

# Audit, Risk & Assurance Committee

Tue 17 May 2022, 09:00 - 10:30

Microsoft Teams

## Agenda

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0 min **1. Preliminary Matters**

**1.1. Apologies for Absence**

Verbal Shelley Bosson

**1.2. Declarations of Interest**

Verbal Shelley Bosson

**1.3. Draft Minutes of the Meeting held on 07 April 2022**

Attachment Shelley Bosson

 1.3 ARA minutes 07.04.22.approved.pdf (12 pages)

**1.4. Action Sheet**

Attachment Shelley Bosson

 1.4 Audit Committee Active Action Log.pdf (4 pages)

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0 min **2. Draft Annual Report & Accounts 2021/2022**

**2.1. Review of the Draft Annual Report 2021**

Attachment Rani Mallison

- a) Performance Report (Part 1)
- b) Accountability Report (Part 2)
  - Corporate Governance Report
  - Remuneration & Staff Report
  - Parliamentary Accountability & Audit Report

 2.1 Cover Paper Performance and Accountability Report.pdf (4 pages)

 2.1a Draft Performance Report Section.pdf (68 pages)

 2.1b Draft Accountability Report section.pdf (70 pages)

**2.2. Review of the Draft Financial Statements 2021/2022**

Attachment Robert Holcombe / Gwen Kohler

- a) Annual Accounts 2021/2022

 2.2 Cover Paper 2021-22 Draft Accounts.pdf (14 pages)

 2.2a ABUHB 2021-22 Annual Accounts - Draft Submitted.pdf (76 pages)

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0 min **3. NWSSP Audit & Assurance - Internal Audit & Specialist Service Unit**

**3.1. Receive Internal Audit Reviews 2021/2022**





Attachment Simon Cookson

#### **Reasonable Assurance**

- Facilities (Care After Death)

#### **Not Rated**

- Datix
- High Priority Recommendations

-  3.1 AB Internal Audit Assurance Progress Report May 2022 Audit Committee.pdf (9 pages)
-  3.1a AB 2122-24- FINAL Internal Audit Report Facilities for Client v2.pdf (13 pages)
-  3.1b AB 2122- Final Internal Audit Report - Datix.pdf (7 pages)
-  3.1c ABUHB 2122-15 Final High Priority Recs Audit Report for Client.pdf (6 pages)


### **3.2. Approval of the Internal Audit Plan 2022/2023**

Attachment Simon Cookson

-  3.2 ABUHB\_2022-23\_FINAL Internal Audit Plan\_for April 2022 ARA Committee for Approval.pdf (30 pages)

### **3.3. Consider the Draft Head of Internal Audit Opinion 2021/2022**

Attachment Simon Cookson

-  3.3 ABUHB Opinion Annual Report 21-22.pdf (36 pages)

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0 min **4. Items for Information**

#### **4.1. To receive for noting the final External Annual Plan 2022/2023**

Attachment Shelley Bosson

-  4.1 2932A2022\_ABUHB\_2022\_External\_Audit\_Plan.FINALpdf.pdf (14 pages)

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90 min **5. Date of Next Meetings**

Verbal Shelley Bosson

13 June 2022 - Final Accounts

02 August 2022 - Business Meeting

## ANEURIN BEVAN UNIVERSITY HEALTH BOARD

### Minutes of the Audit, Risk & Assurance Committee held on Thursday, 7<sup>th</sup> April 2022 at 9.30 am via Teams

#### Present:

Shelley Bosson	Independent Member (Chair)
Richard Clarke	Independent Member (Vice-Chair)
Paul Deneen	Independent Member
Katija Dew	Independent Member

#### In attendance:

Iwan Jones	Independent Member (Finance)
Rani Mallison	Director of Corporate Governance
Rob Holcombe	Interim Director of Finance, Procurement & Value Based Healthcare
Gwen Kohler	Assistant Finance Director (Financial Systems & Services)
Danielle O'Leary	Head of Corporate Services, Risk and Assurance
Simon Cookson	Head of Internal Audit
Stephen Chaney	Deputy Head of Internal Audit
Andrew Doughton	Audit Wales
Richard Harries	Audit Wales
Kath Smith	Associate Director, Operations
Julie Poole	Outpatient Transformation Lead
Dr Caroline Mills	Consultant Dermatologist
Greg Bowen	Finance
Martyn Edwards	Head of Counter Fraud
Rhiannon Jones	Director of Nursing
Chris O'Connor	Interim Director Community, Mental Health & Primary Care

#### Apologies:

Glyn Jones	Interim Chief Executive
Nicola Prygodzicz	Director of Planning
Leanne Watkins	Director of Operations
Nathan Couch	Audit Wales

	Preliminary Matters
<b>AC 0704/02</b>	<b>Apologies for Absence</b> The Chair welcomed everyone to the meeting.  Apologies for absence were noted.
<b>AC 0704/03</b>	<b>Declarations of Interest</b> There were no Declarations of Interest to record.

<b>AC 0704/04</b>	<b>Draft Minutes of the Meeting held on 3<sup>rd</sup> February 2022</b> The Committee accepted the minutes as a true and accurate reflection of the meeting.
<b>AC 0704/05</b>	<b>Action Sheet</b> The Committee reviewed the Action Sheet and was content that all completed actions could be removed.  <b>Action AC302/09</b> This was confirmed it would now sit under the Finance & Performance Committee. The Secretariat to transfer the action. <b>Action: Secretariat</b>
	<b>Counter Fraud</b>
<b>AC 0704/06</b>	<b>Counter Fraud Annual Report 2021/22</b> Martyn Edwards (ME), Head of Counter Fraud presented the Committee with the Annual Report noting two (2) key points.  Component 12: Gifts and Hospitality Policies and Registers, as well as Conflicts of Interest. The declaration could not be included in this report because the Health Board's first Audit Committee meeting of the financial year occurred prior to the completion of the self-assessment return. The Local Counter Fraud Specialists had requested dispensation from the NHS Counter Fraud Agency's Senior Quality and Compliance Inspector that the declaration and outcomes be included in the second Audit Committee report of the financial year, and that this would be considered compliance with that specific aspect of the components/requirements.  The second point of note was compliance; the Health Board would be reporting green for all 12 components and requirements. This would be reported to a future Audit Committee meeting alongside the formal legal declaration. <b>ACTION: Head of Counter Fraud/Committee Secretariat</b>  The Committee was informed that the Counter Fraud Team was losing two (2) specialist investigators but was assured that the work programme for 2022/2023 would not be affected and that there was a recruitment campaign underway to minimise the impact.  Paul Deneen, Independent Member, commended the LCF team on achieving full compliance, calling it a considerable achievement for the Health Board.  Katija Dew, Independent member, requested assurance on component 6 and, more specifically, how the prevention agenda's outcomes would be measured. ME advised that the "Counter-fraud features on the Induction Programme and as a mandatory part of the PADR process, as well as monitoring the uptake figures on the counter-fraud E-learning, which is supplemented by staff surveys on fraud awareness."  The Committee suggested a stand-alone metric be put in place that would depict what good looks like based on the number of employees, then triangulate it against how many of those should be receiving refresher training every year versus how many are receiving it. This would provide valuable insight and provide assurance that prevention agenda is fit for



	<p>purpose. Rob Holcombe (RH), Interim Director of Finance, Procurement &amp; VBHC agreed, with the support of ME, to take this forward and investigate how ABUHB compares to other Health Boards in Wales, as well as explore opportunities to use the data held on the ESR system. The next Committee meeting would receive an update.</p> <p><b>Action: Head of Counter fraud</b></p> <p>The Committee; -</p> <ul style="list-style-type: none"> <li>• <b>ENDORSED</b> the Annual Report.</li> </ul>
<b>AC 0704/07</b>	<p><b>Counter Fraud Annual Workplan for 2022/23</b></p> <p>ME presented the workplan for 2022/2023 to the Committee, noting that it was a dynamic document that would need to be flexible and change to meet the needs of the organisation.</p> <p>Paul Deneen supported the plan, saying it appeared reasonable and proportionate.</p> <p>The Committee thanked the Head of Counter Fraud for the report and <b>ENDORSED</b> the work plan, offering its assistance if needed.</p>
	<b>Efficient and Effective Use of Resources</b>
<b>AC 0704/08</b>	<p><b>Update on Outpatient Transformation</b></p> <p>Dr Caroline Mills (CM), Consultant Dermatologist, provided an update, noting that the current focus was to coordinate and streamline activity to avoid duplication of effort and to ensure efficiencies in delivering on the national work programmes in terms of the recovery plans and outpatient transformation programme.</p> <p>Preliminary discussions had taken place regarding the management of the outpatient estate, which is currently managed by both primary and secondary care, and the possibility of consolidating management to maximise delivery for patients. The consolidation of outpatients would enable more services to be delivered locally, and the enhanced Local General Hospitals (eLGHs) would be repurposed as Outpatient Plus; an enhanced outpatient service offering a broader range of outpatient treatments and care than would be available locally. It was noted that the change in infrastructure at the Royal Gwent Hospital (RGH) was a massive enabler in allowing several specialities to use the specifically designed outpatient treatment units.</p> <p>It was explained that significant work had been done in the last 12 months in terms of patient communication, validation, and signposting to alternative treatment pathways. In addition, a specialised team had been formed to serve as a single point of contact and to deliver communications.</p> <p>An Outpatient Strategy Group, chaired by the Director of Operations, was identified as a significant enabler in moving things forward at pace. A request had been made to clinical leads across all directorates to allocate time within their job plans to support the programme's delivery.</p> <p>All the initiatives outlined in the report should result in a reduction in the number of patients on waiting lists as well as significant financial benefits, most notably cost avoidance. Orthopaedics had redirected approximately one-quarter of all their patients from the treatment waiting list using the newly developed multidisciplinary triage team, however this still required an</p>

	<p>outpatient assessment, the MSK triage hub should improve performance further. To understand the impact, modellers had been engaged to forecast the trajectory of the impact on orthopaedic waiting lists over the next 12-24 months.</p> <p>The Chair commented that she was pleased at the progress made since the last update. Katija Dew agreed that the programme was on the right track, but she felt that the report needed to be more explicit in terms of patient outcomes linked to the efficiencies and financial benefits.</p> <p>Paul Deneen thanked the team for their efforts thus far and described the report as extremely useful. However, he was concerned about the programme's pace and wanted to know what barriers there were, and what opportunities there were to overcome the barriers. He noted that the Health Board would face financial challenges as Welsh Government funding was reduced over the next few years, so redesigning services was critical to service delivery and as such he extended the Committee and Board's support to overcome any barriers. CM commented, that while the outpatient infrastructure would not save money, it would gain efficiencies from each directorate that used the outpatient space. Clinical job plans that incorporate time for quality improvement would be critical to embedding change.</p> <p>RH advised the committee that the board needs to save costs as part of IMTP plans as well as cost avoidance – to support previously agreed priorities. The challenge would be to shift resources based on intelligence and information (cause and effect relationship); if efficiencies are to be realised, the organisation would then need to consider its options in conjunction with other priorities, rather than assume doing more in the same service.</p> <p>The Chair stated that job planning would be critical in driving the necessary cultural changes, therefore the Transformation Programme would need to link in with the People and Culture Committee.</p> <p>The Committee thanked the team and <b>NOTED</b> the update, as well as reiterating its support if necessary.</p>
<b>AC 0704/09</b>	<p><b>Status Update: Estates Efficiency Framework</b></p> <p>Rob Holcombe, Interim Director of Finance, presented the update on behalf of Nicola Prygodzicz, Director of Planning, Digital and ICT. The report provided an update on the application of the framework and the proposed programme of work for 2022/2023.</p> <p>RH advised that the Health Board has had limited opportunity to fully apply the framework to specific proposals since the approval of its use, however, the general principles were being applied in terms of considering agile working and 'fitting' services into GUH, eLGH, and office accommodation proposals.</p> <p>Paul Deneen inquired whether there was a plan in place for the various areas of activity, as well as a timeline for reporting to the Committee. RH responded that the first step would be to assess the baseline and refresh the current information, which would be completed by the end of quarter one, and that it would then go to the re-established Finance and Performance Committee for oversight after being submitted to the Capital Group.</p>

	<p>Richard Clark, Independent Member, stated he was assured by the framework but was concerned about the pace with which the estates rationalisation was proceeding and would welcome regular reporting of milestones. Paul Deneen followed up with concerns about potential Welsh Government funding and asked if there was a group tasked with developing proposals for any proposed funding, as well as the resources required to deliver within the agreed timeframe. RH confirmed, as part of the Capital Programme, a governance structure was in place, consisting of a group tasked with developing proposals for potential funding.</p> <p>Katija Dew noted the link to partnership working and was keen to understand if there was any work happening with the Gwent Public Service Board, around use of estates across the public sector more broadly, in terms of bringing them together to ensure best use of premises and to minimise the impact on the environment. She expressed that a more strategic approach was needed and consideration of the Future Generations Act to look at the Health Board estate and operations. RH responded that some of the capital funding had been re-routed to the Regional Partnership Board (RPB) and that the agendas are aligned in terms of progressing initiatives where they fit the strategic priorities. He also advised that there would be opportunities because of the broadening of the scope of the allowable applications of the RPB capital fund.</p> <p>The Committee was encouraged to see work progressing but agreed that more work looking at what the Health Board has in its existing estate that is not necessarily needed or used should be an area of focus that would see the estates framework deliver tangible efficiencies.</p> <p>The Chair advised that going forward further updates would be presented to the Finance and Performance Committee.</p> <p>The Committee thanked the Interim Director of Finance and <b>NOTED</b> the update.</p>
<b>AC 0704/10</b>	<p><b>Update on Governance and Financial Control Procedures</b></p> <p>Gwen Kohler (GK), Assistant Finance Director, informed the Committee that there is a technical accounting issue, which is a national issue initiated in the 2019/2020 tax year described as 'scheme pays'. This allows clinical staff who are members of the NHS pension scheme to have financial support paid for by Welsh Government for performing additional paid work to incentivise additional activity delivery and not incur a detrimental impact to their earnings due to taxation, which would be paid as part of their pension.</p> <p>It was noted that there were no financial implications for the Health Board, but there were audit implications due to the regulatory nature of the payment. As a result, the Health Board may have a technical qualification applied to that element of the accounts; this was also noted as having an impact on Welsh Government accounts.</p> <p>Iwan Jones, Independent Member, asked if there would be any implications for the Health Board. RH advised that he did not anticipate any problems and offered to provide Committee members with an explanatory note with additional details and background. GK and Richard Harries (RHa) would agree a joint briefing for circulation.</p>

	<p><b>Action: Assistant Finance Director / Audit Wales</b></p> <p>The Committee was informed that the Health Board had continued to meet the Public Sector Payments target of 95% and was on track to meet the target at the end of the financial year.</p> <p>The Committee took note of the Single Tender Actions (STAs) taken since the previous reporting period. The Chair questioned why the STA schedule had been redacted and requested full transparency. Rani Mallison (RM), Director of Corporate Governance, responded that the need to redact where necessary would be implemented. RM agreed to resend an unredacted version of the schedule.</p> <p><b>Action: Director of Corporate Governance</b></p> <p>Katija Dew explained that the changes to the charitable funds and financial control procedures were implemented in response to Audit Wales recommendations, which were approved by the Executive Team and Charitable Funds Committee in March.</p> <p>The Committee; -</p> <ul style="list-style-type: none"> <li>• <b>ENDORSED</b> the proposed changes to the charitable funds and financial control procedures</li> <li>• <b>APPROVED</b> the report.</li> </ul>
<b>AC 0704/11</b>	<p><b>Losses and Special Payments Report</b></p> <p>The Committee received the standard report and noted the financial position in respect of losses and special payments as at end of February 2022.</p> <p>Gwen Kohler (GK), Assistant Finance Director, informed the Committee that Community Pharmacy Wales Contractors had received an ex-gratia payment of £603k for WP10(HP) prescriptions. The payment was a one-time payment to community pharmacists who dispense hospital-prescribed medications. The national discount scheme for some of the drugs on the WP10(HP) forms had not been applied to the purchase cost of the high-cost medications dispensed by the community pharmacist. GK confirmed Welsh Government had approved the ex-gratia payment.</p> <p>The Committee <b>NOTED</b> the report for <b>ASSURANCE</b>.</p>
	<b>Financial Planning and Performance</b>
<b>AC 0704/12</b>	<p><b>Finance Report</b></p> <p>Rob Holcombe (RH), Interim Director of Finance, presented the report outlining financial performance to the end of Month 11. It was noted that the Health Board continued to forecast a breakeven position for both revenue and capital.</p> <p>RH stated that one of the key priorities for next year would be efficiency and cost reduction through transformation, noting that the implications of maintaining a COVID safe environment would be a significant cost pressure. Furthermore, changes in service models are required to develop more efficient pathways of care, reduce the use of hospital beds and workforce requirements, thereby lowering variable pay expenditure.</p>

	<p>Paul Deneen questioned if there was a longer-term plan in place to address the number of patients who should be in the community but are instead in the hospital. Chris O'Connor (COC), Interim Director Primary Care advised that a review of the Care Closer to Home Pathway would be carried out in collaboration with local authority partners, under the auspices of the RPB Community Subgroup.</p> <p>The Chair expressed concern about the Registered Nurse Agency Reduction Plan, questioning whether it was fit for purpose. RH commented that it was a key priority for the Executive Team and that discussions with key members of the Executive Team had taken place.</p> <p>On behalf of the Committee, Paul Deneen thanked the Interim Director of Finance and his team for their efforts in achieving financial balance at the close of the financial year despite the challenges of the previous years. The Chair echoed Paul's comments.</p> <p>The Committee <b>NOTED</b> the Month 11 financial report.</p>
	<p><b>Corporate Governance, Risk and Assurance</b></p>
<b>AC 0704/13</b>	<p><b>Internal &amp; External Audit Recommendation Tracker</b></p> <p>Rani Mallison (RM), Director of Corporate Governance presented the Committee with the draft procedure for managing internal and external audit recommendations, outlining responsibilities as well as a process for monitoring and tracking progress. The report also included a revised audit tracking tool that provides information to assist in taking assurance that progress is being made on those actions that are past due for implementation in relation to the original agreed-upon timescales. In addition, there was an overview of the current position; the tracker had been adopted and updated with the previously reported outstanding audit recommendations, as well as all medium and low recommendations and the 2021/22 audit reports that were not previously included. It was explained that many of the actions would have been completed since the audit report, but it was presented as a starting point, acknowledging it would be an evolving process.</p> <p>RM stated that the presented position is comprehensive, and it was recognised in the paper that it had not been subject to Director review. Following this meeting the respective directors would be contacted for updates on their recommendations, and that in the future, updates would only be requested on those that are due or overdue. Responses to actions that have not yet been scheduled for implementation would not be requested until the appropriate time.</p> <p><b>Action: Director of Corporate Governance</b></p> <p>Andrew Doughton (AD), Audit Wales suggested a collaborative review of the outstanding recommendations to determine if they are still required.</p> <p><b>Action: Director of Corporate Governance / Audit Wales</b></p> <p>The Committee; -</p> <ul style="list-style-type: none"> <li>• <b>NOTED</b> the revised tracker as reasonable and proportionate</li> <li>• <b>ENDORSED</b> the revised approach.</li> </ul>
<b>AC 0704/14</b>	<p><b>Risk Management Strategy Realisation Plan</b></p>

	<p>Dani O'Leary (DO'L), Head of Risk &amp; Assurance, presented the Risk Management Strategy Realisation Plan, which outlined the actions required to embed the agreed-upon objectives within the revised Risk Management Strategy.</p> <p>The Committee was asked to approve the proposed plan and endorse the postponement of the Once for Wales (OfW) Datix Risk Management Module until the end of the calendar year to allow for data cleansing, national learning, and a thorough readiness assessment.</p> <p>To support implementation, a separate plan for the risk management module was being developed through the Health Board OfW Project Management Team, influenced by national learning from Betsi Cadwallader University Health Board (BCUHB) and Shared Services as early adopters.</p> <p>The Committee thanked the Head of Risk &amp; Assurance for the considerable work and -</p> <ul style="list-style-type: none"> <li>• <b>APPROVED</b> the Risk Management Strategy Realisation Plan</li> <li>• <b>ENDORSED</b> the proposal to defer the implementation of the OfW Datix Risk Management Module.</li> <li>• <b>ACKNOWLEDGED</b> the significant training requirement and commitment required from the Board.</li> </ul>
<p><b>AC 0704/15</b></p>	<p><b>Committee Risk Report</b></p> <p>Dani O'Leary (DO'L), Head of Risk and Assurance presented the report and outlined the key points and updates to the principal risks.</p> <p>A clarification was made regarding the arrows in the risk report; the direction of the arrow corresponds to the trend, and the colour corresponds to the level of risk. DO'L stated that this would be addressed in subsequent reports with the addition of a key to direct members' attention.</p> <p><b>Action: Head of Risk and Assurance</b></p> <p>The Committee was informed that the Health Board had engaged in multi-partnership discussions relating to the Ukraine Crisis in the context of planning and emergency response. In addition, an internal risk management profile had been created, highlighting the potential consequences for the Health Board. It was noted that a detailed risk assessment would be undertaken, this would be presented to the Board via the Partnerships, Population Health, and Planning Committee.</p> <p>The Chair inquired about the status of risk CRR020 implementation. C'OC stated that the Mental Health &amp; Learning Disabilities Service hoped to implement the information system by the end of April/beginning of May. The Chair was encouraged to hear that the move was imminent but requested that a position statement outlining organisational readiness linked to local authority implementation be provided.</p> <p>Katija Dew expressed concerns about the handover process and the risks associated with the transition from the current systems to the new platform, and she requested assurance that a robust plan was in place. RM agreed to take forward the concerns and request a comprehensive update to provide the Committee with the necessary assurances.</p> <p><b>Action: Director of Corporate Governance</b></p>

	<p>The Committee; -</p> <ul style="list-style-type: none"> <li>• <b>NOTED</b> the content of the report for assurance</li> <li>• <b>ACKNOWLEDGED</b> the updates that have been received</li> <li>• <b>APPROVED</b> the inclusion of an additional risk regarding the Ukraine crisis.</li> </ul>
<b>AC 0704/16</b>	<p><b>Committee Priorities 2022/23</b></p> <p>Dani O’Leary (DO’L), Head of Risk and Assurance supported by Rani Mallison (RM), Director of Corporate Governance presented the Committee priorities stating that they were based on the Committee's revised Terms of Reference (ToRs) and would underpin Committee work plans as well as inform the Board's work plan.</p> <p>A baseline assurance map had been undertaken considering the Board Assurance Framework, legislative requirements, standard internal and external reporting which identified gaps in assurance. The IMTP governance priorities, preparedness for the COVID-19 Inquiry, and Clinical Audit arrangements were identified as areas of focus, in addition to normal business. RM stated that while the Clinical Audit Plan would fall under the purview of the Patient, Quality, and Safety Committee, it was critical that the Audit Committee maintain oversight and gain assurance on the effectiveness of the plan.</p> <p>Paul Deneen was assured that there was a robust plan in place for the Committee, but he expressed concern about the lack of efficiencies and savings in the priorities. RM responded by saying that the Board would have an overarching plan and take confidence that all the Board's business requirements would be mapped through the appropriate Committees. RH made similar comments about internal accountability and how efficiencies would be delivered and reported through the organisational governance structure. RM advised that to ensure a comprehensive view and decision-making process, the organisation would need to be clear on delegated responsibilities from the Board level all the way through the organisation, as well as the accountability arrangements. RM confirmed that the development of an Accountability Framework was identified as a priority within the governance workplan of the IMTP.</p> <p>Andrew Doughton (AD), Audit Wales, informed the Committee that Audit Wales would be undertaking work in June and July of this year, which should provide an overview of progress on efficiencies over the next three months and highlight some of the challenges going forward. This would provide assurance to the Committee regarding the efficiencies programme; the outcome would be shared with the Committee in the autumn.</p> <p>The Chair thanked the Head of Risk and Assurance and the Director of Corporate Governance for the presentation and requested it be shared with the Committee.</p> <p><b>Action: Head of Risk and Assurance</b></p> <p>The Committee <b>NOTED</b> the presentation.</p>
	<b>NWSSP Audit and Assurance – Internal Audit and Specialist Service Unit</b>

<p><b>AC 0704/17</b></p>	<p><b>Internal Audit Plan Progress Update</b></p> <p>The Committee was informed that there were eleven (11) outstanding reports, three (3) of which were in draft form and eight (8) of which were in progress.</p> <p>Simon Cookson (SC), Head of Internal Audit, informed the Committee that five (5) internal reports had been submitted, one of which had returned a Limited Assurance rating Mental Health &amp; Learning Disabilities Continuing Health Care (MHLDC) and four (4) of which had returned a reasonable assurance rating. It was also highlighted that a high priority finding in the Falls Management Report had been raised regarding the documentation of multifactorial risk assessments; it was noted that these could not always be located or evidenced in each case.</p> <p>SC confirmed that the Director of Nursing's request for an advisory report on Continuing Healthcare (CHC) for Children had been signed off and would commence in the coming days.</p> <p>The Committee <b>NOTED the report.</b></p>
<p><b>AC 0704/18</b></p>	<p><b>Internal Audit Reviews (Limited/Reasonable)</b></p> <p><b>Limited Assurance: Mental Health &amp; Learning Disabilities Continuing Health Care</b></p> <p>Stephen Chaney (SCh), Deputy Head of Internal Audit, introduced the report, advising that a detailed review of MHLDC arrangements had been undertaken, looking at the requirements that were in place during the pandemic. It was noted that several key aspects had been stepped down as directed by the Welsh Government, which was a focus for the report alongside the Commission reviews with providers and support arrangements. The review concluded several high-priority findings.</p> <p>Rhiannon Jones (RJ), Director of Nursing, and Chris O'Connor (CO'C), Interim Director of Primary Care, Community and Mental Health both attended the meeting to assure the Committee that the report's recommendations were being implemented and progressed.</p> <p>RJ thanked the Internal Audit Team for their flexibility in incorporating this audit into the scheduled plan, noting that it had been a challenging audit to complete due to its complexity.</p> <p>RJ confirmed that the internal audit findings support the findings of the Wales Audit Office's structured assessment in terms of strengthening oversight of commissioned services. Furthermore, the Committee was informed that the Division and responsible Executives had agreed on all 12 recommendations, and that a timetable for improvement had been identified as the end of July, with a review planned for the end of May.</p> <p>Paul Deneen expressed his concern that accurate record keeping remained a problem for the organisation and asked for assurance about the measures in place to assist staff with accurate record keeping, particularly those who work with vulnerable people and under the Mental Health Act provision. RJ responded that WCCIS implementation would be critical to improving record keeping and multi-agency collaboration. Furthermore, the Health Board has regular and ongoing promotion in terms of individual clinician responsibility</p>



	<p>for record keeping standards, as well as ongoing education sessions. RJ agreed to provide the PQSO Committee with an update on recent/upcoming audits centred on record keeping for oversight and assurance.</p> <p><b>Action: Director of Nursing</b></p> <p>The Chair questioned the timelines for implementing the recommendations. RJ was confident in the timeframes and noted that, due to the limited assurance, the recommendations needed to be implemented quickly, given that the new CHC framework was being implemented imminently.</p> <p>Reasonable Assurance Reports</p> <p>The Chair requested that the management response to the Grange University Hospital Audit and the Falls Management report be reviewed so that the Audit Committee could track progress against the actions and timescales. RM agreed that management responses should be measurable and achievable, and that timescales should be specified so that they can be monitored appropriately through the Audit Tracker.</p> <p>The Committee; -</p> <ul style="list-style-type: none"> <li>• NOTED the limited assurance and management plan for CHC MH&amp;LD</li> <li>• NOTED the reasonable assurance reports.</li> </ul>
<b>AC 0704/19</b>	<p><b>Internal Audit Plan 2022/23 for Approval</b></p> <p>Simon Cookson (SC), Head of Internal Audit presented the draft plan, noting that it had not been formally considered by the Executive Team and that the plan would be brought back to the next Committee meeting for formal approval.</p> <p>Katija Dew commented on the plan's content, questioning whether it was too onerous considering the system's current pressures and the resources required to facilitate the reviews, and asking if there was a prioritisation process in place. SC responded that the plan was consistent with previous years and reflected the return of pre-COVID arrangements throughout the year, which would result in more on-site activity, but that it would be kept under review and flexible to meet the needs of the organisation.</p> <p>To provide assurance, the Chair requested that the rolling audit programme be included in the final iteration of the plan to demonstrate the full scope of work throughout the audit cycle. SC agreed to include the audit program, as well as a column depicting the number of days on resource requirements/deployment as a proxy measure.</p> <p>The Chair requested that any feedback be sent to SC and SCh within the next seven days. Any changes to the plan to be highlighted to the Committee at the next meeting.</p> <p>The Committee <b>NOTED</b> the draft plan.</p>
	<b>External Audit</b>
<b>AC 0704/20</b>	<p><b>Performance Update Report</b></p> <p>Richard Harries (RHa), Audit Wales, presented the Performance Update report, he noted that the work undertaken during 2021/22 was not usable to</p>

	<p>provide a report to the Board. The future work plan was presented, including the proposed efficiency review planned for 2022/23.</p> <p>AD, Audit Wales informed that the Quality Governance Report had been sent out for clearance and that comments were due by April 13th. Nationally, commentary and a data tool on Unscheduled Care and Planned Care services had been circulated. Andrew advised that the Committee would be provided with an update at the next full meeting.</p> <p>The Committee <b>NOTED</b> the report for <b>ASSURANCE</b>.</p>
<b>AC 0704/21</b>	<p><b>Audit Wales Audit Plan 2022</b></p> <p>Richard Harries (RHa), Audit Wales presented the draft plan, noting that it had not been formally approved by the Executive Team and that the plan would be brought back to the next Committee meeting for formal approval.</p> <p>RHa assured the Committee that the difficulties encountered last year in terms of access to sites had been resolved and incorporated into the revised plans.</p> <p>RHa responded to a question from Paul Deneen about IFRS 16 Leases and informed the Committee that new accounting standards would be implemented in April 2022, affecting next year's audit work. RH agreed to send members a briefing outlining the changes.</p> <p><b>Action: Interim Director of Finance</b></p> <p>The Committee <b>NOTED</b> the report for information.</p>
<b>AC 0704/22</b>	<p>The Committee <b>NOTED</b> the following for information; -</p> <ul style="list-style-type: none"> <li>• Recommendations: Audit Wales Report Welsh Health Specialised Services Committee Governance Arrangements Audit Tracker Update January 2022</li> <li>• Committee Terms of Reference 2022/2023</li> </ul>
<b>AC 0704/23</b>	<b>Date of Next Meeting</b>
	<p>The date of the next business meeting was noted as: -</p> <p>Tuesday 17th May 2022 09:00 -10:30 via Microsoft Teams.</p>



## **Audit, Risk & Assurance Committee Action Sheet**

All actions in this log are currently active and are either part of the Committee's forward work programme or require more immediate attention, such as an update on the action or confirmation that the item scheduled for the next Committee meeting will be ready.

***N.B.*** Once the Committee is assured that an action is complete, it will be removed. This will be agreed at each Committee meeting.

<b>Outstanding</b>	<b>In Progress</b>	<b>Not Due</b>	<b>Completed</b>	<b>Referred to another Committee</b>
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<b>Committee Meeting</b>	<b>Minute Reference</b>	<b>Agreed Action</b>	<b>Lead</b>	<b>Target Date</b>	<b>Progress/ Completed</b>
<b>February 2022</b>	<b>AC 0302/07</b>	Liaise with ESR workforce colleagues and Shared Services to further streamline the termination/new starter process for managers	<b>Director of Finance &amp; Procurement &amp; VBHC Head of Counter Fraud</b>	<b>April 2022</b>	<b>Completed.</b> An outcomes report to be shared with members.
<b>February 2022</b>	<b>AC 0302/09</b>	<b>Digital Systems</b> Add to the Committee forward work programme for a further update as advised by DoPD&ICT	<b>Secretariat Director of Planning, Digital and ICT</b>	<b>Dec 2022</b>	<b>Completed.</b> Transferred to the Finance and Performance Committee action log.
<b>April 2022</b>	<b>AC 0704/05</b>	<b>Action AC302/09</b> This was confirmed it would now sit under the Finance & Performance Committee. Secretariat to transfer the action.	<b>Secretariat</b>	<b>May 2022</b>	<b>Completed.</b> Emailed Secretariat.
<b>April 2022</b>	<b>AC 0704/06</b>	The formal legal declaration, to be presented to a future Audit Committee meeting.	<b>Head of Counter Fraud</b>	<b>June 2022</b>	<b>11/05/22</b> - This is subject of ongoing interaction with NHSCFA. Administrative problems on their part have delayed the submission of the ABUHB annual Counter Fraud Functional Standard Return (CFFSR) and the declaration cannot be presented to AC prior to submission of that return. This is still work in progress and is being addressed as a matter of urgency.

<b>Outstanding</b>	<b>In Progress</b>	<b>Not Due</b>	<b>Completed</b>	<b>Referred to another Committee</b>
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<b>April 2022</b>	<b>AC 0704/06</b>	<b>Prevention agenda outcomes</b> investigate how ABUHB compares to other Health Boards in Wales, as well as explore opportunities to use the data held on the ESR system to understand how effectiveness of the prevention agenda.	<b>Head of Counter Fraud</b>	<b>June 2022</b>	<b>Completed.</b> 11/05/22 - All Counter Fraud leads in Wales have been canvassed regarding this and consultation has been made with the ABUHB Workforce Information Manager. The findings will be reported back to AC in due course.
<b>April 2022</b>	<b>AC 0704/10</b>	Circulate an explanatory note regarding the technical qualification applied to the NHS Pension Scheme	<b>Assistant Finance Director / Audit Wales</b>	<b>May 2022</b>	<b>Completed.</b> Note circulated 11/05/2022
<b>April 2022</b>	<b>AC 0704/10</b>	Recirculate an unredacted version of the STA schedule.	<b>Director of Corporate Governance</b>	<b>May 2022</b>	<b>Completed.</b> <b>10/05/22</b> – Published to the meeting papers (07/04/22) on AdminControl.
<b>April 2022</b>	<b>AC 0704/13</b>	Review of the outstanding recommendations to determine if they are still required.	<b>Director of Corporate Governance / Audit Wales</b>	<b>May 2022</b>	<b>Completed. 09/05/22</b> Audit Wales will incorporate a review of the completeness and relevance of the open recommendations within this year's structured assessment. This will then be used to inform recommendation setting within this year's structured assessment report.
<b>April 2022</b>	<b>AC 0704/13</b>	Email Executive Directors for an update on recommendations	<b>Director of Corporate Governance</b>	<b>April 2022</b>	<b>Completed.</b> Emailed Directors 19/04/2022
<b>April 2022</b>	<b>0704/15</b>	Incorporate a key into the Risk Report related to the colour coding and arrow direction.	<b>Head of Risk &amp; Assurance</b>	<b>May 2022</b>	<b>Completed.</b> Included in the report template.
<b>April 2022</b>	<b>0704/15</b>	Provide a comprehensive update on the WCCIS Implementation	<b>Director of Corporate Governance</b>	<b>May 2022</b>	<b>Completed.</b> Update circulated 03/05/22

<b>Outstanding</b>	<b>In Progress</b>	<b>Not Due</b>	<b>Completed</b>	<b>Referred to another Committee</b>
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<b>April 2022</b>	<b>0704/16</b>	Circulate the presentation	<b>Head of Risk &amp; Assurance</b>	<b>April 2022</b>	<b>Completed.</b> Circulated to the Committee 11/04/22
<b>April 2022</b>	<b>0704/18</b>	Provide the PQSO Committee with an update on recent/upcoming audits centred on record keeping for oversight and assurance	<b>Director of Nursing</b>	<b>May 2022</b>	<b>Completed.</b> An audit of record keeping has been scheduled and the results will be presented to PQSOC.
<b>April 2022</b>	<b>0704/21</b>	Circulate a briefing outlining the changes to IFRS 16 Leases	<b>Director of Finance &amp; Procurement &amp; VBHC</b>	<b>May 2022</b>	<b>Completed.</b> Briefing circulated 11/05/22.



**GIG**  
CYMRU  
**NHS**  
WALES

Bwrdd Iechyd Prifysgol  
Aneurin Bevan  
University Health Board

Audit, Risk and Assurance Committee  
Tuesday 17<sup>th</sup> May 2022  
Agenda Item: 2.2

## Aneurin Bevan University Health Board

### Draft Performance and Accountability Report 2021/22

#### Executive Summary

This paper presents to the Audit, Risk and Assurance Committee the first draft Performance and Accountability Reports 2021/22. In line with Chapter 3: Annual Report and Accounts, of the Manual for Accounts, the Health Board is required to publish, as a single document, a three-part Annual Report and Accounts. Parts 1 and 2, the Performance Report and Accountability Report are provided for consideration by the Audit, Risk and Assurance Committee. The draft Accounts have been provided as a separate document.

#### The Board is asked to: (please tick as appropriate)

Approve the Report

Discuss and Provide Views

✓

Receive the Report for Assurance/Compliance

Note the Report for Information Only

**Executive Sponsor:** Rani Mallison, Director of Corporate Governance

**Report Author:** Bryony Codd, Head of Corporate Governance

**Report Received consideration and supported by :**

**Executive Team**

**Committee of the Board**  
**[Committee Name]**

**Date of the Report: 10<sup>th</sup> May 2022**

#### Supplementary Papers Attached:

Draft Performance Report 2021/22

Draft Accountability Report 2021/22

#### Purpose of the Report

This paper presents to the Audit, Risk and Assurance Committee the first draft Performance Report and Accountability Report 2021/22. In line with Chapter 3: Annual Report and Accounts, the Health Board is required to publish, as a single document, a three part Annual Report and Accounts which includes:

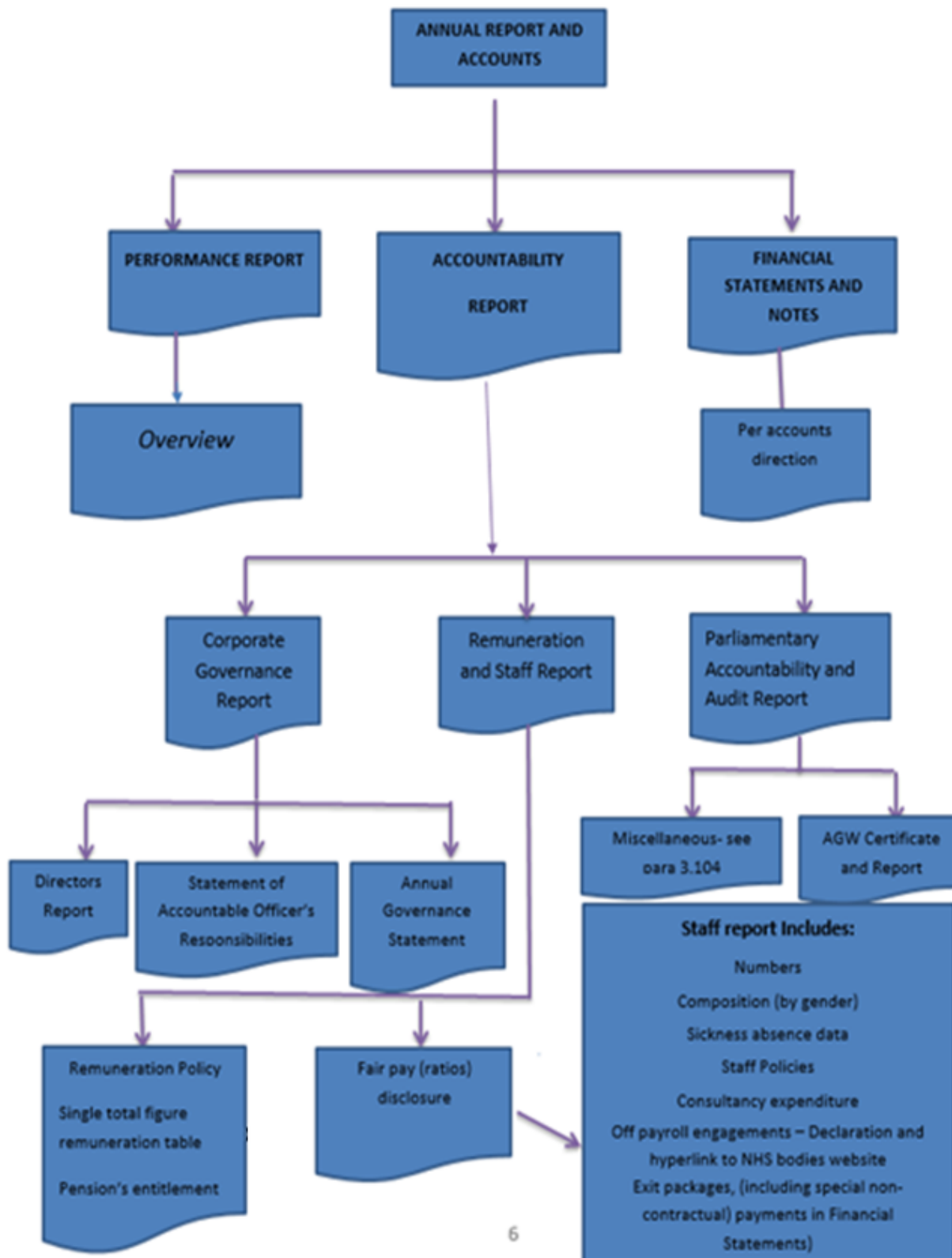
1) The Performance Report, which must include:

- An overview

2) The Accountability Report, which must include:

- A Corporate Governance Report
- A Remuneration and Staff Report
- A Parliamentary Accountability and Audit Report

- 3) The Financial Statements, including
- The Audited Annual Accounts 2021-22





This report presents the first drafts of the Performance Report and Accountability Report.

The timetable for submission is outlined below:

<b>Annual Reports 2021/22 - Key Dates</b>	<b>2022</b>	
<b>Draft Performance Report Overview, Accountability Report and Remuneration Report to WG</b>	<b>Fri</b>	<b>6 -May</b>
Draft Reports to Audit Committee Members	Tue	10 -May
<b>Audit Committee meeting</b> to Consider Draft Accounts and Draft Accountability Report	Tue	<b>17-May</b>
Final Accounts & Accountability Report to Audit Committee Members	Mon	06-June
<b>Audit Committee meeting</b> to Consider Final Accounts, and Accountability Report	Mon	<b>13-June</b>
<b>Board meeting to approve Final Accounts and Accountability Report</b>	Tues	<b>14-June</b>
<b>Final Annual Report Deadline for Submission to WG</b> – Annual Report and Accounts as a single unified document	Wed	<b>15-June</b>
<b>Annual General Meeting</b> – to receive the Annual Report and Accounts	Wed	27 <sup>th</sup> July

In line with the required timescales, the first draft report was submitted to Welsh Government and Audit Wales on 6<sup>th</sup> May 2022. These documents continue to be working documents, based on template guidance and are subject to ongoing refinement. Work is also ongoing to include a year end assessment against the Annual Plan 2021/22.

Members of the Audit, Risk and Assurance Committee are asked to consider the attached documents and provide comments for inclusion in the final draft of the report for consideration at their meeting on 13<sup>th</sup> June 2021.

### Assessment and Conclusion

The development and preparation of these documents has followed Welsh Government guidance and required format. The first draft was submitted to Welsh Government on the required deadline of 6<sup>th</sup> May 2021. The document is provided for comment.

### Recommendation

The Audit Committee is asked to consider and comment on the draft Performance Report and Accountability Report prior to preparation of the final reports for submission to the Audit Committee on 13<sup>th</sup> June 2021.

### Supporting Assessment and Additional Information

<b>Risk Assessment (including links to Risk Register)</b>	Failure to agree the reports would mean that the Health Board would not comply with Welsh Government and HM Treasury requirements.
<b>Financial Assessment, including Value for Money</b>	No direct financial impact of this report.

<b>Quality, Safety and Patient Experience Assessment</b>	No direct quality, safety and patient experience elements of this report.
<b>Equality and Diversity Impact Assessment (including child impact assessment)</b>	No direct equality and diversity elements to this report.
<b>Health and Care Standards</b>	No direct health and care standards matters relating to this report. However, it will contribute to the good governance elements of the standards.
<b>Link to Integrated Medium Term Plan/Corporate Objectives</b>	No direct link with this report.
<b>The Well-being of Future Generations (Wales) Act 2015 – 5 ways of working</b>	No direct link with this report to the five ways of working.
<b>Glossary of New Terms</b>	No new terms have been identified in this report.
<b>Public Interest</b>	Open – this report is designed for reporting in the public domain.

## **Aneurin Bevan University Health Board Annual Report and Annual Accounts 2021/22**

Our Annual Report is a suite of documents that tell you about our organisation, the services and care we provide and what we do to plan, deliver and improve healthcare for you. It provides information about how we performed in 2021/22, what we have achieved, how we plan to continue to improve next year and our plans for the future. This report also explains how important it is for us to work with you and listen to your views, to better deliver services that meet your needs, as close to your home as possible.

### **Our Annual Report for the period 1<sup>st</sup> April 2021 to 31<sup>st</sup> March 2022 includes:**

- Our **Performance Report** which details how we have performed against our targets and the actions planned to maintain or improve our performance.
- Our **Accountability Report** which details our key accountability requirements and provides information about how we manage and control our resources, identify and respond to our risks, and comply with our own governance arrangements.
- Our **Financial Statements and Annual Accounts** which detail how we have spent our money and met our obligations.

<b>Section One – The Performance Report</b>	
<b>Introduction</b> <b>Reporting Requirements</b> <b>Areas of Responsibility</b> <b>Impact of COVID-19 on delivery of services</b> <b>Planning and delivery of safe, effective and quality services</b> <b>Delivering in Partnership</b> <b>Workforce management and Wellbeing</b> <b>Welsh Language Standards</b> <b>Well Being of Future Generations</b> <b>Communication and Engagement</b> <b>Conclusion and forward look</b>	
<b>Section Two – The Accountability Report</b>	
<b>Corporate Governance Report</b> <ul style="list-style-type: none"> <li>• <b>Directors Report</b></li> <li>• <b>Statement of Accountable Officer’s Responsibilities</b></li> <li>• <b>Annual Governance Statement</b></li> </ul>	
<b>Remuneration and Staff Report</b>	
<b>Parliamentary Accountability and Audit Report</b>	
<b>Section Three – The Financial Statements</b>	
<b>The Audited Annual Accounts 2021-22</b>	



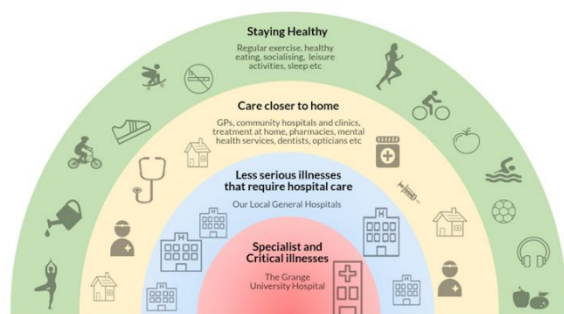
# **Performance Report 2021/22**

## Overview

Across the last 12 months our organisation has faced multiple challenges with successive waves of Covid-19 itself but also dealing with the wider impacts on our population and services of the actions to deal with the pandemic. 2021/22 brought increasing demand across our urgent care and our planned care systems, increased pressure on primary care and community services, as well as mental health services. We have experienced high walk-in demand at our emergency departments, significant pressures in social care and high levels of absence across our workforce. This is in the context of restarting many routine services despite continued constraints on capacity.

Despite these operational challenges we are proud of the way in which our staff have responded, showing resilience, bravery, dynamism, resourcefulness and great skill over the last two years. Even with these challenges, our workforce enabled our system to introduce new ways of working to deliver the ambitions of the Annual Plan 2021/22, which was approved by our Board and submitted to Welsh Government on 31<sup>st</sup> March 2021, in line with the requirements of the [NHS Wales Annual Planning Framework for 2021 to 2022](#).

The Health Board's Annual Plan for 2021/22 set out our core organisational priorities, which focussed on reducing the health inequalities experienced by our communities, through improving population health. In doing so, the Plan adopted a life course approach that optimised the health and wellbeing of our communities. We are confident that this approach will provide high returns for health and sustainable development, both by limited ill health and the accumulation of risk throughout life for our citizens. The Annual Plan 2021/22 was ambitious in seeking to support the organisation in delivering across its life course priorities and was designed to both meet the needs to respond but also support the organisation to look forward and focus on sustainability.



Our Clinical Futures Strategy has remained resilient and relevant for over a decade. The opening of the Grange University Hospital in November 2020, as part of a new hospital network, was a fundamental milestone in the delivery of the broader strategy. Clinical Futures seeks to improve population health, resilience and well-being, deliver the majority of care close to home, primarily thorough

primary and community services, all supported by a hospital network. One year on from the opening of the Grange University Hospital and moving to a new hospital model, six months early and in the middle of a pandemic, we are seeing benefits in terms of service sustainability, resilience, and capacity. In addition, recruitment has improved for specialist medical staff and registered nurses.

This Report provides an overview of our achievements in 2021/22, some of highlights include:

- Significant improvements achieved in Urgent Care performance, whilst recognising the challenging climate.
- Safe surgical zones were created to maintain urgent and essential services.
- Aneurin Bevan University Health Board was the best performing Health Board in Wales for Referral to Treatment Times (RTT).
- By February 2022, 95% of over fifty-year-olds had received their first dose of the Covid vaccination, 94% their second dose and 86% had received their booster.
- Urgent Primary Care services were established in all Enhanced Local General Hospital (ELGH) sites.
- New ambulatory services were established.
- Nurse vacancies were reduced by 85%.
- Implementation of the the Mental Wellbeing Foundation Tier programme, including Connect 5, SPACE (development of single point of access for children and young adults) and Melo.
- Achieved financial balance in-line with the Financial Plan 2021/22.

As we approach 2022/23, we will continue to embed the new models of care that could not be fully implemented as our system responded to the pandemic. Notwithstanding this, our main focus and key opportunities for achieving a sustainable system lie in delivering our broader strategy, strengthening the role of our enhanced Local General Hospital network.

We have therefore reshaped our Clinical Futures Programme to support the delivery of the organisations key priorities which, based on our understanding of our system, will deliver the biggest impact on improving the sustainability of our system.

Our Integrated Medium-Term Plan 2022-25 is a natural progression from the Annual Plan 2021/22, building on the life course approach, whilst recognising that the context within which the Health Board now operates is different from the one understood in 2020/21. This being a renewed focus on sustainable recovery, which is characterised by a fundamental shift that encompasses the wider role of Health and Social Care in reducing health inequalities, delivering the foundational economy, and protecting the environment for future generations with the Net Zero 2030 ambition.

## Reporting Requirements

The purpose of the Performance section of this Annual Report 2021/22, as set out in the guidance provided in the NHS Wales 2021/22 Manual for Accounts, is to provide information on Aneurin Bevan University Health Board, its main objectives and strategies and the principal risks that it faces. The requirements are based on the matters required to be dealt with as set out in Chapter 4A of Part 15 of the Companies Act 2006, as adapted in the Financial Reporting Manual and NHS Wales Guidance Manual.




The main features of this report flow from the organisation’s Planning, Delivery and Performance Frameworks and demonstrate how the Health Board has delivered against these.

It should be noted that the duty of quality comes into legal force in April 2023 in line with the Health and Social Care (Quality and Engagement) (Wales) Act 2020. The new reporting requirements will therefore be captured in processes in place for 2023/24. In the interim it is anticipated that there will be a non-statutory implementation of the duty of quality in autumn 2022. This will allow for testing the quality reporting indicators, measures and narrative framework concepts being developed during the duty of quality implementation phase as a hybrid reporting process for 2022/23. In the meantime, quality reporting requirements are embedded in this Performance Section of the Annual Report 2021/22.

**Aneurin Bevan University Health Board**

Aneurin Bevan University Health Board was established in October 2009 and achieved ‘University’ status in December 2013. The Health Board’s principal role is to ensure the effective planning and delivery of our local NHS system, within a robust governance framework, to achieve the highest standards of patient safety and public service delivery, improve health and reduce inequalities and achieve the best possible outcomes for our citizens, and in a manner that promotes human rights. To fulfil this role, we are required to work with our partners and stakeholders in the best interests of the population we serve.

As a Health Board, we serve the population Gwent which reflects the five local authority areas: Blaenau Gwent, Caerphilly, Monmouthshire, Newport and Torfaen. The Demographics of Gwent are varied and include rural countryside areas, urban centres and the most easterly of the south Wales valleys.

<div>Area</div> <div></div>	<div>The total area of Gwent is 158,500 hectares – approximately 7.6% of the total area of Wales.</div>
<div>Population</div> <div></div>	<div>The estimated population of Gwent is 594,164, approximately 19% of the total population for Wales<sup>1</sup></div>
<div>Population density</div>	<div>The population density of Gwent is 3.75 persons per hectare. The population density is 1.52 people per hectare in Wales.</div>
<div>Dwellings</div> <div></div>	<div>The dwelling count in Gwent is 275,882 approximately 18.2% of the total number of dwellings in Wales<sup>2</sup>.</div>
Overall population	The overall population in Gwent is projected to <b>increase</b> by <b>6.2 %</b> between 2019 and 2043, roughly similar to the Welsh average (5.2%). For Gwent this would mean <b>36,987</b> extra people <sup>3</sup> .
Aged 16-64	The number of people aged 16-64 living in Gwent is projected to slightly <b>rise</b> by <b>0.7%</b> by 2043, similar to the Welsh average (-0.5%). For Gwent this would mean <b>2,367</b> extra people in this age range <sup>4</sup> .
Aged 65 and over	The number of people aged 65 and over living in Gwent is projected to <b>increase</b> by <b>31.2%</b> between 2019 and 2043, roughly similar to the Welsh average (29%). For Gwent this could mean an extra <b>37,263</b> people in this age range <sup>5</sup> .
Aged 85 and over	The number of people aged 85 and over living in Gwent is projected to <b>increase</b> by <b>74%</b> between 2019 and 2043, slightly higher to the Welsh average (69.5%). For Gwent this could mean an extra <b>10,615</b> people in this age range <sup>6</sup> .





#### Aneurin Bevan University Health Board population - key data

- In 2014, around 1 in 5 residents were aged over 65 years (19%), 6 in every 10 (62%) were of working age (16 to 64 years) and nearly 1 in 5 (19%) were aged under 16.
- The population aged under 16 has decreased by 2,700 (1%) between 2005 and 2014, from 114,100 to 108,300.
- There has been a significant decrease in the under 75 mortality rate of 17.1% and 17.4% for males and females respectively (a greater improvement than Wales). This demonstrates the positive impacts and significant improvements that a range of services, activities and targeted programmes have made to reduce mortality rates.
- The general fertility rate is broadly similar to that of Wales - but there are differences in the general fertility rates across ABUHB which will impact on the planning of maternity and child services - particularly for Newport and Monmouthshire.

The Health Board employs 12,327 whole time equivalents (WTE) which translates to 15,751 staff and is the largest employer in Gwent. Our workforce is ageing, as is the demographic profile of our population and the health inequalities of our population are also found within our workforce. 80% of our staff live within our communities. Therefore, it is essential that staff health and wellbeing is a key priority and a feature of our preventative plans.

The Health Board has an annual budget from the Welsh Government of just under £1.6 billion per year from which we plan and deliver services for the population of Gwent. The Health Board, as well as providing services locally, works in partnership to seek to improve health and well-being in the area, particularly through our partnership arrangements to respond to the Social Services and Well-Being (Wales) Act 2014 and the Well Being of Future Generations (Wales) Act 2015.

Detail on how the Health Board is governed is set out within the Accountability Report (Section 2 of the Annual Report and Accounts 2021/22).

### Annual Plan 2021/22

The Annual Plan 2021/22, set out the Health Board's priorities based on adopting a life course approach. This approach optimises the functional ability of individuals throughout life, enables well-being, the realisation of rights, and recognises the critical interdependence of individual, intergenerational, social, environmental and temporal factors. The main outcome of the life-course approach to health is functional ability, which is the sum of the individual and environmental attributes that enable a person to be or do what they have reason to value. For a neonate or infant, functional ability could be manifested by feeding well and playing; for older adults, by the ability to function independently without dependence on care. This approach requires working with our citizens (as individuals, families and communities) to deliver the change our communities need.

This approach requires holistic, long-term, policy and investment strategies that promote better health outcomes for individuals and greater health equity in the population. We are confident this approach can provide high returns for health and sustainable development, both by limiting ill health and the accumulation of risk throughout life and by contributing to social and economic development.



**Priority One** - By April 2021 we will have implemented the ban on smoking across all premises, strengthened our partnership with public health Wales to support women in pregnancy and developed our integrated community approach to supporting families. We will have implemented roll out of the HPV vaccine for boys and rolled out the MMR elimination plan.

**Priority Two** - In order to support children and young people we will have established a structured programme based on the Iceberg model to support children's emotional and mental wellbeing, established a needs-led pathway following a neurodevelopmental diagnosis, established an emergency response pathway for children with an emergency mental health need. We will continue to coproduce the transitional pathways for those moving from child to adult mental health services, meeting the needs of service users.

**Priority Three** - In supporting adults we will have, implemented efficiency programmes to improve flow through theatres and diagnostics focussed on maximising a patient's time. Reviewed the pathways for musculoskeletal and eye conditions, coproducing value based approaches which we will begin to implement. We will have made progress in implementing our outpatient transformation programme, continuing the roll out of virtual appointments, undertaking a risk based approach to follow up and optimising the use of face to face appointments. We will have restarted our Living Well Living Longer programme, supporting those in our most deprived communities to act on preventable conditions. We will be well on the way to implementing the transformation in our adult mental health services, moving care closer to home. For our cancer patients improved diagnostic and MDT process will speed up diagnosis, an approved business case for satellite radiotherapy services will support the next steps in bringing cancer care closer to home.

**Priority Four** - In supporting our older adult population we will have established our neighbourhood nursing teams and single point of access for each borough to support access to the right care first time. Importantly we will have established a consistent model of care to support people to remain in their usual place of care. We will review our Care of the elderly pathway focussing on ensuring those who require hospital care receive it in a timely way and are not unnecessarily held up in our complex systems.

**Priority Five** - We will have supported more people to have Advance Care Plans in place, enabling our services to respond to the wishes of individuals. We will have embedded advance care planning across our settings and reviewed our bereavement offer to ensure we are meeting the needs of families and carers.

## Priority 1 – Every Child has the best start in life

*We believe that every child deserves the opportunity to have the very best start in life*



### GOOD HEALTH IN PREGNANCY

- Increase in successful births to healthy babies including reduction in miscarriages, premature births and low birth rates



### MIDWIFERY AND NEONATAL SERVICES

- Promoting and encouraging normal births wherever safe and practical and reduce use of induction of labour and caesarean intervention



### HEALTHY CHILD WALES PROGRAMMES

- Improved access to breastfeeding and nutrition support
- Establishing fully integrated working between midwifery, health visiting, school nursing and Flying Start teams



### CHILDHOOD IMMUNISATION

- Improved uptake and compliance with national measures to achieve population immunity

## Priority 2 – Getting it right for Children and Adults

*Young people are an important group, nurturing of future generations is crucial to our communities*



### ADVERSE CHILDHOOD EXPERIENCES

- Reduction in health harming and antisocial behaviour
- Improved emotional and mental health resilience
- Reduced safeguarding referrals



### MENTAL HEALTH RESILIENCE

- Improved mental health, emotional wellbeing and resilience in children and young people, living in more resilient communities
- Timely MDT response






### SUPPORT BEING A HEALTHY WEIGHT

- Improved awareness of factors that affect healthy weight
- Have access to open spaces where walking and cycling are the norm
- Have access to healthy food



### TRANSITION PATHWAY FOR 15-25 YEARS

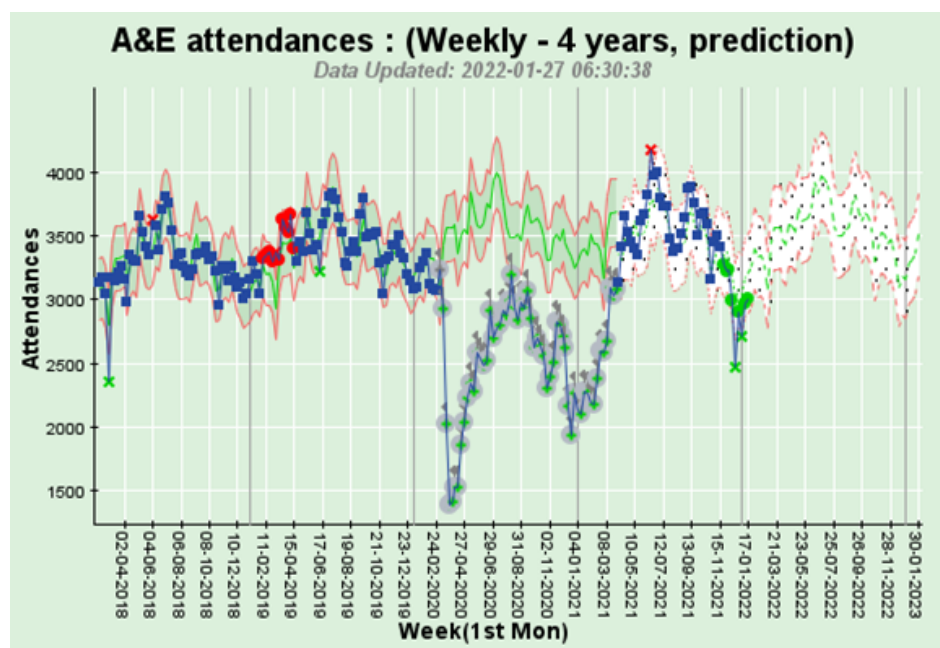
- Age appropriate and clinically effective pathways
- Early intervention for psychosis, serious mental illness and eating disorders

<p><b>Priority 3 – Adults in Gwent live healthily and age well</b>  <i>We want our citizens to enjoy a high quality of life into old age we want them to be empowered to take more responsibility for their own health and care, so that they can retain independence</i></p>	    <div> <div> <b>MAXIMISING AN INDIVIDUALS TIME</b>  Maximising citizen and staff time: <ul style="list-style-type: none"> <li>• Outpatient Transformation</li> <li>• Efficiency Programmes- Theatres and Diagnostics</li> <li>• MSK Pathway</li> </ul> </div> <div> <b>LIVING HEALTHILY AND AGE WELL</b>  Reducing health inequalities and preventing disease by identifying health risks and supporting behaviour change: <ul style="list-style-type: none"> <li>• Integrated Wellbeing Networks</li> <li>• Inverse Care Law Programme: Making Every Contact Count</li> </ul> </div> <div> <b>TRANSFORMING MH&amp;LD SERVICES</b>  Providing integrated, evidence based high quality MH&amp;LD services <ul style="list-style-type: none"> <li>• Whole person, whole system adult crisis support</li> <li>• Complex Needs Transformation</li> </ul> </div> <div> <b>MAXIMISING CANCER OUTCOMES</b>  Improve the number of people being diagnosed with cancer at an early stage and optimise cancer treatments <ul style="list-style-type: none"> <li>• Rapid Vague Symptoms (MDT) Diagnostic Service</li> <li>• Redesign of Systemic Cancer Therapy Services: Satellite Radiotherapy Unit</li> </ul> </div> </div>
<p><b>Priority 4 – Older Adults are supported to live well and independently</b>  <i>We believe this to be a fundamental principle of social justice and is an important hallmark of a caring and compassionate community</i></p>	    <div> <div> <b>PREVENTION AND ANTICIPATORY CARE</b>  <ul style="list-style-type: none"> <li>• Build social networks</li> <li>• Improve early diagnosis of dementia</li> <li>• Anticipatory Care Planning</li> <li>• Single Point of Access</li> </ul> </div> <div> <b>PROACTIVE CARE AND SUPPORT AT HOME</b>  <ul style="list-style-type: none"> <li>• Responsive, flexible, self directed homocare.</li> <li>• Integrated care/case management</li> <li>• Establishment of 'places'</li> <li>• Establishing neighbourhood nursing</li> </ul> </div> <div> <b>EFFECTIVE CARE AT TIMES OF TRANSITION</b>  <ul style="list-style-type: none"> <li>• Enablement &amp; rehabilitation</li> <li>• Specialist clinical advice for community teams</li> <li>• In and out of hours access to Advanced Care Plans</li> <li>• Advanced Care Planning</li> <li>• Risk stratification</li> </ul> </div> <div> <b>HOSPITAL AND CARE HOMES</b>  Urgent triage to identify frail older adults  Criteria driven pathways that minimise time in hospital and optimise timely discharge <ul style="list-style-type: none"> <li>• Graduated Care</li> </ul> </div> </div>
<p><b>Priority 5 – Dying well as part of life</b>  <i>Death and dying are inevitable. The quality and accessibility of end-of-life care will affect all of us and it must be made consistently better. We have embraced the principles of the 'A Compassionate Country – A Charter For Wales' and are committed to continuously improving what we do to ensure that the needs of people of all ages who are living with dying, death and bereavement, their families, carers and communities are addressed, taking into account their priorities, preferences and wishes</i></p>	    <div> <div> <b>ADVANCED CARE PLANNING</b>  <ul style="list-style-type: none"> <li>• Improved care for people nearing the end of life and enable better planning and provision of care including developing treatment escalation plans with patients and to help individuals to live and die well in the place and manner of their choosing</li> </ul> </div> <div> <b>EDUCATION PROGRAMME</b>  <ul style="list-style-type: none"> <li>• Professionals caring for people with end of life care needs are equipped in all health care settings to support shared decision making with patients and their families</li> </ul> </div> <div> <b>BEREAVEMENT SERVICES</b>  <ul style="list-style-type: none"> <li>• Bereavement service in place for people affected by a death that includes sensitive communication and provision for immediate and ongoing bereavement, emotional and spiritual support</li> </ul> </div> <div> <b>VALUE BASED OUTCOME MEASURES</b>  <ul style="list-style-type: none"> <li>• Adoption of 'Care Aims' model to better understand what good looks like from a patient and carer perspective and support the development of patient reported quality outcome measures to influence service plans and delivery</li> </ul> </div> </div>

## Impact of COVID-19 on delivery of services

The first wave of COVID-19 saw significant reductions initially in urgent care demand across the NHS with an incremental increase throughout 2020 as the situation settled. Post the second wave urgent care demand rose sharply in the first half of 2021 as lockdown restrictions eased and the longer-term impact of restrictions presented new pressures for the NHS. Patterns of demand also changed for the numbers of Covid-positive, suspected and recovering patients that had to be and still need to be accommodated in the complex covid pathways that are required for Infection Prevention and Control.

The following graph and headlines summarise how demand has impacted on the system over the last 12 months.



Key Headlines include:

- Attendance levels across the system and particularly at The Grange University Hospital (GUH) sharply increased in the first six months of 2021 rising to above pre-pandemic levels with June 2021 seeing the highest Emergency Department (ED)/Minor Injury Unit (MIU) attendances on record for the Health Board.
- Increased demand of “walk-in” patients particularly at GUH beyond those planned have created significant pressure on the Emergency Department.
- Increased paediatric attendances and GP referrals are above pre-pandemic levels. Paediatric Services have also rolled out Healthier Together, a tailored website for the public and professionals to understand pathways and appropriate access.
- Increased demand post lockdown for a number of key specialties such as Cardiology and Emergency Surgery.
- All 3 Enhanced Local General Hospitals (eLGHs) have seen a step change increase in Medical Assessment Unit (MAU) activity since April 2021, with a corresponding decrease in GUH MAU activity. This indicates the system is moving closer in line with what was originally designed as a decentralised medical assessment and admissions service away from the main ED.
- Beds occupied by patients over 21 days across the Health Board have been steadily increasing since March 2021 and Average Length of Stay (AVLOS) is at its highest level since June 2016.

As seen across the UK, these highest ever rates of attendance, coupled with the ongoing Covid impact and mitigating measures, created a systemwide strain that requires active management to maintain safe services on each site.



The impact of the pandemic on elective waiting lists is significant with over 113,000 patients on the outpatient waiting lists as at the end of December 2021 compared to 74,000 pre-pandemic.

The table below summarises the position to date.

	Mar-20	Dec-21	Feb-22
New Outpatient Waiting List	74,673	113,866	113,904
Inpatient Waiting List	7,289	9,478	10,165
Daycase Waiting List (incl Endoscopies)	18,325	23,594	23,151
Radiology Waiting List	15,051	10,180	11,803

This represents almost 20% of the Health Board's population on a waiting list, which is consistent with the All-Wales position.

Whilst this presents unprecedented challenges in terms of recovery and will require new ways of working, the new Health Board system and additional physical capacity available provides some opportunities for planned care.

We have been creative in our approach to planned care with flexibility based on patient demand.

The POCU (Post Operative Care Unit) at the Royal Gwent Hospital (RGH) is established to enable increased levels of higher risk planned surgery to occur at the eLGH, with patients safely treated on site. A Transfer Practitioner model (currently running for 12 hours per day) has been approved for expansion to cover 24 hours 7 days a week, which will result in a systemwide response to a patient requiring unexpected escalated or emergency care post procedure being bolstered.

Many planned systems are returning online and prioritising reducing waiting lists. Improvements in recent activity are beginning to show in the data, and those patients who have breached 36 weeks are being addressed, with these total numbers dropping by almost 4500 between August 2021 and December 2021, a 12% improvement in the context of all other Welsh Health Boards maintaining their position.

## Primary Care Services

Approximately 90% of all Healthcare contacts take place in the primary care setting and we recognise the ongoing challenges regarding access in Primary Care throughout the pandemic and as services resume.

The Covid-19 pandemic has necessitated new ways of working, with Primary Care providers adapting the way they offer and provide clinical services with a greater degree of flexibility to meet patient and service needs, and now as services resume, many of these changes are being taken forward where they are still appropriate. The need to maintain a safe environment for staff and patients remains paramount.

Although Wales has reverted to level 0, several measures remain in place within Health Care settings in order to protect staff and patients and it is important to recognise that this does still have an impact on patient throughput.

There continues to be ongoing workforce challenges with teams being exhausted from their continued efforts during the pandemic and also a high number of staff absence due to testing positive as COVID-19 continues to circulate in the community and restrictions ease.

### **General Medical Services**

As a Health Board we are responsible for ensuring the provision of General Medical Services (GMS) to our residents. We commission services from independent contractors and we also directly manage the provision of services in four practices where we have been unable to secure an independent contractor.

Outside of “core hours”, access to medical care is provided by our Out of Hours Service, which operates between 6.30pm and 8.00am each weekday evening and throughout weekends and Bank Holidays.

It is well rehearsed that General Practice adapted very quickly to new ways of working in response to the pandemic. With national guidance continuing to advocate *telephone first*, practices have now adopted a blended approach to patient consultations, offering both face to face and remote consultations, as appropriate. The number of face-to-face appointments is increasing, however there are challenges with this, especially in relation to managing social distancing and throughput of patients and, whilst the pandemic continues, a level of remote consultations will remain in place for those patients who would benefit from such a service. Additionally, a blended approach to consultations in the future will ensure that all patients have access to their local GP services in a way that is right for them.

The Health Care system as a whole remains under unprecedented pressure, and it remains vital that we are able to clearly gauge, articulate, understand, and influence the delivery of GP services and the impact on the wider system and vice versa.

In June 2021, we worked closely with practices and other partners including Gwent Local Medical Committee (LMC) and Aneurin Bevan Community Health Council (ABCHC) to undertake a comprehensive review of access arrangements in General Practice. This review looked at the number of clinical sessions, number of telephone lines and percentage of face-to-face consultations, per registered patient.

An in-depth review and analysis of all data captured was undertaken at practice level, alongside the access standards and other data available including A&E attendance, Urgent Primary Care, Minor Injuries and Out of Hours activity, with

individual reports prepared for each practice and also at a Neighbourhood Care Network (NCN) level, to inform directed conversations with practices and provide benchmarking information for NCN based discussions.

Following the Access Review there were immediate changes, such as doors being unlocked, changes to appointment systems and staffing rotas and the development of schemes both nationally and locally to support practices to try to meet the demand and ensure access to services for patients, in a safe and timely manner. It is clear that face-to-face consultations are increasing and practices and patients are adapting to the new blended approach to consultations.

The review has demonstrated that in many cases, practices are meeting the 1:200 benchmark for clinical sessions and yet are still unable to meet demand for a number of reasons. As part of the Restart and Recovery Programme several schemes have been developed and designed to support practices with additional capacity/resource to meet some of these pressures and to support with addressing the back log of care. These include:

- **Additional Clinical Sessions Scheme** to provide support for GP practices by funding additional Clinical sessions from December 2021 to March 2022. This is available to those practices meeting the minimum requirement of one clinical session per 200 registered patients. 61 practices are currently participating in this scheme.
- **Additional Reception Hours Scheme** to provide support for GP practices by funding additional reception hours from December 2021 to March 2022. Practices must have a minimum of 1 telephone line per 1000 patients to apply to participate in this scheme. 25 practices participated, providing an additional 917.50 hours per week (24wte).
- We commissioned **additional weekend cervical screening clinics** through the Sexual Health team, in order to support the backlog in Primary Care. Dedicated booking line for patients to ring and book appointment. 611 additional appointments have been provided to date.
- As part of the Covid-19 strategy Welsh Government issued a **National Enhanced Service for the provision of essential General Medical Services, outside of core hours**. The purpose of this Enhanced Service is to cover the provision of essential GMS to patients requesting advice, a consultation or other essential service, outside of GMS core hours. 9 practices participated during December and January, with 8 in February 2022. This has provided 113 GP equivalent sessions (approx. 1,600 appointments).
- Development of a **Care Home Ward Rounds Scheme** to fund practices to deliver weekends and/or Bank Holiday Ward rounds over the winter months. This will ensure continuity of care and has the potential to reduce demand on

both the GP Out of Hours Service and a reduction in onward referral outside of core hours. 3 practices participated with 46 ward rounds provided to date.

- £2m has been made available during this year to support **additional capacity within GMS**, with particular emphasis on winter pressures. The scheme offers reimbursement of 100% of the total cost of either additional posts upon appointment or additional hours worked by existing post holders. 26 practices participated with an additional 80 weekly GP equivalent sessions provided as a result (approx. 1,200 appointments per week)
- Commissioned a **new Local Enhanced Service (LES) to fund additional clinical sessions**. This supports an additional clinical session per week, per practice and is available to Practices meeting the minimum requirement of one clinical session per 200 registered patients. 19 practices participated with an additional 27 weekly GP equivalent sessions being provided (approx. 405 appointments per week).

### Resumption of core services

We reinstated National and Local Enhanced services from 1<sup>st</sup> April 2021 and all services resumed from the 1<sup>st</sup> October 2021. A reconciliation exercise was undertaken with all practices to ensure continuation of services previously provided.

### General Dental Services

NHS dental practices across the Health Board continue to provide dental care in accordance with Welsh Government Dental specific guidance. Dental practices are currently operating in the "Amber Phase" of the dental recovery plan and practices have been asked to implement a phased, risk-based re-establishment of dental services to meet population needs and to prioritise dental care for at-risk groups and people with urgent/essential dental needs.

Dental practices have been asked to delay routine dental checks for low-risk patients, so that they have appointment slots available for those who need urgent treatment or treatment that has been delayed. Practices will start to provide dental recalls once all urgent and essential patient needs are addressed. This will vary depending on practice capacity and patient needs.

Some types of dental treatment require the use of dental equipment that produces a fine water mist, and these procedures are called Aerosol Generating Procedures (AGPs). For practices to provide AGPs, there are robust procedures that dental practices must follow, and they are required to have the appropriate ventilation units fitted in the surgery to improve the air quality following an AGP.

A deep clean of the surgery is undertaken following an AGP and the surgery space is left dormant in order for the air particles to settle, this is known as 'fallow time'. The length of time the surgery cannot be used for is determined by the ventilation



unit. This is to ensure dental team members and patients remain safe when accessing dental care.

With these measures in place, patient throughput has been significantly reduced.

Recognising the challenges posed by Covid-19, we have continued to work collaboratively with Welsh Government, Gwent Local Dental Committee and other relevant stakeholders to develop, manage and support practices with the implementation of updated guidance and whilst patient access is a priority for the Health Board, the safety of our patients and dental teams also remains paramount.

The usual measure for dental activity is Units of Dental Activity (UDAs), however this measure has been suspended and practices have been asked to deliver their NHS GDS Contract against revised criteria.

In accordance with Welsh Government guidance, access to service provision over the last 12-18 months has increased. Practices are expected to accept and treat a number of new patients (a new patient is defined as an adult patient that has not received a banded course of treatment in the previous 24 months and a child patient that has not received a banded course of treatment in the previous 12 months) based on their annual contract value (ACV).

General Dental Services activity 2021/22 (at end February 2022) is provided in the table below:

Total number of adults seen	99,214
Total number of children seen	37,960
Total number of urgent patients seen (combined adult and children)	35,954
Total number of orthodontic claims processed	1,445 cases started

### Restart and Recovery

As part of the Restart and Recovery Programme, we have secured additional investment to address the backlog of dental care. The table below highlights the areas that investment has been made since June 2021.

Investment	Service Description	Planned Activity
£46k	Sedation: Additional weekly sessions commissioned	Up to 120 patients
£27k	OOH: Additional weekly session commissioned	Approximately 7 additional patients to be seen/week

£198k	Oral Surgery: Additional sessions commissioned	Approximately 850 additional patients to be assessed/treated
£17k	Prison Dental: Additional sessions commissioned	Approximately 169 additional patients to be seen
£163k	Access: Additional sessions commissioned to increase in-hours access and OOH access over Bank Holiday periods	Approximately 1188 additional patients to be assessed/treated
£403k	Orthodontics: Additional sessions commissioned to increase the number of patient assessments and case starts	Approximately 850 additional patients to be assessed and 247 to commence treatment
£10k	Asylum Seekers: Additional fortnightly session commissioned	Approximately 5 additional patients to be seen/week
<b>£864k</b>		

### Workforce

It is widely acknowledged that recruitment and retention within dental services, along with other service provision, has been challenging over the past 2 years. Whilst we do not directly employ General Dental Practitioners (GDP) or their team members, Welsh Government and Health Education and Improvement Wales (HEIW) are working collaboratively to scope and develop various training schemes to support trainee dentists and dental nurses.

In addition, there are 11 dental practices within our area that are accredited as part of the Dental Foundation Trainee Scheme. These practices provide placements for trainee dentists, offering them guidance, support, mentorship and hands on clinical experience in order for the trainees to complete their oral health portfolio and become accredited dentists.

### Urgent Access

Prior to Covid-19 we commissioned 157 urgent dental appointments per week, this has now increased to 300.

On average, the Dental Helpline answers approximately 400 calls per week from patients residing in our area. Patients contact the Dental Helpline to seek urgent dental care and to request contact details of dental practices. This was the same pre-Covid.

Whilst the Dental Helpline always attempts to signpost patients to practices close to where they reside, this is not always possible and as there are no boundary restrictions within dental, on occasions patients may be asked to travel to a dental practice outside of the borough they live.

It should be noted that the dedicated urgent dental service commissioned is in addition to practices providing their own urgent service. As part of current working arrangements, practices must provide urgent dental care to existing patients.

### **General Ophthalmic Services**

Optometry practices have continued to be open for urgent and essential appointments and can also provide routine sight tests to patients.

Optometry practices will prioritise and schedule patient appointments based on clinical need and presenting symptoms relative to the risk of sight loss and harm.

If patients require an urgent eye appointment or are at a higher risk of eye disease, they can access the Eye Health Examination Wales (EHEW) Scheme free of charge. Additionally, a GP or Pharmacist can also refer them to an optician that is EHEW accredited.

### **Restart and Recovery**

As part of the restart and recovery programme there has been an additional investment of approximately £67k.

We have developed a number of pathways to address the significant waiting lists in Secondary Care. Suitable patients, as determined by Ophthalmology, were referred under the following pathways up until the 31<sup>st</sup> March 2022:

- Glaucoma Open Angles – Patients with open angle glaucoma who are high risk and have been waiting a considerable time will be assessed in Primary Care
- Narrow Angle Glaucoma- Patients with a suspected narrow anterior chamber will be assessed in Primary Care
- Medical Retina – Patients with a medical retina issue will undergo a medical retina review in Primary Care
- Paediatrics – Patients who require cyclopentolate refraction (and the prescription of spectacles as necessary) will undergo this interim refraction in Primary Care.

### **Community Pharmacy Services**

During 2021-22, Community Pharmacy experienced critical challenges associated with the Covid-19 pandemic including staff sickness/well-being, shortage of professional staff, isolation of staff and social distancing. Essential services were however largely maintained, with evidence of increased activity in some cases:

- Dispensing rates increased by 1.8% with over 12.3m items being dispensed up until December 2021.
- The Emergency Medicines Service, designed to improve patient access to regularly prescribed medicines has increased by 131% with over 15,000 supplies (Apr20-Jan21)

- Influenza vaccine delivery increased by 77% with over 29,000 vaccines being delivered in community pharmacies during the 2020/21 Flu season.
- The Common Ailments Service has operated right through the pandemic utilising phone and video consultations, although rates were lower at the start of the pandemic, an increase has been seen and currently there is an increase of 43% in activity with 15,874 consultations (April 20-Jan 2021)
- Provision of Emergency Hormonal Contraception activity has increased by 11% with 3612 consultations (April 20-Jan 2021)

Other services, such as smoking cessation, supervised consumption, needle exchange, among others, are recovering well and are now approaching pre-pandemic levels. Four community pharmacies were involved in the provision of Covid-19 vaccinations to improve access for patients and support practices.

In response to the Welsh Government strategy for Community Pharmacy developed in 2021, our pharmacy team has successfully introduced 15 pharmacists delivering an extended prescriber led Common Ailments service including treatments for lower Urinary Tract infection, Impetigo and Otitis Media. Between April 2020 and December 2021, 2597 consultations have been delivered negating the need for a GP appointment. Although this is a new service, patient testimonies have been positive:

*"This is an excellent service, as well as being innovative, thorough and timely; F.... was offered an appointment within the hour and J..... prescribed the medication that F..... required. I just wanted to share with you my brief reflections as well as my thanks to J..... – I feel that this is definitely a service that warrants expansion across our boroughs."*

Access to pharmacies was maintained despite social distancing, with operating models adjusted at individual pharmacies. 27 pharmacies have taken up the Welsh Government initiative to relax pharmacy opening hours to catch up on work being undertaken and improve staff wellbeing.

In 2020/21, we published our first [Pharmaceutical Needs Assessment](#), which is a legally required document used in the planning and delivery of pharmacy services across the Health Board. This was a major piece of work including consultation with all identified stakeholders.

### **Urgent Primary Care**

Our Urgent Primary Care (UPC) Service continues to manage all Urgent Primary Care activity when General Medical Practices are closed, between 6.30pm to 8am Monday to Thursday and 24/7 at weekends and Bank Holidays. The UPC Service is staffed by a multidisciplinary team of GPs, Nurse Practitioners and non-clinical staff. Working closely with the 111 South East Hub, expanding the Multidisciplinary Team to include pharmacists and mental health practitioners.

There has been an increase in salaried GPs within the service and recruitment is ongoing, in order to improve this position and provide further stability for the service.

In addition to core services, the UPC team have also rolled out a 24/7 UPC centre at RGH and NHH eLGHS. These centres provide face to face assessment to patients who have attended ED or MIU incorrectly, or have accessed the service via 111 and the Think 111 First pathway, Monday to Friday during daytime hours.

The core UPC service has managed **86,746** patients during out of hours periods, with an additional **7,944** patients managed via UPC re-directions and **6,497** patients via the Think 111 First pathway.

The team were heavily involved in the first National Learning event for the six goals for Urgent and Emergency Care, demonstrating the work undertaken in the development of the Urgent Primary Care Centres.

### Community Services

Recognising the national issues associated with delays for patients waiting to leave hospital with domiciliary care support, it was agreed to appoint 25 WTE

**Reablement Support Workers** to increase community capacity. This was the equivalent of increasing care capacity by circa 800 hours per week. This would seek to introduce a greater onus on discharge to recover and assess, accessing Reablement in the first instance and assessing citizen's independence in their own home after a period of recovery before determining long term needs. Given the region's commitment to this approach, we committed to fund these posts on a permanent basis rather than via short term grant funding.

To date, 17 of the 25 permanent roles have been appointed to and work is ongoing to promote the remaining vacancies through recruitment events and communication with the public to encourage enthusiasm for roles in home care.

From August 2021 a **direct-admission pathway** from the community setting into community hospitals was established to support patients not requiring an acute intervention to bypass the acute system. To date, 72 patients have accessed services via this route, therefore reducing unnecessary demand on acute sites and, it is forecast, reducing the number of bed days incurred by this cohort of the population.

A **Step Closer to Home Unit** (SC2HU) has been established in St Woolos Hospital to support the discharge of patients who require an extended stay in hospital for reablement in order to achieve a safe discharge with less reliance on a package of care. The unit is Therapy/Nurse led with Clinical Governance being held by Urgent Primary Care GPs. Referrals for patients who are medically fit for discharge home are received from Hospital sites, Hospital Discharge Team and all Community Resource Teams across the Health Board area. The unit is open to all current

ABUHB hospital inpatients who meet the unit criteria regardless of the Borough they reside in.

The Unit opened on 24<sup>th</sup> January 2022 and has received 53 admissions to the end of March 2022. In that time the service assess that they have reduced demand for packages of care in 86% of cases, with 21 people admitted already in receipt of community care but with their ongoing needs reduced in 18 instances following therapy input.

### Flow Centre Pathway

Pathways for access to Rapid Response Services have been reviewed and a pilot allowing the Health Board's Flow Centre to re-direct appropriate GP referrals to medical teams in Caerphilly have been implemented. In the first two months, 33 patients were referred to the Caerphilly team, indicating potential to re-route unmet need. The pilot has been extended to Blaenau Gwent and will be reviewed during 2022/23 to determine wider roll out and resourcing implications.

### COVID-19 Vaccinations for Housebound

In addition to sustaining core services within the community, community nursing teams combined resources to undertake a significant domiciliary vaccination programme for housebound patients within Gwent. In total, it is estimated that 11,773 COVID-19 vaccinations have been administered to date within a domiciliary setting, contributing to the overall success of the programme and with a particular focus on some of the more vulnerable members of the population.

### Therapy Services

Therapy services operated flexibly; mobilised services to maintain people within their own homes, prevent hospital admission via community, domiciliary and community clinics (face to face and virtual interaction) and to maximise the in-hospital response to manage the increase in demand for both Covid related and non-covid related admissions.

Some highlights of the Therapies response and work during the past year is captured below and shows great flexibility, diversity, and innovation in service delivery and in our staff.

- Development of 6-month scoping posts commenced to **support Occupational Therapy in Occupational Health response to Long COVID** for our staff. Early information indicates that occupational therapy intervention clearly increased engagement in staff members' activity and demonstrated an increase in staff members' confidence in returning to work, demonstrating that OT intervention is cost effective and essential within Occupational Health.
- Scoping project undertaken to establish the need for **Occupational Therapy posts in Primary Care**, with two 2year fixed term posts established as a result.

- Niwrostwt Neuro Recovery College modules transferred to virtual delivery options. The Niwrostiwt is a patient supported self-management approach which supports wider learning by utilising the shared experiences to support the wider community. The Niwrostiwt forms part of the highly successful Recovery College model within **Community Neuro Rehabilitation Services**. This Virtual offer (run alongside essential face to face services) has proven successful with people who have experienced brain injury and stroke showing improved attendance and reduced DNA rates. 217 attendances during Quarter 1.
- Further development of the **MSK (Musculoskeletal) Therapies ultrasound service** with qualified Podiatrists and Physiotherapists independently scanning and providing US guided interventions. This therapies wide approach has podiatrists and physiotherapists contributing to the clinical workforce. 607 scans were undertaken in 2021-22. Key benefits include reduced referral to diagnosis and referral to treatment times, more accurate diagnosis and managing patients in the community.
- Transformational services across **Child Psychology** leading the National direction of travel towards implementing the NEST Framework across Regional Partnership Boards (RPBs). Now established as a Programme for Government for the next five years, with clear expectations for delivery sitting with Regional Partnership Boards, this is an evolution of the ICEBERG CAMHS Transformation. The key benefits include the alignment of services developed as part of the Iceberg Transformation with NEST:
  - Gwent Attachment Service
  - Helping Hands
  - C & F Community Psychology
  - Family Intervention Team
  - Intensive Positive Behavioural Support (IPBS)
  - MYST (My Support Team)
- Commenced independent prescribing within **Community Podiatry Limb at Risk Service**, pilot with primary care support for prescribing across 12 NCN practices. The benefits include timely intervention, improved patient experience and patient care and improved access to healthcare.
- **Lower Limb Wound Portal single point of referral hosted by Podiatry:**  
This is a single point of referral process which aims to:
  - stream line and simplify the referral pathways to remove variations to ensure timely access to the appropriate healthcare professional and speciality for patients with lower limb wounds and foot ulcers.
  - reduce duplication
  - work across the system, primary care & Community, Scheduled and Unscheduled Care and Family & Therapies
  - work across Specialities i.e. Diabetes, Vascular, Orthopaedics.

- Develop a Single Portal for GPs, community and primary & secondary care professionals for referral and discharge
- Development of a **CHAT Bot for procedural anxiety**. All children and young people (CYP) receive multiple vaccinations as part of the Public Health Wales programme. The impact of Covid has resulted in more vaccinations being given to CYP. Procedural anxiety, specifically, around blood tests and injections, impacts on wellbeing and can lead to treatment ruptures and a withdrawal from vaccination programmes. The CHAT Bot enables CYP and their families to engage with information and coping strategies tailored to their needs to support them when having blood tests and vaccinations. The CHAT Bot has also been utilised by Adult with Procedural anxiety.
- Development of a **multi-disciplinary recovering from illness (post Covid) pathway for children**. Clinical pathway and integrated specialist MDT Service developed to meet the complex needs of children and young people coping with the impact of Long COVID. The pathway delivers universal, targeted and specialist services in collaboration with health, education, social services and the third sector. There is scope for pathway to meet longstanding service gaps for children and young people with ME/Chronic Fatigue Syndrome, Fibromyalgia and Chronic Pain. The Health Board's pathway has been adopted as the All-Wales Approach.
- Adaptation and development of **Physiotherapy webpages** across all specialties to offer public health advice and self-management principle, providing improved access to information to enable the public to access tools and resources to manage their own condition and be aware of health promotion and prevention activities.
- Pilot of a ward-based **nutrition support worker** for orthogeriatric ward at the Royal Gwent Hospital. This provides improvements in all key metrics associated with nutrition screening and care plans, fundamentals of care and clinical outcomes, together with improved patient and staff experience.
- Replacing group education delivered to parents for a child diagnosed with a Cow's milk protein allergy with a recorded session available via closed YouTube link and comprehensive written guidance, in order to allow immediate access to an evidence based resource.
- Speech and Language Therapies utilising Virtual clinics (as part of Hybrid offer – Face to Face and virtual) to offer evidence-based interventions across clinical pathways.



## Testing and Immunisation for COVID

We have continued to work in partnership with the five Local Authorities in Gwent at a scale and pace and to a new level of public service integration in meeting the regional challenges of the global COVID-19 pandemic.

As part of the Gwent Test, Trace, Protect Service we have protected our residents by breaking chains of transmission in our communities and workplaces and we have achieved new successes, as we were confronted by Delta and Omicron Waves during 2021-22 in:

- *Population Scale Contact Tracing:* we have traced over 175,000 positive cases since the service began. And we have reached out to more than 50% of our 600,000 residents whilst making contact and providing support to quarter of a million of them.
- *Digital Innovation:* our approaches have become the basis of national policy in Wales. We used approximately 37,500 electronic tracing forms with a 62% response rate during the Omicron wave in the winter period. Continuing to protect the most vulnerable when, operationally, we were most under pressure.
- *Integration of a Specialist Workforce:* collaborating across Health Board Infection Prevention & Control, Clinicians, Public Health Specialists, Environmental Health Officers, Health Protection Specialists and Enforcement Officers we have been able to rapidly share intelligence and expertise in support of health protection.

We are maintaining a workforce for the future which will enable us to continue to protect the most vulnerable with a focus on Health and Social Care settings. We will also be ready to scale up our workforce and the level of our response as required, should there be a deterioration from a 'stable' to an 'urgent' scenario.

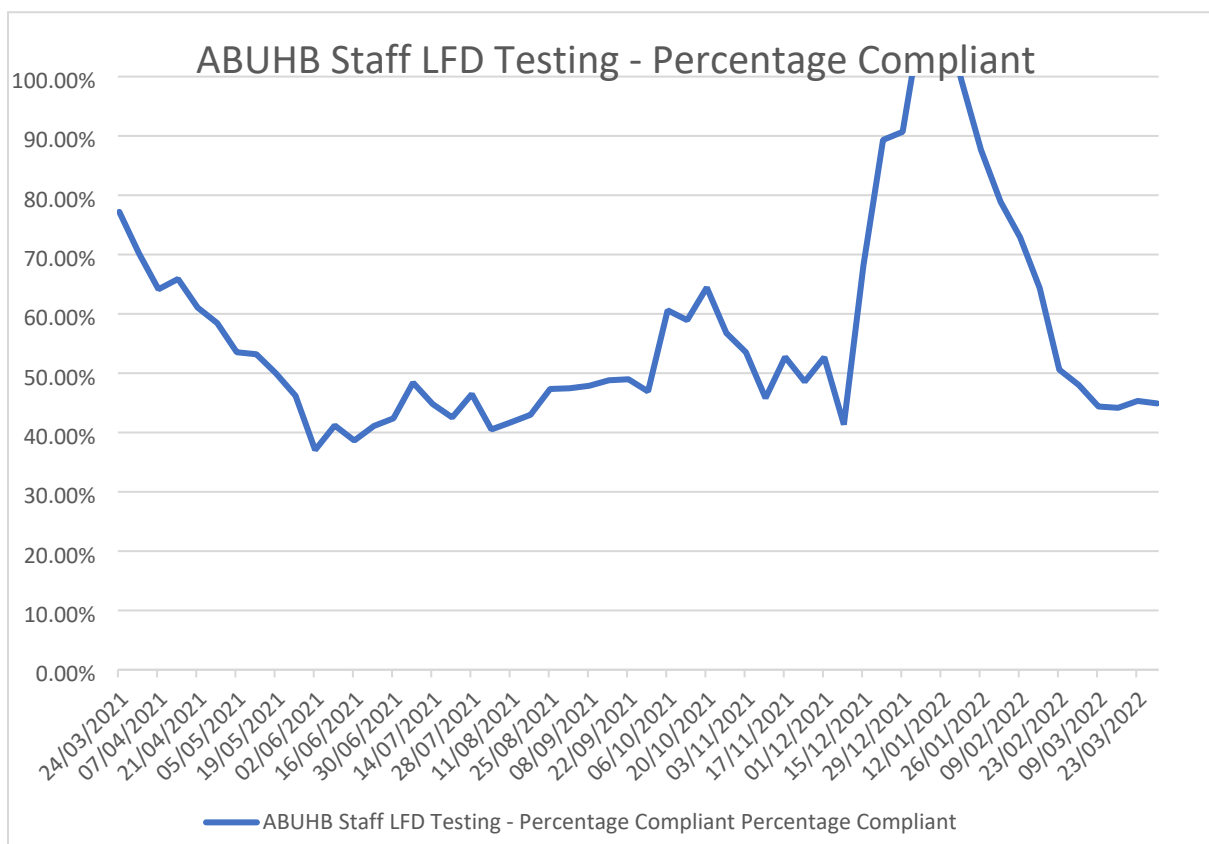
Testing is an integral component of Gwent region's ability to discharge its responsibilities set out in the Coronavirus Control Plan for Wales. The table below provides a summary of the COVID-19 PCR Tests undertaken on our residents in 2021/22.

Total Tests	1,090,006
Tests performed by PHW	263,267
Total care home tests	247,820
Care home tests performed by PHW	52,761
Total pre-operative requests	30,542

Pre-operative requests (performed by the community COVID-19 Testing Service)	22,307
In-patient tests	18,403
COVID-19 tests undertaken in the patient's own home by ABUHB testing team	11,796
Total staff LFD tests recorded through ABUHB	381,402

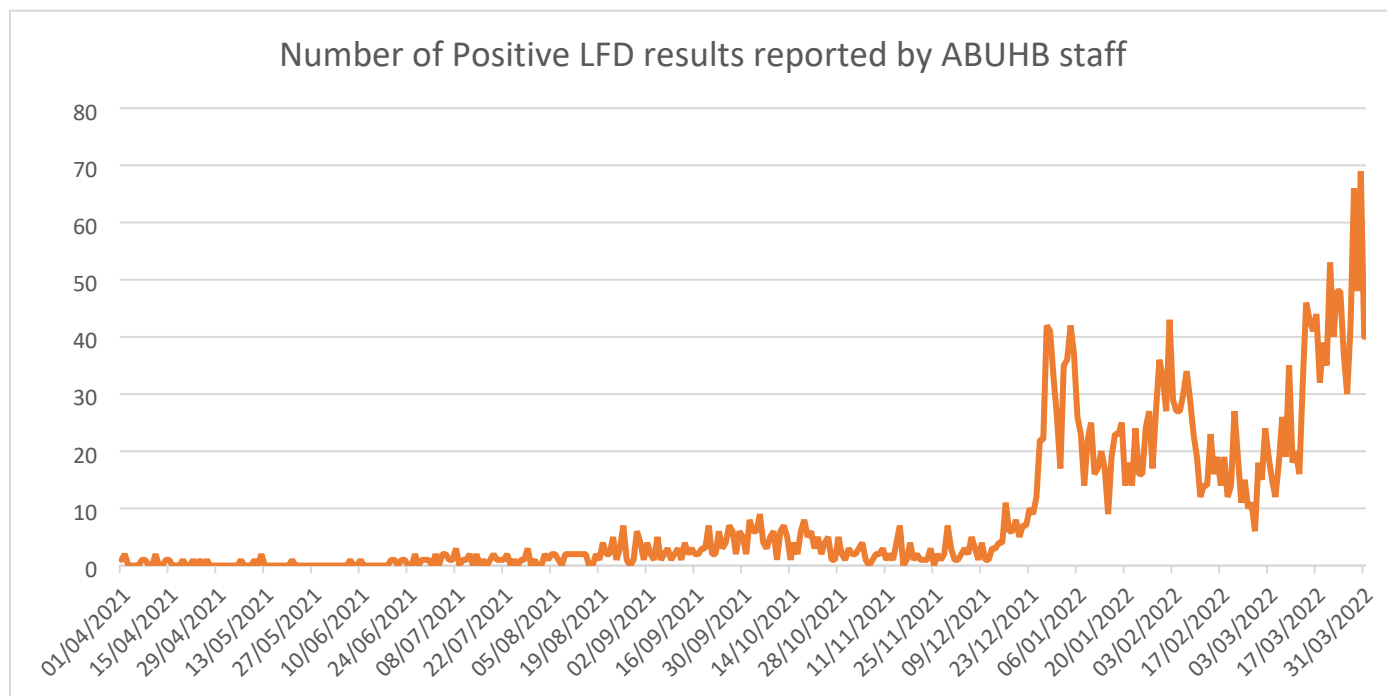
### LFD staff testing

Routine asymptomatic testing for staff using Lateral Flow Devices (LFD) has played a crucial part in the last year to reduce the risk of transmission amongst staff. In light of the Omicron variant, we took the decision to increase testing, so all staff were advised to test prior to each shift. The graph below highlights the change in protocol which resulted in compliance remaining over 80 percent during the peak of Omicron in January 2022.



The total number of LFDs reported by staff from 1<sup>st</sup> April 2021 – 31<sup>st</sup> March 2022 is 381,402 with 3,063 positive results recorded.

Note the increase in positivity on the graph below, this reflects the change in national guidance where restrictions were lifted and prevalence of Covid remained high.



**Point of Care Testing** (POCT) plays an integral role in aiding patient flow whilst being admitted to hospital.

Understanding the COVID-19 status of our patients as they are admitted into hospital is vital. It allows us to protect staff, patients and services. Rapid POCT Covid testing allows the rapid assessment and safe movement of patients through the Health Board. We have 7 Roche Liat devices and 14 Abbott ID Now machines to process these tests. These devices are heavily used within the emergency department and other areas across all eLGH sites. The table below illustrates the total number of Covid tests carried out using these two point of care testing platforms.

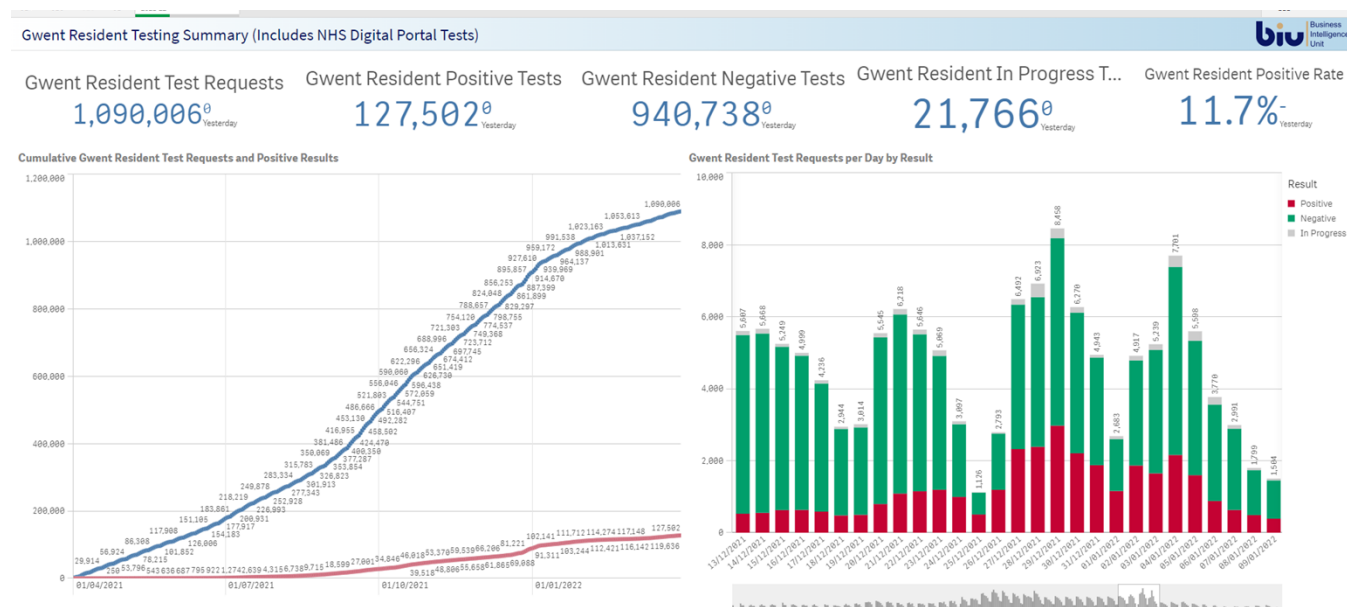
	Number of tests performed	Total number of positives
<b>Abbott ID now</b>	10,752	531
<b>Roche Liat</b>	11,851	488

#### **Gwent resident testing summary from April 1<sup>st</sup> 2021 – 31<sup>st</sup> March 2022**

The graph below shows the quantity of COVID-19 tests undertaken on Gwent residents over the past year, alongside the percentage positivity. When COVID-19 testing first began there was limited laboratory capacity and testing was targeted to ensure health board and partner organisation staff could safely return to work.

As laboratory capacity increased, we were able to deploy a number of mobile testing units across the Gwent area to provide accessible access to testing. Testing peaked

for Gwent residents on 29<sup>th</sup> December 2021 during the peak of Omicron. The positively rate at that time was 35.2% with 2,977 testing positive out of 8,458.



## Turnaround times for ABUHB samples

The table below shows the time taken for COVID-19 samples to be processed, from arriving at the laboratory to having a result. A large proportion of people tested in Gwent will now routinely have the result within 24 hours of their test. This underpins our ability to rapidly react to outbreak clusters and safely manage community transmission especially in reference to variants of concern. Utilising our own reactive transport service in house we can ensure samples are processed faster now than at any point during the pandemic.

ABUHB COVID-19 Samples processed within PHW laboratories			
From received to authorised	30/03/2020	30/03/2021	30/03/2022
Tested within 12 hours	16%	57%	57%
Tested within 24 hours	39%	92%	98%
Tested within 48 hours	81%	100%	100%

COVID-19 Samples processed within ABUHB laboratories			
From received to authorised	23/11/2020	29/03/2021	31/03/2022
Tested within 12 hours	20%	51%	28 %
Tested within 24 hours	32%	95%	74%
Tested within 48 hours	92%	100%	100 %

The turnaround times within the Health Board has declined over recent months due to significant downtime on one of the testing platforms. Microbiology has recently validated a new platform which will provide additional testing capacity in house and improve turnaround times.

Microbiology in the Health Board and Public Health Wales continue to work in partnership to support Covid testing for Gwent residents.

### **Inpatient twice weekly asymptomatic testing**

Over the last year the Testing Team has delivered two services within our hospitals - routine swabbing and reactive support. We provided a complete twice weekly COVID-19 inpatient testing service on four hospital sites. This system removed pressure on frontline staff, reduced nosocomial transmission and supported patient flow/discharge of patients. This enhanced phlebotomy style service ensured everyone was offered a test.

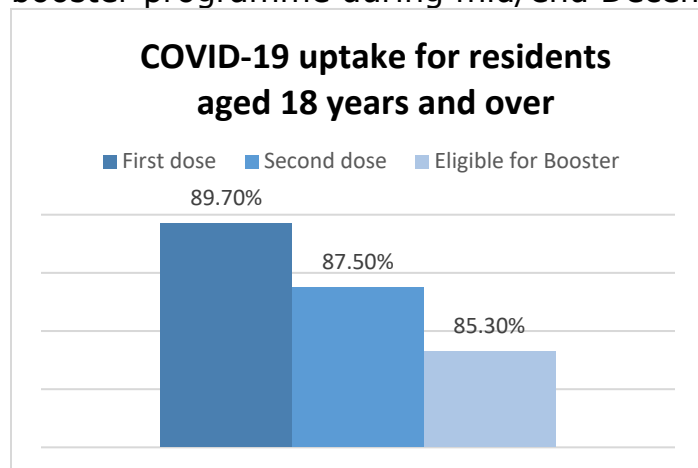
In response to demand decrease Ysbytty Ystrad Fawr Hospital (YYF) moved to once weekly testing at the end of February as a pilot to monitor outbreak transmission before implementing changes across all sites.

Changes in national guidance in March 2022 has now removed routine asymptomatic testing for all inpatients unless they become symptomatic or become part of outbreak incident management.

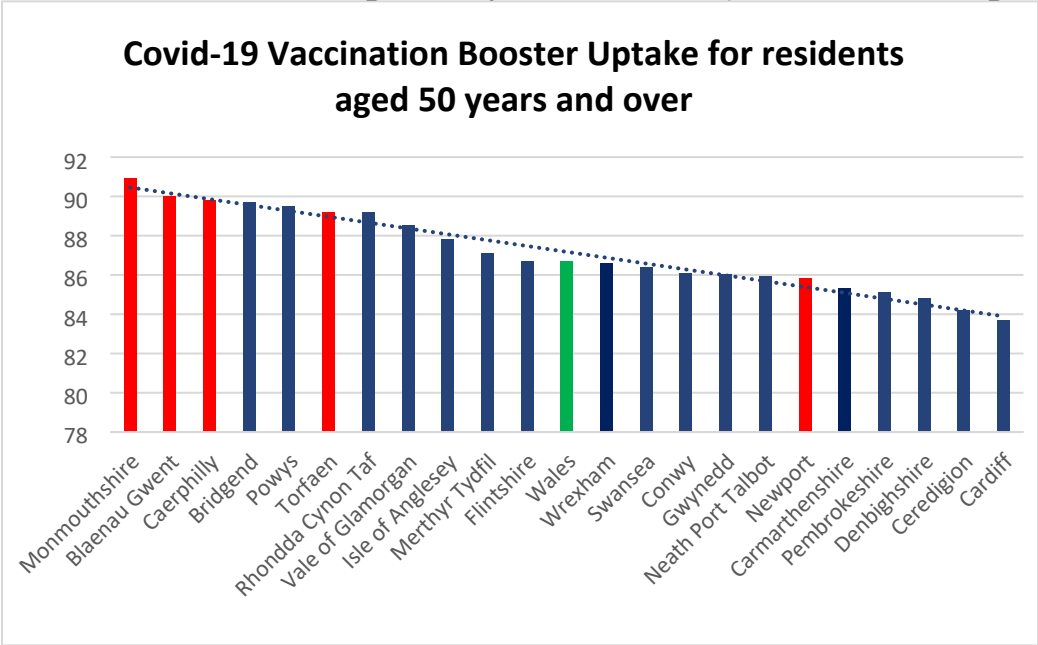
### **Progress against Mass Vaccination Programme**

The Mass Vaccination Programme has delivered vaccination to the population in line with JCVI and WG guidance, commencing with phase 1 of the programme on 8<sup>th</sup> December 2020, offering vaccinations to initially the most vulnerable of the population. This has been followed with the offering of first, second and booster dose for residents aged 12 years and over living our area. The programme also offers vaccination to 5-11 year olds in line with WG advice.

As of 6<sup>th</sup> March, the phenomenally successful programme has delivered 1,312,335 vaccines, with 100,285 of these being delivered in 14 days during the accelerated booster programme during mid/end December.



Our programme has a strong leaving nobody behind strategy to narrow inequalities in uptake and continues to achieve high coverage rates with four of the five local authority areas in our area having the six highest uptake rates for booster doses for those aged 50 years and over, as seen in the graph below.



**Staff Flu Vaccination Programme**

Welsh Health Circular 2021-019 sets out an ambition to achieve a minimum of 80% staff flu vaccine uptake and a vaccination offer of 100% for 2021-22.

In 2020-21, the staff flu immunisation target was 75%. In our Health Board, the number of staff vaccinated at the end of the season was 9190, which was 66.4% of all staff and an increase by 5.4% in comparison to the 2019-20 season uptake (61%).

To achieve the ambitious target of 80% uptake, our staff flu vaccination plan 2021-22 was developed with a great deal of focus on engagement and communication with the staff to motivate and encourage them to take up flu vaccine. As in previous years, the delivery model was through peer immunisers, with the addition of the offer of a flu vaccine to staff when they attend a mass vaccination centre for their COVID booster vaccine.

In the 2021-22 season, we had about 500 flu champions. They are voluntary peer vaccinators, who engage with their colleagues to offer flu vaccine in both clinical and non-clinical areas. We had an incentive scheme for 'Flu Champions' in recognition of their efforts to promote and administer the vaccination. All divisions nominated a Flu Champion from their division to receive a Flu Voucher.

We have eight Divisional Flu Leads (DFL), one for each division. They take ownership for the planning, co-ordination and monitoring of how the division will meet its flu target.

As in previous seasons, Occupational Health planned to offer flu vaccination appointments for staff throughout the season and arrange clinics in areas that were not supported by flu champions.

However, this year due to pressures on staff, especially during the emergence of the Omicron variant, staff found it difficult to find the time to vaccinate. This was compounded with redeployment, high sickness levels and restricted movement around sites. Post-Christmas the programme was effectively relaunched to try to make up lost ground. Despite best efforts employees were generally unresponsive to all attempts to try to administer the vaccine. The general feeling was that employees didn't want "another" vaccine and the timing was perceived as late and wasn't worth having.

Despite these debilitating factors the Staff Flu Programme has achieved a 58% (8216 employees) vaccination rate. This places the Health Board 4<sup>th</sup> overall when compared to other health boards in Wales.

### **Community Flu Programme**

Seasonal flu action plans were implemented in primary care (including care homes), primary and secondary schools and for Health Board staff. The Primary Care and Community Service Division provided oversight and support through a Community Flu Group. A campaign to increase staff uptake was launched mid-September involving Flu champions. The Neighbourhood Care Networks delivered a number of cluster based initiative to increase uptake. After the December booster programme a targeting health visiting interventions was undertaken to increase uptake among 2 and 3 years olds following the CMO letter highlighting concerns about co-circulation of influenza and Covid-19. As at 29<sup>th</sup> March 2022 the flu vaccination uptake in the health board area among those 65 years and older and in clinical risk groups aged 6 months to 64 years was the highest in Wales at 80% and 53.6% respectively. Uptake among 2 and 3 year olds was 50.3% which is higher than the All Wales average of 47.6% (see table below).

### Summary by Health Board and Local Authority (29mar2022)

		Children 2 to 3 years			Clinical risk 6m to 64y			65y and older		
		Denomin ator	Immunis ed	Uptake (%)	Denomin ator	Immunis ed	Uptake (%)	Denomin ator	Immunis ed	Uptake (%)
Aneurin Bevan UHB	Blaenau Gwent	1,528	833	54.5%	11,515	6,044	52.5%	14,432	11,041	76.5%
	Caerphilly	3,824	1,894	49.5%	27,300	13,938	51.1%	37,334	29,232	78.3%
	Monmouthshire	1,760	1,191	67.7%	13,171	8,314	63.1%	25,864	22,111	85.5%
	Newport	3,909	1,810	46.3%	22,138	11,597	52.4%	27,295	21,536	78.9%
	Torfaen	2,036	846	41.6%	14,769	7,767	52.6%	19,924	15,926	79.9%
	AB Total	13,057	6,574	50.3%	88,893	47,660	53.6%	124,849	99,846	80.0%
Wales	Wales	64,714	30,847	47.7%	444,742	214,271	48.2%	687,337	536,106	78.0%

## Infection Prevention and Control

From May 2021, the number of patients with Covid in hospital started to reduce until September 2021, when cases began to rise again peaking in January 2022. At the end of January 2022, there was a requirement for additional red capacity to be established on the Royal Gwent Hospital site to cope with inpatient demand. In March 2022, the Health Board was in a much better position and red pathways returned to single room hospital sites only (Ysbyty Ystrad Fawr and Ysbyty Aneurin Bevan).

The number of patients requiring critical care and high-level respiratory care has been significantly lower during the Omicron surge than in the previous surges.

### Covid-19 Outbreaks

An outbreak, as defined by Public Health Wales is 2 or more cases occurring in the same ward environment, within a specific time period and is a notifiable incident. The ongoing community transmission is inextricably linked to hospital acquired cases.

At its highest point in February 2022, 16 wards across the Health Board were affected and closed due to outbreaks of Covid-19 placing significant pressure on bed capacity, workforce, and staff wellbeing.

The number of wards impacted has undoubtedly affected patient flow with varying numbers of beds lost due to ward closures. The IPC team, together with microbiology provide advice and guidance on management, considering whole system risk. In some instances, patient experience has been impacted by multiple inter-ward and hospital transfers to ensure they are cared for on the appropriate Covid pathway. Occasionally, this has resulted in patients being cared for in a different speciality to their initial clinical presentation.

Pragmatic decision making has been implemented for Mental Health wards and acute services to mitigate risks to patient experience and inpatient capacity. These have included reducing the ward closure time from the date of the last identified case from 14 to 10 days, for example.



Outbreak investigations have identified that in the majority the index case has been an asymptomatic individual, in order to mitigate this risk, all inpatients were PCR tested every 5 days and all staff are requested to undertake a pre-shift LFD test every day. This strategy meant increased identification of asymptomatic patients and staff and has therefore led to increased outbreak reporting. However, the early identification of these outbreaks has meant that outbreak measures, including daily LFD tests, are started earlier reducing further transmission and allowing earlier re-opening of wards.

Continual use of PPE, sickness and absence coupled with ever changing guidance around isolation and testing requirements has impacted on establishment and staff wellbeing. To maintain patient flow, wards have rapidly switched pathways or moved to create additional capacity and manage whole system risks. Staff have embraced the challenge against the backdrop of managing extremis sickness absence and staffing deficits.

### **Redesign of local estate to deliver safe services during COVID**

All outpatient facilities were assessed by Health and Safety, infection control, and nursing teams, to establish the correct pathways for patients attending face to face clinics (as can be appreciated initially a lot of face to face clinics ceased, and increased non face to face processes were put in place).

This assessment ensured that the clinic areas adhered to the two metre social distancing rules, and waiting areas were marked out accordingly, and chairs removed and/or marked up that they could not be used and gave the Health Board the ability to manage the activity through the waiting rooms and onto the clinic rooms. In addition, depending on the layout and size of waiting areas in clinics, additional cover ways were placed outside a couple of the clinic locations, to help with keeping people safe while waiting.

After the initial wave of Covid 19, the two-metre ruling was decreased to one metre in a number of clinic areas – commencing in Royal Gwent Hospital in June 2021. Screens were erected in waiting rooms to give added protection with cleaning down rules applied. This would have doubled the activity to those clinic areas. Not all areas would have been suitable due to layout of clinics and overall space.

### **Delivery of Essential Services**

We continue to monitor closely the implementation of the prioritisation framework. Elective activity undertaken is defined by the clinical prioritisation of the patient, rather than a time-based approach, this enables timely care for the most urgent patients and clinically led decision making. This will have an impact on Referral to Treatment Time (RTT) waits in some services.

# Outpatient Services

Services have embraced new ways of working due to COVID-19, especially within outpatient services, where the focus has been on virtual clinics and reviews and office-based decisions. The key aim of our Outpatient Transformation Programme is to improve the patient experience and ensure the patient is central to the transformational work.

## “My Medical Record”

The Urology Service is leading a project to utilise a patient platform for use with patients who are in a stable condition, where their prostate specific antigen (PSA) results can be reviewed by both the patient and the clinical team. This means that patients do not need to attend clinic unless required. This type of process will also be considered for other patient conditions in the future.

An “advice only” process introduced into the Health Board in 2020-21 has meant that, following a referral where appropriate written advice has been provided swiftly to the GP, the patient isn’t required to be seen in clinic or in a non-face-to-face consultation. Figures are below:

Mid 2020 to 2021	4,882 patients
2021 to 2022	8,767 patients
2022/23 to date	336 patients
<b>TOTAL</b>	<b>13,985 patients</b>

Other areas of focus have been around identifying other ways to manage patients appropriately, e.g. SoS (See on Symptom) and PIFU (Patient Initiated Follow-ups), non-face to face consultations. The current status is as follows:

Area of Focus and Target	Family and Therapies	Medicine	Scheduled Care	Mental Health	TOTAL
<b>Virtual Activity (35%)</b>	27.39% New 20.22 % FU	44.86% New 50.50% FU	17.91% New 26.80% FU	65.41% New 33.76% FU	<b>25.45% New 32.08% FU</b>
<b>SoS and PIFU (20% target)</b>	22.8%	9.6%	5.5%	0	<b>9.2%</b>

Specialities’ Outpatient Delivery Plans have concentrated on modernising and transforming pathways within their services, as well as ensuring that outpatient capacity is utilised for those patients most at risk. Further detailed work is underway working with clinical teams to link the demand and capacity plans for 2022/23 to those patient conditions most at risk, thus helping to reduce harm to patients. We are currently prioritising patients as follows:

- Cancer, suspected cancer, and urgent, for new outpatients (R1 for ophthalmology) for all surgical and non-surgical specialities including therapies;
- Suspected cancer, urgent and routine for diagnostics (due to the number of cancer cases that arise from routine tests);
- New urgent and routine outpatients over 52 weeks;
- Patients waiting for a new outpatient appointment over 104 weeks to be reviewed;
- 100% delayed Follow-up outpatients .

We are also risk stratifying patients in a number of specialties, for example:

- PROMS in Neurology, COTE, Respiratory
- Gastroenterology – PROMS for Hepatology and Alcohol Liaison.
- Triage of patients within Paediatrics (patients reclassified where appropriate), Dietetics, Physiotherapy and some orthopaedics.
- Reviewing paediatric orthopaedic patients.

In addition, we have contacted patients who are waiting over 52 weeks for a new outpatient appointment to establish whether they still require the appointment, for example their condition may have resolved or they have been seen elsewhere. Patients who wish to remain on the list also complete questions in relation to their condition, and clinical reviews are being planned to review their outcomes (this latter part of the process will be an ongoing plan). The process has also been undertaken for patients who are waiting 36-52 weeks and a process has also commenced with selected follow-up outpatient waiting lists, with the aim of determining if the appointment is still required. These processes enable us to cleanse our waiting lists and use our capacity for patients who need the appointment.

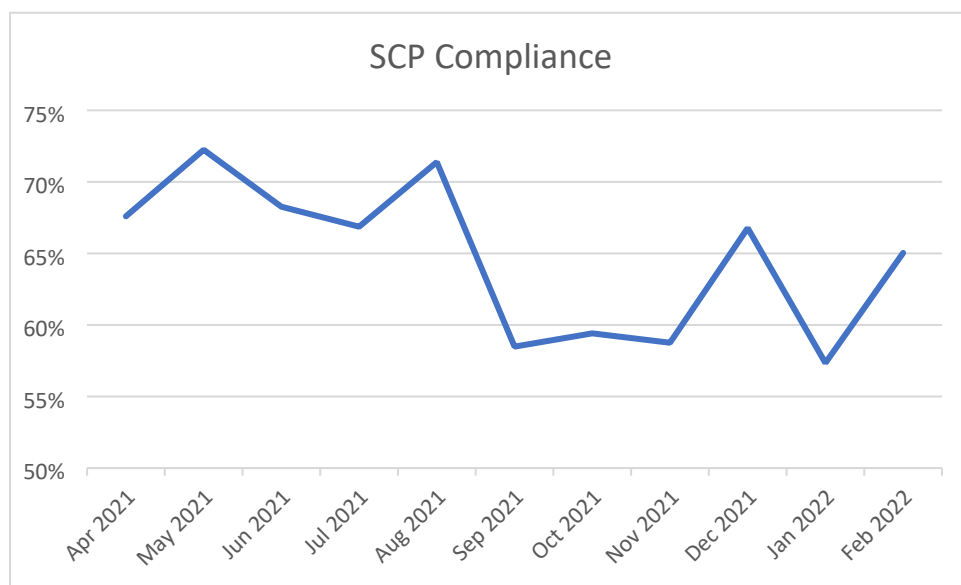
## **Cancer Services**

Cancer services continued to experience considerable challenges in 2021/22 as the result of fluctuations in operational capacity resulting from the changing COVID-19 pandemic. Despite these challenges, the diagnostic and treatment pathways continued to be delivered with innovation and development in many specialties to help improve access and experience for cancer patients.

The implementation of the Single Cancer Pathway in 2020 continues to ensure that patients are receiving equitable access to services and is a prompt for continuous improvement for experience and the accessing of diagnostic services and treatment.

Following a year of suppressed demand, March 2021 saw a rapid increase in referrals, returning the referral rates to expected ranges and beyond. This demand was sustained throughout the year, irrespective of changes in the COVID environment which is very encouraging. For most specialties, 2021 set new records for the numbers of referrals received. Managing this level of demand within the ongoing pandemic has been a challenge and innovation has been required to ensure patients are receiving diagnostic tests in the fastest possible manner.

Achieving the 62 day suspicion to treatment cancer target remains the primary focus for cancer services. In the past financial year we did not achieve the 75% pass threshold, despite promising signs in May and August. Performance in the latter part of the year was particularly impacted by spikes in demand, combined with periods of high staff absenteeism as a result of COVID-19. Services are working to address the capacity mismatch whilst also balancing recovery or routine services.



The recovery of the cancer waiting lists will be a key priority for 2022/23. This will be achieved with a focus on improving access times to first appointments and wait times for diagnostic services. This in turn will play a vital role in improving the compliance rates to the 75% pass threshold. This improvement work is being supported by newly developed innovations in referral software and Artificial Intelligence planning tools, which will support services in sustaining sufficient capacity.

Cancer Services are working closely with the Delivery Unit and the Cancer Board to provide the operational infrastructure necessary to support in the sustainability of diagnostic capacity. The opening of the new Breast Cancer Unit in Ybytty Ystrad Fawr will play an important role in improving access and patient experience for all breast cancer referrals, with innovative recruitment plans being considered to address the current staffing challenges.

Development plans for the Nevill Hall Cancer Centre are progressing at pace with a collective emphasis on improving patient experience and access for our community. Following the approval in October for substantive funding for the Rapid Diagnostic Cancer Service, expansion plans are underway which will see the service running from both Nevill Hall and the Royal Gwent Hospitals.

### **General Surgery**

The General Surgery Directorate has continued to prioritise care and treatment for those suspected of or experiencing cancer. Delivering a robust service remains challenging with every effort made to ensure patients are diagnosed and treated in a timely manner.

The Upper GI Suspected Cancer pathway treatment target of 62 days averaged 58% over the previous year with confirmed cancers treated by our partner Health Board Cardiff and Vale. Our patients on average currently wait just 14 days from referral to the service to consultant outpatient appointment.

Colorectal compliance averaged 42.4% for the previous year as a result of a significant increase in referrals. July 2021 saw the highest number of recorded referrals with a 46% increase on pre pandemic averages.

This sustained demand has challenged the service to introduce new ways of working, from increasing virtual appointments, the expansion of the Straight to Test Service and the restructuring of the Multi Disciplinary Team. Diagnostics and treatment remains a constraint to improvement, however the outsourcing of endoscopy and the Directorate's ongoing work to maximise theatre capacity should translate into quicker access to services for patients in the coming year.

The Breast Service averaged 60% compliance in 2021/22, again referral rates reached an unsurpassed level with referrals 47% higher in September 2021 than pre pandemic. In conjunction with high demand the service was also affected by a reduction in activity due to staff absence and the challenges in recruiting suitably qualified and experienced radiologists.

However, in January 2022, two new Consultant Breast Surgeons were appointed to the team, adding much needed capacity to the service. Recent adjustments have also been made to the Breast Radiologists job plans that should aid in the timely care of patients with further Radiologist recruitment underway. The planned opening of the Unified Breast Unit at Ysbytty Ystrad Fawr in early Summer 2023 will offer a breast cancer centre of excellence which will further improve patient care, experience and outcomes.

### ***Urology***

All referrals are clinically triaged against nationally agreed criteria. Plans are in place to increase access to 1 stop Haematuria appointments from 30 per week to 50, due to increase in demand, from w/c 6 June 2022. Waits were in excess of 25 days. It is anticipated this will reduce length of wait to below 1 week.

As per the optimal pathways, the straight to MpMRI service for suspected prostate cancer will be implemented following recruitment of additional Uro-Onc Clinical Nurse Specialist. This will significantly reduce the time to diagnosis for prostate patients which is currently the biggest contributor to breaches. This work is planned for implementation in July.

By streamlining the front end of these pathways and with these improvements it is likely that performance compliance will increase to 70%-75%.

### ***Head and Neck***

Following a period of suppressed demand throughout 2020, referrals increased considerably in March 2021 and this increase was sustained throughout the year. Despite this increase, referral rates remains around 10% below that of pre pandemic rates which is a cause for concern. The service did not achieve the 75% pass threshold in the year, however considerable improvements were observed in November and December. Pressures seen on urgent care services have had a

considerable impact on the Head and Neck Cancer Service due to the requirement for bed space at the Grange University Hospital. The coming year includes plans to relocate diagnostic services from GUH which will improve bed capacity and access for suspected cancer patients. Further outpatient capacity is also being released for suspected cancers which will improve the early access for patients.

## **Eye Care**

Eye care measures were developed to ensure that follow up patients are given appropriate priority alongside new patients. The measures require every ophthalmic patient to be allocated a clinically determined target date for next clinical event and a category of clinical priority based on the risk of irreversible adverse outcome associated with their clinical condition(s). These risk/priority categories are:

- R1: Risk of irreversible harm / significant patient adverse outcome if patient target date is missed.
- R2: Risk of reversible harm / adverse outcome if patient target date is missed.
- R3: No risk of significant harm.

During the Pandemic only R1 patients were seen face to face in clinic. Numbers in clinic were reduced due to social distancing requirements and the absence of several consultant staff due to shielding. Subsequently approved funding to address this problem in the Wet AMD service i.e. delayed follow up appointments leading to serious incidents due to patients being left with permanent sight loss which has enabled the Health Board to implement new ways of working though the recruitment and training of nurse injectors and increase capacity though additional clinics on peripheral hospitals. The directorate also has plans to increase the number of injectors through the training of optometrists.

## **Implementing Royal College of Surgeons risk stratification**

The Royal College of Surgeons (RCS) introduced guidance on how and what pathways should be prioritised. Changes to incorporate the agreed RCS risk prioritisation on the national Welsh Patient Administration System (WPAS) has enabled services to apply a risk code of P2, P3 or P4 to those patients waiting for treatment on an inpatient or daycase waiting list with P2 being the highest risk.

Waiting lists for all surgical specialities were reviewed by consultants in accordance with RCS criteria and each patient was allocated the appropriate priority. Processes have been implemented to ensure that all patients being added to the treatment waiting list are prioritised on addition. Additionally, processes have been established for any GP requests for priority reviews to be undertaken amended where appropriate.

Capacity is planned and focused on treating those patients where they have been prioritised as being most at risk from harm. As part of the risk stratification process, patients must be re-assessed when they reach the priority target date.

Current overall compliance of a risk priority applied to the inpatient and daycase waiting lists is 93% with 9% being prioritised as P2.

**Routine Elective Services**

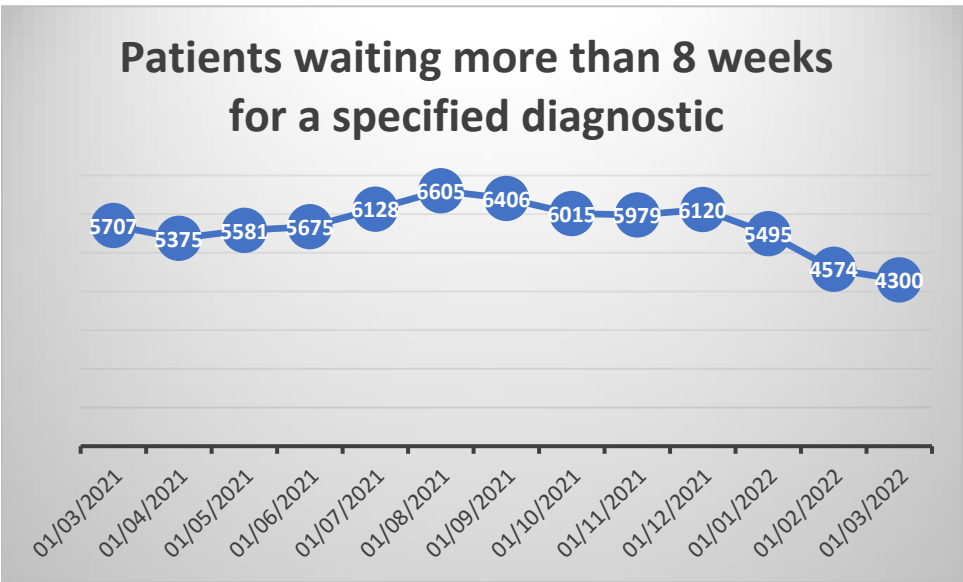
Operational divisions and support teams have worked collaboratively to restart services wherever possible, embracing new ways of working to maximise capacity and treat those at greatest risk. The Elective treatment plans are evolving with capacity gradually improving as the requirement for Theatre staff to support both wards and Critical Care diminishes. In addition, the Scheduled Care Division has introduced a number of measures to support the management of a “green” pathway across our hospital sites. These measures protect some treatment capacity, but as national restrictions change over the next couple of months, these are likely to be reviewed to maintain this protection.

End of Year data to be included

**Diagnostic Services**

Service capacity is gradually increasing for all patients, although the backlog in patients needing to be seen and consequently requiring diagnostics is putting pressure on the services. The over 8-week position decreased in March 2022.

With the early opening of the Grange University Hospital in November 2020, the Radiology Directorate gained elective scanning capacity and with further help from private provider we have been able to largely address backlog and in actual has improve on access/turnaround for routine diagnostic investigations.





## Mental Health Services

Demand for Mental Health services are predicted to increase as a result of the pandemic and over the period there has been an increase in demand presenting to primary care. During this period the Health Board has developed a range of excellent community based resources to support individuals to help themselves without need of a referral through our Foundation Tier and the development of the MELO website.

During 2021 the Health Board has successfully continued to develop a brand new workforce to enable primary care to better meet mental health demand with the development of Psychological Wellbeing Practitioners (PWP) based around Neighbourhood Care Networks. The introduction of the PWP service was prioritised in order to support GP practices with appropriate capacity and expertise for those patients whose mental health needs could be more prudently met by allied healthcare providers. Linking these mental health professionals directly to practices, as part of the primary care team, was considered important in order to fully embed these roles and make it easier for people to access the care they require, when and where they require it. While referrals into the Primary Care Mental Health Support Services has returned to pre-pandemic levels, PWPs are now undertaking around 1400 assessments a month suggesting that this service is making a significant contribution to helping to meet increased demand.

All mental health services continued to be provided across the full range of adult and older adult mental health service throughout the pandemic with the majority of services continuing to provide face to face services throughout the last year. However a number of services adopted a hybrid model of face to face and virtual services, providing more choice to patients on how they can be seen.

Within our Primary Care Mental Health Services (PCMHS) around 70% of all activity is still being delivered virtually. A range of group interventions have also been developed and delivered virtually in PCMHS and Psychology. It is likely that moving forward the virtual offer will become part of a hybrid model of service delivery for many services, dependent on patient and service needs.

The pandemic has provided workforce and service delivery challenges which has led to growing waiting times in a number of specialties and Primary Care Mental Health Service Interventions have been particularly impacted. Plans were developed to commission additional counselling capacity but the commissioned providers have also faced the same workforce challenges and the reduction in the waiting list has been much less than had been planned. Further plans are being developed for 2022/23 to reduce waiting times to enable national targets to be achieved over the next year.

Over the last twelve months the Health Board has made significant improvements to the crisis pathway to provide a range of alternatives to admission, including the development of a Sanctuary service, the opening of a crisis support house and the



extension of Shared Lives across the whole of the Health Board. Each of these services has made an important contribution in managing demand for inpatient beds during the Omicron variant peak and associated pressures on our inpatient services and workforce.

A few of the highlights from Mental Health services are outlined in more detail below.

**MHLD 'Sanctuary in ED' service** was launched in December 2021, with funding available until early summer 2022. Peer Support Workers attend in the Emergency Department (ED) at GUH, Thursday to Sunday, between 4pm and Midnight. They provide support and information to individuals presenting in emotional distress. The outcomes are anticipated to reduce the number of patients leaving before assessment due to long waiting times and to improve the quality of information and support being received by patient requesting/ requiring mental health support. **92 patients have been supported through this service to date and feedback from patients, ED staff and peer mentors has been really positive.**

**Tŷ Cynnal**, our **Crisis Support House** for Gwent, opened its doors to service users in December 2021. Guests in Mental Health Crisis, for who this option is identified as safe and appropriate, stay for up to 14 days, as an alternative to an inpatient acute ward stay. Additional practical support is provided during the stay, with our Divisional Housing Team and other Partners such as Citizens Advice.

**The house has hosted 13 people experiencing mental health crisis during December and January.** Constructive and positive feedback has been received. A family member of one guest said *"I cannot thank you enough for your support - I feel that the house stay saved their life."*

Our **Shared Lives** service continues to expand. A collaborative service with Local Authorities, where Service Users, who are assessed as safe and appropriate for this option, stay with host families, in the family's home. **To date 86 individuals have stayed with host families**, their stays an alternative to inpatient acute ward.

The average length of stay with families is currently 13 days. 81% of users are reporting a reliable improvement in their ongoing recovery from stays. The service receives professional and general media recognition. WHO (World Health Organisation) had a recent article focus and the latest feature locally has been by Stacey Dooley, who visited a host household with longer term Guests. This is still available to [download from BBC Sounds](#)

### **Celebration of Professions: Nurse Mental Health Nurses Day – 21/02/2022**

This was proactively recognised and celebrated. Corporate Nursing gifted a beautiful poem, to our Mental Health Nurses, written by Tanya Strange. Covid safe activities were held virtually and on wards within pandemic guidance. The Wards held collaborative activities with patients, such as coffee and cake and **Elvis was in the building** in person 'twice' sharing a little music and joy on St Cadocs Wards to celebrate.

## **Wellbeing Collaboration – for Colleagues and Service Users**

The 'Window On the World Project' is underway. An 'Arts In Health' collaboration between MHL D & GARTH, the project is delivered with artists from Llantarnam Grange Arts Centre. This project is focussed on patient and staff wellbeing, by enhancing the corridor environments in St Cadoc's hospital with large prints reproduced from original artwork made by patients and staff in on-ward and drop-in sessions this spring. All staff and site users are encouraged to take part, and the 'picture windows' created will be printed onto sustainable anti-microbial foam board for the corridor areas in St Cadocs Hospital. It is open for contribution by all colleagues and service users who visit site.

Sessions to create artwork have taken place on wards and staff drop-ins (in safe guidance) and will continue through March and April. There are some really lovely windows so far. A key outcome from this is also around the wellbeing experienced in taking part. Feedback so far indicates people have enjoyed this activity, service users and colleagues together. Participants so far have said it made them feel 'relaxed' 'happy' they described it as 'fun' 'not scary' 'mindful' 'nice to spend time doing something different with others' respondents so far have rated it a 5star experience.

The Mental Health and Learning Disabilities division have also supported the well being of colleagues.

Developed in response to the demand to psychologically prepare and protect the NHS workforce during the COVID-19 pandemic, the **Psych PPE©** approach is focused on promoting staff wellbeing allowing individuals to construct their own personalised self-care plan and practices to protect their wellbeing. The initiative has been funded through Covid Recovery money to take forward in the Mental Health and Learning Disabilities Division. To date, this has enabled two 'PsychPPE© - Train the Trainer' workshops to be held with 25 colleagues attending. The programme has now established a cohort of trained Wellbeing Co-ordinators and these will be facilitating a series of workshops with staff to cascade this approach to self help and wellbeing across the Mental Health & LD Division.

We have also been successful in securing funding for the **Project Wingman Well-Being Bus** and flight crews are planning to attend sites in early summer.

Project Wingman crews visited MHL D in the initial phase of pandemic. They are a charity, supporting wellbeing in NHS Workforce. A group of volunteers of current and former aircrew from all corners of aviation, they offer NHS staff first class airline cabin treatment in a luxury space where they can rest and recharge.

We have some estate challenges and are delighted that this crew now have a mobile lounge available for use. It is a specially converted and fully branded double decker bus, with a pop up garden. It provides a relaxed, informal and versatile space in which to offer the service.

The buses are limited and in great demand across the UK. We are the first to secure a visit in Wales. MHLDD will lead in the activity and align other wellbeing opportunities with the visits. The visit is anticipated to take place in July, the bus will remain on our Health Board sites for use over 2 weeks.

### Patient Experience: Listening and Learning from feedback

People's experience during COVID-19 has been impacted by the pandemic, both in hospital and across the community. An essential component of safe and compassionate person-centred care is listening to and responding to people's experience. Since the start of the pandemic a number of patient experience surveys have been undertaken to better understand patient experience across the Health Board. These have been undertaken through direct visits (where visiting restrictions allowed), through virtual 'buddying' with the Community Health Council (where patients were connected to a CHC Member through i-Pads) and postal surveys. 782 people provided feedback through these methods.

Jan 2021	Care at Home-Complex Care	Virtual Buddying	15
Jan 2021	Community Huntington's Disease	Postal Survey	12
January 2021	District Nursing	Postal Survey	158
March 2021	GUH Wards	Virtual Buddying	32
May/June 2021	ED Attendance Snapshot over 3 days	Physical Attendance	56
June 2021	Mental Health and Learning Disabilities in Patients	Virtual Buddying	42
Oct 2021	Head and Neck Cancer-GUH	Postal Survey	27

Each of these surveys provided overwhelmingly positive feedback relating to staff attitude and compassionate care, with many respondents identifying staff going 'over and above' during very challenging times.

The main themes identified through patient feedback are:

- **Communication and information**, specifically relatives' ability to contact wards

As well as employing more ward clerks, Patient Liaison Officers for all hospital sites, with a specific role in supporting communication between wards and relatives, were introduced and have been extended to June 2022. All wards have been issued with i-wards to support relative to patient communication digital connection.

- **Loneliness and isolation** - compounded by restricted visiting and absence of ward-based volunteering

Following the All-Wales COVID risk assessments, volunteers have been reintroduced to wards. Visiting with a purpose has been implemented.

### **Patient Reported Experience Measures (PREMS)**

The Person Centred Care Team have supported wards by speaking to patients to collect Patient Reported Experience Measure Surveys (PREMS). Any urgent matters are raised with staff at the time of the visit as well as initial feedback. A full report is then produced and shared with the ward staff. This allows staff to discover what matters to patients and what may be done to make improvements. It also provides staff with the positive feedback which is beneficial for staff morale. Analysis of the PREMs allows themes to be identified. The team have supported Holly Unit at St Woolos Hospital and B3 at RGH. There are plans to support wards at County with PREMS in April.

### **Proof of Concept at Ysbyty Aneurin Bevan (YAB)**

In response to the observable and subjective impact that the Covid Pandemic had on patient care within the general hospital wards a Proof of Concept (PoC) and Service Evaluation commenced at Ysbyty Aneurin Bevan (YAB) on the 1<sup>st</sup> July 2021. Through locally agreed outcome measures, the PoC and Service Evaluation aimed to introduce a range of initiatives that supports dementia care. The aim is to evaluate if introducing meaningful activity, dementia learning and training for staff and the creation of Dementia Companion Volunteers would collectively improve overall quality of care, patient safety, patient experience and support transferability for this plan to be moved into other wards and departments in the Health Board.

Supporting 'visiting with a purpose', Johns Campaign has been relaunched across all 3 wards at YAB. There is clear evidence ward staff are proactively engaging with relatives and facilitating visiting. Following the uptake in training, posters indicating that each ward is now 'Dementia Friendly' and identification of the ward-based Dementia Champions are now visible. Ward staff are encouraged to ask relatives to complete the *This is Me* documentation to support person centred care. The need to promote completion of *This is Me* earlier in the persons care pathway has been identified through the evaluation and is now an action within the Memory Assessment Service and Dementia Pathway Group.

### **End of Life Companions (EoLC)**

Patients at the end of life will have a care plan to address their clinical needs. It can be more difficult to ensure that a person's wellbeing needs are met. There is a concern that some patients are at risk of dying alone due to not having family or friends or that their loved ones are unable to be with them. The EoLCs are volunteers that have been recruited and trained specifically to provide companionship at this sensitive time. This service also provides support to

relatives who may need to take a break but do not want their loved ones to be alone. 40 Companions have been recruited. The EoLCs have remained active, supporting patients across the Health Board.

Presentations on the initiative have been delivered at National End of Life groups.

- **Volunteering**

Despite the pandemic the Person Centred Care Team have continued to recruit and train volunteers. All Wales Workforce Covid Risk Assessment, Glasgow University Roadmap and the ALAMA medical risk assessment have enabled low risk volunteers to safely return to supporting patients. There are 60 active volunteers on the wards (including befrienders, EoLC and Dementia Companions) and 100 telephone befrienders. When risks reduce the volunteers protected by the risk assessments may return to their roles and the community befrienders will be able to return to supporting people who are in need of company in their own homes. Recruitment, supported by GAVO and TVA is ongoing.

The pandemic demonstrated the needs and benefits of volunteers on the wards for patients and has also provided the opportunity to develop new roles for volunteers such as 'Dementia Companion', 'Connector Volunteer' and 'Navigator Volunteer'.






### **Dementia Champions**

The Health Board promotes a Dementia Champion programme. These are all grades and disciplines of staff who volunteer to take on the role to support and improve dementia care within their ward or department. Dementia Companion has increased from 89 to 119 members between 2021 and March 2022. An email distribution list has been developed to enable the sharing of information, resources, and updates to and from the wards and between the Person-Centred Care Team. Champion workshops planned will build on the learning programme, raise the profile of Dementia Champions and support networking. Dementia Champion pin badges have been designed/purchased and will be issued following dementia champion training.

- **Recognising Patients with Dementia on Hospital Wards (Bedside Boards)**

After considerable scoping and multi-disciplinary consultation, a Patient Bedside board has been designed, costed and a plan for ordering and erecting by each bed side throughout the organisation. This plan will commence in phases in April 2022, starting with the Care of the Elderly, Trauma and Orthopaedic ward, aiming to reach at least 27 wards in the 1st Phase.

At a glance, these boards will promote patients' preferences, choice, risks and individualised care. They will support carers, patient and staff communication whilst not compromising clinical care planning, dignity or respect but enhance PCC whilst on the ward.

MY NURSE TODAY IS:		MY PREFERRED NAME IS:	
LANGUAGE		English <input type="checkbox"/> Welsh <input type="checkbox"/> British Sign Language <input type="checkbox"/>	Other:
COMMUNICATION		Independent <input type="checkbox"/> Hearing aids <input type="checkbox"/> Lip reading <input type="checkbox"/> Spectacles <input type="checkbox"/> Interpreter required <input type="checkbox"/>	Other:
DIET		Menu: High energy snacks <input type="checkbox"/> No oral diet <input type="checkbox"/> Food allergies:	Independent <input type="checkbox"/> Assistance needed <input type="checkbox"/> Full assistance <input type="checkbox"/> Dentures <input type="checkbox"/>
FLUIDS		Level 1 <input type="checkbox"/> Level 2 <input type="checkbox"/> Level 3 <input type="checkbox"/> Level 4 <input type="checkbox"/> Fluid restriction: _____ml No oral fluids <input type="checkbox"/>	Preferred drinks: Tea <input type="checkbox"/> Coffee <input type="checkbox"/> Sugar <input type="checkbox"/> Sweetener <input type="checkbox"/> Milk <input type="checkbox"/> Squash <input type="checkbox"/>
MOBILITY		Independent <input type="checkbox"/> Assistance <input type="checkbox"/> Other:	Supervision <input type="checkbox"/> Falls Risk <input type="checkbox"/>
OTHER CLINICAL CONSIDERATIONS: Include relevant PSAG symbols here			
WHAT IS IMPORTANT TO ME			
MESSAGES			

- **Meaningful Activities**

Feedback from patients during the pandemic indicated increased boredom due to restricted visiting and a lack of meaningful activities. Funding was secured to purchase a suite of meaningful activities that supported all patients in hospital, particularly those with cognitive impairment and sensory loss.

Resources that support person-centred ward-based activity are now in place. Online resources such as large print crosswords, reminiscence activity, Boredom Busters etc. are all accessible to staff through the Ffrind i Mi web pages. Training around the purpose and therapeutic value of meaningful activity promotes the theory and how to use the resources in practice. The PoC evaluation has identified increased use of meaningful activities/technology to support person centred care.

Meaningful activity baskets include a range of resources, as well as empathy dolls, hugs, electronic cats and dogs. The first phase of 40 baskets will commence in April 2022. This development will be measured and evaluated to identify patient and staff experience.







## **Digital Inclusion and Assistive Technology to Support Meaningful Activity**

RITAs (Reminiscence Interactive Technology Assistance) are now available across all wards in ABUHB and are actively being used to engage with patients and reduce boredom. Training to support additional staff/volunteers in their use is ongoing. Each ward now has i-Pads to support patient/relative communication. The subgroup for assistive technology is supporting the digital

inclusion agenda.

## **Dementia Hospital Action Plan**

The ABUHB In-Patient Dementia Hospital Steering Group is now well established and includes representation from the specialities and divisions within the Health Board. The principles of person-centred dementia care are embedded within the agenda and the priorities of actions the group drives across all wards. This group will support the All Wales Dementia Pathways of Standards Dementia care specifically Workstream 4. This includes the "All Wales Hospital Friendly Charter" Premier planned for 6<sup>th</sup> April. Supporting the anticipating Hospital Charter the Grange University Hospital (GUH) has already established a 'GUH Dementia Subgroup'. 4 wards have volunteered to be part of the National Pilot of the VIP ward improvement tool.

## **Coloured Walking Frames**

In November 2021, the Physiotherapy team at Ysbyty Aneurin Bevan agreed to pilot the introduction of the coloured walking frames to identify if this initiative had an impact of patient experience and patient falls. An evaluation of this report is due in April 2022.

## **Patient Stories and Learning Events**

A number of digital patient and relative stories have been developed and have been used to promote awareness of particular issues faced by patients and also used to support listening and learning events. These stories have been very powerful and galvanized the improvement agenda.

## **Digital Connections**

The need for connection has never been greater, especially for patients and their relatives and friends at a time when visiting has been so restricted. The Person Centred Care Team has encouraged volunteers to train as Digital Companions to support patients in either using their own devices or hospital devices to connect with loved ones. The requirement for this will be on going as there will always be times when relatives/friends cannot visit such as those that live away or are unable to visit for health reasons.

## **Equality and Diversity Training**

A number of awareness sessions around equality and diversity were undertaken in March 2022. This has included awareness around the need for people who are

Deaf, people who have hearing impairment, people who have sight impairment, the needs of people from the LGBTQ+ and minority ethnic communities etc.

### **Patient Liaison Officers (PLO's)**

The PLO Service is now fully established within the A&E Service with PLO's working between the hours of Mon-Sun 8am – 8pm answering patient relatives enquiries throughout this period. During Out of Hours, the Switchboard staff have introduced a call logging method to help with callers who may phone multiple times for information during the night. The details are passed to the PLO team at the start of their shift in A&E the next morning who then contact the caller. The callers appreciate that they are getting an indication that they will be getting a call-back and it reduces the continuous cycle of calling going unanswered which in turn heightens anxiety and distress causing more complaints.

Calls Taken by PLO's:

Jan 432

Feb 527

March 379 (to date)

Feedback from a patient's wife:

*I am not sure who the PLO was on Sunday 13th March, but I needed to ring to say how amazing they were. My husband had been brought into resus at the Grange seriously unwell and I didn't know if he would have made the night, I cannot thank the PLO enough for all the help she gave yesterday. On a positive note, my husband made it through the night and although not out of the woods yet, they are hoping to move him to a ward.*

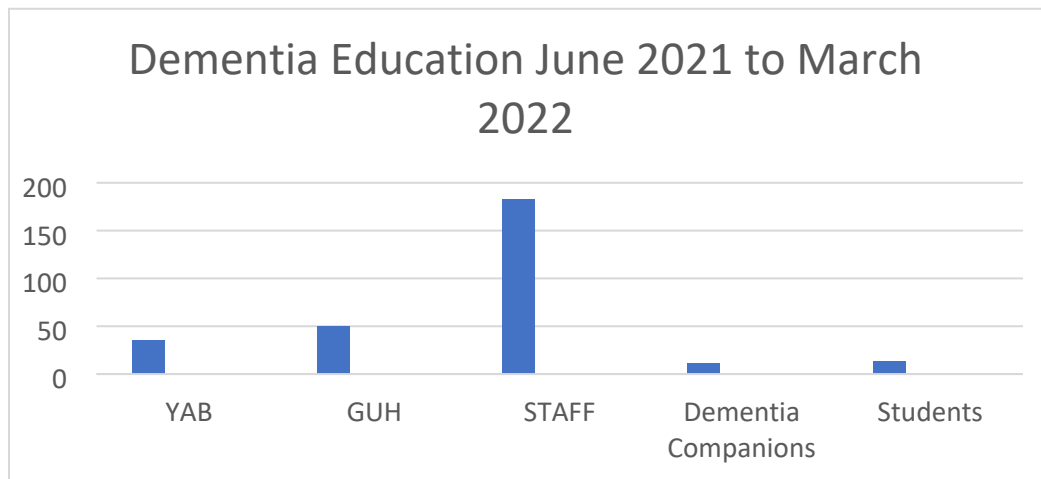
### **Dementia Training**

Due to increased training, from a baseline of 60%, staff compliance with online **All Wales mandatory dementia awareness** has increased to **83.26%**.

Additional training has been provided with Dementia and Meaningful activities and Engagement for Hospital staff 268 staff have attended these session so far, and 11 Dementia Companion Volunteers.

Training included dementia awareness, meaningful activities, behaviours that challenge, 3Ds (Dementia, Depression, Delirium). The GURT (age simulation suit) provided staff with experiential learning. Staff and volunteers evaluated the training is excellent, increasing their confidence to care for a person with dementia.





A series of learning sessions were commissioned from Cruse around Anticipatory Loss and Dementia. Three sessions took place between February and March (total of 25 attendees) with 3 further sessions booked for April.

### **Nutrition and Hydration (Dementia Care)**



Several developments are taking place to support improvement in nutrition and hydration which include Dementia care. The use of the "Red Tray" to alert staff to patients who require support around mealtimes have been re-introduced to the ward. Training includes raising staff awareness of the benefits of snacks and finger foods to support people who like to eat little and often, often whilst walking, was limited.

The Nutrition and Hydration Group are now auditing this aspect of care, as well as supporting training around nutrition and hydration for staff and the Red Robin Volunteers.

### **Citizen Feedback Portal (CIVICA)**

A number of Patient Reported Experience Measure Surveys (PREMS) have been undertaken across the Health Board. However, there is no structured approach collecting, actioning or reporting them and relies on a physical presence of staff to ask the survey questions. There is a business case in progress to request that the Health Board adopt the Once for Wales Patient Feedback System, Civica, which will allow real time feedback from patients across all divisions of the Health Board. The software will allow patients to feedback and reports to be generated instantly. It will enable the Health Board to have a planned and structured approach and response to this valuable feedback.

### **Options, Advice and Knowledge (OAK) Patient Education**

People need reliable information in order to be able to manage their conditions or to be involved with shared decision making. The Person Centred Care Team manage the Options, Advice and Knowledge (OAK) sessions for Osteoarthritis of the Knee and Menopause.

OAK Knee has moved from face to face sessions prior to the pandemic to remote (Teams) sessions and now runs twice a month. 61 patients have attended an OAK OA Knee session this year (April 2021 to March 2022). OAK Menopause was developed in 2021 as a remote session, commencing in October. This also runs twice a month and 97 people have attended an OAK Menopause session. Both sessions have evaluated well.

### **Welsh Language**

Casglu is a card game, created and designed by the Person Centred Care Team in collaboration with the Welsh Language Unit. The design of the pictures and sentences came from children in Welsh medium education in Torfaen and Newport supported by our partners Menter Iaeath. Funding for the development and production was provided by the RCN Foundation and Welsh Language Unit.

The game was developed to:

- Support learners including staff, students and volunteers. The game will aid in learning the language and also in putting it into practice
- Be a resource for Volunteers in ABUHB to support patients with meaningful activities
- Be part of the resources available for Intergenerational Activity in Care Homes and Community Wards.
- Provide a Welsh Language resource on Children's ward in ABUHB hospitals

We look forward to seeing the game played across our communities and generations, bringing a little bit of joy and promoting and enhancing the use of the Welsh language.

### **Mental Capacity Act and Liberty Protection safeguards Consultation and Engagement**

We have been proactively engaging with professionals, service user groups, paid carers and families in relation to the forthcoming implementation of Liberty Protection Safeguards, and the revised Mental Capacity Act code of practice.

Working with our Local Authority partners, we have arranged and hosted a series of virtual conferences to support participation in the long awaited consultation on a new MCA code of practice and regulations for LPS implementation, as well as providing substantial regional briefings for staff and stakeholders.

In addition to a programme of regional briefings ABUHB has recorded 2 podcasts in relation to LPS implementation and developed several Mental Capacity Act training films.

Following the official launch of the consultation on the regulations and code of practice for the revised Mental Capacity Act and Liberty Protection Safeguards we will continue our work consulting on LPS implementation.

## Putting Things Right

Patient experience and listening and learning from feedback is a key element of evaluating services and outcomes and a measure of the impact of how we are performing. One way of evaluating patient experience is via formal complaints data.

Throughout 2021–2022, Aneurin Bevan University Health Board complied with the National Health Service (Concerns, Complaints, and Redress Arrangements) (Wales) Regulations 2011 regarding the Putting Things Right process.

We received 3,295 complaints in 2021-22 (including, in the case of Welsh NHS bodies, concerns reported under Part 7 of the Regulations relating to cross border services). This is a 48% increase when compared with 2020/21, when 2,224 complaints were received.

- 1,937 individuals were classified as CONCCO (formal complaints)
- 1,351 had an Early Resolution
- 7 CONCLA (Redress)

*The top three themes raised during this period were:*

1. Waiting times/delays/cancellations
2. Communication/Information
3. Clinical treatment/assessment

### **Waiting times/delays/cancellations**

Concerns about hospital wait times, delays, and cancellations were raised in response to national guidance issued and restrictions enacted. These remained constant throughout the reporting period as the Covid-19 picture shifted and evolved.

The Mass Vaccination programme was established in response to complaints received regarding housebound patients' access to Covid vaccines during the initial vaccine rollout. This resulted in modifications to the subsequent planning and delivery of the booster programme.

### **Communication/Information**

In January 2021, a pilot telephony support line was initially established to alleviate the pressures placed on clinical teams by the Covid-19 Pandemic.

A further review of concerns managed through 'early resolution' identified that communication issues continued. This has led to increasing anxiety for relatives who are unable to visit loved ones. During discussions with Switch Board leads, they indicated a significant increase in calls from relatives, especially during times when families would have been visiting.

We recognised the need for additional support on the wards and actively recruited ward clerks and ward assistants.

Putting Things Right has also been identified as a pilot site for Sign Live. This is a video relay service with dedicated British Sign Language interpretation that is available 24/7, 365 days a year. It is an 'on demand' service that would enable us to connect to a qualified and experienced interpreter in less than a minute. Being able to trial would allow us to prove the concept that accessibility for Deaf people is improved and that it is a value based, cost efficient system.

However, there are ongoing issues with the Sign Live pilot which was scheduled to commence in February 2022. We are continuing to explore solutions to enable this pilot to take place.

### **Clinical Treatment/Assessment**

Waiting times remain a key concern for patients both for planned and unplanned care. The pandemic impact on waiting lists is a key concern for those waiting, along with the challenges in accessing urgent care for Covid and non-Covid reasons.

The establishment of a formal Planned Care recovery oversight Programme will focus on Planned Care recovery and support for patients whilst awaiting surgery including optimising their health pre surgery. The Urgent Care Board continues to focus on patient's assessments and ambulance waiting times. Optimising Planned Care recovery through green/protected eLGH spaces will be led by the newly formed Planned Care Transformation Board.

### **Redress**

During 2021/22, the Redress Panel heard 36 cases, seven of which were historical in nature.

3085 complaints were resolved in total during the reporting period, with 1,804 being formal and 1281 being early resolution. The number of resolved complaints will not equal the number received, as some may not be resolved during the reporting period.

### **Public Services Ombudsman Wales (PSOW)**

The Health Board received notification of 121 complaints that had been referred to the Public Services Ombudsman Wales (PSOW) for 2021/22. Of these, 33 were anonymous (All anonymous cases are closed on receipt).

Of the 88 identifiable complaints, 52 related to complaints received by the Health Board during 2020/2021 and 6 from 2020/21. This is due to the time it takes for concerns to be referred to the PSOW by a complainant and then notification received by the Health Board from PSOW. As of 31 March 2022, 28 cases remained open on the Health Board's Datix reporting system.

### **Improving Safety - Learning from Serious Incidents**

From 14th June 2021, the National Reporting Framework replaced the Welsh Government Serious Incident reporting criteria. Historically, the focus of incident

reporting at a national level has been to examine in detail specific Serious Incidents as set out NHS (Concerns, Complaints and Redress Arrangements) (Wales) Regulations 2011 (the Regulations), primarily through the use of Root Cause Analysis. The new National Patient Safety Incident Reporting Policy (May 2021) aims to bring about a number of key changes to national incident reporting. In 2021/22, there were 25 reportable incidents. 21 incidents were managed through the Serious Incident Process as Red 1 (Corporate-led) investigations, while the remaining four were managed as Red 2 (Division-led) investigations. An additional 241 incidents that would have met reporting criteria in the past were reviewed and thoroughly investigated as if they had been reported. A robust internal investigative process, in collaboration with external partners, is maintained across the Health Board, ensuring that actions and, more importantly, learning continues.

## Learning

Despite the Pandemic, learning events and thematic analysis of concerns have been strengthened.

A work programme has been developed for 2022/23 based on the issues identified in 2021/22. In July 2022, a PTR Annual Report will be published.

## 1. Delivering in Partnership

*Note: There will have previous mention of partnership working in the above sections. Where organisations think it appropriate a further summary can be provided here.*

- Delivery of trace track and protect locally
- Working with Local Resilience Forums
- Management of plans for excess deaths (during acute phase)
- Supporting social care – ensuring safe discharge
- Working and supporting nursing homes

Reference to role of Stakeholder Reference Group – provide example of role performed during the year and where they have contributed

To be included

## 2. Workforce Management and Well Being

### Ensuring safe staffing levels

Safe staffing levels across all professions remained a priority, albeit this was more challenging this year. The workforce data in the Remuneration and Staff Report at page XXX demonstrates increased levels of staff absence and staff required to self-isolate as a result of contracting Covid-19 or being contacted by track and trace as a close contact.

Staffing levels are monitored daily by professional teams to ensure the ratio of staff: patients remains safe at all times. Vacancies are also regularly reviewed and recruited to as quickly as possible, often using a variety of recruitment strategies relevant to the role. As of March 2021, there were 195 WTE Registered Nursing vacancies and 154 Medical vacancies (this includes all medical grades). This is a

slight increase on the vacancies for the previous year although the opening of the Grange University Hospital in 2020 increased the headcount of staff by 373.

On an annual basis, we forecast future vacancies and plan the future workforce through educational commissioning submission to HEIW. This requires careful consideration of likely turnover and retirement rates to ensure that the clinical workforce (e.g. nurses, therapists and scientists) remain future proofed. This is a complex task that also reflects the changes in workforce models as a result of increased multi disciplinary team (MDT) working, skill mix and other service changes.

In September 2021, the Executive Team endorsed the review of medical junior rotas in consideration of published safer staffing principles from the Royal College of Physicians (RCP) to meet the minimum threshold for safer medical staffing. This review included the impacts of additional beds (inpatients) and inpatients requiring increased levels of care. Investment was approved to recruit an additional 21 doctors and to date, 16 doctors have been recruited successfully by internal recruitment methods and working with recruitment partners such as NHS Professionals. The newly recruited doctors will support safe levels of care across the hospital sites, especially during the night and at weekends.

We have also invested in additional Registered Nurses and support staff for the Emergency Department at GUH as well as Reablement Assistants to provide care for patients within community settings.

We have also reviewed the nursing staffing establishments against the agreed anticipated expansion or extension of Nurse Staffing Levels Act (Wales) 2016. This year the paediatric nursing staffing establishments have been reviewed and endorsed by the Health Board.

A number of reviews continue to be undertaken to support service improvement and right sizing of the workforce through safe staffing levels. These include therapies and pharmacy services.

### **Identifying and training staff to undertake new roles**

The Health Board is committed to supporting all staff to achieve their career aspirations and to be an employer of choice for new and existing staff.

An exciting new apprenticeship scheme was implemented in the Autumn/Winter of 2021 with the first cohort of Aneurin Bevan Apprentices recruited. There are now 28 apprentices supporting clinical and non-clinical teams across the Health Board in both hospital and primary care settings. The apprentices study an NVQ qualification whilst 'training on the job' as a Health Care Support Worker (HCSW), Apprentice Administrator or Facilities Apprentice. The ambition is for apprentices to grow their career with Aneurin Bevan University Health Board and become the clinical registrants and/or managers of the future. In addition to the HCSW apprentices, we have supported over 100 HCSW's to complete (or in the process

of studying) a nursing degree to become a registered nurse and further develop their career, which in some cases include achieving a ward manager role.

In addition to apprentices, we have worked in partnership with employability schemes such as Kickstart and Restart, with the intention of securing long term employment for those living in the local community and seeking work. Kickstart works with those under the age of 25 and so far we have supported 12 kickstart placements in a variety of departments. In addition, there have been a small number of additional staff recruited through the Restart scheme and we will continue to develop this work throughout 2022/23.

We have introduced a number of new roles including Psychological Wellbeing Practitioners in Primary Care who are the first point of contact for people with mild to moderate health concerns. We have also extended the scope of practice in a number of areas such as nurse specialists in endometritis and advanced practitioners in radiology to support enhanced radiology reporting and interventional/screening procedures. The role of the Physician Associate (PA) has also been expanded across a range of specialties which has been invaluable throughout the pandemic. Pharmacy Assistants have also been introduced to support the management of medicine across wards and Paediatrics has recently incorporated Assistant Practitioners to support clinical teams.

Throughout the period, ward teams were strengthened by the 'Core Care Team' which included new roles such as Roster Creators, Ward Assistants and Assistant Practitioners. This supported safe staffing levels and also provided that critical communication between the patient, clinician and the family, this was particularly important when hospital visiting was suspended.

Staff who supported the administration of the Covid-19 vaccine completed additional training on-line and fulfilled a practical competency-based assessment. This included clinical staff who were trained to administer vaccines (e.g. flu vaccine) as they required a thorough understanding of the Covid-19 vaccine. The training pathway was delivered in partnership between Workforce and Organisational Development and the clinical immunisation lead.

Talent and succession planning plays an important role in identifying and supporting leaders to develop their capability to lead effectively in their roles and across the complexities of the organisation. We continued to work closely with HEIW to develop role profiles to enable us to support effective talent and succession work including being the first Health Board to use the Gwella talent digital tool. The Leadership and Management Framework has also been reviewed, and is designed to maximise the potential for talent and succession planning across all leadership and management roles, including clinical and medical leadership. The Framework is accessible to all staff via the Health Board intranet pages.

In addition to open access programmes, an Academy and Alumni for Senior Nurses and Midwives has been developed. This is underpinned by a competency framework,

and 7-month development programme and alumni network. The first cohort is planned for April 2022.

We continue to review our performance management processes to support staff. The current PADR (Personal Appraisal Development Review) document supports individuals planning a change of role and strategic PADR forums are held quarterly, with nominated PADR Leads across the Health Board. The forum aims to enhance quality and continuous improvement of PADR's.

### **Training and use of retired staff**

The Coronavirus Act 2022 has supported staff returning to clinical practice by joining a temporary register to support patient care throughout the pandemic. There is also an opportunity for those staff to re-join a permanent register to continue working in a clinical capacity if they wish.

The NHS Pension Scheme regulations were extended to allow staff to access their pension and return to work immediately (whilst in receipt of their full pension benefits) and this will remain in place until 31 October 2022. This has allowed staff to return to work immediately after retirement and continue their existing working commitments, or increase them, while still receiving their full pension benefits.

During this period 123 staff have retired and been supported to return to work.

### **Wellbeing initiatives for staff**

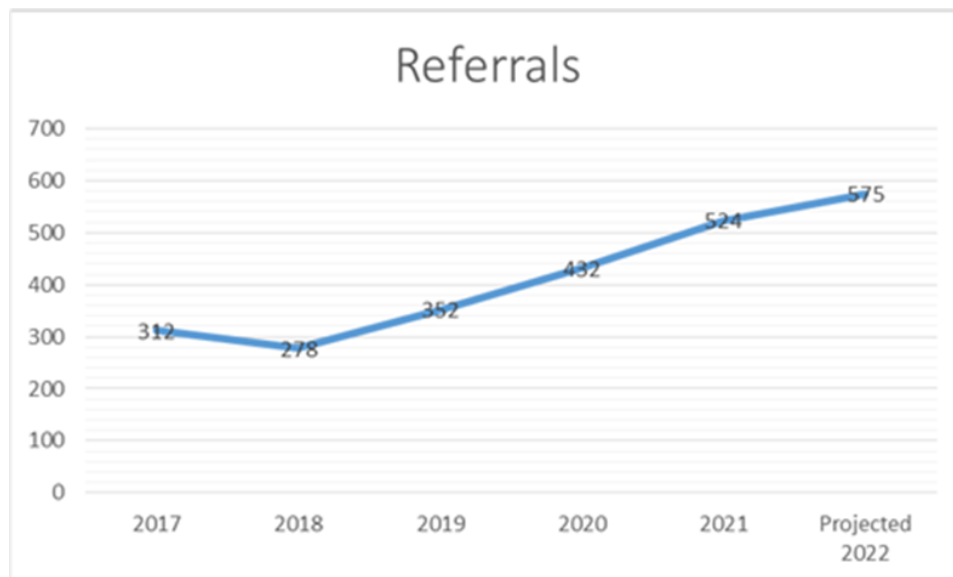
Staff Health and Wellbeing continues to be a key objective for us to ensure that our staff feel supported, healthy, engaged, and proud to work for us and is front and centre of the People Plan. The Staff Wellbeing service is underpinned by the data collected within the Quarterly Wellbeing Survey which has been deployed 5 times with the next being deployed at the end of April 2022. The current data sets encompasses ~15,000 responses to date.

There have been several key staff surveys which resulted in a reduction in staff wellbeing scores and the Board sponsored the design and launch of the #PeopleFirst project. This project is designed to support staff re-engaging and connecting with their work and colleagues to maximise their experience at work. The project has currently facilitated 25 engagement sessions where the Executive Team, members of Wellbeing and OD team have met with over 200 staff with 140 issues being actioned.

We have continued to support staff at the start, during and towards the end of the pandemic, with 2021/22 culminating in a number of new initiatives which puts staff experience and well-being at the forefront of everything that we do. We do not underestimate the impact that the past two years have had on staff from both a personal and work perspective. We are determined to ensure that the support mechanisms in place will continue into the next year as the pandemic becomes endemic in society. The demand for wellbeing services has increased in a linear



fashion since 2017 (312 referrals) to this year (575 referrals) as shown in the graph below.



We have invested in the employee wellbeing team to provide additional psychological support and is combined with a new website accessible to all staff, which delivers bilingual and evidence-based reference materials. Targeted support is also provided to individuals, teams and Divisions for those staff dealing with excessive workload. The pathways for support include:

- Psychoeducation
- Counselling
- Clinical Psychology intervention
- Clinical Psychology and Counselling

In addition the team have recently launched a Psychological Trauma service, the first of its kind in Wales. For context, within the Health Board there are 59 members of staff who meet the criteria for PTSD of which 40% are Covid related, and 93% of patients reach recovery (as a comparison the like for like data in England is 50% to 60%).

As a further extension to support to staff, we have moved closer to the development of a Wellbeing Centre of Excellence model with work underway to renovate and create the Centre, completion is expected in autumn 2022. This 'Centre' will lead the way in NHS Wales and supports the priority placed on employee engagement and Wellbeing within 'A Healthier Wales'. The intention is:

- To offer ABUHB staff the best quality evidenced based psychological care in the NHS.
- To focus on employee experience, thriving and prevention.
- To develop national expertise in supporting teams / systems to recover from the pandemic.

- To support innovation and research in collaboration with local Universities.
- To work closely with OD, ABCi and ABUHB Leadership.
- To offer expertise to other Welsh public sector organisations.

The Occupational Health Team also provide support to staff and volunteers as well as providing advice on long term conditions, including long covid to support staff remain and return to work. Particular focus has been made to supporting staff to return to work on adjusted duties and/or a phased basis as well as seeking alternative roles for those staff where it has been deemed that the likelihood of resuming their substantive role could put them at risk of harm.

“Chill out in the Chapel” has continued this year, supported by the Chaplaincy Service who provide pastoral, spiritual and religious care for all staff, and offer a confidential listening ear at a number of our key sites. This includes spiritual and/or religious care for everyone, leading worship and offering prayer.

We recognise that health inequalities may be driven by, or associated with, different forms of poverty and exclusion and this is included as part of our equality, diversity and inclusion programme. In response we have developed a range of activities as part of our People Plan 2022-2025 which are aimed at ensuring the workforce is more reflective of the population we serve and opening up the NHS as an employer to communities who have not historically identified the NHS as a potential place of employment. As part of our Socio-Economic Duty this supports communities of interest and those where socio economic disadvantage is prevalent.

As part of our equality, diversity and inclusion work, we have undertaken a range of approaches with our staff which includes, listening exercises and ensuring that their experiences and views are taken into account. This approach also includes providing safe spaces for staff to raise any concerns about protected characteristics via staff networks and Menopause cafes. We have successfully run a suite of diversity networks, engaging with staff on topics and the development of a fortnightly newsletter along with supporting an understanding of inclusion matters through awareness, training sessions and video resources. This will be further supported by the review of a range of evidence from local and national sources and we are proud to have pledged to commit to the Zero Racism Wales Policy.

Finally, we are delighted to have recently been awarded both the Platinum and Gold Corporate Health Standard Award. The Health Board has now held the Platinum Award since 2015 and the Gold Award since 2011. The Corporate Health Standard is a continuous journey of good practice and improvement. The latest Platinum assessment in September 2021 acknowledged the excellent progress the Health Board is making in its sustainability agenda and the vision for the Health Board to contribute to the wellbeing of the future generations of Wales.

### **Risk assessments and shielding of staff**

During the first and second Covid-19 pandemic waves, guidance on shielding was provided by Welsh Government. This had an impact on our staff, as well as our

local communities and volunteers i.e., those who were clinically vulnerable should no longer attend the workplace. Whilst shielding formally ended on 1<sup>st</sup> April 2021, we have continued to support those staff who had previously been shielding to return to work safely and in some instances to a different role to reduce risks associated with contracting the virus.

The Covid-19 Risk Assessment was an important tool to assess the individual risk posed by Covid and over 80% of the staff completed the assessment which resulted in a variety of adjustments including working in Covid secure areas (where the risk of Covid was low). The safety of our staff remains our primary concern and we continue to work with Divisional teams, staff side representatives and bank and agency workers to support completion of the Covid-19 workforce risk assessment.

### **Review of Covid-19 staff deaths**

Sadly, there were three staff deaths due to Covid-19. A review has been undertaken which confirmed that two of the staff were likely to have contracted Covid within the community and based on the high positivity rates at the time, the review could not determine whether the third member of staff contracted the virus as a result of workplace exposure or within a community/social setting. The families of the staff were supported by the Health Board and the relevant policies adhered to, with learning measures progressed immediately.

### **Training Staff to support COVID-19**

It is recognised that during the previous year and in response to wave 1 and wave 2 of the pandemic services adapted ways of working and connecting with patients. This resulted in the requirement of training and deployment of staff according to skill and greatest need. This required intense programmes of clinical skills training for new and existing staff which we have continued to consolidate over this period.

During this year services have focused on recovery plans with staff returning to work in their substantive roles where this has been possible. This has been an incremental approach and has not lost sight of the advances made regarding different models of working which have emerged during the pandemic such as virtual appointments and consultations for patients.

In addition, staff have continued to work in an agile way, working at home, in various locations whilst making greater use of technology to support the delivery of services. This has included the rollout of Microsoft 365 software package which has been supported by staff training and tutorials.

The rollout of the COVID vaccine booster programme has continued to require additional staff to work in mass vaccination centres. This has been achieved through a combination of overtime, additional hours and a significant redeployment exercise to support the requirement to "surge" the delivery of the booster in December 2021. This meant that nearly 600 staff were redeployed, many of whom required urgent training to ensure competence in administering the vaccine. Staff training was scheduled 7 days per week with online and practical modules delivered.

It was acknowledged that asking our staff to work differently and to be redeployed once more would be difficult for some. Supporting staff wellbeing during redeployment has been a core feature of our redeployment principles and processes.

### **Role of Employee/Professional Advisory Groups and any significant activity especially re pandemic**

The Health Board remains committed to working in partnership with local authorities and the Military to support the Mass Vaccination Centres and Track Trace and Protect Service.

#### **Local Partnership Forum**

There are a variety of forums and processes to support staff and partner engagement, both formally and informally. The Trade Union Partnership Forum (TUPF) reports directly to the Board and provides the formal mechanism for consultation, negotiation and communication between our staff and the Health Board, embracing the Trades Union Congress principles of partnership. A strengthened partnership approach with TUPF and the Local Negotiating Committee (LNC) established early in the pandemic and continued to date has meant that changes and urgent decisions were discussed and agreed at pace.

The Executive Team also continues to provide twice weekly updates to all staff, with regular drop-in sessions with the Chief Executive and Executive Directors. Staff are also able to post a direct question to the Chief Executive via the intranet.

## WELSH LANGUAGE REGULATIONS - THE WELSH LANGUAGE STANDARDS (NO.7) REGULATIONS 2018

In accordance with Welsh Language Standard 120, the [Welsh Language Annual Report 2020/21](#) was published in September 2021, addressing the statutory duty of the Health Board to provide an annual account to the Welsh Language Commissioner on compliance with its Welsh Language Standards under the Welsh Language (Wales) Measure 2011. The report was well received by the Commissioner's Office and stakeholders.

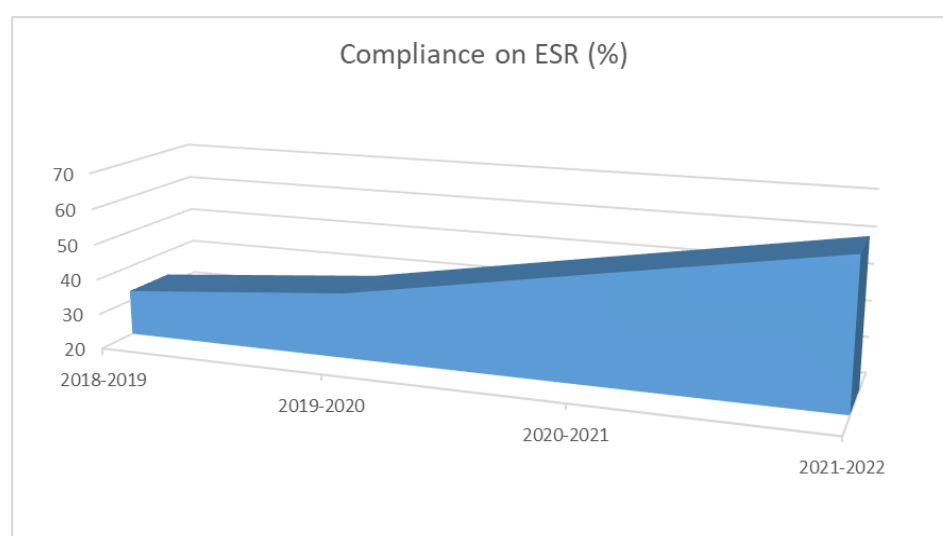
The Health Board has made noteworthy progress in developing working practices and systems to assist in compliance together with facilitating and monitoring the implementation of the Welsh Language Standards and good bilingual practice.

Internal auditing processes undertaken in the reporting period have highlighted those inconsistencies remain across various service areas. Service area action plans have been devised to address these inconsistencies.

### Workforce Welsh Language Skills

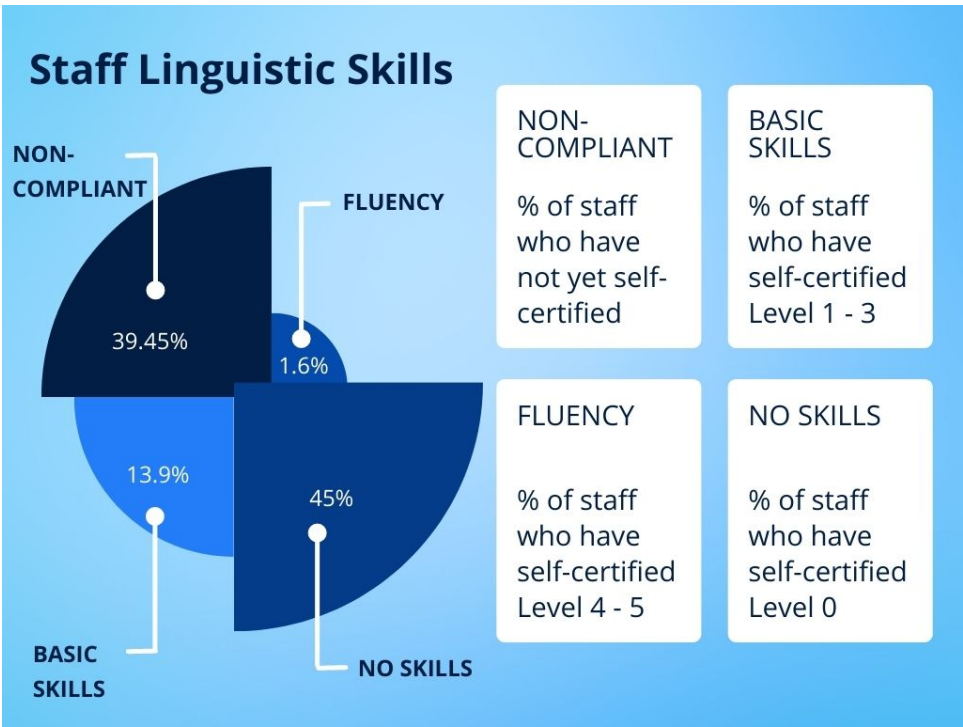
Staff are required to self-certify their Welsh language competencies via the Electronic Staff Register (ESR). We are pleased to report a 10% increase in organisational compliance during 2021/22, with an overall increase of 27.92% since the implementation of the Standards (see dataset below). We recognise that progress will be incremental and will continue to promote the importance of completion via targeted communication campaigns and divisional audits.

Overall Health Board compliance is currently at 61.08%.



Current Workforce Language Skills

Data collated from the ESR system is used to analyse workforce linguistic skills and should be used to inform workforce planning.



Complaints

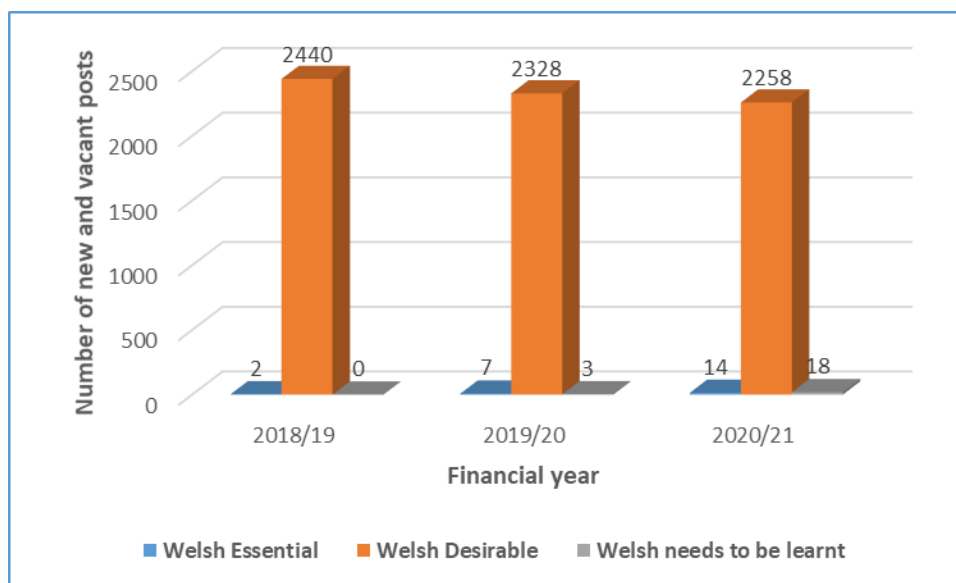
The Health Board’s formal demonstration of dealing with Welsh language complaints can be read within the [Welsh Language Complaints Procedure](#).

No external investigations were held during the reporting period.

We received eleven complaints directly and resolved with the cooperation of the associated service leads and in line with the *Putting Things Right* Regulations. Eight of the complaints relate to performance against the service delivery Welsh Language Standards, two in relation to performance against the operational Welsh Language Standards and one in relation to Primary Care.

Bilingual Workforce Planning: Recruiting to New and Vacant Posts

In line with the objectives of the Bilingual Skills Strategy, we have demonstrated a steady increase in the number of new and vacant posts advertised with the criteria: Welsh Essential, Desirable and Welsh needs to be learnt (see below dataset).



This is a positive step towards ensuring our workforce can both meet our legal requirements and increase capacity, developing a truly bilingual workforce.

## Well-being of Future Generations (Wales) Act 2015

During 2021/22, we have continued to work in partnership and adopt the five ways of working to deliver the Well-being of Future Generations (Wales) Act (2015) ('the Act')

In response to the Covid-19 pandemic, the Gwent Test, Trace and Protect Service and ABUHB Covid-19 Mass Vaccination Programme have been delivered in an integrated, collaborative approach with partners and with the involvement of local communities across the Health Board area to prevent transmission of infection and serious illness and enable long term recovery. New and more sustainable ways of engaging and treating patients have continued, such as virtual appointments/consultations for GPs and Consultants, and enabling staff to work in a more flexible and agile way, including use of electronic meeting platforms.

The formation of a single Gwent Public Services Board (PSB) has brought together the Health Board, the five local authorities in Gwent and wider partners to work in partnership to improve well-being. By bringing together what were previously five smaller local authority PSB's into one regional PSB, the work of Gwent PSB has demonstrated **integration** and **collaboration** by accelerating partnership arrangements to develop integrated approaches to wellbeing in the Gwent region. **Involvement** has been demonstrated in 2021/22 through the development and public consultation on the Gwent Well-Being Assessment report and findings. Thinking **long term** and **prevention** are being taken forward through the



decision of Gwent PSB to become a 'Marmot Region' and accelerate a journey to go further and faster on addressing the social determinants of health which are the 'causes of the causes' of poor health.

The review of our Well-Being Objectives and the reporting and monitoring approach is still evolving – a process which has been understandably affected in 2021/22 by the COVID-19 pandemic. However, we continue to make positive progress in delivering against our existing ten Well-Being objectives. Progress against our ten Well-Being Objectives for 2021/22 can be seen in the table below.

<b><i>Our Well-Being Objectives</i></b>	<b><i>Where we are now</i></b>
1 – Support every parent expecting a child and give every child in Gwent support to ensure the best start in life	Being More Adventurous
2 – Support adults and children in Gwent to live healthily and to age well, so that they can retain independence and enjoy a high quality of life into old age	Making Simple Changes
3 – Promote Mental Well-Being as a foundation for health, building personal and community resilience	Being More Adventurous
4 – Encourage involvement of people who use our services and those they support, in jointly owned decisions regarding their own health and care plans, and in wider service planning and evaluation, so that we, with our partners, deliver the outcomes that matter most to people	Making Simple Changes
5 – Ensure that we maximise the effective use of NHS resources in achieving planned outcomes for services and patients, by excellent communication, monitoring and tracking systems in all clinical areas	Owning Our Ambition
6 – Promote a diverse Workforce able to express their cultural heritage, with opportunities to learn and use Welsh in the workplace	Making Simple Changes
7 – Develop our staff to be the best that they can be with high levels of employee well-being and, as the largest employer in Gwent, promote NHS careers and provide volunteering and work experience opportunities	Being More Adventurous



8 – Reduce our negative environmental impact through a responsible capital building programme and a sustainable approach to the provision of building services including; carbon and waste management, undertaking procurement on a whole life cycle cost basis and support local sourcing, promoting sustainable and active travel, and advocating improvements in environmental health	Making Simple Changes
9 – Plan and secure sustainable and accessible healthcare services ranging from prevention through to treatment, rehabilitation and recovery that meet current and future needs and address health inequalities and differing levels of need across our communities	Owning Our Ambition
10 – Continue to integrate our actions with wider public, independent and voluntary sector partners with the aim of developing streamlined, whole system services for people who use our services and those they support.	Owning Our Ambition

2021/22 remained a challenging year due to the pandemic. Nevertheless, the we continued on our journey to embed the Act into our decision making. Whilst we are taking a proactive approach to embed the principles of the Act in how we plan, design and deliver our services, we recognise that there is still much more to do.

The Act remains a leadership priority for the Health Board, and over the next few years, there are a number of steps that will further enable us to continue to deliver against the aspirations of the Act, embed the five ways of work across our functions, and demonstrate progress against our Well-Being Objectives.

## COMMUNICATIONS & ENGAGEMENT

In 2021/22, we have strengthened our Communications and Engagement activities with our staff, the public we serve, and our partners. This has been of real benefit during the COVID-19 Pandemic and we have also continued to develop and innovate during this period. Our Communications and Engagement activities are described below.

We have continued to lead the way on the use of Engagement and Digital Communications, as well as more traditional methods of sharing important messages.



During the past year, our Communications and Engagement Team has focused on:

- Helping local residents understand the recent changes to our healthcare system;
- Providing a 'trusted voice' to convey timely and accurate information;

- Increasing face-to-face and digital engagement with local people;
- Reaching more people with important public messaging;
- Improving our engagement with diverse and hard-to-reach communities;
- Responding to comments and concerns, helping and reassuring people throughout the Covid-19 pandemic; and
- Ensuring our staff are well informed and supported in their roles.

During the past year, we have seen the numbers of our Facebook, Twitter, Instagram and Youtube followers continue to grow, with more and more people communicating with us through these social media channels. The Health Board has also launched a TikTok account to reach different audiences.



We have undertaken a series of high-profile Social Media campaigns through our Communications and Engagement Team, but also in partnership with other NHS bodies in Wales and wider Community Partners, such as Local Authorities and Third Sector bodies. These have included a particular focus this year on accessing the right healthcare services, the COVID-19 Pandemic response and vaccination programme, recruitment, and celebrating our staff. We also continued and developed our Clinical Futures campaign to inform and engage people on the changes to NHS health services in the Health Board area. In March 2022, we sent an updated information booklet to every home in the region.

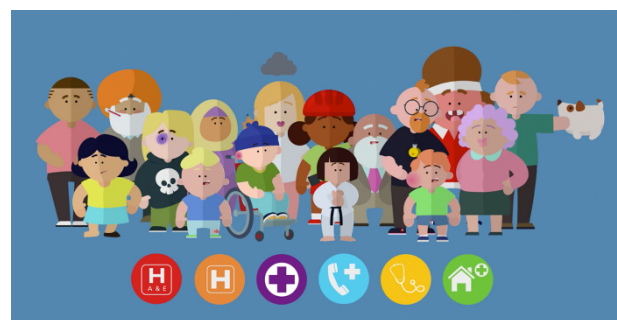
To view this booklet in a variety of formats and languages, please visit our website: <https://abuhb.nhs.wales/clinical-futures>



Our 'Digital First' approach has continued to develop significantly in the last year. The Health Board actively engages and interacts with our patients, the public and stakeholders through Social Media. This is done in real time, through patient and public questions on services, their current experience of our services, and the quality of their care. The Communications and Engagement Team has invested significant time in co-ordinating and responding to patient and public approaches on a day-to-day basis.

This year we have further expanded our use of graphics, video clips, patient and staff stories, and live Question and Answer sessions to support our more traditional forms of Communication and Engagement with the public and stakeholders.

A new animated video was produced to explain how best to access our services. As well as being shared online and on waiting room screens, the video was used as a trailer in cinemas in the Health Board area.



However, we know that not all local residents want to receive information through digital platforms, so we have focused on more traditional ways of communicating, as well as finding new ways to reach people. We have produced advertising banners, posters and television screen content for GP surgeries and hospital waiting areas. Our posters have also been displayed



in local pharmacies and on buses. We also ran a successful poster campaign targeting people through pubs, taxis and takeaways which helped to direct ill or injured people to appropriate health services. We have used our Health Board delivery vans as 'moving billboards' by producing eye-catching ads to display on them as

they drive around Gwent on a daily basis.

We also formed partnerships with local organisations such as Dragons Rugby, who shared our messages on pitch advertising during live broadcast matches.

Recognising the diverse communities that live within the Health Board area much work has been undertaken to ensure that all communities are engaged and communicated with in the most appropriate way. A Diverse Communities Health Forum was developed in early 2021 to strengthen relationships with partner organisations who support and already work with diverse communities and to develop initiatives to engage with all our communities.

During 2021, we launched a 'Work With Us' Engagement & Recruitment Roadshow to ensure equitable geographical engagement with communities to improve understanding of access to health care services, with a key focus on the use of the Emergency Department at The Grange University Hospital and Minor Injuries Units. The roadshow also provided an opportunity to promote a range of job roles within the Health Board and accept expressions of interest for a variety of vacancies.



A dedicated web page and social media plan were created, communication with stakeholders and distribution of posters displayed at locations in



advance of attendance. Over the course of the 88 locations visited by our specially commissioned double decker bus or pop-up gazebo, 2,000 face-to-face conversations with visitors have taken place and 360 expressions of interest received for job roles within the Health Board. Geographical spread of events was well balanced with a focus to capitalise on routine, established events

(market days), attendance at natural high footfall venues (supermarkets and town centre locations) and a presence at high profile events. The team also attended four Coleg Gwent campuses. The roadshows were supported by partners from local authorities and third sector organisations.

The Communications & Engagement Team has also been able to assist the Health Board's drive to recruit new staff into vital roles through Digital Marketing, Advertising and the 'Work With Us' Roadshows. This approach provides the Health Board with a reach that we could not achieve through traditional means and media.

## Conclusion and Forward Look

There has been substantial learning across the Health Board over the past twelve months which will guide how we respond in 2022/23. This does not simply relate to how we responded to the direct challenges of the changing variants of concern and successive waves of Covid-19, or the wider impact on the last two years on our population and services but also how crisis enables transformation to flourish across the system.

As an organisation our mission is to improve population health, and, through doing this, reduce the health inequality experienced by our communities. The current 18-year gap in healthy life expectancy between our wealthiest and poorest communities is significant. It is the consequences of inequality that mean a greater number of citizens require our services. Sadly, the pandemic has worsened the gap, therefore, as we look to the future, we must continue to relentlessly focus on improving population health in order to reduce health inequality.

Our Integrated Medium-Term Plan 2022/25 was approved by the Board in March 2022 and is a natural progression from our Annual Plan 2021/22. It builds on the life course approach, whilst recognising the current operational demand and being able to focus on realistic, sustainable recovery.

The plan is based on a realistic assessment of delivery in the next three years, it is optimistic in outlook, recognising the need to build on the transformation of services over the last few years, and it is focussed on sustainably making change to meet the long-term needs of our communities.

It is only right to end by reiterating the comments made at the start of this report, and say thank you to our staff for the way they have responded to the continued challenges of the past year, showing resilience, bravery, dynamism, resourcefulness and great skill.

**Glyn Jones**  
**Interim Chief Executive**

**Date: XX June 2022**

# **Aneurin Bevan University Health Board**

## **Section 2: Accountability Report**

**1<sup>st</sup> April 2021 – 31<sup>st</sup> March 2022**

### **INTRODUCTION TO THE ACCOUNTABILITY REPORT**

Aneurin Bevan University Health Board is required to publish, as part of our annual reporting, an Accountability Report. The purpose of the Accountability Report section of the Annual Report has been designed to demonstrate the ways in which the Health Board is meeting its key accountability and reporting requirements.

This Accountability Report has three sections:

#### **1. Corporate Governance Report**

This explains the composition of the Health Board, its governance structures and arrangements and how the Health Board seeks to achieve its objectives and responsibilities to meet the needs of the people we serve. The Corporate Governance Report includes:

- A. The Directors' Report
- B. The Statement of the Chief Executive as the Accountable Officer and the Statement of Directors' Responsibilities in respect of the Accounts
- C. The Annual Governance Statement.

#### **2. Remuneration and Staff Report**

This section contains information about the staff of the organisation, particularly focusing on the remuneration of its Board and senior management, fair pay ratios and other staff information, such as sickness absence rates.

#### **3. Parliamentary Accountability and Audit Report**

This section contains a range of disclosures on the regularity of expenditure, fees, charges, compliance with cost allocation, material remote contingent liabilities, long-term expenditure trends and charging requirements set out in HM Treasury guidance.



# **Corporate Governance Report 2021/22**



## SECTION A: THE DIRECTORS' REPORT

Aneurin Bevan University Local Health Board is a statutory body that was established on 1st June 2009 and became operational on the 1 October 2009 under *The Local Health Boards (Establishment and Dissolution) (Wales) Order 2009 (S.I. 2009/778)*, "the Establishment Order".

*The Local Health Boards (Constitution, Membership and Procedures) (Wales) Regulations 2009 (S.I. 2009/779)* ("The Constitution Regulations") set out the constitution and membership arrangements of Local Health Boards, the appointment and eligibility requirements of members, the term of office of non-officer members and associate members. In line with these Regulations the Board of Aneurin Bevan University Health Board comprises:

- a chair;
- a vice-chair;
- officer members; and
- non-officer members.

The members of the Board are collectively known as "the Board" or "Board members"; the officer and non-officer members (which includes the Chair) are referred to as Executive Directors and Independent Members respectively. All members have full voting rights. In addition, Welsh Ministers may appoint up to three associate members. Associate members have no voting rights.

Before an individual may be appointed as a member or associate member they must meet the relevant eligibility requirements, set out in *The Local Health Boards (Constitution, Membership and Procedures) (Wales) Regulations 2009 (S.I. 2009/779)* ("The Constitution Regulations"), and continue to fulfil the relevant requirements throughout the time that they hold office. The Regulations can be accessed via the Government's legislation website:  
<http://www.legislation.gov.uk/wsi/2009/779/contents/made>

Further detail on the Board's membership and composition during 2021/22 is available within Section C: The Annual Governance Statement at **page XX**.

### **Board Members' Interests**

Details of company directorships and other significant interests held by members of the Board which may conflict with their responsibilities are maintained and updated on a regular basis.

The document, which can be accessed in the link below, shows details of directorships of other organisations or other interests that have been declared by the members of the Board of Aneurin Bevan University Health Board, and staff across the organisation, in line with the Standards of Business Conduct Policy, as at the 31<sup>st</sup> March 2022. This information is

available on the Health Board's Internet site and can be accessed by following this [link](#).

### **Personal Data Related Incidents**

Information on personal data related incidents formally reported to the Information Commissioner's office and "serious untoward incidents" involving data loss or confidentiality breaches are detailed on page XX of the Annual Governance Statement.

### **Environmental, Social and Community Issues**

The Board is aware of the potential impact that the operation of the Health Board has on the environment and it is committed to wherever possible:

- Ensuring compliance with all relevant legislation and Welsh Government Directives;
- Working in a manner that protects the environment for future generations by ensuring that long term and short-term environmental issues are considered; and
- Preventing pollution and reducing potential environmental impact.

The Health Board complies with Biodiversity and Resilience of Ecosystems Duty under Section 6 of the Environment (Wales) Act 2016, which seeks to enhance resilience and biodiversity across the Health Board's estate.

The Board's Performance Report section of the Annual Report and Accounts 2021/22 provides greater detail in relation to the environmental, social and community issues facing the Health Board.

### **COVID-19 Pandemic**

COVID-19 was declared a pandemic by the World Health Organisation on 11 March 2020. This subsequently led to NHS organisations, including Aneurin Bevan University Health Board, needing to focus on preparations and plans for responding to the pandemic. Throughout 2020/21 and 2021/22, the nature and scale of the response was ever-changing and required an agile response.

During this time, the Board's fundamental role and purpose did not change. The Board continued to require and receive ongoing assurance, not only on service preparedness and response but also on clinical leadership, engagement and ownership of developing plans in respect of the health and wellbeing of staff; on proactive, meaningful and effective communication with staff and the public at all levels; and on health and care system preparedness.

The Health Board's governance arrangements during this time are set out further in Section C: The Annual Governance Statement.

### **Statement of Public Sector Information Holders**

As the Accountable Officer of Aneurin Bevan University Health Board, and in line with the disclosure requirements set out by the Welsh Government

and HM Treasury, I confirm that the Health Board has complied with the cost allocation and charging requirements set out in HM Treasury guidance during the year.

## **SECTION B: STATEMENT OF THE CHIEF EXECUTIVE AS THE ACCOUNTABLE OFFICER OF ANEURIN BEVAN UNIVERSITY HEALTH BOARD**

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

To the best of my knowledge and belief, I have properly discharged the responsibilities set out in my letter of appointment as Accountable Officer. As Accountable Officer, I confirm that, as far as I am aware, there is no relevant audit information of which the Health Board's Auditors are unaware, and I have taken all the steps that ought to have been taken to make myself aware of any relevant audit information and that the Health Board's auditors are aware of that information.

As Accountable Officer, I confirm that the Annual Report and Accounts 2021/22 as a whole is fair, balanced and understandable and that I take personal responsibility for the Annual Report and Accounts and that the judgements required for determining that they are fair, balanced and understandable.

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**Name:** Glyn Jones, Interim Chief Executive

**Date:** XX June 2022

## **STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS FOR 2021/22**

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

In preparing those accounts, the Directors are required to:

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

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

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

### **By Order of the Board**

#### **Signed:**

Ann Lloyd, Chair  
Dated: XX June 2022

Glyn Jones, Interim Chief Executive  
Dated: XX June 2022

Robert Holcombe, Interim Director of Finance, Procurement and VBHC  
Dated: XX June 2022

## **SECTION C: ANNUAL GOVERNANCE STATEMENT, 2021/22**

### **SCOPE OF RESPONSIBILITY**

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

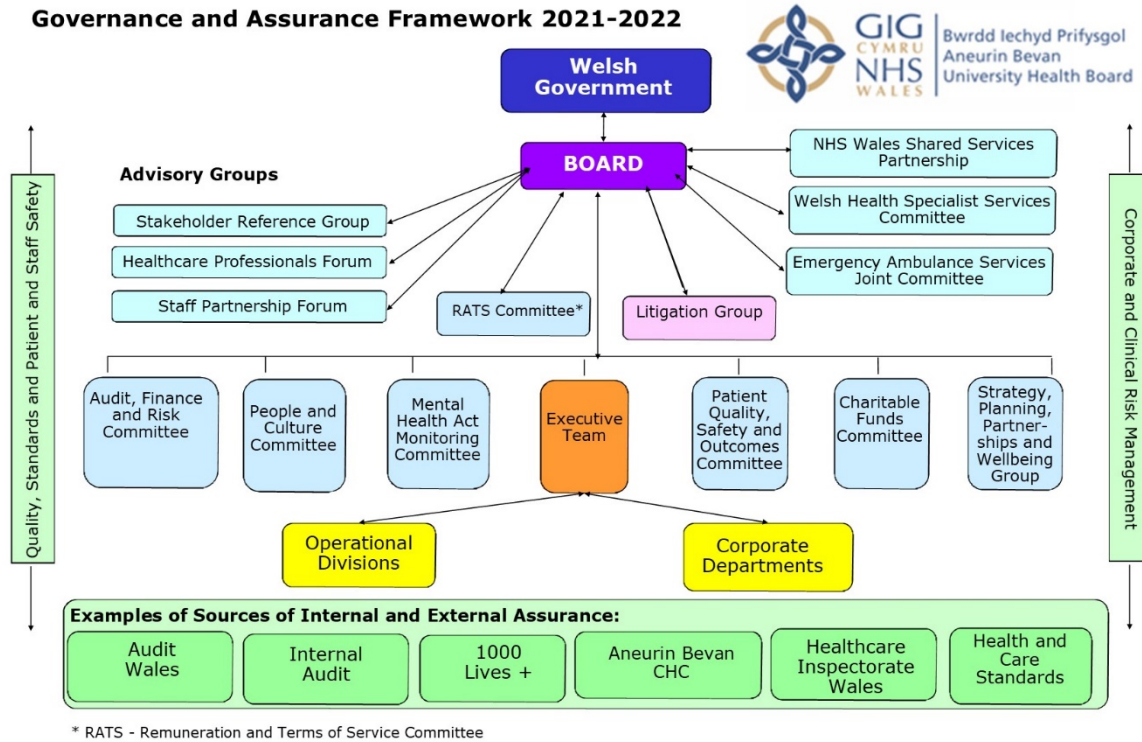
The annual report outlines the different ways the organisation has had to work both internally and with partners in response to the unprecedented pressure in planning and providing services. It explains arrangements for ensuring standards of governance are maintained, risks are identified and mitigated and assurance has been sought and provided. Where necessary additional information is provided in the Governance Statement, however the intention has been to reduce duplication where possible. It is therefore necessary to review other sections in the Annual Report alongside this Governance Statement (GS).

### **OUR GOVERNANCE AND ASSURANCE FRAMEWORK**

Aneurin Bevan University Health Board has agreed Standing Orders for the regulation of proceedings and business of the organisation. These are designed to translate the statutory requirements set out in the LHB (Constitution, Membership and Procedures) (Wales) Regulations 2009 into day to day operating practice, and together with the adoption of a scheme of matters reserved to the Board, a scheme of delegation to officers and others and Standing Financial Instructions, they provide the regulatory framework for the business conduct of the Health Board and define its 'ways of working'. These documents, together with the Board Assurance Framework and a range of corporate policies set by the Health Board make up the Governance and Assurance Framework and arrangements of the organisation.

The diagram below outlines the governance and assurance framework in place during 2021/22:

## Governance and Assurance Framework 2021-2022



### Membership of the Health Board and its Committees

**Attachment 1** provides the Board's membership during 2021/22 and attendance at Board and Committee meetings respectively for this period.

There has been significant change to the membership of the Board during 2021/22, as outlined in Table 1 below:

TABLE 1		
Name	Designation	Dates (if less than full year)
<b>Executive Directors</b>		
Judith Paget	Chief Executive	Until 1 <sup>st</sup> November 2021
Glyn Jones	Interim Chief Executive	From 1 <sup>st</sup> November 2021
Glyn Jones	Director of Finance and Performance/Deputy Chief Executive	Until 1 <sup>st</sup> November 2021
Rob Holcombe	Interim Director of Finance, Procurement and Value Based Healthcare	From 1 <sup>st</sup> November 2021
Dr James Calvert	Medical Director	Full Year
Geraint Evans	Director of Workforce and OD	Until 31 <sup>st</sup> August 2021
Sarah Simmonds	Director of Workforce and OD	From 22 <sup>nd</sup> July 2021
Nicola Prygodzicz	Director of Planning, Digital and IT	Until 1 <sup>st</sup> November 2021
Nicola Prygodzicz	Director of Planning, Performance, Digital and IT / Deputy Chief Executive	From 1 <sup>st</sup> November 2021

Rhiannon Jones	Director of Nursing	Full Year
Nick Wood	Director of Primary, Community and Mental Health	Until 5 <sup>th</sup> December 2021
Peter Carr	Director of Therapies and Health Sciences	Full Year
Dr Sarah Aitken	Director of Public Health and Strategic Partnerships	Full Year
Dr Sarah Aitken	Interim Director of Primary, Community and Mental Health Services (in addition to substantive role of Director of Public Health and Strategic Partnerships)	From 6 <sup>th</sup> December 2021 to 28 <sup>th</sup> February 2022
Dr Chris O'Connor	Interim Director of Primary, Community and Mental Health Services	From 28 <sup>th</sup> February 2022
<b>Independent Members</b>		
Ann Lloyd	Chair	Full Year
Emrys Elias	Vice Chair	Until 30 <sup>th</sup> September 2021
Pippa Britton	Independent Member (Third Sector)	Until 17 <sup>th</sup> October 2021
Pippa Britton	Interim Vice Chair	From 18 <sup>th</sup> October 2021
Katija Dew	Independent Member (Third Sector)	Full Year
Shelley Bosson	Independent Member (Community)	Full Year
Louise Wright	Independent Member (Trade Union)	Full Year
Richard G Clarke	Independent Member (Local Authority)	Full Year
Professor Helen Sweetland	Independent Member (University)	Full Year
Paul Deneen	Independent Member (Community)	Full Year
Vacant	Independent Member (Finance)	Full Year
Vacant	Independent Member (Digital)	Full Year
<b>Special Advisors to the Board*</b>		
Chris Koehli	Special Advisor to the Board	Until July 2021
Phil Robson	Special Advisor to the Board	Full Year
<b>Associate Independent Members*</b>		
Keith Sutcliffe	Chair, Stakeholder Reference Group	Full Year
Vacant	Chair, Health Professionals Forum	Full Year
Vacant	Director of Social Services	Full Year



*\*it should be noted that Special Advisors and Associate Independent Members do not hold voting rights.*

On 23 March 2020, the Welsh Government suspended all Ministerial Public Appointment campaigns. At the time of this suspension the Health Board was actively recruiting to the Independent Member (Finance) and Independent Member (University). Action taken at that time to ensure the Board remained stable and had appropriate capacity and capability included the extension of the appointment of a Special Advisor to the Board (Finance) in addition to the existing Special Board Adviser role. The Special Advisor (Finance) left the organisation in July 2021.

When the Ministerial Public Appointment campaigns restarted in XXX, a recruitment process was undertaken for the roles of Independent Members for Finance and Digital. As a result, the Minister for Health and Social Services has confirmed the appointment of an Independent Member, Finance, and they will commence on 4<sup>th</sup> April 2022. A recommendation for appointment of an Independent Member, Digital, has been submitted to the Minister for Health and Social Services and a decision is awaited at the time of writing.

### **The Role of the Board**

The Board, chaired by Ann Lloyd CBE, has been constituted to comply with the Local Health Board (Constitution, Membership and Procedures) (Wales) Regulations 2009. The Board functions as a corporate decision-making body, Executive Directors and Independent Members being full and equal members and sharing corporate responsibility for all the decisions of the Board.

The Board is made up of individuals from a range of backgrounds, disciplines and areas of expertise. The Board comprises the Chair, Vice Chair and nine other Independent Members and the Chief Executive and eight Executive Directors. There are also Associate Independent Members, Special Advisors and other senior managers who routinely attend Board Meetings. The full membership of the Board and their lead roles and committee responsibilities are outlined in **Attachment 1**.

The Board sits at the top of the organisation's governance and assurance systems. Its principal role is to exercise effective leadership, provide strategic direction and control. The Board is accountable for governance and internal control in the organisation and I, as the Chief Executive and Accountable Officer, am responsible for maintaining appropriate governance structures and procedures.

In summary, the Board:

- Sets the strategic direction of the organisation within the overall policies and priorities of the Welsh Government and the NHS in Wales;
- Establishes and maintains high standards of corporate governance;



- Ensures the delivery of the aims and objectives of the organisation through effective challenge and scrutiny of performance across all areas of responsibility;
- Monitors progress against the delivery of strategic and annual objectives; and
- Ensures effective financial stewardship by effective administration and economic use of resources.

### **Committees of the Board**

Section 3 of Aneurin Bevan University Health Board's Standing Orders provides that *"The Board may and, where directed by Welsh Government must, appoint Committees of the Health Board either to undertake specific functions on the Board's behalf or to provide advice and assurance in the exercise of its functions"*. In line with these requirements, the Health Board established a Committee Structure for 2021/22.

In December 2020, the Board acknowledged the importance of learning from the lean, agile, transformative culture that the NHS and partners developed during the pandemic and approved a revised Committee Structure which came into effect on 1<sup>st</sup> April 2021. These revised arrangements promoted a leaner structure, whilst maintaining effective scrutiny and assurance around the Health Board's strategic decision making, financial accountability and patient outcomes.

During 2021/22, the following Committees were established by the Board:

- Audit, Finance and Risk Committee
- Charitable Funds Committee
- Patient Safety, Quality and Outcomes Committee
- Mental Health Act Monitoring Committee
- Remuneration and Terms of Service Committee
- People and Culture Committee

The agendas and papers for each of these Committees can be found on the Health Board's [website](#).

These Committees were Chaired by Independent Members of the Board. The Chair of each Committee reports regularly to the board on the committee's activities. This contributes to the board's assessment of risk, level of assurance and scrutiny against the delivery of objectives. In addition, and in-line with Standing Orders, each committee is required to produce an annual report.

In addition, the Health Board established a Strategy, Planning, Partnerships and Wellbeing Group. This had a different model of membership, which includes all Independent Members and Executive Members of the Board. This recognises that the Group is constituted to focus on strategic development and medium- and longer-term planning matters, rather than acting as an assurance group for scrutiny purposes.

Throughout the COVID-19 pandemic, the Board has continued to review its governance arrangements to ensure that they remain appropriate whilst agile enough to meet the demands placed upon the organisation. The Board is aware of the increasing pressures that have been placed on the health and social care system, as a direct and indirect result of the pandemic, and the significant ongoing challenges that the organisation faces in responding to these. It is therefore essential that the Board's business, and that of its committees, remains focussed on its key priorities and strategic risks, ensuring an appropriate balance between strategy, delivery and performance, and culture.

In recognition of the Board's strategic priorities for 2022/23 and the strategic risks it currently holds, a revised committee structure for 2022/23 was considered and agreed by the Board in March 2022. This revised structure will enable an appropriate balance between strategy, delivery and performance, and culture and takes into consideration feedback from Board Members and Audit Wales in respect of effectiveness. Further detail on the Committee Structure for 2022/23 can be found on the Health Board's [website](#).

### **Conducting Business with Openness and Transparency**

It is acknowledged that in these unprecedented times, there are limitations on Boards and Committees being able to physically meet where this is not necessary and can be achieved by other means. In accordance with the Public Bodies (Admissions to Meetings) Act 1960 the organisation is required to meet in public. As a result of the public health risk linked to the pandemic there have been limitations on public gatherings, and it has not therefore been possible to allow the public to attend meetings of our board and committees throughout 2021/22.

To ensure business was conducted in as open and transparent manner as possible during this time the following actions were taken:

- All Board and Committee meeting agenda packs have been published to the Health Board's [website](#) in advance of meetings;
- Meetings of the Board were livestreamed between June 2020 and September 2021. Work is ongoing to ensure that the Health Board is able to resume livestreaming of its Board meetings by May 2022;
- Since September 2021, meetings of the Board have been recorded and published to the Health Board's You Tube Channel.

The Board is expediting plans to enable its Board and Committee meetings to be held in public and to be made available to the public via live streaming, where possible. In the meantime, meeting agendas will be issued with a statement advising the public that should they wish to observe a virtual meeting of the board or a committee, then they should make contact the Board Secretary in advance of the meeting in order that the request could be considered on an individual basis. This statement was also available for members of the public on the Health Board's website.

The Health Board and its Committees have sought to undertake a minimum of its business in private sessions and ensure business, wherever possible, is considered in public. The Committees that do not meet in public are either because of the confidential nature of their business, such as the Remuneration and Terms of Service (RATS) Committee, or they are informal developmental type meetings such as the Strategy, Planning, Partnerships and Wellbeing Group discussing plans and ideas often in their formative stages.

### **Items considered by the Board in 2021-22**

During 2021-22, the Board held 8 meetings:

- 6 routinely scheduled bimonthly meetings
- 1 additional meeting in June 2021 to formally approve the Annual Report and Accounts for 2020/21, following detailed consideration by the Health Board's Audit, Finance and Risk Committee.
- 1 extraordinary meeting in October 2021 to consider and approve the investment proposals for the South East Wales Vascular Network Business Case

In addition, the Board held its Annual General Meeting on 28<sup>th</sup> July 2021. This was held via Microsoft Teams and streamed on the Health Board's YouTube Channel.

Board Members are also involved in a range of other activities on behalf of the Board, such as Board Development sessions, COVID-19 Board Briefing sessions, attending partnership meetings, shadowing and a range of other internal and external

All the meetings of the Board in 2021/22 were appropriately constituted and quorate. The key business and risk matters considered by the Board during 2021/22 are outlined below:

### **Business Cases:**

- Approved the **Ysbyty Ystrad Fawr Unified Breast Unit Full Business Case**.
- Endorsed the direction of travel set out in the **South East Wales – Acute Oncology Service Business Case** and supported the development of the phases 2 and 3 through the regional Acute Oncology programme.
- Approved the **Newport East Health and Wellbeing Centre Full Business Case** for submission to Welsh Government.
- Approved the **South East Wales Vascular Network Business Case** and supported the establishment of the Network, the host of which is yet to be determined.
- The Board agreed it was important to invest in projects that would transform patient experience and outcomes and endorsed a letter of support for the **All Wales Positron Tomography Programme**.
- The Board agreed that it was a vital development for diagnostic and therapeutic interventions and approved the **Endoscopy Business Justification Case** to support the proposed redevelopment and expansion of Endoscopy services at Royal Gwent Hospital.

## Plans/Strategies/Policies/Service Change

- Received the outcome of an engagement and consultation process regarding **Transforming Adult Mental Health Services in Gwent** and supported taking forward the transformation agenda.
- Noted progress on the development of **Neighbourhood Care Network Annual Plans**.
- Approved the **Winter Plan 2021/22** - an overarching plan which set out a range of actions and priorities.
- Received update on progress against the strategic objectives included in the **Estates Strategy**
- Endorsed the **Annual Plan 2021/22** which set out the Board's annual strategic priorities.
- Approved the **Pharmaceutical Needs Assessment** as required by Regulation 7 of the NHS (Pharmaceutical Services) (Wales) Regulations 2020.
- Considered and commented on the **Gwent Public Service Board Wellbeing Assessment Consultation**
- Supported requests from the NHS Wales Health Collaborative for WHSSC to:
  - Commission Hepato-Pancreato-Biliary Services;
  - Commission the Hepato-Cellular Carcinoma (HCC) MDT and;
  - Develop a specialist orthopaedic paediatric service specification with a view to future commissioning of the service.
- Approved the **Policy for the Management of Policies and other written control documents**.
- Approved the **Integrated Medium-Term Plan 2022-2025**.
- Approved the **Capital Programme 2022/23**.

## Governance and Assurance

- Endorsed the **Board Assurance Framework**.
- Adopted revised **Standing Orders and Standing Financial Instructions**.
- Received assurance in respect of arrangements for compliance with the **Nurse Staffing Levels (Wales) Act**.
- Adopted revised **Standing Orders for WHSSC and EASC**.
- Reviewed **Committee Membership** in light of continued Independent Member vacancies
- Approved the **Annual Report and Accounts 2020-21**.
- Approved the **Charitable Funds Annual Accounts and Annual Report 2020-21**
- Received the following **Annual Reports**:
  - Trade Union Partnership Forum
  - Cancer Services
  - Welsh Language Standards
  - Equality Report
- Received the **Audit Wales Annual Audit Report and Structured Assessment**.

## Patient Experience and Public Engagement

Throughout 2021/22, the **Aneurin Bevan Community Health Council** attends meetings of the Board to provide an overview of recent issues of concern and positive observations or public feedback being addressed by the Community Health Council in relation to the planning and delivery of health services in Gwent.

The Board is also committed to hearing and learning from the experience of staff and patients and during 2021/22 received patient/staff stories in respect of:

- Core Care Team Model
- Shared Lives for Mental Health Crisis
- Therapies support in Intensive Care Units.

## Routine Business

- Ratified actions taken by the Chair, on behalf of the Board, to seal documents affixing the Health Board's Common Seal.
- Considered and discussed the Health Board's financial performance and the related risks being managed by the organisation.
- Considered the Board's performance against key local and national targets and the actions being taken forward to improve performance.
- Received assurance reports from the Committees and Advisory Groups of the Board.
- Received update reports from the Executive Team in respect of key issues locally, regionally and within NHS Wales.
- Reviewed the Corporate Risk Register and sought assurance on the management of mitigating actions.

Further information can be obtained from the published Board meeting papers on the Health Board's website via the following [link](#).

## Items considered by Committees of the Board

During 2021/22, Board Committees considered and scrutinised a range of reports and issues, in line with the matters delegated to them by the Board. These included a range of internal and external audit reports and reports from other review and regulatory bodies including Healthcare Inspectorate Wales.

As was the case in previous years, the Committees' consideration and analysis of such information has played a key role in my assessment of the effectiveness of internal controls, risk management arrangements and assurance mechanisms. The Committees also considered and advised on areas of local and national strategic developments and new policy areas.

An overview of the key areas considered by the Committees of the Board is outlined below:

<b>Audit, Finance and Risk Committee</b>	<ul style="list-style-type: none"> <li>Continued to focus on ensuring that the Health Board obtained value for money and the best use of resources, receiving specific updates on: <ul style="list-style-type: none"> <li>Musculoskeletal Pathway Redesign Programme</li> <li>Integrated Eyecare Pathway</li> <li>Outpatient Transformation</li> <li>Agile Working</li> <li>Estates Efficiency Framework</li> <li>Digital Systems, Efficiencies and Benefits Realisation</li> </ul> </li> <li>Maintained a focus on improvements in the financial systems and control procedures and monitored payments and trending processes.</li> <li>Received regular update reports from the Counter Fraud Service and approved the Counter Fraud Annual Plan and Annual Report.</li> <li>Approved an Internal Audit Plan for 2021/22, although this remained flexible to respond to changing demands and resources; and received the resulting Internal Audit Reports, noting key areas of risk and tracked the management responses made to improve systems and internal control.</li> <li>Endorsed and adopted a revised approach and delivery framework for the management of corporate risk.</li> <li>Monitored compliance with the Freedom of Information Act.</li> <li>Continued to work with Audit Wales as part of its work to determine the accuracy of financial statements and its programme of performance audits and assurance reports including its Annual Structured Assessment.</li> <li>Received specific updates on Consultant Job Planning, Direct Engagement, Overview of Legal Services processes related to Losses and Special Payments.</li> </ul>
<b>Patient Quality, Safety and Outcomes Committee</b>	<ul style="list-style-type: none"> <li>Continued to monitor organisational performance against a range of key quality indicators and identified emerging themes, areas of concern and mitigation, as well as good practice. In particular, the Committee considered ongoing risks and concerns regarding emergency and urgent care, ambulance handover delays and extreme pressure in Emergency Departments.</li> <li>Received and discussed Annual Reports on Infection Prevention and Control, Putting Things Right and Safeguarding. The Committee also reviewed the Health Board's performance against established Cleaning Standards.</li> <li>In line with the regulations for the management of concerns in Wales, the Committee continued to monitor organisational and divisional performance against the 20 and 30 day compliance targets for response and to receive assurance that there is learning from each complaint and/or incident and that this is communicated across the Health Board.</li> <li>Any adverse incidents that have occurred within our Health Board or other health bodies, have been considered by the Committee to ensure that the Health Board's arrangements are safe and to consider recommendations for further improvement.</li> </ul>

	<ul style="list-style-type: none"> <li>• In particular, the Committee received and considered the outcome of the Brithdir Inquests, the lessons learned and received assurance regarding the governance processes in place within complex care and continuing health care.</li> <li>• Continued to monitor performance and progress against a number of key areas of activity and service developments including, prevention and management of falls, CHC/ABUHB Facetime Buddying Project, New Dementia Standards and revised ABUHB Plan, Dementia Companions and Meaningful Occupation model. The Committee also received assurance regarding access arrangements in primary care and the way in which primary care is managing its recovery and resumption of services</li> <li>• Oversight of implementation of the Health and Care Standards, and annual assurance reports received in relation to Nutrition and Hydration and Blood Management.</li> <li>• Received updates on all Healthcare Inspectorate Wales (HIW) reports to ensure recommendations made are being progressed across the organisation to enable learning.</li> <li>• Received assurance regarding participation in National Clinical Audit noting that the Health Board contributes to all mandated audits.</li> </ul>
<b>Charitable Funds Committee</b>	<ul style="list-style-type: none"> <li>• Scrutinised applications for charitable funds</li> <li>• Reviewed charitable funds income and expenditure</li> <li>• Considered and endorsed the Charitable Funds Accounts and Annual Report 2021/22</li> </ul>
<b>Mental Health Act Monitoring Committee</b>	<ul style="list-style-type: none"> <li>• Reviewed the use of the Mental Health Act within the Health Board and received assurance on compliance with the legislative requirements of the Mental Health Act.</li> </ul>
<b>People and Culture Committee</b>	<ul style="list-style-type: none"> <li>• Monitored how the Health Board was addressing key workforce priorities, noting in particular the challenges to the workforce presented by the continuing pandemic whilst recovering services and winter pressures.</li> <li>• Regularly reviewed the COVID-19 Workforce Dashboard which provided data on workforce supply, absence, GUH and mass vaccination recruitment and COVID-19 Workforce Risk Assessment compliance.</li> <li>• Kept under review the Health Board's approach to, and progress with, Agile Working, Workforce Planning and Talent and Succession planning.</li> </ul>

### Board Development

Board members took part in a number of development and briefing sessions through 2021/22. Topics covered at these sessions included:

- Restart and Recovery
- Digital Health and Care Wales – Introductory session
- Developing an integrated Research, Improvement, Innovation and Value (RIIV) approach for the Health Board
- Measuring/Reporting Outcomes
- HIW Annual Report
- Agile Working, Employee Wellbeing and Welsh Language



- Risk Management Approach
- Resource Briefing
- Primary Care Access
- Delivering Care Closer to Home
- Integrated Medium Term Plan development
- Clinical Futures/Grange University Hospital
- People Plan
- People First

Board members also received briefings on:

- The Omicron Variant and incidence rates
- Delivering the Mass Vaccination Programme
- Urgent and Emergency Care Pressures
- Surge Planning and use of the Local Options Framework

In-line with Standing Orders, the Board is required to introduce a process of regular and rigorous self-assessment and evaluation of its own operations and performance and that of its Committees and Advisory Groups. In March 2022, the Board undertook an assessment of its effectiveness, including its committee structure, and identified areas for strengthening and improvement. These included, but are not limited to:

- Establishment of a Board Development Programme for 2022/23
- Establishment of a Board Member Induction Programme for 2022/23
- The need for dedicated time for the Board to undertake horizon scanning and discuss strategic development
- The need for a strengthened focus on outcomes, using intelligence and analytics
- The need for a strengthened focus on the work delivered through partnerships and joint committees
- The development of an Organisational Accountability Framework
- Ongoing development of risk management and assurance mapping.

## **Advisory Groups and Joint Committees**

### **Advisory Groups**

Aneurin Bevan University Health Board's Standing Orders require the Board to establish three advisory groups. These allow the Board to seek advice from and consult with staff and key stakeholders. They are the:

- Stakeholder Reference Group;
- Local Partnership Forum; and
- Healthcare Professionals' Forum.

Information in relation to the role and terms of reference of each Advisory Group can be found in the Health Board's Standing Orders on the Health Board's [website](#).

### **Stakeholder Reference Group (SRG)**

The purpose of the SRG is to encourage full engagement and active debate amongst stakeholders from across the communities served by Aneurin Bevan University Health Board. By doing so, it aims to use the



balanced opinions of its stakeholders to inform the Health Board's decision-making processes. The SRG is made up of a range of partner organisations from across the Health Board area and is chaired by an Associate Member of the Board who is also the Veterans Representative. The SRG held a development session in October 2021 to review its purpose, direction and determined future discussions and links with the Board and other groups. The Group discussed how it could provide advice and feedback regarding the Health Board's strategic objectives; an insight about community demands; and a holistic perspective across the communities.

### **Local Partnership Forum (Known as the Trade Union Partnership Forum [TUPF])**

The TUPF is the formal mechanism for the Health Board and Trade Union/Professional Organisation Representatives to work together to improve health services. It is the forum where key stakeholders will engage with each other to inform, debate and seek to agree local priorities on workforce and health service issues. The TUPF is co-chaired by the Chair of Staff Representatives and the Chief Executive of the Health Board. Members are Staff Representatives (including the Independent Member for Trade Unions), the Executive Team and Chief Executive, the Director of Corporate Governance, the Assistant Directors of Workforce and OD and the Head of Workforce Governance. The Forum meets 6 times a year.

### **Healthcare Professionals' Forum (HPF)**

The purpose of the HPF is to facilitate engagement and debate amongst the wide range of clinical interests within the Health Board's area of activity, with the aim of reaching and presenting a cohesive and balanced professional perspective to inform the Health Board's decision making. During 2021/22, the Board did not have in place its Healthcare Professionals Forum. In the absence of this Group, the Board has continued to engage clinical professionals through its professional executive directors (Medical Director, Director of Nursing, Director of Therapies and Health Sciences and Director of Public Health) and existing professional management groups. The Board also engages with primary care providers through its cluster arrangements. It is the intention to take forward arrangements in respect of the Healthcare Professional's Forum in 2022/23.

### **Joint Committees**

As set out within the Health Board's Standing Orders, the Board is required to establish, as a minimum, the following joint Committees:

- The Welsh Health Specialised Services Committee (WHSSC) and
- The Emergency Ambulance Services Committee.

### **Welsh Health Specialised Services Committee (WHSSC)**

The Welsh Health Specialised Services Committee (WHSSC) is responsible for the joint planning of Specialised and Tertiary Services on behalf of [Local Health Boards in Wales](#).

WHSSC was established in 2010 by the [Local Health Boards \(LHBs\) in Wales](#) to ensure that the population of Wales has fair and equitable access to the full range of specialised services. In establishing WHSSC to work on their behalf, the seven LHBs recognised that the most efficient and effective way of planning these services was to work together to reduce duplication and ensure consistency.

WHSSC is hosted by Cwm Taf Morgannwg University Local Health Board. The Health Board is represented on the Committee by the Chief Executive and reports of the Joint Committee's activity are regularly reported to the Board.

### **Emergency Ambulance Services Committee (EASC)**

Emergency Ambulance Services in Wales are provided the Welsh Ambulance Services NHS Trust (WAST) and commissioning of Ambulance Services in Wales is a collaborative process underpinned by a quality and delivery framework. The framework provides for clear accountability for the provision of emergency ambulance services with the Chief Ambulance Services Commissioner (CASC) and the Emergency Ambulance Services Committee (EASC) acting on behalf of Health Boards and holding WAST to account as the provider of emergency ambulance services. EASC is hosted by Cwm Taf Morgannwg University Local Health Board. The Health Board is represented on the Committee by the Chief Executive and reports of the joint committee's activity are regularly reported to the Board.

### **Partnership Working**

Aneurin Bevan University Health Board is committed to working constructively in partnership with others to plan and secure the delivery of an equitable, high quality, whole system approach to health, well-being and social care for the population of Gwent. This is delivered in accordance with the Health Board's statutory duties and any specific requirements or directions made by the Welsh Ministers, which includes the development of population assessments and area plans.

### **Gwent Regional Partnership Board**

The Gwent Regional Partnership Board (RPB) is established under the Partnership Arrangements (Wales) Regulations 2015, within which local authorities and local health boards are required to establish Regional Partnership Boards to manage and develop services to secure strategic planning and partnership working. RPBs also need to ensure effective services, and care and support is in place to best meet the needs of their respective population. The objectives of the Gwent Regional Partnership Board is to ensure the partnership bodies work effectively together to:

- Respond to the population assessment carried out in accordance with section 14 of the Act;
- Develop, publish and implement the Area Plans for each region covered as required under section 14A of the Act;
- Ensure the partnership bodies provide sufficient resources for the partnership arrangements, in accordance with their powers under section 167 of the Act; and
- Promote the establishment of pooled funds where appropriate.

Welsh Government has distributed an Integrated Care Fund across Wales to the seven Regional Partnership Boards (RPBs) in Wales. The aim of the fund is to drive and enable integrated working between social services, health, housing and the third sector and independent providers to develop sustainable services.

The Integrated Care Fund is hosted by Aneurin Bevan University Health Board on behalf of Gwent Regional Partnership Board.

Integrated Care Fund is a standing agenda item on the Regional Partnership monthly meetings. All matters in relation to ICF are discussed and approved within the partnership forum. Information is cascaded throughout the partnership structures for transparency. Where needed, the RPB accommodates special meetings to sign off ICF investment plans where meetings schedules do not align with reporting or development timeframes.

Further detail in respect of the Gwent RPB can be found on the RPB's [website](#).

### **Gwent Public Services Board**

The Gwent Public Services Board (PSB) is the statutory body established by the Well-being of Future Generations (Wales) Act 2015 which brings together the public bodies in Gwent to meet the needs of Gwent citizens present and future. The aim of the group is to improve the economic, social, environmental and cultural well-being of Gwent. Working in accordance with the five ways of working, the Board has published its Well-being Assessment and Well-being Plan.

The Health Board contributes to achieving these objectives through the delivery of the Clinical Futures Strategy and the Integrated Medium-Term Plan (IMTP).

Further detail in respect of the Gwent PSB can be found on the PSB's [website](#).

### **NHS Wales Shared Services Partnership**

NHS Wales Shared Services Partnership (NWSSP) was established in November 2010 to deliver economies of scale; efficiencies and consistency of quality and process for the business and professional services that were directly managed and delivered by local NHS bodies.

As a hosted organisation, NWSSP operates under the legal framework and Establishment Order of Velindre University NHS Trust. The Managing Director is the designated Accountable Officer for Shared Services in line with The Velindre National Health Service Trust Shared Services Committee (Wales) Regulations 2012 and is accountable to the Director General / CEO NHS Wales and Health Boards, Special Health Authorities and Trusts through the Shared Services Partnership Committee (the Partnership Committee). The Partnership Committee meets bi-monthly and is chaired by Professor Tracy Myhill OBE. The membership is

comprised of representatives from each NHS organisation, including Aneurin Bevan University Health Board.

The Partnership Committee is responsible for exercising the Velindre National Health Service Trust's functions in relation to shared services, including the setting of policy and strategy and the management and provision of shared services to Local Health Boards, Special Health Authorities and National Health Service Trusts. Several committees and advisory groups have been established to help support the governance arrangements that underpin how NWSSP operates.

Further detail in respect of NHS Wales Shared Services Partnership can be found on NWSSP's [website](#).

### **THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL**

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

The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place for the year ended 31 March 2022 and up to the date of approval of the annual report and accounts."

### **CAPACITY TO HANDLE RISK**

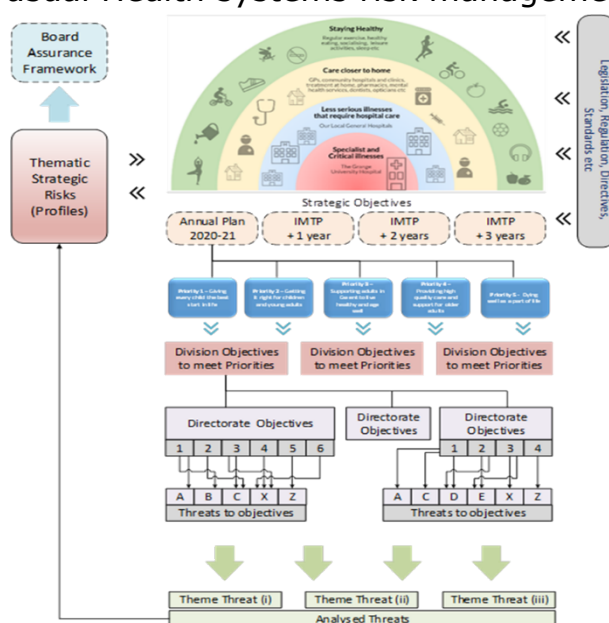
As Accountable Officer, I have overall responsibility for risk management and report to the Board on the effectiveness of risk management across the Health Board. My advice to the Board has been informed by executive officers and feedback received from the Board's Committees, in particular the Audit, Finance and Risk Committee and the Patient Quality, Safety and Outcomes Committee.

Executive Team meetings present an opportunity for executive directors to consider, evaluate and address risk, and actively engage with and report to the Board and its committees on the organisation's risk profile. The Health Board's lead for risk is the Director of Corporate Governance (The Board Secretary), who is responsible for establishing the policy framework and systems and processes that are needed for the management of risks within the organisation. Depending on the nature of risk, other Directors will take ownership for management and mitigation, for example, patient safety risks fall within the responsibility of the Medical Director, the Director of Nursing and Midwifery and the Director of Therapies and Health Science.

## The Risk Management Framework

The Health Board revised its approach to risk management in 2021 which resulted in a substantial revision of the risk management strategy and development of a risk management delivery framework. The revised approach is predicated on a risk-based assessment of organisational, life course objectives as described within the approved Health Board IMTP, identifying the risks to delivery. The approach also takes into consideration previous Structured Assessment and Internal Audit recommendations in relation to risk management. The approach allows for risks to be escalated from an operational level if they are identified as themes across the organisation but conversely enables a strategic, horizon scanning avenue for Executives and Board members to highlight risks and escalate to the Corporate Risk Register. It also lends itself to be laterally informed by legislation and Welsh Government directives.

This approach is a hybrid model of best practice risk management frameworks including COSO Enterprise Risk Management Framework, ISO 31000 and usual Health systems risk management approaches.



The risk management delivery framework then forms the basis of the Board Assurance Framework which describes the principal, strategic risks to the Health Board.

## Management of Risks During 2021/22

The Health Board made progress during 2021/22 in relation to risk management and this is evidenced through the reasonable assurance rating obtained from Internal Audit on organisational risk management processes. However, it is recognised that further development work is required, and this is planned to be taken at pace over the course of the next 12-18 months.

The main areas of organisational risks during 2021/22 related to COVID-19 and sustained pressure on acute/secondary, primary and tertiary services impacted from COVID itself, compounded by previous societal actions undertaken due to the pandemic, the impact from which is yet to be fully understood and won't be for some time.

The Board received the revised Board Assurance Framework at its May 2021 meeting, and a half year review was presented at its November 2021 meeting.

The Health Board acknowledges the gaps in a robust assurance assessment within the current Board Assurance Framework and plans are in place to further develop this through organisational awareness and targeted development with key leaders to ensure consistent understanding of the internal assurance framework is adopted.

### The Health Board's Risk Profile

As at end of March 2022 there are **23** Organisational Risk Profiles, of which **15** form Principal Risks due to the scoring being 15 or greater and are included and monitored via regular strategic risk reports to the Board and included in the Board Assurance Framework. The following table provides a breakdown of the risks and level of severity:

<b>High</b>	15
<b>Moderate</b>	6
<b>Low</b>	2

A copy of the latest Strategic Risk Report presented to Board in May 2022 is available [here xxxx \(insert hyperlink\)](#).

### Risk Appetite

A Board Development session specifically in relation to risk appetite is planned for May/June 2022 to refresh and ensure understanding of the agreed risk appetite levels currently in use within the Health Board (previously agreed in 2020).

As part of its risk management arrangements, the Health Board has agreed a set of definitions in relation to risk appetite and attitude which is outlined in the table below. The risk **Appetite** can be applied to shorter term risks and can be more dynamic; however, the risk **Attitude** is usually applied to longer term risks and tends to be more fixed. It is noted, however, that the risk Appetite and Attitude definitions will be reviewed in order for the Health Board to progress its organisational approach to risk management.



Assessment	Description of potential effect
<p>Very High ('hungry' for risk) Risk Appetite Level 5</p>	<p>The Health Board accepts and Tolerates some risks because of the potential short and long term benefits that might arise. However, it recognises that this might result in reputational damage, financial impact or exposure, major breakdown in services, information systems or integrity problems, significant incidents of regulatory and/or legislative compliance issues, potential impact on staff/service users.</p>
<p>High (open to risk) Risk Appetite Level 4</p>	<p>The Health Board is willing to Tolerate or Treat risks that may result in reputation damage, financial impact or exposure, major breakdown in services, information systems or integrity, significant incidents of regulatory and/or legislative compliance, potential risk of injury to staff/service users. This level of appetite is predicated on the benefits being anticipated to be significantly advantageous to the Health Board.</p>
<p>Moderate (cautious risk taking) Risk Appetite Level 3</p>	<p>The Health Board is willing to Treat, Tolerate, Transfer (upon a balance of residual risks) risks in certain circumstances that may result in reputation damage, financial loss or exposure, major breakdown in services, information systems or integrity, significant incidents of regulatory and/or legislative compliance, potential risk of injury to staff/service users.</p>
<p>Low (averse to risk) Risk Appetite Level 2</p>	<p>The Health Board aspires to Treat, Transfer or Terminate (except in very exceptional circumstances) risks that may result in reputation damage, financial impact or exposure, major breakdown in services, information systems or integrity, significant incidents of regulatory and/or legislative compliance, potential risk of injury to staff/service users.</p>

Zero (avoid taking risks) Risk Appetite Level 1	The Health Board aspires to Terminate risks under any circumstances that may result in reputation damage, financial impact or exposure, major breakdown in services, information systems or integrity, significant incidents of regulatory and/or legislative compliance, potential risk of injury to staff/service users or public.
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Changes to standard reporting templates has enabled the Board to become more aware of risk appetite in relation to the risk profiles it is responsible for. The revised template for cover reports for Committees and the Board provides a high-level overview of the risks being managed within the Committee or Board's portfolio and whether they are being managed within the agreed risk appetite level. Further work is now required to ensure that where risks are not managed within agreed limits, robust plans and objectives are in place to de-escalate. This will lead to a greater sense of control amongst the risk management culture within the Health Board.

### **Embedding Effective Risk Management**

The Health Board intends to continue to embed the risk management delivery framework throughout 2022/23 supplemented by a risk management strategy realisation plan which was recently endorsed at the Audit, Risk and Assurance Committee in April 2022. The Committee will remain responsible for monitoring implementation of the plan to ensure the organisation reaches its full potential in relation to the revised risk management strategy. In monitoring the ongoing implementation, any risks to delivery or gaps in assurance can be identified with remedial actions agreed and implemented to mitigate and ensure the plan continues to progress. It is anticipated that full realisation of the risk management realisation plan will be complete by April 2023.

To further support this work, a Risk Management Community of Practice has been established within the Health Board. This group has already met twice and has bi-monthly dates scheduled for meetings to continue throughout 2022 and into 2023, supplemented through an agreed programme of topics to discuss at each meeting. A Terms of Reference is in the process of being developed with a view to ensure that this group is more formally represented, and areas of best practice and organisational learning can be achieved.



## THE CONTROL FRAMEWORK

### Quality Assurance Framework

Ensuring patients and their families receive high quality, safe, compassionate care from staff who are supported to work in a culture of openness and transparency is a fundamental objective of the Board. The Board is accountable for ensuring the quality and safety of the services it provides and commissions.

The Board has an approved Quality Assurance Framework 2020-23. The specific purpose of the Framework is to realise the vision of care, which is:

- Safe
- Effective
- Patient-centred
- Timely
- Efficient
- Equitable

with systematic, continuous and sustained improvement in the quality of care provided by Aneurin Bevan University Health Board.

The Quality Assurance Framework forms an essential element of the overall system and controls that are in place within the Health Board; whose purpose is to mitigate and manage risk which may occur with regard to the achievement of our strategic objectives and priorities as set out in the Health Board's Integrated Medium-Term Plan. The Framework is aligned to the Board's Assurance Framework and has inherent links to the Risk Management Strategy.

The Health Board's Quality Assurance Framework Domains are set out as:

1. Staff engagement and feedback
2. Service user engagement and feedback
3. Leadership and learning
4. Risk Management
5. Improvement methodology
6. Quality intelligence and performance reporting.

The Health Board's Quality Assurance Framework Structure comprises a range of groups, each of which focus on an aspect of quality and safety with all ultimately reporting to the Board's Quality & Patient Safety Committee, via the Quality and Patient Safety Operational Group (QPSOG).

The Quality and Patient Safety Operational Group is chaired by the Executive Director for Therapies and Health Sciences and brings together the corporate leads for an aspect of quality with senior representatives from every Division.

### Health and Care Standards

The Wales Health and Care Standards (HCS) came into force from 1 April 2015 and provides the "...basis for improving the quality and safety of healthcare services by providing a framework which can be used in

identifying strengths and highlighting areas for improvement.” (NHS Wales Health and Care Standards. Welsh Government, 2015).

The Health and Care Standards are grouped into 7 themes and provide the framework against which the Health Board assesses all services, to identify gaps, risks and areas for improvement.

The Health Board’s Quality Assurance Framework is mapped to the Health and Care Standards and covers the themes of Patient Safety, Clinical Effectiveness, Dignified Care and Individual Care. The Health Board’s Quality and Patient Safety Operational Group reports to each meeting of the Board’s Quality and Patient Safety Committee (QPSC) and escalates issues to it as appropriate. For each standard, a Corporate Standard Holder is identified who has expertise in that standard and provides an overview of what, should be in place to meet the standard. The overview lays out both the corporate systems and processes for the standard and what the Health Board’s Divisions need to do to meet the standard. The Health Board has a Health and Care Standards Group with Divisional Leads and Standards Leads, which monitors and reviews the Healthcare Standards Implementation Plan at every meeting. In addition, this group has an annual plan of work to ensure the Health and Care Standards remain at the heart of the Health Board, as the main quality assurance framework for the NHS in Wales.

### **Information Governance**

The Health Board has a range of responsibilities in relation to the information that it holds, uses, and shares. The Medical Director is the Health Board’s Caldicott Guardian and the Director of Planning, Performance, Digital and IT is the Senior Information Risk Owner (SIRO).

During 2021/22, the Health Board continued to implement processes and communications around information asset tracking, General Data Protection Regulations (GDPR) and data protection. The information governance e-learning training material was revised and made available on the intranet for staff. Revision of privacy notices at a national and local level have taken place and are being deployed. Information governance policies continue to be reviewed on an all-Wales basis as part of the collaborative work required in light of GDPR to ensure consistency of policy content and context across organisations.

The Health Board continues to be proactive in using the NHS Wales Information Governance management support framework to ensure consistency of policy, standards and interpretation of the law and regulation across NHS Wales’ organisations.

During 2021-22, the Health Board received just over 5,000 Data Protection Act Subject Access Requests (SARs); this is a 10% increase since 2020-2021. The largest proportion of requests received continues to be made by solicitors and legal services. Compliance rate with Subject Access Requests has varied over the year, with a maximum compliance of 95% achieved and a current compliance of 92%.

The Wales Accord on the Sharing of Personal Information (WASPI) framework is embedded in the way in which the Health Board shares relevant information with its partner organisations. This was important when sharing personal information between partners as part of the COVID-19 response.

During 2021/22, there were 722 information governance incidents recorded by staff on the Health Board's DATIX Incident Reporting System: an increase of 62 from the previous year. These incidents are of varying levels of concern, such as missing pages in a paper record, to ICT systems being unavailable for a period, but none were reported as major incidents.

During 2021/22, six complaints were made to the Information Commissioners Office (ICO) by complainants. The Health Board provided supportive evidence to the ICO in all cases to demonstrate that it was acting within the law and had provided the complainants with an effective service regarding their information. As a result, no action was taken by the ICO against the Health Board.

During 2021/22, there were no material lapses of data security, other than trivial ones.

### **The Corporate Governance Code**

The Corporate Governance Code currently relevant to NHS bodies is 'The corporate governance in central government departments: code of good practice' (published 21 April 2017). The Health Board, like other NHS Wales organisations, is not required to comply with all elements of the Code, however, the main principles of the Code stand as they are relevant to all public sector bodies. The Corporate Governance code is reflected within key policies and procedures. Further, within our system of internal control, there are a range of mechanisms in place that are designed to monitor our compliance with the Code. These include Self-assessment; Internal and External Audit; and Independent Reviews.

The Board is clear that it is complying with the main principles of the Code and is conducting its business openly and in line with the Code, and that there were no departures from the Code as it applies to NHS bodies in Wales. A copy of the current self assessment against the code is provided as Attachment Three.

### **PLANNING ARRANGEMENTS**

The NHS Wales Finance Act 2006 requires the submission to Welsh Government of Integrated Medium-Term Plans (IMTP) for approval. In April 2020, the Welsh Government wrote to all Health Boards and Trusts to formally pause the IMTP process in light of the Covid-19 pandemic. Subsequently, in December 2020, the Welsh Government issued the [NHS Wales Annual Planning Framework for 2021 to 2022](#). This confirmed that the full IMTP process remained paused and that NHS organisations were required to submit Board approved Draft Annual Plans to Welsh

Government by the 31<sup>st</sup> March 2021. The Welsh Government would not be formally assessing the plans submitted. The Health Board submitted a Board approved Annual Plan on 31<sup>st</sup> March 2021.

In December 2021 Welsh Government confirmed the resumption of the formal IMTP process following the decision in 2020 to pause this requirement in the light of the COVID-19 pandemic. At that same time Welsh Government issued the [NHS Wales Annual Planning Framework for 2022 to 2025](#).

At its meeting in March 2022, the Board approved its IMTP for 2022-25 for submission to Welsh Government. Confirmation of Welsh Government approval is awaited at the time of writing.

The Health Board's Integrated Medium-Term Plan 2022-25 is a natural progression from the Annual Plan 2021/22, building on the life course approach, whilst recognising the context within which the Health Board now operates is different from the one recognised in 2020/21. This being a renewed focus on sustainable recovery, which is characterised by a fundamental shift that encompasses the wider role of Health and Social Care in reducing health inequalities, delivering the foundational economy, and protecting the environment for future generations with the Net Zero 2030 ambition.

## **MANDATORY DISCLOSURE STATEMENTS**

### **Pensions Scheme**

I can confirm that as an employer with staff entitled to membership of the NHS Pension Scheme, control measures are in place to ensure all employer obligations contained within the Scheme regulations are complied with. This includes ensuring that deductions from salary, employers' contributions and payments into the Scheme are in accordance with Scheme rules and that the member Pension Scheme records are accurately updated in accordance with the timescales detailed in the Regulations. Note **XX** to the Annual Accounts 2021/22 provides details of the scheme, how it operates and the entitlement of employees.

### **Equality, Diversity & Human Rights**

At its meeting in March 2022, the Board received its Annual Equality report for 2020/21, which set out the work that was undertaken from 01 April 2020 - 31 March 2021 within the Health Board to meet Health Board objectives that were identified and agreed within the Strategic Equality Objectives. The report also included the Equality Monitoring data based on a snapshot as of 31 March 2021.

Progress has been made in the delivery of the Health Board's equality objectives and the range of information the organisation is increasingly able to draw on. The Health Board recognises that due to the entrenched nature of some inequalities stronger progress must continue to be made and these have been carried forward via the Strategic Equality Objectives for 2020 -

2024, integrated into the Health Board's IMTP and response to the Regional Partnership Board's Population Needs Assessment 2022-2027.

The pandemic has further highlighted existing inequalities and has widened others. Older people, ethnic minority people and some disabled people, particularly those in care homes, have been disproportionately impacted by the pandemic. The Health Board will keep the Strategic Equality Plan 2020-2024 under review to ensure that as more evidence continues to emerge the action plan will reflect what needs to be done to address inequalities.

The Health Board's Annual Equality Report 2021/22 can be found on the Health Board's [website](#).

### **Sustainability and Carbon Reduction Plans**

Risk assessments are in place in accordance with emergency preparedness and civil contingency requirements as based on UKCIP 2009 weather projections to ensure that the organisation's obligation under the Climate Change Act and the Adaptation Reporting requirements are complied with.

The Health Board continues to align its activities to complement and make progress towards the objectives and targets set out in the NHS Wales Decarbonisation Strategic Delivery Plan, published by Welsh Government in 2021. The Plan responds to the declaration of the climate emergency in 2019 and the ambition of Welsh Ministers for the Welsh public sector to be net zero by 2030. In 2022/23, the Health Board will establish its Decarbonisation Framework in response to the national plan.

The Health Board continues to work towards introducing more sustainable and resource efficient methods of processing waste generated from health care activities. The Health Board continues to work towards implementing a zero to landfill approach in collaboration with external contractors.

The Health Board continues to operate a third party certified Environmental Management System (EMS) to the international standard ISO 14001:2015. The EMS has been developed to become the focal point for driving forward continual environmental improvement. It provides a joined-up approach for the management of waste minimisation initiatives, recycling, energy and carbon management, sustainable procurement and sustainable travel initiatives. The Health Board places high importance on continued certification to ISO 14001 and the assurance it provides to the Board and our stakeholders.

The Health Board complies with Biodiversity and Resilience of Ecosystems Duty under Section 6 of the Environment (Wales) Act 2016, which seeks to enhance resilience and biodiversity across the estate. To this end a number of local initiatives are in place including wildflower planting in conjunction with external art installations at the Grange University Hospital, the continued success and development of the Walled Garden at Llanfrechfa Grange by the charitable organisation 'Friends of Llanfrechfa Grange Walled Garden' and the Cardiff University Pharma-Bees project at Ysbyty Ystrad Fawr.

## Quality of Data

The Health Board makes every attempt to ensure the quality and robustness of its data and has regular checks in place to assure the accuracy of information relied upon. However, it is recognised that the multiplicity of systems and data inputters across the organisation means that there is always the potential for variations in quality, and therefore always scope for improvement. We have an on-going data quality improvement approach which routinely assesses the quality of our data across key clinical systems. Good quality clinically coded data plays a fundamental role in the management of hospitals and services. Coded data underpins much of the day to day management information used within the NHS and is used to support healthcare planning, resource allocation, cost analysis, assessments of treatment effectiveness and can be an invaluable starting point for many clinical audits.

## Ministerial Directions & Welsh Health Circulars

The Welsh Government has previously issued Non-Statutory Instruments and reintroduced Welsh Health Circulars (WHCs) in 2014/15. Details of these and a record of any ministerial directions given is available on the Welsh Government website. A full detail of the WHCs issued to the Health Board in 2021/22 and the Health Board's responding action is included at **Attachment 2**.

There have been no Ministerial Directions issued in 2021/22. There was one Ministerial Direction issued in December 2019, to address the operational challenges arising as a consequence of pension tax arrangements. Further detail in this regard is included under Contingent Liabilities within the 2021/22 Financial Statements (Note **XX**).

## REVIEW OF EFFECTIVENESS OF SYSTEM OF INTERNAL CONTROL

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

The Board has adopted a structured approach to risk management, whereby risks are identified, assessed and controlled, and if appropriate, escalated or de-escalated through the governance mechanisms of the organisation.

During 2021/22, the Board's Audit, Finance and Risk Committee and Quality, Patient Safety and Outcomes Committee have played a key role in monitoring the effectiveness of internal control and the process for risk management. Work will continue in 2022/23 to strengthen the reporting of risks to the Board and its Committees. We will ensure that the work of all regulators, inspectors and assurance bodies is mapped and evidenced in our assurance framework so that the Board is fully aware of this



activity and the level of assurance it provides. We will also continue to strengthen arrangements for monitoring and reporting progress in implementing recommendations arising from the work of auditors.

The Health Board also uses reports from Healthcare Inspectorate Wales, the Welsh Risk Pool and other inspectorates and regulatory bodies to inform the governance and assurance approaches established by the organisation. A tracking mechanism for these recommendations is also in place and is monitored by the Patient Quality, Safety and Outcomes Committee.

## **INTERNAL AUDIT**

Internal audit provides me as Accountable Officer and the Board through the Audit, Finance and Risk Committee with a flow of assurance on the system of internal control. I have commissioned a programme of audit work which has been delivered in accordance with public sector internal audit standards by the NHS Wales Shared Services Partnership. The scope of this work is agreed with the Audit, Finance and Risk Committee and is focussed on significant risk areas and local improvement priorities. The overall opinion by the Head of Internal Audit on governance, risk management and control, is a function of this risk-based audit programme and contributes to the picture of assurance available to the Board in reviewing effectiveness and supporting our drive for continuous improvement.

The programme has been impacted by the need to respond to the COVID-19 pandemic with some audits deferred, cancelled or curtailed as the organisation responded to the pandemic. The Head of Internal Audit is satisfied that there has been sufficient internal audit coverage during the reporting period in order to provide the Head of Internal Audit Annual Opinion. In forming the Opinion, the Head of Internal Audit has considered the impact of the audits that have not been fully completed.

### **Head of Internal Audit's Opinion for 2021/22**

The Head of Internal Audit Opinion on the overall adequacy and effectiveness of the organisation's framework of governance, risk management, and control for 2021/22 is set out below:

#### **TO BE INSERTED**

*In reaching this opinion the Head of Internal Audit has identified that ... [draw from the HIA annual report to highlight any particular assurance domains; also highlight any limitations in scope which may have impacted the opinion]*

*Include summary of audit findings (where relevant this should include the Name of audit, issues leading to conclusion, action plans agreed/ action taken, follow-up audit findings, etc.)*

## EXTERNAL AUDIT: AUDIT WALES STRUCTURED ASSESSMENT

The Audit Wales Structured Assessment Report for 2021, examined the arrangements the Health Board has in place to support good governance across key areas of the Health Board's business and the efficient, effective, and economic use of resources. The Report concluded with the following assessment:

*Overall, we found the Health Board maintains adequate Board and Committee arrangements and is embedding its new governance structure alongside its assurance mechanisms, but there are opportunities to assess the effectiveness of these arrangements. The Health Board has gone through a period of high turnover amongst its senior leaders at Board-level whilst also holding a number of Independent Member vacancies. The Health Board has effective financial management arrangements enabling it to meet its financial duties over the last three years. However, its underlying deficit presents a risk to financial sustainability going forward. Arrangements for developing and submitting the Annual Plan are effective. Whilst the Annual Plan provides clarity on strategic objectives and has informed Board and Committee business, there has been limited oversight and scrutiny on overall delivery of the Annual Plan at Board-level.*

The Health Board has committed to undertake a number of improvement actions during 2022 to respond to this assessment. The progress against these actions will be monitored by the Executive Team and the Health Board's Committees, with the overall organisational response to these actions will be kept under review through the Audit, Risk and Assurance Committee's reporting and tracking mechanisms.

The [Structured Assessment 2021](#), along with the Health Board's [response](#), is available on the Audit Wales website.

## CONCLUSION

As Accountable Officer for Aneurin Bevan University Health Board, based on the assurance process outlined above, I have reviewed the relevant evidence and assurances in respect of internal control. I can confirm that the board and its Executive Directors are alert to their accountabilities in respect of internal control and the Board has had in place during the year a system of providing assurance aligned to corporate objectives to assist with identification and management of risk. I am pleased to note that, as a result of our internal control arrangements, Aneurin Bevan University Health Board continues to be on 'routine' monitoring as part of NHS Wales Escalation and Intervention arrangements.

During 2021-22, the Health Board proactively identified areas requiring improvement and requested that Internal Audit undertake detailed assessments in order to manage and mitigate associated risks. Further work will be undertaken in 2022/23 to ensure implementation of recommendations arising from audit reviews, in particular where a limited assurance rating is applied. Work will also continue in 2022/23 to embed



risk management and the assurance framework at a corporate level. Implementation of the Board's Annual Governance Priorities, set out within the IMTP 2022-25, will see a further strengthening of the Board's effectiveness and the system of internal control in 2022/23.

This Annual Governance Statement confirms that Aneurin Bevan University Health Board has continued to mature as an organisation and, whilst there are areas for strengthening, no significant internal control or governance issues have been identified. The Board and the Executive Team has had in place a sound and effective system of internal control that provides regular assurance aligned to the organisation's strategic objectives and strategic risks. Together with the Board, I will continue to drive improvements and will seek to provide assurance for our citizens and stakeholders that the services we provide are efficient, effective and appropriate, and are designed to meet patient needs and expectations.

As indicated throughout this statement, the need to plan and respond to the COVID-19 pandemic and its longer-term implications has had a significant impact on the organisation, wider NHS and society as a whole. It has required a dynamic response that has presented a number of opportunities in addition to the risks. The need to respond and recover from the pandemic will be with the organisation and wider society throughout 2021/22, 2022/23 and beyond. I will ensure our Governance Framework considers and responds to this need.

**Signed:**

Glyn Jones, Interim Chief Executive  
Dated: XX June 2022

## **MODERN SLAVERY ACT 2015 – TRANSPARENCY IN SUPPLY CHAINS**

The Health Board is fully committed to the Welsh Government Code of Practice Ethical Employment in Supply Chains. This has been established by the Welsh Government to support the development of more ethical supply chains to deliver contracts for the Welsh public sector and third sector organisations in receipt of public funds.

The code of practice sets out a number of commitments and Procurement Services on behalf of the Health Board has commenced the preparation of an action plan so that it can monitor progress against these. As an example, The Health Board have included the requirement for all suppliers to meet the Act in our standard NHS Terms and Conditions of contract.

Also, following the Transparency in Supply Chains consultation (2019), the UK Government has committed to extend section 54 of the Modern Slavery Act 2015 to public bodies in England and Wales with a budget of £36m or more – This requires organisations to produce annual statements by 30<sup>th</sup> September of each financial year, that provide details of steps taken to prevent modern slavery in their operations and supply chain. A draft statement is being compiled by Procurement Service and Legal/Risk in readiness for the 30<sup>th</sup> of September deadline, reflecting the work to date, any further and emerging risks and appropriate mitigations.

The procurement function is a key area for ethical employment in supply chains. This is run by NHS Wales Shared Services Partnership (NWSSP) which is hosted by Velindre University NHS Trust (Velindre). More information can be found on the work done on the Health Board's behalf by NWSSP on the Shared Services Partnership [website](#).

## Attachment One

Name	Position and Area of Expertise	Dates (if not full year)	Board Committee Membership	Attendance	Champion Role
Independent Members					
Ann Lloyd	Chair		Chair of the Board	6 out of 7	
			Chair, Remuneration and Terms of Service Committee	3 out of 3	
			Chair, Strategy, Planning Partnerships and Wellbeing Group	5 out of 5	
Emrys Elias	Vice Chair	Until 30 <sup>th</sup> September 2021	Vice Chair of the Board	4 out of 4	Mental Health (until 30/9/21)
			Member Audit, Finance and Risk Committee (until 30/9/21)	4 out of 4	
			Chair, Mental Health Act Monitoring Committee (until 30/9/21)	1 out of 2	
			Chair, Patient Quality, Safety and Outcomes Committee (until 30/9/21)	3 out of 3	
			Member, Remuneration and Terms of Service Committee (until 30/9/21)	1 out of 1	
			Member, Strategy, Planning Partnerships and Wellbeing Group	2 out of 2	
Pippa Britton	Independent Member (Third Sector)	Until 17 <sup>th</sup> October 2021	Interim Vice Chair of the Board (from 18/10/21 – previously member of the Board)	6 out of 7	Mental Health (from 18/10/21)
	Interim Vice Chair	From 18 <sup>th</sup> October 2021	Chair, Mental Health Act Monitoring Committee (from 28/10/21)	2 out of 2	Putting Things Right

Name	Position and Area of Expertise	Dates (if not full year)	Board Committee Membership	Attendance	Champion Role
			Chair, Patient Quality, Safety and Outcomes Committee (from 28/10/21) (previously Vice Chair)	4 out of 6	
			Chair, People and Culture Committee (until 8/10/21)	3 out of 3	
			Vice Chair, Remuneration and Terms of Service Committee	3 out of 3	
			Member, Strategy, Planning Partnerships and Wellbeing Group	4 out of 5	
Katija Dew	Independent Member (Third Sector)		Member of the Board	7 out of 7	Older Persons
			Member of Audit, Finance and Risk Committee	7 out of 7	
			Vice Chair, Mental Health Act Monitoring Committee	4 out of 4	
			Chair, Charitable Funds Committee	4 out of 4	
			Member, Strategy, Planning Partnerships and Wellbeing Group	5 out of 5	
Shelley Bosson	Independent Member (Community)		Member of the Board	7 out of 7	Infection Prevention and Control
			Chair, Audit, Finance and Risk Committee	7 out of 7	
			Member, Patient Quality, Safety and Outcomes Committee	5 out of 6	
			Member, Remuneration and Terms of Service Committee	3 out of 3	
			Member, Strategy, Planning Partnerships and Wellbeing Group	5 out of 5	

<b>Name</b>	<b>Position and Area of Expertise</b>	<b>Dates (if not full year)</b>	<b>Board Committee Membership</b>	<b>Attendance</b>	<b>Champion Role</b>
Louise Wright	Independent Member (Trade Union)		Member of the Board	5 out of 7	Children and Young People
			Member Patient Quality, Safety and Outcomes Committee (from 28/10/21)	3 out of 3	
			Vice Chair, Charitable Funds Committee	4 out of 4	
			Chair, People and Culture Committee (from 28/10/21), previously Vice Chair	3 out of 3	
			Member, Remuneration and Terms of Service Committee (from 8/10/21)	2 out of 2	
			Member, Strategy, Planning Partnerships and Wellbeing Group	5 out of 5	
Richard G Clarke	Independent Member (Local Authority)		Member of the Board	6 out of 7	
			Vice Chair, Audit, Finance and Risk Committee	6 out of 7	
			Member, Strategy, Planning Partnerships and Wellbeing Group	3 out of 5	
Professor Helen Sweetland	Independent Member (University)		Member of the Board	6 out of 7	
			Member, Patient Quality, Safety and Outcomes Committee	6 out of 6	
			Member, People and Culture Committee	2 out of 2	
			Member, Strategy, Planning Partnerships and Wellbeing Group	4 out of 5	

<b>Name</b>	<b>Position and Area of Expertise</b>	<b>Dates (if not full year)</b>	<b>Board Committee Membership</b>	<b>Attendance</b>	<b>Champion Role</b>
Paul Deneen	Independent Member (Community)		Member of the Board	7 out of 7	Equality
			Member of Audit, Finance and Risk Committee (from 8/10/21)	3 out of 3	
			Member, Mental Health Act Monitoring Committee	3 out of 4	
			Member, Patient Quality, Safety and Outcomes Committee	6 out of 6	
			Member, People and Culture Committee (from 28/10/21)	0 out of 1	
			Member, Strategy, Planning Partnerships and Wellbeing Group	5 out of 5	
Chris Koehli	Special Advisor to the Board	Until 17 <sup>th</sup> July 2021	Special Advisor to the Board	1 out of 1	
Phil Robson	Special Advisor to the Board		Special Advisor to the Board	6 out of 7	
Keith Sutcliffe	Chair, Stakeholder Reference Group		Associate Member of the Board	3 out of 7	Armed Forces & Veterans
			Member, Charitable Funds Committee	1 out of 4	
			Member, Strategy, Planning Partnerships and Wellbeing Group	1 out of 5	

## Attachment Two

Ministerial Direction/ Date of Compliance	Date/Year of Adoption	Action to demonstrate implementation/response
<a href="#">WHC 2021/005</a> National Health Service Directions on cross border healthcare and reimbursement of costs of treatment within the EU	6 <sup>th</sup> April 2021	The new directive has been reviewed and implemented, and the previous guidance/procedure updated and followed accordingly.
<a href="#">WHC 2021/008</a> Revised national steroid treatment card	27 <sup>th</sup> May 2021	The WHC covering letter was circulated to secondary and primary care departments including independent pharmacist and GP practices. The primary care Scriptswitch system is updating both Primary Care IT systems to ensure alerts are triggered on the initiation of steroid prescribing and on the issue of repeat prescriptions. This work is complete with respect to oral and injected steroids but continues in relation to topical and inhaled steroids. In addition, community pharmacist dispense steroid cards on the initiation of prescribing and intermittently thereafter. The Health Board has declared compliance with <i>PSN057 – Emergency Steroid Therapy Cards</i> .
<a href="#">WHC 2021/10</a> Review of standing orders, reservation and delegation of powers	16 <sup>th</sup> September 2021	Standing Orders and Scheme of Delegation amended and approved by the Board.
<a href="#">WHC 2021/11</a> Health boards and trusts financial monitoring guidance 2021 to 2022	23 <sup>rd</sup> April 2021	Actioned on a monthly basis via signed returns monitoring returns to WG & FDU.
<a href="#">WHC 2021/12</a> Protocol for dealing with violence and aggression towards NHS staff	22 <sup>nd</sup> April 2021	WHC issued and implemented
<a href="#">WHC 2021/19</a> The national influenza immunisation programme 2021 to 2022	4 <sup>th</sup> August 2021	WHC issued and implemented: As at 15/03/22 flu vaccination uptake in ABUHB among those 65 years and older and in clinical risk groups aged 6 months to 64 years was the highest in Wales. Uptake in 2 and 3 year olds and Health

<b>Ministerial Direction/ Date of Compliance</b>	<b>Date/Year of Adoption</b>	<b>Action to demonstrate implementation/response</b>
		Board staff was broadly in line with the All Wales average. Focus for the 2022/23 campaign will be 2 and 3 year olds, specific clinical risk cohorts under 65 and care home staff.
<a href="#">WHC 2021/021</a> Introduction of Shingrix® for immunocompromised individuals from September 2021	1 <sup>st</sup> September 2021	All practice managers and practice nurses were sent the WHC with specific information and links to the relevant Shingles slide sets for training.
<a href="#">WHC 2021/022</a> Publication of the quality and safety framework	17 <sup>th</sup> September 2021	The Wales Q&S Framework was presented at a recent QPSOG meeting attended by all Divisions, with a particular focus on the Duty of Quality and the implementation of a Quality Management System approach. The Health Board has recently procured a digital platform to support a quality management system for clinical audit and improvement. The revision of the clinical audit strategy to support a programme of divisional local audit designed to meet quality and safety priorities is currently underway. The QPS team are currently exploring options to recruit a QPS informatics lead who will support improved use of data in line with the framework with a particular focus on supporting Divisions. Key individuals from the Health Board have been identified to support all 5 workstreams for the quality and engagement act. Implementation of stage one of the national reporting framework is now complete.
<a href="#">WHC 2021/023</a> Care decisions for the last days of life	23 <sup>rd</sup> September 2021	A new End of Life Care Board has been established where the CDG will be monitored. The WHC was disseminated across the Health Board and to partners with a request for immediate implementation.



<b>Ministerial Direction/ Date of Compliance</b>	<b>Date/Year of Adoption</b>	<b>Action to demonstrate implementation/response</b>
<a href="#">WHC 2021/024</a> NHS Wales' contribution towards a net-zero public sector by 2030	8 <sup>th</sup> September 2021	WHC issued and implemented
<a href="#">WHC 2021/025</a> All Wales Carpal tunnel syndrome pathway	15 <sup>th</sup> September 2021	WHC issued and implemented
<a href="#">WHC 2021/028</a> Healthcare associated infections and antimicrobial resistance improvement goals	27 <sup>th</sup> September 2021	The HCAI Welsh Government expectations against the nationally reportable infections are reported at every PQSO Committee, with performance oversight via RNTG.
<a href="#">WHC 2021/026</a> Overseas visitors' eligibility to receive free primary care	6 <sup>th</sup> October 2021	WHC issued and implemented
<a href="#">WHC 2021/027</a> NHS Wales blood health plan	27 <sup>th</sup> September 2021	ABUHB endorses the principles of Patient Blood Management as set out in the Blood Health Plan using the following strategies: 1. Pre-optimisation of patient's haemoglobin via pre-operative assessment clinics with use of oral and IV iron as appropriate 2. Minimising blood loss using improved surgical techniques and using Tranexamic Acid for appropriate patients 3. Blood conservation by using intra-operative cell salvage for appropriate patients where moderate blood loss is expected and using single unit transfusions in the stable non-bleeding patient.
<a href="#">WHC 2021/031</a> NHS Wales Planning Framework 2022 to 2025	9 <sup>th</sup> November 2021	WHC issued and implemented
<a href="#">WHC 2021/032</a>	16 <sup>th</sup> November 2021	Dental Public Health team is employed by Public Health Wales. At national level, 3 Consultants in Dental Public

<b>Ministerial Direction/ Date of Compliance</b>	<b>Date/Year of Adoption</b>	<b>Action to demonstrate implementation/response</b>
Role and provision of dental public health in Wales		Health have national lead roles on Oral Health Improvement, Dental Services Innovation and Oral Health Intelligence and thus provide dental public health leadership to programmes like Designed to Smile, General Dental Services Reform Programme and Dental Epidemiology Programme in Wales.
<a href="#">WHC 2021/033</a> Role and provision of oral surgery in Wales	14 <sup>th</sup> December 2021	Primary Care Oral Surgery and Primary Care Oral Surgery Sedation service was established in substantially in 2014. This is funded via the GDS budget. Contracts are to be reviewed in 2022/23. Service is provided in accordance with the WHC.

## Corporate governance in central government departments: code of good practice 2017

## Aneurin Bevan University Health Board Assessment 2021/22

Chapter 2 The Role of the Board	
Applicable Paragraphs	Assessment
<b>Principle: 2.1 Each department should have an effective board, which provides leadership for the department's business, helping it to operate in a business-like manner. The board should operate collectively, concentrating on advising on strategic and operational issues affecting the department's performance, as well as scrutinising and challenging departmental policies and performance, with a view to the long-term health and success of the department.</b>	
<p>2.2 The board forms the collective strategic and operational leadership of the department, bringing together its ministerial and civil service leaders with senior non-executives from outside government, helping the department to operate in a business-like manner. The board's role includes appropriate oversight of ALBs.</p> <p>2.3 The board does not decide policy or exercise the powers of the ministers. The department's policy is decided by ministers alone on advice from officials. The board advises on the operational implications and effectiveness of policy proposals. The board will operate according to recognised precepts of good corporate governance in business:</p> <ul style="list-style-type: none"> <li>• Leadership – articulating a clear vision for the department and giving clarity about how policy activities contribute to achieving this vision, including setting risk appetite and managing risk</li> <li>• Effectiveness – bringing a wide range of relevant experience to bear, including through offering rigorous challenge and scrutinising performance</li> <li>• Accountability – promoting transparency through clear and fair reporting</li> <li>• Sustainability – taking a long-term view about what the department is trying to achieve and what it is doing to get there</li> </ul>	<p>Aneurin Bevan University Health Board has a Board, which comprises Independent Members appointed by the Minister for Health and Social Services, and Executive Members appointed by the organisation. The Board is headed by a Chair appointed by the Minister and a Chief Executive, who is the Accountable Officer to the Chief Executive of NHS Wales/Director General for Health and Social Services, Welsh Government.</p> <p>The work of the Board is guided and determined by its Standing Orders, Standing Financial Instructions and Schemes of Delegation. This provides the framework for delegation and decision making within the Health Board.</p> <p>The Board provides leadership and direction to the organisation and has a key role in ensuring that the organisation has sound governance arrangements in place. The Board seeks an open culture and high standards in the ways in which its work is conducted. Board Members share corporate responsibility for all decisions and undertake a key role in monitoring the performance of the organisation.</p>

2.4 The board should meet on at least a quarterly basis; however, best practice is that boards should meet more frequently. It advises on five main areas:

- Strategic Clarity – setting the vision and/or mission and ensuring all activities, either directly or indirectly, contribute towards it; long-term capability and horizon scanning, ensuring strategic decisions are based on a collective understanding of policy issues; using outside perspective to ensure that departments are challenged on the outcomes
- Commercial Sense – approving the distribution of responsibilities; advising on sign-off of large operational projects or programmes; ensuring sound financial management; scrutinising the allocation of financial and human resources to achieve the plan; ensuring organisational design supports attaining strategic objectives; setting the department’s risk appetite and ensuring controls are in place to manage risk; evaluation of the board and its members, and succession planning
- Talented People – ensuring the department has the capability to deliver and to plan to meet current and future needs
- Results Focus – shaping the single departmental plan, including strategic aims and objectives; monitoring and steering performance against plan; scrutinising performance of ALBs; and setting the department’s standards and values
- Management Information – ensuring clear, consistent, comparable performance information is used to drive improvements

2.7 The board also supports the accounting officer in the discharge of obligations set out in *Managing Public Money*<sup>1</sup> for the proper conduct of business and maintenance of ethical standards.

2.12 Where board members have concerns, which cannot be resolved, about the running of the department or a proposed action, they should ensure that their concerns are recorded in the minutes. This might occur, for example, in the rare circumstance in which the lead minister, as chair of the board, considers it necessary to depart from the collective view of the board.

The Board meets at least six times a year in public and in addition holds an Annual General Meeting.

Discussions, actions and decisions of all meetings of the Board and its Committees are formally recorded as minutes or action notes.

<b>Chapter 3 Board Composition</b>	
<b>Applicable Paragraphs</b>	<b>Assessment</b>
<b>Principle: 3.1 The board should have a balance of skills and experience appropriate to fulfilling its responsibilities. The membership of the board should be balanced, diverse and manageable in size.</b> <b>3.2 The roles and responsibilities of all board members should be defined clearly in the department's board operating framework.</b>	
<p>3.5 Non-executive board members will exercise their role through influence and advice, supporting as well as challenging the executive, and covering such issues as:</p> <ul style="list-style-type: none"> <li>• support, guidance and challenge on the progress and implementation of the single departmental plan</li> <li>• performance (including agreeing key performance indicators), operational issues (including the operational and delivery implications of policy proposals), adherence to relevant standards (e.g. commercial, digital), and on the effective management of the department</li> <li>• the recruitment, appraisal and suitable succession planning of senior executives, as appropriate within the principles set out by the Civil Service Commission.</li> </ul> <p>3.10 The board should provide collective strategic and operational leadership to the departmental family, helping it to operate in a business-like manner.</p> <p>3.11 The board should include people with a mix and balance of skills and understanding to match and complement the department's business and its strategic aims, typically including:</p> <ul style="list-style-type: none"> <li>• leadership</li> <li>• management of change in complex organisations</li> <li>• process and operational delivery</li> <li>• knowledge of the department's business and policy areas</li> </ul>	<p>The Board has a range of skills and expertise. Individuals are appointed to Independent Member or Executive roles based on their particular backgrounds and specialist knowledge. Independent Members are appointed as they are also are knowledgeable about local communities and the needs of citizens and patients. Independent Members are appointed by the Minister for Health and Social Services advised by the Chair of the Board through a rigorous appointment process.</p> <p>It is acknowledged that there has been significant change to the Board membership, in terms of both Independent Members and Executive Directors during 2021.</p> <p>All Independent Member appointments including the Chair and Vice Chair are appointed by Welsh Government and the appointment processes are managed by the Public Appointments Department of Welsh Government. The appointment panels for all Executive appointments, although organisation appointments, will have external independent assessors and Welsh Government representation.</p> <p>All Executive Directors are appointed to permanent NHS contracts. Independent Members are appointed for up to four years at any one time and can be re-appointed up to a</p>

- corporate functions, such as finance, human resources, digital, commercial and project delivery

3.12 The mix and balance of skills and understanding should be reviewed periodically, at least annually as part of the board effectiveness evaluation (see paragraph 4.12 below), to ensure they remain appropriate for the department’s board.

3.13 The search for board candidates should be conducted, and appointments made, on merit, with due regard for the benefits of diversity on the board, including gender, on which the Government has an aspiration that half of all new appointees made to public bodies are women. This includes non-executive appointments to departmental boards. However, this is not just about gender; diversity is about encouraging applications from candidates with the widest range of backgrounds.

3.15 The board should agree and document in its board operating framework a *de minimis* threshold and mechanism for board advice on the operation and delivery of policy proposals.

maximum of eight years in the organisation. This is controlled by Welsh Government as they are Ministerial appointments.

There is a national programme of induction, in which all members are asked to participate. This is organised by Academi Wales and the Welsh Government. Tailored programmes of induction are also undertaken for each member in the organisation. There is also a programme of Board Development Sessions and Board Briefings and other training made available to the Board.

The Board is provided with a range of information including performance information at Board and Committee Meetings. The format and content of these is informed by national standards and requirements and also locally requested information.

**Chapter 4: Board Effectiveness**

**Applicable Paragraphs**

**Assessment**

***Principle: 4.1 The board should ensure that arrangements are in place to enable it to discharge its responsibilities effectively, including: formal procedures for***

- the appointment of new board members, tenure and succession planning for both board members and senior officials***
- allowing sufficient time for the board to discharge its collective responsibilities effectively***
- induction on joining the board, supplemented by regular updates to keep board members’ skills and knowledge up-to-date***
- timely provision of information in a form and of a quality that enables the board to discharge its duties effectively***
- a mechanism for learning from past successes and failures within the departmental family and relevant external organisations***
- a formal and rigorous annual evaluation of the board’s performance***
- and that of its committees, and of individual board members***
- a dedicated secretariat with appropriate skills and experience***

4.5 The terms of reference for the nominations committee will include at least the following three central elements:

- scrutinising systems for identifying and developing leadership and high potential
- scrutinising plans for orderly succession of appointments to the board and of senior management, in order to maintain an appropriate balance of skills and experience
- scrutinising incentives and rewards for executive board members and senior officials, and advising on the extent to which these arrangements are effective at improving performance

4.6 The attendance record of individual board members should be disclosed in the governance statement and cover meetings of the board and its committees held in the period to which the resource accounts relate.

4.10 Where necessary, board members should seek clarification or amplification on board issues or board papers through the board secretary. The board secretary will consider how officials can best support the work of board members; this may include providing board members with direct access to officials where appropriate.

4.11 An effective board secretary is essential for an effective board. Under the direction of the permanent secretary, the board secretary's responsibilities should include:

- developing and agreeing the agenda for board meetings with the chair and lead non-executive board member, ensuring all relevant items are brought to the board's attention
- ensuring good information flows within the board and its committees and between senior management and non-executive board members, including:
- challenging and ensuring the quality of board papers and board information
- ensuring board papers are received by board members according to a timetable agreed by the board

All Independent Member appointments including the Chair and Vice Chair are appointed by Welsh Government and the appointment processes are managed by the Public Appointments Department of Welsh Government. All Executive appointments, although internal appointments have external independent assessors on the panels and also Welsh Government representation.

The Annual Governance Statement provides details on the membership of the Board and Committee and the attendance record of individuals at these meetings.

The Health Board assesses its own effectiveness each year and is subject to external and internal audit programmes and assessments by regulators and inspectors and Welsh Government. Assessments generated through these mechanism are converted to action and improvement plans and are implemented during each financial year and progress monitored by appropriate Committees and the Board.

In March 2022, the Board undertook an assessment of its effectiveness, including its committee structure, and identified areas for strengthening and improvement. These included, but are not limited to:

- Establishment of a Board Development Programme
- Establishment of a Board Member Induction Programme
- The need for dedicated time for the Board to undertake horizon scanning and discuss strategic development
- The need for a strengthened focus on outcomes, using intelligence and analytics
- The need for a strengthened focus on the work delivered through partnerships and joint committees

- providing advice and support on governance matters and helping to implement improvements in the governance structure and arrangements
  - ensuring the board follows due process
  - providing assurance to the board that the department:
  - complies with government policy, as set out in the code
  - adheres to the code's principles and supporting provisions on a comply or explain basis (which should form part of the report accompanying the resource accounts)
  - acting as the focal point for interaction between non-executive board members and the department, including arranging detailed briefing for non-executive board members and meetings between non-executive board members and officials, as requested or appropriate
- recording board decisions accurately and ensuring action points are followed up
- arranging induction and professional development of board members (including ministers)
- 4.14 Evaluations of the performance of individual board members should show whether each continues to contribute effectively and corporately and demonstrates commitment to the role (including commitment of time for board and committee meetings and other duties).
- 4.15 All potential conflicts of interest for non-executive board members should be considered on a case by case basis. Where necessary, measures should be put in place to manage or resolve potential conflicts. The board should agree and document an appropriate system to record and manage conflicts and potential conflicts of interest of board members. The board should publish, in its governance statement, all relevant interests of individual board members and how any identified conflicts, and potential conflicts, of interest of board members have been managed.

- The development of an Organisational Accountability Framework
- Ongoing development of risk management and assurance mapping.

Independent Members of the Board have direct access to members of the executive team in order to seek further information or clarification on issues as and when they arise. Regular Board Development sessions and Board briefings are also held to ensure that Board members are kept up to date on the breadth of issues.

The Board Secretary acts as an independent voice within the organisation to advise and support the Board on governance matters and its approach to openness and transparency. The Board Secretary is responsible for developing the programmes of work for the Board and Committees of the organisation. Ensuring that agenda and papers are developed and reviewed prior to publication to ensure the quality or reports and maximum transparency and openness in the way in which the organisation conducts its business.

Board Members complete annual Declarations of Interest and this register is available on the Health Board's website. Declarations of Interest in relation to items on the agenda are also sought at each Board and Committee meeting and are formally recorded within the minutes.

Individual annual assessment of Board Executive Directors is undertaken by the Chief Executive and Independent Members by the Chair.



Chapter 5: Risk Management	
Applicable Paragraphs	Assessment
<p><b>Principles: 5.1 The board should ensure that there are effective arrangements for governance, risk management and internal control for the whole departmental family. Advice about and scrutiny of key risks is a matter for the board, not a committee. The board should be supported by:</b></p> <ul style="list-style-type: none"> <li><b>an audit and risk assurance committee, chaired by a suitably experienced non-executive board member</b></li> <li><b>an internal audit service operating to Public Sector Internal Audit Standards<sup>1</sup></b></li> <li><b>sponsor teams of the department's key ALBs</b></li> </ul> <p><b>5.2 The board should take the lead on, and oversee the preparation of, the department's governance statement for publication with its resource accounts each year.</b></p>	
<p>5.3 The board's regular agenda should include scrutinising and advising on risk management.</p> <p>5.4 The key responsibilities of non-executive board members include forming an audit and risk assurance committee.</p> <p>5.5 The head of internal audit should periodically be invited to attend board meetings, where key issues are discussed relating to governance, risk management processes or controls across the department and its ALBs.</p> <p>5.6 The board should assure itself of the effectiveness of the department's risk management system and procedures and its internal controls. The board should give a clear steer on the desired risk appetite for the department<sup>2</sup> and ensure that:</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> there is a proper framework of prudent and effective controls, so that risks can be assessed, managed and taken prudently</li> <li><input type="checkbox"/> there is clear accountability for managing risks</li> <li><input type="checkbox"/> departmental officials are equipped with the relevant skills and guidance to perform their assigned roles effectively and efficiently.</li> </ul>	<p>The Health Board and its Committees monitor the management of risk considering the risks profile and actively engaging in its management.</p> <p>A Corporate Risk Register is maintained and reported to and considered at each Board Meeting, and by the Audit, Finance and Risk Committee. Each Committee monitors risks associated with its portfolio and provides assurance reports on these to the Board.</p> <p>During 2021/22 the Health Board revised its Board Assurance Framework and Risk Management Approach to enable the Board to assess its strategic risks against achievement of the objectives set out in the Annual Plan 2021/22.</p> <p>The revised risk management approach remains in the embedding phase throughout the organisation. Continued engagement throughout the organisation has taken place to strengthen the utilisation of the Health Board's internal electronic risk management system (DATIX).</p>

<p>5.7 The board should also ensure that the department's ALBs have appropriate and effective risk management processes through the department's sponsor teams.</p> <p>5.8 The board should ensure an ALB makes effective arrangements for internal audit. It is good practice to work with a group or shared internal audit provision, for example covering a department and its ALBs. In any case, the board should ensure it provides for internal audit access to its ALBs.</p> <p>5.9 The board and accounting officer should be supported by an audit and risk assurance committee, comprising at least three members. The chair of the committee should be a non-executive board member of the board with relevant experience. There should be at least one other non-executive board member of the board on the committee; the committee may also choose to seek further non-executive membership from non-members of the board in order to ensure an appropriate level of skills and experience. At least one, but preferably more, of these committee members should have recent and relevant financial experience.</p> <p>5.10 Advising on key risks is a role for the board. The audit and risk assurance committee should support the board in this role.</p> <p>5.11 An audit and risk assurance committee should not have any executive responsibilities or be charged with making or endorsing any decisions. It should take care to maintain its independence. The audit and risk assurance committee should be established and function in accordance with the <i>Audit and risk assurance committee handbook</i>.<sup>3</sup></p> <p>5.12 The board should ensure that there is adequate support for the audit and risk assurance committee, including a secretariat function.</p> <p>5.13 The annual governance statement (which includes areas formerly covered by the statement on internal control) is published with the resource accounts</p>	<p>Audit Wales undertake a programme of audits each year comprising national and locally agreed audits, including an annual structured assessment. The Audit, Finance and Risk Committee and the Chief Executive also agree an annual programme of internal audits with the NHS Shared Services Audit and Risk Service appointed Head of Internal Audit. The Chief Executive also meets separately with AW and Internal Auditors.</p> <p>The Head of Internal Audit and Audit Wales are invited to attend all meetings of the Audit Committee, and to observe all other Committees of the Board.</p> <p>The <b>Audit, Finance and Risk Committee</b> is responsible for reviewing the system of governance and assurance established within the Health Board and the arrangements for internal control, including risk management, for the organisation and, in particular, advises on the Annual Governance Statement signed by the Chief Executive. The Committee also keeps under review the risk management approach of the organisation and utilises information gathered from the work of the Board, its own work, the work of other Committees and also other activity in the organisation in order to advise the Board regarding its conclusions in relation to the effectiveness of the system of governance and control. Four Independent Members of the Board comprise the membership of the Committee. In the absence of an Independent Member (Finance) whilst recruitment is ongoing, a Special Advisor (Finance) was in place and attended the Committee until July 2021.</p> <p>The Board Secretary ensures that appropriate secretariat is in place to support the Board and all Committees.</p>
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<p>each year. In preparing it, the board should assess the risks facing the department and ensure that the department's risk management and internal control systems are effective. The audit and risk assurance committee should normally lead this assessment for the board.</p> <p>5.14 The terms of reference of the audit and risk assurance committee, including its role and the authority delegated to it by the board, should be made available publicly. The department should report annually on the work of the committee in discharging those responsibilities.</p> <p>5.15 All boards should ensure the scrutiny of governance arrangements, whether at the board or at one of its subcommittees (such as the audit and risk assurance committee or a nominations committee). This will include advising on, and scrutinising the department's implementation of, corporate governance policy.</p>	<p>The Board prepares an Annual Governance Statement, which is reviewed and approved by the Audit Committee prior to submission to the Board.</p> <p>The Terms of Reference are reviewed annually and published on the Health Board's website.</p>
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GIG  
CYMRU  
NHS  
WALES

Bwrdd Iechyd Prifysgol  
Aneurin Bevan  
University Health Board

# **Remuneration and Staff Report 2021/22**

The Treasury's Government Financial Reporting Manual (FReM) requires that a Remuneration Report shall be prepared by NHS bodies providing information under the headings in SI 2008 No 410, made to the extent that they are relevant. The Remuneration Report contains information about senior managers remuneration. The definition of 'Senior Manager' is: "those persons in senior positions having authority or responsibility for directing or controlling the major activities of the NHS body. This means those who influence the decisions of the entity as a whole rather than the decisions of individual directorates or departments."

This section of the Accountability Report meets these requirements.

### **The Remuneration and Terms of Service Committee**

Remuneration and terms of service for Executive Directors and the Chief Executive are agreed, and kept under review by the Board's Remuneration and Terms of Service Committee. The Committee also monitors and evaluates the annual performance of the Chief Executive and individual Directors (the latter with the advice of the Chief Executive). In 2021/22, the Remuneration and Terms of Service Committee was chaired by the Health Board's Chair, Ann Lloyd CBE, and the membership included the following Members:

- Pippa Britton, Vice Chair of the Board;
- Shelley Bosson, Chair of Audit and Assurance Committee;
- Louise Wright, Independent Member (Trade Union).

Meetings are minuted and decisions fully recorded.

### **Independent Member Remuneration**

Remuneration for Independent Members is determined by the Welsh Government, along with the tenure of appointments.

### **Directors' and Independent Members' Remuneration**

Details of Directors' and Independent Members' remuneration for the 2021/22 financial year, together with comparators are given in Tables below. The norm is for Executive Directors and Senior Managers salaries to be uplifted in accordance with the Welsh Government identified normal pay inflation percentage. In 2021/22, Executive Directors received a pay inflation uplift, in-line with Welsh Government's Framework.

The Remuneration and Terms of Service Committee also reviews objectives set for Executive Directors and assesses performance against those objectives when considering recommendations in respect of annual pay uplifts. It should be noted that Executive Directors are not on any form of performance related pay. All contracts are permanent with a three-month notice period. Conditions were set by Welsh Government as part of the NHS Reform Programme of 2009. However, for part of the year there were interim Directors in post; an Interim Chief Executive, an

Interim Director of Primary, Community Care and Mental Health and Interim Director of Finance, Procurement and VBHC. Further detail on interim appointments can be found in Attachment Two of the Annual Governance Statement.

## Salary and Pension Disclosure Table: Salaries and Allowances

### Remuneration Report

#### Salary and Pension entitlements of Senior Managers Remuneration

Name	Title	2021-22				2020-21			
		Salary	Benefits in	Pension	Total	Salary	Benefits in	Pension	Total
		(bands of £5,000)	kind (to nearest £100)	Benefits	(bands of £5,000)	(bands of £5,000)	kind (to nearest £100)	Benefits	(bands of £5,000)
		£000	£00	£000	£000	£000	£00	£000	£000
<b>Executive Directors</b>									
Judith Paget	Chief Executive (Until 31.10.21)	125 - 130	0	54	175 - 180	205 - 210	0	37	245 - 250
Glyn Jones	Interim Chief Executive (From 01.11.21)	175 - 180	0	81	255 - 260	150 - 155	0	39	190 - 195
	Director of Finance & Performance / Deputy Chief Executive (Until 31.10.21)								
Robert Holcombe	Interim Director of Finance, Procurement and Value Based Healthcare (From 01.11.21)	60 - 65	0	72	130 - 135	0	0	0	0
Nicola Prygodzicz	Director of Planning, Performance, Digital & IT / Deputy Chief Executive (From 01.11.21)	120 - 125	6	10	130 - 135	120 - 125	0	37	155 - 160
	Director of Planning, Digital & IT (Until 31.10.21)								
Rhiannon Jones	Director of Nursing	135 - 140	0	60	195 - 200	130 - 135	13	84	215 - 220
Geraint Evans	Director of Workforce and Organisational Development (Until 31.08.21)	55 - 60	0	0	55 - 60	130 - 135	0	0	130 - 135
Sarah Simmonds	Director of Workforce and Organisational Development (From 22.07.21)	90 - 95	4	105	195 - 200	0	0	0	0
Dr James Calvert	Medical Director (From 04.01.21)	185 - 190	0	290	475 - 480	40 - 45	0	32	75 - 80
Dr Sarah Aitken	Director of Public Health and Strategic Partnerships (From 18.01.21) / Interim Director of Primary, Community and Mental Health Services (From 06.12.21 Until 28.02.22)	125 - 130	0	0	125 - 130	155 - 160	0	48	205 - 210
	Interim Medical Director (Until 17.01.21)								
Mererid Bowley	Interim Director of Public Health & Strategic Partnerships (From 10.04.20 Until 18.01.21)	0	0	0	0	115 - 120	0	0	115 - 120
Dr Paul Buss	Medical Director (Until 30.04.20)	0	0	0	0	15 - 20	0	0	15 - 20
Peter Carr	Director of Therapies and Health Sciences	110 - 115	77	45	160 - 165	105 - 110	77	29	140 - 145
Nick Wood	Director of Primary, Community and Mental Health (Until 05.12.21)	100 - 105	2	28	125 - 130	140 - 145	2	28	170 - 175
Dr Chris O'Connor	Interim Director of Primary, Community and Mental Health Services (From 28.02.22)	5 - 10	0	4	10 - 15	0	0	0	0

### Director of Operations

Claire Birchall	Director of Operations (Until 02.05.21)	10 - 15	0	0	10 - 15
Leanne Watkins	Interim Director of Operations (From 12.04.21 Until 16.03.22)	105 - 110	40	86	195 - 200
	Director of Operations (From 17.03.22)				

110 - 115	0	28	135 - 140
0	0	0	0

### Board Secretary / Director of Corporate Governance

Richard Bevan	Board Secretary (Until 30.11.20)	0	0	0	0
Richard Howells	Interim Board Secretary (From 01.11.20 Until 30.11.21)	60 - 65	0	90	150 - 155
Rani Mallison	Board Secretary (From 28.11.21 Until 13.03.22)	35 - 40	18	9	50 - 55
	Director of Corporate Governance (From 14.03.22)				

70 - 75	0	0	70 - 75
35 - 40	0	35	70 - 75
0	0	0	0

### Special Advisor to the Board

Philip Robson	Special Advisor to the Board	35 - 40	0	0	35 - 40
Chris Koehli	Special Advisor to the Board (Until 17.07.21)	5 - 10	0	0	5 - 10

35 - 40	0	0	35 - 40
30 - 35	0	0	30 - 35

### Non-Executive Directors

Ann Lloyd CBE	Chair	65 - 70	0	0	65 - 70
Emrys Elias	Vice Chair (Until 30.09.21)	25 - 30	0	0	25 - 30
Pippa Britton	Interim Vice Chair (From 18.10.21)	30 - 35	0	0	30 - 35
	Independent Member (Community) (Until 17.10.21)				
Katija Dew	Independent Member (Third/Voluntary Sector)	15 - 20	0	0	15 - 20
Prof. Helen Sweetland	Independent Member (University) (From 01.01.21)	0	0	0	0
Richard Clark	Independent Member (Local Authority)	15 - 20	0	0	15 - 20
Paul Deneen	Independent Member (Community)	15 - 20	0	0	15 - 20
Shelley Bosson	Independent Member (Community)	15 - 20	0	0	15 - 20
David Jones	Independent Member (ICT) (Until 06.11.20)	0	0	0	0
Louise Wright	Independent Member (Trade Union)	0	0	0	0
Keith Sutcliffe	Associate Independent Member (Chair of Stakeholder Group)	0	0	0	0
David Street	Associate Independent Member (Social Services)	0	0	0	0
Louise Taylor	Associate Independent Member (Chair of Health Professionals Forum) (Until Nov 20)	0	0	0	0

65 - 70	0	0	65 - 70
55 - 60	0	0	55 - 60
15 - 20	0	0	15 - 20
15 - 20	0	0	15 - 20
0	0	0	0
15 - 20	0	0	15 - 20
15 - 20	0	0	15 - 20
15 - 20	0	0	15 - 20
5 - 10	0	0	5 - 10
0	0	0	0
0	0	0	0
0	0	0	0
0	0	0	0



Band of Highest paid Director's Total Remuneration £000  
25th percentile pay £  
Median pay £  
75th percentile pay £

2021-22	
Pay	Ratio
200 - 205	
24,883	8.1
32,008	6.3
41,837	4.8

2020-21	
Pay	Ratio
205 - 210	
23,626	8.8
30,615	6.8
39,788	5.2

The NHS and social care financial recognition scheme bonus of £735 payment to reward eligible NHS staff has not been included in the NHS Remuneration Report calculations. This bonus payment is not a contractual payment, but a one off payment to reward eligible staff for their commitment and tireless efforts in the most challenging circumstances.

The 2020-21 salary shown for Mererid Bowley is the amount recharged by Public Health Wales NHS Trust, it is not the actual salary paid.

Salary has been reported as gross pay, which is before the deduction of any salary sacrifice schemes. During 2021-22 Nicola Prygodzicz had £7k sacrificed in respect of the lease car scheme, Sarah Simmonds had £4k sacrificed in respect of the lease car scheme, Nick Wood had £3k sacrificed in respect of the lease car scheme, Leanne Watkins had £6k sacrificed in respect of the lease car scheme and £1k in respect of the cycle to work scheme and Rani Mallison had £2k sacrificed as part of the lease car scheme.

The post of Special Advisor to the Board has been disclosed as it has been deemed to have an influence over board decisions.

The amount of pension benefits for the year which contributes to the single total figure is calculated using a similar method to that used to derive pension values for tax purposes and is based on information received from NHS BSA Pensions Agency.

The value of pension benefits is calculated as follows:  
(real increase in pension\* x20) + (real increase in any lump sum) – (contributions made by member)  
\*excluding increases due to inflation or any increase or decrease due to a transfer of pension rights

This is not an amount which has been paid to an individual by the Health Board during the year, it is a calculation which uses information from the pension benefit table. These figures can be influenced by many factors e.g. changes in a persons salary, whether or not they choose to make additional contributions to the pension scheme from their pay and other valuation factors affecting the pension scheme as a whole.

# Salary and Pension entitlements of Senior Managers Pension Benefits

Name	Title	Real increase in pension at pension age (bands of £2,500) £000	Real increase in pension lump sum at pension age (bands of £2,500) £000	Total accrued pension at pension age at 31 March 2022 (bands of £5,000) £000	Lump sum at pension age related to accrued pension at 31 March 2022 (bands of £5,000) £000	Cash Equivalent Transfer Value at 31 March 2022 £000	Cash Equivalent Transfer Value at 31 March 2021 £000	Real increase in Cash Equivalent Transfer Value £000	Employer's contribution to stakeholder pension £00
Judith Paget	Chief Executive (Until 31.10.21)	0.0 - 2.5	7.5 - 10.0	110 - 115	335 - 340	0	0	0	0
Glyn Jones	Interim Chief Executive (From 01.11.21)	5.0 - 7.5	0.0	30 - 35	0	474	389	58	0
	Director of Finance & Performance / Deputy Chief Executive (Until 31.10.21)								
Robert Holcombe	Interim Director of Finance, Procurement and Value Based Healthcare (From 01.11.21)	2.5 - 5.0	7.5 - 10.0	35 - 40	80 - 85	735	555	65	
Nicola Prygodzicz	Director of Planning, Performance, Digital & IT / Deputy Chief Executive (From 01.11.21)	0.0 - 2.5	(2.5) - 0.0	45 - 50	100 - 105	874	839	14	0
	Director of Planning, Digital & IT (Until 31.10.21)								
Rhiannon Jones	Director of Nursing	2.5 - 5.0	5.0 - 7.5	60 - 65	175 - 180	1336	1232	78	0
Sarah Simmonds	Director of Workforce and Organisational Development (From 22.07.21)	5.0 - 7.5	10.0 - 12.5	25 - 30	45 - 50	396	266	76	0
Dr James Calvert	Medical Director (From 04.01.21)	12.5 - 15.0	30.0 - 32.5	70 - 75	160 - 165	1440	1120	287	0
Peter Carr	Director of Therapies and Health Sciences	2.5 - 5.0	0.0 - 2.5	40 - 45	85 - 90	700	642	40	0
Nick Wood	Director of Primary, Community and Mental Health (Until 05.12.21)	0.0 - 2.5	0.0	30 - 35	0	453	398	20	0
Dr Chris O'Connor	Interim Director of Primary, Community and Mental Health Services (From 28.02.22)	0.0 - 2.5	0.0 - 2.5	40 - 45	75 - 80	683	632	3	
Claire Birchall	Director of Operations (Until 02.05.21)	0.0 - 2.5	(2.5) - 0.0	35 - 40	75 - 80	691	666	0	0
Leanne Watkins	Interim Director of Operations (From 12.04.21 Until 16.03.22)	2.5 - 5.0	7.5 - 10.0	35 - 40	75 - 80	612	524	69	0
	Director of Operations (From 17.03.22)								
Richard Howells	Interim Board Secretary (From 01.11.20 Until 30.11.21)	2.5 - 5.0	7.5 - 10.0	45 - 50	130 - 135	1122	951	103	0
Rani Mallison	Board Secretary (From 28.11.21 Until 13.03.22)	0.0 - 2.5	0.0 - 2.5	15 - 20	30 - 35	256	228	4	0
	Director of Corporate Governance (From 14.03.22)								

Geraint Evans and Sarah Aitken have not contributed to the NHS Pension Scheme during 2021-22

CETV not shown for employees over retirement age

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

## Remuneration Relationship

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director/employee in their organisation and the 25th percentile, median and 75th percentile remuneration of the organisation's workforce. The 2021-22 financial year is the first year disclosures in respect of the 25th percentile pay ratio and 75th percentile pay ratio are required.

In 2021-22, 7 (2020-21,3) employees received remuneration in excess of the highest-paid director. Remuneration for all staff ranged from £19k to £338k (2020-21, £18k to £228k).

The all staff range includes directors (including the highest paid director) and excludes pension benefits of all employees.

The median pay ratio for the relevant financial year is consistent with the pay, reward and progression policies for the entities employees taken as a whole.

		2021-22	2021-22	2021-22		2020-21	2020-21	2020-21
		£000	£000	£000		£000	£000	£000
		Chief				Chief		
Total pay and benefits		Executive	Employee	Ratio		Executive	Employee	Ratio
25th percentile pay ratio		200 - 205	25	8.1		205 - 210	24	8.8
Median pay		200 - 205	32	6.3		205 - 210	31	6.8
75th percentile pay ratio		200 - 205	42	4.8		205 - 210	40	5.2
Salary component of total pay and benefits								
25th percentile pay ratio		200 - 205	25	8.1		205 - 210	24	8.8
Median pay		200 - 205	32	6.3		205 - 210	31	6.8
75th percentile pay ratio		200 - 205	42	4.8		205 - 210	40	5.2
		Highest				Highest		
Total pay and benefits		Paid Director	Employee	Ratio		Paid Director	Employee	Ratio
25th percentile pay ratio		200 - 205	25	8.1		205 - 210	24	8.8
Median pay		200 - 205	32	6.3		205 - 210	31	6.8
75th percentile pay ratio		200 - 205	42	4.8		205 - 210	40	5.2
Salary component of total pay and benefits								
25th percentile pay ratio		200 - 205	25	8.1		205 - 210	24	8.8
Median pay		200 - 205	32	6.3		205 - 210	31	6.8
75th percentile pay ratio		200 - 205	42	4.8		205 - 210	40	5.2

## STAFF REPORT

### Staff Profile

9.2 Average number of employees							
	Permanent	Staff on	Agency	Specialis	Collaborat	Other	Total
	Staff	Inward	Staff	Trainee	Bank		
		Secondment		(SLE)	Staff		
	Number	Number	Number	Number	Number	Number	Number
Administrative, clerical and board members	2,513	19	56	0	0	0	2,588
Medical and dental	887	5	87	240	0	16	1,235
Nursing, midwifery registered	3,795	1	257	0	0	0	4,053
Professional, Scientific, and technical staff	436	1	3	0	0	0	440
Additional Clinical Services	2,647	0	145	0	0	0	2,792
Allied Health Professions	791	0	15	0	0	0	806
Healthcare Scientists	224	5	14	0	0	0	243
Estates and Ancillary	991	0	154	0	0	0	1,145
Students	4	0	0	0	0	0	4
<b>Total</b>	<b>12,288</b>	<b>31</b>	<b>731</b>	<b>240</b>	<b>0</b>	<b>16</b>	<b>13,306</b>

### Staff Composition

The table above provides the breakdown of staff numbers per discipline and professional group within the Health Board.

The gender breakdown for all staff groups is provided below:

	Directors	WTE	%
Female	4.78	9722.1	79.23%
Male	6.00	2543.12	20.77%
<b>Total</b>		<b>12,276</b>	

The total number of staff per discipline differs from the staff numbers table shown above due to the gender figures being based on a point in time as of 31 March 2021. The staff numbers represent the average over a 52 week period of staff in post.

### Sickness Absence Data

The Health Board has monitored absence in various categories as set out in this section.

The Health Board's sickness absence rate for 2021/2022 is 6.30%, a reduction for sickness related absence from 6.47% in 2020/2021 increased from 6.15% in 2019/2020. Sickness absence started to increase in August 2021 peaking in January 2022 at 7.44% (919 wte) however it has reduced in February 2022 to 6.49%. These figures include sickness absence as a result of Covid-19 symptoms or a confirmed infection which ranged from 1.87% in April 2020 to 0.83% in February 2022.

The Covid-19 pandemic has certainly impacted on the Health Board's overall absence rates, and it has been evidenced that as the community transition rates reduce or increase, this will be replicated in our sickness absence rates. Overall sickness absence for 2021/22 has been higher than pre Pandemic sickness 2019/20 at 5.79% and 2018/19 at 5.29% which were closer to the Health Board absence target rate of 5%.

Over the past 5 years, the average working days lost per individual has increased slightly year on year. In 2020/2021 the average sickness days lost was 16 per individual employee, which increased to 17.2 days in 2021/22. The table below provides the sickness absence trend data for the Health Board over the last seven years.

Sickness Absence	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Days Lost (Short Term <28 days)	61261	53097	60406	54759	68229	60411	79761
Days Lost (Long Term >28 days)	144562	147711	153345	162684	194289	188778	203781
Total Days Lost	205823	200808	213751	217443	262518	249189	283542
Total Staff Years	902	880	937	954	1156	1093	1249
Average Working Days Lost	14.7	14.2	15.2	15.2	15.2	16	17.2
Total staff employed in period (headcount)	14020	14155	14012	14334	14835	15528	15863
Total staff employed with no absence (headcount)	4919	5803	4848	5016	5402	6055	5710
Percentage staff with no sickness absence	40%	41%	37%	35%	36%	39%	36%

## Medical Exclusion

Medical exclusion is a term used to record those staff who have had to self-isolate for a number of reasons, for example a household member having Covid-19 symptoms, being contacted through Track, Trace and Protect, or being classified as extremely clinically vulnerable and therefore having to shield for two separate periods of time as a result of Welsh Government advice.

The table below highlights how the pandemic impacted on attendance overall, with a further 25,598 days lost due to staff having to be medically excluded which is much lower than 2020/21:

<b>Medical Exclusion</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>
Days lost (Short term < 28 days)	6,779	36,331	18,389
Days lost (Long term >28 days)	2,439	57,707	7,208
Total days lost	9,218	94,038	25,597
Total staff years	40	412	90
Average working days lost	0.6	6	1.5
Total staff employed in period (headcount)	14,835	15,528	15,863
Total staff employed with no absence (headcount)	13,351	10,093	12,055
Percentage staff with no medical exclusion	90%	65%	76%
Percentage staff with no sick or medical exclusion	36%	33%	31%

Medical exclusion adds a further 1.5 days on average per individual employee to overall absence. Reducing the overall average absence days lost per employee from 22 days in 2020/21 to 18.8 days in 2021/22, resulting in a total of 309,139 total working days lost due to sickness absence and/or medical exclusion.

### **Staff Policies**

Aneurin Bevan University Health Board has a range of staff policies in place, which are developed in partnership with staff and trade union colleagues. The Equality Impact Assessment policy is applied throughout the financial year;

- for giving full and fair consideration to applications for employment made by disabled persons, having regard to their particular aptitudes and abilities;
- for continuing the employment of and for arranging appropriate training for employees, who have become disabled persons during the period when they were employed by the company;
- otherwise for the training, career development and promotion of disabled persons employed by the Health Board.

All staff policies include a requirement to undertake an analysis of the impact of the policy in respect of equality. In conjunction with this approach, the Sickness Absence Policy and Recruitment and Selection Policy were utilised to ensure fair consideration was given to applications for employment made by a disabled person and for supporting their continued employment.

### **Other Employee Matters - TBC**

## Expenditure on Consultancy

Expenditure on Consultancy  
Note 3.3 from the main Accounts

2021-22

Consultant	Details
AKESO and Company Ltd	Health Courier Service Review
Andy Oswin	Brand Development Project
Deloitte LLP	Employment Tax
Ernst & Young LLP	VAT Compliance
Figure & Consultancy Services Ltd	Training Learning and Engagement work
GP Fire & security	Security infrastructure review
In-Form Solutions Ltd	Commercial Advice
Keep on Walking Ltd	Management Support, Coaching and Wellbeing
Performance Matters (N.I.) LTD	Consultancy Fees Workforce and Organisation Dev
Supportive Care UK Ltd	HR Board Rounds
Working Word Public Relations Ltd	Communication and Engagement Strategy
TOTAL	

## Tax Assurance for Off-payroll Engagements

Table 1 : For all off-Payroll engagements as of 31 March 2022, for more than £245 per day					
	No. of exisiting Engagements as of 31 March 2022	4			
	Of which, the number that have existed:				
	for less than one year at time of reporting	1			
	for between one and two years at time of reporting	2			
	for between two and three years at time of reporting				
	for between three and four years at time of reporting				
	for four or more years at time of reporting	1			

**Table 2 : For all new off-Payroll engagements between 1 April 2021 and 31 March 2022, for more than £245 per day**

	Number					
Number of new engagements between 1 April 2021 and 31 March 2022	3					
Of which...						
No. assessed as caught by IR35						
No. assessed as not caught by IR35						
No. engaged directly (via contracted to department) and are on the departmental payroll						
No. of engagements reassessed for consistency/assurance purposes during the year						
No. of engagements that saw a change to IR35 status following the consistency review						

Annex 1 (continued) Table 3: For any off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, between 1 April 2021 and 31 March 2022

Number of off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, during the financial year.	
Number of individuals that have been deemed "board members, and/or, senior officials with significant financial responsibility", during the financial year. This figure should include both off-payroll and on-payroll engagements.	12



## Exit Packages and Severance Payments

### 9.5 Reporting of other compensation schemes - exit packages

	2021-22	2021-22	2021-22	2021-22	2020-21	
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	2	2	0	0	
£50,000 to £100,000	0	1	1	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	3	3	0	0	
	2021-22	2021-22	2021-22	2021-22	2020-21	
Exit packages cost band (including any special payment element)	Cost of compulsory redundancies	Cost of other departures	Total cost of exit packages	Cost of special element included in exit packages	Total cost of exit packages	
	£	£	£	£	£	
less than £10,000	0	0	0	0	0	
£10,000 to £25,000	0	0	0	0	0	
£25,000 to £50,000	0	85,839	85,839	0	0	
£50,000 to £100,000	0	76,771	76,771	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	162,610	162,610	0	0	
Exit costs paid in year of departure			Total paid in year		Total paid in year	
			2021-22		2020-21	
			£		£	
Exit costs paid in year			0		0	
Total			0		0	

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

The Health Board has approved VERS in 2021/22.

Additional requirement as per FRoM

£0 exit costs were paid in 2021-22, the year of departure (£0 - 2020-21).

# **Parliamentary Accountability and Audit Report 2021/22**

## **Regularity of Expenditure**

Regularity of Expenditure Regularity is the requirement for all items of expenditure and receipts to be dealt with in accordance with the legislation authorising them, any applicable delegated authority and the rules of Government Accounting.

Aneurin Bevan University Health Board ensures that the funding provided by Welsh Ministers has been expended for the purposes intended by Welsh Ministers and that the resources authorised by Welsh Ministers to be used have been used for the purposes for which the use was authorised.

The Health Board's Chief Executive is the Accountable Officer and ensures that the financial statements are prepared in accordance with legislative requirements and the Treasury's Financial Reporting Manual. In preparing the financial statements, the Chief Executive is required to:

- observe the accounts directions issued by Welsh Ministers, including the relevant accounting and disclosure requirements and apply appropriate accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards have been followed and disclosed and explain any material departures from them; and
- prepare them on a going concern basis on the presumption that the services of the Health Board will continue in operation.

## **Fees and charges**

Where the Health Board undertakes activities that are not funded directly by the Welsh Government the Health Board receives income to cover its costs which will offset expenditure reported under programme areas. Miscellaneous Income can be seen in Note 4 (page 31) of the Annual Accounts 2021/22. When charging for this activity the Health Board has complied with the cost allocation and charging requirements set out in HM Treasury guidance.

## **Managing public money**

This is the required Statement for Public Sector Information Holders as referenced in the Directors' Report. In line with other Welsh NHS bodies, the Health Board has adopted standing financial instructions which enforce the principles outlined in HM Treasury guidance 'Managing Public Money' which sets out the main principles for dealing with resources in the UK public sector. As a result, the Health Board should have complied with the cost allocation and charging requirements of this guidance. The Health Board has not been made aware of any instances where this has not been done.

### **Remote Contingent Liabilities**

This disclosure was introduced for the first time in 2015-16. It shows those contingent liabilities that are deemed to be extremely remote and have not been previously disclosed within the normal contingent liability note within the accounts. It relates to 2 medical negligence cases and 1 personal injury case in 2021/22 (2 medical negligence cases in 2020/21) and is reported in Note 21.2 to the main accounts.

**Glyn Jones**  
**Interim Chief Executive**

**Date: XX June 2022**

**THE CERTIFICATE AND INDEPENDENT AUDITOR'S REPORT OF THE  
AUDITOR GENERAL FOR WALES TO THE SENEDD**

**REPORT OF THE AUDITOR GENERAL TO THE SENEDD**



GIG  
CYMRU  
NHS  
WALES

Bwrdd Iechyd Prifysgol  
Aneurin Bevan  
University Health Board

Audit, Finance & Risk Committee  
17 May 2022  
Agenda Item: 2.1

## Audit Committee

### Review of the Aneurin Bevan University Health Board Draft Accounts for 2021/22

#### Executive Summary

This report gives an overview of the accounts for the full year to 31 March 2022 for Aneurin Bevan University Health Board. The accounts are prepared under International Financial Reporting Standards (IFRS).

The report supports the detailed accounts, which are attached and describes the reasons for key movements in the figures between 2020/21 and 2021/22.

The accounts are draft at this stage and subject to audit by Audit Wales.

The Audit Committee is asked to note this report.

#### The Board is asked to: (please tick as appropriate)

Approve the Report

Discuss and Provide Views

Receive the Report for Assurance/Compliance

✓

Note the Report for Information Only

**Executive Sponsor: Robert Holcombe, Interim Director of Finance, Procurement and Value Based Healthcare**

**Report Author: Estelle Evans, Head of Financial Services & Accounting, Gwen Kohler, Assistant Finance Director (Financial Systems and Services)**

**Report Received consideration and supported by:**

**Executive Team**

**Committee of the Board  
[Committee Name]**

**Date of the Report: 09.05.2022**

**Supplementary Papers Attached: Draft Accounts**

## Purpose of the Report

This report gives an overview of the draft accounts for the full year to 31 March 2022.

## Background and Context

The production of annual accounts is a statutory requirement for the Health Board. Timescales for production are set by Welsh Government (WG). The draft accounts were submitted on time to WG on 29 April. The final audited and signed accounts are to be submitted by 15 June.

The Audit Committee have received updates on the planning process for producing this year's accounts. The accounts were delivered in line with the plan and the external audit is now well underway.

## Assessment and Conclusion

### 1. Financial Performance and Financial Results

The Health Board has two statutory financial duties:

- To breakeven over a rolling three-year period.
- To submit an Integrated Medium-Term Plan (IMTP) to secure compliance with breakeven over three years.

Under the rolling 3-year duty, introduced with the NHS (Wales) Act 2014, the first assessment of the first statutory financial duty took place at the end of 2016/17 when it was achieved. **The target has again been achieved**, subject to audit, in 2021/22 and is set out in 1.1 below.

In relation to the second duty the Health Board did secure WG approval to the IMTP on 27<sup>th</sup> March 2019. The note in the accounts shows that **this duty was achieved**. (Note 2.3.)

### Revenue Resource Performance (Note 2.1 Page 27)

The Health Board met its Revenue Resource Limit for the year and delivered a surplus of £249k. Against the breakeven duty over a rolling three year period, the accounts report a surplus of £526k as shown in Table 1 below:

**Table 1 - Revenue Resource Performance**

3-year revenue breakeven duty	2019/20 £000	2020/21 £000	2021/22 £000	Total £000
Underspend against allocation	32	245	249	526

## **Capital Resource Performance (*Note 2.2 Page 27*)**

In addition to a revenue resource limit the Health Board has a capital resource limit (CRL) that sets the target for capital expenditure. The target of £48.9m was met in 2021/22 with a small underspend of £50k. The target is measured over a 3-year period as shown in Table 2 below:

**Table 2 - Capital Resource Performance**

<b>3-year capital breakeven duty</b>	<b>2019/20 £000</b>	<b>2020/21 £000</b>	<b>2021/22 £000</b>	<b>Total £000</b>
<b>Underspend against allocation</b>	<b>28</b>	<b>13</b>	<b>50</b>	<b>91</b>

## **Public Sector Payment Policy (*Note 2.4 Page 28*)**

This is another target for the Health Board which relates to the payment of 95% of its trade creditors within 30 days and which is routinely reported to the Audit Committee. The target was achieved with full year figure of 95.0%.

## **Cash Balance (*Statement of Cash Flows – Page 7*)**

WG sets a notional target for Health Boards (excluding Powys who have a lower limit of £2m) to have end of period cash balances not exceeding £6m. The actual cash balance was £1.7m and therefore within the target.

## **2. Commentary Supporting Significant Movements to Previous Year's Accounts**

### **Introduction**

During the year, the Health Board received increased COVID funding of £38.262m from £142.428m in 2020/21 to £180.69m in 2021/22. This increase in funding also led to increased pay and non-pay costs for the Health Board.

As with 2020/21 this has been a year of unprecedented challenge across the NHS and our wider communities and there are, not unsurprisingly, a number of significant items which reflect this and impact on the accounts and are worthy of particular note. They are listed below and reflected in the narrative that follows and mostly affect accounts notes 3, 18 and 34.

- The annual leave accrual of £17.1m carried forward from 2020/21 was increased by the 3% pay award which equated to £0.514m. A further review of the required annual leave accrual for 2021/22 was carried out which resulted in a revised accrual of **£19.6m** which has been included in the accounts. It reflects the impact of the pandemic on leave taken across all categories of staff. This has been calculated in line with an All Wales

agreed methodology. Additional funding of £1.968m was received from Welsh Government to cover the increase in the annual leave accrual.

This section provides explanations to support significant movements in figures compared to the previous year.

### **Expenditure on Primary Healthcare Services (Note 3.1, Page 29)**

Overall expenditure on Primary Healthcare services has increased by £7m. The main variance relates to Non-Cash Limited funded services in relation to Pharmaceutical Services and General Dental Services (GDS) where the spend in year has increased from last year by £5m. The increase in Dental costs is mainly due to an increase in the General Dental Services contract payments to Primary Care Dentists in 2021/22. In 2020/21 the payments were exceptionally low as there was a reduction in the contract value due to Covid of around £4m. The 2021/22 value also include the Doctors and Dentists Remuneration Body ((DDRB) uplift of around £1.1m for the pay award.

### **Expenditure on Healthcare from other providers (Note 3.2, Page 29)**

Overall, expenditure on healthcare from other providers has increased by £45m from 2020/21. This is mainly due to an increase in goods and services received from WHSSC £12m, EASC £4m, Welsh NHS Trusts £9m, Local Authorities £6m, Welsh Health Boards £4m, Voluntary Organisations £4m and private providers £2m.

#### **WHSSC - £12m**

The WHSSC increase is due to the investments in Specialised Services agreed by the Chief Executive at the Joint Committee of WHSSC. Significant individual elements of the growth include:

- Provider inflation and wage award - £2.7m
- Investment in Specialised Service Developments in C&VUHB and SBUHB - £0.9m
- Specialised Services Activity Demand Growth - £1.4m
- Investment in Major Trauma Centre - £0.9m
- Investment in Vertex (Cystic Fibrosis) Drug - £5.9m
- Welsh Ambulance Services Demand & Capacity Plans - £1.2m

#### **EASC - £4m**

The EASC increase is due to the investments agreed by the Emergency Ambulance Services Committee. Significant individual elements of the growth include:

- Provider inflation and wage award - £0.7m
- Welsh Ambulance Services Demand & Capacity Plans - £1.2m
- Paramedic Development Programme £0.2m
- Clinical Desk Development £0.2m
- EMRTS Development (Emergency Medicine Retrieval & Transfer Service) £0.2m



### Welsh NHS Trusts

The Welsh NHS Trust increase of £9m is due to the following:

£3.7m increase relates to the Velindre LTA. This increase has been driven by NICE drugs. 2020-21 being the first year of COVID was particularly low as services were impacted by new Covid ways of working. 2021-22 saw a significant recovery with Chemotherapy activity recovering and moving above pre covid 2019-20 levels.

£3.1m increase relates to the 111 project. The project was rolled out to Health Boards in 2021/22 resulting in an increase in costs. There were also additional call handlers employed non recurrently to deal with Covid pressures. It is anticipated that future year's costs will remain around the 2021/22 levels.

£1.2m relates to the transfer of the laundry from 1<sup>st</sup> April 2021 where the costs were previously internal costs.

### Local Authorities

£5.3m of the increase relates to Track and Trace re COVID.

Within the overall £6m increased spend re local authorities (which is listed by Local Authority at the bottom of note 3.2) the spend with Newport City Council increased by £4m due to the below.

- £1.6m relates to Track and Trace which is part of the £5.3m noted above
- £1.7m relates to Integrated Care Fund
- £0.7m relates to Home First Project

### Voluntary Organisations

The majority of the £4m increase in spend relates to the Integrated Care Fund.

### Private Providers

The private providers increase is due to:

- £1.2m relates to an increase in outsourced activity for Ophthalmology Services (Emerson Green)
- £1m relates to an increase in RGH Radiology which is mainly down to Covid with the costs in 2020/21 being much lower due to a reduction in routine work. Costs in 2021/22 are much closer to the 2019/20 costs incurred.

## **Expenditure on Hospital and Community Health Services (Note 3.3, Page 30)**

*Staff Costs (Page 29 – Note 3.1 and Page 30 – Note 3.3)*

The most significant movements relate to the increases in staff numbers – both agency and permanent staff – largely as a result of the pandemic.

The following Table shows an analysis of underlying staff costs for the year followed by some key points:

Staff Costs	2021/22 £M	2020/21 £M	Movement £M	Movement 2020/21 £M
Directors Costs	2	2	-	0
Staff Costs Note 3.1 & 3.3	711	680	31	88
Single Lead Employer	16	5	11	5
Total Pay as per Note 9.1	729	687	42	93
<b>Reasons for Increase</b>				
Agency Costs			17	14
Increase in Permanent			10	23
Pay Award costs as per modelling			15	14
Employers Contribution to Pension Scheme - 6.3% increa			2	2
Bonus Payment			0	15
COVID Annual Leave accrual			2	17
Overtime - service related pressures			2	2
Other			-6	6
Adjusted for Comparison			42	93

In 2019/20 there was an increase in the Employers pension contribution from 14.38% to 20.68%. The Health Board continued to pay the 14.38% with Welsh Government paying the additional sum on behalf of the Health Board of 6.3%. This arrangement continued in to 2020/21 and 2021/22. To ensure that this cost was reflected in the Health Boards accounts a notional adjustment was actioned in month twelve to account for this with funding allocated. The value of the 6.3% pension increase in 2021/22 was £26.915m. The other side of this transaction is shown in note 28 under other cash flow adjustments.

Average staff numbers grew by 645 wte of which 316 are permanent staff, -6 seconded in staff and 180 relating to agency, 151 relating to Single Lead employer and 4 relating to Retinue (*Note 9.2 Page 34*). *The table below provides further analysis of the increase by staff group.*

Average Number of Employees	2021-22	2020-21	Variance
Administrative, clerical and board members	2588	2390	198
Medical & Dental	1235	1179	56
Nursing, midwifery registered	4053	3825	228
Professional, Scientific, and technical staff	440	456	-16
Additional Clinical Services	2792	2582	210
Allied Health Professions	806	774	32
Healthcare Scientists	243	237	6
Estates and Ancillary	1145	1217	-72
Students	4	1	3
Total	13306	12661	645

The following table shows how agency costs have changed in the year.

Agency Costs	2021/22 £M	2020/21 £M	Movement £M	Movement 2020/21 £M
Medical	15.6	10.3	5.3	-2.2
Nursing, midwifery and health visiting staff	22.8	18.1	4.7	7.9
Additional Clinical Services - unqualified Nurses	7.3	0.7	6.6	0.4
Additional Clinical Services - All Other Staff	0	0	0	0.0
Allied Health professional	1.2	0.9	0.3	-0.3
Professional, Scientific and Technical Staff	0.2	0.3	-0.1	0.0
Healthcare Scientists	1.4	0.6	0.8	0.0
Administrative and clerical	2.5	1.5	1	1.3
Estates and Ancillary staff	6.3	8.2	-1.9	6.7
<b>Total Agency Costs</b>	<b>57.3</b>	<b>40.6</b>	<b>16.7</b>	<b>13.8</b>

Average agency cost has increased from £72K to £77K per WTE, largely due to the changing profile of staff groups as shown in the table below and the demand for Medical and Nursing staff during the year.

Staffing Group	2021/22 Expenditure £000	2020/21 Expenditure £000	2021/22 Average WTE	2020/21 Average WTE	2021/22 Cost/WTE £000	2020/21 Cost/WTE £000
Medical	15,609	10246	103	72	151	142
Nursing, midwifery and health visiting staff	22,835	18090	257	223	89	81
Additional Clinical Services	7,325	766	145	16	51	48
Allied Health professional	1,182	904	15	10	80	90
Professional, Scientific and Technical Staff	227	310	3	4	87	78
Healthcare Scientists	1,374	639	14	6	101	107
Administrative and clerical	2,429	1452	56	16	43	91
Estates and Ancillary staff	6,338	8210	154	216	41	38
<b>Total</b>	<b>57317</b>	<b>40617</b>	<b>746</b>	<b>563</b>	<b>77</b>	<b>72</b>

Agency costs in the tables above are included in notes 3.1 page 29 and 3.3 page 30.

The key drivers to the increase in agency expenditure are: -

- Additional bed capacity and acuity in response to the pressures associated with Covid
- Cover for staff sickness/Medical exclusion due to Covid
- Increased cover for enhanced care of patients
- Cover for National Covid responses e.g., Mass Vaccination centres
- Reduced availability of Health Care Support Worker bank staffing resulting in increased agency usage.

### **Non-Pay Costs (Note 3.3, Page 30)**

Non pay costs within the accounts are part of note 3.3 and are summarised as follows:

<b>Non Pay Analysis</b>	21/22 £M	20/21 £M	Movement £M
Expenditure on Hospital & Community Services	950.4	951.3	
Less Director & Staff Costs	714.2	672	
	236.2	279.3	
<b>Exclude Non-Cash Items</b>			
Depreciation	-41.2	-32.7	
Amortisation	-2.5	-1.6	
Impairments	12.6	-62.1	
Losses	-7.5	-1.9	
COVID - Protective Personal Equipment (PPE) issued by NWSSP	0	-15.2	
	197.6	165.8	31.8
Add Inflation per RPI - Average 12 mths			-6.6
<b>Adjusted Comparators</b>	<b>197.6</b>	<b>165.8</b>	<b>25.2</b>

The increase in costs after taking account of underlying inflation is £25.2m and will be driven by many factors including patient activity changes in the year. Specific movements in Note 3.3 are in relation to supplies and services – clinical of £16.6m and premises of £5.6m which are discussed in more detail below.

#### Supplies & Services – Clinical (Note 3.3, Page 30)

Increase from £100.1m in 2020/21 to £116.7m in 2021/22. This is an increase in year of £16.6 which is analysed below.

- £6m increase in Drug costs: £2.4m increase in Gastro and Neurology Drugs, £2.1m increase in Scheduled care drugs and £2m on Prescribing Drugs.
- £4.5m increase in Surgical Equipment and Other Appliances, such as Audiology Hearing Aids (£800K) and Orthopaedic implants (£1.5m)
- £2.3m increase in Laboratory Equipment
- £1m increase in the Biochemistry Managed Service Contract
- £1m increase spend on Covid-19 test kits

#### Premises (Note 3.3, Page 30)

Increased from £36.8m in 2020/21 to £42.4M in 2021/22. This is an increase in year of £5.6m.

The premises category includes expenditure on areas such as Utilities and Business Rates and also the Rent charges for the Health Board's various sites.

There was a significant increase in utilities costs of £2.5m, specifically £1.6m on electricity, £0.8m on Gas, £0.1m on water. This is due to a combination of the full year costs of GUH (only 5 months in 2020/21), and the general increase in Electricity and Gas prices in the UK in 2021/22.

There was also a £1.5m increase on Furniture and Fittings and Office Supplies and Buildings and Equipment Maintenance related to a general increase in the Minor Works expenditure in 2021/22.

In recognition of the outstanding effort and sacrifice of staff during the challenging period, the Health Board established a fund of £1m to improve the working environment that staff and patients experience on a daily basis. This was available until the end of March 2022. The application of this fund improved the environment for many including expenditure in the areas of furniture and fittings of £0.331m and minor works £0.225m along with other areas of non-pay.

There was also an additional £0.7m in relation to Computer Maintenance and External Data Contracts in year.

#### Depreciation (Note 3.3, Page 30)

Depreciation has increased by £8.504m compared to 2020/21. The majority of the increase (£6.535m) has been incurred in relation to the full year impact of the Grange University Hospital building and the associated equipment purchased for the hospital. In addition, there is an increase in depreciation related to equipment and IT assets purchased in response to the pandemic and recovery plan, and an increase in buildings depreciation as a result of the indexation uplifts advised by the Valuation Office Agency.

#### Fixed Asset Impairments (Note 3.3, Page 30)

A detailed analysis of impairment charges is shown in Note 13, Page 46. The (£12.619m) impairment credit is made up of £7.274m charge arising from a downward revaluation of three assets coming into use following construction – Grange University Hospital HSDU (6.500m), Ward 3/3 NHH (£0.477m) and RHG/NHH Lift Replacements (£0.126m). Historic Asset Under Construction assets that are no longer being progressed have been written off during the year totalling £0.171m. Impairment charges have been offset by a reversal of previous impairments of £19.893m arising from the application of indexation to buildings assets based on indices received from the Valuation Office Agency.

#### **Losses, special payments and irrecoverable debts: charges to operating expenses (Page 30, Note 3.4)**

Clinical Negligence has increased from £11m in 2020-21 to £45m in 2021/22 as a result of 2021/22 figures including three cases each in excess of £5m (£31m, £15m and £6M). There were no cases in excess of £5m in 2020/21.

The total increase of £6.241m from £1.886m in 2020/21 to £8.127 in 2021/22 is mainly as a result of the medical negligence transfer to creditors from 2020/21 of £5.296m. This was accrued in 2020/21 with the accrual reversing in 2021/22 and the creditors paid and as such zero impact on the financial position in 2021/22. In line with the Manual for accounts note 3.4 is completed using the Losses and special payments report which reflects the actual payment made during 2021/22 of £5.296m.

## **Miscellaneous Income (Note 4, Page 31)**

### Other income

Increase from £6.4m in 2020/21 to £11.5m in 2021/22. This is an increase in year of £5.04m.

The main increase in this area was as a result of £2.164m in relation to ICF. The majority of this funding is provided to the Health Board as a Revenue Allocation from Welsh Government, unless it is specifically for an Aneurin Bevan asset, in which case we have an adjustment to our Capital Resource Limit. Following some slippage on the original Capital Programme and following conversations with Welsh Government, Melin Homes agreed to assist the Regional Partnership Board in the programme management of funds in 2020/21. During the course of 2021/22, the programme managed schemes incurred expenditure of £2.164m, which was subsequently reclaimed from Melin Homes as agreed.

The remaining increase relates to VAT recoveries on Business Activities and Contracted out services which increased by £0.951m in 2021/22 and Salary Sacrifice scheme income of £1.064m.

### Dental Fee Income

The main reason for the increase in the income is due to Primary care Dental Services resuming routine appointments in 2021/22 which in 2020/21 were impacted by the COVID pandemic resulting in a loss of income collected for services undertaken.

## **Prompt payment policy – measure of compliance (Note 10.1, Page 39)**

The number of Non-NHS invoices processed has increased by 77,043 from 2020/2 to 2021/22. This is mainly due to increased nurse agency and pharmacy invoices.

## **Property, Plant and Equipment (Page 4 and Note 11.1, Page 40)**

The main changes in the year can be summarised as follows:

Property, Plant & Equipment	£M
Balance as at 1 April 2021	779.9
Indexation	9.9
Additions	51.0
Reclassification	-0.1
Revaluations	0.0
Impairments	-7.3

Reversals of Impairments	19.9
Depreciation	-41.2
Disposals	-1.8
<b>Balance at 31 March 2022</b>	<b>810.5</b>

The key movements in the year relate to:

- the additions of £51m relating to the Capital Programme investments including expenditure on the Grange University Hospital remaining works (£7.589m – including HSDU), Tredegar Health and Well-being centre (£4.189m), Covid recovery schemes (£7.924m) and National Programme funding streams for estates Infrastructure (£5.8m), Digital (£1.747m) and Imaging (£5.064m).
- An increase of £29.6m to land and buildings values from the application of indexation based on indices received from the Valuation Office Agency. The increase is shown either against indexation or, for those assets that have been impaired previously, reversals of impairment.
- The impairment relating to the Grange University Hospital HSDU building of £6.5m following the revaluation of the building required when bringing the asset under construction into use.

There were no Assets held for Sale as at 31<sup>st</sup> March 2022.

Asset lives are applied in line with the policy in the accounts and are reviewed annually. Where there is evidence that standard lives have changed (e.g., due to legislation), the lives are adjusted. Fully depreciated assets are carried at nil net book value.

### **Trade and Other Receivables (Note 15, Page 4 and 49)**

Trade and Other Receivables have increased from £214.278m in 2020/21 to £259.490m in 2021/22 – an increase of £45.212m. This is due to the following:

- WHSSC - £2.6M increase due to the year-end accrual for the HBs share of the agreed risk sharing mechanism.
- Welsh NHS Trusts - £1.8m outstanding invoices with Velindre relating to Drug rebates which have since been paid, £0.4m increase in outstanding invoices with PHW related to End-of-Life Care Board (EOLB) & Community Hub, £0.2m increase in Velindre Drug rebate accruals, £0.3m accrual with NWSSP due to outstanding Laundry Utilities expenditure following transfer.
- Local Authorities – increase of £3.9m from 2021/22 mainly due to Quarter 3 and Quarter 4 frailty accruals. In 2020/21 we only accrued for Quarter 4. There is also an accrual for £1.3m in relation to Rate Rebates from Blaenau Gwent, Monmouthshire, and Newport.
- Other debtors have increased by £5m, mainly relating to £2.1m with Melin Homes re Integrated Care Fund, £0.695m with Siemens due to costs incurred due to the delay in the Biochemistry contract and general increase in Non-NHS accruals of £3.8m.

### Current and non-current Welsh Risk Pool

Current and non-current Welsh Risk Pool debtors have increased by some £29m reflecting additional expected future income arising from the increase in the provision for clinical negligence and personal injury claims.

The increase in the WRP debtor is largely attributable to cases that have moved from a possible settlement to a probable settlement.

There is £22m increase in the current debtor with a corresponding decrease of £7m in the non-current debtor which reflects the expectation of claims being settled within the coming year.

### Provision for irrecoverable debts

A decrease in the year from £1.95m in 2020/21 to £1.87m. This £0.08m decrease is as a consequence of applying the IFRS9 methodology which resulted in a change in the percentages applied which as a consequence reduced the overall required provision.

### **Trade and Other Payables (Note 18, Page 4 and Page 52)**

During the Audit it has become apparent that the annual leave accrual of £19.6m has been wrongly recorded under non-NHS payables and will be moved to Non-NHS Accruals in line with last year. The following reflects the reasons for the variances after the adjustment has been made.

Trade and Other Payables has increased by £20.259m from 2020/21 £206.759m to 2021/22 £227.018m. This is mainly due to the following:

WHSSC - £2.1m increase in accruals due to Quarter 3 & Quarter 4 accruals re Vertex (Cystic Fibrosis) drugs.

#### Non-NHS Payables – Revenue

- £8m increase due to an increase in un-invoiced receipts, however, receipting levels have increased
- £1.3m outstanding re British Gas
- £2.5m other large accruals for Gwent regional Partnership Board, Minor Works and Remedy Healthcare related to the Endoscopy in sourced Service

#### Non-NHS Accruals

- £6m increase mainly relating to additional CHC accruals

### **Provisions (Note 20, Page 54)**



Provisions for clinical negligence have increased by £23.8m from £156.8m in 2020/21 to £180.6m in 2021/22 reflecting up to date legal assessment of pending litigation claims against the Health Board. Most of this increase is offset by an equal level of increased assumed income from the Welsh Risk Pool.

Other provisions have increased from £2.376m in 2020/21 to £3.472m in 2021/22 mainly relating to additional provisions in relation to VAT.

### **Pensions tax annual allowance – Scheme Pays arrangements 2021/22**

WG confirmed that the costs associated with Scheme pays were to be included in the Health Boards accounts for 2021/22. The scheme pays value of £756,155 has been included in Note 20 – Provisions with the funding from WG reflected in Note 15 – Trade and Other receivables. This contrasts with last year's accounts where information was not available to make a provision and was disclosed as a contingent liability.

Although this scheme pay accrual and associated debtor has no impact on the reported financial position for the Health Board, Audit Wales have confirmed that their position in relation to scheme pays has not changed from previous discussions and that inclusion of this expenditure in the accounts would, in their opinion be considered as irregular and material by nature. This may lead to a regularity qualification in the Health Boards accounts.

This is a national issue which will be the same for all Welsh Health bodies and will also be reflected in the WG consolidated NHS accounts, and the overall WG accounts.

### **Remote Contingent Liabilities (Note 21.3, Page 58)**

Remote Contingent Liabilities have decreased from £14.2m in 2020/21 to £8.827m in 2021/22. These are Medical Negligence cases and Personal Injury cases which have been assessed as having less than a 5% probability of being settled and the liability is based on what legal services assess the costs/settlements would be if these cases progress to settlement. The Medical Negligence case values are £8.74m and £0.083m with the Personal Injury case value of £0.004m.

### **Recommendation**

The Audit Committee is asked to note this report.

### **Supporting Assessment and Additional Information**

<b>Risk Assessment (including links to Risk Register)</b>	<i>Statutory financial reporting is a key duty for the organisation. Failure to have an unqualified audit opinion on the financial statements of the organisation would cause significant reputational damage.</i>
<b>Financial Assessment</b>	<i>No direct financial implications</i>

<b>Quality, Safety and Patient Experience Assessment</b>	<i>No direct implications</i>
<b>Equality and Diversity Impact Assessment (including child impact assessment)</b>	<i>No adverse impact</i>
<b>Health and Care Standards</b>	<i>Not applicable.</i>
<b>Link to Integrated Medium Term Plan/Corporate Objectives</b>	<i>Having an agreed IMTP is a core statutory financial duty which is disclosed in the financial statements.</i>
<b>The Well-being of Future Generations (Wales) Act 2015 – 5 ways of working</b>	<i>Not relevant</i>
<b>Glossary of New Terms</b>	<i>IFRS – International Financial Reporting Standards WG – Welsh Government IMTP- Integrated Medium-Term Plan PPE – Personal Protective Equipment CRL – Capital Resource Limit GDS – General Dental Services LaSPAR – Losses &amp; Special Payments Register EOLB – End of Life Care Board DDRB – Doctors &amp; Dentists Remuneration Body</i>

# ANEURIN BEVAN UNIVERSITY LOCAL HEALTH BOARD

## FOREWORD

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

### Statutory background

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

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

The Health Board covers the areas of Blaenau Gwent, Caerphilly, Monmouthshire, Newport and Torfaen with a population of approximately 600,000 people. The Health Board has an annual budget from the Welsh Government of just under £1.6 billion per year from which we plan and deliver services for the population of the Health Board area. The Health Board, as well as providing services locally, works in partnership to seek to improve health and well-being in the area, particularly through our partnership arrangements to respond to the Social Services and Well-Being Act and the Well Being of Future Generations Act.

### Performance Management and Financial Results

Welsh Health Circular WHC/2016/054 replaces WHC/2015/014 'Statutory and Administrative Financial Duties of NHS Trusts and Local Health Boards' and further clarifies the statutory financial duties of NHS Wales bodies and is effective for 2021-22. The annual financial duty has been revoked and the statutory breakeven duty has reverted to a three year duty, with the first assessment of this duty in 2016-17.

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

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

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

## Statement of Comprehensive Net Expenditure for the year ended 31 March 2022

	Note	2021-22 £000	2020-21 £000
Expenditure on Primary Healthcare Services	3.1	294,351	287,056
Expenditure on healthcare from other providers	3.2	463,420	417,804
Expenditure on Hospital and Community Health Services	3.3	950,374	951,356
		<b>1,708,145</b>	1,656,216
Less: Miscellaneous Income	4	(109,656)	(105,020)
<b>LHB net operating costs before interest and other gains and losses</b>		<b>1,598,489</b>	1,551,196
Investment Revenue	5	(16)	(17)
Other (Gains) / Losses	6	(232)	(43)
Finance costs	7	562	683
<b>Net operating costs for the financial year</b>		<b>1,598,803</b>	<b>1,551,819</b>

See note 2 on page 27 for details of performance against Revenue and Capital allocations.

[The notes on pages 8 to 75 form part of these accounts.](#)

## Other Comprehensive Net Expenditure

	2021-22 £000	2020-21 £000
Net (gain) / loss on revaluation of property, plant and equipment	(9,960)	(6,695)
Net (gain) / loss on revaluation of intangibles	0	0
(Gain) / loss on other reserves	0	0
Net (gain)/ loss on revaluation of PPE & Intangible assets held for sale	0	0
Net (gain)/loss on revaluation of financial assets held for sale	0	0
Impairment and reversals	0	0
Transfers between reserves	0	0
Transfers to / (from) other bodies within the Resource Accounting Boundary	0	0
Reclassification adjustment on disposal of available for sale financial assets	0	0
Other comprehensive net expenditure for the year	(9,960)	(6,695)
<b>Total comprehensive net expenditure for the year</b>	<b>1,588,843</b>	<b>1,545,124</b>

The notes on pages 8 to 75 form part of these accounts.

**Statement of Financial Position as at 31 March 2022**

		<b>31 March 2022 £000</b>	31 March 2021 £000
	<b>Notes</b>		
<b>Non-current assets</b>			
Property, plant and equipment	11	<b>810,479</b>	779,935
Intangible assets	12	<b>5,211</b>	6,595
Trade and other receivables	15	<b>125,697</b>	118,391
Other financial assets	16	<b>521</b>	554
<b>Total non-current assets</b>		<b>941,908</b>	905,475
<b>Current assets</b>			
Inventories	14	<b>8,726</b>	9,857
Trade and other receivables	15	<b>133,793</b>	95,887
Other financial assets	16	<b>33</b>	32
Cash and cash equivalents	17	<b>1,720</b>	1,821
		<b>144,272</b>	107,597
Non-current assets classified as "Held for Sale"	11	<b>0</b>	1,205
<b>Total current assets</b>		<b>144,272</b>	108,802
<b>Total assets</b>		<b>1,086,180</b>	1,014,277
<b>Current liabilities</b>			
Trade and other payables	18	<b>(223,309)</b>	(202,444)
Other financial liabilities	19	<b>0</b>	0
Provisions	20	<b>(183,138)</b>	(45,999)
<b>Total current liabilities</b>		<b>(406,447)</b>	(248,443)
<b>Net current assets/ (liabilities)</b>		<b>(262,175)</b>	(139,641)
<b>Non-current liabilities</b>			
Trade and other payables	18	<b>(3,709)</b>	(4,315)
Other financial liabilities	19	<b>0</b>	0
Provisions	20	<b>(12,569)</b>	(124,942)
<b>Total non-current liabilities</b>		<b>(16,278)</b>	(129,257)
<b>Total assets employed</b>		<b>663,455</b>	636,577
<b>Financed by :</b>			
<b>Taxpayers' equity</b>			
General Fund		<b>530,429</b>	512,572
Revaluation reserve		<b>133,026</b>	124,005
<b>Total taxpayers' equity</b>		<b>663,455</b>	636,577

The financial statements on pages 2 to 7 were approved by the Board on xx xx 2022 and signed on its behalf by:

Chief Executive and Accountable Officer .....

Date: xx xx 2022

The notes on pages 8 to 75 form part of these accounts.

# Statement of Changes in Taxpayers' Equity

## For the year ended 31 March 2022

	General Fund £000	Revaluation Reserve £000	Total Reserves £000
<b>Changes in taxpayers' equity for 2021-22</b>			
Balance as at 31 March 2021	512,572	124,005	636,577
Adjustment	0	0	0
<b>Balance at 1 April 2021</b>	512,572	124,005	636,577
Net operating cost for the year	(1,598,803)		(1,598,803)
Net gain/(loss) on revaluation of property, plant and equipment	0	9,960	9,960
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
Other Reserve Movement	0	0	0
Transfers between reserves	939	(939)	0
Release of reserves to SoCNE	0	0	0
Transfers to/from LHBs	0	0	0
<b>Total recognised income and expense for 2021-22</b>	(1,597,864)	9,021	(1,588,843)
Net Welsh Government funding	1,588,806		1,588,806
Notional Welsh Government Funding	26,915		26,915
<b>Balance at 31 March 2022</b>	530,429	133,026	663,455

The notes on pages 8 to 75 form part of these accounts.

# Statement of Changes in Taxpayers' Equity

## For the year ended 31 March 2021

	General Fund £000	Revaluation Reserve £000	Total Reserves £000
<b>Changes in taxpayers' equity for 2020-21</b>			
<b>Balance at 1 April 2020</b>	543,040	117,974	<b>661,014</b>
Net operating cost for the year	(1,551,819)		<b>(1,551,819)</b>
Net gain/(loss) on revaluation of property, plant and equipment	0	6,695	<b>6,695</b>
Net gain/(loss) on revaluation of intangible assets	0	0	<b>0</b>
Net gain/(loss) on revaluation of financial assets	0	0	<b>0</b>
Net gain/(loss) on revaluation of assets held for sale	0	0	<b>0</b>
Impairments and reversals	0	0	<b>0</b>
Other reserve movement	0	0	<b>0</b>
Transfers between reserves	664	(664)	<b>0</b>
Release of reserves to SoCNE	0	0	<b>0</b>
Transfers to/from LHBs	0	0	<b>0</b>
<b>Total recognised income and expense for 2020-21</b>	<b>(1,551,155)</b>	<b>6,031</b>	<b>(1,545,124)</b>
Net Welsh Government funding	1,495,498		<b>1,495,498</b>
Notional Welsh Government Funding	25,189		<b>25,189</b>
<b>Balance at 31 March 2021</b>	<b>512,572</b>	<b>124,005</b>	<b>636,577</b>

The notes on pages 8 to 75 form part of these accounts.



# Statement of Cash Flows for year ended 31 March 2022

	2021-22 £000	2020-21 £000
<b>Cash Flows from operating activities</b>		
Net operating cost for the financial year	(1,598,803)	(1,551,819)
Movements in Working Capital	27 (20,972)	52,668
Other cash flow adjustments	28 98,086	123,531
Provisions utilised	20 (15,770)	(12,352)
<b>Net cash outflow from operating activities</b>	<b>(1,537,459)</b>	<b>(1,387,972)</b>
<b>Cash Flows from investing activities</b>		
Purchase of property, plant and equipment	(52,979)	(104,378)
Proceeds from disposal of property, plant and equipment	3,347	927
Purchase of intangible assets	(930)	(2,723)
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
<b>Net cash inflow/(outflow) from investing activities</b>	<b>(50,562)</b>	<b>(106,174)</b>
<b>Net cash inflow/(outflow) before financing</b>	<b>(1,588,021)</b>	<b>(1,494,146)</b>
<b>Cash Flows from financing activities</b>		
Welsh Government funding (including capital)	1,588,806	1,495,498
Capital receipts surrendered	0	0
Capital grants received	0	0
Capital element of payments in respect of finance leases and on-SoFP PFI Schemes	(886)	(832)
Cash transferred (to)/ from other NHS bodies	0	0
<b>Net financing</b>	<b>1,587,920</b>	<b>1,494,666</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(101)</b>	<b>520</b>
<b>Cash and cash equivalents (and bank overdrafts) at 1 April 2021</b>	<b>1,821</b>	<b>1,301</b>
<b>Cash and cash equivalents (and bank overdrafts) at 31 March 2022</b>	<b>1,720</b>	<b>1,821</b>

The notes on pages 8 to 75 form part of these accounts.

## Notes to the Accounts

### 1. Accounting policies

The Minister for Health and Social Services has directed that the financial statements of Local Health Boards (LHB) in Wales shall meet the accounting requirements of the NHS Wales Manual for Accounts. Consequently, the following financial statements have been prepared in accordance with the 2021-22 Manual for Accounts. The accounting policies contained in that manual follow the 2021-22 Financial Reporting Manual (FReM) in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006, except for IFRS 16 Leases, which is deferred until 1 April 2022; to the extent that they are meaningful and appropriate to the NHS in Wales.

Where the LHB Manual for Accounts permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the LHB for the purpose of giving a true and fair view has been selected. The particular policies adopted by the LHB are described below. They have been applied consistently in dealing with items considered material in relation to the accounts.

#### 1.1. Accounting convention

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

#### 1.2. Acquisitions and discontinued operations

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

#### 1.3. Income and funding

The main source of funding for the LHBs are allocations (Welsh Government funding) from the Welsh Government within an approved cash limit, which is credited to the General Fund of the LHB. Welsh Government funding is recognised in the financial period in which the cash is received.

Non-discretionary funding outside the Revenue Resource Limit is allocated to match actual expenditure incurred for the provision of specific pharmaceutical, or ophthalmic services identified by the Welsh Government. Non-discretionary expenditure is disclosed in the accounts and deducted from operating costs charged against the Revenue Resource Limit.

Funding for the acquisition of fixed assets received from the Welsh Government is credited to the General Fund.

Miscellaneous income is income which relates directly to the operating activities of the LHB and is not funded directly by the Welsh Government. This includes payment for services uniquely provided by the LHB for the Welsh Government such as funding provided to agencies and non-activity costs incurred by the LHB in its provider role. Income received from LHBs transacting with other LHBs is always treated as miscellaneous income.

From 2018-19, IFRS 15 Revenue from Contracts with Customers has been applied, as interpreted and adapted for the public sector, in the FReM. It replaces the previous standards IAS 11 Construction Contracts and IAS 18 Revenue and related IFRIC and SIC interpretations. The potential amendments identified as a result of the adoption of IFRS 15 are significantly below materiality levels.

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

### 1.4.1. 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.

### 1.4.2. 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.

The latest NHS Pension Scheme valuation results indicated that an increase in benefit required a 6.3% increase (14.38% to 20.68%) which was implemented from 1 April 2019.

As an organisation within the full funding scope, the joint (in NHS England and NHS Wales) transitional arrangement operated from 2019-20 where employers in the Scheme would continue to pay 14.38% employer contributions under their normal monthly payment process, in Wales the additional 6.3% being funded by Welsh Government directly to the Pension Scheme administrator, the NHS Business Services Authority (BSA the NHS Pensions Agency).

However, NHS Wales' organisations are required to account for **their staff** employer contributions of 20.68% in full and on a gross basis, in their annual accounts. Payments made on their behalf by Welsh Government are accounted for on a notional basis. For detailed information see Note 34 within these accounts.

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 NHS Wales organisation 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 NHS Wales organisation's 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.

### 1.4.3. NEST Pension Scheme

An alternative pensions scheme for employees not eligible to join the NHS Pensions scheme has to be offered. 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

### 1.6.1. 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 NHS Wales organisation;
- 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.

### 1.6.2. 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 services or for administrative purposes are stated in the Statement of Financial Position (SoFP) 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' organisations have applied these new valuation requirements from 1 April 2009.

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

In 2017-18 a formal revaluation exercise was applied to land and properties. The carrying value of existing assets at that date will be written off over their remaining useful lives and new fixtures and equipment are carried at depreciated historic cost as this is not considered to be materially different from fair value.

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

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 (SoCNE).

From 2015-16, IFRS 13 Fair Value Measurement must be complied with in full. However IAS 16 and IAS 38 have been adapted for the public sector context which limits the circumstances under which a valuation is prepared under IFRS 13. Assets which are held for their service potential and are in use should be measured at their current value in existing use. For specialised assets current value in existing use should be interpreted as the present value of the assets remaining service potential, which can be assumed to be at least equal to the cost of replacing that service potential. Where there is no single class of asset that falls within IFRS 13, disclosures should be for material items only.

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

Assets which were most recently held for their service potential but are surplus should be valued at current value in existing use, if there are restrictions on the NHS organisation or the asset which would prevent access to the market at the reporting date. If the NHS organisation 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.

### **1.6.3. 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. For All Wales Capital Schemes that are completed in a financial year, NHS Wales organisations are required to obtain a revaluation 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**

### **1.7.1. Recognition**

Intangible assets are non-monetary assets without physical substance, which are capable of sale separately from the rest of the 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 NHS Wales organisation; 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 sale are not depreciated.

Otherwise, depreciation and amortisation are charged to write off the costs or valuation of property, plant and equipment and intangible non-current assets, less any residual value, over their estimated useful lives, in a manner that reflects the consumption of economic benefits or service potential of the assets. The estimated useful life of an asset is the period over which the NHS Wales Organisation expects to obtain economic benefits or service potential from the asset. This is specific to the NHS Wales organisation 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 NHS Wales organisation 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 SoCNE. 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 LHB as lessee**

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

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 LHB as lessor**

Amounts due from lessees under finance leases are recorded as receivables at the amount of the NHS Wales organisation 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 NHS Wales organisation's net investment outstanding in respect of the leases.

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

### **1.12. Inventories**

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



Work-in-progress comprises goods in intermediate stages of production. Partially completed contracts for patient services are not accounted for as work-in-progress.

### **1.13. Cash and cash equivalents**

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

### **1.14. Provisions**

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

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

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

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

#### **1.14.1. Clinical negligence and personal injury costs**

The Welsh Risk Pool Services (WRPS) 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 implemented in both 2020-21 and 2019-20. The WRP is hosted by Velindre NHS Trust.

#### **1.14.2. Future Liability Scheme (FLS) - General Medical Practice Indemnity (GMPI)**

The FLS is a state backed scheme to provide clinical negligence General Medical Practice Indemnity (GMPI) for providers of GMP services in Wales.

In March 2019, the Minister issued a Direction to Velindre NHS Trust to enable Legal and Risk Services to operate the Scheme. The GMPI is underpinned by new secondary legislation, The NHS (Clinical Negligence Scheme) (Wales) Regulations 2019 which came into force on 1 April 2019.

GMP Service Providers are not direct members of the GMPI FLS, their qualifying liabilities are the subject of an arrangement between them and their relevant LHB, which is a member of the scheme. The qualifying reimbursements to the LHB are not subject to the £25,000 excess.

### **1.15. Financial Instruments**

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

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

### **1.16. Financial assets**

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

The accounting policy choice allowed under IFRS 9 for long term trade receivables, contract assets which do contain a significant financing component (in accordance with IFRS 15), and lease receivables within the scope of IAS 17 has been withdrawn and entities should always recognise a loss allowance at an amount equal to lifetime Expected Credit Losses. All entities applying the FReM should utilise IFRS 9's simplified approach to impairment for relevant assets.

IFRS 9 requirements required a revised approach for the calculation of the bad debt provision, applying the principles of expected credit loss, using the practical expedients within IFRS 9 to construct a provision matrix.

#### **1.16.1. Financial assets are initially recognised at fair value**

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

#### **1.16.2. Financial assets at fair value through SoCNE**

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

### **1.16.3 Held to maturity investments**

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

### **1.16.4. Available for sale financial assets**

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

### **1.16.5. Loans and receivables**

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

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

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

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

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

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

## **1.17. Financial liabilities**

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

### **1.17.1. Financial liabilities are initially recognised at fair value**

Financial liabilities are classified as either financial liabilities at fair value through the SoCNE or other financial liabilities.

### **1.17.2. Financial liabilities at fair value through the 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 liabilities at fair value through profit and loss. They are held at fair value, with any resultant gain or loss recognised in the SoCNE. The net gain or loss incorporates any interest earned on the financial asset.

### **1.17.3. Other financial liabilities**

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

### **1.18. Value Added Tax (VAT)**

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

### **1.19. Foreign currencies**

Transactions denominated in a foreign currency are translated into sterling at the exchange rate ruling on the dates of the transactions. Resulting exchange gains and losses are taken to the SoCNE. At the SoFP date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the reporting date.

### **1.20. Third party assets**

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

### **1.21. Losses and Special Payments**

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

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 the LHB not been bearing their own risks (with insurance premiums then being included as normal revenue expenditure). However, the note on losses and special payments is compiled directly from the losses register which is prepared on a cash basis.

The LHB accounts for all losses and special payments gross (including assistance from the WRP).

The LHB accrues or provides for the best estimate of future pay-outs 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 between 5- 50%, the liability is disclosed as a contingent liability.

## 1.22. Pooled budget

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

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

### **Monmouthshire County Council - Monnow Vale Health and Social Care Unit**

Funds are pooled for the provision of health and social care inpatient, outpatient, clinic and day care facilities to individuals who have medical, social, community or rehabilitation needs. The pool is hosted by Aneurin Bevan University Local Health Board. The financial operation of the pool is governed by a pooled budget agreement between the Local Health Board and Monmouthshire County Council. The income from Monmouthshire County Council is recorded as Local Authority Income in these accounts.

Expenditure for services provided under the arrangement is recorded under the appropriate expense headings in these accounts.

The property in which the unit is housed has been provided by a Private Finance Partner; the contract with the PFI partner is for 30 years and is categorised as an on balance sheet PFI scheme with the HB recognising **72%** of the property - see Note 32 of these accounts for further details.

### **The five Local Authorities in Gwent - Gwent Wide Integrated Community Equipment Service**

Funds are pooled for the provision of an efficient and effective GWICES (Gwent Wide Integrated Community Equipment Service) to service users who are resident in the partner localities. The pool is hosted by Torfaen County Borough Council. The Health Board makes a financial contribution to the scheme but does not account for the schemes expenditure or assets/liabilities generated by this expenditure.

The financial operation of the pool is governed by a pooled budget agreement between the bodies listed above and the Health Board. Payments for services provided by the host body, Torfaen County Borough Council, are accounted for as expenditure within these accounts.

### **Monmouthshire County Council - Mardy Park Rehabilitation Centre**

Funds are pooled for the provision of care to individuals who have rehabilitation needs. The LHB has entered into a pooled budget with Monmouthshire County Council. The pool is hosted by Monmouthshire County Council.

### **The five Local Authorities in Gwent - Gwent Frailty Programme**

Funds are pooled for the purpose of establishing a consistent service across Gwent. The pool is hosted by Caerphilly County Borough Council, as lead commissioner. The financial operation of the pool is governed by a pooled budget agreement between the bodies listed above and the Health Board. Payments for services provided by the host body, Caerphilly County Borough Council, are accounted for as expenditure within these accounts. Additional information is provided in Note 32.

### **The five Local Authorities in Gwent and ABUHB – A pooled Fund for Care Home Accommodation functions for Older People**

Statutory Directions issued under section 169 of the Social Services and Wellbeing (Wales) Act 2014 required Partnership Bodies to enter into partnership arrangements and for the establishment and maintenance of pooled funds from April 2018, for the exercise of their Care Home Accommodation Functions.

The overarching strategic aim of this Agreement is: -

- To ensure coordinated arrangements for ensuring an integrated approach across the Partnership to the commissioning and arranging for Care Home Accommodation for Older People.
- To ensure provision of high quality, cost effective Care Home Accommodation which meets local health and social care needs, through the establishment of a pooled fund
- To develop a managed market approach to the supply of quality provision to meets the needs of Older People Care Home Accommodation.

Funds are pooled for the provision and commissioning of specified services for older people (>65 years of age) in a care home setting in Gwent. The pool has been hosted by Torfaen County Borough Council since August 2018.

The Health Board makes a financial contribution to the scheme equivalent to actual expenditure incurred in commissioning related placements in homes during the year, but in addition does incur minimal costs associated with a share of the services provided by the host organisation and these are accounted for as expenditure within these accounts.

## **1.23. Critical Accounting Judgements and key sources of estimation uncertainty**

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

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

## **1.24. Key sources of estimation uncertainty**

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

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

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

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

In line with International Accounting Standard (IAS)19, the Health Board has included in its accounts an accrual for untaken annual leave as at 31st March 2022. The impact of COVID-19 has had a significant impact on the ability of staff to take annual leave during 2021-22. The accrual is reflected in notes 3.1, 3.3 and 9.1 to the accounts.

#### 1.24.1. Provisions

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

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

#### 1.24.2. Probable & Certain Cases – Accounting Treatment

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

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

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

The solicitor will estimate the case value including defence fees, using professional judgement and from obtaining counsel advice. Valuations are then discounted for the future loss elements using individual life expectancies and the Government Actuary's Department actuarial tables (Ogden tables) and Personal Injury Discount Rate of minus 0.25%.

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

The Health Board has provided for some £184m (£163m 2020/21) within note 20 in respect of potential clinical negligence and personal injury claims and associated defence fees. These provisions have been arrived at on the advice of NHS Wales Shared Services Partnership - Legal & Risk Services. Given the nature of such claims this figure could be subject to significant change in future periods. However, the potential financial effect of such uncertainty is mitigated by the fact that the LHB's ultimate liability in respect of individual cases is capped at £0.025m, with amounts above this excess level being reimbursed by the Welsh Risk Pool.

The Health Board has estimated a liability of 0.495m (£0.458m 2020/21) in respect of retrospective claims for Continuing Health Care funding. The estimated provision is based upon an assessment of the likelihood of claims meeting criteria for continuing health care and the actual costs incurred by individuals in care homes. The provision is based on information made available to the Health Board at the time of these accounts and could be subject to significant change as outcomes are determined. Aneurin Bevan University Local Health Board has reviewed its portfolio of outstanding claims for continuing healthcare and made an assessment of likely financial liability based on an estimated success factor, eligibility factor and expected weekly average costs of claims. The assumptions have been derived by reviewing a sample of claims.

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

### **1.25 Discount Rates**

Where discount is applied, a disclosure detailing the impact of the discounting on liabilities to be included for the relevant notes. The disclosure should include where possible undiscounted values to demonstrate the impact. An explanation of the source of the discount rate or how the discount rate has been determined to be included.

Within the Provisions Note (note 20) the amount relating to Early Retirements and Permanent Injury benefits has been discounted using the PES (2021) Post Employment Benefits Liabilities Real Rate in Excess of CPI of -1.30%.



### 1.26 Private Finance Initiative (PFI) transactions

HM Treasury has determined that government bodies shall account for infrastructure PFI schemes where the government body controls the use of the infrastructure and the residual interest in the infrastructure at the end of the arrangement as service concession arrangements, following the principles of the requirements of IFRIC 12. The NHS Wales organisation 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'.

#### 1.26.1. Services received

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

#### 1.26.2. 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 NHS Wales organisation's approach for each relevant class of asset in accordance with the principles of IAS 16.

#### 1.26.2. 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 SoCNE.

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 SoCNE.

### **1.26.3. Lifecycle replacement**

Components of the asset replaced by the operator during the contract ('lifecycle replacement') are capitalised where they meet the NHS Wales organisation's 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.

### **1.26.4. 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 SoFP.

### **1.26.5. 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 NHS Wales organisation through the asset being made available to third party users.

### **Other PFI arrangements off Statement of Financial Position**

Where the LHB has no control or residual interest in the assets and the balance of risks and rewards lie with the operator, the arrangement is treated as an operating lease and the costs are included in the SoCNE as incurred. The LHB has one such arrangement relating to the maintenance of the energy systems in Nevill Hall Hospitals.

## **Joint PFI contract**

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

## **1.27. 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.

## **1.28. Absorption accounting**

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

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

## **1.29. Accounting standards that have been issued but not yet been adopted**

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

IFRS14 Regulatory Deferral Accounts

Applies to first time adopters of IFRS after 1 January 2016. Therefore not applicable.

IFRS 16 Leases is to be effective from 1st April 2022.

IFRS 17 Insurance Contracts, Application required for accounting periods beginning on or after 1 January 2021, but not yet adopted by the FReM: early adoption is not therefore permitted.

## **1.30. Accounting standards issued that have been adopted early**

During 2021-22 there have been no accounting standards that have been adopted early. All early adoption of accounting standards will be led by HM Treasury.

### 1.31. Charities

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

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

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

## 2. Financial Duties Performance

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

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

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

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

### 2.1 Revenue Resource Performance

	Annual financial performance			
	2019-20 £000	2020-21 £000	2021-22 £000	Total £000
<b>Net operating costs for the year</b>	1,319,803	1,551,819	1,598,803	4,470,425
Less general ophthalmic services expenditure and other non-cash limited expenditure	(161)	(1,423)	(58)	(1,642)
Less revenue consequences of bringing PFI schemes onto SoFP	0	0	0	0
Total operating expenses	1,319,642	1,550,396	1,598,745	4,468,783
Revenue Resource Allocation	1,319,674	1,550,641	1,598,994	4,469,309
<b>Under /(over) spend against Allocation</b>	32	245	249	526

Aneurin Bevan University LHB has met its financial duty to break-even against its Revenue Resource Limit over the 3 years 2019-20 to 2021-22.

The health board received £0 strategic cash only support in 2021-22.

The cash only support is provided to assist the health board with payments to staff and suppliers, there is no requirement to repay this strategic cash assistance.

### 2.2 Capital Resource Performance

	2019-20 £000	2020-21 £000	2021-22 £000	Total £000
<b>Gross capital expenditure</b>	133,286	112,376	52,167	297,829
Add: Losses on disposal of donated assets	7	0	0	7
Less NBV of property, plant and equipment and intangible assets disposed	(555)	(884)	(3,115)	(4,554)
Less capital grants received	(93)	(333)	(22)	(448)
Less donations received	(300)	(201)	(166)	(667)
Charge against Capital Resource Allocation	132,345	110,958	48,864	292,167
Capital Resource Allocation	132,373	110,971	48,914	292,258
<b>(Over) / Underspend against Capital Resource Allocation</b>	28	13	50	91

Aneurin Bevan University LHB has met its financial duty to break-even against its Capital Resource Limit over the 3 years 2019-20 to 2021-22.

2.3 Duty to prepare a 3 year integrated plan

Due to the pandemic, the process for the 2020/21 - 2022/23 integrated plan was paused in spring 2020, temporary planning arrangements were implemented

As a result the extant planning duty for 2021-22 remains the requirement to submit and have approved a 2019-22 integrated plan, as set out in the NHS Wales Planning Framework 2019-22. The last 3 year plan signed off was 2019/20 - 2021/22.

The Aneurin Bevan University Health Board submitted a 2019-22 integrated plan in accordance with the planning framework.

The Minister for Health and Social Services extant approval

Status  
Date

Approved  
27/03/2019

The LHB has therefore met its statutory duty to have an approved financial plan.

2.4 Creditor payment

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

	2021-22	2020-21
Total number of non-NHS bills paid	322,710	245,667
Total number of non-NHS bills paid within target	306,680	236,594
Percentage of non-NHS bills paid within target	95.0%	96.3%

The LHB has met the target.

### 3. Analysis of gross operating costs

#### 3.1 Expenditure on Primary Healthcare Services

	Cash limited £000	Non-cash limited £000	2021-22 Total £000	2020-21 Total £000
General Medical Services	112,524		112,524	108,993
Pharmaceutical Services	32,225	(7,143)	25,082	27,109
General Dental Services	38,030		38,030	33,079
General Ophthalmic Services	2,142	7,201	9,343	8,734
Other Primary Health Care expenditure	2,487		2,487	2,289
Prescribed drugs and appliances	106,885		106,885	106,852
<b>Total</b>	<b>294,293</b>	<b>58</b>	<b>294,351</b>	<b>287,056</b>

##### Note 3.1 - Expenditure on Primary Healthcare Services

The General Medical Services expenditure includes £12,860k (2020/21 £13,743k) in relation to staff salaries, the General Dental Services expenditure includes £1,732k (2020/21 £1,719k) in relation to staff salaries, the Prescribed Drugs & Appliance expenditure includes £334k (2020/21 £313k) in relation to staff salaries, and the General Ophthalmic Services includes £10k (2020/21 £0) in relation to staff salaries.

#### 3.2 Expenditure on healthcare from other providers

	2021-22 £000	2020-21 £000
Goods and services from other NHS Wales Health Boards	62,504	58,322
Goods and services from other NHS Wales Trusts	45,812	36,487
Goods and services from Welsh Special Health Authorities	0	0
Goods and services from other non Welsh NHS bodies	9,329	8,469
Goods and services from WHSSC / EASC	177,035	161,384
Local Authorities	50,409	43,934
Voluntary organisations	18,825	14,833
NHS Funded Nursing Care	9,157	8,660
Continuing Care	83,675	81,347
Private providers	6,540	4,228
Specific projects funded by the Welsh Government	0	0
Other	134	140
<b>Total</b>	<b>463,420</b>	<b>417,804</b>

##### Local Authorities expenditure relates to the following bodies:

	£'000	£'000
Blaenau Gwent County Borough Council	5,048	4,442
Caerphilly County Borough Council	19,094	17,785
Monmouthshire County Council	5,523	4,932
Newport City Council	12,204	8,039
Torfaen County Borough Council	8,460	8,626
Gloucestershire County Council	21	87
Cardiff City Council	0	21
Vale of Glamorgan Council	58	0
Pembrokeshire County Council	0	2
Swindon Borough Council	1	0
	<b>50,409</b>	<b>43,934</b>

### 3.3 Expenditure on Hospital and Community Health Services

	2021-22 £000	2020-21 £000
Directors' costs	2,243	2,346
Operational Staff costs	695,903	664,559
Single lead employer Staff Trainee Cost	16,109	5,067
Collaborative Bank Staff Cost	0	0
Supplies and services - clinical	116,736	100,158
Supplies and services - general	21,699	23,734
Consultancy Services	191	168
Establishment	8,101	8,670
Transport	2,257	2,429
Premises	42,463	36,870
External Contractors	0	0
Depreciation	41,158	32,654
Amortisation	2,517	1,574
Fixed asset impairments and reversals (Property, plant & equipment)	(12,619)	62,133
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	209
Audit fees	396	373
Other auditors' remuneration	0	0
Losses, special payments and irrecoverable debts	7,524	1,886
Research and Development	0	0
Other operating expenses	5,696	8,526
<b>Total</b>	<b>950,374</b>	<b>951,356</b>

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

	2021-22 £000	2020-21 £000
<b>Increase/(decrease) in provision for future payments:</b>		
Clinical negligence;		
Secondary care	45,153	10,844
Primary care	84	0
Redress Secondary Care	185	5
Redress Primary Care	0	0
Personal injury	1,441	86
All other losses and special payments	665	30
Defence legal fees and other administrative costs	1,259	1,731
Gross increase/(decrease) in provision for future payments	48,787	12,696
Contribution to Welsh Risk Pool	0	0
Premium for other insurance arrangements	0	0
Irrecoverable debts	(65)	(95)
<b>Less: income received/due from Welsh Risk Pool</b>	<b>(40,595)</b>	<b>(10,715)</b>
<b>Total</b>	<b>8,127</b>	<b>1,886</b>

	2021-22 £	2020-21 £
Permanent injury included within personal injury £:	208,625	34,156

The Health Board spent £2.2m (£2.2m 2020/21) on Research and Development. The majority of this spend relates to staff £2.1m (£1.9m 2020/21) which along with the non-staff spend is reflected under the various headings within note 3.3.

Note 3.4 includes £510,040 (£548,056 2020/21) relating to Redress cases which represents 66 (75 2020/21) cases where payments were made in year totalling £383,813 (£236,694 2020/21) including defence fees. An additional provision has been created for a further 20 (36 2020/21) cases where an offer has been made



#### 4. Miscellaneous Income

	2021-22 £000	2020-21 £000
Local Health Boards	21,743	21,348
Welsh Health Specialised Services Committee (WHSSC)/Emergency Ambulance Services Committee (EASC)	9,772	8,905
NHS Wales trusts	9,626	10,172
Welsh Special Health Authorities	12,313	10,130
Foundation Trusts	9	4
Other NHS England bodies	1,441	1,211
Other NHS Bodies	36	16
Local authorities	20,538	18,260
Welsh Government	8,060	7,252
Welsh Government Hosted bodies	0	0
Non NHS:		
Prescription charge income	0	0
Dental fee income	3,463	1,865
Private patient income	(3)	16
Overseas patients (non-reciprocal)	16	63
Injury Costs Recovery (ICR) Scheme	986	886
Other income from activities	822	972
Patient transport services	0	0
Education, training and research	4,088	3,689
Charitable and other contributions to expenditure	930	1,243
Receipt of NWSSP Covid centrally purchased assets	0	7,057
Receipt of Covid centrally purchased assets from other organisations	0	0
Receipt of donated assets	166	201
Receipt of Government granted assets	22	389
Non-patient care income generation schemes	112	69
NHS Wales Shared Services Partnership (NWSSP)	0	0
Deferred income released to revenue	0	0
Contingent rental income from finance leases	0	0
Rental income from operating leases	0	0
Other income:		
Provision of laundry, pathology, payroll services	73	72
Accommodation and catering charges	2,194	1,736
Mortuary fees	285	331
Staff payments for use of cars	682	758
Business Unit	0	1,887
Scheme Pays Reimbursement Notional	756	0
Other	11,526	6,488
<b>Total</b>	<b>109,656</b>	<b>105,020</b>
Other income Includes;		
Salary Sacrifice Schemes & Fleet Vehicles	3,193	2,129
VAT recoveries re Business Activities and Contracted Out Services	2,011	1,060
Integrated Care Fund	2,164	0
Other	4,158	3,643
	0	0
	0	0
<b>Total</b>	<b>11,526</b>	<b>6,832</b>
Injury Cost Recovery (ICR) Scheme income		
	2021-22	2020-21
	%	%
To reflect expected rates of collection ICR income is subject to a provision for impairment of:	23.76	22.43

Disclose any other Covid 19 Income source and amount included in total above with brief description.

## 5. Investment Revenue

	2021-22 £000	2020-21 £000
<b>Rental revenue :</b>		
PFI Finance lease income		
planned	0	0
contingent	0	0
Other finance lease revenue	0	0
<b>Interest revenue :</b>		
Bank accounts	0	0
Other loans and receivables	0	0
Impaired financial assets	0	0
Other financial assets	16	17
<b>Total</b>	<b>16</b>	<b>17</b>

## 6. Other gains and losses

	2021-22 £000	2020-21 £000
Gain/(loss) on disposal of property, plant and equipment	237	43
Gain/(loss) on disposal of intangible assets	(32)	0
Gain/(loss) on disposal of assets held for sale	27	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
<b>Total</b>	<b>232</b>	<b>43</b>

## 7. Finance costs

	2021-22 £000	2020-21 £000
Interest on loans and overdrafts	0	0
Interest on obligations under finance leases	2	0
Interest on obligations under PFI contracts		
main finance cost	269	381
contingent finance cost	387	375
Interest on late payment of commercial debt	0	0
Other interest expense	0	0
<b>Total interest expense</b>	<b>658</b>	<b>756</b>
Provisions unwinding of discount	(96)	(73)
Other finance costs	0	0
<b>Total</b>	<b>562</b>	<b>683</b>

## 8. Operating leases

### LHB as lessee

As at 31st March 2022 the LHB had 34 operating leases agreements in place for the leases of premises, 664 arrangement in respect of equipment and 285 in respect of vehicles, with 2 premises, 107 equipment and 165 vehicle leases having expired in year.

Payments recognised as an expense	2021-22	2020-21
	£000	£000
Minimum lease payments	6,180	6,070
Contingent rents	0	0
Sub-lease payments	0	0
<b>Total</b>	<b>6,180</b>	<b>6,070</b>

### **Total future minimum lease payments**

Payable	£000	£000
Not later than one year	4,358	4,725
Between one and five years	10,468	9,110
After 5 years	8,925	9,355
<b>Total</b>	<b>23,751</b>	<b>23,190</b>

### LHB as lessor

Rental revenue	£000	£000
Rent	196	190
Contingent rents	0	0
<b>Total revenue rental</b>	<b>196</b>	<b>190</b>

### **Total future minimum lease payments**

Receivable	£000	£000
Not later than one year	192	176
Between one and five years	739	704
After 5 years	844	1,085
<b>Total</b>	<b>1,775</b>	<b>1,965</b>

#### LHB as Lessee

The LHB has the following leases, none of which is subject to any contingency:

- Leases on properties which are at fixed rentals subject to periodic review. The significant Leases expire at dates between November 2022 and November 2043 except for one lease which does not expire until March 2064
- Leases of medical and other equipment, IT equipment and photocopiers, at fixed rentals, generally for between three and seven years and
- Vehicle leases at fixed rentals generally for a period of three to five years

## 9. Employee benefits and staff numbers

9.1 Employee costs	Permanent Staff	Staff on Inward Secondment	Agency Staff	Specialist Trainee (SLE)	Collaborative Bank Staff	Other	Total	2020-21
	£000	£000	£000	£000	£000	£000	£000	£000
Salaries and wages	514,949	1,857	54,360	12,876	0	2,957	586,999	558,183
Social security costs	53,196	0	0	1,490	0	0	54,686	48,393
Employer contributions to NHS Pension Scheme	86,605	0	0	1,743	0	0	88,348	82,769
Other pension costs	123	0	0	0	0	0	123	332
Other employment benefits	0	0	0	0	0	0	0	0
Termination benefits	0	0	0	0	0	0	0	0
<b>Total</b>	<b>654,873</b>	<b>1,857</b>	<b>54,360</b>	<b>16,109</b>	<b>0</b>	<b>2,957</b>	<b>730,156</b>	<b>689,677</b>
Charged to capital							964	1,930
Charged to revenue							729,192	687,747
							<b>730,156</b>	<b>689,677</b>
Net movement in accrued employee benefits (untaken staff leave total accrual included in note above)							97	245
The net movement in accrued employee benefits footnote above includes Covid 19 Net movement in accrued employee benefits							2,474	17,129

The staff under the 'Other' heading relate to Agency Medical Staff who are paid via a direct engagement scheme which commenced in January 2020.

## 9.2 Average number of employees

	Permanent Staff	Staff on Inward Secondment	Agency Staff	Specialist Trainee (SLE)	Collaborative Bank Staff	Other	Total	2020-21
	Number	Number	Number	Number	Number	Number	Number	Number
Administrative, clerical and board members	2,513	19	56	0	0	0	2,588	2,390
Medical and dental	887	5	87	240	0	16	1,235	1,179
Nursing, midwifery registered	3,795	1	257	0	0	0	4,053	3,825
Professional, Scientific, and technical staff	436	1	3	0	0	0	440	456
Additional Clinical Services	2,647	0	145	0	0	0	2,792	2,582
Allied Health Professions	791	0	15	0	0	0	806	774
Healthcare Scientists	224	5	14	0	0	0	243	237
Estates and Ancillary	991	0	154	0	0	0	1,145	1,217
Students	4	0	0	0	0	0	4	1
<b>Total</b>	<b>12,288</b>	<b>31</b>	<b>731</b>	<b>240</b>	<b>0</b>	<b>16</b>	<b>13,306</b>	<b>12,661</b>

## 9.3. Retirements due to ill-health

	2021-22	2020-21
Number	2	12
Estimated additional pension costs £	74,988	473,647

The estimated additional pension costs of these ill-health retirements have been calculated on an average basis and are borne by the NHS Pension Scheme.

## 9.4 Employee benefits

The LHB does not have an employee benefit scheme.

# 9.5 Reporting of other compensation schemes - exit packages

	2021-22	2021-22	2021-22	2021-22	2020-21
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	2	2	0	0
£50,000 to £100,000	0	1	1	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	3	3	0	0

	2021-22	2021-22	2021-22	2021-22	2020-21
Exit packages cost band (including any special payment element)	Cost of compulsory redundancies	Cost of other departures	Total cost of exit packages	Cost of special element included in exit packages	Total cost of exit packages
	£	£	£	£	£
less than £10,000	0	0	0	0	0
£10,000 to £25,000	0	0	0	0	0
£25,000 to £50,000	0	85,839	85,839	0	0
£50,000 to £100,000	0	76,771	76,771	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	162,610	162,610	0	0

Exit costs paid in year of departure	Total paid in year	Total paid in year
	2021-22	2020-21
	£	£
Exit costs paid in year	0	0
Total	0	0

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

The Health Board has approved VERS in 2021/22.

Additional requirement as per FReM

£0 exit costs were paid in 2021-22, the year of departure (£0 - 2020-21).

## 9.6 Fair Pay disclosures

### 9.6.1 Remuneration Relationship

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director /employee in their organisation and the 25th percentile, median and 75th percentile remuneration of the organisation's workforce. The 2021-22 financial year is the first year disclosures in respect of the 25th percentile pay ratio and 75th percentile pay ratio are required.

	2021-22 £000 Chief Executive	2021-22 £000 Employee	2021-22 £000 Ratio	2020-21 £000 Chief Executive	2020-21 £000 Employee	2020-21 £000 Ratio
<b>Total pay and benefits</b>						
25th percentile pay ratio	200 - 205	25	8.1	205 - 210	24	8.8
Median pay	200 - 205	32	6.3	205 - 210	31	6.8
75th percentile pay ratio	200 - 205	42	4.8	205 - 210	40	5.2
<b>Salary component of total pay and benefits</b>						
25th percentile pay ratio	200 - 205	25	8.1	205 - 210	24	8.8
Median pay	200 - 205	32	6.3	205 - 210	31	6.8
75th percentile pay ratio	200 - 205	42	4.8	205 - 210	40	5.2
	Highest Paid Director	Employee	Ratio	Highest Paid Director	Employee	Ratio
<b>Total pay and benefits</b>						
25th percentile pay ratio	200 - 205	25	8.1	205 - 210	24	8.8
Median pay	200 - 205	32	6.3	205 - 210	31	6.8
75th percentile pay ratio	200 - 205	42	4.8	205 - 210	40	5.2
<b>Salary component of total pay and benefits</b>						
25th percentile pay ratio	200 - 205	25	8.1	205 - 210	24	8.8
Median pay	200 - 205	32	6.3	205 - 210	31	6.8
75th percentile pay ratio	200 - 205	42	4.8	205 - 210	40	5.2

In 2021-22, 7 (2020-21, 3) employees received remuneration in excess of the highest-paid director.

Remuneration for all staff ranged from £19k to £338k (2020-21, £18k to £228k).

The all staff range includes directors (including the highest paid director) and excludes pension benefits of all employees.

### Financial year summary

There has been a reduction in the pay ratio which attributable to a reduction in the chief executive / highest paid director salary and a coinciding increase in the employee median salary.

The median pay ratio for the relevant financial year is consistent with the pay, reward and progression policies for the entity's employees taken as a whole.

### 9.6.2 Percentage Changes

	2020-21 to 2021-22	2019-20 to 2020-21
% Change from previous financial year in respect of Chief Executive	%	%
Salary and allowances	(2)	2
Performance pay and bonuses	0	0
% Change from previous financial year in respect of highest paid director		
Salary and allowances	(2)	2
Performance pay and bonuses	0	0
Average % Change from previous financial year in respect of employees takes as a whole		
Salary and allowances	5	2
Performance pay and bonuses	0	0

## 9.7 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](http://www.nhsbsa.nhs.uk/pensions). Both are unfunded defined benefit schemes that cover NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State for Health and Social Care in England and Wales. They are not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, each scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS body of participating in each scheme is taken as equal to the contributions payable to that scheme for the accounting period.

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

### a) Accounting valuation

A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary’s Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and is accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2022, is based on valuation data as 31 March 2021, updated to 31 March 2022 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

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

### b) Full actuarial (funding) valuation

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

The latest actuarial valuation undertaken for the NHS Pension Scheme was completed as at 31 March 2016. The results of this valuation set the employer contribution rate payable from April 2019 to 20.6% of pensionable pay.

The 2016 funding valuation also tested the cost of the Scheme relative to the employer cost cap that was set following the 2012 valuation. There was initially a pause to the cost control element of the 2016 valuations, due to the uncertainty

HMT published valuation directions dated 7 October 2021 (see [Amending Directions 2021](#)) that set out the technical detail of how the costs of remedy are included in the 2016 valuation process. Following these directions, the scheme actuary has completed the cost control element of the 2016 valuation for the NHS Pension Scheme, which concludes no changes to benefits or member contributions are required. The 2016 valuation reports can be found on the NHS Pensions website at <https://www.nhsbsa.nhs.uk/nhs-pension-scheme-accounts-and-valuation-reports>.

### **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 8% of a jobholder's qualifying earnings, for employers whose legal duties have started. The employer must pay at least 3% of this.

The earnings band used to calculate minimum contributions under existing legislation is called qualifying earnings. Qualifying earnings are currently those between £6,240 and £50,000 for the 2021-2022 tax year (2020-2021 £6,240 and £50,000).

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



## 10. Public Sector Payment Policy - Measure of Compliance

### 10.1 Prompt payment code - measure of compliance

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

	2021-22 Number	2021-22 £000	2020-21 Number	2020-21 £000
<b>NHS</b>				
Total bills paid	4,776	342,787	5,719	302,038
Total bills paid within target	4,154	328,582	4,858	295,559
Percentage of bills paid within target	87.0%	95.9%	84.9%	97.9%
<b>Non-NHS</b>				
Total bills paid	322,710	632,798	245,667	596,364
Total bills paid within target	306,680	603,323	236,594	569,515
Percentage of bills paid within target	95.0%	95.3%	96.3%	95.5%
<b>Total</b>				
Total bills paid	327,486	975,585	251,386	898,402
Total bills paid within target	310,834	931,905	241,452	865,074
Percentage of bills paid within target	94.9%	95.5%	96.0%	96.3%

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

	2021-22 £	2020-21 £
Amounts included within finance costs (note 7) from claims made under this legislation	0	0
Compensation paid to cover debt recovery costs under this legislation	77	1,466
<b>Total</b>	<b>77</b>	<b>1,466</b>

## 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
<b>Cost or valuation at 1 April 2021</b>	<b>76,903</b>	<b>643,590</b>	<b>2,783</b>	<b>23,260</b>	<b>124,444</b>	<b>548</b>	<b>36,112</b>	<b>4,867</b>	<b>912,507</b>
Indexation	1,486	9,910	67	0	0	0	0	0	11,463
Additions									
- purchased	0	9,173	115	17,912	15,831	0	7,286	497	50,814
- donated	0	0	0	0	152	0	14	0	166
- government granted	0	0	0	0	22	0	0	0	22
Transfer from/into other NHS bodies	0	0	0	0	0	0	0	0	0
Reclassifications	0	17,726	0	(17,798)	0	0	72	0	0
Revaluations	0	(668)	0	0	0	0	0	0	(668)
Reversal of impairments	67	20,451	65	0	0	0	0	0	20,583
Impairments	0	(8,503)	0	(171)	0	0	0	0	(8,674)
Reclassified as held for sale	0	0	0	0	(91)	0	0	0	(91)
Disposals	0	0	0	0	(7,904)	(2)	(727)	(1,180)	(9,813)
<b>At 31 March 2022</b>	<b>78,456</b>	<b>691,679</b>	<b>3,030</b>	<b>23,203</b>	<b>132,454</b>	<b>546</b>	<b>42,757</b>	<b>4,184</b>	<b>976,309</b>
<b>Depreciation at 1 April 2021</b>	<b>0</b>	<b>51,563</b>	<b>314</b>	<b>0</b>	<b>62,413</b>	<b>439</b>	<b>16,061</b>	<b>1,782</b>	<b>132,572</b>
Indexation	0	1,508	8	0	0	0	0	0	1,516
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	(681)	0	0	0	0	0	0	(681)
Reversal of impairments	0	684	6	0	0	0	0	0	690
Impairments	0	(1,400)	0	0	0	0	0	0	(1,400)
Reclassified as held for sale	0	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	(6,199)	(2)	(644)	(1,180)	(8,025)
Provided during the year	0	22,503	87	0	11,984	33	6,084	467	41,158
<b>At 31 March 2022</b>	<b>0</b>	<b>74,177</b>	<b>415</b>	<b>0</b>	<b>68,198</b>	<b>470</b>	<b>21,501</b>	<b>1,069</b>	<b>165,830</b>
<b>Net book value at 1 April 2021</b>	<b>76,903</b>	<b>592,027</b>	<b>2,469</b>	<b>23,260</b>	<b>62,031</b>	<b>109</b>	<b>20,051</b>	<b>3,085</b>	<b>779,935</b>
<b>Net book value at 31 March 2022</b>	<b>78,456</b>	<b>617,502</b>	<b>2,615</b>	<b>23,203</b>	<b>64,256</b>	<b>76</b>	<b>21,256</b>	<b>3,115</b>	<b>810,479</b>
<b>Net book value at 31 March 2022 comprises :</b>									
Purchased	75,349	615,715	2,615	23,203	63,317	76	21,228	3,095	804,598
Donated	3,107	1,655	0	0	645	0	28	20	5,455
Government Granted	0	132	0	0	294	0	0	0	426
<b>At 31 March 2022</b>	<b>78,456</b>	<b>617,502</b>	<b>2,615</b>	<b>23,203</b>	<b>64,256</b>	<b>76</b>	<b>21,256</b>	<b>3,115</b>	<b>810,479</b>
<b>Asset financing :</b>									
Owned	78,456	610,791	2,615	23,203	64,000	76	20,752	3,115	803,008
Held on finance lease	0	0	0	0	0	0	504	0	504
On-SoFP PFI contracts	0	6,711	0	0	256	0	0	0	6,967
PFI residual interests	0	0	0	0	0	0	0	0	0
<b>At 31 March 2022</b>	<b>78,456</b>	<b>617,502</b>	<b>2,615</b>	<b>23,203</b>	<b>64,256</b>	<b>76</b>	<b>21,256</b>	<b>3,115</b>	<b>810,479</b>

The net book value of land, buildings and dwellings at 31 March 2022 comprises :

	£000
Freehold	691,251
Long Leasehold	7,179
Short Leasehold	143
	<b>698,573</b>

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

# 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
<b>Cost or valuation at 1 April 2020</b>	78,457	378,550	2,687	296,279	88,798	548	27,676	3,269	<b>876,264</b>
Indexation	(1,489)	5,349	40	0	0	0	0	0	<b>3,900</b>
Additions									
- purchased	0	7,715	18	47,429	40,469	0	10,587	2,019	<b>108,237</b>
- donated	0	8	0	0	193	0	0	0	<b>201</b>
- government granted	0	0	0	0	333	0	0	0	<b>333</b>
Transfer from/into other NHS bodies	0	0	0	0	0	0	0	0	<b>0</b>
Reclassifications	0	319,613	0	(319,613)	0	0	0	0	<b>0</b>
Revaluations	0	(2,819)	0	0	0	0	0	0	<b>(2,819)</b>
Reversal of impairments	0	5,677	38	0	0	0	0	0	<b>5,715</b>
Impairments	(65)	(70,503)	0	0	(374)	0	0	0	<b>(70,942)</b>
Reclassified as held for sale	0	0	0	0	(493)	0	0	0	<b>(493)</b>
Disposals	0	0	0	(835)	(4,482)	0	(2,151)	(421)	<b>(7,889)</b>
<b>At 31 March 2021</b>	<b>76,903</b>	<b>643,590</b>	<b>2,783</b>	<b>23,260</b>	<b>124,444</b>	<b>548</b>	<b>36,112</b>	<b>4,867</b>	<b>912,507</b>
<b>Depreciation at 1 April 2020</b>	0	40,327	227	1,792	58,071	407	13,157	1,859	<b>115,840</b>
Indexation	0	760	4	0	0	0	0	0	<b>764</b>
Transfer from/into other NHS bodies	0	0	0	0	0	0	0	0	<b>0</b>
Reclassifications	0	1,792	0	(1,792)	0	0	0	0	<b>0</b>
Revaluations	0	(6,378)	0	0	0	0	0	0	<b>(6,378)</b>
Reversal of impairments	0	414	3	0	0	0	0	0	<b>417</b>
Impairments	0	(3,325)	0	0	(186)	0	0	0	<b>(3,511)</b>
Reclassified as held for sale	0	0	0	0	(210)	0	0	0	<b>(210)</b>
Disposals	0	1	0	0	(4,452)	0	(2,132)	(421)	<b>(7,004)</b>
Provided during the year	0	17,972	80	0	9,190	32	5,036	344	<b>32,654</b>
<b>At 31 March 2021</b>	<b>0</b>	<b>51,563</b>	<b>314</b>	<b>0</b>	<b>62,413</b>	<b>439</b>	<b>16,061</b>	<b>1,782</b>	<b>132,572</b>
<b>Net book value at 1 April 2020</b>	<b>78,457</b>	<b>338,223</b>	<b>2,460</b>	<b>294,487</b>	<b>30,727</b>	<b>141</b>	<b>14,519</b>	<b>1,410</b>	<b>760,424</b>
<b>Net book value at 31 March 2021</b>	<b>76,903</b>	<b>592,027</b>	<b>2,469</b>	<b>23,260</b>	<b>62,031</b>	<b>109</b>	<b>20,051</b>	<b>3,085</b>	<b>779,935</b>
<b>Net book value at 31 March 2021 comprises :</b>									
Purchased	73,857	590,186	2,469	23,260	61,020	109	20,030	3,057	<b>773,988</b>
Donated	3,046	1,709	0	0	685	0	21	28	<b>5,489</b>
Government Granted	0	132	0	0	326	0	0	0	<b>458</b>
<b>At 31 March 2021</b>	<b>76,903</b>	<b>592,027</b>	<b>2,469</b>	<b>23,260</b>	<b>62,031</b>	<b>109</b>	<b>20,051</b>	<b>3,085</b>	<b>779,935</b>
<b>Asset financing :</b>									
Owned	76,903	584,103	2,469	23,260	61,492	109	20,051	3,085	<b>771,472</b>
Held on finance lease	0	0	0	0	0	0	0	0	<b>0</b>
On-SoFP PFI contracts	0	7,924	0	0	539	0	0	0	<b>8,463</b>
PFI residual interests	0	0	0	0	0	0	0	0	<b>0</b>
<b>At 31 March 2021</b>	<b>76,903</b>	<b>592,027</b>	<b>2,469</b>	<b>23,260</b>	<b>62,031</b>	<b>109</b>	<b>20,051</b>	<b>3,085</b>	<b>779,935</b>

The net book value of land, buildings and dwellings at 31 March 2021 comprises :

	£000
Freehold	663,123
Long Leasehold	8,276
Short Leasehold	0
	<b>671,399</b>

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

## 11. Property, plant and equipment (continued)

### Disclosures:

#### i) Donated Assets

Assets totalling £166K during the year were purchased via Charitable Funds donations and contributions from Sparkle. Government Granted equipment assets totalling £22K were received from the Department of Health in relation to the Covid-19 response.

#### ii) Valuations

The LHBs land and Buildings were revalued by the Valuation Office Agency with an effective date of 1st April 2017. The valuation has been prepared in accordance with the terms of the latest version of the Royal Institute of Chartered Surveyors' Valuation Standards.

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

In 2021-22 indexation has been applied to the land and buildings based on indices received from the Valuation Office Agency and as agreed in the Technical Update Note 007 issued by Welsh Government on 31st March 2022. No indexation has been applied to equipment.

In addition, in 2021-22 there have been separate revaluations for four assets under construction coming into use. The most significant of these is the opening of the Hospital Sterilisation and Disinfection Unit (HSDU) at Grange University Hospital, with the others relating to the Lift Replacement Programme in the Royal Gwent and Nevill Hall Hospitals. Refurbishment of Ward 3/3 at NHH and the Rebound Facility at Serennu Childrens Centre.

#### iii) Asset Lives

Depreciated as follows:

- Land is not depreciated.
- Buildings as determined by the Valuation Office Agency.
- Equipment 5 - 15 years.

#### iv) Compensation

There has been no compensation received from third parties for assets impaired, lost or given up, that is included in the income statement.

#### v) Write Downs

The Health Board is required to assess whether it owns any surplus assets which have no sale restrictions and plans for future use to comply with IFRS 13. No such assets were identified in 2021-22, therefore no write downs were applicable.

vi) The LHB does not hold any property where the value is materially different from its open market value.

#### vii) Assets Held for Sale or sold in the period

There were three Assets Held for Sale as at 1st April 2021, with an additional equipment asset (RGH Cardiac Catheter Lab 1 imaging system) reclassified as Held for Sale during the financial year. All four assets (Cath Labs 1 and 2, and properties Leechpool and Homelands/Penhaw) were sold during 2021-22.

# 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
<b>Balance brought forward 1 April 2021</b>	337	782	86	0	0	1,205
Plus assets classified as held for sale in the year	0	0	91	0	0	91
Revaluation	0	0	0	0	0	0
Less assets sold in the year	(337)	(782)	(177)	0	0	(1,296)
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
<b>Balance carried forward 31 March 2022</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Balance brought forward 1 April 2020</b>	337	794	0	0	0	1,131
Plus assets classified as held for sale in the year	0	0	283	0	0	283
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	(12)	(197)	0	0	(209)
Less assets no longer classified as held for sale, for reasons other than disposal by sale	0	0	0	0	0	0
<b>Balance carried forward 31 March 2021</b>	<u>337</u>	<u>782</u>	<u>86</u>	<u>0</u>	<u>0</u>	<u>1,205</u>

## 12. Intangible non-current assets

### 2021-22

	Software (purchased)	Software (internally generated)	Licences and trademarks	Patents	Development expenditure- internally generated	Total
	£000	£000	£000	£000	£000	£000
<b>Cost or valuation at 1 April 2021</b>	<b>2,443</b>	<b>0</b>	<b>7,161</b>	<b>0</b>	<b>0</b>	<b>9,604</b>
Revaluation	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0
Impairments	0	0	0	0	0	0
Additions- purchased	59	0	1,106	0	0	1,165
Additions- internally generated	0	0	0	0	0	0
Additions- donated	0	0	0	0	0	0
Additions- government granted	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0
Transfers	0	0	0	0	0	0
Disposals	(664)	0	(732)	0	0	(1,396)
<b>Gross cost at 31 March 2022</b>	<b>1,838</b>	<b>0</b>	<b>7,535</b>	<b>0</b>	<b>0</b>	<b>9,373</b>
<b>Amortisation at 1 April 2021</b>	<b>970</b>	<b>0</b>	<b>2,039</b>	<b>0</b>	<b>0</b>	<b>3,009</b>
Revaluation	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0
Impairment	0	0	0	0	0	0
Provided during the year	408	0	2,109	0	0	2,517
Reclassified as held for sale	0	0	0	0	0	0
Transfers	0	0	0	0	0	0
Disposals	(664)	0	(700)	0	0	(1,364)
<b>Amortisation at 31 March 2022</b>	<b>714</b>	<b>0</b>	<b>3,448</b>	<b>0</b>	<b>0</b>	<b>4,162</b>
<b>Net book value at 1 April 2021</b>	<b>1,473</b>	<b>0</b>	<b>5,122</b>	<b>0</b>	<b>0</b>	<b>6,595</b>
<b>Net book value at 31 March 2022</b>	<b>1,124</b>	<b>0</b>	<b>4,087</b>	<b>0</b>	<b>0</b>	<b>5,211</b>
<b>At 31 March 2022</b>						
Purchased	1,124	0	4,087	0	0	5,211
Donated	0	0	0	0	0	0
Government Granted	0	0	0	0	0	0
Internally generated	0	0	0	0	0	0
<b>Total at 31 March 2022</b>	<b>1,124</b>	<b>0</b>	<b>4,087</b>	<b>0</b>	<b>0</b>	<b>5,211</b>

## 12. Intangible non-current assets

### 2020-21

	Software (purchased)	Software (internally generated)	Licences and trademarks	Patents	Development expenditure- internally generated	Total
	£000	£000	£000	£000	£000	£000
<b>Cost or valuation at 1 April 2020</b>	1,514	0	6,001	0	0	<b>7,515</b>
Revaluation	0	0	0	0	0	<b>0</b>
Reclassifications	0	0	0	0	0	<b>0</b>
Reversal of impairments	0	0	0	0	0	<b>0</b>
Impairments	0	0	0	0	0	<b>0</b>
Additions- purchased	1,146	0	2,459	0	0	<b>3,605</b>
Additions- internally generated	0	0	0	0	0	<b>0</b>
Additions- donated	0	0	0	0	0	<b>0</b>
Additions- government granted	0	0	0	0	0	<b>0</b>
Reclassified as held for sale	0	0	0	0	0	<b>0</b>
Transfers	0	0	0	0	0	<b>0</b>
Disposals	(217)	0	(1,299)	0	0	<b>(1,516)</b>
<b>Gross cost at 31 March 2021</b>	<b>2,443</b>	<b>0</b>	<b>7,161</b>	<b>0</b>	<b>0</b>	<b>9,604</b>
<b>Amortisation at 1 April 2020</b>	943	0	2,009	0	0	<b>2,952</b>
Revaluation	0	0	0	0	0	<b>0</b>
Reclassifications	0	0	0	0	0	<b>0</b>
Reversal of impairments	0	0	0	0	0	<b>0</b>
Impairment	0	0	0	0	0	<b>0</b>
Provided during the year	245	0	1,329	0	0	<b>1,574</b>
Reclassified as held for sale	0	0	0	0	0	<b>0</b>
Transfers	0	0	0	0	0	<b>0</b>
Disposals	(218)	0	(1,299)	0	0	<b>(1,517)</b>
<b>Amortisation at 31 March 2021</b>	<b>970</b>	<b>0</b>	<b>2,039</b>	<b>0</b>	<b>0</b>	<b>3,009</b>
<b>Net book value at 1 April 2020</b>	<b>571</b>	<b>0</b>	<b>3,992</b>	<b>0</b>	<b>0</b>	<b>4,563</b>
<b>Net book value at 31 March 2021</b>	<b>1,473</b>	<b>0</b>	<b>5,122</b>	<b>0</b>	<b>0</b>	<b>6,595</b>
<b>At 31 March 2021</b>						
Purchased	1,468	0	5,122	0	0	<b>6,590</b>
Donated	5	0	0	0	0	<b>5</b>
Government Granted	0	0	0	0	0	<b>0</b>
Internally generated	0	0	0	0	0	<b>0</b>
<b>Total at 31 March 2021</b>	<b>1,473</b>	<b>0</b>	<b>5,122</b>	<b>0</b>	<b>0</b>	<b>6,595</b>

#### **Additional Disclosures re Intangible Assets**

- i) On initial recognition intangible non-current assets are measured at cost. 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 asset basis), indexed for relevant price increases, as a proxy for fair value.
- ii) The useful economic life of Intangible non-current assets are assigned on an individual asset basis using either a standard life of 5 years or the period covered by the licence.
- iii) All fully depreciated assets still in use are being carried at nil net book value. Fully depreciated assets with GBV of £1,197K were disposed of during the year.
- iv) These assets have not been subject to indexation or revaluation during the year.



### 13 . Impairments

	2021-22 Property, plant & equipment £000	2021-22 Intangible assets £000	2020-21 Property, plant & equipment £000	2020-21 Intangible assets £000
Impairments arising from :				
Loss or damage from normal operations	0	0	0	0
Abandonment in the course of construction	171	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)	7,103	0	69,129	0
Reversal of Impairments	(19,893)	0	(5,298)	0
<b>Total of all impairments</b>	<b>(12,619)</b>	<b>0</b>	<b>63,831</b>	<b>0</b>

#### Analysis of impairments charged to reserves in year :

Charged to the Statement of Comprehensive Net Expenditure	(13,222)	0	62,342	0
Charged to Revaluation Reserve	603	0	1,489	0
	<b>(12,619)</b>	<b>0</b>	<b>63,831</b>	<b>0</b>

#### 2021-22

	Impairment amount £000	Reason for impairment	Nature of Asset	Valuation basis	Charge to SoCNE £000	Charge to reserve £000
Assets abandoned in the course of construction	£000				£000	£000
Grange University Hospital HSDU Facility	171	Historic AUC written off	AUC	Existing Use	171	0
Ward 3/3 NHH	6,500	Assets Valued on Coming Into Use	Operational	Existing Use	6,500	0
RGH / NHH Main Lifts	477	Assets Valued on Coming Into Use	Operational	Existing Use	0	477
<b>Total Impairment</b>	<b>126</b>	Assets Valued on Coming Into Use	Operational	Existing Use	<b>0</b>	<b>126</b>
	<b>7,274</b>				<b>6,671</b>	<b>603</b>

#### Reversal of Impairments

	£000				£000	£000
Grange University Hospital	(11,462)				(11,462)	0
Ysbyty Ystrad Fawr	(5,843)				(5,843)	0
Ysbyty Aneurin Bevan	(1,570)				(1,570)	0
Serennu Childrens Centre	(352)	Indexation - reversal	Operational	Indexation	(352)	0
St Cadocs	(215)	of impairment in	Assets		(215)	0
Royal Gwent	(69)	previous years			(69)	0
Llanfrechfa Grange	(67)				(67)	0
Neville Hall	(47)				(47)	0
Various Community Sites	(24)				(24)	0
Serennu Childrens Centre	(244)	Assets Valued on	Operational	Existing Use	(244)	0
		Coming Into Use				
<b>Total Reversal of Impairments</b>	<b>-19893</b>				<b>-19893</b>	<b>0</b>
<b>Net credit to SoCNE</b>	<b>-12,619</b>				<b>-13,222</b>	<b>0</b>

The impairment losses disclosed above as "other" comprises:

# 14.1 Inventories

	31 March 2022 £000	31 March 2021 £000
Drugs	2,905	3,117
Consumables	5,561	6,563
Energy	260	177
Work in progress	0	0
Other	0	0
<b>Total</b>	<b>8,726</b>	<b>9,857</b>
Of which held at realisable value	0	0

# 14.2 Inventories recognised in expenses

	31 March 2022 £000	31 March 2021 £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
<b>Total</b>	<b>0</b>	<b>0</b>

## 15. Trade and other Receivables

Current	31 March 2022 £000	31 March 2021 £000
Welsh Government	6,903	7,017
WHSSC / EASC	3,038	441
Welsh Health Boards	1,552	1,672
Welsh NHS Trusts	6,114	3,500
Welsh Special Health Authorities	455	111
Non - Welsh Trusts	178	208
Other NHS	0	0
2019-20 Scheme Pays - Welsh Government Reimbursement	0	0
<b>Welsh Risk Pool Claim reimbursement</b>		
NHS Wales Secondary Health Sector	84,862	63,083
NHS Wales Primary Sector FLS Reimbursement	2	0
NHS Wales Redress	475	488
Other	0	0
Local Authorities	8,178	4,273
Capital debtors - Tangible	0	0
Capital debtors - Intangible	0	0
Other debtors	16,409	11,399
Provision for irrecoverable debts	(1,870)	(1,951)
Pension Prepayments NHS Pensions	0	0
Pension Prepayments NEST	0	0
Other prepayments	7,497	5,646
Other accrued income	0	0
<b>Sub total</b>	<b>133,793</b>	<b>95,887</b>
<b>Non-current</b>		
Welsh Government	0	0
WHSSC / EASC	0	0
Welsh Health Boards	0	0
Welsh NHS Trusts	0	0
Welsh Special Health Authorities	0	0
Non - Welsh Trusts	0	0
Other NHS	0	0
2019-20 Scheme Pays - Welsh Government Reimbursement	0	0
<b>Welsh Risk Pool Claim reimbursement;</b>		
NHS Wales Secondary Health Sector	124,435	117,181
NHS Wales Primary Sector FLS Reimbursement	57	0
NHS Wales Redress	0	0
Other	0	0
Local Authorities	0	0
Capital debtors - Tangible	0	0
Capital debtors - Intangible	0	0
Other debtors	1,205	1,210
Provision for irrecoverable debts	0	0
Pension Prepayments NHS Pensions	0	0
Pension Prepayments NEST	0	0
Other prepayments	0	0
Other accrued income	0	0
<b>Sub total</b>	<b>125,697</b>	<b>118,391</b>
<b>Total</b>	<b>259,490</b>	<b>214,278</b>

## 15. Trade and other Receivables (continued)

### Receivables past their due date but not impaired

	31 March 2022 £000	31 March 2021 £000
By up to three months	1,365	1,264
By three to six months	409	194
By more than six months	1,289	1,257
	<b>3,063</b>	<b>2,715</b>

### Expected Credit Losses (ECL) / Provision for impairment of receivables

Balance at 1 April	(1,951)	(2,070)
Transfer to other NHS Wales body	0	0
Amount written off during the year	17	24
Amount recovered during the year	0	0
(Increase) / decrease in receivables impaired	62	89
Bad debts recovered during year	2	6
Balance at 31 March	<b>(1,870)</b>	<b>(1,951)</b>

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	2,674	2,625
Other	314	458
Total	<b>2,988</b>	<b>3,083</b>

## 16. Other Financial Assets

	Current		Non-current	
	31 March	31 March	31 March	31 March
	2022	2021	2022	2021
	£000	£000	£000	£000
<b>Financial assets</b>				
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	33	32	521	554
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
<b>Total</b>	<b>33</b>	<b>32</b>	<b>521</b>	<b>554</b>

## 17. Cash and cash equivalents

	2021-22	2020-21
	£000	£000
Balance at 1 April	1,821	1,301
Net change in cash and cash equivalent balances	(101)	520
Balance at 31 March	1,720	1,821
Made up of:		
Cash held at GBS	1,698	1,797
Commercial banks	0	0
Cash in hand	22	24
<b>Cash and cash equivalents as in Statement of Financial Position</b>	<b>1,720</b>	<b>1,821</b>
Bank overdraft - GBS	0	0
Bank overdraft - Commercial banks	0	0
<b>Cash and cash equivalents as in Statement of Cash Flows</b>	<b>1,720</b>	<b>1,821</b>

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

Lease Liabilities - increase of £496k  
PFI liabilities - reduction of £1,016k

The movement relates to cash, no comparative information is required by IAS 7 in 2021-22.

## 18. Trade and other payables

Current	31 March 2022 £000	31 March 2021 £000
Welsh Government	75	66
WHSSC / EASC	4,487	2,370
Welsh Health Boards	2,646	2,569
Welsh NHS Trusts	4,338	3,935
Welsh Special Health Authorities	216	0
Other NHS	3,733	4,335
Taxation and social security payable / refunds	5,694	5,170
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 payables - Revenue	89,711	59,115
Local Authorities	15,299	16,562
Capital payables- Tangible	9,721	11,886
Capital payables- Intangible	1,117	882
Overdraft	0	0
Rentals due under operating leases	0	0
Obligations under finance leases, HP contracts	50	0
Imputed finance lease element of on SoFP PFI contracts	947	911
Pensions: staff	9,683	9,001
Non NHS Accruals	84,183	97,401
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	(8,591)	(11,759)
<b>Sub Total</b>	<b>223,309</b>	<b>202,444</b>
<b>Non-current</b>		
Welsh Government	0	0
WHSSC / EASC	0	0
Welsh Health Boards	0	0
Welsh NHS Trusts	0	0
Welsh Special Health Authorities	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 payables - Revenue	0	0
Local Authorities	0	0
Capital payables- Tangible	0	0
Capital payables- Intangible	0	0
Overdraft	0	0
Rentals due under operating leases	0	0
Obligations under finance leases, HP contracts	446	0
Imputed finance lease element of on SoFP PFI contracts	3,263	4,315
Pensions: staff	0	0
Non NHS 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
<b>Sub Total</b>	<b>3,709</b>	<b>4,315</b>
<b>Total</b>	<b>227,018</b>	<b>206,759</b>

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

The Capital Payables - Tangible figure includes balances that have been agreed with other NHS Wales bodies as part of the Agreement

## 18. Trade and other payables (continued).

Amounts falling due more than one year are expected to be settled as follows:	31 March 2022 £000	31 March 2021 £000
Between one and two years	1,086	997
Between two and five years	1,045	1,854
In five years or more	1,578	1,464
Sub-total	3,709	4,315

## 19. Other financial liabilities

Financial liabilities	Current		Non-current	
	31 March 2022 £000	31 March 2021 £000	31 March 2022 £000	31 March 2021 £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
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## 20. Provisions

	At 1 April 2021	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 2022
	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Current</b>									
Clinical negligence:-									
Secondary care	40,393	0	(9,246)	110,554	71,312	(10,646)	(26,540)	0	175,827
Primary care	0	0	0	0	84	(43)	0	0	41
Redress Secondary care	312	0	0	0	252	(371)	(67)	0	126
Redress Primary care	0	0	0	0	0	0	0	0	0
Personal injury	117	0	(195)	0	1,261	(555)	(29)	0	599
All other losses and special payments	0	0	0	0	665	(665)	0	0	0
Defence legal fees and other administration	1,857	0	0	987	2,062	(1,295)	(539)		3,072
Pensions relating to former directors	0			0	0	0	0	0	0
Pensions relating to other staff	412			317	333	(404)	(210)	(53)	395
2019-20 Scheme Pays - Reimbursement	0			0	11	0	0	0	11
Restructuring	0			0	0	0	0	0	0
Other	2,908		0	0	1,273	(275)	(839)		3,067
<b>Total</b>	<b>45,999</b>	<b>0</b>	<b>(9,441)</b>	<b>111,858</b>	<b>77,253</b>	<b>(14,254)</b>	<b>(28,224)</b>	<b>(53)</b>	<b>183,138</b>
<b>Non Current</b>									
Clinical negligence:-									
Secondary care	116,068	0	(143)	(110,554)	1,355	(1,116)	(974)	0	4,636
Primary care	0	0	0	0	0	0	0	0	0
Redress Secondary care	0	0	0	0	0	0	0	0	0
Redress Primary care	0	0	0	0	0	0	0	0	0
Personal injury	3,353	0	0	0	209	(256)	0	(44)	3,262
All other losses and special payments	0	0	0	0	0	0	0	0	0
Defence legal fees and other administration	1,525	0	0	(987)	111	(64)	(375)		210
Pensions relating to former directors	0			0	0	0	0	0	0
Pensions relating to other staff	3,628			(317)	0	0	0	0	3,311
2019-20 Scheme Pays - Reimbursement	0			0	745	0	0	0	745
Restructuring	0			0	0	0	0	0	0
Other	368		0	0	151	(80)	(34)		405
<b>Total</b>	<b>124,942</b>	<b>0</b>	<b>(143)</b>	<b>(111,858)</b>	<b>2,571</b>	<b>(1,516)</b>	<b>(1,383)</b>	<b>(44)</b>	<b>12,569</b>
<b>TOTAL</b>									
Clinical negligence:-									
Secondary care	156,461	0	(9,389)	0	72,667	(11,762)	(27,514)	0	180,463
Primary care	0	0	0	0	84	(43)	0	0	41
Redress Secondary care	312	0	0	0	252	(371)	(67)	0	126
Redress Primary care	0	0	0	0	0	0	0	0	0
Personal injury	3,470	0	(195)	0	1,470	(811)	(29)	(44)	3,861
All other losses and special payments	0	0	0	0	665	(665)	0	0	0
Defence legal fees and other administration	3,382	0	0	0	2,173	(1,359)	(914)		3,282
Pensions relating to former directors	0			0	0	0	0	0	0
Pensions relating to other staff	4,040			0	333	(404)	(210)	(53)	3,706
2019-20 Scheme Pays - Reimbursement	0			0	756	0	0	0	756
Restructuring	0			0	0	0	0	0	0
Other	3,276		0	0	1,424	(355)	(873)		3,472
<b>Total</b>	<b>170,941</b>	<b>0</b>	<b>(9,584)</b>	<b>0</b>	<b>79,824</b>	<b>(15,770)</b>	<b>(29,607)</b>	<b>(97)</b>	<b>195,707</b>

### Expected timing of cash flows:

	In year to 31 March 2023	Between 1 April 2023 31 March 2027	Thereafter	Total
				£000
Clinical negligence:-				
Secondary care	175,827	4,636	0	180,463
Primary care	41	0	0	41
Redress Secondary care	126	0	0	126
Redress Primary care	0	0	0	0
Personal injury	599	1,284	1,978	3,861
All other losses and special payments	0	0	0	0
Defence legal fees and other administration	3,072	210	0	3,282
Pensions relating to former directors	0	0	0	0
Pensions relating to other staff	395	3,311	0	3,706
2019-20 Scheme Pays - Reimbursement	11	14	731	756
Restructuring	0	0	0	0
Other	3,067	405	0	3,472
<b>Total</b>	<b>183,138</b>	<b>9,860</b>	<b>2,709</b>	<b>195,707</b>

The expected timing of cash flows are based on best available information; but they could change on the basis of individual case changes. The claims outstanding with the Welsh Risk Pool are based on best estimates of settlement of claims provided by the Health Board's legal advisors. The Health Board estimates that in 2022/23 it will receive £57,649,915 and in 2023/24 and beyond £124,434,996 from the Welsh Risk Pool in respect of clinical negligence and personal injury payments.

Other provisions include: Continuing Healthcare Independent Review Panel (IRP) & Ombudsman claims £494,632. The estimation method used to calculate the provision for 2021/22 is consistent with the methodology used in 2020/21. In the continuing absence of detailed assessment information the Health Board has used a mixture of actual assessments and the application of an expected success factor and average weekly costs to determine whether an individual claimant provision would be established.

Other provisions include an amount for Ancillary Staff Banked Annual Leave Payments, potential VAT payment to HMRC and a provision for potential pension costs known as 'final pay control'.

The total Health Board provision also includes an amount of £126,227 which relates to 20 Redress cases where offers have been made to the families but not yet accepted or breach and causation have been proven.



## **Provision (Continued)**

### **Pensions tax annual allowance – Scheme Pays arrangements 2019/20**

In accordance with a Ministerial Direction issued on 18 December 2019, the Welsh Government have taken action to support circumstances where pensions tax rules are impacting upon clinical staff who want to work additional hours, and have determined that:

- clinical staff who are members of the NHS Pension Scheme and who, as a result of work undertaken in the 2019-20 tax year, face a tax charge on the growth of their NHS pension benefits, may opt to have this charge paid by the NHS Pension Scheme, with their pension reduced on retirement.

Welsh Government, on behalf of the Aneurin Bevan University Health Board, will pay the members who opt for reimbursement of their pension, a corresponding amount on retirement, ensuring that they are fully compensated for the effect of the deduction.

This scheme will be funded directly by the Welsh Government to the NHS Business Services Authority Pension Division, the administrators on behalf of the Welsh claimants.

Clinical staff have until 31 March 2022 to opt for this scheme and the ability to make changes up to 31 July 2026.

The Health Board have included a Scheme Pay provision of £756,155 (as notified by Welsh Government) within these accounts.

## 20. Provisions (continued)

	At 1 April 2020	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 2021
	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Current</b>									
Clinical negligence:-									
Secondary care	14,314	0	(1,178)	35,737	7,723	(8,735)	(7,468)	0	40,393
Primary care	0	0	0	0	0	0	0	0	0
Redress Secondary care	524	0	0	0	237	(218)	(231)	0	312
Redress Primary care	0	0	0	0	0	0	0	0	0
Personal injury	497	0	0	(169)	165	(263)	(113)	0	117
All other losses and special payments	0	0	0	0	30	(30)	0	0	0
Defence legal fees and other administration	1,155	0	0	660	1,653	(1,032)	(579)		1,857
Pensions relating to former directors	0			0	0	0	0	0	0
Pensions relating to other staff	440			90	438	(410)	(107)	(39)	412
2019-20 Scheme Pays - Reimbursement	0			0	0	0	0	0	0
Restructuring	0			0	0	0	0	0	0
Other	1,442		0	0	1,719	(52)	(201)		2,908
<b>Total</b>	<b>18,372</b>	<b>0</b>	<b>(1,178)</b>	<b>36,318</b>	<b>11,965</b>	<b>(10,740)</b>	<b>(8,699)</b>	<b>(39)</b>	<b>45,999</b>
<b>Non Current</b>									
Clinical negligence:-									
Secondary care	146,409	0	(4,118)	(35,737)	11,811	(1,074)	(1,223)	0	116,068
Primary care	0	0	0	0	0	0	0	0	0
Redress Secondary care	0	0	0	0	0	0	0	0	0
Redress Primary care	0	0	0	0	0	0	0	0	0
Personal injury	3,443	0	0	169	223	(259)	(189)	(34)	3,353
All other losses and special payments	0	0	0	0	0	0	0	0	0
Defence legal fees and other administration	1,686	0	0	(660)	681	(158)	(24)		1,525
Pensions relating to former directors	0			0	0	0	0	0	0
Pensions relating to other staff	3,718			(90)	0	0	0	0	3,628
2019-20 Scheme Pays - Reimbursement	0			0	0	0	0	0	0
Restructuring	0			0	0	0	0	0	0
Other	203		0	0	327	(121)	(41)		368
<b>Total</b>	<b>155,459</b>	<b>0</b>	<b>(4,118)</b>	<b>(36,318)</b>	<b>13,042</b>	<b>(1,612)</b>	<b>(1,477)</b>	<b>(34)</b>	<b>124,942</b>
<b>TOTAL</b>									
Clinical negligence:-									
Secondary care	160,723	0	(5,296)	0	19,534	(9,809)	(8,691)	0	156,461
Primary care	0	0	0	0	0	0	0	0	0
Redress Secondary care	524	0	0	0	237	(218)	(231)	0	312
Redress Primary care	0	0	0	0	0	0	0	0	0
Personal injury	3,940	0	0	0	388	(522)	(302)	(34)	3,470
All other losses and special payments	0	0	0	0	30	(30)	0	0	0
Defence legal fees and other administration	2,841	0	0	0	2,334	(1,190)	(603)		3,382
Pensions relating to former directors	0			0	0	0	0	0	0
Pensions relating to other staff	4,158			0	438	(410)	(107)	(39)	4,040
2019-20 Scheme Pays - Reimbursement	0			0	0	0	0	0	0
Restructuring	0			0	0	0	0	0	0
Other	1,645		0	0	2,046	(173)	(242)		3,276
<b>Total</b>	<b>173,831</b>	<b>0</b>	<b>(5,296)</b>	<b>0</b>	<b>25,007</b>	<b>(12,352)</b>	<b>(10,176)</b>	<b>(73)</b>	<b>170,941</b>

The expected timing of cash flows are based on best available information; but they could change on the basis of individual case changes. The claims outstanding with the Welsh Risk Pool are based on best estimates of settlement of claims provided by the Health Board's legal advisors. The Health Board estimates that in 2021/22 it will receive £40,616,280 and in 2022/23 and beyond £117,181,426 from the Welsh Risk Pool in respect of clinical negligence and personal injury payments.

Other provisions include: Continuing Healthcare Independent Review Panel (IRP) & Ombudsman claims £458,086. The estimation method used to calculate the provision for 2020/21 is consistent with the methodology used in 2019/20. In the continuing absence of detailed assessment information the Health Board has used a mixture of actual assessments and the application of an expected success factor and average weekly costs to determine whether an individual claimant provision would be established.

Other provisions include an amount for Ancillary Staff Banked Annual Leave Payments, potential VAT payment to HMRC and a provision for potential pension costs known as 'final pay control'.

The total Health Board provision also includes an amount of £311,362 which relates to 36 Redress cases where offers have been made to the families but not yet accepted or breach and causation have been proven.

## 21. Contingencies

### 21.1 Contingent liabilities

	2021-22 £'000	2020-21 £'000
Provisions have not been made in these accounts for the following amounts :		
Legal claims for alleged medical or employer negligence:-		
Secondary care	417,720	420,315
Primary care	181	45
Redress Secondary care	62	146
Redress Primary care	0	0
Doubtful debts	0	0
Equal Pay costs	0	0
Defence costs	5,453	5,719
Continuing Health Care costs	718	1,364
Other	0	0
Total value of disputed claims	424,134	427,589
Amounts (recovered) in the event of claims being successful	(419,571)	(422,167)
<b>Net contingent liability</b>	<b>4,563</b>	<b>5,422</b>

#### ABUHB – Contingent Liability Note

Other litigation claims could arise in the future due to known incidents. The expenditure which may arise from such claims cannot be determined and no provision has been made for them. The legal claims have decreased by £3m from 2020/21 with the number of claims increasing from 273 in 2020/21 to 289 in 2021/22.

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

#### Continuing Healthcare Cost uncertainties

The Health Board continues to make good progress in reviewing the outstanding claims for reimbursement of retrospective care payments (IRPs) during 2021/22. As a consequence there has been a movement in the level of provision and uncertainty including in these Accounts.

Note 20 sets out the £0.495m provision made for probable continuing care costs relating to 52 outstanding claims received by 31<sup>st</sup> March 2022. This compares with the 2020/2 provision of £0.458m and 57 outstanding phase 1 to 7 claims.

Note 21.1 also sets out the £0.718m contingent liability for possible additional continuing care costs relating to those claims if they are all settled and in full, comparing favourably with the £1.364m reported for 2020/21. Following a review during 2016/17, and further review in 2018/19 and 2019/20 the position in relation to dormant claims remains unchanged. Following on-going review in 21/22 a further 8 dormant claims were closed in 21/22.

During 21/22 a further 5 new (Phase 7) claims, which have been received in the latter part of the financial year 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 HB does not have the information to make a judgement on the likely success or otherwise of these claims, however, they may result in additional costs to the HB, which cannot be quantified at this time.

21.2 Remote Contingent liabilities	2021-22 £000	2020-21 £000
Guarantees	0	0
Indemnities	8,827	14,159
Letters of Comfort	0	0
<b>Total</b>	<b>8,827</b>	<b>14,159</b>

21.3 Contingent assets	2021-22 £000	2020-21 £000
Please give details	0	0
	0	0
	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

22. Capital commitments

Contracted capital commitments at 31 March	2021-22 £000	2020-21 £000
Property, plant and equipment	11,282	10,090
Intangible assets	0	0
<b>Total</b>	<b>11,282</b>	<b>10,090</b>

## 23. Losses and special payments

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

### Gross loss to the Exchequer

Number of cases and associated amounts paid out during the financial year

	Amounts paid out during period to 31 March 2022	
	Number	£
Clinical negligence	125	12,174,776
Personal injury	44	810,923
All other losses and special payments	136	78,302
<b>Total</b>	<b>305</b>	<b>13,064,001</b>

### Analysis of cases in excess of £300,000

Case Type	In year claims in excess of £300,000		Cumulative claims in excess of £300,000	
	Number	£	Number	£
<b>Cases in excess of £300,000:</b>				
PI	04RVFPI0038	27,428		465,817
MN	09RVFMN0033			1,918,000
MN	10RVFMN0058			459,900
MN	12RVFMN0069	1,250,000		1,250,000
MN	14RVFMN0061			1,871,500
MN	14RVFMN0084	732,288		752,288
MN	14RVFMN0114	2,432,571		3,741,563
MN	14RVFMN0118			2,152,500
MN	14RVFMN0252	1,430,995		1,685,995
MN	16RVFMN0131			300,781
MN	16RVFMN0139			745,000
MN	16RVFMN0187			416,000
MN	16RVFMN0202			433,500
MN	16RVFMN0206			495,000
MN	16RVFMN0216	225,000		1,220,000
MN	16RVFMN0242			632,000
MN	17RVFMN0034	30,000		1,130,000
MN	17RVFMN0070			311,000
MN	17RVFMN0182	1,690,000		1,740,000
MN	18RVFMN0110	25,000		365,000
PI	18RVFPI0022	60,124		37,011
MN	19RVFMN0146	450,000		485,000
MN	20RVFMN0044	85,000		335,000
MN	20RVFMN0129			350,000
<b>Sub-total</b>	<b>24</b>	<b>8,438,406</b>	<b>0</b>	<b>23,292,855</b>
<b>All other cases</b>	<b>281</b>	<b>4,625,595</b>	<b>0</b>	<b>11,547,546</b>
<b>Total cases</b>	<b>305</b>	<b>13,064,001</b>	<b>0</b>	<b>34,840,401</b>

## 24. Finance leases

### 24.1 Finance leases obligations (as lessee)

The Local Health Board has one finance lease receivable as a lessee.

#### Amounts payable under finance leases:

Land	31 March 2022 £000	31 March 2021 £000
<b>Minimum lease payments</b>		
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>
<b>Present value of minimum lease payments</b>		
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>

**24.1 Finance leases obligations (as lessee) continued**

**Amounts payable under finance leases:**

<b>Buildings</b>	<b>31 March 2022 £000</b>	<b>31 March 2021 £000</b>
<b>Minimum lease payments</b>		
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**

	<b>31 March 2022 £000</b>	<b>31 March 2021 £000</b>
<b>Minimum lease payments</b>		
Within one year	54	0
Between one and five years	217	0
After five years	248	0
Less finance charges allocated to future periods	(23)	0
Minimum lease payments	<u>496</u>	<u>0</u>
Included in:		
Current borrowings	50	0
Non-current borrowings	446	0
	<u>496</u>	<u>0</u>

**Present value of minimum lease payments**

Within one year	50	0
Between one and five years	204	0
After five years	242	0
Present value of minimum lease payments	<u>496</u>	<u>0</u>
Included in:		
Current borrowings	50	0
Non-current borrowings	446	0
	<u>496</u>	<u>0</u>

24.2 Finance leases obligations (as lessor) continued

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

Amounts receivable under finance leases:

	31 March 2022 £000	31 March 2021 £000
<b>Gross Investment in leases</b>		
Within one year	0	0
Between one and five years	0	0
After five years	0	0
Less finance charges allocated to future periods	0	0
Minimum lease payments	0	0
Included in:		
Current borrowings	0	0
Non-current borrowings	0	0
	0	0
<b>Present value of minimum lease payments</b>		
Within one year	0	0
Between one and five years	0	0
After five years	0	0
Less finance charges allocated to future periods	0	0
Present value of minimum lease payments	0	0
Included in:		
Current borrowings	0	0
Non-current borrowings	0	0
	0	0



## 25. Private Finance Initiative contracts

### 25.1 PFI schemes off-Statement of Financial Position

The UHB has one PFI Scheme off-statement of financial position. The scheme relates to the provision of replacement heating and lighting systems within Neville Hall hospital. The scheme has not resulted in guarantees, commitments or other rights and obligations upon the UHB. The scheme commenced in 2000 for a period of 25 years. The payments are made quarterly in advance with prepayments at year end for the period beyond 31 March 2022 included in debtors.

Commitments under off-SoFP PFI contracts	Off-SoFP PFI contracts 31 March 2022 £000	Off-SoFP PFI contracts 31 March 2021 £000
Total payments due within one year	887	861
Total payments due between 1 and 5 years	2,412	3,200
Total payments due thereafter	0	0
Total future payments in relation to PFI contracts	3,299	4,061
Total estimated capital value of off-SoFP PFI contracts	3,300	3,300

### 25.2 PFI schemes on-Statement of Financial Position

Chepstow Community Hospital - a new community hospital including the provision of ancillary support services. This scheme commenced in 1998 with unitary charge payments being made for a period of 25 years from February 2000. The obligation for the scheme is £1,563k.

Capital value of scheme included in Fixed Assets Note 11	£000
	3,263
Contract start date:	Feb-00
Contract end date:	Feb-25

Monnow Vale Health and Social Care Facility - a new health and social care facility. This scheme commenced in 2006 with unitary charge payments being made for a period of 30 years from 2006. The obligation for the scheme is £1,946k.

Capital value of scheme included in Fixed Assets Note 11	£000
	3,121
Contract start date:	Mar-04
Contract end date:	Mar-36

Nevill Hall Hospital Day Surgery - a purpose built day unit including the provision of medical equipment for the unit. The PFI partner has responsibility for maintaining the building and replacing the equipment used with the unit. The scheme commenced in 1998 with unitary

Capital value of scheme included in Fixed Assets Note 11	£000
	583
	Sep-99
	Sep-24

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

	On SoFP PFI Capital element 31 March 2022 £000	On SoFP PFI Imputed interest 31 March 2022 £000	On SoFP PFI Service charges 31 March 2022 £000
Total payments due within one year	947	239	2,670
Total payments due between 1 and 5 years	1,928	338	6,987
Total payments due thereafter	1,335	194	6,317
Total future payments in relation to PFI contracts	4,210	771	15,974
	On SoFP PFI Capital element 31 March 2021 £000	On SoFP PFI Imputed interest 31 March 2021 £000	On SoFP PFI Service charges 31 March 2021 £000
Total payments due within one year	911	318	2,400
Total payments due between 1 and 5 years	2,850	550	8,557
Total payments due thereafter	1,465	234	6,421
Total future payments in relation to PFI contracts	5,226	1,102	17,378
	31/03/2022 £000		
Total present value of obligations for on-SoFP PFI contracts	20,955		

25.3 Charges to expenditure	2021-22	2020-21
	£000	£000
Service charges for On Statement of Financial Position PFI contracts (excl interest costs)	2,006	1,987
Total expense for Off Statement of Financial Position PFI contracts	869	1,109
The total charged in the year to expenditure in respect of PFI contracts	2,875	3,096

The LHB is committed to the following annual charges

PFI scheme expiry date:	£000	£000
Not later than one year	0	0
Later than one year, not later than five years	2,495	2,321
Later than five years	591	553
<b>Total</b>	<b>3,086</b>	<b>2,874</b>

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.

25.4 Number of PFI contracts

	Number of on SoFP PFI contracts	Number of off SoFP PFI contracts
Number of PFI contracts	3	1
Number of PFI contracts which individually have a total commitment > £500m	0	0

PFI Contract

Number of PFI contracts which individually have a total commitment > £500m

On / Off-  
statement  
of financial  
position  
0

PFI Contract

25.5 The LHB has no Public Private Partnerships

## 26. Financial risk management

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

### Currency risk

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

### Interest rate risk

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

### Credit risk

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

### Liquidity risk

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

## 27. Movements in working capital

	2021-22 £000	2020-21 £000
(Increase)/decrease in inventories	1,131	(371)
(Increase)/decrease in trade and other receivables - non-current	(7,273)	30,553
(Increase)/decrease in trade and other receivables - current	(37,907)	(37,327)
Increase/(decrease) in trade and other payables - non-current	(606)	(911)
Increase/(decrease) in trade and other payables - current	20,865	57,520
<b>Total</b>	<b>(23,790)</b>	49,464
Adjustment for accrual movements in fixed assets - creditors	1,930	(4,688)
Adjustment for accrual movements in fixed assets - debtors	0	(53)
Other adjustments	888	7,945
	<b>(20,972)</b>	52,668

## 28. Other cash flow adjustments

	2021-22 £000	2020-21 £000
Depreciation	41,158	32,654
Amortisation	2,517	1,574
(Gains)/Loss on Disposal	(232)	(43)
Impairments and reversals	(12,619)	62,342
Release of PFI deferred credits	0	0
NWSSP Covid assets issued debited to expenditure but non-cash	0	(7,057)
Covid assets received credited to revenue but non-cash	0	0
Donated assets received credited to revenue but non-cash	(166)	(201)
Government Grant assets received credited to revenue but non-cash	(22)	(389)
Non-cash movements in provisions	40,536	9,462
Other movements	26,914	25,189
<b>Total</b>	<b>98,086</b>	123,531

## 29. Events after the Reporting Period

These financial statements were authorised for issue by the Chief Executive and Accountable Officer on 14th June 2022; post the date the financial statements were certified by the Auditor General for Wales.

The Welsh Government is regarded as a related party. During the year the LHB have 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

	2021-22		As at 31st March 2022	
	Expenditure to related party	Income from related party	Amounts owed to related party	Amounts due from related party
	£000	£000	£000	£000
Welsh Government	145	12,330	75	6,903
Betsi Cadwaladr University Health Board	945	87	358	12
Cardiff & Vale University Health Board	36,443	1,949	1,424	271
Cwm Taf University Health Board	23,911	1,684	415	69
Hywel Dda University Health Board	993	316	59	2
Powys Teaching Health Board	506	16,831	36	999
Swansea Bay University Health Board	3,863	895	395	199
Velindre NHS Trust	63,809	8,749	3,542	5,118
Welsh Ambulance Services NHS Trust	13,756	348	496	78
Public Health Wales NHS Trust	1,624	4,705	312	918
Welsh Health Specialised Services Committee	177,048	9,772	4,487	3,038
Health Education and Improvement Wales (HEIW)	22	11,267	22	224
Digital Health and Care Wales (DHCW)	5,208	1,091	194	231

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

Government Body	2021-22		As at 31st March 2022	
	Expenditure to related party	Income from related party	Amounts owed to related party	Amounts due from related party
	£000	£000	£000	£000
Blaenau Gwent County Borough Council	6,584	2,027	1,462	908
Caerphilly County Borough Council	20,178	12,041	7,178	5,282
Monmouthshire County Council	8,381	2,303	2,615	1,189
Newport City Council	14,013	2,073	2,993	634
Torfaen County Borough Council	11,348	1,651	1,022	165

The LHB has also had significant material transactions with the following:

Aneurin Bevan Local Health Board Charitable Fund	24	930	5	175
--	----	-----	---	-----

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

Member	Related Organisation	Relationship with Related Party	2021-22		As at 31st March 2022	
			Expenditure to related party	Income from related party	Amounts owed to related party	Amounts due from related party
			£000	£000	£000	£000
Glyn Jones	Citizens Advice Bureau (Caerphilly & Blaenau Gwent)	Voluntary Treasurer and Board Trustee	265	0	16	0
	Guys & St Thomas NHS Foundation Trust	Son is Cardiac Physiologist	1	2	0	2
	Welsh Ambulance Trust	Sister is Project Manager	13,756	348	496	78
	Digital Health Care Wales	Niece has an Administrative Support Role	5,208	1,091	194	231
Robert Holcombe	JW Bowkett (Electrical Installation) Ltd	Son is an Employee of the Company	2,370	0	120	0
Dr James Calvert	Royal College of Physicians	Clinical Lead of National Asthma Audit	11	9	0	2
Philip Robson	Hospice of Valleys	Trustee	569	0	158	0
Chris Koehli	Pobl Group Limited	Non Executive Director	1,046	0	523	0
	Carers Trust Wales	Chair	91	3	91	0
Emrys Elias	Mind UK	Director Trustee	156	0	27	0
	Mind Cymru Pwyllgor	Chair of Governance Committee				
	Velindre NHS Trust	Spouse is Employee (Seconded to Health Inspectorate Wales)	63,809	8,749	3,542	5,118
	Welsh Health Specialised Services Committee	Vice Chair until 31st May 2021	177,048	9,772	4,487	3,038
Katija Dew	Newport Live	Trustee	180	10	81	3
Prof Helen Sweetland	Cardiff University	Employed	773	232	261	84
Richard Clark	Torfaen County Borough Council	County Borough Councillor, Deputy Leader and Elected Member	11,348	1,651	1,022	165
	Shared Resource Services Limited	Director	1	0	0	0
David Street	Caerphilly County Borough Council	Corporate Director, Social Services and Housing	20,178	12,041	7,178	5,282

### 31. Third Party assets

The LHB held £25,994.53 cash at bank and in hand at 31 March 2022 (31st March 2021, £31,205.63) which relates to monies held by the LHB on behalf of patients. Cash held in patient Investment Accounts amounted to £0 at 31st March 2022 (31st March 2021, £0). This has been excluded from the Cash and Cash equivalents figure reported in the accounts.

In addition the LHB had located on its premises a significant quantity of consignment stock. This stock remains the property of the supplier until it is used. The value of consignment stock at 31 March 2022 amounted to £3.6m (£2.0m as at 31st March 2021).

## 32. Pooled budgets

The Health Board has five pooled budgets. The specific accounting treatment of each pooled budget is covered within Accounting Policies note 1.22.

### **Monnow Vale Health and Social Care Unit**

The Health Board has entered into a pooled budget with Monmouthshire County Council. Under the arrangement funds are pooled under section 33 of the NHS (Wales) Act 2006 to provide health and social care inpatient, outpatient, clinic and day care facilities to individuals who have medical, social, community or rehabilitation needs and a memorandum note to the accounts provides details of the joint income and expenditure. The asset value of property, plant & equipment is £4,445K which is split 72% Aneurin Bevan Health Board and 28% Monmouthshire County Council. The costs incurred under the pooled budget is declared in the memorandum trading account.

### **Gwent Wide Integrated Community Equipment Service**

The Health Board has entered into a pooled budget with the 5 Local Authorities in the Gwent area, namely Blaenau Gwent, Caerphilly, Monmouth, Newport and Torfaen County Borough Councils, for the provision of an effective integrated GWICES (Gwent Wide Integrated Community Equipment Service) to service users who are resident in the partners' localities. Under the arrangement funds are pooled under section 33 of the NHS (Wales) Act 2006 for the joint equipment store in the Gwent area. The Health Board accounts for its share of the assets, liabilities, income and expenditure arising from the activities of the pooled budget, identified in accordance with the pooled budget agreement. The LHB's contribution is £1,069K for 2021/22 (£903K in 2020/21).

### **Mardy Park Rehabilitation Centre**

The Health Board has entered into a pooled budget arrangement with Monmouthshire County Council. Under the arrangement funds are pooled under Section 33 of the NHS (Wales) Act 2006 to provide care to individuals who have rehabilitation needs. The pod is hosted by Monmouthshire County Council and the LHB's contribution is £220K for 2021/22 (£207K in 2020/21).

### **Gwent Frailty Programme**

The Health Board has entered into a pooled budget with 5 Local Authorities in the Gwent area, namely Blaenau Gwent, Caerphilly, Monmouthshire, Newport and Torfaen County Councils, for the provision of a Gwent wide integrated health and social care Frailty service, for service users who are resident in the partners' localities. Under the arrangement funds are pooled under section 33 of the NHS (Wales) Act 2006 for the purpose of establishing a consistent service for the Gwent area. The Health Board accounts for its share of the assets, liabilities, income and expenditure arising from the activities of the pooled budget, identified in accordance with the pooled budget agreement. The LHB's contribution is £9,294K for 2021/22 (£9,730K in 2020/21).

### **Continuing Healthcare - Older People in Care Homes**

The Health Board has entered into a pooled budget with the 5 Local Authorities in the Gwent area, namely Blaenau Gwent, Caerphilly, Monmouthshire, Newport and Torfaen County Councils, for the provision and commissioning of certain specialised services for older people (>65 years of age) in a care home setting in Gwent. Statutory Directions issued under section 169 of the Social Services and Wellbeing (Wales) Act 2014 required Partnership Bodies to enter into partnership arrangements and for the establishment and maintenance of pooled funds from April 2018, for the exercise of their Care Home Accommodation Functions.

The pool was established in August 2018 and is hosted by Torfaen County Borough Council. Under the arrangement, the Health Board makes a financial contribution equivalent to related expenditure in commissioning related placements in homes during the year. The LHB's contribution is £31,400K for 2021/22 (£31,117K in 2020/21).

## **Pooled Budget memorandum account for the period 1st April 2021 - 31st March 2022**

### **Monnow Vale**

	Cash	Own Contribution	Grants	Total
	£	£	£	£
<b>Funding</b>				
Aneurin Bevan Health Board	0	2,521,164	0	2,521,164
Monmouthshire County Council	361,508	792,474	0	1,153,982
<b>Total Funding</b>	<b>361,508</b>	<b>3,313,638</b>	<b>0</b>	<b>3,675,146</b>



### 33. Operating segments

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

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

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

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

## 34. Other Information

### 34.1. 6.3% Staff Employer Pension Contributions - Notional Element

The value of notional transactions is based on estimated costs for the twelve month period 1 April 2021 to 31 March 2022. This has been calculated from actual Welsh Government expenditure for the 6.3% staff employer pension contributions between April 2021 and February 2022 alongside Health Board/Trust/SHA data for March 2022.

Transactions include notional expenditure in relation to the 6.3% paid to NHS BSA by Welsh Government and notional funding to cover that expenditure as follows:

	2021-22
<b>Statement of Comprehensive Net Expenditure for the year ended 31 March 2022</b>	<b>£000</b>
Expenditure on Primary Healthcare Services	581
Expenditure on Hospital and Community Health Services	26,334
<b>Statement of Changes in Taxpayers' Equity For the year ended 31 March 2022</b>	
Net operating cost for the year	26,915
Notional Welsh Government Funding	26,915
<b>Statement of Cash Flows for year ended 31 March 2022</b>	
Net operating cost for the financial year	26,915
Other cash flow adjustments	26,915
<b>2.1 Revenue Resource Performance</b>	
Revenue Resource Allocation	26,915
<b>3. Analysis of gross operating costs</b>	
<b>3.1 Expenditure on Primary Healthcare Services</b>	
General Medical Services	581
<b>3.3 Expenditure on Hospital and Community Health Services</b>	
Directors' costs	93
Staff costs	26,241
<b>9.1 Employee costs</b>	
<b>Permanent Staff</b>	
Employer contributions to NHS Pension Scheme	26,915
Charged to capital	0
Charged to revenue	26,915
<b>18. Trade and other payables</b>	
<b>Current</b>	
Pensions: staff	0
<b>28. Other cash flow adjustments</b>	
Other movements	26,915

### 34. Other Information

#### 34.2 Welsh Government Covid 19 Funding

Details of Covid 19 Pandemic Welsh Government funding amounts provided to NHS Wales bodies:

	2021-22 £000	2020-21 £000	
<b>Capital</b>			
Capital Funding Field Hospitals		9300	
Capital Funding Equipment & Works	7919	8961	
Capital Funding other (Specify)	0	0	
<b>Welsh Government Covid 19 Capital Funding</b>	<b>7,919</b>	<b>18,261</b>	
			<b>As previously reported in 2020-21</b>
<b>Revenue</b>			
Sustainability Funding			56,400
C-19 Pay Costs Q1 (Future Quarters covered by SF)			8,527
Field Hospital (Set Up Costs, Decommissioning & Consequential losses)			0
Bonus Payment			14,663
Independent Health Sector			2,127
Stability Funding	103,562	81,717	
Covid Recovery	24,863	0	
Cleaning Standards	2,105	0	
PPE (including All Wales Equipment via NWSSP)	5,517	8,950	
Testing / TTP- Testing & Sampling - Pay & Non Pay	9,036	0	
Tracing / TTP - NHS & LA Tracing - Pay & Non Pay	13,548	7,487	
Extended Flu Vaccination / Vaccination - Extended Flu Programme	1,364	894	
Mass Covid-19 Vaccination / Vaccination - COVID-19	10,490	4,911	
Annual Leave Accrual - Increase due to Covid	1,968	20,295	
Urgent & Emergency Care	1,515	4,441	
Private Providers Adult Care / Support for Adult Social Care Providers	3,125	6,205	
Hospices	0	0	
Other Mental Health / Mental Health	114	1,079	
Other Primary Care	1,222	2,083	
Social Care	1,846		
Other	412	4,495	
<b>Welsh Government Covid 19 Revenue Funding</b>	<b>180,687</b>	<b>142,557</b>	

Other Category includes - STI (New WBS to be set up)

## 34. Other Information

### 34.3 Changes to accounting standards not yet effective - IFRS 16 Impact

IFRS 16 Leases supersedes IAS 17 Leases and is effective in the public sector from 1 April 2022. IFRS 16 provides a single lessee accounting model and requires a lessee to recognise right-of-use assets and liabilities for leases with a term more than 12 months unless the underlying value is of low value. The FReM makes two public sector adaptations

- The definition of a contract is expanded to include intra UK government agreements that are not legally enforceable;
- The definition of a contract is expanded to included agreements that have nil consideration.

IFRS 16 gives a narrower definition of a lease than IAS 17 and IFRIC 4 by requiring that assets and liabilities will be recognised initially at the discounted value of minimum lease payments. After initial recognition, right of use assets will be depreciated on a straight line basis and interest recognised on the liabilities. Except where modified for revaluation where material, the cost model will be applied to assets other than peppercorn leases which will be measured on a depreciated replacement cost basis. The right of use asset in a peppercorn lease is accounted for similarly to a donated asset.

As required by the FReM IFRS 16 will be implemented using the accumulated catch up method.

When making the comparison to IAS17 in the note below, this is the comparison for those leases which are going to be recognised under IFRS16 that are transitioning as at 1st April 2022.

The right of use assets and leasing obligation have been calculated and indicated that the total discounted value of right of use assets and liabilities under IFRS 16 is lower than the value of minimum lease commitments under IAS 17. In the ROU asset note we have assumed the extension option on the managed service contracts which have been excluded in the leases note. The impact of implementation is an

- increase/decrease in expenditure £25k;
- increase/decrease in assets and liabilities of £27,548k.

These figures are calculated before intercompany eliminations are made, these will have a material impact on the figures.

## Right of Use (RoU) Assets Impact

	Property £000	Non Property £000	Total £000
<b>Statement of financial Position</b>			
<b>RoU Asset Recognition</b>			
+ Transitioning Adjust	18132	5015	23147
+ As at 1 April 2022	18132	5015	23147
+ Renewal / New RoU Assets 2022-23	3813	588	4401
- Less (Depreciation)	-3541	-1175	-4716
+ As at 31 March	18404	4428	22832
<b>RoU Asset Liability</b>			
	Property £000	Non Property £000	Total £000
- Transitioning Adjust	-18132	-5015	-23147
- As at 1 April 2022	-18132	-5015	-23147
- Renewal / New RoU Liability 2022-23	-3813	-588	-4401
+ Working Capital	3546	1255	4801
- Interest	-181	-49	-230
- As at 31 March	-18580	-4397	-22977
<b>Charges</b>			
Expenditure	Property £000	Non Property £000	Total £000
RoU Asset depreciation <sup>(1)</sup>	3541	1175	4716
Interest on obligations under RoU Asset leases <sup>(2)</sup>	181	49	230
	3722	1224	4946

The new ROU assets for 2022/23 are estimated, there may be additional leases identified/changes

LHB

1 Expenditure on Hospital and Community Health Services

2 Finance Costs

**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)<sup>1</sup>, 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.

# Internal Audit Progress Report

## Audit, Risk and Assurance Committee

May 2022

Aneurin Bevan University Health Board

NWSSP Audit and Assurance Services

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# 1. Introduction

The purpose of this report is to:

- highlight progress of the 2021/22 Internal Audit Plan for Aneurin Bevan University Health Board (the 'Health Board') to the May 2022 Audit, Risk and Assurance Committee;
- present the draft 2022/23 Internal Audit Plan for approval;
- present the draft 2021/22 Head of Internal Audit Opinion and Annual Report for review and noting of the overall opinion; and
- provide an overview of other activity undertaken since the previous meeting.

# 2. Progress against the 2021/22 Internal Audit Plan

There are 38 individual reviews in the 2021/22 Internal Audit Plan including four GUH reviews, provision for follow-up work and three audits which are undertaken at NWSSP.

The table below details progress against the 2021/22 Internal Audit Plan.

Number of audits in plan:	38
Number of audits reported as final	20
Number of audits reported in draft	7
Number of audits in progress	1
Number of NWSSP audits	3
Number of audits to be reported in 2022/23	1
Number of audits deferred	6

The following reports have been issued since the meeting of the Audit, Risk and Assurance Committee on 7 April 2022:

AUDIT ASSIGNMENT	ASSURANCE RATING
Facilities – Care after Death	Reasonable
Follow-up on Previous Recommendations	N/A
Datix (Support of Incident Management)	N/A

Further information over the assurance ratings detailed above is included with Appendix B.

# 3. Summary of Findings

Limited assurance reports are considered by the Audit, Risk and Assurance Committee in detail. The following summary provides the Committee with the main messages from the reasonable assurance reports issued since the last meeting on 7 April 2022.

**Facilities – Care after Death (reasonable assurance)**

The storage of patients across hospital sites, outside of Pathology is managed by the Facilities Division and does not fall within the remit of the Human Tissues Authority regulations (unlike within Pathology). We reviewed the arrangements in place to manage this end-to-end process and found good controls embedded. However, we did raise a recommendation to upgrade the current management software for the process.

**Follow-up on Previous Recommendations (assurance rating not applicable)**

Following on from the 2020/21 Internal Audit Report, this year we sought an update on whether recommendations identified as removed too soon, had been reinstated onto the Audit Recommendation Tracking Tool (the 'Tracker'). Alongside this we reviewed whether any 2021/22 internal audit recommendations scheduled to be completed by October 2021 had been implemented / recorded onto the Tracker.

The Tracker has recently been reviewed and significant updates were completed during November 2021. We used it to assess and review the progress made on the outstanding high priority recommendations. We found good controls in place to monitor recommendations and to ensure they are not closed incorrectly.

Following our review, we included a list of three recommendations, previously raised, that may benefit from inclusion back onto the Tracker. This primarily related to ensuring each recommendation was sufficiently embedded.

**Datix (Support of Incident Management) (assurance rating not applicable)**

Originally this audit was scheduled as a separate review to ensure adherence to the Incident Reporting Policy, including the use of Datix. However, within several other audits, we had completed the necessary testing and raised conclusions accordingly.

Therefore, this report is a consolidation of the findings raised from each relevant audit detailing the respective conclusion.

## 4. 2022/23 Internal Audit Plan

The 2022/23 Draft Internal Audit Plan, which was presented to the April Audit, Risk and Assurance Committee, has been reviewed by the Executive Team and updated for comments received. At the request of the Health Board, we have deferred the Recruitment Selection Process audit and will incorporate Workforce Planning into our directorate / divisional reviews.

Consequently, we have removed these two audits from the 2022/23 Draft Internal Audit Plan. We will be re-allocating these days to existing audits scheduled, with an increased focus on key risks. Each year, we incorporate a contingency number of days within our resource model to assist with ad-hoc reviews / advice or audits. We have capacity to undertake additional audit work as required, which may be used to focus on emerging high priority risks.

We are now reporting the 2022/23 Draft Internal Audit Plan to the May Audit, Risk and Assurance Committee meeting for approval.

## 5. 2021/22 Head of Internal Audit Opinion

The draft 2021/22 Head of Internal Audit Opinion and Annual Report is presented for review and noting the draft opinion rating.

The draft Head of Internal Audit opinion is reasonable assurance and based on the outcome of work from the 2021/22 Internal Audit Plan and other relevant information or knowledge regarding the organisation.

## 6. Other Activity

The following meetings have been held/attended during the reporting period:

- monthly meetings between the Acting Head of Internal Audit and Director of Corporate Governance;
- monthly meetings with the Director of Finance and Performance;
- Audit, Risk and Assurance Committee pre-meeting with the Audit, Risk and Assurance Committee Chair;
- meetings with the Chair and Chief Executive;
- review and advice over financial control procedures;
- audit scoping meetings; and
- liaison with senior management.

## 7. Recommendation

The Audit, Risk and Assurance Committee is invited to note the above, approve the 2022/23 Internal Audit Plan and note the 2021/22 Head of Internal Audit Opinion and Annual Report.

## Appendix A: Progress against 2021/22 Internal Audit Plan

Review	Status	Draft report date	Management Responses received	Rating	Summary of recommendations	Actual / Anticipated AFR Committee <sup>1</sup>
Corporate Governance	Draft report	26 <sup>th</sup> April		Reasonable	3 Medium, 1 Low	May
Risk Management	Final report	7 <sup>th</sup> March	24 <sup>th</sup> March	Reasonable	2 Medium	April
Financial Sustainability	Draft report	w/c 9 <sup>th</sup> May		Reasonable	TBC	May
Continuing Healthcare	Final report	3 <sup>rd</sup> December	13 <sup>th</sup> March	Limited	4 High, 2 Medium	April
Flu Immunisation	Final report	10 <sup>th</sup> March	21 <sup>st</sup> March	Reasonable	1 Medium, 1 Low	April
Mental Capacity Act	Final report	10 <sup>th</sup> September & 19 <sup>th</sup> October	25 <sup>th</sup> October	Reasonable	1 High, 3 Medium, 1 Low	December
Gifts, Hospitality and Declarations of Interest	Final report	28 <sup>th</sup> July	30 <sup>th</sup> July	Reasonable	2 Medium	August
Clinical Negligence Costs	Final report	8 <sup>th</sup> & 17 <sup>th</sup> November	22 <sup>nd</sup> November	Substantial	1 Medium, 1 Low	December
Putting Things Right	Final report	3 <sup>rd</sup> & 20 <sup>th</sup> September	27 <sup>th</sup> September	Reasonable	2 Medium	October
Charitable Funds	Final report	2 <sup>nd</sup> November	19 <sup>th</sup> November	Substantial	1 Medium	December
Medical Equipment and Devices	Work in progress					May





Medicines Management (including Controlled Drugs)	Draft report	w/c 9 <sup>th</sup> May		Reasonable	TBC	May
Falls Management	Final report	22 <sup>nd</sup> February	14 <sup>th</sup> March	Reasonable	1 High, 1 Medium	April
Datix	Final report	5 <sup>th</sup> May	N/A	N/A	N/A	May
NIS Directive	Draft report	8 <sup>th</sup> April		Limited	4 Medium, 1 Low	May
IT System Controls (WRIS)	Final report	8 <sup>th</sup> November	15 <sup>th</sup> December	Reasonable	1 High, 9 Medium	February
Operational Plan for Resumption of Services	Draft report	w/c 9 <sup>th</sup> May		Reasonable	TBC	May
Flow Centre	Draft report	29 <sup>th</sup> April		Reasonable	4 Medium, 3 Low	May
Pathology	Final report	9 <sup>th</sup> November	24 <sup>th</sup> November	Reasonable	4 Medium, 6 Low	December
Facilities Directorate Review	Final report	23 <sup>rd</sup> March	29 <sup>th</sup> March & 4 <sup>th</sup> May	Reasonable	1 Medium, 3 Low	May
Occupational Health	Final report	27 <sup>th</sup> October	10 <sup>th</sup> November	Substantial	2 Low	December
Tredegar Health and Well Being Centre	Final report	7 <sup>th</sup> October	21 <sup>st</sup> October	Reasonable	4 High, 6 Medium, 2 Low	December
Waste Management	Draft report	29 <sup>th</sup> April		Reasonable	11 Medium, 2 Low	May
GUH: Financial Assurance (Follow-up)	Final report	3 <sup>rd</sup> November	9 <sup>th</sup> November	Substantial	No findings	December

GUH: Technical Assurance	Final report	8 <sup>th</sup> November	10 <sup>th</sup> November	Substantial	1 Low Priority	December
GUH: Follow-up	Final report	15 <sup>th</sup> October	18 <sup>th</sup> November	Reasonable	2 Medium Priority	December
GUH: Quality	Final report	1 <sup>st</sup> & 20 <sup>th</sup> December	31 <sup>st</sup> January	Reasonable	2 Medium Priority	April
Follow-up on Previous Recommendations	Final report	5 <sup>th</sup> May	N/A	N/A	N/A	May
Decarbonisation	Deferred					N/A
Catering	Deferred					N/A
Agile Working	Deferred					N/A
Monitoring Action Plans	Deferred					N/A
Clinical Futures – Care Closer to Home	Deferred					N/A
Quality Framework	Deferred					N/A
CHC - Children	C/fwd					N/A
Reviews at other bodies (undertaken within NWSSP Plan)						
Purchase to Pay	Final report					Reasonable
Payroll	Draft report					Reasonable
PCS Contractor Payments	Final report					Substantial

<sup>1</sup> May be subject to change

## Appendix B: Audit Assurance Ratings

We define the following levels of assurance that governance, risk management and internal control within the area under review are suitable designed and applied effectively:

	<b>Substantial assurance</b>	Few matters require attention and are compliance or advisory in nature. <b>Low impact</b> on residual risk exposure.
	<b>Reasonable assurance</b>	Some matters require management attention in control design or compliance. <b>Low to moderate impact</b> on residual risk exposure until resolved.
	<b>Limited assurance</b>	More significant matters require management attention. <b>Moderate impact</b> on residual risk exposure until resolved.
	<b>No assurance</b>	Action is required to address the whole control framework in this area. <b>High impact</b> on residual risk exposure until resolved.
	<b>Assurance not applicable</b>	Given to reviews and support provided to management which form part of the internal audit plan, to which the assurance definitions are not appropriate. These reviews are still relevant to the evidence base upon which the overall opinion is formed.

# Facilities - Care After Death

## Final Internal Audit Report

May 2022

Aneurin Bevan University Health Board



Partneriaeth  
Cydwasaethau  
Gwasanaethau Archwilio a Sicrwydd  
Shared Services  
Partnership  
Audit and Assurance Services



Bwrdd Iechyd Prifysgol  
Aneurin Bevan  
University Health Board





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Review reference:	AB-2122-24
Report status:	Final
Fieldwork commencement:	1 <sup>st</sup> February 2022
Fieldwork completion:	10 <sup>th</sup> March 2022
Draft report issued:	15 <sup>th</sup> March 2022
Debrief meeting:	25 <sup>th</sup> March 2022
Management response received:	29 <sup>th</sup> March & 4 <sup>th</sup> May 2022
Final report issued:	5 <sup>th</sup> May 2022
Auditors:	Simon Cookson, Acting Head of Internal Audit Stephen Chaney, Deputy Head of Internal Audit John Cundy, Principal Auditor
Executive sign-off:	Leanne Watkins, Director of Operations – Interim
Distribution:	Gareth Hughes, Divisional Director – Facilities Steve Bonser, Head of Transformational Change Lorraine Jenkins, Care after Death Manager
Committee:	Audit, Risk and Assurance Committee



Audit and Assurance Services conform with all Public Sector Internal Audit Standards as validated through the external quality assessment undertaken by the Institute of Internal Auditors

## Acknowledgement

NHS Wales Audit & Assurance Services would like to acknowledge the time and co-operation given by management and staff during the course of this review.

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Audit reports are prepared by the staff of NHS Wales Audit and Assurance Services, and addressed to Independent Members or officers including those designated as Accountable Officer. They are prepared for the sole use of Aneurin Bevan University Health Board and no responsibility is taken by the Audit and Assurance Services Internal Auditors to any director or officer in their individual capacity, or to any third party.

# Executive Summary

**Purpose**

To provide assurance on the care after death service within the Facilities division, which commenced operations during January 2021.

**Overview**


Care after death (CaD) is a new service that came into operation during the pandemic. We found considerable effort has been undertaken to establish the service, which is supported by documented processes.

We have seen positive actions taken by the CaD Team, including the establishment of a bereavement service. However, we identified further work to be undertaken with the supporting IT software, for the day-to-day operations of the service. A more automated process would reduce duplication of effort, minimise errors and provide real time tracking and management information.

Overall, we have provided reasonable assurance on this area.

Further detail highlighting process refinements have also been noted within Appendix A.

## Report Classification

		Trend
Reasonable	Some matters require management attention in control design or compliance.	N / A - first report on new service
	<b>Low to moderate impact</b> on residual risk exposure until resolved.	

## Assurance summary<sup>1</sup>

Assurance objectives		Assurance
1	Standard operating procedures	Reasonable
2	Business continuity plan	Substantial

## Key matters arising

Key matters arising		Assurance Objectives	Control Design or Operation	Recommendation Priority
1	Care after death management database	1	Design	Medium

<sup>1</sup> The objectives and associated assurance ratings are not necessarily given equal weighting when formulating the overall audit opinion.

## 1. Introduction

- 1.1 The Facilities – Care after Death (CaD) review was completed in line with the 2021/22 Internal Audit Plan. The review provides Aneurin Bevan University Health Board (the 'Health Board') with assurance that the policies and procedures for the CaD service are adhered to.
- 1.2 The key risks considered in this review are:
  - lack of dignity and respect for patients and their relatives; and
  - processes for the care after death of a patient are inadequate and / or do not adhere to legal requirements
- 1.3 We did not test the following as part of this audit:
  - mortuary services, as these are the responsibility of the Pathology directorate;
  - deaths within the community;
  - the transport of deceased patients;
  - the physical facilities used for the storage of deceased patients; or
  - the maintenance of the deceased patient storage areas, as this remains the responsibility of the Pathology directorate.
- 1.4 A proposal to set up a CaD service was presented to the Health Board's Executive Team during October 2020. The aim was to improve governance, encourage more efficient use of resources and to standardise practice across the Health Board, including collaboration between teams.
- 1.5 The service aims to provide a seamless, coordinated, standardised and consistent approach to the care of deceased patients and their families. Additionally, it facilitated a clear pathway and support for the introduction of the medical examiner role, which will become a statutory requirement in April 2022.
- 1.6 The CaD service commenced development during October 2020 and became operational during January 2021. It currently sits within the Facilities Division.

## 2. Detailed Audit Findings

**Audit objective 1: There are defined processes for the storage of deceased patients, which incorporate relevant legal requirements and are adhered to by staff.**

- 2.1 There is no Human Tissue Authority<sup>2</sup> (HTA) requirement for non-mortuary service, deceased patient storage areas to be licenced, where this is not for a scheduled purpose<sup>3</sup>.
- 2.2 When the CaD service was initially launched, a range of standard operating procedures (SOPs) were developed setting out the key processes for staff to adhere to. These closely align to other relevant service areas within the Health Board that operate under a HTA licence e.g. the mortuary. However, there are no licence requirements for the CaD service to adhere to and we found the SOPs clearly set out the key steps required by the CaD Team. However, we found that some improvements should be considered for the management / format of the SOPs. This has been raised as **matter arising one**.
- 2.3 We tested the process for the issue of the Medical Certificate of Cause of Death (MCCD). This is completed by the respective consultant of the patient and co-ordinated by the CaD Team. The statutory timeframe for registering a death is within five working days<sup>4</sup>. We tested a sample of five patients and found all MCCDs were completed within the required timeframe. We also reviewed the cremation forms (where required) and confirmed that the Cremation 4 forms were completed by the relevant consultant in a timely manner.
- 2.4 The CaD service has developed a training programme, which utilises the expertise of the Mortuary Technicians within Pathology. However, we identified that the training record does not detail if all staff have completed all relevant training. All staff should complete the training and be signed off as competent by the training deliverer before they are allowed to work unsupervised. This has been raised as **matter arising two**.
- 2.5 Whilst the CaD service is not required to undertake automatic storage capacity monitoring, the current process is manually operated. A capacity spreadsheet is completed, Monday to Friday at 10:00 am. Whilst this provides a regular check over capacity and volume, it does not provide a real time update and is reliant on manual inputting. We have not raised this as a recommendation, as all current requirements are being successfully met.
- 2.6 Furthermore, the software used for managing fridges, freezers and contents does not link to other Health Board applications, e.g. PAS. Therefore, there is an increased risk of manual input errors and a duplication of effort. In addition, there is no audit trail information retained by the software nor does it provide up-to-

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<sup>2</sup> The HTA regulates establishments in England, Wales and Northern Ireland that conduct licensed activities under the Human Tissue Act 2004 (HT Act).

<sup>3</sup> For the storage of patients for a scheduled purpose, such as research, determining the cause of death, clinical audit etc. a licence is required.

<sup>4</sup> Except where an inquest or coroner's post mortem is required.

date management / dashboard information, setting out real time changes in capacity. This software should be considered for replacement. This has been included within **matter arising three**. However, we recognise that the software is currently used as a repository with other compensating controls (e.g. capacity spreadsheet) in operation.

- 2.7 We observed that site security, including access control and CCTV, is being improved. We have not reviewed this within our audit scope but noted that this is considered as part of decision making within the CaD Team.

#### Conclusion:

- 2.8 Although the new CAD service has produced positive results, there is room for further enhancement and strengthening of the existing controls. We have provided **reasonable assurance** over this objective.

#### **Audit objective 2: There are appropriate business continuity arrangements in place**

- 2.9 The overall capacity for patient storage across the health board is fixed, with the early opening of the Grange University Hospital (GUH) adding a significant increase to that capacity. Alongside this, there is an appropriate business continuity plan (BCP) and scenario planned processes for managing continuity events that reach trigger points.
- 2.10 There is also a scenario outlining actions to undertake in the event of staff shortages. Although this was appropriate and reasonably documented, some of its contingencies could be improved with more detailed responses. We also note that there are only two scenarios planned for. We have raised this as **matter arising four**.
- 2.11 As this is a new service, there has been no test of the BCP. However, the CaD Team should liaise with the Health Board's Emergency Planning Team and arrange scenario testing of the BCP, when appropriate to do so.

#### Conclusion:

- 2.12 Overall, the CaD BCP provision is sufficient to meet the service needs at this time. It makes use of the Health Boards emergency planning templates, methodologies and includes appropriate actions and trigger points.
- We have provided **substantial assurance** over this objective.

## Appendix A: Management Action Plan

### Matter arising 1: SOP Documentation (Design)

### Impact

We found detailed standard operating procedures documented, which describe the basic processes required. The majority of the documents were developed shortly after the Care after Death service was established. Although they set out the processes required, the management of the documents could be improved further, for example, key dates when the documents have been agreed / reviewed, responsible owner and further enhancements to the supporting details contained therein.

Potential risk of:

- Inconsistent application of processes
- Lack of clear instruction of procedures / processes

### Recommendations

### Priority

- 1.1 The Care after Death (CaD) Team should ensure that standard operating procedures:
- are documented on an agreed template, with version number, issue date, review date and document owner;
  - incorporates links to other SOPs, documents, standards or relevant websites; and
  - detail the full procedure, including all required paperwork / data entry into supporting records.

Low

### Management response

### Target Date

### Responsible Officer

- 1.1 The CaD Team accept this recommendation in full.

30.09.2022

Care after Death Manager

Matter arising 2: Training (Design)		Impact
<p>The Care after Death (CaD) Team has developed a training programme, to ensure all staff receive the same level of training and support. The training is delivered by the Mortuary Technicians within Pathology. However, there is no record maintained of who has received training and when, with details of any refresher training required.</p> <p>Whilst the training supports the documented processes, a record will become important in the future, as the team continues to evolve.</p>		<p>Potential risk of:</p> <ul style="list-style-type: none"> <li>Insufficient training may impact on operational efficiency.</li> </ul>
Recommendations		Priority
2.1 The Care after Death (CaD) Team should ensure a staff training register is maintained, which details the training completed by team members and the date for refresher training to be undertaken.		Low
Management response	Target Date	Responsible Officer
2.1 The CaD Team accept this recommendation in full.	30.09.2022	Care after Death Manager

Matter arising 3: Management Software (Design)		Impact
<p>The software utilised for the management of the patients, transport, location, volume etc. operates in isolation (i.e. not linked to other Health Board software) and does not provide any significant management / performance information. Furthermore, as it is operated as a registry of patients, it does not provide active / real-time information and requires manual inputting, which is often a duplication of existing information. This may lead to inaccurate capacity / demand figures.</p> <p>Finally, there is no audit trail of amendments, updates or entries by individual users. As the software was an ad-hoc commission it may be overlooked for IT support. However, the software is used as a repository and thus, it is largely operated as a record of notes / actions completed. This mitigates the severity of the impact of any software failure.</p>		<p>Potential risk of:</p> <ul style="list-style-type: none"><li>• Inaccurate management information.</li><li>• Software failure.</li><li>• Data loss.</li><li>• Non-compliant with IT standards.</li></ul>
Recommendations		Priority
<p>3.1 The Care after Death Team should determine if the software delivers sufficient benefits in excess of the potential risks. If not, then alternative software / system should be procured, to include some / all of the following features:</p> <ul style="list-style-type: none"><li>• remotely accessible across all sites, at all times;</li><li>• update immediately following any change inputted;</li><li>• link to key software within the Health Board, to minimise manual data entry;</li><li>• produce management information / a dashboard and other relevant information (e.g. patient location);</li><li>• raise warnings where breaches to the SOPs are imminent, e.g. capacity, temperature (if recommendation three is adopted) warnings;</li><li>• a full audit trail including access information and data changes;</li><li>• support profile levels to facilitate access control; and</li><li>• be fully compliant with the Health Board and DHCW shared service software requirements.</li></ul>		<p>Medium</p>



Management response	Target Date	Responsible Officer
3.1 It is acknowledged that the current system does present the Health Board with a risk due to the issues as identified within the audit. The issue of the current & inherited database being unfit for purpose is acknowledged; the Estates & Facilities Division will now engage with suppliers to identify a suitable replacement software system. A three-month window to identify supplier, design a system and implement is believed to be a significant challenge. It is expected that this work may take up to a six-month period.	30.09.2022	Care after Death Manager

Matter arising 4: Business Continuity Planning (Design)		Impact
<p>We confirmed business continuity planning documents had been completed, which were consistent with the Health Board's templates. However, whilst two scenarios were included, there are other aspects that could help in a continuity event, for example, clarifying the role of the General Office and identifying which fridges / freezers could be converted or utilised.</p> <p>Furthermore, the Care after Death (CaD) Team should consider alternative business continuity events / scenarios that may impact them and run regular testing to identify potential points of failure.</p>		<p>Potential risk of:</p> <ul style="list-style-type: none"> <li>The continuity plans fail to provide the necessary continuity when required.</li> </ul>
Recommendations		Priority
<p>4.1 The Care after Death Team should:</p> <ul style="list-style-type: none"> <li>develop call cascade lists to identify staff contact details in advance;</li> <li>identify additional scenarios that may arise and detail action plans to overcome them;</li> <li>test a range of continuity events regularly (at least once a year); and</li> <li>identify fridge / freezer capacity plans that could be utilised in across different sites, in the event of unavailability.</li> </ul>		Low
Management response	Target Date	Responsible Officer
4.1 The CaD Team accept this recommendation in full.	30.09.2022	Care after Death Manager

# Appendix B: Assurance opinion and action plan risk rating

## Audit Assurance Ratings

We define the following levels of assurance that governance, risk management and internal control within the area under review are suitable designed and applied effectively:

	<b>Substantial assurance</b>	Few matters require attention and are compliance or advisory in nature. <b>Low impact</b> on residual risk exposure.
	<b>Reasonable assurance</b>	Some matters require management attention in control design or compliance. <b>Low to moderate impact</b> on residual risk exposure until resolved.
	<b>Limited assurance</b>	More significant matters require management attention. <b>Moderate impact</b> on residual risk exposure until resolved.
	<b>No assurance</b>	Action is required to address the whole control framework in this area. <b>High impact</b> on residual risk exposure until resolved.
	<b>Assurance not applicable</b>	Given to reviews and support provided to management which form part of the internal audit plan, to which the assurance definitions are not appropriate. These reviews are still relevant to the evidence base upon which the overall opinion is formed.

## Prioritisation of Recommendations

We categorise our recommendations according to their level of priority as follows:

Priority level	Explanation	Management action
High	Poor system design OR widespread non-compliance. Significant risk to achievement of a system objective OR evidence present of material loss, error or misstatement.	Immediate*
Medium	Minor weakness in system design OR limited non-compliance. Some risk to achievement of a system objective.	Within one month*
Low	Potential to enhance system design to improve efficiency or effectiveness of controls. Generally issues of good practice for management consideration.	Within three months*

\* Unless a more appropriate timescale is identified/agreed at the assignment.



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# Datix (Support of Incident Management)

## Final Internal Audit Report

May 2022

Aneurin Bevan University Health Board



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Review reference:	AB-2122-18
Report status:	Final
Fieldwork commencement:	9 <sup>th</sup> July 2021
Fieldwork completion:	3 <sup>rd</sup> May 2022
Final report issued:	4 <sup>th</sup> May 2022
Auditors:	Simon Cookson, Acting Head of Internal Audit Stephen Chaney, Deputy Head of Internal Audit
Executive sign-off:	Executive Team
Distribution:	Executive Team
Committee:	Audit, Risk and Assurance Committee



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## Executive Summary

### Purpose

The review sought to provide Aneurin Bevan University Health Board (the 'Health Board') with an overview of testing completed within other audits that a sample of incidents entered onto Datix are being managed appropriately and in accordance with the Incident Reporting Policy (the 'Policy').

As we have undertaken extensive testing of adherence to the Policy within the fieldwork of other audits, this is a consolidated report from relevant audits completed, notably:

- Putting Things Right; and
- Falls Management.


### Overview

We have not provided an assurance rating, as each audit was assessed individually.

We found that incidents are recorded onto Datix, but we identified improvement needed in terms of accurate and complete information.

We also found that incidents are investigated, with one isolated exception across our samples.

### Report Classification

		Trend
Not Applicable	Given to reviews and support provided to management which form part of the internal audit plan, to which the assurance definitions are not appropriate.	N/A
	These reviews are still relevant to the evidence base upon which the overall opinion is formed.	

## 1. Introduction

- 1.1 The review of Datix (Support of Incident Management) was scheduled to be completed in line with the 2021/2022 Internal Audit Plan. The review sought to provide Aneurin Bevan University Health Board (the 'Health Board') with assurance that a sample of incidents entered onto Datix<sup>1</sup> are being managed appropriately and in accordance with the Incident Reporting Policy (the 'Policy').
- 1.2 However, we have undertaken extensive testing of adherence to the Policy within the fieldwork of other audits. With sufficient coverage already completed, further testing is not required to provide conclusions over each audit objective.
- 1.3 Therefore, this consolidated report, incorporates the relevant conclusions from the following audits:
  - Putting Things Right (Reasonable assurance); and
  - Falls Management (Reasonable assurance).
- 1.4 The main risk considered throughout each audit was non-compliance with the Policy.
- 1.5 We have not provided an assurance rating within this report, as these objectives have been assessed within each respective audit.

## 2. Detailed Audit Findings

- 2.1 The Policy states, 'All incidents<sup>2</sup>, no matter how minor, are to be reported, recorded and where appropriate, investigated.' Within the audits listed above, these requirements were tested and concluded upon as part of the audit objectives.
- 2.2 Where applicable, we also reviewed the details of actions completed to address any underlying risk or issue that has arisen.

### **Audit objective 1: to ensure the process for recording incidents is in accordance with the Policy**

- 2.3 We tested the completeness of the recording of incidents onto Datix within the Falls Management and Putting Things Right audits. Overall, we found that incidents were being recorded into Datix.
- 2.4 Within the Putting Things Right audit, we found that the required fields within Datix were generally completed. However, we did identify that some fields ('action taken' and 'lesson learned') were not always completed within Datix. Nonetheless, we found that the actual actions / entries into the fields had been

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<sup>1</sup> Now replaced by the DatixCloudIQ system.

<sup>2</sup> Any unintended or unexpected occurrence, which could have, or did, lead to harm, damage or loss for one or more patients or staff or Aneurin Bevan University Health Board property.



completed, but not recorded. This was reported within matter arising one of the report (medium priority).

- 2.5 Within the Falls Management audit we confirmed that incidents had been recorded, but some of the required fields had not been fully completed or had been completed incorrectly.
- 2.6 We selected a sample of 30 patients recorded onto Datix that had suffered a fall whilst in hospital during August and September 2021. We found for six of the sample the fall had been incorrectly marked as 'unexpected' within the Datix entry. This was raised as finding two (medium priority) within the report.

#### Conclusion:

- 2.7 We found that incidents are logged onto Datix, with some improvement required over the level and accuracy of detail recorded.

#### **Audit objective 2: to ensure incidents are investigated, where required**

- 2.8 Since September 2020 it has been mandatory to enter lessons learned and rectifying actions onto Datix when closing a complaint. We selected a sample of 24 incidents that were complaints within the Putting Things Right audit. We concluded that 23 were investigated appropriately.
- 2.9 We raised one medium priority recommendation within that report (finding one, as above), to ensure the divisions provide assurance that actions arising from complaint investigations are being monitored and implemented.
- 2.10 We also tested adherence to Standard 6.3 Listening and Learning from Feedback, to ensure complaints are escalated to a senior level, as part of the investigation process. Furthermore, we tested to ensure complaints, where appropriate to do so, are reported to Board members. We identified no issues with this requirement and confirmed that a standing agenda item at the Patient Quality, Safety and Outcomes Committee is in place.
- 2.11 Within the Falls Management audit, we tested a sample of 30 Datix entries to determine if an investigation had been undertaken. Whilst we raised a number of exceptions, none of them related to the Incident Reporting Policy and concluded that where an investigation was required, this was completed.

#### Conclusion:

- 2.12 Other than an isolated exception we found that investigations are being completed, as required by the Incident Reporting Policy.

Appendix A: Assurance opinion and action plan risk rating

Audit Assurance Ratings

We define the following levels of assurance that governance, risk management and internal control within the area under review are suitable designed and applied effectively:

	<b>Substantial assurance</b>	Few matters require attention and are compliance or advisory in nature. <b>Low impact</b> on residual risk exposure.
	<b>Reasonable assurance</b>	Some matters require management attention in control design or compliance. <b>Low to moderate impact</b> on residual risk exposure until resolved.
	<b>Limited assurance</b>	More significant matters require management attention. <b>Moderate impact</b> on residual risk exposure until resolved.
	<b>No assurance</b>	Action is required to address the whole control framework in this area. <b>High impact</b> on residual risk exposure until resolved.
	<b>Assurance not applicable</b>	Given to reviews and support provided to management which form part of the internal audit plan, to which the assurance definitions are not appropriate. These reviews are still relevant to the evidence base upon which the overall opinion is formed.

Prioritisation of Recommendations

We categorise our recommendations according to their level of priority as follows:

Priority level	Explanation	Management action
High	Poor system design OR widespread non-compliance. Significant risk to achievement of a system objective OR evidence present of material loss, error or misstatement.	Immediate*
Medium	Minor weakness in system design OR limited non-compliance. Some risk to achievement of a system objective.	Within one month*
Low	Potential to enhance system design to improve efficiency or effectiveness of controls. Generally issues of good practice for management consideration.	Within three months*

\* Unless a more appropriate timescale is identified/agreed at the assignment.



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# Follow-up of High Priority Recommendations Final Internal Audit Report May 2022

Aneurin Bevan University Health Board



GIG  
CYMRU  
NHS  
WALES

Partneriaeth  
Cydwasaethau  
Gwasanaethau Archwilio a Sicrwydd  
Shared Services  
Partnership  
Audit and Assurance Services



GIG  
CYMRU  
NHS  
WALES

Bwrdd Iechyd Prifysgol  
Aneurin Bevan  
University Health Board



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Review reference:	AB-2122-15
Report status:	Final
Fieldwork commencement:	30 March 2022
Fieldwork completion:	29 April 2022
Draft report issued:	3 May 2022
Debrief meeting:	27 April 2022
Management response received:	N/A
Final report issued:	4 May 2022
Auditors:	Simon Cookson, Acting Head of Internal Audit Stephen Chaney, Deputy Head of Internal Audit Rhian Gard, Principal Auditor
Executive sign-off:	Rani Mallison, Director of Corporate Governance
Distribution:	Executive Team
Committee:	Audit, Risk and Assurance Committee



Audit and Assurance Services conform with all Public Sector Internal Audit Standards as validated through the external quality assessment undertaken by the Institute of Internal Auditors

## Acknowledgement

NHS Wales Audit & Assurance Services would like to acknowledge the time and co-operation given by management and staff during the course of this review.

## Disclaimer notice - please note

This audit report has been prepared for internal use only. Audit & Assurance Services reports are prepared, in accordance with the agreed audit brief, and the Audit Charter as approved by the Audit, Finance & Risk Committee.

Audit reports are prepared by the staff of NHS Wales Audit and Assurance Services, and addressed to Independent Members or officers including those designated as Accountable Officer. They are prepared for the sole use of Aneurin Bevan University Health Board and no responsibility is taken by the Audit and Assurance Services Internal Auditors to any director or officer in their individual capacity, or to any third party.

## Executive Summary

**Purpose**

The review sought to determine if a sample of high priority recommendations had been implemented or recognised as still outstanding on the Audit Recommendation Tracking Tool.



As each audit was previously assigned an assurance rating, we have not provided an overall assurance rating for this audit.

**Overview**

Following on from the 2020/21 Internal Audit Report, this year we sought an update on whether recommendations identified as removed too soon, had been reinstated onto the Audit Recommendation Tracking Tool (the 'Tracker'). Alongside this we reviewed whether any 2021/22 internal audit recommendations scheduled to be completed by October 2021 had been implemented / recorded onto the Tracker.

The Tracker has recently been reviewed and significant updates were completed during November 2021. We used it to assess and review the progress made on the outstanding high priority recommendations.

We included a list of three recommendations, previously raised, that may benefit from inclusion back onto the Tracker.

Report Classification		Trend
<div>Assurance not applicable</div> <div></div>	<div>Given to reviews and support provided to management which form part of the internal audit plan, to which the assurance definitions are not appropriate.</div> <div>These reviews are still relevant to the evidence base upon which the overall opinion is formed.</div>	<div></div>

## 1. Introduction

- 1.1 The review of Follow-up of High Priority Recommendations was completed in line with the 2021/22 Internal Audit Plan. The review sought to determine if Aneurin Bevan University Health Board (the 'Health Board') has implemented a sample of high priority recommendations accordingly or if they are being tracked for implementation.
- 1.2 The main control objective considered in this review was to determine if high priority recommendations that were scheduled for completion by October 2021, have been fully implemented.
- 1.3 If a recommendation has not been implemented as scheduled, we assessed the risk and the timeframes to help inform the Health Board's Audit Recommendation Tracking Tool (the 'Tracker').
- 1.4 We reviewed the high priority recommendations reported as outstanding within the 2020/21 Follow-up of High Priority Recommendations report and assessed the progress. We also assessed the progress of any 2021/22 recommendations scheduled to be completed by October 2021.
- 1.5 The key risks considered in this review were:
  - high priority recommendations not being implemented in a timely manner resulting in continued risk for the Health Board;
  - increased financial, clinical, statutory and reputational risk for the Health Board; and
  - inaccurate reporting of the Tracker within the Health Board.

## 2. Detailed Audit Findings

**Objective one: whether high priority recommendations that were scheduled for completion by October 2021 have been fully implemented or appropriately tracked. Where required, we have reassessed the current risk of a recommendation.**

- 2.1 We reviewed the current position of the 13 recommendations outstanding from the 2020/21 Follow-up of High Priority Recommendations audit, and assessed the progress of any 2021/22 recommendations scheduled to be completed by October 2021.
- 2.2 There were no high priority recommendations raised from 2021/22 that were scheduled for completion by October 2021.
- 2.3 From the 13 high priority recommendations raised previously, we agreed with the current position / tracking of ten recommendations, with no further adjustment required.

However, for each of the remaining three recommendations we have provided a suggested action below for the Health Board to consider.

Audit Title	Suggested Action
Fire Safety Follow-up (2019)	The previous audit recommendation, regarding the preparation of fire manuals for all sites, was partially implemented during the last audit. Due to the impact of the pandemic, it may be worth considering if this recommendation requires further monitoring on the Tracker.
Health and Safety Follow-up (2019)	<p>In last year's audit we concluded that the high priority recommendation for the implementation of a health and safety monitoring programme (management audits and workplace inspections) was partially complete. However, this was paused during the pandemic and was due to recommence thereafter.</p> <p>The Health Board should consider tracking the recommendation post-pandemic until it is satisfied that the programme of regular inspections is fully embedded.</p>
Welsh Language Standards (2019)	<p>The high priority recommendation was previously raised for the Welsh Language Strategic Group to track the implementation of the Welsh Language Standards (the 'Standards').</p> <p>As the implementation of the Standards was expected to be completed during 2020, this recommendation may no longer be appropriate.</p> <p>However, the Health Board should determine if further inclusion on the Tracker is required, to ensure the Standards are fully embedded.</p>

- 2.4 We also reviewed the new process for maintaining audit recommendations, The Procedure for the Management of Internal and External Audit Recommendations (the 'Procedure') and the associated Tracker.
- 2.5 We found the process to be appropriate and the updated Tracker comprehensive. As detailed above, we tested the completeness of the Tracker and found no further issues to raise (other than the three points identified above within our sample). The updated process was approved by the Audit, Risk and Assurance Committee during April 2022.

#### Conclusion:

- 2.6 There are no further issues to raise.





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# Annual Internal Audit Plan: Final Internal Audit Charter May 2022

Aneurin Bevan University Health Board

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# 1. Introduction

This document sets out the Internal Audit Plan for 2022/23 (the 'Plan') detailing the audits to be undertaken and an analysis of the corresponding resources. It also contains the Internal Audit Charter which defines the over-arching purpose, authority and responsibility of Internal Audit and the Key Performance Indicators for the service.

The Accountable Officer (the 'Health Board Chief Executive') is required to certify, in the Annual Governance Statement, that they have reviewed the effectiveness of the organisation's governance arrangements, including the internal control systems, and provide confirmation that these arrangements have been effective, with any qualifications as necessary including required developments and improvement to address any issues identified.

The purpose of Internal Audit is to provide the Accountable Officer and the Board, through the Audit, Risk and Assurance Committee, with an independent and objective annual opinion on the overall adequacy and effectiveness of the organisation's framework of governance, risk management, and control. The opinion should be used to inform the Annual Governance Statement.

Additionally, the findings and recommendations from internal audit reviews may be used by Health Board management to improve governance, risk management, and control within their operational areas.

The Public Sector Internal Audit Standards (the 'Standards') require that 'The risk-based plan must take into account the requirement to produce an annual internal audit opinion and the assurance framework. It must incorporate or be linked to a strategic or high-level statement of how the internal audit service will be delivered in accordance with the internal audit charter and how it links to the organisational objectives and priorities.'

Accordingly, this document sets out the risk-based approach and the Plan for 2022/23. The Plan will be delivered in accordance with the Internal Audit Charter and the agreed KPIs which are monitored and reported to you. All internal audit activity will be provided by Audit & Assurance Services, a part of NHS Wales Shared Services Partnership (NWSSP).

## 1.1 National Assurance Audits

The proposed Plan includes assurance audits on some services that are provided by DHCW, NWSSP, WHSSC and EASC on behalf of NHS Wales. These audits will be included in Appendix A when agreed formally. These audits are part of the risk-based programme of work for DHCW, NWSSP and Cwm Taf Morgannwg UHB (for WHSSC and EASC) but the results, as in previous years, are reported to the relevant Health Boards and Trusts and are used to inform the overall annual Internal Audit opinion for those organisations.

## 2. Developing the Internal Audit Plan

### 2.1 Link to the Public Sector Internal Audit Standards

The Plan has been developed in accordance with Standard 2010 – Planning, to enable the Head of Internal Audit to meet the following key objectives:

- the need to establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organisation's goals;
- provision to the Accountable Officer of an overall independent and objective annual opinion on the organisation's governance, risk management, and control, which will in turn support the preparation of the Annual Governance Statement;
- audits of the organisation's governance, risk management, and control arrangements which afford suitable priority to the organisation's objectives and risks;
- improvement of the organisation's governance, risk management, and control arrangements by providing line management with recommendations arising from audit work;
- confirmation of the audit resources required to deliver the Internal Audit Plan;
- effective co-operation with Audit Wales as external auditor and other review bodies functioning in the organisation; and
- provision of both assurance (opinion based) and consulting engagements by Internal Audit.

### 2.2 Risk based internal audit planning approach

Our risk-based planning approach recognises the need for the prioritisation of audit coverage to provide assurance on the management of key areas of risk, and our approach addresses this by considering:

- the organisation's risk assessment and maturity;
- the organisation's response to key areas of governance, risk management and control;
- the previous years' internal audit activities; and
- the audit resources required to provide a balanced and comprehensive view.

Our planning takes into account the NHS Wales Planning Framework and other NHS Wales priorities and is mindful of significant national changes that are taking place, in particular the ongoing impact of COVID-19 and the significant backlog in NHS treatment. In addition, the plan aims to reflect the significant local changes occurring as identified through the Integrated Medium-Term Plan (IMTP) and Annual Plan and other changes within the

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organisation, assurance needs, identified concerns from our discussions with management, and emerging risks.

We will ensure that the plan remains fit for purpose by recommending changes where appropriate and reacting to any emerging issues throughout the year. Any necessary updates will be reported to the Audit, Risk and Assurance Committee in line with the Internal Audit Charter.

While some areas of governance, risk management and control will require annual consideration, our risk-based planning approach recognises that it is not possible to audit every area of an organisation's activities every year. Therefore, our approach identifies auditable areas (the 'audit universe'). The risk associated with each auditable area is assessed and this determines the appropriate frequency for review.

In addition, we will, if requested, also agree a programme of work through both the Board Secretaries and Directors of Finance networks. These audits and reviews may be undertaken across all NHS bodies or a particular subset, for example at Health Boards only.

Therefore, our audit plan is made up of a number of key components:

- 1) Consideration of key governance and risk areas: We have identified a number of areas where an annual consideration supports the most efficient and effective delivery of an annual opinion. These cover the Governance and Board Assurance Framework, Risk Management, Clinical Governance and Quality, Financial Sustainability, Performance Monitoring & Management and an overall IM&T assessment. In each case we anticipate a short overview to establish the arrangements in place including any changes from the previous year with detailed testing or further work where required.
- 2) Organisation based audit work – this covers key risks and priorities from the Board Assurance Framework and the Corporate Risk Register together with other auditable areas identified and prioritised through our planning approach. This work combines elements of governance and risk management with the controls and processes put in place by management to effectively manage the areas under review.
- 3) Follow up: this is follow-up work on previous limited and no assurance reports as well as other high priority recommendations. Our work here also links to the organisation's recommendation tracker and considers the impact of their implementation on the systems of governance and control.
- 4) Work agreed with the Board Secretaries, Directors of Finance, other executive peer groups, or Audit Committee Chairs in response to common risks faced by a number of organisations. This may be advisory work in order to identify areas of best practice or shared learning.
- 5) The impact of audits undertaken at other NHS Wales bodies that impacts on the Health Board, namely NHS Wales Shared Services Partnership (NWSSP), Digital Health and Care Wales (DHCW), WHSSC and EASC.

6) Where appropriate, Integrated Audit & Assurance Plans will be agreed for major capital and transformation schemes and charged for separately. Health bodies are able to add a provision for audit and assurance costs into the Final Business Case for major capital bids.

These components are designed to ensure that our internal audit programmes comply with all of the requirements of the Standards, supports the maximisation of the benefits of being an all-NHS Wales wide internal audit service, and allows us to respond in an agile way to requests for audit input at both an all-Wales and organisational level.

## 2.3 Link to the Health Board's systems of assurance

The risk based internal audit planning approach integrates with the Health Board's systems of assurance; therefore, we have considered the following:

- a review of the Board's vision, values and forward priorities as outlined in the Annual Plan and three year Integrated Medium Term Plan (IMTP);
- an assessment of the Health Board's governance and assurance arrangements and the contents of the corporate risk register;
- risks identified in papers to the Board and its Committees (in particular the Audit, Risk and Assurance Committee and the Patient Quality, Safety and Outcomes Committee);
- key strategic risks identified within the corporate risk register and assurance processes;
- discussions with Executive Directors regarding risks and assurance needs in areas of corporate responsibility;
- cumulative internal audit knowledge of governance, risk management, and control arrangements (including a consideration of past internal audit opinions);
- new developments and service changes;
- legislative requirements to which the organisation is required to comply;
- planned audit coverage of systems and processes provided through NWSSP, DHCW, WHSSC and EASC;
- work undertaken by other supporting functions of the Audit, Risk and Assurance Committee including Local Counter-Fraud Services (LCFS) and the Post-Payment Verification Team (PPV) where appropriate;
- work undertaken by other review bodies including Audit Wales and Healthcare Inspectorate Wales (HIW); and
- coverage necessary to provide assurance to the Accountable Officer in support of the Annual Governance Statement.

## 2.4 Audit planning meetings

In developing the Plan, in addition to consideration of the above, the Head of Internal Audit has met and spoken with a number of Health Board

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Executives and Independent members to discuss current areas of risk and related assurance needs. Meetings have been held, and planning information shared, with the Health Board's Executive team, the Chair of the Audit, Risk and Assurance Committee and the Chair of the Board.

The draft Plan has been provided to the Health Board's Executive Management Team to ensure that Internal Audit's focus is best targeted to areas of risk.

### 3. Audit risk assessment

The prioritisation of audit coverage across the audit universe is based on both our and the organisation's assessment of risk and assurance requirements as defined in the Board Assurance Framework and Corporate Risk Register.

The maturity of these risk and assurance systems allows us to consider both inherent risk (impact and likelihood) and mitigation (adequacy and effectiveness of internal controls). Our assessment also takes into account corporate risk, materiality or significance, system complexity, previous audit findings, and potential for fraud.

### 4. Planned internal audit coverage

#### 4.1 Internal Audit Plan 2022/23

The Plan is set out in Appendix A and identifies the audit assignments, lead executive officers, outline scopes, and proposed timings. It is structured under the six components referred to in section 2.2.

Where appropriate the Plan makes cross reference to key strategic risks identified within the corporate risk register and related systems of assurance together with the proposed audit response within the outline scope.

The scope, objectives and audit resource requirements and timing will be refined in each area when developing the audit scope in discussion with the responsible executive director(s) and operational management.

The scheduling takes account of the optimum timing for the performance of specific assignments in discussion with management, and Audit Wales requirements if appropriate.

The Audit, Risk and Assurance Committee will be kept apprised of performance in delivery of the Plan, and any required changes, through routine progress reports to each Audit, Risk and Assurance Committee meeting.

The majority of the audit work will be undertaken by our regionally based teams with support from our national Capital & Estates team, in terms of capital audit and estates assurance work, and from our IM&T team, in terms of Information Governance, IT security and Digital work.



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## 4.2 Keeping the plan under review

Our risk assessment and resulting Plan is limited to matters emerging from the planning processes indicated above.

Audit & Assurance Services is committed to ensuring its service focuses on priority risk areas, business critical systems, and the provision of assurance to management across the medium term and in the operational year ahead. As in any given year, our Plan will be kept under review and may be subject to change to ensure it remains fit for purpose. We are particularly mindful of the level of uncertainty that currently exists with regards to the ongoing impact of and recovery from the COVID-19 pandemic. At this stage, it is not clear how the pandemic will affect the delivery of the Plan over the coming year. To this end, the need for flexibility and a revisit of the focus and timing of the proposed work will be necessary at some point during the year.

Consistent with previous years, and in accordance with best professional practice, an unallocated contingency provision has been retained in the Plan to enable Internal Audit to respond to emerging risks and priorities identified by the Executive Team and endorsed by the Audit, Risk and Assurance Committee. Any changes to the Plan will be based upon consideration of risk and need and will be presented to the Audit, Risk and Assurance Committee for approval.

Regular liaison with Audit Wales as your External Auditor will take place to coordinate planned coverage and ensure optimum benefit is derived from the total audit resource.

## 5. Resource needs assessment

The plan has been put together on the basis of the planning process described in this document. The plan includes sufficient audit work to be able to give an annual Head of Internal Audit Opinion in line with the requirements of Standard 2450 – Overall Opinions.

Audit & Assurance Services confirms that it has the necessary resources to deliver the agreed plan.

Provision has also been made for other essential audit work including planning, management, reporting and follow-up.

If additional work, support or further input necessary to deliver the plan is required during the year over and above the total indicative resource requirement a fee may be charged. Any change to the plan will be based upon consideration of risk and need and presented to the Audit, Risk and Assurance Committee for approval.

The Standards enable Internal Audit to provide consulting services to management. The commissioning of these additional services by the Health Board, unless already included in the plan, is discretionary. Accordingly, a separate fee may need to be agreed for any additional work.

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In addition, any capital audit work in relation to specific projects will be charged for separately on the basis of a separately agreed Integrated Audit & Assurance Plan. Where this is the case, a provision for this work would have been included by the Health Board in its business case submission.

## 6. Action required

The Audit, Risk and Assurance Committee is invited to consider the Internal Audit Plan for 2022/23 and:

- approve the Internal Audit Plan for 2022/23;
- approve the Internal Audit Charter; and
- note the associated Internal Audit resource requirements and Key Performance Indicators.

Simon Cookson

Director of Audit & Assurance Services  
NHS Wales Shared Services Partnership

## Appendix A: Internal Audit Plan 2022/2023

Planned output	Audit Ref	Corporate Risk Register Reference	Outline Scope	Executive Lead	Outline Timing
Annual Governance Statement	N/A	N/A	To provide commentary on key aspects of Board Governance to underpin the completion of the statement.	Chief Executive / Director of Corporate Governance	Q4
Risk Management	1		To provide an opinion on the effectiveness of the risk management arrangements in place within the Health Board in order to ensure that strategic objectives are achieved.	Director of Corporate Governance	Q4
Corporate Governance	2		To review the effectiveness of corporate governance arrangements within the Health Board including a review of the People and Culture Committee.	Director of Corporate Governance	Q4
Financial Sustainability	3	CRR016 CRR032	To review the key financial management controls within the Health Board including the development and monitoring of savings programmes required for financial sustainability.	Director of Finance, Procurement and VBHC	Q3

CF - Care Closer to Home	4	CRR007 CRR008 CRR012 CRR023	To assess whether the Health Board is on track to implement its overall objective of care closer to home.	Director of Planning, Digital and IT / Director of Operations	Q3
Clinical Audit	5		To review the process for clinical audit including how it is used by Committees of the Health Board to support assurance.	Medical Director	Q1
Urgent Care System	6	CRR019	To assess whether the six goals set out for urgent and emergency care by the Minister for Health and Social Services are being delivered.	Director of Operations	Q4
Access to Primary Care	7	CRR001 CRR007 CRR012	To assess the plans (including workforce) for increasing access to primary care services, as the Health Board implements its objective of care closer to home.	Director of Primary Care, Mental Health and Learning Disabilities	Q2
Neighbourhood Care Networks (NCNs)	8	CRR001 CRR007 CRR008 CRR012	To provide an opinion on the effectiveness of the controls in place to ensure Neighbourhood Care Networks (NCNs) are delivering on their plans.	Director of Primary Care, Mental Health and Learning Disabilities	Q2
Mental Health Transformation	9	CRR008 CRR016 CRR032 CRR019	Review of critical projects supporting the transformation of mental health services.	Director of Primary Care, Mental Health and Learning Disabilities	Q3

Dementia Services	10	CRR007 CRR008 CRR012 CRR023	To review the effectiveness of the arrangements for ensuring person centred care is delivered throughout the Health Board regarding dementia services.	Director of Nursing/ Director of Primary Care, Mental Health and Learning Disabilities	Q4
Infection Prevention and Control	11	CRR013	To assess adherence to organisational policies and the Health and Care Standards in Wales	Director of Nursing / Medical Director / Director of Therapies and Health Sciences	Q3
Use of off-contract Agency	12	CRR002 CRR016 CRR032	To assess whether off-contract agency processes are adhered to and related expenditure is appropriately monitored.	Director of Operations / Director of Finance, Procurement and VBHC	Q1
Quality Framework	13	CRR008	To review the progress made to implement the framework and assess how it meets the requirements of the Health and Social Care (Quality and Engagement) (Wales) Act.	Director of Nursing / Medical Director / Director of Therapies and Health Sciences	Q2
Discharge Planning	14	CRR007	To review the arrangements in place within the Health Board for the timely	Director of Nursing /	Q2

			and safe discharge of patients and whether established processes are being adhered to	Medical Director / Director of Therapies and Health Sciences	
Integrated Wellbeing Networks	15	CRR007 CRR008	To provide an opinion on the Health Board's plan to further develop Integrated Wellbeing Networks (IWNs) across the region, including mental health provision.	Director of Public Health and Strategic Relationships	Q3
Agile Delivery	16		Advisory review to assess the Health Board's progress in developing agile working practices and identification of good practice.	Director of Workforce and OD	Q2
Review of Bank Office and Temporary Staff	17	CRR002	Review of the operation of the Bank Office and the management of temporary staff.	Director of Workforce and OD	Q4
Job Evaluation Process	18		To assess how effectively the requirements of the NHS Job Evaluation Handbook are being applied by the Health Board.	Director of Workforce and OD	Q1
Monitoring Action Plans	19		To review the arrangements in place within the Divisions for logging, tracking and implementing recommendations from external reviews.	Director of Corporate Governance	Q4

Follow-up of High Priority Recommendations	20		To assess whether high priority internal audit recommendations have been implemented.	Director of Corporate Governance	Q4
Benefits of Digital Solutions	21	CRR020 CRR032	To assess whether the benefits associated with the implementation of digital solutions are identified and appropriately realised.	Director of Planning, Digital and IT	Q1
Cyber Security	22	CRR017	To ensure appropriate progress is being made against the improvement plan.	Director of Planning, Digital and IT	Q4
Records Management	23		To assess the management of records and whether they are compliant with relevant legislation.	Director of Planning, Digital and IT	Q3
Management of the Robotic Process Automation (RPA)	24	CRR017	To assess project for the rollout of the Robotic Process Automation (RPA) and whether anticipated benefits are being achieved.	Director of Planning, Digital and IT	Q2
IT Strategy	25		To provide an opinion on the effectiveness of the Health Board's IT Strategy.	Director of Planning, Digital and IT	Q1
Decarbonisation	26		To determine the adequacy of management arrangements to ensure compliance with the Welsh Government decarbonisation strategy, and to provide assurance on capital allocations provided by Welsh Government to address decarbonisation issues across the estate during 2021/22.	Director of Finance, Procurement and VBHC	Q2

Tredegar Health and Wellbeing Centre	27		<p>Welsh Government approval of the £19.488m Full Business Case (FBC) was received on 18 March 2021. Work commenced on site on 6th September 2021, with all works scheduled for completion in August 2023.</p> <p>This will be the second interim audit of the project and may focus on the following areas:</p> <ul style="list-style-type: none"> <li>* Follow Up of previously agreed management actions;</li> <li>*Ongoing Project Governance and Management arrangements;</li> <li>*Interim valuation and payments processes;</li> <li>*Site Management;</li> <li>*Change Management arrangements;</li> <li>*Equipment procurement arrangements; and</li> <li>*Other – i.e. any other issues identified at the project affecting project delivery</li> </ul>	Director of Planning, Digital and IT	Q3
Integrated Audit & Assurance Plans					
Development of Integrated Audit Plans	N/A		In accordance with the NHS Wales Infrastructure Investment Guidance (2018), Audit will work with the UHB to “assess the risk profile of the scheme and provide appropriate levels of review”. A small provision of days is		



			included within the 2022/23 plan to enable us to work with the UHB to develop audit plans for inclusion within the respective business case submissions for major projects/ programmes.		
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Please note: Capital audits agreed with our specialist Capital & Estates Team and the national audits undertaken at DHCW, NWSSP, WHSSC and EASC will be added later.

## Appendix B: Key performance indicators (KPI)

KPI	SLA required	Target 2022/23
Audit plan 2022/23 agreed/in draft by 30 April	✓	100%
Audit opinion 2021/22 delivered by 31 May	✓	100%
Audits reported versus total planned audits, and in line with Audit, Risk and Assurance Committee expectations	✓	varies
% of audit outputs in progress	No	varies
Report turnaround fieldwork to draft reporting [10 days]	✓	80%
Report turnaround management response to draft report [15 working days minimum]	✓	80%
Report turnaround draft response to final reporting [10 days]	✓	80%

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## Appendix C: Internal Audit Charter

### 1 Introduction

- 1.1 This Charter is produced and updated annually to comply with the Public Sector Internal Audit Standards. The Charter is complementary to the relevant provisions included in the organisation's own Standing Orders and Standing Financial Instructions.
- 1.2 The terms 'board' and 'senior management' are required to be defined under the Standards and therefore have the following meaning in this Charter:
- Board means the Board of Aneurin Bevan University Health Board with responsibility to direct and oversee the activities and management of the organisation. The Board has delegated authority to the Audit, Risk and Assurance Committee in terms of providing a reporting interface with internal audit activity; and
  - Senior Management means the Chief Executive as being the designated Accountable Officer for Aneurin Bevan University Health Board. The Chief Executive has made arrangements within this Charter for an operational interface with internal audit activity through the Director of Corporate Governance.
- 1.3 Internal Audit seeks to comply with all the appropriate requirements of the Welsh Language (Wales) Measure 2011. We are happy to correspond in both Welsh and English.

### 2 Purpose and responsibility

- 2.1 Internal audit is an independent, objective assurance and advisory function designed to add value and improve the operations of Aneurin Bevan University Health Board. Internal audit helps the organisation accomplish its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of governance, risk management and control processes. Its mission is to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight.
- 2.2 Internal Audit is responsible for providing an independent and objective assurance opinion to the Accountable Officer, the Board and the Audit, Risk and Assurance Committee on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control. In addition, internal audit's findings and recommendations are beneficial to management in securing improvement in the audited areas.
- 2.3 The organisation's risk management, internal control and governance

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arrangements comprise:

- the policies, procedures and operations established by the organisation to ensure the achievement of objectives;
- the appropriate assessment and management of risk, and the related system of assurance;
- the arrangements to monitor performance and secure value for money in the use of resources;
- the reliability of internal and external reporting and accountability processes and the safeguarding of assets;
- compliance with applicable laws and regulations; and
- compliance with the behavioural and ethical standards set out for the organisation.

2.4 Internal audit also provides an independent and objective consulting service specifically to help management improve the organisations risk management, control and governance arrangements. The service applies the professional skills of internal audit through a systematic and disciplined evaluation of the policies, procedures and operations that management have put in place to ensure the achievement of the organisations objectives, and through recommendations for improvement. Such consulting work contributes to the opinion which internal audit provides on risk management control and governance.

### 3 Independence and Objectivity

3.1 Independence as described in the Public Sector Internal Audit Standards as the freedom from conditions that threaten the ability of the internal audit activity to carry out internal audit responsibilities in an unbiased manner. To achieve the degree of independence necessary to effectively carry out the responsibilities of the internal audit activity, the Head of Internal Audit will have direct and unrestricted access to the Board and Senior Management, in particular the Chair of the Audit, Risk and Assurance Committee and Accountable Officer.

3.2 Organisational independence is effectively achieved when the auditor reports functionally to the Audit, Finance and Risk Committee on behalf of the Board. Such functional reporting includes the Audit, Risk and Assurance Committee:

- approving the internal audit charter;
- approving the risk based internal audit plan;
- approving the internal audit resource plan;
- receiving outcomes of all internal audit work together with the assurance rating; and

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- reporting on internal audit activity's performance relative to its plan.
- 3.3 While maintaining effective liaison and communication with the organisation, as provided in this Charter, all internal audit activities shall remain free of untoward influence by any element in the organisation, including matters of audit selection, scope, procedures, frequency, timing, or report content to permit maintenance of an independent and objective attitude necessary in rendering reports.
- 3.4 Internal Auditors shall have no executive or direct operational responsibility or authority over any of the activities they review. Accordingly, they shall not develop nor install systems or procedures, prepare records, or engage in any other activity which would normally be audited.
- 3.5 This Charter makes appropriate arrangements to secure the objectivity and independence of internal audit as required under the standards. In addition, the shared service model of provision in NHS Wales through NWSSP provides further organisational independence.
- 3.6 In terms of avoiding conflicts of interest in relation to non-audit activities, Audit & Assurance has produced a Consulting Protocol that includes all of the steps to be undertaken to ensure compliance with the relevant Standards that apply to non-audit activities.

## 4 Authority and Accountability

- 4.1 Internal Audit derives its authority from the Board, the Accountable Officer and Audit, Risk and Assurance Committee. These authorities are established in Standing Orders and Standing Financial Instructions adopted by the Board.
- 4.2 The Minister for Health and Social Services has determined that internal audit will be provided to all health organisations by the NHS Wales Shared Services Partnership (NWSSP). The service provision will be in accordance with the Service Level Agreement agreed by the Shared Services Partnership Committee and in which the organisation has permanent membership.
- 4.3 The Director of Audit & Assurance leads the NWSSP Audit and Assurance Services and after due consultation will assign a named Head of Internal Audit to the organisation. For line management (e.g. individual performance) and professional quality purposes (e.g. compliance with the Public Sector Internal Audit Standards), the Head of Internal Audit reports to the Director of Audit & Assurance.
- 4.4 The Head of Internal Audit reports on a functional basis to the Accountable Officer and to the Audit, Risk and Assurance Committee on behalf of the Board. Accordingly, the Head of Internal Audit has a direct right of access to the Accountable Officer, the Chair of the

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Audit, Risk and Assurance Committee and the Chair of the organisation if deemed necessary.

- 4.5 The Audit, Risk and Assurance Committee approves all Internal Audit plans and may review any aspect of its work. The Audit, Risk and Assurance Committee also has regular private meetings with the Head of Internal Audit.
- 4.6 In order to facilitate its assessment of governance within the organisation, Internal Audit is granted access to attend any committee or sub-committee of the Board charged with aspects of governance.

## 5 Relationships

- 5.1 In terms of normal business the Accountable Officer has determined that the Director of Corporate Governance will be the nominated executive lead for internal audit. Accordingly, the Head of Internal Audit will maintain functional liaison with this officer.
- 5.2 In order to maximise its contribution to the Board's overall system of assurance, Internal Audit will work closely with the organisation's Director of Corporate Governance in planning its work programme.
- 5.3 Co-operative relationships with management enhance the ability of internal audit to achieve its objectives effectively. Audit work will be planned in conjunction with management, particularly in respect of the timing of audit work.
- 5.4 Internal Audit will meet regularly with the external auditor, Audit Wales, to consult on audit plans, discuss matters of mutual interest, discuss common understanding of audit techniques, method and terminology, and to seek opportunities for co-operation in the conduct of audit work. In particular, Internal Audit will make available their working files to the external auditor for them to place reliance upon the work of Internal Audit where appropriate.
- 5.5 The Head of Internal Audit will establish a means to gain an overview of other assurance providers' approaches and output as part of the establishment of an integrated assurance framework.
- 5.6 The Head of Internal Audit will take account of key systems being operated by organisation's outside of the remit of the Accountable Officer, or through a shared or joint arrangement, such as the Digital Health and Care Wales, NHS Wales Shared Services Partnership, WHSSC and EASC.
- 5.7 Internal Audit strives to add value to the organisation's processes and help improve its systems and services. To support this Internal Audit will obtain an understanding of the organisation and its activities, encourage two-way communications between internal audit and operational staff, discuss the audit approach and seek feedback on work undertaken.

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- 5.8 The Audit, Risk and Assurance Committee may determine that another Committee of the organisation is a more appropriate forum to receive and action individual audit reports. However, the Audit, Risk and Assurance Committee will remain the final reporting line for all our audit and consulting reports.

## 6 Standards, Ethics, and Performance

- 6.1 Internal Audit must comply with the Definition of Internal Auditing, the Core Principles, Public Sector Internal Audit Standards and the professional Code of Ethics, as published on the NHS Wales e-governance website.
- 6.2 Internal Audit will operate in accordance with the Service Level Agreement (updated 2021) and associated performance standards agreed with the Audit, Risk and Assurance Committee and the Shared Services Partnership Committee. The Service Level Agreement includes a number of Key Performance Indicators, and we will agree with each Audit Committee which of these they want reported to them and how often.

## 7 Scope

- 7.1 The scope of Internal Audit encompasses the examination and evaluation of the adequacy and effectiveness of the organisation's governance, risk management arrangements, system of internal control, and the quality of performance in carrying out assigned responsibilities to achieve the organisation's stated goals and objectives. It includes but is not limited to:
- reviewing the reliability and integrity of financial and operating information and the means used to identify measure, classify, and report such information;
  - reviewing the systems established to ensure compliance with those policies, plans, procedures, laws, and regulations which could have a significant impact on operations, and reports on whether the organisation is in compliance;
  - reviewing the means of safeguarding assets and, as appropriate, verifying the existence of such assets;
  - reviewing and appraising the economy and efficiency with which resources are employed, this may include benchmarking and sharing of best practice;
  - reviewing operations or programmes to ascertain whether results are consistent with the organisation's objectives and goals and whether the operations or programmes are being carried out as planned;
  - reviewing specific operations at the request of the Audit, Risk and Assurance Committee or management, this may include areas of

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- concern identified in the corporate risk register;
  - monitoring and evaluating the effectiveness of the organisation's risk management arrangements and the overall system of assurance;
  - ensuring effective co-ordination, as appropriate, with external auditors; and
  - reviewing the Annual Governance Statement prepared by senior management.
- 7.2 Internal Audit will devote particular attention to any aspects of the risk management, internal control and governance arrangements affected by material changes to the organisation's risk environment.
- 7.3 If the Head of Internal Audit or the Audit, Risk and Assurance Committee consider that the level of audit resources or the Charter in any way limit the scope of internal audit or prejudice the ability of internal audit to deliver a service consistent with the definition of internal auditing, they will advise the Accountable Officer and Board accordingly.

## 8 Approach

- 8.1 To ensure delivery of its scope and objectives in accordance with the Charter and Standards, Internal Audit has produced an Audit Manual (called the Quality Manual). The Quality Manual includes arrangements for planning the audit work. These audit planning arrangements are organised into a hierarchy as illustrated in Figure 1.

**Figure 1: Audit planning hierarchy**

NHS Wales Level	NWSSP overall audit strategy	Arrangements for provision of internal audit services across NHS Wales equirements of the Charter
Organisation Level	Entity strategic 3-year audit plan	Entity level medium term audit plan linked to organisational objectives priorities and risk assessment
	Entity annual internal audit plan	Annual internal audit plan detailing audit engagements to be completed in year ahead leading to the overall HIA opinion
Business Unit Level	Assignment plans	Assignment plans detail the scope and objectives for each audit engagement within the annual operational plan



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- 8.2 NWSSP Audit & Assurance Services has developed an overall audit strategy which sets out the strategic approach to the delivery of audit services to all health organisations in NHS Wales. The strategy also includes arrangements for securing assurance on the national transaction processing systems including those operated by DHCW and NWSSP on behalf of NHS Wales.
- 8.3 The main purpose of the Strategic 3-year Audit Plan is to enable the Head of Internal Audit to plan over the medium term on how the assurance needs of the organisation will be met as required by the Standards and facilitate:
- the provision to the Accountable Officer and the Audit, Risk and Assurance Committee of an overall opinion each year on the organisation's risk management, control and governance, to support the preparation of the Annual Governance Statement;
  - audit of the organisation's risk management, control and governance through periodic audit plans in a way that affords suitable priority to the organisation's objectives and risks;
  - improvement of the organisation's risk management, control and governance by providing management with constructive recommendations arising from audit work;
  - an assessment of audit needs in terms of those audit resources which 'are appropriate, sufficient and effectively deployed to achieve the approved plan';
  - effective co-operation with external auditors and other review bodies functioning in the organisation; and
  - the allocation of resources between assurance and consulting work.
- 8.4 The Strategic 3-year Audit Plan will be largely based on the Board Assurance Framework where it is sufficiently mature, together with the organisation-wide risk assessment.
- 8.5 An Annual Internal Audit Plan will be prepared each year drawn from the Strategic 3-year Audit Plan and other information and outlining the scope and timing of audit assignments to be completed during the year ahead.
- 8.6 The strategic 3-year and annual internal audit plans shall be prepared to support the audit opinion to the Accountable Officer on the risk management, internal control and governance arrangements within the organisation.
- 8.7 The annual internal audit plan will be developed in discussion with executive management and approved by the Audit, Risk and Assurance Committee on behalf of the Board.
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- 8.8 The NWSSP Audit Strategy is expanded in the form of a Quality Manual and a Consulting Protocol which together define the audit approach applied to the provision of internal audit and consulting services.
- 8.9 During the planning of audit assignments, an assignment brief will be prepared for discussion with the nominated operational manager. The brief will contain the proposed scope of the review along with the relevant objectives and risks to be covered. In order to ensure the scope of the review is appropriate it will require agreement by the relevant Executive Director or their nominated lead and will also be copied to the Director of Corporate Governance.

## 9 Reporting

- 9.1 Internal Audit will report formally to the Audit, Risk and Assurance Committee through the following:
- An annual report will be presented to confirm completion of the audit plan and will include the Head of Internal Audit opinion provided for the Accountable Officer that will support the Annual Governance Statement.
  - The Head of Internal Audit opinion will:
    - a) State the overall adequacy and effectiveness of the organisation's risk management, control and governance processes;
    - b) Disclose any qualification to that opinion, together with the reasons for the qualification;
    - c) Present a summary of the audit work undertaken to formulate the opinion, including reliance placed on work by other assurance bodies;
    - d) Draw attention to any issues Internal Audit judge as being particularly relevant to the preparation of the Annual Governance Statement;
    - e) Compare work actually undertaken with the work which was planned and summarise performance of the internal audit function against its performance measurement criteria; and
    - f) Provide a statement of conformity in terms of compliance with the Public Sector Internal Audit Standards and associated internal quality assurance arrangements.
  - For each Audit, Risk and Assurance Committee meeting a progress report will be presented to summarise progress against the plan. The progress report will highlight any slippage and changes in the programme. The findings arising from individual audit reviews will be reported in accordance with Audit, Risk and Assurance Committee requirements; and

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- The Audit, Risk and Assurance Committee will be provided with copies of individual audit reports for each assignment undertaken unless the Head of Internal Audit is advised otherwise. The reports will include an action plan on any recommendations for improvement agreed with management including target dates for completion.

9.2 The process for audit reporting is summarised below:

- Following the closure of fieldwork and the resolution of any queries, Internal Audit will discuss findings with operational managers to confirm understanding and shape the reporting stage through issue of a discussion draft report;
- Operational management will receive discussion draft reports which will include any proposed recommendations for improvement within 10 working days following the closure of fieldwork. Operational management will be required to respond to the discussion draft report within 5 working days of issue.
- The discussion draft report will give an assurance opinion on the area reviewed in line with the criteria at Appendix B (unless it is a consulting review). The discussion draft report will also indicate priority ratings for individual report findings and recommendations;
- Following the receipt of comments on the discussion draft (for factual accuracy etc), operational management will be required to respond to the draft report in consultation with the relevant Executive Director within 15 working days of issue, identifying actions, identifying staff with responsibility for implementation and the dates by which action will be taken;
- Reminder correspondence will be issued to the Executive Director and the Director of Corporate Governance 5 working days prior to the set response date.
- Where management responses are still awaited after the 20 working days deadline, or are of poor quality, the matter will be immediately escalated to the Executive Director and copied to the Director of Corporate Governance and Chair of the Audit, Risk and Assurance Committee.
- If non-compliance continues, the Director of Corporate Governance and the Chair of the Audit, Risk and Assurance Committee will decide on the course of action to take. This may involve the draft report being submitted to the Audit, Risk and Assurance Committee, with the Executive Director being called to the meeting to explain the situation and why no responses/poor responses have been received;
- Internal Audit issues a Final report to Executive Director within 10 working days of receipt of complete management response.

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Within this timescale Internal Audit will quality assess the responses, and if necessary return the responses, requiring them to be strengthened.

- Responses to audit recommendations need to be SMART:
    - Specific
    - Measurable
    - Achievable
    - Relevant / Realistic
    - Timely.
  - The relevant Executive Director, Director of Corporate Governance and the Chair of the Audit, Risk and Assurance Committee will be copied into any correspondence.
  - The final report will be copied to the Accountable Officer and Director of Corporate Governance and placed on the agenda for the next available Audit, Risk and Assurance Committee.
- 9.3 Internal Audit will make provision to review the implementation of agreed action within the agreed timescales. However, where there are issues of particular concern provision maybe made for a follow-up review within the same financial year. Issue and clearance of follow up reports shall be as for other assignments referred to above.
- 9.4 Timescales are to be included in all initial scopes sent prior to commencing an audit.

## 10 Access and Confidentiality

- 10.1 Internal Audit shall have the authority to access all the organisation's information, documents, records, assets, personnel and premises that it considers necessary to fulfil its role. This shall extend to the resources of the third parties that provide services on behalf of the organisation.
- 10.2 All information obtained during the course of a review will be regarded as strictly confidential to the organisation and shall not be divulged to any third party without the prior permission of the Accountable Officer. However, open access shall be granted to the organisation's external auditors.
- 10.3 Where there is a request to share information amongst the NHS bodies in Wales, for example to promote good practice and learning, then permission will be sought from the Accountable Officer before any information is shared.

## 11 Irregularities, Fraud & Corruption

- 11.1 It is the responsibility of management to maintain systems that ensure the organisation's resources are utilised in the manner and on

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activities intended. This includes the responsibility for the prevention and detection of fraud and other illegal acts.

- 11.2 Internal Audit shall not be relied upon to detect fraud or other irregularities. However, Internal Audit will give due regard to the possibility of fraud and other irregularities in work undertaken. Additionally, Internal Audit shall seek to identify weaknesses in control that could permit fraud or irregularity.
- 11.3 If Internal Audit discovers suspicion or evidence of fraud or irregularity, this will immediately be reported to the organisation's Local Counter Fraud Service (LCFS) in accordance with the organisation's Counter Fraud Policy & Fraud Response Plan and the agreed Internal Audit and Counter Fraud Protocol.

## 12 Quality Assurance

- 12.1 The work of internal audit is controlled at each level of operation to ensure that a continuously effective level of performance, compliant with the Public Sector Internal Audit Standards, is being achieved.
- 12.2 The Director of Audit & Assurance will establish a quality assurance and improvement programme designed to give assurance through internal and external review that the work of Internal Audit is compliant with the Public Sector Internal Audit Standards and to achieve its objectives. A commentary on compliance against the Standards will be provided in the Annual Audit Report to the Audit, Risk and Assurance Committee.
- 12.3 The Director of Audit & Assurance will monitor the performance of the internal audit provision in terms of meeting the service performance standards set out in the NWSSP Service Level Agreement. The Head of Internal Audit will periodically report service performance to the Audit, Risk and Assurance Committee through the reporting mechanisms outlined in Section 9.

## 13 Resolving Concerns

- 13.1 NWSSP Audit & Assurance was established for the collective benefit of NHS Wales and as such needs to meet the expectations of client partners. Any questions or concerns about the audit service should be raised initially with the Head of Internal Audit assigned to the organisation. In addition, any matter may be escalated to the Director of Audit & Assurance. NWSSP Audit & Assurance will seek to resolve any issues and find a way forward.
- 13.2 Any formal complaints will be handled in accordance with the NWSSP complaint handling procedure. Where any concerns relate to the conduct of the Director of Audit & Assurance, the NHS organisation will have access to the Managing Director of Shared Services.

## 14 Review of the Internal Audit Charter

- 14.1 This Internal Audit Charter shall be reviewed annually and approved by the Board, taking account of advice from the Audit, Risk and Assurance Committee.

Simon Cookson  
Director of Audit & Assurance  
NHS Wales Shared Services Partnership  
March 2022



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# Head of Internal Audit Opinion & Annual Report 2021/2022

May 2022

Aneurin Bevan University Health Board



GIG  
CYMRU  
NHS  
WALES

Partneriaeth  
Cydwasaethau  
Gwasanaethau Archwilio a Sicrwydd  
Shared Services  
Partnership  
Audit and Assurance Services



GIG  
CYMRU  
NHS  
WALES

Bwrdd Iechyd Prifysgol  
Betsi Cadwaladr  
University Health Board





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Appendix A

Conformance with Internal Audit Standards

Appendix B

Audit Assurance Ratings

**Report status:**

Draft

**Draft report issued:**6<sup>th</sup> May 2022**Final report issued:**

XX

**Author:**

Head of Internal Audit

**Executive Clearance:**

Director of Corporate Governance

**Audit, Risk and**17<sup>th</sup> May 2022**Assurance Committee:**[Disclaimer notice - please note](#)

This audit report has been prepared for internal use only. Audit & Assurance Services reports are prepared, in accordance with the agreed audit brief, and the Audit Charter as approved by the Audit, Risk and Assurance Committee.

Audit reports are prepared by the staff of NHS Wales Audit and Assurance Services, and addressed to Independent Members or officers including those designated as Accountable Officer. They are prepared for the sole use of Aneurin Bevan University Health Board and no responsibility is taken by the Audit and Assurance Services Internal Auditors to any director or officer in their individual capacity, or to any third party.

# 1. EXECUTIVE SUMMARY

## 1.1 Purpose of this Report


Aneurin Bevan University Health Board (the 'Health Board') is accountable for maintaining a sound system of internal control that supports the achievement of the organisation's objectives and is also responsible for putting in place arrangements for gaining assurance about the effectiveness of that overall system. A key element in that flow of assurance is the overall assurance opinion from the Head of Internal Audit.

This report sets out the Head of Internal Audit Opinion together with the summarised results of the internal audit work performed during the year. The report also includes a summary of audit performance and an assessment of conformance with the Public Sector Internal Audit Standards.

As a result of the continued impact of COVID-19 our audit programme has been subject to change during the year. In this report we set out how the programme has changed and the impact of those changes on the Head of Internal Audit opinion.

## 1.2 Head of Internal Audit Opinion 2021-22

The purpose of the annual Head of Internal Audit opinion is to contribute to the assurances available to the Chief Executive as Accountable Officer and the Board which underpin the Board's own assessment of the effectiveness of the system of internal control. The approved Internal Audit plan is focused on risk and therefore the Board will need to integrate these results with other sources of assurance when making a rounded assessment of control for the purposes of the Annual Governance Statement. The overall opinion for 2021/22 is that:

Reasonable assurance		The Board can take <b>Reasonable Assurance</b> that arrangements to secure governance, risk management and internal control, within those areas under review, are suitably designed and applied effectively. Some matters require management attention in control design or compliance with low to moderate impact on residual risk exposure until resolved.
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## 1.3 Delivery of the Audit Plan

Due to the ongoing impact of COVID-19 on the organisation, the internal audit plan has needed to be agile and responsive to ensure that key developing risks are covered. As a result of this approach, and with the support of officers and independent members across the Health Board, the plan has been delivered substantially in accordance with the agreed

schedule. Changes required during the year have been approved by the Audit, Risk and Assurance Committee (the 'Committee'). In addition, regular audit progress reports have been submitted to the Committee. Although changes have been made to the plan during the year, we can confirm that we have undertaken sufficient audit work during the year to be able to give an overall opinion in line with the requirements of the Public Sector Internal Audit Standards.

The Internal Audit Plan for 2021/22 year was initially presented to the Committee in March 2021.

There are, as in previous years, audits undertaken at NWSSP that support the overall opinion for NHS Wales health bodies (see section 3).

Our latest External Quality Assessment (EQA), conducted by the Chartered Institute of Internal Auditors (in 2018), and our own annual Quality Assurance and Improvement Programme (QAIP) have both confirmed that our internal audit work continues to 'generally conform' to the requirements of the Public Sector Internal Audit Standards for 2021/22. For this year, as in 2020/21, our QAIP has considered specifically the impact that COVID-19 has had on our audit approach and programmes. We are able to state that our service 'conforms to the IIA's professional standards and to PSIAS.'

## **1.4 Summary of Audit Assignments**

This report summarises the outcomes from our work undertaken in the year. In some cases, audit work from previous years may also be included and where this is the case, details are given. This report also references assurances received through the internal audit of control systems operated by other NHS Wales organisations (again, see section 3).

The audit coverage in the plan agreed with management has been deliberately focused on key strategic and operational risk areas; the outcome of these audit reviews may therefore highlight control weaknesses that impact on the overall assurance opinion.

Overall, we can provide the following assurances to the Board that arrangements to secure governance, risk management and internal control are suitably designed and applied effectively in the areas in the table below.

Where we have given Limited Assurance, management are aware of the specific issues identified and have agreed action plans to improve control in these areas. These planned control improvements should be referenced in the Annual Governance Statement where it is appropriate to do so.

In addition, and in part reflecting the impact of COVID-19, we also undertook a number of advisory and non-opinion reviews to support our overall opinion. A summary of the audits undertaken in the year and the results are summarised in table 1 below.

Table 1 – Summary of Audits 2021/22

Substantial Assurance	Reasonable Assurance
<ul style="list-style-type: none"> <li>Clinical Negligence Costs</li> <li>Charitable Funds</li> <li>Occupational Health</li> <li>GUH: Financial Assurance (Follow-up)</li> <li>GUH: Technical Assurance</li> </ul>	<ul style="list-style-type: none"> <li>Financial Sustainability (Draft)</li> <li>Gifts, Hospitality and Declarations of Interest</li> <li>Putting Things Right</li> <li>Operational Plan for Resumption of Services (Draft)</li> <li>Pathology</li> <li>Medicines Management (Draft)</li> <li>Falls Management</li> <li>Facilities – Care after Death</li> <li>Corporate Governance (Draft)</li> <li>Mental Capacity Act</li> <li>Flu Immunisation</li> <li>Flow Centre (Draft)</li> <li>Risk Management</li> <li>IT System Controls</li> <li>Tredegar Health and Wellbeing Centre</li> <li>GUH: Follow-up</li> <li>GUH: Quality</li> <li>Waste Management (Draft)</li> </ul>
Limited Assurance	Advisory/Non-Opinion
<ul style="list-style-type: none"> <li>Continuing Healthcare</li> <li>NIS Directive (Draft)</li> </ul>	<ul style="list-style-type: none"> <li>Datix (Support of Incident Management)</li> <li>Follow-up of High Priority Recommendations</li> <li>Medical Equipment and Devices (WIP)</li> </ul>
No Assurance	
<ul style="list-style-type: none"> <li>N/A</li> </ul>	

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Please note that our overall opinion has also taken into account information obtained during the year that we deem to be relevant to our work (see section 2.4.2).

## **2. HEAD OF INTERNAL AUDIT OPINION**

### **2.1 Roles and Responsibilities**

The Board is collectively accountable for maintaining a sound system of internal control that supports the achievement of the organisation's objectives and is responsible for putting in place arrangements for gaining assurance about the effectiveness of that overall system.

The Annual Governance Statement is a statement made by the Accountable Officer, on behalf of the Board, setting out:

- how the individual responsibilities of the Accountable Officer are discharged with regard to maintaining a sound system of internal control that supports the achievement of policies, aims and objectives;
- the purpose of the system of internal control, as evidenced by a description of the risk management and review processes, including compliance with the Health & Care Standards; and
- the conduct and results of the review of the effectiveness of the system of internal control including any disclosures of significant control failures, together with assurances that actions are or will be taken where appropriate to address issues arising.

The Health Board's risk management process and system of assurance should bring together all of the evidence required to support the Annual Governance Statement.

In accordance with the Public Sector Internal Audit Standards (PSIAS), the Head of Internal Audit (HIA) is required to provide an annual opinion, based upon and limited to the work performed on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control. This is achieved through an audit plan that has been focussed on key strategic and operational risk areas and known improvement opportunities, agreed with executive management and approved by the Audit, Risk and Assurance Committee, which should provide an appropriate level of assurance.

The opinion does not imply that Internal Audit has reviewed all risks and assurances relating to the Health Board. The opinion is substantially derived from the conduct of risk-based audit work formulated around a selection of key organisational systems and risks. As such, it is a key component that the Board takes into account but is not intended to provide a comprehensive view.

The Board, through the Audit, Risk and Assurance Committee, will need to consider the Head of Internal Audit opinion together with assurances from other sources including reports issued by other review bodies, assurances given by management and other relevant information when forming a rounded picture on governance, risk management and control for completing its Governance Statement.

## **2.2 Purpose of the Head of Internal Audit Opinion**

The purpose of the annual Head of Internal Audit opinion is to contribute to the assurances available to the Accountable Officer and the Board of Digital Health and Care Wales which underpin the Board's own assessment of the effectiveness of the organisation's system of internal control.

This opinion will in turn assist the Board in the completion of its Annual Governance Statement and may also be taken into account by regulators and by Audit Wales in the context of both their external audit and performance reviews.

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

## **2.3 Assurance Rating System for the Head of Internal Audit Opinion**

The overall opinion is based primarily on the outcome of the work undertaken during the course of the 2021/22 audit year. We also consider other information available to us such as our overall knowledge of the organisation, the findings of other assurance providers and inspectors, and the work we undertake at other NHS Wales organisations. The Head of Internal Audit considers the outcomes of the audit work undertaken and exercises professional judgement to arrive at the most appropriate opinion for each organisation.

A quality assurance review process has been applied by the Director of Audit and Assurance and the Head of Internal Audit in the annual reporting process to ensure the overall opinion is consistent with the underlying audit evidence.

We take this approach into account when considering our assessment of our compliance with the requirements of PSIAS.

The assurance rating system based upon the colour-coded barometer and applied to individual audit reports remains unchanged. The descriptive narrative used in these definitions has proven effective in giving an objective and consistent measure of assurance in the context of assessed risk and associated control in those areas examined.

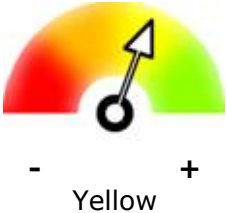
This same assurance rating system is applied to the overall Head of Internal Audit opinion on governance, risk management and control as to individual assignment audit reviews. The assurance rating system together with definitions is included at **Appendix B**.

The individual conclusions arising from detailed audits undertaken during the year have been summarised by the assurance ratings received. The aggregation of audit results gives a better picture of assurance to the Board and also provides a rational basis for drawing an overall audit opinion. However, please note that for presentational purposes we have shown the results using the eight assurance domains that were used to frame the audit plan at its outset (see section 2.4.2).

2.4 Head of Internal Audit Opinion

2.4.1 Scope of opinion

The scope of my opinion is confined to those areas examined in the risk-based audit plan which has been agreed with senior management and approved by the Audit, Risk and Assurance Committee. The Head of Internal Audit assessment should be interpreted in this context when reviewing the effectiveness of the system of internal control and be seen as an internal driver for continuous improvement. The Head of Internal Audit opinion on the overall adequacy and effectiveness of the organisation’s framework of governance, risk management, and control is set out below.

Reasonable Assurance		The Board can take <b>reasonable assurance</b> that arrangements to secure governance, risk management and internal control, within those areas under review, are suitably designed and applied effectively. Some matters require management attention in control design or compliance with low to moderate impact on residual risk exposure until resolved.
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This opinion will need to be reflected within the Annual Governance Statement along with confirmation of action planned to address the issues raised.

2.4.2 Basis for Forming the Opinion

The audit work undertaken during 2021/22 and reported to the Audit, Risk and Assurance Committee has been aggregated at Section 5.

The evidence base upon which the overall opinion is formed is as follows:

- An assessment of the range of individual opinions and outputs arising from risk-based audit assignments contained within the Internal Audit plan that have been reported to the Audit, Risk and Assurance Committee throughout the year. In addition, and where appropriate, work at either draft report stage or in progress but substantially

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complete has also been considered, and where this is the case then it is identified in the report. This assessment has taken account of the relative materiality of these areas and the results of any follow-up audits in progressing control improvements (see section 2.4.3).

- The results of any audit work related to the Health & Care Standards including, if appropriate, the evidence available by which the Board has arrived at its declaration in respect of the self-assessment for the Governance, Leadership and Accountability module.
- Other assurance reviews which impact on the Head of Internal Audit opinion including audit work performed at other organisations (see Section 3).
- Other knowledge and information that the Head of Internal Audit has obtained during the year including cumulative information and knowledge over time; observation of Board and other key committee meetings; meetings with Executive Directors, senior managers and Independent Members; the results of *ad hoc* work and support provided; liaison with other assurance providers and inspectors; research; and cumulative audit knowledge of the organisation that the Head of Internal Audit considers relevant to the Opinion for this year.

As stated above, these detailed results have been aggregated to build a picture of assurance across the organisation.

In reaching this opinion we have identified that the majority of reviews during the year concluded positively with robust control arrangements operating in some areas.

From the opinions issued during the year, three were allocated Substantial Assurance, seven were allocated Reasonable Assurance. No reports were allocated a 'no assurance' opinion.

In addition, the Head of Internal Audit has considered residual risk exposure across those assignments where limited assurance was reported. Further, the Head of Internal Audit has considered the impact where audit assignments planned this year did not proceed to full audits following preliminary planning work and these were either: removed from the plan; removed from the plan and replaced with another audit; or deferred until a future audit year. The reasons for changes to the audit plan were presented to the Audit, Risk and Assurance Committee for consideration and approval. Notwithstanding that the opinion is restricted to those areas which were subject to audit review, the Head of Internal Audit has considered the impact of changes made to the plan when forming their overall opinion.

A summary of the findings is shown below. We have reported the findings using the eight areas of the Health Board's activities that we use to structure both our 3-year strategic and 1-year operational plans.



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**Corporate Governance, Risk Management and Regulatory Compliance**

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We have undertaken **four** reviews in this area.

We completed a review of the Board Assurance Framework (BAF) within the **Corporate Governance audit** (reasonable assurance), noting that work is in progress to fully implement and embed the BAF processes.

We did not identify any significant matters for reporting in our review, but noted areas where improvements could be made, including the need for the individual Risk Owners to more effectively assess and address any weaknesses or gaps in the assurances being relied upon.

We also recommended that the engagement with sub-committees of the Board within the BAF process is more formally documented, and that the effectiveness of the BAF process in its entirety is periodically reviewed and reported to the Board.

We also completed an audit of **Risk Management** (reasonable assurance) and undertook a risk maturity assessment. We concluded the Health Board is progressing towards becoming a risk mature organisation and is currently between 'risk defined' and 'risk managed'. That is, the Health Board has risk management processes established and is working towards a proactive risk management approach.

We recommended that the objectives of the Risk Management Strategy should be monitored for implementation and a consistent approach across divisions towards the management of risk.

Finally, we recommended that risk management training should be considered throughout the Health Board.

The audit of **Gifts, Hospitality and Declarations of Interest** (reasonable assurance) found that the Health Board has a comprehensive Declarations of Interest Register (the 'Register'), with senior managers and Board members included. We examined the process to determine if it incorporated the Welsh Government's Citizen-Centered Governance Principles. We also examined what monitoring activities are in place at a corporate level to ensure safeguards have been implemented, where required, and in so far as possible that declarations have been made.

We reviewed a sample of declarations made for potential conflicts of interest and gifts / hospitality received to ensure the Standards of Business Conduct Policy (the 'Policy') was adhered to. Overall, we found good compliance.

However, we found that mitigation that has been implemented to prevent a conflict of interest arising is not documented, as there is no process for this. We also found that due diligence and completeness checks are not completed by the Central Team. This is not required under the Policy and is a recommendation to consider for strengthening the current process.

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We undertook a review of **Putting Things Right** (reasonable assurance) and found good arrangements in place. We raised one recommendation over the monitoring of actions arising from complaints received.

#### **Strategic Planning, Performance Management & Reporting**

We have undertaken **one** review in this area.

The **Operational Plan for Resumption of Services** audit (reasonable assurance) reviewed the processes for resuming services and clearing the backlog of procedures. We found appropriate arrangements in place, with plans across Scheduled Care to maximise the resources available, prioritising more urgent care.

#### **Financial Governance and Management**

We have undertaken **three** reviews in this area.

We completed an audit of **Financial Sustainability** (reasonable assurance) and found that budgetary procedures embedded in the Directorates and service areas have been flexed in response to the pressures place on management and staff during the Covid pandemic but have maintained control.

Whilst we did not identify any significant matters for reporting in our review, we have noted that improvements can be made in the development and approval of Transformation Projects, commenting on the need to develop measurement criteria that are SMART and accounting structures that capture the more complex multi services impact of these projects in support of the approval process.

We also recommended that consideration be given to how accounting for savings plans on a gross basis to improve trackability.

The audit of **Clinical Negligence Costs** (substantial assurance) reviewed the process for handling clinical negligence claims, to ensure the Health Board complied with the relevant standards, whilst seeking to minimise the financial impact.

We found good processes in place for the sample of claims tested, including governance arrangements and the approval of claims paid. However, we recommended that local policies should be reviewed and updated where applicable. In addition, we recommended improvements over the control for damage claims that require approval from the Litigation Group.

Within the **Charitable Funds** (substantial assurance) audit we assessed the charitable fund arrangements in place during the pandemic, including the receipt of donations and charitable expenditure.

We found good controls in place over charitable income and expenditure and the recording of donations in kind e.g. personal protective equipment provided by members of the public / local businesses.

Whilst the arrangements in place were robust, we recommended that the Health Board examines alternative methods of training ward staff in the processes for receiving donations and other related arrangements.

### Quality & Safety

We have undertaken **four** reviews in this area.

The audit of **Continuing Healthcare** (limited assurance) highlighted a number of areas where rapid improvement is required in terms of oversight of quality and safety for commissioned services, it is recognised the Division had identified the need for work in these areas. Some progress has been made but it has been halted by the Covid Pandemic.

However, we raised the following recommendations:

- ensuring sustainable improvements in terms of accountability and scrutiny for commissioned services is undertaken;
- wider Divisional attention and oversight of CHC / S117 commissioning activity is in place;
- assessing the quality of services delivered by providers on the All Wales Framework (AWF) is completed; and
- ensuring Divisional preparedness for the implementation of the new national policy and framework for CHC (due April 2022), to include a robust approach to training is in place.

The audit of **Mental Capacity Act** (reasonable assurance) assessed the extent to which the Health Board complied with the principles of the Mental Capacity Act (the 'Act'), including in respect of the 'Do Not Attempt Cardiopulmonary Resuscitation' (DNACPR) process.

We found a comprehensive 'Assessment of Mental Capacity Procedure' in place to support the process, which includes decision making flowcharts and templates for assessors to document conclusions.

However, we found within our sample tested that documented capacity assessments were missing (eight from nine DNACPR forms completed where capacity was determined to be lacking). Whilst the Act permits informal day-to-day patient assessments, significant decisions require adherence to the documentation requirements. These assessments of the decision making capacity of a patient should be documented.

When capacity is deemed to be lacking a discussion with a relative is required. This should also be documented, but we found in two instances that the required documentation was not fully completed. However, in

general we found that details of these discussions are documented in multiple locations, including medical notes, Treatment Escalation Plans or Advanced and Future Care Plans.

We found a range of training courses available on ESR covering the scope of the Act (e.g. conducting compliant assessments, assessing patient best interests and addressing deprivation of liberty safeguarding matters). However, when we interviewed staff at the wards visited, we were told that they had not undertaken any training regarding the Act.

Throughout the audit, we were informed that discussions in accordance with the All-Wales guidance on the DNACPR process take place, but may be documented across a range of records. Whilst we found that a good control framework is in place within the Health Board, adherence to the documentation process requires strengthening.

The **Medicines Management** audit (reasonable assurance) found that the Policy for the Management of Controlled Drugs (the 'Policy') was generally complied with across each hospital site tested. Whilst we found isolated exceptions, we recommended that the Policy should be reviewed to ensure it remains suitable.

Within the audit of **Falls Management** (reasonable assurance) we selected a large sample of patients where a documented multi-factorial risk assessment (MFRA) is required. This included patients 65 years or older or at a risk of a fall. We also selected a sample of inpatients that had been subjected to a fall, to determine if a subsequent MFRA had been completed, together with the corresponding Datix entry.

Overall, we found that the number of inpatient falls declined following the introduction of the revised multi-factorial risk assessment (MFRA) and policy. However, the assessment was not always documented.

Within the sample tested, we did find that the completion rate of the assessment forms to be consistent with our previous audit of Falls Management. Therefore, the decline may be linked to the recent promotion of the updated policy and associated training.

In our sample testing we found the following exceptions:

- Six of 30 patients, where a fall had occurred, did not have a completed MFRA recorded prior to the fall.
- 12 of a separate sample of 29 patients tested did not have a MFRA completed within the timeframe required. However, we recognise this was within a pandemic environment.
- Three of the same sample of 29 patients tested did not have a MFRA recorded, when one should have been completed.

We also identified that fall investigation notes documented within Datix for six patients sampled were marked as 'unexpected falls'. However, there was no MFRA completed prior to the fall.

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**Information Governance & Security**

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We have undertaken **two** reviews in this area.

The **NIS Directive** audit (limited assurance) identified that work was completed on the Cyber Assessment Framework (CAF), but there was no supporting information provided to the Cyber Resilience Unit (CRU) as part of the CAF assessment.

We also found that improvement actions have not been fully identified and a plan has not yet been developed nor is there regular reporting of cyber security to the Board or a sub-committee.

The **IT System Controls (WRIS)** audit (reasonable assurance) testing found that data held within the Welsh Radiology Information System (WRIS) is accurate, secure from unauthorised access and loss, and that the system is fully used and fits the needs of the service.

Whilst WRIS is provided by Digital Health and Care Wales (DHCW) we found governance arrangements in place, with representation from the Health Board. In addition, as the system is hosted within the Health Board, this has enabled changes to match any requirements. However, due to these arrangements the process for requesting changes is not efficient, with responsibilities and the flow of work requests not clear.

We also found WRIS is not currently meeting the needs of the Radiology service, with the manual inputting of requests and additional workarounds required. The Health Board has undertaken development to enable WRIS to better meet its needs, but there is still a lack of a full electronic request process.

We tested the database to ensure that it is securely hosted and found this to be the case, with access restricted appropriately. However, the current database version is SQL Server 2008, which is out of support and contains security vulnerabilities.

Furthermore, we confirmed that good controls over data entry are available in WRIS, with drop down lists to minimise the potential for user error and data quality reports to enable the retrospective identification of any errors. However, due to the level of manual inputting required we would expect to see a control to test the completeness of requests – i.e. that all patient requests have been inputted onto the system.

Finally, we found good continuity arrangements in place and work underway to ensure leavers from the Health Board no longer retain access to WRIS, with a couple of recommendations provided to enhance this further.

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**Operational Service and Functional Management**

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We have undertaken **five** reviews in this area.

The **Flu Immunisation** audit (reasonable assurance) focussed primarily over the staff flu immunisation uptake. However, we did review the governance arrangements in place for the community / primary care roll-out of the programme.

Overall, we found good processes in place, with active communication and promotion of the flu immunisation programme. These were stepped down during the Omicron variant surge during December 2021. When comparing 2020/21 and 2021/22 there has been a decrease in staff flu uptake from 65.8% to 57.8% (as at 15<sup>th</sup> February 2022). For the year 2019/20, the rate during the same week was 60%. The ambition target set by the Welsh Government is 80%.

However, the overall primary care uptake for children and vulnerable adults within the Health Board's area is the highest across Wales within the majority of categories.

The matters requiring management attention included:

- Terms of reference for the Flu Working Groups are not complete.
- We found a lack of flu immunisation reminders issued for staff and a decrease in the number of flu champions.
- There were less flu clinics available for staff compared to 2020/21.

**The Medical Equipment and Devices audit is still in progress.**

The **Flow Centre** audit (reasonable assurance) found good operational management and compliance with internal procedures within the Flow Centre service area. However, we recommended that the Health Board ensure business continuity arrangements are strengthened and the completeness of information held on a patient's record is consistent across the team.

We also recommended that the Health Board undertakes an analysis of the overall benefits versus the risks of delivering the service.

Within the **Pathology** (reasonable assurance) directorate review we found appropriate arrangements in place across all audit objectives. However, we identified five areas of improvement.

We found that the process for co-ordinating and implementing recommendations from external assessors could utilise the existing QPulse software, by logging recommendations and examining trends emerging.

In addition, whilst we found appropriate business continuity arrangements in place, we recommended that these are tested on a regular basis.

There is considerable management reporting taking place. However, we suggested improvements over the data coverage currently included. For

example, we found reporting is based on a sample of data and due to the automation of the process, we believe all data could be included. We also recommended a high level dashboard to be developed and used for reporting going forward, which should provide key highlights against the top risks identified.

Finally, we found that has been no exercise completed at a directorate level to determine if the benefits of Clinical Futures have been obtained or not. However, we did confirm that this exercise is to shortly take place at a Health Board level. Alongside this, we recommended that any workforce / facility requirements for the directorate are incorporated into future plans.

The **Facilities – Care after Death** (reasonable assurance) audit found that the arrangements for the storage of patients was good. We recommended an upgrade of the management software to assist with the end-to-end process.

### Workforce Management

We have undertaken **one** review in this area.

The **Occupational Health** audit (substantial assurance) found good arrangements over pre-employment screening and the referral process to Occupational Health. This was supported by management information over the referral rates and average waiting time.

There was a significant increase of referrals during the pandemic, and we raised some suggestions over how this may be approached in the future.

### Capital & Estates Management

We have undertaken **six** reviews in this area.

The **Tredegar Health and Wellbeing Centre** audit (reasonable assurance) reviewed the delivery and management arrangements in place to progress the Tredegar Health and Wellbeing Centre project and the performance to date against its key delivery objectives i.e. time, cost and quality.

Overall, we found that the Health Board is seeking to manage the current reported potential overspend of £364k incurred, as a result of the enabling and grouting works, within the approved project allocation. The associated reported delays, to date, will not adversely impact on service delivery recognising the nature of the facility (i.e. reprovision). These issues will need ongoing management scrutiny through to project completion.

To achieve this, we raised recommendations over:

- The inclusion of a summary financial position, on a cumulative basis.
- Improved scrutiny of the Key Performance Indicator returns.
- The maintenance of a costed project risk register.

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- The improved management of contract documentation i.e. signing in advance of works and appropriate assessment of contract clauses.
  - Compliance with the Enabling Works contract requirements of NHS Wales Investment Infrastructure Guidance.

The **Waste Management audit** (reasonable assurance) identified the following recommendations:

- Completion of the review of the out of date waste management policy guidance operational control procedures, and the associated intranet content;
- Development of a Waste Risk Register, and enhanced risk reporting processes;
- Enhanced waste management training awareness;
- The implementation of a consistent approach to the waste streams applied in public areas within the hospital sites;
- Compliance with waste management operational procedures across all sites.
- The reintroduction of waste recycling provisions and targets across the UHB;
- Enhanced monitoring and reporting arrangements, waste updates/assurance reporting to Board.

The **GUH: Financial Assurance (Follow-up)** audit (substantial assurance) sought to provide assurance in the area of Financial Assurance, focussing on the accuracy of the final account calculations and the adequacy of information supporting the sums claimed by the Supply Chain Partner. However, the final account was not available at the date of the audit, therefore the focus of work was on the assurance that additional costs arising from Covid 19 had been appropriately identified, reported and managed. The audit of the final account will be deferred to the 2022/23 Internal Audit plan.

We found that the Covid-19 claim was found to be fully substantiated and that all of the previously agreed recommendations have been appropriately closed by management.

The **GUH: Technical Assurance** audit (substantial assurance) determined whether the project delivery and handover of the GUH was in accordance with the terms of the contract and other statutory requirements.

Overall, we found that the GUH has been delivered within the terms of the contract. The statutory requirements have been addressed and the Health Board has been provided with all technical documentation, specified within the contract, by the Supply Chain Partner.

For the **GUH: Follow-up audit** (reasonable assurance) we sought to determine the status of agreed audit recommendations contained within the previous GUH project audit reports.



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Overall, we found that actions from the prior reviews have been largely implemented, with 18 recommendations closed and only two recommendations remaining to be addressed at this time.

We also closed a further six recommendations, noting the GUH project has now concluded and action with the project can no longer be taken. However, we recommended that the Health Board should ensure that these are implemented / considered for inclusion within future projects.

The **GUH: Quality** audit (reasonable assurance) sought to provide assurance across a number of areas including the quality of the delivered build of the Grange University Hospital (GUH).

Accordingly, this audit sought to determine whether the GUH provision, had been reviewed against the objectives of intended functionality, and capital investment objectives, as specified at the business case.

We found that the build of the GUH substantially provides the ability to deliver enhanced services, in accordance with the objectives of the business case. However, the delivery of capital investment benefits has been impacted by the pandemic, and accordingly it may be appropriate for revised targets to be put in place. These were being reviewed by management to amend accordingly.

The matters requiring management attention included:

- Reporting against the aspirations of the business case.
- Reviewing and the monitoring of targets for the capital investment benefits, in accordance with the ongoing utilisation of the facility.

### **2.4.3 Approach to Follow Up of Recommendations**

As part of our audit work, we consider the progress made in implementing the actions agreed from our previous reports for which we were able to give only Limited Assurance. In addition, where appropriate, we also consider progress made on high priority findings in reports where we were still able to give Reasonable Assurance. We also undertake some testing on the accuracy and effectiveness of the audit recommendation tracker.

In addition, Audit Committees monitor the progress in implementing recommendations (this is wider than just Internal Audit recommendations) through their own recommendation tracker processes. We attend all audit committee meetings and observe the quality and rigour around these processes.

### **2.4.4 Limitations to the Audit Opinion**

Internal control, no matter how well designed and operated, can provide only reasonable and not absolute assurance regarding the achievement of an organisation's objectives. The likelihood of achievement is affected by limitations inherent in all internal control systems.

As mentioned above the scope of the audit opinion is restricted to those areas which were the subject of audit review through the performance of

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the risk-based Internal Audit plan. In accordance with auditing standards, and with the agreement of senior management and the Board, Internal Audit work is deliberately prioritised according to risk and materiality. Accordingly, the Internal Audit work and reported outcomes will bias towards known weaknesses as a driver to improve governance risk management and control. This context is important in understanding the overall opinion and balancing that across the various assurances which feature in the Annual Governance Statement.

Caution should be exercised when making comparisons with prior years. Audit coverage will vary from year to year based upon risk assessment and cyclical coverage on key control systems. In addition, the impact of COVID-19 on this year's (and to an extent last year's) programme makes any comparison even more difficult.

#### **2.4.5 Period covered by the Opinion**

Internal Audit provides a continuous flow of assurance to the Board and, subject to the key financials and other mandated items being completed in-year, the cut-off point for annual reporting purposes can be set by agreement with management. To enable the Head of Internal Audit opinion to be better aligned with the production of the Annual Governance Statement a pragmatic cut-off point has been applied to Internal Audit work in progress.

By previous agreement with the Health Board, audit work reported to draft stage has been included in the overall assessment, with all other work in progress rolled-forward and reported within the overall opinion for next year.

The majority of audit reviews will relate to the systems and processes in operation during 2021/22 unless otherwise stated and reflect the condition of internal controls pertaining at the point of audit assessment.

Follow-up work will provide an assessment of action taken by management on recommendations made in prior periods and will therefore provide a limited scope update on the current condition of control and a measure of direction of travel.

There are some specific assurance reviews which remain relevant to the reporting of the organisation's Annual Report required to be published after the year end. Where required, any specified assurance work would be aligned with the timeline for production of the Health Board's Annual Report and accordingly will be completed and reported to management and the Audit, Risk and Assurance Committee subsequent to this Head of Internal Audit Opinion. However, the Head of Internal Audit's assessment of arrangements in these areas would be legitimately informed by drawing on the assurance work completed as part of this current year's plan.

## 2.5 Required Work

Please note that following discussions with Welsh Government we were not mandated to audit any areas in 2021/22.

## 2.6 Statement of Conformance

The Welsh Government determined that the Public Sector Internal Audit Standards (PSIAS) would apply across the NHS in Wales from 2013/14.

The provision of professional quality Internal Audit is a fundamental aim of our service delivery methodology and compliance with PSIAS is central to our audit approach. Quality is controlled by the Head of Internal Audit on an ongoing basis and monitored by the Director of Audit & Assurance. The work of Internal Audit is also subject to an annual assessment by Audit Wales. In addition, at least once every five years, we are required to have an External Quality Assessment. This was undertaken by the Chartered Institute of Internal Auditors (IIA) in February and March 2018. The IIA concluded that NWSSP's Audit & Assurance Services conforms with all 64 fundamental principles and 'it is therefore appropriate for NWSSP Audit & Assurance Services to say in reports and other literature that it conforms to the IIA's professional standards and to PSIAS.'

The NWSSP Audit and Assurance Services can assure the Audit, Risk and Assurance Committee that it has conducted its audit at Health Board in conformance with the Public Sector Internal Audit Standards for 2021/22.

Our conformance statement for 2021/22 is based upon:

- the results of our internal Quality Assurance and Improvement Programme (QAIP) for 2021/22 which will be reported formally in the Summer of 2022; and
- the results of the work completed by Audit Wales.

We have set out, in **Appendix A**, the key requirements of the Public Sector Internal Audit Standards and our assessment of conformance against these requirements. The full results and actions from our QAIP will be included in the 2021/22 QAIP report. There are no significant matters arising that need to be reported in this document.

## 2.7 Completion of the Annual Governance Statement

While the overall Internal Audit opinion will inform the review of effectiveness for the Annual Governance Statement, the Accountable Officer and the Board need to take into account other assurances and risks when preparing their statement. These sources of assurances will have been identified within the Board's own performance management and assurance framework and will include, but are not limited to:

- direct assurances from management on the operation of internal controls through the upward chain of accountability;
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- internally assessed performance against the Health & Care Standards;
- results of internal compliance functions including Local Counter-Fraud, and risk management;
- reported compliance via the Welsh Risk Pool regarding claims standards and other specialty specific standards reviewed during the period; and
- reviews completed by external regulation and inspection bodies including Audit Wales and Healthcare Inspectorate Wales.

3. OTHER WORK RELEVANT TO THE HEALTH BOARD

As our internal audit work covers all NHS Wales organisations there are a number of audits that we undertake each year which, while undertaken formally as part of a particular health organisation’s audit programme, will cover activities relating to other Health bodies. These are set out about below, with relevant comments and opinions attached, and relate to work at NHS Wales Shared Services Partnership.

NHS Wales Shared Services Partnership (NWSSP)

As part of the internal audit programme at NHS Wales Shared Services Partnership (NWSSP), a hosted body of Velindre University NHS Trust, a number of audits were undertaken which are relevant to the Health Board. These audits of the financial systems operated by NWSSP, processing transactions on behalf of the Health Board, derived the following opinion ratings:

Audit	Opinion
Accounts Payable	Reasonable
Payroll (Draft)	Reasonable
Primary Care Services	Substantial

Please note that other audits of NWSSP activities are undertaken as part of the overall NWSSP internal audit programme. The overall Head of Internal Audit Opinion for NWSSP is Reasonable Assurance.

The reports on Accounts Payable, Payroll and Primary Care Services are also included in the table in section 5.

Digital Health & Care Wales (DHCW)

As part of the internal audit programme at DHCW, a Special Health Authority that started operating from 1 April 2021, a number of audits were undertaken which are relevant to the Health Board. These audits derived the following opinion ratings:

Audit	Opinion
Welsh Radiology Information System	Reasonable
Data Centre Transition	Substantial
Data Analytics	Reasonable
System Development	Reasonable
GP System Procurement Project	Substantial

Please note that other audits of DHCW activities are undertaken as part of the overall DHCW internal audit programme. The overall Head of Internal Audit Opinion for DHCW is Reasonable Assurance.

### Welsh Health Specialised Services Committee (WHSSC) and Emergency Ambulance Services Committee (EASC)

The work at both the Welsh Health Specialist Services Committee (WHSSC) and the Emergency Ambulance Services Committee (EASC) is undertaken as part of the Cwm Taf Morgannwg internal audit plan. These audits are listed below and derived the following opinion ratings:

Audit	Opinion
WHSSC – Risk management (Draft)	Reasonable
WHSSC – Cancer and blood services	Substantial
WHSSC – All Wales Positron Emission Tomography (PET) Service	Reasonable
EASC – Governance arrangements	Reasonable

While these audits do not form part of the annual plan for the Health Board, they are listed here for completeness as they do impact on the organisation's activities. The Head of Internal Audit has considered if any issues raised in the audits could impact on the content of our annual report and concluded that there are no matters of this nature.

Full details of the NWSSP audits are included in the NWSSP Head of Internal Audit Opinion and Annual Report and are summarised in the Velindre NHS Trust Head of Internal Audit Opinion and Annual Report. DHCW audits are summarised in the DHCW Head of Internal Audit Opinion and Annual Report, and the WHSSC and EASC audits are summarised in the Cwm Taf Morgannwg University Health Board Head of Internal Audit Opinion and Annual Report.

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## **4. DELIVERY OF THE INTERNAL AUDIT PLAN**

### **4.1 Performance against the Audit Plan**

The Internal Audit Plan has been delivered substantially in accordance with the schedule agreed with the Audit, Risk and Assurance Committee, subject to changes agreed as the year progressed. Regular audit progress reports have been submitted to the Audit, Risk and Assurance Committee during the year. Audits that remain to be reported but are reflected within this Annual Report will be reported alongside audits from the 2022/23 operational audit plan.

The audit plan approved by the Committee in April 2021 contained 30 planned reviews. Changes have been made to the plan with six audits (Quality Framework, Clinical Futures – Care Closer to Home, Monitoring Action Plans, Catering, Agile Working and Decarbonisation) deferred and Controlled Drugs and Medicines Management amalgamated. All these changes have been reported to and approved by the Audit, Risk and Assurance Committee. As a result of these agreed changes we have delivered 23 reviews, plus four capital audits completed as part of the integrated audit plan.

The assignment status summary is reported at Section 5.

In addition, we may respond to requests for advice and/or assistance across a variety of business areas across the Health Board. This advisory work, undertaken in addition to the assurance plan, is permitted under the standards to assist management in improving governance, risk management and control. This activity is reported during the year within our progress reports to the Audit, Risk and Assurance Committee.

## 4.2 Service Performance Indicators

In order to monitor aspects of the service delivered by Internal Audit, a range of service performance indicators have been developed. These are reported quarterly.

Indicator Reported to NWSSP Audit Committee	Status	Actual	Target	Red	Amber	Green
Operational Audit Plan agreed for 2020/21	<b>G</b>	April 2021	By 30 June	Not agreed	Draft plan	Final plan
Total assignments reported against adjusted plan for 2020/21	<b>G</b>	100%	100%	v>20%	10%<v<20%	v<10%
Report turnaround: time from fieldwork completion to draft reporting [10 working days]	<b>G</b>	100%	80%	v>20%	10%<v<20%	v<10%
Report turnaround: time taken for management response to draft report [15 working days]	<b>G</b>	86%	80%	v>20%	10%<v<20%	v<10%
Report turnaround: time from management response to issue of final report [10 working days]	<b>G</b>	100%	80%	v>20%	10%<v<20%	v<10%

## 5. RISK BASED AUDIT ASSIGNMENTS

The overall opinion provided in Section 1 and our conclusions on individual assurance domains is limited to the scope and objectives of the reviews we have undertaken, detailed information on which has been provided within the individual audit reports.

### 5.1 Overall summary of results

In total 11 audit reviews were reported during the year. Figure 2 below presents the assurance ratings and the number of audits derived for each.

Figure 2      Summary of audit ratings

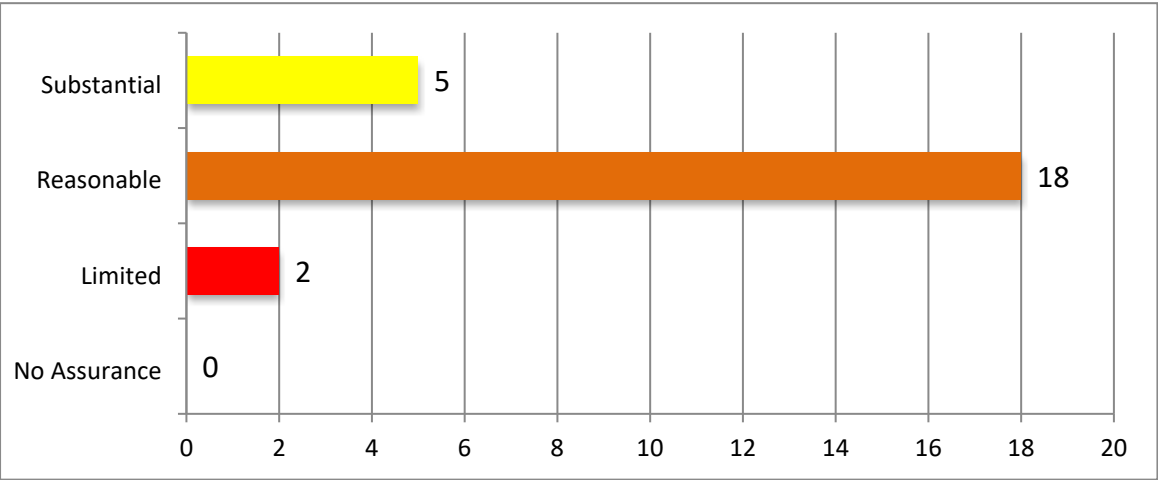


Figure 2 above does not include the audit ratings for the reviews undertaken at NWSSP.

The assurance ratings and definitions used for reporting audit assignments are included in **Appendix B**.

The following sections provide a summary of the scope and objective for each assignment undertaken within the year along with the assurance rating.

5.2 Substantial Assurance (Green)



In the following review areas the Board can take **substantial assurance** that arrangements to secure governance, risk management and internal control are suitably designed and applied effectively. Those few matters that may require attention are compliance or advisory in nature with low impact on residual risk exposure.

Review Title	Objective
Clinical Negligence Costs	The review sought to provide the Health Board with assurance that it complies with the relevant standards for the handling of clinical negligence claims, whilst seeking to minimise the financial impact to NHS Wales.
Charitable Funds	We evaluated the adequacy of the systems and controls in place for the management of charitable funds, including income and expenditure. We also reviewed progress made against implementing the recommendations



Review Title	Objective
	from the previous internal audit of charitable funds (November 2019).
Occupational Health	To provide assurance over the arrangements and controls in place for the management of the occupational health service.
GUH: Financial Assurance (Follow-up)	<p>We sought to provide assurance in the area of Financial Assurance, focusing on the accuracy of the final account calculations and the adequacy of information supporting the sums claimed by the Supply Chain Partner.</p> <p>However, the final account was not available at the date of the audit (deferred to 2022/23), therefore the focus of work was on the assurance that additional costs arising from Covid 19 had been appropriately identified, reported and managed.</p>
GUH: Technical Assurance	The audit sought to determine whether project delivery and handover of the Grange University Hospital has been in accordance with the terms of the contract and other statutory requirements.

### 5.3 Reasonable Assurance (Yellow)



In the following review areas the Board can take **reasonable assurance** that arrangements to secure governance, risk management and internal control are suitably designed and applied effectively. Some matters require management attention in either control design or operational compliance and these will have low to moderate impact on residual risk exposure until resolved.

Review Title	Objective
Financial Sustainability	To evaluate the monitoring and delivery of financial sustainability of the Aneurin Bevan University Health Board governance structure.
Gifts, Hospitality and Declarations of Interest	To provide assurance over the arrangements for registering and managing potential conflicts caused by the receipt of gifts, hospitality and external interests.

Review Title	Objective
Putting Things Right	We sought to provide the Health Board with assurance that it complies with the relevant standards for the handling of complaints, both in terms of quality and content and that improvements are made as a result of issues identified.
Operational Plan for the Resumption of Services	We evaluated the adequacy of the systems and controls in place for the operational resumption of services.
Pathology	This review aimed to provide assurance that the Health Board Pathology service is managing key risks and that the Clinical Futures model is delivering the benefits expected.
Medicines Management	To determine if the Policy for the Management of Controlled Drugs is adhered to across a sample of wards at different hospital sites and within theatres.
Falls Management	We sought to provide assurance that the Falls Policy for Hospital Adult Inpatients was being adhered to by staff and monitored appropriately.
Facilities – Care after Death	To provide assurance on the care after death service within the Facilities division, which commenced operations during January 2021.
Corporate Governance	To evaluate the Board Assurance Framework (BAF) process and supporting arrangements that are embedded within the Health Board's governance structure.
Flu Immunisation	The review sought to provide assurance that the flu immunisation programme in place for staff, and the governance arrangements over the community programme are working efficiently to provide maximum protection during the seasonal flu campaign.
Mental Capacity Act	To assess the extent to which the Health Board complies with the Principles of the Mental Capacity Act, including in respect of the 'Do Not Attempt Cardiopulmonary Resuscitation' (DNACPR) process.
Flow Centre	This audit assessed the processes within the Flow Centre Team of the Health Board for: <ul style="list-style-type: none"> <li>ensuring patients are cared for in the right place, at the right time;</li> </ul>

Review Title	Objective
	<ul style="list-style-type: none"> <li>ensuring local co-ordination with other partners; and</li> <li>providing a single point of contact for transferring patients into and between hospital sites.</li> </ul>
Risk Management	To provide an opinion on the effectiveness of the risk management arrangements in place within the Health Board to ensure strategic objectives are achieved.
IT System Controls	To provide assurance that data held within the Welsh Radiology Information System is accurate, secure from unauthorised access and loss, and that the system is fully used and fits the needs of the service.
Tredegar Health and Wellbeing Centre	The audit was undertaken to review the delivery and management arrangements in place to progress the Tredegar Health & Wellbeing Centre project; and the performance to date against its key delivery objectives i.e. time, cost and quality.
GUH: Follow-up	The audit sought to determine the status of agreed audit recommendations contained within previous Grange University Hospital project audit reports.
GUH: Quality	The agreed audit brief sought to provide assurance in the area of Quality Assurance, focusing on an assessment of the delivery Grange University Hospital building against the key business case objectives.
Waste Management	The audit was undertaken to assess the Health Board's compliance with relevant waste management legislation and guidance, and progress towards agreed national and local waste reduction targets.

## 5.4 Limited Assurance (Amber)



In the following review areas, the Board can take only **limited assurance** that arrangements to secure governance, risk management and internal control, within those areas under review, are suitably designed and applied

effectively. More significant matters require management attention with moderate impact on residual risk exposure until resolved.

Review Title	Objective
Continuing Healthcare	To provide assurance that there are robust commissioning arrangements in place within the Mental Health and Learning Disabilities Division, focusing on quality and safety.
NIS Directive	To review arrangements in place for the implementation of the NIS (Network and Information Systems) Directive in the Health Board, including the Cyber Assessment Framework (CAF), improvement plan and overarching governance.

## 5.5 No Assurance (Red)



No reviews were assigned a 'no assurance' opinion.

## 5.6 Assurance Not Applicable (Grey)



The following reviews were undertaken as part of the audit plan and reported without the standard assurance rating indicator, owing to the nature of the audit approach. The level of assurance given for these reviews are deemed not applicable – these are reviews and other assistance to management, provided as part of the audit plan, to which the assurance definitions are not appropriate but which are relevant to the evidence base upon which the overall opinion is formed.

Review Title	Objective
Datix (Support of Incident Management)	The review sought to provide the Health Board with an overview of testing completed within other audits that a sample of incidents entered onto Datix are being managed appropriately and in accordance with the Incident Reporting Policy.

Review Title	Objective
Follow-up of High Priority Recommendations	The review sought to determine if a sample of high priority recommendations had been implemented or recognised as still outstanding on the Audit Recommendation Tracking Tool.

## 5.7 Deferred Audits

Additionally, the following audits were deferred for the reasons outlined below. We have considered these reviews and the reason for their deferment when compiling the Head of Internal Audit Opinion.

Review Title	Reason for Deferral
Quality Framework	Deferred to the 22/23 plan due to Covid related pressures on the Health Board.
Clinical Future – Care Closer to Home	Deferred to the 22/23 plan due to Covid related pressures on the Health Board.
Monitoring Action Plans	Deferred to the 22/23 plan due to Covid related pressures on the Health Board.
Catering	Deferred due to an internal review scheduled by the Health Board.
Agile Working	Deferred to the 22/23 plan due to Covid related pressures on the Health Board.
Decarbonisation	The Health Board is not required to publish its Decarbonisation Action Plan until March 2022 and we will be unable to fully consider the expenditure and initial capital allocations until after that date.

## 2021 / 22 Audits still in Progress

The following reviews from the 2021/22 Internal Audit Plan are still in progress:

Review Title	Objective
Medical Equipment and Devices	We sought to confirm that medical equipment and devices are being appropriately managed.

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## Audits undertaken at NWSSP

We undertook the following reviews at NWSSP:

Review Title	Objective
Accounts Payable	The purpose of the audit review was to evaluate and determine the adequacy of the systems and controls in place over the management of the NWSSP Procure to Pay (P2P) service.
Payroll	The overall objective of this audit was to evaluate and determine the adequacy of the systems and controls in place for payroll processing across NHS Wales.
Primary Care Services	The overall objective of this audit was to evaluate and determine the adequacy of the systems and controls in place for primary care services across NHS Wales.

## 6. ACKNOWLEDGEMENT

In closing I would like to acknowledge the time and co-operation given by Directors and staff of the organisation to support delivery of the Internal Audit assignments undertaken within the 2021/22 plan.

Simon Cookson

Pennaeth yr Archwiliad Mewnol/Head of Internal Audit

Gwasanaethau Archwilio a Sicrwydd/Audit and Assurance Services

Partneriaeth Cydwasanaethau GIG Cymru/NHS Wales Shared Services Partnership

May 2022

**Appendix A**

<b>ATTRIBUTE STANDARDS</b>	
<b>1000 Purpose, authority and responsibility</b>	Internal Audit arrangements are derived ultimately from the NHS organisation's Standing orders and Financial Instructions. These arrangements are embodied in the Internal Audit Charter adopted by the Audit, Risk and Assurance Committee on an annual basis.
<b>1100 Independence and objectivity</b>	Appropriate structures and reporting arrangements are in place. Internal Audit does not have any management responsibilities. Internal audit staff are required to declare any conflicts of interests. The Head of Internal Audit has direct access to the Chief Executive and Audit, Risk and Assurance Committee chair.
<b>1200 Proficiency and due professional care</b>	Staff are aware of the Public Sector Internal Audit Standards and code of ethics. Appropriate staff are allocated to assignments based on knowledge and experience. Training and Development exist for all staff. The Head of Internal Audit is professionally qualified.
<b>1300 Quality assurance and improvement programme</b>	Head of Internal Audit undertakes quality reviews of assignments and reports as set out in internal procedures. Internal quality monitoring against standards is performed by the Head of Internal Audit and Director of Audit & Assurance. Audit Wales complete an annual assessment. An EQA was undertaken in 2018.
<b>PERFORMANCE STANDARDS</b>	
<b>2000 Managing the internal audit activity</b>	The Internal Audit activity is managed through the NHS Wales Shared Services Partnership. The audit service delivery plan forms part of the NWSSP integrated medium term plan. A risk based strategic and annual operational plan is developed for the organisation. The operational plan gives detail of






	specific assignments and sets out overall resource requirement. The audit strategy and annual plan is approved by Audit, Risk and Assurance Committee. Policies and procedures which guide the Internal Audit activity are set out in an Audit Quality Manual. There is structured liaison with Audit Wales, HIW and LCFS.
<b>2100 Nature of work</b>	The risk based plan is developed and assignments performed in a way that allows for evaluation and improvement of governance, risk management and control processes, using a systematic and disciplined approach.
<b>2200 Engagement planning</b>	The Audit Quality Manual guides the planning of audit assignments which include the agreement of an audit brief with management covering scope, objectives, timing and resource allocation.
<b>2300 Performing the engagement</b>	The Audit Quality Manual guides the performance of each audit assignment and report is quality reviewed before issue.
<b>2400 Communicating results</b>	<p>Assignment reports are issued at draft and final stages. The report includes the assignment scope, objectives, conclusions and improvement actions agreed with management. An audit progress report is presented at each meeting of the Audit, Risk and Assurance Committee.</p> <p>An annual report and opinion is produced for the Audit, Risk and Assurance Committee giving assurance on the adequacy and effectiveness of the organisation's framework of governance, risk management and control.</p>
<b>2500 Monitoring progress</b>	An internal follow-up process is maintained by management to monitor progress with implementation of agreed management actions. This is reported to the Audit, Risk and Assurance



	Committee. In addition audit reports are followed-up by Internal Audit on a selective basis as part of the operational plan.
<b>2600 Communicating the acceptance of risks</b>	If Internal Audit considers that a level of inappropriate risk is being accepted by management it would be discussed and will be escalated to Board level for resolution.

## Appendix B - Audit Assurance Ratings

We define the following levels of assurance that governance, risk management and internal control within the area under review are suitable designed and applied effectively:

	<b>Substantial assurance</b>	Few matters require attention and are compliance or advisory in nature. <b>Low impact</b> on residual risk exposure.
	<b>Reasonable assurance</b>	Some matters require management attention in control design or compliance. <b>Low to moderate impact</b> on residual risk exposure until resolved.
	<b>Limited assurance</b>	More significant matters require management attention. <b>Moderate impact</b> on residual risk exposure until resolved.
	<b>No assurance</b>	Action is required to address the whole control framework in this area. <b>High impact</b> on residual risk exposure until resolved.
	<b>Assurance not applicable</b>	Given to reviews and support provided to management which form part of the internal audit plan, to which the assurance definitions are not appropriate. These reviews are still relevant to the evidence base upon which the overall opinion is formed.



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## 2022 Audit Plan – Aneurin Bevan University Health Board

Audit year: 2022-23

Date issued: April 2022

Document reference: 2932A2022

This document has been prepared as part of work performed in accordance with statutory functions. Further information can be found in our [Statement of Responsibilities](#).

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# 2022 Audit Plan

## About this document

- 1 This document sets out the work I plan to undertake during 2022 to discharge my statutory responsibilities as your external auditor and to fulfil my obligations under the Code of Audit Practice.

## Impact of COVID-19

- 2 The COVID-19 pandemic has had an unprecedented impact on the United Kingdom and the work of public sector organisations.
- 3 While Wales is currently at Coronavirus Alert Level 0, Audit Wales will continue to monitor the position and will discuss the implications of any changes in the position with your officers.

## Audit of financial statements

- 4 I am required to issue a report on the Health Board's financial statements which includes an opinion on their 'truth and fairness' and the regularity of income and expenditure. I lay them before the Senedd together with any report that I make on them. In preparing such a report, I will:
  - give an opinion on your financial statements;
  - give an opinion on the proper preparation of key elements of your Remuneration and Staff Report; and
  - assess whether other information presented with the financial statements is prepared in line with guidance and consistent with the financial statements.
- 5 I will also report by exception on a number of matters which are set out in more detail in our [Statement of Responsibilities](#), along with further information about our work.
- 6 I do not seek to obtain absolute assurance on the truth and fairness of the financial statements and related notes but adopt a concept of materiality. My aim is to identify material misstatements, that is, those that might result in a reader of the accounts being misled. The levels at which I judge such misstatements to be material will be reported to the Audit, Finance and Risk Committee prior to completion of the audit.
- 7 Any misstatements below a trivial level (set at 5% of materiality) I judge as not requiring consideration by those charged with governance and therefore will not report them.
- 8 I will also report on your charitable funds' accounts. I will issue a separate Audit Plan for the audit of the charitable funds' accounts.
- 9 There have been no limitations imposed on me in planning the scope of this audit.

Audit of financial statement risks

10 The following table sets out the significant risks that have been identified for the audit of your financial statements.

Exhibit 1: audit of financial statement risks

Financial audit risks	Proposed audit response
Significant risks	
The risk of management override of controls is present in all entities. Due to the unpredictable way in which such override could occur, it is viewed as a significant risk [ISA 240.31-33].	We will: <ul style="list-style-type: none"><li>• test the appropriateness of journal entries and other adjustments made in preparing the financial statements;</li><li>• review accounting estimates for biases; and</li><li>• evaluate the rationale for any significant transactions outside the normal course of business.</li></ul>
Although COVID-19 restrictions have now been removed, there have been ongoing pressures on staff resources and of remote working that may impact on the preparation, audit and publication of accounts. There is a risk that the quality of the accounts and supporting working papers may be compromised leading to an increased incidence of errors. Quality monitoring arrangements may be compromised due to timing issues and/or resource availability.	We will discuss your closedown process and quality monitoring arrangements with the accounts preparation team and make arrangements to monitor the accounts preparation process. We will help to identify areas where there may be gaps in arrangements.



Financial audit risks	Proposed audit response
<b>Significant risks</b>	
<p>There continues to be increased funding streams and expenditure in 2021-22 to deal with the COVID-19 pandemic. These could have a significant impact on the risks of material misstatement and the shape and approach to our audit. Examples of issues include accounting for field hospital decommissioning and its associated costs; fraud, error and regularity risks of additional spending; valuation (including obsolescence) of year-end inventory including PPE; and estimation of annual leave balances.</p>	<p>We will identify the key issues and associated risks and plan our work to obtain the assurance needed for our audit.</p>
<p>The implementation of the 'scheme pays' initiative in respect of the NHS pension tax arrangements for clinical staff is ongoing. Last year we included an Emphasis of matter paragraph in the audit opinion drawing attention to your disclosure of the contingent liability. Applications to the scheme will close on 31 March 2022, and if any expenditure is made in-year, we would consider it to be irregular as it contravenes the requirements of Managing Welsh Public Money.</p>	<p>We will review the evidence one year on around the take-up of the scheme and the need for a provision, and the consequential impact on the regularity opinion.</p>

Financial audit risks	Proposed audit response
<b>Other areas of audit attention</b>	
<p>There is a risk that you will fail to meet your first financial duty to break even over a three-year period. The position at month 11 shows a breakeven position with a forecast breakeven position at the year-end. This, combined with the outturns for 2019-20 and 2020-21, predicts a three-year surplus of £276,000.</p> <p>Where you fail this financial duty, we will place a substantive report on the financial statements highlighting the failure and qualify your regularity opinion. Your current financial pressures increase the risk that management judgements and estimates could be biased in an effort to achieve the financial duty.</p>	<p>We will focus our testing on areas of the financial statements which could contain reporting bias.</p>
<p>Introduction of IFRS 16 Leases has been deferred until 1 April 2022. There may be considerable work required to identify leases and the COVID-19 national emergency may pose additional implementation risks. The 2021-22 accounts will need to disclose the potential impact of implementing the standard.</p>	<p>We will review the completeness and accuracy of the disclosures.</p>

- 11 In addition to my responsibilities in respect of the audit of the body's statutory financial statements set out above, I am also required to certify a return to the Welsh Government which provides information about the Health Board to support preparation of Whole of Government Accounts.

## Performance audit work

- 12 In addition to my Audit of Financial Statements, I must also satisfy myself that the Health Board has made proper arrangements for securing economy, efficiency, and effectiveness in its use of resources. I do this by undertaking an appropriate programme of performance audit work each year.

- 13 My work programme is informed by specific issues and risks facing the Health Board and the wider NHS in Wales. I have also taken account of the work that is being undertaken or planned by other external review bodies and by internal audit.
- 14 During 2020-21, I consulted public bodies and other stakeholders on how I will approach my duties in respect of the Well-being of Future Generations (Wales) Act 2015 for the period 2020-2025. In March 2021, I wrote to the 44 public bodies designated under the Act setting out my intentions, which include:
- carrying out specific examinations of how public bodies have set their well-being objectives, and
  - integrating my sustainable development principle examinations within my local audit programme
- 15 My auditors are liaising with the Health Board to agree the most appropriate time to examine the setting of well-being objectives.
- 16 **Exhibit 2** sets out my current plans for performance audit work in 2022.

**Exhibit 2: my planned 2022 performance audit work at the Health Board**

Theme	Approach/key areas of focus
<b>NHS Structured Assessment</b>	<p>Structured assessment will continue to form the basis of the work auditors do at each NHS body to examine the existence of proper arrangements for the efficient, effective, and economical use of resources.</p> <p>My 2022 structured assessment work will review the corporate arrangements in place at the Health Board in relation to:</p> <ul style="list-style-type: none"> <li>• governance and leadership;</li> <li>• financial management;</li> <li>• strategic planning; and</li> <li>• use of resources (such as digital resources, estates, and other physical assets).</li> </ul>
<b>All-Wales Thematic work</b>	<p>As part of my 2022 plan, I intend to undertake an assessment of the workforce risks that NHS bodies are experiencing currently and are likely to experience in the future. It will examine how local and national workforce planning activities are being taken forward to manage those risks and address short, medium and longer-term workforce needs. I will tailor this work to align to the responsibilities of individual NHS bodies in respect of workforce planning.</p>

Theme	Approach/key areas of focus
	I also plan to use an element of the 2022 audit fee to respond to aspects of service delivery where my insight and knowledge across Wales will provide value to NHS bodies. The exact focus of this work will be confirmed following a broader consultation on my overall programme of audit work for Audit Wales for 2022-23 and beyond (see <b>paragraphs 18 and 19</b> ).
<b>Locally focused work</b>	Where appropriate, I will also undertake performance audit work that reflects issues specific to the Health Board. The precise focus of this work will be agreed with executive officers and discussed at the Audit, Finance and Risk Committee.
<b>Implementing previous audit recommendations</b>	My structured assessment work will include a review of the arrangements that are in place to track progress against previous audit recommendations. This allows the audit team to obtain assurance that the necessary progress is being made in addressing areas for improvement identified in previous audit work. It also enables us to more explicitly measure the impact our work is having.

- 17 In addition to the work set out above in the audit plan for 2022-23, some prior years' audit work is outstanding. This includes thematic work on orthopaedics, unscheduled care, and financial efficiencies. That outstanding work will be delivered this year.
- 18 In March 2022, I published a [consultation](#) inviting views to inform our future audit work programme for 2022-23 and beyond. In particular, it considers topics that may be taken forward through my national value for money examinations and studies and/or through local audit work across multiple NHS, central government, and local government bodies. As we develop and deliver our future work programme, we will be putting into practice key themes in our new five-year strategy, namely:
- the delivery of a strategic, dynamic, and high-quality audit programme; supported by
  - a targeted and impactful approach to communicating and influencing.
- 19 The possible areas of focus for future audit work that we set out in the consultation were framed in the context of three key themes from our [Picture of Public Services](#) analysis in autumn 2021, namely: a changing world; the ongoing pandemic; and

transforming service delivery. We also invited views on possible areas for follow-up work.

- 20 We will provide updates on the performance audit programme through our regular updates to the Audit, Finance and Risk Committee.

## Fee, audit team and timetable

- 21 My fees and the planned timescales for completion of the audit are based on the following assumptions:
- the financial statements are provided to the agreed timescales, to the quality expected and have been subject to quality assurance review;
  - information provided to support the financial statements is in accordance with the agreed audit deliverables document<sup>1</sup>;
  - appropriate facilities and access to documents are provided to enable my team to deliver our audit in an efficient manner;
  - all appropriate officials will be available during the audit;
  - you have all the necessary controls and checks in place to enable the Accounting Officer to provide all the assurances that I require in the Letter of Representation addressed to me; and
  - Internal Audit's planned programme of work is complete, and management has responded to issues that may have affected the financial statements.

## Fee

- 22 As set out in our [Fee Scheme 2022-23](#), our fee rates for 2022-23 have increased by 3.7%, as a result of the need to continually invest in audit quality and in response to increasing cost pressures. The previous increase to our fee rates was in 2016. The estimated fee for 2022 is set out in **Exhibit 3**, alongside the previous year's actual fees. This year's estimated fee represents a 3.66% increase.

<sup>1</sup> The agreed audit deliverables documents set out the expected working paper requirements to support the financial statements and include timescales and responsibilities.

**Exhibit 3: audit fee**

Audit area	Proposed fee for 2022 (£) <sup>2</sup>	Actual fee for 2021 (£)
<b>Audit of Financial Statements</b>	<b>£228,176</b>	<b>£220,154</b>
<b>Performance audit work:</b>		
• Structured Assessment	£53,574	£64,237
• All-Wales thematic review <sup>3</sup>	£74,060	£68,807
• Local projects	£30,999	£19,948
<b>Performance work total</b>	<b>£158,634</b>	<b>£152,992</b>
<b>Total fee</b>	<b>£386,809</b>	<b>£373,146</b>

- 23 Planning will be ongoing, and changes to our programme of audit work and therefore the fee, may be required if any key new risks emerge. We shall make no changes without first discussing them with the Director of Finance.
- 24 [Further information on my fee scales and fee setting can be found on our website.](#)

**Audit team**

- 25 The main members of the audit team, together with their contact details, are summarised in **Exhibit 4**.

**Exhibit 4: my local audit team**

Name	Role	Contact number	E-mail address
Richard Harries	Audit Director (Financial Audit), and Audit Wales Engagement Director for the Health Board	07789 397018	<a href="mailto:Richard.Harries@audit.wales">Richard.Harries@audit.wales</a>
Dave Thomas	Audit Director (Performance Audit)	029 20320604	<a href="mailto:Dave.Thomas@audit.wales">Dave.Thomas@audit.wales</a>

<sup>2</sup> The fees shown in this document are exclusive of VAT, which is not charged to you.

<sup>3</sup> As detailed in the respective audit plans.

Name	Role	Contact number	E-mail address
Tracy Veale	Audit Manager (Financial Audit)	07919 217438	<a href="mailto:Tracy.Veale@audit.wales">Tracy.Veale@audit.wales</a>
Andrew Doughton	Audit Manager (Performance Audit)	07812 094642	<a href="mailto:Andrew.Doughton@audit.wales">Andrew.Doughton@audit.wales</a>
Neall Hollis	Audit Lead (Financial Audit)	029 20320657	<a href="mailto:Neall.Hollis@audit.wales">Neall.Hollis@audit.wales</a>
Nathan Couch	Audit Lead (Performance Audit)	029 20320658	<a href="mailto:Nathan.Couch@audit.wales">Nathan.Couch@audit.wales</a>

- 26 There is one potential conflict of interest that I need to bring to your attention. Nathan Couch's wife is a Senior Nurse within the Unscheduled Care Division at the Health Board. Appropriate restrictions on audit practice have been identified to mitigate any audit independence risks arising from this.

## Timetable

- 27 The key milestones for the work set out in this plan are shown in **Exhibit 5**. As highlighted earlier, there may be a need to revise the timetable in light of developments with COVID-19.

### Exhibit 5: audit timetable

Planned output	Work undertaken	Report finalised
2022 Audit Plan	February to April 2022	April 2022

Planned output	Work undertaken	Report finalised
<b>Audit of Financial Statements work:</b> <ul style="list-style-type: none"> <li>• Audit of Financial Statements Report</li> <li>• Opinion on Financial Statements</li> </ul>	January to June 2022	June 2022
<b>Performance audit work:</b> <ul style="list-style-type: none"> <li>• Structured Assessment</li> <li>• All-Wales thematic work</li> <li>• Local project work</li> </ul>	Timescales for individual projects will be discussed with you and detailed within the specific project briefings produced for each study.	





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We welcome correspondence and  
telephone calls in Welsh and English.  
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galwadau ffôn yn Gymraeg a Saesneg.