerable Adults delivered in 2010 due every 3 years.
12.	Environment	<p>Business case developed to identify resource required to achieve and maintain ISO14001 target date December 2011.</p> <p>Programme and Project Teams established to address the equipment and ergonomic issues of community and business settings to allow the implementation of the re-designed blood collection process.</p> <p>Programme and Project Teams established to re-evaluate and revise recruitment strategy to deliver increased capacity utilisation in the static blood collection clinic.</p> <p>Project Team established Business Justification Case (BJC) being developed.</p>
13.	Infection Prevention and Control (IPC) and Decontamination	<p>In order to further reduce C. difficile cases and work towards zero tolerance of all Healthcare Acquired Infection (HCAI) dedicated pharmacy time is required as our patients are particularly at risk and the regimens for chemo and routine care is complex. Funding secured for three sessions.</p> <p>Regular clinical input from the Infection Control Department (ICD) would assist medical teams in managing infected patients efficiently and act assist learning and discussion. ICD will attend VCC once a month, with a structured plan for each session to cover topical/current issues/advice/training.</p> <p>Go ahead given to purchase chloroprep. Purchase order has now been placed and introduction will coincide with PVC pack introduction.</p>
14.	Nutrition	<p>All Ward Managers have introduced a bed plan board that is completed on a daily basis that cascades the right information to the right persons and improves communication between Nursing & Catering staff. All Wales fluid record chart are completed.</p> <p>Feeding assistance is provided where appropriate.</p> <p>Information about Breastfeeding facilities is available.</p>

		<p>Signage is prominent in hospital</p> <p>Catering manager identified resource to enable department to provide additional snacks.</p>
15.	Medicines Management	<p>Pharmacists and now medicines management technicians attend every ward on a daily basis (Monday to Friday) and a pharmacist clinically reviews new patients on a Saturday morning. Meeting due with commercial supplier to determine feasibility of outsourcing routine dispensing. Early KPI monitoring for dispensary waiting times are indicating that patients receiving out-patient medication within departmental defined accepted time frames.</p> <p>Funding secured for anti microbial pharmacist sessions. Aim to recruit by April 2012</p> <p>VCC Hospital Acquired Thrombosis (HAT) group established (first, and only in Wales), root cause analysis undertaken on each HAT.</p> <p>Mosaic project implementation progressing as per expedited time frame</p>
16.	Medical Devices, Equipment and Diagnostic Systems	<p>Agreed that Minutes from the Medical Devices Working Group should be made widely available to staff. Minutes should go to risk management committee but local restructure has meant that no Risk Management meetings have been held. A new group has been established (VCC Quality and Safety Committee), the first meeting of which was held on 23rd February 2012.</p> <p>The remit of the Medical Devices Working Group is still under development. Terms of reference and reporting structure agreed.</p>
17.	Blood Management	<p>First Meeting held with Transfusion and Haematology staff in order to keep up-to date with ongoing changes.</p> <p>There is a reliance on District Transport to collect unwanted/unused blood and return to Cardiff & Vale in a safe and timely manner.</p> <p>A plan is in place for the ambulance transport staff to carry Photo ID / this will be updated each year. Implementation 1st October 2011.</p> <p>Process improvement of adverse event investigations to be compliant with legislative requirements. Project team established in September 2010 with the objective to deliver an improved process of Corrective & Preventative Action (CAPA) and Root Cause Analysis</p>

		(RCA).
18.	Communicating Effectively	<p>Comprehensive review and re-launch of the bi-lingual Trust internet site in September 2011.</p> <p>A review and re-design of the Trust intranet in spring 2012.</p> <p>A Trust wide Communications review initiated.</p> <p>Increased resources across the Trust by the secondment of a 'Head of Communications' post to be recruited to early 2012/13.</p> <p>Chairman's Blog introduced.</p>
19.	Information Management and Communications Technology	<p>VCC new CANISC (Cancer Network Information System Cymru)reporting services implemented for palliative care;</p> <p>Trust has an Service Level Agreement (SLA) with NWIS that encompasses all Information Management & Technology (IM&T) services formally provided by in house IM&T department</p>
20.	Records Management	<p>Recently approved the records management strategy and procedures and the Department heads are supported via VCC Information Governance Committee.</p> <p>Continue to develop CANISC to encompass the whole of the patient record and treatment pathway.</p> <p>Project Established to deliver an updated information asset database. This will enable current data to be reviewed. Software undergoing User Acceptance Testing (UAT).</p>
21.	Research, Development and Innovation	<p>The Trust's first phase 1 study is now open. An active phase 1 trials unit within the Trust to further strengthen the existing NHS/academic collaboration between the Trust and Cardiff University may be a consideration for the future.</p> <p>Trust successful in securing Academic Health Science Centre (AHSC) funding for Research Fellows to deliver the Research & Development (R&D) Strategy</p> <p>Chief Executive Officer (CEO) & R&D Director members of the South East Wales AHSC Partnership supporting the delivery of the National R&D strategy.</p>
22.	Managing Risk and Health & Safety	<p>Revised risk register template developed which has improved the management of the Trust risk register</p> <p>Risk management working group set up within the</p>

		<p>VCC who are progressing a local action plan. Corporate support provided on site a day a week to work with managers to develop their risk assessment programme</p> <p>A minimum of 3 Managing Safely programmes for staff across the Trust have been delivered (25 staff trained).</p>
23.	Dealing with concerns and managing incidents	<p>Deliver against Handling Concerns work programme a training needs analysis has been complete and some training undertaken for key staff. Revised complaints framework developed.</p> <p>Patient Safety Champions appointed within the VCC June 2011.</p> <p>Revised Welsh Risk Pool standard received on concerns which will be used to develop the Trust investigation framework further.</p>
24.	Workforce Planning	<p>Velindre Cancer Centre, with its specialist and dedicated workforce, leads the delivery of effective evidence-based clinical care, pioneering new treatments and services, providing excellence in cancer research, treatment and education for the benefit of our patients, their carers, families and the community.</p>
25.	Workforce Recruitment and Employment Practices	<p>Human Resources Task & Finish Group has reviewed the Trust's induction programmes, and its recommendations are being reviewed by Trust's Workforce Director.</p> <p>A further review of Corporate Services support staff has been undertaken by the Board Secretary and a new post of Committee Coordinator has been agreed.</p> <p>There is regular monitoring of the age of the workforce and related information is routinely submitted to the Board.</p> <p>Pilot has been implemented in Corporate Services for roll out of Manager Self Service (MSS). This is to be extended to Operational Services in VCC as there has not been enough Electronic Staff Record (ESR) changes to validate the pilot</p>
26.	Workforce Training and Organisational Development	<p>The All-Wales 'Workforce Information Systems' project was agreed in Autumn 2011 the timescale for organisational implementation of the Online Learning Management (OLM) module of ESR.</p> <p>VCC's Education & Development team have plans in place to meet this deadline, along with a scanning project for all archived training registers. This project will link with the planned rollout of Manager Self</p>

	Service within Velindre NHS Trust in July 2011, and therefore allow managers to make training bookings and cancellations independently of Education & Development administrators. It is hoped that in time, the burden of booking administration on the Education & Development team will be very much reduced.
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7. Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My 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.

I receive a signed memorandum of Internal Control and Accountabilities annually from the Director of NHS Wales Informatics Service detailing assurance that NWIS carries out its functions in a way which ensures the proper stewardship of public money and assets and is compliant with the Trust's governance framework. The memorandum of Internal Control and Accountabilities is received and scrutinised by the Trust Audit Committee following financial year end.

8. Other Standards and Regulatory Requirements

In addition to the need to report against the delivery against Standards for Health, the Trust is also required to report that arrangements are in place to manage and respond to the following governance issues:-

Emergency Preparedness and Civil Contingencies

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 is exposed to. The ever changing environment of risk results in the strategies and plans being under constant review. 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 and where appropriate it has systems and processes in place that demonstrate compliance with Welsh Government guidance and where necessary works with multi agency partners to improve resilience and plans have been tested in the last 12 months.

Carbon Reduction Delivery Plans

The organisation has undertaken risk assessments and Carbon Reduction Delivery Plans are in place in accordance with emergency preparedness and civil contingency requirements as based on UKCIP 2009 weather projections to ensure

that the organisation's obligation under the climate change Act and the Adaptation Reporting requirements are complied with.

The organisation has Carbon Reduction Delivery Plans in place including the Trust Wide Sustainable Development Action Plan, and a "cycle to work" and a "car-sharing" scheme. In addition, the VCC Division has Sustainable Travel Plan.

Equality Diversity & Human Rights

The Trust has revised its Strategic Single Equality Scheme in 2011, to reflect the changes in the legislation from the Equality Act 2010 and the Public Sector Duty that came into force in April 2011. As part of the revised scheme the key areas of dignity and accessibility were identified.

Velindre Cancer Centre has established a Dignity Group, made up of all areas of the centre, looking at how dignity can be improved for patients and visitors; this has included the introduction of a Dignity Code. With regards accessibility, the Trust has undertaken an Inclusive Design audit of 9 buildings, aiming to look holistically at accessibility, from communication to the physical access of the buildings. This has also encapsulated the design of the new blood mobile unit, to ensure it can meet the needs of all current and potential donors for the future.

Staff Involvement

The Trust has a Local Partnership Forum, attended by all Trust Executive and Service Directors and Trades Union Representatives, in addition to local consultative groups.

Trades Union representatives and staff are involved in all aspects of service change with presence on all significant groups and committees.

NHS Pension Scheme

As an employer with staff entitled to membership of the NHS Pension Scheme, control measures are in place to ensure all employer obligations contained within the Scheme regulations are complied with. This includes ensuring that deductions from salary, employer's contributions and payments into the Scheme are in accordance with the Scheme rules, and that member Pension Scheme records are accurately updated in accordance with the timescales detailed in the Regulations.

1000 Lives Plus – improving care, delivering quality

1000 Lives Plus is the national improvement programme supporting organisations and individuals to deliver the highest quality and safest healthcare for the people of Wales.

The commitment and dedication of the Trust's staff to improving the quality and safety of care patients receive through the 1000 Lives Plus programme is continuing to make a big difference.

Through 1000 Lives Plus, Velindre Cancer Centre (VCC) is providing improved care for oncology patients in Wales, and identifying new ways to support patients who are diagnosed with cancer.

Since the last 1000 Lives Plus learning event the main areas of success for the Trust have been to continue with the really important work the Trust has done with the mortality audit and the Significant Clinical Incident Forum (SCIF). Further programmes of work are ongoing around Mortality Reviews, Reducing Infection and Alleviating Depression.

The Trusts Quality & Safety Committee continues to monitor activity relating to the 1000 Lives Plus programme.

9. Capacity to Handle Risk

The Executive Director of Nursing and Service Improvement has specific responsibilities with regard to risk management and clinical governance. The Executive Director of Nursing and Service Improvement provides leadership of the Trust risk management agenda, and is supported by Executive Director colleagues and the Director of Velindre Cancer Services and the Director of the Welsh Blood Service. Following the retirement of the Executive Director of Nursing in August 2011, interim arrangements were put in place to ensure these specific responsibilities were discharged effectively until a successor was appointed on 1st April 2012. The Executive Director of Finance is responsible for ensuring financial governance within the Trust.

The Trust has a Risk Management Strategy, a Risk Assessment Policy, and a Trust Risk Register. The structure in place allows for the assessment of all categories of risk including clinical, corporate and financial. Each of the Service Divisions has a divisional risk register. All risks and incidents are reported via the Datix Management System and the Trust has a Risk Advisor to support the risk management and incident reporting process.

Risks are assessed locally within departments, reviewed by the relevant Divisional Senior Management Teams and reported monthly to the Trust Executive Management Board and to each Trust Board via the Trust Risk Register. Risks contained within the Trust Risk Register have been used to inform the priorities for action within the Trust's Delivery Plan.

The Trust Quality and Safety Committee has delegated responsibility from the Board to review the quarterly 'Handling Concerns Report' to identify and ensure lessons are learned from risks, incidents, claims and complaints.

Velindre Cancer Services hold a regular 'Significant Clinical Incident Forum' (SCIF) to ensure root cause analysis and lessons are learned locally and in a timely manner for all clinical incidents. The SCIF is often attended by patient representatives and Board members.

National Health Service (Concerns, Complaints and Redress Arrangements) (Wales) Regulations 2011

The Trust worked towards ensuring new systems were in place to effectively manage the new approach to handling complaints, claims and incidents (collectively known as concerns).

The Trust has a section on its website that explains how individuals can raise a concern with the Trust.

In support of the implementation of the revised regulations for Handling Concerns, the Trust has appointed Patient Safety Champions to work on the three in-patient areas at the Velindre Cancer Centre. These roles will provide crucial education and support for all staff to progress the patient safety agenda.

Principles of Remedy and Principles of Good Administration

On 14 March 2008, Adam Peat, Public Services Ombudsman for Wales issued statutory guidance to public bodies in Wales on Principles of Good Administration and Principles for Remedy. The principles were circulated widely across the Trust for consideration and implementation by Divisional Complaints Leads.

There is a Trust Being Open Policy which supports the principles of this guidance

Research and Development

The following link to the Trust R&D website provides access to details of R&D initiatives, events and funding schemes including the Trust R&D annual reports. <http://www.wales.nhs.uk/sitesplus/972/page/55133>

Information Governance

The Trust has well established arrangements for Information Governance to ensure that information is managed in line with the relevant Information Governance law, regulations and Information Commissioners Office guidance. The arrangements include a Trust-wide Information Governance & IM&T Committee, Trust and Divisional Caldicott Guardians, a Caldicott Guardian for the National Databases and Divisional Information Governance leads.

I can confirm that the Trust has had no lapses in security data that have warranted reporting to the Information Commissioners Office in 2011/12.

Wales for Africa Health Links

After a scoping visit in early 2010 sponsored by the Wales for Africa Health Links project a Memorandum of Understanding (MoU) was established between Velindre NHS Trust and the Ministry of Health and Sanitation in Sierra Leone. A complementary MoU was signed between Cardiff University and the University of Sierra Leone. The focus for these MoUs was to develop and create supportive structures and collaborations towards improved care for cancer patients.

A Velindre Cancer Centre team met with Sierra Leone health professionals at a workshop in Freetown in January 2010 and agreed upon four key cancer priorities; these are provision of support for :-

- Cancer registration
- Cervical cancer prevention
- Clinical oncology advice
- Palliative care advice to the Shepherd's hospice

At the Trust Board in December 2011, the Board were provided with an update on the ongoing Health link between Velindre NHS Trust and Sierra Leone Ministry of Health and Sanitation.

Approval was sought from the Board on the ongoing endorsement and approval of this project and of the Memorandum of Understanding.

10. Audit Committee

The Audit Committee operates to the requirements and standards set out in the Audit Committee Handbook and the Trust's Standing Orders.

In July 2011, the Audit Committee undertook a self assessment of its effectiveness that was then used to inform development sessions for the Board in 2011/12.

11. Conclusion

There are no significant internal control or governance issues that have been identified in this Statement.

Signed by

Simon Dean
Chief Executive

Date 31st of May 2012

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 2012 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 61 and 62], 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 Auditing Practices Board'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 annual report to identify material inconsistencies with the audited financial statements. 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 2012 and of its surplus, its recognised gains and losses and cash flows 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 have been applied to the purposes intended by the National Assembly for Wales and the financial transactions 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;
- I have been unable to read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements as it was not available at the time of my audit.

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;
- 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
27th June 2012

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