

POWYS TEACHING 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

Powys Teaching Local Health Board under the Local Health Boards (Establishment) (Wales) Order 2003 (S.I. 2003/148 (W.18))

As a statutory body governed by Acts of Parliament the THB is responsible for :

- agreeing the action which is necessary to improve the health and health care of the population of Powys;
- supporting and financing General Practitioner-led purchasing of the services needed to meet agreed priorities, including charter standards and guarantees;
- supporting and funding the contractor professions;
- the commissioning of health promotion, emergency planning and other regulatory tasks;
- the stewardship of resources including the financial management and monitoring of performance in critical areas;
- eliciting and responding to the views of local people and organisations and changing and developing services at a pace and in ways that they will accept;
- providing Hospital and Community Healthcare Services to the residents of Powys.

Powys THB hosts the Community Health Councils in Wales. In addition, it is also responsible for hosting specific functions in respect of the accounts of the former Health Authorities mostly significantly in respect of clinical negligence. The THB also hosts the functions of Health and Care Research Wales (HCRW) and All Wales Retrospective Continuing Health Care Reviews Project.

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 will take place at the end of 2016-17.

Powys Teaching Health Board (PTHB) is the operational name of Powys Teaching Local Health Board

Statement of Comprehensive Net Expenditure for the year ended 31 March 2017

	Note	2016-17 £'000	2015-16 £'000
Expenditure on Primary Healthcare Services	3.1	63,905	63,513
Expenditure on healthcare from other providers	3.2	148,526	143,721
Expenditure on Hospital and Community Health Services	3.3	87,675	78,210
		300,106	285,444
Less: Miscellaneous Income	4	14,145	13,197
LHB net operating costs before interest and other gains and losses		285,961	272,247
Investment Income	8	0	0
Other (Gains) / Losses	9	(1)	1
Finance costs	10	100	103
Net operating costs for the financial year		286,060	272,351

See note 2 on page 20 for details of performance against Revenue and Capital allocations.

The notes on pages 8 to 62 form part of these accounts

Other Comprehensive Net Expenditure

	2016-17 £'000	2015-16 £'000
Net gain / (loss) on revaluation of property, plant and equipment	480	2,482
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	480	2,482
Total comprehensive net expenditure for the year	285,580	269,869

Statement of Financial Position as at 31 March 2017

		31 March 2017 £'000	31 March 2016 £'000
	Notes		
Non-current assets			
Property, plant and equipment	11	68,672	65,753
Intangible assets	12	0	0
Trade and other receivables	15	17,421	12,624
Other financial assets	22	0	0
Total non-current assets		86,093	78,377
Current assets			
Inventories	14	133	142
Trade and other receivables	15	14,115	16,448
Other financial assets	22	0	0
Cash and cash equivalents	21	674	666
		14,922	17,256
Non-current assets classified as "Held for Sale"	11	250	0
Total current assets		15,172	17,256
Total assets		101,265	95,633
Current liabilities			
Trade and other payables	16	37,260	35,595
Other financial liabilities	23	0	0
Provisions	17	7,697	11,161
Total current liabilities		44,957	46,756
Net current assets/ (liabilities)		(29,785)	(29,500)
Non-current liabilities			
Trade and other payables	16	0	0
Other financial liabilities	23	0	0
Provisions	17	24,093	19,343
Total non-current liabilities		24,093	19,343
Total assets employed		32,215	29,534
Financed by :			
Taxpayers' equity			
General Fund		(2,003)	(4,220)
Revaluation reserve		34,218	33,754
Total taxpayers' equity		32,215	29,534

The financial statements on pages 2 to 7 were approved by the Board on 31st May 2017 and signed on its behalf by:

Chief Executive.....

Date

31-May-17

The notes on pages 8 to 62 form part of these accounts

Statement of Changes in Taxpayers' Equity

For the year ended 31 March 2017

	General Fund £000s	Revaluation Reserve £000s	Total Reserves £000s
Changes in taxpayers' equity for 2016-17			
Balance at 1 April 2016	-4,220	33,754	29,534
Net operating cost for the year	(286,060)		(286,060)
Net gain/(loss) on revaluation of property, plant and equipment	0	480	480
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	0	0	0
Release of reserves to SoCNE	16	(16)	0
Transfers to/from LHBs	0	0	0
Total recognised income and expense for 2016-17	(286,044)	464	(285,580)
Net Welsh Government funding	288,261		288,261
Balance at 31 March 2017	(2,003)	34,218	32,215

The notes on pages 8 to 62 form part of these accounts

Statement of Changes in Taxpayers' Equity

For the year ended 31 March 2016

	General Fund £000s	Revaluation Reserve £000s	Total Reserves £000s
Changes in taxpayers' equity for 2015-16			
Balance at 1 April 2015	(1,510)	31,407	29,897
Net operating cost for the year	(272,351)		(272,351)
Net gain/(loss) on revaluation of property, plant and equipment	0	2,482	2,482
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	135	(135)	0
Release of reserves to SoCNE	0	0	0
Transfers to/from LHBs	0	0	0
Total recognised income and expense for 2015-16	(272,216)	2,347	(269,869)
Net Welsh Government funding	269,506		269,506
Balance at 31 March 2016	(4,220)	33,754	29,534

The notes on pages 8 to 62 form part of these accounts

Statement of Cash flows for year ended 31 March 2017

		2016-17	2015-16
		£'000	£'000
Cash Flows from operating activities	notes		
Net operating cost for the financial year		(286,060)	(272,351)
Movements in Working Capital	30	(1,718)	11,434
Other cash flow adjustments	31	6,630	(2,611)
Provisions utilised	17	(1,204)	(3,482)
Net cash outflow from operating activities		(282,352)	(267,010)
Cash Flows from investing activities			
Purchase of property, plant and equipment		(5,902)	(2,868)
Proceeds from disposal of property, plant and equipment		1	136
Purchase of intangible assets		0	0
Proceeds from disposal of intangible assets		0	0
Payment for other financial assets		0	0
Proceeds from disposal of other financial assets		0	0
Payment for other assets		0	0
Proceeds from disposal of other assets		0	0
Net cash inflow/(outflow) from investing activities		(5,901)	(2,732)
Net cash inflow/(outflow) before financing		(288,253)	(269,742)
Cash flows from financing activities			
Welsh Government funding (including capital)		288,261	269,506
Capital receipts surrendered		0	0
Capital grants received		0	0
Capital element of payments in respect of finance leases and on-SoFP		0	0
Cash transferred (to)/ from other NHS bodies		0	0
Net financing		288,261	269,506
Net increase/(decrease) in cash and cash equivalents		8	(236)
Cash and cash equivalents (and bank overdrafts) at 1 April 2016		666	902
Cash and cash equivalents (and bank overdrafts) at 31 March 2017		674	666

The notes on pages 8 to 62 form part of these accounts

Notes to the Accounts

1. Accounting policies

The accounts have been prepared in accordance with the 2016-17 Local Health Board Manual for Accounts and 2016-17 Financial Reporting Manual (FReM) issued by HM Treasury. These reflect International Financial Reporting Standards (IFRS) and these statements have been prepared to show the effect of the first-time adoption of the European Union version IFRS. The particular accounting policies adopted by the Local Health Board are described below. They have been applied in dealing with items considered material in relation to the accounts.

1.1 Accounting convention

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

1.2 Acquisitions and discontinued operations

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

1.3 Income and funding

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

Income is accounted for applying the accruals convention. Income is recognised in the period in which services are provided. Where income had been received from third parties for a specific activity to be delivered in the following financial year, that income will be deferred.

Only non-NHS income may be deferred.

1.4 Employee benefits

Short-term employee benefits

Salaries, wages and employment-related payments are recognised in the period in which the service is received from employees.

The cost of leave earned but not taken by employees at the end of the period is recognised in the financial statements to the extent that employees are permitted to carry forward leave into the following period.

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 THB 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 THB;
- 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 THBs 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 2012-13 a formal revaluation exercise was applied to land and properties. Land and buildings have been indexed with indices supplied by the District Valuation Office. The carrying value of existing assets at that date will be written off over their remaining useful lives and new fixtures and equipment are carried at depreciated historic cost as this is not considered to be materially different from fair value.

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

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 THB 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 THB 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.

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 sales 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 THB expects to obtain economic benefits or service potential from the asset. This is specific to the THB 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 THB 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 therefrom can reasonably be regarded as assured. Expenditure so deferred is limited to the value of future benefits expected and is amortised through the SoCNE on a systematic basis over the period expected to benefit from the project.

1.10 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 on interest on the remaining balance of the liability. Finance charges are charged directly to the Statement of Comprehensive Net Expenditure.

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

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

1.11.2 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 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.

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 Cashflows, 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 THB has a present legal or constructive obligation as a result of a past event, it is probable that the THB 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 THB 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 THB 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 2016-17. The WRP is hosted by Velindre NHS Trust.

1.15 Financial assets

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

1.15.1 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.

1.15.2 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.

1.15.3 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.

1.15.4 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.

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

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

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

1.16 Financial liabilities

Financial liabilities are recognised on the Statement of Financial Position when the THB 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.

1.16.1 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.

1.16.2 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.

1.16.3 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.

1.17 Value Added Tax

Most of the activities of the THB 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.

1.18 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.

1.19 Third party assets

Assets belonging to third parties (such as money held on behalf of patients) are not recognised in the accounts since the THB has no beneficial interest in them. Details of third party assets are given in Note 25 to the accounts.

1.20 Losses and Special Payments

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

Losses and special payments are charged to the relevant functional headings in the 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 THB accounts for all losses and special payments gross (including assistance from the WRP). The THB 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.

1.21 Pooled budget

The THB 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 28.

The pool is hosted by Powys County Council. Payments for services provided are accounted for as miscellaneous income. The THB 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.

1.22 Critical Accounting Judgements and key sources of estimation uncertainty

In the application of the THB'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.

1.23 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.

- primary care expenditure includes estimates for liabilities where the value of actual liabilities was not available at the time of producing the financial statements. The most significant areas relate to GMS Enhanced Services, GMS Quality Outcome Framework and Prescribing; and

- £24.367M has been provided within Note 17 in respect of potential clinical negligence claims, personal injury claims and defence costs. These provisions are based on the advice of the NHS Wales Shared Services Partnership - Legal and Risk Services. The nature of such claims could be subject to change in future periods.

1.24 Private Finance Initiative (PFI) transactions

The THB does not have any Private Finance Initiative Transactions

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

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

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

Services received

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

PFI asset

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

PFI liability

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

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

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

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

Lifecycle replacement

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

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

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

Assets contributed by the LHB to the operator for use in the scheme

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

Other assets contributed by the LHB to the operator

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

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

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

1.25 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.

1.26 Carbon Reduction Commitment Scheme

The THB is not a member of the 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.

1.27 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.

1.28 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

IFRS 9 Financial Instruments
 IFRS14 Regulatory Deferral Accounts
 IFRS15 Revenue from contracts with customers
 IFRS 16 Leases

1.29 Accounting standards issued that have been adopted early

During 2016-17 there have been no accounting standards that have been adopted early.
 All early adoption of accounting standards will be led by HM Treasury.

1.30 Charities

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

However, the THB 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.

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) is at the end of 2016-17, being the first 3 year period of assessment.

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

2.1 Revenue Resource Performance

Annual financial performance

	2014-15 £'000	2015-16 £'000	2016-17 £'000	Total £'000
Net operating costs for the year	267,056	272,351	286,060	825,467
Add general ophthalmic services expenditure and other non-cash limited expenditure	811	855	1,006	2,672
Less revenue consequences of bringing PFI schemes onto SoFP	0	0	0	0
Total operating expenses	267,867	273,206	287,066	828,139
Revenue Resource Allocation	267,906	273,246	287,151	828,303
Under /(over) spend against Allocation	39	40	85	164

Powys THB has met its financial duty to break-even against its Revenue Resource Limit over the 3 years 2014-15 to 2016-17.

2.2 Capital Resource Performance

	2014-15 £'000	2015-16 £'000	2016-17 £'000	Total £'000
Gross capital expenditure	3,853	2,467	6,870	13,190
Add: Losses on disposal of donated assets	0	0	0	0
Less NBV of property, plant and equipment and intangible assets disposed	(152)	(137)	0	(289)
Less capital grants received	0	0	0	0
Less donations received	(188)	(45)	(40)	(273)
Charge against Capital Resource Allocation	3,513	2,285	6,830	12,628
Capital Resource Allocation	3,515	2,287	6,847	12,649
(Over) / Underspend against Capital Resource Allocation	2	2	17	21

Powys THB has met its financial duty to break-even against its Capital Resource Limit over the 3 years 2014-15 to 2016-17.

2.3 Duty to prepare a 3 year plan

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

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

**2016-17
to
2018-19**

The Cabinet Secretary for Health and Social Services approval status

Approved 5th
July 2016

The THB has therefore met its statutory duty to have an approved financial plan for the period 2016-17 to 2018-19

The THB Integrated Medium Term Plan was approved in 2015-16

The THB Integrated Medium Term Plan was not approved in 2014-15

3. Analysis of gross operating costs

3.1 Expenditure on Primary Healthcare Services

	Cash limited £'000	Non-cash limited £'000	2016-17 Total £'000	2015-16 £'000
General Medical Services	33,344		33,344	34,365
Pharmaceutical Services	4,454	(2,012)	2,442	2,622
General Dental Services	7,308		7,308	7,935
General Ophthalmic Services	0	1,006	1,006	958
Other Primary Health Care expenditure	1,977		1,977	80
Prescribed drugs and appliances	17,828		17,828	17,553
Total	64,911	-1,006	63,905	63,513

The negative non cash limited balance on Pharmaceutical services relates to prescriptions for Powys residents being dispensed in non Powys pharmacies. The effect of this is a net outflow for Powys THB.

The increase in Other Primary Health Care Expenditure relates mainly to funding received from the Welsh Government Intermediate Care Fund. The purpose of the funding is to assist to build on effective working across health, social services and housing to improve the planning and provision of more integrated services. The funding has been used to encourage collaborative working between social services, health and housing, to support people to maintain their independence and remain in their own home, for prevention and early intervention activities which reduce demand on health and social care services. An amount of £2.452M has been expended on this. Also included in this line is a write back of liabilities that have been assessed as no longer payable which relate to previous years.

3.2 Expenditure on healthcare from other providers

	2016-17 £'000	2015-16 £'000
Goods and services from other NHS Wales Health Boards	40,368	41,681
Goods and services from other NHS Wales Trusts	1,851	1,627
Goods and services from other non Welsh NHS bodies	54,233	49,572
Goods and services from WHSSC / EASC	31,622	31,110
Local Authorities	2,066	2,092
Voluntary organisations	2,040	1,991
NHS Funded Nursing Care	2,044	2,088
Continuing Care	12,964	11,733
Private providers	1,793	1,827
Specific projects funded by the Welsh Government	0	0
Other	-455	0
Total	148,526	143,721

The 7 Health Boards in Wales have established the Welsh Health Specialist Services Commission (WHSSC) which, through the operational management of Cwm Taf Health Board, secures the provision of highly specialised healthcare for the whole of Wales. These arrangements include funding of services operated through a risk sharing arrangement. The THB payment for the WHSSC commissioning arrangements for the year ended 31st March 2017 is £31.622M.

The increase in Goods and services from other non Welsh NHS bodies results from increased activity and increases in tariffs within English NHS providers. The most significant increases are Wye Valley NHS Trust £2.160M, Shrewsbury and Telford NHS Trust £1.157M and Robert Jones and Agnes Hunt Orthopaedic Hospital £0.760M in comparison to 2015/16 expenditure.

The increase in Continuing Health Care expenditure during 2016/17 has resulted from both growth in the number of cases and inflationary pressures in comparison to 2015/16.

The negative balance within the Other line relates to the write back of Liabilities from the Statement of Financial Position that have been assessed as no longer payable, which relate to previous years

3.3 Expenditure on Hospital and Community Health Services

	2016-17 £'000	2015-16 £'000
Directors' costs	1,322	1,187
Staff costs	65,554	56,811
Supplies and services - clinical	4,527	4,089
Supplies and services - general	1,358	1,122
Consultancy Services	596	913
Establishment	2,736	2,224
Transport	1,191	1,107
Premises	4,932	5,088
External Contractors	0	0
Depreciation	2,920	2,882
Amortisation	0	0
Fixed asset impairments and reversals (Property, plant & equipment)	1,261	(239)
Fixed asset impairments and reversals (Intangible assets)	0	0
Impairments & reversals of financial assets	0	0
Impairments & reversals of non-current assets held for sale	0	0
Audit fees	266	264
Other auditors' remuneration	0	0
Losses, special payments and irrecoverable debts	187	42
Research and Development	0	0
Other operating expenses	825	2,720
Total	87,675	78,210

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

	2016-17 £'000	2015-16 £'000
Increase/(decrease) in provision for future payments:		
Clinical negligence	2,767	(6,091)
Personal injury	(499)	1,027
All other losses and special payments	5	5
Defence legal fees and other administrative costs	(80)	177
Gross increase/(decrease) in provision for future payments	2,193	(4,882)
Contribution to Welsh Risk Pool	0	0
Premium for other insurance arrangements	0	0
Irrecoverable debts	0	(20)
Less: income received/ due from Welsh Risk Pool	(2,006)	4,944
Total	187	42

Personal injury costs includes £0.099M (2015-16 £-0.004M) in respect of permanent injury benefits.

Clinical Redress arising during the year was £0.001M (2015-16 £0.003M)

The largest increase in staff costs relates to Mental Health services previously provided by Abertawe Bro Morgannwg and Betsi Cadwaladr University Health Board transferring back into THB Services from the 1st December 2015. The increase in staff costs from this service repatriation in 2015/16 is £3.8M

Further Increases in staff costs can be broken down as follows:

Pay Award/Increments/NI increase	£1.5M
Increased use of Agency/Locums	£1.7M
Funded Projects and Externally Hosted Organisations	£1.2M

Within the Other Operating Expenses line there is a negative balance that relates to the write back of Liabilities from the Statement of Financial Position that have been assessed as no longer payable, which relate to previous years

4. Miscellaneous Income

	2016-17 £'000	2015-16 £'000
Local Health Boards	4,138	4,071
WHSSC /EASC	7	188
NHS trusts	0	0
Other NHS England bodies	536	628
Foundation Trusts	0	0
Local authorities	0	0
Welsh Government	4,339	3,896
Non NHS:		
Prescription charge income	0	0
Dental fee income	1,754	1,975
Private patient income	1	0
Overseas patients (non-reciprocal)	0	0
Injury Costs Recovery (ICR) Scheme	55	53
Other income from activities	1,528	1,223
Patient transport services	31	33
Education, training and research	91	90
Charitable and other contributions to expenditure	0	0
Receipt of donated assets	40	45
Receipt of Government granted assets	0	0
Non-patient care income generation schemes	0	0
NWSSP	0	0
Deferred income released to revenue	0	0
Contingent rental income from finance leases	0	0
Rental income from operating leases	100	97
Other income:		
Provision of laundry, pathology, payroll services	0	0
Accommodation and catering charges	97	92
Mortuary fees	18	20
Staff payments for use of cars	0	0
Business Unit	0	0
Other	1,410	786
Total	14,145	13,197

Welsh Government miscellaneous income includes funding received on behalf of the hosted function of Health and Care Research Wales within the THB. This has increased by £0.347M on 15/16 due to the transfer of functions from other NHS bodies and Welsh Government into this hosted function

5. Employee benefits and staff numbers

5.1 Employee costs	Permanent Staff	Staff on Inward Secondment	Agency Staff	Total	2015-16
	£000	£000	£000	£000	£000
Salaries and wages	52,046	643	3,414	56,103	49,392
Social security costs	4,305	0	0	4,305	2,885
Employer contributions to NHS Pension Scheme	6,468	0	0	6,468	5,721
Other pension costs	0	0	0	0	0
Other employment benefits	0	0	0	0	0
Termination benefits	0	0	0	0	0
Total	62,819	643	3,414	66,876	57,998
Charged to capital				240	20
Charged to revenue				66,636	57,978
				66,876	57,998
Net movement in accrued employee benefits (untaken staff leave accrual included above)				0	0

5.2 Average number of employees

	Permanent Staff	Staff on Inward Secondment	Agency Staff	Total	2015-16
	Number	Number	Number	Number	Number
Administrative, clerical and board members	484	4	2	490	439
Medical and dental	26	0	4	30	23
Nursing, midwifery registered	486	4	11	501	447
Professional, Scientific, and technical staff	50	0	0	50	40
Additional Clinical Services	242	0	8	250	221
Allied Health Professions	114	0	4	118	114
Healthcare Scientists	2	0	0	2	2
Estates and Ancillary	156	0	5	161	151
Students	5	0	0	5	7
Total	1,565	8	34	1,607	1,444

The increase in staff numbers mainly relates to the staff of Mental Health Services previously provided by Abertawe Bro Morga nnwg University Health Board and Betsi Cadwaladr University Health Board transferring back into THB services from the 1st December 2015. This transfer has meant an increase in staff numbers in administrative and Nursing categories by 100 Whole Time Equivalent (WTE) (2015-16 : part year effect 34 WTE)

5.3. Retirements due to ill-health

During 2016-17 there were 5 early retirements from the LHB agreed on the grounds of ill-health (5 in 2015-16 - £330,007.15) The estimated additional pension costs of these ill-health retirements (calculated on an average basis and borne by the NHS Pension Scheme) will be £193,494.44.

5.4 Employee benefits

The THB does not have an employee benefit scheme.

5.5 Reporting of other compensation schemes - exit packages

	2016-17	2016-17	2016-17	2016-17	2015-16
Exit packages cost band (including any special payment element)	Number of compulsory redundancies	Number of other departures	Total number of exit packages	Number of departures where special payments have been made	Total number of exit packages
	Whole numbers only	Whole numbers only	Whole numbers only	Whole numbers only	Whole numbers only
less than £10,000	0	0	0	0	0
£10,000 to £25,000	0	0	0	0	0
£25,000 to £50,000	0	0	0	0	0
£50,000 to £100,000	0	0	0	0	0
£100,000 to £150,000	0	0	0	0	0
£150,000 to £200,000	0	0	0	0	0
more than £200,000	0	0	0	0	0
Total	0	0	0	0	0

	2016-17	2016-17	2016-17	2016-17	2015-16
Exit packages cost band (including any special payment element)	Cost of compulsory redundancies	Cost of other departures	Total cost of exit packages	Cost of special element included in exit packages	Total cost of exit packages
	£'s	£'s	£'s	£'s	£'s
less than £10,000	0	0	0	0	0
£10,000 to £25,000	0	0	0	0	0
£25,000 to £50,000	0	0	0	0	0
£50,000 to £100,000	0	0	0	0	0
£100,000 to £150,000	0	0	0	0	0
£150,000 to £200,000	0	0	0	0	0
more than £200,000	0	0	0	0	0
Total	0	0	0	0	0

5.6 Remuneration Relationship

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

The banded remuneration of the highest-paid director in the LHB in the financial year 2016-17 was £155,000 - £160,000 (2015-16, £155,000 - £160,000). This was 6.3 times (2015-16, 6.1) the median remuneration of the workforce, which was £24,685 (2015-16, £25,948).

In 2016-17, 0 (2015-16, 0) employees received remuneration in excess of the highest-paid director. Remuneration for staff ranged from £800 to £156,000 (2015-16 £1,400 to £157,000).

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

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

5.7 Pension costs

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

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

a) Accounting valuation

A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary's Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and are accepted as providing suitably robust figures for financial reporting purposes. The valuation of scheme liability as at 31 March 2017, is based on valuation data as 31 March 2016, updated to 31 March 2017 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

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

b) Full actuarial (funding) valuation

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

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

The Scheme Regulations allow for the level of contribution rates to be changed by the Secretary of State for Health, with the consent of HM Treasury, and consideration of the advice of the Scheme Actuary and appropriate employee and employer representatives as deemed appropriate. The purpose of this valuation is to assess the level of liability in respect of the benefits due under the schemes (taking into account their recent demographic experience), and to recommend contribution rates payable by employees and employers.

The last published actuarial valuation undertaken for the NHS Pension Scheme was completed for the year ending 31 March 2012. The Scheme Regulations allow for the level of contribution rates to be changed by the Secretary of State for Health, with the consent of HM Treasury, and consideration of the advice of the Scheme Actuary and appropriate employee and employer representatives as deemed appropriate.

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

c) National Employment Savings Trust (NEST)

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

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

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

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

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

NEST has an annual contribution limit of £4,900 for the 2016-17 tax year (£4,700 for 2015-16). This means the most that can be contributed to a single pot in the current tax year is £4,900. This figure will be adjusted annually in line with average earnings. The annual contribution limit includes member contributions, money from their employer and any tax relief.

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

6. Operating leases

LHB as lessee

The Teaching Health Board has the following operating leases

- various short term leases on properties at fixed rentals subject to periodic review
- vehicle leases are generally for a period of three years

Payments recognised as an expense	2016-17	2015-16
	£000	£000
Minimum lease payments	864	720
Contingent rents	0	0
Sub-lease payments	0	0
Total	864	720

Total future minimum lease payments

Payable	£000	£000
Not later than one year	797	703
Between one and five years	1,051	984
After 5 years	303	576
Total	2,151	2,263

There are no future sublease payments expected to be received

LHB as lessor

Rental revenue	£000	£000
Rent	346	278
Contingent rents	0	0
Total revenue rental	346	278

Total future minimum lease payments

Receivable	£000	£000
Not later than one year	326	278
Between one and five years	186	120
After 5 years	182	149
Total	694	547

7. Public Sector Payment Policy - Measure of Compliance

7.1 Prompt payment code - measure of compliance

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

	2016-17	2016-17	2015-16	2015-16
	Number	£000	Number	£000
NHS				
Total bills paid	2,930	133,766	2,981	129,740
Total bills paid within target	2,244	125,425	2,173	121,791
Percentage of bills paid within target	76.6%	93.8%	72.9%	93.9%
Non-NHS				
Total bills paid	41,094	59,857	36,604	41,721
Total bills paid within target	38,464	54,113	33,126	35,686
Percentage of bills paid within target	93.6%	90.4%	90.5%	85.5%
Total				
Total bills paid	44,024	193,623	39,585	171,461
Total bills paid within target	40,708	179,538	35,299	157,477
Percentage of bills paid within target	92.5%	92.7%	89.2%	91.8%

The THB has not met the administrative target of payment of 95% of the number of non-nhs creditors within 30 days this year. This follows on from the change in methodology introduced in 2015/16 which saw the removal of primary care contractor related payments from the calculations (impact of 5% reduction on performance). The THB has undertaken many initiatives during the year to address this change in methodology which has led to an increase in performance on a month by month basis and the THB is now regularly achieving the target 95% on a monthly basis.

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

	2016-17	2015-16
	£	£
Amounts included within finance costs (note 10) from claims made under this legislation	0	0
Compensation paid to cover debt recovery costs under this legislation	0	0
Total	0	0

8. Investment Income

	2016-17 £000	2015-16 £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	0	0
Impaired financial assets	0	0
Other financial assets	0	0
Total	0	0

9. Other gains and losses

	2016-17 £000	2015-16 £000
Gain/(loss) on disposal of property, plant and equipment	1	(1)
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 SoCNE	0	0
Recycling of gain/(loss) from equity on disposal of financial assets held for sale	0	0
Total	1	(1)

10. Finance costs

	2016-17 £000	2015-16 £000
Interest on loans and overdrafts	0	0
Interest on obligations under finance leases	0	0
Interest on obligations under PFI contracts		
main finance cost	0	0
contingent finance cost	0	0
Interest on late payment of commercial debt	0	0
Other interest expense	0	0
Total interest expense	0	0
Provisions unwinding of discount	100	103
Other finance costs	0	0
Total	100	103

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 2016	13,721	53,779	623	2,966	5,631	479	2,983	0	80,182
Indexation	527	0	0	0	0	0	0	0	527
Additions									
- purchased	32	2,926	0	1,950	1,049	0	873	0	6,830
- donated	0	0	0	13	27	0	0	0	40
- 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	1,143	0	(1,143)	0	0	0	0	0
Revaluations	19	(327)	0	0	0	0	0	0	(308)
Reversal of impairments	0	0	0	0	0	0	0	0	0
Impairments	0	(1,261)	0	0	0	0	0	0	(1,261)
Reclassified as held for sale	(100)	(150)	0	0	0	0	0	0	(250)
Disposals	0	0	0	0	(197)	(12)	(525)	0	(734)
At 31 March 2017	14,199	56,110	623	3,786	6,510	467	3,331	0	85,026
Depreciation at 1 April 2016	0	7,525	78	0	4,216	406	2,204	0	14,429
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	0	0	0	0	0
Revaluations	0	(261)	0	0	0	0	0	0	(261)
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	(197)	(12)	(525)	0	(734)
Provided during the year	0	2,142	20	0	465	33	260	0	2,920
At 31 March 2017	0	9,406	98	0	4,484	427	1,939	0	16,354
Net book value at 1 April 2016	13,721	46,254	545	2,966	1,415	73	779	0	65,753
Net book value at 31 March 2017	14,199	46,704	525	3,786	2,026	40	1,392	0	68,672
Net book value at 31 March 2017 comprises :									
Purchased	14,199	44,507	525	3,786	1,762	40	1,392	0	66,211
Donated	0	2,197	0	0	264	0	0	0	2,461
Government Granted	0	0	0	0	0	0	0	0	0
At 31 March 2017	14,199	46,704	525	3,786	2,026	40	1,392	0	68,672
Asset financing :									
Owned	14,199	46,704	525	3,786	2,026	40	1,392	0	68,672
Held on finance lease	0	0	0	0	0	0	0	0	0
On-SoFP PFI contracts	0	0	0	0	0	0	0	0	0
PFI residual interests	0	0	0	0	0	0	0	0	0
At 31 March 2017	14,199	46,704	525	3,786	2,026	40	1,392	0	68,672

The net book value of land, buildings and dwellings at 31 March 2017 comprises :

	£000
Freehold	61,428
Long Leasehold	0
Short Leasehold	0
	61,428

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 2015	13,503	50,265	589	1,996	5,461	505	3,100	0	75,419
Indexation	264	2,493	34	0	0	0	0	0	2,791
Additions									
- purchased	0	748	0	1,329	279	16	50	0	2,422
- donated	0	0	0	0	45	0	0	0	45
- 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	359	0	(359)	0	0	0	0	0
Revaluations	0	(223)	0	0	0	0	0	0	(223)
Reversal of impairments	0	374	0	0	0	0	0	0	374
Impairments	0	(135)	0	0	0	0	0	0	(135)
Reclassified as held for sale	0	0	0	0	0	0	0	0	0
Disposals	(46)	(102)	0	0	(154)	(42)	(167)	0	(511)
At 31 March 2016	13,721	53,779	623	2,966	5,631	479	2,983	0	80,182
Depreciation at 1 April 2015	0	5,355	56	0	3,922	419	2,083	0	11,835
Indexation	0	305	3	0	0	0	0	0	308
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	(222)	0	0	0	0	0	0	(222)
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	(11)	0	0	(154)	(42)	(167)	0	(374)
Provided during the year	0	2,098	19	0	448	29	288	0	2,882
At 31 March 2016	0	7,525	78	0	4,216	406	2,204	0	14,429
Net book value at 1 April 2015	13,503	44,910	533	1,996	1,539	86	1,017	0	63,584
Net book value at 31 March 2016	13,721	46,254	545	2,966	1,415	73	779	0	65,753
Net book value at 31 March 2016 comprises :									
Purchased	13,721	43,959	545	2,966	1,089	73	779	0	63,132
Donated	0	2,295	0	0	326	0	0	0	2,621
Government Granted	0	0	0	0	0	0	0	0	0
At 31 March 2016	13,721	46,254	545	2,966	1,415	73	779	0	65,753
Asset financing :									
Owned	13,721	46,254	545	2,966	1,415	73	779	0	65,753
Held on finance lease	0	0	0	0	0	0	0	0	0
On-SoFP PFI contracts	0	0	0	0	0	0	0	0	0
PFI residual interests	0	0	0	0	0	0	0	0	0
At 31 March 2016	13,721	46,254	545	2,966	1,415	73	779	0	65,753

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

	£000
Freehold	60,520
Long Leasehold	0
Short Leasehold	0
	60,520

11. Property, plant and equipment (continued)

i) Assets donated in the year were purchased from funds donated by the public and charitable organisations and from funds provided by associations linked to specific hospitals.

ii) Tangible fixed assets are stated at the lower of replacement cost and recoverable amount. Land and buildings are restated to current value using professional valuations carried out by the District Valuers of the Inland Revenue at 5 yearly intervals and in the intervening years by the use of indices provided from the District Valuer via the Welsh Government. The valuations are carried out primarily on the basis of Modern Equivalent Asset cost for specialised operational property and existing use value for non-specialised operational property. For non-operational properties the valuations are carried out at open market value. A valuation exercise was last undertaken during the 2012/13 financial year

iii) Buildings, installations and fittings are depreciated on their current value over the estimated remaining life of the asset as advised by the District Valuer. Equipment is depreciated on current cost evenly over the estimated useful life of the asset.

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

v) There has been one property purchase during the year and this relates to Waterloo Road in Llandrindod Wells. The THB purchased this property from the Local Authority for a purchase price of £160,000 in March 2017. This premises is used for clinical and community services for the Llandrindod Wells and surrounding areas.

11. Property, plant and equipment**11.2 Non-current assets held for sale**

	Land	Buildings, including dwelling	Other property, plant and equipment	Intangible assets	Other assets	Total
	£000	£000	£000	£000	£000	£000
Balance brought forward 1 April 2016	0	0	0	0	0	0
Plus assets classified as held for sale in the year	100	150	0	0	0	250
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 sale	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 sale, for reasons other than disposal by sale	0	0	0	0	0	0
Balance carried forward 31 March 2017	<u>100</u>	<u>150</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>250</u>
Balance brought forward 1 April 2015	0	0	0	0	0	0
Plus assets classified as held for sale in the year	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 sale	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 sale, for reasons other than disposal by sale	0	0	0	0	0	0
Balance carried forward 31 March 2016	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

12. Intangible non-current assets

	Software (purchased)	Software (internally generated)	Licences and trademarks	Patents	Development expenditure- internally generated	Carbon Reduction Commitments	Total
	£000	£000	£000	£000	£000	£000	£000
Cost or valuation at 1 April 2016	0	0	0	0	0	0	0
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	0	0	0	0	0
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	0	0	0	0	0	0	0
Gross cost at 31 March 2017	0	0	0	0	0	0	0
Amortisation at 1 April 2016	0	0	0	0	0	0	0
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	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	0	0	0	0	0	0	0
Amortisation at 31 March 2017	0	0	0	0	0	0	0
Net book value at 1 April 2016	0	0	0	0	0	0	0
Net book value at 31 March 2017	0	0	0	0	0	0	0
At 31 March 2017							
Purchased	0	0	0	0	0	0	0
Donated	0	0	0	0	0	0	0
Government Granted	0	0	0	0	0	0	0
Internally generated	0	0	0	0	0	0	0
Total at 31 March 2017	0	0	0	0	0	0	0

12. Intangible non-current assets

	Software (purchased)	Software (internally generated)	Licences and trademarks	Patents	Development expenditure- internally generated	Carbon Reduction Commitments	Total
	£000	£000	£000	£000	£000	£000	£000
Cost or valuation at 1 April 2015	0	0	0	0	0	0	0
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	0	0	0	0	0
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	0	0	0	0	0	0	0
Gross cost at 31 March 2016	0	0	0	0	0	0	0
Amortisation at 1 April 2015	0	0	0	0	0	0	0
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	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	0	0	0	0	0	0	0
Amortisation at 31 March 2016	0	0	0	0	0	0	0
Net book value at 1 April 2015	0	0	0	0	0	0	0
Net book value at 31 March 2016	0	0	0	0	0	0	0
At 31 March 2016							
Purchased	0	0	0	0	0	0	0
Donated	0	0	0	0	0	0	0
Government Granted	0	0	0	0	0	0	0
Internally generated	0	0	0	0	0	0	0
Total at 31 March 2016	0	0	0	0	0	0	0

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13 . Impairments

	2016-17		2015-16	
	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	0	0
Others (specify)	1,261	0	(239)	0
Total of all impairments	1,261	0	(239)	0
Analysis of impairments charged to reserves in year :				
Charged to the Statement of Comprehensive Net Expenditure	1,261	0	(239)	0
Charged to Revaluation Reserve	0	0	0	0
	1,261	0	(239)	0

Within the healthcare segment of the THB, there is one impairment in year totalling £1.261M, charged to the statement of Comprehensive Net Expenditure.

This is as a result of the initial valuation for the bringing into use the newly refurbished and extended Birthing Unit at Llandrindod Wells Hospital and associated roof replacement works in this and adjacent areas.

Impairment funding to cover adjustments required is provided to the THB by Welsh Government on an annual basis

14.1 Inventories

	31 March 2017 £000	31 March 2016 £000
Drugs	73	83
Consumables	38	40
Energy	15	15
Work in progress	0	0
Other	7	4
Total	133	142
Of which held at realisable value	0	0

14.2 Inventories recognised in expenses

	31 March 2017 £000	31 March 2016 £000
Inventories recognised as an expense in the period	0	0
Write-down of inventories (including losses)	0	0
Reversal of write-downs that reduced the expense	0	0
Total	0	0

15. Trade and other Receivables

Current	31 March 2017 £000	31 March 2016 £000
Welsh Government	2,193	2,086
WHSSC / EASC	54	188
Welsh Health Boards	1,290	1,459
Welsh NHS Trusts	196	108
Non - Welsh Trusts	108	138
Other NHS	0	0
Welsh Risk Pool	6,859	10,009
Local Authorities	239	264
Capital debtors	13	0
Other debtors	2,863	1,971
Provision for irrecoverable debts	(203)	(203)
Pension Prepayments	0	0
Other prepayments	503	428
Other accrued income	0	0
Sub total	14,115	16,448
Non-current		
Welsh Government	0	0
WHSSC / EASC	0	0
Welsh Health Boards	0	0
Welsh NHS Trusts	0	0
Non - Welsh Trusts	0	0
Other NHS	0	0
Welsh Risk Pool	17,421	12,624
Local Authorities	0	0
Capital debtors	0	0
Other debtors	0	0
Provision for irrecoverable debts	0	0
Pension Prepayments	0	0
Other prepayments	0	0
Other accrued income	0	0
Sub total	17,421	12,624
Total	31,536	29,072
Receivables past their due date but not impaired		
By up to three months	552	874
By three to six months	36	184
By more than six months	130	179
	718	1,237
Provision for impairment of receivables		
Balance at 1 April	(203)	(223)
Transfer to other NHS Wales body	0	0
Amount written off during the year	0	0
Amount recovered during the year	34	33
(Increase) / decrease in receivables impaired	(34)	(13)
Bad debts recovered during year	0	0
Balance at 31 March	(203)	(203)
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
Other	0	0
Total	0	0

16. Trade and other payables

Current	31 March 2017 £000	31 March 2016 £000
Welsh Government	76	49
WHSSC / EASC	116	1,346
Welsh Health Boards	2,880	2,218
Welsh NHS Trusts	266	96
Other NHS	2,467	3,181
Taxation and social security payable / refunds	476	0
Refunds of taxation by HMRC	0	0
VAT payable to HMRC	0	0
Other taxes payable to HMRC	0	0
NI contributions payable to HMRC	711	15
Non-NHS creditors	5,257	4,942
Local Authorities	4,111	4,592
Capital Creditors	1,668	727
Overdraft	0	0
Rentals due under operating leases	0	0
Obligations under finance leases, HP contracts	0	0
Imputed finance lease element of on SoFP PFI contracts	0	0
Pensions: staff	0	0
Accruals	19,232	18,295
Deferred Income:		
Deferred Income brought forward	134	191
Deferred Income Additions	0	134
Transfer to / from current/non current deferred income	0	0
Released to SoCNE	(134)	(191)
Other creditors	0	0
PFI assets –deferred credits	0	0
Payments on account	0	0
Total	37,260	35,595
Non-current		
Welsh Government	0	0
WHSSC / EASC	0	0
Welsh Health Boards	0	0
Welsh NHS Trusts	0	0
Other NHS	0	0
Taxation and social security payable / refunds	0	0
Refunds of taxation by HMRC	0	0
VAT payable to HMRC	0	0
Other taxes payable to HMRC	0	0
NI contributions payable to HMRC	0	0
Non-NHS creditors	0	0
Local Authorities	0	0
Capital Creditors	0	0
Overdraft	0	0
Rentals due under operating leases	0	0
Obligations under finance leases, HP contracts	0	0
Imputed finance lease element of on SoFP PFI contracts	0	0
Pensions: staff	0	0
Accruals	0	0
Deferred Income :		
Deferred Income brought forward	0	0
Deferred Income Additions	0	0
Transfer to / from current/non current deferred income	0	0
Released to SoCNE	0	0
Other creditors	0	0
PFI assets –deferred credits	0	0
Payments on account	0	0
Total	0	0

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

17. Provisions

	At 1 April 2016	Structured settlement cases transferred to Risk Pool	Transfer of provisions to creditors	Transfer between current and non-current	Arising during the year	Utilised during the year	Reversed unused	Unwinding of discount	At 31 March 2017
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Current									
Clinical negligence	8,657	0	0	(2,186)	230	(67)	(23)	0	6,611
Personal injury	1,175	0	0	53	85	(359)	(682)	15	287
All other losses and special payments	0	0	0	0	5	(5)	0	0	0
Defence legal fees and other administration	287	0	0	(123)	44	(39)	(55)		114
Pensions relating to former directors	0			0	0	0	0	0	0
Pensions relating to other staff	714			572	0	(686)	0	85	685
Restructuring	0			0	0	0	0	0	0
Other	328		0	0	0	(46)	(282)		0
Total	11,161	0	0	(1,684)	364	(1,202)	(1,042)	100	7,697
Non Current									
Clinical negligence	12,543	0	0	2,186	4,746	0	(2,186)	0	17,289
Personal injury	1,036	0	0	(53)	98	0	0	0	1,081
All other losses and special payments	0	0	0	0	0	0	0	0	0
Defence legal fees and other administration	81	0	0	123	56	(2)	(125)		133
Pensions relating to former directors	0			0	0	0	0	0	0
Pensions relating to other staff	5,683			(572)	701	0	(222)	0	5,590
Restructuring	0			0	0	0	0	0	0
Other	0		0	0	0	0	0		0
Total	19,343	0	0	1,684	5,601	(2)	(2,533)	0	24,093
TOTAL									
Clinical negligence	21,200	0	0	0	4,976	(67)	(2,209)	0	23,900
Personal injury	2,211	0	0	0	183	(359)	(682)	15	1,368
All other losses and special payments	0	0	0	0	5	(5)	0	0	0
Defence legal fees and other administration	368	0	0	0	100	(41)	(180)		247
Pensions relating to former directors	0			0	0	0	0	0	0
Pensions relating to other staff	6,397			0	701	(686)	(222)	85	6,275
Restructuring	0			0	0	0	0	0	0
Other	328		0	0	0	(46)	(282)		0
Total	30,504	0	0	0	5,965	(1,204)	(3,575)	100	31,790

Expected timing of cash flows:

	In year to 31 March 2018	Between 1 April 2018 and 31 March 2022	Thereafter	Total
				£000
Clinical negligence	6,611	17,289	0	23,900
Personal injury	287	308	773	1,368
All other losses and special payments	0	0	0	0
Defence legal fees and other administration	114	133	0	247
Pensions relating to former directors	0	0	0	0
Pensions relating to other staff	685	3,174	2,416	6,275
Restructuring	0	0	0	0
Other	0	0	0	0
Total	7,697	20,904	3,189	31,790

The THB estimates that in 2017/18 it will receive £6.859M and in 2018-19 and beyond £17.421M from the Welsh Risk Pool in respect of Losses and Special Payments

£24.134M of the provision total relates to the probable liabilities of former Health Authorities in respect of Medical Negligence and Personal Injury Claims for incidents which occurred before the establishment of NHS Trusts (Pre 1996 and Pre 1992 depending on the Trust)

Contingent Liabilities are directly linked to these claims in Note 18.

17. Provisions (continued)

	At 1 April 2015	Structured settlement cases transferred to Risk Pool	Transfer of provisions to creditors	Transfer between current and non-current	Arising during the year	Utilised during the year	Reversed unused	Unwinding of discount	At 31 March 2016
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Current									
Clinical negligence	1,131	0	0	6,924	2,198	(1,129)	(467)	0	8,657
Personal injury	569	0	0	50	1,248	(491)	(216)	15	1,175
All other losses and special payments	0	0	0	0	5	(5)	0	0	0
Defence legal fees and other administration	27	0	0	63	246	(35)	(14)		287
Pensions relating to former directors	0			0	0	0	0	0	0
Pensions relating to other staff	756			584	0	(714)	0	88	714
Restructuring	0			0	0	0	0	0	0
Other	1,398		0	0	118	(478)	(710)		328
Total	3,881	0	0	7,621	3,815	(2,852)	(1,407)	103	11,161
Non Current									
Clinical negligence	27,895	0	0	(6,924)	0	(606)	(7,822)	0	12,543
Personal injury	1,091	0	0	(50)	5	0	(10)	0	1,036
All other losses and special payments	0	0	0	0	0	0	0	0	0
Defence legal fees and other administration	223	0	0	(63)	11	(24)	(66)		81
Pensions relating to former directors	0			0	0	0	0	0	0
Pensions relating to other staff	6,106			(584)	405	0	(244)	0	5,683
Restructuring	0			0	0	0	0	0	0
Other	0		0	0	0	0	0		0
Total	35,315	0	0	(7,621)	421	(630)	(8,142)	0	19,343
TOTAL									
Clinical negligence	29,026	0	0	0	2,198	(1,735)	(8,289)	0	21,200
Personal injury	1,660	0	0	0	1,253	(491)	(226)	15	2,211
All other losses and special payments	0	0	0	0	5	(5)	0	0	0
Defence legal fees and other administration	250	0	0	0	257	(59)	(80)		368
Pensions relating to former directors	0			0	0	0	0	0	0
Pensions relating to other staff	6,862			0	405	(714)	(244)	88	6,397
Restructuring	0			0	0	0	0	0	0
Other	1,398		0	0	118	(478)	(710)		328
Total	39,196	0	0	0	4,236	(3,482)	(9,549)	103	30,504

18. Contingencies

18.1 Contingent liabilities

	2016-17 £'000	2015-16 £'000
Provisions have not been made in these accounts for the following amounts :		
Legal claims for alleged medical or employer negligence	18,658	32,301
Doubtful debts	0	0
Equal Pay costs	0	0
Defence costs	0	0
Continuing Health Care costs	0	0
Other	0	0
Total value of disputed claims	18,658	32,301
Amounts recovered in the event of claims being successful	18,558	32,243
Net contingent liability	100	58

Legal Claims for alleged medical or employer negligence: £18.513M of the £18.658M relate solely to the former Health Authorities in respect of Medical Negligence and Personal Injury Claims for incidents which occurred before the establishment of NHS Trusts (Pre 1996 and Pre 1992 depending on the Trust). Legal advice has established that these claims are not likely to result in payments. In the unlikely event that amounts are payable, all payments will be reimbursed to Powys THB by the Welsh Risk Pool

Liabilities for continuing healthcare costs continue to be a significant financial issue for the THB. 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 registered for the last financial year. However, the THB has a further 42 claims, which were received by the 31st July 2014 deadline, for which the assessment process remains incomplete. The assessment process is highly complex, involves multi disciplinary teams and for those reasons can take many months. At this stage the THB does not have the information to make a judgement on the likely success or otherwise of these claims, however they may result in significant additional costs to the THB, which cannot be quantified at this time.

Powys Teaching Health Board is aiming to complete all claims received by 31st July 2014 by the end of November 2018.

Funded Nursing Care: Health Boards in Wales (and equivalent bodies across the UK) are currently waiting for the Supreme Court to deliver its ruling over the responsibility for the costs of nurses delivering care in care homes. The Health Board currently pays for what it considers to be appropriate 'nursing care' costs in accordance with legislation, however, the Supreme Court case focuses on the local authorities claim that that 'nursing care' should be more widely defined than at present. We are not currently in a position to determine the likely outcome of this ruling nor any potential financial impact.

18.2 Remote Contingent liabilities

	2016-17 £'000	2015-16 £'000
Please disclose the values of the following categories of remote contingent liabilities :		
Guarantees	0	0
Indemnities	0	7,270
Letters of Comfort	0	0
Total	0	7,270

There are no remote Contingent Liabilities for 2016/17

18.3 Contingent assets

	2016-17 £'000	2015-16 £'000
	0	0
	0	0
	0	0
Total	0	0

19. Capital commitments

Contracted capital commitments at 31 March

	2016-17 £'000	2015-16 £'000
Property, plant and equipment	82	1,134
Intangible assets	0	0
Total	82	1,134

20. Losses and special payments

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

Gross loss to the Exchequer

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

	Amounts paid out during period to 31 March 2017		Approved to write-off to 31 March 2017	
	Number	£	Number	£
Clinical negligence	9	54,877	0	0
Personal injury	9	259,150	0	0
All other losses and special payments	10	4,861	0	0
Total	28	318,888	0	0

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

		Amounts paid out in year £	Cumulative amount £	Approved to write-off in year £
Cases exceeding £300,000	Case type			
MN/030/0186/ALF	Clinical Negligence	0	521,886	0
MN/030/0614/ECM	Clinical Negligence	3,018	641,831	0
MN/030/0623/GAK	Clinical Negligence	752	308,249	0

Sub-total	3,770	1,471,966	0
All other cases	315,118	491,731	0
Total cases	318,888	1,963,697	0

21. Cash and cash equivalents

	2016-17 £000	2015-16 £000
Balance at 1 April	666	902
Net change in cash and cash equivalent balances	8	(236)
Balance at 31 March	674	666
Made up of:		
Cash held at GBS	596	645
Commercial banks	78	21
Cash in hand	0	0
Current Investments	0	0
Cash and cash equivalents as in Statement of Financial Position	674	666
Bank overdraft - GBS	0	0
Bank overdraft - Commercial banks	0	0
Cash and cash equivalents as in Statement of Cash Flows	674	666

22. Other Financial Assets

	Current		Non-current	
	31 March 2017 £000	31 March 2016 £000	31 March 2017 £000	31 March 2016 £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	0	0	0
Available for sale at FV	0	0	0	0
Total	0	0	0	0

23. Other financial liabilities

Financial liabilities	Current		Non-current	
	31 March	31 March	31 March	31 March
	2017	2016	2017	2016
	£000	£000	£000	£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

24. Related Party Transactions

Total value of transactions with Board members and key senior staff in 2016-2017

Payments to related party £	Receipts from related party £	Amounts owed to related party £	Amounts due from related party £
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During the year none of the board members or members of the key management staff or other related parties has undertaken any material transactions with Powys THB.

There have been no related party transactions with Welsh Ministers.

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

	Payments to related party £000	Receipts from related party £000	Amounts owed to related party £000	Amounts due from related party £000
Welsh Government	257	292,431	76	2,193
Abertawe Bro Morgannwg University Local Health Board	9,269	1,549	803	136
Aneurin Bevan University Local Health Board	19,605	1,301	777	344
Betsi Cadwaladr University Local Health Board	2,868	854	132	405
Cardiff & Vale University Local Health Board	1,834	336	549	55
Cwm Taf University Local Health Board	2,223	234	310	277
Hywel Dda University Local Health Board	7,383	573	309	73
Public Health Wales NHS Trust	204	217	71	42
Velindre NHS Trust	2,263	385	147	106
Welsh Ambulance Services NHS Trust	1,022	48	48	48
WHSC (Hosted by Cwm Taf University Local Health Board)	31,622	7	116	54

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

Name	Details	Interests
Councillor Melanie Davies	Vice Chair	Councillor, Powys County Council
Councillor Matthew Dorrance	Independent Member	Councillor, Powys County Council
Councillor Tony Thomas	Independent Member	Councillor, Powys County Council
Patricia Buchan	Independent Member	Ex Officio Trustee - Powys Association of Voluntary Organisations
Amanda Lewis	Associate Member	Strategic Director of People, Powys County Council
Eifion Williams	Interim Finance Director	Employee of Abertawe Bro Morgannwg University Health Board

The value of transactions with these bodies are as follows:

Powys Association of Voluntary Organisations	£0.481M
Powys County Council	£7.725M

Powys THB has hosted the following functions on behalf of NHS Wales on which it receives income from the Welsh Government and other LHB's:

- Residual Clinical Negligence
- Community Health Councils
- Continuing Care Case Administration
- Health and Care Research Wales (HCRW)

Powys THB also has material transactions with English NHS Trusts with whom it commissions healthcare including:

- Shrewsbury and Telford NHS Trust
- Wye Valley NHS Trust
- The Robert Jones and Agnes Hunt Orthopaedic Hospital NHS Foundation Trust

Powys THB has also received items donated from the Powys THB Charitable Fund, for which the Board is the Corporate Trustee.

25. Third Party assets

The THB held £0.00 cash at bank and in hand at 31 March 2017 (31 March 2016, £60.00) which relates to monies held by the THB on behalf of patients. Cash held in Patient's Investment Accounts amounted to £0.00 at 31 March 2017 (31 March 2016, £0.00). This has been excluded from the Cash and Cash equivalents figure reported in the Accounts.

26. Finance leases**26.1 Finance leases obligations (as lessee)**

The Teaching Health Board has no Finance Lease arrangements in operation

Amounts payable under finance leases:

Land	31 March 2017 £000	31 March 2016 £000
Minimum lease payments		
Within one year	0	0
Between one and five years	0	0
After five years	0	0
Less finance charges allocated to future periods	0	0
Minimum lease payments	<u>0</u>	<u>0</u>
Included in:		
Current borrowings	0	0
Non-current borrowings	<u>0</u>	<u>0</u>
Present value of minimum lease payments		
Within one year	0	0
Between one and five years	0	0
After five years	0	0
Present value of minimum lease payments	<u>0</u>	<u>0</u>
Included in:		
Current borrowings	0	0
Non-current borrowings	<u>0</u>	<u>0</u>

26.1 Finance leases obligations (as lessee) continue**Amounts payable under finance leases:**

Buildings	31 March 2017 £000	31 March 2016 £000
Minimum lease payments		
Within one year	0	0
Between one and five years	0	0
After five years	0	0
Less finance charges allocated to future periods	0	0
Minimum lease payments	<u>0</u>	<u>0</u>
Included in:		
Current borrowings	0	0
Non-current borrowings	0	0
	<u>0</u>	<u>0</u>

Present value of minimum lease payments

Within one year	0	0
Between one and five years	0	0
After five years	0	0
Present value of minimum lease payments	<u>0</u>	<u>0</u>
Included in:		
Current borrowings	0	0
Non-current borrowings	0	0
	<u>0</u>	<u>0</u>

Other

	31 March 2017 £000	31 March 2016 £000
Minimum lease payments		
Within one year	0	0
Between one and five years	0	0
After five years	0	0
Less finance charges allocated to future periods	0	0
Minimum lease payments	<u>0</u>	<u>0</u>
Included in:		
Current borrowings	0	0
Non-current borrowings	0	0
	<u>0</u>	<u>0</u>

Present value of minimum lease payments

Within one year	0	0
Between one and five years	0	0
After five years	0	0
Present value of minimum lease payments	<u>0</u>	<u>0</u>
Included in:		
Current borrowings	0	0
Non-current borrowings	0	0
	<u>0</u>	<u>0</u>

26.2 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 2017 £000	31 March 2016 £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	<u>0</u>	<u>0</u>
Included in:		
Current borrowings	0	0
Non-current borrowings	0	0
	<u>0</u>	<u>0</u>
Present value of minimum lease payments		
Within one year	0	0
Between one and five years	0	0
After five years	0	0
Present value of minimum lease payments	<u>0</u>	<u>0</u>
Included in:		
Current borrowings	0	0
Non-current borrowings	0	0
	<u>0</u>	<u>0</u>

27. Private Finance Initiative contracts

The Teaching Local Health Board has no Private Finance Initiative Contracts in operation

27.1 PFI schemes off-Statement of Financial Position

Commitments under off-SoFP PFI contracts	Off-SoFP PFI contracts	Off-SoFP PFI contracts
	31 March 2017 £000	31 March 2016 £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

27.2 PFI schemes on-Statement of Financial Position

The Teaching Local Health Board has no Private Finance Initiative Contracts in operation

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

	On SoFP PFI Capital element 31 March 2017 £000	On SoFP PFI Imputed interest 31 March 2017 £000	On SoFP PFI Service charges 31 March 2017 £000
	31 March 2017 £000	31 March 2017 £000	31 March 2017 £000
Total payments due within one year	0	0	0
Total payments due between 1 and 5 years	0	0	0
Total payments due thereafter	0	0	0
Total future payments in relation to PFI contracts	0	0	0

	On SoFP PFI Capital element 31 March 2016 £000	On SoFP PFI Imputed interest 31 March 2016 £000	On SoFP PFI Service charges 31 March 2016 £000
	31 March 2016 £000	31 March 2016 £000	31 March 2016 £000
Total payments due within one year	0	0	0
Total payments due between 1 and 5 years	0	0	0
Total payments due thereafter	0	0	0
Total future payments in relation to PFI contracts	0	0	0
Total present value of obligations for on-SoFP PFI contracts	0		

27.3 Charges to expenditure

	2016-17	2015-16
	£000	£000
Service charges for On Statement of Financial Position PFI contracts (excl interest costs)	0	0
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	<u>0</u>	<u>0</u>

The LHB is committed to the following annual charges

	31 March 2017	31 March 2016
	£000	£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	0	0
Total	<u>0</u>	<u>0</u>

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

27.4 Number of PFI contracts

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

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

PFI Contract

27.5 The THB has no Public Private Partnerships during the year

28. Pooled budgets

A Funded Nursing Care

Powys Teaching Health Board and Powys County Council have entered into a partnership agreement in accordance with Section 31 of the Health Act 1999. The health related function which is subject to these arrangements is the provision of care by a registered nurse in care homes, which is a service provided by the NHS Body under section 2 of the National Health Service Act 1977. In accordance with the Social Care Act 2001 Section 49 care from a registered nurse is funded by the NHS regardless of the setting in which it is delivered. (Circular 12/2003)

The agreement will not affect the liability of the parties for the exercise of their respective statutory functions and obligations. The partnership agreement operates in accordance with the Welsh Government Guidance NHS Funded Nursing Care 2004.

	Funding	Expenditure	Total
	£	£	£
Gross Funding			
Powys County Council	1,064,557		1,064,557
Powys Teaching Health Board	1,043,867		1,043,867
Total Funding	2,108,424		2,108,424
Expenditure			
Monies spent in accordance with Pooled budget arrangement		2,044,026	2,044,026
Total Expenditure		2,044,026	2,044,026
Net under/(over) spend			64,398
The above memorandum account is subject to the financial statements of Powys County Council (the Host).			

B Provision of Community Equipment

Powys Teaching Health Board and Powys County Council have entered into a partnership agreement in respect of lead commissioning from a pooled fund for the provision of community equipment in accordance with Section 33 of the National Health Services Act 2006. Powys County Council is the host partner for the purposes of the Regulations. The purpose of the agreement is to facilitate the provision of a community equipment service and the development of this service in Powys. The service is provided from a pooled fund and is within the THB's and the Council's powers.

	Funding	Expenditure	Total
	£	£	£
Gross Funding			
Powys County Council	521,000		521,000
Powys Teaching Health Board	521,000		521,000
Total Funding	1,042,000		1,042,000
Expenditure			
Monies spent in accordance with Pooled budget arrangement		1,021,071	1,021,071
Total Expenditure			1,021,071
Net under/(over) spend			20,929
Share of underspend			10,465
The above memorandum account is subject to the financial statements of Powys County Council (the Host).			

C Provision of Section 33 Joint Agreement for the provision of IT Services

Powys Teaching Health Board and Powys County Council have entered into a partnership agreement in respect of lead commissioning from a pooled fund for the provision of IT services in accordance with Section 33 of the National Health Services Act 2006. Powys County Council is the host partner for the purposes of the Regulations. The purpose of the agreement is to facilitate the provision of a shared IT service and the development of this service in Powys. The service is provided from a pooled fund and is within the THB's and the Council's powers.

	Funding	Expenditure	Total
	£	£	£
Gross Funding			
Powys County Council	2,340,500		2,340,500
Powys Teaching Health Board	837,790		837,790
Other Income	418,584		418,584
Total Funding	3,596,874		3,596,874
Expenditure			
Monies spent in accordance with Pooled budget arrangement		3,642,328	3,642,328
Total Expenditure			3,642,328
Net under/(over) spend			(45,454)
The above memorandum account is subject to the financial statements audit of Powys County Council (the Host).			

28. Pooled budgets (Continued)**D Provision of Section 33 Joint Agreement for the provision of a Reablement Service**

Powys Teaching Health Board and Powys County Council have entered into a partnership agreement in respect of lead commissioning from a pooled fund for the provision of an effective and sustainable joint reablement service which meets the needs of the Powys communities in accordance with Section 33 of the National Health Services Act 2006. Powys County Council is the host partner for the purposes of the Regulations. This service is provided from a pooled fund and is within the THB's and the Council's powers.

	Funding	Expenditure	Total
	£	£	£
Gross Funding			
Powys County Council	413,380		413,380
Powys Teaching Health Board	828,000		828,000
Total Funding	1,241,380		1,241,380
Expenditure			
Monies spent in accordance with Pooled budget arrangement		1,177,693	1,177,693
Total Expenditure			1,177,693
Net under/(over) spend			63,687
The above memorandum account is subject to the financial statements audit of Powys County Council (the Host).			

E Provision of Section 33 Joint Agreement for the provision of Tier 2/3 Psycho-social Treatment Services

Powys Teaching Health Board and Powys County Council have entered into a partnership agreement in accordance with Section 33 of the National Health Services Act 2006. Powys County Council is the lead commissioner and the host partner for the purposes of the Regulations. The agreement will not affect the liability of the parties from the exercise of their respective statutory functions and obligations. The purpose of the agreement is to provide a Tier 2 and 3 service provision for drug and alcohol users and their concerned others.

	Funding	Expenditure	Total
	£	£	£
Gross Funding			
Powys County Council	669,912		669,912
Powys Teaching Health Board	121,864		121,864
Total Funding	791,776		791,776
Expenditure			
Monies spent in accordance with Joint Arrangement		791,776	791,776
Total Expenditure		791,776	791,776
Net under/(over) spend			0
The above memorandum account is subject to the financial statements audit of Powys County Council (the Host).			

F Provision of Section 33 Joint Agreement for the provision of Personal Care at Glan Irfon Integrated Health and Social Care Unit, Builth Wells

Powys Teaching Health Board and Powys County Council have entered into a partnership agreement to enable the use of resources relating to the Inpatient Services at the Glan Irfon Health and Social Centre, Builth Wells. This agreement is in line with Section 33 of the National Health Service Wales Act 2006 and provides a coordinated approach to the commissioning, management and monitoring of these Inpatient Services.

The Service Provider, BUPA Health Care under the pooled budget will provide person centred care at the new unit, for up to 12 residents within the short stay shared care unit (max 6 weeks stay) with in-reach clinical, nursing and reablement support (registered under CSSIW for Residential Care).

	Funding	Expenditure	Total
	£	£	£
Gross Funding			
Powys County Council	177,249		177,249
Powys Teaching Health Board	176,280		176,280
Total Funding	353,529		353,529
Expenditure			
Monies spent in accordance with Pooled budget arrangement		353,529	353,529
Total Expenditure		353,529	353,529
Net under/(over) spend			0
The above memorandum account is subject to the financial statements audit of Powys County Council (the Host).			

28. Pooled budgets (Continued)**G Provision of Section 33 for the provision of Services to Carers**

Powys Teaching Health Board and Powys County Council have entered into a partnership agreement to ensure the integrated provision high quality, cost effective services to Carers which meet local health and social care needs, through the establishment of a Pooled fund / non pooled but delegated to funds under Section 33 of the National Health Service Wales Act 2016

	Funding £	Expenditure £	Total £
Gross Funding			
Powys County Council	236,650		236,650
Powys Teaching Health Board	16,582		16,582
Total Funding			253,232
Expenditure			
Monies spent in accordance with Pooled budget arrangement		253,232	253,232
Total Expenditure			253,232
Net under/(over) spend			0
The above memorandum account is subject to the financial statements audit of Powys County Council (the Host).			

H Provision of Section 33 for the provision of an Integrated Care Team for Older People - Ystradgynlais Scheme

Powys Teaching Health Board and Powys County Council have entered into a partnership agreement to ensure the delivery of integrated health and social care via an Integrated Care Team for Older People in the Ystradgynlais area based on service user need.

	Funding £	Expenditure £	Total £
Gross Funding			
Powys County Council	1,460,308		1,460,308
Powys Teaching Health Board	2,123,835		2,123,835
Total Funding	3,584,143		3,584,143
Expenditure			
Monies spent in accordance with Joint Arrangement		3,465,338	3,465,338
Total Expenditure		3,465,338	3,465,338
Net under/(over) spend			118,805
The above memorandum account is subject to the financial statements audit of Powys County Council (the Host).			

29. 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 THB 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 THB 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 THB in undertaking its activities.

Currency risk

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

Interest rate risk

LHBs are not permitted to borrow. The THB therefore has low exposure to interest rate fluctuations

Credit risk

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

Liquidity risk

The THB 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 THB is not, therefore, exposed to significant liquidity risks.

30. Movements in working capital

	2016-17	2015-16
	£000	£000
(Increase)/decrease in inventories	9	(20)
(Increase)/decrease in trade and other receivables - non - current	(4,797)	15,472
(Increase)/decrease in trade and other receivables - current	2,333	(10,909)
Increase/(decrease) in trade and other payables - non - current	0	0
Increase/(decrease) in trade and other payables - current	1,665	6,445
Total	(790)	10,988
Adjustment for accrual movements in fixed assets -creditors	(941)	494
Adjustment for accrual movements in fixed assets -debtors	13	(48)
Other adjustments	0	0
	(1,718)	11,434

31. Other cash flow adjustments

	2016-17	2015-16
	£000	£000
Depreciation	2,920	2,882
Amortisation	0	0
(Gains)/Loss on Disposal	(1)	1
Impairments and reversals	1,261	(239)
Release of PFI deferred credits	0	0
Donated assets received credited to revenue but non-cash	(40)	(45)
Government Grant assets received credited to revenue but non-cash	0	0
Non-cash movements in provisions	2,490	(5,210)
Total	6,630	(2,611)

32. Events after the Reporting Period

There are no events after the Reporting Period to be declared

33. Operating segments

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

		Total Total Powys "Health" £'000	Total Residual Clinical Negligence £'000	Total Community Health Councils £'000	Total Continuing Care Case Administration £'000	Total Health and Care Research Wales (HCRW) £'000	Consolidation Adjustments £'000	Total £'000
	Note							
Expenditure on Primary Healthcare Services	3.1	65,345	0	0	0	0	0	65,345
Expenditure on healthcare from other providers	3.2	148,981	0	0	0	0	0	148,981
Expenditure on Hospital and Community Health Services	3.3	79,738	25	3,830	1,469	3,849	(71)	88,840
		294,064	25	3,830	1,469	3,849	(71)	303,166
Less: Miscellaneous Income	4	11,958	0	0	1,469	3,849	(71)	17,205
THB net operating costs before interest and other gains and losses		282,106	25	3,830	0	0	0	285,961
Investment Income	8	0	0	0	0	0	0	0
Other (Gains) / Losses	9	(1)	0	0	0	0	0	(1)
Finance costs	10	98	0	2	0	0	0	100
THB Net Operating Costs		282,203	25	3,832	0	0	0	286,060
Add Non Discretionary Expenditure	2.1	1,006	0	0	0	0	0	1,006
Revenue Resource Limit	2.1	283,294	25	3,832	0	0	0	287,151
Under / (over) spend against Revenue Resource Limit		85	0	0	0	0	0	85

34. Other Information

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