

CWM TAF LOCAL HEALTH BOARD ANNUAL ACCOUNTS 2018-19

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 Assembly 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

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CWM TAF 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 Cwm Taf NHS Trust, Rhondda Cynon Taf Local Health Board and Merthyr Tydfil Local Health Board.

The Welsh Health Specialised Services Committee (WHSSC) was established on 1 April 2010, responsible for the joint planning of specialised and tertiary services on behalf of Local Health Boards in Wales. The Committee is hosted by Cwm Taf University Local Health Board.

The Emergency Ambulance Services Committee was established on 1 April 2014, responsible for planning and securing the provision of emergency ambulance services on behalf of Local Health Boards in Wales. The Committee is hosted by Cwm Taf University 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.

Under the National Health Services Finance (Wales) Act 2014 the annual requirement to achieve balance against Resource Limits has been replaced with a duty to ensure, in a rolling 3 year period, that its aggregate expenditure does not exceed its aggregate approved limits.

The Act came into effect from 1 April 2014 and under the Act the first assessment of the 3 year rolling financial duty took place at the end of 2016-17.

These accounts are a consolidation of the Health Board and WHSSC activities, with the balances relating to Cwm Taf Health Board only separately disclosed where appropriate.

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Statement of Comprehensive Net Expenditure
for the year ended 31 March 2019

	Note	2018-19 £'000	2018-19 £'000	2017-18 £'000	2017-18 £'000
		Cwm Taf HB Activities		Cwm Taf HB Activities	
Expenditure on Primary Healthcare Services	3.1	147605	147605	144853	144853
Expenditure on healthcare from other providers	3.2	165770	819233	155798	783863
Expenditure on Hospital and Community Health Services	3.3	465516	472209	427501	431707
		778891	1439047	728152	1360423
Less: Miscellaneous Income	4	-91573	-751729	-82852	-715123
LHB net operating costs before interest and other gains and losses		687318	687318	645300	645300
Investment Revenue	5	-1	-1	-4	-4
Other (Gains) / Losses	6	-44	-44	-40	-40
Finance costs	7	74	74	82	82
Net operating costs for the financial year		687347	687347	645338	645338

See note 2 on page 22 for details of performance against Revenue and Capital allocations.

The notes on pages 8 to 66 form part of these accounts

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Other Comprehensive Net Expenditure

	2018-19 £'000	2017-18 £'000
Net (gain) / loss on revaluation of property, plant and equipment	-1184	-12032
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
Release of Reserves to Statement of Comprehensive Net Expenditure	0	0
Other comprehensive net expenditure for the year	-1184	-12032
Total comprehensive net expenditure for the year	686163	633306

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Statement of Financial Position as at 31 March 2019

	Notes	31 March 2019 £'000 Cwm Taf HB Activities	31 March 2019 £'000	31 March 2018 £'000 Cwm Taf HB Activities	31 March 2018 £'000
Non-current assets					
Property, plant and equipment	11	363772	363772	362968	362968
Intangible assets	12	913	913	1061	1061
Trade and other receivables	15	38734	38734	48087	48087
Other financial assets	16	0	0	0	0
Total non-current assets		403419	403419	412116	412116
Current assets					
Inventories	14	4291	4291	4372	4372
Trade and other receivables	15	84183	93798	57333	67972
Other financial assets	16	0	0	22	22
Cash and cash equivalents	17	316	8957	-289	11285
		88790	107046	61438	83651
Non-current assets classified as "Held for Sale"	11	0	0	0	0
Total current assets		88790	107046	61438	83651
Total assets		492209	510465	473554	495767
Current liabilities					
Trade and other payables	18	-96500	-126436	-75689	-109582
Other financial liabilities	19	0	0	0	0
Provisions	20	-47797	-47959	-34733	-34895
Total current liabilities		-144297	-174395	-110422	-144477
Net current assets/ (liabilities)		-55507	-67349	-48984	-60826
Non-current liabilities					
Trade and other payables	18	-1466	-1466	-1621	-1621
Other financial liabilities	19	0	0	0	0
Provisions	20	-43372	-43372	-53833	-53833
Total non-current liabilities		-44838	-44838	-55454	-55454
Total assets employed		303074	291232	307678	295836
Financed by :					
Taxpayers' equity					
General Fund		277070	265228	276961	265119
Revaluation reserve		26004	26004	30717	30717
Total taxpayers' equity		303074	291232	307678	295836

The financial statements on pages 2 to 7 were approved by the Board on 30 May 2019 and signed on its behalf by:

Chief Executive and Accountable Officer

Date: 30th May 2019

The notes on pages 8 to 66 form part of these accounts

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Statement of Changes in Taxpayers' Equity For the year ended 31 March 2019

	General Fund £000s	Revaluation Reserve £000s	Total Reserves £000s
Changes in taxpayers' equity for 2018-19			
Balance as at 31 March 2018	265119	30717	295836
Adjustment for Implementation of IFRS 9	-763	0	-763
Balance at 1 April 2018	264356	30717	295073
Net operating cost for the year	-687347		-687347
Net gain/(loss) on revaluation of property, plant and equipment	0	1184	1184
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	5897	-5897	0
Release of reserves to SoCNE	0	0	0
Transfers to/from LHBs	0	0	0
Total recognised income and expense for 2018-19	-681450	-4713	-686163
Net Welsh Government funding	682322		682322
Balance at 31 March 2019	265228	26004	291232

The notes on pages 8 to 66 form part of these accounts

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Statement of Changes in Taxpayers' Equity
For the year ended 31 March 2018

	General Fund £000s	Revaluation Reserve £000s	Total Reserves £000s
Changes in taxpayers' equity for 2017-18			
Balance at 1 April 2017	248152	19078	267230
Net operating cost for the year	-645338		-645338
Net gain/(loss) on revaluation of property, plant and e	0	12032	12032
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	393	-393	0
Release of reserves to SoCNE	0	0	0
Transfers to/from LHBs	0	0	0
Total recognised income and expense for 2017-18	-644945	11639	-633306
Net Welsh Government funding	661912		661912
Balance at 31 March 2018	265119	30717	295836

The notes on pages 8 to 66 form part of these accounts

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Statement of Cash Flows for year ended 31 March 2019

	2018-19 £'000 Cwm Taf Note HB Activities	2018-19 £'000 Cwm Taf HB Activities	2017-18 £'000 Cwm Taf HB Activities	2017-18 £'000 Cwm Taf HB Activities
Cash Flows from operating activities				
Net operating cost for the financial year	-687347	-687347	-645338	-645338
Movements in Working Capital	27 1255	-1678	-9856	-2495
Other cash flow adjustments	28 38776	38776	37170	37264
Provisions utilised	20 -11521	-11521	-11731	-11759
Net cash outflow from operating activities	-658837	-661770	-629755	-622328
Cash Flows from investing activities				
Purchase of property, plant and equipment	-22458	-22458	-32672	-32672
Proceeds from disposal of property, plant and equipment	44	44	44	44
Purchase of intangible assets	-298	-298	-162	-162
Proceeds from disposal of intangible assets	0	0	0	0
Payment for other financial assets	0	0	0	0
Proceeds from disposal of other financial assets	22	22	79	79
Payment for other assets	0	0	0	0
Proceeds from disposal of other assets	0	0	0	0
Net cash inflow/(outflow) from investing activities	-22690	-22690	-32711	-32711
Net cash inflow/(outflow) before financing	-681527	-684460	-662466	-655039
Cash Flows from financing activities				
Welsh Government funding (including capital)	682322	682322	661912	661912
Capital receipts surrendered	0	0	0	0
Capital grants received	0	0	0	0
Capital element of payments in respect of finance leases and on-SoFP	-190	-190	-156	-156
Cash transferred (to)/ from other NHS bodies	0	0	0	0
Net financing	682132	682132	661756	661756
Net increase/(decrease) in cash and cash equivalents	605	-2328	-710	6717
Cash and cash equivalents (and bank overdrafts) at 1 April 2018	-289	11285	421	4568
Cash and cash equivalents (and bank overdrafts) at 31 March 2019	316	8957	-289	11285

The notes on pages 8 to 66 form part of these accounts

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Notes to the Accounts

1. Accounting policies

The Minister for Health and Social Services has directed that the financial statements of Local Health Boards (LHB) in Wales shall meet the accounting requirements of the NHS Wales Manual for Accounts. Consequently, the following financial statements have been prepared in accordance with the 2018-19 Manual for Accounts. The accounting policies contained in that manual follow the European Union version of the International Financial Reporting Standards to the extent that they are meaningful and appropriate to the NHS, as determined by HM Treasury, which is advised by the Financial Reporting Advisory Board. Where the LHB Manual for Accounts permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the LHB for the purpose of giving a true and fair view has been selected. The particular policies adopted by the LHB are described below. They have been applied consistently in dealing with items considered material in relation to the accounts.

1.1 Accounting convention

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

1.2 Acquisitions and discontinued operations

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

1.3 Income and funding

The main source of funding for the Local Health Boards (LHBs) are allocations (Welsh Government 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.

From 2018-19, IFRS 15 Revenue from Contracts with Customers is applied, as interpreted and adapted for the public sector, in the Financial Reporting Manual (FReM). It replaces the previous standards IAS 11 Construction Contracts and IAS 18 Revenue and related IFRIC and SIC interpretations. Upon transition the accounting policy to retrospectively restate in accordance with IAS 8 has been withdrawn. All entities applying the FReM shall recognise the difference between previous carrying amount and the carrying amount at the beginning of the annual reporting period that includes the date of initial application in the opening general fund within Taxpayer's equity. A review consistent with the portfolio approach was undertaken by the NHS Technical Accounting Group members, which

- identified that the only material income that would potentially require adjustment under IFRS 15 was that for patient care provided under Long term Agreements (LTAs) for episodes of care which had started but not concluded as at the end of the financial period;
- demonstrated that the potential amendments to NHS Wales NHS Trust and Local Health Board Accounts as a result of the adoption of IFRS 15 are significantly below materiality levels.

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Under the Conceptual IFRS Framework due consideration must be given to the users of the accounts and the cost restraint of compliance and reporting and production of financial reporting. Given the income for LTA activity is recognised in accordance with established NHS Terms and Conditions affecting multiple parties across NHS Wales it was considered reasonable to continue recognising in accordance with those established terms on the basis that this provides information that is relevant to the user and to do so does not result in a material misstatement of the figures reported.

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.

1.3.1 WHSSC/EASC

Neither WHSSC nor EASC hold any statutory responsibility for a resource limit. Services are funded by income from Local Health Boards and based on an agreed financial plan. The committees account for all expenditure on agreed services against the income received as part of their plans. All variances from plan are allocated to Health Boards on the basis of an agreed risk sharing framework and matched by income adjustments consistent with this framework. The net operating cost for the financial year is therefore zero.

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.

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.

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

NEST Pension Scheme

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

1.5 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.

In 2017-18 a formal revaluation exercise was applied to land and properties. 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.

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

From 2015-16, the LHB must comply with IFRS 13 Fair Value Measurement in full. However IAS 16 and IAS 38 have been adapted for the public sector context which limits the circumstances under which a valuation is prepared under IFRS 13. Assets which are held for their service potential and are in use should be measured at their current value in existing use. For specialised assets current value in existing use should be interpreted as the present value of the assets remaining service potential, which can be assumed to be at least equal to the cost of replacing that service potential.

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

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

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

Subsequent expenditure

Where subsequent expenditure enhances an asset beyond its original specification, the directly attributable cost is capitalised. Where subsequent expenditure restores the asset to its original specification, the expenditure is capitalised and any carrying value of the item replaced is written-out and charged to the SoCNE. As highlighted in previous years 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 into use) and also similar revaluations are needed for all Discretionary Building Schemes completed which have a spend greater than £0.5m. The write downs so identified are then charged to operating expenses.

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 £5,000.

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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, assets under construction and assets held for sale are not depreciated.

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

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.

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1.10 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.

1.11 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.

1.11.1 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 of 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.

1.11.2 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.

1.12 Inventories

Whilst it is accounting convention for inventories to be valued at the lower of cost and net realisable value using the weighted average or "first-in first-out" cost formula, it should be recognised that the NHS is a special case in that inventories are not generally held for the intention of resale and indeed there is no market readily available where such items could be sold. Inventories are valued at cost and this is considered to be a reasonable approximation to fair value due to the high turnover of stocks. Work-in-progress comprises goods in intermediate stages of production. Partially completed contracts for patient services are not accounted for as work-in-progress.

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1.13 Cash and cash equivalents

Cash is cash in hand and deposits with any financial institution repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in 3 months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value. In the Statement of Cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and that form an integral part of the cash management.

1.14 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 end of the reporting period, taking into account the risks and uncertainties. Where a provision is measured using the cash flows estimated to settle the obligation, its carrying amount is the present value of those cash flows using the discount rate supplied by HM Treasury.

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

1.14.1 Clinical negligence and personal injury costs

The Welsh Risk Pool (WRP) operates a risk pooling scheme which is co-funded by the Welsh Government with the option to access a risk sharing agreement funded by the participative NHS Wales bodies. The risk sharing option was not implemented in 2018-19. The WRP is hosted by Velindre NHS Trust.

1.15 Financial Instruments

From 2018-19 IFRS 9 Financial Instruments is applied, as interpreted and adapted for the public sector, in the FReM. The principal impact of IFRS 9 adoption by NHS Wales bodies, will be to change the calculation basis for bad debt provisions, changing from an incurred loss basis to a lifetime expected credit loss (ECL) basis.

All entities applying the FReM shall recognise the difference between previous carrying amount and the carrying amount at the beginning of the annual reporting period that includes the date of initial application in the opening general fund within Taxpayer's equity.

1.16 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.

The accounting policy choice allowed under IFRS 9 for long term trade receivables, contract assets

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receivables within the scope of IAS 17 has been withdrawn and entities should always recognise a loss allowance at an amount equal to lifetime Expected Credit Losses. All entities applying the FReM should utilise IFRS 9's simplified approach to impairment for relevant assets.

NHS Wales Technical Accounting Group members reviewed the IFRS 9 requirements and determined a revised approach for the calculation of the bad debt provision, applying the principles of expected credit loss, using the practical expedients within IFRS9 to construct a provision matrix.

1.16.1 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.

1.16.2 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.

1.16.3 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.

1.16.4 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.

1.16.5 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

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Comprehensive Net Expenditure and the carrying amount of the asset is reduced directly, or through a provision of 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.

1.17 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.

1.17.1 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.

1.17.2 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.

1.17.3 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.

1.18 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.

1.19 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.

1.20 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 29 to the accounts.

1.21 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.

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Losses and special payments are charged to the relevant functional headings in the SoCNE 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.

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

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

1.22 Pooled budget

The LHB has entered into pooled budgets with Local Authorities. Under the arrangements funds are pooled in accordance with section 33 of the NHS (Wales) Act 2006 for specific activities defined in Note 32.

The pool is hosted by one organisation. Payments for services provided are accounted for as miscellaneous income. The LHB accounts for its share of the assets, liabilities, income and expenditure from the activities of the pooled budget, in accordance with the pooled budget arrangement.

1.23 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.

1.24 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.

Significant estimations are made in relation to on-going clinical negligence and personal injury claims. Assumptions as to the likely outcome, the potential liabilities and the timings of these litigation claims are provided by independent legal advisors. Any material changes in liabilities associated with these claims would be recoverable through the Welsh Risk Pool.

Significant estimations are also made for continuing care costs resulting from claims post 1 April 2003. An assessment of likely outcomes, potential liabilities and timings of these claims are made on a case by case basis. Material changes associated with these claims would be adjusted in the period in which they are revised.

Estimates are also made for contracted primary care services. These estimates are based on the latest payment levels. Changes associated with these liabilities are adjusted in the following reporting period.

Provisions

The Health Board provides for legal or constructive obligations for clinical negligence, personal injury and defence costs that are of uncertain timing or amount at the balance sheet date on the basis of the best estimate of the expenditure required to settle the obligation.

Claims are funded via the Welsh Risk Pool Services (WRPS) which receives an annual allocation from Welsh Government to cover the cost of reimbursement requests submitted to the bi-monthly WRPS Committee. Following settlement to individual claimants by the Health Board or Trust, the full cost is recognised in year and matched to income (less a £25K excess) via a WRPS debtor, until reimbursement has been received from the WRPS Committee.

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Probable & Certain Cases – Accounting Treatment

A provision for these cases is calculated in accordance with IAS 37. Cases are assessed and divided into four categories according to their probability of settlement;

Remote	Probability of Settlement Accounting Treatment	0 – 5% Contingent Liability.
Possible	Probability of Settlement Accounting Treatment	6% - 49% Defence Fee - Provision* Contingent Liability for all other estimated expenditure.
Probable	Probability of Settlement Accounting Treatment	50% - 94% Full Provision
Certain	Probability of Settlement Accounting Treatment	95% - 100% Full Provision

** Personal injury cases - Defence fee costs are provided for at 100%.*

Clinical negligence cases - In accordance with paragraph 1.335 of the Manual for Accounts, defence fee provision calculation is based on analysis of historical information covering a three year period. Accordingly, 26.21% of the defence fee costs are accounted for as provision and the remaining 73.79% is accounted for in Contingent Liabilities.

The provision for probable and certain cases is based on case estimates of individual reported claims received by Legal & Risk Services within NHS Wales Shared Services Partnership.

The solicitor will estimate the case value including defence fees, using professional judgement and from obtaining counsel advice. Valuations are then discounted for the future loss elements using individual life expectancies and the Government Actuary's Department actuarial tables (Ogden tables) and Personal Injury Discount Rate of -0.75%.

Future liabilities for certain & probable cases with a probability of 95%-100% and 50%- 94% respectively are held as a provision on the balance sheet. Cases typically take a number of years to settle, particularly for high value cases where a period of development is necessary to establish the full extent of the injury caused.

1.25 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.

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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.

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.

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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.

1.26 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 LHB. A contingent asset is disclosed where an inflow of economic benefits is probable.

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

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

1.27 Carbon Reduction Commitment Scheme

Carbon Reduction Commitment Scheme allowances are accounted for as government grant funded intangible assets if they are not realised within twelve months and otherwise as current assets. The asset should be measured initially at cost. Scheme assets in respect of allowances shall be valued at fair value where there is evidence of an active market.

1.28 Absorption accounting

Transfers of function are accounted for as either by merger or by absorption accounting dependent upon the treatment prescribed in the FReM. Absorption accounting requires that entities account for their transactions in the period in which they took place with no restatement of performance required.

Where transfer of function is between LHBs the gain or loss resulting from the assets and liabilities transferring is recognised in the SoCNE and is disclosed separately from the operating costs.

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

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

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IFRS14 Regulatory Deferral Accounts (The European Financial Reporting Advisory Group recommended in October 2015 that the Standard should not be endorsed as it is unlikely to be adopted by many EU countries.), IFRS 16 Leases (HMT have confirmed that IFRS 16 Leases, as interpreted and adapted by the FReM is to be effective from 1st April 2020).

IFRS 17 Insurance Contracts,

IFRIC 23 Uncertainty over Income Tax Treatment.

1.30 Accounting standards issued that have been adopted early

During 2018-19 there have been no accounting standards that have been adopted early. All early adoption of accounting standards will be led by HM Treasury.

1.31 Charities

Following Treasury's agreement to apply IAS 27 to NHS Charities from 1 April 2013, the LHB has established that as the LHB is the corporate trustee of the Cwm Taf NHS Charitable Fund, it is considered for accounting standards compliance to have control of the Cwm Taf NHS Charitable Fund as a subsidiary and therefore is required to consolidate the results of the Cwm Taf NHS Charitable Fund within the statutory accounts of the LHB.

The determination of control is an accounting standard test of control and there has been no change to the operation of the Cwm Taf NHS Charitable Fund or its independence in its management of charitable funds.

However, the LHB has with the agreement of the Welsh Government adopted the IAS 27 (10) exemption to consolidate. Welsh Government as the ultimate parent of the Local Health Boards will disclose the Charitable Accounts of Local Health Boards in the Welsh Government Consolidated Accounts. Details of the transactions with the charity are included in the related parties' notes.

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2. Financial Duties Performance

The National Health Service Finance (Wales) Act 2014 came into effect from 1 April 2014. The Act amended the financial duties of Local Health Boards under section 175 of the National Health Service (Wales) Act 2006. From 1 April 2014 section 175 of the National Health Service (Wales) Act places two financial duties on Local Health Boards:

- A duty under section 175 (1) to secure that its expenditure does not exceed the aggregate of the funding allotted to it over a period of 3 financial years
- A duty under section 175 (2A) to prepare a plan in accordance with planning directions issued by the Welsh Ministers, to secure compliance with the duty under section 175 (1) while improving the health of the people for whom it is responsible, and the provision of health care to such people, and for that plan to be submitted to and approved by the Welsh Ministers.

The first assessment of performance against the 3 year statutory duty under section 175 (1) was at the end of 2016-17, being the first 3 year period of assessment.

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

2.1 Revenue Resource Performance

	Annual financial performance			
	2016-17 £'000	2017-18 £'000	2018-19 £'000	Total £'000
Net operating costs for the year	631729	645338	687347	1964414
Less general ophthalmic services expenditure and other non-cash limited c	-1181	-784	-725	-2690
Less revenue consequences of bringing PFI schemes onto SoFP	-111	-119	-120	-350
Total operating expenses	630437	644435	686502	1961374
Revenue Resource Allocation	630455	644458	686518	1961431
Under /(over) spend against Allocation	18	23	16	57

Cwm Taf LHB has met its financial duty to break-even against its Revenue Resource Limit over the 3 years 2016-17 to 2018-19.

The Health Board did not receive any repayable brokerage during the year.

2.2 Capital Resource Performance

	2016-17	2017-18	2018-19	Total
	£'000	£'000	£'000	£'000
Gross capital expenditure	17748	34962	27283	79993
Add: Losses on disposal of donated assets	0	0	0	0
Less NBV of property, plant and equipment and intangible assets disposed	-66	-4	0	-70
Less capital grants received	0	0	0	0
Less donations received	-95	-64	-3115	-3274
Charge against Capital Resource Allocation	17587	34894	24168	76649
Capital Resource Allocation	17592	34902	24178	76672
(Over) / Underspend against Capital Resource Allocation	5	8	10	23

Cwm Taf LHB has met its financial duty to break-even against its Capital Resource Limit over the 3 years 2016-17 to 2018-19.

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2.3 Duty to prepare a 3 year plan

The NHS Wales Planning Framework for the period 2017-18 to 2019-20 issued to LHBs placed a requirement upon them to prepare and submit Integrated Medium Term Plans to the Welsh Government.

The LHB submitted an Integrated Medium Term Plan for the period 2018-19 to 2020-21 in accordance with NHS Wales Planning Framework.

2018-19
to
2020-21

The Minister for Health and Social Services approval status

Approved

The LHB has therefore met its statutory duty to have an approved financial plan for the period 2018-19 to 2020-21.

The LHB Integrated Medium Term Plan was approved in 2017-18.

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3. Analysis of gross operating costs

3.1 Expenditure on Primary Healthcare Services

	Cash limited £'000	Non-cash limited £'000	2018-19 Total £'000	2017-18 £'000
General Medical Services	51875		51875	48327
Pharmaceutical Services	17570	-3091	14479	14512
General Dental Services	17285		17285	16214
General Ophthalmic Services	1133	3816	4949	4941
Other Primary Health Care expenditure	4588		4588	5050
Prescribed drugs and appliances	54429		54429	55809
Total	146880	725	147605	144853

Included within Note 3.1 General Medical Services are staff costs of £7.167m (2017-18 £6.748m).

3.2 Expenditure on healthcare from other providers

	2018-19 £'000	2018-19 £'000	2017-18 £'000	2017-18 £'000
	CT activities		CT activities	
Goods and services from other NHS Wales Health Boards	29927	409638	29549	387186
Goods and services from other NHS Wales Trusts	12690	201082	10932	190023
Goods and services from Health Education and Improvement Wales	0	0	0	0
Goods and services from other non Welsh NHS bodies	1598	133550	1317	133017
Goods and services from WHSSC / EASC	69963	0	64727	0
Local Authorities	6089	6093	2749	2749
Voluntary organisations	3451	7002	3102	6733
NHS Funded Nursing Care	4867	4867	5400	5400
Continuing Care	33298	33298	34526	34526
Private providers	3817	23633	3426	24159
Specific projects funded by the Welsh Government	0	0	0	0
Other	70	70	70	70
Total	165770	819233	155798	783863

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3.3 Expenditure on Hospital and Community Health Services

	2018-19 £'000	2018-19 £'000	2017-18 £'000	2017-18 £'000
	CT activities		CT activities	
Directors' costs	1948	1948	1726	1726
Staff costs	344149	349035	328317	331876
Supplies and services - clinical	54728	55694	53359	53359
Supplies and services - general	5719	5719	5787	5787
Consultancy Services	233	291	235	351
Establishment	7000	7339	6418	6590
Transport	711	711	808	808
Premises	15353	15798	15305	15583
External Contractors	47	47	3	3
Depreciation	15765	15765	14934	14934
Amortisation	477	477	486	486
Fixed asset impairments and reversals (Property, plant & equipment)	11569	11569	-2811	-2811
Fixed asset impairments and reversals (Intangible assets)	0	0	0	0
Impairments & reversals of financial assets	0	0	0	0
Impairments & reversals of non-current assets held for sale	0	0	0	0
Audit fees	352	401	355	404
Other auditors' remuneration	0	0	0	0
Losses, special payments and irrecoverable debts	3062	3062	2070	2102
Research and Development	0	0	0	0
Other operating expenses	4403	4353	509	509
Total	465516	472209	427501	431707

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

	2018-19 £'000	2017-18 £'000
Increase/(decrease) in provision for future payments:		
Clinical negligence	17967	20110
Personal injury	1115	1543
All other losses and special payments	307	202
Defence legal fees and other administrative costs	465	954
Gross increase/(decrease) in provision for future payments	19854	22809
Contribution to Welsh Risk Pool	0	0
Premium for other insurance arrangements	0	0
Irrecoverable debts	-594	254
Less: income received/due from Welsh Risk Pool	-16198	-20961
Total	3062	2102

Personal injury includes £1,694k (2017-18 £53k) in respect of permanent injury benefits.
Clinical Redress arising during the year was £602k (2017-18 £213k)

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4. Miscellaneous Income

	2018-19 £'000	2018-19 £'000	2017-18 £'000	2017-18 £'000
Local Health Boards	39981	707913	38114	678650
Welsh Health Specialised Services Committee (WHSSC)/Emergency An NHS trusts	7976	0	8289	0
Health Education and Improvement Wales (HEIW)	5791	5975	5363	5381
Other NHS England bodies	15	15	0	0
Foundation Trusts	623	623	604	604
Local authorities	0	0	0	0
Welsh Government	6304	6304	6305	6305
Non NHS:	4141	4141	543	543
Prescription charge income	0	0	0	0
Dental fee income	4124	4124	4026	4026
Private patient income	79	79	81	81
Overseas patients (non-reciprocal)	0	0	0	0
Injury Costs Recovery (ICR) Scheme	1474	1474	1520	1520
Other income from activities	433	460	545	551
Patient transport services	0	0	0	0
Education, training and research	10381	10381	9834	9834
Charitable and other contributions to expenditure	142	142	284	284
Receipt of donated assets	3115	3115	64	64
Receipt of Government granted assets	0	0	0	0
Non-patient care income generation schemes	537	537	499	499
NHS Wales Shared Services Partnership (NWSSP)	0	0	0	0
Deferred income released to revenue	211	211	169	169
Contingent rental income from finance leases	0	0	0	0
Rental income from operating leases	0	0	0	0
Other income:				
Provision of laundry, pathology, payroll servi	1303	1303	1137	1137
Accommodation and catering charges	2602	2602	2764	2764
Mortuary fees	281	281	310	310
Staff payments for use of cars	186	186	203	203
Business Unit	0	0	0	0
Other	1874	1863	2198	2198
Total	91573	751729	82852	715123

Injury Cost Recovery (ICR) Scheme income is subject to a provision for impairment of [21.89% re personal injury claims](#)

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5. Investment Revenue

	2018-19 £000	2017-18 £000
Rental revenue :		
PFI Finance lease income		
planned	0	0
contingent	0	0
Other finance lease revenue	0	0
Interest revenue :		
Bank accounts	0	0
Other loans and receivables	1	4
Impaired financial assets	0	0
Other financial assets	0	0
Total	1	4

6. Other gains and losses

	2018-19 £000	2017-18 £000
Gain/(loss) on disposal of property, plant and equipment	44	40
Gain/(loss) on disposal of intangible assets	0	0
Gain/(loss) on disposal of assets held for sale	0	0
Gain/(loss) on disposal of financial assets	0	0
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 SoCN	0	0
Recycling of gain/(loss) from equity on disposal of financial assets h	0	0
Total	44	40

7. Finance costs

	2018-19 £000	2017-18 £000
Interest on loans and overdrafts	0	0
Interest on obligations under finance leases	1	3
Interest on obligations under PFI contracts		
main finance cost	69	69
contingent finance cost	0	0
Interest on late payment of commercial debt	0	0
Other interest expense	0	0
Total interest expense	70	72
Provisions unwinding of discount	4	10
Other finance costs	0	0
Total	74	82

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8. Operating leases

LHB as lessee

The lease information below relates to lease agreements for buildings, vehicles and equipment. There are no significant leasing arrangements that require further disclosure.

Payments recognised as an expense	2018-19 £000	2017-18 £000
Minimum lease payments	2298	2163
Contingent rents	0	0
Sub-lease payments	0	0
Total	2298	2163

Total future minimum lease payments Payable	£000	£000
Not later than one year	2177	2184
Between one and five years	5134	5686
After 5 years	5497	6668
Total	12808	14538

Number of operating leases expiring	Land & Bu	Vehicles	Equipment	Total
Not later than one year	1	47	26	74
Between one and five years	5	79	21	105
After 5 years	5	0	0	5
Total	11	126	47	184

Charged to the income statement (£000)	0	0	0	0
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There are no future sublease payments expected to be received

LHB as lessor

Rental revenue	£000	£000
Rent	-90	0
Contingent rents	0	0
Total revenue rental	-90	0

Total future minimum lease payments Receivable	£000	£000
Not later than one year	-90	0
Between one and five years	-270	0
After 5 years	0	0
Total	-360	0

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9. Employee benefits and staff numbers

9.1 Employee costs

	Permanent Staff	Staff on Inward Secondment	Agency Staff	Other	Total	2017-18
	£000	£000	£000	£000	£000	£000
Salaries and wages	273355	622	14318	12221	300516	287325
Social security costs	29459	34	0	0	29493	27048
Employer contributions to NHS Pension Scheme	36435	43	0	0	36478	34909
Other pension costs	49	0	0	0	49	19
Other employment benefits	0	0	0	0	0	0
Termination benefits	0	0	0	0	0	0
Total	339298	699	14318	12221	366536	349301
Charged to capital					894	1008
Charged to revenue					365642	348293
					366536	349301
Net movement in accrued employee benefits (untaken staff leave accrual included above)					108	-76

Following categories of costs are included within the 'Other' heading:

- 1) Medacs/Retinue contracted staff.
- 2) IR35 applicable staff.
- 3) GP out of hours staff.

9.2 Average number of employees

	Permanent Staff	Staff on Inward Secondment	Agency Staff	Other	Total	2017-18
	Number	Number	Number		Number	Number
Administrative, clerical and board members	1462	11	24	6	1503	1487
Medical and dental	645	1	52	131	829	788
Nursing, midwifery registered	2276	1	130	0	2407	2378
Professional, Scientific, and technical staff	258	0	0	0	258	254
Additional Clinical Services	1313	0	11	0	1324	1310
Allied Health Professions	436	0	12	0	448	446
Healthcare Scientists	158	0	4	0	162	165
Estates and Ancillary	737	0	0	0	737	733
Students	6	0	0	0	6	2
Total	7291	13	233	137	7674	7563

9.3. Retirements due to ill-health

During 2018-19 there were 8 early retirements from the LHB agreed on the grounds of ill-health (18 in 2017-18 - £1,068,008) The estimated additional pension costs of these ill-health retirements (calculated on an average basis and borne by the NHS Pension Scheme) will be £155,589.

9.4 Employee benefits

The LHB does not have an employee benefit scheme

9.5 Reporting of other compensation schemes - exit packages

	2018-19	2018-19	2018-19	2018-19	2017-18
Exit packages cost band (including any	Number of con	Number of othe	Total numbe	Number of c	Total number of exit packages
	Whole number	Whole numbers	Whole numb	Whole num	Whole numbers only
less than £10,000	0	0	0	0	0
£10,000 to £25,000	0	0	0	0	2
£25,000 to £50,000	0	0	0	0	1
£50,000 to £100,000	0	0	0	0	0
£100,000 to £150,000	0	0	0	0	0
£150,000 to £200,000	0	0	0	0	0
more than £200,000	0	0	0	0	0
Total	0	0	0	0	3
	2018-19	2018-19	2018-19	2018-19	2017-18

Exit packages cost band (including any	Cost of compul	Cost of other de	Total cost of	Cost of spe	Total cost of exit packages
	£'s	£'s	£'s	£'s	£'s
less than £10,000	0	0	0	0	0
£10,000 to £25,000	0	0	0	0	37289
£25,000 to £50,000	0	0	0	0	48515
£50,000 to £100,000	0	0	0	0	0
£100,000 to £150,000	0	0	0	0	0
£150,000 to £200,000	0	0	0	0	0
more than £200,000	0	0	0	0	0
Total	0	0	0	0	85804

Redundancy and other departure costs have been paid in accordance with the provisions of the NHS Voluntary Early Release Scheme (VERS). Where the LHB has agreed early retirements, the additional costs are met by the LHB and not by the NHS Pensions Scheme. Ill-health retirement costs are met by the NHS Pensions Scheme and are not included in the table.

No applications for VERS were made and/or agreed during 2018/19.

9.6 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 the LHB in the financial year 2018-19 was £180,000 - £185,000 (2017-18, £175,000 - £180,000). This was 6.4 times (2017-18, 6.4) the median remuneration of the workforce, which was £28,442 (2017-18, £27,889).

In 2018-19, 10 (2017-18, 9) employees received remuneration in excess of the highest-paid director. Remuneration for staff ranged from £180,001 to £290,000 (2017-18 £177,001 to £253,000).

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

9.7 Pension costs

PENSION COSTS

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

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

a) Accounting valuation

A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary's Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and is accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2019, is based on valuation data as 31 March 2018, updated to 31 March 2019 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 report of the scheme actuary, which forms part of the annual NHS Pension Scheme Accounts. These accounts can be viewed on the NHS Pensions website and are published annually. Copies can also be obtained from The Stationery Office.

b) Full actuarial (funding) valuation

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

The latest actuarial valuation undertaken for the NHS Pension Scheme was completed as at 31 March 2016. The results of this valuation set the employer contribution rate payable from April 2019. The Department of Health and Social Care have recently laid Scheme Regulations confirming that the employer contribution rate will increase to 20.6% of pensionable pay from this date.

The 2016 funding valuation was also expected to test the cost of the Scheme relative to the employer cost cap set following the 2012 valuation. Following a judgment from the Court of Appeal in December 2018 Government announced a pause to that part of the valuation process pending conclusion of the continuing legal process.

c) National Employment Savings Trust (NEST)

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

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

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

Using qualifying earnings to calculate contributions, currently the legal minimum level of contributions is 5% of a jobholder's qualifying earnings, for employers whose legal duties have started. The employer must pay at least 2% of this. The legal minimum level of contribution level is due to increase to 8% in April 2019.

The earnings band used to calculate minimum contributions under existing legislation is called qualifying earnings. Qualifying earnings are currently those between £6,032 and £46,350 for the 2018-19 tax year (2017-18 £5,876 and £45,000).

Restrictions on the annual contribution limits were removed on 1st April 2017.

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10. Public Sector Payment Policy - Measure of Compliance

10.1 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.

	2018-19 Number	2018-19 £000	2017-18 Number	2017-18 £000
NHS				
Total bills paid	6083	765796	6312	715706
Total bills paid within target	4891	756350	5096	706430
Percentage of bills paid within target	0.804044	0.987665	0.807351	0.987039
Non-NHS				
Total bills paid	152781	291031	136835	290997
Total bills paid within target	146830	278973	130585	280586
Percentage of bills paid within target	0.961049	0.958568	0.954325	0.964223
Total				
Total bills paid	158864	1056827	143147	1006703
Total bills paid within target	151721	1035323	135681	987016
Percentage of bills paid within target	0.955037	0.979652	0.947844	0.980444

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

	2018-19 £	2017-18 £
Amounts included within finance costs (note 7) from claims made under this legislation	0	0
Compensation paid to cover debt recovery costs under this legislation	0	0
Total	0	0

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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 2018	21046	331811	2631	27289	65555	119	21721	6839	477011
Indexation	50	1198	21	0	0	0	0	0	1269
Additions									
- purchased	0	5868	0	9087	4609	53	4220	2	23839
- donated	0	0	0	3003	94	0	18	0	3115
- 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	550	18138	0	-18688	0	0	0	0	0
Revaluations	0	0	0	0	0	0	0	0	0
Reversal of impairments	371	1707	0	0	0	0	0	0	2078
Impairments	0	-13850	0	0	0	0	0	0	-13850
Reclassified as held for sale	0	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	-3160	-7	-10	-37	-3214
At 31 March 2019	22017	344872	2652	20691	67098	165	25949	6804	490248
Depreciation at 1 April 2018	0	49797	447	0	44357	118	14370	4954	114043
Indexation	0	84	1	0	0	0	0	0	85
Transfer from/into other NHS bodies	0	0	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0	0	0
Revaluations	0	0	0	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0	0	0	0
Impairments	0	-203	0	0	0	0	0	0	-203
Reclassified as held for sale	0	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	-3160	-7	-10	-37	-3214
Provided during the year	0	8625	80	0	4342	0	2262	456	15765
At 31 March 2019	0	58303	528	0	45539	111	16622	5373	126476
Net book value at 1 April 2018	21046	282014	2184	27289	21198	1	7351	1885	362968
Net book value at 31 March 2019	22017	286569	2124	20691	21559	54	9327	1431	363772
Net book value at 31 March 2019 comprises :									
Purchased	21135	284894	2124	17542	21452	54	9283	1424	357908
Donated	882	1675	0	3149	106	0	21	7	5840
Government Granted	0	0	0	0	1	0	23	0	24
At 31 March 2019	22017	286569	2124	20691	21559	54	9327	1431	363772
Asset financing :									
Owned	21777	284715	918	20691	21556	54	9327	1431	360469
Held on finance lease	0	479	0	0	3	0	0	0	482
On-SoFP PFI contracts	240	1375	1206	0	0	0	0	0	2821
PFI residual interests	0	0	0	0	0	0	0	0	0
At 31 March 2019	22017	286569	2124	20691	21559	54	9327	1431	363772

The net book value of land, buildings and dwellings at 31 March 2019 comprises :

	£000
Freehold	310231
Long Leasehold	0
Short Leasehold	479
	310710

The land and buildings were revalued by the Valuation Office Agency with an effective date of 1st April 2017. The valuation has been prepared in accordance with the terms of the Royal Institute of Chartered Surveyors Valuation Standards, 6th Edition. LHBs are required to apply the revaluation model set out in IAS 16 and value its capital assets to fair value. Fair value is defined by IAS 16 as the amount for which an asset could be exchanged between knowledgeable, willing parties in an arms length transaction. This has been undertaken on the assumption that the property is sold as part of the continuing enterprise in occupation.

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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 2017	21705	307658	2444	14557	59479	119	18641	6613	431216
Indexation	0	0	0	0	0	0	0	0	0
Additions									
- purchased	0	3276	0	19013	8967	0	3332	286	34874
- donated	0	0	0	51	13	0	0	0	64
- 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	5562	0	-6332	830	0	0	-60	0
Revaluations	-39	11908	163	0	0	0	0	0	12032
Reversal of impairments	61	6859	24	0	0	0	0	0	6944
Impairments	-681	-3452	0	0	0	0	0	0	-4133
Reclassified as held for sale	0	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	-3734	0	-252	0	-3986
At 31 March 2018	21046	331811	2631	27289	65555	119	21721	6839	477011
Depreciation at 1 April 2017	0	41411	368	0	43822	118	12848	4524	103091
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	41	0	0	-41	0
Revaluations	0	0	0	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	-3730	0	-252	0	-3982
Provided during the year	0	8386	79	0	4224	0	1774	471	14934
At 31 March 2018	0	49797	447	0	44357	118	14370	4954	114043
Net book value at 1 April 2017	21705	266247	2076	14557	15657	1	5793	2089	328125
Net book value at 31 March 2018	21046	282014	2184	27289	21198	1	7351	1885	362968
Net book value at 31 March 2018 comprises :									
Purchased	20181	280297	2184	27143	21138	1	7309	1866	360119
Donated	865	1717	0	146	54	0	7	17	2806
Government Granted	0	0	0	0	6	0	35	2	43
At 31 March 2018	21046	282014	2184	27289	21198	1	7351	1885	362968
Asset financing :									
Owned	20811	280082	954	27289	21195	1	7351	1885	359568
Held on finance lease	0	488	0	0	3	0	0	0	491
On-SoFP PFI contracts	235	1444	1230	0	0	0	0	0	2909
PFI residual interests	0	0	0	0	0	0	0	0	0
At 31 March 2018	21046	282014	2184	27289	21198	1	7351	1885	362968
The net book value of land, buildings and dwellings at 31 March 2018 comprises :									
									£000
Freehold									304758
Long Leasehold									0
Short Leasehold									487
									305245

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11. Property, plant and equipment (continued)

1) Assets totalling £3.115m were purchased with donated funds:

	£'000
RGH Palliative Care Unit	3003.127
Imaging equipment	48
Automated Pharmacy Cabinets	46.346
Artificial Intelligence (AI) research equipment	9.95397
Interactive therapy & activities package	7.995

2) Assets are restated to current value annually, using indices provided by the District Valuer via Welsh Government. At five yearly intervals an independent professional valuation is undertaken of land and buildings.

The last valuation was carried out as at 1st April 2017.

The valuation was carried out by the Valuation Office Agency

The basis of the valuation for specialised operational assets where there is not market-based evidence is fair value, estimated using a depreciated replacement cost approach, subject to the assumption of continuing use. For non-specialised operational assets existing use value is used.

3) During 2018/19 the following impairments arose:

	£'000
National Imaging Academy (NIAD)	899
Ysbyty George Thomas Dementia Hub	324
PCH Neonatal	6202
PCH Ground and First Floor Refurbishment - Phase 1A	6222
Reversal of impairments	-2077
Total Impairments	11570

The impairments arose as a result of bringing the assets into use.

4) IFRS 13 Fair value measurement

No assets currently meet the criteria for valuation under IFRS13

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11. Property, plant and equipment

11.2 Non-current assets held for sale	Land £000	Buildings, ir £000	Other prope £000	Intangible a £000	Other asset £000	Total £000
Balance brought forward 1 April 2018	0	0	0	0	0	0
Plus assets classified as held for sale in the ye	0	0	0	0	0	0
Revaluation	0	0	0	0	0	0
Less assets sold in the year	0	0	0	0	0	0
Add reversal of impairment of assets held for s	0	0	0	0	0	0
Less impairment of assets held for sale	0	0	0	0	0	0
Less assets no longer classified as held for sal	0	0	0	0	0	0
Balance carried forward 31 March 2019	0	0	0	0	0	0
Balance brought forward 1 April 2017	0	0	0	0	0	0
Plus assets classified as held for sale in the ye	0	0	0	0	0	0
Revaluation	0	0	0	0	0	0
Less assets sold in the year	0	0	0	0	0	0
Add reversal of impairment of assets held for s	0	0	0	0	0	0
Less impairment of assets held for sale	0	0	0	0	0	0
Less assets no longer classified as held for sal	0	0	0	0	0	0
Balance carried forward 31 March 2018	0	0	0	0	0	0

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12. Intangible non-current assets
2018-19

	Software (j	Software (i	Licences a	Patents	Developme	Carbon Rec	Total
	£000	£000	£000	£000	£000	£000	£000
Cost or valuation at 1 April 2018	458	0	2161	0	0	0	2619
Revaluation	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0
Additions- purchased	0	0	329	0	0	0	329
Additions- internally generated	0	0	0	0	0	0	0
Additions- donated	0	0	0	0	0	0	0
Additions- government granted	0	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0
Disposals	-42	0	0	0	0	0	-42
Gross cost at 31 March 2019	416	0	2490	0	0	0	2906
Amortisation at 1 April 2018	385	0	1173	0	0	0	1558
Revaluation	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0	0
Impairment	0	0	0	0	0	0	0
Provided during the year	6	0	471	0	0	0	477
Reclassified as held for sale	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0
Disposals	-42	0	0	0	0	0	-42
Amortisation at 31 March 2019	349	0	1644	0	0	0	1993
Net book value at 1 April 2018	73	0	988	0	0	0	1061
Net book value at 31 March 2019	67	0	846	0	0	0	913
At 31 March 2019							
Purchased	52	0	846	0	0	0	898
Donated	15	0	0	0	0	0	15
Government Granted	0	0	0	0	0	0	0
Internally generated	0	0	0	0	0	0	0
Total at 31 March 2019	67	0	846	0	0	0	913

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12. Intangible non-current assets
2017-18

	Software (j)	Software (i)	Licences a	Patents	Developmei	Carbon Rec	Total
	£000	£000	£000	£000	£000	£000	£000
Cost or valuation at 1 April 2017	443	0	2161	0	0	0	2604
Revaluation	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0
Additions- purchased	24	0	0	0	0	0	24
Additions- internally generated	0	0	0	0	0	0	0
Additions- donated	0	0	0	0	0	0	0
Additions- government grants	0	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0
Disposals	-9	0	0	0	0	0	-9
Gross cost at 31 March 2018	458	0	2161	0	0	0	2619
Amortisation at 1 April 2017	329	0	752	0	0	0	1081
Revaluation	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0	0
Impairment	0	0	0	0	0	0	0
Provided during the year	65	0	421	0	0	0	486
Reclassified as held for sale	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0
Disposals	-9	0	0	0	0	0	-9
Amortisation at 31 March 2018	385	0	1173	0	0	0	1558
Net book value at 1 April 2017	114	0	1409	0	0	0	1523
Net book value at 31 March 2018	73	0	988	0	0	0	1061
At 31 March 2018							
Purchased	50	0	988	0	0	0	1038
Donated	23	0	0	0	0	0	23
Government Granted	0	0	0	0	0	0	0
Internally generated	0	0	0	0	0	0	0
Total at 31 March 2018	73	0	988	0	0	0	1061

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Additional disclosures re Intangible Assets

In year, £0.329m of intangible assets were acquired relating to software licences.

Software and licences are allocated a useful life of five years

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13 . Impairments

	2018-19		2017-18	
	Property, plant & equipment £000	Intangible assets £000	Property, plant & equipment £000	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	0	0	1116	0
Others (specify)	13647	0	3294	0
Reversal of Impairments	-2077	0	-6944	0
Total of all impairments	11570	0	-2534	0
Analysis of impairments charged to reserves in year :				
Charged to the Statement of Comprehensive Net Expenditure	11570	0	-2811	0
Charged to Revaluation Reserve	0	0	277	0
	11570	0	-2534	0

The following impairment losses were incurred for assets brought into use during the year:

	£'000
National Imaging Academy (NIAD)	899
Ysbyty George Thomas Dementia Hub	324
PCH Neonatal	6202
PCH Ground and First Floor Refurbishment - Phase 1A	6222
	13647
Reversal of impairments as a result of indexation on assets previously impaired	-2077

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14.1 Inventories

	31 March 2019	31 March 2018
	£000	£000
Drugs	1706	1705
Consumables	2487	2594
Energy	98	73
Work in progress	0	0
Other	0	0
Total	4291	4372
Of which held at realisable value	0	0

14.2 Inventories recognised in expenses

	31 March 2019	31 March 2018
	£000	£000
Inventories recognised as an expense in the period	47	58
Write-down of inventories (including losses)	0	0
Reversal of write-downs that reduced the expense	0	0
Total	47	58

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15. Trade and other Receivables

Current	31 March	31 March	31 March	31 March
	2019	2019	2018	2018
	£000	£000	£000	£000
	CT activities		CT activities	
Welsh Government	2884	2884	627	627
WHSSC / EASC	612	0	1125	0
Welsh Health Boards	4256	13603	2948	13938
Welsh NHS Trusts	1330	1784	1871	1892
Health Education and Improvement Wales (HEIW)	250	250	0	0
Non - Welsh Trusts	38	426	20	707
Other NHS	115	115	153	153
Welsh Risk Pool	60516	60516	39448	39448
Local Authorities	5874	5874	3523	3523
Capital debtors	0	0	0	0
Other debtors	7349	7351	6628	6633
Provision for irrecoverable debts	-3045	-3045	-2494	-2494
Pension Prepayments	0	0	0	0
Other prepayments	3111	3147	2826	2887
Other accrued income	893	893	658	658
Sub total	84183	93798	57333	67972
Non-current				
Welsh Government	0	0	0	0
WHSSC / EASC	0	0	0	0
Welsh Health Boards	0	0	0	0
Welsh NHS Trusts	0	0	0	0
Health Education and Improvement Wales (HEIW)	0	0	0	0
Non - Welsh Trusts	0	0	0	0
Other NHS	0	0	0	0
Welsh Risk Pool	38617	38617	47956	47956
Local Authorities	0	0	0	0
Capital debtors	0	0	0	0
Other debtors	0	0	0	0
Provision for irrecoverable debts	0	0	0	0
Pension Prepayments	0	0	0	0
Other prepayments	117	117	131	131
Other accrued income	0	0	0	0
Sub total	38734	38734	48087	48087
Total	122917	132532	105420	116059
Receivables past their due date but not impaired				
By up to three months	1255	1363	1111	1201
By three to six months	107	107	288	288
By more than six months	50	52	73	73
	1412	1522	1472	1562

Expected Credit Losses (ECL) / Provision for impairment of receivables				
Balance at 31 March 2018	-2494	-2494		
Adjustment for Implementation of IFRS 9	-763	-763		
Balance at 1 April 2018	-3257	-3257	-2211	-2211
Transfer to other NHS Wales body	0	0	0	0
Amount written off during the year	0	0	1	1
Amount recovered during the year	293	293	146	146
(Increase) / decrease in receivables impaired	-81	-81	-430	-430
Bad debts recovered during year	0	0	0	0
Balance at 31 March	-3045	-3045	-2494	-2494

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.

Receivables VAT				
Trade receivables	0	0	0	0
Other	991	991	1093	1093
Total	991	991	1093	1093

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16. Other Financial Assets

	Current		Non-current	
	31 March 2019 £000	31 March 2018 £000	31 March 2019 £000	31 March 2018 £000
Financial assets				
Shares and equity type investments				
Held to maturity investments at amortised costs	0	0	0	0
At fair value through SOCNE	0	0	0	0
Available for sale at FV	0	0	0	0
Deposits	0	0	0	0
Loans	0	0	0	0
Derivatives	0	0	0	0
Other (Specify)				
Held to maturity investments at amortised costs	0	0	0	0
At fair value through SOCNE	0	22	0	0
Available for sale at FV	0	0	0	0
Total	0	22	0	0

17. Cash and cash equivalents

	2018-19 £000	2018-19 £000	2017-18 £000	2017-18 £000
	CT activities		CT activities	
Balance at 1 April	-289	11285	421	4568
Net change in cash and cash equivalent balances	605	-2328	-710	6717
Balance at 31 March	316	8957	-289	11285
Made up of:				
Cash held at GBS	273	8914	0	11574
Commercial banks	24	24	29	29
Cash in hand	19	19	17	17
Current Investments	0	0	0	0
Cash and cash equivalents as in Statement of Financial Position	316	8957	46	11620
Bank overdraft - GBS	0	0	-335	-335
Bank overdraft - Commercial banks	0	0	0	0
Cash and cash equivalents as in Statement of Cash Flows	316	8957	-289	11285

In response to the IAS 7 requirement for additional disclosure, the changes in liabilities arising for financing activities are;

Lease Liabilities £27k
PFI liabilities £163k

The movement relates to cash, no comparative information is required by IAS 7 in 2018-19.

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18. Trade and other payables

Current	31 March	31 March	31 March	31 March
	2019	2019	2018	2018
	£000	£000	£000	£000
	CT activities		CT activities	
Welsh Government	0	0	0	0
WHSSC / EASC	1170	0	405	0
Welsh Health Boards	2183	10669	2212	10737
Welsh NHS Trusts	2195	3062	1202	1727
Health Education and Improvement Wales (HEIW)	0	0	0	0
Other NHS	2112	20425	1640	23584
Taxation and social security payable / refunds	0	51	0	42
Refunds of taxation by HMRC	0	0	0	0
VAT payable to HMRC	0	0	48	48
Other taxes payable to HMRC	3225	3225	2447	2447
NI contributions payable to HMRC	673	724	53	54
Non-NHS creditors	3994	5002	4788	5044
Local Authorities	6461	6461	6364	6364
Capital Creditors	5070	5070	3658	3658
Overdraft	0	0	0	0
Rentals due under operating leases	0	0	0	0
Obligations under finance leases, HP contracts	5	5	27	27
Imputed finance lease element of on SoFP PFI contracts	152	152	165	165
Pensions: staff	5171	5171	4983	4983
Accruals	48684	51008	38907	41906
Deferred Income:				
Deferred Income brought forward	422	422	338	338
Deferred Income Additions	310	310	253	253
Transfer to / from current/non current deferred income	0	0	0	0
Released to SoCNE	-211	-211	-169	-169
Other creditors	14884	14884	8368	8368
PFI assets –deferred credits	0	0	0	0
Payments on account	0	6	0	6
Total	96500	126436	75689	109582
Non-current				
Welsh Government	0	0	0	0
WHSSC / EASC	0	0	0	0
Welsh Health Boards	0	0	0	0
Welsh NHS Trusts	0	0	0	0
Health Education and Improvement Wales (HEIW)	0	0	0	0
Other NHS	0	0	0	0
Taxation and social security payable / refunds	0	0	0	0
Refunds of taxation by HMRC	0	0	0	0
VAT payable to HMRC	0	0	0	0
Other taxes payable to HMRC	0	0	0	0
NI contributions payable to HMRC	0	0	0	0
Non-NHS creditors	0	0	0	0
Local Authorities	0	0	0	0
Capital Creditors	0	0	0	0
Overdraft	0	0	0	0
Rentals due under operating leases	0	0	0	0
Obligations under finance leases, HP contracts	2	2	7	7
Imputed finance lease element of on SoFP PFI contracts	1464	1464	1614	1614
Pensions: staff	0	0	0	0
Accruals	0	0	0	0
Deferred Income :				
Deferred Income brought forward	0	0	0	0
Deferred Income Additions	0	0	0	0
Transfer to / from current/non current deferred income	0	0	0	0
Released to SoCNE	0	0	0	0
Other creditors	0	0	0	0
PFI assets –deferred credits	0	0	0	0
Payments on account	0	0	0	0
Total	1466	1466	1621	1621

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

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19. Other financial liabilities

Financial liabilities	Current		Non-current	
	31 March 2019 £000	31 March 2018 £000	31 March 2019 £000	31 March 2018 £000
Financial Guarantees:				
At amortised cost	0	0	0	0
At fair value through SoCNE	0	0	0	0
Derivatives at fair value through SoCNE	0	0	0	0
Other:				
At amortised cost	0	0	0	0
At fair value through SoCNE	0	0	0	0
Total	0	0	0	0

20. Provisions

	At 1 April 2018	Structured	Transfer of	Transfer by	Arising during	Utilised during	Reversed during	Unwinding	At 31 March 2019
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Current									
Clinical negligence	28937	0	-5757	21737	11934	-8556	-6753	0	41542
Personal injury	1677	0	-243	-1219	2422	-727	-1307	0	603
All other losses and special payments	0	0	0	0	307	-307	0	0	0
Defence legal fees and other administration	1829	0	0	226	1071	-621	-831		1674
Pensions relating to former directors	0			0	0	0	0	0	0
Pensions relating to other staff	149			141	67	-208	-12	0	137
Restructuring	0			0	0	0	0	0	0
Other	2303		-69	2036	1727	-547	-1447		4003
Total	34895	0	-6069	22921	17528	-10966	-10350	0	47959
Non Current									
Clinical negligence	47447	0	0	-21737	12786	-532	0	0	37964
Personal injury	3042	0	0	1219	0	0	0	3	4264
All other losses and special payments	0	0	0	0	0	0	0	0	0
Defence legal fees and other administration	948	0	0	-226	230	-23	-5		924
Pensions relating to former directors	0			0	0	0	0	0	0
Pensions relating to other staff	360			-141	0	0	0	1	220
Restructuring	0			0	0	0	0	0	0
Other	2036		0	-2036	0	0	0		0
Total	53833	0	0	-22921	13016	-555	-5	4	43372
TOTAL									
Clinical negligence	76384	0	-5757	0	24720	-9088	-6753	0	79506
Personal injury	4719	0	-243	0	2422	-727	-1307	3	4867
All other losses and special payments	0	0	0	0	307	-307	0	0	0
Defence legal fees and other administration	2777	0	0	0	1301	-644	-836	0	2598
Pensions relating to former directors	0			0	0	0	0	0	0
Pensions relating to other staff	509			0	67	-208	-12	1	357
Restructuring	0			0	0	0	0	0	0
Other	4339		-69	0	1727	-547	-1447	0	4003
Total	88728	0	-6069	0	30544	-11521	-10355	4	91331

Expected timing of cash flows:

	In year to 31 March 2019	Between 21 April 2020 and 31 March 2024	Thereafter	Total
				£000
Clinical negligence	41541	37964	0	79505
Personal injury	603	1151	3113	4867
All other losses and special payments	0	0	0	0
Defence legal fees and other administration	1675	924	0	2599
Pensions relating to former directors	0	0	0	0
Pensions relating to other staff	137	220	0	357
Restructuring	0	0	0	0
Other	4003	0	0	4003
Total	47959	40259	3113	91331

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

The Legal & Risk Service (part of the NHS Wales Shared Service Partnership) provide details of Clinical Negligence and personal Injury cases including estimated settlement amounts and the timing of the cashflow.

The provision for Permanent Injury Benefit is supplied by NHS Pensions Agency.

Other provisions include £1,629k for Continuing Healthcare Claims (2017-18: £3,185k) and £937k for Continuing Healthcare - Judicial Review.

The Health Board estimates that it will receive £80,305k from the Welsh Risk Pool in respect of losses and special payments cases (including Clinical Negligence, Redress and Personal Injury). In addition to the provisions shown above, contingent liabilities are given in Note 21.1 Contingent Liabilities.

20. Provisions (continued)

	At 1 April 2	Structured	Transfer of	Transfer by	Arising dur	Utilised du	Reversed t	Unwinding	At 31 Marc
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Current									
Clinical negligence	32516	-4858	0	256	17711	-7865	-8823	0	28937
Personal injury	764	0	-54	166	1909	-742	-366	0	1677
All other losses and special payme	0	0	0	0	203	-202	-1	0	0
Defence legal fees and other admir	2365	0	0	-377	1608	-829	-938		1829
Pensions relating to former director	0			0	0	0	0	0	0
Pensions relating to other staff	172			124	41	-213	25	0	149
Restructuring	0			0	0	0	0	0	0
Other	1625		0	0	928	-250	0		2303
Total	37442	-4858	-54	169	22400	-10101	-10103	0	34895
Non Current									
Clinical negligence	33248	0	0	-256	16080	-1625	0	0	47447
Personal injury	3200	0	0	-166	0	0	0	8	3042
All other losses and special payme	0	0	0	0	0	0	0	0	0
Defence legal fees and other admir	320	0	0	377	310	-33	-26		948
Pensions relating to former director	0			0	0	0	0	0	0
Pensions relating to other staff	482			-124	0	0	0	2	360
Restructuring	0			0	0	0	0	0	0
Other	1087		0	0	1632	0	-683		2036
Total	38337	0	0	-169	18022	-1658	-709	10	53833
TOTAL									
Clinical negligence	65764	-4858	0	0	33791	-9490	-8823	0	76384
Personal injury	3964	0	-54	0	1909	-742	-366	8	4719
All other losses and special payme	0	0	0	0	203	-202	-1	0	0
Defence legal fees and other admir	2685	0	0	0	1918	-862	-964		2777
Pensions relating to former director	0			0	0	0	0	0	0
Pensions relating to other staff	654			0	41	-213	25	2	509
Restructuring	0			0	0	0	0	0	0
Other	2712		0	0	2560	-250	-683		4339
Total	75779	-4858	-54	0	40422	-11759	-10812	10	88728

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21. Contingencies

21.1 Contingent liabilities

	2018-19 £'000	2017-18 £'000
Provisions have not been made in these accounts for the following amounts :		
Legal claims for alleged medical or employer negligence	132774	148659
Doubtful debts	0	0
Equal Pay costs	0	0
Defence costs	1875	2116
Continuing Health Care costs	2361	4811
Other	0	0
Total value of disputed claims	137010	155586
Amounts (recovered) in the event of claims being successful	-132424	-147868
Net contingent liability	4586	7718

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.

Liabilities for continuing healthcare costs continue to be a significant financial issue for the LHB. The 31st July 2014 deadline for the submission of any claims for continuing healthcare costs dating back to 1st April 2003 resulted in a large increase in the number of claims which have been recognised in the 2018/19 provision assessment.

Cwm Taf LHB is responsible for post 1st April 2003 costs and the financial statements include the following amounts relating to those uncertain continuing healthcare costs:

Note 20 sets out the £1.629m provision made for probable continuing care costs relating to 77 claims received.

Note 21.1 sets out the £2.361m contingent liability for possible continuing care costs relating to 63 claims received.

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21.2 Remote Contingent liabilities	2018-19 £'000	2017-18 £'000
Please disclose the values of the following categories of remote contingent liabilities :		
Guarantees	0	0
Indemnities	1025	1050
Letters of Comfort	0	0
Total	1025	1050

21.3 Contingent assets	2018-19 £'000	2017-18 £'000
	0	0
	0	0
	0	0
Total	0	0

22. Capital commitments

Contracted capital commitments at 31 March	2018-19 £'000	2017-18 £'000
Property, plant and equipment	30491	8461
Intangible assets	0	0
Total	30491	8461

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23. 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 durir period to 31 March 201		Approved to write-off to 31 March 2019	
	Number	£	Number	£
Clinical negligence	139	9145081	126	13815895
Personal injury	55	970797	36	410054
All other losses and special payme	197	306953	183	55733
Total	391	10422831	345	14281682

Analysis of cases which exceed £300,000 and all other cases

Cases exceeding £300,000	Case type	Amounts	Approved t	
		paid out in year £	Cumulative amount £	write-off in year £
03RRSPI0020	Personal Injury	46246	681679	0
05RRSMN0039	Clinical Negligence	0	680800	0
07RRSMN0006	Clinical Negligence	0	3024130	3024130
08RVEMN0013	Clinical Negligence	0	900000	0
09RVEMN0017	Clinical Negligence	0	944619	0
10RYLMN0030	Clinical Negligence	0	3193767	3193767
10RYLMN0092	Clinical Negligence	0	343000	0
11RYLMN0068	Clinical Negligence	397750	416000	0
12RYLMN0004	Clinical Negligence	260000	1680000	0
12RYLMN0031	Clinical Negligence	0	742500	742500
12RYLMN0075	Clinical Negligence	0	541511	541511
12RYLMN0100	Clinical Negligence	0	328860	328860
13RYLMN0080	Clinical Negligence	0	502190	502190
13RYLMN0131	Clinical Negligence	0	800000	0
14RYLMN0010	Clinical Negligence	137500	451156	0
14RYLMN0062	Clinical Negligence	1044000	1050000	0
14RYLMN0127	Clinical Negligence	20000	120000	0
14RYLMN0133	Clinical Negligence	0	786646	786646
14RYLMN0200	Clinical Negligence	620000	1645880	0
14RYLMN0208	Clinical Negligence	335020	370020	0
14RYLPI0055	Personal Injury	296060	361722	0
15RYLMN0010	Clinical Negligence	0	1907205	0
15RYLMN0018	Clinical Negligence	370550	380550	0
16RYLMN0078	Clinical Negligence	890000	900000	0
16RYLMN0170	Clinical Negligence	14500	322450	322450
17RYLMN0185	Clinical Negligence	687284	687284	0
Sub-total		5118910	23761969	9442054
All other cases		5303921	12130787	4839628
Total cases		10422831	35892756	14281682

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24. Finance leases

24.1 Finance leases obligations (as lessee)

The Buildings finance lease reported on page 54 includes building improvements to the Dental Teaching Unit. There are no other significant leasing arrangements which require further disclosure.

Amounts payable under finance leases:

Land	31 March 2019 £000	31 March 2018 £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
Present value of minimum lease payments	0	0
Included in:		
Current borrowings	0	0
Non-current borrowings	0	0
	0	0

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24.1 Finance leases obligations (as lessee) continue

Amounts payable under finance leases:

Buildings	31 March 2019 £000	31 March 2018 £000
Minimum lease payments		
Within one year	4	27
Between one and five years	0	4
After five years	0	0
Less finance charges allocated to future periods	0	-1
Minimum lease payments	4	30
Included in:		
Current borrowings	4	26
Non-current borrowings	0	4
	4	30
 Present value of minimum lease payments		
Within one year	4	26
Between one and five years	0	4
After five years	0	0
Present value of minimum lease payments	4	30
Included in:		
Current borrowings	0	0
Non-current borrowings	0	0
	0	0

Other	31 March 2019 £000	31 March 2018 £000
Minimum lease payments		
Within one year	2	2
Between one and five years	2	3
After five years	0	0
Less finance charges allocated to future periods	1	-1
Minimum lease payments	5	4
Included in:		
Current borrowings	1	1
Non-current borrowings	2	3
	3	4
 Present value of minimum lease payments		
Within one year	1	1
Between one and five years	2	3
After five years	0	0
Present value of minimum lease payments	3	4
Included in:		
Current borrowings	0	0
Non-current borrowings	0	0
	0	0

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 24.2 Finance leases obligations (as lessor) continued

The Local Health Board has no finance leases receivable as a lessor.

Amounts receivable under finance leases:

	31 March 2019	31 March 2018
	£000	£000
Gross Investment in leases		
Within one year	0	0
Between one and five years	0	0
After five years	0	0
Less finance charges allocated to future periods	0	0
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
Present value of minimum lease payments	0	0
Included in:		
Current borrowings	0	0
Non-current borrowings	0	0
	0	0

25. Private Finance Initiative contracts

25.1 PFI schemes off-Statement of Financial Position

The Local Health Board has no PFI Schemes off-statement of financial position

Commitments under off-SoFP PFI contracts

Off-SoFP PFI cc Off-SoFP PFI contracts
31 March 2019 31 March 2018
£000 £000

Total payments due within one year	0	0
Total payments due between 1 and 5 years	0	0
Total payments due thereafter	0	0
Total future payments in relation to PFI contracts	0	0
Total estimated capital value of off-SoFP PFI contracts	0	0

25.2 PFI schemes on-Statement of Financial Position

Capital value of scheme included in Fixed Assets Note 11

£000

Staff Residences - Royal Glamorgan Hospital

1446

Contract start date:

09/10/1998

Contract end date:

21/09/2028

Scheme Description

The staff residences scheme covers the design, build, financing and operation of staff accommodation on the Royal Glamorgan Hospital site. The Health Board entered into a project agreement with Charter Housing Association on the 9th October 1998.

£000

Combined Heat and Power Plant-Prince Charles Hospital

1375

Contract start date:

01/04/2004

Contract end date:

31/03/2029

The contract is for the installation, operation, maintenance and ownership of a Combined Heat and Power plant and the complete management and operation of a central boiler plant installation, light fittings and building management system on the Prince Charles Hospital site. The contract includes performance guarantees for the supply of hot water and electricity. The charging structure requires the Health Board to pay for the heat (in the form of hot water) created from the electricity generated by the Combined Heat and Power plant being supplied free of charge to the Health Board.

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

	On SoFP PFI Capital element 31 March 2019 £000	On SoFP PFI Imputed interest 31 March 2019 £000	On SoFP PFI Service charges 31 March 2019 £000
Total payments due within one year	152	47	406
Total payments due between 1 and 5 years	661	133	1626
Total payments due thereafter	803	46	1829
Total future payments in relation to PFI contracts	1616	226	3861

	On SoFP PFI Capital element 31 March 2018 £000	On SoFP PFI Imputed interest 31 March 2018 £000	On SoFP PFI Service charges 31 March 2018 £000
Total payments due within one year	165	52	391
Total payments due between 1 and 5 years	639	155	1563
Total payments due thereafter	975	71	2149
Total future payments in relation to PFI contracts	1779	278	4103

Total present value of obligations for on-SoFP PFI contracts 0

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25.3 Charges to expenditure	2018-19 £000	2017-18 £000
Service charges for On Statement of Financial Position PFI contracts (excl interest)	399	391
Total expense for Off Statement of Financial Position PFI contracts	0	0
The total charged in the year to expenditure in respect of PFI contracts	399	391

The LHB is committed to the following annual charges

	31 March 2018 £000	31 March 2017 £000
PFI scheme expiry date:		
Not later than one year	0	0
Later than one year, not later than five years	0	0
Later than five years	406	388
Total	406	388

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

25.4 Number of PFI contracts

	Number of on	Number of off
Number of PFI contracts	2	0
Number of PFI contracts which individually have a total commitment > £500m	0	0

PFI Contract	On / Off- statement of financial position
Number of PFI contracts which individually have a total commitment > £500m	0

PFI Contract	On / Off- statement of financial position
Staff residences, Royal Glamorgan Hospital	On
Combined heat and power plant, Prince Charles Hospital	On

25.5 The LHB has no Public Private Partnerships

26. 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.

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27. Movements in working capital

	2018-19	2018-19	2017-18	2017-18
	0	0	0	0
	CT activities		CT activities	
(Increase)/decrease in inventories	81	81	-365	-365
(Increase)/decrease in trade and other receivables - non-current	9353	9353	-14758	-14758
(Increase)/decrease in trade and other receivables - current	-26850	-25826	744	-3994
Increase/(decrease) in trade and other payables - non-current	-155	-155	-177	-177
Increase/(decrease) in trade and other payables - current	20811	16854	6659	18758
Total	3240	307	-7897	-536
Adjustment for accrual movements in fixed assets - creditors	-1412	-1412	-2115	-2115
Adjustment for accrual movements in fixed assets - debtors	0	0	0	0
Other adjustments	-573	-573	156	156
	1255	-1678	-9856	-2495

28. Other cash flow adjustments

	2018-19	2018-19	2017-18	2017-18
	0	0	0	0
	CT activities		CT activities	
Depreciation	15765	15765	14934	14934
Amortisation	477	477	486	486
(Gains)/Loss on Disposal	-44	-44	-40	-40
Impairments and reversals	11569	11569	-2811	-2811
Release of PFI deferred credits	0	0	0	0
Donated assets received credited to revenue but non-cash	-3115	-3115	-64	-64
Government Grant assets received credited to revenue but non-c	0	0	0	0
Non-cash movements in provisions	14124	14124	24665	24759
Total	38776	38776	37170	37264

29. Third Party assets

The LHB held £9,038 cash at bank and in hand at 31 March 2019 (31 March 2018, £16,425) which relates to monies held by the LHB on behalf of patients. Cash held in Patient's Investment Accounts amounted to £nil at 31 March 2019 (31 March 2018, £nil). This has been excluded from the Cash and Cash equivalents figure reported in the Accounts.

CWM TAF LOCAL HEALTH BOARD ANNUAL ACCOUNTS 2018-19

30. Events after the Reporting Period

The Cabinet Secretary for Health and Social Services announced on 14 June 2018 that from 1 April 2019, the responsibility for providing healthcare services for the people in the Bridgend County Borough Council (BCBC) area will move from Abertawe Bro Morgannwg UHB to Cwm Taf UHB.

The Local Health Boards (Area Change) (Wales) (Miscellaneous Amendments) Order 2019 transfers the principal local government area of Bridgend from Abertawe Bro Morgannwg UHB to Cwm Taf UHB. The Order also changes the health board names to Cwm Taf Morgannwg University Health Board and Swansea Bay University Health Board. In accordance with the Local Health Boards (Area Change) (Transfer of Staff, Property and Liabilities) (Wales) Order 2019 made on 19th March 2019 and effective on 1 April 2019 assets and liabilities relating to Bridgend services will transfer from Swansea Bay UHB to Cwm Taf Morgannwg UHB on 1 April 2019.

The transfer will be accounted for as a 'Transfer by Absorption' in accordance with the Government Financial Reporting Manual. The recorded amounts of net assets will be brought into the financial statements of Cwm Taf Morgannwg UHB from the 1 April 2019.

The impact of the transfer for Cwm Taf Morgannwg UHB is estimated to increase the expenditure and associated funding by 44% for future financial years.

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31. Related Party Transactions

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

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

	2018-19 Payments to related party £000	2018-19 Receipts from related party £000	2018-19 Amounts owed to related party £000	2018-19 Amounts due from related party £000
Welsh Assembly Government	9	692255	0	2884
WHSSC (see below)	69991	7987	1170	612
NHS Trusts				
Public Health Wales NHS Trust	702	2487	271	331
Velindre University NHS Trust	19951	4270	1920	979
Welsh Ambulance Services Trust	1309	79	4	19
Local Health Boards				
ABMU	5894	7721	641	1972
Aneurin Bevan	1194	21832	332	761
Betsi Cadwaladr	245	147	169	34
Cardiff & Vale	23914	8771	752	1145
Hywel Dda	445	529	87	76
Powys	197	2268	202	267
Health Education and Improvement Wales (HEIW)	0	3510	0	250
TOTAL	123851	751856	5548	9330

31. Related Party Transactions (cont.)

Welsh Health Specialised Services and Emergency Ambulance Services

WHSSC and EASC are sub-committees of each of the 7 Local Health Boards in Wales. Therefore, any related transaction would form part of each LHB's financial statements. Whilst the committees have executive teams these are not executive directors and they are employed by Cwm Taf UHB as staff.

During 2018/2019, the Joint Committees adopted a risk sharing approach which is applied to all financial transactions. In accordance with the Shared Services Agreement, the Joint Committees must agree a total budget to plan and secure the relevant services delegated to them. The Joint Committees must also agree the contribution of funding required from each LHB.

Each LHB will be required to make available to the Joint Committees the level of funds outlined in the annual plan.

- The plan will include the risk sharing income received from each LHB during 2018/2019 as per Note 4,
- Expenditure incurred by WHSSC and EASC with providers of tertiary and specialist services is as per Note 3.2 and analysed in the Segmental Analysis in Note 33.
- Running costs, staffing and admin expenditure incurred with other NHS Wales organisations has been extracted from Note 3.3 but does not encompass the total of all running costs, the majority of which are transactions with organisations outside NHS Wales or are staff costs.
- Velindre and The Welsh Ambulance Service are included as providers only, as both are merely associate members of the Committees and do not have voting rights.

	Income £000's	Expenditure £000's	Running costs £000's	Debtor £000's	Creditor £000's	(Note 18)
Cardiff and Vale LHB	121693	221532	191	1121	5964	
Aneurin Bevan LHB	136775	8172	51	2303	47	
Betsi Cadwalladr LHB	166474	40590	3	3835	349	
Abertawe Bro Morgannwg LHB	123239	107321	61	650	1982	
Cwm Taf UHB	69991	7601	386	1171	612	
Hywel Dda LHB	85495	2096	56	1148	95	
Powys Teaching HB	34256		43	289	49	
Public Health Wales NHS Trust	55			4		
Velindre NHS Trust	129	40709	7	24	855	
Welsh Ambulance Services NHS Trust		147683		426	12	
	738107	575704	798	10971	9965	

Members of the Joint Committees for 2018/2019

LHB Chief Executives have voting rights on the committee while Trust Chief Executives are associate members only. During 2018/2019 WHSSC and EASC have entered into material transactions with the organisations represented as listed above.

Mrs Judith Paget	Member	Chief Executive Aneurin Bevan UHB
Mrs Carol Shillabeer	Member	Chief Executive Powys Teaching HB
Mr Gary Doherty	Member	Chief Executive Betsi Cadwalladr UHB
Mrs Allison Williams	Member	Chief Executive Cwm Taf UHB
Mr Len Richards	Member	Chief Executive Cardiff and Vale UHB
Mr Steve Moore	Member	Chief Executive Hywel Dda UHB
Mrs Tracy Myhill	Member	Chief Executive Abertawe Bro Morgannwg UHB

The following are Associate Members of the Joint Committees and therefore have no voting rights on the Joint Committee

Dr Tracey Cooper	Associate Member	Chief Executive Public Health Wales NHS Trust (WHSSC & EASC)
Mr Steve Ham	Associate Member	Chief Executive Velindre NHS Trust (WHSSC only)
Mrs Patsy Roseblade	Associate Member	Interim Chief Executive, Welsh Ambulance Services NHS Trust (EASC on 1 Oct 2018)
Mr Jason Killens	Associate Member	Chief Executive, Welsh Ambulance Services NHS Trust (EASC on 1 Oct 2018)
Prof John Williams	Independent Member	Chair of the Wales Renal Clinical Network (WHSSC only)
Mr Charles Janczewski	Independent Member	Chair of the Quality and Patient Safety Committee (WHSSC only)

Members With a Declared Interest

Prof Vivienne Harpwood	Chair	Chair, Powys Teaching HB (WHSSC only)
Mr Charles Janczewski	Independent Member	Independent Board Member, Cardiff and Vale UHB (WHSSC only)
Mrs Lyn Meadows	Independent Member	Independent Board Member, Betsi Cadwalladr UHB (WHSSC only)
Mr Chris Turner	Independent Member and Chair of EASC	Independent Board Member, Cwm Taf UHB (WHSSC only & EASC)

Apart from the transactions listed above, no Member or Associate Member of the Joint Committees has declared an interest in any other party that transacts with either WHSSC or EASC.

32. Pooled budgets

Rhondda Cynon Taf, Bridgend and Merthyr Tydfil Integrated Community Equipment Service

The Health Board has entered into a pooled budget with

Rhondda Cynon Taf County Borough Council
 Merthyr Tydfil County Borough Council
 Bridgend County Borough Council
 Abertawe Bro Morgannwg University Local Health Board

Under the arrangement funds are pooled under section 33 of the NHS (Wales) Act 2006 for the provision of an Intergrated Community Equipment Service. The service is to enable children and adults who require assistance to perform essential activities of daily living to maintain their health and autonomy and to live life as fully as possible. The equipment provided can include, but is not limited to

- Community home nursing equipment
- Equipment for daily living
- Physiotherapy living
- Static Seating

A memorandum note to the accounts provides details of the joint income and expenditure.

The pool is hosted by Rhondda Cynon Taf County Borough Council. The financial operation of the pool is governed by a pooled budget agreement between the aboved named organisations and the Health Board. The Health Board accounts for its share of contributions to the budget in expenditure. Contributions are based on each individual organisations forecast activities. Assets, liabilities, income and expenditure arising from the activities of the pooled budget, identified in accordance with the pooled budget agreement.

Funding	2018-19 £'000
Rhondda Cynon Taf County Borough Council	1,223
Merthyr Tydfil County Borough Council	213
Bridgend County Borough Council	594
Abertawe Bro Morgannwg University Local Health Board	362
Cwm Taf University Local Health Board	355
Total Partners Funding	2,747
I.C.F Funding	33
Other Income Received	51
Total Funding	2,831
Expenditure	
Provision of community equipment services within Rhondda Cynon Taf, Bridgend and Merthyr Tydfil County Boroughs.	2,712

32. Pooled budgets(cont)

Cwm Taf Care Home Accommodation

The Health Board has entered into a pool fund arrangement with Rhondda Cynon Taf County Borough Council and Merthyr Tydfil County Borough Council.

The Agreement for the CWM TAF CARE HOME ACCOMMODATION POOLED FUND is made under The Social Services and Well-being (Wales) Act 2014 (the 'Act') and the Partnership Arrangements (Wales) Regulations 2015 (the 'Regulations').

The Agreement provides for the establishment of the CWM TAF CARE HOME ACCOMMODATION POOLED FUND which will undertake the following functions on behalf of the Parties.

- The functions of a local authority under sections 35 and 36 of the Act, where it has been decided to meet the adult's needs by providing or arranging to provide accommodation in a care home;
- The functions of a Local Health Board under section 3 of the National Health Service (Wales) Act 2006 in relation to an adult, in cases where:
 - The adult has a primary need for health care and it has been decided to meet the needs of the adult by arranging the provision of accommodation in a care home, or
 - The adult does not have a primary need for health care but the adult's needs can only be met by the local authority arranging for the provision of accommodation together with nursing care

A memorandum note to the accounts provides details of the joint income and expenditure.

The pool is hosted by Rhondda Cynon Taf County Borough Council. The financial operation of the pool is governed by a pooled budget agreement between the aboved named organisations and the Health Board. The Health Board accounts for its share of contributions to the budget in expenditure. Contributions are based on each individual organisations forecast activities. Assets, liabilities, income and expenditure arising from the activities of the pooled budget, identified in accordance with the pooled budget agreement.

Funding	2018-19 £'000
Rhondda Cynon Taf County Borough Council	20,972
Merthyr Tydfil County Borough Council	4,495
Cwm Taf University Local Health Board	12,203
 Total Partners Funding	 37,670
 Other Income Received	 10
 Total Funding	 37,680
 Expenditure	
 Provision of paying care fees to to homes for the provision of residential & nursing care within the Rhondda Cynon Taf and	 37,674

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33. Operating segments

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

The following information segments the results of Cwm Taf Local Health Board by:

- Healthcare activities
- Welsh Health Specialised Services Committee (WHSSC)
- Emergency Ambulance Services Joint Committee (EASC)

Operating Costs 2018-19

	Healthcare activities £'000	WHSSC £'000	EASC £'000	Inter-segment transactions £'000	Cwm Taf LHB Total £'000
Expenditure on primary healthcare services	147605	0	0	0	147605
Expenditure on healthcare from other providers	165770	579738	151289	-77564	819233
Expenditure on hospital and community health services	465516	4302	2805	-414	472209
	778891	584040	154094	-77978	1439047
Less: Miscellaneous Income	-91573	-584040	-154094	77978	-751729
LHB net operating costs before interest and other gains	687318	0	0	0	687318
Investment Income	-1	0	0	0	-1
Other (Gains) / Losses	-44	0	0	0	-44
Finance costs	74	0	0	0	74
Net operating costs for the financial year	687347	0	0	0	687347

Net Assets 2018-19

	£'000	£'000	£'000	£'000	£'000
Total non-current assets	403419	0	0	0	403419
Total current assets	88790	18700	1338	-1782	107046
Total current liabilities	-144297	-30542	-1338	1782	-174395
Total non-current liabilities	-44838	0	0	0	-44838
Total assets employed	303074	-11842	0	0	291232
Total taxpayers' equity	303074	-11842	0	0	291232

Operating Costs 2017-18

	Healthcare activities £'000	WHSSC £'000	EASC £'000	Inter-segment transactions £'000	Cwm Taf LHB Total £'000
Expenditure on primary healthcare services	144853	0	0	0	144853
Expenditure on healthcare from other providers	155798	560774	139935	-72644	783863
Expenditure on hospital and community health services	427501	3255	1241	-290	431707
	728152	564029	141176	-72934	1360423
Less: Miscellaneous Income	-82852	-564029	-141176	72934	-715123
LHB net operating costs before interest and other gains	645300	0	0	0	645300
Investment Income	-4	0	0	0	-4
Other (Gains) / Losses	-40	0	0	0	-40
Finance costs	82	0	0	0	82
Net operating costs for the financial year	645338	0	0	0	645338

Net Assets 2017-18

	£'000	£'000	£'000	£'000	£'000
Total non-current assets	389311	0	0	0	389311
Total current assets	84243	23547	196	-1530	106456
Total current liabilities	-133593	-35389	-196	1530	-167648
Total non-current liabilities	-32283	0	0	0	-32283
Total assets employed	307678	-11842	0	0	295836
Total taxpayers' equity	307678	-11842	0	0	295836

34. Other Information

Cwm Taf University Health Board

IFRS15

Work was undertaken by the TAG IFRS sub group, consistent with the 'portfolio' approach allowed by the standard. Each income line in the notes from a previous year's annual accounts (either 2016/17 or 2017/18) was considered to determine how it would be affected by the implementation of IFRS 15. It was determined that the following types of consideration received from customers for goods and services (hereon referred to as income) fell outside the scope of the standard, as the body providing the income does not contract with the body to receive any direct goods or services in return for the income flow.

- Charitable Income and other contributions to Expenditure.
- Receipt of Donated Assets.
- WG Funding without direct performance obligation (e.g. SIFT/SIFT®/Junior Doctors & PDGME Funding).

Income that fell wholly or partially within the scope of the standard included:

- Welsh LHB & WHSCC LTA Income;
- Non Welsh Commissioner Income;
- NHS Trust Income;
- Foundation Trust Income;
- Other WG Income;
- Local Authority Income;
- ICR Income ;
- Training & Education income ;
- Accommodation & Catering income

It was identified that the only material income flows likely to require adjustment for compliance with IFRS15 was that for patient care provided under Long Term Agreements (LTA's). The adjustment being, for episodes of patient care which had started but not concluded (FCE's), as at period end, e.g. 31 March.

When calculating the income generated from these episodes, it was determined that it was appropriate to use length of stay as the best proxy for the attributable Work In Progress (WIP) value. In theory, as soon as an episode is opened, income is due. Under the terms and conditions of the contract this will only ever be realised on episode closure so the average length of stay would be the accepted normal proxy for the work in progress value.

For Cwm Health Board, the following methodology was applied to assess the value of the unaccounted WIP.

1. For 2016/17, income for inpatient activity recorded on a completed spell basis was £21.6m (total income from LTA's, including WHSSC, Welsh Health Boards and Non Welsh Commissioners, was £41m).
2. This related to circa 11,500 episodes, with an estimated average unit cost of £1,900.
3. Contracts are set on a range of marginal rates and the calculation below is based on an average of 60%.
4. As such, £1,140 per spell is the derived estimate for a WIP calculation.
5. Using available Business Intelligence/ Costing Information, the total open episodes at year-end and the average length of stay (ALoS) were identified.
6. This provided assumptions of a 4 day ALoS (with 50% completed) and circa 129 spells attributable to contracts at year-end, which lead to an adjustment calculation to align revenue recognised to the requirements of the standard:

$$£1,140 / 4 \text{ days} \times 2 \text{ days} \times 129 \text{ spells} = £73,530$$

34. Other Information (continued)

Cwm Taf University Health Board

IFRS 9

For consistency across Wales, the practical expedient provision matrix was used to estimate expected credit losses (ECLs) based on the 'age' of receivables as follows:

- Receivables were segregated into appropriate groups
- Each group, was analysed:
 - a) age-bands
 - 1-30 days (including current)
 - 31-60 days
 - 61-90 days
 - 91-180 days
 - 181- 365 days
 - > 1 year
 - b) at historical back-testing dates (data points)
- For each age-band, at each back-testing date the following were determined:
 - a) the gross receivables
 - b) the amounts ultimately collected/written-off. If material, adjustments should be made to exclude the effect of non-collections for reasons other than credit loss (e.g. credit notes issued for returns, short-deliveries or as a commercial price concession)
- The average historical loss rate by age-band was calculated, and adjusted where necessary e.g. to take account of changes in:
 - a) economic conditions
 - b) types of customer
 - c) credit management practices
- Consideration was given as to whether ECLs should be estimated individually for any period-end receivables, e.g. because information was available specific debtors.
- Loss rate estimates were applied to each age-band for the other receivables.
- The percentages calculated have been applied to those invoices outstanding as at 31st March 2018 (which don't already have a specific provision against them) to recalculate the value of the HB non-specific provision under IFRS9.
- The application of the above methodology resulted in overall increase in bad debt provision by £763k as summarised below:

2017/18 - Bad Debt Provision					IFRS 9 Impact				Change In	
Specific	General		Total	Specific	General		Total			
NHS	Non-NHS	NHS	Non-NHS	NHS	Non-NHS	NHS	Non-NHS			
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000		
114	1541	0	0	1655	114	1541	65a 171	592	2418	763

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34. Other Information (continued)

Welsh Health Specialised Services and Emergency Ambulance Services

IFRS15

Work was undertaken across NHS Wales, consistent with the 'portfolio' approach allowed by the standard. Each income line in the notes from a previous year's annual accounts (either 2016/17 or 2017/18) was considered to determine how it would be affected by the implementation of IFRS 15.

Income that fell wholly or partially within the scope of the standard included:

- Welsh LHB LTA Income
- WHSCC/EASC Risk Shared Income;
- Non Welsh Commissioner Income;
- NHS Trust Income;
- NHS Foundation Trust Income;
- Other WG Income;
- Local Authority Income;
- Training & Education income ;

It was identified that the only material income flows likely to require adjustment for compliance with IFRS15 was that for patient care provided under Long Term Agreements (LTA's). The adjustment being, for episodes of patient care which had started but not concluded as at period end.

As WHSCC/ EASC are not direct providers of healthcare and so have no income of the nature described above, this assessment was not relevant.

A review, also consistent with the portfolio approach detailed above, was undertaken by the committees, which identified that WHSCC and EASC do not control the services that underpin their income flows. As such, under the terms of IFRS 15, the risk share principles of the committees which allow them to act on behalf of the LHBs when commissioning specialised services, could be deemed an agent v's principle relationship and is therefore outside the scope of the standard.

Taking this into account it can be demonstrated that the potential amendments to WHSCC/EASC Board Accounts as a result of the adoption of IFRS 15 are significantly below materiality levels.

Under the Conceptual IFRS Framework, due consideration must be given to the users of the accounts and the cost restraint of compliance, reporting and production of financial reporting. Given the income for WHSCC/EASC risk sharing is recognised in accordance with established NHS Terms and Conditions affecting multiple parties across NHS Wales, it was considered reasonable to continue recognising in accordance with those established terms, on the basis that this provides information that is relevant to the user and to do so does not result in a material misstatement of the figures reported.

IFRS 9

For consistency across Wales, the practical expedient provision matrix was used to estimate expected credit losses (ECLs) based on the 'age' of receivables as follows:

- Receivables were segregated into appropriate groups
- Each group, was analysed:
 - a) age-bands
 - 1-30 days (including current)
 - 31-60 days
 - 61-90 days
 - 91-180 days
 - 181- 365 days
 - > 1 year
 - b) at historical back-testing dates (data points)
- For each age-band, at each back-testing date the following were determined:
 - a) the gross receivables
 - b) the amounts ultimately collected/written-off. If material, adjustments should be made to exclude the effect of non-collections for reasons other than credit loss (e.g. credit notes issued for returns, short-deliveries or as a commercial price concession)

In line with the requirements of IFRS 9, WHSCC has assessed the age and profile of individual outstanding debtors and has concluded that the impact of IFRS 9 is immaterial in this financial year. Therefore no provision for bad debts has been deemed necessary Further information regarding WHSCC debtors and the aged profile is provided in note 15.

34. Other Information (continued)

On 29 March 2017, the UK Government submitted its notification to leave the EU in accordance with Article 50. The triggering of Article 50 started a two-year negotiation process between the UK and the EU. On 11 April 2019, the government confirmed agreement with the EU on an extension until 31 October 2019 at the latest, with the option to leave earlier as soon as a deal has been ratified.⁴

In 2018-19 the NHS Estate has been valued using indices provided by the District Valuer and disclosed in the Manual For Accounts.