Aneurin Bevan Local Health Board

FOREWORD

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

Statutory background

The Local Health Board was established on 1 October 2009 following the merger of Gwent Healthcare NHS Trust and the following Local Health Boards:

Blaenau Gwent Local Health Board
Caerphilly Local Health Board
Monmouthshire Local Health Board
Newport Local Health Board
Torfaen Local Health Board

Performance Management and Financial Results

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

The statutory duty for Local Health Boards is enacted in the National Health Service (Wales) Act 2006. Net Operating Costs incurred by Local Health Boards should not exceed their allocated Resource Limit.

The primary performance measure for Local Health Boards is the Achievement of Operational Financial Balance on page 2. This note compares net operating costs expended against Resource Limits allocated by the Welsh Government and measures whether operational financial balance has been achieved in year.

Statement of Comprehensive Net Expenditure for the year ended 31 March 2012

	Note	2011-12 £'000	2010-11 £'000 Restated
Expenditure on Primary Healthcare Services	3.1	**250,930**	247,868
Expenditure on healthcare from other providers	3.2	**260,087**	273,736
Expenditure on Hospital and Community Health Services	3.3	**606,595**	575,392
		1,117,612	1,096,996
Less: Miscellaneous Income	4	**81,262**	82,829
LHB net operating costs before interest and other gains and losses		**1,036,350**	1,014,167
Investment Income	8	**27**	29
Other (Gains) / Losses	9	**19**	11
Finance costs	10	**1,053**	1,007
Net operating costs for the financial year		**1,037,395**	1,015,156

Achievement of Operational Financial Balance

The LHBs performance for the year ended 31 March 2012 is as follows:

	2011-12 £000
Net operating costs for the financial year	1,037,395
Less Non-discretionary expenditure	6,838
Less Revenue consequences of Bringing PFI schemes onto SoFP	0
Net operating costs less non-discretionary expenditure and revenue consequences of PFI	**1,030,557**
Revenue Resource Limit	1,030,571
Under / (over) spend against Revenue Resource Limit	**14**

The notes on pages 8 to 65 form part of these accounts

Other Comprehensive Net Expenditure

	2011-12 £'000	2010-11 £'000
Net gain / (loss) on revaluation of property, plant and equipment	**9,350**	93
Net gain / (loss) on revaluation of intangibles	**0**	0
Net gain / (loss) on revaluation of available for sale financial assets	**0**	0
(Gain) / loss on other reserves	**0**	0
Impairment and reversals	**0**	0
Transfers (to) / from other bodies within the Resource Accounting Boundary	**0**	0
Other comprehensive net expenditure for the year	**9,350**	93
Total comprehensive net expenditure for the year	**1,028,045**	**1,015,063**

Statement of Financial Position as at 31 March 2012

	Notes	31 March 2012 £'000	31 March 2011 £'000 Restated
Non-current assets			
Property, plant and equipment	11	**477,710**	504,035
Intangible assets	12	**434**	0
Trade and other receivables	15	**10,132**	11,768
Other financial assets	19	**869**	896
Other assets	20	**0**	0
Total non-current assets		**489,145**	516,699
Current assets			
Inventories	14	**6,992**	5,532
Trade and other receivables	15	**73,341**	75,585
Other financial assets	19	**27**	26
Other current assets	20	**0**	0
Cash and cash equivalents	18	**2,335**	1,485
		82,695	82,628
Non-current assets classified as "Held for Sale"	11	**366**	455
Total current assets		**83,061**	83,083
Total assets		**572,206**	599,782
Current liabilities			
Trade and other payables	16	**104,487**	103,651
Other financial liabilities	22	**0**	0
Provisions	17	**56,413**	59,493
Other liabilities	21	**0**	0
Total current liabilities		**160,900**	163,144
Net current assets/ (liabilities)		**(77,839)**	(80,061)
Non-current liabilities			
Trade and other payables	16	**8,956**	9,403
Other financial liabilities	22	**0**	0
Provisions	17	**19,619**	22,759
Other liabilities	21	**0**	0
Total non-current liabilities		**28,575**	32,162
Total assets employed		**382,731**	404,476
Financed by :			
Taxpayers' equity			
General Fund		**257,100**	296,781
Revaluation reserve		**125,631**	107,695
Total taxpayers' equity		**382,731**	404,476

The Comparatives have been amended on the instruction of the Welsh Government to reflect the prior period adjustments in respect of the abolition of the donation and government grant reserves. More detail is given in note 39.

The financial statements on pages 2 to 7 were approved by the Board on 6 June 2012 and signed on its behalf by:

Chief Executive…….. Date …….

The notes on pages 8 to 65 form part of these accounts

Statement of Changes in Taxpayers' Equity
For the year ended 31 March 2012

	General Fund £000s	Revaluation Reserve £000s	Total Reserves £000s
Changes in taxpayers' equity for 2011-12			
Restated Balance at 1 April 2011	296,781	107,695	**404,476**
Net operating cost for the year	(1,037,395)		**(1,037,395)**
Net gain/(loss) on revaluation of property, plant and equipment	0	9,350	**9,350**
Net gain/(loss) on revaluation of intangible assets	0	0	**0**
Net gain/(loss) on revaluation of financial assets	0	0	**0**
Net gain/(loss) on revaluation of assets held for sale	0	0	**0**
Impairments and reversals	(18,606)	18,606	**0**
Movements in other reserves	0	0	**0**
Transfers between reserves	10,020	(10,020)	**0**
Transfers to/(from) other bodies within the Resource Accounting boundary	0	0	**0**
Total recognised income and expense for 2011-12	(1,045,981)	17,936	**(1,028,045)**
Net Welsh Government funding	**1,006,300**		**1,006,300**
Balance at 31 March 2012	257,100	125,631	**382,731**

The 'Transfer between reserves' of £10m relates to the release of revaluation reserve on the sale of fixed assets.

The 'Impairments and reversals' adjustment of (£18.6m) comprises impairments in prior years previously taken to revaluation reserve. In accordance with current accounting standards this has now been transferred to the General Fund.

The notes on pages 8 to 65 form part of these accounts

Statement of Changes in Taxpayers' Equity
For the year ended 31 March 2011

	General Fund £000s	Revaluation Reserve £000s	Donated asset reserve £000s	Government grant reserve £000s	Total Reserves £000s
Changes in taxpayers' equity for 2010-11					
Balance at 31 March 2010	269,834	108,432	2,380	0	**380,646**
Adjustment for accounting policy changes (donations and grants)	2,056	324	(2,380)	0	**0**
Other adjustments	0	0	0	0	**0**
Restated Balance at 1 April 2010	271,890	108,756	0	0	**380,646**
Net operating cost for the year	(1,015,156)				**(1,015,156)**
Net gain/(loss) on revaluation of property, plant and equipment	0	95			**95**
Net gain/(loss) on revaluation of intangible assets	0	0			**0**
Net gain/(loss) on revaluation of financial assets	0	0			**0**
Net gain/(loss) on revaluation of assets held for sale	0	0			**0**
Impairments and reversals	0	0			**0**
Movements in other reserves	0	0			**0**
Transfers between reserves	1,156	(1,156)			**0**
Transfers to/(from) other bodies within the Resource Accounting boundary	0	0			**0**
Total recognised income and expense for 2010-11	(1,014,000)	(1,061)			**(1,015,061)**
Net Welsh Government funding	1,038,891				**1,038,891**
Restated Balance at 31 March 2011	296,781	107,695			**404,476**

The notes on pages 8 to 65 form part of these accounts

Statement of Cash flows for year ended 31 March 2012

		2011-12	2010-11
		£'000	£'000
Cash Flows from operating activities	notes		
Net operating cost for the financial year		**(1,037,395)**	(1,015,156)
Movements in Working Capital	34	**7,134**	(11,774)
Other cash flow adjustments	35	**74,796**	72,431
Provisions utilised	17	**(10,719)**	(10,548)
Net cash outflow from operating activities		**(966,184)**	(965,047)
Cash Flows from investing activities			
Purchase of property, plant and equipment		**(41,810)**	(74,486)
Proceeds from disposal of property, plant and equipment		**3,470**	177
Purchase of intangible assets		**(479)**	0
Proceeds from disposal of intangible assets		**0**	0
Payment for other financial assets		**0**	0
Proceeds from disposal of other financial assets		**0**	0
Payment for other assets		**0**	0
Proceeds from disposal of other assets		**0**	0
Net cash inflow/(outflow) from investing activities		**(38,819)**	(74,309)
Net cash inflow/(outflow) before financing		**(1,005,003)**	(1,039,356)
Cash flows from financing activities			
Welsh Government funding (including capital)		**1,006,300**	1,038,891
Capital receipts surrendered		**0**	0
Capital grants received		**0**	25
Capital element of payments in respect of finance leases and on-SoFP PFI schemes		**(447)**	(407)
Cash transferred (to)/ from other NHS bodies		**0**	0
Net financing		**1,005,853**	1,038,509
Net increase/(decrease) in cash and cash equivalents		**850**	(847)
Cash and cash equivalents (and bank overdrafts) at 1 April 2011		**1,485**	2,332
Cash and cash equivalents (and bank overdrafts) at 31 March 2012		**2,335**	1,485

The notes on pages 8 to 65 form part of these accounts

Notes to the Accounts

1. Accounting policies
The accounts have been prepared in accordance with the 2011-12 Local Health Board Manual for Accounts and 2011-12 Financial Reporting Manual (FReM) issued by HM Treasury. These reflect International Financial Reporting Standards (IFRS) and these statements have been prepared to show the effect of the first-time adoption of the European Union version IFRS. The particular accounting policies adopted by the Local Health Board are described below. They have been applied in dealing with items considered material in relation to the accounts.

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

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

1.3 Income and funding
The main source of funding for the Local Health Boards (LHBs) are allocations (Assembly Funding) from the Welsh Government within an approved cash limit, which is credited to the General Fund of the Local Health Board. Welsh Government funding is recognised in the financial period in which the cash is received.
Non discretionary funding outside the Revenue Resource Limit is allocated to match actual expenditure incurred for the provision of specific pharmaceutical, or ophthalmic services identified by the Welsh Government. Non discretionary expenditure is disclosed in the accounts and deducted from operating costs charged against the Revenue Resource Limit.
Funding for the acquisition of fixed assets received from the Welsh Government is credited to the general fund.
• Miscellaneous income is income which relates directly to the operating activities of the LHB and is not funded directly by the Welsh Government. This includes payment for services uniquely provided by the LHB for the Welsh Government such as funding provided to agencies and non-activity costs incurred by the LHB in its provider role. Income received from LHBs transacting with other LHBs is always treated as miscellaneous income.
•Income is accounted for applying the accruals convention. Income is recognised in the period in which services are provided. Where income had been received from third parties for a specific activity to be delivered in the following financial year, that income will be deferred. Only non-NHS income may be deferred.

1.4 Employee benefits
Short-term employee benefits
Salaries, wages and employment-related payments are recognised in the period in which the service is received from employees.

The cost of leave earned but not taken by employees at the end of the period is recognised in the financial statements to the extent that employees are permitted to carry forward leave into the following period. The LHB have implemented a policy whereby employees are not permitted to carry forward leave other than leave that has been accrued as a result of an employee's entitlement to maternity or sick leave.

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

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

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

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

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

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

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

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

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

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

Land and buildings have been indexed with indices supplied by the District Valuation Office. The carrying value of existing assets at that date will be written off over their remaining useful lives and new fixtures and equipment are carried at depreciated historic cost as this is not considered to be materially different from fair value.

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

Subsequent expenditure

Where subsequent capital expenditure is incurred on an asset it's attributable cost is capitalised. In the case of expenditure on capital schemes exceeding £500K then the expenditure is reviewed to assess how much relates to the enhancement of the asset. Any expenditure deemed not be providing enhancement is instead written to operating expenses and 'de-recognised' as capital expenditure.

Where subsequent expenditure enhances an asset beyond its original specification, the directly attributable cost is capitalised. In addition IAS16 requires that where subsequent expenditure restores the asset to its original specification, the expenditure is capitalised and any existing carrying value of the item is written-out and charged to operating expenses. As highlighted in the previous year the NHS in Wales does not have systems in place to ensure that all items being "replaced" can be identified and hence the cost involved to be quantified. the NHS in Wales has thus established a national protocol to ensure it complies with the standard as far as it is able to which is outlined in the capital accounting chapter of The Manual For Accounts. This dictates that to ensure that asset carrying values are not materially overstated, NHS bodies are required to get all All Wales Capital Schemes that are completed in a financial year revalued during that year (prior to them being brought in to use) and also similar revaluations are needed for all Discretionary Building Schemes completed that have a spend greater than £0.5m. The write downs so identified are then charged to operating expenses. Aneurin Bevan Health Board have followed with protocol in 2011/12.

1.7 Intangible assets

Recognition

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

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

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

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

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

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

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

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

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

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

1.10 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 Miscellaneous Income. They are valued, depreciated and impaired as described for purchased assets. Gains and losses on revaluations, impairments and sales are as described above for purchased assets. Deferred income is only recognised where conditions attached to the donation preclude immediate recognition of the gain.
This accounting policy change has been applied retrospectively and the 2010-11 results have been restated.

1.11 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 Miscellaneous Income. They are valued, depreciated and impaired as described for purchased assets. Gains and losses on revaluations, impairments and sales are as described above for purchased assets. Deferred income is only recognised where conditions attached to the grant preclude immediate recognition of the gain.

1.12 Non-current assets held for sale

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

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

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

1.13 Leases

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

1.13.1 The Local Health Board as lessee

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

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

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

1.13.2 The Local Health Board as lessor

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

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

1.14 Inventories
Inventories are valued at the lower of cost and net realisable value using the weighted average cost formula for continuous inventories at Cwmbran stores and for pharmacy stock. Other stocks are valued annually using first in first out basis. This is considered to be a reasonable approximation to fair value.

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

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

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

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

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

1.17 Clinical negligence costs
The Welsh Risk Pool operates a risk pooling scheme which is paid for by top sliced allocations based on direct invoicing to the Welsh Government. The Welsh Risk Pool is hosted by Betsi Cadwaladr University Local Health Board.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1.22 Third party assets
Assets belonging to third parties (such as money held on behalf of patients) are not recognised in the accounts since the LHB has no beneficial interest in them. Details of third party assets are given in Note 24 to the accounts.

1.23 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 operating cost statement on an accruals basis, including losses which would have been made good through insurance cover had LHBs not been bearing their own risks (with insurance premiums then being included as normal revenue expenditure). However, the note on losses and special payments is compiled directly from the losses register which is prepared on a cash basis.

1.24 Pooled budget

The LHB has entered into a pooled budget with:-

Monmouthshire County Council - Monnow Vale Health and Social Care Unit. Under the arrangement funds are pooled in accordance with section 33 of the NHS (Wales) Act 2006 for health and social care inpatient, outpatient, clinic and day care facilities to individuals who have medical, social, community or rehabilitation needs.
The pool is hosted by Aneurin Bevan Health Board. The financial operation of the pool is governed by a pooled budget agreement between the Local Health Board and Monmouthshire County Council. The income from Monmouthshire County Council is recorded as Local Authority Income in these accounts. Expenditure for services provided under the arrangement is recorded under the appropriate expense headings in these accounts.
The property in which the unit is housed has been provided by a Private Finance Partner; the contract with the PFI partner is for 30 years and is categorised as an on balance sheet PFI scheme - see Note 30 of these accounts for further details.

The five Local Authorities in Gwent - Gwent Wide Integrated Community Equipment Service. Under the arrangement funds are pooled in accordance with section 33 of the NHS (Wales) Act 2006 for the provision of an efficient and effective GWICES (Gwent Wide Integrated Community Equipment Service) to service users who are resident in the partner localities. The pool is hosted by Torfaen County Borough Council. The Health Board makes a financial contribution to the scheme but does not account for the schemes expenditure or assets/liabilities generated by this expenditure.
The pool is hosted by Torfaen County Borough Council. The financial operation of the pool is governed by a pooled budget agreement between the bodies listed above and the Health Board. Payments for services provided by the host body, Torfaen County Borough Council, are accounted for as expenditure within these accounts.
The Health Board accounts for its share of the assets, liabilities, income and expenditure arising from the activities of the pooled budget, identified in accordance with the pooled budget agreement. The LHB's contribution is £545K for 2011/12.

Monmouthshire County Council - Mardy Park Rehabilitation Centre. Under the arrangement funds are pooled under Section 33 of the NHS (Wales) Act 2006 to provide care to individuals who have rehabilitation needs. The pool is hosted by Monmouthshire County Council and the LHBs contribution is £141K.

The five Local Authorities in Gwent - Gwent Frailty Programme. Under the arrangement funds are pooled in accordance with section 33 of the NHS (Wales) Act 2006 for the purpose of establishing a consistent service across Gwent. The pool is hosted by Caerphilly County Borough Council, as lead commissioner. The financial operation of the pool is governed by a pooled budget agreement between the bodies listed above and the Health Board. Payments for services provided by the host body, Caerphilly County Borough council, are accounted for as expenditure within these accounts.
The Health Board accounts for its share of the assets, liabilities, income and expenditure arising from the activities of the pooled budget, identified in accordance with the pooled budget agreement. The LHB's contribution is £3,516k for 2011/12.

Additional information is provided in Note 31.

1.25 Critical Accounting Judgements and key sources of estimation uncertainty

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

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

1.26 Key sources of estimation uncertainty

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

The Health Board has provided for some £65.5m within note 17 in respect of potential clinical negligence and personal injury claims and associated defence fees. These provisions have been arrived at on the advice of Welsh Health Legal Services. Given the nature of such claims this figure could be subject to significant change in future periods. However, the potential financial effect of such uncertainty is mitigated by the fact that the LHB's ultimate liability in respect of individual cases is capped at £0.025m, with amounts above this excess level being reimbursed by the Welsh Risk Pool.

The Health Board has estimated a liability of £5.2m in respect of retrospective claims for Continuing Health Care funding. The estimated provision is based upon an assessment of the likelihood of claims meeting criteria for continuing health care and the actual costs incurred by individuals in care homes. The provision is based on information made available to the Health Board at the time of these accounts and could be subject to significant change as outcomes are determined. Aneurin Bevan Health Board has reviewed its portfolio of outstanding claims for continuing healthcare and made an assessment of likely financial liability based on an estimated success factor and expected weekly average costs of claims. The assumptions have been derived by reviewing a sample of claims.

The LHB provides for potential bad debts both as a result of specific disputes and based on historic collectability patterns. As a result of this, the LHB is carrying a bad debt provision of £1.1m re non NHS organisations and a credit note provision of £0.001m in respect of NHS debts. In 11-12 a bad bebt provision of £437K has been raised in respect of the VAT Fleming case regarding the recovery of Output VAT for predecessor organisations. While this provision is considered prudent and accurate as at the statement of financial position date, due to the ongoing trading relationships it covers potentially there could be gains and losses re the ultimate recoverability in respect of amounts provided for.

Primary care expenditure includes estimates for areas which are paid in arrears and not finalised at the time of producing the accounts. These estimates relate to GMS Quality Outcome Framework, GMS Enhanced Services and dental contract performance, which are based on an assessment of likely final performance.

1.27 Private Finance Initiative (PFI) transactions

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

The annual unitary payment is separated into the following component parts, using appropriate estimation techniques where necessary:

a) Payment for the fair value of services received;
b) Payment for the PFI asset, including finance costs; and
c) Payment for the replacement of components of the asset during the contract ‘lifecycle replacement’.

Services received

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

PFI asset

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

There are three PFI schemes which are recognised as being on balance sheet. Details of these schemes are set out in Note 30.

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

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

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

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

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

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

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

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

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

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

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

Other PFI arrangements off Statement of Financial Position
Where the LHB has no control or residual interest in the assets and the balance of risks and rewards lie with the operator, the arrangement is treated as an operating lease and the costs are included in the SoCNE as incurred. The LHB has two such arrangements relating to the maintenance of the energy systems in the Royal Gwent and Nevill Hall Hospitals.

Joint PFI contract
The LHB has entered into an agreement to share a facility, provided by a Private Finance Partner, with Monmouthshire County Council to match the agreement with the Private Finance Partner. The arrangement is treated as a PFI arrangement and the total obligation is included as a liability of the LHB. The contribution towards the unitary charge committed by Monmouthshire County Council is treated as a financial asset. The future contribution was measured initially at the same amount as the fair value of the share of the PFI asset and is subsequently measured as a finance lease.

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

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

1.29 EU Emissions Trading Scheme
EU Emission Trading Scheme income is credited to Miscellaneous Income once the scheme commences at the Health Board in 2014.

1.30 Accounting standards that have been issued but not yet been adopted.
The Treasury FReM does not require the following Standards and Interpretations to be applied in 2011-12. The application of the Standards as revised would not have a material impact on the accounts for 2011-12, were they applied in that year:

IAS 1 Presentation of financial statements (Other Comprehensive Income) - subject to consultation
IAS 12 - Income Taxes (amendment) - subject to consultation
IAS 19 Post-employment benefits (pensions) - subject to consultation
IAS 27 Separate Financial Statements - subject to consultation
IAS 28 Investments in Associates and Joint Ventures - subject to consultation
IFRS 7 - Financial Instruments: Disclosures (annual improvements) - effective 2012-13
IFRS 9 Financial Instruments - subject to consultation - subject to consultation
IFRS 10 Consolidated Financial Statements - subject to consultation
IFRS 11 Joint Arrangements - subject to consultation
IFRS 12 Disclosure of Interests in Other Entities - subject to consultation
IFRS 13 Fair Value Measurement - subject to consultation
IPSAS 32 - Service Concession Arrangement - subject to consultation"

1.31 Accounting standards issued that have been adopted early.

We have not adopted any Accounting Standards earlier than required.

2. Achievement of Operational Financial Balance

2.1 Revenue Resource Limit

The statement of Achievement of Operational Financial Balance on page 2 shows that the Health Board achieved an underspend of £14,000 and therefore remained within its Revenue Resource Limit.

The Revenue Resource Limit within the Achievement of Operational Financial Balance on page 2 includes £4.5m brokerage received in March 2012,

The results reporting whether the LHB has achieved Operational Financial Balance are shown on the face of the Statement of Comprehensive Net Expenditure.

2.2 Capital Resource Limit	**2011-12**	2010-11
	£000	£000
The LHB is required to keep within its Capital Resource Limit :		
Gross capital expenditure	**38,724**	77,127
Add: Losses on disposal of donated assets	**7**	2
Less NBV of property, plant and equipment and intangible assets disposed	**(3,489)**	(185)
Less capital grants received	**0**	0
Less donations received	**(286)**	(2,705)
Charge against Capital Resource Limit	**34,956**	74,239
Capital Resource Limit	**35,001**	74,250
(Over) / Underspend against Capital Resource Limit	**45**	11

3. Analysis of gross operating costs

3.1 Expenditure on Primary Healthcare Services

	Cash limited	Non-cash limited	2011-12 Total	2010-11
	£'000	£'000	£'000	£'000
General Medical Services	82,803		**82,803**	81,939
Pharmaceutical Services	28,881	348	**29,229**	27,556
General Dental Services	31,584		**31,584**	30,828
General Ophthalmic Services	0	6,490	**6,490**	6,283
Other Primary Health Care expenditure	27		**27**	(156)
Prescribed drugs and appliances	100,797		**100,797**	101,418
Total	**244,092**	**6,838**	**250,930**	247,868

3.2 Expenditure on healthcare from other providers

	2011-12	2010-11
	£'000	£'000
Goods and services from other NHS Wales Health Boards	**56,943**	56,092
Goods and services from other NHS Wales Trusts	**18,582**	18,617
Goods and services from other non Welsh NHS bodies	**5,799**	7,056
Goods and services from WHSSC	**103,712**	103,276
Local Authorities	**11,153**	11,080
Voluntary organisations	**4,022**	4,020
NHS Funded Nursing Care	**6,333**	6,048
Continuing Care	**52,370**	63,094
Private providers	**761**	940
Specific projects funded by the Welsh Government	**0**	0
Public Health Wales	**193**	680
NWSSP, Business Services Centre / Business Services Partnership	**5**	1,873
Other	**214**	960
Total	**260,087**	273,736

Local Authorities expenditure relates to the following bodies:

Blaenau Gwent County Borough Council	566	614
Caerphilly County Borough Council	3,663	3,770
Monmouthshire County Borough Council	1,316	1,287
Newport City Council	2,385	2,310
Torfaen County Borough Council	3,223	3,099
	11,153	11,080

Note 3.1 - Expenditure on Primary Healthcare Services
The General Medical Services expenditure includes £6,453m in relation to staff salaries.

3.3 Expenditure on Hospital and Community Health Services

	2011-12	2010-11
	£'000	£'000
Directors' costs	**1,925**	1,923
Staff costs	**424,342**	420,269
Supplies and services - clinical	**63,339**	60,069
Supplies and services - general	**10,930**	10,987
Consultancy Services	**99**	218
Establishment	**8,989**	8,987
Transport	**1,482**	1,420
Premises	**17,711**	17,127
External Contractors	**0**	0
Depreciation	**19,210**	20,876
Amortisation	**45**	11
Fixed asset impairments and reversals (Property, plant & equipment)	**48,877**	26,969
Fixed asset impairments and reversals (Intangible assets)	**0**	0
Impairments & reversals of financial assets	**0**	0
Impairments & reversals of non-current assets held for sale	**2,432**	2,024
Audit fees	**523**	559
Other auditors' remuneration	**0**	15
Losses, special payments and irrecoverable debts	**2,336**	1,117
Research and Development	**0**	0
Other operating expenses	**4,355**	2,821
Total	**606,595**	575,392

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

	2011-12	2010-11
Increase/(decrease) in provision for future payments:	**£000**	£000
Clinical negligence	**4,360**	18,934
Personal injury	**695**	624
All other losses and special payments	**75**	73
Defence legal fees and other administrative costs	**546**	460
Gross increase/(decrease) in provision for future payments	**5,676**	**20,091**
Premium for other insurance arrangements	**0**	0
Irrecoverable debts	**373**	(238)
Less: income received/ due from Welsh Risk Pool	**(3,708)**	(18,736)
Total	**2,341**	**1,117**

Personal injury includes £72,405 (2010-11 £32,274) in respect of permanent injury benefits.
Clinical Negligence includes £76,234 in relation to £42,934 redress payments made during the year and a provision for £33K for outstanding claims where offers have been made but not yet accepted. The difference of £5K between Note 3.3 and Note 3.4 relates to entries made on LaSPAR re property losses of £2K where no payment was made by the Health Board and reimbursement amount of £3K from the Welsh Risk Pool actioned on LaSPAR in 2012/13.

4. Miscellaneous Income

	2011-12 £'000	2010-11 £'000
Local Health Boards	**22,701**	23,066
WHSSC	**2,693**	2,977
NHS trusts	**4,469**	4,607
Strategic health authorities and primary care trusts	**1,816**	2,137
Foundation Trusts	**0**	0
Local authorities	**4,482**	4,551
Welsh Government	**3,539**	3,273
Non NHS:		
Prescription charge income	**0**	11
Dental fee income	**5,252**	4,934
Private patient income	**744**	880
Overseas patients (non-reciprocal)	**0**	0
Injury Costs Recovery (ICR) Scheme	**2,683**	2,045
Other income from activities	**2,115**	985
Patient transport services	**0**	0
Education, training and research	**14,394**	14,464
Charitable and other contributions to expenditure	**1,188**	1,020
Receipt of donated assets	**286**	2,705
Receipt of Government granted assets	**0**	0
Non-patient care income generation schemes	**3,581**	3,738
NWSSP, Business Services Centre / Business Services Partnership	**0**	0
Deferred income released to revenue	**0**	0
Contingent rental income from finance leases	**0**	0
Rental income from operating leases	**0**	0
Other income:		
Provision of laundry, pathology, payroll services	**51**	46
Accommodation and catering charges	**2,576**	2,780
Mortuary fees	**136**	146
Staff payments for use of cars	**581**	581
Laundry Services	**2,211**	2,248
Other	**5,764**	5,635
Total	**81,262**	82,829

ICR Income is subject to a provision for impairment of 10.5% to reflect expected rates of collection. This provision for impairment is included within the provision for irrecoverable debts within note 15.

5. Employee benefits and staff numbers

5.1 Employee costs

	Permanent Staff	Staff on Inward Secondment	Agency Staff	Total	2010-11
	£000	£000	£000	£000	£000
Salaries and wages	358,142	706	6,330	**365,178**	364,121
Social security costs	26,917	0	0	**26,917**	23,885
Employer contributions to NHS Pension Scheme	43,090	0	0	**43,090**	42,537
Other pension costs	(8)	0	0	**(8)**	123
Other employment benefits	0	0	0	**0**	0
Termination benefits	0	0	0	**0**	0
Total	428,141	706	6,330	**435,177**	430,666
Charged to capital				**379**	382
Charged to revenue				**434,798**	430,284
				435,177	430,666

5.2 Average number of employees

	Permanent Staff	Staff on Inward Secondment	Agency Staff	Total	2010-11
	Number	Number	Number	Number	Number
Medical and dental	916	5	10	**931**	917
Ambulance staff	0	0	0	**0**	0
Administrative and estates	2,006	3	1	**2,010**	2,062
Healthcare assistants and other support staff	2,725	0	47	**2,772**	2,894
Nursing, midwifery and health visiting staff	3,393	0	51	**3,444**	3,534
Nursing, midwifery and health visiting learners	0	0	0	**0**	2
Scientific, therapeutic and technical staff	1,431	0	2	**1,433**	1,471
Social care staff	0	5	0	**5**	4
Other	13	0	0	**13**	15
Total	**10,484**	**13**	**111**	**10,608**	10,899

The 2010/11 average number of employees have been restated as they were incorrectly classified in the 2010/11 Annual Accounts

5.3. Retirements due to ill-health

During 2011-12 there were 18 early retirements from the LHB agreed on the grounds of ill-health.
The estimated additional pension costs of these ill-health retirements (calculated on an average basis and borne by the NHS Pension Scheme) will be £850,771.

5.4 Employee benefits	2011-12 £000	2010-11 £000
	0	0
The LHB does not have an employee benefit scheme	0	0
	0	0

5.5 Reporting of other compensation schemes - exit packages

	Total number of exit packages by cost band	Total number of exit packages by cost band
	Number	Number
	2011-12	2010-11
Exit package cost band		
<£10,000	2	9
£10,000 to £25,000	3	21
£25,000 to £50,000	11	8
£50,000 to £100,000	3	0
£100,000 to £150,000	0	1
£150,000 to £200,000	1	0
£200,000+	0	0
Total number of exit packages by type	**20**	**39**
Total resource cost £	812,274	798,191

5.6 Remuneration Relationship

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

The banded remuneration of the highest-paid director in Aneurin Bevan Local Health Board in the financial year 2011-12 was £200k - £205k (2010-11, £200k - £205k). This was 8.2 times (2010-11, 8.6) the median remuneration of the workforce, which was £24,554 (2010-11, £23,589).

In 2011-12, 13 (2010-11, 7) employees received remuneration in excess of the highest-paid director. Remuneration ranged from £201K to £292K (2010-11 from £213K to £262K).

Median Calculation.

The Median includes basic salary but not enhanced payments for unsocial hours, overtime or extra-contractual payments. It does not include employer pension contributions and the cash equivalent transfer value of pensions. Agency and other temporary workers are not included within the 2011-12 calculation. The median will be reviewed in 2012-13 in line with revised guidance received from the Welsh Government.

There was no pay award for NHS staff with salaries greater than £21,000 hence there is no movement in the highest paid director category. The movement upwards of the median can be explained as follows:

-Incremental pay increase associated with staff moving up A4C pay bands.

-Minor changes in the mix of grades of staff

5.7 Pension costs

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 statement of comprehensive net expenditure at the time the Health Board commits itself to the retirement, regardless of the method of payment.

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.

6. Operating leases

LHB as lessee

The LHB has the following leases, none of which is subject to any contingency:
- Leases on properties which are at fixed rentals subject to periodic review. The significant leases expire at dates between July 2012 and January 2017, except for one lease that does not expire until November 2043;
- Leases of medical and other equipment, including canteen, laundry and telephony equipment and photocopiers, at fixed rentals, generally for between three and seven years; and
- Vehicle leases at fixed rentals generally for a period of three or five years.

Payments recognised as an expense	**2011-12**	2010-11
	£000	£000
Minimum lease payments	**5,854**	6,337
Contingent rents	**0**	0
Sub-lease payments	**0**	0
Total	**5,854**	6,337

Total future minimum lease payments		
Payable	**£000**	£000
Not later than one year	**3,657**	3,849
Between one and five years	**5,486**	5,772
After 5 years	**3,842**	3,065
Total	**12,985**	12,686

There are no future sublease payments expected to be received.

LHB as lessor

There are no operating leases where the Health Board is the lessor.

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

Total future minimum lease payments		
Receivable	**£000**	£000
Not later than one year	**0**	0
Between one and five years	**0**	0
After 5 years	**0**	0
Total	**0**	0

7. Public Sector Payment Policy - Measure of Compliance

7.1 Prompt payment code - measure of compliance

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

	2011-12	**2011-12**	2010-11	2010-11
NHS	**Number**	**£000**	Number	£000
Total bills paid	**2,820**	**15,189**	3,825	39,464
Total bills paid within target	**2,721**	**14,992**	3,710	39,255
Percentage of bills paid within target	**96.5%**	**98.7%**	97.0%	99.5%
Non-NHS				
Total bills paid	**191,601**	**237,154**	195,522	270,389
Total bills paid within target	**184,756**	**228,224**	190,230	264,693
Percentage of bills paid within target	**96.4%**	**96.2%**	97.3%	97.9%
Total				
Total bills paid	**194,421**	**252,343**	199,347	309,853
Total bills paid within target	**187,477**	**243,216**	193,940	303,948
Percentage of bills paid within target	**96.4%**	**96.4%**	97.3%	98.1%

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

	2011-12	2010-11
	£	£
Amounts included within finance costs (note 10) from claims made under this legislation	**0**	0
Compensation paid to cover debt recovery costs under this legislation	**29**	0
Total	**29**	0

8. Investment Income

	2011-12	2010-11
	£000	£000
Rental revenue :		
PFI Finance lease income		
planned	**0**	0
contingent	**0**	0
Other finance lease revenue	**0**	0
Interest revenue :		
Bank accounts	**1**	2
Other loans and receivables	**0**	0
Impaired financial assets	**0**	0
Other financial assets	**26**	27
Total	**27**	29

9. Other gains and losses

	2011-12	2010-11
	£000	£000
Gain/(loss) on disposal of property, plant and equipment	**(19)**	(11)
Gain/(loss) on disposal of intangible assets	**0**	0
Gain/(loss) on disposal of financial assets	**0**	0
Change on foreign exchange	**0**	0
Change in fair value of financial assets at fair value through SoCNE	**0**	0
Change in fair value of financial liabilities at fair value through SoCNE	**0**	0
Recycling of gain/(loss) from equity on disposal of financial assets held for sale	**0**	0
Total	**(19)**	(11)

10. Finance costs

	2011-12	2010-11
	£000	£000
Interest on loans and overdrafts	**0**	0
Interest on obligations under finance leases	**0**	1
Interest on obligations under PFI contracts		
main finance cost	**649**	678
contingent finance cost	**197**	157
Interest on late payment of commercial debt	**0**	0
Provisions unwinding of discount	**207**	171
Other interest expense	**0**	0
Total interest expense	**1,053**	1,007
Other finance costs	**0**	0
Total	**1,053**	1,007

11.1 Property, plant and equipment

	Land £000	Buildings, excluding dwellings £000	Dwellings £000	Assets under construction & payments on account £000	Plant and machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
Cost or valuation at 1 April 2011	84,563	338,142	3,954	179,146	62,718	588	12,701	2,253	**684,065**
Indexation	0	14,584	149	0	0	0	0	0	**14,733**
Additions - purchased	76	15,970	111	7,762	10,171	28	2,797	1,043	**37,958**
Additions - donated	0	56	0	30	174	0	20	6	**286**
Additions - government granted	0	0	0	0	0	0	0	0	**0**
Transfer from/into other NHS bodies	0	0	0	0	0	0	0	0	**0**
Reclassifications	0	174,504	(224)	(174,245)	(196)	(50)	49	162	**0**
Revaluations	65	0	0	0	0	0	0	0	**65**
Impairments	(725)	(48,378)	0	0	0	0	0	0	**(49,103)**
Reclassified as held for sale	(5,211)	(13,332)	(202)	0	0	0	0	0	**(18,745)**
Disposals	0	(6,860)	0	0	(5,496)	0	(1,810)	(46)	**(14,212)**
At 31 March 2012	78,768	474,686	3,788	12,693	67,371	566	13,757	3,418	**655,047**
Depreciation at 1 April 2011	0	105,083	1,218	28,568	36,251	416	7,553	941	**180,030**
Indexation	0	5,283	40	0	0	0	0	0	**5,323**
Transfer from/into other NHS bodies	0	0	0	0	0	0	0	0	**0**
Reclassifications	0	27,000	(224)	(26,776)	331	(51)	(334)	54	**0**
Revaluations	0	0	0	0	0	0	0	0	**0**
Impairments	0	(101)	0	0	0	0	0	0	**(101)**
Reclassified as held for sale	0	(13,048)	(48)	0	0	0	0	0	**(13,096)**
Disposals	0	(6,812)	0	0	(5,376)	0	(1,801)	(40)	**(14,029)**
Provided during the year	0	11,942	50	0	5,058	29	1,911	220	**19,210**
At 31 March 2012	0	129,347	1,036	1,792	36,264	394	7,329	1,175	**177,337**
Net book value at 1 April 2011	84,563	233,059	2,736	150,578	26,467	172	5,148	1,312	**504,035**
Net book value at 31 March 2012	78,768	345,339	2,752	10,901	31,107	172	6,428	2,243	**477,710**
Net book value at 31 March 2012 comprises :									
Purchased	75,918	344,150	2,752	10,871	30,209	172	6,403	2,230	**472,705**
Donated	2,850	1,189	0	30	898	0	25	13	**5,005**
Government Granted	0	0	0	0	0	0	0	0	**0**
At 31 March 2012	78,768	345,339	2,752	10,901	31,107	172	6,428	2,243	**477,710**
Asset financing :									
Owned	78,768	332,953	2,752	10,901	30,368	172	6,428	2,243	**464,585**
Held on finance lease	0	0	0	0	11	0	0	0	**11**
On-SoFP PFI contracts	0	12,386	0	0	728	0	0	0	**13,114**
PFI residual interests	0	0	0	0	0	0	0	0	**0**
At 31 March 2012	78,768	345,339	2,752	10,901	31,107	172	6,428	2,243	**477,710**

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

	£000
Freehold	**414,279**
Long Leasehold	**12,580**
Short Leasehold	**0**
	426,859

11.1 Property, plant and equipment

	Land £000	Buildings, excluding dwellings £000	Dwellings £000	Assets under construction on account £000	Plant and machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
Cost or valuation at 1 April 2010	82,769	299,242	3,953	155,883	58,156	433	11,104	1,795	**613,335**
Indexation	0	0	0	0	0	0	0	0	**0**
Additions - purchased	1	5,572	1	59,953	5,665	155	2,559	516	**74,422**
Additions - donated	2,550	15	0	0	132	0	8	0	**2,705**
Additions - government granted	0	0	0	0	0	0	0	0	**0**
Transfer from/into other NHS bodies	0	0	0	0	0	0	0	0	**0**
Reclassifications	0	36,690	0	(36,690)	629	0	(629)	0	**0**
Revaluations	0	0	0	0	0	0	0	0	**0**
Impairments	(193)	0	0	0	0	0	0	0	**(193)**
Reclassified as held for sale	(564)	(3,377)	0	0	0	0	0	0	**(3,941)**
Disposals	0	0	0	0	(1,864)	0	(341)	(58)	**(2,263)**
At 31 March 2011	84,563	338,142	3,954	179,146	62,718	588	12,701	2,253	**684,065**
Depreciation at 1 April 2010	0	92,225	1,162	1,793	33,013	412	6,663	842	**136,110**
Indexation	0	0	0	0	0	0	0	0	**0**
Transfer from/into other NHS bodies	0	0	0	0	0	0	0	0	**0**
Reclassifications	0	0	0	0	528	0	(528)	0	**0**
Revaluations	0	0	0	0	0	0	0	0	**0**
Impairments	0	0	0	26,775	0	0	0	0	**26,775**
Reclassified as held for sale	0	(1,498)	0	0	0	0	0	0	**(1,498)**
Disposals	0	0	0	0	(1,849)	0	(328)	(56)	**(2,233)**
Provided during the year	0	14,356	56	0	4,559	4	1,746	155	**20,876**
At 31 March 2011	0	105,083	1,218	28,568	36,251	416	7,553	941	**180,030**
Net book value at 1 April 2010	82,769	207,017	2,791	154,090	25,143	21	4,441	953	**477,225**
Net book value at 31 March 2011	84,563	233,059	2,736	150,578	26,467	172	5,148	1,312	**504,035**
Net book value at 31 March 2011 comprises :									
Purchased	81,713	232,125	2,736	150,578	25,488	172	5,141	1,304	**499,257**
Donated	2,850	934	0	0	979	0	7	8	**4,778**
Government Granted	0	0	0	0	0	0	0	0	**0**
At 31 March 2011	84,563	233,059	2,736	150,578	26,467	172	5,148	1,312	**504,035**
Asset financing :									
Owned	84,563	220,458	2,736	150,578	25,471	172	5,148	1,312	**490,438**
Held on finance lease	0	0	0	0	17	0	0	0	**17**
On-SoFP PFI contracts	0	12,601	0	0	979	0	0	0	**13,580**
PFI residual interests	0	0	0	0	0	0	0	0	**0**
At 31 March 2011	84,563	233,059	2,736	150,578	26,467	172	5,148	1,312	**504,035**

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

	£000
Freehold	**307,637**
Long Leasehold	**12,713**
Short Leasehold	**0**
	320,350

11. Property, plant and equipment (continued.)

Notes on property, plant and equipment

i) Assets donated in the year were purchased from funds donated by the public and charitable organisations and from funds provided by associations linked to specific hospitals. The donated asset under construction relates to redevelopment work on a ward at Royal Gwent Hospital and will be completed in 2012/13.

ii) Tangible fixed assets are stated at the lower of replacement cost and recoverable amount. Land and buildings are restated to current value using professional valuations carried out by the District Valuers of the Inland Revenue at 5 yearly intervals and in the intervening years by the use of indices provided by the District Valuer via the Welsh Government. The valuations are carried out primarily on the basis of depreciated replacement cost for specialised operational property and existing use value for non specialised operational property. For non-operational properties the valuations are carried out at open market value. The last DV valuation was carried out as a result of IFRS requirements in 2009/10. The next DV revaluation for buildings will be carried out in 2012/13.
In 2011/12 a number of assets have been subjected to separate revaluations and these are summarised in Table 1 set out below

iii) Buildings, installations and fittings are depreciated on their current value over the estimated remaining life of the asset as advised by the District Valuer. Leaseholds are depreciated over the primary lease term. Equipment is depreciated on current cost evenly over the estimated useful life of the asset.There are standard suggested lives for classes of equipment as set below which are used as a default unless there is evidence proving an alternative, i.e. current manufacturer guidance on CT Scanners suggests a 7 year life. Health Board standard assumed lives:

Short life engineering plant and equipment - 5 years
Medium life engineering plant and equipment - 10 years
Long Life engineering plant and equipment - 15 years
Private vehicles - 7 years
Commercial vehicles - 10 years
Soft furniture and fittings - 5 years
Other furniture and fittings - 10 years
IT hardware - 5 years
Short life medical and other equipment - 5 years
Medium life medical equipment 10 years
Long life medical equipment - 15 years

Where evidence is provided to show that an asset life should differ from those above this will be reviewed and adjusted. A shortened life would give a higher depreciation charge over the remaining life of the asset.

iv) No compensation has been received from third parties for assets impaired, lost or given up.

v) Impairment provisions have been made where valuations from the District Valuer indicate that the carrying value of the assets are above the current valuation.

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

The significant scheme brought into use was:

Ysbyty Ystrad Fawr Hospital £143.5m (Valuation date: 26/09/2011) of which £46.3m was written off the carrying value via the SoCNE.

11. Property, plant and equipment (continued)

Notes on property, plant and equipment (continued)

Table 1

Asset Name	Revaluation date	Revaluation reason
Ysbyty Ystrad Fawr	26.09.11	Asset movements from asset under construction to operational use. Revalued to DRC from construction cost.
1 Mitchell Close	31.08.11	
Portacabins	28.02.12	
Infrastructure at Royal Gwent Hospital	31.03.12	
Caerphilly District Miners Hospital	01.12.11	Assets designated as surplus and held for sale therefore revalued from DRC to fair value.
Ty Sirhowy Hospital	01.12.11	
Aberbargoed Hospital	01.05.11	
Lyndhurst Day Hospital	01.05.11	
Blaina Hospital	28.02.12	
Belvedere, St Martin's Road	31.08.11	
62-64 Cardiff Road	31.12.11	

11. Property, plant and equipment (continued)

11.2 Non-current assets held for sale

	Land	Buildings, including dwelling	Other property, plant and equipment	Intangible assets	Other assets	Total
	£000	£000	£000	£000	£000	£000
Balance brought forward 1 April 2011	455	0	0	0	0	**455**
Plus assets classified as held for sale in the year	5,211	438	0	0	0	**5,649**
Less assets sold in the year	(3,039)	(267)	0	0	0	**(3,306)**
Less impairment of assets held for sale	(2,426)	(6)	0	0	0	**(2,432)**
Less assets no longer classified as held for sale, for reasons other than disposal by sale	0	0	0	0	0	**0**
Balance carried forward 31 March 2012	201	165	0	0	0	**366**
Balance brought forward 1 April 2010	100	0	0	0	0	**100**
Plus assets classified as held for sale in the year	564	1,879	0	0	0	**2,443**
Less assets sold in the year	(77)	(79)	0	0	0	**(156)**
Less impairment of assets held for sale	(132)	(1,800)	0	0	0	**(1,932)**
Less assets no longer classified as held for sale, for reasons other than disposal by sale	0	0	0	0	0	**0**
Balance carried forward 31 March 2011	455	0	0	0	0	**455**

The following table gives more information to support Note 11.2 above

Note 11.2 - Further Detail	Land at Gelligaer	Lyndhurst Day Hospital	Blaina Hospital	Dan y Bryn Day Hospital	Aberbargoed Hospital	Caerphilly District Miner's Hospital	Ty Sirhowy	Demountable Unit at Ystrad Mynach Hospital	Belvedere, St Martins Rd, Caerphilly	62-64 Cardiff Rd, Newport	Kenfy Day Hospital	Total
Balance B/f 1 April 2011	100	105	250									**455**
Assets Classified as held for sale in the Year				35	340	4125	476	15	223	194	241	5649
Less Assets Sold in the Year												
Sales Proceeds	-100	-104		-150	-250	-2150	-300	-73	-200	-165		-3492
Less Costs		2		7	1	2	1	2	4	3		22
Profit on Sale				108				56				164
	-100	-102	0	-35	-249	-2148	-299	-15	-196	-162	0	-3306
Less Impairment of Assets Held for Sale		-3	-125		-91	-1977	-177		-27	-32		-2432
Balance C/f 31 March 2012	**0**	**0**	**125**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**241**	**366**

12. Intangible non-current assets

	Software (purchased)	Software (internally generated)	Licences and trademarks	Patents	Development expenditure-internally generated	Total
	£000	£000	£000	£000	£000	£000
Cost or valuation at 1 April 2011	31	0	0	0	0	**31**
Revaluation	**0**	**0**	**0**	**0**	**0**	**0**
Reclassifications	**0**	**0**	**0**	**0**	**0**	**0**
Impairments	**0**	**0**	**0**	**0**	**0**	**0**
Additions- purchased	**479**	**0**	**0**	**0**	**0**	**479**
Additions- internally generated	**0**	**0**	**0**	**0**	**0**	**0**
Additions- donated	**0**	**0**	**0**	**0**	**0**	**0**
Additions- government granted	**0**	**0**	**0**	**0**	**0**	**0**
Reclassified as held for sale	**0**	**0**	**0**	**0**	**0**	**0**
Disposals	**0**	**0**	**0**	**0**	**0**	**0**
Gross cost at 31 March 2012	**510**	**0**	**0**	**0**	**0**	**510**
Amortisation at 1 April 2011	31	0	0	0	0	**31**
Revaluation	**0**	**0**	**0**	**0**	**0**	**0**
Reclassifications	**0**	**0**	**0**	**0**	**0**	**0**
Impairment	**0**	**0**	**0**	**0**	**0**	**0**
Provided during the year	**45**	**0**	**0**	**0**	**0**	**45**
Reclassified as held for sale	**0**	**0**	**0**	**0**	**0**	**0**
Disposals	**0**	**0**	**0**	**0**	**0**	**0**
Amortisation at 31 March 2012	**76**	**0**	**0**	**0**	**0**	**76**
Net book value at 1 April 2011	**0**	**0**	**0**	**0**	**0**	**0**
Net book value at 31 March 2012	**434**	**0**	**0**	**0**	**0**	**434**
At 31 March 2011						
Purchased	**434**	**0**	**0**	**0**	**0**	**434**
Donated	**0**	**0**	**0**	**0**	**0**	**0**
Government Granted	**0**	**0**	**0**	**0**	**0**	**0**
Internally generated	**0**	**0**	**0**	**0**	**0**	**0**
Total at 31 March 2012	**434**	**0**	**0**	**0**	**0**	**434**

12. Intangible non-current assets (continued)

	Software (purchased)	Software (internally generated)	Licences and trademarks	Patents	Development expenditure- internally generated	Total
	£000	£000	£000	£000	£000	£000
Cost or valuation at 1 April 2010	31	0	0	0	0	31
Revaluation	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0
Impairments	0	0	0	0	0	0
Additions- purchased	0	0	0	0	0	0
Additions- internally generated	0	0	0	0	0	0
Additions- donated	0	0	0	0	0	0
Additions- government granted	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0
Disposals	0	0	0	0	0	0
Gross cost at 31 March 2011	31	0	0	0	0	31
Amortisation at 1 April 2010	20	0	0	0	0	20
Revaluation	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0
Impairment	0	0	0	0	0	0
Provided during the year	11	0	0	0	0	11
Reclassified as held for sale	0	0	0	0	0	0
Disposals	0	0	0	0	0	0
Amortisation at 31 March 2011	31	0	0	0	0	31
Net book value at 1 April 2010	11	0	0	0	0	11
Net book value at 31 March 2011	0	0	0	0	0	0
At 31 March 2011						
Purchased	0	0	0	0	0	0
Donated	0	0	0	0	0	0
Government Granted	0	0	0	0	0	0
Internally generated	0	0	0	0	0	0
Total at 31 March 2011	0	0	0	0	0	0

The intangible fixed asset of £31K relates to IT software (licence) which was not revalued in 2011/12 - it was carried at depreciated cost and reached the end of its 3 year life during 2010/11.

The licence covers a pathology database (clinysist) which was planned to be upgraded and replaced in 2011/12, however, due to external supplier software issues this will not occur now until 2012/13.

A 3 year straight line amortisation policy was used for this asset.

Intangible fixed asset additions have taken place in 2011/12 comprising the following:

1. Purchase of an E-rostering Software programme for £414K with a life of 5 years
2. Purchase of Microsoft office and Medical records software licences for £2.6K with a 3 year life
3. Purchase of licences for Ysbyty Ystrad Fawr for Microsoft Office and Patient Call Software totalling £63K with a 5 year life.

13 . Impairments

	2011-12 Property, plant & equipment £000	2011-12 Intangible assets £000	2010-11 Property, plant & equipment £000	2010-11 Intangible assets £000
Impairments arising from :				
Loss or damage from normal operations	**0**	0	**0**	0
Abandonment in the course of construction	**0**	0	**0**	0
Over specification of assets (Gold Plating)	**0**	0	**0**	0
Loss as a result of a catastrophe	**0**	0	**0**	0
Unforeseen obsolescence	**0**	0	**0**	0
Changes in market price	**2,432**	0	**2,025**	0
Others (specify)	**49,002**	0	**26,968**	0
Total of all impairments	**51,434**	0	**28,993**	0
Analysis of impairments charged to reserves in year :				
Charged to the Statement of Comprehensive Net Expenditur	**51,309**	0	**28,993**	0
Charged to Revaluation Reserve	**125**	0	**0**	0
	51,434	0	**28,993**	0

Impairment Information:

Asset	Impairment amount	Reason for Impairment	Nature of asset	Valuation basis	Charged to SOCNE	Charged to Reserve
Changes in Market Price	£000	£000	£000	£000	£000	£000
Lyndhurst Day Hospital	3	Assets recognised as surplus as moved to AHFS and marketed for sale	Non - operational, held for sale	Fair Value Less Costs to Sell	3	
Blaina Hospital	125					125
Aberbargoed Hospital	91				91	
Caerphilly District Miners Hospital	1,977				1,977	
Ty Sirhowy Hospital	177				177	
Belvedere, St Martins Road	27				27	
62-64 Cardiff Road	32				32	
Sub Total Changes in Market Price	**2,432**				2,307	125
Other		Assets held as AUC at 31.03.11 reclassified as operational at 31.03.12	Operational asset	Fair value in use		
Ysbty Ystrad Fawr	46,341				46,341	
I Mitchel Close	357				357	
Portacabins	420				420	
Infrastructure at the Royal Gwent Hospital	1,884				1,884	
Sub Total Other	49,002				49,002	0
Total Impairment	**51,434**				**51,309**	**125**

The revaluation on Blaina was taken through the revaluation reserve as this was a further downward revaluation on an asset held for sale, an initial impairment was recognised in the 2010/11 accounts. This treatment is in line with NHS accounting policy.
All other impairments are treated as economic appraisals and taken to SOCNE in line with guidance.

14.1 Inventories

	31 March 2012	31 March 2011
	£000	£000
Drugs	1,806	1,831
Consumables	4,975	3,519
Energy	211	182
Work in progress	0	0
Other	0	0
Total	6,992	5,532
Of which held at realisable value	0	0

14.2 Inventories recognised in expenses

	31 March 2012	31 March 2011
	£000	£000
Inventories recognised as an expense in the period	0	0
Write-down of inventories (including losses)	0	18
Reversal of write-downs that reduced the expense	0	0
Total	0	18

15. Trade and other Receivables

Current	31 March 2012 £000	31 March 2011 £000
Welsh Government	1,068	815
WHSSC	378	505
Welsh Health Boards	2,333	1,114
Welsh NHS Trusts	701	377
Non - Welsh Trusts	421	384
Other NHS	0	0
Welsh Risk Pool	53,783	57,925
Local Authorities	2,838	126
Capital debtors	0	0
Other debtors	9,251	11,195
Provision for irrecoverable debts	(1,092)	(748)
Pension Prepayments	0	0
Other prepayments and accrued income	3,660	3,892
Sub total	**73,341**	75,585
Non-current		
Welsh Government	0	0
WHSSC	0	0
Welsh Health Boards	0	0
Welsh NHS Trusts	0	0
Non - Welsh Trusts	0	0
Other NHS	0	0
Welsh Risk Pool	8,099	9,834
Local Authorities	0	0
Capital debtors	0	0
Other debtors	2,033	1,934
Provision for irrecoverable debts	0	0
Pension Prepayments	0	0
Other prepayments and accrued income	0	0
Sub total	**10,132**	11,768
Total	**83,473**	87,353

Receivables past their due date but not impaired

By up to three months	2,290	784
By three to six months	158	102
By more than six months	586	405
	3,034	1,291

Provision for impairment of receivables

Balance at 1 April	(748)	(1,279)
Amount written off during the year	15	2
Amount recovered during the year	9	345
(Increase) / decrease in receivables impaired	(368)	184
Balance at 31 March	(1,092)	(748)

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

16. Trade and other payables

Current	**31 March 2012 £000**	31 March 2011 £000
Welsh Government	**51**	78
WHSSC	**395**	246
Welsh Health Boards	**6,680**	3,278
Welsh NHS Trusts	**1,252**	1,592
Other NHS	**3,769**	2,727
Income tax and social security	**9,256**	9,350
Non-NHS creditors	**21,602**	18,504
Local Authorities	**1,906**	1,886
Capital Creditors	**8,807**	12,659
Overdraft	**0**	0
Rentals due under operating leases	**0**	0
Obligations under finance leases, HP contracts and PFI contracts	**448**	448
Pensions: staff	**6,052**	5,996
Accruals	**44,235**	46,887
Deferred Income	**34**	0
Other creditors	**0**	0
Total	**104,487**	103,651
Non-current		
Welsh Government	**0**	0
WHSSC	**0**	0
Welsh Health Boards	**0**	0
Welsh NHS Trusts	**0**	0
Other NHS	**0**	0
Income tax and social security	**0**	0
Non-NHS creditors	**0**	0
Local Authorities	**0**	0
Capital Creditors	**0**	0
Overdraft	**0**	0
Rentals due under operating leases	**0**	0
Obligations under finance leases, HP contracts and PFI contracts	**8,956**	9,403
Pensions: staff	**0**	0
Accruals	**0**	0
Deferred Income	**0**	0
Other creditors	**0**	0
Total	**8,956**	9,403

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

17. Provisions

	At 1 April 2011	Structured settlement cases transferred to Risk Pool	Transfer of provisions to creditors	Transfer between current and non-current	Arising during the year	Utilised during the year	Reversed unused	Unwinding of discount	At 31 March 2012
Current	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Clinical negligence	54,547	0	0	7,969	17,149	(7,973)	(19,029)	0	**52,663**
Personal injury	608	0	0	(121)	794	(511)	(180)	0	**590**
All other losses and special payments	0	0	0	0	75	(19)	0	0	**56**
Defence legal fees and other administration	1,785	0	0	136	935	(413)	(638)		**1,805**
Pensions relating to former directors	0			0	0	0	0	0	**0**
Pensions relating to other staff	532			0	318	(498)	0	155	**507**
Restructuring	0			0	0	0	0	0	**0**
Other	2,021			0	613	(1,135)	(707)		**792**
Total	**59,493**	**0**	**0**	7,984	19,884	(10,549)	(20,554)	**155**	**56,413**
Non Current									
Clinical negligence	9,738	0	0	(7,969)	6,240	0	0	0	**8,009**
Personal injury	1,763	0	0	121	100	(143)	(19)	52	**1,874**
All other losses and special payments	0	0	0	0	0	0	0	0	**0**
Defence legal fees and other administration	427	0	0	(136)	249	(27)	0		**513**
Pensions relating to former directors	0			0	0	0	0	0	**0**
Pensions relating to other staff	5,001			0	(201)	0	(125)	0	**4,675**
Restructuring	0			0	0	0	0	0	**0**
Other	5,830			0	0	0	(1,282)	0	**4,548**
Total	**22,759**	**0**	**0**	**(7,984)**	**6,388**	**(170)**	**(1,426)**	**52**	**19,619**
TOTAL									
Clinical negligence	64,285	0	0	0	23,389	(7,973)	(19,029)	0	**60,672**
Personal injury	2,371	0	0	0	894	(654)	(199)	52	**2,464**
All other losses and special payments	0	0	0	0	75	(19)	0	0	**56**
Defence legal fees and other administration	2,212	0	0	0	1,184	(440)	(638)		**2,318**
Pensions relating to former directors	0			0	0	0	0	0	**0**
Pensions relating to other staff	5,533			0	117	(498)	(125)	155	**5,182**
Restructuring	0			0	0	0	0	0	**0**
Other	7,851			0	613	(1,135)	(1,989)		**5,340**
Total	**82,252**	**0**	**0**	**0**	**26,272**	**(10,719)**	**(21,980)**	**207**	**76,032**

Expected timing of cash flows:

	In the remainder of spending review to 31 March 2015	Between 1 April 2015-31 March 2020	Thereafter	Total
				£000
Clinical negligence	60,559	113	0	**60,672**
Personal injury	2,464	0	0	**2,464**
All other losses and special payments	56	0	0	**56**
Defence legal fees and other administration	2,318	0	0	**2,318**
Pensions relating to former directors	0	0	0	**0**
Pensions relating to other staff	2,028	3,154	0	**5,182**
Restructuring	0	0	0	**0**
Other	5,340	0	0	**5,340**
Total	**72,765**	**3,267**	**0**	**76,032**

The expected timing of cashflows are based on best available information; but they could change on the basis of individual case changes.

The claims outstanding with the Welsh Risk Pool are based on best estimates of settlement of claims provided by the Health Board's legal advisors. The Health Board estimates that in 2012/13 it will receive £51,430,853 and in 2013/14 and beyond £9,026,008 from the Welsh Risk Pool in respect of clinical negligence and personal injury payments.

Other provisions include: Continuing Healthcare IRP & Ombudsman claims £5,205,000. As per above the Local Health Board has estimated a libility of £5.205m in respect of retrospective claims for Continuing Healthcare funding. The estimation method used to calculate the provision for 2010/11 has been reviewed and amended for the accounting period to 31 March 2012. In the continuing absence of detailed assessment information the Health Board has used a mixture of actual assessments and the application of an expected success factor and average weekly costs to determine whether an individual claimant provision would be established. £134,000 for Ancillary Staff Banked Annual Leave Payments.

The total Health Board provision also includes an amount of £33,300 which relates to 8 Redress cases where offers have been made to the families but not yet accepted. The offers range from £200 with the highest offer being £10,000 to one claimant.

17. Provisions (continued)

	At 1 April 2010	Structured settlement cases transferred to Risk Pool	Transfer of provisions to creditors	Transfer between current and non-current	Arising during the year	Utilised during the year	Reversed unused	Unwinding of discount	At 31 March 2011
Current	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Clinical negligence	34,205	0	0	17,465	22,332	(7,678)	(11,777)	0	**54,547**
Personal injury	896	0	0	(49)	790	(804)	(248)	23	**608**
All other losses and special payments	0	0	0	0	73	(73)	0	0	**0**
Defence legal fees and other administration	1,535	0	0	55	1,152	(356)	(601)		**1,785**
Pensions relating to former directors	0			0	0	0	0	0	**0**
Pensions relating to other staff	564			0	378	(538)	0	128	**532**
Restructuring	0			0	0	0	0	0	**0**
Other	1,815			0	1,152	(599)	(347)		**2,021**
Total	**39,015**	**0**	**0**	**17,471**	**25,877**	**(10,048)**	**(12,973)**	**151**	**59,493**
Non Current									
Clinical negligence	18,999	0	0	(17,465)	10,510	(175)	(2,131)	0	**9,738**
Personal injury	1,858	0	0	49	128	(245)	(46)	19	**1,763**
All other losses and special payments	0	0	0	0	0	0	0	0	**0**
Defence legal fees and other administration	653	0	0	(55)	65	(80)	(156)		**427**
Pensions relating to former directors	0			0	0	0	0	0	**0**
Pensions relating to other staff	5,256			0	(78)	0	(177)	0	**5,001**
Restructuring	0			0	0	0	0	0	**0**
Other	1,774			0	4,056	0	0		**5,830**
Total	**28,540**	**0**	**0**	**(17,471)**	**14,681**	**(500)**	**(2,510)**	**19**	**22,759**
TOTAL									
Clinical negligence	53,204	0	0	0	32,842	(7,853)	(13,908)	0	**64,285**
Personal injury	2,754	0	0	0	918	(1,049)	(294)	42	**2,371**
All other losses and special payments	0	0	0	0	73	(73)	0	0	**0**
Defence legal fees and other administration	2,188	0	0	0	1,217	(436)	(757)		**2,212**
Pensions relating to former directors	0			0	0	0	0	0	**0**
Pensions relating to other staff	5,820			0	300	(538)	(177)	128	**5,533**
Restructuring	0			0	0	0	0	0	**0**
Other	3,589			0	5,208	(599)	(347)		**7,851**
Total	**67,555**	**0**	**0**	**0**	**40,558**	**(10,548)**	**(15,483)**	**170**	**82,252**

The expected timing of cashflows are based on best available information; but they could change on the basis of individual case changes. The claims outstanding with the Welsh Risk Pool are based on best estimates of settlement of claims provided by the Health Boards legal advisors. The Health Board estimates that in 2011/12 it will receive £54,496,212 and in 2012/13 and beyond £9,833,871 from the Welsh Risk Pool in respect of clinical negligence and personal injury payments.

Other provisions include £153,000 for Ancillary Staff Banked Annual Leave payments and £7,698,000 Continuing Healthcare. The Continuing Healthcare provision relates to estimated costs in relation to patients appealing for reimbursement of Continuing Healthcare costs from the LHB, which the LHB believe are likely to be payable.

18. Cash and cash equivalents

	2011-12	2010-11
	£000	£000
Balance at 1 April	1,485	2,332
Net change in cash and cash equivalent balances	850	(847)
Balance at 31 March	2,335	1,485
Made up of:		
Cash held at GBS	1,685	632
Commercial banks and cash in hand	650	853
Current Investments	0	0
Cash and cash equivalents as in Statement of Financial Position	2,335	1,485
Bank overdraft - GBS	0	0
Bank overdraft - Commercial banks	0	0
Cash and cash equivalents as in Statement of Cash Flows	2,335	1,485

19. Other Financial Assets

	Current		Non-current	
	31 March 2012	31 March 2011	31 March 2012	31 March 2011
	£000	£000	£000	£000
Financial assets				
Finance lease receivables	0	0	0	0
Financial assets carried at fair value through SoCNE	0	0	0	0
Held to maturity investments carried at amortised cost	0	0	0	0
Available for sale financial assets carried at fair value	0	0	0	0
Loans carried at amortised cost	27	26	869	896
	27	26	869	896

20. Other assets

	Current		Non-current	
	31 March 2012	31 March 2011	31 March 2012	31 March 2011
	£000	£000	£000	£000
EU Emissions Trading Scheme Allowance	0	0	0	0
	0	0	0	0

The LHB are not commencing the EU trading scheme until 2014.

See note 39 for a breakdown on note 19 - 'Loans carried at amortised cost'

21. Other liabilities

	Current		Non-current	
	31 March 2012	31 March 2011	**31 March 2012**	31 March 2011
	£000	£000	**£000**	£000
Lease incentives	**0**	0	**0**	0
PFI asset -deferred credit	**0**	0	**0**	0
Other [specify]	**0**	0	**0**	0
	0	0	**0**	0

22. Other financial liabilities

Financial liabilities	**31 March 2012**	31 March 2011	**31 March 2012**	31 March 2011
	£000	£000	**£000**	£000
Financial assets carried at fair value through SoCNE	**0**	0	**0**	0
	0	0	**0**	0

23. Related Party Transactions

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

NHS providers with which the LHB has had material transactions are as follows:-

NHS Provider	2011/12		As at 31st March 2012	
	Payment from related party	Payments to related party	Amount due from related party	Amount owed to related party
	£000	£000	£000	£000
Abertawe Bro-Morgannwg University Local Health Board	2,431	2,931	199	1,368
Betsi Cadwaladr University Health Board	55	143	22	49
Cardiff and Vale University Local Health Board	4,056	32,163	1,136	3,325
Cwm Taf Local Health Board	1,296	22,112	407	1,735
Hywel Dda Local Health Board	254	470	35	46
Powys Local Health Board	18,987	1,194	535	157
Velindre NHS Trust	2,879	16,342	637	979
Welsh Ambulance Services NHS Trust	231	4,238	15	39
Public Health Wales	2,625	461	49	234
Welsh Health Specialised Services Committee	2,754	103,713	378	395

In addition the LHB has had significant number of material transactions with other Government Departments and other central and local Government bodies. The most significant of these transactions are with the following:-

Government Body	2011/12		As at 31st March 2012	
	Payment from related party	Payments to related party	Amount due from related party	Amount owed to related party
	£000	£000	£000	£000
Blaenau Gwent County Borough Council	547	1,343	119	515
Caerphilly County Borough Council	3,187	5,089	1,571	809
Monmouthshire County Borough Council	981	2,383	236	176
Newport City Council	1,748	4,030	517	355
Torfaen County Borough Council	610	3,729	380	177

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

Member	Related Organisation	Relationship with Related Party	2011/12		As at 31st March 2012	
			Payment from related party	Payments to related party	Amount due from related party	Amount owed to related party
			£000	£000	£000	£000
Janet Smith	Garth Engineering	Husband Barrie Smith is Proprietor	0	6	0	0
Joanne Absalom	Caerphilly County Borough Council	Brother Daniel Perkins is Head of Legal Services	3,187	5,089	1,571	809
Susan Kent MBE	Hospice of the Valleys	Chair of Trustees	0	140	0	0
Mark Gardner	Melin Homes	Chief Executive	6	75	0	0
Wendy Bourton OBE	Welsh Government	Chair of National Partnership Forum for Older People	1,023,787	81	1,068	51
		Member of Digital Inclusion Project Board				
		Independent Assessor for the Office of the Commissioner Public Appointments				
Professor Helen Houston	Cardiff University	Professor	544	1,014	149	590
		Son is a Researcher				
	Cardiff and Vale University Health Board	Directorate Research and Development Lead	4,056	32,163	1,136	3,325
Cllr Brian Mawby	Torfaen County Borough Council	Councillor. Executive Member (for part of 2011/12)	610	3,729	380	177
	Welsh Government	Member of Primary Care and Community Services Assurance Board (until August 2011)	1,023,787	81	1,068	51
Professor Janet Wademan	Welsh Government	Member of First Minister's Economic Research Advisory Panel	1,023,787	81	1,068	51
	University of Glamorgan	Visiting Professor, School of Computing	95	79	20	6
Philip Robson	Welsh Government	Independent Commision on Social Services	1,023,787	81	1,068	51
		Consultancy work for Education and Social Services				
Dr Sue Greening	British Dental Association	Director / Past President	0	1	0	0
Richard Bevan	South East Wales Crossroads - Caring for Carers	Non Paid Director	0	90	0	0

24. Third Party assets

The LHB held £626,229 cash at bank and in hand at 31 March 2012 (31 March 2011: £580,210) which relates to monies held by the LHB on behalf of patients. Cash held in Patient's Investment Accounts amounted to £0 at 31st March 2012 (31 March 2011 : £0), This has been excluded from cash and cash equivalents figure reported in the accounts.

25. Intra Government balances

	Current receivables £000	Non-current receivables £000	Current payables £000	Non-current payables £000
2011-12 :				
Welsh Government	1,068	0	51	0
Welsh Local Health Boards	2,333	0	6,680	0
Welsh NHS Trusts	54,484	8,099	1,252	0
Welsh Health Special Services Committee	378	0	395	0
All English Health Bodies	414	0	9,821	0
All N. Ireland Health Bodies	0	0	0	0
All Scottish Health Bodies	7	0	10	0
Miscellaneous	0	0	0	0
Credit note provision	-1	0	0	0
Sub total	**58,683**	**8,099**	18,209	0
Other Central Government Bodies				
Other Government Departments	0	0	0	0
Revenue & Customs	1,717	0	9,257	0
Local Authorities	2,838	0	1,906	0
Balances with Public Corporations and trading funds	0	0	0	0
Balances with bodies external to Government	10,103	2,033	75,115	8,956
TOTAL	**73,341**	**10,132**	104,487	8,956
2010-11 :				
Welsh Government	815	0	78	0
Welsh Local Health Boards	1,114	0	3,279	0
Welsh NHS Trusts	58,302	9,834	1,592	0
Welsh Health Special Services Committee	505	0	246	0
All English Health Bodies	380	0	8,720	0
All N. Ireland Health Bodies	0	0	0	0
All Scottish Health Bodies	4	0	3	0
Miscellaneous	0	0	0	0
Credit note provision	(10)	0	0	0
Sub total	**61,110**	**9,834**	13,918	0
Other Central Government Bodies				
Other Government Departments	0	0	0	0
Revenue & Customs	1,125	0	9,352	0
Local Authorities	126	0	1,886	0
Balances with Public Corporations and trading funds	0	0	0	0
Balances with bodies external to Government	13,224	1,934	78,495	9,403
TOTAL	**75,585**	**11,768**	103,651	9,403

26. Losses and special payments

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

Gross loss to the Exchequer

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

	Amounts paid out during period to 31 March 2012		Approved to write-off to 31 March 2012	
	Number	£	Number	£
Clinical negligence	89	7,972,473	19	208,625
Personal injury	73	654,800	13	85,576
All other losses and special payments	78	39,174	75	38,548
Total	240	8,666,447	107	332,749

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

Cases exceeding £250,000		Amounts paid out in year £	Cumulative amount £	Approved to write-off in year £
Case Ref	Case Type	0	0	0
00RVFMN0024	MN	1,136,000	1,600,000	0
01RVFMN0025	MN	1,090,881	1,270,000	0
02RVFMN0039	MN	0	3,039,978	0
05RVFMN0063	MN	1,595,315	2,393,066	0
06RVFMN0092	MN	375,111	550,111	0
07RVFMN0026	MN	0	541,000	0
07RVFMN0053	MN	310,000	1,660,000	0
08RVFMN0027	MN	0	1,740,700	0
10RVFMN0051	MN	480,230	480,230	0
10RVFMN0106	MN	600,000	600,000	0
		0	0	0
		0	0	0
		0	0	0
		0	0	0
Sub-total		**5,587,537**	**13,875,085**	**0**
All other cases		3,078,910	6,247,616	332,749
Total cases		**8,666,447**	**20,122,701**	**332,749**

27. Contingencies

27.1 Contingent liabilities

Provisions have not been made in these accounts for the following amounts :	**2011-12 £'000**	2010-11 £'000
Legal claims for alleged medical or employer negligence	**82,583**	**87,893**
Doubtful debts	**0**	**0**
Equal Pay costs	**0**	**0**
Defence costs	**2,835**	**2,531**
Continuing Health Care costs	**4,982**	**5,582**
Other	**0**	0
Total value of disputed claims	**90,400**	96,006
Amounts recovered in the event of claims being successful	**81,702**	86,989
Net contingent liability	**8,698**	9,017

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.

Continuing Health Care Cost Uncertainties are identified in note 39.

27.2 Contingent assets

	2011-12 £'000	2010-11 £'000
	0	0
	0	0
	0	0
	0	0

28. Capital commitments

Contracted capital commitments at 31 March	**2011-12 £'000**	2010-11 £'000
Property, plant and equipment	**3,575**	21,351
Intangible assets	**0**	0
	3,575	21,351

29. Finance leases

29.1 Finance leases obligations (as lessee)

The finance lease in place in 2010/11 related to the supply of medical equipment and was linked to the supply of related medical consumables. The agreement set out the minimum purchases of consumables each year and there was an option to purchase the equipment during the agreement. This finance lease ended on the 31.03.2011.

No other finance leases have been entered into in 2011/12

There were no finance leases relating to land and buildings.

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	**0**	0
Included in:		
Current borrowings	**0**	0
Non-current borrowings	**0**	0
	0	0
Present value of minimum lease payments		
Within one year	**0**	0
Between one and five years	**0**	0
After five years	**0**	0
Less finance charges allocated to future periods	**0**	0
Present value of minimum lease payments	**0**	0
Included in:		
Current borrowings	**0**	0
Non-current borrowings	**0**	0
	0	0

29.1 Finance leases obligations (as lessee) continued

Amounts payable under finance leases:

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

Other	**31 March 2012**	31 March 2011
Minimum lease payments	**£000**	£000
Within one year	**0**	6
Between one and five years	**0**	0
After five years	**0**	0
Less finance charges allocated to future periods	**0**	0
Minimum lease payments	**0**	6
Included in:		
Current borrowings	**0**	6
Non-current borrowings	**0**	0
	0	**6**
Present value of minimum lease payments		
Within one year	**0**	6
Between one and five years	**0**	0
After five years	**0**	0
Less finance charges allocated to future periods	**0**	0
Present value of minimum lease payments	**0**	6
Included in:		
Current borrowings	**0**	6
Non-current borrowings	**0**	0
	0	**6**

29.2 Finance lease receivables (as lessor)

The LHB has no finance leases where the LHB is the lessor.

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

30. Private Finance Initiative contracts

30.1 PFI schemes off-Statement of Financial Position

The LHB has two PFI operational schemes deemed to be off-Statement of Financial Position

	Newport Hospitals Energy Scheme £000	Nevill Hall Hospitals Energy Scheme £000	Total £000
Estimated capital value of the PFI scheme	4,000	3,300	7,300

Both schemes relate to the provision of replacement heating and lighting systems within the respective hospitals. Neither has resulted in guarantees, commitments or other rights and obligations upon the LHB. The Newport hospitals scheme commenced in 1998 for a period of 15 years and the Nevill Hall scheme commenced in 2000 for a period of 25 years. The payments are made quarterly in advance with prepayments at year end for the period beyond 31 March 2012 included in debtors.

30.2 PFI schemes on-Statement of Financial Position

The LHB has three PFI schemes which are deemed to be on-Statement of Financial Position and the assets are treated as assets of the LHB.

Nevill Hall Hospital Day Surgery - a purpose built day unit including the provision of medical equipment for the unit. The PFI partner has responsibility for maintaining the building and replacing the equipment used with the unit. The scheme commenced in 1998 and the obligations for on-Statement of Financial Position is £2,059K. The scheme is for a period of 25 years.

Chepstow Community Hospital - a new community hospital including the provision of ancillary support services. This scheme commenced in 1998 for a period of 25 years and the obligations for on-Statement of Financial Position is £4,405K.

Monnow Vale Health and Social Care Facility - a new health and social care facility. This scheme commenced in 2004 for a period of 30 years and the obligations for on-Statement of Financial Position is £2,904K.

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

	31 March 2012 £000	31 March 2011 £000
Not later than one year	**1,103**	1,091
Later than one year, not later than five	**3,933**	3,914
Later than five years	**9,672**	10,794
Sub total	**14,708**	15,799
Less: interest element	**5,304**	5,953
Total	**9,404**	9,846

Over 5 years	
5 to 10 years	4,979
10 to 15	3,164
15 to 20	849
20 to 25	680
	9672

30.3 Charges to expenditure

The total charged in the year to expenditure in respect of the service element of on-statement of financial position PFI contracts was £3.4m (prior year £3.3m).

The LHB is committed to the following annual charges

	31 March 2012	31 March 2011
	£000	£000
PFI scheme expiry date:		
Not later than one year	**0**	0
Later than one year, not later than five years	**783**	818
Later than five years	**2,665**	2,530
Total	**3,448**	3,348

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

30.4 The LHB has No Public Private Partnerships

31. Pooled budgets

The Health Board has four pooled budgets.

Monnow Vale Health and Social Care Unit
The Health Board has entered into a pooled budget with Monmouthshire County Council. Under the arrangement funds are pooled under section 33 of the NHS (Wales) Act 2006 to provide health and social care inpatient, outpatient, clinic and day care facilities to individuals who have medical, social, community or rehabilitation needs and a memorandum note to the accounts provides details of the joint income and expenditure.

Gwent Wide Integrated Community Equipment Service
The Health Board has entered into a pooled budget with the 5 Local Authorities in the Gwent area, namely Blaenau Gwent, Caerphilly, Monmouth, Newport and Torfaen County Borough Councils, for the provision of an effective integrated GWICES (Gwent Wide Integrated Community Equipment Service) to service users who are resident in the partners localities. Under the arrangement funds are pooled under section 33 of the NHS (Wales) Act 2006 for the joint equipment store in the Gwent area.

Mardy Park Rehabilitation Centre
The Health Board has entered into a pooled budget arrangement with Monmouthshire County Council. Under the arrangement funds are pooled under Section 33 of the NHS (Wales) Act 2006 to provide care to individuals who have rehabilitation needs.

Gwent Frailty Programme
The Health Board has entered into a pooled budget with 5 Local Authorities in the Gwent area, namely Blaenau Gwent , Caerphilly, Monmouthshire, Newport and Torfaen County councils, for the provision of a Gwent wide integrated health and social care Frailty service, for service users who are resident in the partners localities. Under the arrangement funds are pooled under section 33 of the NHS (Wales) Act 2006 for the purpose of establishing a consistent service for the Gwent area.

Pooled Budget memorandum account for the period 1st April 2011 - 31st March 2012

Monnow Vale

	Cash	Own Contribution	Grants	Total
	£	£	£	£
Funding				
Aneurin Bevan Health Board	0	2,033,567	0	2,033,567
Monmouthshire County Council	286,870	618,210	0	905,080
Total Funding	**286,870**	**2,651,777**	**0**	**2,938,647**
Expenditure				
Aneurin Bevan Health Board	0	2,054,703	0	2,054,703
Monmouthshire County Council	286,870	618,445	0	905,315
Total Expenditure	**286,870**	**2,673,148**	**0**	**2,960,018**
Net (under)/over spend	**0**	**21,371**	**0**	**21,371**

32. Financial Instruments

Financial assets	At "fair value" through SoCNE	Loans and receivables	Available for sale	Total
	£000	£000	£000	£000
Embedded derivatives	0	0	0	0
NHS receivables	0	79,813	0	79,813
Cash at bank and in hand	2,335	0	0	2,335
Other financial assets	0	869	366	1,235
Total at 31 March 2012	2,335	80,682	366	83,383

Financial liabilities	At "fair value" through SoCNE	Other	Total
	£000	£000	£000
Embedded derivatives	0	0	0
PFI and finance lease obligations	0	9,404	9,404
Other financial liabilities	0	94,749	94,749
Total at 31 March 2012	0	104,153	104,153

Financial assets	At "fair value" through SoCNE	Loans and receivables	Available for sale	Total
	£000	£000	£000	£000
Embedded derivatives	0	0	0	0
NHS receivables	0	83,461	0	83,461
Cash at bank and in hand	1,485	0	0	1,485
Other financial assets	0	922	455	1,377
Total at 31 March 2011	1,485	84,383	455	86,323

Financial liabilities	At "fair value" through SoCNE	Other	Total
	£000	£000	£000
Embedded derivatives	0	0	0
PFI and finance lease obligations	0	9,851	9,851
Other financial liabilities	0	103,203	103,203
Total at 31 March 2011	0	113,054	113,054

Financial instruments play a much more limited role in creating or changing risk than would be typical of listed companies. The LHB has no power 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 LHB 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.

33. Financial risk management

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

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

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

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

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

Maturity of financial liabilities

	31 March 2012 £'000	31 March 2011 £'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

34. Movements in working capital

	2011-12	2010-11
	£000	£000
(Increase)/decrease in inventories	(1,460)	(493)
(Increase)/decrease in trade and other receivables - non - current	1,636	10,425
(Increase)/decrease in trade and other receivables - current	2,244	(20,469)
(Increase)/decrease in other current assets	26	0
(Increase)/decrease in trade and other payables - non - current	(447)	(642)
(Increase)/decrease in trade and other payables - current	836	(1,066)
Increase/(decrease) in other current liabilities	0	0
Increase/(decrease) in assets held for sale		0
Total	2,835	(12,245)
Adjustment for accrual movements in fixed assets -creditors	3,852	64
Adjustment for accrual movements in fixed assets -debtors	0	0
Other adjustments	447	407
	0	0
	7,134	(11,774)

35. Other cash flow adjustments

	2011-12	2010-11
	£000	£000
Depreciation	19,210	20,876
Amortisation	45	11
(Gains)/Loss on Disposal	19	11
Impairments and reversals	51,309	28,993
Release of PFI deferred credits	0	0
Donated assets received credited to revenue but non-cash	(286)	(2,705)
Government Grant assets received credited to revenue but non-cash	0	0
Non-cash movements in provisions	4,499	25,245
Total	74,796	72,431

36. Cash flow relating to exceptional items

There are no exceptional items in the accounting statements.

37. Events after the Reporting Period

Shared Services

With effect from 1 June 2012 the following functions will transfer to Velindre NHS Trust as who will host NHS Wales Shared Service Partnership (NWSSP) which these functions are part of :

- Procurement Services
- Accounts Payable
- Recruitment
- Payroll
- Internal Audit

The transfer of functions will be treated as a merger and its transactions and balances related to those functions will be shown in future years in Velindre NHS Trusts financial statements.

The cost of these functions in the current year total £2.8M. Assets will transfer to NWSSP totalling £20K. There are no associated liabilities.

38. Operating segments

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

Whilst the organisation is structured into divisions and localities, performance management and the allocation of resources flow from the Board of Aneurin Bevan Health Board.

There are no hosted services within the health board. Divisions and localities do not manage capital programmes, have any autonomy in relation to balance sheets or produce discrete accounts.

For the purposes of IFRS 8 it is therefore deemed that there is no requirement to report any operating segments.

39. Other Information

39.1 Donation and Government Grant Reserve

The net operating costs for 2010-11 have been amended on the instruction of the Welsh Government to reflect prior period adjustments in respect of the abolition of the donation and government grant reserve. As a result, the net operating costs are £2.398m lower than reported in 2010-11.

39.2 Continuing Health Care Costs Uncertainties

Liabilities for continuing health care costs continue to be a significant financial issue for the LHB. The December 2009 deadline for reclaiming pre -1/4/2003 care costs resulted in a large increase in the number of claims registered, regarding both pre and post 1/4/2003 costs. Aneurin Bevan Health Board is responsible for post 1/4/2003 costs and the financial statements include the following amounts relating to those uncertain continuing health care costs:

Note 17 sets out £5.205m provision made for probable continuing care costs relating to claims received which have been assessed as likely to succeed by specialist CHC nursing teams.

Note 27.1 sets out £4.982m contingent liability relating to the element of claims received; but assessed as being unlikely to succeed.

The assessment process described is highly complex, involves multi-disciplinary teams and for those reasons can take many months. At this stage, the LHB does not have the information to make a definitive judgement on the likely success or otherwise of the claims included above, however, potential costs have been calculated on either a cost per case basis where the actual detail is known or based on whether the claimant was already in receipt of funded nursing care financial assistance during the period of the claim.

Any continuing health care claims, or period thereof, which relate to pre 1/4/2003 are included in the Welsh Government Resource Accounts.

39.3 Prior Period Adjustments

The Statement of Comprehensive Net Expenditure for 2010/11 has been re-stated to reflect the FReM requirement to eliminate the reserves previously held in respect of Donated or Government Granted Assets.

The impact of these restatements is as follows:

- Reduction in 'Miscellaneous Income' of £0.3m due to the removal of income previously released from the donation reserve.
- Increase in 'Miscellaneous Income' of £2.7m re the donation of property, plant and equipment which had previously been taken to the donation reserve.

The net impact is an overall decrease in net operating costs for 2010-11 of £2.4m.

At the same time the 'Statement of Financial Position' has been restated as follows:

- The Donation reserve previously held at £2.4m has been eliminated with £0.3m transferring to the revaluation reserve (in respect of revaluation surpluses previously arising on donated assets) and the balance of £2.1m transferring to the General Fund.

39. Other Information (continued)

39.4 Additional Information to support Note 19 - Other Financial Assets

Additional breakdown of Monmouthshire County Council PFI Loan

		Current 31 March 2012	Non-Current 31 March 2012
		£000	£000
MCC PFI loan	current	27	
	2 to 5 years		114
	5 to 10 years		162
	10 to 15 years		186
	15 to 20 years		214
	20 to 25 years		193
		27	869

40. Remuneration Report

Salary and Pension entitlements of Senior Managers

Remuneration

Name	Title	2011/12 Salary (bands of £5,000)	2011/12 Other Remuneration (bands of £5,000)	2011/12 Benefits in kind (Rounded to the nearest £00)	2010/11 Salary (bands of £5,000)	2010/11 Other Remuneration (bands of £5,000)	2010/11 Benefits in kind (Rounded to the nearest £00)
		£000	£000	£00	£000	£000	£00
Aneurin Bevan LHB							
Executive Directors							
Andrew Goodall	Chief Executive	185 - 190	0	0	185 - 190	0	22
Joanne Absalom	Director of Primary, Community and Mental Health Services	125 - 130	0	0	125 - 130	0	0
Alan Brace	Director of Finance (Seconded out from 1st January 2012)	100 - 105	0	0	135 - 140	0	0
Chris Turley	Acting Director of Finance (from 1st January 2012)	15 - 20	0	0	0	0	0
Allan Davies	Director of Performance Improvement	95 -100	0	0	95 - 100	0	0
Denise Llewellyn	Nurse Director	125 - 130	0	0	125 - 130	0	0
Judith Paget	Director of Planning and Operation/Deputy Chief Executive	135 - 140	0	11	135 - 140	0	19
Anne Phillimore	Director of Workforce and Organisational Development	125 - 130	0	29	125 - 130	0	19
Dr Gill Richardson	Director of Public Health	95 - 100	0	0	80 - 85	0	0
Dr Grant Robinson	Medical Director	200 - 205	0	0	200 - 205	0	0
Janet Smith	Director of Therapies and Health Science	100 - 105	0	0	95 - 100	0	0
Richard Bevan	Board Secretary	95 - 100	0	0	95 - 100	0	8
Non-Officer Members							
David Jenkins OBE	Chairman	65 - 70	0	0	65 - 70	0	0
Susan Kent MBE	Vice Chair	55 - 60	0	0	55 - 60	0	0
Wendy Bourton OBE	Independent Non Officer Member (Third/Voluntary Sector)	15 - 20	0	2	15 - 20	0	1
Jane Carroll	Independent Non Officer Member (Trade Union)	15 - 20	0	0	5 - 10	0	0
Mark Gardner	Associate Independent Non Officer Member (Chair of Stakeholder Group) - Appointed February 2011	0	0	0	0	0	0
Stewart Greenwell	Associate Independent Non Officer Member (Director of Social Services) - Appointed June 2010	0	0	0	0	0	0
Dr Sue Greening	Associate Independent Non Officer Member (Chair of Health Professionals Forum) - Appointed August 2011	0	0	0	0	0	0
Prof. Helen Houston	Independent Non Officer Member (University)	15 - 20	0	2	0	0	0
Chris Koehli	Independent Non Officer Member (Finance)	15 - 20	0	0	15 - 20	0	0
Cllr Brian Mawby	Independent Non Officer Member (Local Authority)	15 - 20	0	1	15 - 20	0	1
Joanne Pitter	Independent Non Officer Member (Community)	15 - 20	0	0	15 - 20	0	0
Philip Robson	Independent Non Officer Member (Community) - Appointed May 2010	15 - 20	0	0	10 - 15	0	0
Peter Sampson	Independent Non Officer Member (Community)	15 - 20	0	3	15 - 20	0	3
Prof. Janet Wademan	Independent Non Officer Member (ICT)	15 - 20	0	1	15 - 20	0	1

Aneurin Bevan Health Board reimburse Cardiff University for the costs incurred by Prof. Helen Houston in undertaking the role of Independent Non Officer Member (University) with the Aneurin Bevan Health Board.
The Independent Non Officer Member (Trade Union) - Jane Carroll is a full time employee of the Aneurin Bevan Health Board.

	2011-12	2010-11
Band of Chief Executive's Total Remuneration £000	185 - 190	185 - 190
Median Total Remuneration £	24,554	23,589
Ratio	7.6	7.9

	2011-12	2010-11
Band of Highest paid Director's Total Remuneration £000	200 - 205	200 - 205
Median Total Remuneration £	24,554	23,589
Ratio	8.2	8.6

40. Remuneration Report continued
Salary and Pension entitlements of Senior Managers
Pension Benefits

Name	Title	Real increase in pension at age 60 (bands of £2,500) £000	Real increase in pension lump sum at aged 60 (bands of £2,500) £000	Total accrued pension at age 60 at 31 March 2012 (bands of £5,000) £000	Lump sum at age 60 related to accrued pension at 31 March 2012 (bands of £5,000) £000	Cash Equivalent Transfer Value at 31 March 2012 £000	Cash Equivalent Transfer Value at 31 March 2011 £000	Real increase in Cash Equivalent Transfer Value £000	Employer's contribution to stakeholder pension £00
Andrew Goodall	Chief Executive	2.5 - 5.0	7.5 - 10.0	25 - 30	85 - 90	412	293	109	0
Joanne Absalom	Director of Primary, Community and Mental Health Services	0.0 - 2.5	0.0 - 2.5	40 - 45	125 - 130	632	515	101	0
Alan Brace	Director of Finance (Seconded Out from 1st Jan 2012)	0.0 - 2.5	2.5 - 5.0	45 - 50	135 - 140	818	694	77	0
Chris Turley	Acting Director of Finance (From 1st Jan 2012)	0.0 - 2.5	0.0 - 2.5	20 - 25	60 - 65	297	223	17	0
Allan Davies	Director of Performance Improvement	(2.5) - 0.0	(2.5) - 0.0	40 - 45	120 - 125	877	813	39	0
Denise Llewelyn	Nurse Director	0.0 - 2.5	0.0 - 2.5	50 - 55	150 - 155	896	783	88	0
Judith Paget	Director of Planning and Operation/Deputy Chief Executive	0.0 - 2.5	0.0 - 2.5	50 - 55	155 - 160	947	827	94	0
Anne Phillimore	Director of Workforce and Organisational Development	0.0 - 2.5	2.5 - 5.0	25 - 30	85 - 90	554	484	54	0
Dr Gill Richardson	Director of Public Health	0.0 - 2.5	5.0 - 7.5	20 - 25	70 - 75	411	328	72	0
Dr Grant Robinson	Medical Director	0.0 - 2.5	2.5 - 5.0	65 - 70	200 - 205	1207	1029	146	0
Janet Smith	Director of Therapies and Health Science	(2.5) - 0.0	(2.5) - 0.0	45 - 50	135 - 140	1005	937	39	0
Richard Bevan	Board Secretary	0.0 - 2.5	0.0 - 2.5	25 - 30	85 - 90	471	387	72	0

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

STATEMENT OF THE CHIEF EXECUTIVE'S RESPONSIBILITIES AS ACCOUNTABLE OFFICER OF THE LOCAL HEALTH BOARD

The Welsh Ministers have directed that the Chief Executive should be the Accountable Officer to the LHB. 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……2012 …… Chief Executive

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

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

- apply on a consistent basis accounting principles laid down by the Welsh Ministers with the approval of the Treasury

- make judgements and estimates which are responsible and prudent

- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the account.

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

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

By Order of the Board

Signed:

Chairman: ……... Dated: ...……2012

Chief Executive: ……. Dated: ...……..2012

Director of Finance: …….. Dated: ……..2012

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

LOCAL HEALTH BOARDS

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

BASIS OF PREPARATION

2. The account of the LHB shall comply with:

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

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

FORM AND CONTENT

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

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

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

MISCELLANEOUS

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

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

Signed by the authority of Welsh Ministers

Signed : Chris Hurst Dated :

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

Governance Statement

1. Scope of responsibility

Aneurin Bevan Health Board, established on 1st October 2009, covers the areas of Blaenau Gwent, Caerphilly, Monmouthshire, Newport, Torfaen and South Powys. The Health Board has an annual budget from the Welsh Government from which we plan and deliver services for the population of the Gwent area and South Powys. The Health Board as well as providing services locally works in partnership to seek to improve health and well being in the area.

Aneurin Bevan Health Board is committed to ensure that everything we do and the ways in which we undertake and fulfil our roles and responsibilities is:

- focused on the needs of citizens;
- is of the highest standard, and
- is clearly understood by all those involved both inside and outside the organisation.

This means that the Health Board must clearly demonstrate the arrangements we have in place to meet the needs of local people, that local people, stakeholders and our staff are actively engaged and involved in the development and delivery of services and that the services provided for citizens are efficient, effective and appropriate.

The Health Board uses the Welsh Government's Citizen Centred Governance principles to guide our work of obtaining assurance from within the organisation and also in terms of giving assurance externally to others, to demonstrate that the Health Board is achieving its objectives and meeting our responsibilities. The extent to which Aneurin Bevan Health Board with our partners is able to demonstrate its alignment with these principles and in the ways we plan for and deliver our responsibilities for citizens is an important aspect of the ways in which we are organised, manage our business and perform.

The Board of Aneurin Bevan Health Board is accountable for Governance and Internal Control in the organisation and as Accountable Officer and Chief Executive of the Board, I have responsibility for maintaining appropriate governance structures and procedures. This includes a sound system of internal control that supports the achievement of the organisation's policies, aims and objectives, whilst also safeguarding the public funds and this organisation's assets for which I am personally responsible. These are carried out in accordance with the responsibilities assigned by the Accounting Officer of NHS Wales.

The Health Board has developed and is implementing a governance and assurance framework. The Board sits at the top of the organisation's governance and assurance framework and sets strategic objectives, monitors progress, agrees actions to achieve these objectives and ensures appropriate controls are in place and are working properly throughout the organisation. To do this the Board also takes assurance from its Committees and also its assessments against the Standards for Health Services in Wales and other professional standards and regulatory frameworks.

The Health Board's governance and assurance arrangements have been established in accordance with its Standing Orders and Standing Financial Instructions. The Health Board's agreed objectives also seek to ensure it meets national priorities set by Welsh Government and locally determined priorities and also meets national and professional standards throughout the conduct of our business. Reporting and monitoring against these objectives, and the risks associated with their delivery and achievement, are received by the Health Board and its Committees.

Governance Statement (continued)

Aneurin Bevan Health Board meets six times a year in public and comprises individuals from a range of backgrounds, disciplines and areas of expertise. The Board provides leadership and direction to the organisation and has a key role in ensuring that the organisation has sound governance arrangements in place. The Board also ensures that it has an open culture and high standards in the way that its work is conducted. Together Board Members share corporate responsibility for all decisions and play a key role in monitoring the performance of the organisation.

However, members are involved in a range of other activities on behalf of the Board, such as Board Development Meetings (at least six a year), meetings of Committees of the Board and service visits.

Health Board Attendance at Public Board Meetings 2011/2012:

Health Board Members:	Attendance/ Number of meetings during 2011/2012
David Jenkins OBE, Chair	6/6
Sue Kent MBE, Vice-Chair	6/6
Dr Andrew Goodall, Chief Executive	6/6
Judith Paget, Director of Planning and Operations/Deputy Chief Executive	5/6
Joanne Absalom, Director of Community, Primary and Mental Health	6/6
Alan Brace, Director of Finance (Chris Turley acted as Director of Finance from January 2012)	4/4 2/2
Dr Grant Robinson, Medical Director	6/6
Denise Llewellyn, Nurse Director	5/6
Anne Phillimore, Director of Workforce and Organisational Development	6/6
Jan Smith, Director of Therapies and Health Sciences	5/6
Dr Gill Richardson, Director of Public Health	6/6
Wendy Bourton OBE Independent Member (Third Sector)	4/6
Jane Carroll Independent Member (Trade Union)	6/6
Prof. Helen Houston Independent Member (University)	4/6
Chris Koehli Independent Member (Finance)	6/6
Cllr. Brian Mawby Independent Member (Local Authority)	5/6
Joanne Pitter Independent Member (Community)	5/6
Philip Robson Independent Member (Community)	6/6
Peter Sampson Independent Member (Community)	6/6
Prof. Janet Wademan Independent Member (ICT)	6/6
Associate Members:	
Stewart Greenwell (Associate Member – Director of Social Services) [Non Voting]	5/6
Mark Gardener (Chair, Stakeholder Reference Group) [Non Voting]	5/6
Dr Sue Greening (Chair, Health Professional Forum) [Non Voting] - Joined the Board July 2011	4/5

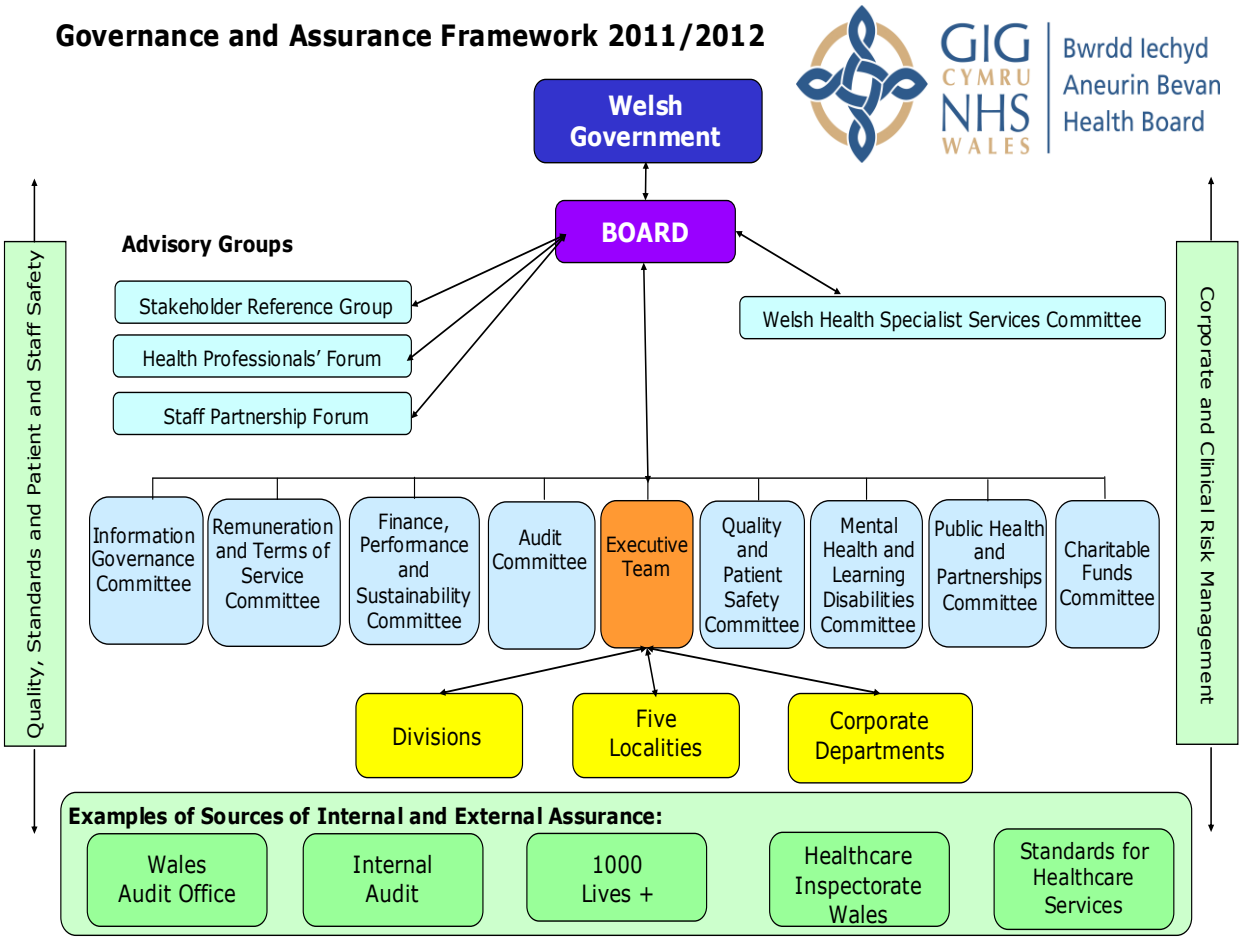
The attendance of Board Members at the six in public Board meetings during the last year is shown above. However, members are involved in a range of other activities on behalf of the Board, such as Board Development Meetings (at least six a year), meetings of Committees of the Board and service visits.

The Board also meets in public in June to formally adopt the Annual Accounts of the Health Board following detailed consideration by the Health Board's Audit Committee. This meeting has not been included in the above attendance record as this a procedural meetings and is run with the required number of members for a quorum for the Board and therefore not all members are required to attend.

Governance Statement (continued)

Our Governance and Accountability Framework:

Governance and Assurance Framework 2011/2012



Committees of the Board: The Health Board has established a range of committees, chaired by Independent Members of the Board, that have key roles in relation to the Governance and Assurance Framework, decision making, scrutiny, development discussions, an assessment of current risks and performance monitoring.

The committees provide regular reports to the Board to contribute to its assessment of assurance. There is also cross representation between Committees to support the connection between the business of key committees and also to seek to integrate assurance reporting.

The committees submit from the Chair of the Committee an assurance report to each public meeting of the Health Board (every two months), which outlines key risks and highlights areas of development. Each committee also undertakes an annual assessment of effectiveness and produces an Annual Report for submission to the Health Board.

The Committees as well as reporting to the Board also work together on behalf of the Board to ensure, where required, that cross reporting and consideration takes place and assurance and advice is provided to the Board and the wider organisation.

The Committees of the Board are:

- Audit Committee (Chair: Chris Koehli, Independent Member, Finance)

- Quality and Patient Safety Committee (Chair: Professor Helen Houston, Independent Member, University)

- Mental Health and Learning Disabilities Committee (Chair, Sue Kent, Vice Chair of the Board)

Governance Statement (continued)

- Information Governance Committee (Chair: Professor Janet Wademan, Independent Member ICT

- Public Health and Partnerships Committee (Chair: Wendy Bourton, Independent Member, Community)

- Charitable Funds Committee (Chair: Peter Sampson, Independent Member, Community)

- Remuneration and Terms of Services Committee (Chair: David Jenkins, Chair of the Board)

- Finance, Performance and Sustainability Committee (Chair: David Jenkins, Chair of the Board)

Further work has been undertaken during the year on the alignment of committees within the Health Board to ensure there is closer working between committees and there is further clarity with regard to the Health Board's Governance and Assurance Framework.

During 2011/2012, the Health Board's Governance and Assurance Committee, which comprised the chairs of the Committees of the Board, was discontinued. This Committee had been established during the development of the new organisation to guide the establishment of governance systems and processes, which is now taken forward by the Board and its committees and is monitored and advised on behalf of the Board by the Audit Committee.

Also, in October 2011, the Health Board established a Finance, Performance and Sustainability Committee, which is the full Board meeting as a committee to provide dedicated time to look in further detail at the financial and general performance of the organisation. The work of this committee is reported in public to the full Board Meeting.

The Health Board is a large and complex organisation and continues to develop following its establishment in 2009, as part of the restructuring of the NHS in Wales. The Health Board is in the process of implementing a five year strategic programme, which focuses on further modernising local services and our workforce to better meet the needs of local people.

There is already clear evidence of many areas of positive progress and improvement, but it is recognised that this is not yet consistent across the whole organisation. Nevertheless, the Health Board has succeeded in delivering and achieving many of the targets set by the Welsh Government. The Health Board is also undertaking a range of actions to embed consistent improvement and delivery throughout the organisation.

The Health Board is also continuing to develop and embed policies and procedures in the organisation to enable successful delivery against the governance and assurance arrangements established by the organisation. This includes the further development of the Health Board's Scheme of Delegation to ensure that decision making is enabled and supported by the most appropriate staff and teams at the most appropriate levels within the Health Board. This will encourage further local decision making with clearly understood local accountability for delivery and improvement. Also, a new and updated Policy on Policies and Procedures has been approved, which is a control policy for the Health Board to ensure that policies are consistently developed, implemented, monitored and reviewed.

The Health Board along with its internal sources of assurance, which includes its internal audit function, also uses sources of external assurance and reviews to inform and guide our development. These comprise reports from the Wales Audit Office, such as the comprehensive Structured Assessment of the Health Board completed in 2010 and the follow up review, which was undertaken in 2011. The outcome of the follow-up assessment is being used by the Health Board to further inform our improvement planning and the embedding of good governance.

Governance Statement (continued)

The Health Board also has in place a comprehensive tracking system for all internal, external and capital and PFI audit recommendations and the agreed management actions, which is regularly reported to the Health Board's Audit Committee.

Also, the Health Board uses reports from Healthcare Inspectorate Wales, the Welsh Risk Pool and other inspectorates and regulatory bodies to inform the governance and assurance approaches established by the organisation.

The Welsh Risk Pool is a mutual self assurance scheme for all health bodies in Wales. The risk pooling scheme covers all risk relating to NHS activity, subject to Welsh Health Circular (2000)04, Revised Welsh Risk Pool Management Arrangements from 1st April 1999 and WHCs (2000)12 and 51, Insurance in the NHS in Wales.

The Health Board also uses information regarding best practice available inside and outside the public sector to benchmark its performance and continue to foster a culture of continuous improvement.

2. The purpose of the system of internal control

The Health Board's 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.

3. Capacity to handle risk

Aneurin Bevan Health Board has continued to develop and embed its approaches to risk management over the last year, but recognises that further work is required to ensure risk systems continue to be streamlined and interconnected and that our understanding of risks actively informs the Health Board's key priorities and actions.

During the last year, the Health Board has further updated and refined its Corporate Risk Management Strategy, which was originally approved by the Board in September 2010.

The Health Board sees active and integrated risk management as key elements of all aspects of our functions and responsibilities especially in order to support the successful delivery of our business. This will assist in ensuring high quality and safe heath care is provided to local people, that we contribute to improving the health and well being of our population and that a safe and supportive working environment is provided for our staff.

As Chief Executive, I have overall responsibility for the management of risk for the Health Board. The Executive Lead for clinical risk management is the Nurse Director and has delegated responsibility for ensuring that arrangements are in place to effectively assess and manage clinical risks across the Health Board. The Board Secretary along with the Nurse Director work together to design systems and processes for risk management with the Board Secretary having responsibility for maintaining and co-ordinating a corporate risk register and the corporate reporting of risks. The Health Board and its Committees also have key roles in identifying and monitoring risks within the organisation. Specifically, the Executive Team meetings present an opportunity for the executive function to consider and address risk and actively engage with and report to the Board and its Committees on the organisations risk profile.

Governance Statement (continued)

The Health Board is also committed to ensuring staff throughout the organisation are trained and equipped to appropriately assess, manage and report risks. The Health Board is continuing to develop a Community of Practice for Risk Management within the Health Board and developing a training programme to support staff with regard to their involvement in risk management.

This work throughout the Health Board is also being informed by best practice with advice from the Health Board's Internal Auditors, the Wales Audit Office and the National Leadership and Innovation Agency for Healthcare.

The risk profile of the Health Board is continually changing, but the key risks that emerge and can impact upon the Health Board's achievement of its objectives include strategic, operational, financial and compliance risks. At the end of March 2012, the Health Board's Corporate Risk Register included twenty-two key risks for the organisation. The profile of these risks included:

Category of Risk	Number of Risks at March 2012
Strategic Risks	5
Financial Risks	1
Operational/Business Risks	11
Compliance Risks	5

The profile of risks as at March 2012 in terms of their assessed levels is outlined in the risk map below. Please note these risks are at a point in time and are reassessed and change regularly.

In relation to the red rated risk below, this risk applied to the financial position of the organisation with regard to the potential for not meeting the Health Board's statutory financial duty and the potential implications of this risk occurring. However, at the year end this was mitigated by the drawing down from Welsh Government of £4.5 million.

Consequence Score	Likelihood Score				
	1 Rare	2 Unlikely	3 Possible	4 Likely	5 Almost certain
5 - Catastrophic		● 2		● 1	
4 - Major		● 2	● 10	● 2	
3 - Moderate				● 5	
2 - Minor					
1 - Negligible					

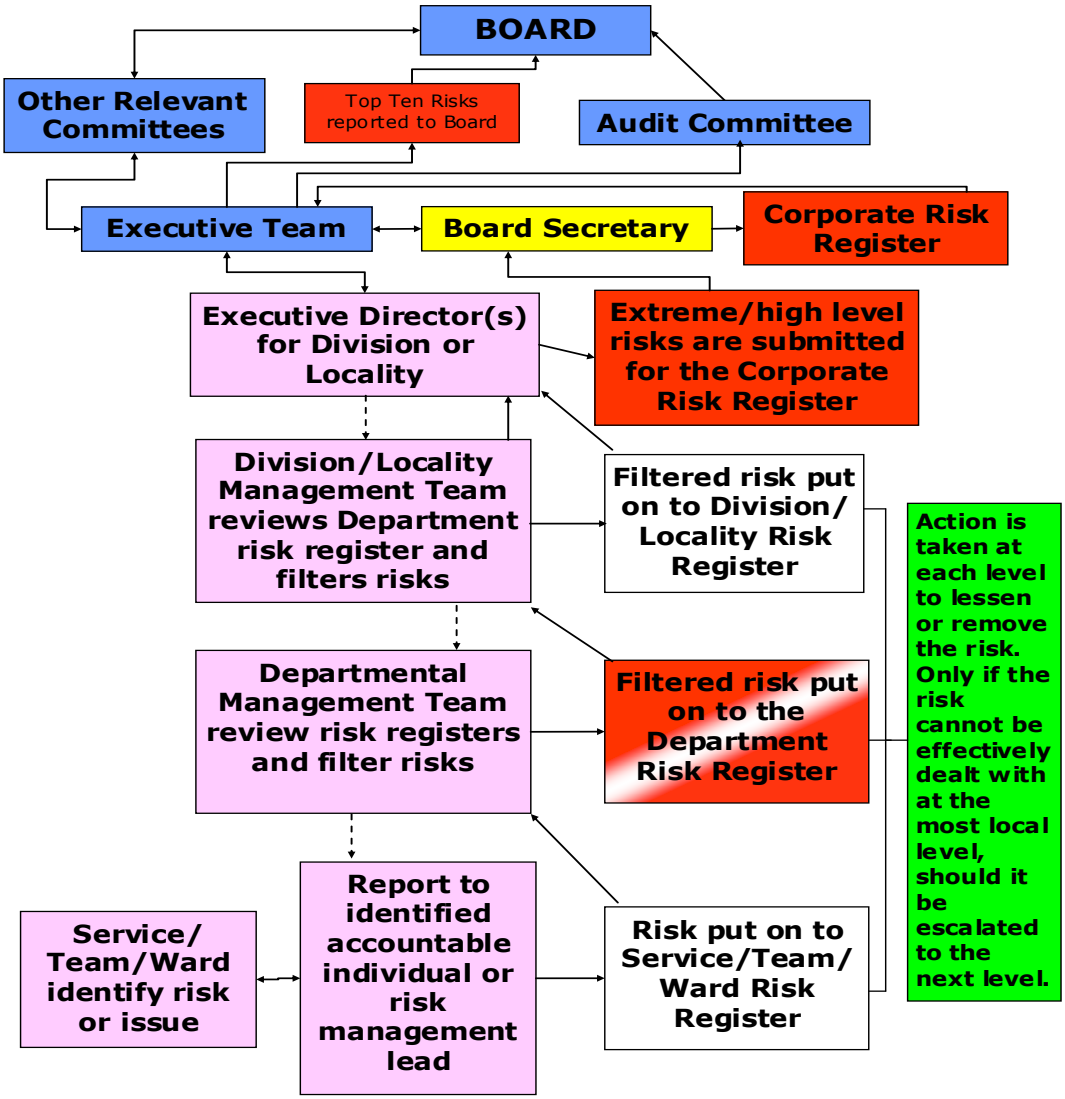
The risk and control framework

The Health Board's approach to risk management provides a framework and structured process for the identification and management of risk across the organisation to better inform decision making. The Health Board's systems and processes allow for the Board and staff to implement necessary actions to respond to risks at all organisational levels. They also facilitate the reporting of risks throughout the organisation, escalating to senior levels of management, where required, and to the Health Board and its Committees via the Executive Team to further inform corporate decisions.

Governance Statement (continued)

The ways in which new risks are identified and controlled is outlined in the diagram below:

Risk Management Flowchart



The Health Board recognises that through these processes it is not possible to eliminate or avoid all risks and that in some instances the Board, the wider organisation and with our partners that we might have to take informed risks to further our stated aims and objectives. However, as risks are recognised and identified, actions to understand and respond to these risks are undertaken and implemented. If after all necessary steps have been taken and the risk remains, the Health Board may decide to accept the risk and continue to actively manage it.

The Board's decision to accept and actively manage risks might be different for the range of its responsibilities and the Board through information and intelligence from within and outside the organisation will determine the level of risks it is willing to accept for each area of its plans and business and this is determined by the Board at its meetings and informed by the work of its committees and strategic and operational planning activities.

Governance Statement (continued)

The Health Board links closely with public service partners, such as Local Authorities and other bodies and organisations to assess and manage risk and to understand key issues and risk that could impact upon the Health Board and affect the effective and efficient delivery of its services and functions to support patient care.

At the end of the financial year 2011/2012, the Health Board had continued to identify, assess and manage a number of key risks. The Health Board's Corporate Risk Register included a number of high level strategic risks and also risks associated with operational delivery of the organisation. Some of these risks linked to potential risks and others that were issues which had occurred and were being actively managed by the organisation. The end of year risk profile therefore, highlighted risks relating the risk of not meeting financial and performance targets, the risk of not meeting emergency care provision targets, failure to agree an Annual Plan, failure to implement the Health Board's Organisational Development Strategy in support of the stated service agenda, risks regarding securing medical staffing to maintain rotas, the risk of not maintaining levels of performance on infection control measures, the risk of not appropriately supporting positive patient experiences and delivering dignified care and the risk of failing to appropriately communicate with, engage and consult citizens on service developments and changes.

The Health Board also uses the 'Doing Well, Doing Better: Standards for Health Services in Wales' as a part of our framework for gaining assurance on our ability to fulfil our aims and objectives for the delivery of safe and high quality health services. This involves self assessment of our performance against the standards across all activities and at all levels throughout the organisation and this is also linked to the Health Board's approach to risk management.

UK Corporate Governance Code: Aneurin Bevan Health Board has also undertaken an assessment against the main principles of the UK Corporate Governance Code as they relate to an NHS public sector organisation in Wales. This assessment has been informed by the Health Board's assessment against the Governance and Accountability Module undertaken by the Board in April 2012 and also evidenced by internal and external audits. The Health Board is clear that it is complying with the main principles of the Code, is following the spirit of the Code to good effect and is conducting its business openly and in line with the Code. The Board recognises that not all reporting elements of the Code are outlined in this Governance Statement but are reported more fully in the Health Board's wider Annual Report.

4. 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.
The Board is advised of the effectiveness of risk management and internal controls through reports received from all its committees and in particular the Audit Committee and Quality and Patient Safety Committee. The Quality and Patient Safety Committee also provides the Health Board with assurance relating to issues of clinical governance, patient safety and health standards. In addition, reports submitted to the Board by the Executive Team identify risk issues for consideration. The Health Board has also considered and approved the Terms of Reference of its committees and routinely receives minutes and assurance reports from each of its committees. Each of the Health Board's Committees have considered a range of reports relating to their areas of business during the last year, which have included a comprehensive range of internal audit reports and external audit reports and reports on professional standards and from other regulatory bodies. The Committees have also considered and advised on areas for local and national strategic developments and new policy areas. Each Committee develops an annual report of its business and the areas that it has covered during the last year and these are reported in public to the Health Board.

Governance Statement (continued)

A key element of this review has been the Board's self-assessment against the Governance and Accountability Module in relation to the Standards for Health Services. Therefore, as part of this process, the organisation has completed the Module and identified the following level of self-assessed performance for 2011/2012. However, the assessment against each statement needs to be understood in the context of the Health Board's progress against its five year programme of improvement.

Maturity Matrix Definitions:

The maturity matrix has been provided below for information to indicate the levels of assessment used by the Board in its consideration of the module statements.

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.	**Strongly Disagree**
We are aware of the improvements that need to be made and have prioritised them, but are not yet able to demonstrate meaningful action.	**Disagree**
We are developing plans and processes and can demonstrate progress with some of our key areas for improvement.	**Agree in Part**
We have well developed plans and processes and can demonstrate sustainable improvement throughout the organisation/business.	**Agree**
We can demonstrate sustained good practice and innovation that is shared throughout the organisation/ business, and which others can learn from	**Strongly Agree**

The Health Board based on this assessment has developed a programme of actions to take forward these areas for improvement and development during the coming year.

Governance and Accountability Module – Self Assessment

Setting the Direction – Statements	**Board Self-Assessment Level**
We make an effective contribution to the achievement of the strategic vision for health services in Wales. Maturity Level 2010/2011 Agree 2011/2012 Agree →	The Health Board has well developed plans and processes including a Five Year Strategic Framework and Annual Plan, which will be further implemented during 2012/2013. The Board considered that Mental Health Developments in the last year were particularly noteworthy. The Health Board is also contributing to the South Wales Regional Plan and further developing partnership governance arrangements in relation to the Plan. Board Members also make valuable contributions to a range of national programmes.

Governance Statement (continued)

We have a clear purpose, vision and overall strategic direction that effectively align our local needs with the national strategy for health services in Wales. Maturity Level 2010/2011 – Strongly Agree 2011/2012 – Agree ↓	The Health Board and in partnership has well developed plans and processes. Good progress was recognised through key partnerships through the five local Health, Social Care and Well Being Strategies and Children and Young People's Plans. There has also been good progress through Neighbourhood Care Networks (NCNs) in primary care and through the embedding of the Frailty Programme in local communities. The Health Board has a clear vision for the Public Health agenda and has made good progress with its response in partnership. However, the Health Board assessed itself lower this year due to the uncertainties with regard to the emerging South Wales Plan and the implications for the Health Board's Strategy.
Our citizens, staff and other stakeholders inform and influence our organisation/business's purpose, strategic vision and direction. Maturity Level 2010/2011 – Agree in Part 2011/2012 – Agree in Part →	The Health Board is continuing to implement its arrangements for integrated staff and stakeholder engagement. Progress can be demonstrated through positive staff relationships through our Staff Partnership Forum and good joint working with the Aneurin Bevan Community Health Council and the Health Board's Stakeholder Reference Group and Patients' Panel. However, it is recognised that further work is required especially with patients and the public to respond to their experiences and to meet their needs and further communicate with regard to the Health Board's Clinical Futures Programme in the context of the South Wales Plan.
We carry out our work instilled with a strong sense of values, supported by clear standards of ethical behaviour. Maturity Level 2010/2011 – Strongly Agree 2011/2012 – Strongly →	The Health Board has assessed that it can demonstrate sustained good practice and innovation that is shared throughout the organisation, and which others can learn from, which is supported through the outcomes from the WAO Structured Assessment and Internal Audit Reports.
We promote equality and recognise diversity across all our services and activities. Maturity Level 2010/2011 – Agree in Part 2011/2012 – Agree in Part →	The Health Board has well developed plans and processes in place through the agreement of an Equality Plan. Further improvement will need to be demonstrated throughout the organisation through embedding these approaches and processes. The Board recognises that further development work is required to actively complete and use equality impact assessments and use this information to inform planning and organisational decisions.

Governance Statement (continued)

<table>
<tr><td>We apply and embed professional standards and quality requirements in a way that meets the needs and expectations of patients, service users, citizens and other stakeholders.

<table><tr><td colspan="3">Maturity Level</td></tr><tr><td>2010/2011</td><td>Agree in Part</td><td rowspan="2">↑</td></tr><tr><td>2011/2012</td><td>Agree</td></tr></table></td><td>The Health Board has assessed that is has well developed plans and processes and can demonstrate sustainable improvements in this area, such as improvements in the area of stroke services and the organisation's commitment to quality and patients safety and its leading role in areas such as the 1000 Lives programme and sustained improvements in initiatives such as Fundamentals of Care and Transforming Care. The Health Board's Dignity in Care Campaign also emphasises its commitment to quality and embedding standards.</td></tr>
<tr><td>Enabling Delivery – Statements</td><td>Board Self-Assessment Level</td></tr>
<tr><td>We have the right people, with the right skills, doing the right things, in the right place, and at the right time to meet our responsibilities for the provision of safe, high quality care

<table><tr><td colspan="3">Maturity Level</td></tr><tr><td>2010/2011</td><td>Disagree</td><td rowspan="2">↑</td></tr><tr><td>2011/2012</td><td>Agree in Part</td></tr></table></td><td>The Health Board has developed clear plans and processes and can demonstrate positive progress through further clarity on management structures and with associated Organisational Development and Workforce Strategies. However, further improvements need to be made and have been prioritised especially with regard to planning for continuing developments in the Clinical Futures Programme, support primary care for key initiatives such as Neighbourhood Care Networks and ensuring the continuing movements of staff to support the delivery of more services in community settings.</td></tr>
<tr><td>The different services and parts of our organisation/business work well together, and everyone understands who does what and why.

<table><tr><td colspan="3">Maturity Level</td></tr><tr><td>2010/2011</td><td>Disagree</td><td rowspan="2">↑</td></tr><tr><td>2011/2012</td><td>Agree in Part</td></tr></table></td><td>The Health Board has continued to develop plans and processes in this area and increased integration within the organisation can be demonstrated, but the Board is aware that there is still more work to be completed as the organisation and its planned programmes develop. The Health Board has made good progress with communication and engagement within the organisation and it is considered that staff within the organisation increasingly understand and own the overall agenda of the Health Board.</td></tr>
<tr><td>We properly safeguard all those who work in or access our health services (including those who may accompany patients or service users), paying particular attention to the needs of children and vulnerable adults.

<table><tr><td colspan="3">Maturity Level</td></tr><tr><td>2010/2011</td><td>Agree in Part</td><td rowspan="2">➔</td></tr><tr><td>2011/2012</td><td>Agree in Part</td></tr></table></td><td>The Health Board has clear plans in place for safeguarding of patients and improving patient safety and these are closely monitored by the Quality and Patient Safety Committee and the Board and we and can also demonstrate progress with some of our key areas for improvement, especially with the 1000 Lives Plus programme.</td></tr>
</table>

Governance Statement (continued)

	However, continued work is required to improve the uptake of health and safety training for staff. We are developing plans and processes to improve compliance and further support staff to develop individual practice and compliance.
We have the right facilities (equipment and environment) to enable us to consistently deliver safe, high quality services across all the communities we serve Maturity Level: 2010/2011 Disagree; 2011/2012 Agree in Part ↑	The Health Board has a clear capital and service strategy in place. Good progress has been made with the opening of new facilities such as Ysbyty Aneurin Bevan, Ysbyty Ystrad Fawr and primary care facilities. The Clinical Futures Programme and the Five Year Plan will continue to develop the right facilities for the Health Board area to meet out service strategy and this will include the planning and delivery of the Specialist and Critical Care Centre as well as continuing to support the delivery of services close to and in patients' homes.
We support the development and delivery of high quality, safe and accessible services through strong, effective financial planning and management Maturity Level: 2010/2011 Agree in Part; 2011/2012 Agree in Part →	The Health Board has in place strong financial stewardship via the Board and the Audit Committee. The Health Board has demonstrated again in the last year the achievement of a high level of savings and an improvement in the underlying position. However, the Health Board required to draw down £4.5 million from Welsh Government at year end to ensure that it met its statutory financial targets. This was, however, an improvement on earlier forecasts. The organisation through Audit Committee and advice from internal audit has focused on further strengthening internal systems. The Health Board will continue to focus on strong financial management and continue to strengthen accountabilities throughout the organisation. This is being taken forward through a range of additional financial assurance and scrutiny mechanisms.
Our workforce at all levels in the organisation/business are equipped with the information they need to help them carry out their work effectively, and this information is shared appropriately and securely held Maturity Level: 2010/2011 Disagree; 2011/2012 Agree in Part ↑	The Health Board has in place a strong and effective Information Governance Committee, which has a key role in monitoring and advising on a range of information strategies and the technology required to support our staff in their decision making. However, the Health Board is aware of areas that require improvement such as improving data quality and access to technology in community settings. The Health Board will also need to focus on the further implementation of the Myrddin System. These areas have been prioritised and this will be allied with a further concentration on integrating information systems and aligning information on quality and performance reporting.

Governance Statement (continued)

<table>
<tr>
<td>We are an innovative organisation/ business that takes proper account of the risks (both opportunities and threats) to the achievement of our aims and objectives

<table>
<tr><td colspan="3">Maturity Level</td></tr>
<tr><td>2010/2011</td><td>Disagree</td><td rowspan="2">↑</td></tr>
<tr><td>2011/2012</td><td>Agree in Part</td></tr>
</table>
</td>
<td>The Health Board agreed a new Risk Management Strategy and there is good evidence that this is being implemented well at the corporate level, but it is recognised that further work is required regarding the reporting and escalation of operational risks. There is evidence that clinical risk is well managed on a daily basis, but that further work is required to ensure our understanding of risks is used to inform planning and prioritisation of actions to support the organisations agenda to transform services. The Health Board also has in place a Quality and Patient Safety Committee and progress has been noted through the whole organisational response to 1000 Lives Plus and the Health Board’s approach to organisational learning to support innovation. The Health Board is continuing to develop plans and processes and can demonstrate progress with some of our key areas for improvement and has agreed a range of key programmes for development.</td>
</tr>
<tr>
<td>We have strong, effective relationships with our workforce, partners, citizens and other stakeholders.

<table>
<tr><td colspan="3">Maturity Level</td></tr>
<tr><td>2010/2011</td><td>Disagree</td><td rowspan="2">↑</td></tr>
<tr><td>2011/2012</td><td>Agree in Part</td></tr>
</table>
</td>
<td>The Health Board is further developing integrated plans and processes for staff and stakeholder engagement and can demonstrate good progress during the year. The Health Board has agreed a Communications and Engagement Framework with good evidence of progress with its implementation. Also, positive staff relationships can be demonstrated through our Staff Partnership Forum and good joint working with the Aneurin Bevan Community Health Council and Local Authorities in the Gwent area. Along with work with the Health Board’s Stakeholder Reference Group and Health Professionals Forum. However, further work is required especially with patients and the public to respond to their experiences to meet their needs.</td>
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</table>

Governance Statement (continued)

<table>
<tr>
<td>Decisions taken throughout our organisation are made by those best placed to do so, are well informed, timely and are effectively communicated

<table>
<tr><td colspan="3">Maturity Level</td></tr>
<tr><td>2010/2011</td><td>Disagree</td><td rowspan="2">↑</td></tr>
<tr><td>2011/2012</td><td>Agree in Part</td></tr>
</table>
</td>
<td>The Health Board is continuing to develop and embed policies and procedures in the organisation to enable the successful delivery against the governance and assurance arrangements established by the organisation. The organisation can demonstrate that it has good systems in place and that communication with staff has further improved. This Health Board's Scheme of Delegation has been further strengthened, but additional work is planned to increase delegation of decision making and support this with clear accountabilities. The Health Board has clear evidence of the empowerment of staff and teams to make decisions to guide their own work, but this is not yet consistent across the whole organisation.</td>
</tr>
<tr>
<td>Delivering Results and Achieving Excellence - Statements</td>
<td>Board Self-Assessment</td>
</tr>
<tr>
<td>We have a clear understanding of how well we are performing overall, what services are doing well, and what services need improving (including those services that are carried out by others on our behalf)

<table>
<tr><td colspan="3">Maturity Level</td></tr>
<tr><td>2010/2011</td><td>Agree in Part</td><td rowspan="2">➔</td></tr>
<tr><td>2011/2012</td><td>Agree in</td></tr>
</table>
</td>
<td>The Board and its Committees have developed comprehensive performance monitoring arrangements and well developed reporting of progress. However, further work is required to integrate performance monitoring and use this information to inform planning and development. Therefore, we are aware of the improvements that need to be made and have prioritised these.</td>
</tr>
<tr>
<td>We respond quickly and effectively to address areas of concern, including those relating to individuals' performance

<table>
<tr><td colspan="3">Maturity Level</td></tr>
<tr><td>2010/2011</td><td>Agree in Part</td><td rowspan="2">➔</td></tr>
<tr><td>2011/2012</td><td>Agree in</td></tr>
</table>
</td>
<td>The Health Board is clear that it has strong processes in place and can demonstrate that where concerns arise these are responded to quickly and appropriately, including matters relating to individual performance. However, that further work is required to ensure that staff appraisal is consistently undertaken across the Health Board.</td>
</tr>
<tr>
<td>We operate in accordance with all legal and other requirements placed on us

<table>
<tr><td colspan="3">Maturity Level</td></tr>
<tr><td>2010/2011</td><td>Agree in Part</td><td rowspan="2">↑</td></tr>
<tr><td>2011/2012</td><td>Agree</td></tr>
</table>
</td>
<td>The Health Board has established itself in line with Welsh Assembly Government guidance and requirements including agreed Standing Orders and Standing Financial Instructions. The Health Board recognises that although sustained improvement can be demonstrated that a continued area of focus will need to be with regard to compliance with statutory training levels in some areas.</td>
</tr>
</table>

Governance Statement (continued)

<table>
<tr>
<td>We know what our citizens and others (including our workforce) think of us, and this influences what we do and how we do it

<table>
<tr><td colspan="3">Maturity Level</td></tr>
<tr><td>2010/2011</td><td>Agree in Part</td><td rowspan="2">➔</td></tr>
<tr><td>2011/2012</td><td>Agree in Part</td></tr>
</table>
</td>
<td>The Health Board has developed plans and processes in partnership with Local Authorities, the Third Sector and the Community Health Council and we can demonstrate progress with some of our key areas for improvement with regard to the ways in which citizens and patient feedback influences and shapes the ways in which services are planned and delivered.

Also the Health Board has made progress with our internal communications and engagement and the Health Board is aware of the further improvements that need to be made and have prioritised them to support key programme such as Clinical Futures and developments in primary and community settings.</td>
</tr>
<tr>
<td>We measure our performance against ‘best practice’ and other standards set for the services we provide and we use the results to drive improvement in the provision of high quality, safe and accessible services

<table>
<tr><td colspan="3">Maturity Level</td></tr>
<tr><td>2010/2011</td><td>Agree in Part</td><td rowspan="2">➔</td></tr>
<tr><td>2011/2012</td><td>Agree in Part</td></tr>
</table>
</td>
<td>The Health Board has undertaken a range of work with advice from the National Leadership and Innovation Agency for Health Care and the Delivery Support Unit from the Welsh Assembly Government in areas of our business. The Health Board is further developing its approaches to measure itself against the best in Wales and the UK and to learn from these comparisons to strive for ‘best in class’ status. Positive relationships have been forged with areas across the UK, such as in Scotland. However, the Health Board is aware of the future improvements that need to be made, especially with regard to sharing and the use of information and have prioritised them to sustain improvement and performance.</td>
</tr>
<tr>
<td>We learn from our own and others experiences, and in turn share our learning with others

<table>
<tr><td colspan="3">Maturity Level</td></tr>
<tr><td>2010/2011</td><td>Agree</td><td rowspan="2">➔</td></tr>
<tr><td>2011/2012</td><td>Agree</td></tr>
</table>
</td>
<td>We have developing plans and processes in partnership with Local Authorities, the Third Sector and the Community Health Council and we can demonstrate progress with some of our key areas for improvement including the area of patient experience. The Health Board continues to take forward its programme of research and development and participation on a range of national and international programme to share good practice and measure our performance and learn from others.</td>
</tr>
</table>

Governance Statement (continued)

Therefore, the organisation has plans in place to achieve the improvement actions identified and within clearly defined timescales proportionate to the risk. The Health Board will continue to take forward the standards through further embedding these throughout the organisation at all levels and across all activities. The Standards are being used to underpin the 5-Year Service Workforce and Financial Strategic Framework plans and the Annual Plan of the Health Board.

There is evidence that teams and services are using the standards to assess risk and prioritise improvement and this will be taken forward further through embedding the Health Board's risk management framework and strategy. These Standards and risks will be monitored at the appropriate committees of the Board.

The overall monitoring of the Standards for Health Services takes place via the Quality and Patient Safety Committee and the Governance and Assurance Framework including the Health Board's approach to risk is monitored via the Audit Committee on behalf of the Health Board. Through this work the Board also gains assurance that the organisation is meeting the standards across the range of its activities. We also actively use our understanding of our risks, including risks associated with services being provided by others on our behalf and also feedback from patients, the public and partner organisations such as the Aneurin Bevan Community Health Council to continue to understand the impact of the Health Board's risks on local services.

Also, at the end of 2011/2012 financial year the Health Board was able to access flexible support with its budget to 'draw forward' against the Health Board's 2012/13 budget to meet our statutory financial target. As a result the Chief Executive of NHS Wales commissioned an external review of the financial management arrangements of the LHB to provide assurance going forward of the Health Board's plans to meet financial targets in 2012/2013. This position is reflected in the report in the Annual Accounts from the Auditor General for Wales.

Additional Assurance Disclosures:

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

Control measures are also in place to ensure that all the organisation's obligations under equality, diversity and human rights legislation are complied with and the Health Board is implementing an Equality and Human Rights Strategy approved by the Board.

Risk assessments have been undertaken and delivery plans are in place in accordance with emergency preparedness and civil contingency requirements to adapt and mitigate for the extreme weather predicted as a consequence of climate change based on UK Climate Impacts programme 2009 projections.

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

As with the previous year the majority of GMS errors identified were in relation to Minor Surgery, Near Patient Testing, Anti-coagulation Monitoring, Administration of Gonadorelins, Contraceptive services and Diabetes Enhanced Services. There was a reduction in the number of errors being identified, however, due to the high number of revisits which focused on the high risk areas the decrease is not clearly evident. The PPV manager will work closely with the Primary Care team to address these issues and through the provision of training and development sessions will seek to reduce their occurrence.

Also, he PPV Key Performance Indicators (KPI) target has been attained for all four quarters of 2011/12.

Governance Statement (continued)

5. Head of Internal Audit Opinion

The Head of Internal Audit is required to give an opinion on risk management, control and governance. In assessing the level of assurance to be given, the following opinion has taken into account:

• All internal audits undertaken during 2011/12;
• The action taken in response to our audit recommendations;
• Whether high or medium priority recommendations have been accepted by management, and the consequent risks;
• The effects of any material changes in the Health Board's objectives or systems; and
• Whether or not any limitations have been placed on the scope of internal audit.

The Head of Internal Audit opinion is based on the work completed between 1 April 2011 and 20 April 2012, carried out in accordance with the internal audit plan agreed by the Audit Committee in August 2011. Assuming management effectively implement the proposed actions to rectify the control weaknesses identified in the detailed reports, it is the opinion of the Head of Internal Audit that the Health Board has an adequate system of internal controls over the areas considered by internal audit which provides reasonable assurance regarding the effective and efficient achievement of the Health Board's objectives with regard to these areas. The assurance the Head of Internal Audit is able to provide in respect of financial systems control was limited by specific weaknesses identified in the following systems:

• Payroll;
• Procurement; and
• Community Medical Payments.

In addition management asked internal audit to consider certain operational areas as part of a risk based plan, to either assess progress against national standards or compliance with internal policies and procedures. The reviews undertaken found scope for improvements to be made in specific controls in the following areas:

• Child and Adolescent Mental Health Services (CAMHS) Network;
• Data Quality and Performance Monitoring;
• Divisional Audit – Torfaen Locality;
• Children in Specialist Placements; and
• Anaesthetics.

The ongoing review of progress in embedding Standards for Health Services in Wales found that:

• The Board is appropriately engaged; and
• Roles and responsibilities are clearly defined.

However, there is an inconsistent level of awareness of the standards across the Health Board with some directorates not having assessed themselves against the standards or drawn up an action plan to address any gaps. Significant progress at a directorate level is being made in 2011/12. Two reports were issued during 2011/12, both of which were considered at the October 2011 Audit Committee.

Governance Statement (continued)

Capital and PFI Audit Opinion:
The purpose of the annual Capital & PFI Audit and Consultancy Services Audit Opinion is to contribute to the Head of Internal Audit opinion and provide assurances available to the Accountable Officer and the Board which underpin the Board's own assessment of the effectiveness of the organisation's system of internal control.

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.

6. Conclusion
This Governance Statement indicates that the Health Board has continued to make progress during 2011/2012 to further develop and embed good governance and appropriate controls throughout the organisation. As indicated in the Head of Internal Audit and Capital and PFI Audit opinions the Health Board has adequate systems of internal control in place and therefore, this provides reasonable assurance regarding the Health Board's efficient and effective achievement of our objectives for the future.

The Health Board, however, will continue to progress and improve these arrangements as we further develop as an organisation. Areas for improvement have been identified in our assessment against the Standards for Health Services in Wales. We will also continue as an organisation to undertake our business openly to provide assurance for our citizens and stakeholders that the services we provide are efficient, effective and appropriate.

……
Dr Andrew Goodall
Chief Executive

Date: 6 June 2012

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

I certify that I have audited the financial statements of Aneurin Bevan Health Board for the year ended 31 March 2012 under Section 61 of the Public Audit (Wales) Act 2004. These comprise the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Cash Flow Statement and Statement of Changes in Tax Payers Equity and related notes. The financial reporting framework that has been applied in their preparation is applicable law and HM Treasury's Financial Reporting Manual based on International Financial Reporting Standards (IFRSs). I have also audited the information in the Remuneration Report that is described as having been audited.

Respective responsibilities of Directors, the Chief Executive and the Auditor

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

My responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require me to comply with the 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 Aneurin Bevan Health Board'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 Aneurin Bevan Health Board as at 31 March 2012 and of its net operating costs, 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; and

• 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

• Please see my Report on pages 90 to 92.

Huw Vaughan Thomas
Auditor General for Wales
12 June 2012

Wales Audit Office
24 Cathedral Road
Cardiff
CF11 9LJ

Report of the Auditor General to the National Assembly for Wales

Introduction

Under Section 61 of the Public Audit (Wales) Act 2004, I am required to examine, certify and report on the annual financial statements of the Aneurin Bevan Local Health Board (the Health Board).

My audit certificate on page 88 to 89 contains my opinion that the financial statements give a '*true and fair view*' in accordance with the National Health Service (Wales) Act 2006 and directions made there under by the Welsh Ministers.

It also includes my opinion that the expenditure and income shown in the financial statements have been applied to the purposes intended by the National Assembly for Wales and that the financial transactions conform with the authorities that govern them. This is known as my '*regularity*' opinion.

The financial regime within which each local health board (LHB) is required to operate, prescribes a formal annual '*resource limit*'. This is a statutory net expenditure limit, requiring each LHB to function strictly within the resource limit that is set for it by the Welsh Government for that financial year.

Where an LHB's net expenditure exceeds the resource limit, that expenditure is deemed to be unauthorised and is therefore irregular. In such circumstances, I am required to qualify my regularity opinion, irrespective of the value of the excess spend. Conversely, where reported annual net expenditure does not exceed the resource limit, no qualification of the regularity opinion (on these grounds) is required.

For the 2011-12 financial year, the Health Board incurred net expenditure of £1,030.557 million. Its final resource limit was £1,030.571 million, which included an additional £4.5 million agreed in March 2012 (0.4 per cent of its final resource limit) . This meant that the Health Board would have exceeded its resource limit had it not received the additional resource of £4.5 million from the Welsh Government in order to prevent such a breach occurring. In short, the Welsh Government increased the resource limit in March 2012 to match the forecast net annual expenditure of the Health Board.

Both my 'true and fair view' and 'regularity' opinions on the financial statements of the Health Board for the year ended 31 March 2012 are therefore unqualified.

I have nonetheless decided to issue a narrative report alongside my audit certificate to draw attention to this matter and to provide further details about the financial position of the Health Board.

Financial pressures and additional funding received in year

Current financial pressures across the public sector are well known. Against this background, the 2009 NHS re-organisation and the ambition to restructure NHS service delivery in Wales, the Welsh Government's 2011-12 health revenue budget decreased in real terms by just over one per cent and remained constant in cash terms.

As a result, the 2011-12 resource limit for the Health Board was originally set at £939.5 million. Based on this allocation, the Health Board estimated its 2011-12 funding gap to be some £73 million.

The Health Board put plans in place to reduce this gap by £52 million leaving an estimated shortfall of some £21 million. These plans consisted of savings and cost avoidance plans of £40 million and plans implemented before the start of the year and continuing to be delivered during 2011-12 of some £12 million. The Health Board monitored and reported its performance against its plans and targets to the Welsh Government at the end of each month.

The Health Board and Welsh Government paid close attention to the monthly reported out-turn and to the forecast year-end position. Forecasts were regularly updated and, as is usual, various adjustments to the resource limit for the Health Board were made by the Welsh Government to reflect specific agreed activities undertaken and their costs. The net effect of these adjustments was a revised resource limit, after the first six months of the year, of £946.6million.

In October 2011, the Minister for Health, Social Services and Children announced additional resource funding of £133 million for NHS Wales. The Health Board's share of this was £17 million, further increasing its annual resource limit to £965 million, although the Health Board continued to forecast a year-end funding gap of £6 million.

By the end of February 2012, and in line with the monthly forecasting, it remained apparent to both the Health Board and the Welsh Government that even after the additional funding received in October 2011, and the reported achievement of £49 million of savings, the Health Board would still not be able to contain its net expenditure within the revised resource limit for the 2011-12 financial year.

On 6 March 2012, the Minister for Health, Social Services and Children, wrote to the Chairs of the Health Boards offering further financial support. This support would be provided as an 'advance' or 'draw forward' against a Health Board's 2012-13 resource allocation, uplifting the resource limit to a level which would allow the Health Board to meet its statutory financial targets. The Chief Executive of NHS Wales would commission an external review of the financial management arrangements of each LHB in receipt of this support and any LHB opting to make use of this facility for the 2011-12 financial year would not be able to do so again in 2012-13.

The Health Board decided to take up the Minister's offer. It received £4.5 million (0.4 per cent of its final resource limit) as an advance against its 2012-13 resource allocation. This, together with agreed impairment funding of £51 million and other specific items, increased its 2011-12 resource limit to £1,030.571 million, against an out-turn figure of £1,030.557 million.

In summary then, the Health Board would not have achieved its financial target in 2011-12 had it not made use of the additional funding offered by the Minister in her letter of 6 March 2012.

Financial Implications for 2012-13

Whilst the additional funding provided to the Health Board to enable it to achieve its Resource Limit for 2011-12 means that I am not required to qualify my regularity opinion, it now faces an even tougher financial challenge in 2012-13. The 2012-13 allocation is £4.5 million lower than it would otherwise have been and consequently the Health Board will need to generate additional savings to bridge the gap between its resource allocation and its underlying expenditure pattern. The Health Board's 2012-13 interim financial plan currently forecasts a £48 million funding gap (including the impact of the early draw forward in 2011-12).

I intend to publish a report on health finances shortly, which considers these issues in more detail across the entirety of NHS Wales. In addition, I will be monitoring the Health Board's performance as the 2012-13 year progresses.

Huw Vaughan Thomas
Auditor General for Wales
12 June 2012