

Audit, Risk & Assurance Committee

Tue 23 May 2023, 14:00 - 16:00

Microsoft Teams

Agenda

1. Preliminary Matters

 1.0 Audit_Risk & Assurance Committee Draft Accounts Agenda.v2.pdf (3 pages)

1.1. Welcome and Introductions

Oral *Chair*

1.2. Apologies for Absence


Oral *Chair*

1.3. Declarations of Interest

Oral *Chair*

1.4. Draft Minutes of the Meeting held on 18 April 2023

Paper *Chair*

 1.4 Draft Minutes Audit_Risk Assurance Committee_18_04_23 Chair Approved.pdf (9 pages)

1.5. Committee Action Log

Paper *Chair*

 1.5 Draft Audit Risk Assurance Committee Action Log May 2023.pdf (3 pages)

2. ITEMS FOR APPROVAL/RATIFICATION/DECISION

Verbal *Chair*

Nothing for Approval/Decision

3. ITEMS FOR DISCUSSION


3.1. Review of the Draft Annual Report 2022/23, including:

Paper *Director of Corporate Governance*

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

 3.1 Cover Report Annual Report.pdf (5 pages)

 3.1a Performance Report 2023.pdf (36 pages)

 3.1b FINAL DRAFT Accountability Report 2022.23 11.05.23.pdf (112 pages)

3.2. Review of the Draft Financial Statements 2022/23 (Part 3), including:

Paper *Director of Finance, Procurement & Value*

a) Annual Accounts 2022/23


 3.2 2022-23 Draft accounts report.pdf (16 pages)

 3.2a ABUHB 2022-23 Draft Annual Accounts.pdf (77 pages)

3.3. Audit Enquiries to those Charged with Governance and Management

Paper *Director of Finance, Procurement & Value*

 3.3 Audit Enquiries Cover Report.pdf (3 pages)

 3.3a ABUHB Audit Enquiries Management Letter 2022-23 FINAL.pdf (42 pages)

3.4. Receive the Internal Audit Progress Report

Paper *Deputy Head of Internal Audit*

 3.4 AB Internal Audit and Assurance Progress Report May 2023 ARA Committee .pdf (7 pages)

3.5. Receive Internal Audit Reports


Paper *Deputy Head of Internal Audit*

3.5.1. Reasonable Assurance Internal Audit Reports

Paper *Deputy Head of Internal Audit*

- Development of a Regional Radiotherapy Satellite Centre (RSC) at Nevill Hall Hospital
- Royal Gwent Hospital Redevelopment & Expansion of Endoscopy Services

 3.5a Final Audit Report Development of a Regional Radiotherapy Satellite Centre (RSC) (1).pdf (25 pages)

 3.5a Final Internal Audit Report -RGH Redevelopment and Expansion of Endoscopy Services.pdf (32 pages)

3.6. Receive the Final Internal Audit Plan 2023/24

Paper *Deputy Head of Internal Audit*

 3.6 ABUHB_2023-24_FINAL Internal Audit Plan for ARA Committee.pdf (31 pages)

3.7. Receive the External Audit Progress Report

Paper *Performance Audit Lead, Audit Wales*

 3.7 Audit Risk and Assurance Committee Update - May 2023.pdf (10 pages)

3.8. Receive the Final Audit Wales Plan 2023/24

Paper *Performance Audit Lead, Audit Wales*

 3.8 ABU Detailed Audit Plan 2023 final.pdf (28 pages)

4. ITEMS FOR INFORMATION

Oral *Chair*

5. OTHER MATTERS

5.1. Items to be Brought to the Attention of the Board and Other Committees

Oral *Chair*

5.2. Any Other Urgent Business

Oral *Chair*

5.3. Date of the Next Meeting:

Oral *Chair*

Final Annual Accounts

Tuesday 18th July 2023 09:30-11:30

6. Close of Meeting

Oral *Chair*



**CYFARFOD BWRDD IECHYD PRIFYSGOL
ANEURIN BEVAN
ANEURIN BEVAN UNIVERSITY HEALTH BOARD
MEETING**

**AUDIT, RISK & ASSURANCE COMMITTEE
AGENDA**

Date and Time	Tuesday 23rd May 2023 at 14:00 – 16:00
Venue	Microsoft Teams

Item	Title	Format	Presenter
1	PRELIMINARY MATTERS		
1.1	Welcome and Introductions	Oral	Chair
1.2	Apologies for Absence	Oral	Chair
1.3	Declarations of Interest	Oral	Chair
1.4	Draft Minutes of the last Meeting held on 18 April 2023	Attached	Chair
1.5	Committee Action Log	Attached	Chair
2	ITEMS FOR APPROVAL/RATIFICATION/DECISION		
	No Items for Approval/Decision		
3	ITEMS FOR DISCUSSION		
3.1	<p>Review of the Draft Annual Report 2022/23, including:</p> <ul style="list-style-type: none"> a) Performance Report (Part 1) b) Accountability Report (Part 2) <ul style="list-style-type: none"> i. Corporate Governance Report ii. Remuneration and Staff Report iii. Parliamentary Accountability & Audit Report 	Attached	Director of Corporate Governance
3.2	<p>Review of the Draft Financial Statements 2022/23 (Part 3), including:</p> <ul style="list-style-type: none"> a) Annual Accounts 2022/23 	Attached	Director of Finance, Procurement & Value



3.3	Audit Enquiries to those charged with Governance and Management	Attached	Director of Finance, Procurement & Value
3.4	Receive Internal Audit Progress Report	Attached	Deputy Head of Internal Audit
3.5	Receive Internal Audit Reports		
3.5a	Reasonable Assurance Rated Reviews: <ul style="list-style-type: none"> • Development of a Regional Radiotherapy Satellite Centre (RSC) at Nevill Hall Hospital • Royal Gwent Hospital Redevelopment & Expansion of Endoscopy Services 	Attached	
3.6	Receive the Final Internal Audit Plan 2023/24	Attached	Deputy Head of Internal Audit
3.7	Receive External Audit Progress Report	Attached	Performance Audit Lead, Audit Wales
3.8	Receive External Audit Plan 2023/24	Attached	Performance Audit Lead, Audit Wales
4	ITEMS FOR INFORMATION		
	No Items Received	Attached	Chair
5	OTHER MATTERS		
5.1	Items to be Brought to the Attention of the Board and Other Committees	Oral	Chair
5.2	Any Other Urgent Business	Oral	Chair
5.3	Date of the Next Meeting: <ul style="list-style-type: none"> • Final Annual Accounts – Tuesday 18th July 2023 09:30 – 11:30 • Business Meeting – Tuesday 12th September 09:30 – 12:00 		



KEY:	
Priority 1	• Every Child has the Best Start in Life
Priority 2	• Getting it Right for Children and Young Adults
Priority 3	• Adults in Gwent Live Healthily and Age Well
Priority 4	• Older Adults are Supported to Live Well and Independently
Priority 5	• Dying Well as part of Life
Enablers	<ul style="list-style-type: none"> • Experience, Quality & Safety • Partnership First • Research, Innovation, Improvement, Value • Workforce & Organisational Development • Finance • Digital, Data, Intelligence • Estate • Regional Solutions • Governance

Motion to Exclude Members of the Public and the Press

There may be circumstances where it would not be in the public interest to discuss a matter in public. In such cases the Chair shall move the following motion to exclude members of the public and the press from the meeting:

“Representatives of the press and other members of the public shall be excluded from the remainder of this meeting having regard to the confidential nature of the business to be transacted, publicity on which would be prejudicial to the public interest”.

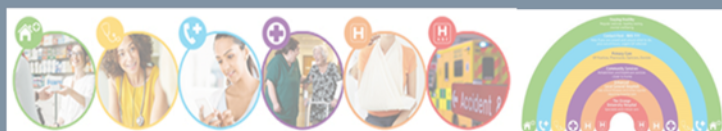
Motion under Section 1(2) Public Bodies (Admission to Meetings) Act 1960



COMMITTEE	Audit, Risk & Assurance Committee
DATE OF MEETING	Tuesday 18 th April 2023
VENUE	Microsoft Teams

PRESENT	Iwan Jones (Chair)
	Richard Clark (Vice Chair)
	Shelley Bosson
	Paul Deneen
IN ATTENDANCE	Rob Holcombe, Director of Finance, Procurement & Value
	Rani Dash, Director of Corporate Governance
	Nicola Prygodzicz, Chief Executive Officer (<i>left at 10:45</i>)
	Mark Ross, Assistant Finance Director
	Michelle Morris, Head of Counter Fraud
	Stephen Chaney, Deputy Head of Internal Audit, NHS Wales SSP
	David Butler, Auditor, Internal Audit, NHS Wales SSP
	Nathan Couch, Audit Lead (Performance), Audit Wales
	Andrew Doughton, Audit Manager (Performance), Audit Wales
	Neal Hollis, Audit Wales
	Amanda Legge, PPV Manager
	Sara Jeramiah, PPV Manager
	Dr James Calvert, Medical Director
	Leeanne Lewis, Assistant Director Patient, Quality & Safety
	Chris O'Connor, Interim Director of Primary Care, Community and Mental Health
	Jennifer Winslade, Director of Nursing
	Linda Alexander, Assistant Director of Nursing
	Sandra Mason, Assistant Director of Primary Care, Community and Mental Health
	Leanne Watkins, Director of Operations
	Kate Bradley, Directorate Manager, T&O
Andrew Walker, Project Director	
Lucy Windsor, Corporate Services Manager	

ARAC/1804/01	Welcome and Introductions The Chair welcomed members to the meeting.
ARAC/1804/02	Apologies for Absence <ul style="list-style-type: none"> Danielle O'Leary, Head of Risk & Assurance



	<ul style="list-style-type: none"> • Richard Harries, Audit Wales • Tracy Veale, Audit Wales
ARAC/1804/03	<p>Declarations of Interest</p> <p>There were no Declarations of Interest raised relating to items on the agenda.</p>
ARAC/1804/04	<p>Committee Action Log</p> <p>It was noted that all actions within the Committee's action log had been completed or were in progress, as outlined within the paper.</p>
ARAC/1804/05	<p>Minutes of the Previous Meeting</p> <p>The minutes of the meeting held on were agreed as a true and accurate record.</p>
	<p>ITEMS FOR APPROVAL/RATIFICATION/DECISION</p>
ARAC/1804/06	<p>Audit, Risk & Assurance Committee Annual Report 2022/23</p> <p>Rani Dash (RD), Director of Corporate Governance, presented the Committee's Annual Report and asked the Committee for endorsement prior to submission to the Board in May.</p> <p>The Chair requested that section 7.1 be reworded in respect of delays in implementing audit recommendations, prior to submission.</p> <p>ACTION: Committee Secretariat</p> <p>Subject to the comments above, the Committee ENDORSED the Audit, Risk & Assurance Committee Annual Report 2022/23.</p>
	<p>Audit, Risk & Assurance Committee Work Plan 2023/24</p> <p>Rani Dash (RD), Director of Corporate Governance, presented the Committee Workplan for 2023/24, noting that the work plan was linked to the Committee's Terms of Reference (ToR) and delegated responsibilities.</p> <p>The Committee requested clarification on the scheduling of deferred items; RD responded that standardised reports would be reset to their scheduled date within the work plan, whereas Annual Reports could be interchangeable depending on requirements.</p> <p>The Committee APPROVED the Audit, Risk & Assurance Committee Work Plan 2023/24.</p>
ARAC/1804/07	<p>Use of Single Tender Waivers</p> <p>Mark Ross (MR), Assistant Finance Director, presented the report highlighting the Single Quotations / Actions that had been submitted and approved for the period 11th January 2023 to 24th March 2023.</p>



	<p>It was observed that the spreadsheet did not display all the data as described in the report. The Committee requested that the full spreadsheet be distributed following the meeting.</p> <p>ACTION: Committee Secretariat</p> <p>Subject to the action above, the Committee APPROVED the use of Single Tender Waivers.</p>
<p>ARAC/1804/08</p>	<p>Financial Governance Report and Ratify Financial Control Procedures</p> <p>Mark Ross (MR), Assistant Finance Director, presented the Financial Governance Report and requested the approval of the two (2) Financial Control Procedures listed below.</p> <ul style="list-style-type: none"> • General Ledger • Policy and Governance approach for Commissioning Additional (External & Insourced) Non-NHS Clinical Services <p>The Chair inquired whether an annual review of personnel access to the ledger was performed; MR responded that it had not previously been performed, but that it would be explored and if feasible implemented as an annual exercise.</p> <p>The Committee NOTED the Governance Report and APPROVED the Financial Control Procedures.</p>
<p>ARAC/1804/09</p>	<p>Counter Fraud Annual Plan 2023/24</p> <p>Michelle Morris (MM), Head of Counter Fraud, provided a summary of the plan noting it encompassed all the components of Government Functional Standard GovS 013 related to Counter Fraud.</p> <p>The Committee was informed that the All-Wales Finance Academy had developed a counter-fraud training programme that would be available on SharePoint imminently and that face-to-face training would be restarted in the near future.</p> <p>The Committee noted that the People and Culture Committee would be considering what is classified as mandatory training and that the frequency of key training was to be discussed.</p> <p>The Committee APPROVED the Counter Fraud Annual Plan 2023/24.</p>
<p>ARAC/1804/10</p>	<p>Ratification of the Clinical Audit Plan</p> <p>Dr James Calvert (JC), Medical Director, provided an overview, noting that the report described the process being undertaken to develop a Clinical Audit Plan.</p> <p>JC explained that both the process and the plan were new initiatives for the Health Board and that they were part of an</p>



ambition to develop a "Quality Management System" that underpinned regular review of outcomes and linked them to time-bound improvement plans prior to re-audit. Furthermore, JC stated that the divisional consultation could not be completed within the previously planned timeframe and that additional work was required to ensure that the plan fitted into the wider quality and safety assurance framework.

The Committee expressed concern about the lack of a plan, noting that ratification of the plan had been deferred from the 2022/23 work plan and asked for assurance about when the plan could be expected. Rani Dash (RD) commented that the Committee should be able to take assurance that, in the absence of the detailed annual plan, an overarching approach and strategy were in place and that the plan being developed would be deliverable in-line with consistent standards.

JC informed members that the Clinical Audit Plan had been scheduled for the Patient Quality, Safety and Outcomes Committee (PQSOC) in June and then to the subsequent Audit, Risk and Assurance Committee for ratification.

The Committee **NOTED** the report's contents and the approach to finalise the Clinical Audit Plan.

ITEMS FOR DISCUSSION

ARAC/1804/11

Annual Report on Clinical Audit Activity

Dr James Calvert (JC), Medical Director, provided an overview, noting that the clinical audit team had not previously produced an Annual Report, that preparation had taken longer than expected, and that the PQSOC would ratify the 2022/23 annual report in June.

The Committee was informed that the Quality and Patient Safety (QPS) clinical audit team records national and local audits on the Audit Management and Tracking system (AMaT). Clinical Leads provide local data to the Clinical Standards and Effectiveness Group (CSEG) in response to report recommendations, ensuring service alignment and detailing Health Board results using SMART goals. It was expected that as part of the new reporting process, audit reports would include a summary of areas of practice that meet guideline/audit standards and specific, measurable, achievable, realistic, and time-bound action plans for areas requiring improvement so that implementation could be tracked.

Paul Deneen (PD), Independent Member, queried how the Health Board obtained assurance of commissioned services in terms of clinical audit and quality of service. Executive members confirmed that assurances are obtained through independent reports as well as a Chair's report from WHSSC's Quality Committee, submitted to the PQSOC. Additionally, quarterly meetings with the Health Board's Patient Safety &



	<p>Quality team and WHSSC are held to discuss quality and review performance dashboards.</p> <p>It was noted that, under its new format, the Executive Committee would receive outcomes of audits by exception (outliers) at its monthly performance meeting.</p> <p>The Committee NOTED the contents of the report.</p>
<p>ARAC/1804/12</p>	<p>Annual Report on Counter Fraud Activity Michelle Morris (MM), Head of Counter Fraud, provided a summary of the Annual report.</p> <p>Shelley Bosson (SB), Independent Member, requested that for the 2023/24 Annual Report, an analysis on year-on-year overpayment of salaries be included.</p> <p>The Chair requested that MM provide an update to the Committee at a future meeting on the resources available and whether they were sufficient to meet the number of days committed to investigation.</p> <p>The Committee NOTED the content of the Annual Report.</p>
<p>ARAC/1804/13</p>	<p>Strategic Risk & Assurance Report Rani Dash (RD), Director of Corporate Governance, presented the Committee with an overview, as of 31st March 2023.</p> <p>The Committee noted the work being undertaken to strengthen risk escalation processes, including clarification on the levels within the hierarchy to support escalation.</p> <p>The revised risk register would be explicit in which risks had been delegated to committees, and the revised strategy would clarify committees' roles in terms of committees not managing risks but seeking assurance around risk management.</p> <p>Shelley Bosson (SB), Independent Member, requested an update on the new risk 'Reinforced Autoclaved Aerated Concrete (RAAC) within structures.' RD advised that risk assessments were underway and would be submitted to Welsh Government.</p> <p>The Committee NOTED the contents of the report.</p>
<p>ARAC/1804/14</p>	<p>Review of Audit Recommendations Tracking Rani Dash (RD), Director of Corporate Governance, presented the Committee with an overview, as of 31st March 2023, against all identified internal and external audit recommendations and implementation status.</p> <p>The Committee noted the work undertaken with Executive Directors to address the number of overdue recommendations and was encouraged by the progress made since the last iteration of the report.</p>



	<p>RD stated that the Executive team had agreed to review all remaining overdue recommendations by the end of April so that the position reported to the Committee at the next meeting would be a nil overdue position. RD also stated that monitoring the revised recommendations would be critical and that understanding the level of risk being held whilst work was undertaken to close the recommendation would be essential. The Head of Risk & Assurance had been tasked with conducting individual risk assessments and providing a detailed risk analysis.</p> <p>The Committee NOTED the content of the report and ENDORSED the 24 proposed revised time scales.</p>
<p>ARAC/1804/15</p>	<p>Mid-Year update in respect of Post-Payment Verification (PPV) Activity</p> <p>Amanda Legge (AL), PPV Manager, provided an overview of how practices had been performing over the previous 3 PPV cycles and highlighted the overall performance of the Health Board against the national averages.</p> <p>The Committee requested that future iterations of the report include context relating to the data around revisits.</p> <p>The Committee NOTED the content of the report.</p>
<p>ARAC/1804/16</p>	<p>Internal Audit Plan Progress Update</p> <p>Stephen Chaney (SCh), Deputy Head of Internal Audit, provided an update on the audits scheduled for 2022/23 noting that the final 8 reviews would be completed and submitted for the next Committee meeting.</p> <p>The Committee NOTED the Progress Report.</p>
<p>ARAC/1804/17</p>	<p>Substantial Assurance Rated Reviews:</p> <p>David Butler (DB) Auditor, Internal Audit provided an overview of the report.</p> <ul style="list-style-type: none"> • Cyber Security <p>The Committee NOTED the Substantial Assurance Rated Report.</p>
<p>ARAC/1804/18</p>	<p>Reasonable Assurance Rated Reviews:</p> <p>Stephen Chaney (SCh), Deputy Head of Internal Audit, provided an overview of the reasonable assurance reports listed below.</p> <ul style="list-style-type: none"> • Robotic Process Automation (RPA) • IT Strategy • Financial Sustainability • Risk Management



- Monitoring Action Plans

Robotic Process Automation (RPA)

Shelley Bosson (SB) questioned the RPA expansion business case. Rob Holcombe (RH) responded that stronger evidence of benefit realisation would be required before expanding the RPA provision, and that a paper could be prepared for the next Finance and Performance Committee to provide more detail on the cost and benefit realisation.

The Committee **NOTED** the Reasonable Assurance Internal Audit Reports.

ARAC/1804/19

Limited Assurance Rated Reviews

Bevan Health & Wellbeing Centre

Dave Butler (DB), Internal Auditor, supported by Andrew Walker (AW) Project Director provided an overview of the report.

AW informed the Committee that the project delays were due to foundation design and brickwork and that the contractor was claiming £1.9m in fees for delayed work, which had previously been rejected. Phase 3 completion had been pushed back to the first week of November, with Phase 4 not completed until July 2024.

The Committee expressed that strengthened governance arrangements at the Programme Board level were required.

Discharge Planning

Chris O'Connor (CO'C), Interim Director of Primary Care, Community, and Mental Health, and Jennifer Winslade (JW), Director of Nursing, reassured the Committee of the action plan in place to address the Audit report's recommendations.

The Committee was informed that JW had been identified as the Health Board's executive lead for discharge and that collaboration with local authority (LA) colleagues had been established to allow the Health Board to begin formally reporting the new Welsh Government data set that was required in relation to delayed discharge; however, the data required validation with LA colleagues.

Two pilots had begun: one in Royal Gwent, in collaboration with Newport and Monmouthshire Social Services, focusing on repatriating patients back into the community, and another in Nevill Hall, exploring different ways for Community Resource Teams (CRT) to pull patients back into the community. The Committee raised concerns about the timelines for some of the recommendations as well as the governance process. JW responded that the Discharge Improvement Board was part of



	<p>the Six Goals Programme, which reported to both the Executive Committee and the Regional Partnership Board (RPB), but also to PQSOC and the Board. In terms of timeframes, JW reassured the Committee that she expected the plan's actions to be completed before the deadline.</p> <p>The Committee NOTED the Limited Assurance Internal Audit Reports.</p>
ARAC/1804/20	<p>Internal Audit Draft Plan 2023/24</p> <p>Stephen Chaney (SCh), Deputy Head of Internal Audit, provided an overview of the draft plan for 2023/24, stating that the plan was developed based on risk, recommendations, and legislative changes and that it included flexibility and contingency to accommodate additional work or key emerging risks.</p> <p>Shelley Bosson (SB) requested that the Asset Management Audit be more explicit in the sub-area being audited.</p> <p>ACTION: Deputy Head of Internal Audit</p> <p>The Chair suggested that mandatory training be considered as future corporate review. Rani Dash (RD) stated that after the People and Culture Committee discussed the level of issues and risks, consideration would be given to commissioning a review later in the 2023/24 schedule.</p> <p>The Committee APPROVED the Internal Audit Plan for 2023/24 and the Internal Audit Charter; and NOTED the associated Internal Audit resource requirements and Key Performance Indicators.</p>
ARAC/1804/21	<p>External Audit Progress Report</p> <p>Nathan Couch (NC), Audit Lead (Performance), Audit Wales presented the Performance Update report noting completed work, work that had begun and planned work that had not yet begun.</p> <p>The Committee NOTED the Progress Report.</p>
ARAC/1804/22	<p>Audit Wales Outline Plan 2023/24</p> <p>Andrew Doughton (AD) Audit Manager (Performance), Audit Wales presented the outline plan.</p> <p>The Committee NOTED the Audit Wales Outline Plan 2023/24.</p>
ARAC/1804/23	<p>Audit Wales Orthopaedic National and Local Report and Management Response</p> <p>Andrew Doughton (AD), Audit Manager (Performance), Audit Wales, provided an overview of the reports.</p> <p>The Committee was informed that while surgery wait times were showing signs of recovery, demand outweighed capacity. The immediate concern, as well as the potential long-term concern,</p>



	<p>was the overall resource availability to the health sector, as well as the impact of the ageing population in the medium to long term.</p> <p>Shelley Bosson (SB) suggested that the PQSO Committee receive the management response and consider receiving an annual update report based on the questions included in the local report. Rani Dash (RD) agreed that an annual update report to PQSOC would be appropriate and would include it in the PQSOC work plan. She also confirmed that the GIRFT review had been received and that the Finance Performance Committee was monitoring performance.</p> <p>Recommendation 4 in the Management response would be amended to 'In Progress' as it was noted that the MSK Hub was not currently operational.</p> <p>ACTION: Director of Operations</p> <p>The Committee NOTED the Audit Wales Orthopaedic National and Local Report and Management Response.</p>
ARAC/1804/24	<p>NHS – Audit of Accounts Letter 2022/23</p> <p>Andrew Doughton (AD), Audit Manager (Performance), Audit Wales, provided an overview of the report, noting that extensive engagement had taken place at both national and local levels and that Audit Wales had been transparent about the additional challenges to delivering the Audit within the agreed timescales.</p> <p>The Committee NOTED the Audit of Accounts Letter 2022/23.</p>
	ITEMS FOR INFORMATION
ARAC/1804/25	<ul style="list-style-type: none"> Internal Audit Review of High-Priority Recommendations
ARAC/1804/26	<p>Items to be Brought to the Attention of the Patient Quality, Safety and Outcomes Committee</p> <ul style="list-style-type: none"> Clinical Audit Plan Orthopaedic Report
ARAC/1804/27	<p>Any Other Urgent Business</p> <ul style="list-style-type: none"> Nothing Raised
	<p>Date of the Next Meeting: Tuesday 23rd May at 14:00pm via Microsoft Teams</p>





Bwrdd Iechyd Prifysgol
Aneurin Bevan
University Health Board

CYFARFOD BWRDD IECHYD PRIFYSGOLN ANEURIN BEVAN
ANEURIN BEVAN UNIVERSITY HEALTH BOARD MEETING

Outstanding	In Progress	Not Due	Completed	Transferred to another Committee
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Committee Meeting	Minute Reference	Agreed Action	Lead	Target Date	Progress/ Completed
Dec 2022	AC0112/03 Consultant Job Planning	Following the implementation of the automated job planning process an update report is to be received at a future meeting to close off Audit Recommendations.	Secretariat / Medical Director	08 February 2024	Not Due Due to the Audit, Risk and Assurance Committee's 2023/24 schedule, an update has been scheduled for February 2024. This ensures enough time between implementation and progress to be reported. The People and Culture Committee will receive an update on progress at its meeting on, 18 th October 2023.
April 2023	ARAC/1804/06 Audit, Risk & Assurance Committee	Section 7.1 is to be reworded prior to submission to the Board in May.	Director of Corporate Governance	10 May 2023	Completed The report has been updated and submitted for inclusion in Board Papers for May.



Bwrdd Iechyd Prifysgol
Aneurin Bevan
University Health Board

Committee Meeting	Minute Reference	Agreed Action	Lead	Target Date	Progress/ Completed
	Annual Report 2022/23				
April 2023	ARAC/1804/14 Strategic Risk & Assurance Report	An update on the new risk CRR046 - Reinforced Autoclaved Aerated Concrete (RAAC) within structures to be obtained from the Planning Team and circulated to Committee Members.	Chief Executive Officer	23 May 2023	In progress. An update will be provided at the Board In Committee meeting in May.
April 2023	ARAC/1804/20 Internal Audit Draft Plan 2023/24	The Asset Management Audit to be more explicit in the sub-area being audited.	Deputy Head of Internal Audit	23 May 2023	Completed. The Asset Management Audit has been split into 2 sections. Section 1 Medical Devices and Equipment Section B other assets over £5k.

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.



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



DYDDIAD Y CYFARFOD: DATE OF MEETING:	23 May 2023
CYFARFOD O: MEETING OF:	Audit, Risk and Assurance Committee
TEITL YR ADRODDIAD: TITLE OF REPORT:	Draft Annual Report 2022/23
CYFARWYDDWR ARWEINIOL: LEAD DIRECTOR:	Rani Dash, Director of Corporate Governance
SWYDDOG ADRODD: REPORTING OFFICER:	Bryony Codd, Head of Corporate Governance

Pwrpas yr Adroddiad
Purpose of the Report

Ar Gyfer Trafodaeth/For Discussion

ADRODDIAD SCAA
SBAR REPORT

Sefyllfa / Situation

This paper presents to the Audit, Risk and Assurance Committee the first draft Performance and Accountability Reports 2022/23. In line with Chapter 3 of the Manual for Accounts: Annual Report and 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.

Audit Wales previously advised that the introduction of the new auditing standard would fundamentally impact on how Audit Wales will undertake the 2022-23 audit, with the current certification deadline being extended to 31st July 2023.

Currently, the Health Board's Standing Orders require the Health Board to hold an AGM in public no later than 31 July each year. However, in light of the revised timetable for Audit Wales to submit final Annual Reports and Accounts to HSSG Finance for the reporting period 2022-2023, the Health Board is now unable to hold its AGM in July 2023 as planned.

A temporary amendment to the Standing Order's has therefore been proposed – to hold the AGM in public no later than the 28th September 2023 - A report has been prepared for consideration by the Board at its meeting on 25th May to formally

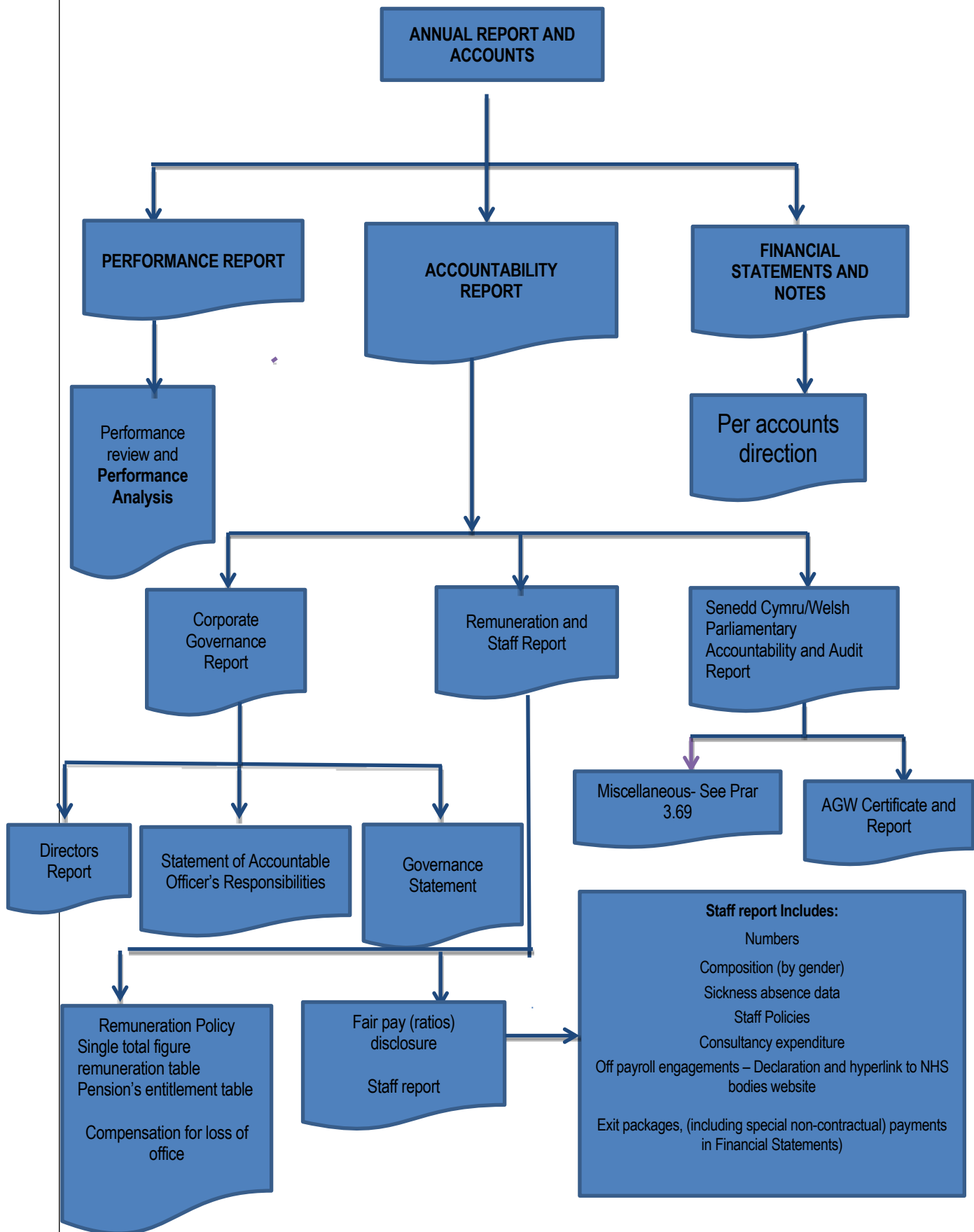
endorse a variation in standing orders in respect of the temporary arrangements for the AGM in 2023.

Cefndir / Background

This paper presents to the Audit, Risk and Assurance Committee the first draft Performance Report and Accountability Report 2022/23. 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:

- The Performance Report, which must include:
 - An overview.
 - Performance analysis
- The Accountability Report, which must include:
 - A Corporate Governance Report.
 - A Remuneration and Staff Report.
 - Senedd Cymru/Welsh Parliament Accountability and Audit Report.
- The Financial Statements, including:
 - The Audited Annual Accounts 2022-23.

Outline Structure



Asesiad / Assessment

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

The timetable for submission is outlined below:

Annual Reports 2021/22 - Key Dates	2022	
Draft Performance Report Overview, Accountability Report and Remuneration Report to WG	Fri	12-May
Draft Reports to ARA Committee Members	Tue	16-May
AARA Committee meeting to Consider Draft Accounts and Draft Accountability Report	Tue	23-May
Final Accounts & Accountability Report to Audit Committee Members	Wed	12-July
ARA Committee meeting to Consider Final Accounts, and Accountability Report	Tues	18-July
Board meeting to approve Final Accounts and Accountability Report	Wed	19-July
Final Annual Report Deadline for Submission to WG – Annual Report and Accounts as a single unified document	Mon	31-July
Annual General Meeting – to receive the Annual Report and Accounts	Wed	27-Sept

In line with the required timescales, the first draft report was submitted to Welsh Government and Audit Wales by 12th May 2023. These documents continue to be working documents, based on template guidance and are subject to ongoing refinement.

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 18th July 2023.

Argymhelliad / Recommendation

The Audit, Risk and Assurance 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 12th July 2023.

Amcanion: (rhaid cwblhau)

Objectives: (must be completed)

Cyfeirnod Cofrestr Risg
Corfforaethol a Sgôr Cyfredol:
Corporate Risk Register
Reference and Score:

Safon(au) Gofal ac Iechyd:
Health and Care Standard(s):

Governance, Leadership and Accountability
Choose an item.
Choose an item.
Choose an item.

Blaenoriaethau CTCI IMTP Priorities Link to IMTP	Not Applicable Choose an item.
Galluogwyr allweddol o fewn y CTCI Key Enablers within the IMTP	Governance
Amcanion cydraddoldeb strategol Strategic Equality Objectives Strategic Equality Objectives 2020-24	Not Applicable Choose an item. Choose an item. Choose an item.

Gwybodaeth Ychwanegol: Further Information:

Ar sail tystiolaeth: Evidence Base:	
Rhestr Termau: Glossary of Terms:	
Partion / Pwyllgorau â ymgynhorwyd ymlaen llaw y Cyfarfod Bwrdd Iechyd Prifysgol: Parties / Committees consulted prior to University Health Board:	

Effaith: (rhaid cwblhau) Impact: (must be completed)

Asesiad Effaith Cydraddoldeb Equality Impact Assessment (EIA) completed	No does not meet requirements An EQIA is required whenever we are developing a policy, strategy, strategic implementation plan or a proposal for a new service or service change. If you require advice on whether an EQIA is required contact ABB.EDI@wales.nhs.uk
Deddf Llesiant Cenedlaethau'r Dyfodol – 5 ffordd o weithio Well Being of Future Generations Act – 5 ways of working https://futuregenerations.wales/about-us/future-generations-act/	Not Applicable Choose an item.



Aneurin Bevan University Health Board Annual Report and Annual Accounts 2022/23

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 2022/23, 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 1st April 2022 to 31st March 2023 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.

Section One – The Performance Report	
1. Overview 2. Reporting Requirements 3. Aneurin Bevan University Health Board 4. Integrated Medium Term Plan 2022/23 – Life Course <ul style="list-style-type: none"> • Delivering the IMTP Priorities 2022/23 5. Integrated Medium Term Plan 2022/23 – Priority Programmes 6. Integrated Medium Term Plan 2022/23 – Quality and Safety 7. Putting Things Right 8. Well Being of Future Generations 9. Welsh Language Requirements 10. Financial Management and Performance 11. Conclusion and Forward Look	
Section Two – The Accountability Report	
Corporate Governance Report <ul style="list-style-type: none"> • Directors Report • Statement of Accountable Officer’s Responsibilities • Annual Governance Statement 	
Remuneration and Staff Report	
Parliamentary Accountability and Audit Report	
Section Three – The Financial Statements	
The Audited Annual Accounts 2022-23	

Performance Report 2022/23

1. Overview

Across the past twelve months our organisation has remained under sustained operational pressure at levels that, pre-Covid 19, would only have been seen in the winter period. 2022/23 brought increases in demand across our urgent and planned care systems, increased pressure on primary care and community services, as well as mental health services. We have continued to experience high walk-in demand at our emergency departments, significant pressures in social care and high levels of sickness and absence across our workforce. The sustained urgent care pressures together with challenges faced by the social care system continue to impact on service recovery.

Despite these challenges there have been improvements in performance as we seek to return to pre-pandemic levels of service and deliver the service transformation that underpins our plans to deliver a sustainable system of care for the future.

The Health Board's Integrated Medium-Term Plan (IMTP) for 2022/25 set out our core organisational priorities, which focused on reducing 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 population. We are confident that this approach will provide high returns for health and sustainable development, both by limiting the accumulation of risks throughout life and associated ill-health for our citizens. Our plan was underpinned by three core themes, optimism, realism and sustainability.

- **Optimism** stemming from a growing understanding of our system, we know where to focus our efforts, and with our renewed strength in partnership working, improved infrastructure (facilities and technology) together with our workforce have and continue to demonstrate that we can deliver change at pace to improve care.
- **Realism** - our priorities and delivery profiles (set out in the Minimum Data Set) were developed with frontline clinical teams. Through our dynamic planning approach we have a thorough understanding of potential demand, risks and capacity requirements for clinical teams and for our system.
- **Sustainability** - our plan focused on delivering the actions to maximise sustainable capacity, support people in the most appropriate place of care, and take preventative actions to help people live well in our communities.

Our Clinical Futures Strategy with tackling health inequalities at its core, has remained resilient and relevant for over a decade. Since the opening of

the Grange University Hospital in November 2020 (a fundamental milestone in the delivery of the broader strategy) we have reshaped our Clinical Futures Programme to support the delivery of the Health Board's key organisational priorities which, based on our understanding of our system, will have the biggest impact on improving the sustainability of our system.



Aneurin Bevan University Health Board – 10 Priority Programmes 2022/23

- Public Health Protection & Population Health Improvement
- Accelerated Cluster Development (placed based health and care)
- Redesigning Services for Older People
- Transforming Urgent & Emergency Care
- Planned Care Recovery
- Maximising Cancer Outcomes
- Transforming Mental Health Care
- Reconfiguration of enhance Local General Hospital Network
- Decarbonisation
- Agile Working

2. Reporting Requirements

The purpose of the Performance section of this Annual Report 2022/23, as set out in the guidance provided in the NHS Wales 2022/23 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 the performance report flow from the organisation's agreed plan 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, a non-statutory implementation of the duty of quality was introduced 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. Further information is available in the Annual Accountability Report, Page XX.

The Annual Accountability Report (Section 2), Page XX, includes an overview of the Health Board's work in relation to its Sustainability and Carbon Reduction Plans, with some detail also included below at page 23.

3. 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 of 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.



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 12,276 whole time equivalents (WTE) which translates to 13,938 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 over £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 2022/23).

4. Integrated Medium Term Plan 2022/23 – Life Course

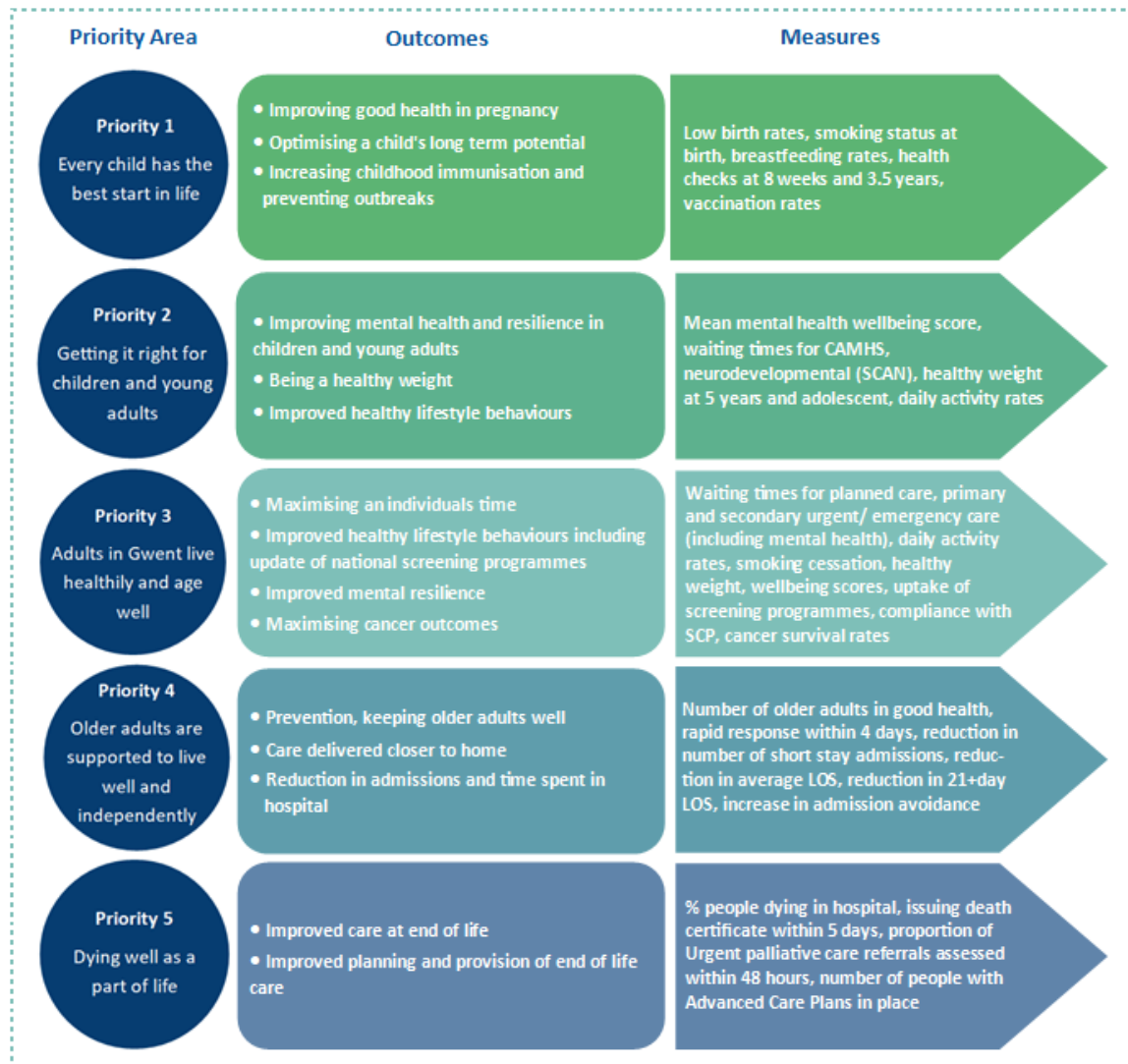
The IMTP 2022/23 set out the Health Board's priorities based on adopting a life course approach. Unlike a disease-oriented approach, which focuses on interventions for a single condition often at a single life stage, the life course approach considers the critical stages, transitions and settings where large differences can be made in promoting or restoring health and wellbeing of both current and future generations. 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.

We know that the direct and indirect harms of Covid-19 have amplified health inequalities for our population, further heightened by the cost-of-living crisis. Balancing our efforts to respond to the substantial and unprecedented demand for urgent, emergency and routine health service and embedding our life course approach has been a key challenge this year and will remain a challenge as we approach 2023/24.

Over the past year we have developed a set of supporting measures for each stage of the life course, together with 43 associated indicators that help us to monitor and measure the progress that we are making and the impact of our actions on the health and wellbeing of our population.

Our Outcomes Framework






Delivering the IMTP Priorities 2022/23

Priority 1

Every child has the best start in life

Early childhood experiences, including before birth, are key to ensuring improved health outcomes. The Health Board's IMTP committed to working with partners to take forward actions and activities that have a positive impact on the first 1000 days of life. We seek to deliver three outcomes, and an overview of our progress in 2022/23 is shown in the table below.




Our Commitments	Our Measures	Our Performance
Improving Good Health in Pregnancy 	Decrease Low Birth Rates	Improving (5.6 to 5.1%)
	Decrease smoking rates @ birth	Improving (16% to 13.7%)
	Decrease still births	Improving
Optimising a child's long term potential 	Increase uptake of women breastfeeding	Similar (56.6%)
	Increase eligible children measured and weighed at 8 weeks	Deteriorated (62.5 to 28.3%)
	Increase of eligible children with contact at 3.5 years (preschool)	Deteriorated (64.4 to 42.1%)
Increasing childhood Immunisation 	% Children who received 2 doses of MMR by age 5	Similar (90%)
	% Children who receive 3 doses of hexavalent '6in1' vaccine by age 1	Similar (94%)

Whilst our targets for Optimising a child's long-term potential have not been met, largely because of significant workforce challenges, the Health Board is making good progress implementing its local plans to increase contact in line with the overall Welsh Performance levels.

Priority 2

Getting it right for children and young adults




Nurturing future generations is essential for our communities. There is strong evidence that healthy behaviours in childhood impact throughout life; therefore, targeting actions to improve outcomes in these areas has a long-lasting impact on delivery. Young adult mental health is a Ministerial priority area with CAMHS a focus in the national performance framework. We seek to deliver three outcomes, and an overview of our progress in 2022/23 is shown in the table below.

Our Commitments	Our Measures	Our Performance
Improve mental health resilience 	Improvement in the mean mental health and wellbeing score for children	Indicator being developed as part of Marmot work
	Decrease in 4-week CAMHS waiting lists	Similar 97.4% at June 2022 unable to provide year end due to change in informatics system
	Decrease in neurodevelopmental (SCAN) waiting list	Deteriorated (80% to 42.2%)
Support being a healthy weight 	Increase in children aged 5 a healthy weight	Improving (73 to 75%)
	Increase in adolescents of health weight	Indicator being developed
Improve healthy lifestyle behaviours 	Increase % children (aged 2 – 7 years) who are active for at least 1 hour each day	Similar (63%)
	Increase % of children who eat vegetables each day	Similar (68%)

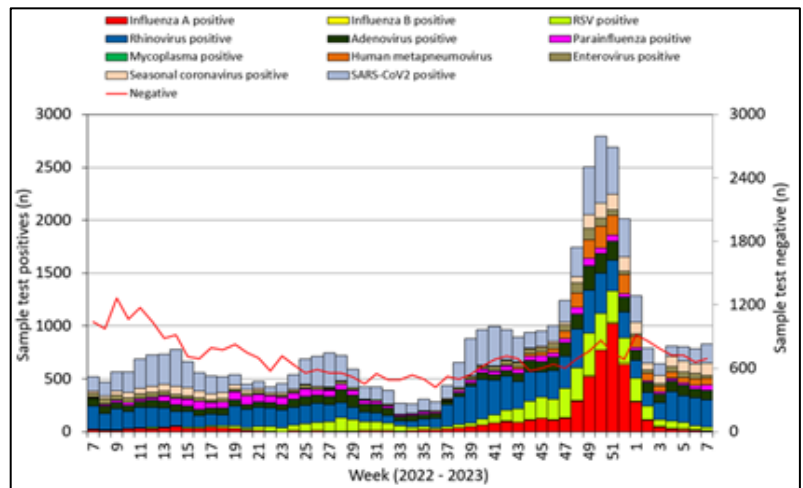
Increases in demand, together with the restart of face-to-face appointments, has resulted in a backlog of children undergoing neurodevelopmental assessments. The recovery plan working with Local Education Teams, supported by our School-in-reach, school nurses, locality community support services and school staff has seen an improvement in performance, particularly for assessments. Full recovery is anticipated in Quarter 2 of 2023/24.



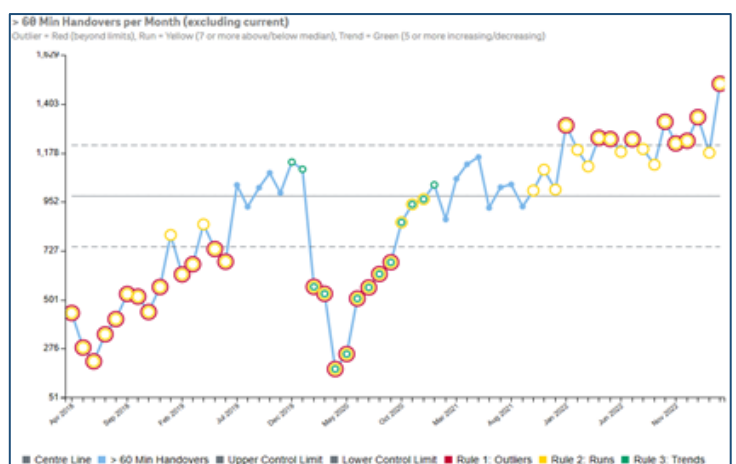
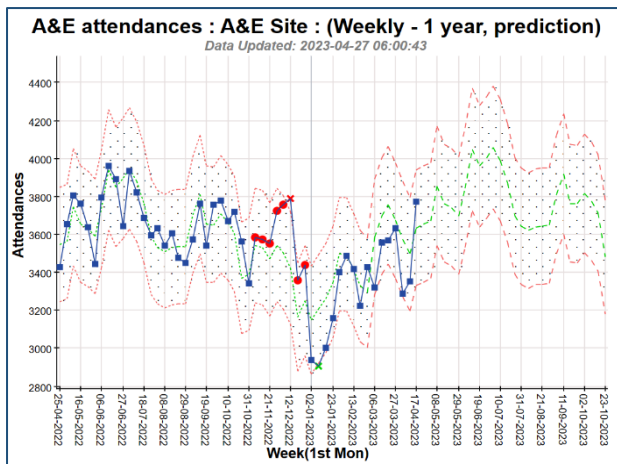
Our ambition is for citizens to enjoy a high quality of life and to be empowered to take responsibility for their own health and care. A significant number of measures fall within this area, particularly in relation to maximising an individual’s time. The outcomes and performance set out below underpin the work of 4 of the Health Board’s Priority Programmes, spanning transforming urgent and emergency care, planned care recovery, maximising cancer outcomes and transforming mental health care. We seek to deliver four outcomes, and an overview of our progress in 2022/23 is shown in the table below.

Our Commitments	Our Measures	Our Performance
	Reduction in the number of patients waiting more than 36 weeks for treatment	Deteriorated (6.6% increase)
	Reduction in the number of patients waiting for a follow-up outpatient appointment	Deteriorated (4.7% increase)
	Increase in Urgent Primary Care Contacts	Improving (148% increase)
	Increase in Think 111 calls	Improving
	Reduction of ambulance handovers over 1 hour	Deteriorated (737 to 846)
	Reduction in patients never waiting in ED over 16 hours	Deteriorated (417 to 498, 19% increase)
	Reduction in time for patients to be seen by first clinician	Deteriorated (1.6 to 2.3 hours)
	Reduction in time for bed allocation from request	Deteriorated (13.9 hours = increase of 20% from baseline)
Adults living healthily and aging well 	Increase in adults active at least 150 minutes a week	Similar (51%)
	Decrease in the % of adults smoking	Improved (19% to 12%)
	Decrease in the number overweight or obese adults (BMI over 25)	Similar (67%)
	Increase in working age adults in good or very good health	Similar (69%)
	Increase uptake of National Screening Programmes	Improved (64 to 70.2%)
Maximise cancer outcomes 	Increased compliance of the number of patients starting their first definitive cancer treatment within 62 days from point of suspicion	Similar (56%)
	Increase in 5-year cancer survival	Improved (49.1% to 54%)
Improve mental health resilience 	Increase in Mental Health Well-being score for adults	Similar (50.5%)
	Increase % of Health Board residents in receipt of secondary mental health services who have a valid care and treatment plan (18 years and over)	Deteriorated (80 – 75%)

Urgent and Emergency Care services continue to be under significant pressure both nationally, regionally and locally, making delivering timely care challenging. The end of Quarter 3 and beginning of quarter 4 saw a large number of patients presenting with respiratory viruses – particularly flu and Covid-19 and this significant increase in respiratory viruses across our communities also caused high levels of staff sickness which placed additional pressure on urgent care services and staff. In addition to this, there has been increasing demand for urgent primary care, increased ambulance call demand, increasing numbers of self-presenters at Emergency Departments and Minor Injury Units, increased acuity linked to post lockdown impact, increased bed occupancy for emergency care and high levels of delayed discharges linked with significant social care workforce challenges.



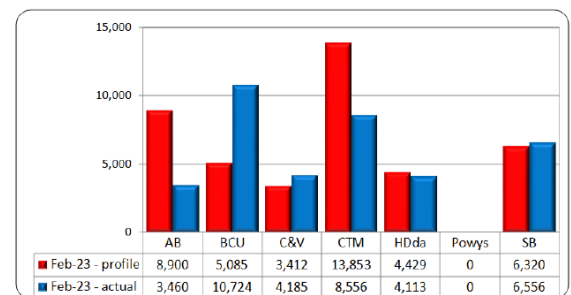
This pressure on the urgent care system has resulted in patients staying in hospital for longer. The average time from arrival to departure in the Grange University Hospital Emergency Department (ED) continues to be above target and increased during January in line with peaks in respiratory illness. Additionally, during March, a total of 1,497 patients waited for over 60 minutes to be transferred to the ED from an Ambulance. This is a result of poor flow through the system for those who need to be admitted, and the pressure to enable patients who are medically fit to return home. The sustained numbers referred to a specialty but discharged from ED is a key indicator of the pressure across the system.



The extreme pressures upon the urgent care system this winter have impacted on the performance measures of patients waiting under 4 hours and over 12 hours in Emergency Departments. As of February 2023, compliance against patients treated within 4 hours improved to 76.1% from 69.5% (Dec 22). During February, Aneurin Bevan remained the highest performing Health Board across, and whilst the 95% target has not been met, its performance is significantly higher than the all-Wales average of 72%. Additionally, during February, there was a significant decrease in the number of patients waiting over 12 hours (2,078 in December 22 to 1,269 in February).

Maximising an individual's time is a core element of **planned care**. The Health Board has made considerable progress throughout the year in treating the **longest waiting patients**, those waiting over 104 weeks. We have achieved and surpassed the 104-week target and have the smallest proportion of patients waiting across Wales.

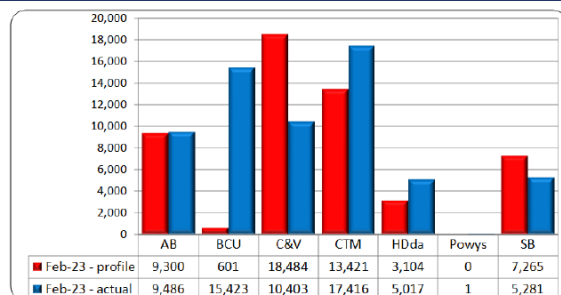
Patients waiting >104 weeks for referral to treatment



Despite achieving the trajectories, there remains a number of specialty areas where the majority of long waiters are reported within (Orthopaedics, Ophthalmology, and ENT). There continues to be targeted work in all three specialities to treat the longest waiting cohort with the exception on ENT, where the total capacity available for ENT is less than total cohort to meet the target. For Ophthalmology, a Business Case seeks to provide a 14-month solution for additional regional capacity for cataract outpatient and inpatient stages to enact a collaborative regional approach to recovery and to maximise the use of our assets across the region has been developed for approval in Q1 23/24.

Clinical Specialties are balancing the principle of undertaking activity defined by **clinical prioritisation**, and a time-based approach for the longest waiting patients; this enables timely care for the most urgent patients and clinically-led decision making.

Patients waiting >52 weeks for new outpatient app

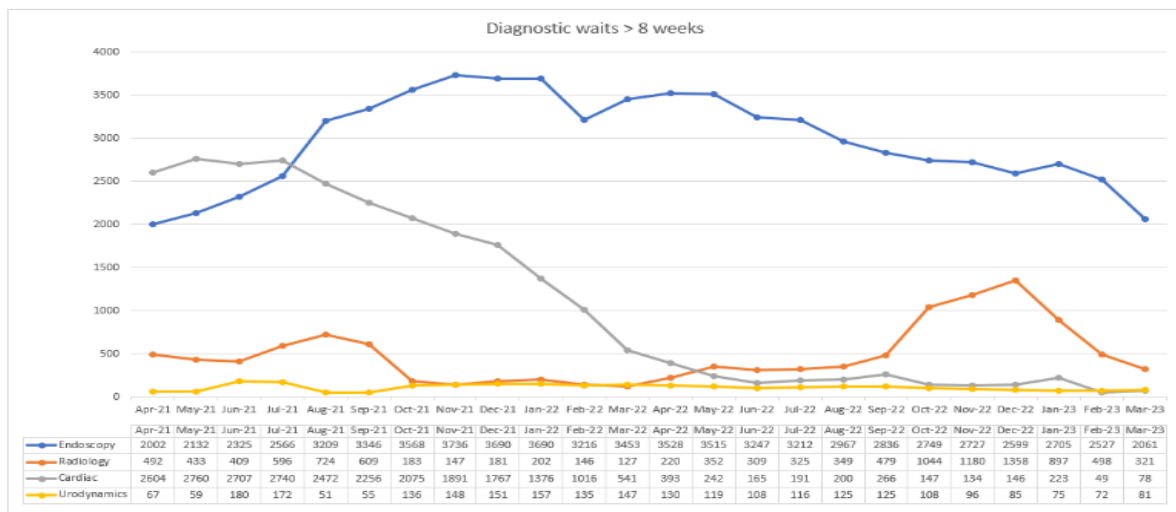


Improvement in **outpatient performance** remains essential to make the most of an individual's time and is a core focus of the Planned Care Programme. Despite tracking just above the trajectory, Aneurin Bevan has one of the smallest proportion of patients waiting more than 52 weeks for a new outpatient appointment.

Progress has been made with the new **See on Symptom (SoS)** and **'Patient initiated follow-up'** (Pifu) Implementation Plan with **12 new pathways** developed. The Health Board has also worked hard to increase treatment capacity post COVID and following the opening of the Outpatient Treatment Unit at the Royal Gwent Hospital, capacity is currently 105% of pre COVID levels. The outpatient treatment unit has two treatment rooms and whilst the first is fully staffed, a plan has been developed and is in place to staff the second room.

Access to timely and effective **diagnostics** is critical in providing high quality care, reducing waiting times for treatment and improving health outcomes. As seen in the graph below cardiology has seen significant improvement, driven by use of an insourcing company to deliver additional echo capacity.

Diagnostic Waits - 8 weeks

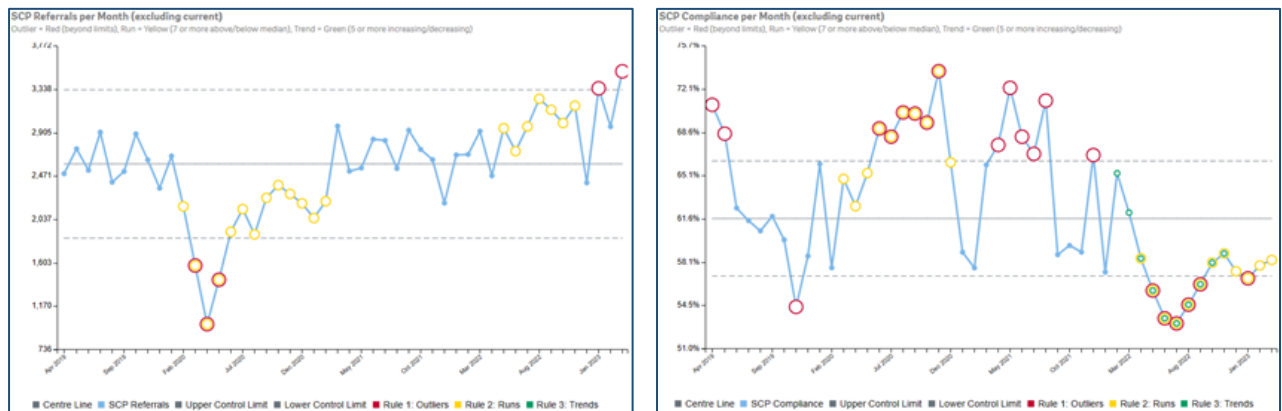


Further key areas in diagnostics include:

- Continued insourcing of additional endoscopy capacity has supported a maintenance in the 8-week backlog with a small decrease in the numbers of people waiting at the end of March (2,061).
- Radiology diagnostics have seen a decreasing trend during Quarter 4.
- The future developments of the RGH endoscopy unit has progressed with approval to recruit ahead of the new unit opening in 2023. It should be noted that this is to sustain services and is predicated on the backlog being cleared by the point of opening of the new unit.

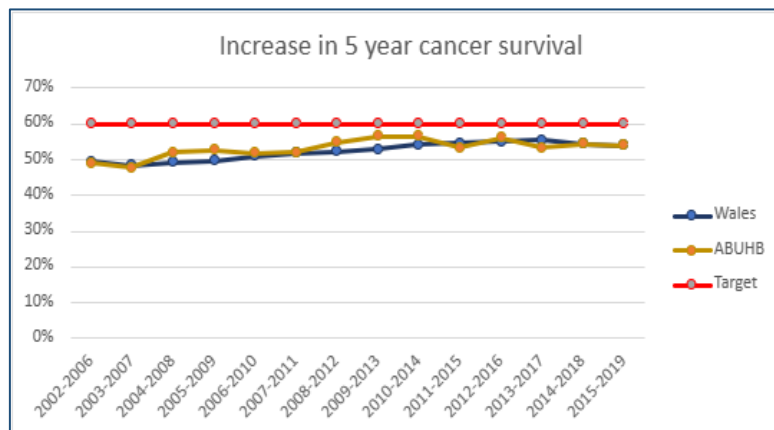
Compliance against the **Suspected Cancer Pathway (SCP)** has increased from 55.6% (November 2022) to 56% at the end of February 2023. Whilst performance is compliant with the planned care recovery level of 55%, this remains lower than the national target. Significant increases in demand relating to suspected cancer referrals have continued to exceed 2,500

referrals per month and is continuing to have an impact on performance creating capacity challenges throughout the pathway for services provided by the Health Board and those provided at tertiary centres.






There are a number of factors which have had an impact on overall performance. A primary driver is a considerable reduction in skin treatments. The volumes for this specialty have historically contributed in increasing the performance denominator. This reduction has been influenced by the capacity challenges faced by histopathology and an action plan in place to improve the position through outsourcing. The capacity to deliver the diagnostic component of the pathway is a significant constraint on delivering the SCP.

There has been significant improvement in the rate of 5-year cancer survival reported over the last 10 years and is on track to meet the target.

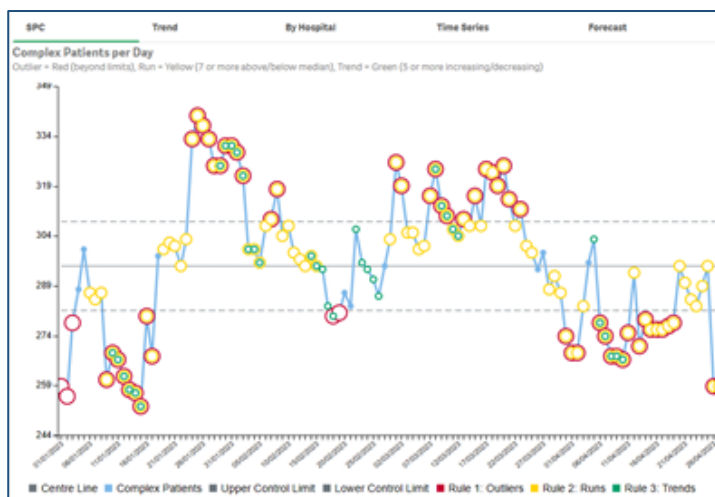


Priority 4
Older adults are supported to live well and independently

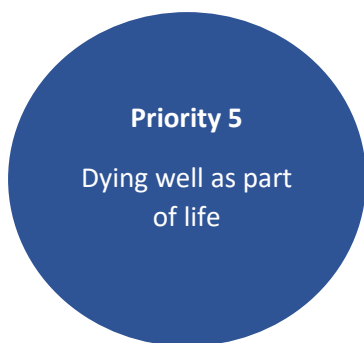
Supporting **older adults** to live well and independently is a core component of the Health Boards' plan for a sustainable health and care system. We know we need to deliver improvement for this section of our population in our service offer. Redesigning services for older people is a Clinical Futures priority programme. We seek to deliver three outcomes, and an overview of our progress in 2022/23 is shown in the table below.

Our Commitments	Our Measures	Our Performance
Prevention and keeping older adults well 	Increase in older people in good health	Indicator being developed as part of Marmot work
Delivering care closer to home 	Increase in Rapid Response within 4 hours	Similar(38%)
	Reduction in the number of short stay patients (<7 days)	Similar (12%)
	Reduction in average LOS case load	Deteriorated (52.7 days against 40-day baseline)
Reducing admissions and time spent in hospital 	Increase in Admission avoidance (month)	Improved (across 4 Local Authority Areas)
	Decrease in LOS over 21 days	Improved (65 to 56%)



The 'Delivering Care Closer to Home' outcome has seen a deterioration in 2 indicator values, however, a Cyber incident in August 2022 has impacted on the system that captures and hosts the data therefore it is not possible to provide a Quarter 4 update for 3 of the metrics. At the end of Quarter 1, Rapid response within 4 hours had decreased across all 4 reported Borough areas (data excludes Monmouthshire) from 38% to 35%. There was also an increase reported in the average length of stay of case load. This is most notable in Blaenau Gwent and Newport Boroughs. The 'reduction in number of short stay patients' indicator value has been sustained at around 12%.



For the next financial year, this is an area of focus in partnership with the Integrated Service Partnership Board and Regional Partnership Board structures, to support the care home sector, enhance our Rapid Response Model, and access to hot clinics, providing single points of access and direct admissions pathways.



The IMTP sets out our commitment to continuously improve what we do to meet the need of people of all ages who are at the end of life. The measures represent indicators to support the organisations understanding of how it is delivering in this area to support the population to die in their place of choice and have access to good care. We seek to deliver two outcomes, and an overview of our progress in 2022/23 is shown in the table below.

Our Commitments	Our Measures	Our Performance
Improved end of life care experience 	Decrease in the % of hospital as a place of death	Improved (50%)
	Increase in compliance of issuing of Medical Certificates within 5 days	Improved (83% within 5 days)
	Reduction in complaints	No data
Improved planning and provision of end of life care 	Increase in proportion of Urgent Palliative Care referrals assessed within 2 days	Improved (91 to 99%)
	Increase in the number of Advanced Care Plans in place	No data

For the 'Improved planning and provision of end-of-life care' outcome, there has been a significant increase in the proportion of Urgent Palliative Care referrals assessed within 2 days since July 2020 and a further increase from 97% to 99% during Quarter 2 and Quarter 3.

Further outcome measures and indicators are still being developed nationally and this priority will evolve to incorporate the relevant outcomes.

5. Integrated Medium Term Plan 2022/23 – Priority Programmes

Our organisational priority areas of work are designed to create and optimise the right capacity to better meet the needs of our population through service development, redesign and/or transformation and positively impact on population health and achieve improvement across the life course. These programmes are underpinned by a relentless focus on quality and safety.

By their very nature, these key strategy priority programmes are complex, system wide and will be delivered over the life of the 3-year IMTP and beyond. This section provides an overview on progress that has been delivered during 2022/23.

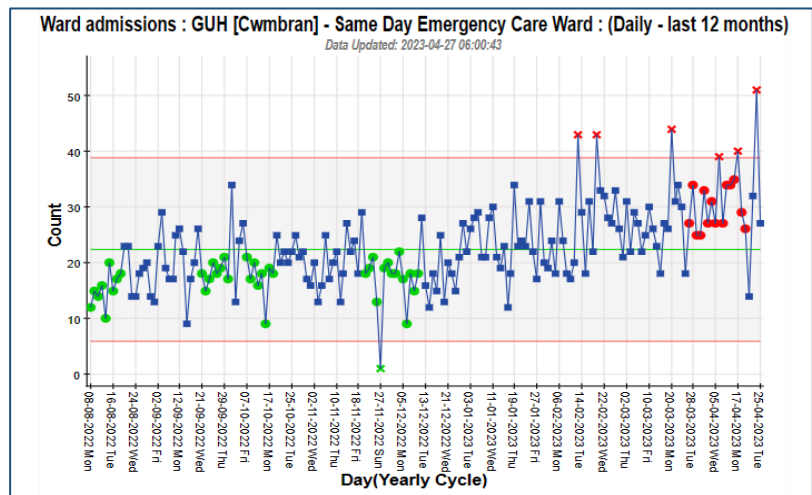
Prior to the pandemic, the situation in Emergency Departments was increasingly difficult, with demand soaring and the percentage of people being seen within the four-hour target reaching an all-time low over the 2019/20 winter. Since lockdown eased, demand has steadily risen, and a greater number of people with serious problems are presenting themselves in our urgent and emergency care system.



Welsh Government published a handbook to assist Health Boards to **improve urgent and emergency care** focusing on strengthening signposting, clinically safe alternatives to admission, rapid emergency care response, good discharge practice and preventing readmission. During 2022/23, we have seen broadly positive momentum through each of the goals in the context of significant operational pressure.

Some areas of progress include:

- A 'high intensity user service model' exists, where referrals are made to a Lead Nurse who is able to make the right social referral required to support the patient in safe discharge.
- Following the opening of Same Day Emergency Care (SDEC) at Ysbyty Ystrad Fawr funding has now been secured through Regional Integration Fund (subject to ratification) to expand this service.
- The establishment of SDEC is an important addition to our emergency care services and provides significant opportunities to stream patients from same day to next day and act as a catalyst for speciality ambulatory service development. Since the opening of SDEC at the Grange University Hospital, 4,054 patients have been seen (average 20-25 daily attendances) all discharged the same day with a median length of stay time of 3.6 hours. Since the opening of SDEC at YYF, 678 patients have been seen.
- Urgent Primary Care continues to receive referrals from re-directions, 111 and in-hours primary care escalation.
- We have received funding via the Six Goals national 'Innovation Fund' to support implementation of an electronic Triage solution for ED in order to improve clinical visibility and improve patient experience.
- Elderly Frailty Assessment has now been completed at GUH with a number of positive learnings and actions for follow-up.



- Ambulance handover improvement is a key focus for the programme and there are plans to pilot a push model of flow to encourage timely referrals of patients to specialities at given times of the day.
- A business case has been approved to provide additional Front Door Therapies staff dedicated to ED to support 'home first' approach.
- Integrated Discharge Board has been established with engagement from Local Authority partners, Welsh Ambulance and medicine, nursing and therapy colleagues.
- Good progress has been made with the Royal Gwent Hospital Discharge Hub pilot with health and social care teams now integrated and co-located.
- The Nevill Hall Hospital Pull Model has already provided improved communication with multi-disciplinary teams, which is evidenced in an increase in timely discharges and positive patient feedback.

The **Enhanced Local General Hospital** (eLGH) network was made possible when the Grange University Hospital opened in November 2020. The roles of the Royal Gwent (RGH) and Nevill Hall (NHH) Hospitals changed to be more similar to Ysbyty Ystrad Fawr (YYF). The eLGH model provides local emergency care services, outpatients and diagnostics, planned care day case and inpatient surgery and medical inpatient beds on all 3 sites. They hold key roles in providing direct emergency care and supporting patients who have received emergency and inpatient care at the GUH but who are not yet ready for discharge due to ongoing care needs including rehabilitation. In addition, each eLGH is developing specialist Health Board wide or regional services roles, for example the Breast Care Unit at YYF and the proposed developments of local cancer services at NHH.



This workstream is focused on optimising the design of the hospital network across the Health Board, focusing on the clinical models. In addition, the remit has been expanded to consider the future acute medical model for the eLGH sites and options for long term sustainability of service delivery.

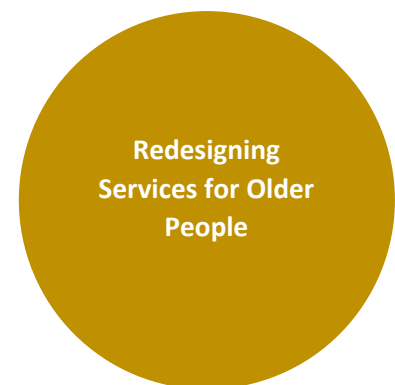
Some areas of progress include:

- Completed reconfiguration of ward A1 at the Grange University Hospital to optimise patient flow through Emergency Department, Surgical Assessment and Acute Medical Unit
- Stroke Audit has been undertaken, along with scenario modelling for reconfiguration of stroke services, to address stroke sustainability issues. Early 2023/24 will see the mapping of workforce elements across medical, nursing and therapies.
- Building works began on the Breast Unit at Ysbyty Ystrad Fawr, this unit will offer a wide range of services, tailored to meet the specific needs of patients. It will focus on timely, effective access to treatment, ensuring

person centred care is at the forefront when delivering our breast care services.

- Works have commenced in readiness of building the Satellite Radiotherapy Centre at Nevill Hall Hospital. It is anticipated this unit will open Autumn 2024.
- Evaluation of the 'Homeward Bound Wards' reviewing the support to those who are medically optimised to discharge had been completed.
- Establishment of Acute Medicine workstream to review workforce and patient flows since the opening of the GUH and to create a sustainable eLGH acute medicine model.
- Stabilisation of junior medical staffing for the acute medicine model with collaboration from HEIW.

The importance of getting things right for **older people** has been reinforced through our dynamic planning approach. It shows, in the starkest of terms, the cost to our system because the offer to older people falls short of what is needed to support them to live well and independently. The system urgently needs further transformation to ensure that older people can access evidence based clinical interventions that respond to their needs, in the context of what matters to them and ensuring that the care they receive helps prevent dependency now and later in life.



Some areas of Progress include:

- Early intervention workstream was supported by three workforce sustainability and transformation winter bids which included additional Community Resource Team staff to bolster out of hospital care and prevent avoidable hospital admissions and expedite discharge, increased Urgent Responsive Care (Emergency Care at Home); and focus on supporting the Proactive Frailty (HRAC) cohort who we know are high users of our hospital system. This is to support system safety over the winter and test intervention to support capacity gaps.
- Engagement events have commenced with key stakeholders and staff to inform the optimal care pathway and described future state of the model of care for older people.
- The mapping of resources to target limited resources in the right area has begun supported by the Value Based Health Care team. A proposed model for ambulatory care has now been developed and an audit is planned to ascertain patient needs and numbers of people who could access this pathway.
- Assessment of unmet need has been progressed to inform plans for further 'Hot Clinics'.

- Work progressing to develop an Emergency Care at Home model to support people at home, including out of hours, across all areas and recruit overnight HCSWs.

The **Primary Care Model** for Wales sets out how primary and community health services will work within the whole public sector system to deliver **Place-Based Care**. Collaborative work is at the core of this bringing together local health and care services to ensure care is better coordinated to provide care closest to home and promote the wellbeing of people and communities. We have a core programme team which includes the Clinical Director for Primary Care, Workforce, Finance, Planning and Clinical Futures Programme support to develop a local programme plan to deliver a regional response to the nationally set ministerial milestones. The focus to date has been to undertake core briefing and engagement work to establish the professional collaboratives, and a Neighbourhood Care Network (NCN) office to enhance support for front line staff in planning and delivering for their local population, and undertake the readiness assessment exercise and closing the required actions.



Some areas of progress include:

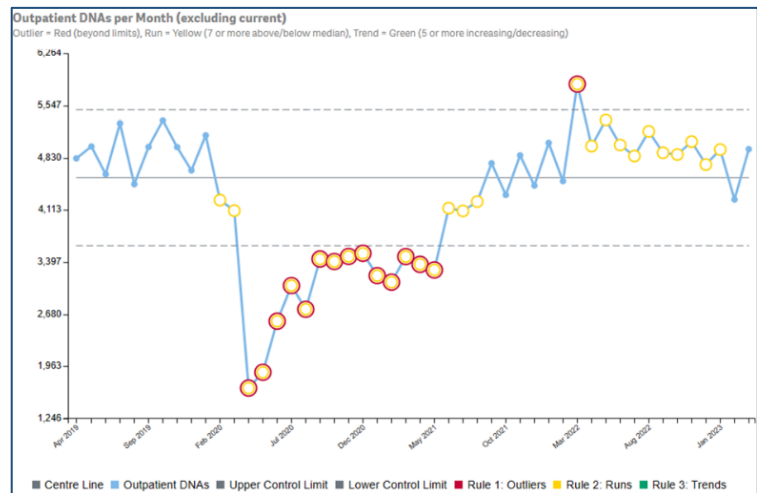
- Alignment of the work of our NCN plans, pan-Cluster Plans (ISPB plans) and the Regional Partnership Board Area Plan.
- Good programme within the communication and engagement strategy including the 'Be Kind' campaign roll out across social media and independent contractors, receiving positive feedback. Additional NCN branding has been developed along with a website and newsletter featuring GP Practice role videos
- Following recruitment and establishment of NCN Office, organisation development and sustainability has been a key priority with developed sessions planned and delivered for NCNs and professional collaboratives.
- NCN and draft ISPB plans submitted to the Regional Partnership Board
- Engagement with partners in developing an NCN Business cycle.
- Population needs based planning framework developed and socialised.
- Engagement with RPB and Integrated Service Partnership Boards regarding the latter adopting the function of the Pan-Cluster-Planning Groups.
- NCN office supported NCNs in delivery of their plans including supporting evaluating and scaling up projects.
- Professional Collaboratives where established and have begun to respond to published population needs assessments and identify their service gaps and developments that are being addressed through partnership planning arrangements.

In April 2022, Welsh Government published the 'Transforming and modernising **planned care** and reducing waiting lists' plan to encourage focus on key areas. These are: transforming outpatient services; prioritising diagnostic services; early diagnosis and treatment of suspected cancer patients; patient prioritisation to minimise health inequalities; very long waiters; building sustainable planned care capacity; and improving communication and support. These national objectives are in line with those identified in our IMTP and continue to endorse our focus on these key areas of recovery. An update on performance measures can be found [within the outcomes and performance summary](#).

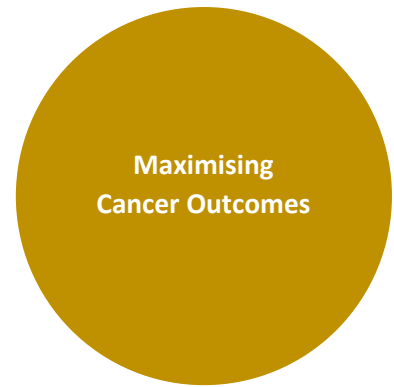


Some areas of progress include:

- Collaborative working between clinicians and Value-Based Health Care team to prioritise initial health care pathways for localisation based on national and local priorities. During the last quarter, a business case was agreed and funding for health pathways has been allocated.
- ABB Waiting Well website has been launched to support patient keep well before surgery or planned treatment to help give treatments the best chance as possible as well as supporting recovery.
- The outpatient transformation programme continues to develop and roll response plans including 'See on Symptoms' and 'Patient Initiated Follow Ups'. Implementation of outpatients DNA Plan (currently 6.5% against a 5% target) and Hospital Cancellation Plan (currently 18,950 compared to 40,952 in 21/22).
- A Diagnostics Board has now been established with a direct link into the national and regional planning. A National and regional diagnostic plan is due to developed from Quarter 1 23/24 with a local solution to be approved.
- A time in motion study was undertaken and a theatres stakeholder event took place, detailing improvements being rolled out across teams.
- The Planned Care Academy concept was detailed to the Delivery Unit, receiving a positive response and offer to support secured. The model will be refined during the next quarter with a plan to roll out during the next financial year.



Cancer outcomes need to be improved. The Single Cancer Pathway, supported by Optimal Cancer Pathways for individual tumour sites, provides the roadmap to shorten diagnostic and treatment pathways once a person is suspected as having cancer. The Cancer Strategy, 'Delivering a Vision 2020-2025' sets out the broader context with prevention, early detection, patient experience, living and dying with cancer, cancer research and access to novel therapies also key components of the approach to transforming cancer services for our population.

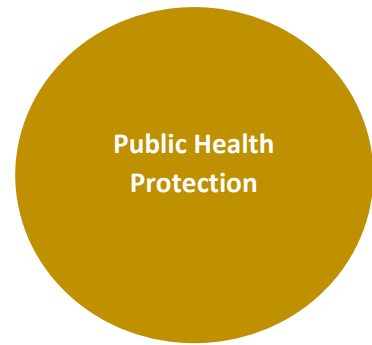


Whilst it is too early to be able to measure the impact of successive pandemic waves on morbidity and mortality for cancers, there is concern that a reluctance by patients to attend primary care and hospital, together with the temporary suspension of national screening programmes and longer waiting times for diagnostic tests and treatment will result in patients presenting at a later stage in their cancers which will make improving cancer outcomes more challenging. Planned Care and Cancer Services are inextricably interconnected; it is the same workforce, accessing the same diagnostic and treatment capacity.

Some areas of progress include:

- Significant progress has been made in establishing the Transforming Cancer Services Programme and identifying and distinguishing areas of work and activity
- Continued focus on delivery against the 62 days pathway, and ministerial challenge to achieve 70%. Improved 62.5% adherence to Single Cancer Pathway in March 2023, due to improved 14-day adherence in January (69.1%)
- Reporting arrangements for Histopathology outsourcing have been agreed and the newly formed Diagnostics Board will receive escalations, apart from those areas that impact on Cancer.
- Patient Navigator for Endoscopy have resulted in a notable improvement in days of first contact from 68.8% in January to 85.5% in April. Overall single cancer pathway compliance has improved, as noted above, and is 0.9% away from the national target.
- Demand and capacity dashboard have been created and have now been rolled out to all specialities with the aim to embed within day-to-day management.
- At the beginning of Quarter 4, Welsh Government announced a £38 million investment to improve cancer radiotherapy services with a new radiotherapy 'Satellite' centre at Nevill Hall hospital, which will be open by 2024.

COVID-19 has shone a spotlight on the inadequate level of preparedness for the challenges faced by our population, our workforce, and our services. The level of ambition for **Public Health Protection** including preparedness for managing infectious outbreaks, contact tracing, protecting most vulnerable populations and workforce, effective surveillance and higher vaccination uptake must be stronger.



As a population health organisation **reducing health inequality and improving health** is at the core of everything we do. Our long-term ambition to reduce demand for healthcare is fundamental to a sustainable system of care. This can only be achieved through systematic, population scale interventions that target the underlying causes of poor health, such as lifestyle choices and socio-economic deprivation, and the uptake of screening to improve early detection and optimal treatment of disease.

Some areas of progress include:

- Covid-19 spring booster commenced April 2023. Vaccinations to 25th April: 2,219 care home residents, 1,350 house bound, 5,789 over 80s, 4,142 Monmouthshire residences via GPs and community pharmacy.
- Multi agency steering group has been established to focus on the Hep B and C Elimination programme with a key priority to explore an outreach model.
- A review has been initiated of the post-arrival pathway for asylum seeking initial TB screening and Blood Borne Viruses (BBVs).
- Significant progress has been made towards a full implementation of HPS transition with the redesign of services and structures beginning to be populated. The testing function transitioned to Public Health in April.
- Integrated Health Protection Service Business case development is on track and scheduled for the Pre-investment panel during Quarter 2.
- Continued Monkeypox vaccine clinic organisation and delivery with the embedding of the Mpox vaccination as business as usual.
- Support Hepatitis B and C elimination plan through reviewing action plan and population level data review.

Our vision is to provide high quality, compassionate, person-centred **mental health and learning disabilities services**, striving for excellent outcomes for the people of Gwent. There are 2 transformational Programmes (Whole System, Whole Person Crisis Support Transformation and Complex Needs) that will deliver this vision. There are multiple projects that sit under both Programmes including:



▪ 111 Press 2 for mental health ▪ Primary Care Mental Health Service ▪ Redesign of inpatient care (service model, configuration, workforce and estate) ▪ Complex needs pathway ▪ Strengthening crisis assessment and home treatment services ▪ Improving transport for patients in crisis ▪

Through a single point of access, we are developing a variety of sanctuary services (in Emergency Department and community), shared lives, acute inpatient provision, housing tenancy and support, mental health support for first aiders, crisis assessment, home treatment and liaison, and Support House.

Some areas of progress include:

- Mental Health 111 has launched and is embedded as a 24/7 service
- Since the implementation of the Adult Mental Health Shared Lives scheme, a total of 166 placements have taken place, with an average length of stay of 14 days, 49 of which were as an alternative to hospital admissions. Some key benefits of the scheme realised include delivering care closer to home across all 5 boroughs; improved efficiency and effectiveness across the system with service users, as appropriate, provided an alternative to a ward stay; reduction in onward referrals into traditional inpatients settings or acute interventions; improved person-centred outcomes and excellent host/carer experience. The scheme has won and been nominated for a number of awards including 'Scheme Innovation Award' at the Shared Lives Plus 2022 awards. Additionally, a paper by Dr Waites has been published by the World Health Organisation.
- Outline Business Case for 65 bedded Mental Health Speciality Inpatient Services Unit has been agreed by the Health Board and has been submitted to Welsh Government for approval. Next steps include preparing for a public consultation for the SISU location.
- Since the opening of Ty Cannol Crisis/Support House at the end of 2021/22, 90% of the patients that have been admitted onto Ty Cannol have prevented them from being admitted into the wards.
- Improvements in eating disorder services supporting early identification and treatment to optimise outcomes.
- Older Adult (OPAL) and our Primary Care Learning Disability Liaison Services are recognised as Welsh Exemplars.
- Implemented changes to models of delivering psychological therapies to improve access and patient choice.
- Peer mentors, peer supported open dialogue and road to staff wellbeing
- Continuation of Emergency Department sanctuary service.

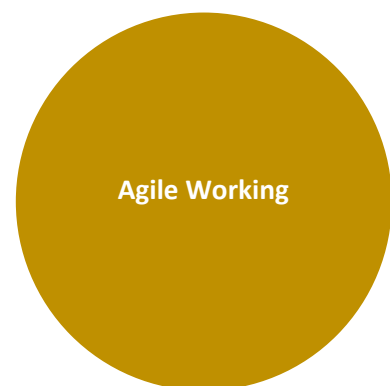
Welsh Government declared a Climate Emergency in 2019 and set out their ambition that the public sector in Wales should be in a carbon '**Net Zero**' position by 2030. The response to the pandemic had demonstrated how significant and impactful changes can be incorporated into day-to-day life of the public and the approach to work for example remote working. Our ambition, now, is for a sustainable and healthy recovery with concerted actions within and across our system to tackle the climate emergency.



Some areas of progress include:

- The Health Boards carbon emissions are tracking -3.1% at year end.
- All biodiversity reports have been received and are being reviewed to incorporate into plans, along with a review of net zero data.
- Work is progressing with the communications, digital and training workstream, with digital representation being identified.
- Endoscopy are currently reviewing and researching into the use of alternatives to Entonox for sedation/ analgesia.
- Roll out of Electric Vehicle Charging points has been completed and additional charging points for RGH as part of a new capital bid has been made.
- Progression of the outcomes of the solar panel report looking at roof space alternatives for solar panel systems.
- Pharmacy and Respiratory are reviewing opportunities for decarbonisation in its use and provision of inhalers.
- A metrics format has been updated and available data has been prepared and shared with the board. This will further be refined to support reporting for the Welsh Government Carbon return later this year.

Welsh Government have developed an approach to **agile working** following the need to work differently through the recent Covid 19 Pandemic. Based on service needs, providing a variety of options for employees on where, and how they want to work. It means offering mixed-use spaces with a variety of services, workspaces, and environments. More modern agile workspaces are not just about working from home, hot desking and sharing office space, but changing the cultural mind-set and ensuring working environments support break-out spaces to encourage communication, providing areas for impromptu meetings and collaborative work.



Some areas of progress include:

- Delivery plan to support the roll out of the Agile Framework has been developed.
- Mapping of staff at St Woolos has been completed to support the assessment of re-accommodation of existing requirements on the RGH site and other sites. Assessment is due to validated during the next quarter.
- Revised agile vision presented to the Executive Team and further updates provided to the Agile Programme Board in April.
- Engagement with all 5 local authorities to scope out joint working options. An agreement has been sought to set up a network with local authority and health to share good practice and further identify and progress these opportunities in the future.
- Engagement with staff to promote agile/hybrid working principles via engagement with Divisions and retention cafes.
- Additional space at Caerleon House with 8 agile spaces created within the open plan area and an additional 3 meeting rooms that can also be utilised.

6. Integrated Medium Term Plan 2022/23 – Quality and Safety

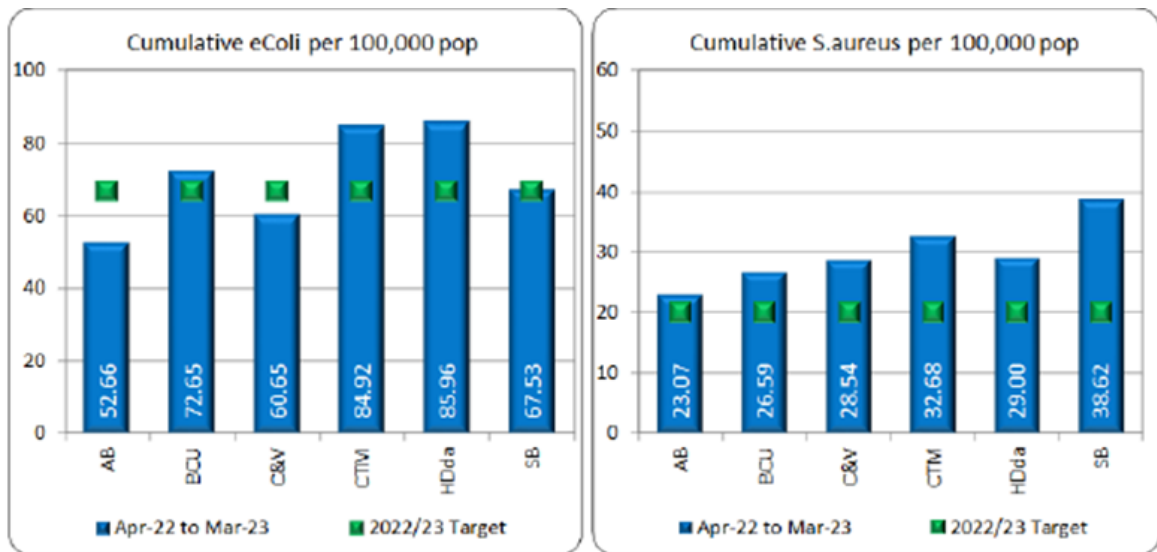
Quality and safety are at the centre of our work to secure improvements in the quality of care and services we deliver and to improve outcomes for the population we serve. The Board has approved its Quality Strategy, confirming the quality pillars. These 'pillars of quality' run through our organisation, ensuring that we deliver the highest standards of care under these domains.

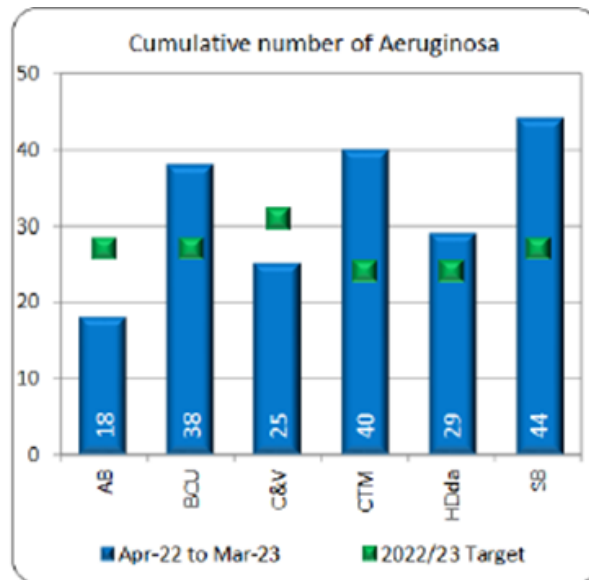
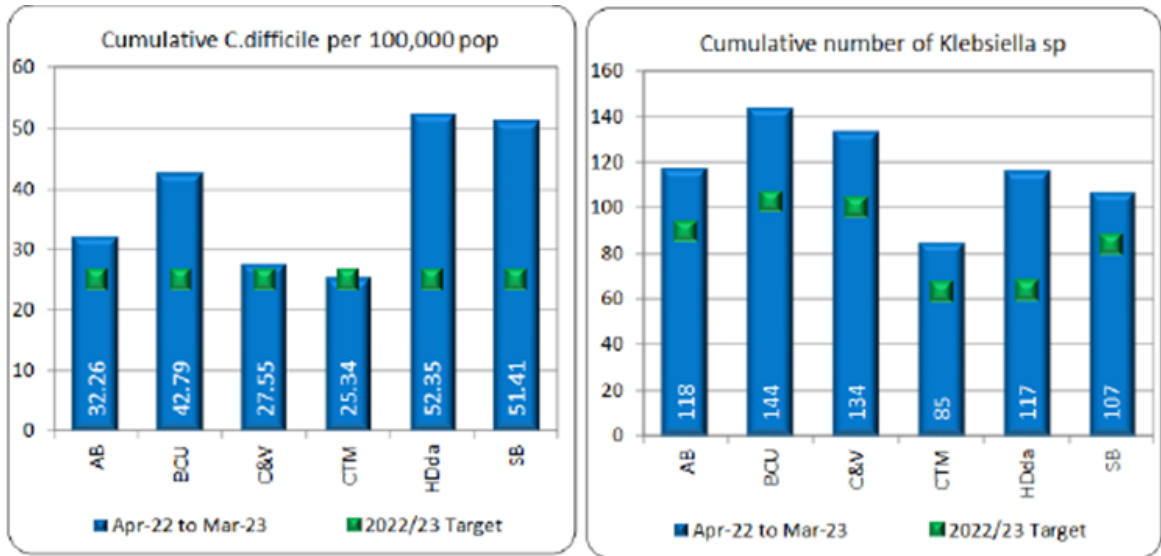


- Urgent Care remains one of the top organisational risks, an issue mirrored nationally, with the Emergency Department at Grange University Hospital seeing an increasing trend in the number of attendances. The Health Board is committed to delivering safe and effective care to the population of Gwent and in order to be able to identify the level of risk within the department, a clear focus has been placed on triage which will have an impact on the time for a patient to be seen by a clinician. Knowing the triage category of patients helps to manage the risk for individuals. Whilst the target of <15minutes for triage has not yet been met, the Health Board has been operating either

in-line or below forecasted levels. A focus has been on addressing the increasing trend in ambulance handover times and a review of criteria, which enable patients to be moved from an ambulance to sit within the department has been undertaken. In addition, a Standard Operating Process (SOP) has been developed which references the actions required when there are off-loading delays for patients, and in particular, to ensure the release of red requests.

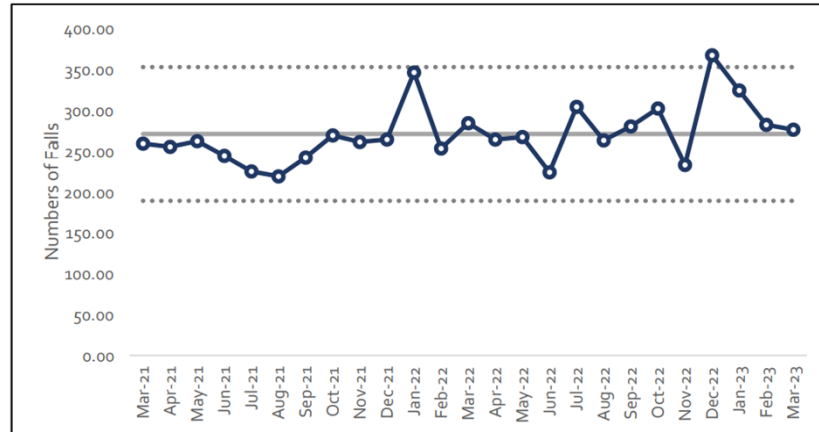
- There were on average 469 patients per month waiting in ED over 16 hours during quarter 4, which is a significant reduction from 674 reported during Quarter 3. Time from request to bed allocation has also reduced significantly from 13.6 hours to 10.4 hours. Quality metrics are regularly monitored by the Senior Management Team (SMT), the Divisional Management Team (DMT) and escalated accordingly. Patient falls, medication incidents and violence and aggression incidents are reducing.
- The Health Board has the lowest rates of eColi, S.aureus and Aeruginosa per 100,000 population across Wales. Whilst the 22/23 target rates of C.difficile have not yet been met, there has been a reduction in rates from 33.77 (Quarter 2) to 32.26 (Quarter 3) per 100,000 population.





Falls

Analysis of data associated with Inpatient (IP) falls management continues to be monitored over a two-year rolling period to provide assurance. This approach identifies any changing trajectories or statistical variation in the numbers of falls incidents. The mean average number of monthly falls has seen a marginal decrease to 270 in March 2023. For the year 2022/23, incident reporting numbers have been subject to a greater degree of variation as compared to 2021/22, with December 2022 being marginally above the upper control limit. Quarter 4 has seen a return to a downward trend with values for February and March being more closely aligned to the mean average. 91% of the fall's incidents reported are categorised as no or minimal harm.



7. Putting Things Right

This section to be updated with year end numbers prior to final submission

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 2022-2023, 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 XXX complaints in 2022-23 (including, in the case of Welsh NHS bodies, concerns reported under Part 7 of the Regulations relating to cross border services).

- XXXX individuals were classified as CONCCO (formal complaints)
- XXXX had an Early Resolution
- XXX CONCLA (Redress)

The top three themes raised during this period were:

- 1.
- 2.
- 3.

Redress

During 2022/23, the Redress Panel heard XX cases, XX of which were historical in nature.

XX complaints were resolved in total during the reporting period, with XXX being formal and XXX 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 XXX complaints that had been referred to the Public Services Ombudsman Wales (PSOW) for 2022/23.

Of the XX identifiable complaints, XX related to complaints received by the Health Board during XXX and XX from XXX. 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 2023, XX 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 2022/23, there were XX reportable incidents. XX 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 XX 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

8. Well-Being of Future Generations

The Wellbeing of Future Generations (Wales) Act (2015) ('the Act') is about improving the social, economic, environmental and cultural wellbeing of Wales, while also reducing health inequalities through long term prevention and the delivery of sustainable, outcome focused services. The Act has seven wellbeing goals and tells organisations how to work more sustainably together to meet their duties under the Act by following five ways of working.



During 2022/23, the Health Board has worked closely with partners to produce robust well-being and population needs assessments, as required under the Well-being of Future Generations Act and the Social Services and Well-being Act. The Gwent well-being assessment was published in May 2022 and assesses the state of economic, social, environmental and cultural well-being in the Gwent area. Copies of both the Gwent well-being assessment and population needs assessment are available here:

Gwent Well-being Assessment: <http://www.gwentpsb.org/>

Gwent Population Assessment: <https://www.gwentrpb.wales/home>

Following publication of the Gwent well-being assessment, ABUHB has worked closely with partners to turn the findings of the assessment into a plan for Gwent - the Gwent Public Services Board Well-being Plan. Using the five ways of working, partners have come together to develop a plan which will deliver ambitious and transformational changes that cannot be achieved by individual organisations alone. The plan will cover the five-year period 2023-28, and is based on two strategic objectives and five steps. These are:

Gwent Well-being Plan strategic objectives:

1. We want to create a fairer, more equitable and inclusive Gwent for all.
2. We want a climate-ready Gwent, where our environment is valued and protected, benefitting our well-being now and for future generations.

Gwent Well-being Plan steps:

1. Take action to reduce the cost-of-living crisis in the longer term.

2. Provide and enable the supply of good quality, affordable, appropriate homes.
3. Taking action to reduce our carbon emissions, help Gwent adapt to climate change, and protect and restore our natural environment.
4. Take action to address inequities, particularly in relation to health, through the framework of the Marmot Principles.
5. Enable and support people, neighbourhoods, and communities to be resilient, connected, thriving and safe.

The plan is due to be published in June 2023. Following this, the Health Board will undertake a review of its existing well-being objectives to ensure wherever possible, they are consistent with the Gwent Well-being Plan. The Health Board's self-assessed progress against its existing ten Well-Being Objectives for 2022/23 financial year can be seen in the table below.

<i>Our Well-Being Objectives</i>	<i>Where we are now</i>
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

The new ways of working set out in the Act have continued to be embedded in the Health Board during 2022/23. Through the regional partnership arrangements of the Regional Partnership Board, **integration** has been demonstrated through joint approaches to health and social care delivery. The ABUHB communications team have undertaken a number of public **involvement** and engagement activities during 2022/23. Through work on the Well-being Plan and Area Plan, ABUHB has worked in partnership to establish a **long-term** vision for transformation in Gwent. Through 'Building a Fairer Gwent': the Gwent Marmot Programme ABUHB is working in partnership to deliver an approach to **prevention** embedded in the social determinants of health. Finally, the work of both Gwent Regional Partnership Board and Gwent Public Services Board demonstrate how ABUHB is working in **collaboration** to achieve gains for the population of Gwent that cannot be delivered by individual organisations alone. Further detail is contained within Gwent Regional Partnership Board and Gwent Public Services Board's websites.

9. Welsh Language Regulations

The Health Board continues to make good progress in our work in relation to Welsh language service delivery. We recognise that communication is key to deliver the best care to all those we service and we therefore note the importance for our Welsh speaking community to be able to receive care and support in their mother tongue.

The Annual Report 2021/22 addresses the statutory duty of Aneurin Bevan University 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 has been prepared in accordance with Welsh Language Standard 120. This report sets out how ABUHB has complied with the Welsh Language Standards requirements from 01 April 2021 - 31 March 2022.

The Annual Report for 2021/22 is available on-line in both Welsh and English

<https://abuhb.nhs.wales/files/key-documents/other-reports/welsh-language-standards-annual-report-2021-22pdf/> English

<https://bipab.gig.cymru/ffeiliau/key-documents/adroddiad-blynyddol-safonaur-gymraeg-2021-22pdf1/> Welsh

The report for 2022-2023 will be published in September 2023.

10. Financial Management and Performance

The Annual Accounts 2022/23, at Section 3 of the Annual Report and Accounts 2022/23, Page XX, sets out the detailed accounts for the full year to 31 March 2023 for Aneurin Bevan University Health Board. These accounts are prepared under International Financial Reporting Standards (IFRS).

The Health Board has two statutory financial duties:

- To breakeven over a rolling three-year period; and
- 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 Health Board has **not** met its financial duty to breakeven against its Revenue Resource Limit over 3 years 2020-21 to 2022-23.

In relation to the second duty the Health Board did secure WG approval to the IMTP on 13th July 2022. The note in the accounts shows that this duty was achieved. (*Note 2.3 of the Annual Accounts 2022/23*).

Revenue Resource Performance

The Health Board did not meet its Revenue Resource Limit for the year and delivered an overspend of £36,842K. Against the breakeven duty over a rolling three year period, the Annual Accounts 2022/23 report an overspend of £36,348k as shown in the table below:

3-year revenue breakeven duty	2020/21 £000	2021/22 £000	2022/23 £000	Total £000
Underspend against allocation	245	249	-36,842	-36,348

Capital Resource Performance

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 £40.723m was met in 2022/23 with a small underspend of £43k. The target is measured over a 3-year period as shown in the table below:

3-year capital breakeven duty	2020/21 £000	2021/22 £000	2022/23 £000	Total £000
Underspend against allocation	13	50	43	106

Other Related Targets

- Public Sector Payment Policy
This target for the Health Board relates to the payment of 95% of its trade creditors within 30 days. In 2022/23, the target was achieved with full year figure of 95.2%.
- Cash Balance
Welsh Government sets a notional target for Health Boards in Wales to have end of period cash balances not exceeding £6m. For 2022/23, the Health Board ended with an actual cash balance of £4.704m and was therefore within the target.

11. Conclusion and Forward Look

As an organisation our mission is to improve population health, and, through doing this, reduce the health inequality that exists across 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 COVID-19 pandemic has worsened the gap. Therefore, as we look to the future, we must relentlessly focus on reducing health inequality as part of improving overall population health.

Our Integrated Medium-Term Plan (IMTP) 2022-25 and 2023-26 build on the life course approach, whilst recognising the current operational demands and then focussing on realistic, sustainable recovery.

The plan is based on a realistic assessment of delivery over the next three years; it is optimistic in its outlook, recognising the need to build on the service changes achieved over the last few years, and it focusses on making those changes sustainable, to meet the long-term needs of our communities.

At the forefront of all service delivery is person centred care. We remain committed to further improving patient related experience and outcomes, learning and listening to our staff and patients.

Aneurin Bevan University Health Board

Section 2: Accountability Report

1st April 2022 – 31st March 2023

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. Senedd Cymru/Welsh Parliament 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.



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Bwrdd Iechyd Prifysgol
Aneurin Bevan
University Health Board

Corporate Governance Report 2022/23

Including:

- A. The Directors' Report**
- B. 1. The Statement of the Chief Executive as the Accountable Officer**
- B. 2. The Statement of Directors' Responsibilities in respect of the Accounts**
- C. The Annual Governance Statement**

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 2022/23 is available within Section C: The Annual Governance Statement.

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 31st March 2023. 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 41 of the Annual Governance Statement at Section C.

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 Annual Report for 2022/23 and Integrated Medium Term-Plan (IMTP) 2022-25 (approved March 2022) sets out the Board's strategic priorities which have been set within the context (environmental, social and community issues) in which the Health Board is operating within.

The Performance Report (Part A) of the Annual Report and Accounts 2022/23 provides greater detail in relation to the achievements of the Health Board in delivering the IMTP during 2022/23.

Statement for Public Sector Information Holders

In-line with the disclosure requirements set out by the Welsh Government and HM Treasury, the Health Board confirms that it has complied with the cost allocation and charging requirements set out in HM Treasury guidance during the 2022/23 year.

SECTION B(1): 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 2022/23 as a whole is fair, balanced and understandable. I take personal responsibility for the Annual Report and Accounts and the judgements required for determining it as fair, balanced and understandable.

As Accountable Officer, I am responsible for authorising the issue of the financial statements on the date they are certified by the Auditor General for Wales.

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

Name: Nicola Prygodzicz, Chief Executive

Date:

SECTION B(2): STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS FOR 2022/23

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 Aneurin Bevan University Health Board and of the income and expenditure of the 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:

Nicola Prygodzicz, Chief Executive

Dated:

Robert Holcombe, Director of Finance and Procurement

Dated:

SECTION C: ANNUAL GOVERNANCE STATEMENT, 2022/23

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.

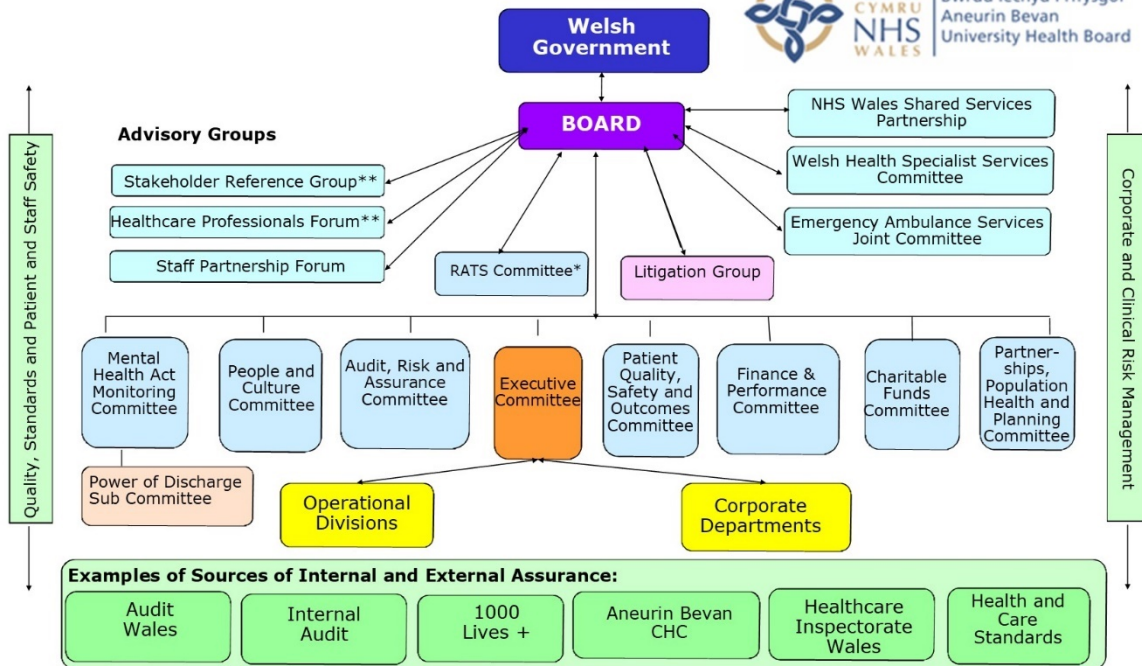
[Welsh Government's Escalation and Intervention Arrangements for NHS Wales](#) sets out the collective arrangements in place between the Welsh Government and external review bodies for identifying and responding to serious issues affecting NHS service delivery, quality and safety of care, and organisational effectiveness. In 2022/23, Aneurin Bevan University Health Board remained under routine arrangements.

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's 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 overleaf outlines the governance and assurance framework in place during 2022/23:

Governance and Assurance Framework 2022-23



* RATS - Remuneration and Terms of Service Committee
 ** Required in Standing Orders but not currently established

Membership of the Health Board and its Committees

Attachment 1 provides the Board’s membership during 2022/23 and attendance at Board and Committee meetings respectively for this period.

There has been significant change to the membership of the Board during 2022/23, as outlined in Table 1 below:

TABLE 1		
Name	Designation	Dates (if less than full year)
Executive Directors		
Nicola Prygodzicz	Chief Executive	From 05/09/2022
Nicola Prygodzicz	Director of Planning, Performance, Digital and IT/ Interim Deputy Chief Executive	Until 04/09/2022
Glyn Jones	Interim Chief Executive	Until 05/09/2023
Glyn Jones	Deputy Chief Executive	06/09/2022 to 23/09/2022
Christopher Dawson-Morris	Interim Director of Planning and Performance	From 05/09/2022 to 03/04/2023
Hannah Evans	Director of Strategy, Planning and Partnerships	From 01/04/2023
Rob Holcombe	Interim Director of Finance, Procurement and Value Based Healthcare	Until 13/11/2022

Rob Holcombe	Director of Finance and Procurement	From 14/11/2022
Dr James Calvert	Medical Director	Until 23/09/2022
Dr James Calvert	Medical Director / Deputy Chief Executive	From 24/09/2022
Sarah Simmonds	Director of Workforce and OD	Full Year
Rhiannon Jones	Director of Nursing	Until 05/07/2022
Jennifer Winslade	Director of Nursing	From 08/08/2022
Linda Alexander ³	Interim Director of Nursing	25/06/22 to 15/08/2022
Peter Carr	Director of Therapies and Health Sciences	Full Year
Dr Sarah Aitken ¹	Director of Public Health and Strategic Partnerships	Until 05/01/2023
Tracy Daszkiewicz ¹	Director of Public Health	From 01/04/2023
Dr Chris O'Connor	Interim Director of Primary, Community and Mental Health Services	Full Year
Independent Members		
Ann Lloyd	Chair	Full Year
Pippa Britton	Interim Vice Chair	Full Year
Katija Dew ²	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
Iwan Jones	Independent Member (Finance)	From 04/04/2022
Dafydd Vaughan	Independent Member (Digital)	From 09/05/2022
Vacant (Pippa Britton's Substantive position)	Independent Member (Community)	Full Year
Directors in Attendance**		
Leanne Watkins	Director of Operations	Full Year
Special Advisors to the Board***		
Phil Robson	Special Advisor to the Board	Full Year
Associate Members****		
Keith Sutcliffe	Chair, Stakeholder Reference Group	Until 30/11/2022 and vacant thereafter
Vacant	Chair, Health Professionals Forum	Full Year
Vacant	Director of Social Services	Full Year

Board Secretary/Director of Corporate Governance*****			
Rani Dash (nee Mallison)	Board Secretary/Director of Corporate Governance	of	Full Year

** In October 2021, Emrys Elias, Vice Chair, began a temporary role as Chair of Cwm Taf Morgannwg University Health Board in October 2021. Whilst interim arrangements have been put in place, the Health Board has been advised by Welsh Government not to appoint a permanent replacement for 18 months. Pippa Britton has therefore been appointed Interim Vice Chair, leaving her substantive role as Independent Member (Community) vacant on a temporary basis. The appointment process for a Vice Chair has now been undertaken and an appointment by the Minister is awaited*

***The Director of Operations is not an Executive Post. The Director of Operations is therefore not a Board Members and attends meetings of the Board without voting rights.*

****The Board has discretion to appoint Special Advisors to support it in achieving its responsibilities. Special Advisors are not Board Members and therefore attend meetings of the Board without voting rights.*

*****Associate Members are Members of the Board but do not hold voting rights.*

****** Independent of the Board, the Board Secretary acts as the guardian of good governance within the LHB. The Board Secretary is responsible for providing advice to the Board as a whole and to individual Board members on all aspects of governance. On 14th March 2022, the Remuneration and Terms of Service Committee approved a change of operating title for the Board Secretary role to Director of Corporate Governance.*

¹ Director of Public Health - During the vacancy period 05/01/23 to 01/04/2023, Stuart Bourne and Eryl Powell, Deputy Directors of Public Health, provided advice to the Board and attended meetings in their deputy roles.

² Katija Dew – Term of office ended 31/3/2023

³ Linda Alexander – Linda Alexander assumed interim executive director responsibilities from 25/06/22 due to Rhiannon Jones taking annual leave from 25/06/22 to 05/07/22. Linda Alexander held interim executive director responsibilities until 07/08/22 when Jennifer Winslade commenced in role as Executive Director of Nursing on 08/08/22. The period of 08/08/22 to 15/08/22 was used as a handover period.

As at 31 March 2023, following Ministerial Public Appointment campaigns, the Minister for Health and Social Services is currently considering appointments to the role of Vice Chair and Independent Member (Third Sector).

Due to the number of interim positions within the Board during 2022/23, the Chair and Chief Executive Officer, with the Remuneration and Terms of Service Committee, worked to stabilise changes within the Executive Team and ensure robust induction, development and succession planning for Board Members. This included permanent recruitment to the roles of Chief Executive, Director of Finance and Procurement and Director of Nursing during 2022/23. In addition, the Director of Public Health and the Director of Strategy, Planning and Partnerships commenced in role on 1st April 2023.

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 Member positions, 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 the Chief Executive as Accountable Officer, is 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.

The Health Board must agree Standing Orders for the regulation of proceedings and business which 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 delegations 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 range of corporate policies set by the Board make up the Governance Framework.

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 had in place a Committee Structure for 2022/23.

In recognition of the Board's strategic priorities for 2022/23 and the strategic risks it holds, a revised committee structure was approved by the Board in March 2022 and implemented from 1st April 2022. There have been no changes to this structure in 2022/23. The committee structure has enabled 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.

During 2022/23, the following Committees were in place:

- Audit, Risk & Assurance Committee
- Patient Quality, Safety & Outcomes Committee
- People & Culture Committee
- Finance & Performance Committee
- Partnerships, Population Health and Planning Committee
- Mental Health Act Monitoring Committee
- Remuneration and Terms of Service Committee
- Charitable Funds Committee
- Litigation Group

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

These Committees are 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 to the Board's formal meetings and formal Committee meetings, the following informal arrangements have been established to support the Board to fulfil its responsibilities:

- Board Development Sessions, held bi-monthly (6 times yearly), to focus on the development and effectiveness of the Board as a cohesive and unitary Board;
- Board Briefing Sessions, held bi-monthly (6 times yearly), to focus on key matters where informal discussion is required and to raise awareness of matters such as changes in policy or legislation; and

- Board Strategic Planning Sessions, held quarterly, to allow the Board informal development time to discuss collectively strategic developments and horizon planning.

Conducting Business with Openness and Transparency

In accordance with the Public Bodies (Admissions to Meetings) Act 1960 the Board and Committees are required to meet in public. Following the COVID-19 pandemic where the public health risk posed, resulted in limitations on public gatherings, the Board and its Committees moved to meeting in a virtual setting meaning that it was not possible to allow the public to attend meetings of the Board and Committees.

Board members resumed meeting in person to conduct Board meetings in May 2022. At this time, the Health Board did not have the capacity to enable physical attendance of observers, which meant that members of the public were unable to attend meetings in person. The Board took the decision at that time in the best interests of protecting the public, our staff and Board members.

Since November 2022, the Microsoft Teams link has been published with the agenda and on social media channels to enable members of the public to observe Board meetings in real time. Members of the public have been able to attend in person since January 2023. Meetings of all Board meetings in 2022/23 were recorded and published to the Health Board's You Tube Channel within 24 hours for public viewing.

During 2022/23, the Board's committees have continued to meet virtually and, due to capacity constraints, the Health Board has not been able to stream these in real-time for the public's viewing. Work is underway to address this in 2023/24 to ensure that the Health Board's business operates with full transparency and openness.

As the Health Board has not been able to allow the public to attend all meetings of its committees during 2022/23, the Health Board has not complied with its Standing Orders in this regard.

It is acknowledged that a hybrid approach to meetings will continue to be required in the future and the Health Board will work to ensure members of the public can attend meetings in person and/or virtually.

To ensure Board and Committee business was conducted in as open and transparent manner as possible 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 have been recorded and published to the Health Board's You Tube Channel within 24 hours;
- The Health Board's Annual General Meeting in July 2022 was livestreamed;

The Health Board and its Committees have sought to undertake a minimum of its business in private sessions and ensure business, wherever possible, is published into the public domain. The Committees that do not publish information publicly is 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 Board Strategic Planning Sessions discussing plans and ideas often in their formative stages.

Meetings of the Board and its Committees are formally recorded with minutes considered for approval at the next available meeting, respectively. In addition, the Board Secretary maintains Decision Logs for all decisions taken by the Board and the Executive Team.

Items considered by the Board in 2022-23

During 2022-23, the Board held 7 meetings:

- 6 routinely scheduled bimonthly meetings
- 1 additional meeting in June 2022 to formally approve the Annual Report and Accounts for 2021/22, following detailed consideration by the Health Board's Audit, Risk and Assurance Committee.

In addition, the Board held its Annual General Meeting on 27th July 2022.

All the meetings of the Board in 2022/23 were appropriately constituted and quorate. The key business and risk matters considered by the Board during 2022/23 are outlined below.

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

a) Business Cases:

- Approved the submission of the **Radiotherapy Satellite Unit Business Case** to Welsh Government.
- APPROVED the submission of the **Adult Mental Health and Learning Disabilities Specialist Inpatient Services Unit (SISU) Outline Business Case** to the Welsh Government.
- Supported, in principle, the case for change for the **Velindre Cancer Centre**. However, requested that Velindre NHST reconsider the finance and economic cases for the Board's further consideration.

b) Plans/Strategies/Policies/Service Change

- Approved the Health Board's **People Plan** and associated documentation.
- Approved a recommendation to establish a **Service for Adults with Attention Deficit Hyperactivity Disorder (ADHD)** in Aneurin Bevan

University Health Board, noting that this would be subject to evaluation at an appropriate point.

- Endorsed the **Six Goals for Urgent and Emergency Care Programme Plan**.
- Approved the Aneurin Bevan University Health Board **Arts in Health Strategy 2022-2027**.
- Approved the implementation of the **Community Therapy MSK Pathway**, recognising that ongoing discussions to support implementation were required.
- Received the **Winter Plan 2021/22 evaluation**.
- Received an update on the implementation of the **Digital Strategy**, ongoing actions to mitigate risks and achieve progress.
- Approved the proposed targeted engagement regarding the future configuration of the **South Wales Cochlear Implant and Bone Conduction Hearing Implant Device Service**.
- Reviewed the current arrangements for **Midwifery Led Services within ABUHB** and supported a proposal to engage with the public on making a temporary service change permanent, with further staff consultation.
- Approved the Health Board's **Research and Development Strategy**.
- Agreed to the development and implementation of an **Anti-Racist action plan** for the Health Board.
- Approved the Draft Opening **Capital Programme for 2023/24**.
- Approved the **Integrated Medium-Term Plan 2023-26**.
- Approved the **Quality Strategy**.
- Approved the **Patient Experience and Involvement Strategy**.
- Endorsed the **South East Wales Regional Ophthalmology Strategy**.
- Endorsed the **Gwent Public Service Board Well Being Plan**.

c) Governance and Assurance

- Received the **Board's Annual Review of Effectiveness 2021/22** report.
- Received assurance in respect of arrangements for compliance with the **Nurse Staffing Levels (Wales) Act**.
- Approved the **Annual Report and Accounts 2021-22**.
- Approved the **Charitable Funds Annual Accounts and Annual Report 2021-22**
- Received the following **Annual Reports**:
 - Trade Union Partnership Forum
 - Cancer Services
 - Welsh Language Standards
 - Equality Report
 - Director of Public Health
- Received the **Audit Wales Annual Audit Report and Structured Assessment**.
- Endorsed the **Accelerated Cluster Development programme governance arrangements** and approved the proposed **governance of Neighbourhood Care Networks**.

d) 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.

e) Patient Experience and Public Engagement

In March 2023, the Board approved its Patient Experience & Involvement Strategy. The Strategy's goals and objectives are to improve services and their effectiveness, and safety and to improve people's experiences. It encompasses the Health Board's intent to engage patients, families, carers, staff and the wider community, with a commitment to listen to feedback, learn and therefore improve healthcare across all of our services.

The Health Board's key principles, as set out in the Strategy, are to:

- Work in partnership with patients, families, carers, staff and communities, and listen to their perspective.
- Enhance our efforts to obtain real-time feedback.
- Use people's feedback proactively to identify quality improvement opportunities.
- To put things right that may have gone wrong, helping people to share their experience and to restore their confidence.
- Through listening and learning, develop best practice and support staff to deliver excellent person-centred care.

The Board has remained committed to hearing and learning from the experience of staff and patients. During 2022/23 the Board received patient/staff stories in respect of:

- **Long COVID – Adferiad** - experience of using the service and the impact of long-COVID on the individuals health & wellbeing
- **Virtual Ward** - a place based structured, face-to-face or virtual multi-disciplinary team (MDT) conversation between a range of multi-disciplinary and multi-sector professionals, where people/patients with a variety of complex and inter-related issues are discussed and care planning takes place.
- **'Bob's Story - What Matters to Me'** - highlighting the importance of dignity and respect for patients.

Throughout 2022/23, the **Aneurin Bevan Community Health Council** attended 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. In addition, the Board held joint meetings with the Community Health Council’s management team and full Council.

Items considered by Committees of the Board

During 2022/23, 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 the 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 provided below:

<p>Audit, Finance and Risk Committee</p>	<p>Among the key issues considered by the Committee during 2022-23, as outlined in the Committee's Work Programme, the following were also considered:</p> <ul style="list-style-type: none"> • Update on the Health Board’s Outpatient Transformation Project • Update on the Estates Efficiency Framework • Update on Asset Verification • Report on the Welsh Health Circular (WHC) Tracker • Report on the Implementation of the Governance Priorities set out within the IMTP 2022-25 • Welsh Health Specialised Services Committee Governance Arrangements Audit Tracker Report (for those recommendations relating to Health Board governance arrangements) • Audit Wales Review of Quality Governance Arrangements • Audit Wales - Five-year Strategy ‘Assure, Explain, Inspire’ Report • Audit Wales - Welsh Community Care Information System Report • Audit Wales - Tackling the Planned Care Backlog in NHS Wales Report • Audit Wales - Public Sector Readiness for Net Zero Carbon by 2030: Evidence Report • Audit Wales - Continued COVID-19 response alongside growing patient demand Report • Audit Wales – Consultation on Fee Scales 2023 /2024 • Audit Wales - £6.5 million of fraud and overpayments identified by National Fraud Initiative in Wales • Audit Wales - Making Equality Impact Assessments more than just a tick box exercise Report • Audit Wales Review of Efficiency Savings Arrangements Report
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	<p>The Committee reviewed and approved the audit strategies and plans from Audit Wales and Internal Auditors, NWSSP Audit & Assurance Services and received audit reports produced in support of them during 2022-23.</p> <p>In approving the strategies and plans, the Committee ensured that they were robust and linked to the health board’s risk profile.</p> <p>During the year the Committee received Internal Audit reports in line with the agreed programme for 2021-22 and 2022-23, including the management response from the relevant Executive Director.</p> <p>In total, 32 internal audit reviews were carried out during the year, including six that were carried over from 2021/22. Further detail on the work of internal and external audit in 2022/23 is provided later on in this report, under the section on Internal Control.</p>
<p>Patient Quality, Safety and Outcomes Committee</p>	<p>Among the key issues considered by the Committee during 2022-23, as outlined in the Committee's Work Programme, the following were also considered:</p> <ul style="list-style-type: none"> • An overview of the new Dementia Standards and the launch, on the 6th April 2022, of the All-Wales Hospital Dementia Charter • Overview of compliance and performance against National Clinical Audit and Local Clinical Audit Arrangements • Compliance with Cleaning Standards, including Benchmarking Data, and Actions underway to address associated issues and risks • An update of progress following the initial presentation in September 2021 of the review of Access Arrangements in General Medical Services (GMS) undertaken in June 2021 • An update on the work being undertaken in theatres and scheduled care, relating to theatre safety, following concerns regarding an increase in ‘Never Events’ in surgical and theatres directorates. • An overview of the Covid-19 investigative framework • Learning from Death Report and the statutory requirement for all deaths in Wales, in both primary and secondary care, to be subject to scrutiny by the Medical Examiner. • Health Board’s approach to continued organisational learning in respect of Operation Jasmine. • Overview of Enhanced Care: linking provision, cost and outcomes • The Health Board’s plan and progress in response to the Welsh Government ‘Six Goals for Urgent and Emergency Care’ and how these plans have now been aligned within the Health Board’s ‘Six Goals’ Programme Plan. • Assurance in respect of work undertaken to address required improvements outlined in the National Clinical Audit of Psychosis with respect to the Early Intervention Service (EIS) (2020/2021). • Cancer performance including identified improvement actions to address the current challenges.

- Report outlining the Health Board's action plan in response to the **national review of Venous Thromboembolisms**.
- **Safeguarding Annual Report**, including progress, performance, risk and learning together with an overview of emerging themes and trends.
- **Infection Prevention and Control Annual Report**, outlining the infection prevention work undertaken in 2021/22, management arrangements and progress against performance targets.
- An update on the review of care for individuals with **Learning Disabilities**
- Overview of the Health Board's contractual arrangements for **WAST inter-site transfers**.
- Health Board's current position and governance arrangements in relation to **Health and Safety Compliance**.

The Committee also received various external reports, including:

- Regular reports outlining progress of the delivery against recommendations and outstanding actions from **HIW inspections** conducted across the Health Board.
- **Internal Audit Review, The Grange University Hospital Quality Assurance**
- **Internal Audit Review, Falls Management**
- **Audit Wales Review of ABUHB Quality Governance Arrangements**, which concluded that the Health Board had clear, articulated corporate arrangements for quality governance and key areas of quality and safety; however, further improvement was required at Divisional and Directorate level.
- **HIW Unannounced visit to The Grange University Hospital**, triggered by ongoing pressures in the urgent care system. Overall, HIW were not assured that all systems and processes in place were sufficient to ensure all patients were consistently receiving acceptable standards of safe and effective care, although the hard work of staff was recognised. The Committee maintained a focus on progress on the issues identified.
- Discussion of the key points from the **Ockenden Review** and identified actions being taken in Wales to review the report and extract learning.
- **HMP Prison Services Self-Assessment**, based upon recommendations taken from HIW's review of the Quality Governance Arrangements within Swansea Bay University Health Board, for the delivery of healthcare services to Her Majesty's Prison Swansea.

The Committee also approved the **Clinical Audit Strategy** - to support the delivery of a meaningful programme of audit designed to provide assurance and inform quality improvement across the Health Board.

Charitable Funds Committee	<ul style="list-style-type: none"> • Scrutinised applications for charitable funds • Reviewed charitable funds income and expenditure • Considered and endorsed the Charitable Funds Accounts and Annual Report 2021/22
Mental Health Act Monitoring Committee	<p>The role of the Mental Health Act Monitoring Committee (MHAMC) is to monitor and review the way in which the Health Board discharges its functions and responsibilities under the Mental Health Act 1983. The Committee therefore receives a quarterly report which provides assurance to the Committee on the compliance with the legislative requirements of the Mental Health Act.</p> <p>Throughout 2022/23, the Committee has continuously discussed the impact the pandemic has had on demand and the level of acuity in mental health services.</p> <p>The Committee discussed the need to increase the number of Mental Health Act Managers and the need to strengthen recruitment processes in this area. A revised Mental Health Act Managers Policy has been developed for implementation in early 2023/24.</p> <p>A Power of Discharge Sub-Committee has been established as a formal sub-committee of the MHAMC. The membership of this Committee is comprised of Associate Hospital Managers and provides advice and assurance that the processes associated with the discharge of patients from compulsory powers, used by the Sub-Committee, are being performed correctly and in accordance with legal requirements.</p> <p>The Sub-Committee reports routinely to the Committee for assurance and developmental purposes.</p> <p>In addition, the MHAMC received an overview of the pilot projects and work to support people in the Gwent area who are experiencing a mental health crisis.</p>
People and Culture Committee	<p>Among the key issues considered by the Committee during 2022-23, as outlined in the Committee's Work Programme, the following were also considered:</p> <ul style="list-style-type: none"> • Regular Reports from the Director of Workforce and OD, including overviews of employee relations matters. • An overview of the People First Staff Engagement and Reconnection, including a summary of the first two phases of the plan. • People Plan Updates • A Review of the Equality Impact Assessment (EQIA) Process (<i>More than Just a Tick Box Exercise</i>), including the proposal for the establishment of an integrated EQIA group. • Regular Agile Working Updates, including an overview of the work carried out by the Health Boards Agile Delivery Board.

	<ul style="list-style-type: none"> • Committee Strategic Risk Report, including the Workforce Divisional Risk Register, providing an overview of progress against mitigation of risk. • Workforce Performance Dashboard incorporating Key Performance Indicators. • Employee Wellbeing Survey Update, including results from the surveys to help inform programs of work and well-being interventions. • An overview of the Health Boards compliance with the Welsh Government More Than Just Words 2022-2027 initiative. • Assurance on Delivery of Actions and Delivery associated with the Health Board being an Employer of Choice. • An update on the Health Boards Variable Pay Action Plan, including an overview of the work delivered through the Agency Reduction Programme Board. • An overview of the Health Boards Medical Training Risk Register, including alignment with the General Medical Council (GMC) set standards, as monitored by Health Education and Improvement Wales (HEIW). • An overview of the Health Boards Medical Appraisal and Revalidation process. <p>The Committee also received external reports, as below; -</p> <ul style="list-style-type: none"> • Audit Wales Report, 'Taking Care of the Carers' and the Health Board's Management Response.
<p>Finance and Performance Committee</p>	<p>Amongst the key issues considered by the Committee during 2022-23 were the following:</p> <p>Finance</p> <ul style="list-style-type: none"> • Financial Performance updates outlining the Health Board's financial performance, financial targets, statutory financial duties and forecast position. • The Health Board's approach to sustainability to deliver financial balance as part of the IMTP. • Overview of the '2022/2023 Efficiency Review' of the Health Board, and a presentation of the 'Efficiency Opportunities Compendium', which captured business intelligence to support Divisions to improve efficiencies, based on best practice. • Overview of the utilisation of Covid Recovery funding received in financial year 2021-22. • Value Based Healthcare Achievement Annual Report 2021/22, which demonstrated the collaborative work between the Value-Based healthcare teams and operational teams to deliver Value-Based healthcare across a range of priority programmes. • Presentation of the Variable Pay Savings Plan (Agency Reduction), which would be monitored and reported to the Health Boards Strategic Nursing Workforce Group

	<ul style="list-style-type: none"> • Financial Understanding of Health Board Commissioned Services, including assessing needs, planning, and prioritising, purchasing, and monitoring health services, providing the best health outcomes for the Health Board’s population. • Update on the forecast revenue resource position for the financial year 2022/23. • Budgetary Control and Finance Control Procedure, describing key financial controls and governance rules and behaviours which the organisation had established to ensure expenditure is managed within available resources. • Financial Outlook & 2023/24 Allocation letter Briefing • 2022/23 Forecast Closing Underlying Position • 2023/24 Budget Planning (Delegation) Principles • Efficiency Opportunities 2023/24 <p>Performance</p> <ul style="list-style-type: none"> • A live demonstration of the Health Board’s automated version of the Performance Management Dashboard. • Performance Exception Reporting: <ul style="list-style-type: none"> ○ Cancer, illustrating the current cancer performance and identifying improvements to address any challenges. ○ Six Goals of Urgent and Emergency Care, outlining the Health Board’s “Six Goals for Urgent and Emergency Care” Programme and associated performance and financial status. • Information Governance Performance Indicators providing performance information regarding the Health Board’s compliance with the General Data Protection Regulation and Data Protection Act 2018. • Getting it Right First Time Reviews (GIRFT): <ul style="list-style-type: none"> • Overview of the Review of Stroke Services Report • and the approach to optimising patient care and outcomes. • Update on Orthopaedic Improvement Programme, noting 3 key areas of focus - reduce clinical variation, reduce the backlog and value for money.
<p>Partnerships, Population Health and Planning Committee</p>	<p>Amongst the key issues considered by the Committee during 2022-23 were the following:</p> <ul style="list-style-type: none"> • An overview of Work of the Gwent Public Service Board (PSB), including an update in respect of developing a Marmot Region via the Public Services, to reduce health inequalities across Gwent. • An overview of the Health Boards Integrated Medium Term Plan 2022-2026. • An overview of the Health Boards Decarbonisation Strategy and updates on progress of the Decarbonisation Framework 2022/23. • An update on progress of Regional Planning in respect of regional service planning programmes of work being undertaken in collaboration with health board colleagues across Southeast Wales. • An update on the development and delivery of a Strategy for Mental Health Services in Gwent.

- An update on the Health Boards key Clinical Futures models of care and links to the revised **Clinical Futures Programme** Priorities.
- An update on the development and delivery of a **Strategy for Agile Working in ABUHB**.
- An overview of the Gwent Public Health Team' coordination of the delivery of the **Gwent Marmot Region programme**, in partnership with organisations in Gwent, and under the governance of Gwent PSB.
- An overview of meetings of the **Regional Partnership Board**, including discussion around topics raised as a concern.
- An update of the **Redesigning Services for Older People Programme**, including an overview of the review of Care of the Elderly/Frailty pathways and service delivery models aligning to the IMTP.
- An update on the **6 Goals for Urgent and Emergency Care**, including an evaluation of the plans for **Same Day Emergency Care (SDEC)**.
- An overview of the successful delivery of the Health Board's **Capital Programme 2021-2022**.
- Report regarding the **Third Wales Wellbeing Survey**
- Committee Risk Report

The Committee also received various external reports, including; -

- The **Health and Wellbeing Alliance Report, 'Mind the gap: What's stopping change'**, with a focus on the cost-of-living crisis and the rise in inequalities in Wales.
- The Committee received the Audit Wales report, **'Public Sector Readiness for Net Zero Carbon by 2030; evidence report'**

Board Development and Briefing

Board members took part in a number of development and briefing sessions through 2022/23. Topics covered at these sessions included:

- Operation Jasmine
- Urgent and Emergency Care System and Pressures
- Violence against Women, Domestic Abuse and Sexual Violence
- Arts for the Grange Programme and Arts in Health Strategy
- Declaration of Business Continuity – Reflection and consequent actions
- Cardiac Rehabilitation Heart Failure Project
- Duty of Quality and Duty of Candour
- Accelerated Cluster Development Programme
- Quality Improvement
- Cyber Resilience
- WHSSC - 10 Year Strategy for Specialised Services and an overview of Performance
- Primary Care Sustainability, Risk & Issues
- Patient and Public Participation in Health Service Changes
- Developing High Quality Care Cultures, including Compassionate Leadership
- Quality and Patient Experience Strategy

- Development of an Outline Business Case for a Specialist Mental Health and Learning Disability Specialist In-Patient Services Unit
- Risk and Assurance, including developing a Risk Appetite Statement
- Medical Workforce Planning, Risk & Issues

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 February 2023 the Board was asked to undertake individual assessment of its effectiveness during 2022/23, using the NHS England and NHS Improvement (NHSE and NHSI) Well-led Framework for Leadership and Governance Developmental Reviews. The outcome of these self-assessments will be discussed collectively by the Board at the end of May 2023.

The Well-led Framework supports boards to maintain and develop the effectiveness of their leadership and governance arrangements and has a strong focus on integrated governance and leadership across quality, finance and operations as well as an emphasis on organisational culture, improvement and system working.

From 2023/24, Committees will undertake a mid-year self-assessment of their effectiveness to inform the Board's end of year assessment.

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)

Aneurin Bevan University Health Board established its Stakeholder Reference Group (SRG) in 2010.

The SRG's role has been to provide independent advice on the Health Board's business. including: Early engagement and involvement in the determination of the Health Board's overall strategic direction; the provision of advice on specific service proposals prior to formal consultation; as well as feedback on the impact of the Health Board's

operations on the communities it serves. The SRG should provide a forum to facilitate full engagement and active debate amongst stakeholders from across the communities served by the Health Board, with the aim of reaching and presenting a cohesive and balanced stakeholder perspective to inform the Health Board's decision making.

Since its establishment, the Health Board's engagement arrangements have evolved and continue to develop and mature. In particular, the COVID-19 pandemic has required the Health Board to engage with our stakeholders and communities in new and different ways.

In view of these evolving engagement arrangements and given that the Stakeholder Reference Group last met in October 2021, a decision was taken to disband the SRG in its current form in October 2022, whilst the Health Board reviews and redesigns the role and constitution of the Group, ensuring it is fit for purpose and fully effective. A proposal for re-establishment of the SRG is currently being prepared for consideration by the Board.

In the meantime, the Health Board continues to work alongside partners to engage and involve people who others are also seeking to engage. This enables strong partnership working, the sharing of resource and the ability to collaborate regarding joint solutions to challenges shared. Many organisations have been extremely generous in enabling our participation in their existing activities. The Health Board has previously attended:

- Local Authority Community Talk to Us Sessions, Warm Spaces and Cost of Living events;
- Housing Association Resident Complexes and events;
- Health & Wellbeing events and Freshers Fairs at Coleg Gwent Campuses; and
- School Parents evenings, coffee mornings and PTA events.

The Health Board is also represented at Gwent Citizens Panel, Torfaen Access Forum and works with third sector organisations, Gwent Association of Voluntary Organisations and Torfaen Voluntary Alliance.

The Health Board also runs a comprehensive community engagement program that ensures communities can speak directly with Health Board staff and share their views on health services. In 2022/23, the Health Board spoke directly with over 4300 residents across 149 venues.

The 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.

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 and the Board receives an Annual Report on the work of the Forum.

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 2022/23, 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, such as the Clinical Directors Forum and System Leadership Group. 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 2023/24.

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.

Further detail in respect of Welsh Health Specialised Services Committee can be found on WHSSC's [website](#)

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.

Further detail in respect of Emergency Ambulance Services Committee can be found on EASC's [website](#).

STATUTORY & STRATEGIC PARTNERSHIPS

Gwent Regional Partnership Board

The Gwent Regional Partnership Board (RPB) is established under Part 9 Social Services and (Wales) Wellbeing Act 2014 and 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 are 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 a Health and Social Care Regional Integration 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 Regional Integration Fund (RIF) is hosted by Aneurin Bevan University Health Board on behalf of the Gwent Regional Partnership Board and is a standing agenda item on the Regional Partnership monthly meetings. All matters in relation to the RIF 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 RIF investment plans where meetings schedules do not align with reporting or development timeframes.

Aneurin Bevan University Health Board Members included in the membership of the Regional Partnership Board are:

- Ann Lloyd, Health Board Chair
- Nicola Prygodzicz, Chief Executive
- Tracey Daszkiewicz, Executive Director for Public Health & Strategic Partnerships
- Hannah Evans, Executive Director of Strategy, Planning & Partnerships
- Phil Robson, Special Advisor to Health Board
- Katija Dew, Independent Member

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).

Aneurin Bevan University Health Board Members included in the membership of the Public Services Board are:

- Ann Lloyd, Health Board Chair
- Nicola Prygodzicz, Chief Executive
- Tracey Daszkiewicz, Executive Director for Public Health & Strategic Partnerships

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 Chief Executive and 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, Risk and Assurance 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. 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.

To further support this, a risk management strategy benefits realisation plan was presented to the Audit, Risk and Assurance Committee in April 2022, which mapped the objectives highlighted in the Risk Management Strategy with progress updates and clarity on how the Health Board will determine measurements of success. The Audit, Risk & Assurance 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.

At each Board meeting, the Health Board receives a Strategic Risk Report which provides a high-level account of all risks included on the Corporate Risk Register. This report is published in the public domain, ensuring transparency and openness around the strategic risks the Health Board has identified as potential impacts to achievement of the Board's strategic priorities. Members of the public and any other stakeholders have the opportunity to comment or raise queries on these risk reports, in-line with the Health Board Standing Orders.

The Health Board's electronic risk management system and associated functionality provides a useful mechanism for operational teams to record

risks, raise and escalate risks to a Strategic level via an alert to the Corporate Risk Register and subsequently the Head of Corporate Services, Risk and Assurance. In addition to this, the Executive Directors of the Health Board hold assurance meetings with their respective Divisions to discuss management of ongoing risks that Divisions hold and provides a further opportunity to escalate risks. Regular engagement with Executive risk owners is undertaken to update risks and ensure scoring remains consistent and balanced.

The Head of Corporate Services, Risk and Assurance provides a strategic risk report to each Committee of the Board and each report includes detailed risk assessments for the risks for which the Committee has been delegated responsibility to seek assurance.

In relation to Quality, Patient Safety risks, the Health Board has a well-established Quality Patient Safety Operational Group that reports to the Board's Patient Quality Safety and Outcomes Committee. This meeting is chaired by the Director of Therapies and Health Science and extends its membership to other clinical Executive colleagues.

The Health Board has a well-established a Risk Management Community of Practice (CoP). Representation has grown consistently, and the CoP continues to meet every other month. Topics at the CoP include risk appetite and tolerances, business continuity planning, regular updates on the strategic risks reported to the Board and its Committees alongside an 'open' section for staff to share areas of good practice and wider organisational learning on risk management or organisational maturity.

Board Assurance Framework

The Board Assurance Framework provides the Board with an overview of the Principal Risks to achievement of its Strategic Objectives, along with a position on the level of assurance that it can reasonably take in relation to each risk.

In June 2022, the Audit, Risk and Assurance Committee received an Internal Audit review of the Board Assurance Framework (BAF) in place during 2021/22. This review provided the Board with a reasonable level of assurance, although actions for improvement were identified.

In August 2022, the Audit, Risk and Assurance Committee received a presentation from the Director of Corporate Governance that outlined an updated approach to development of the BAF allowing for closer alignment and reporting with the Corporate Risk Register. The Committee considered the current position and recognised that further work was required to provide greater clarity, ownership and understanding of the BAF and its processes. The need for synergy to be developed between the BAF and the Corporate Risk Register as well as introducing processes to enable a greater level of assurance across the breadth of the internal control system at an operational level was acknowledged.

At its meeting in March 2023, the Board received the first iteration of an integrated risk and assurance report, complete with assurance mapping and action plans identified to address gaps in assurances. Further development of the presentation of the report is expected to align with a rationalisation of the current strategic risks and a revised Risk Management Strategy. This is expected to be presented to the Board in Quarter 1 of 2023/24.

The Health Board’s Risk Profile

As at end of March 2023, there were **25** strategic risks described within the Corporate Risk Register which represent the most significant risks to the Health Board in potentially impacting the delivery of the Board’s strategic priorities.

High	18
Moderate	7
Low	0

A copy of the latest Strategic Risk Report presented to Board in March 2023 is available [here](#). The risks contained within this have been subject to Executive risk owner scrutiny, challenge, and review. Robust assessments of the Health Board’s internal control system were also undertaken, alongside a review of all sources of assurance related to each risk. Based on a calculation of averages methodology, an initial indication on each risk was given a RAG rated assurance level. This was in line with Internal Audit methodology when determining assurance levels for audit reviews.

An over-arching, high-level indication of the level of assurance the Board could derive from this iteration of the strategic risk report is set out below:

Nil	Satisfactory	Considerable
	X	

This means that the Board could take an overall level of **satisfactory** assurance that the strategic risks which comprise the Corporate Risk Register (at March 2023), and which represent significant risks to non-delivery of the IMTP, are being managed effectively. The Board could also take assurance that the system of internal control to manage these risks is deemed to be **satisfactory**.

In April 2023, the Executive Team commenced work to undertake an in-depth review of the Corporate Risk Register, ensuring risks are

appropriately articulated, scored and moderated. This work will be presented to the Board in Quarter 1, 2023/24.

Risk Appetite

The Board's Risk Appetite Statement is contained within its [Risk Management Strategy](#). 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
Very High ('hungry' for risk) Risk Appetite Level 5	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.
High (open to risk) Risk Appetite Level 4	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.
Moderate (cautious risk taking) Risk Appetite Level 3	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.
Low (averse to risk) Risk Appetite Level 2	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.

Assessment	Description of potential effect
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.

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, and where risks are not managed within agreed limits, that robust plans and objectives are in place to de-escalate.

In April 2023, the Board commenced developmental work to review and redesign its risk appetite against key business domains or ‘themes’. These themes were derived from feedback received from the Board on the most significant risks to the Health Board in achieving its strategic objectives. The next stage of development of this work will be the translation of the clearly defined risk appetite levels related to specific risk areas, into clearly articulated risk scores. This will enable operational colleagues to apply the risk appetite levels directly to their service areas and promotes the consistency of approach from ‘Ward to Board’. This approach will be described in a revised Health Board Risk Management Strategy to be finalised in Quarters 1-2, 2023/24.

Risk & Assurance Related Internal Audit Reviews

Over the last financial year, the Audit, Risk and Assurance Committee received reasonable assurance ratings for internal audit reviews undertaken on the BAF and in relation to Risk Management.

Corporate Governance, Board Assurance Framework

In July 2022, the Audit, Risk and Assurance Committee received the internal audit review on the BAF, providing a reasonable level of assurance. The purpose of the review was to “*evaluate the BAF process and supporting arrangements that are embedded within Aneurin Bevan University Health Board governance structure.*” The report concluded a reasonable level of assurance could be taken and made 4 recommendations (2 medium, 2 low) to further develop, embed and strengthen the BAF to ensure Board and Committee business focused on the areas of weakest assurance and highest risk. The Health Board is pleased to report that progress against the recommendations prompted by the internal audit review is in development with revised deadlines or have been completed.

Risk Management

In April 2023, the Audit, Risk and Assurance Committee received an internal audit review on Risk Management, providing a reasonable level of assurance. The purpose of the review was to provide the Board with assurance that appropriate risk management arrangements are in place within the Divisions (at an operational level).

The report made 4 recommendations, 2 medium and 2 low to strengthen risk management arrangements. These actions will be progressed in 2023/24, alongside further development of the organisation's risk management arrangements.

Financial Recovery Governance Arrangements

At Month 06, 2022/23, the Health Board reported a year-to-date position of £22.785m deficit, with a forecast year-end out-turn of £37m deficit. Further detail in respect of this reported financial position included in the Financial Performance Report, with an updated position at Month 07, 2022/23, presented to Board in November 2022.

In assessing the forecast position, the Executive Team undertook a range of deep dives into the financial position, with the key opportunities to reduce the forecast identified as the priority focus of a recovery programme for the remaining six months of the financial year. The focus of recovery was to progress a twin track approach to deliver short term opportunities for financial cost reduction as well as continuing to progress transformational opportunities for long term sustainability. This recovery programme was expected to reduce the forecast deficit to the reported forecast of £37m deficit, based on the initial assessment, with further work ongoing to identify any additional opportunities and manage risk.

As a consequence, a CEO accountability letter was sent to the Director General for NHS Wales to accompany the WG monthly monitoring return on the 13th October 2022.

In view of the forecast position, and the level of associated risk, the Board resolved to reserve for itself the oversight, monitoring and scrutiny of financial recovery for the remainder of the 2022/23 financial year. In doing so, the Board agreed to:

- Approve and oversee delivery of the financial recovery programme and financial risk mitigation plans which capture all of the actions, the governance arrangements and sets out overarching delivery plans for each of the financial recovery workstreams;
- Ensure a clear understanding of the financial risk relating to the financial recovery programme. The Board will review the financial risk on a monthly basis, based on actual financial performance;
- Receive assurance from identified Executive Leads that robust financial recovery workstreams are in place, effective management of risks and delivery of agreed actions;

- Where forecast financial delivery falls short of target and does not adequately mitigate risk, the Board will agree the approach to identifying the further schemes necessary to resolve the gap, including the review and approval of any additional cost reduction and cost avoidance measures.
- Consider the Health Board's capacity and capability to deliver financial recovery actions and consider proposals to address where necessary;
- Consider lessons learnt and ensure that these are reflected in future planning and delivery mechanisms.

In respect of financial management and financial performance, the Board requested that the Finance and Performance Committee dedicate a focus to financial planning for 2023/24, and in particular to seek assurance on actions underway to develop a robust medium-term financial plan for inclusion in the Board's Integrated Medium-Term Plan 2023-26.

The Executive Committee established a Financial Recovery Programme Board, which met formally each month (aligned to the financial reporting timetable) to ensure robust monitoring and tracking, in addition to weekly updates on progress and risks. In doing so, the Financial Recovery Programme Board:

- Developed, for Board approval, the financial recovery programme and financial risk mitigation plans which capture all of the actions, the governance arrangements and sets out overarching delivery plans for each of the financial recovery workstreams;
- Determined a standardised financial performance template to ensure consistent and appropriate information reporting to the Board, based on the agreed financial recovery programme;
- Assessed and monitor the financial risk relating to the financial recovery programme, based on actual financial performance, and consider mitigation actions required;
- Received updates and proposals from identified Executive Leads that robust financial recovery workstreams are in place, effective management of risks and delivery of agreed actions;
- Where forecast financial delivery fell short of target and did not adequately mitigate risk, consider, for the Board's agreement, the approach to identifying the further schemes necessary to resolve the gap, including the review and approval of any additional cost reduction, cost avoidance measures.

The Financial Recovery Programme Board also dedicated focus to financial planning for 2023/24 and the medium-term financial plan.

The Financial Statements, Section 3, provides greater detail on the financial performance of the Health Board in 2022/23.

Emergency Planning

In accordance with the statutory duties of the Civil Contingencies Act (2004) and Emergency Planning Guidance issued by Welsh Government the Health Board have in place emergency plans, business continuity arrangements and supporting documents and submitted an annual report setting out the level of compliance in meeting the requirements for 2022.

THE CONTROL FRAMEWORK

Patient Safety, Quality and Experience

The Health and Social Care (Quality and Engagement) (Wales) Act 2020, places more responsibility on Health and Care organisations in Wales. Enhancing quality, honesty and transparency, the legislation that came into force in April 2023 provides the Health Board with a Duty of Quality and Duty of Candour. It establishes a Citizen Voice- LLais, which enriches engagement with our patients and community members. LLais is an independent body and its free Advocacy service can provide information, advice and support to members of the public.

The **Duty of Candour** is a legal requirement for NHS Organisations in Wales to be open and honest with patients who are receiving care and treatment. Through this Duty, the Health Board must be honest in informing patients and their families if the care provided has, or may have contributed to unexpected or unintended moderate or severe harm, or death. They need to know what happened and, to what can be done to ensure this does not happen again. A culture of openness, transparency and candour is widely associated with good quality care. This must encourage learning and be achieved without apportion of blame.

The **Duty of Quality** requires the Health Board to develop leadership and management systems with a view to securing improvement in the quality of services. Through continuous improvement of services over time, ensuring that quality challenges are improved upon. Reporting learning through annual quality reports. There are 12 Health and Care Quality Standards that will help us to describe what good quality care looks like in our individual services.



The Health Board understands the importance of providing high quality, safe, and compassionate care of the services it provides and commissions. However, we also recognise that in a complex environment, incidents may occur despite our best intentions. It is crucial that we are aware of the significance of our actions and our response in handling these situations. Being open and honest can have a major positive impact on the experiences of our patients, staff, carers and families, supporting their understanding when something has gone wrong and ultimately on their continued trust in the healthcare system.

The Health Board has approved its Quality Strategy which has been implemented throughout Aneurin Bevan University Health Board since April 2023. Our aim is to continuously improve and learn, new legislative requirements support the development of our strategy. Progressing on what we have already accomplished and building on existing structures throughout the organisation is a key focus in the development of this Strategy.

Quality is embedded in our culture, and we are committed to continually improving. Delivering high-quality healthcare to our local communities while putting Quality, Safety, Experience and Learning at the heart of everything we do.

The Health Board will adopt, at scale, the 'Care Aims' model across multi-disciplinary teams by truly embedding 'what matters' principles, improving patient experience, voice, value and choice. This will provide us with improved metrics for patient experience and evidence of feedback influencing service plans, delivery and improvement. Through continuous improvement of our services over time, ensuring that quality challenges are improved upon, we will report our learning through our annual quality report.

We pledge to deliver the Duty of Quality by ensuring our services provide the highest quality of care for our patients, carers and families. We are committed to improving the experience of care and will seek

opportunities to provide positive patient experiences through the patient journey across our services. Our vision is quality-driven, and we will ensure data will drive improvement and learning through experience. We will develop and deliver our services around the domains of quality and quality enablers:

The six domains of quality and six quality enablers

The six domains of quality	Quality Enablers
Person-centred care	Leadership
Safe care	Culture
Timely care	Workforce
Efficient care	Information
Effective care	Whole systems approach
Equitable care	Learning, improvement and research

The Quality vision of Aneurin Bevan University Hospital Board is to be "widely recognised for delivering the Health and Care Quality Standards". Our first and most important commitment to our patients is to keep them safe. Over the next three years, this Quality Strategy will improve the delivery within these Quality Standards, while continuing to improve patient and staff experience and outcomes.

The experiences of our staff and patients will continue to be the most important measure of our progress. It is the delivery of this Strategy, together with the supporting strategies of patient experience and involvement, risk management, clinical effectiveness and employee wellbeing to deliver high quality care, person centred and effective health and care services for our local population.

To achieve Our Quality Strategy will require a strong commitment to undertake a Health Board wide culture change, where patients are informed and educated about our services to meet their needs, guaranteeing equitable access to services. Our organisation has a solid foundation on which to build, and we will improve by listening, learning and working together on a continuous improvement journey.

We aim to create a strategy that can be used as a charter to empower people to live good lives and prevent harm. We will create a culture where staff feel listened to, based on transparency, accountability, ethical behaviour, trust and a 'Just Culture'. We will continue to actively listen to our service users and respond to make it a good experience for all.

By developing this Quality Strategy, we are making clear our commitment and approach to empowering the people at the heart of our services. Staff will have the freedom, skills, tools and resources to work in partnership with the people we serve to improve and innovate safely towards defined quality goals.

We remain committed as an organisation to becoming a true learning organisation. We will focus on delivering the highest possible quality care, meeting the health and care needs of people using our services, and improving the health outcomes of the population we serve. This strategy highlights our creativity, passion, expertise and our commitment to learn from experiences. Our quality pledge and ambitions aim to put quality, equality and learning at the heart of our service.

We will become a learning organisation by:

- Ensuring we are doing everything we can to make *everyone's* health and care experience the best it can be, delivering safe and effective services.
- Ensuring our colleagues are valued, work in safe and secure environments, and are supported and empowered to act when things can be improved.
- Ensuring the people, we serve are heard, included, involved and empowered;
- We will embrace transparency, accountability and knowledge, celebrate success, share learning and actively seek to improve.

We aim to become a true learning organisation to improve patient safety, experience and clinical effectiveness. We will respond to learning and guidance from our Quality Management System, local and national groups, adapting our plans and priorities to ensure we are doing the right things. The key to delivery of our plans is to develop a 'Quality Management System' approach to embed a culture of learning: a culture where people listen, think, feel and act 'quality' - promoting openness and learning, continuous improvement and service transformation. This includes work to embed positive cultures of continuous improvement and working together. We will further develop our Quality Management System to routinely set meaningful targets and, monitor, measure and report performance to ensure we provide excellent standards of care and set quality goals to continuously improve the services we provide.

Our quality goals are called 'pillars of quality', which run through our Health Board, ensuring that we deliver the highest standards of care under these domains. We will review our performance by providing data in these Pillars of Quality, and we must prioritise the quality and safety of our health services above all else. This strategy signals our intention to progress these pillars of quality to baseline and benchmark our level of performance. The pillars will also be our Quality Markers in our Quality management system. Strengthening our quality management system helps us make sure our decision-making focuses on improving the quality of health services. Pillars of quality:

- Patient and staff experience and stories
- Incident reporting – falls, pressure ulcers, medicines management and mortality
- Complaints, concerns and compliments
- Health, safety and security

- Infection Control and Prevention
- Safeguarding

Our strategic goals are to develop and empower our workforce to deliver outstanding care. Our staff and services are eager to learn, working together with families and experts by experience to improve services. We aim to enable our workforce to be happy, confident and competent. We will empower our workforce to deliver outstanding care by supporting the professional development of colleagues, giving them the mandate, tools and resources to innovate and improve. We will develop a 'Just Culture' which promotes safety through supporting people to speak up. We will encourage staff to be more open and transparent about incidents, errors or complaints and the actions we take to make changes.

We will measure our progress and guide our actions towards becoming a learning organisation. We will grow and mature our Quality Improvement approach as our methodology for solving complex problems, and to provide a consistent approach to testing change ideas and informing our decisions.

In order, to drive and improve the quality of care delivered across our communities the Health Board will increasingly rely on partnerships across our communities. We will further develop our role as part of an integrated Health Board, working more closely with our commissioners and with other local providers, including Primary Care, the Independent Sector, Charities and colleagues in Social Care. Positioning quality throughout our organisational structure is important in integrating communication from Ward/ Teams to Board.

As part of the Health Board's Quality Strategy, a Quality Assurance Framework is being developed to form an essential element of the overall system. The purpose is to mitigate and manage risk associated with achieving our strategic objectives and priorities as outlined in the Health Board's Integrated Medium-Term Plan (IMTP). The Framework is aligned to the Board's Assurance Framework and has inherent links to the Risk Management Strategy.

The Quality Assurance Framework Structure of the Health Board is made up of a range of groups, each of which focuses on a different aspect of quality, patient safety and experience and ultimately reports to the Health Board's Patient, Quality Safety Outcomes Committee (PQSOC), via the Quality and Patient Safety Operational Group (QPSOG). The Health Board is reviewing QPSOG as part of our Quality Strategy implementation, with the goal of refocusing the QPS governance framework.

Information Governance

Information is a vital asset, both in terms of the clinical management of individual patients and the efficient management of services and resources. Information Governance is about setting high standards for handling this information and giving the organisation the tools to achieve those standards.

The Health Board has a range of key roles that have responsibilities in relation to the information that it holds, uses and shares. The Medical Director is the Caldicott Guardian, the Director of Corporate Governance is the Senior Information Risk Owner (SIRO) and the Head of Information Governance is the Data Protection Officer (DPO).

During 2022/2023 the Health Board continued to develop the forums for the organisation to consider information governance requirements and to provide a consistent way in which it is managed. These forums allow the facilitation of processes and communications which ensures that all Data Protection obligations are met. Dashboards are produced to provide support and assistance ensuring compliance with training, dealing with complaints, incident and breach management. Annual reports are produced on progress made throughout the year and disseminated to the relevant divisions and boards.

The Health Board continues to be proactive in using the NHS Wales IG Toolkit to ensure consistency of policy, standards and interpretation of the law and regulation across NHS Wales organisations. The Health Board achieved a score of 95% for the last year.

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.

During 2022/2023 there was a 10% increase in the number of Subject Access Requests (SARs) compared to the previous year. The largest proportion of requests received continues to be made by solicitors and legal services.

During this year there was a 31% decrease in IG incidents reported by staff from the previous year.

There were 6 complaints made to the Information Commissioners Office (ICO) by complainants, with 5 not upheld and one awaiting a final outcome.

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.

At its meeting in March 2022, the Board approved its IMTP for 2022-25 for submission to Welsh Government. The Health Board's Integrated Medium-Term Plan 2022-25 was a natural progression from the Annual Plan 2021/22, building on the life course approach, whilst recognising the context within which the Health Board operated was different from the one recognised in 2020/21. This being a renewed focus on sustainable recovery, 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.

On 22 July 2022, the Health Board received written confirmation that the Minister for Health and Social Services had approved Aneurin Bevan University Health Board's IMTP 2022-25.

On 28 November 2022, the Minister for Health and Social Services issued the NHS Wales Planning Framework for the 2023/2024– 2025/2026 planning cycle. At its meeting in March 2023, the Board considered and approved its IMTP 2023-26, as natural progression from the 2022-25 plan. The 2023-26 IMTP continues to build on the life course approach, whilst recognising the current operational demand and being able to focus on realistic, sustainable recovery.

On 21st April 2023, the Health Board received confirmation from Welsh Government that further work was required to strengthen the Health Board's IMTP 2022-26 ([link to be added](#)), particularly in respect of the forecast financial deficit contained within the original version, prior to Ministerial approval. The Health Board is in active discussion with Welsh Government with a commitment to resubmit an updated plan by 31st May 2023.

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. Further detail in this regard is included within the provisions note within the 2021/22 Financial Statements (Note 20).

Equality, Diversity & Human Rights

The Health Board is required to consider all individuals in their day-to-day work, in shaping policy and in providing services. This is in line with the Public Sector Equality Duty (PSED) introduced by the Equality Act 2010.

The Health Board's [Strategic Equality Plan](#) sets out our ambitions for equality, diversity and inclusion (ED&I) between 2020 and 2024, both in relation to staff and in providing services to the public. This strategy ensures that, as a Health Board we continue to champion ED&I in all that we do, whether it concerns our staff, patients or the wider public.

The Strategic Equality Objectives for 2020 – 2024, have been integrated into the Health Board's IMTP and People Plan, adopting a mainstreaming approach, by embedding ED&I into our plans, processes, values and behaviours.

A refreshed Strategic Equality Plan will be published in 2024.

The Health Board's [Annual Equality Report](#) outlines the work that was undertaken from 01 April 2022 - 31 March 2023 to meet our Strategic Equality Objectives. We also have duties to publish information about our workforce and how we use this data and this report includes the Equality Monitoring data based on a snapshot as of 31 March 2022.

We annually publish information on our [Gender Pay Gap](#). The Health Board has also made a commitment as a result of the Welsh Government's Anti-Racist Action plan, to provide a report to describe the potential [pay gap experienced by Black, Asian and Minority Ethnic staff](#). This report provides an initial baseline assessment, identifies any pay gaps and will enable the development of an action plan to address any ethnicity pay gaps over the coming years.

In addition to our annual reporting cycle, governance arrangements for ED&I ensure the board of directors receive regular assurance that the

Health Board is meeting its Public Sector Equality Duty (PSED) requirements.

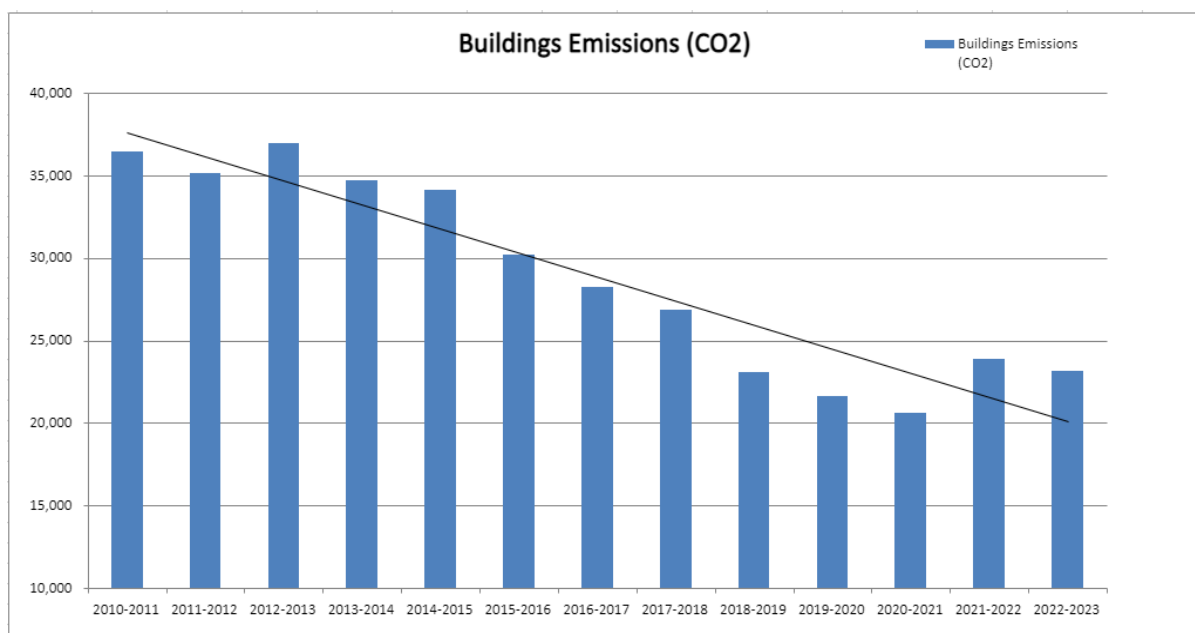
In line with the recommendations of the [Equality Impact Assessments: More than a Tick Box Exercise? Report of the Auditor General for Wales, 2022](#), we are currently reviewing our current Equality Impact Assessment (EqIA) process to support meaningful equality analysis; ensuring that we identify where a policy, procedural document, service, service developments or organisational change may have a negative impact on individuals or groups of people with protected characteristics under the Equality Act and robust action plans are developed to address these potential impacts.

Sustainability and Carbon Reduction Plans

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. During 2022/23 the Health Board established its Decarbonisation Programme Board, chaired by the Executive Director for Finance and Procurement. Four working groups have been set up, each sub-group having a number of the national initiatives assigned to them to take forward and develop associated projects. In 2023/24, the Health Board will establish its Decarbonisation Framework in response to the national plan.

In the last decade the Health Board has made consistent progress with reducing both energy consumption and carbon emissions from its estate. With the opening of the Grange University Hospital in November 2020, a new building emission baseline has been set using full year 2021/22 data.

Between 2009/10 and 2021/22 the emissions from energy use in buildings was cut by 37%, equating to a saving of 14,161 tonnes of carbon. Naturally with the opening of GUH the Health Board's carbon emissions have increased. Positively, during 2022/23 efficiencies have been implemented and a year-on-year saving of 3.1% has been realised.



The Health Board is currently finalising tender specifications for the ReFit Cymru Energy Performance Contract. A Welsh Government endorsed framework where the Health Board will partner with a service provider to design and implement large scale decarbonisation projects across the estate over the coming years; with an emphasis on renewable and low-carbon technologies. Where the service provider financially guarantees energy revenue savings as part of the contract.

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 has now implemented a zero-waste to landfill approach, in collaboration with external contractors. Waste now goes to energy-from-waste plants to generate sustainable electricity.

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 and sustainability improvements. 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 ISO14001:2015 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'.

Biodiversity studies have been completed on 5 of the Health Board sites after securing funding from the health and social care climate emergency national programme in 2022/23. These studies will be used to inform future biodiversity opportunities that are presented going forward on these specific sites.

The second funding stream was secured from the HSCCENP as mentioned above for a Clinical Fellow in Sustainability to deliver the Desflurane gas eradication project across the ABUHB and was completed in December 2022. ABUHB was the first Health Board to completely remove this gas from operation.

Further work to support the Nitrous Oxide scavenging process is planned during the 1st and 2nd quarter of 2023.

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.

The Board relies upon independent and objective assurances, such as those provided by auditors and inspectors, to comment upon the effectiveness of the Board's assurance system. This assurance system includes reporting on financial performance, operational performance and quality of and associated outcomes.

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 and Ministerial Directions issued to the Health Board in 2022/23 and the Health Board's responding action is included at **Attachment 2**.

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 in provisions within the 2022/23 Financial Statements (Note 20).

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 2022/23, the Board's Audit, Risk and Assurance Committee and, Patient Quality, Safety and Outcomes Committee played a key role in monitoring the effectiveness of internal control and the process for risk management. Work will continue in 2023/24 to strengthen the reporting of risks to the Board and its Committees. Approval of the Board's Quality Strategy in March 2023, and ongoing development of a Quality Assurance Framework, 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 progress in delivering these recommendations is overseen by the Patient Quality, Safety and Outcomes Committee via updates in respect of Inspections.

INTERNAL AUDIT

Internal audit provides the Chief Executive/Accountable Officer and the Board, via the Audit, Risk and Assurance 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, Risk and Assurance 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 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.

During the year the Audit, Risk and Assurance Committee received Internal Audit reports in line with the agreed programme for 2021-22 and 2022-23, including the management response from the relevant Executive Director.

In total, 34 assurance-rated reviews and 7 advisory reports were reported to the Audit, Risk and Assurance Committee throughout 2022/23. Out of the 41 received 16 were from the 2021/22 Audit Plan. These are detailed in the assurance rating sections.

As at end April the Committee is still to receive the following final reports from the 2022-23 Internal Audit Plan. These are expected to be received during quarters 1 and 2 of the 2023-24 financial year.

- Clinical Futures - Care Closer to Home
- Contract Management (Urgent Care System)
- Mental Health Transformation
- Dementia Services
- Infection Prevention & Control
- Putting Things Right
- Integrated Wellbeing Networks
- Review of Bank Office & Temporary Staff
- Satellite Radiotherapy Centre
- Endoscopy Services

The assurance sections that follow provide a brief summary of the scope of the Internal Audit Reviews that have been completed and received by the Committee during the financial year 2022-23.

Substantial Assurance

In the following review areas, it was reported that the Board could take **substantial assurance** that arrangements to secure governance, risk management and internal control are suitably designed and applied effectively.

The few matters that required attention were compliance or advisory in nature with low impact on residual risk exposure.

The Grange University Hospital (2021 -22)

Executive Lead – Executive Director of Planning, Digital & IT

The review sought to provide assurance around Quality Assurance, focusing on an assessment of the delivery Grange University Hospital building against the key business case objectives.

Grange University Hospital: Financial Assurance (2022-23)

Executive Lead - Chief Executive

The overall objective was to determine the adequacy of information provided in support of the Stage 4 (construction) defined costs claimed by the Supply Chain Partner (through selective testing of the account)

Digital Benefits Realisation (2022-23)

Executive Lead - Chief Executive

The review sought to consider whether the organisation has an appropriate framework and process to ensure that benefits are gained from investment in digital solutions.

6.9 Reasonable Assurance

In the following review areas, it was reported that the Board could take **reasonable assurance** that arrangements to secure governance, risk management and internal control are suitably designed and applied effectively.

Some matters required management attention in either control design or operational compliance and these had low to moderate impact on residual risk exposure until resolved.

Falls Management (2021-22)

Executive Lead – Executive Director of Therapies & Health Science

The review sought to provide assurance that the Falls Policy for Hospital Adult Inpatients was being adhered to by staff and monitored appropriately.

Flu Immunisation (2021-22)

Executive Lead - Executive Director of Public Health and Strategic Partnerships

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.

Risk Management (2021-22)

Executive Lead – Director of Corporate Governance

The review sought to provide an opinion on the effectiveness of the risk management arrangements in place within the Health Board to ensure strategic objectives are achieved.

Facilities - Care After Death (2021-22)

Executive Lead – Director of Operations

The review sought to provide assurance on the care after death service within the Facilities division, which commenced operations during January 2021.

Flow Centre (2021-22)

Executive Lead – Director of Operations

The review sought to assess the processes within the Flow Centre Team for ensuring patients are cared for in the right place, at the right time, ensuring local coordination with other partners; and providing a single point of contact for transferring patients into and between hospital sites.

Corporate Governance (2021-22)

Executive Lead – Director of Corporate Governance

The review sought to evaluate the Board and Risk Assurance Framework (B&RAF) process and supporting arrangements that are embedded within the Health Board governance structure.

Operational Resumption of Services (2021-22)

Executive Lead – Director of Operations

The review sought to evaluate the adequacy of the systems and controls in place for the operational resumption of services.

Financial Sustainability (2021-22)

Executive Lead – Director of Finance, Procurement & Value

The review sought to evaluate the key financial management controls within the Health Board, including developing and monitoring the savings required for financial sustainability.

Medicines Management (2021-22)

Executive Lead - Medical Director

The review sought to provide the Health Board with the assurance that there are adequate arrangements in place for the management, administration, and storage of controlled drugs.

NIS Directive (Cyber Security) (2021-22)

Executive Lead - Director of Planning, Digital and IT

The audit sought to review the 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.

Waste Management (2021/22)

Executive Lead – Director of Operations

The review sought to assess the Health Board's compliance with relevant waste management legislation and guidance, and progress towards agreed national and local waste reduction targets.

Children's Community Nursing Service – Children & Young People's Continuing Care (2022-23)

Executive Lead - Director of Operations

The review sought to assess the robustness of Children and Young People's Continuing Care (CYP CC) governance arrangements within the Health Board's Children's Community Nursing Service (the CCNS, part of the Family & Therapies Division). With a focus on mechanisms for ensuring the quality and safety of the Children and Young People's Continuing Care provision.

Job Evaluation Process (2022-23)

Executive Lead - Director of Workforce & Organisational Development

The review sought to provide assurance that the Job Evaluation process meets the requirements of the NHS Job Evaluation Handbook and is being applied effectively by the Health Board.

It also sought to provide assurance that all posts that are banded through the job evaluation process are done so in a fair and consistent manner to ensure there is equality for all members of staff.

Neighbourhood Care Networks (NCNs) (2022-23)

Executive Lead – Interim Executive Director of Primary Care, Community & Mental Health

To provide an opinion on the effectiveness of the controls in place to improve access to primary care services through the NCNs.

Integrated Audit Plans – YYF Breast Care Services (2022-23)

Executive Lead: Director of Operations

The audit sought to review the management arrangements in place to progress the Ysbyty Ystrad Fawr Unified Breast Unit.

Integrated Audit Plans – Newport East (2022-23)

Executive Lead: - Interim Executive Director of Primary Care, Community & Mental Health

The audit was undertaken to review the delivery and management arrangements in place to progress the Newport East Health & Wellbeing Centre project, and the performance to date against its key delivery objectives i.e., time, cost, and quality.

Risk Management (2022-23)

Executive Lead: Director of Corporate Governance

The review sought to provide an opinion on the effectiveness of the risk management arrangements in place within a sample of Divisions. To determine the effectiveness key sections of the Risk Management Strategy and Framework (the 'Framework') were considered.

Financial Sustainability (2022-23)

Executive Lead: Director of Finance, Procurement & Value

The audit was undertaken to review the key financial management controls within the Health Board including the development and monitoring of savings programmes required for financial sustainability.

Monitoring Action Plans (2022-23)

Executive Lead: Director of Corporate Governance

To audit sought to review the arrangements in place within the Health Board for the logging, tracking and implementation of actions arising from external inspectorates (specifically Health Inspectorate Wales (HIW) and Health and Safety Executive (HSE)).

Management of the Robotic Process Automation (2022-23)

Executive Lead: Chief Executive Officer

The purpose of the review was to ensure that the organisation has an appropriate process in place to securely develop the Robotic Process Automation (RPA) function.

IT Strategy (2022-23)

Executive Lead: Chief Executive Officer

The purpose of the review was to ensure that the organisation has developed an appropriate target operating model to enable the delivery of the Digital Strategy.

Limited Assurance

In the following review areas, it was reported that the Board could take **only limited assurance** that arrangements to secure governance, risk management and internal control, within those areas under review, were suitably designed and applied effectively.

More significant matters required management attention with moderate impact on residual risk exposure until resolved.

Children and Young People's Continuing Care (2021-22)

Executive Lead – Director of Nursing

The purpose of the review was to ensure that the Mental Health and Learning Disabilities Division has robust commissioning arrangements in place, with a focus on quality and safety for the commissioning of Continuing Health Care (CHC) and Section 117 care.

Clinical Audit (2022-23)

Executive Lead – Medical Director

The audit was undertaken to review the process for delivering clinical audits, including how they are used by the Health Board to support assurance.

Corporate Governance (Policy Management) (2022-23)

Executive Lead – Director of Corporate Governance

The audit was undertaken to review the process for the management of policies throughout the Health Board.

Use of off-contract Agency (2022-23)

Executive Lead – Director of Nursing

To assess whether off-contract agency processes are adhered to, and related expenditure is appropriately monitored.

Records Management (2022-23)

Executive Lead – Chief Executive Officer

The review sought to provide assurance that the Health Board has an appropriate process for the management of records which ensures that it is compliant with legislation.

Discharge Planning (2022/23)

Executive Lead: - Interim Executive Director of Primary Care, Community & Mental Health

This audit was undertaken to provide an opinion on the discharge planning process of the Health Board. It has focussed on the management and delivery of planned discharges and has included sample testing of patients admitted during April and May 2022.

Tredegar Health & Wellbeing Centre (2022-23)

Executive Lead: - Interim Executive Director of Primary Care, Community & Mental Health

The audit sought to review the management and governance arrangements in place to progress the Bevan Health & Wellbeing Centre.

No Assurance

There were no audited areas that reported **no assurance**.

Assurance Rating Not Applicable

The following reviews were undertaken as part of the audit plan and reported or closed by correspondence without the standard assurance rating indicator, owing to the nature of the audit approach.

Datix (Support of Incident Management) (2021-22)

Executive Lead – N/A

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.

Follow-up of High Priority Recommendations (2021-22)

Executive Lead – Director of Corporate Governance

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.

Medical Equipment and Devices (2021-22)

Executive Lead – Medical Director & Director of Therapies & Health Science

The audit assessed the maintenance of the electronic medical devices and equipment (EBME) database and the management of other medical equipment/devices and associated training requirements. The audit objectives were consistent with the 2017/18 Medical Equipment and Devices audit (rated 'limited assurance'), which enabled a high-level review of progress to be completed.

Agile Delivery (2022-23)

Executive Lead- Director of Workforce & Organisational Development

The review sought to assess the Health Board's progress in developing agile working practices and identification of good practice.

Decarbonisation (2022-23)

Executive Lead – N/A

To provide assurance to respective NHS Wales bodies on their arrangements to reduce carbon emissions and control climate change.

Cyber Security (2022/23)

Executive Lead – Chief Executive Officer

The review sought to provide assurance that the organisation is working to improve its cyber security position, and that appropriate reporting is in place that shows the current status.

Follow Up High Recommendations (2022-23)

Executive Lead: Director of Corporate Governance

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.

MONITORING AND IMPLEMENTATION OF AUDIT RECOMMENDATIONS

At the April 2022 meeting, the Audit, Risk and Assurance Committee received a Standard Operating Procedure (SOP) that outlined the purpose of the internal and external recommendation tracker process and provided a clear rationale as to how this benefits the organisation. The Committee adopted this SOP and since April 2022, a report on audit recommendations has been submitted to each meeting. Progress continues throughout the Health Board and key relationships with service leads is progressing to close, extend deadlines or complete the recommendations.

At the May 2023 the Committee is due to receive an internal audit review of the monitoring and tracking of high-level recommendations. At the time of writing, the internal audit report has not yet been formally received by the Committee however, the report's findings concluded a **reasonable** level of assurance.

The Health Board recognises that progress on a number of outstanding audit recommendations has been challenging owing to the impact of COVID-19 on the organisation, that further progress is required in relation to overdue audit recommendations, and that it is committed to maintaining the good progress made over the last year.

Head of Internal Audit's Opinion for 2022/23

TO BE ADDED WHEN AVAILABLE

EXTERNAL AUDIT: AUDIT WALES STRUCTURED ASSESSMENT

The Audit Wales Structured Assessment Report for 2022, 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 that while the Health Board is strengthening its governance arrangements, there is scope to enhance them further to address the significant challenges it needs to address in the short- and medium-term."

The report went on to say that:

"Board and committee arrangements are strengthening, but they will need to be enhanced further to enable the Health Board to focus on addressing the increasing financial and performance challenges it is facing. While recent changes to committee structures appear to be leading to balanced workloads, there is scope to refine the size and order of agendas and sharpen some papers to ensure they are more focussed."

"The Health Board is building greater leadership stability at an executive level through permanent appointments to key posts. It is also appropriately developing and embedding its systems of assurance, particularly its board assurance, risk management, and outcomes frameworks. The outcomes framework in particular is starting to help the Health Board to better monitor strategic objective delivery. However, there are opportunities to strengthen performance reporting relating to the impact of its improvement actions."

The Structured Assessment 2022, along with the Health Board's response is available on our [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 2022/23, 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 2023/24 to ensure implementation of recommendations arising from audit reviews, in particular where a limited assurance rating is applied. Work will also continue in 2023/24 to embed risk management and the assurance framework at a corporate and operational level. Implementation of the Board's Annual Governance Priorities, set out within the IMTP 2023-26, will see a further strengthening of the Board's effectiveness and the system of internal control in 2023/24.

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.

It is widely known that the demands on the health and care system remain significantly pressured, increasing health inequalities, and sustained economic and cost of living challenges. The Health Board will therefore need to continually reflect and respond to the demands and challenges it faces in 2023/24 and beyond. I will ensure our Governance Framework considers and responds to this need.

Signed:

Nicola Prygodzicz
Chief Executive

Dated: XX 2023

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 30th 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 30th 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

The Board has been constituted to comply with the Local Health Boards (Constitution, Membership and Procedures) (Wales) Regulations 2009. In addition to responsibilities and accountabilities set out in terms and conditions of appointment, Board members also fulfil Champion roles where they act as ambassadors for these matters.

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	7 out of 7	
			Chair, Remuneration and Terms of Service Committee	6 out of 6	
			Chair, Partnerships, Population Health and Planning Committee	3 out of 3	
Pippa Britton	Interim Vice Chair	From 18 th October 2021	Member of the Board	5 out of 7	Mental Health
			Chair, Patient Quality, Safety and Outcomes Committee	5 out of 5	
			Chair, Mental Health Act Monitoring Committee	4 out of 4	
			Vice Chair, Remuneration and Terms of Service Committee	6 out of 6	
Katija Dew	Independent Member (Third Sector)		Member of the Board	7 out of 7	Older Persons
			Member, Audit, Risk and Assurance Committee	6 out of 7	
			Vice Chair, Partnerships, Population Health and Planning Committee	3 out of 3	
			Vice Chair, Mental Health Act Monitoring Committee	3 out of 4	
			Chair, Charitable Funds Committee	4 out of 4	

Name	Position and Area of Expertise	Dates (if not full year)	Board Committee Membership	Attendance	Champion Role
Shelley Bosson	Independent Member (Community)		Member of the Board	5 out of 7	Infection Prevention and Control
			Chair, Audit, Risk and Assurance Committee (until 1/10/22)	4 out of 4	
			Member, Audit, Risk and Assurance Committee (from 2/10/22)	3 out of 3	
			Member, Patient Quality, Safety and Outcomes Committee (until 1/11/22)	2 out of 3	
			Member, Finance and Performance Committee	3 out of 3	
			Member, Remuneration and Terms of Service Committee (until 1/11/22)	2 out of 3	
Louise Wright	Independent Member (Trade Union)		Member of the Board	6 out of 7	Children and Young People
			Vice Chair, Patient Quality, Safety and Outcomes Committee	4 out of 5	
			Chair, People and Culture Committee	3 out of 3	
			Member, Remuneration and Terms of Service Committee	6 out of 6	
			Vice Chair, Charitable Funds Committee	3 out of 4	
Richard G Clarke	Independent Member (Local Authority)		Member of the Board	5 out of 7	
			Vice Chair, Audit, Risk and Assurance Committee	6 out of 7	
			Chair, Finance and Performance Committee	3 out of 3	
			Member, Partnerships, Population Health and Planning Committee	3 out of 3	

Name	Position and Area of Expertise	Dates (if not full year)	Board Committee Membership	Attendance	Champion Role
Professor Helen Sweetland	Independent Member (University)		Member of the Board	5 out of 7	
			Member, Patient Quality, Safety and Outcomes Committee	4 out of 5	
			Member, People and Culture Committee	1 out of 3	
Paul Deneen	Independent Member (Community)		Member of the Board	7 out of 7	Equality
			Member, Audit, Risk and Assurance Committee	7 out of 7	
			Member, Patient Quality, Safety and Outcomes Committee	5 out of 5	
			Vice Chair, People and Culture Committee	3 out of 3	
			Member, Mental Health Act Monitoring Committee	4 out of 4	
Iwan Jones	Independent Member (Finance)	From 04/04/2022	Member of the Board	6 out of 7	
			Chair, Audit, Risk and Assurance Committee (from 1/10/22)	3 out of 3	
			Vice Chair, Finance and Performance Committee	3 out of 3	
			Member, Remuneration and Terms of Service Committee (from 1/11/22)	3 out of 3	
			Member, Charitable Funds Committee (from 1/11/22)	2 out of 2	

Name	Position and Area of Expertise	Dates (if not full year)	Board Committee Membership	Attendance	Champion Role
Dafydd Vaughan	Independent Member (Digital)	From 09/05/2022	Member of the Board	5 out of 7	
			Member, People and Culture Committee (from 1/11/22)	1 out of 1	
			Member, Finance and Performance Committee (from 1/11/22)	1 out of 1	
			Member, Partnerships, Population Health and Planning Committee (from 1/11/22)	0 out of 1	
Associate Members					
Keith Sutcliffe	Chair, Stakeholder Reference Group	Until 30/11/2022	Associate Member of the Board	4 out of 5	Armed Forces & Veterans
			Member, Charitable Funds Committee (until 1/11/22)	0 out of 2	

Name	Position and Area of Expertise	Dates (if not full year)	Board Committee Membership	Attendance	Champion Role
Executive Directors					
Nicola Prygodzicz	Chief Executive	From 5/9/2022	Member of the Board	4 out of 4	
			Member, Charitable Funds Committee (from 5/9/22)	3 out of 3	
			Attendee as requested at all Board Committees		
Nicola Prygodzicz	Director of Planning, Performance, Digital and IT / Interim Deputy Chief Executive	Until 4/9/2022	Member of the Board	3 out of 3	
			Required Attendee: Partnerships, Population Health and Planning Committee		
			Attendee as requested at all Board Committees		
Glyn Jones	Interim Chief Executive	Until 5/9/2022	Member of the Board	3 out of 3	
			Member, Charitable Funds Committee (until 5/9/22)	0 out of 1	
			Attendee as requested at all Board Committees		
Rob Holcombe	Interim Director of Finance, Procurement and Value Based Healthcare	Until 13/11/22	Member of the Board	7 out of 7	
			Member, Charitable Funds Committee	4 out of 4	
	Director of Finance and Procurement	From 14/11/22	Required Attendee: Audit, Finance and Risk Committee		
			Attendee as requested at all Board Committees		

Name	Position and Area of Expertise	Dates (if not full year)	Board Committee Membership	Attendance	Champion Role
Dr James Calvert	Medical Director	Until 23/09/2023	Member of the Board	6 out of 7	Caldicott
	Medical Director/Deputy Chief Executive	From 24/09/2023	Required attendee: Patient Quality, Safety and Outcomes Committee		
			Attendee as requested at all Board Committees		
Sarah Simmonds	Director of Workforce and OD		Member of the Board	7 out of 7	Raising Concerns Welsh Language
			Required attendee: People and Culture Committee		
			Attendee as requested at all Board Committees		
Chris Dawson-Morris	Interim Director of Planning and Performance	From 05/09/2022 – 3/04/2023	Member of the Board	4 out of 4	Emergency Planning
			Required Attendee: Partnerships, Population Health and Planning Committee		
			Attendee as requested at all Board Committees		
Hannah Evans	Director of Strategy, Planning and Partnerships	From 1/4/2023	Member of the Board		Emergency Planning
			Required Attendee: Partnerships, Population Health and Planning Committee		
			Attendee as requested at all Board Committees		

Name	Position and Area of Expertise	Dates (if not full year)	Board Committee Membership	Attendance	Champion Role
Rhiannon Jones	Director of Nursing	Until 05/07/2022	Member of the Board	1 out of 2	Children and Young People Infection Prevention and Control Putting Things Right
			Required attendee: Patient Quality, Safety and Outcomes Committee		
			Attendee as requested at all Board Committees		
Linda Alexander	Interim Director of Nursing	25/06/2022 to 15/08/2022	Member of the Board	1 out of 1	Children and Young People Infection Prevention and Control Putting Things Right
			Required attendee: Patient Quality, Safety and Outcomes Committee		
			Attendee as requested at all Board Committees		
Jennifer Winslade	Director of Nursing	From 08/08/2022	Member of the Board	4 out of 4	
			Required attendee: Patient Quality, Safety and Outcomes Committee		
			Attendee as requested at all Board Committees		
Peter Carr	Director of Therapies and Health Sciences		Member of the Board	6 out of 7	Fire Safety Violence and Aggression
			Required attendee: Patient Quality, Safety and Outcomes Committee		
			Attendee as requested at all Board Committees		

Name	Position and Area of Expertise	Dates (if not full year)	Board Committee Membership	Attendance	Champion Role
Dr Sarah Aitken*	Director of Public Health and Strategic Partnerships	Until 05/01/2023	Member of the Board Required Attendee: Partnerships, Population Health and Planning Committee Attendee as requested at all Board Committees	4 out of 5	
Tracy Daszkiewicz*	Director of Public Health	From 01/04/2023	Member of the Board Required Attendee: Partnerships, Population Health and Planning Committee Attendee as requested at all Board Committees		
Dr Chris O'Connor	Interim Director of Primary, Community and Mental Health Services		Member of the Board Required attendee: Mental Health Act Monitoring Committee Attendee as requested at all Board Committees	5 out of 7	
Directors in Attendance					
Leanne Watkins	Director of Operations	From 17 th March 2022	Attendee at the Board Attendee as requested at all Board Committees	6 out of 7	
Board Secretary / Director of Corporate Governance					
Rani Dash (nee Mallison)	Board Secretary/Director of Corporate Governance		Attendee at the Board Attendee as requested at all Board Committees	7 out of 7	

*Director of Public Health - During the vacancy period 05/01/23 to 01/04/2023, Stuart Bourne and Eryl Powell, Deputy Directors of Public Health, provided advice to the Board and attended meetings in their deputy roles.

Quoracy of Meetings

Quorate

Non-Quorate

Board/Committee	Date						
Board	25 May 2022	14 June 2022	27 July 2022	28 September 2022	30 November 2022	25 January 2023	29 March 2023
Patient Quality, Safety and Outcomes Committee	5 April 2022	7 June 2022	16 August 2022	18 October 2022 - CANCELLED	6 December 2022	7 February 2023	
Audit, Risk and Assurance Committee	7 April 2022	17 May 2022	13 June 2022	2 August 2022	6 October 2022	1 December 2022	2 February 2023
Charitable Funds Committee	2 August 2022*	27 October 2022	19 January 2023	2 March 2023			
Partnerships, Population Health and Planning Committee	25 April 2022	7 July 2022	16 November 2022				
Mental Health Act Monitoring Committee	13 June 2022	6 September 2022	8 December 2022	9 March 2023			
Finance and Performance Committee	6 July 2022	5 October 2022	11 January 2023				
People and Culture Committee	14 April 2022*	13 September 2022	10 January 2023				
Remuneration and Terms of Service Committee	6 June 2022	5 July 2022	7 September 2022	29 November 2022	14 February 2023	29 March 2023	

*Meeting attended by additional IM to ensure quoracy

Attachment Two

Ministerial Directions

Ministerial Directive	Rating	Link
The Directions to Local Health Boards as to the Personal Dental Services Statement of Financial Entitlements (Amendment) Directions 2022	Complete	https://www.gov.wales/sites/default/files/publications/2022-04/the-directions-to-local-health-boards-as-to-the-personal-dental-services-statement-of-financial-entitlements-amendment-directions-2022_0.pdf
The Directions to Local Health Boards as to the General Dental Services Statement of Financial Entitlements (Amendment) Directions 2022	Complete	https://www.gov.wales/sites/default/files/publications/2022-04/the-directions-to-local-health-boards-as-to-the-general-dental-services-statement-of-financial-entitlements-amendment-directions-2022_0.pdf
Directions to Local Health Boards as to the Statement of Financial Entitlements (Amendment) (No. 2) Directions 2022	Complete	https://www.gov.wales/sites/default/files/publications/2022-06/directions-to-local-health-boards-as-to-the-statement-of-financial-entitlements-amendment-no-2-directions-2022.pdf
The National Health Service (Charges to Overseas Visitors) (Amendment) (No. 3) (Wales) Regulations 2022	complete	https://www.gov.wales/sites/default/files/publications/2023-01/the-national-health-service-charges-to-overseas-visitors-amendment-no-3-wales-regulations-2022.pdf
The Pharmaceutical Services (Advanced Services) (Appliances) (Wales) (Amendment) Directions 2022	complete	https://www.gov.wales/sites/default/files/publications/2022-07/the-pharmaceutical-services-advanced-services-appliances-wales-amendment-directions.pdf
The Primary Medical Services (Influenza and Pneumococcal Immunisation Scheme) (Directed Enhanced Service) (Wales) (No. 2)	Complete	https://www.gov.wales/sites/default/files/publications/2022-08/the-primary-medical-services-influenza-and-pneumococcal-immunisation-scheme-directed-enhanced-service-wales-no.-2-amendment-directions-2022.pdf
The Primary Care (Contracted Services: Outpatient Waiting List Scheme) Directions 2022	Complete	https://www.gov.wales/sites/default/files/publications/2022-08/the-primary-care-contracted-services-outpatient-waiting-list-scheme-directions-2022.pdf
Primary Care Contracted Services: Immunisations (PCCS:I) Amending Directions August 2022	Complete	https://www.gov.wales/sites/default/files/publications/2022-08/primary-care-contracted-services-immunisations-2-directions-20-22.pdf
The Abortion Act 1967 – Revocation of the Approval of a Class of Place for Treatment for the Termination of Pregnancy (Wales) 2022	complete	https://www.gov.wales/sites/default/files/publications/2022-08/the-abortion-act-1967--revocation-of-the-approval-of-a-class-of-place-for-treatment-for-the-termination-of-pregnancy-wales-2022.pdf
The National Health Service (Charges to Overseas Visitors) (Amendment) (No. 4) (Wales) Regulations 2022	complete	https://www.gov.wales/sites/default/files/publications/2023-01/the-national-health-service-charges-to-overseas-visitors-amendment-no-4-wales-regulations-2022.pdf

Ministerial Directive	Rating	Link
The Directions to Local Health Boards as to the Statement of Financial Entitlements (Amendment) (No. 4) Directions 2022	complete	https://www.gov.wales/sites/default/files/publications/2022-11/directions-to-local-health-boards-as-to-the-statement-of-financial-entitlements-amendment-no-4-directions-2022.pdf
The Wales Infected Blood Support Scheme (Amendment) (No. 2) Directions 2022	Complete	https://www.gov.wales/sites/default/files/publications/2022-12/the-wales-infected-blood-support-scheme-amendment-no-2-directions-2022.pdf
The Local Health Boards (Directed Functions) (Wales) Directions 2022	Complete	https://www.gov.wales/sites/default/files/publications/2022-12/the-local-health-boards-directed-functions-wales-directions-2022.pdf
The Directions to Local Health Boards as to the General Dental Services Statement of Financial Entitlements (Amendment) Directions 2023	Complete	https://www.gov.wales/sites/default/files/publications/2023-01/the-directions-to-local-health-boards-as-to-the-general-dental-services-statement-of-financial-entitlements-amendment-directions-2023.pdf
The Directions to Local Health Boards as to the Personal Dental Services Statement of Financial Entitlements (Amendment) Directions 2023	Complete	https://www.gov.wales/sites/default/files/publications/2023-01/the-directions-to-local-health-boards-as-to-the-personal-dental-services-statement-of-financial-entitlements-amendment-directions-2023.pdf
Directions to Local Health Boards as to the Statement of Financial Entitlements (Amendment) Directions 2023	Complete	https://www.gov.wales/sites/default/files/publications/2023-02/directions-to-local-health-boards-as-to-the-statement-of-financial-entitlements-amendment-directions-2023.pdf
Local health boards and NHS Trusts reporting on the introduction of new medicines into the National Health Service in Wales Directions 2023	Complete	https://www.gov.wales/sites/default/files/publications/2023-03/local-health-boards-and-nhs-trusts-reporting-on-the-introduction-of-new-medicines-into-the-national-health-service-in-wales-directions-2023.pdf

Welsh Health Circulars

WHC No	Name of WHC	Rating	Link
WHC/2022/007	Recording of Dementia Read Codes	complete	recording-of-dementia-read-codes-whc-2022-007.pdf (gov.wales)
WHC/2022/014	Healthcare associated infections and antimicrobial resistance improvement goals	complete	amr-hcai-improvement-goals-for-2021-2023.pdf (gov.wales)
WHC/2022/011	COVID-19 patient testing framework	complete	https://gov.wales/sites/default/files/publications/2022-05/patient-testing-framework-updated-guidance%20%282%29.pdf
WHC/2022/010	Reimbursable vaccines and eligible cohorts for the 2022 to 2023 NHS seasonal influenza (flu) vaccination programme	complete	https://gov.wales/sites/default/files/publications/2022-03/reimbursable-vaccines-and-eligible-cohorts-for-the-202223-nhs-seasonal-influenza-flu-vaccination-programme.pdf
WHC/2022/005	Welsh Value in Health Centre: data requirements	complete	welsh-value-in-health-centre-data-requirements.pdf (gov.wales)
WHC/2022/09	Prioritisation of COVID-19 patient episodes by NHS Wales clinical coding departments	complete	https://gov.wales/sites/default/files/publications/2022-04/prioritisation-of-covid-19-patient-episodes-by-nhs-wales-clinical-coding-departments_0.pdf
WHC/2022/006	Direct paramedic referral to same day emergency care: All Wales policy	In progress	https://gov.wales/sites/default/files/publications/2022-04/direct-paramedic-referral-to-same-day-emergency-care-all-wales-policy.pdf
WHC/2022/13	Health boards, special health authorities and trusts financial monitoring guidance 2022 to 2023	complete	202223-lhb-sha--trust-monthly-financial-monitoring-return-guidance.pdf (gov.wales)
WHC/2022/015	Changes to the vaccine for the HPV immunisation programme	complete	changes-to-the-vaccine-for-the-hpv-immunisation-programme_0.pdf (gov.wales)
WHC/2022/16	The national influenza immunisation programme 2022 to 2023	complete	https://gov.wales/sites/default/files/publications/2022-06/the-national-influenza-immunisation-programme-2022-23_1.pdf
WHC/2022/002	NHS Wales national clinical audit and outcome review plan annual rolling programme for 2022 to 2023	Complete	https://gov.wales/sites/default/files/publications/2022-06/nhs-wales-national-clinical-audit-and-outcome-review-plan-annual-rolling-programme-for-202223.pdf

WHC No	Name of WHC	Rating	Link
WHC/2022/12	Donation and transplantation plan 2022 to 2026	complete	https://gov.wales/sites/default/files/publications/2022-06/donation-and-transplantation-plan-for-wales-2022-2026.pdf
WHC/2022/17	Wales rare diseases action plan 2022 to 2026	complete	https://gov.wales/sites/default/files/publications/2022-06/wales-rare-diseases-action-plan-2022%E2%80%932026-whc-2022-017_3.pdf
WHC/2022/019	NHS Wales non specialised paediatric orthopaedic services	complete	https://gov.wales/sites/default/files/publications/2022-07/non-specialised-paediatric-orthopaedic-services.pdf
WHC/2022/18	Suspected cancer pathway: guidelines	complete	https://gov.wales/sites/default/files/publications/2022-07/guidelines-for-managing-patients-on-the-suspected-cancer-pathway_2.pdf
WHC/2022/20	Never events: policy and incident list July 2022	complete	https://gov.wales/sites/default/files/publications/2022-07/whc-2022-020-never-events-policy-july-2022.pdf
WHC/2022/21	National optimal pathways for cancer	complete	https://gov.wales/sites/default/files/publications/2022-08/national-optimal-pathways-for-cancer-2022-update.pdf
WHC/2022/008	New records management code of practice for health and care 2022	complete	https://gov.wales/sites/default/files/publications/2022-07/new-records-management-code-of-practice-for-health-and-care-2022.pdf
WHC/2022/022	The role of the Community Dental Service	In progress	https://gov.wales/sites/default/files/publications/2022-08/the-role-of-the-community-dental-service.pdf
WHC/2022/023	Changes to the vaccine for the HPV immunisation programme	complete	changes-to-the-vaccine-for-the-hpv-immunisation-programme-whc2022023.pdf (gov.wales)
WHC/2022/026	Approach for Respiratory Viruses – Technical Guidance for Healthcare Planning	complete	approach-for-respiratory-viruses-technical-guidance-for-healthcare-planning.pdf (gov.wales)
WHC/2022/027	Urgent polio catch-up programme for children under 5 years old	complete	urgent-polio-catch-up-programme-for-children-under-5-years-old.pdf (gov.wales)
WHC/2022/003	Guidance for the provision of continence containment products for Adults in Wales 2022	complete	https://www.gov.wales/adult-continence-products-whc2022003

WHC No	Name of WHC	Rating	Link
WHC/2022/004	Guidance for the care of children and young people with continence problems	complete	https://www.gov.wales/paediatric-continence-containment-products-whc2022004
WHC/2022/029	Follow-up advice on the polio catch-up programme for children under 5 years old	complete	https://www.gov.wales/follow-advice-polio-catch-programme-children-under-5-years-old-whc2022029
WHC/2022/031	Reimbursable vaccines and eligible cohorts for the 2023 to 2024 NHS seasonal influenza (flu) vaccination programme	complete	https://www.gov.wales/reimbursable-vaccines-and-eligible-cohorts-2023-2024-nhs-seasonal-influenza-flu-vaccination
WHC/2022/025	All Wales guidance for prescribing intervals	complete	https://www.gov.wales/sites/default/files/publications/2023-03/all-wales-guidance-for-prescribing-intervals.pdf
WHC/2022/035	Influenza (flu) vaccination programme deployment 'mop up' 2022 to 2023	complete	https://www.gov.wales/influenza-flu-vaccination-programme-deployment-mop-2022-2023-whc2022035
WHC/2023/001	Eliminating hepatitis (B and C) as a public health threat: actions for 2022 to 2023 and 2023 to 2024	In progress	Eliminating hepatitis (B and C) as a public health threat: actions for 2022 to 2023 and 2023 to 2024 (WHC/2023/001) GOV.WALES
WHC/2023/002	Faecal immunochemical testing (FIT) in symptomatic colorectal cancer referral	complete	https://www.gov.wales/sites/default/files/publications/2023-01/new-lower-gastrointestinal-fit-national-optimal-pathway.pdf
WHC/2022/034	Health board allocations for 2023 to 2024	complete	https://www.gov.wales/sites/default/files/publications/2023-03/health-board-revenue-allocations-2023-to-2024.pdf
WHC/2022/032	Further extending the use of Blueteq in secondary care	complete	Further extending the use of Blueteq in secondary care (gov.wales)
WHC/2023/004	COVID-19 spring booster 2023	In progress	https://www.gov.wales/sites/default/files/publications/2023-03/whc202304-covid-19-spring-booster-2023-english_0.pdf
WHC/2023/007	Patient testing framework, updated guidance	complete	https://www.gov.wales/sites/default/files/publications/2023-03/patient-testing-framework-updated-guidance.pdf
WHC/2023/006	Commencement of the Health and Social Care (Quality and Engagement) (Wales) Act 2020	In progress	https://www.gov.wales/sites/default/files/publications/2023-04/commencement-of-the-health-and-social-care-quality-and-engagement-wales-act-2020_0.pdf

Attachment Three

[Corporate governance in central government departments: code of good practice 2017](#)

Aneurin Bevan University Health Board Assessment 2022/23

Para	Corporate Governance Code Principles	Evidence of Internal assurance/Supporting Narrative	Comply or Explain	Supporting documentation / Evidence
2.1 2.2	Each organisation should have an effective board, which provides leadership for the 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 Trust.	<p>The Board meets in public on a bi-monthly basis.</p> <p>A forward work programme of Board Business is in place and approved on an annual basis. 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 receives, as standing items to each meeting, finance, performance and corporate risk reports.</p>	Comply	<p>Board and Committee Minutes – demonstrate Scrutiny and support</p> <p>Audit Wales Structured Assessment 2022</p>
2.3	<p>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.</p> <p>The Board will operate according to recognised precepts of good corporate governance in business:</p> <ul style="list-style-type: none"> • 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 	<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> <p>Progress against the Health Board Integrated Medium Term Plan 2022-2025, which adopts a life course approach, is presented to the Board on a quarterly basis.</p>	Comply	<p>Standing Orders and Standing Financial Instructions</p> <p>Audit Wales Structured Assessment 2022</p> <p>IMTP</p> <p>Value and Behaviours Framework</p>

Para	Corporate Governance Code Principles	Evidence of Internal assurance/Supporting Narrative	Comply or Explain	Supporting documentation / Evidence
	<ul style="list-style-type: none"> Effectiveness – bringing a wide range of relevant experience to bear, including through offering rigorous challenge and scrutinising performance Accountability – promoting transparency through clear and fair reporting. Sustainability – taking a long-term view about what the department is trying to achieve and what it is doing to get there. 	<p>The Health Board’s Standing Orders and Standing Financial Instructions are designed to translate the statutory requirements into day to day operating practice, and, together with the adoption of a Schedule of Decisions reserved to the Board of Directors; a Scheme of Decisions to Officers and Others; and Standing Financial Instructions (SFIs), they provide the regulatory framework for the business conduct of the Health Board. These documents form the basis upon which the Health Board’s governance and accountability framework is developed and, together with the adoption of the Health Board’s Values and Behaviour Framework, is designed to ensure the achievement of the standards of good governance set for the NHS in Wales.</p>		
2.4 3.10	<p>The Board should meet on at least a quarterly basis; however, best practice is that boards should meet more frequently.</p> <p>The Board advises on five main areas:</p> <ul style="list-style-type: none"> Strategic Clarity Commercial Sense Talented People Results focus Management information 	<p>The Board meets at least six times a year and in addition holds an Annual General Meeting.</p> <p>Discussions, actions and decisions of all meetings of the Board and its Committees are formally recorded as minutes or action notes.</p> <p>The Board’s role, as set out in its Standing Orders, is to:</p> <ul style="list-style-type: none"> Set the strategic direction for the organisation Hold the organisation to account for performance and delivery Set the tone and culture of the Board and the organisation <p>The Board’s business is therefore structured in this way and encompasses the five main areas set out in point 2.4.</p>	Comply	<p>Standing Orders and Standing Financial Instructions</p> <p>Audit Wales Structured Assessment 2022</p> <p>Board and Committee Agenda and Meeting Papers</p>

Para	Corporate Governance Code Principles	Evidence of Internal assurance/Supporting Narrative	Comply or Explain	Supporting documentation / Evidence
2.7	The Board also supports the accounting officer in the discharge of obligations set out in Managing Public Money for the proper conduct of business and maintenance of ethical standards.	The Board approves the Accountability Report, following scrutiny by the Audit, Risk and Assurance Committee, on an annual basis which includes the Statement by the Accountable Officer assuring the Board on the System of Internal Control.	Comply	Accountability Report
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.	<p>Any concerns raised at Board and Committee meetings are formally recorded in the minutes.</p> <p>The role of the Director of Corporate Governance/Board Secretary is responsible for ensuring these matters are effectively managed, recorded and resolved where possible.</p>	Comply	<p>Board and Committee Agenda and Papers</p> <p>Role of the Director of Corporate Governance</p>
3.1 3.11 3.12 3.13	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.	<p>Constitution is set out in the Health Board's Establishment Orders and the Health Board abides by this composition.</p> <p>The Health Board's Standing Orders also outlines the composition of the Board.</p> <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.</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</p>	Comply	<p>Health Board Establishment Orders</p> <p>Standing Orders</p> <p>Board Member Induction checklist</p>

Para	Corporate Governance Code Principles	Evidence of Internal assurance/Supporting Narrative	Comply or Explain	Supporting documentation / Evidence
		<p>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 maximum of eight years in the organisation. This is controlled by Welsh Government as they are Ministerial appointments.</p> <p>It is acknowledged that there have been a number of changes to Board membership, in terms of both Independent Members and Executive Directors during 2022/23.</p> <p>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.</p> <p>Independent Member membership on Board Committees are rotated at appropriate times to ensure there is mix and balance of experience across all meetings</p>		
3.2	The roles and responsibilities of all board members should be defined clearly in the department's board operating framework.	The Board is constituted in accordance with the Health Board's Establishment Orders and Standing Orders	Comply	Health Board Establishment Orders Standing Orders

Para	Corporate Governance Code Principles	Evidence of Internal assurance/Supporting Narrative	Comply or Explain	Supporting documentation / Evidence
3.3	The Finance Director should be professionally qualified.	The Director of Finance and Procurement is professional qualified	Comply	Recruitment and appointment documentation for the Director of Finance and Procurement
3.5	Independent Members will exercise their role through influence and advice, supporting as well as challenging the executive	<p>The Structured Assessment highlights that <i>"Independent Members continue to engage and participate fully in meetings and provide reasonably effective scrutiny and questioning of the information presented. However, there is scope for Independent Members to provide a stronger focus on what difference is being made and to strengthen their challenge on the risks that might affect the successful delivery of Health Board plans."</i></p> <p><i>"There have been new appointments to the Board, and it is becoming more cohesive."</i></p> <p>There is a national programme of induction, in which all members are asked to participate. This is organised by Academi Wales and Welsh Government. Tailored programmes of induction have commenced for new Independent Members, however there is further work to do on building a comprehensive programme for future use. There is also a programme of Board Development Sessions and Board Briefings and other training made available to the Board.</p>	Comply	<p>Audit Wales Structured Assessment 2022</p> <p>Independent Member Induction Pack</p>

Para	Corporate Governance Code Principles	Evidence of Internal assurance/Supporting Narrative	Comply or Explain	Supporting documentation / Evidence
3.15	<p>The Board should agree and document in its board operating framework a <i>de minimis</i> threshold and mechanisms for board advice on the operation and delivery of policy proposals.</p>	<p>A forward work programme of Board Business is in place and approved on an annual basis.</p> <p>The Terms of Reference Operating Arrangements for the Board Committees articulate their remit.</p> <p>A forward work programme for each Committee is in place and approved on an annual basis.</p>		<p>Board Forward Work Programme</p> <p>Committee Forward Work Programmes</p> <p>Committee Terms of Reference</p>
4.1	<p>The Board should ensure that arrangements are in place to enable it to discharge its responsibilities effectively, including:</p> <ol style="list-style-type: none"> 1. formal procedures for the appointment of new board members, tenure and succession planning for both board members and senior officials 2. allowing sufficient time for the board to discharge its collective responsibilities effectively 3. induction on joining the board, supplemented by regular updates to keep board members' skills and knowledge up-to-date 4. timely provision of information in a form and of a quality that enables the board to discharge its duties effectively 5. a mechanism for learning from past successes and failures within the departmental family and relevant external organisations 6. a formal and rigorous annual evaluation of the board's performance and that of its committees, and of individual board members 7. a dedicated secretariat with appropriate skills and experience 	<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. All Executive appointments, although internal appointments have external independent assessors on the panels and also Welsh Government representation.</p> <p>The Director of Corporate Governance monitors the terms of office of Independent Members to ensure succession planning is timely and managed in conjunction with the public appointments unit.</p> <p>Agenda Setting meetings are held with the Chair, Chief Executive and Director of Corporate Governance to plan the agenda and ensure sufficient time is allocated to the right things at Board meetings.</p> <p>Board Induction programme in place (as previously referenced), supplemented by ongoing Board Briefing and Board Development sessions.</p>		<p>Terms of Reference and Operating Arrangements for Board and Committees</p> <p>Board and Committee Forward Work Programmes</p>

Para	Corporate Governance Code Principles	Evidence of Internal assurance/Supporting Narrative	Comply or Explain	Supporting documentation / Evidence
		<p>The Chair undertakes regular one to ones and annual Personal Appraisal and Development Reviews with all Independent Members.</p> <p>Agenda and papers for Board meetings are published one week prior to the meeting. Report templates have been revised to ensure to support the provision of appropriate and relevant information.</p> <p>The Corporate Governance function supports Board and Committee Business. A consultation process has been undertaken and the final outcome awaited in relation to this function to increase capacity within the team and ensure appropriate skills and expertise are in place.</p> <p>The Board's Quality Strategy and Quality Assurance Framework ensure learning as a key pillar of quality, embedded across the organisation.</p> <p>The Board undertakes an assessment of its effectiveness using the NHS England and NHS Improvement (NHSE and NHSI) Well-led Framework for Leadership and Governance Developmental Reviews. From 2023/24, Committees will undertake a mid-year self-assessment of their effectiveness to inform the Board's end of year assessment.</p>		
4.5	<p>The terms of reference for the nominations committee will include at least the following three central elements:</p> <ul style="list-style-type: none"> • scrutinising systems for identifying and developing leadership and high potential 	<p>The Terms of Reference and operating arrangements are based on the model Standing Orders and ensure that roles and responsibilities of Board Committees capture scrutiny and assurance roles.</p>	Comply	<p>Terms of Reference for Board Committees</p> <p>Standing Orders</p>

Para	Corporate Governance Code Principles	Evidence of Internal assurance/Supporting Narrative	Comply or Explain	Supporting documentation / Evidence
	<ul style="list-style-type: none"> 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 	The Chair reviews the membership of Committees on an annual basis to ensure the appropriate balance of skills and expertise and support succession planning.		
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.	The Annual Governance Statement provides details on the membership of the Board and Committee and the attendance record of individuals at these meetings.	Comply	Annual Governance Statement
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.	<p>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.</p> <p>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 Director of Corporate Governance (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 of reports and maximum transparency and openness in the way in which the organisation conducts its business.</p>	Comply	Board Secretary role profile

Para	Corporate Governance Code Principles	Evidence of Internal assurance/Supporting Narrative	Comply or Explain	Supporting documentation / Evidence
4.11	<p>An effective board secretary is essential for an effective board. Under the direction of the permanent secretary, the board secretary's responsibilities should include:</p> <ul style="list-style-type: none"> • 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: <ul style="list-style-type: none"> • 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 • 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: <ul style="list-style-type: none"> • 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 	The Director of Corporate Governance undertakes these roles as Board Secretary for the Health Board	Comply	Board Secretary role description Standing Orders

Para	Corporate Governance Code Principles	Evidence of Internal assurance/Supporting Narrative	Comply or Explain	Supporting documentation / Evidence
	<p>between non-executive board members and officials, as requested or appropriate recording board decisions accurately and ensuring action points are followed up</p> <ul style="list-style-type: none"> 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).	Individual annual assessment of Board Executive Directors is undertaken by the Chief Executive and Independent Members by the Chair, with the former reported to the Remuneration and Terms of Service Committee.	Comply	Appraisal documentation and process
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.	<p>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.</p> <p>Standards of Business Conduct for Employees in place and details responsibilities for declarations of interests.</p>	Comply	<p>Declarations of Interest Register</p> <p>Standards of Business Conduct for Employees Policy</p>
5.1 5.8	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	The Health Board has established an Audit, Risk and Assurance Committee, chaired by the Independent Member Finance lead.	Comply	Terms of Reference and Operating Arrangements for the Audit, Risk and

Para	Corporate Governance Code Principles	Evidence of Internal assurance/Supporting Narrative	Comply or Explain	Supporting documentation / Evidence
	<p>board, not a committee. The board should be supported by:</p> <ul style="list-style-type: none"> • an audit and risk assurance committee, chaired by a suitably experienced non-executive board member • an internal audit service operating to Public Sector Internal Audit Standards¹ • sponsor teams of the department's key ALBs 	<p>NWSSP Internal Audit Services are appointed as the Health Boards Internal Auditors</p> <p>The Health Board and its Committees monitor the management of risk considering the risks profile and actively engaging in its management.</p>		<p>Assurance Committee</p> <p>Accountability Report</p> <p>Audit Wales Structured Assessment</p>
5.2 5.13	<p>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.</p> <p>The annual governance statement (which includes areas formerly covered by the statement on internal control) is published with the resource accounts 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>The Audit, Risk and Assurance Committee 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.</p> <p>The Governance Statement is included within the Accountability Report which is considered by the Audit, Risk and Assurance Committee prior to approval by the Board.</p>	Comply	Accountability Report
5.3 5.10	<p>The board's regular agenda should include scrutinising and advising on risk management.</p>	<p>The Health Board approve the Risk Management Strategy and Board Assurance Framework.</p> <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 considered at each Board Meeting, and by the Audit, Risk and</p>		<p>Board and Committee Agendas and papers</p> <p>Risk Management Strategy</p> <p>Board Assurance Framework</p>

Para	Corporate Governance Code Principles	Evidence of Internal assurance/Supporting Narrative	Comply or Explain	Supporting documentation / Evidence
		Assurance Committee. Each Committee monitors risks associated with its portfolio and provides assurance reports on these to the Board.		Corporate Risk Register
5.4 5.9 5.11 5.12 5.14 5.15	<p>The key responsibilities of non-executive board members include forming an audit and risk assurance committee.</p> <p>The board and accounting officer should be supported by an audit and risk assurance committee, comprising at least three members.</p> <p>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>.</p> <p>The board should ensure that there is adequate support for the audit and risk assurance committee, including a secretariat function.</p> <p>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>An Audit, Risk and Assurance Committee is established.</p> <p>The Terms of Reference and Operating Arrangements for the ARA Committee are clear in relation to authority and delegated responsibilities. These Terms of Reference are published on the Health Board's website.</p> <p>Full secretariat support is provided by the Corporate Governance Team.</p> <p>5 Independent Members comprise the Audit, Risk and Assurance Committee.</p> <p>The Board Assurance Framework is scrutinised by the Audit, Risk and Assurance Committee.</p>	Comply	<p>Terms of Reference and Operating Arrangements for Audit, Risk and Assurance Committee</p> <p>Board Assurance Framework</p>

Para	Corporate Governance Code Principles	Evidence of Internal assurance/Supporting Narrative	Comply or Explain	Supporting documentation / Evidence
	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.			
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>The role of Head of Internal Audit is clearly set out in the Health Board's Standing Orders.</p> <p>The Head of Internal Audit attends all meetings of the Audit, Risk and Assurance Committee.</p> <p>Audit Wales and Internal Audit have a routine invite to all Board and Committee meetings.</p>	Comply	<p>Standing Orders</p> <p>Terms of Reference for the Audit, Risk and Assurance Committee</p>
5.6 5.7 5.10	<p>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 and ensure that:</p> <ul style="list-style-type: none"> • there is a proper framework of prudent and effective controls, so that risks can be assessed, managed and taken prudently • there is clear accountability for managing risks • Departmental officials are equipped with the relevant skills and guidance to perform their assigned roles effectively and efficiently. 	<p>The Health Board has an agreed Risk Management Strategy. Development work continues to review and refine the Risk Management Strategy, with a Board Development session held in March 2022 focused on strategic risk management and assurance arrangements, including risk appetite and tolerance which will be a key element of the updated Risk Management Strategy.</p> <p>The Risk Management Strategy articulates a clear risk escalation pathway.</p> <p>A Risk Management Community of Practice is in place, led by the Head of Corporate Services, Risk and Assurance.</p>	Comply	<p>Risk Management Strategy</p> <p>Corporate Risk Register</p>

Para	Corporate Governance Code Principles	Evidence of Internal assurance/Supporting Narrative	Comply or Explain	Supporting documentation / Evidence
	<p>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>Advising on key risks is a role for the board. The audit and risk assurance committee should support the board in this role.</p>			



Remuneration and Staff Report 2022/23

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 2022/23, 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, Risk and Assurance Committee (Until 31/10/2022)
- Iwan Jones, Chair of Audit, Risk and Assurance Committee (From 1/11/2022)
- 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 2022/23 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 2022/23, 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 the Annual Governance Statement.

The Remuneration and Terms of Service Committee considers issues of equality and diversity when evaluating and setting remuneration for Directors', particularly in relation to gender and ethnicity in pay levels.

Salary and Pension Disclosure Table: Salaries and Allowances

ANEURIN BEVAN UNIVERSITY HEALTH BOARD ANNUAL ACCOUNTS 2022-23

Remuneration Report

Salary and Pension entitlements of Senior Managers Remuneration

Name	Title	2022-23					2021-22				
		Full Year Equivalent Salary (bands of £5,000) £000	Salary (bands of £5,000) £000	Benefits in kind (to nearest £100) £00	Pension Benefits £000	Total (bands of £5,000) £000	Full Year Equivalent Salary (bands of £5,000) £000	Salary (bands of £5,000) £000	Benefits in kind (to nearest £100) £00	Pension Benefits £000	Total (bands of £5,000) £000
Executive Directors											
Judith Paget	Chief Executive (Until 31.10.21)						215 - 220	125 - 130	0	54	175 - 180
Glyn Jones	Deputy Chief Executive (From 05.09.22 Until 23.09.22)	205 - 210	100 - 105	0	32	135 - 140					
	Interim Chief Executive (From 01.11.21 Until 04.09.22)						200 - 205	175 - 180	0	81	255 - 260
	Director of Finance & Performance / Deputy Chief Executive (Until 31.10.21)						155 - 160				
Nicola Prygodzicz	Chief Executive (From 05.09.22)	215 - 220									
	Director of Planning, Performance, Digital & IT / Interim Deputy Chief Executive (From 01.11.21 Until 04.09.22)	125 - 130	165 - 170	12	282	450 - 455	125 - 130	120 - 125	6	10	130 - 135
	Director of Planning, Digital & IT (Until 31.10.21)						115 - 120				
Dr James Calvert	Medical Director / Deputy Chief Executive (From 24/09/22)	190 - 195	195 - 200	0	66	260 - 265					
	Medical Director (Until 23.09.22)	185 - 190						185 - 190	0	290	475 - 480
Robert Holcombe	Director of Finance and Procurement (From 14.11.22)	150 - 155	155 - 160	0	200	355 - 360					
	Interim Director of Finance, Procurement and Value Based Healthcare (From 01.11.21 Until 13.11.22)	150 - 155					145 - 150	60 - 65	0	72	130 - 135
Chris Dawson-Morris	Interim Director of Planning and Performance (From 05.09.22)	125 - 130	75 - 80	0	15	90 - 95					
Jennifer Winslade	Director of Nursing (From 08.08.22)	135 - 140	90 - 95	0	59	150 - 155					
Linda Alexander	Director of Nursing (From 25.06.22 Until 14.08.22)		15 - 20	0	10	25 - 30					
Rhiannon Jones	Director of Nursing (Until 05.07.22)		35 - 40	0	0	35 - 40		135 - 140	0	60	195 - 200
Geraint Evans	Director of Workforce and Organisational Development (Until 31.08.21)						135 - 140	55 - 60	0	0	55 - 60
Sarah Simmonds	Director of Workforce and Organisational Development (From 22.07.21)		140 - 145	0	72	210 - 215	135 - 140	90 - 95	4	104	195 - 200
Dr Sarah Aitken	Director of Public Health and Strategic Partnerships (From 18.01.21 Until 05.01.23)	130 - 135	95 - 100	0	0	95 - 100					
	Interim Director of Primary, Community and Mental Health Services (From 06.12.21 Until 28.02.22)						125 - 130	125 - 130	0	0	125 - 130

Peter Carr	Director of Therapies and Health Sciences		110 - 115	13	16	130 - 135		110 - 115	126	45	165 - 170
Nick Wood	Director of Primary, Community and Mental Health (Until 05.12.21)						145 - 150	100 - 105	2	29	130 - 135
Dr Chris O'Connor	Interim Director of Primary, Community and Mental Health Services (From 28.02.22)		145 - 150	0	212	360 - 365	135 - 140	10 - 15	0	4	15 - 20
Director of Operations											
Claire Birchall	Director of Operations (Until 02.05.21)						110 - 115	10 - 15	0	0	10 - 15
Leanne Watkins	Director of Operations (From 17.03.22)		120 - 125	17	32	155 - 160					
	Interim Director of Operations (From 12.04.21 Until 16.03.22)						110 - 115	105 - 110	39	86	195 - 200
Board Secretary / Director of Corporate Governance											
Richard Howells	Interim Board Secretary (Until 30.11.21)						90 - 95	60 - 65	0	90	150 - 155
Rani Dash	Director of Corporate Governance (From 14.03.22)		110 - 115	56	41	155 - 160	100 - 105	35 - 40	18	9	50 - 55
	Board Secretary (From 28.11.21 Until 13.03.22)										
Special Advisor to the Board											
Philip Robson	Special Advisor to the Board		15 - 20	0	0	15 - 20		35 - 40	0	0	35 - 40
Chris Koehli	Special Advisor to the Board (Until 17.07.21)						35 - 40	5 - 10	0	0	5 - 10
Non-Executive Directors											
Ann Lloyd CBE	Chair		65 - 70	0	0	65 - 70		65 - 70	0	0	65 - 70
Emrys Elias	Vice Chair (Until 30.09.21)						55 - 60	25 - 30	0	0	25 - 30
Pippa Britton	Interim Vice Chair (From 18.10.21)		55 - 60	0	0	55 - 60	55 - 60				
	Independent Member (Community) (Until 17.10.21)						15 - 20	30 - 35	0	0	30 - 35
Katija Dew	Independent Member (Third/Voluntary Sector)		15 - 20	0	0	15 - 20		15 - 20	0	0	15 - 20
Prof. Helen Sweetland	Independent Member (University)		0	0	0	0		0	0	0	0
Richard Clark	Independent Member (Local Authority)		15 - 20	0	0	15 - 20		15 - 20	0	0	15 - 20
Paul Deneen	Independent Member (Community)		15 - 20	0	0	15 - 20		15 - 20	0	0	15 - 20
Shelley Bosson	Independent Member (Community)		15 - 20	0	0	15 - 20		15 - 20	0	0	15 - 20
Dafydd Vaughan	Independent Member (Digital) (From 09.05.22)	15 - 20	10 - 15	0	0	10 - 15					
Iwan Jones	Independent Member (Finance) (From 04.04.22)	15 - 20	15 - 20	0	0	15 - 20					
Louise Wright	Independent Member (Trade Union)		0	0	0	0		0	0	0	0
Keith Sutcliffe	Associate Independent Member (Chair of Stakeholder Group) (Until 30.11.22)		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 £

2022-23	
Pay	Ratio
215 - 220	
26,282	8.3
33,428	6.5
43,078	5.0

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

Salary has been reported as gross pay, which is before the deduction of any salary sacrifice schemes. During 2022-23 Nicola Prygodzicz had £7k salary sacrificed in respect of the lease car scheme, Jennifer Winslade had less than £1k sacrificed in respect of pensions, Sarah Simmonds had £8k sacrificed in respect of the lease car scheme and less than £1k sacrificed in respect of pensions, Leanne Watkins had £11k sacrificed in respect of the lease car scheme and less than £1k in respect of the cycle to work scheme and Rani Dash had £7k 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:

$(\text{real increase in pension} * x20) + (\text{real increase in any lump sum}) - (\text{contributions made by member})$

*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.

Remuneration Report continued

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 31 March 2023 (bands of £5,000) £000	Lump sum at pension age related to accrued pension at 31 March 2023 (bands of £5,000) £000	Cash Equivalent Transfer Value at 31 March 2023 £000	Cash Equivalent Transfer Value at 31 March 2022 £000	Real increase in Cash Equivalent Transfer Value £000	Employer's contribution to stakeholder pension £00
Glyn Jones	Deputy Chief Executive (From 05.09.22 Until 23.09.22)	0.0 - 2.5	0.0	35 - 40	0	569	474	24	0
	Interim Chief Executive (From 01.11.21 Until 04.09.22)								
	Director of Finance & Performance / Deputy Chief Executive (Until 31.10.21)								
Nicola Prygodzicz	Chief Executive (From 05.09.22)	12.5 - 15.0	30.0 - 32.5	60 - 65	135 - 140	1175	874	253	0
	Director of Planning, Performance, Digital & IT / Interim Deputy Chief Executive (From 01.11.21 Until 04.09.22)								
	Director of Planning, Digital & IT (Until 31.10.21)								
Dr James Calvert	Medical Director / Deputy Chief Executive (From 24/09/22)	2.5 - 5.0	0.0 - 2.5	75 - 80	170 - 175	1589	1440	77	0
	Medical Director (Until 23.09.22)								
Robert Holcombe	Director of Finance and Procurement (From 14.11.22)	10.0 - 12.5	20.0 - 22.5	50 - 55	105 - 110	965	735	186	0
	Interim Director of Finance, Procurement and Value Based Healthcare (From 01.11.21 Until 13.11.22)								
Chris Dawson-Morris	Interim Director of Planning and Performance (From 05.09.22)	0.0 - 2.5	0.0	5 - 10	0	78	55	2	0
Jennifer Winslade	Director of Nursing (From 08.08.22)	2.5 - 5.0	2.5 - 5.0	55 - 60	110 - 115	1088	948	60	0
Linda Alexander	Director of Nursing (From 25.06.22 Until 14.08.22)	0.0 - 2.5	0.0 - 2.5	35 - 40	105 - 110	864	746	11	0
Rhiannon Jones	Director of Nursing (Until 05.07.22)	0.0 - 2.5	0.0 - 2.5	60 - 65	190 - 195	0	1336	0	0
Sarah Simmonds	Director of Workforce and Organisational Development (From 22.07.21)	2.5 - 5.0	5.0 - 7.5	30 - 35	50 - 55	479	396	52	0
Peter Carr	Director of Therapies and Health Sciences	0.0 - 2.5	(2.5) - 0.0	40 - 45	85 - 90	753	700	17	0
Dr Chris O'Connor	Interim Director of Primary, Community and Mental Health Services (From 28.02.22)	10.0 - 12.5	20.0 - 22.5	50 - 55	100 - 105	909	683	184	0
Leanne Watkins	Director of Operations (From 17.03.22)	0.0 - 2.5	0.0 - 2.5	40 - 45	80 - 85	671	612	26	0
	Interim Director of Operations (From 12.04.21 Until 16.03.22)								
Rani Dash	Director of Corporate Governance (From 14.03.22)	2.5 - 5.0	0.0 - 2.5	20 - 25	35 - 40	299	256	21	0
	Board Secretary (From 28.11.21 Until 13.03.22)								

Sarah Aitken has not contributed to the NHS Pension Scheme during 2022-23

Rhiannon Jones has retired therefore no CETV is available.

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

Pensions tax annual allowance – Scheme Pays arrangements 2019/20

In accordance with a Ministerial Direction issued on 18 December 2019, the Welsh Government has 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 £141,451 (as notified by Welsh Government) within these accounts.

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.

In 2022-23, 15 (2021-22, 7) employees received remuneration in excess of the highest-paid director.

Remuneration for all staff ranged from £14k to £416k (2021-22, £19k to £338k).

The all-staff range includes directors (including the highest paid director) and excludes pension benefits of all employees.

	2022-23	2022-23	2022-23	2021-22	2021-22	2021-22
	£000	£000	£000	£000	£000	£000
Total pay and benefits	Chief Executive	Employee	Ratio	Chief Executive	Employee	Ratio
25th percentile pay ratio	215 - 220	26	8.3	200 - 205	25	8.1
Median pay	215 - 220	33	6.5	200 - 205	32	6.3
75th percentile pay ratio	215 - 220	43	5.0	200 - 205	42	4.8
Salary component of total pay and benefits						
25th percentile pay ratio	215 - 220	26		200 - 205	25	
Median pay	215 - 220	33		200 - 205	32	
75th percentile pay ratio	215 - 220	43		200 - 205	42	
Total pay and benefits	Highest Paid Director	Employee	Ratio	Highest Paid Director	Employee	Ratio
25th percentile pay ratio	215 - 220	26	8.3	200 - 205	25	8.1
Median pay	215 - 220	33	6.5	200 - 205	32	6.3
75th percentile pay ratio	215 - 220	43	5.0	200 - 205	42	4.8
Salary component of total pay and benefits						
25th percentile pay ratio	215 - 220	26		200 - 205	25	
Median pay	215 - 220	33		200 - 205	32	
75th percentile pay ratio	215 - 220	43		200 - 205	42	

Financial year summary

There has been an increase in the pay ratio which is attributable to the increase in the chief executive / highest paid director salary being greater than the 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.

STAFF REPORT

Staff Numbers

9.2 Average number of employees									
	Permanent Staff	Staff on Inward Secondment	Agency Staff	Specialist Trainee (SLE)	Collaborative Bank Staff	Other	Total	2021-22	
	Number	Number	Number	Number	Number	Number	Number	Number	Number
Administrative, clerical and board	2,677	20	30	0	0	0	2,727	2,582	
Medical and dental	758	399	82	393	0	20	1,652	1,234	
Nursing, midwifery registered	3,736	6	248	0	0	0	3,990	4,051	
Professional, Scientific, and tech	460	0	2	0	0	0	462	436	
Additional Clinical Services	2,668	0	209	0	0	0	2,877	2,792	
Allied Health Professions	802	0	27	0	0	0	829	804	
Healthcare Scientists	230	4	11	0	0	0	245	243	
Estates and Ancillary	975	0	171	0	0	0	1,146	1,145	
Students	10	0	0	0	0	0	10	4	
Total	12,316	429	780	393	0	20	13,938	13,291	

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 as at 31 March 2023 is provided below:

	2022-23			2021-22			2020-21		
	Directors	WTE	%	Directors	WTE	%	Directors	WTE	%
Female	5	10,127	80.43%	4.78	9,722.10	79.23%	5.78	9,762.80	79.29%
Male	6	2,521.50	19.57%	6	2,543.10	20.77%	5	2,549.20	20.71%
Total	11	12,648.50		10.78	12,265.20		10.78	12,312	

The total number of staff per discipline will differ from the staff numbers shown in the gender breakdown table as the gender figures are based on a point in time as of 31 March 2023 whereas the staff per discipline 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 2022/2023 is 6.74%, an increase for sickness related absence from 6.30% in 2021/2022 which was a slight reduction in the previous year of 6.47% in 2020/2021. Sickness absence remained above 6% for every month, with the exception of March 2023, which reduced to 5.94%. December 2022 recorded the highest sickness absence at 7.83%. 0.82% of the sickness was due to Covid 19.

Over the past 5 years, the average working days lost per individual has increased slightly year on year. In 2021/2022 the average sickness days lost was 17.2 per individual employee, which increased to 18 days in 2022/23.

The table below provides the sickness absence trend data for the Health Board over the last eight years.

Sickness Absence	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Days Lost (Short Term <28 days)	61261	53097	60406	54759	68229	60411	79761	98573
Days Lost (Long Term >28 days)	144562	147711	153345	162684	194289	188778	203781	205131
Total Days Lost	205823	200808	213751	217443	262518	249189	283542	303704
Total Staff Years	902	880	937	954	1156	1093	1249	1350
Average Working Days Lost	14.7	14.2	15.2	15.2	15.2	16	17.2	18
Total staff employed in period (headcount)	14020	14155	10412	14334	14835	15528	15863	16245
Total staff employed with no absence (headcount)	4919	5803	4848	5016	5402	6055	5710	5035
Percentage staff with no sick	40%	41%	37%	35%	36%	39%	36%	31%

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 prevalent variant of Covid-19 and the high rates of immunity in the population has meant that Covid-19 is currently a milder infection. This has resulted in Welsh Government testing guidance being amended to reflect this change. As of 01 April 2023, routine testing for all staff is no longer a requirement, which will result in a further reduction of staff being medically excluded from the workplace.

The table below highlights how the pandemic impacted on attendance overall, with a further 10,952 days lost due to staff having to be medically excluded which is much lower than 2021/22:

Sickness Absence	2019/20	2020/21	2021/22	2022/23
Days Lost (Short Term <28 days)	6779	36331	18389	9836
Days Lost (Long Term >28 days)	2439	57707	7208	1116
Total Days Lost	9218	94038	25597	10952
Total Staff Years	40	412	90	41
Average Working Days Lost	0.6	6	1.5	0.7
Total staff employed in period (headcount)	14835	15528	15863	16245
Total staff employed with no absence (headcount)	13351	10093	12055	14458
Percentage of staff with no medical exclusion	90%	65%	76%	89%
Percentage of staff with no sick or medical exclusion	36%	33%	31%	26%

Medical exclusion adds a further 0.7 days on average per individual employee to overall absence. Overall average absence days lost per employee remains the same as 2021/22 however the days lost are lower in medical exclusion, resulting in a total of 314,656 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. All policies are assessed via an Equality Impact Assessment to ensure that every policy is fair and does not inadvertently treat individuals or groups with a protected characteristic less favourably. This includes:

- giving full and fair consideration to applications for employment made by disabled persons or other protected characteristics, having regard to their particular aptitudes and abilities;
- 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.

Between 01 April 2022 to 31 March 2023, one policy 'Accessing NHS Pension and Re-engagement Guidelines' was considered by the Remuneration and Terms of Service Committee. In addition, a new policy following advice and guidance on an all Wales basis in relation to pensions, i.e., Employer Pension Contributions Alternative Payment Policy, was considered by the Committee earlier in 2022 and applied from April 2022.

Employee Relations Matters

Details of the number of disciplinary cases between 01 March 2022 to 31 March 2023 is provided below:

Disciplinary Cases	Dismissals	Appeals	Employment Tribunals
41	14	3	7

The above activity demonstrates over a 60% reduction in disciplinary cases compared to the previous twelve-month period.

Payment to Past Directors

No payments have been made to any person who was not a director at the time the payment was made, but who had been a director of the Health Board previously.

Expenditure on Consultancy

Expenditure on Consultancy		2022-23
Note 3.3 from the main Accounts		
Consultant	Details	£000
Attain Health Management Services Ltd	Primary Community & MH - Strategic Capital Support - Phase 1	87
Castor Business Consulting Ltd	Consultancy Fees incurred re CCH PF	12
Deloitte LLP	Tax Advice	1
Ernst & Young LLP	VAT reviews re compliance	19
Figure & Consultancy Services Ltd	MH - Development, facilitation & implementation- fees incurred less than estimated in 2021	-8
Hugh Irwin Associates Ltd	Primary Community & MH - Strategic Capital Support - Phase 1	86
In-Form Solutions Ltd	Commercial Advice 2021-22 fees incurred less than estimated in 2021-22	-5
Oxford Brookes Enterprises Ltd	Primary Community & MH - Strategic Capital Support - Phase 1	7
Sirius Partners	Primary Community & MH - Strategic Capital Support - Phase 1	45
Supportive Care UK Ltd	Support to the specialist palliative care service	82
Synbiotix Solutions Ltd	Catering consultancy - to review output	1
TOTAL		327

Tax Assurance for Off-payroll Engagements

Table 1 : For all off-Payroll engagements as of 31 March 2023, for more than £245 per day

No. of existing Engagements as of 31 March 2022	5				
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	1				
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 2022 and 31 March 2023, for more than £245 per day

	Number				
Number of new engagements between 1 April 2021 and 31 March 2022	3				
Of which...	0				
No. assessed as caught by IR35	0				
No. assessed as not caught by IR35					
No. engaged directly (via contracted to department) and are on the departmental payroll	0				
No. of engagements reassessed for consistency/assurance purposes during the year	0				
No. of engagements that saw a change to IR35 status following the consistency review	0				

Annex 1 (continued) Table 3: For any off-payroll engagements of board members, and/or, senior officials with significant financial responsibility. between 1 April 2022 and 31 March 2023

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					
	2022-23	2022-23	2022-23	2022-23	2021-22
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	1	1	0	2
£50,000 to £100,000	0	0	0	0	1
£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	1	1	0	3

	2022-23	2022-23	2022-23	2022-23	2021-22
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	32,197	32,197	0	85,839
£50,000 to £100,000	0	0	0	0	76,771
£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	32,197	32,197	0	162,610
Exit costs paid in year of departure			Total paid in year		Total paid in year
			2022-23		2021-22
			£		£
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

£194,807 exit costs were paid in 2022-23, relating to 3 cases in 2021/22 and 1 case re 2022/23, the year of departure (£0 - 2021-22).



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Bwrdd Iechyd Prifysgol
Aneurin Bevan
University Health Board

Senedd Cymru / Welsh Parliamentary Accountability and Audit Report 2022/23

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 XX) of the Annual Accounts 2022/23. When charging for this activity the Health Board has complied with the cost allocation and charging requirements set out in HM Treasury guidance.

The Health Board incurred costs amounting to £0.421m for the provision of the statutory audit by the Wales Audit Office.

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 11 medical negligence cases in 2022/23 (2 medical negligence cases and 1 personal injury case in 2021/22) and is reported in Note 21.2 to the main accounts.

Nicola Prygodzicz
Chief Executive

Date: XX July 2023

**THE CERTIFICATE AND INDEPENDENT AUDITOR'S REPORT OF THE
AUDITOR GENERAL FOR WALES TO THE SENEDD**

REPORT OF THE AUDITOR GENERAL TO THE SENEDD

Glossary

A		
ABUHB – Aneurin Bevan University Health Board	A&E – Accident & Emergency	ACV – Annual Contract Value
AGP – Aerosol Generating Procedures	AVLOS – Average Length of Stay	ABCHC – Aneurin Bevan Community Health Council
AMD – Age Related Macular Degeneration		
C		
CEO – Chief Executive Officer	CHC – Community Health Council	COSO - Committee of Sponsoring Organisations of the Treadway Commission
CBE – Commander of the Most Excellent Order of the British Empire	CYP – Children and Young People	CMO – Chief Medical Officer
COTE – Care of the Elderly	CONCCO –Concern - Expression of Patient Dissatisfaction (DATIX Coding)	CAD – Care After Death
CRL – Capital Resource Limit		
CCA – Civil Contingencies Act		
D		
DATIX – concerns / incident management system	DNA - Did Not Attend	DFL – Divisional Flu Lead
E		
EASC – Emergency Ambulance Services Committee	EMS - Environmental Management System	eLGH – Enhanced Local general Hospital
EoLC - End of Life Companions	ED – Emergency Department	EHEW - Eye Health Examination Wales
ESR – Electronic Staff Record	EOL – End of Life	

F		
FReM – Financial Reporting Manual		
G		
GMS – General Medical Services	GP – General Practitioner	GS – Governance Statement
GUH – Grange University Hospital	GDPR – General Data Protection Regulations	GDP – General Dental Practitioner
GARTH – Gwent Arts in Health	GAVO – Gwent Association of Voluntary Organisations	GDAS – Gwent Drug and Alcohol Service
GURT – Age simulation suit	GWICES – Gwent Wide Integrated Community Equipment Service	
H		
HPF – Healthcare Professionals Forum	HCSW – Health Care Support Worker	HM – Her Majesty’s
HCS – Health and Care Standards	HEIW -Health Education and Improvement Wales	HCC - Hepato-Cellular Carcinoma
HEIW -Health Education and Improvement Wales	HCAI – Healthcare Associated Infection	HPV - Hydrogen Peroxide Vapour
HFrEF – Heart Failure with Reduced Ejection Fraction		
I		
IT – Information Technology	IMTP – Integrated Medium Term Plan	ICF – Integrated Care Fund
ISO – International Organisation for Standardisation	ICO – Information Commissioners Office	ICT – Information Communication Technology
IPBS- Intensive Positive Behavioural support	Iceberg–a visual representation of understanding the delivery of mental health services to children	IPC – Infection Prevention and Control
IFRS - International Financial Reporting Standards		
J		
JCVI – Joint Committee on Vaccination and Immunisation		
L		
LMC – Local Medical Committee	LHB – Local Health Board	LNC – Local Negotiating Committee

LES – Local Enhanced Service	LFD – Lateral Flow Device	LPS – Liberty Protection Safeguards
M		
MpMRI – multi-parametric magnetic resource imaging	MSK - Musculoskeletal	MDT – Multi Disciplinary Team
Myst – My Support team	MIU – Minor Injuries Unit	MAU – Medical Assessment Unit
MHLD – Mental Health and Learning Disabilities	MCA – Mental Capacity Act	MRSA - Methicillin Resistant Staphylococcus Aureus
MELO – Mental Health Resources Website		
N		
NCN – Neighbourhood Care Network	NHS – National Health Service	NEST - a strategic framework for the delivery of well being service for children – describing what all children need to thrive and what the systems around children also need. N- Nurture E-Empathy S – Support T – Trusted Adult.
NHH – Neville Hall Hospital	NWSSP – NHS Wales Shared Services Partnership	
O		
OD – Organisational Development	OOH – Out of Hours	OAK - Options, Advice and Knowledge
OT – Occupational Therapy		
P		
PSB – Public Service Board	PQSOC – Patient Quality, Safety and Outcomes Committee	POCU – Post Operative Care Unit
PHW – Public Health Wales	PCR – Polymerase Chain Reaction	POCT – Point of Care Testing
PIFU - Patient Initiated Follow-ups	PROMS – Patient Reported Outcome Measures	PPE – Personal Protective Equipment

PWP - Psychological Wellbeing Practitioners	PCMHSS - Primary Care Mental Health Services	PREMS - Patient Reported Experience Measures
PoC – Proof of Concept	PLO – Patient Liaison Officer	PTR – Putting Things Right
PSOW – Public Services Ombudsman Wales	PA – Physician Associate	PADR – Personal Appraisal Development Review
PTSD – Post Traumatic Stress Disorder	PCC – Patient Centred Care	
R		
RGH – Royal Gwent Hospital	RCS – Royal College of Surgeons	RATS – Remuneration and Terms of Service Committee
RTT – Referral to Treatment	RPB – Regional Partnership Board	RIIV - Research, Improvement, Innovation and Value
RITA - Reminiscence Interactive Technology Assistance	RCP - Royal College of Physicians	RIF – Regional Integration Fund
S		
SIRO – Senior Information Risk Owner	SoS – See on Symptoms	SRG – Stakeholder Reference Group
SC2HU – Step Closer to Home Unit	SAR – Subject Access Request	SPACE - development of single point of access for children and young adults
SI – Serious Incident		
T		
TUPF – Trade Union Partnership Forum	TVA – Torfaen Voluntary Alliance	
U		
UPC - Urgent Primary Care	UDA - Units of Dental Activity	
V		
VERS – Voluntary Early Release Scheme	VBHC – Value Based Healthcare	
W		
WASPI - Wales Accord on the Sharing of Personal Information	WG – Welsh Government	WHC – Welsh Health Circular

WHSSC – Welsh Health Specialised Services Committee	WPAS - Welsh Patient Administration System	WTE – Whole Time Equivalent
WHO – World Health Organisation		
Y		
YAB – Ysbyty Aneurin Bevan	YYF – Ysbyty Ystrad Fawr	

DYDDIAD Y CYFARFOD: DATE OF MEETING:	23 May 2023
CYFARFOD O: MEETING OF:	Audit, Risk and Assurance Committee
TEITL YR ADRODDIAD: TITLE OF REPORT:	Draft Accounts 2022-23
CYFARWYDDWR ARWEINIOL: LEAD DIRECTOR:	Rob Holcombe, Director of Finance, Procurement and VBHC
SWYDDOG ADRODD: REPORTING OFFICER:	Mark Ross, Assistant Finance Director

**Pwrpas yr Adroddiad (dewiswch fel yn addas)
Purpose of the Report (select as appropriate)**

Er Sicrwydd/For Assurance

ADRODDIAD SCAA SBAR REPORT

Sefyllfa / Situation

This report gives an overview of the accounts for the full year to 31 March 2023 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 2021/22 and 2022/23.

The implementation of International Financial Reporting Standard 16 (IFRS 16) has resulted in a number of changes in accounts for Health Bodies across Wales. They relate to the treatment of leases and are described in the report.

The accounts are draft at this stage and subject to audit.

The Audit, Risk & Assurance Committee is asked to note this report.

Cefndir / Background

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 5th May. The final audited and signed accounts are to be submitted by 31st July.

The Audit, Risk & Assurance 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.

Asesiad / Assessment

• 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 Health Board has **not** met its financial duty to breakeven against its Revenue Resource Limit over 3 years 2020-21 to 2022-23, which is set out in table 1 below.

In relation to the second duty the Health Board did secure WG approval to the IMTP on 13th July 2022. The note in the accounts shows that **this duty was achieved**. (Note 2.3.)

Revenue Resource Performance (Note 2.1 Page 28)

The Health Board did not meet its Revenue Resource Limit for the year and delivered an overspend of £36,842K. Against the breakeven duty over a rolling three year period, the Annual Accounts 2022/23 report an overspend of £36,348k as shown in the table below:

3-year revenue breakeven duty	2020/21 £000	2021/22 £000	2022/23 £000	Total £000
Underspend/(overspend) against allocation	245	249	(36,842)	(36,348)



Capital Resource Performance (Note 2.2 Page 28)

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 £40.723m was met in 2022/23 with a small underspend of £43k. The target is measured over a 3-year period as shown in the table below:

3-year capital breakeven duty	2020/21 £000	2021/22 £000	2022/23 £000	Total £000
Underspend against allocation	13	50	43	106

Public Sector Payment Policy (Note 2.4 Page 29)

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, Risk & Assurance Committee. The target was achieved with full year figure of 95.2%.

Cash Balance (Statement of Cash Flows – Page 7)

WG sets a notional target for Health Boards to have end of period cash balances not exceeding £6m. The actual cash balance was £4.704m and therefore within the target.

Commentary Supporting Significant Movements to Previous Year's Accounts

This year has continued to be a year of challenges across the NHS and our wider communities and there are a number of significant items which reflect this and impact on the accounts and on the reported overspend of £36.8m which are worthy of particular note. They are listed below and reflected in the narrative that follows and mostly affect accounts notes 3, 15, 18, 20 and 34. Two key areas – IFRS 16 and annual leave accrual - are discussed in more detail below.

During the year, the Health Board received a reduction in the COVID funding of £109.750m from £180.69m in 2021/22 to £70.94m in 2022/23. There was also a reduction in pay and non-pay COVID related costs for the Health Board.

IFRS 16

IFRS16 was implemented from 1st April 2022 which has changed the way the Health Board accounts for its leases. Under the new accounting standard, a lease is defined as:

A contract, or part of a contract, which conveys the right to control the use (ROU) of an identified asset (the underlying asset) for a period of time in exchange for consideration.



The implementation of IFRS 16 has resulted in a significant number of the Health Boards leases which were previously classed as operating lease which were classified as revenue expenditure transferring to Finance Leases which are classed as capital.

There have been significant changes in this year's accounts due to the implementation of IFRS 16. The changes have been reflected in line with the guidance received by Welsh Government and they are summarised below.

ROU Assets	£m
Cost or valuation at 31 March	0
Lease prepayments in relation to RoU Assets	0.441
Transfer of Finance Leases from PPE Note	0.941
Operating Leases Transitioning	<u>24.22</u>
Cost or valuation at 1 April	<u>25.6</u>
Additions	3.133
Revaluations	-0.091
De-recognition	<u>-0.287</u>
Cost or valuation at 31 March 2023	<u>28.36</u>
Depreciation as at 31 March 2023	<u>-4.492</u>
Net Book Value at 31 March 2023	<u>23.87</u>

The key movements in year relate to:

- Leases totalling £25.604m were transitioned to Right of Use Assets on 1st April 2023. This included £0.941m of Finance leases transferred from Property Plant and Equipment.
- New leases were approved in year totalling £3.133m including Blaenavon Medical Practice (£1.242m), Glan Ebwy (£0.230m), GUH Temporary Portacabins (£0.527m), Vehicle leases (£0.199m) NHH Energy scheme (£0.292m) and various equipment leases (£0.643m).
- Depreciation charges in year of £4.479m.

The Right of Use Liabilities as at 31st March 2023 are detailed below:

Lease Liabilities (net of irrecoverable VAT)	£m
Current	4.008
Non-current	18.464
Total	<u>22.472</u>

Note – the asset and liability will not match exactly due to the differences in lease and asset accounting, largely related to the application of interest on the liability.

Annual Leave Accrual

The annual leave accrual of £19.6m in 2021/22 which reflected the impact of the pandemic on leave taken across all categories of staff was reviewed in line with the guidance issued by the Health Board that (other than in exceptional circumstances and with approval of the line manager) no annual leave could be carried forward to



2023/24. This is a return to the pre-Covid arrangements. This resulted in £16.7m of the annual leave accrual relating to ABUHB employees and Single Lead employers being released in 2022/23. The remaining balance which related to junior doctors' study leave was reviewed and based on revised payrates was increased £2.9m to £3.4m. This study leave accrual has not been released because Health Education and Improvement Wales, who determine the arrangements for junior doctors' study leave, have chosen to retain the pre-Covid arrangements for at least another year.

This section provides explanations to support significant movements in figures compared to the previous year.

Expenditure on Primary Healthcare Services (Note 3.1, Page 30)

Overall expenditure on Primary Healthcare services has increased by £13m. The main variance relates to

- GMS £3.6m - The increase is due to a contract and rate change for Global Sum. The rate was increased, backdated to April 2022, and there was also a contract change from October 2022 which moved elements of the QAIF contract into Global Sum and further increased the rate.
- Prescribed drugs £8m - Cost Changes Made up of:
 - £3.426 in-year NCSO Concessions increased costs.
 - 0.764m in-year Non-Cat M Drug tariff increases
 - £0.515m in year Cat M drug tariff increases
 - £0.550m Further increase in usage of Semaglutide GLP-1 drug (a weight loss drug).
 - £0.700m Continued switch from Warfarin to DOACS
 - £1.976m Growth rate of 1.5% (£274k extra items between M12 forecasts at an average of £7.21)
 - £0.118m Other

Expenditure on Healthcare from other providers (Note 3.2, Page 29)

Overall, expenditure on healthcare from other providers has increased by £11m from 2021/22. This is mainly due to an increase in goods and services received from WHSSC/EASC £21m, and a reduction in Voluntary Organisations £10m.

The main reasons for the increase in spend are detail below.

WHSSC/EASC - £21.3m

WHSSC

- £3.1m inflationary funding (2.8%)
- £2.6m investment in the WHSSC Annual Plan agreed by Chief Executives
- £11.6m of WG specialised services allocations (including £8.3m of funding for vertex (Cystic Fibrosis drug))

EASC

- £0.9m inflationary funding (2.8%)
- £2.7m investment in the EASC Annual Plan agreed by Chief Executives including investment in Demand & Capacity initiatives



Local Authorities

Local Authority reduction of £2.7m

This is mainly due to a decrease in expenditure in relation to Covid Track and Trace of £7.2m, an increase in spend in relation to ICF schemes of £5.8m due to new programmes being initiated under the Regional Integration Fund (RIF), and a general decrease in spend with Local Authorities across a range of other schemes of £1.3m.

Voluntary Organisations

A decrease in expenditure of £9.6m

This mainly relates to the legacy Intermediate Care Fund (ICF) programme managed funds where voluntary partner organisations expended more in 2021/22 compared to 2022/23 as projects were delivered.

In addition to this, the funding mechanism for ICF in 2021/22 changed to the HCF (Housing with Care Fund) in 2022/23, which meant that most of the funding which was previously provided to the health board to distribute is now allocated directly to delivery partners.

Expenditure on Hospital and Community Health Services (Note 3.3, Page 31)

Staff Costs (Page 30 – Note 3.1 and Page 31 – Note 3.3)

The most significant movements relate to the increases in staff numbers – both agency and permanent staff and Single Lead Employer staff.

The following Table shows an analysis of underlying staff costs for the year followed by some key points:

Staff Costs	2022/23 £M	2021/22 £M	Movement £M	Movement 2021/22 £M
Directors Costs	2	2	0	0
Staff Costs Note 3.1 & 3.3	749	711	38	31
Single Lead Employer	30	16	14	11
Total Pay as per Note 9.1	782	729	53	42
Reasons for Increase				
Agency Costs			4	17
Increase in Permanent			1	10
Increase in SLE staff			14	0
Pay Award costs as per modelling			44	15
Employers Contribution to Pension Scheme - 6.3% increase			2	2
Bonus Payment			0	0
COVID Annual Leave accrual			(16)	2
Overtime - service related pressures			1	2
Other			4	(6)
Adjusted for Comparison			53	42



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 2022/23. 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 2022/23 was £28.427m (2021/22 - £26.915m). The other side of this transaction is shown in note 28 under other cash flow adjustments.

Average staff number of employees grew by 255. In the draft accounts the number of SLE staff has been incorrectly included twice. The table below has been adjusted to reflect this reduction of 392. The increase in staff numbers of 255 from 2021/22 is made up of 44 permanent staff, 5 seconded in staff, 49 relating to agency, 153 relating to Single Lead employer and 4 relating to Retinue (Note 9.2 Page 35). The table below provides further analysis of the increase by staff group.

Average Number of Employees	2022-23	2021-22	Variance
Administrative, clerical and board members	2,727	2,582	145
Medical & Dental	1,260	1,234	26
Nursing, midwifery registered	3,990	4,051	(61)
Professional, Scientific, and technical staff	462	436	26
Additional Clinical Services	2,877	2,792	85
Allied Health Professions	829	804	25
Healthcare Scientists	245	243	2
Estates and Ancillary	1,146	1,145	1
Students	10	4	6
Total	13,546	13,291	255

The following table shows how agency costs have changed in the year.

Average agency cost has decreased from £77K to £76K 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	2022/23 Expenditure £m	2021/22 Expenditure £m	Movement £m	2022/23 Average WTE	2021/22 Average WTE	2022/23 cost/WTE £m	2021/22 cost/WTE £m
Administrative, Clerical and board members	1.5	2.4	-0.9	30	56	0.051	0.043
Medical and dental	15.9	15.6	0.3	102	103	0.156	0.152
Nursing, midwifery registered	22.0	22.8	-0.8	248	257	0.089	0.089
Professional, Scientific, and technical staff	0.2	0.2	-0.1	2	3	0.080	0.076
Additional Clinical Services	10.6	7.3	3.3	209	145	0.051	0.051
Allied Health Professions	2.1	1.2	1.0	27	15	0.079	0.079
Healthcare Scientists	0.8	1.4	-0.6	11	14	0.072	0.098
Estates and Ancillary	7.7	6.3	1.4	171	154	0.045	0.041
Total	60.9	57.3	3.6	800	747	0.076	0.077

Agency costs in the tables above are included in notes 3.1 page 30 and 3.3 page 31.



Staffing Group	2022/23 Expenditure £m	2021/22 Expenditure £m	Movement £m	2021/22 Movement £m
Administrative, Clerical and board members	1.5	2.4	-0.9	1.0
Medical and dental	15.9	15.6	0.3	5.3
Nursing, midwifery registered	22.0	22.8	-0.8	4.7
Professional, Scientific, and technical staff	0.2	0.2	-0.1	-0.1
Additional Clinical Services	10.6	7.3	3.3	6.6
Allied Health Professions	2.1	1.2	1.0	0.3
Healthcare Scientists	0.8	1.4	-0.6	0.8
Estates and Ancillary	7.7	6.3	1.4	-1.9
Total	60.9	57.3	3.6	16.7

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.
- Increased acuity at the end of 2021/22 financial year which continued into 2022/23. This in turn resulted in additional enhanced care hours.
- A stepped change in the use of off-contract agency staffing, particularly HCSW which is now decreasing.
- Continued Surge capacity across the Health Board associated with Covid and increased demand including delayed transfers of care.
- Recovery of planned care activity resulted in agency costs for additional clinical sessions.

Non-Pay Costs (Note 3.3, Page 31)

Non pay costs within the accounts are part of note 3.3 and are summarised as follows:



Non Pay Analysis	22/23 £M	21/22 £M	Movement £M
Expenditure on Hospital & Community Services	1,004	951	
Less Director & Staff Costs	762	714	
	242	237	
Exclude Non-Cash Items			
Depreciation	-47	-41	
Amortisation	-3	-3	
Impairments	19	13	
Losses	-2	-3	
COVID - Protective Personal Equipment (PPE) issued by NWSSP	0	0	
	210	203	7
Add Inflation per RPI - Average 12 mths	-8	0	-8
Adjusted Comparators	202	203	-1

There is a small decrease in costs after taking into account underlying inflation of £0.7m 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 £3.9m and premises of £5.8m which are discussed in more detail below.

Supplies & Services – Clinical (Note 3.3, Page 31)

Increase from £116.7m in 2021/22 to £120.7m in 2022/23. This is an increase in year of £3.9m which is mainly due to inflation.

Premises (Note 3.3, Page 31)

Increased from £42.5m in 2021/22 to £48.3m in 2022/23. This is an increase in year of £5.8m.

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 £11.6m, specifically £3.76m on electricity, £7.8m on Gas. This is due to general increases in Electricity and Gas prices in the UK in 2022/23.

There was also a reduction in computer maintenance costs of £1.9m and a reduction of £1.9m in rent with a further reduction of £1.8m on buildings and engineering equipment.

Depreciation (Note 3.3, Page 31)

Depreciation has increased by £1.778m compared to 2021/22. This is the net result of a combination of factors, including a decrease of £2.191m arising from the quinquennial revaluations as at 1st April 2022, and an increase in buildings depreciation of £0.937m due to the subsequent indexation uplifts advised by the Valuation Office Agency.



Fixed Asset Impairments (Note 3.3, Page 31)

A detailed analysis of impairment charges is shown in Note 13, Page 50. The (£19,470m)

impairment credit is made up of: £4.400m charge arising from a downward revaluation of four assets coming into use following construction – Grange university Hospital SDEC and Childrens Assessment Emergency Unit (CAEU) (£3.429m and £0.379m), Ante Natal Relocation NHH (£0.454m) and RGH Ward B6 (£0.138m); downward revaluation of land and buildings following the quinquennial exercise (£2.214m) and negative indexation of land based on indices received from the Valuation Office Agency (£0.395m); impairment charges have been offset by a reversal of previous impairments of £26.479m arising from the quinquennial revaluation exercise and 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 (Note 3.4, Page 31)

Clinical Negligence has decreased from £40.1m in 2021-22 to £-3.01m in 2022/23. During 2022-23 there was a large reduction in Clinical Negligence provisions due to some large settlements and structured settlements which has been reflected by a negative charge to operating expenses, this is largely offset by movement in income received/receivable from WRP.

Personal injury has also decreased from £1.4m in 2021/22 to £0.2m in 2022/23 as a result of settlements during the year which has been reflected by a negative charge to operating expenses, this is largely offset by movement in income received/receivable from WRP.

Miscellaneous Income (Note 4, Page 32)

Welsh Government Income

There was a drop in the income received from Welsh Government from £8.01m in 2021/22 to £4.6m in 2022/23. This was due to the change in funding mechanism from ICF (Intermediate Care Fund) in 2021/22 to HCF (Housing with Care Fund) in 2022/23, which meant that most of the funding which was previously provided to health board to distribute is now allocated directly to delivery partners.

Other income

Increase from £11.5m in 2021/22 to £14.0m in 2022/23. This is an increase in year of £2.5m.

The main increase in this area was a result of £2.7m in relation to the legacy ICF Capital Fund which is programme managed with Housing Associations partners. The Health board re-claimed more in 2022/23 from the programme managed funds to distribute to delivery partner organisations, who expended more in 2022/23 as schemes progressed in comparison to 2021/22.



Fair Pay disclosure
Remuneration Relationship (Note 9.6.1, page 37)

The Health Board introduced apprenticeships in 2022/23 for the first time which has resulted in the lowest level of remuneration reducing from £19K in 2021/22 which was the bottom of the A4C pay scales to £14K this year which relates to the apprentice rate.

The highest paid director was the Chief Executive Officer, the highest paid Health Board employee was a consultant earning £416K in 2022/23.

Percentage Changes (Note 9.6.2, page 37)

The 7% increase related to the increase of the median point of the chief executive pay from £202,500 to £217,500. The 5% increase related to the average salary increasing from £38,364 in 2021-22 to £40,098 in 2022-23 mainly due to pay award during the year.

Prompt payment policy – measure of compliance (Note 10.1, Page 39)

The number of Non-NHS invoices processed has increased by 49,233 from 2021/22 to 2022/23. This is mainly due to increased nurse agency and low value purchase orders being raised.

Property, Plant and Equipment (Page 4 and Note 11.1, Page 41)

The main changes in the year can be summarised as follows:

Property, Plant & Equipment	£M
Balance as at 1 April 2022	810.5
Indexation	14.6
Additions	36.8
S1 Transfers in	1.1
Reclassification	-1.7
Revaluations	32.5
Impairments	-7.0
Reversals of Impairments	26.5
Depreciation	-42.9
Transfers out to ROU asset	-0.8
Disposals	0.0
Balance at 31 March 2023	869.6



The key movements in the year relate to:

- the additions of £36.8m relating to the Capital Programme investments including expenditure on Tredegar Health and Well-being centre (£7.439m), Endoscopy Services redevelopment at RGH (£4.321m), Grange University Hospital remaining works including SDEC and Childrens Emergency Assessment Unit (£3.655m), Newport East Health & Well-being Centre (£3.035m), YYF Unified Breast Unit (£2.522m), NHH Satellite Radiotherapy Unit and Enabling Works (£1.944m) and Imaging National programme funding (£3.439m).
- An increase of £41.8m to land and buildings values as a result of the quinquennial revaluation exercise undertaken by the Valuation Office Agency (VOA). The increase is shown either against revaluations or, for those assets that have been impaired previously, reversals of impairment.
- An increase of £28.9m to land and buildings values from the application of indexation based on indices received from the VOA, applied after the 1st of April revaluations. The increase is shown either against indexation or, for those assets that have been impaired previously, reversals of impairment.
- The impairment relating to buildings at four sites including Nevill Hall Hospital, Grange University Hospital and Royal Gwent Hospital totalling £4.4m following the revaluation of the buildings required when bringing each asset under construction into use.

There were no assets held for sale as at 31st March 2023.

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 52)

Trade and Other Receivables have decreased from £259.5m in 2021/22 to £229.6m in 2022/23 – a decrease of £29.8m. This is due to the following:

- Welsh Government reduced by £5.4m due to the funding mechanism for ICF (Intermediate Care Fund) changing in 2022/23 to the Regional Integration Fund (RIF), as above. As such, ICF income accrual of £5m with WG which was accrued in 2021/22 is not necessary in 2022/23.
- Welsh NHS Trusts – reduced by £1.8m due to reduction to Drugs Rebates accruals in comparison to previous years. In 2021/22 we accrued for whole year of drugs rebates, whereas in 2022/23 we had been invoicing during the year.
- Other NHS increase by £213K due to adjustment to classification of NHS England bodies between Non-Welsh Trusts and "Other NHS". Previously all NHS England accruals had been labelled as Non-Welsh Trusts, but following the formation of ICBs in NHS England, the accruals are no longer with Trusts.



Current and non-current Welsh Risk Pool

Current and non-current Welsh Risk Pool debtors have reduced by £23.7m.

The decrease in the WRP debtor is largely attributable to the reduction in the Clinical Negligence and Personal Injury provision required based on the latest legal assessment.

There is £24.4m increase in the current debtor with a decrease of £48.1m in the non-current debtor which reflects the expectation of claims being settled within the coming year and the reduction in the overall anticipated income from the Welsh Risk Pool.

Trade and Other Payables (Note 18, Page 4 and Page 55)

During the 2021/22 Audit, Audit Wales queried the Health Boards' classification of transactions relating to Non-NHS Creditor accruals between the Non-NHS Accruals and Non-NHS Payables headings. Audit Wales have since agreed and confirmed that the Health Boards' existing process for classifying transactions relating invoices and specifically the Goods received not Invoiced transactions under the Non-NHS Payables heading is correct, and no re-classification is required.

Trade and other payables have increased from £227m in 2021/22 to £242.8m in 2022-23, an increase of £18.8m. This is mainly due to the following:

Taxation £12m - in 2021/22, we processed a Payment to pay some of the PAYE/NIC in March 2023 in advance of the payment deadline in April, which significantly reduced the year-end balance in 2021/22. A similar payment was not processed in 2022/23, so the year-end balance included the full March-arrears payment balance for PAYE/NIC.

Right Of Use £22m - following implementation of IFRS 16, it has resulted in a re-classification of leases as RoU Leases, which had previously been classified as Operating leases.

Non-NHS Payables reduced by £11.2m, which is due to the release of Agency accruals (£3.3m), Managed Service Contract accruals which were paid in 2022/23 (£2.4m), and a general decrease in the Goods Received Not Invoiced (GRNI) accrual of £6m.

Non-NHS Accruals reduced by over £15m, as a result of the release of the Annual Leave accrual.

Local Authorities has increased by £11.8m, as a result of the significant increase in ICF accruals with Local Authorities, as explained above. A further £2.5m increase relates to the Gwent Frailty pooled budget, as a consequence of a delay in receiving the quarterly invoices, which would normally have been paid in-year.



Provisions (Note 20, Page 54)

Provisions for clinical negligence and personal injury have reduced by £25.7m from £187.8m in 2021/22 to £162.1m in 2022/23 reflecting up to date legal assessment of pending litigation claims against the Health Board. Most of this decrease is offset by an equal level of reduced assumed income from the Welsh Risk Pool.

Current Provisions – increases of £24m

During 2022-23 we had £16m which was transferred to WRP as structured settlements were agreed along with £15m utilised, there was also £9m transferred to creditors for settlements agreed but not yet paid, these together have led to a £40m reduction in provision which has been offset by net arisings of £13m.

Non-Current provisions – reduction of 51m

The reduction in Non-Current Provision relates in the main to a reduction in Clinical Negligence cases which have been settled during the year or have been reclassified as Current due to case progression.

Other provisions have decreased from £7.9m in 2021/22 to £6.3m in 2022/23 mainly relating to reductions in pensions relating to other staff and the reductions in the scheme pay provision as notified by Welsh Government as discussed below.

Pensions tax annual allowance – Scheme Pays arrangements 2022/23

WG confirmed that the costs associated with Scheme pays were to be included in the Health Boards accounts from 2021/22. In 2021/22 the amount included within provisions was £756K which was included in Note 20 Provisions with the funding from WG reflected in Note 15 – Trade and Other receivables. In 2022/23 revised discounted figures have now been provided by Welsh Government via GAD which has reduced the Health Board required provision to £141K which as per last year has been reflected in note 20 and the associated income reflected in note 15.

Welsh Government also made £8k of payments during the year in relation to scheme pays which has been included in the Health Board accounts with the notional funding received from WG to offset this which is included within the 'other' amount in note 28.

Although this scheme pay accrual and associated debtor has no impact on the reported financial position for the Health Board, in 2021/22 Audit Wales qualified the regularity opinion and placed a substantive report on the statements to explain the reasons which was principally that the expenditure relating to the scheme contravenes the requirements for Managing Welsh public Money. For 2022-23, Audit Wales have confirmed in the draft audit plan that whilst any transactions included in the Health Board's financial statements strictly remain irregular, they will not be classifying them as material by their nature. They have also confirmed that a further qualification of my regularity opinion would have a diminishing value, particularly against the backdrop of the Chancellor of the Exchequer abolishing the Lifetime Allowance in his March 2023 budget statement".

Remote Contingent Liabilities (Note 21.3, Page 58)



Remote Contingent Liabilities have increased from £8.8m in 2021/22 to £33.8m in 2022/23. These are Medical Negligence cases and 1 Personal Injury case in 2021/22 which have been assessed as having less than a 5% probability of being settled. 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 for 2021/22 were £8.74m and £0.083m with the Personal Injury case value of £0.004m. There are 11 Medical Negligence cases in 2022-23 ranging in value from £0.045m to £15.5m.

Argymhelliad / Recommendation

The Audit, Risk & Assurance Committee is asked to note this report

Amcanion: (rhaid cwblhau) Objectives: (must be completed)	
Cyfeirnod Cofrestr Risg Datix a Sgôr Cyfredol: Datix Risk Register Reference and Score:	
Safon(au) Gofal ac Iechyd: Health and Care Standard(s):	3.5 Record Keeping Choose an item. Choose an item. Choose an item.
Blaenoriaethau CTCI IMTP Priorities Link to IMTP	Choose an item.
Galluogwyr allweddol o fewn y CTCI Key Enablers within the IMTP	Choose an item. Finance Choose an item. Choose an item.
Amcanion cydraddoldeb strategol Strategic Equality Objectives Strategic Equality Objectives 2020-24	Choose an item. Choose an item. Choose an item. Improve the wellbeing and engagement of our staff

Gwybodaeth Ychwanegol: Further Information:	
Ar sail tystiolaeth: Evidence Base:	
Rhestr Termau: Glossary of Terms:	SDEC – Same Day Emergency Care



	<p>IFRS – International Financial Reporting Standards</p> <p>IMTP – Integrated Medium-Term Plan</p> <p>CRL – Capital Resource Limit</p> <p>ROU – Right of Use</p> <p>ICF – Intermediate Care Fund</p> <p>RIF – Regional Integration Fund</p> <p>CEAU – Childrens Emergency Assessment Unit</p> <p>VOA – Valuation Office Agency</p> <p>QAIF – Quality Assurance and Improvement Framework</p> <p>GAD – Government Actuary’s Department</p>
<p>Partion / Pwyllgorau â ymgynhorwyd ymlaen llaw y Cyfarfod Bwrdd Iechyd Prifysgol: Parties / Committees consulted prior to University Health Board:</p>	

Effaith: (rhaid cwblhau) Impact: (must be completed)	
	<p>Is EIA Required and included with this paper</p> <p>No does not meet requirements</p>
<p>Asesiad Effaith Cydraddoldeb Equality Impact Assessment (EIA) completed</p>	<p>An EQIA is required whenever we are developing a policy, strategy, strategic implementation plan or a proposal for a new service or service change. If you require advice on whether an EQIA is required contact ABB.EDI@wales.nhs.uk</p>
<p>Deddf Llesiant Cenedlaethau’r Dyfodol – 5 ffordd o weithio Well Being of Future Generations Act – 5 ways of working</p> <p>https://futuregenerations.wales/about-us/future-generations-act/</p>	<p>Choose an item. Choose an item.</p>



ANEURIN BEVAN UNIVERSITY 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 2023

	Note	2022-23 £000	2021-22 £000
Expenditure on Primary Healthcare Services	3.1	307,116	293,748
Expenditure on healthcare from other providers	3.2	474,153	463,401
Expenditure on Hospital and Community Health Services	3.3	1,003,978	950,978
		1,785,247	1,708,127
Less: Miscellaneous Income	4	(109,477)	(109,638)
LHB net operating costs before interest and other gains and losses		1,675,770	1,598,489
Investment Revenue	5	(18)	(16)
Other (Gains) / Losses	6	(530)	(232)
Finance costs	7	1,060	562
Net operating costs for the financial year		1,676,282	1,598,803

See note 2 on page 28 for details of performance against Revenue and Capital allocations.

The notes on pages 8 to 76 form part of these accounts.

Other Comprehensive Net Expenditure

	2022-23	2021-22
	£000	£000
Net (gain) / loss on revaluation of property, plant and equipment	(47,165)	(9,960)
Net gain/(loss) on revaluation of right of use assets	(17)	0
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	(47,182)	(9,960)
Total comprehensive net expenditure for the year	1,629,100	1,588,843

The notes on pages 8 to 76 form part of these accounts.

Statement of Financial Position as at 31 March 2023

		31 March 2023	31 March 2022
	Notes	£000	£000
Non-current assets			
Property, plant and equipment	11	869,541	810,479
Right of Use Assets	11.3	23,867	
Intangible assets	12	5,091	5,211
Trade and other receivables	15	77,466	125,697
Other financial assets	16	726	521
Total non-current assets		976,691	941,908
Current assets			
Inventories	14	9,576	8,726
Trade and other receivables	15	152,162	133,774
Other financial assets	16	58	33
Cash and cash equivalents	17	4,704	1,720
		166,500	144,253
Non-current assets classified as "Held for Sale"	11	0	0
Total current assets		166,500	144,253
Total assets		1,143,191	1,086,161
Current liabilities			
Trade and other payables	18	(222,125)	(223,290)
Other financial liabilities	19	0	0
Provisions	20	(87,280)	(63,283)
Total current liabilities		(309,405)	(286,573)
Net current assets/ (liabilities)		(142,905)	(142,320)
Non-current liabilities			
Trade and other payables	18	(20,692)	(3,709)
Other financial liabilities	19	0	0
Provisions	20	(81,186)	(132,424)
Total non-current liabilities		(101,878)	(136,133)
Total assets employed		731,908	663,455
Financed by :			
Taxpayers' equity			
General Fund		552,859	530,429
Revaluation reserve		179,049	133,026
Total taxpayers' equity		731,908	663,455

The financial statements on pages 2 to 7 were approved by the Board on xx xx 2023 and signed on its behalf by:

Chief Executive and Accountable Officer

Date:

xx xx xxxx

The notes on pages 8 to 76 form part of these accounts.

**Statement of Changes in Taxpayers' Equity
For the year ended 31 March 2023**

	General Fund £000	Revaluation Reserve £000	Total Reserves £000
Changes in taxpayers' equity for 2022-23			
Balance as at 31 March 2022	530,429	133,026	663,455
NHS Wales Transfer	1,106	0	1,106
RoU Asset Transitioning Adjustment	819	0	819
Balance at 1 April 2022	532,354	133,026	665,380
Net operating cost for the year	(1,676,282)		(1,676,282)
Net gain/(loss) on revaluation of property, plant and equipment	0	47,165	47,165
Net gain/(loss) on revaluation of right of use assets	0	0	0
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	1,142	(1,142)	0
Other Reserve Movement	0	0	0
Transfers between reserves	0	0	0
Release of reserves to SoCNE	0	0	0
Transfers to/from LHBS	0	0	0
Total recognised income and expense for 2022-23	(1,675,140)	46,023	(1,629,117)
Net Welsh Government funding	1,667,210		1,667,210
Notional Welsh Government Funding	28,435		28,435
Balance at 31 March 2023	552,859	179,049	731,908

The notes on pages 8 to 76 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
Changes in taxpayers' equity for 2021-22			
Balance at 31 March 2021	512,572	124,005	636,577
NHS Wales Transfer	0	0	0
RoU Asset Transitioning Adjustment	0	0	0
Balance at 1 April 2021	512,572	124,005	636,577
Net operating cost for the year	(1,598,803)	0	(1,598,803)
Net gain/(loss) on revaluation of property, plant and equipment	0	9,960	9,960
Net gain/(loss) on revaluation of right of use assets	0	0	0
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
Total recognised income and expense for 2021-22	(1,597,864)	9,021	(1,588,843)
Net Welsh Government funding	1,588,806	0	1,588,806
Notional Welsh Government Funding	26,915	0	26,915
Balance at 31 March 2022	530,429	133,026	663,455

The notes on pages 8 to 76 form part of these accounts.

Statement of Cash Flows for year ended 31 March 2023

	2022-23	2021-22
	£000	£000
Cash Flows from operating activities		
Net operating cost for the financial year	(1,676,282)	(1,598,803)
Movements in Working Capital	27 26,777	(20,952)
Other cash flow adjustments	28 46,682	92,791
Provisions utilised	20 (15,442)	(10,474)
Net cash outflow from operating activities	(1,618,265)	(1,537,438)
Cash Flows from investing activities		
Purchase of property, plant and equipment	(39,158)	(52,999)
Proceeds from disposal of property, plant and equipment	591	3,347
Purchase of intangible assets	(1,932)	(930)
Proceeds from disposal of intangible assets	0	0
Payment for other financial assets	0	0
Proceeds from disposal of other financial assets	0	0
Payment for other assets	0	0
Proceeds from disposal of other assets	0	0
Net cash inflow/(outflow) from investing activities	(40,499)	(50,582)
Net cash inflow/(outflow) before financing	(1,658,764)	(1,588,020)
Cash Flows from financing activities		
Welsh Government funding (including capital)	1,667,210	1,588,806
Capital receipts surrendered	0	0
Capital grants received	62	0
Capital element of payments in respect of finance leases and on-SoFP PFI Schemes	0	(887)
Capital element of payments in respect of on-SoFP PFI	(947)	0
Capital element of payments in respect of Right of Use Assets	(4,577)	0
Cash transferred (to)/ from other NHS bodies	0	0
Net financing	1,661,748	1,587,919
Net increase/(decrease) in cash and cash equivalents	2,984	(101)
Cash and cash equivalents (and bank overdrafts) at 1 April 2022	1,720	1,821
Cash and cash equivalents (and bank overdrafts) at 31 March 2023	4,704	1,720

The notes on pages 8 to 76 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 2022-23 Manual for Accounts. The accounting policies contained in that manual follow the 2022-23 Financial Reporting Manual (FReM) in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006, 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 2022-23 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

A lease is a contract or part of a contract that conveys the right to use an asset for a period of time in exchange for consideration.

IFRS 16 leases is effective across public sector from 1 April 2022. The transition to IFRS 16 has been completed in accordance with paragraph C5 (b) of the Standard, applying IFRS 16 requirements retrospectively recognising the cumulative effects at the date of initial application.

In the transition to IFRS 16 a number of elections and practical expedients offered in the standard have been employed. These are as follows: The entity has applied the practical expedient offered in the standard per paragraph C3 to apply IFRS 16 to contracts or arrangements previously identified as containing a lease under the previous leasing standards IAS 17 leases and IFRIC 4 determining whether an arrangement contains a lease and not to those that were identified as not containing a lease under previous leasing standards.

On initial application the LHB has measured the right of use assets for leases previously classified as operating leases per IFRS 16 C8 (b)(ii), at an amount equal to the lease liability adjusted for accrued or prepaid lease payments.

No adjustments have been made for operating leases in which the underlying asset is of low value per paragraph C9 (a) of the standard.

The transitional provisions have not been applied to operating leases whose terms end within 12 months of the date of initial application has been employed per paragraph C10 (c) of IFRS 16.

Hindsight is used to determine the lease term when contracts or arrangements contain options to extend or terminate the lease in accordance with C10 (e) of IFRS 16.

Due to transitional provisions employed the requirements for identifying a lease within paragraphs 9 to 11 of IFRS 16 are not employed for leases in existence at the initial date of application. Leases entered into on or after the 1st April 2022 will be assessed under the requirements of IFRS 16.

There are further expedients or election that have been employed by the LHB in applying IFRS 16.

These include:

- the measurement requirements under IFRS 16 are not applied to leases with a term of 12 months or less under paragraph 5 (a) of IFRS 16
- the measurement requirements under IFRS 16 are not applied to leases where the underlying asset is of a low value which are identified as those assets of a value of less than £5,000, excluding any irrecoverable VAT, under paragraph 5 (b) of IFRS 16

The entity will not apply IFRS 16 to any new leases of in tangible assets applying the treatment described in section 1.14 instead.

On componentisation HM Treasury have adapted the public sector approach to IFRS 16 which impacts on the identification and measurement of leasing arrangements that will be accounted for under IFRS 16

The LHB is required to apply IFRS 16 to lease like arrangements entered into with other public sector entities that are in substance akin to an enforceable contract, that in their formal legal form may not be enforceable. Prior to accounting for such arrangements under IFRS 16 the LHB has assessed that in all other respects these arrangements meet the definition of a lease under the standard.

The LHB is required to apply IFRS 16 to lease like arrangements entered into in which consideration exchanged is nil or nominal, therefore significantly below market value. These arrangements are described as peppercorn leases. Such arrangements are again required to meet the definition of a lease in every other respect prior to inclusion in the scope of IFRS 16. The accounting for peppercorn arrangements aligns to that identified for donated assets. Peppercorn leases are different in substance to arrangements in which consideration is below market value but not significantly below market value.

The nature of the accounting policy change for the lessee is more significant than for the lessor under IFRS 16. IFRS 16 introduces a singular lessee approach to measurement and classification in which lessees recognise a right of use asset.

For the lessor leases remain classified as finance leases when substantially all the risks and rewards incidental to ownership of an underlying asset are transferred to the lessee. When this transfer does not occur, leases are classified as operating leases.

1.11.1 The LHB as lessee

At the commencement date for the leasing arrangement a lessee shall recognise a right of use asset and corresponding lease liability. The LHB employs a revaluation model for the subsequent measurement of its right of use assets unless cost is considered to be an appropriate proxy for current value in existing use or fair value in line with the accounting policy for owned assets. Where consideration exchanged is identified as below market value, cost is not considered to be an appropriate proxy to value the right of use asset.

Irrecoverable VAT is expensed in the period to which it relates and therefore not included in the measurement of the lease liability and consequently the value of the right of use asset.

The incremental borrowing rate of 0.95% has been applied to the lease liabilities recognised at the date of initial application of IFRS 16.

Where changes in future lease payments result from a change in an index or rate or rent review, the lease liabilities are remeasured using an unchanged discount rate.

Where there is a change in a lease term or an option to purchase the underlying asset the LHB applies a revised rate to the remaining lease liability.

Where existing leases are modified the LHB must determine whether the arrangement constitutes a separate lease and apply the standard accordingly.

Lease payments are recognised as an expense on a straight-line or another systematic basis over the lease term, where the lease term is in substance 12 months or less, or is elected as a lease containing low value underlying asset by the LHB.

1.11.2 The LHB as lessor (where relevant)

A lessor shall classify each of its leases as an operating or finance lease. A lease is classified as finance lease when the lease substantially transfers all the risks and rewards incidental to ownership of an underlying asset. Where substantially all the risks and rewards are not transferred, a lease is classified as an operating lease.

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

Income from operating leases is recognised on a straight-line or another systematic 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 as an expense on a straight-line basis over the lease term.

Where the LHB is an intermediate lessor, being a lessor and a lessee regarding the same underlying asset, classification of the sublease is required to be made by the intermediate lessor considering the term of the arrangement and the nature of the right of use asset arising from the head lease.

On transition the LHB has reassessed the classification of all of its continuing subleasing arrangements to include peppercorn leases.

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 NHS Wales organisation 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 NHS Wales organisation 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 2022-23 and 2021-22. The WRP is hosted by Velindre NHS University 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 NHS Wales organisation has no beneficial interest in them. Details of third party assets are given in Note 31 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 NHS Wales organisation 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 through the Welsh Risk Pool.

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

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

1.24.1. Provisions

The LHB 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 LHB, 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;

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

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

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 £162m (£188m 2021/22) 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 0.427m (£0.495m 2021/22) 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 1.70%.

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 operator

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

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

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

Other PFI arrangements off Statement of Financial Position

Where the LHB has no control or residual interest in the assets and the balance of risks and rewards lie with the operator, the arrangement is treated as an operating lease and the costs are included in the SoCNE as incurred. The LHB has 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 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 2022-23 there have been no accounting standards that have been adopted early. All early adoption of accounting standards will be led by HM Treasury.

1.31. Charities

Following Treasury's agreement to apply IAS 27 to NHS Charities from 1 April 2013, the LHB has established that as 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.

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.

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.

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			
	2020-21 £000	2021-22 £000	2022-23 £000	Total £000
Net operating costs for the year	1,551,819	1,598,803	1,676,282	4,826,904
Less general ophthalmic services expenditure and other non-cash limited expenditure	(1,423)	(58)	148	(1,333)
Less unfunded revenue consequences of bringing PFI schemes onto SoFP	0	0	0	0
Less unfunded revenue consequences of bringing RoU Leases onto SoFP	0	0	0	0
Total operating expenses	1,550,396	1,598,745	1,676,430	4,825,571
Revenue Resource Allocation	1,550,641	1,598,994	1,639,588	4,789,223
Under /(over) spend against Allocation	245	249	(36,842)	(36,348)

Aneurin Bevan University LHB has not met its financial duty to break-even against its Revenue Resource Limit over the 3 years 2020-21 to 2022-23.

The health board received £23m of strategic cash support in 2022-23.

2.2 Capital Resource Performance

	2020-21	2021-22	2022-23	Total
	£000	£000	£000	£000
Gross capital expenditure	112,376	52,167	41,011	205,554
Add: Losses on disposal of donated assets	0	0	2	2
Less NBV of property, plant and equipment and intangible assets disposed	(884)	(3,115)	(61)	(4,060)
Less capital grants received	(333)	(22)	(62)	(417)
Less donations received	(201)	(166)	(210)	(577)
Less initial recognition of RoU Asset Dilapidations	0	0	0	0
Add: recognition of RoU Assets Dilapidations on crystallisation	0	0	0	0
Charge against Capital Resource Allocation	110,958	48,864	40,680	200,502
Capital Resource Allocation	110,971	48,914	40,723	200,608
(Over) / Underspend against Capital Resource Allocation	13	50	43	106

Aneurin Bevan University LHB has met its financial duty to break-even against its Capital Resource Limit over the 3 years 2020-21 to 2022-23.

2.3 Duty to prepare a 3 year integrated plan

The NHS Wales Planning Framework for the period 2022-2025 issued to LHBs placed a requirement upon them to prepare and submit Integrated Medium Term Plans to the Welsh Government.

The LHB submitted an Integrated Medium Term Plan for the period 2022-2025 in accordance with NHS Wales Planning Framework.

The Minister for Health and Social Services extant approval

Status
Date

Approved
13/07/2022

The LHB has therefore met its statutory duty to have an approved Integrated Medium Term 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:

	2022-23	2021-22
Total number of non-NHS bills paid	371,943	322,710
Total number of non-NHS bills paid within target	354,020	306,680
Percentage of non-NHS bills paid within target	95.2%	95.0%

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	2022-23 Total £000	2021-22 Total £000
General Medical Services	116,217		116,217	112,524
Pharmaceutical Services	31,959	(6,686)	25,273	25,082
General Dental Services	39,817		39,817	38,030
General Ophthalmic Services	2,328	6,538	8,866	9,343
Other Primary Health Care expenditure	2,612		2,612	2,487
Prescribed drugs and appliances	114,331		114,331	106,282
Total	307,264	(148)	307,116	293,748

Note 3.1 - Expenditure on Primary Healthcare Services

The General Medical Services expenditure includes £16,406k (2021/22 £12,860k) in relation to staff salaries, the General Dental Services expenditure includes £3,032k (2021/22 £1,732k) in relation to staff salaries, the Prescribed Drugs & Appliance expenditure includes £329k (2021/22 £334k) in relation to staff salaries, and the General Ophthalmic Services includes £8k (2021/22 £10k) in relation to staff salaries.

3.2 Expenditure on healthcare from other providers

	2022-23 £000	2021-22 £000
Goods and services from other NHS Wales Health Boards	63,968	62,504
Goods and services from other NHS Wales Trusts	43,527	45,812
Goods and services from Welsh Special Health Authorities	0	0
Goods and services from other non Welsh NHS bodies	10,092	9,321
Goods and services from WHSSC / EASC	198,320	177,035
Local Authorities	47,685	50,403
Voluntary organisations	9,260	18,825
NHS Funded Nursing Care	9,681	9,157
Continuing Care	86,006	83,675
Private providers	5,392	6,535
Specific projects funded by the Welsh Government	0	0
Other	222	134
Total	474,153	463,401

Local Authorities expenditure relates to the following bodies:

	£'000	£'000
Blaenau Gwent County Borough Council	4,331	5,048
Caerphilly County Borough Council	17,867	19,080
Monmouthshire County Council	8,334	5,531
Newport City Council	10,252	12,204
Torfaen County Borough Council	6,790	8,460
Gloucestershire County Council	111	21
Vale of Glamorgan Council	0	58
Swindon Borough Council	0	1
	47,685	50,403

3.3 Expenditure on Hospital and Community Health Services

	2022-23	2021-22
	£000	£000
Directors' costs	2,374	2,243
Operational Staff costs	729,514	695,903
Single lead employer Staff Trainee Cost	30,104	16,109
Collaborative Bank Staff Cost	0	0
Supplies and services - clinical	120,657	116,736
Supplies and services - general	20,123	21,699
Consultancy Services	327	175
Establishment	6,928	8,101
Transport	1,942	2,257
Premises	48,310	42,463
External Contractors	0	0
Depreciation	42,936	41,158
Depreciation (Right of Use assets RoU)	4,479	
Amortisation	2,859	2,517
Fixed asset impairments and reversals (Property, plant & equipment)	(19,470)	(12,619)
Fixed asset impairments and reversals (RoU Assets)	0	
Fixed asset impairments and reversals (Intangible assets)	0	0
Impairments & reversals of financial assets	0	0
Impairments & reversals of non-current assets held for sale	0	0
Audit fees	421	396
Other auditors' remuneration	0	0
Losses, special payments and irrecoverable debts	1,526	2,831
Research and Development	0	0
Expense related to short-term leases	552	
Expense related to low-value asset leases (excluding short-term leases)	858	
Other operating expenses	9,538	11,009
Total	1,003,978	950,978

The Health Board spent 2.7m (£2.2m 2021/22) on Research and Development. The majority of this spend relates to staff £2.2M (£2.1m 2021/22) which along with the non-staff spend is reflected under the various headings within note 3.3. During 2022-23 Research and Development income received was £2.6m including £1.6m received from Welsh Government.

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

	2022-23	2021-22
	£000	£000
Increase/(decrease) in provision for future payments:		
Clinical negligence;		
Secondary care	(3,578)	39,857
Primary care	38	84
Redress Secondary Care	478	185
Redress Primary Care	0	0
Personal injury	193	1,441
All other losses and special payments	34	665
Defence legal fees and other administrative costs	1,184	1,259
Gross increase/(decrease) in provision for future payments	(1,651)	43,491
Contribution to Welsh Risk Pool	0	0
Premium for other insurance arrangements	0	0
Irrecoverable debts	(104)	(65)
Less: income received/due from Welsh Risk Pool	3,281	(40,595)
Total	1,526	2,831

	2022-23	2021-22
	£	£
Permanent injury included within personal injury	285,049	208,625

Note 3.4 includes £615,848 (£510,040 2021/22) relating to Redress cases which represents 98 (66 2021/22) cases where payments were made in year totalling £275,664 (£383,813 2021/22) including defence fees. An additional provision has been created for a further 50 (20 2021/22) cases where an offer has been made or causation and breach have been proven with estimated costs of £340,184 (£126,227 2021/22).

Note 3.3 includes a credit relating to reversals of impairment of fixed assets. This is primarily as a result of the 2022-23 Quinquennial revaluations of land and buildings. Further to the revaluations, indexation was applied during 2022-23 using rates provided by the District Valuation Office. Land rates fell by 4 percentage points and buildings rose by 4.75 percentage points. The detailed figures can be found in note 13.

4. Miscellaneous Income

	2022-23	2021-22
	£000	£000
Local Health Boards	20,420	21,743
Welsh Health Specialised Services Committee (WHSSC)/Emergency Ambulance Services Committee (EASC)	11,521	9,772
NHS Wales trusts	10,652	9,626
Welsh Special Health Authorities	13,782	12,313
Foundation Trusts	22	9
Other NHS England bodies	1,469	1,441
Other NHS Bodies	58	36
Local authorities	19,078	20,520
Welsh Government	4,622	8,060
Welsh Government Hosted bodies	0	0
Non NHS:		
Prescription charge income	0	0
Dental fee income	4,848	3,463
Private patient income	27	(3)
Overseas patients (non-reciprocal)	42	16
Injury Costs Recovery (ICR) Scheme	1,022	986
Other income from activities	837	822
Patient transport services	0	0
Education, training and research	2,043	4,088
Charitable and other contributions to expenditure	1,048	930
Receipt of NWSSP Covid centrally purchased assets	0	0
Receipt of Covid centrally purchased assets from other organisations	0	0
Receipt of donated assets	210	166
Receipt of Government granted assets	62	22
Right of Use Grant (Peppercorn Lease)	17	0
Non-patient care income generation schemes	100	112
NHS Wales Shared Services Partnership (NWSSP)	0	0
Deferred income released to revenue	0	0
Right of Use Asset Sub-leasing rental income	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	102	73
Accommodation and catering charges	3,103	2,194
Mortuary fees	375	285
Staff payments for use of cars	617	682
Business Unit	0	0
Scheme Pays Reimbursement Notional	(615)	756
Other	14,015	11,526
Total	109,477	109,638
Other income Includes:		
Salary Sacrifice Schemes & Fleet Vehicles	4,265	3,193
VAT recoveries re Business Activities and Contracted Out Services	1,523	2,011
Integrated Care Fund	4,894	2,164
Other	3,333	4,158
Total	14,015	11,526

	2022-23	2021-22
	%	%
Injury Cost Recovery (ICR) Scheme income		
To reflect expected rates of collection ICR income is subject to a provision for impairment of:	24.86	23.76

5. Investment Revenue

	2022-23 £000	2021-22 £000
Rental revenue :		
PFI Finance lease income		
planned	0	0
contingent	0	0
Other finance lease revenue	0	0
Interest revenue :		
Bank accounts	0	0
Other loans and receivables	0	0
Impaired financial assets	0	0
Other financial assets	18	16
Total	18	16

6. Other gains and losses

	2022-23 £000	2021-22 £000
Gain/(loss) on disposal of property, plant and equipment	530	237
Gain/(loss) on disposal of intangible assets	0	(32)
Gain/(loss) on disposal of assets held for sale	0	27
Gain/(loss) on disposal of financial assets	0	0
Change on foreign exchange	0	0
Change in fair value of financial assets at fair value through SoCNE	0	0
Change in fair value of financial liabilities at fair value through SoCNE	0	0
Recycling of gain/(loss) from equity on disposal of financial assets held for sale	0	0
Total	530	232

7. Finance costs

	2022-23 £000	2021-22 £000
Interest on loans and overdrafts	0	0
Interest on obligations under finance leases	0	2
Interest on obligations under Right of Use Leases	232	
Interest on obligations under PFI contracts;		
main finance cost	239	269
contingent finance cost	471	387
Interest on late payment of commercial debt	0	0
Other interest expense	0	0
Total interest expense	942	658
Provisions unwinding of discount	118	(96)
Other finance costs	0	0
Total	1,060	562

8. Future change to SoCNE/Operating Leases

LHB as lessee

As at 31st March 2023 the LHB had 2 operating leases agreements in place for the lease of premises, 554 arrangements in respect of equipment and 206 in respect of vehicles with 3 property, 122 equipment and 130 vehicle leases having expired in year.

	Post Implementation of IFRS 16		Pre implementation of IFRS 16
	Low Value & Short Term	Other	
Payments recognised as an expense	2022-23	2022-23	2021-22
	£000	£000	£000
Minimum lease payments	1,487	0	6,245
Contingent rents	0	0	0
Sub-lease payments	0	0	0
Total	1,487	0	6,245

Total future minimum lease payments

	£000	£000	£000
Payable			
Not later than one year	864	0	4,358
Between one and five years	612	0	10,468
After 5 years	0	0	8,847
Total	1,476	0	23,673

As a result of the implementation of IFRS 16 the current year operating lease figures relate to low value and short term leases only. Previously reported Expenditure £4,895k and Minimum lease Payments £21,634k transitioned to the balance sheet as right of use assets.

LHB as lessor

	Post Implementation of IFRS 16	Pre implementation of IFRS 16
	£000	£000
Rental revenue		
Rent	226	196
Contingent rents	0	0
Total revenue rental	226	196

Total future minimum lease payments

	£000	£000
Receivable		
Not later than one year	252	192
Between one and five years	964	739
After 5 years	1,236	844
Total	2,452	1,775

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	2021-22
	£000	£000	£000	£000	£000	£000	£000	£000
Salaries and wages	539,083	1,964	57,339	24,987	0	3,547	626,920	586,999
Social security costs	59,244	0	0	3,005	0	0	62,249	54,686
Employer contributions to NHS Pension Scheme	90,084	0	0	3,160	0	0	93,244	88,348
Other pension costs	365	0	0	0	0	0	365	123
Other employment benefits	0	0	0	0	0	0	0	0
Termination benefits	0	0	0	0	0	0	0	0
Total	688,776	1,964	57,339	31,152	0	3,547	782,778	730,156

Charged to capital							1,011	964
Charged to revenue							781,767	729,192
							782,778	730,156

Net movement in accrued employee benefits (untaken staff leave)							(12)	2,481
Covid 19 - Net movement in accrued employee benefits (untaken staff leave)								1,968
Non Covid 19 - Net movement in accrued employee benefits (untaken staff leave)								513

The staff under the 'Other' heading relate to Agency Medical Staff who are paid via a direct engagement scheme which commenced in January 2020.

The net movement in COVID annual leave was a release of £16.243m in year, which included a release of £1.049m in relation to Specialist Trainees.

9.2 Average number of employees

	Permanent Staff	Staff on Inward Secondment	Agency Staff	Specialist Trainee (SLE)	Collaborative Bank Staff	Other	Total	2021-22
	Number	Number	Number	Number	Number	Number	Number	Number
Administrative, clerical and board members	2,677	20	30	0	0	0	2,727	2,582
Medical and dental	758	399	82	393	0	20	1,652	1,234
Nursing, midwifery registered	3,736	6	248	0	0	0	3,990	4,051
Professional, Scientific, and technical staff	460	0	2	0	0	0	462	436
Additional Clinical Services	2,668	0	209	0	0	0	2,877	2,792
Allied Health Professions	802	0	27	0	0	0	829	804
Healthcare Scientists	230	4	11	0	0	0	245	243
Estates and Ancillary	975	0	171	0	0	0	1,146	1,145
Students	10	0	0	0	0	0	10	4
Total	12,316	429	780	393	0	20	13,938	13,291

9.3. Retirements due to ill-health

	2022-23	2021-22
Number	14	2
Estimated additional pension costs £	606,310	74,988

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 Health Board does not have an employee benefit scheme.

9.5 Reporting of other compensation schemes - exit packages

	2022-23	2022-23	2022-23	2022-23	2021-22
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	1	1	0	2
£50,000 to £100,000	0	0	0	0	1
£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	1	1	0	3

	2022-23	2022-23	2022-23	2022-23	2021-22
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	32,197	32,197	0	85,839
£50,000 to £100,000	0	0	0	0	76,771
£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	32,197	32,197	0	162,610

Exit costs paid in year of departure	Total paid in year 2022-23	Total paid in year 2021-22
	£	£
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

£194,807 exit costs were paid in 2022-23, relating to 3 cases in 2021/22 and 1 case re 2022/23, the year of departure (£0 - 2021-22).

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.

	2022-23 £000 Chief	2022-23 £000 Employee	2022-23 £000 Ratio	2021-22 £000 Chief	2021-22 £000 Employee	2021-22 £000 Ratio
Total pay and benefits	Executive	Employee	Ratio	Executive	Employee	Ratio
25th percentile pay ratio	215 - 220	26	8.3	200 - 205	25	8.1
Median pay	215 - 220	33	6.5	200 - 205	32	6.3
75th percentile pay ratio	215 - 220	43	5.0	200 - 205	42	4.8
Salary component of total pay and benefits						
25th percentile pay ratio	215 - 220	26		200 - 205	25	
Median pay	215 - 220	33		200 - 205	32	
75th percentile pay ratio	215 - 220	43		200 - 205	42	
	Highest Paid Director	Employee	Ratio	Highest Paid Director	Employee	Ratio
Total pay and benefits						
25th percentile pay ratio	215 - 220	26	8.3	200 - 205	25	8.1
Median pay	215 - 220	33	6.5	200 - 205	32	6.3
75th percentile pay ratio	215 - 220	43	5.0	200 - 205	42	4.8
Salary component of total pay and benefits						
25th percentile pay ratio	215 - 220	26		200 - 205	25	
Median pay	215 - 220	33		200 - 205	32	
75th percentile pay ratio	215 - 220	43		200 - 205	42	

In 2022-23, 15 (2021-22, 7) employees received remuneration in excess of the highest-paid director.

Remuneration for all staff ranged from £14k to £416k (2021-22, £19k to £338k).

The all staff range includes directors (including the highest paid director) and excludes pension benefits of all employees.

Financial year summary

There has been an increase in the pay ratio which attributable to the increase in the chief executive / highest paid director salary being greater than the 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

	2021-22 to 2022-23	2020-21 to 2021-22
% Change from previous financial year in respect of Chief Executive	%	%
Salary and allowances	7	(2)
Performance pay and bonuses	0	0
% Change from previous financial year in respect of highest paid director		
Salary and allowances	7	(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	5
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. 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 2023, is based on valuation data as 31 March 2022, updated to 31 March 2023 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 actuarial valuation as at 31 March 2020 is currently underway and will set the new employer contribution rate due to be implemented from April 2024.

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 £50,270 for the 2022-2023 tax year (2021-2022 £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.

	2022-23	2022-23	2021-22	2021-22
	Number	£000	Number	£000
NHS				
Total bills paid	4,740	380,000	4,776	342,787
Total bills paid within target	4,198	360,894	4,154	328,582
Percentage of bills paid within target	88.6%	95.0%	87.0%	95.9%
Non-NHS				
Total bills paid	371,943	651,605	322,710	632,798
Total bills paid within target	354,020	624,146	306,680	603,323
Percentage of bills paid within target	95.2%	95.8%	95.0%	95.3%
Total				
Total bills paid	376,683	1,031,605	327,486	975,585
Total bills paid within target	358,218	985,040	310,834	931,905
Percentage of bills paid within target	95.1%	95.5%	94.9%	95.5%

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

	2022-23	2021-22
	£	£
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	413	77
Total	413	77

11.1 Property, plant and equipment

	Land £000	Buildings, excluding dwellings £000	Dwellings £000	Assets under construction & payments on account £000	Plant and machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
Cost at 31 March bf	78,456	691,679	3,030	23,203	130,298	546	39,785	4,184	971,181
NHS Wales Transfers	0	0	0	0	1,106	0	0	0	1,106
Prepayments	0	0	0	0	0	0	0	0	0
Transfer of Finance Leases to ROU Asset Note	(32)	(392)	0	0	0	0	(517)	0	(941)
Cost or valuation at 1 April 2022	78,424	691,287	3,030	23,203	131,404	546	39,268	4,184	971,346
Indexation	(2,002)	16,637	22	0	0	0	0	0	14,657
Additions									
- purchased	0	4,259	53	22,262	4,961	0	4,937	112	36,584
- donated	0	0	0	0	109	0	63	38	210
- government granted	0	44	0	0	18	0	0	0	62
Transfer from/into other NHS bodies	0	0	0	0	0	0	0	0	0
Reclassifications	0	6,811	0	(8,529)	(56)	0	46	10	(1,718)
Revaluations	3,694	(26,767)	(715)	0	0	0	0	0	(23,788)
Reversal of impairments	0	8,529	(153)	0	0	0	0	0	8,376
Impairments	(2,608)	(4,604)	0	0	0	0	0	0	(7,212)
Reclassified as held for sale	0	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	(19,221)	0	(1,004)	(182)	(20,407)
At 31 March 2023	77,508	696,196	2,237	36,936	117,215	546	43,310	4,162	978,110
Depreciation at 31 March bf	0	74,177	415	0	66,042	470	18,529	1,069	160,702
NHS Wales Transfers	0	0	0	0	0	0	0	0	0
Transfer of Finance Leases to ROU Asset Note	0	(108)	0	0	0	0	(13)	0	(121)
Depreciation at 1 April 2022	0	74,069	415	0	66,042	470	18,516	1,069	160,581
Indexation	0	53	0	0	0	0	0	0	53
Transfer from/into other NHS bodies	0	0	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	(10)	0	7	3	0
Revaluations	0	(56,103)	(246)	0	0	0	0	0	(56,349)
Reversal of impairments	0	(17,935)	(168)	0	0	0	0	0	(18,103)
Impairments	0	(203)	0	0	0	0	0	0	(203)
Reclassified as held for sale	0	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	(19,160)	0	(1,004)	(182)	(20,346)
Provided during the year	0	22,241	293	0	13,152	32	6,805	413	42,936
At 31 March 2023	0	22,122	294	0	60,024	502	24,324	1,303	108,569
Net book value at 1 April 2022	78,424	617,218	2,615	23,203	65,362	76	20,752	3,115	810,765
Net book value at 31 March 2023	77,508	674,074	1,943	36,936	57,191	44	18,986	2,859	869,541
Net book value at 31 March 2023 comprises :									
Purchased	74,353	672,131	1,943	36,936	56,328	44	18,905	2,809	863,449
Donated	3,155	1,746	0	0	608	0	81	50	5,640
Government Granted	0	197	0	0	255	0	0	0	452
At 31 March 2023	77,508	674,074	1,943	36,936	57,191	44	18,986	2,859	869,541
Asset financing :									
Owned	77,508	668,777	1,943	36,936	57,049	44	18,986	2,859	864,102
Held on finance lease	0	0	0	0	0	0	0	0	0
On-SoFP PFI contracts	0	5,297	0	0	142	0	0	0	5,439
PFI residual interests	0	0	0	0	0	0	0	0	0
At 31 March 2023	77,508	674,074	1,943	36,936	57,191	44	18,986	2,859	869,541

The net book value of land, buildings and dwellings at 31 March 2023 comprises :

	£000
Freehold	748,040
Long Leasehold	5,410
Short Leasehold	75
	<u>753,525</u>

Valuers 'material uncertainty', in valuation. The disclosure relates to the materiality in the valuation report not that of the underlying account.

0

The land and buildings were revalued by the Valuation Office Agency with an effective date of 1st April 2022. 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
Cost or valuation at 1 April 2021	76,903	643,590	2,783	23,260	124,444	548	36,112	4,867	912,507
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	(10,060)	(2)	(3,699)	(1,180)	(14,941)
At 31 March 2022	78,456	691,679	3,030	23,203	130,298	546	39,785	4,184	971,181
Depreciation at 1 April 2021	0	51,563	314	0	62,413	439	16,061	1,782	132,572
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	(8,355)	(2)	(3,616)	(1,180)	(13,153)
Provided during the year	0	22,503	87	0	11,984	33	6,084	467	41,158
At 31 March 2022	0	74,177	415	0	66,042	470	18,529	1,069	160,702
Net book value at 1 April 2021	76,903	592,027	2,469	23,260	62,031	109	20,051	3,085	779,935
Net book value at 31 March 2022	78,456	617,502	2,615	23,203	64,256	76	21,256	3,115	810,479
Net book value at 31 March 2022 comprises :									
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
At 31 March 2022	78,456	617,502	2,615	23,203	64,256	76	21,256	3,115	810,479
Asset financing :									
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
At 31 March 2022	78,456	617,502	2,615	23,203	64,256	76	21,256	3,115	810,479

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
	698,573

Valuers 'material uncertainty', in valuation. The disclosure relates to the materiality in the valuation report not that of the underlying account. 0

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

11. Property, plant and equipment (continued)**Disclosures:****i) Donated Assets**

Assets totalling £272k during the year were purchased via Charitable Funds donations and contributions from ABUHB R&D income, Nevill Hall Creche and Sparkle.

ii) Valuations

The LHBs land and Buildings were revalued by the Valuation Office Agency with an effective date of 1st April 2022. 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 2022-23 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 006 issued by Welsh Government on 29th March 2023. No indexation has been applied to equipment.

In addition, in 2022-23 there have been separate revaluations for four assets under construction coming into use. The most significant of these is the opening of the Same Day Emergency Care Unit (SDEC) at Grange University Hospital, with the others relating to the Children's A&E extension at GUH, Ante Natal relocation at Nevill Hall Hospital, and Refurbishment of Ward B6 at Royal Gwent Hospital.

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 2022-23, therefore no write downs are 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 are no assets held for sale or sold in the period.

Reinforced Autoclaved Aerated Concrete (RAAC)

The detailed extent and condition of the NHS Wales organisations identified as having Reinforced Autoclaved Aerated Concrete (RAAC), has yet to be completed. Thus to make an informed assessment to determine the remaining life assessment of the buildings further work is required. This work is being undertaken at present across all of the NHS Estate (which will hopefully be completed by late summer 2023) which will enable such an assessment to be made for the 23-24 financial year

11. Property, plant and equipment

11.2 Non-current assets held for sale

	Land	Buildings, including dwelling	Other property, plant and equipment	Intangible assets	Other assets	Total
	£000	£000	£000	£000	£000	£000
Balance brought forward 1 April 2022	0	0	0	0	0	0
Plus assets classified as held for sale in the year	0	0	0	0	0	0
Revaluation	0	0	0	0	0	0
Less assets sold in the year	0	0	0	0	0	0
Add reversal of impairment of assets held for sale	0	0	0	0	0	0
Less impairment of assets held for sale	0	0	0	0	0	0
Less assets no longer classified as held for sale, for reasons other than disposal by sale	0	0	0	0	0	0
Balance carried forward 31 March 2023	0	0	0	0	0	0
Balance brought forward 1 April 2021	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
Balance carried forward 31 March 2022	0	0	0	0	0	0

11.3 Right of Use Assets

The organisation's right of use asset leases are disclosed across the relevant headings below. Most are individually insignificant, however, six are significant in their own right:
 - Blaenavon Primary Care Resource Centre (LHB lease) held under Land & Buildings NBV at 31 March 2023 £1,468k
 - Brynmawr Medical Centre held under Land & Buildings NBV at 31 March 2023 £2,839k
 - Rhyrnydd Integrated H&SC Resource Centre (LHB lease) held under Land & Buildings NBV at 31 March 2023 £2,732k
 - Blaenavon Primary Care Resource Centre (managed GP practice lease) held under Land & Buildings NBV at 31 March 2023 £1,242k
 - Biochemistry Managed Service Contract held under Plant & Machinery NBV at 31 March 2023 £2,709k

	Land £000	Land & buildings £000	Buildings £000	Dwellings £000	Plant and machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
2022-23									
Cost or valuation at 31 March	0	0	0	0	0	0	0	0	0
Lease prepayments in relation to RoU Assets	0	266	0	0	157	18	0	0	441
Transfer of Finance Leases from PPE Note	0	424	0	0	0	0	517	0	941
Operating Leases Transitioning	813	15071	0	0	6853	342	1143	0	24222
Cost or valuation at 1 April	813	15761	0	0	7010	360	1660	0	25604
Additions	0	1471	0	0	1463	199	0	0	3133
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	-91	0	0	0	0	0	0	-91
Reversal of impairments	0	0	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0	0	0
De-recognition	0	-287	0	0	0	0	0	0	-287
At 31 March	813	16854	0	0	8473	559	1660	0	28359
Depreciation at 31 March	0	0	0	0	0	0	0	0	0
Transfer of Finance Leases from PPE Note	0	108	0	0	0	0	13	0	121
Operating Leases Transitioning	0	0	0	0	0	0	0	0	0
Depreciation at 1 April	0	108	0	0	0	0	13	0	121
Recognition	0	0	0	0	0	0	0	0	0
Transfers from/into other NHS bodies	0	0	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0	0	0
Revaluations	0	-108	0	0	0	0	0	0	-108
Reversal of impairments	0	0	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0	0	0
De-recognition	0	0	0	0	0	0	0	0	0
Provided during the year	98	2118	0	0	1519	269	475	0	4479
At 31 March	98	2118	0	0	1519	269	488	0	4492
Net book value at 1 April	813	15653	0	0	7010	360	1647	0	25483
Net book value at 31 March	715	14736	0	0	6954	290	1172	0	23867
RoU Asset Total Value Split by Lessor									
Lessor	Land £000	buildings £000	Buildings £000	Dwellings £000	Plant and machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
NHS Wales Peppercom Leases	0	0	0	0	0	0	0	0	0
NHS Wales Market Value Leases	0	0	0	0	0	0	0	0	0
Other Public Sector Peppercom Leases	704	314	0	0	0	0	0	0	1018
Other Public Sector Market Value Leases	11	1875	0	0	0	0	0	0	1886
Private Sector Peppercom Leases	0	0	0	0	0	0	0	0	0
Private Sector Market Value Leases	0	12547	0	0	6954	290	1172	0	20963
Total	715	14736	0	0	6954	290	1172	0	23867

11.3 Right of Use Assets continued

Quantitative disclosures

Maturity analysis

Contractual undiscounted cash flows relating to lease liabilities	£000
Less than 1 year	4325
2-5 years	10489
> 5 years	8948
Total	23762

Lease Liabilities (net of irrecoverable VAT)

	£000
Current	4008
Non-Current	18464
Total	22472

Amounts Recognised in Statement of Comprehensive Net Expenditure

	£000
Depreciation	4479
Impairment	0
Variable lease payments not included in lease liabilities - Interest expense	232
Sub-leasing income	-2
Expense related to short-term leases	552
Expense related to low-value asset leases (excluding short-term leases)	858

Amounts Recognised in Statement of Cashflows (net of irrecoverable VAT)

	£000
Interest expense	232
Repayments of principal on leases	4577
Total	4809

The LHB leases land, buildings and equipment where required to deliver core services.

Where an extension option exists within a lease, the LHB has assessed on an individual contract basis and reflected the extension period within the reported liabilities where it is reasonably certain that the option will be exercised.

12. Intangible non-current assets
2022-23

	Software (purchased)	Software (internally generated)	Licences and trademarks	Patents	Development expenditure- internally generated	Assets under Construction	Total
	£000	£000	£000	£000	£000	£000	£000
Cost or valuation at 1 April 2022	1,838	0	7,535	0	0	0	9,373
Revaluation	0	0	0	0	0	0	0
Reclassifications	1,718	0	0	0	0	0	1,718
Reversal of impairments	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0
Additions- purchased	66	0	955	0	0	0	1,021
Additions- internally generated	0	0	0	0	0	0	0
Additions- donated	0	0	0	0	0	0	0
Additions- government granted	0	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0
Disposals	(75)	0	(718)	0	0	0	(793)
Gross cost at 31 March 2023	3,547	0	7,772	0	0	0	11,319
Amortisation at 1 April 2022	714	0	3,448	0	0	0	4,162
Revaluation	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0	0
Impairment	0	0	0	0	0	0	0
Provided during the year	490	0	2,369	0	0	0	2,859
Reclassified as held for sale	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0
Disposals	(75)	0	(718)	0	0	0	(793)
Amortisation at 31 March 2023	1,129	0	5,099	0	0	0	6,228
Net book value at 1 April 2022	1,124	0	4,087	0	0	0	5,211
Net book value at 31 March 2023	2,418	0	2,673	0	0	0	5,091
NBV at 31 March 2023							
Purchased	2,418	0	2,673	0	0	0	5,091
Donated	0	0	0	0	0	0	0
Government Granted	0	0	0	0	0	0	0
Internally generated	0	0	0	0	0	0	0
Total at 31 March 2023	2,418	0	2,673	0	0	0	5,091

12. Intangible non-current assets 2021-22

	Software (purchased)	Software (internally generated)	Licences and trademarks	Patents	Development expenditure- internally generated	Assets under Construction	Total
	£000	£000	£000	£000	£000	£000	£000
Cost or valuation at 1 April 2021	2,443	0	7,161	0	0	0	9,604
Revaluation	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0
Additions- purchased	59	0	1,106	0	0	0	1,165
Additions- internally generated	0	0	0	0	0	0	0
Additions- donated	0	0	0	0	0	0	0
Additions- government granted	0	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0
Disposals	(664)	0	(732)	0	0	0	(1,396)
Gross cost at 31 March 2022	1,838	0	7,535	0	0	0	9,373
Amortisation at 1 April 2021	970	0	2,039	0	0	0	3,009
Revaluation	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0	0
Impairment	0	0	0	0	0	0	0
Provided during the year	408	0	2,109	0	0	0	2,517
Reclassified as held for sale	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0
Disposals	(664)	0	(700)	0	0	0	(1,364)
Amortisation at 31 March 2022	714	0	3,448	0	0	0	4,162
Net book value at 1 April 2021	1,473	0	5,122	0	0	0	6,595
Net book value at 31 March 2022	1,124	0	4,087	0	0	0	5,211
NBV at 31 March 2022							
Purchased	1,124	0	4,087	0	0	0	5,211
Donated	0	0	0	0	0	0	0
Government Granted	0	0	0	0	0	0	0
Internally generated	0	0	0	0	0	0	0
Total at 31 March 2022	1,124	0	4,087	0	0	0	5,211

Additional Disclosures re Intangible Assets

Disclosures:

i) Donated Assets

ABUHB has not received any donated intangible assets during the year.

ii) Recognition

Intangible assets acquired separately are initially recognised at fair value. The amount recognised for internally-generated intangible assets is the sum of the expenditure incurred to date when the criteria for recognising internally generated assets has been met (see accounting policy 1.7 for criteria).

iii) Asset Lives

The useful economic life of Intangible non-current assets are assigned on an individual asset basis. Software is generally assigned a 5 year UEL and the UEL of internally generated software is based on the professional judgement of LHB professional s and Finance staff.

13 . Impairments

	2022-23 Property, plant & equipment £000	2022-23 Right of Use Assets £000	2022-23 Intangible assets £000	2021-22 Property, plant & equipment £000	2021-22 Right of Use Assets £000	2021-22 Intangible assets £000
Impairments arising from :						
Loss or damage from normal operations	0	0	0	0		0
Abandonment in the course of construction	0	0	0	171		0
Over specification of assets (Gold Plating)	0	0	0	0		0
Loss as a result of a catastrophe	0	0	0	0		0
Unforeseen obsolescence	0	0	0	0		0
Changes in market price	0	0	0	0		0
Others (specify)	10,557	0	0	7,103		0
Reversal of Impairments	(26,479)	0	0	(19,893)		0
Total of all impairments	(15,922)	0	0	(12,619)		0

Analysis of impairments charged to reserves in year :

Charged to the Statement of Comprehensive Net Expenditure	(19,470)	0	0	(12,619)		0
Charged to Revaluation Reserve	3,548	0	0	0		0
Total	(15,922)	0	0	(12,619)		0

2022-23	Impairment amount £000	Reason for impairment £000	Nature of Asset £000	Valuation basis £000	Charge to SoCNE £000	Charge to reserve £000
Quinquennial District Valuer Revaluation Exercise	3,760	DV Valuation	Operational	Fair Value	2,214	1,546
Indexation - Land	2,397	Indexation Loss	Operational	Fair Value	395	2,002
SDEC, Grange University Hospital	3,429	Assets Valued on Coming Into Use	Operational	Fair Value	3,429	0
SRU Enabling Ante Natal, NHH	454	Assets Valued on Coming Into Use	Operational	Fair Value	454	0
CAEU, Grange University Hospital	379	Assets Valued on Coming Into Use	Operational	Fair Value	379	0
Ward B6, RGH	138	Assets Valued on Coming Into Use	Operational	Fair Value	138	0
Total Impairment	10557				7009	3548

Reversal of Impairments

Quinquennial District Valuer Revaluation Exercise	(11,793)	DV Valuation - Reversal of impairment in previous years	Operational	Indexation	(11,793)	0
Grange University Hospital	(12,471)	Indexation - reversal of impairment in previous years	Operational	Indexation	(12,471)	0
Ysbyty Aneurin Bevan	(1,789)	Indexation - reversal of impairment in previous years	Operational	Indexation	(1,789)	0
St Cadocs	(143)	Indexation - reversal of impairment in previous years	Operational	Indexation	(143)	0
Llanfrechfa Grange	(104)	Indexation - reversal of impairment in previous years	Operational	Indexation	(104)	0
Royal Gwent	(70)	Indexation - reversal of impairment in previous years	Operational	Indexation	(70)	0
Nevill Hall	(62)	Indexation - reversal of impairment in previous years	Operational	Indexation	(62)	0
Various Community Sites	(47)	Indexation - reversal of impairment in previous years	Operational	Indexation	(47)	0
Total Reversal of Impairments	-26479				(26,479)	0
Net credit to SoCNE	-15922				-19470	3548

14.1 Inventories

	31 March	31 March
	2023	2022
	£000	£000
Drugs	2,819	2,905
Consumables	6,471	5,561
Energy	286	260
Work in progress	0	0
Other	0	0
Total	9,576	8,726
Of which held at realisable value	0	0

14.2 Inventories recognised in expenses

	31 March	31 March
	2023	2022
	£000	£000
Inventories recognised as an expense in the period	0	0
Write-down of inventories (including losses)	0	0
Reversal of write-downs that reduced the expense	0	0
Total	0	0

15. Trade and other Receivables

Current	31 March 2023 £000	31 March 2022 £000
Welsh Government	1,517	6,903
WHSSC / EASC	1,019	3,038
Welsh Health Boards	3,175	1,552
Welsh NHS Trusts	4,309	6,114
Welsh Special Health Authorities	1,010	455
Non - Welsh Trusts	66	178
Other NHS	213	0
2019-20 Scheme Pays - Welsh Government Reimbursement	141	756
Welsh Risk Pool Claim reimbursement		
NHS Wales Secondary Health Sector	109,290	84,862
NHS Wales Primary Sector FLS Reimbursement	111	2
NHS Wales Redress	587	475
Other	0	0
Local Authorities	9,756	8,159
Capital debtors - Tangible	0	0
Capital debtors - Intangible	0	0
Other debtors	16,714	15,653
Provision for irrecoverable debts	(1,763)	(1,870)
Pension Prepayments NHS Pensions	0	0
Pension Prepayments NEST	0	0
Other prepayments	6,017	7,497
Other accrued income	0	0
Sub total	152,162	133,774
Non-current		
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
Welsh Risk Pool Claim reimbursement;		
NHS Wales Secondary Health Sector	76,333	124,435
NHS Wales Primary Sector FLS Reimbursement	2	57
NHS Wales Redress	0	0
Other	0	0
Local Authorities	0	0
Capital debtors - Tangible	0	0
Capital debtors - Intangible	0	0
Other debtors	1,131	1,205
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
Sub total	77,466	125,697
Total	229,628	259,471

15. Trade and other Receivables (continued)

Receivables past their due date but not impaired

	31 March 2023 £000	31 March 2022 £000
By up to three months	2,415	1,365
By three to six months	360	409
By more than six months	1,331	1,289
	<u>4,106</u>	<u>3,063</u>

Expected Credit Losses (ECL) / Provision for impairment of receivables

Balance at 1 April	(1,870)	(1,951)
Transfer to other NHS Wales body	0	0
Amount written off during the year	0	17
Amount recovered during the year	3	0
(Increase) / decrease in receivables impaired	119	62
Bad debts recovered during year	(15)	2
Balance at 31 March	<u>(1,763)</u>	<u>(1,870)</u>

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	1,899	2,674
Other	92	314
Total	<u>1,991</u>	<u>2,988</u>

16. Other Financial Assets

	Current		Non-current	
	31 March 2023 £000	31 March 2022 £000	31 March 2023 £000	31 March 2022 £000
Financial assets				
Shares and equity type investments				
Held to maturity investments at amortised costs	0	0	0	0
At fair value through SOCNE	0	0	0	0
Available for sale at FV	0	0	0	0
Deposits	0	0	0	0
Loans	34	33	487	521
Derivatives	0	0	0	0
Other (Specify)				
Right of Use Asset Finance Sublease	24		239	
Held to maturity investments at amortised costs	0	0	0	0
At fair value through SOCNE	0	0	0	0
Available for sale at FV	0	0	0	0
Total	58	33	726	521

17. Cash and cash equivalents

	2022-23 £000	2021-22 £000
Balance at 1 April	1,720	1,821
Net change in cash and cash equivalent balances	2,984	(101)
Balance at 31 March	4,704	1,720
Made up of:		
Cash held at GBS	4,681	1,698
Commercial banks	0	0
Cash in hand	23	22
Cash and cash equivalents as in Statement of Financial Position	4,704	1,720
Bank overdraft - GBS	0	0
Bank overdraft - Commercial banks	0	0
Cash and cash equivalents as in Statement of Cash Flows	4,704	1,720

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

PFI liabilities £947k

The movement relates to cash, no comparative information is required by IAS 7 in 2022-23.

18. Trade and other payables

Current	31 March	31 March
	2023	2022
	£000	£000
Welsh Government	44	75
WHSSC / EASC	3,125	4,487
Welsh Health Boards	3,461	2,646
Welsh NHS Trusts	6,088	4,338
Welsh Special Health Authorities	80	216
Other NHS	4,559	3,725
Taxation and social security payable / refunds	17,761	5,694
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	58,923	70,123
Local Authorities	27,191	15,293
Capital payables- Tangible	7,189	9,701
Capital payables- Intangible	206	1,117
Overdraft	0	0
Rentals due under operating leases	0	0
RoU Lease Liability	4,008	
Obligations under finance leases, HP contracts		50
Imputed finance lease element of on SoFP PFI contracts	1,036	947
Pensions: staff	9,797	9,683
Non NHS Accruals	88,639	103,786
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	(9,982)	(8,591)
Sub Total	222,125	223,290
Non-current		
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
RoU Lease Liability	18,464	
Obligations under finance leases, HP contracts		446
Imputed finance lease element of on SoFP PFI contracts	2,228	3,263
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
Sub Total	20,692	3,709
Total	242,817	226,999

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 of Balances process, totalling £79k (£11k with Welsh Health Boards & £68k with Welsh NHS Trusts).

The impact of the implementation of IFRS 16 in 2022/23 has resulted in a reclassification of leases, with £22,472k now being classified as RoU leases, that would previously have been classified as operating leases or finance leases.

RoU Lease Liability Transitioning & Transferring

	£000
RoU liability as at 31 March 2022	0
Transfer of Finance Leases from PPE Note	820
Operating Leases Transitioning	24,222
RoU Lease liability as at 1 April 2022	0
	25,042

18. Trade and other payables (continued).

Amounts falling due more than one year are expected to be settled as follows:	31 March	31 March
	2023	2022
	£000	£000
Between one and two years	4,352	1,086
Between two and five years	6,585	1,045
In five years or more	9,755	1,578
Sub-total	20,692	3,709

19. Other financial liabilities

Financial liabilities	Current		Non-current	
	31 March	31 March	31 March	31 March
	2023	2022	2023	2022
	£000	£000	£000	£000
Financial Guarantees:				
At amortised cost	0	0	0	0
At fair value through SoCNE	0	0	0	0
Derivatives at fair value through SoCNE	0	0	0	0
Other:				
At amortised cost	0	0	0	0
At fair value through SoCNE	0	0	0	0
Total	0	0	0	0

20. Provisions

	At 1 April 2022	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 2023
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Current									
Clinical negligence:-									
Secondary care	56,805	(16,033)	(8,975)	52,699	42,660	(11,816)	(34,462)	0	80,878
Primary care	41	0	0	0	40	(2)	0	0	79
Redress Secondary care	126	0	(117)	0	516	(148)	(46)	0	331
Redress Primary care	0	0	0	0	0	0	0	0	0
Personal injury	599	0	0	0	786	(598)	(308)	0	479
All other losses and special payments	0	0	0	0	34	(34)	0	0	0
Defence legal fees and other administration	2,239	0	0	327	1,953	(1,334)	(879)		2,306
Pensions relating to former directors	0			0	0	0	0	0	0
Pensions relating to other staff	395			684	50	(392)	(415)	63	385
2019-20 Scheme Pays - Reimbursement	11			0	0	(5)	0	0	6
Restructuring	0			0	0	0	0	0	0
RoU Asset Dilapidations CAME	0			0	0	0	0	0	0
Other Capital Provisions	0			0	449	0	0	0	449
Other	3,067		0	0	(13)	(5)	(682)		2,367
Total	63,283	(16,033)	(9,092)	53,710	46,475	(14,334)	(36,792)	63	87,280
Non Current									
Clinical negligence:-									
Secondary care	123,659	0	0	(52,699)	5,380	(696)	(1,117)	0	74,527
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	3,262	0	0	0	36	(262)	(321)	55	2,770
All other losses and special payments	0	0	0	0	0	0	0	0	0
Defence legal fees and other administration	1,042	0	0	(327)	144	(50)	(34)		775
Pensions relating to former directors	0			0	0	0	0	0	0
Pensions relating to other staff	3,311			(684)	0	0	0	0	2,627
2019-20 Scheme Pays - Reimbursement	745			0	0	(3)	(606)	0	136
Restructuring	0			0	0	0	0	0	0
RoU Asset Dilapidations CAME	0			0	0	0	0	0	0
Other Capital Provisions	0			0	0	0	0	0	0
Other	405		0	0	137	(97)	(94)		351
Total	132,424	0	0	(53,710)	5,697	(1,108)	(2,172)	55	81,186
TOTAL									
Clinical negligence:-									
Secondary care	180,464	(16,033)	(8,975)	0	48,040	(12,512)	(35,579)	0	155,405
Primary care	41	0	0	0	40	(2)	0	0	79
Redress Secondary care	126	0	(117)	0	516	(148)	(46)	0	331
Redress Primary care	0	0	0	0	0	0	0	0	0
Personal injury	3,861	0	0	0	822	(860)	(629)	55	3,249
All other losses and special payments	0	0	0	0	34	(34)	0	0	0
Defence legal fees and other administration	3,281	0	0	0	2,097	(1,384)	(913)		3,081
Pensions relating to former directors	0			0	0	0	0	0	0
Pensions relating to other staff	3,706			0	50	(392)	(415)	63	3,012
2019-20 Scheme Pays - Reimbursement	756			0	0	(8)	(606)	0	142
Restructuring	0			0	0	0	0	0	0
RoU Asset Dilapidations CAME	0			0	0	0	0	0	0
Other Capital Provisions	0			0	449	0	0	0	449
Other	3,472		0	0	124	(102)	(776)		2,718
Total	195,707	(16,033)	(9,092)	0	52,172	(15,442)	(38,964)	118	168,466

Expected timing of cash flows:

	In year to 31 March 2024	Between 1 April 2024 and 31 March 2028	Thereafter	Total
				£000
Clinical negligence:-				
Secondary care	80,878	74,527	0	155,405
Primary care	79	0	0	79
Redress Secondary care	331	0	0	331
Redress Primary care	0	0	0	0
Personal injury	479	1,323	1,447	3,249
All other losses and special payments	0	0	0	0
Defence legal fees and other administration	2,306	775	0	3,081
Pensions relating to former directors	0	0	0	0
Pensions relating to other staff	385	2,627	0	3,012
2019-20 Scheme Pays - Reimbursement	6	17	119	142
Restructuring	0	0	0	0
RoU Asset Dilapidations CAME	0	0	0	0
Other Capital Provisions	449	0	0	449
Other	2,367	351	0	2,718
Total	87,280	79,620	1,566	168,466

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 2023/24 it will receive £82,013,376 and in 2024/25 and beyond £74,980,511 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 £426,553. The estimation method used to calculate the provision for 2022/23 is consistent with the methodology used in 2021/22. 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 Capital provision.

The total Health Board provision also includes an amount of £340,184 which relates to 50 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 £141,451 (as notified by Welsh Government) within these accounts.

20. Provisions (continued)

	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
Current									
Clinical negligence:-									
Secondary care	40,393	(7,745)	(9,204)	26,472	25,378	(6,325)	(12,164)	0	56,805
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	672	1,870	(1,271)	(889)		2,239
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
Total	45,999	(7,745)	(9,399)	27,461	31,127	(9,909)	(14,198)	(53)	63,283
Non Current									
Clinical negligence:-									
Secondary care	116,068	0	(185)	(26,472)	49,738	(140)	(15,350)	0	123,659
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	(672)	303	(89)	(25)		1,042
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
Total	124,942	0	(185)	(27,461)	51,146	(565)	(15,409)	(44)	132,424
TOTAL									
Clinical negligence:-									
Secondary care	156,461	(7,745)	(9,389)	0	75,116	(6,465)	(27,514)	0	180,464
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	(1,360)	(914)		3,281
Pensions relating to former directors	0			0	0	0	0	0	0
Pensions relating to other staff	4,040			333	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
Total	170,941	(7,745)	(9,584)	0	82,273	(10,474)	(29,607)	(97)	195,707

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.

21. Contingencies

21.1 Contingent liabilities

	2022-23 £'000	2021-22 £'000
Provisions have not been made in these accounts for the following amounts :		
Legal claims for alleged medical or employer negligence:-		
Secondary care	336,531	408,594
Primary care	1,251	181
Redress Secondary care	0	62
Redress Primary care	(6)	0
Doubtful debts	0	0
Equal Pay costs	0	0
Defence costs	4,625	5,453
Continuing Health Care costs	1,379	718
Other	0	0
Total value of disputed claims	343,780	415,008
Amounts (recovered) in the event of claims being successful	(338,778)	(410,445)
Net contingent liability	5,002	4,563

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 value of legal claims has decreased by £72m from the value of legal claims in 2021/22, while the number of claims has decreased from 273 in 2021/22 to 196 in 2022/23.

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 2022/23. As a consequence there has been a movement in the level of provision and uncertainty including in these Accounts.

Note 20 sets out the £0.427m provision made for probable continuing care costs relating to 52 outstanding phase 1 to 8 claims received by 31st March 2023. This compares with the 2021/22 provision of £0.495m and 52 outstanding phase 1 to 7 claims.

Note 21.1 also sets out the £1.379m contingent liability for possible additional continuing care costs relating to those claims if they are all settled and in full, comparing adversely with the £0.718m reported for 2021/22.

There are still 10 new (Phase 8) claims, which have been received whereby the assessment process remains incomplete, as we are still awaiting full details to support the claims. The assessment process is highly complex and involves a multi-disciplinary team and for those reasons can take many months. At this stage, the HB does not have enough 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.

Reinforced Autoclaved Aerated Concrete (RAAC)

An issue has been identified with RAAC within the Health Board Estate and investigative work and surveys are ongoing to ascertain the extent and financial impact of any remedial work. Given the uncertainties surrounding the timing of the conclusion to the investigative work and its findings to be known, it is not possible to estimate the financial effect.

21.2 Remote Contingent liabilities

	2022-23	2021-22
	£000	£000
Guarantees	0	0
Indemnities	33,808	8,827
Letters of Comfort	0	0
	<hr/>	<hr/>
Total	33,808	8,827

21.3 Contingent assets

	2022-23	2021-22
	£000	£000
	0	0
	0	0
	0	0
	<hr/>	<hr/>
Total	0	0

22. Capital commitments

Contracted capital commitments at 31 March

The disclosure of future capital commitments not already disclosed as liabilities in the accounts.

	2022-23	2021-22
	£000	£000
Property, plant and equipment	53,870	11,282
Right of Use Assets	0	0
Intangible assets	689	0
	<hr/>	<hr/>
Total	54,559	11,282

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 2023	
	Number	£
Clinical negligence	103	22,051,355
Personal injury	45	1,055,159
All other losses and special payments	64	639,863
Total	212	23,746,377

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	£
Cases in excess of £300,000:				
Clinical Negligence	00RVFMN0045	260,344	00RVFMN0045	460,030
Personal injury	04RVFPI0038	28,064	04RVFPI0038	493,882
Clinical Negligence	10RVFMN0058	3,490,100	10RVFMN0058	3,950,000
Clinical Negligence	12RVFMN0036	375,000	12RVFMN0036	375,000
Clinical Negligence	12RVFMN0069	110,585	12RVFMN0069	1,360,585
Clinical Negligence	14RVFMN0084	0	14RVFMN0084	752,288
Clinical Negligence	14RVFMN0114	445,000	14RVFMN0114	4,186,563
Clinical Negligence	14RVFMN0252	25,000	14RVFMN0252	1,710,995
Clinical Negligence	15RVFMN0058	270,000	15RVFMN0058	470,000
Clinical Negligence	15RVFMN0059	110,600	15RVFMN0059	350,600
Clinical Negligence	15RVFMN0100	550,000	15RVFMN0100	550,000
Clinical Negligence	16RVFMN0122	2,230,000	16RVFMN0122	2,230,000
Clinical Negligence	16RVFMN0131	0	16RVFMN0131	300,781
Clinical Negligence	16RVFMN0141	480,576	16RVFMN0141	480,576
Clinical Negligence	16RVFMN0168	2,095,000	16RVFMN0168	2,135,000
Clinical Negligence	16RVFMN0206	390,000	16RVFMN0206	885,000
Clinical Negligence	16RVFMN0216	5,490,000	16RVFMN0216	6,710,000
Clinical Negligence	16RVFMN0242	0	16RVFMN0242	632,000
Clinical Negligence	17RVFMN0034	0	17RVFMN0034	1,130,000
Clinical Negligence	17RVFMN0182	160,000	17RVFMN0182	1,900,000
Clinical Negligence	17RVFMN0209	735,000	17RVFMN0209	735,000
Clinical Negligence	18RVFMN0124	857,000	18RVFMN0124	857,000
Personal injury	18RVFMN0016	429,177	18RVFMN0016	429,177
Personal injury	18RVFMN0022	61,435	18RVFMN0022	431,446
Clinical Negligence	19RVFMN0004	322,500	19RVFMN0004	400,000
Clinical Negligence	19RVFMN0146	85,000	19RVFMN0146	570,000
Clinical Negligence	20RVFMN0044	0	20RVFMN0044	335,000
Clinical Negligence	20RVFMN0129	0	20RVFMN0129	350,000
Other	20RVFEG0076	603,145	20RVFEG0076	603,145
Sub-total	0	19,603,526	0	35,774,068
All other cases	0	4,142,851	0	11,300,200
Total cases	0	23,746,377	0	47,074,268

24. Right of Use / Finance leases obligations

24.1 Obligations (as lessee)

Amounts payable under right of use asset / finance leases:	Post Implementation of IFRS 16 (RoU)	Pre implementation of IFRS 16 (FL)
Land	31 March 2023 £000	31 March 2022 £000
Minimum lease payments		
Within one year	0	0
Between one and five years	1	0
After five years	12	0
Less finance charges allocated to future periods	(2)	0
Minimum lease payments	<u>11</u>	<u>0</u>
Included in:		
Current borrowings	0	0
Non-current borrowings	11	0
	<u>11</u>	<u>0</u>
Present value of minimum lease payments		
Within one year	0	0
Between one and five years	1	0
After five years	10	0
Present value of minimum lease payments	<u>11</u>	<u>0</u>
Included in:		
Current borrowings	0	0
Non-current borrowings	11	0
	<u>11</u>	<u>0</u>

24.1 Right of Use / Finance leases obligations

	Post Implementation of IFRS 16 (RoU)	Pre implementation of IFRS 16 (FL)
	31 March 2023 £000	31 March 2022 £000
Buildings		
Minimum lease payments		
Within one year	2,209	0
Between one and five years	6,076	0
After five years	7,156	0
Less finance charges allocated to future periods	(954)	0
Minimum lease payments	<u>14,487</u>	<u>0</u>
Included in:		
Current borrowings	2,053	0
Non-current borrowings	<u>12,434</u>	<u>0</u>
	<u>14,487</u>	<u>0</u>
Present value of minimum lease payments		
Within one year	2,053	0
Between one and five years	5,631	0
After five years	6,803	0
Present value of minimum lease payments	<u>14,487</u>	<u>0</u>
Included in:		
Current borrowings	2,053	0
Non-current borrowings	<u>12,434</u>	<u>0</u>
	<u>14,487</u>	<u>0</u>
Other- Non property		
Minimum lease payments		
Within one year	2,025	54
Between one and five years	4,412	217
After five years	1,781	248
Less finance charges allocated to future periods	(243)	(23)
Minimum lease payments	<u>7,975</u>	<u>496</u>
Included in:		
Current borrowings	1,955	50
Non-current borrowings	<u>6,020</u>	<u>446</u>
	<u>7,975</u>	<u>496</u>
Present value of minimum lease payments		
Within one year	1,955	50
Between one and five years	4,281	204
After five years	1,739	242
Present value of minimum lease payments	<u>7,975</u>	<u>496</u>
Included in:		
Current borrowings	1,955	50
Non-current borrowings	<u>6,020</u>	<u>446</u>
	<u>7,975</u>	<u>496</u>

24.2 Right of Use Assets / Finance lease receivables (as lessor)

Amounts receivable under right of use assets / finance leases:	Post Implementation of IFRS 16 (RoU)	Pre implementation of IFRS 16 (FL)
	31 March 2023 £000	31 March 2022 £000
Gross Investment in leases		
Within one year	26	0
Between one and five years	106	0
After five years	144	0
Less finance charges allocated to future periods	(13)	0
Minimum lease payments	<u>263</u>	<u>0</u>
Included in:		
Current financial assets	24	0
Non-current financial assets	<u>239</u>	<u>0</u>
	<u>263</u>	<u>0</u>
Present value of minimum lease payments		
Within one year	24	0
Between one and five years	98	0
After five years	141	0
Present value of minimum lease payments	<u>263</u>	<u>0</u>
Included in:		
Current financial assets	24	0
Non-current financial assets	<u>239</u>	<u>0</u>
	<u>263</u>	<u>0</u>

25. Private Finance Initiative contracts

25.1 PFI schemes off-Statement of Financial Position

In 2021/22 the UHB had one PFI Scheme off-statement of financial position. The scheme related to the provision of replacement heating and lighting systems within Neville Hall hospital. The scheme commenced in 2000 for a period of 25 years. Due to introduction of IFRS 16, in 2022/23 the off-statement of Financial Position PFI has been recognised as a Right of use Asset and is included in the transitioning amount at a value of £3,413k.

Commitments under off-SoFP PFI contracts	Off-SoFP PFI contracts	Off-SoFP PFI contracts
	31 March 2023	31 March 2022
	£000	£000
Total payments due within one year	0	887
Total payments due between 1 and 5 years	0	2,412
Total payments due thereafter	0	0
Total future payments in relation to PFI contracts	<u>0</u>	<u>3,299</u>
Total estimated capital value of off-SoFP PFI contracts	<u>0</u>	<u>3,300</u>

25.2 PFI schemes on-Statement of Financial Position

Capital value of scheme included in Fixed Assets Note 11

	£000
Chepstow Community Hospital	1,286
Contract start date:	Feb-00
Contract end date:	Feb-25

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 £1,045k.

	£000
Monnow Vale Health and Social Care Facility	3,819
Contract start date:	Mar-04
Contract end date:	Mar-36

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 £1,830k.

	£000
Nevill Hall Hospital Day Surgery	333
Contract start date:	Sep-99
Contract end date:	Sep-24

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 charge payments being made for a period of 25 years from 1999. The obligation for the scheme is £388k.

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

	On SoFP PFI Capital element	On SoFP PFI Imputed interest	On SoFP PFI Service charges
	31 March 2023	31 March 2023	31 March 2023
	£000	£000	£000
Total payments due within one year	1,036	166	3,235
Total payments due between 1 and 5 years	1,025	209	5,592
Total payments due thereafter	1,203	157	6,553
Total future payments in relation to PFI contracts	<u>3,264</u>	<u>532</u>	<u>15,380</u>

	On SoFP PFI Capital element	On SoFP PFI Imputed interest	On SoFP PFI Service charges
	31 March 2022	31 March 2022	31 March 2022
	£000	£000	£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	<u>4,210</u>	<u>771</u>	<u>15,974</u>

31/03/2023

£000

Total present value of obligations for on-SoFP PFI contracts	19,176
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25.3 Charges to expenditure

	2022-23	2021-22
	£000	£000
Service charges for On Statement of Financial Position PFI contracts (excl interest costs)	2,346	2,006
Total expense for Off Statement of Financial Position PFI contracts	0	869
The total charged in the year to expenditure in respect of PFI contracts	<u>2,346</u>	<u>2,875</u>

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	1,950	2,495
Later than five years	671	591
Total	<u>2,621</u>	<u>3,086</u>

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

25.4 Number of PFI contracts

	Number of on SoFP PFI contracts	Number of off SoFP PFI contracts
Number of PFI contracts	3	0
Number of PFI contracts which individually have a total commitment > £500m	0	0
	On / Off- statement of financial position	
PFI Contract		
Number of PFI contracts which individually have a total commitment > £500m	0	

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

	2022-23 £000	2021-22 £000
(Increase)/decrease in inventories	(850)	1,131
(Increase)/decrease in trade and other receivables - non-current	48,026	(7,273)
(Increase)/decrease in trade and other receivables - current	(18,413)	(37,888)
Increase/(decrease) in trade and other payables - non-current	16,983	(606)
Increase/(decrease) in trade and other payables - current	(1,165)	20,846
Total	44,581	(23,790)
Adjustment for accrual movements in fixed assets - creditors	3,423	1,950
Adjustment for accrual movements in fixed assets - debtors	0	0
Other adjustments	(21,227)	888
	26,777	(20,952)

28. Other cash flow adjustments

	2022-23 £000	2021-22 £000
Depreciation	47,415	41,158
Amortisation	2,859	2,517
(Gains)/Loss on Disposal	(530)	(232)
Impairments and reversals	(19,470)	(12,619)
Release of PFI deferred credits	0	0
NWSSP Covid assets issued debited to expenditure but non-cash	0	0
Covid assets received credited to revenue but non-cash	0	0
Donated assets received credited to revenue but non-cash	(210)	(166)
Government Grant assets received credited to revenue but non-cash	0	(22)
Right of Use Grant (Peppercorn Lease) credited to revenue but non cash	(17)	
Non-cash movements in provisions	(11,800)	35,240
Other movements	28,435	26,915
Total	46,682	92,791

29. Events after the Reporting Period

These financial statements were authorised for issue by the Chief Executive and Accountable Officer on 18th July 2023; post the date the financial statements were certified by the Auditor General for Wales.

30. Related Party Transactions

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

	2022-23		As at 31st March 2023	
	Expenditure to related party	Income from related party	Amounts owed to related party	Amounts due from related party
	£000	£000	£000	£000
Welsh Government	47	6,872	44	1,517
Betsi Cadwaladr University Health Board	1,260	61	727	2
Cardiff & Vale University Health Board	38,310	2,569	1,277	807
Cwm Taf University Health Board	22,402	1,821	475	306
Hywel Dda University Health Board	1,250	327	273	12
Powys Teaching Health Board	323	14,754	121	1,827
Swansea Bay University Health Board	3,992	1,018	598	222
Velindre NHS Trust	78,852	9,289	3,043	3,879
Welsh Ambulance Services NHS Trust	10,837	251	2,865	34
Public Health Wales NHS Trust	1,765	4,156	249	397
Welsh Health Specialised Services Committee	198,719	11,521	3,125	1,019
Health Education and Improvement Wales (HEIW)	43	12,720	13	780
Digital Health and Care Wales (DHCW)	6,156	1,068	67	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	2022-23		As at 31st March 2023	
	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	5,186	942	2,361	350
Caerphilly County Borough Council	19,047	12,090	12,750	7,766
Monmouthshire County Council	9,681	1,120	4,445	1,071
Newport City Council	12,833	2,152	4,940	318
Torfaen County Borough Council	9,223	1,730	2,303	283

The LHB has also had significant material transactions with the following:

Aneurin Bevan Local Health Board Charitable Fund	24	1,048	31	144
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A number of the LHB's Board members have interests in related parties as follows:

Member	Related Organisation	Relationship with Related Party	2022-23		As at 31st March 2023	
			Expenditure to related party	Income from related party	Amounts owed to related party	Amounts due from related party
			£000	£000	£000	£000
Glyn Jones	Guys & St Thomas NHS Foundation Trust	Son is Cardiac Physiologist	3	0	4	0
	Welsh Ambulance Trust	Sister is Project Manager	10,837	251	2,865	34
	Digital Health Care Wales	Niece has an Administrative Support Role	6,156	1,068	67	231
Dr James Calvert	Royal College of Physicians	Clinical Lead of National Asthma Audit	14	5	0	2
Robert Holcombe	JW Bowkett (Electrical Installation) Ltd	Son is an Employee of the Company (Apprentice)	620	0	269	0
Philip Robson	Hospice of Valleys	Trustee	437	0	8	0
Katija Dew	Newport Live	Trustee	180	11	29	3
Richard Clark	Torfaen Voluntary Alliance	Company Secretary and Trustee	133	0	48	0
	Torfaen County Borough Council	Elected Member, Executive Portfolio holder (Education) and Deputy Leader	9,224	1,730	2,303	283
Louise Wright	Coleg QS - Training College	Director / Owner	6	0	1	0
Iwan Jones	Swansea Bay Health Board	Sister is Assistant Finance Director	3,992	1,018	598	222

31. Third Party assets

The LHB held £23,655.85 cash at bank and in hand at 31 March 2023 (31st March 2022, £25,994.53) which relates to monies held by the LHB on behalf of patients. Cash held in patient Investment Accounts amounted to £0 at 31st March 2023 (31st March 2022, £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 2023 amounted to £2.5m (£3.6m as at 31st March 2022).

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 **£5,304K** 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 **£891K** for 2022/23 (£1,096K in 2021/22).

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 pool is hosted by Monmouthshire County Council and the LHBs contribution is **£223K** for 2022/23 (£220K in 2021/22).

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 **£9,493K** for 2022/23 (£9,294K in 2021/22).

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 **£36,563K** for 2022/23 (£31,401K in 2021/22).

Pooled Budget memorandum account for the period 1st April 2022 - 31st March 2023

Monnow Vale

	Cash	Own Contribution	Grants	Total
	£	£	£	£
Funding				
Aneurin Bevan Health Board	0	2,639,617	0	2,639,617
Monmouthshire County Council	368,347	837,095	0	1,205,442
Total Funding	368,347	3,476,712	0	3,845,059
Expenditure				
Aneurin Bevan Health Board	0	2,944,250	0	2,944,250
Monmouthshire County Council	587,559	740,549	0	1,328,107
Total Expenditure	587,559	3,684,799	0	4,272,357
Net (under)/over spend	219,212	208,087	0	427,298

33. Operating segments

IFRS 8 requires bodies to report information about each of its 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 flow from the 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 2022 to 31 March 2023. This has been calculated from actual Welsh Government expenditure for the 6.3% staff employer pension contributions between April 2022 and February 2023 alongside Health Board/Trust/SHA data for March 2023.

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:

	2022-23 £000	2021-22 £000
Statement of Comprehensive Net Expenditure for the year ended 31 March 2023		
Expenditure on Primary Healthcare Services	585	581
Expenditure on Hospital and Community Health Services	27,842	26,334
Statement of Changes in Taxpayers' Equity For the year ended 31 March 2023		
Net operating cost for the year	28,427	26,915
Notional Welsh Government Funding	28,427	26,915
Statement of Cash Flows for year ended 31 March 2023		
Net operating cost for the financial year	28,427	26,915
Other cash flow adjustments	28,427	26,915
2.1 Revenue Resource Performance		
Revenue Resource Allocation	28,427	26,915
3. Analysis of gross operating costs		
3.1 Expenditure on Primary Healthcare Services		
General Medical Services	585	581
3.3 Expenditure on Hospital and Community Health Services		
Directors' costs	78	93
Staff costs	27,764	26,241
9.1 Employee costs		
Permanent Staff		
Employer contributions to NHS Pension Scheme	28,427	26,915
Charged to capital	0	0
Charged to revenue	28,427	26,915
18. Trade and other payables		
Current		
Pensions: staff	0	0
28. Other cash flow adjustments		
Other movements	28,427	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:

	2022-23 £000	2021-22 £000
Capital		
Capital Funding Field Hospitals		0
Capital Funding Equipment & Works	1620	7919
Capital Funding other (Specify)		0
Welsh Government Covid 19 Capital Funding	1,620	7,919

Revenue

Stability Funding	44,413	103,562
Covid Recovery	0	24,863
Cleaning Standards	0	2,105
PPE (including All Wales Equipment via NWSSP)	2,324	5,517
Testing / TTP- Testing & Sampling - Pay & Non Pay	4,577	9,036
Tracing / TTP - NHS & LA Tracing - Pay & Non Pay	6,058	13,548
Extended Flu Vaccination / Vaccination - Extended Flu Programme	1,517	1,364
Mass Covid-19 Vaccination / Vaccination - COVID-19	8,100	10,490
Annual Leave Accrual - Increase due to Covid		1,968
Urgent & Emergency Care		1,515
Private Providers Adult Care / Support for Adult Social Care Providers		3,125
Hospices		0
Other Mental Health / Mental Health		114
Other Primary Care	2,308	1,222
Social Care		1,846
Other	1,640	412
Welsh Government Covid 19 Revenue Funding	70,937	180,687

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

LOCAL HEALTH BOARDS

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

BASIS OF PREPARATION

2. The account of the LHB shall comply with:

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

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

FORM AND CONTENT

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

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

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

MISCELLANEOUS

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

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

Signed by the authority of Welsh Ministers

Signed : Chris Hurst

Dated :

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

DYDDIAD Y CYFARFOD: DATE OF MEETING:	23 May 2023
CYFARFOD O: MEETING OF:	Audit, Risk and Assurance Committee
TEITL YR ADRODDIAD: TITLE OF REPORT:	Audit Enquiries Response to Audit Wales
CYFARWYDDWR ARWEINIOL: LEAD DIRECTOR:	Rob Holcombe, Director of Finance, Procurement and VBHC
SWYDDOG ADRODD: REPORTING OFFICER:	Mark Ross, Assistant Finance Director

**Pwrpas yr Adroddiad (dewiswch fel yn addas)
Purpose of the Report (select as appropriate)**

Ar Gyfer Trafodaeth/For Discussion

**ADRODDIAD SCAA
SBAR REPORT**

Sefyllfa / Situation

Audit Wales requests documented consideration and understanding on a number of governance areas that impact the audit of financial statements as part of their annual audit process. These considerations apply to both Health Board management and 'those charged with governance' (the Board and Audit Committee).

The information provided will aid the auditors' understanding of the Health Board and its business processes, as well as their work in providing an audit opinion on the financial statements for 2022-23.

Cefndir / Background

See above.

Asesiad / Assessment



The completed document is attached, along with the responses from the previous year. The responses required input from a number of Health Board personnel, including the Director of Corporate Governance, Head of Internal Audit, Head of Counter Fraud, and Head of Financial Accounts.

The following people have reviewed and approved the document:

Chair of the Health Board, Chief Executive, Director of Corporate Governance, Director of Finance, Procurement, and VBHC, and Chair of the Audit, Risk, and Assurance Committee.

Audit Wales has received the responses.

Argymhelliad / Recommendation

The Audit, Risk and Assurance Committee is asked to note the report for Information.

Amcanion: (rhaid cwblhau) Objectives: (must be completed)	
Cyfeirnod Cofrestr Risg Datix a Sgôr Cyfredol: Datix Risk Register Reference and Score:	
Safon(au) Gofal ac Iechyd: Health and Care Standard(s):	Governance, Leadership and Accountability 3.5 Record Keeping Choose an item. Choose an item.
Blaenoriaethau CTCI IMTP Priorities Link to IMTP	Choose an item. Finance is integral to the delivery of the IMTP.
Galluogwyr allweddol o fewn y CTCI Key Enablers within the IMTP	Choose an item. Finance Choose an item. Choose an item.
Amcanion cydraddoldeb strategol Strategic Equality Objectives Strategic Equality Objectives 2020-24	Choose an item. Choose an item. Choose an item. Choose an item.

**Gwybodaeth Ychwanegol:
Further Information:**



Ar sail tystiolaeth: Evidence Base:	N/A
Rhestr Termau: Glossary of Terms:	N/A
Partïon / Pwyllgorau â ymgynhorwyd ymlaen llaw y Cyfarfod Bwrdd Iechyd Prifysgol: Parties / Committees consulted prior to University Health Board:	

Effaith: (rhaid cwblhau) Impact: (must be completed)	
	Is EIA Required and included with this paper No does not meet requirements
Asesiad Effaith Cydraddoldeb Equality Impact Assessment (EIA) completed	An EQIA is required whenever we are developing a policy, strategy, strategic implementation plan or a proposal for a new service or service change. If you require advice on whether an EQIA is required contact ABB.EDI@wales.nhs.uk
Deddf Llesiant Cenedlaethau'r Dyfodol – 5 ffordd o weithio Well Being of Future Generations Act – 5 ways of working https://futuregenerations.wales/about-us/future-generations-act/	Long Term - The importance of balancing short-term needs with the needs to safeguard the ability to also meet long-term needs Choose an item.



1 Capital Quarter
Tyndall Street / Stryd Tyndall
Cardiff / Caerdydd
CF10 4BZ
Tel / Ffôn: 029 2032 0500
Fax / Ffacs: 029 2032 0600
Textphone / Ffôn testun: 029 2032 0660
info@audit.wales / post@archwilio.cymru
www.audit.wales / www.archwilio.cymru

Mr Rob Holcombe,
Director of Finance, Procurement and Value Based Health Care
ABUHB Headquarters, St Cadoc's Hospital, Lodge Road
Newport

Reference: TCWG 22-23

Date issued: 03 April 2023

Dear Rob,

Audit enquiries to those charged with governance and management

The Auditor General's Statement of Responsibilities sets out that he is responsible for obtaining reasonable assurance that the financial statements taken as a whole are free from material misstatement, whether caused by fraud or error. It also sets out the respective responsibilities of auditors, management and those charged with governance.

This letter formally seeks documented consideration and understanding on a number of governance areas that impact on our audit of your financial statements. These considerations are relevant to both the management of Health Board and 'those charged with governance' (the Board and Audit Committee).

The information you provide will inform our understanding of the Health Board and its business processes and support our work in providing an audit opinion on your 2022-23 financial statements.

I would be grateful if you could update the attached table in for 2022-23. This should be formally considered and communicated to us on behalf of both management and those charged with

Audit enquiries to those charges with governance and management. Please contact us in Welsh or English / cysylltwch â ni'n Gymraeg neu'n Saesneg.

governance by 5 May 2023. In the meantime, if you have queries, please contact me on 02920 320657 or neall.hollis@audit.wales

Yours sincerely

A handwritten signature in blue ink, appearing to read 'R Harries', written in a cursive style.

Richard Harries

Engagement Director

Audit enquiries to those charges with governance and management. Please contact us in Welsh or English / cysylltwch â ni'n Gymraeg neu'n Saesneg.

Matters in relation to fraud

Enquiries of management – in relation to fraud		
Question	2021-22 Response	2022-23 Response
1. What is management's assessment of the risk that the financial statements may be materially misstated due to fraud? What is the nature, extent and frequency of management's assessment?	Management's assessment is that, as in previous years, the risk of misstatement remains low. The basis being an effective system of internal controls and sound control environment mitigate against the risk. This is supported by 2021/22 Internal Audit reports and the Head of Internal Audit Opinion.	The risk of misstatement remains low. The basis being an effective system of internal controls and sound control environment mitigate against the risk. This is supported by 2022/23 Internal Audit reports and the imminent Head of Internal Audit Opinion.
2. Do you have knowledge of any actual, suspected or alleged fraud affecting the audited body?	There have been 46 instances of suspected fraud reported to Audit Committee during this period (including cases brought forward from 2020/21). These cases attracted recoveries of £44,374.79 plus estimated fraud prevention savings of £300,676.78. The majority of those cases involved staff-related issues which, for the most part, the main categories were: working whilst on sick leave, falsification of timesheets/expenses and dishonest retention of erroneous salary overpayments. The remainder of the cases	In the reporting year 2022/23 there has been 35 instances of suspected fraud against ABUHB. These were reported to the Audit Risk and Assurance Committee during this period via interim reports and the end of year reporting. These cases (with some completed cases from the previous financial years) have attracted recoveries of £121,728.21. In addition, there was further fraud preventative savings of £9.8 million from one case alone. As in previous years

Audit enquiries to those charges with governance and management. Please contact us in Welsh or English / cysylltwch â ni'n Gymraeg neu'n Saesneg.

Enquiries of management – in relation to fraud

Question	2021-22 Response	2022-23 Response
	involved alleged fraud on the part NHS primary care contractors and members of the public.	these cases were mainly staff related, from instances of working whilst on sick leave, falsification of timesheets/expenses and dishonest retention of erroneous salary overpayments. The remaining cases involved NHS Primary care contractors and patients/members of the public.
3. What is management's process for identifying and responding to the risks of fraud in the audited body, including any specific risks of fraud that management has identified or that have been brought to its attention?	In light of the COVID-19 crisis, all the indicators from the Welsh Government (WG), the Government Counter Fraud Function and the NHS Counter Fraud Authority is that fraud risks are currently high and the economic attack against the NHS and other public sector bodies will increase. The Aneurin Bevan University Health Board (ABUHB) Local Counter Fraud Specialist (LCFS) is working in close collaboration with Digital Health and Care Wales (DHCW) Cyber Security, to combat cyber fraud & malware attack, and with Procurement Services & Corporate Finance to mitigate supplier fraud, invoice fraud and banking mandate fraud. This area of Procurement fraud remains arguably the greatest current threat with the highest likelihood	The processes for identifying and responding to risks around fraud are enhanced by a robust and well-resourced counter fraud programme. The Cabinet Office NHS requirement GOV S013 requires that all counter fraud risk assessments are carried out by the Counter Fraud Team. Following on from the initial assessment all informed Fraud Risk is reviewed by the counter fraud team. This can be achieved via management ownership, post-investigation, thematic exercise or central NHS trends. A thorough assessment is conducted, and recommendations made which are reported to Directorate, Executive Director with responsibility for the risk

Audit enquiries to those charges with governance and management. Please contact us in Welsh or English / cysylltwch â ni'n Gymraeg neu'n Saesneg.

Enquiries of management – in relation to fraud

Question	2021-22 Response	2022-23 Response
	<p>and consequence rating. Positive intervention has already taken place in ABUHB to counteract this fraud theme. Due to the threat level, the ABUHB LCFS has continued to focus on banking mandate and invoice fraud in the Procurement Services domain. During 2021/22, nationally within the NHS, banking mandate fraud has remained a high-risk fraud threat and ABUHB has been subject to attack from this type of high risk/high value fraud. The ABUHB LCFS has reviewed and risk assessed preventative measures which had been implemented a number of years previously to discover that due to a reconfiguration of duties within NHS Wales Shared Services Partnership (NWSSP), the measures may have become diminished and weakened. The LFCS has personally addressed the entire ABUHB Procurement Services Team when the following directives were reinforced to mitigate this area of fraud:</p> <ol style="list-style-type: none"> 1. No banking mandate changes will be implemented on the basis of an incoming telephone call or the receipt of an email or letter alone. 	<p>domain, Executive Director of Finance and Audit committee. The aim of the risk assessment is to fraud proof processes, address any identified weakness and with the goal of reducing the opportunity of fraud in that area to an absolute minimum. All fraud risks remain live on a document within the Counter Fraud department and are subject to regular review but held by the directorate that holds the process and therefore the risk. All completed fraud risks are recorded and reported to the NHS CFA via the case management system (CLUE). All fraud risk work carried out is compliant with the organisations over riding Risk Management Policy and the requirements of Compliance set by the NHS CFA.</p> <p>In addition, there is a Post Payment Verification Panel which evaluates and monitor 'errors' with claims that have been submitted to Primary Care Services by the individual GP Practices and Opticians.</p> <p>All senior staff in the Finance Department must be professionally qualified accountants</p>

Audit enquiries to those charges with governance and management. Please contact us in Welsh or English / cysylltwch â ni'n Gymraeg neu'n Saesneg.

Enquiries of management – in relation to fraud

Question	2021-22 Response	2022-23 Response
	<ol style="list-style-type: none"> 2. To confirm the authenticity of the banking mandate request, the requesting supplier/service provider should be contacted (not on the contact reference on the letter but on the verified and established contact details NHS have held for them historically on file). 3. A contact who is known to the NHS from within the company (with whom NHS have engaged previously) should be spoken with to confirm the authenticity of the banking mandate change request. 4. To mitigate the insider threat, the NWSSP staff member who implements banking mandate changes should not be authorised to process payments on Oracle etc. This means that it would require two members of staff to collude or conspire together to transfer payments to a fraudulent bank account. <p>The threat to the NHS is ever present from this type of fraud and there is a real need for continued and heightened vigilance on the part of Procurement Services and Corporate Finance</p>	<p>whose professional institutes have strong codes of conduct and professional ethics. All reported/alleged reports of suspected fraud are routed through to ABUHB's Counter Fraud Team for consideration of investigation and/or referral to NHS Counter Fraud Service Wales team where the significance and complexity of the suspected fraud lends itself to an All-Wales approach.</p> <p>This work is fully reported to the Audit, Risk and Assurance Committee at its regular business meeting in its private/public sessions via the counter fraud progress report. Also, as part of their private meetings, the Board receives minutes from the private meeting of the Audit, Risk and Assurance Committee, which include reference and any significant points highlighted in the Counter Fraud Progress Reports.</p> <p>ABUHB's senior management team seek and will receive advice from its Counter Fraud team on recommended next steps</p>

Audit enquiries to those charges with governance and management. Please contact us in Welsh or English / cysylltwch â ni'n Gymraeg neu'n Saesneg.

Enquiries of management – in relation to fraud

Question	2021-22 Response	2022-23 Response
	<p>staff alike. The LCFS also emphasised with Senior Management of Procurement Services the need for continuous training and guidance for newly appointed members of staff on this topic, as inexperienced novice staff, agile working from home (due to pandemic) without supervision or support, can unwittingly present a risk in their own right. It was this combination of risks that caused the loss of £80k to banking mandate fraud for a neighbouring Health Board during 2020/21. Following consultation with the Head of Procurement Services the LCFS has reviewed Procurement controls in relation to pre-contract fraud and invoice fraud and risk assessments have been undertaken accordingly with a positive outcome. The LCFS. has verified that best practice is being adopted in relation to single tender</p> <p>Wavers, a one-page Declaration of Interest section forms part of the full form. Procurement Services have also participated in national exercises which analysed PO versus non-PO spend and which also reviewed direct awards of contracts, supplier relief payments and contract cancellations. The organisation continues to</p>	<p>regarding investigations and prosecutions if appropriate.</p>

Audit enquiries to those charges with governance and management. Please contact us in Welsh or English / cysylltwch â ni'n Gymraeg neu'n Saesneg.

Enquiries of management – in relation to fraud

Question	2021-22 Response	2022-23 Response
	<p>experience attacks from invoice and banking mandate fraud and thus far, existing controls have been effective in combatting these attacks. The LCFS has also worked in conjunction with Corporate Finance & Payroll Services as part of a local proactive exercise and risk assessment to reduce salary overpayments. Continuous feedback on identified and emerging fraud threats is vital to the ABUHB organisation, Internal Audit, NHSCFA, the Government Counter Fraud Function and the WG, as such feedback serves to protect the ABUHB organisation and the wider NHS family and other public sector bodies from economic crime. Indications are that fraudsters are becoming smarter and faster with online fraud increasing during the Covid pandemic. Numerous scams targeting both the NHS, its staff & the general public have been experienced, however; to date, ABUHB has not fallen victim to these scams, which provides assurance that internal financial controls are strong.</p> <p>There are a series of Financial Control procedures covering all main financial systems,</p>	

Audit enquiries to those charges with governance and management. Please contact us in Welsh or English / cysylltwch â ni'n Gymraeg neu'n Saesneg.

Enquiries of management – in relation to fraud

Question	2021-22 Response	2022-23 Response
	<p>such as general ledger, banking, payables, receivables that are approved by the Audit, Risk & Assurance Committee. Each Financial Control Procedures (FCP) sets out procedures aimed at minimising fraud and error and each procedure is subject to internal audit and to a level of external audit testing. Review of Financial Control Procedures is reported as part of a standard governance paper to each Audit, Risk & Assurance Committee so that policies are regularly reviewed and scrutinised. The organisation is vigilant to the threat of fraud and segregation of duties is implemented to mitigate fraud risk. Segregation of duties is encapsulated within Financial Control Procedures for the Board's core financial systems and is subject to regular audit to ensure that both system design is robust and that policies are complied with operationally. There is a high degree of scrutiny of financial statements, on a monthly basis, at budget holder, business partner, and management team, as well as executive and board level. Variances are investigated and any unusual and material transactions should be uncovered through this process. Through the</p>	

Audit enquiries to those charges with governance and management. Please contact us in Welsh or English / cysylltwch â ni'n Gymraeg neu'n Saesneg.

Enquiries of management – in relation to fraud

Question	2021-22 Response	2022-23 Response
	<p>year-end accounts production process there is a detailed review of financial statements compared to the previous year, with any movements fully explained and a report shared with the Audit, Risk & Assurance Committee.</p> <p>Arrangements are in place, as last year, to ensure Audit Wales have full access to financial information even though they (Audit Wales) may not be able to work on site. There are also regular meetings using Teams between the Health Board and Audit Wales to ensure any issues are resolved quickly.</p> <p>The Counter Fraud provision in ABUHB is highly effective with one criminal sanction for fraud being successfully pursued during 2021/22, plus 20 disciplinary sanctions. In addition to this, a further case has received a positive charging decision from the CPS and is currently an impending prosecution at criminal court. Such criminal sanctions have a deterrent impact to any would-be NHS fraudster. This is supplemented by a high profile and continuous fraud awareness rolling programme which reinforces the deterrent</p>	

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Enquiries of management – in relation to fraud

Question	2021-22 Response	2022-23 Response
	<p>message that fraud against the NHS is unacceptable, indefensible and will not be tolerated and that action will be taken against any known perpetrators. The programme also serves to make NHS staff fraud 'savvy' and vigilant to potential fraud.</p>	
<p>4. What classes of transactions, account balances and disclosures have you identified as most at risk of fraud?</p>	<p>N/A</p>	<p>Those areas most at risk of fraud can be generally identified in two ways. By severity of consequence or by likelihood.</p> <p>Those areas most at risk of fraud by consequence are Mandate Frauds, Invoice Frauds and Procurement Frauds. These areas are high risk generally due the nature of the fraud and the usual high value that is associated with it. But because the processes in place to combat these are robust and are regularly reviewed and have strict governance the instances are rarer.</p> <p>Those areas most at risk from fraud by likelihood examples of which are payroll</p>

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Enquiries of management – in relation to fraud

Question	2021-22 Response	2022-23 Response
		<p>fraud and staff overpayments; dual working; working whilst sick and trade creditor duplication. These frauds are generally of lower value and due to the nature of these frauds are easier to investigate and the subsequent recouping of losses.</p>
<p>5. Are you aware of any whistleblowing or complaints by potential whistle blowers? If so, what has been the audited body's response?</p>	<p>N/A</p>	<p>In the year 2022/23 ABUHB Counter Fraud team did not deal with any cases that involved a whistle blower, or were made aware that any others had come forward within ABUHB.</p> <p>ABUHB has a clear Whistle Blowing Policy that would be adhered to in any instances of whistle blowing by staff or contractors etc. If staff wish to report matters concerning suspected fraud, there are a number of ways of doing this, including utilising the NHS Fraud and Corruption Reporting line and remaining anonymous in doing so. These referrals are then processed by the NHS CFA and passed to ABUHB Head of Counter Fraud via the Head of NHS CFSW.</p>

Audit enquiries to those charges with governance and management. Please contact us in Welsh or English / cysylltwch â ni'n Gymraeg neu'n Saesneg.

Enquiries of management – in relation to fraud

Question	2021-22 Response	2022-23 Response
<p>6. What is management's communication, if any, to those charged with governance regarding their processes for identifying and responding to risks of fraud?</p>	<p>N/A</p>	<p>ABHUB's Head of Counter Fraud reports regularly (as a standing agenda item) to every Public and Private session of the Health Board's Audit, Risk and Assurance Committee. Reports from the Audit, Risk and Assurance Committee are submitted to the Board.</p> <p>If there is a clear conflict of interest for ABUHB or if it involved a very senior staff member the likelihood would be the matter would be referred to NHS CFS Wales.</p>
<p>7. What is management's communication, if any, to employees regarding their views on business practices and ethical behaviour?</p>	<p>The organisation has an agreed Values and Behaviours Framework and Business Conduct Policy. Values and Behaviours as well as standards of behaviour are reinforced through the appraisal process. Declarations of Interest are sought annually, with an onus on staff to disclose at any time in between.</p> <p>All Board members have been provided with a direct request and pro forma to provide their</p>	<p>As previously stated in 2021/22's response ABUHB has an agreed Values and Behaviours Framework and Business Conduct Policy. The staff values and behaviour are reinforced via the appraisal process which is linked now to pay progression.</p> <p>Declarations of Interests are sought annually with the expectation that as staff</p>

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Enquiries of management – in relation to fraud

Question	2021-22 Response	2022-23 Response
	<p>declarations of interest; this forms the basis of the report.</p>	<p>are aware of their duty to disclose this will be done as and when this need arises. All Board members are provided with a direct request regarding completing a Declaration of Interest and are made aware of their continuing duty to declare as and when required to do so.</p>
<p>8. For service organisations, have you reported any fraud to the user entity?</p>	<p>Any suspected or alleged fraud in NWSSP has been reported to that body's Audit, Risk & Assurance Committee by the Manager of Counter Fraud Cardiff & Vale University Health Board, from whom NWSSP receive Counter Fraud service provision. Irrespective of this, the ABUHB LCFS has an active and operational working relationship with Procurement Services and Payroll Services as outlined in response to Question 2 above. There have been numerous economic attacks relating to banking mandate fraud, invoice fraud, supplier fraud and salary diversion fraud, all of which have been intercepted and unsuccessful.</p>	<p>As stated in 2021/22 any alleged fraud that is suspected to have occurred within NWSSP is reported directly to their LCFS. As of June 2022, any alleged fraud is now reported to the newly appointed LCFS for NWSSP. They in turn would investigate any instances of fraud against NWSSP unless the loser was specifically a Health Board and report those matters to their own Audit, Risk and Assurance Committee. The Counter Fraud Team are required to liaise with internal and external partners on a regular basis. If any fraud is identified by the organisation it is reported to the Counter Fraud Team who would duly investigate it. Should matters arise that concerns other</p>

Audit enquiries to those charges with governance and management. Please contact us in Welsh or English / cysylltwch â ni'n Gymraeg neu'n Saesneg.

Enquiries of management – in relation to fraud

Question	2021-22 Response	2022-23 Response
		<p>agencies or partners then a close working protocol is adopted in order that all fraud identified is appropriately dealt with. E.g., Overseas Patients and Immigration Services; Taxi Contracts; Universities; nursing and medical staffing agencies.</p> <p>Fraud is regularly reported to other organisations/parties where it has occurred where ABUHB is not necessarily the financial victim of it, such as the DWP, HMRC etc.</p>

Enquiries of those charged with governance – in relation to fraud

Question	2021-22 Response	2022-23 Response
<p>1. Do you have any knowledge of actual,</p>	<p>There have been a number of financial frauds that have been reported to the Audit Committee.</p>	<p>Throughout 2022/23 there has been numerous reported frauds (35) that have</p>

Audit enquiries to those charges with governance and management. Please contact us in Welsh or English / cysylltwch â ni'n Gymraeg neu'n Saesneg.

Enquiries of those charged with governance – in relation to fraud

Question	2021-22 Response	2022-23 Response
<p>suspected or alleged fraud affecting the audited body?</p>	<p>All cases are reported regularly as part of Counter Fraud reporting to the Audit Committee.</p> <p>Where instances of fraud have been discovered and which has highlighted a system weakness, these are addressed. System weaknesses identified from proactive preventative work undertaken by Counter Fraud are also reported to Audit Committee and remedial measures are implemented accordingly. This reporting also highlighted current fraud trends such as cyber fraud, banking mandate fraud and fraudulent invoicing and the risk and vulnerabilities attached to those domains.</p>	<p>affected ABUHB. Some of these cases has resulted in criminal action and court convictions but the majority have been dealt with by way of internal disciplinary and the referral to the relevant professional body for their consideration. The outcome of their standards and conduct hearings are then awaited. The LCFS assists in both these processes.</p>
<p>2. What is your assessment of the risk of fraud within the audited body, including those risks that are specific to the audited body's business sector?</p>	<p>N/A</p>	<p>The assessment of risk is reflected in the Counter Fraud annual work plan, designed to target those areas with most consequence and likelihood and therefore the plan targets the areas where the Health Board is at most risk Aligned with the Government Functional Standards and the Counter Fraud Annual Workplan, the</p>

Audit enquiries to those charges with governance and management. Please contact us in Welsh or English / cysylltwch â ni'n Gymraeg neu'n Saesneg.

Enquiries of those charged with governance – in relation to fraud

Question	2021-22 Response	2022-23 Response
		<p>ABUHB Counter Fraud team have a requirement to undertake detection activity to reduce the risk/potential exposure to fraud loss. The Counter Fraud team will target service areas considered/highlighted to be at risk, will evaluate the systems and procedures in, identify potential weaknesses and ensure that protocols in place are robust. The high priority service areas at risk of exposure include Accounts Payable/Mandate Fraud, Procurement and Recruitment. Comprehensive risk assessments will be undertaken with follow-up local proactive exercises to evaluate the effectiveness and address any evolving system weaknesses.</p>
<p>3. How do you exercise oversight of:</p> <ul style="list-style-type: none"> management's processes for identifying and responding to the 	<p>An annual fraud work plan was in place for 2021-22 and there is a fraud risk register that is periodically reviewed. Progress updates on referrals that are being investigated by the LCFS are reported to the Audit, Risk & Assurance Committee on a regular basis.</p>	<p>The oversight of the processes for identifying and responding to ABUHB's fraud risks is stated within the 2022/23 work plan. This plan details how the LCFS' time will be utilised over the next 12 months to mitigate those risks. This coupled with the close working of the other Heads of</p>

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Enquiries of those charged with governance – in relation to fraud

Question	2021-22 Response	2022-23 Response
<p>risk of fraud in the audited body, and</p> <ul style="list-style-type: none"> the controls that management has established to mitigate these risks? 	<p>Regular updates from the Post Payment Verification (PPV) team within NHS Wales Shared Services are also received by the Audit, Risk & Assurance Committee, who actively audit primary care contractors on behalf of ABUHB.</p> <p>In addition, the PPV team have identified and investigated anomalies in payment and where appropriate taken action to recoup monies and/or take legal action.</p> <p>The Counter Fraud Risk Register is periodically reviewed. Relevant policies are also reviewed to ensure they take appropriate account of fraud related risks (eg Business Conduct Policy).</p> <p>Through the Audit, Risk & Assurance Committee and its receipts of reports and input from External Audit, Internal Audit and Counter Fraud Services. The Counter Fraud service have an "in confidence" session during the year with the Independent Members of the Audit, Risk & Assurance Committee and Director of Corporate Governance.</p>	<p>Counter Fraud throughout NHS Wales and NHS CFA allows for the immediate sharing of information of new and emerging fraud trends. These fraud risks can then be actioned, and processes altered or put in place to minimise the loses via this type of fraud.</p> <p>The Post Payment Verification team is itself a process to minimise the risk of fraud from NHS contractors. This service is offered as a control measure NHS Wales wide, provided by NWSSP. They identify and investigate anomalies with GP and Opticians payments. They will take the appropriate action as and when required to recoup monies and if required legal action. The very existence of this team is a deterrent. They work closely with LCFS teams and have regular meetings to discuss emerging fraud issues. They also regularly update the Audit, Risk and Assurance Committee.</p> <p>The Audit, Risk and Assurance Committee are themselves duty bound to report any potential Risk of Fraud within ABUHB. They</p>

Audit enquiries to those charges with governance and management. Please contact us in Welsh or English / cysylltwch â ni'n Gymraeg neu'n Saesneg.

Enquiries of those charged with governance – in relation to fraud

Question	2021-22 Response	2022-23 Response
	<p>The Audit, Risk & Assurance Committee also receives regular updates on ongoing cases including an update on cases once they are closed and actions undertaken (lessons learnt etc) to help prevent any future fraud.</p> <p>The Audit, Risk & Assurance Committee and Executive Team approve all changes to Financial Control Procedures which are reviewed every three years. Each FCP of core financial systems are subject to regular internal audit with reports considered by the Committee.</p> <p>Key risk areas such as high value transactions (over £100k), single tender contracts and contracts against high value payments are reported at each Audit, Risk & Assurance Committee meeting.</p> <p>If instances of fraud are detected, there is a link into the internal audit process where further work may be undertaken to ensure system weaknesses are reviewed and addressed.</p>	<p>are reported to by External Audit, Internal Audit and Counter Fraud Services. The Counter Fraud service have an "in confidence" session during the year with the Independent Members of the Audit, Risk & Assurance Committee and Director of Corporate Governance.</p> <p>The Audit, Risk and Assurance Committee also receives regular updates on fraud cases and all actions taken. They are informed about system failures and actions and processes taken, following a comprehensive risk assessment is completed to mitigate further losses.</p>

Audit enquiries to those charges with governance and management. Please contact us in Welsh or English / cysylltwch â ni'n Gymraeg neu'n Saesneg.

Audit enquiries to those charges with governance and management. Please contact us in Welsh or English / cysylltwch â ni'n Gymraeg neu'n Saesneg.

Matters in relation to laws and regulations

Enquiries of management – in relation to laws and regulations		
Question	2021-22 Response	2022-23 Response
<p>1. Is the audited body in compliance with relevant laws and regulations? How have you gained assurance that all relevant laws and regulations have been complied with? Are there any policies or procedures in place?</p>	N/A	<p>Compliance with legislation and regulations form part of the scopes of external and internal scrutiny bodies reviews. Compliance with major new or revised legislation and regulation are reported as separate items to various Executive Groups and Board Committees.</p> <p>During 2022/23 a series of Welsh Health Circulars and Ministerial Directions were issued to the health board. Compliance with these is monitored by the corporate governance team and a nominated Director is required to oversee implementation. Assurance on compliance is reported to the Audit, Risk & Assurance Committee and disclosed in the Annual Governance Statement.</p>

Audit enquiries to those charges with governance and management. Please contact us in Welsh or English / cysylltwch â ni'n Gymraeg neu'n Saesneg.

Enquiries of management – in relation to laws and regulations

Question	2021-22 Response	2022-23 Response
<p>2. Have there been any instances of non-compliance or suspected non-compliance with relevant laws and regulations in the financial year, or earlier with an ongoing impact on this year's audited financial statements?</p>	<p>N/A</p>	<p>We are not aware of any instances of non-compliance which would impact on the financial statements.</p>
<p>3. Are there any potential litigations or claims that would affect the financial statements?</p>	<p>Nothing to report that isn't already included in the financial statements</p>	<p>All relevant information is reflected in the financial statements.</p> <p>The information for this is provided by the solicitors in NWSSP Legal Services who provide a quantum report which includes estimated settlements/costs, we use this to calculate a provision.</p> <p>The solicitors estimate settlements/costs using their best judgement based on average</p>

Audit enquiries to those charges with governance and management. Please contact us in Welsh or English / cysylltwch â ni'n Gymraeg neu'n Saesneg.

Enquiries of management – in relation to laws and regulations

Question	2021-22 Response	2022-23 Response
		national settlements, their knowledge of the case and any recent similar settlements.
4. Have there been any reports from other regulatory bodies, such as HM Revenues and Customs which indicate non-compliance?	There have been no issues of non-compliance	There have been no issues of non-compliance
5. Are you aware of any non-compliance with laws and regulations within NWSPP since 1 April of the financial year?	There are no issues to report.	No issues to report

Audit enquiries to those charges with governance and management. Please contact us in Welsh or English / cysylltwch â ni'n Gymraeg neu'n Saesneg.

Enquiries of management – in relation to laws and regulations

Question	2021-22 Response	2022-23 Response
<p>6. Have there been any changes to laws and regulations that directly impact the entity this year?</p>	<p>N/A</p>	<p>The Health and Social Care (Quality and Engagement) (Wales) Act 2020 became law on 1 June 2020. The Duty of Quality and the Duty of Candour under this Act became effective 1st April 2023. The Duty of Quality includes the new Quality Standards 2023 that replaces the Health and Care Standards (April 2015).</p>
<p>7. Has there been any significant communications with regulators?</p>	<p>N/A</p>	<p>The Health Board continues to maintain positive relationships with its regulators, including Healthcare Inspectorate Wales and the Health and Safety Executive as well as professional regulators such as GMC and NMC. There are no significant communications to report. Reports issued by the regulators are presented to the Board's Patient Quality, Safety & Outcomes Committee alongside management actions plans for improvements. These reports are disclosed into the public domain.</p>

Audit enquiries to those charges with governance and management. Please contact us in Welsh or English / cysylltwch â ni'n Gymraeg neu'n Saesneg.

Enquiries of management – in relation to laws and regulations

Question	2021-22 Response	2022-23 Response
8. For service organisations, have you reported any non-compliance with laws and regulations?	N/A	There have been no matters of non-compliance with laws and regulations reported in 2022/23.

Enquiries of those charged with governance – in relation to laws and regulations

Question	2021-22 Response	2022-23 Response
1. Are you aware of any non-compliance with laws and regulations that may be expected to have a fundamental effect on the	There are no issues to report.	There are no issues to report

Audit enquiries to those charges with governance and management. Please contact us in Welsh or English / cysylltwch â ni'n Gymraeg neu'n Saesneg.

Enquiries of those charged with governance – in relation to laws and regulations

Question	2021-22 Response	2022-23 Response
operations of the entity?		
<p>2. How does the Audit Committee in your role as those charged with governance, obtain assurance that all relevant laws and regulations have been complied with?</p>	<p>N/A</p>	<p>As the Board itself is charged with governance, including those elements delegated to the Audit, Risk & Assurance Committee, a range of mechanisms are in place across the breadth of the Board and its committees to seek assurance that all relevant laws and regulations have been complied with.</p> <p>These include an integrate risk and assurance reporting arrangements, scrutiny arrangements, internal and external Audit.</p> <p>The Audit, Risk & Assurance Committee itself maintains focus on the effectiveness of the health board’s risk and assurance framework, to ensure matters of compliance are focussed on across the spectrum of the Board’ committees. In 2022/23, the health board’s received reasonable assurance from its Internal Audit Service in respect of its assurance framework and risk management arrangements.</p>

Audit enquiries to those charges with governance and management. Please contact us in Welsh or English / cysylltwch â ni'n Gymraeg neu'n Saesneg.

Enquiries of those charged with governance – in relation to laws and regulations

Question	2021-22 Response	2022-23 Response

Matters in relation to related parties

Enquiries of management – in relation to related parties

Question	2021-22 Response	2022-23 Response
1. Have there been any changes to related parties from the prior year? If so, what is the identity of the related parties and	N/A	This is fully reflected in the accounts which includes any changes along with prior period information.

Audit enquiries to those charges with governance and management. Please contact us in Welsh or English / cysylltwch â ni'n Gymraeg neu'n Saesneg.

Enquiries of management – in relation to related parties

Question	2021-22 Response	2022-23 Response
<p>the nature of those relationships? Confirm these have been disclosed to the auditor.</p>		
<p>2. What transactions have been entered into with related parties during the period? What is the purpose of these transactions? Confirm these have been disclosed to the auditor.</p>	<p>These will be provided as part of the annual accounts and associated statements.</p>	<p>These will be provided as part of the annual accounts and associated statements.</p>
<p>3. What controls are in place to identify, account for and disclose related party transactions and relationships?</p>	<p>These will be provided as part of the annual accounts and associated statements.</p>	<p>There will be provided as part of the annual accounts and associated statements</p>

Audit enquiries to those charges with governance and management. Please contact us in Welsh or English / cysylltwch â ni'n Gymraeg neu'n Saesneg.

Enquiries of management – in relation to related parties

Question	2021-22 Response	2022-23 Response
<p>4. What controls are in place to authorise and approve significant transactions and arrangements:</p> <ul style="list-style-type: none">• with related parties, and• outside the normal course of business?	<p>There is an Annual Declarations of Interest process that is completed for all Board Members, standard agenda item on all meetings for disclosure of any Declarations of Interest. Business Conduct Policy in operation.</p>	<p>There is an Annual Declarations of Interest process that is completed for all Board Members, standard agenda item on all meetings for disclosure of any Declarations of Interest. Business Conduct Policy in operation</p>

Audit enquiries to those charges with governance and management. Please contact us in Welsh or English / cysylltwch â ni'n Gymraeg neu'n Saesneg.

Enquiries of those charged with governance – in relation to related parties

Question	2021-22 Response	2022-23 Response
<p>1. How does the Audit Committee, in its role as those charged with governance, exercise oversight of management's processes to identify, authorise, approve, account for and disclose related party transactions and relationships?</p>	<p>There is an Annual Declarations of Interest process and Business Conduct Policy in operation. The Financial statements include a dedicated section in regard to related party relationships where disclosures are made for related party transactions/relationships.</p>	<p>There is an Annual Declarations of Interest process and Business Conduct Policy in operation. The Financial statements include a dedicated section in regard to related party relationships where disclosures are made for related party transactions/relationships. Arrangements for declarations of interest are also disclosed in the Annual Governance, reviewed by the Committee.</p>

Audit enquiries to those charges with governance and management. Please contact us in Welsh or English / cysylltwch â ni'n Gymraeg neu'n Saesneg.

Enquiries of management – in relation to the control environment & IT systems

Question	2021-22 Response	2022-23 Response
<p>1. If internal control deficiencies were reported in the prior year, please comment on the status of these.</p>	<p>N/A</p>	<p>There are no control deficiencies that have been reported that would impact on the financial statements.</p> <p>In 2022/23, limited assurance was received from the Internal Audit Service in respect of:</p> <ul style="list-style-type: none"> • Clinical Audit • Continuing Healthcare (CYP) • Policy Management • Records Management • Use of Off-Contract Agency • Discharge Planning <p>There were no reviews undertaken that concluded with a 'no assurance' rating.</p>

Audit enquiries to those charges with governance and management. Please contact us in Welsh or English / cysylltwch â ni'n Gymraeg neu'n Saesneg.

Enquiries of management – in relation to the control environment & IT systems

Question	2021-22 Response	2022-23 Response
2. Have there been any changes to significant IT systems or applications in the period?	N/A	There are no known significant changes to IT systems or applications in the year that would have any impact on the financial statements.

Audit enquiries to those charges with governance and management. Please contact us in Welsh or English / cysylltwch â ni'n Gymraeg neu'n Saesneg.

Enquiries of management – in relation to financial reporting

Question	2021-22 Response	2022-23 Response
<p>1. Are you aware of significant transactions that are outside the normal trading activities of the business?</p>	<p>N/A</p>	<p>None</p>
<p>2. Are you aware of any transactions, events or changes in circumstances that would cause impairments of non-current assets?</p>	<p>N/A</p>	<p>During the year RAAC (Reinforced Autoclaved Aerated Concrete) was found at a number of locations on the Neville Hall Hospital Site. This type of concrete can cause structural problems and exists in many schools and hospitals throughout the UK. It will take some time to develop a plan to deal with this on the site and until this has been resolved it is not possible to identify whether there is reduction in the value of this site (an impairment) and if so, how much. It has been found on another Health Board site in Wales.</p> <p>This has been discussed at the NHS Wales Technical Accounting Group and Welsh Government have further discussed this with</p>

Audit enquiries to those charges with governance and management. Please contact us in Welsh or English / cysylltwch â ni'n Gymraeg neu'n Saesneg.

Enquiries of management – in relation to financial reporting

Question	2021-22 Response	2022-23 Response
		<p>Audit Wales. They have agreed that there will not be an impairment reported in the 2022/23 accounts but a disclosure note will be included to ensure this is reported.</p>
<p>3. Are you aware of any transactions, events and conditions (or changes in these) that may give rise to recognition or disclosure of significant accounting estimates that require significant judgement? Have there been any changes in accounting policies in relation to</p>	<p>N/A</p>	<p>Any issues have been fully discussed with the auditors and included in the accounts. Some of the key issues are:</p> <ul style="list-style-type: none"> • IFRS 16 implementation • Asset tagging • Asset revaluation and indexation • Annual leave accrual (Covid related) <p>Any changes in accounting policies (such as IFRS 16) are dealt with on an all Wales basis through Welsh Government and the Welsh Technical Accounting Group (TAG).</p>

Audit enquiries to those charges with governance and management. Please contact us in Welsh or English / cysylltwch â ni'n Gymraeg neu'n Saesneg.

Enquiries of management – in relation to financial reporting

Question	2021-22 Response	2022-23 Response
significant estimates?		
4. Have there been any changes in accounting policies in relation to significant estimates?	N/A	See q3 above.
5. Have you used any experts in the preparation of the accounts?	N/A	<p>No experts are used in the preparation of the accounts themselves – that is done by the in-house financial accounts team.</p> <p>However, a range of experts are used to provide information for the accounts in the normal way e.g. District Valuer, the solicitors in NWSSP Legal Services who provide a quantum report which includes estimated settlements/costs used to calculate a provision.</p>

Audit enquiries to those charges with governance and management. Please contact us in Welsh or English / cysylltwch â ni'n Gymraeg neu'n Saesneg.

Enquiries of management – in relation to financial reporting

Question	2021-22 Response	2022-23 Response
<p>6. Have there been any issues that may impact the preparation of the accounts identified so far?</p>	<p>N/A</p>	<p>There are some significant issues that have been identified as part of the accounts preparation process. These include the IFRS 16 transition, asset revaluation and indexation and asset tagging.</p> <p>These issues will not adversely affect the preparation of the accounts because they have been identified and worked through to a conclusion.</p> <p>All these issues have been discussed with Audit Wales. We will continue to engage Audit Wales throughout the process and update as appropriate.</p>
<p>7. Do you have knowledge of events or conditions beyond the period of the going concern</p>	<p>N/A</p>	<p>Cash has been and continues to be available. This is evidenced by the 95% payment of invoices within 30 days. Welsh Government have made adequate cash available to cover the financial deficit during 2022/23 and continue to do so in 2023/24.</p>

Audit enquiries to those charges with governance and management. Please contact us in Welsh or English / cysylltwch â ni'n Gymraeg neu'n Saesneg.

Enquiries of management – in relation to financial reporting

Question	2021-22 Response	2022-23 Response
assessment that may cast significant doubt on the entity's ability to continue as a going concern?		There is therefore no reason to doubt that the Health Board can continue to as a going concern.

Audit enquiries to those charges with governance and management. Please contact us in Welsh or English / cysylltwch â ni'n Gymraeg neu'n Saesneg.

Enquiries of management – in relation to regularity

Question	2021-22 Response	2022-23 Response
1. What is your assessment of the risk of material irregularity?	N/A	There are no known issues in respect of non-compliance with laws or regulations for reporting, as previously stated. The Health Board also has confidence in its preparation of the financial statements and the data used to inform this. The level of risk of irregularity is therefore deemed very low.
2. What is the process for responding to the risk of irregularity?	N/A	A robust process is in place through a comprehensive Internal Audit Plan and annual fraud workplan, both of which are approved and monitored/responded to through the Audit Committee.
3. What is your knowledge of actual, suspected or alleged irregularity?	N/A	We are not aware of any

Audit enquiries to those charges with governance and management. Please contact us in Welsh or English / cysylltwch â ni'n Gymraeg neu'n Saesneg.

Enquiries of management – in relation to regularity

Question	2021-22 Response	2022-23 Response
4. Where service organisations are used by the entity, have any irregularities been reported to the user entity?	N/A	We are not aware of any

Enquiries of management – supplementary queries

Question	2021-22 Response	2022-23 Response
1. Are there any matters and events which have occurred during the year which could influence our audit approach or the	N/A	We are not aware of any. We have continued to keep Audit Wales officers abreast of issues that affect the Health Board and the preparation of the accounts.

Audit enquiries to those charges with governance and management. Please contact us in Welsh or English / cysylltwch â ni'n Gymraeg neu'n Saesneg.

Enquiries of management – supplementary queries

Question	2021-22 Response	2022-23 Response
entity's financial statements?		In addition to regular email contact, there have been quarterly meetings with the Director of Finance and in addition there was a planning meeting on the 15 March 2023 attended by relevant Health Board staff and Audit Wales colleagues.
2. What is the allocation of responsibilities between those charged with governance and management?	N/A	The Board, as charged with governance, is constituted by Executive Directors and Independent Members, as equal members. The full Board has responsibility for determining the strategic vision of the organisation, ensuring delivery and performance, and setting culture and tone. The Board's Committees are established with membership as Independent Members only and Executive Directors (and respective teams) are held to account for delivery of delegated responsibilities and delivering the Board's strategic priorities. Outside of the Board, Executive Directors are responsible for the day-to-day management of the organisation, accountable to the Chief Executive Officer and therefore provide

Audit enquiries to those charges with governance and management. Please contact us in Welsh or English / cysylltwch â ni'n Gymraeg neu'n Saesneg.

Enquiries of management – supplementary queries

Question	2021-22 Response	2022-23 Response
		assurance of delivery and compliance to the Board's respective committees.

Enquiries of those charged with governance – supplementary queries

Question	2021-22 Response	2022-23 Response
1. Are you aware of any actual, suspected or alleged irregularity affecting the entity?	N/A	There are none known for reporting.
2. Are there any matters which those charged with governance consider require particular attention during the audit?	N/A	All issues regarding the financial statements have been raised throughout the year and fully disclosed to the auditors. These are described in earlier answers.

Audit enquiries to those charges with governance and management. Please contact us in Welsh or English / cysylltwch â ni'n Gymraeg neu'n Saesneg.

Enquiries of those charged with governance – supplementary queries

Question	2021-22 Response	2022-23 Response
3. Are those charged with governance aware of any significant communications with regulators?	N/A	<p>Yes. Reports issued by regulators are presented to the Board's Patient Quality, Safety & Outcomes Committee alongside management actions plans for improvements. These reports are disclosed into the public domain.</p> <p>A report from each meeting of the Patient Quality, Safety & Outcomes Committee is reported to the Board.</p>

Audit enquiries to those charges with governance and management. Please contact us in Welsh or English / cysylltwch â ni'n Gymraeg neu'n Saesneg.

Internal Audit Progress Report

Audit, Risk and Assurance Committee

May 2023

Aneurin Bevan University Health Board

NWSSP Audit and Assurance Services



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Gwasanaethau Archwilio a Sicrwydd
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University Health Board



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1. Introduction

The purpose of this report is to:

- highlight the progress of the remaining audit work for the 2022/23 Internal Audit Plan for Aneurin Bevan University Health Board (the 'Health Board') to the May 2023 Audit, Risk and Assurance Committee (the 'Committee');
- provide details of amendments to the 2023/24 Internal Audit Plan; and
- provide an overview of other activity undertaken since the previous meeting.

2. Progress against the 2022/23 Internal Audit Plan

There are 31 individual reviews in the 2022/23 Internal Audit Plan plus two reported from 2021/22. As at the 12th May, we have now concluded the majority of our work, with the following remaining continuing through the process of finalisation:

Audit	Current Status
Dementia Services	Draft report – reasonable assurance
Integrated Wellbeing Networks	Draft report – reasonable assurance
Putting Things Right	Draft report – advisory review
Clinical Futures – Care Closer to Home	Drafting report
Contract Management	Drafting report
Mental Health Transformation	Drafting report
Infection Prevention and Control	Drafting report
Review of Bank Office and Temporary Staff	Concluding fieldwork

The following final reports have been issued since the meeting of the Audit, Risk and Assurance Committee on 18th April 2023:

AUDIT ASSIGNMENT	ASSURANCE RATING
Royal Gwent Hospital – Redevelopment & Expansion of Endoscopy Services	Reasonable
Development of a Regional Radiotherapy Satellite Centre (RSC) at Nevill Hall Hospital	Reasonable

Further information over the assurance ratings detailed above is included with Appendix B.

3. Progress against the 2023/24 Internal Audit Plan

As we transition into the 2023/24 audit year, we have commenced the following audit work from the 2023/24 Internal Audit Plan.

Safeguarding

Waiting List Management

Clinical Coding

Providing Care to Asylum Seekers and Refugees

The delivery profile of each audit is illustrated within Appendix A.

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 18th April 2023.

Royal Gwent Hospital – Redevelopment & Expansion of Endoscopy Services

This audit examined the delivery and management arrangements in place to progress the Royal Gwent Hospital Endoscopy Redevelopment & Expansion of Endoscopy Services project.

We found that the project had slipped behind schedule (c. four weeks) with additional delays anticipated. However, a forecast underspend was anticipated, due to savings from the non-work cost element of funding.

We raised the following recommendations:

- the need to review and confirm the constitution, capacity and function of the project board and project to ensure that they can effectively execute their roles;
- the enhancement of project cost reporting to incorporate the full outturn costs; including equipment and the net VAT positions;
- the authorisation and execution of Service Level Agreements/contracts, in line with the Health Board's Scheme of Delegation;
- a review of value for money achieved from the successful main works contract award; noting only two tenders were submitted and the works cost was circa £900k above the pre-tender estimate; and
- the availability of evidence to fully substantiate the costs associated with variations to the contract.

Development of a Regional Radiotherapy Satellite Centre at Nevill Hall Hospital

The audit sought to review the delivery and management arrangements in place to progress the development of a Regional Radiotherapy Satellite Centre (RSC) at Nevill Hall Hospital, and the performance to date against its key delivery objectives.

Noting that the project had only recently commenced on site (January 2023), the project remained on programme and on budget. The audit found the following key issues:

- there was no evidence of the Project Board scrutinising/ approving the tender evaluation report.
- the timely and appropriate execution of contractual documentation.
- the need to formally record the users / stakeholders sign-off of the design and associated derogations.

4. 2023/24 Internal Audit Plan

The 2023/24 Draft Internal Audit Plan was provided to the Audit, Risk and Assurance Committee on the 18th April. Since that meeting and to provide clarity, we have separated the Asset Management audit into two components: Asset Management (Audit Ref: 4a); and Medical Equipment and Devices (Audit Ref: 4b). Whilst each outline scope is similar, they fall into separate areas of responsibility and will examine different asset types. We will issue separate audit reports for each area.

Furthermore, at the request of the client, we have rescheduled the outline timing of the Asset Management audit from quarter two to quarter three. Consequently, the Medical Equipment and Devices review will be completed at the same time. There have been no further amendments and the final version of the 2023/24 Internal Audit Plan is included for noting.

5. Other Activity

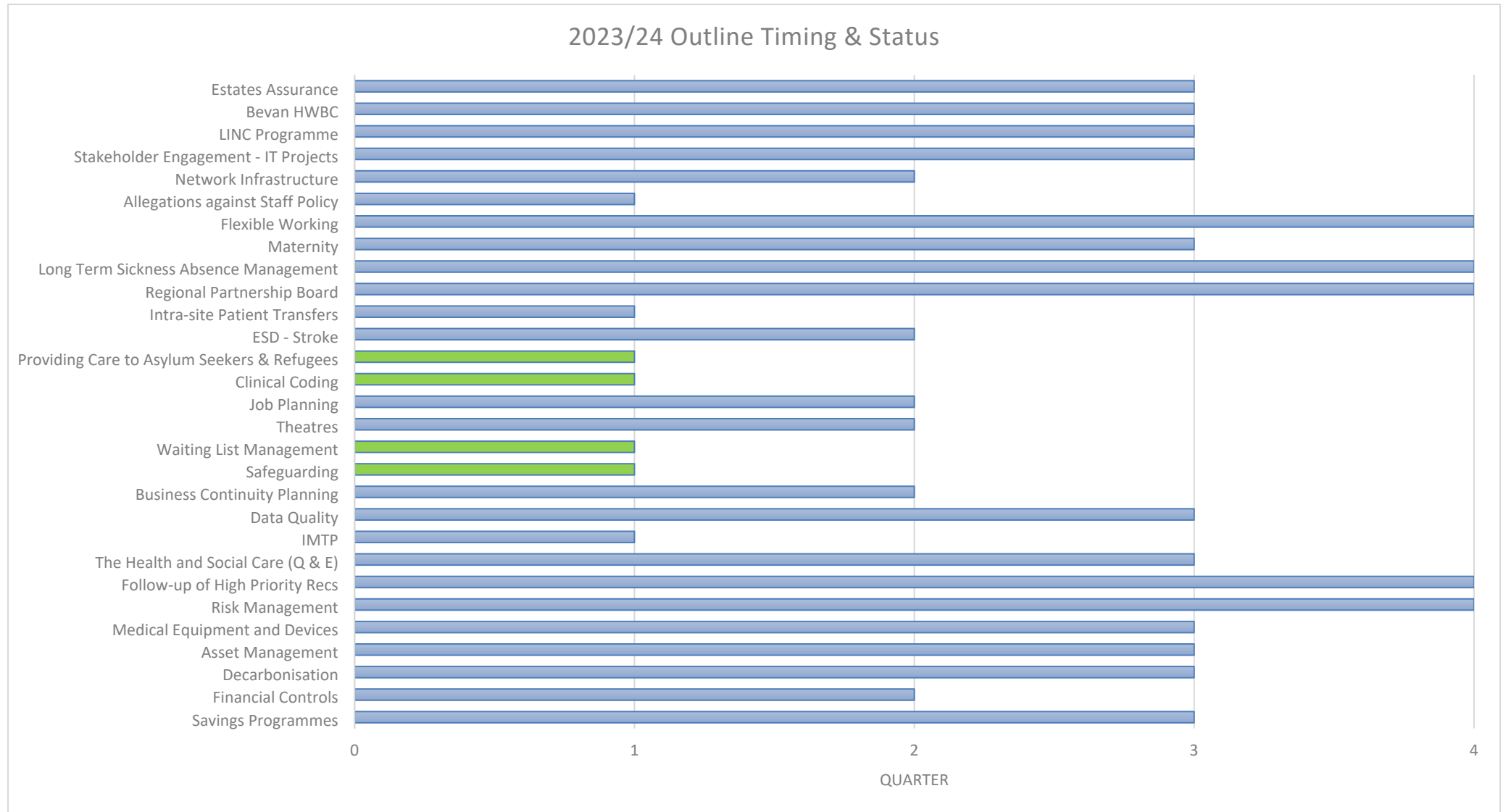
The following meetings have been held/attended during the reporting period:

- monthly meetings with the Director of Corporate Governance;
- monthly meetings with the Director of Finance, Procurement and Value;
- Audit, Risk and Assurance Committee pre-meeting with the Audit, Risk and Assurance Committee Chair;
- review and advice over financial control procedures; and
- liaison with senior management.

6. Recommendation

The Audit, Risk and Assurance Committee is invited to note the above.

Appendix A: Progress against 2023/24 Internal Audit Plan



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:



Substantial assurance

Few matters require attention and are compliance or advisory in nature.

Low impact on residual risk exposure.



Reasonable assurance

Some matters require management attention in control design or compliance.

Low to moderate impact on residual risk exposure until resolved.



Limited assurance

More significant matters require management attention.

Moderate impact on residual risk exposure until resolved.



No assurance

Action is required to address the whole control framework in this area.

High impact on residual risk exposure until resolved.



Assurance 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.

These reviews are still relevant to the evidence base upon which the overall opinion is formed.

Development of a Regional Radiotherapy Satellite Centre (RSC) at Nevill Hall Hospital Final Internal Audit Report

May 2023

Aneurin Bevan University Health Board

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Review reference:	ABUHB-2223-07
Report status:	Proposed Final
Fieldwork commencement:	9 th January 2023
Fieldwork completion:	10 th February 2023
Debrief meeting:	22 nd February 2023
Draft report issued:	6 th March 2023
Draft report meeting:	9 th March 2023
Management response received:	2 nd May 2023
Final report issued:	5 th May 2023
Auditors:	NWSSP Audit & Assurance – Specialist Services Unit
Executive sign-off:	Hannah Evans, Executive Director Strategy, Planning and Partnership Chris Dawson-Morris, Interim Director of Planning & Performance
Distribution:	Andrew Walker, Strategic Capital and Estates Programme Director (Project Director) Rani Dash, Director of Corporate Governance Lorraine Morgan, Programme Manager, Strategic Capital & Estates
Committee:	Audit, Risk & 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 and 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 and Assurance Services reports are prepared, in accordance with the agreed audit brief, and the Audit Charter as approved by the Audit, Risk & Assurance Committee.

Audit reports are prepared by the staff of the NHS Wales Shared Services Partnership – 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 the 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 audit was undertaken to review the delivery and management arrangements in place to progress the development of a Regional Radiotherapy Satellite Centre (RSC) at Nevill Hall Hospital, and the performance to date against its key delivery objectives i.e. time, cost and quality. This was the first audit of the project.

Overall Audit Opinion and Overview

Noting that the project had only recently commenced on site (January 2023), the project remained on programme and on budget.

The audit found the following key issues:

- There was no evidence of the Project Board scrutinising/ approving the tender evaluation report. Of particular concern is that only 29% of packages by value had 3 or more tender returns and £1.630m had not been satisfactorily substantiated by the Supply Chain Partner.
- The UHB continue to have issues in the timely and appropriate execution of contractual documentation.
- The need to formally record the users/ stakeholders sign-off of the design and associated derogations.

Other recommendations are provided within the detail of the report.

Noting the above, there are important issues to address as outlined, the positive assurance across the broader objectives covered allow **reasonable assurance** to be determined.

Report Classification

Reasonable



Some matters require management attention in control design or compliance.

Low to moderate impact on residual risk exposure until resolved.

Assurance Summary ¹

Assurance objectives	Assurance
1 Project Performance	Reasonable
2 Project Governance	Reasonable
3 Financial Monitoring	Reasonable
4 Target Cost	Limited
5 Contractual Arrangements	Reasonable
6 Design Development	Reasonable
7 Planning Conditions	Substantial

¹ The objectives and associated assurance ratings are not necessarily given equal weighting when formulating the overall audit opinion

Key Matters Arising

		Assurance Objective	Control Design or Operation	Recommendation Priority
2.2	Project Board and Project Team attendance has been inconsistent.	2	Operation	Medium
3.1	Deeds should be signed as a priority and the Project Bank Account established in line with Welsh Government's requirements.	3	Operation	Medium

3.2	The UHB should seek assurances from the Supply Chain Partner in respect of the timely payment of its subcontractors.	3	Operation	Medium
4	The Project Board will retrospectively scrutinise the tender report to affirm that value for money has been attained at the agreed Target Cost.	4	Operation	High
5.1	The Project Manager and Cost Adviser Confirmation Notice No.1 will be resubmitted for signature by the Chair.	5	Operation	Medium
6	User sign-off of design and derogations should be formally recorded.	6	Operation	Medium
7	The UHB should seek to obtain the necessary collateral warranties at the earliest opportunity.	6	Operation	Medium

Future Assurance Matters²

		Assurance Objective	Control Design or Operation	Recommendation Priority
5.2	Contracts should be executed before works / duties commence.	5	Operation	Medium
5.4	Contracts over £100k in value should be signed by both the Chief Executive & Chair in line with Standing Orders.	5	Operation	Medium

² Future assurance matters are for management action at future (appropriate) projects. Noting current action cannot be taken, the Audit Committee is requested to exclude from the audit tracker and the matters arising included in this report for management information. They have, however, been taken into consideration when determining the assurance rating at this report

1. Introduction

- 1.1 The audit reviewed the delivery and management arrangements in place to progress the development of a Regional Radiotherapy Satellite Centre (RSC) at Nevill Hall Hospital. This audit was commissioned in accordance with the agreed Audit Plan (and associated fee) provided within the approved Full Business Case for this project.
- 1.2 The project aims to deliver the Regional Radiotherapy Satellite Centre to support the existing, and in due course new, Velindre Cancer Centre in its provision of Radiotherapy services for the population of South East Wales.
- 1.3 The potential risks considered in this review included:
 - The failure to achieve key project objectives through poor governance and project management controls.
 - Breach of Welsh Government funding stipulations, Standing Orders or Standing Financial Instructions.
 - The target cost not providing sufficient value for money.
 - Poor performance not identified and addressed.
 - Project costs escalate uncontrollably through an absence of adequate cost monitoring and reporting.
- 1.4 The Welsh Government approved funding of £37.185m in respect of the Regional Radiotherapy Satellite Centre on the 16th of December 2022.

2. Detailed Audit Findings

Project Performance: Summary of the achievement of the project's key delivery objectives (time, cost and quality) to date.

- 2.1 At a project audit, levels of assurance are determined on whether the project achieves its original key delivery objectives and that governance, risk management and internal control within the area under review are suitably designed and applied effectively.
- 2.2 At this first audit of the development of a Regional Radiotherapy Satellite Centre (RSC) at Nevill Hall Hospital, when assessing progress against the original delivery objectives, the following was evidenced:

Time

- 2.3 The Full Business Case envisaged Welsh Government approval in June 2022, however delays in finalising outstanding planning approval, scrutiny comments and target cost, approval for the submitted Full Business Case was not received from Welsh Government until December 2022 with pre-enabling works commencing on the 16th of January 2023.

2.4 Noting the project is at an early stage, it remains on programme to complete by the 25th November 2024.

Cost

2.5 The latest cost report issued by the UHB’s Costs Advisers in January 2023 outlined:

Costs	FBC Approval	January 2023
Works	23,188,068	23,148,699
Fees	3,091,000	3,106,789
Non-Works Costs	2,324,500	2,342,744
Equipment	25,500	25,500
Quantified Risk Contingency	1,413,000	1,363,934
VAT	5,997,414	5,997,533
VAT Recovery (provisional)	(156,200)	(156,200)
Total	35,828,282	35,829,000

2.6 The above is reflective of the project being in the early stages of construction.

Quality

2.7 Key Performance Indicators were completed in October 2022 in respect of both the Supply Chain partner and the UHB’s Advisers, with no material issues raised relating to the quality of service received.

Recognising the early stages of construction, **reasonable assurance** has been determined in respect of project performance.

The following sections of the report further outline the key observations that have contributed to the above – matters which require management attention, with moderate impact on residual risk exposure until resolved.

Project Governance: Assurance that appropriate governance arrangements were in place for the current project phase, including operation of effective reporting and accountability lines and that appropriate approvals were in place.

2.8 A comprehensive Project Execution Plan was in place and was last updated in January 2022. With further prolongation to the Full Business Case completion and Welsh Government approval, this needed to be revised to reflect the commencement of Stage 4. **(MA1)**

2.9 The key project roles of Senior Responsible Officer (Chief Executive) and Project Director (Strategic Capital and Estates Programme Director) had been appropriately assigned, with clear visibility at the Programme Board and Project Team respectively.

2.10 The Project Board and Project Team’s responsibilities were well defined, with appropriately constituted membership to deliver the same. Both met with the required frequency and attendances during the period reviewed. Terms of Reference were in place for both the Project Board and Project Team, whilst

containing much that would be expected, there are additions that would enhance the overall governance. This would include detailing quoracy requirements to ensure meetings are appropriately attended and decisions are only made when there is the defined level of multi-disciplinary scrutiny available to review the issues. **(MA2.1)**

- 2.11 Issues regarding attendance of nominated members were noted for both the Project Board and Project Team. Whilst these members could be considered not to represent key roles for the current stage of the project, attendance requirements should be reviewed as the project gains momentum. **(MA2.2)**
- 2.12 Separate monthly Stage 3 Project Progress Meetings were also held, chaired by the UHB's Project Manager and attended by representatives of the client, SCP and External Advisers.
- 2.13 Whilst recognising the early stage of the construction works, reporting to both the Project Board and Project Team had been consistent to date. Meetings were suspended following submission of the Full Business Case but were reinstated in November 2022.
- 2.14 Whilst noting some improvements to governance processes were required for the current stage of the project, these were not sufficiently material to impact the opinion and **reasonable assurance** has been determined in this area.

Financial Management/ Monitoring: To obtain assurance that adequate cost control and reporting systems were operated, both internally and by the External Cost Adviser.

- 2.15 Robust cost monitoring and reporting processes were observed, including monthly Project Progress meetings, at which technical detail was scrutinised by key parties (the UHB's project and finance leads, external advisers, and the SCP).
- 2.16 Wales Procurement Policy Note WPPN 04 / 21 for Construction and infrastructure projects valued at £2m or more and which are fully, part or Grant funded by Welsh Government require a Project Bank Account be applied unless there are compelling reasons not to do so. Project Bank Accounts are 'ring-fenced bank accounts' with trust status that are designed to ensure secure and prompt payment for sub-contractors. The project is now in the construction phase, however the Project Bank Account had yet to be finalised with deeds still to be signed **(MA3.1)**.
- 2.17 In the interim period, the UHB should seek assurances from the Supply Chain Partner that subcontractors have been paid in a timely manner **(MA3.2)**.
- 2.18 A risk register is maintained by the external Project Manager; and monitored and reported to the UHB as part of the Project Board agenda. This risk register had been scored and costed accordingly.
- 2.19 **Reasonable assurance** has been determined in this area.

Target Cost: A review of the arrangements to challenge and scrutinise the target cost prior to approval

2.20 A Stage 3 Full Business Case Tender Report was produced by the UHB's Cost Adviser in July 2022. The report detailed the level of competition achieved at each package, recorded the scrutiny applied and adjustments achieved, during the assessment process. The report outlined that the package-by-package assessment by the Cost Adviser resulted in a cost reduction of £217k.

2.21 There was no evidence of the Tender Report being presented/ challenged by the Project Board – noting in particular that it was issued in July 2022 i.e., two months after the submission of the Full Business Case to Welsh Government.

2.22 Of particular concern is that:

- Excluding preliminaries and the 6 packages conducted by the SCP (71% of the remaining packages by value had less than 3 tender returns (or 54.5 % of the number of packages). **(MA4)**
- The difference between Supply Chain Partner's Target Cost and original cost plan developed by the Cost Adviser was £3,604,932. Whilst the Cost Adviser was content that £1,975,401.69 had been justified, the report concluded that £1,629,531 of remaining work packages required further clarity from the SCP. **(MA4)**

2.23 Noting the low level of market testing around the packages and the absence of scrutiny from the Project Board, **limited assurance** is therefore determined in relation to derivation and approval of the revised Target Cost.

Contractual Arrangements: Assurance that the Supply Chain Partner and any advisers were appropriately appointed with standardised forms of contracts. A review of the fee management arrangements to date and monitoring/reporting of performance.

2.24 The Contract and Confirmation Notices 1 & 2 in respect of the Supply Chain Partner had all been signed under seal with two signatories, that of the Chief Executive and the UHB Chair.

2.25 The following issues were identified in relation to the SCP contracts:

- The Call off Contract or Confirmation Notices 1&2 did not bear dates of signing. **(MA5.1)**
- From the UHB's Register of Seals it was noted that the Call off Contract was signed two months after the contract start date. Confirmation Notice 1 was signed seven months after the contract start date, noting however that this coincided with the Covid epidemic. **(MA5.2)**
- The latest Confirmation Notice 2 was signed two months after the contract start date. **(MA5.2)**

- 2.26 Both the external Project Manager and Cost Adviser contracts had been signed after the commencement of their duties - the longest delay being with Confirmation Notice no. 1 for the Project Manager with the start date being 1st February 2021 and signed by the UHB on 8th December 2021.
- 2.27 The Scheme of Delegation notes that in respect of Capital Schemes over £75k, there should be both Chair and Chief Executive signature. Confirmation Notice 1 for the external Project Manager bore the single signature of the Chief Executive whereas the register of Seals detailed that the contract bore the signatures of both the Chief Executive and Chair of the UHB.
- 2.28 Similarly, Confirmation Notice 1 for the UHB's Cost Adviser was signed under seal by the UHB but only a bore single signatory (Chief Executive). **(MA5.3)**
- 2.29 The NHS Building for Wales framework requires 6-monthly Key Performance Indicators to be submitted by all parties. The latest, submitted in October 2022, indicated no performance issues.
- 2.30 Noting the above, **reasonable assurance** has been determined.

Design Development: To ensure the design has been approved and signed-off by the project team and users and is has been completed sufficiently to an appropriate stage for the project and that key service users were involved in the design process

- 2.31 Project Board meeting minutes demonstrated engagement and discussion of the design elements of the scheme and confirmed that the derogations were signed-off (February 2022) and that Stage 4 design was complete (November 2022). However, a formal record of approval was not provided. This is important in confirming user acceptance of the design, reducing the need for future changes that may adversely impact on time and cost. **(MA6)**
- 2.32 The project also incorporates the procurement and installation of two new Linear Accelerators. The procurement of the equipment was being progressed as part of a larger procurement for both the existing Velindre site and the proposed new Velindre Cancer Centre. A specialist third party design company were engaged to assist the SCP at RIBA Stage 4. The UHB is likely to require collateral warranties from the specialist design company (to mitigate risks associated with any future contractor/supplier failure, insolvencies etc.) Requirements for the same had not yet been considered at the time of the review. **(MA7)**
- 2.33 Noting the above, **reasonable assurance** has been determined.

Planning Conditions: Assurance that appropriate arrangements have been made to obtain planning approvals and to clear any associated conditions.

- 2.34 Outline planning permission was provided by Monmouthshire County Council on the 22nd of November 2022. The approval included a small number of conditions, one to be met prior to construction commencing and others to be met at a later

stage of the development. The pre-commencement condition imposed around Transport Management was complied with and a discharge of condition letter was received from Monmouthshire County Council dated 6th January 2023.

- 2.35 A planning conditions tracker was maintained demonstrating actions to remaining planning conditions.
- 2.36 Noting the above, **substantial assurance** has been determined.

Appendix A: Management Action Plan

Matter Arising 1: Project Execution Plan		Impact
<p>The project execution plan is the governing document that establishes the means to execute, monitor, and control projects.</p> <p>The plan serves as the main reference document to ensure that everyone is aware and knowledgeable of project objectives and how they will be accomplished.</p> <p>The plan is a living document and should be updated to describe current and future processes and procedures as the project moves through key junctures.</p> <p>A comprehensive Project Execution Plan (PEP) was in place at the project but had not been updated since January 2022.</p> <p>Given the project had recently commenced the construction phase, the Project Execution Plan (PEP) should be updated to reflect current stage requirements.</p>		<p>Potential risk of:</p> <ul style="list-style-type: none"> Central project documentation does not provide current guidance.
Recommendations		Priority
1.1 The Project Execution Plan should be updated to reflect current governance arrangements.		Low
Agreed Management Action	Target Date	Responsible Officer

1.1 Agreed, the PEP has been reviewed & updated for sign off by the May Project Board	June 2023	Programme Manager
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Matter Arising 2: Project Board and Project Team Governance	Impact
<p>Formal Terms of Reference were in place for both the Project Board and Project Team. Whilst containing much that would be expected, there were additions that would enhance the overall governance arrangements e.g. quoracy requirements and frequency of meetings.</p> <p>Issues regarding the attendance of nominated members were noted for both the Project Board and Project Team.</p> <ul style="list-style-type: none"> For the four Project Board meetings held between December 2021 and November 2022, four of the membership as identified in the Terms of Reference were not in attendance at any of the four meetings. Five of the Project Team members as identified in the Full Business Case and the Terms of Reference were absent from two of the three meetings held between November 2021 and February 2022. <p>Failure to attain sufficient attendance at Project Board and Project Team could impact their effective functioning</p>	<p>Potential risk of:</p> <ul style="list-style-type: none"> Governance requirements for the meetings not adequately conveyed. Limited attendance resulting in reduced diversity of oversight and potential loss in scrutiny.
Recommendations	Priority
<p>2.1 Terms of Reference will be enhanced to ensure adequate governance arrangements are applied.</p>	<p>Low</p>
<p>2.2 Members of the respective Meeting groups should be reminded of the need to regularly attend meetings.</p>	<p>Medium</p>

Agreed Management Action	Target Date	Responsible Officer
2.1 Agreed, the Terms of Reference and membership of both the Project Team and Project Board were agreed in December 2022 but are currently being reviewed by VUNHST due to internal management changes. It is intended to obtain sign off at the May Project Board. This will include quorate and frequency.	June 2023	Project Director
2.2 Agreed, to be addressed as part of the above.	June 2023	Project Director

Matter Arising 3: Project Bank Account		Impact
<p>Wales Procurement Policy Note WPPN 04 / 21 requires a Project Bank Account be applied for Construction and Infrastructure projects valued at £2m or more - unless there are compelling reasons not to do so. This is also included within the UHB's Standing Financial Instructions section 15.4.8 which states the Director of Finance shall ensure, for each capital project over £2m, that the Welsh Government Project Bank Accounts policy is applied.</p> <p>Project Bank Accounts are 'ring-fenced bank accounts' with trust status that are designed to ensure secure and prompt payment for sub-contractors. The Project is now in the Construction Phase, however the Project Bank Account had yet to be finalised with deeds still to be signed. In the interim, the University Health Board should seek assurances from the Supply Chain Partner on the timely payment of its subcontractors.</p>	<p>Potential risk of:</p> <ul style="list-style-type: none"> Breach of Welsh Government requirements about need to establish Project Bank Accounts. 	
Recommendations		Priority
<p>3.1 Deeds should be signed as a priority and the Project Bank Account established in line with Wales Procurement Policy Note WPPN 04 which is supported by the requirements of the University Health Board's Standard Financial Instructions section 15.4.8.</p>	<p>Medium</p>	
<p>3.2 Pending implementation of the Project Bank Account, the University Health Board should seek assurances from the Supply Chain Partner in respect of the timely payment of its subcontractors.</p>	<p>Medium</p>	
Agreed Management Action	Target Date	Responsible Officer

3.1 Agreed, the Project Bank Account Trust Deed was signed and returned to the Supply Chain Partner (SCP) on 15 th March. Implementation usually takes 4 to 6 weeks including the sign up of Sub-Contractors. As things stand no Sub-Contractors wish to join the PBA, evidence of refusal has been requested	June 2023	Project Director
3.2 Agreed, the University Health Board will seek evidence of timely payments from the Supply Chain Partner as part of monthly progress reporting.	Following implementation of the PBA in June 2023	Project Director

Matter Arising 4: Market Testing – Packages	Impact
<p>As part of the Full Business Case submission process the UHB’s Cost Advisers produced a Tender report document which provides a review of the Supply Chain Partner’s Target Cost tender received, based on the documents issued to the SCP by the consultants for the construction of the new Satellite Radiotherapy Unit, at the Nevill Hall Hospital site.</p> <p>The aim of the report being to demonstrate whether the framework requirements have been met and provide comment upon whether adequate market testing has been completed by the SCP for each Work Package.</p> <p>Of particular importance is Section 4 of the report which details that, excluding preliminaries and the 6 packages conducted by the SCP (Kier and/or WBS), 71% of the remaining packages by value had less than 3 tender returns. This represents 54.5 % as a total of these packages.</p> <p>In relation to cost increases of £1,629,530.74, the report states <i>“These Work Packages returning market values in excess of the cost plan allowance agreed in FCP#3 have been queried with the SCP and indeed the answers provided further queried but no satisfactory answers have been provided to date which can explain this”</i>. Whilst this was subsequently resolved by the Cost Adviser, there is no evidence of the Project Board monitoring this position.</p> <p>This report is dated 4th July 2022, whilst the Full Business Case was submitted to Welsh Government on the 26th of May 2022. The Project Board was suspended following the Full Business Case submission; therefore, it is not clear whether the report and/or business case were scrutinised by the Project Board.</p>	<p>Potential risk of:</p> <ul style="list-style-type: none"> Value for money has not been adequately demonstrated.
Recommendations	Priority

4.1	The Project Board will retrospectively scrutinise the tender report to affirm that value for money has been attained at the agreed Target Cost.	High
Agreed Management Action	Target Date	Responsible Officer
4.1	Agreed, the Tender report will be submitted to the May Project Board. It should be noted however that detailed discussion took place between the Health Board, it's Cost Advisors and NHS Shared Services as part of the scrutiny process and a request was made by WG to agree a Target Cost prior to FBC approval. The process was further complicated by the appointment of the Linac Supplier by VUNHST after the FBC was submitted. This resulted in a further adjustment of the capital costs, via the inclusion of PC sums, prior to FBC and Target Cost approval.	June 2023
		Project Director

Matter Arising 5: Contract Governance	Impact
<p>All contract documents were reviewed (Call-Off and Confirmation Notices 1 & 2) for the Supply Chain Partner (SCP) and advisers.</p> <p>The following issues were noted:</p> <ul style="list-style-type: none"> • All adviser contracts were signed by the UHB after duties commenced (with delays of up to four months); • The SCP call-off contract was also signed late by the UHB (2 months), whilst with Confirmation Notice 1 the delay in signing was 7 months; • Most contracts reviewed had not been dated; and • The Project Manager & Cost Adviser Confirmation Notice No. 1 for stage 3 services (valued at £82k and £128k respectively) had only been signed by the Chief Executive, as opposed to the Chief Executive and Chair as required by Standing Orders. The Register of Sealings however had been signed by both parties. <p>It is recognised that the late execution of contracts is considered to present a reduced risk to the UHB, noting the overarching protection of the NHS Building for Wales Framework.</p>	<p>Potential risk of:</p> <ul style="list-style-type: none"> • The UHB is exposed to unnecessary risk while contracts are delayed or executed incorrectly.
Recommendations	Priority
<p>5.1 The Project Manager's and Cost Adviser's Confirmation Notice No.1 will be resubmitted for signature by the UHB Chair.</p>	<p>Medium</p>
<p>5.2 At future projects Contracts should be executed prior to the commencement of works / duties.</p>	<p>Medium</p>

5.3	At future projects All contracts should be dated.	Low	
5.4	At future projects All contracts over £100k in value should be signed by both the Chief Executive & Chair in accordance with the UHB's Standing Orders (Scheme of Delegation).	Medium	
Agreed Management Action		Target Date	Responsible Officer
5.1	Agreed, the Project Manager's and Cost Adviser's Confirmation Notice No.1 have been resubmitted for signature by the UHB Chair.	Actioned	Programme Manager
5.2	Agreed -Future Projects Contracts will be signed prior to the commencement of works.	Future Action for other projects	Project Director
5.3	Agreed - Future Projects - Contracts will be dated.	Future Action for other projects	Project Director
5.4	Agreed -Contract Values exceeding £100k will be signed by the Chief Executive & Chair in accordance with UHB Standing Orders.	Future Action for other projects	Project Director



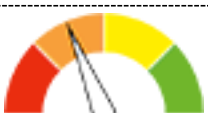
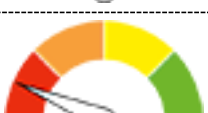

Matter Arising 6: Design and Derogation Sign-off		Impact
<p>Design approval and sign-off is a fundamental milestone that confirms users are happy with the development and the delivery of the design and verifies the design is final and no further revisions are possible.</p> <p>Minutes of meetings and a presentation to the client team confirmed that there had been appropriate discussions around design and derogations.</p> <p>The Project Board noted in April 2022 that the derogations had been signed-off in February 2022 and the November 2022 Project Board confirmed that Stage 4 design had been completed.</p> <p>However, a formal record confirming approval of these was not provided.</p>		<p>Potential risk of:</p> <ul style="list-style-type: none"> In the event of issues arising going forward a lack of formal sign off could impact on any UHB claim.
Recommendations		Priority
6.1	User sign-off of the design and derogations should be formally recorded.	Medium
Agreed Management Action		Target Date
6.1	Agreed, Design & derogations will be formally and finally signed off by users to reflect very recent changes requested by the supplier of the Linear Accelerator medical devices.	June 2023
		Responsible Officer
		Project Director

Matter Arising 7: Collateral Warranties		Impact
<p>A collateral warranty is a contract that sits alongside the underlying contract, such as a building contract or consultant appointment, and grants rights to a third party which can be sued upon. Otherwise, it cannot bring a claim against them, particularly in the event of any main contractor failure/insolvency.</p> <p>This is particularly relevant at this project where a specialist designer has been appointed to design the bunker to house the Linear Accelerator.</p> <p>Management confirmed that collateral warranty requirements had not yet been considered and would be considered during the construction phase. Whilst noting the same this however may leave the UHB exposed should an event occur in the period until the warranties are put in place.</p>		<p>Potential risk of:</p> <ul style="list-style-type: none"> UHB exposed in the event of insolvency of the main contractor
Recommendations		Priority
7.1	The UHB should seek to obtain the necessary collateral warranties at the earliest opportunity.	Medium
Agreed Management Action		Target Date
7.1	Agreed, the necessary collateral warranties will be obtained at the earliest opportunity.	June 2023
		Responsible Officer
		Programme Director

Appendix B: Assurance opinion and action plan risk rating

Audit Assurance Ratings

We define the following levels of assurance that the project achieves its key delivery objectives and that governance, risk management and internal control within the area under review are suitable designed and applied effectively:

	Substantial assurance	Few matters require attention and are compliance or advisory in nature. Low impact on residual risk exposure.
	Reasonable assurance	Some matters require management attention in control design or compliance. Low to moderate impact on residual risk exposure until resolved.
	Limited assurance	More significant matters require management attention. Moderate impact on residual risk exposure until resolved.
	No assurance	Action is required to address the whole control framework in this area. High impact on residual risk exposure until resolved.
	Assurance 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. 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.





NHS Wales Shared Services Partnership
4-5 Charnwood Court
Heol Billingsley
Parc Nantgarw
Cardiff
CF15 7QZ

Website: [Audit & Assurance Services - NHS Wales Shared Services Partnership](#)

Royal Gwent Hospital – Redevelopment & Expansion of Endoscopy Services

Final Internal Audit Report

May 2023

Aneurin Bevan University Health Board



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Executive sign-off:	Hannah Evans, Executive Director of Strategy, Planning and Partnership
Distribution:	Rani Dash, Director of Corporate Governance Chris Dawson-Morris, Deputy Director of Strategy, Planning & Partnership Andrew Walker, Strategic Capital, and Estates Programme Director (Project Director) Lorraine Morgan, Programme Manager, Strategic Capital & Estates
Committee:	Audit, Risk & 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 and 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 and Assurance Services reports are prepared, in accordance with the agreed audit brief, and the Audit Charter as approved by the Audit, Risk & Assurance Committee.

Audit reports are prepared by the staff of the NHS Wales Shared Services Partnership – Audit and Assurance Services, and addressed to Independent Members or officers including those designated as Accountable Officer. They are

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Executive Summary

Purpose

The audit was undertaken to review the delivery and management arrangements in place to progress the Royal Gwent Hospital Endoscopy Redevelopment & Expansion of Endoscopy Services project, and the performance to date against its key delivery objectives i.e., time, cost, and quality. This was the first audit of the project.

Overall Audit Opinion and Overview

At the time of the current review, the project was approximately 29 weeks into its construction period. The project programme highlighted slippage of four weeks with an updated anticipated completion date of 10 July 2023. Additional programme slippage was forecast, potentially adversely impacting the forecast completion date by circa 12 weeks i.e. to 21 August 2023. This additional delay was being assessed in line with contractual requirements at the time of reporting.

Whilst noting the above, a forecast underspend position of £138,674 was being reported, primarily arising from savings in the non-works cost element of funding.

The audit found the following key issues:


- The need to review and confirm the constitution, capacity and function of the project board and project to ensure that they can effectively execute their roles (including adequate scrutiny and challenge). *Note: this issue had been raised at other previously published audit reports, which the University Health Board (UHB) had been taking steps to resolve.*
- The enhancement of project cost reporting to incorporate the full outturn costs; including equipment and the net VAT positions.
- The authorisation and execution of Service Level Agreements/contracts, in line with the UHB’s Scheme of Delegation.
- A review of value for money achieved from the successful main works contract award; noting only two tenders were submitted and the works cost was circa £900k above the pre-tender estimate.
- Availability of evidence to fully substantiate the costs associated with variations to the contract.

Other recommendations are within the detail of the report.

Noting the above, there are important issues to address as outlined, the positive assurance across the broader

Report Classification

Reasonable Some matters require management attention in control design or compliance.



Low to moderate impact on residual risk exposure until resolved.

Assurance summary ¹

Assurance objectives	Assurance
1 Project Performance (time/cost/quality)	Reasonable
2 Project Governance	Reasonable
3 Financial	Reasonable
4 Technical	Reasonable
5 Advisers	Limited
6 Change Control	Reasonable
7 Equipping	Substantial
8 Quality	Reasonable

¹ The objectives and associated assurance ratings are not necessarily given equal weighting when formulating the overall audit opinion

objectives covered allow **reasonable assurance** to be determined.

Key Matters Arising		Assurance Objective	Control Design or Operation	Recommendation Priority
2	A need to review the constitution, capacity, and function of the project team to ensure it can effectively execute the required function (including adequate scrutiny and challenge of the time, cost and quality positions).	2	Operation	Medium
3	The development of the project board to ensure monitoring arrangements are agreed and embedded.	2	Operation	Medium
4	The enhancement of cost reporting to ensure clear visibility of the full forecast out-turn project cost.	3	Operation	Medium
5	A Project Bank Account to be established or exemption confirmed.	3	Operation	Medium
7	An evaluation of value for money attained from the successful supply chain partner tendering bid.	4	Operation	Medium
8	Authorisation of Service Level Agreements in line with UHB delegated limits, and appropriately executed contracts.	5	Operation	High
9	Availability of evidence for variations to the contract.	6	Operation	Medium
10	Further efforts were required to ensure design resolutions are undertaken in a timely manner.	8	Operation	Medium

Future Assurance Matters ²		Assurance Objective	Control Design or Operation	Recommendation Priority
6	Inclusion of the contract strategy decision-making process within the Business Justification Case.	4	Operation	Medium

² Future assurance matters are for management action at future (appropriate) projects. Noting current action cannot be taken, the Audit Committee is requested to exclude from the audit tracker and the matters arising included in this report for management information. They have, however, been taken into consideration when determining the assurance rating at this report

1. Introduction

- 1.1 The audit reviewed the management arrangements in place to progress the redevelopment and expansion of endoscopy services at the Royal Gwent Hospital (RGH), Newport. This audit was commissioned in accordance with the agreed Audit Plan (and associated fee) provided within the approved Business Justification Case (BJC) for this project.
- 1.2 The project aims to deliver a new Joint Advisory Group on Gastrointestinal Endoscopy (JAG) compliant unit with four endoscopy procedure rooms and associated support spaces within vacated accommodation at RGH.
- 1.3 The potential risks considered in this review included:
 - The failure to achieve key project objectives through poor governance and project management controls.
 - Breach of Welsh Government funding stipulations, Standing Orders or Standing Financial Instructions.
 - Poor performance may not be identified and addressed.
 - Project costs escalate uncontrollably through an absence of adequate cost monitoring and reporting.

2. Detailed Audit Findings

Project Performance: Summary of the achievement of the project's key delivery objectives (time, cost and quality) to date.

- 2.1 At a project audit, levels of assurance are determined on whether the project achieves its original key delivery objectives and that governance, risk management and internal control within the area under review are suitably designed and applied effectively.
- 2.2 At this first audit of the RGH Endoscopy Redevelopment, when assessing progress against the original delivery objectives, the following was evidenced:

Time

- 2.3 As at February 2023 (circa 29 weeks into the 47 week contract construction period), slippage in the construction program of approximately 4 weeks had been incurred (agreed), with a further 12 weeks delay being assessed by the contract administrator (in accordance with the contract conditions). The delays were being attributed to a number of issues including for example: flooring replacement, soil vent pipe relocation works, remedial fire stopping works, waffle slab works, relining walls, window design and the mechanical and electrical works.
- 2.4 It was noted that an element of slack was built into the construction programme due to the absence of intrusive surveys undertaken at the design stage recognising

the live hospital environment. This element of slack mitigates an element of the delays incurred but will require close monitoring as the project progresses.

Cost

2.5 The forecast outturn cost, as at January 2023 cost adviser report, was reported as follows:

Costs	Forecast outturn (Ex VAT) £m	WG Approvals (Ex VAT) £m
Construction Works	4,401,211	4,401,211
Provisional Sums	398,000	398,000
Contract Instructions	146,678	-
Anticipated Instructions	243,639	-
Contingency	348,019	738,336
Non-works costs	1,712,886	1,851,561
Professional Fees and Surveys	778,045	778,045
Total	8,028,479	8,167,153
Anticipated (over) / underspend	138,674	

2.6 The cost position therefore highlighted a forecast underspend of £138,674 and relates to savings made against non-works allocations. Recognising the remaining contingency (53%), this will need to be closely monitored and updated as the project continues through to completion.

2.7 However, the cost reporting did not include the net VAT position; accordingly, the full project outturn cost position was not routinely reported or scrutinised within the project’s governance arrangements (**MA 4**).

Quality

2.8 A significant number of requests for information had been submitted from the contractor. This has been attributed to the absence of intrusive surveys at the design stage due the live ward operating environment at the time. Noting the same, there were multiple information requests that were not met within the expected timescales (**MA 10**).

2.9 The UHB received monthly clerk of works reports, based on routine site visits, which should continue to identify any quality issues in the construction works through to completion.

Recognising the above **reasonable assurance** has been determined in respect of project performance. However, there are indicators of time and quality pressures at the project which will need to be carefully managed through to completion/handover.

The following sections of the report further outline the key observations that had contributed to the above – matters which require management attention, with moderate impact on residual risk exposure until resolved.

Project Governance: Assurance that appropriate governance arrangements were in place for the current project phase, including operation of effective reporting and accountability lines and that appropriate approvals were in place.

- 2.10 The Business Justification Case (BJC) was formally approved at the March 2022 UHB Board meeting. Welsh government subsequently approved the schema via the issue of the formal agreement letter in June 2022; this was signed by the UHB Chief Executive and Director of Finance.
- 2.11 The key project roles of Senior Responsible Officer (Interim Director of Planning and Performance) and Project Director (Strategic Capital and Estates Programme Director) had been appropriately assigned.
- 2.12 Governance arrangements were detailed within the Project Execution Plan (PEP), the latest iteration was updated in January 2023 to reflect the construction stage. However, this was not until 6 months into construction and further enhancements to the document were required at the time of this current review (**MA 1**).
- 2.13 The project team’s terms of reference detailed membership requirements, reporting arrangements and listed specific roles for the group, however, enhancements to this document were required (**MA2**).
- 2.14 The project team had met monthly over our sample period (October 2022 – January 2023). Issues regarding attendance of nominated members was observed. Additionally, an improved consistency in communicating an appropriate suite of reports would aid familiarity and facilitate improved scrutiny and challenge going forward (**MA2**). It was noted that the January 2023 project team meeting received a more wide-ranging set of reports (including the cost adviser report).
- 2.15 The Enhanced-Local General Hospital Reconfiguration Programme Board originally acted as the project board for this project. However, due to capacity issues, its responsibilities were in the process of being transferred to the Endoscopy Programme Board (**MA3**).
- 2.16 Whilst noting improvements to governance processes were required, the UHB had evidently sought to apply lessons/issues raised from previous project audit reports. Accordingly, **reasonable assurance** has been determined in this area.

Financial: Assurance that appropriate financial controls were applied including monitoring and cost control, risk management, application of project bank account and the management of project contingency.

- 2.17 The UHB appointed cost adviser produced monthly cost reports which highlighted the spend profile, cash flow forecast etc. There were also monthly commercial meetings with the supply chain partner to discuss progress, issues etc.
- 2.18 Minor reporting anomalies were identified as part of the cost reporting which had been subsequently updated in a timely manner. However, the cost reporting did not include actual/forecast spend against the equipment budget (circa £1.5m). Also, the reports excluded VAT reported (including any potential reclaim amounts). Accordingly, the full forecast outturn cost position was not being reported and scrutinised within the project's existing governance arrangements. Whilst noting the same, the Welsh Government bi-monthly dashboard reports did include the full forecast outturn position including both net VAT and equipment positions (**MA4**).
- 2.19 Wales Procurement Policy Note WPPN 04 / 21 states that at construction and infrastructure projects valued at £2m or more and which are fully, part or Grant funded by Welsh Government a Project Bank Account (PBA) should be applied unless there are compelling reasons not to do so. PBAs are 'ring-fenced bank accounts' with trust status that are designed to ensure secure and prompt payment for sub-contractors. This requirement had also been included within the UHB Standard Financial Instruction (SFIs), however, at circa 6 months into construction the PBA had not been implemented (**MA5**).
- 2.20 The project risk register was produced and scored in line with established methodologies i.e., scoring matrix, ownership identified, cost implications including expected values, status of risk (open/closed) etc. The register had also been regularly reviewed and updated appropriately.
- 2.21 The remaining contingency as per the January 2023 cost adviser report was sufficient to cover the expected values of the remaining risk contained within the register.
- 2.22 Whilst noting improvements to the financial controls are required, these were not sufficiently material to impact the opinion and **reasonable assurance** has been determined in this area.

Technical: Assurance that appropriate contractual arrangements are applied in addition to the validation of costs incurred to date.

2.23 The procurement route for the project was set out within the approved BJC in terms of length of contract, implementation timescales etc. However, this document didn't set out a detailed contract strategy decision making process (**MA 6**) e.g., evaluation of the different types of contracts - Joint Contract Tribunal (JCT) v National Engineering Contracts (NEC)) and the preferred methodology for the appointment of technical advisers (cost adviser, clerk of works etc).

2.24 The procurement route for the main works contract was via open tender, with an established pre-tender estimate. Multiple contractors had been approached to express interest in the project (14 in total across two approaches to the market), however only two contractors submitted tender returns. The successful tenderer was circa £900k above the pretender estimate and subsequently awarded the contract (**MA7**). Management advised that unfavourable market conditions at the time were and higher inflation rates contributed to the lack of responses and higher than expected tender returns. Whilst noting the same, an analysis of the tender returns against the pretender estimates and confirmation of value for money attained in the accepted pricing was not evidenced.

2.25 The main works contract had not been fully completed i.e., the witness signature and address section was incomplete by the contractor (**MA 8**).

The contractor submitted monthly valuations (requests for payment) that were certified by the external cost adviser (evidenced through site visit. There was also linkage to the clerk of works to verify the quality of work undertaken. No issues had been identified from our review of the valuation process.

2.26 Noting the above, **reasonable assurance** has been determined.

Advisers: To ensure that appropriate adviser contracts, fee management arrangements were applied, together with associated monitoring, reporting and performance management arrangements.

2.27 The following issues had been identified in relation to the advisers' contracts (**MA8**):

- Both cost adviser and project manager agreements had been signed by a UHB employee not on the UHB authorised signatory list.
- The principal designer had not signed their agreement.
- The UHB had only issued the clerk of works contract in February 2023 (7 months into construction).

2.28 A sample of payments had been reviewed to confirm completeness and timeliness:

	Number of invoices sampled	Total sampled
<i>Project Manager</i>	2	£12,566
<i>Cost Adviser</i>	2	£7,958.40
<i>Main Contractor</i>	2	£519,075.94

2.29 No issues were identified with the timeliness or accuracy of supporting information.

2.30 Performance issues associated with the advisers had been highlighted by the UHB programme manager; mitigation arrangements had been put in place to resolve these and will be monitored as the project continues (reference 2.43 for further details).

2.31 Noting that multiple issues identified with the contractual position of the advisers, **limited assurance** has been determined.

Change Control: Assurance that appropriate change control was applied, ensuring compliance to both contractual requirements and UHB governance arrangements.

2.32 The JCT contract details the arrangements for progressing changes e.g. the role of project manager v contract administrator etc. however, the UHB internal approval mechanisms had yet to be approved. Audit noted that post fieldwork completion a change management procedure had been submitted to the project board for approval (March 2023). Minutes of the meeting had yet to be supplied confirming the outcome, however, we had been informed by management that this procedure was approved.

2.33 A sample of six variations totalling £105k (54% of total changes applied) were reviewed from the change control register (December 2022). Full substantiation of the costs was not available in one instance (**MA9**).

Noting the above, **reasonable assurance** has been determined.

Equipping: Assurance that appropriate specification and user requirements had been considered, in addition to the procurement route.

2.34 The equipment schedule for the project was developed by the end users at equipment meetings held during the design phase. Sign off by the service was also evidenced via email correspondence.

2.35 The clinical procurement of equipment during the 2022/23 financial year had been via NHS Supply Chain frameworks; led by NWSSP procurement.

2.36 Appropriate storage had been identified at the Royal Gwent Hospital allowing the appropriate storage of equipment whilst construction was in progress.

2.37 Noting the above, **substantial assurance** has been determined.

Quality: Assurance that adequate quality control and internal scrutiny are applied whilst the progress progresses on site.

2.38 Statutory compliance, health and safety inspections, incidents etc. are included within the main contractor's monthly progress reports. The latest report (January 2023) noted the following

- No incidents had taken place.
- Monthly Health and safety adviser reports were rated green.
- All statutory notices including F10 notifications were in place.

2.39 The appointed clerk of works also supplied regular reports. Where observations were made surrounding the quality of work; these had been monitored as part of the ongoing review process.

2.40 Due to the limited preconstruction intrusive surveys / design access a relatively high number of requests for information (RFI) surrounding the design had been documented during the construction phase. Issues surrounding the timely responses to the information requests had been highlighted (**MA10**).

2.41 Noting the above, **reasonable assurance** has been determined.

Appendix A: Management Action Plan

Matter Arising 1: Governance – Project Execution Plan (Operation)	Impact	
<p>A PEP is a governing document that defines how a project is to be executed, monitored, and controlled.</p> <p>As of December 2022, i.e. six months into construction, the PEP had yet to be updated to reflect the current project phase.</p> <p>Following discussions with the UHB, an updated PEP was supplied to reflect the construction stage (January 2023). However, there remains areas where the document could be further enhanced e.g.</p> <ul style="list-style-type: none"> • Change Management arrangements including delegated limits to authorise variations. • Details of how performance monitoring of both the contractor and the UHB’s advisers would operate. • Governance and reporting structures within the UHB e.g., project board reporting etc. 	<p>Potential risk of:</p> <ul style="list-style-type: none"> • Central project documentation does not provide current guidance. 	
Recommendations	Priority	
<p>1.1 The PEP should be regularly reviewed and updated to reflect the appropriate stage of the project’s lifecycle.</p>	<p>Low</p>	
Agreed Management Action	Target Date	Responsible Officer

1.1 The PEP is being reviewed & updated for sign off by the Programme Board.	June 2023	Programme Manager
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Matter Arising 2: Governance – Project Team (Operation)	Impact
<p>Terms of reference were defined for the project team that detailed membership requirements, reporting arrangements and listed specific roles for the group. However, the following was noted.</p> <ul style="list-style-type: none"> • Leadership of the meetings was not highlighted (Chair/Vice Chair). • The frequency of the meetings was not documented. • The quorum requirements were not stipulated. • There was also no review period to ensure appropriateness of the terms of reference was maintained. <p>The project team meetings had occurred monthly over the sample period (October 2022-Decemebr 2022). However, the following was highlighted from our review of the agenda’s/minutes:</p> <ul style="list-style-type: none"> • Attendance at project meeting was not aligning to the membership as stated within the terms of reference e.g., there are multiple instances where members had not attended any meeting over the sample period. • Inconsistency in the reports being provided to the project team e.g., detailed cost reports produced by the UHBs cost adviser and project risk register were not regularly submitted or considered. Noting the current (construction) stage of the project, the receipt of consistent 	<p>Potential risk of:</p> <ul style="list-style-type: none"> • Insufficient oversight and scrutiny of major capital project performance.

<p>reports would ensure member familiarity of the key documents and facilitate appropriate scrutiny/challenge where required.</p> <p>It was acknowledged that other recently issued audit reports had highlighted similar issues in terms of the project team’s focus on operational service activities, with far less focus and scrutiny on the time, cost, quality, aspects of projects.</p> <p>It was evident that the UHB had sought to apply lessons learnt from previous audit reports and that the January 2023 project team meeting received the project cost report and risk register; highlighting an evolving picture of how the project team may operate going forward.</p>		
Recommendations		Priority
2.1 Project team terms of reference should be reviewed for appropriateness and updated accordingly.		Low
2.2 Attendance of key project members at meetings should be monitored, with action taken where issues are identified.		Medium
2.3 Project team meetings should enhance their scrutiny on the time, cost and quality aspects of the project, including the receipt and evaluation of a standard and consistent range of project reports.		Medium
Agreed Management Action	Target Date	Responsible Officer

2.1 Terms of Reference of the Project Team and membership are being reviewed for the agreement of the Programme Board	May 2023	Programme Director
2.2 Review of attendance at meetings on an ongoing basis.	May 2023	Programme Director
2.3 Actioned Since Audit Fieldwork - The Project Team and the Programme Board receive updated project highlight reports which include relevant project information, e.g., cost reports.	N/A	N/A

Matter Arising 3: Governance – Project Board (Operation)		Impact
<p>The project team’s terms of reference noted the Enhanced-Local General Hospital Reconfiguration Programme Board as the project board for this project.</p> <p>The frequency of project board meetings and capacity to provide adequate scrutiny noting the size and scope of the programme board had resulted in the project board responsibilities being transferred to the already established Endoscopy Programme Board; with an amended (draft) terms of reference produced (February 2023).</p> <p>However, at the time of the current review, the proposed new project board had not formally agreed.</p>		<p>Potential risk of:</p> <ul style="list-style-type: none"> Insufficient information is provided to enable key forums to effectively discharge their agreed roles.
Recommendations		Priority
3.1	Project board arrangements should be agreed with sufficiently detailed project highlight reports being received and scrutinised.	Medium
Agreed Management Action		Target Date
3.1	Actioned Since Audit Fieldwork. The Endoscopy project now formally reports to the Endoscopy Programme Board. Highlight reports are provided and reviewed by the Programme Board.	N/A
Responsible Officer		N/A

Matter Arising 4: Financial – Monitoring (Operation)		Impact
<p>The UHB appointed cost adviser produced monthly reports highlighting activity over the previous month. Two reporting anomalies had been identified at the latest cost report (January 2023) due to the linkages within the underlying formulas, leading to an element of double counting within the overall project outturn position.</p> <p>The above had been rectified in a timely manner by the cost adviser; with an updated cost report issued to the UHB internal programme manager.</p> <p>Whilst noting the same, the cost reports did not detail all project costs i.e.</p> <ul style="list-style-type: none"> • There would be benefit in separately identifying and monitoring the equipment budget and associated expenditure currently included within the non-works costs. • VAT provisions (and any associated reclaim amounts) were omitted. <p>Whilst noting the above, the Welsh Government bimonthly dashboard reports included the full forecast outturn position including both net VAT and the equipment position.</p> <p>The Welsh Government dashboards (December 2022 and February 2023) were not considered by the project board or project team prior to their submission.</p>		<p>Potential risk of:</p> <ul style="list-style-type: none"> • Key risks impacting the project cannot be effectively monitored and managed.
Recommendations		Priority
4.1	The full outturn cost position (including equipment and net VAT positions) should be incorporated within the routine financial reports to both the project team and project board.	Medium

4.2	The Welsh Government dashboard reports should be submitted to the project board for review, prior to submission.		Medium
Agreed Management Action		Target Date	Responsible Officer
4.1	VAT will form part of the reporting within the Cost Accountant Finance Report.	May 2023	Programme Director
4.2	Welsh Government dashboard report to be reported at Project Board.	June 2023	Programme Director

Matter Arising 5: Financial – Project Bank Account (Operation)		Impact
<p>Welsh Procurement Policy Note (WPPN) 04/21 states that all Welsh Government construction and infrastructure contracts and any other ‘appropriate contracts’ valued at £2m or more which are delivered on behalf of Welsh Government Departments require a Project Bank Account. This is to be applied unless there are compelling reasons not to do so. Where such compelling reasons are identified, a decision report detailing those reasons must be completed and filed to allow for audit.</p> <p>The UHB SFI section 15.4.8 also states:</p> <p><i>“The Director of Finance shall ensure, for each capital project over £2m, that the Welsh Government Project Bank Accounts policy is applied unless there are compelling reasons not to do so. The Director of Finance should apply to Welsh Government officials for exemption from use of Project Bank Accounts, setting out the compelling reasons.”</i></p> <p>There was no PBA in place for this project and management had not confirmed that an application to Welsh Government for an exemption. However, it was recognised that project payments were currently progressing through monthly valuations.</p>		<p>Potential risk of:</p> <ul style="list-style-type: none"> • Non-compliance with UHB Standard Financial Instructions. • Failure to achieve the identified benefits of using the PBA.
Recommendations		Priority
5.1	The UHB should ensure that a Project Bank Account is established and operating in line with Welsh Government policy; or an application for this project to be exempt is confirmed.	Medium
Agreed Management Action		Target Date
		Responsible Officer

5.1	It is now too late to implement a PBA at this project. WG were made aware of the absence of a PBA at the informal CRM meetings whilst a formal application for an exemption at this project was not submitted, we will ensure due process is applied at future developments.	Future Projects – December 2023	Programme Director
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Matter Arising 6: Technical – Contract Strategy (Operation)		Impact	
<p>The Business Justification Case (BJC) for this project was submitted and approved by the UHB Board in March 2022. However, the BJC did not define a detailed contract strategy i.e., procurement route for the contractor and advisers (design team, project manager, cost adviser, clerk of works etc).</p> <p>However, within the BJC forms that accompany the case for change; there was a basis for estimation section that highlights the main contractor option being the “JCT standard building contract without quantities”. We noted there was no additional assessment that evaluated the differing contract types i.e., JCT, NEC etc; to conclude that the JCT contract was the most appropriate form for this project.</p> <p>Also, the preferred mechanism for the appointment of project advisers was not defined i.e., open tender, use of approved framework (mini competition, direct call off etc.)</p>		<p>Potential risk of:</p> <ul style="list-style-type: none"> Insufficient scrutiny of key project strategies. 	
Recommendations		Priority	
6.1	<p>At Future Projects</p> <p>The contract strategy should be fully evaluated and considered (within the Business Justification Case or extant).</p>	<p>Medium</p>	
Agreed Management Action		Target Date	Responsible Officer
6.1	Future business cases will include reference to a contract strategy.	May 2023	Programme Director

Matter Arising 7: Technical – Supply Chain Partner Procurement (Operation)		Impact														
<p>The main contract was procured via open tender, with a pretender estimate established in the sum of £3,881,507.61.</p> <p>For a project of this value the UHB capital procedures (last reviewed in 2014) required the following:</p> <ul style="list-style-type: none"> £1M to £4M Minimum 6 Competitive Tenders returned to the Chief Executive. <p>However, the UHB SFIs takes a slightly different view (see summarised extract below):</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="background-color: #003366; color: white;">Goods/Services/Works Whole Life Cost Contract value (excl. VAT)</th> <th style="background-color: #003366; color: white;">Minimum competition*</th> <th style="background-color: #003366; color: white;">Form of Contract</th> </tr> </thead> <tbody> <tr> <td>>OJEU threshold (£2m)</td> <td>Advertised open call for competition. Minimum of 5 tenders received if available or appropriate to the procurement route.</td> <td>Formal Contract and Purchase Order</td> </tr> </tbody> </table> <p><i>*subject to the existence of suitable suppliers</i></p> <p>A total of 14 contractors were approached to express an interest in the project and of these, only 5 confirmed they would participate in the tender exercise. However only two contractors returned tenders. The tender return submitted by the successful contractor was in excess of the pretender estimate i.e.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="background-color: #003366; color: white;">Item</th> <th style="background-color: #003366; color: white;">Total</th> </tr> </thead> <tbody> <tr> <td>Pre-tender estimate</td> <td>£3,881,507.61</td> </tr> <tr> <td>Successful tender</td> <td>£4,799,211.05</td> </tr> <tr> <td>Variation</td> <td>£917,703.44</td> </tr> </tbody> </table>		Goods/Services/Works Whole Life Cost Contract value (excl. VAT)	Minimum competition*	Form of Contract	>OJEU threshold (£2m)	Advertised open call for competition. Minimum of 5 tenders received if available or appropriate to the procurement route.	Formal Contract and Purchase Order	Item	Total	Pre-tender estimate	£3,881,507.61	Successful tender	£4,799,211.05	Variation	£917,703.44	<p>Potential risk of:</p> <ul style="list-style-type: none"> Value for money on contracts may not be achieved
Goods/Services/Works Whole Life Cost Contract value (excl. VAT)	Minimum competition*	Form of Contract														
>OJEU threshold (£2m)	Advertised open call for competition. Minimum of 5 tenders received if available or appropriate to the procurement route.	Formal Contract and Purchase Order														
Item	Total															
Pre-tender estimate	£3,881,507.61															
Successful tender	£4,799,211.05															
Variation	£917,703.44															

<p>The tender evaluation report did not evaluate the reasons for the low market interest or reduced number of tender returns. Additionally, the tender evaluation report did not consider the tender returns against the pre-tender estimate. Management considered that the rationale for the variation to the pre tender estimate was a combination of inflation and the pre tender estimate being understated.</p>		
Recommendations		Priority
7.1	There should be consistency between the capital procedures and the SFIs in terms of minimum competition levels.	Low
7.2	An evaluation should be undertaken to determine that value for money was achieved, and why there was little interest from the market; this should inform future tendering exercises.	Medium
Agreed Management Action	Target Date	Responsible Officer
7.1	It is understood that Capital Procedures and SFIs are both currently being reviewed and updated. The need for consistency between the two has been highlighted.	September 2023 Programme Director

7.2	<p>The tender evaluation report does explain the process that resulted in there being only 2 returned tenders. The reasons for companies not wishing to tender are also stated. The pre-tender estimate was shared with Shared Services and the returned tender scrutinised by all parties. Whilst no concerns were raised at this project, we will ensure at future projects, tenders are fully evaluated against the PTE and any significant variations and reasons for the same are highlighted at the tender report.</p>	At future projects – December 2023	Programme Director
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Matter Arising 8: Advisers – Contract (Operation)	Impact
<p>At the time of the current audit (January/February 2023), the project was progressing through its construction stage (Stage 5).;</p> <p>The contractual arrangements in place for both the contractor and the external advisers (project manager, cost adviser, principal designer, clerk of Works) were considered. The following issues were noted:</p> <ul style="list-style-type: none"> • The JCT contract between the UHB and the main contractor was not fully executed by the main contractor i.e. the witness signature and witness address were not completed. • Both the project manager and cost adviser were procured via the SBS framework. Service level agreements had been signed by the project manager and cost adviser and UHB. However, the UHB 	<p>Potential risk of:</p> <ul style="list-style-type: none"> • The UHB is not afforded the full legal protection that comes from executed contracts.

<p>signatory was not recognised at the UHB authorised signatory list and was therefore not in accordance with the UHB scheme of delegation.</p> <ul style="list-style-type: none"> • The principal designer was also procured via the SBS framework and service level agreement had not been signed by the supplier. • The clerk of works was procured via a traditional open tender. The formal contract agreements were issued for signature on the 2 February 2023 i.e. circa seven months after construction started. It was also noted that the agreement had not been signed by the supplier. 		
Recommendations		Priority
8.1	The UHB should ensure all contracts operating at this project are appropriately executed.	High
Agreed Management Action	Target Date	Responsible Officer
8.1	All Contracts associated with the project are being reviewed for appropriate Execution	May 2023 Programme Director

Matter Arising 9: Change Management- Arrangements (Operation)		Impact
<p>A sample of variations totalling £105,694.58 were examined for testing/substantiation from the December 2022 change control register. The following was noted:</p> <ul style="list-style-type: none"> • One variation had not been approved in line with UHB delegated limits i.e. not detailed within the UHB authorised signatory list. • Evidence for circa £1,250 at one variation was not available from the UHB cost adviser. <p>In response to similar issues being highlighted at recently published reports; management had drafted a revised change control procedure (January 2023). However, this had yet to be approved and implemented at the time of the current review.</p>		<p>Potential risk of:</p> <ul style="list-style-type: none"> • Non-compliance with UHB’s standing orders.
Recommendations		Priority
9.1	Change management arrangements should be confirmed and aligned with the UHB delegated limits.	Low
9.2	Appropriate evidence should be maintained by the cost adviser that justifies the costs associated with variations to the contract.	Medium
Agreed Management Action		Target Date
9.1	The change management arrangements will be confirmed within the PEP.	June 2023
		Responsible Officer
		Programme Director

9.2	The cost adviser will be informed that appropriate evidence for variations must be maintained.	May 2023	Programme Director
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Matter Arising 10: Quality – Performance of Advisers (Operation)	Impact
<p>A total of 128 Requests for Information (RFI) had been issued to 21 February 2022; with 117 closed and 11 remaining open. A review of the RFI process highlighted the following:</p> <ul style="list-style-type: none"> • Of the 11 outstanding RFIs, three had exceeded the required resolution date; with no commentary determining the reasons for the delay, or agreeing a revised target date. • Of the 117 that were closed; 87 were progressed outside the required date. No analysis had been undertaken as to the rationale for consistently missing targets. <p>The RFIs were maintained on a tracker by the project manager. It was noted that the project manager had requested that the principal designer visit site more frequently, to assist with further RFI queries.</p>	<p>Potential risk of:</p> <ul style="list-style-type: none"> • The UHB may incur increased costs because of the poor performance of appointed experts.
Recommendations	Priority
<p>10.1 Where targets are missed, appropriately commentary should be maintained, and updated timescales agreed.</p>	Medium

10.2	The UHB should ensure timely responses when receiving request for information.	Medium	
Agreed Management Action		Target Date	Responsible Officer
10.1	Review RFI Schedules and update and report accordingly.	May 2023	Programme Manager
10.2	Follow up RFI response and record appropriately.	May 2023	Programme Manager

Appendix B: Assurance opinion and action plan risk rating

Audit Assurance Ratings

We define the following levels of assurance that the project achieves its key delivery objectives and that governance, risk management and internal control within the area under review are suitable designed and applied effectively:

	Substantial assurance	Few matters require attention and are compliance or advisory in nature. Low impact on residual risk exposure.
	Reasonable assurance	Some matters require management attention in control design or compliance. Low to moderate impact on residual risk exposure until resolved.
	Limited assurance	More significant matters require management attention. Moderate impact on residual risk exposure until resolved.
	No assurance	Action is required to address the whole control framework in this area. High impact on residual risk exposure until resolved.
	Assurance 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. 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.





NHS Wales Shared Services Partnership
4-5 Charnwood Court
Heol Billingsley
Parc Nantgarw
Cardiff
CF15 7QZ

Website: [Audit & Assurance Services - NHS Wales Shared Services Partnership](#)

Annual Internal Audit Plan: Internal Audit Charter May 2023

Aneurin Bevan University Health Board

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[Disclaimer notice - please note](#)

This audit report has been prepared for internal use only. Audit and 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 the 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 the 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. Introduction

This document sets out the Internal Audit Plan for 2023/24 (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 2023/24. 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 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 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 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 2023/24

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.

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.

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.

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 2023/24 and:

- approve the Internal Audit Plan for 2023/24;
- 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 2023/2024

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
Savings Programmes	1	CRR016	To provide assurance that the savings programmes are specific, realistic and measurable and that monitoring arrangements are effective.	Director of Finance and Procurement	Q3
Financial Controls	2	CRR016	An audit of the controls in place to ensure appropriate financial reporting. This audit will focus on a sample of balance sheet items.	Director of Finance and Procurement	Q2
Decarbonisation	3		To consider progress against the NHS Wales Decarbonisation Strategic Delivery Plan. Following on from the advisory review delivered in 2022/23, the proposed scope will include governance, strategy progress and implementation.	Director of Finance and Procurement	Q3

Planned output	Audit Ref	Corporate Risk Register Reference	Outline Scope	Executive Lead	Outline Timing
Asset Management	4a		To assess the implementation of the electronic tagging and tracking of financial assets across the Health Board. This will include other assets not recognised as medical equipment / devices within 4b (e.g. IT equipment)	Director of Finance and Procurement	Q3
Medical Equipment and Devices	4b		To assess the implementation of the electronic tagging and tracking of medical equipment and devices across the Health Board.	Director of Therapies and Health Science	Q3
Risk Management and Assurance	5		To assess on the effectiveness of the risk management and assurance arrangements in place within the Health Board in order to ensure that strategic objectives are achieved.	Director of Corporate Governance	Q4
Follow-up of High Priority Recommendations	6		To assess whether high priority internal audit recommendations have been implemented.	Director of Corporate Governance	Q4
The Health and Social Care (Quality and Engagement) (Wales) Act	7		To determine if the requirements of the Act regarding Duty of Candour are being adhered to.	Medical Director / Director of Nursing/ Director of Therapies and Health Science	Q3

Planned output	Audit Ref	Corporate Risk Register Reference	Outline Scope	Executive Lead	Outline Timing
Integrated Medium Term Plan (IMTP)	8		To assess the controls to ensure the delivery of the IMTP / strategic objectives.	Director of Planning and Performance	Q1
Integrated Performance Dashboard – Data Quality	9		To assess the accuracy of a sample of data utilised within the Integrated Performance Dashboard.	Director of Planning and Performance	Q3
Business Continuity Planning	10	CRR033	An audit of the arrangements that the Health Board has in place to maintain business continuity in the event of a major incident, including how learnings from the Covid-19 pandemic have been considered.	Director of Planning and Performance	Q2
Safeguarding	11	CRR028 CRR030	To review the arrangements in place to ensure that the Health Board discharges its statutory responsibilities.	Director of Nursing	Q1
Waiting List Management	12	CRR019	To establish whether all patients on the waiting list have been assessed and assigned an appropriate priority rating in line with the Royal College of Surgeons guidance. To include the arrangements in place to communicate and support patients.	Chief Operating Officer	Q1

Planned output	Audit Ref	Corporate Risk Register Reference	Outline Scope	Executive Lead	Outline Timing
Directorate Review - Theatres	13		To undertake an audit of compliance with key policies and procedures and the management of risk within the Theatres directorate.	Chief Operating Officer	Q2
Job Planning	14		To provide assurance that arrangements are in place and operating effectively for consultant job planning.	Medical Director	Q2
Clinical Coding	15		To determine if appropriate controls are in place for the timely recording of Finished Consultant Episodes, in accordance with clinical coding standards.	Director of Digital	Q1
Providing Care to Asylum Seekers and Refugees	16	CRR019 CRR042	To provide an opinion over the arrangements in place for providing care to asylum seekers and refugees and applicable guidance is being adhered to (e.g. Policy Implementation Guidance: Health and wellbeing provision for refugees and asylum seekers, issued by the Welsh Government).	Chief Operating Officer	Q1
Early Supported Discharge - Stroke	17	CRR019	To assess whether the arrangements in place to support early support	Director of Therapies and Health Science	Q2

Planned output	Audit Ref	Corporate Risk Register Reference	Outline Scope	Executive Lead	Outline Timing
			discharging are operating effectively, with a focus on stroke patients.		
Intra-site Patient Transfers	18	CRR037	To assess if the arrangements in place are appropriate for the transfer of patients between sites within the Health Board.	Chief Operating Officer	Q1
Regional Partnership Board	19	CRR019 CRR028 CRR043	To determine how the Health Board responds to its Population Needs Assessment through the development and implementation of the corresponding area plan. The audit will also seek to provide advice on improvements that can be made to the current governance arrangements.	Director of Planning and Performance	Q4
Long Term Sickness Absence Management	20	CRR002 CRR043	To review the compliance with policy, and assess mechanisms in place to provide assurance that the health board is acting promptly, managing the interests of all parties and working in accordance with the wider wellbeing strategy.	Director of Workforce and OD /	Q4
Maternity (Action Plan)	21	CRR019	The internal audit will review the governance arrangements in place within Maternity Services to ensure performance is being monitored	Director of Nursing	Q3

Planned output	Audit Ref	Corporate Risk Register Reference	Outline Scope	Executive Lead	Outline Timing
			effectively and risks managed appropriately. This review will consider the completion of the self-assessment action plan.		
Flexible Working	22	CRR002	An advisory review to determine if the requirements of the Flexible Working Policy and Guidance are being applied consistently across the organisation.	Director of Workforce and OD	Q4
Allegations against Staff Policy	23	CRR002	An advisory review of the best practice arrangements for an allegation against staff policy.	Director of Workforce and OD	Q1
Network Infrastructure (VPN)	24		To ensure that all risks associated with the provision of virtual protocol networks (VPNs) are appropriately mitigated.	Director of Digital	Q2
Stakeholder Engagement on IT Projects	25		To review the framework in place for stakeholder engagement on key IT projects.	Director of Digital	Q3
LINC Programme	26	CRR045	An audit of the arrangements in place to for the mitigation of risk associated with the non or late delivery of the LINC programme of work.	Director of Digital	Q3

Planned output	Audit Ref	Corporate Risk Register Reference	Outline Scope	Executive Lead	Outline Timing
Bevan Health and Well Being Centre	27		Recognising the current forecast (extended) completion date of February 2024, the audit will consider the overall delivery of the scheme, associated risks and out-turn cost position at the project.	Chief Operating Officer	Q3
Estates Assurance - Estate Condition	28		Recognising the high profile afforded to the condition of the NHS Estates and the associated risks, focus during 2023/24 will be targeted to the Estate Condition. The areas of review may include for example, Estates Strategy, Scale of the issue, Risk Exposure, Records management, delivery of EFAB funding and progress in addressing key risk areas.	Chief Operating Officer	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 2023/24 plan to		

Planned output	Audit Ref	Corporate Risk Register Reference	Outline Scope	Executive Lead	Outline Timing
			enable us to work with the UHB to develop audit plans for inclusion within the respective business case submissions for major projects/ programmes.		

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 2023/24
Audit plan 2023/24 agreed/in draft by 30 April	✓	100%
Audit opinion 2022/23 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%

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

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

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

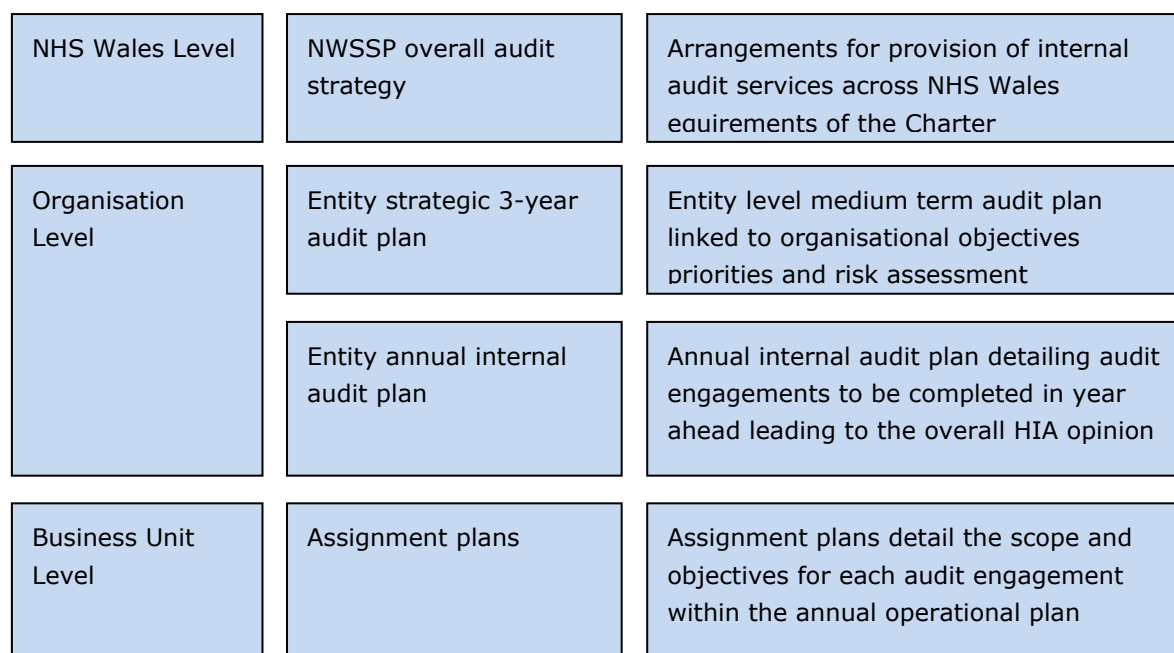
- 7.1 The scope of Internal Audit encompasses the examination and evaluation of the adequacy and effectiveness of the organisation's governance, risk management arrangements, system of internal control, and the quality of performance in carrying out assigned responsibilities to achieve the organisation's 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

- 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



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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.

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

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 2023



NHS Wales Shared Services Partnership
4-5 Charnwood Court
Heol Billingsley
Parc Nantgarw
Cardiff
CF15 7QZ
Website: [Audit & Assurance Services - NHS Wales Shared Services Partnership](#)

Audit, Risk and Assurance Committee Update – Aneurin Bevan University Health Board

Date issued: May 2023

Document reference: 3503A2023

This document has been prepared for the internal use of Aneurin Bevan University Health Board as part of work performed / to be performed in accordance with statutory functions.

The Auditor General has a wide range of audit and related functions, including auditing the accounts of Welsh NHS bodies, and reporting on the economy, efficiency, and effectiveness with which those organisations have used their resources. The Auditor General undertakes his work using staff and other resources provided by the Wales Audit Office, which is a statutory board established for that purpose and to monitor and advise the Auditor General.

Audit Wales is the non-statutory collective name for the Auditor General for Wales and the Wales Audit Office, which are separate legal entities each with their own legal functions as described above. Audit Wales is not a legal entity and itself does not have any functions.

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About this document

- 1 This document provides the Audit, Risk and Assurance Committee with an update on our current and planned accounts and performance audit work at Aneurin Bevan University Health Board. We presented an Outline Audit Plan to the committee on 18 April 2023; and will present a detailed Audit Plan at the meeting on the 23 May 2023.
- 2 We also provide additional information on:
 - Other relevant examinations and studies published by the Audit General.
 - Relevant corporate documents published by Audit Wales (e.g. fee schemes, annual plans, annual reports), as well as details of any consultations underway.
- 3 Details of future and past Good Practice Exchange (GPX) events are available on our [website](#).

Accounts audit update

4 **Exhibit 1** summarises the status of our current and planned accounts audit work.

Exhibit 1 – Accounts audit work

Area of work	Executive Lead	Focus of the work	Current status	Planned date for consideration
Planning	Rob Holcombe – Director of Finance and Procurement	This work involves undertaking risk assessment procedures to identify risks of material misstatement within your financial statements. The subsequent design and performance of our audit approach will be responsive to each assessed risk.	Ongoing	Detailed Audit Plan 2023 presented to the committee in May 2023
Audit of Accounts	Rob Holcombe – Director of	We will follow the audit approach designed as part of our planning work and undertake appropriate audit testing to enable to	Draft accounts received 5 May, and audit of	Audit of Accounts Report presented

Area of work	Executive Lead	Focus of the work	Current status	Planned date for consideration
	Finance and Procurement	Auditor General to provide his opinions on the financial statements of the health board.	accounts has commenced.	to committee in July 2023
Charitable Funds: <ul style="list-style-type: none"> • Planning • Audit of Charitable Fund Financial Statements 	Rob Holcombe – Director of Finance and Procurement	<ul style="list-style-type: none"> • This work involves undertaking risk assessment procedures to identify risks of material misstatement within the Charitable Fund’s financial statements. The subsequent design and performance of our audit approach will be responsive to each assessed risk. • We will follow the audit approach designed as part of our planning work and undertake appropriate audit testing to enable to Auditor General to provide his opinion on the financial statements of the Charitable Fund. 	Not yet started	To be confirmed

Performance audit update

5 Exhibit 2 summarises the status of our current and planned performance audit work.

Exhibit 2 – Performance audit work

Area of work	Executive Lead	Focus of the work	Current status	Planned date for consideration
Unscheduled Care Arrangements	Leanne Watkins – Director of Operations / Chris O’Connor – Interim Executive Director of Primary Care, Community and Mental Health	This work has been carried forward from the 2020 Audit Plan and will initially look to provide a high-level whole system overview of the unscheduled care. The overview will be informed by the development of an interactive database covering all aspects of the unscheduled care pathway. Further work will then be undertaken on specific elements of unscheduled care pathway, with a likely focus on activities to signpost patients to the most appropriate care setting, and to manage patient flow through the system.	Reporting	To be confirmed
Follow-Up of Primary Care Services	Chris O’Connor – Interim Executive Director of	Follow-up of recommendations made in our <u>Primary Care services review</u>	Fieldwork	July 2023

Area of work	Executive Lead	Focus of the work	Current status	Planned date for consideration
	Primary Care, Community and Mental Health			
All-Wales thematic on workforce planning arrangements	Sarah Simmonds – Executive Director of Workforce and Organisational Development	This work will examine 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. The work will be tailored to align to the responsibilities of individual NHS bodies in respect of workforce planning.	Fieldwork	July 2023

Other relevant publications

- 6 **Exhibit 3** provides information on other relevant examinations and studies published by the Auditor General in the last six months. The links to the reports on our website are provided. The reports highlighted in **bold** have been published since the last committee update.

Exhibit 3 – Relevant examinations and studies published by the Auditor General

Title	Publication Date
<u>Digital Inclusion in Wales and Key questions for public bodies</u>	March 2023
Learning from Cyber Attacks The key messages will be summarised in a separate paper to be considered in the Audit, Risk and Assurance Committee private meeting in April 2023	October 2022

Additional information

- 7 There have been no corporate documents published by Audit Wales since the last committee update.
- 8 There are no relevant Audit Wales consultations currently underway.



Audit Wales

1 Capital Quarter, Tyndall Street,
Cardiff CF10 4BZ

Tel: 029 2032 0500

Fax: 029 2032 0600

Textphone: 029 2032 0660

E-mail: info@audit.wales

Website: www.audit.wales

We welcome correspondence and
telephone calls in Welsh and English.
Rydym yn croesawu gohebiaeth a
galwadau ffôn yn Gymraeg a Saesneg.

Aneurin Bevan University Health Board – Detailed Audit Plan 2023

Audit year: 2022-23

Date issued: May 2023

Document reference: 3546A2023



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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About Audit Wales

Our aims and ambitions

Assure



the people of Wales that public money is well managed

Explain



how public money is being used to meet people's needs

Inspire



and empower the Welsh public sector to improve



Fully exploit our unique perspective, expertise and depth of insight



Strengthen our position as an authoritative, trusted and independent voice



Increase our visibility, influence and relevance



Be a model organisation for the public sector in Wales and beyond

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Introduction

I have now largely completed my planning work.

This Detailed Audit Plan specifies my statutory responsibilities as your external auditor and to fulfil my obligations under the Code of Audit Practice.

It sets out the work my team intends undertaking to address the audit risks identified and other key areas of focus during 2023.

It also sets out my estimated audit fee, details of my audit team and key dates for delivering my audit team's activities and planned outputs.



Adrian Crompton

Auditor General for
Wales

DRAFT

Audit of financial statements

I am required to issue a report on your financial statements which includes an opinion on their 'truth and fairness' and the regularity of income and expenditure. and the proper preparation of key elements of your Remuneration and Staff Report. I lay them before the Senedd together with any report that I make on them. I will also report by exception on a number of matters which are set out in more detail in our [Statement of Responsibilities](#).

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 is set out later in this plan.

I am also required to certify a return to the Welsh Government which provides information about the Health Board to support preparation of the Whole of Government Accounts.

There have been no limitations imposed on me in planning the scope of this audit.

Performance audit work

I must 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.

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.

The majority of my performance audit work is conducted using INTOSAI auditing standards. The International Organisation of Supreme Audit Institutions is a global umbrella organisation for the performance audit community. It is a non-governmental organisation with special consultative status with the Economic and Social Council (ECOSOC) of the United Nations

Your audit at a glance



My financial statements audit will concentrate on your risks and other areas of focus

My initial audit planning identified the following risks and areas of focus which I detailed in my Outline Audit Plan 2023 and have included in **Appendix 2** and **Appendix 3** for information.

Significant financial statement risk

- Risk of management over-ride
- Risk of failing to meet first financial duty under the NHS Finance (Wales) Act 2014 – however this risk has now crystallised with the year-end position being a deficit of £37 million

Other areas of audit focus

- Introduction of International Financial Reporting Standard 16 (IFRS16) – Leases
- Quinquennial valuation of the Heath Board's estate
- Accuracy of the Remuneration Report disclosures
- Accuracy of the Gross Book Value of assets with a Net Book Value of 'nil'

My continued planning to date has identified one further significant financial audit statement risk:

- risk of material misstatement due to fraud in expenditure, and a number of additional areas of audit focus:
 - Accuracy of manual accruals
 - Accuracy of provisions
 - Accuracy and completion of the related party disclosures
 - Appropriate accounting treatment for individuals on secondment
- The 'scheme pays' initiative in respect of the NHS pension tax arrangements for clinical staff



My performance audit will include:

- Structured Assessment
- Structured Assessment deep dive on digital investment
- All Wales thematic review of planned care service recovery
- Local follow up review of quality governance arrangements



Materiality

Materiality	£17.081 million
Reporting threshold	£0.854 million

Financial statements materiality



Materiality £17.081 million

My aim is to identify and correct material misstatements, that is, those that might cause the user of the accounts into being misled.

Materiality is calculated using:

- the 2021-22 gross expenditure of £1,708 million
- materiality percentage of 1%

I report to those charged with governance any misstatements above a trivial level (set at 5% of materiality).



Areas of specific interest

There are some areas of the accounts that may be of more importance to the user of the accounts and we have set a lower materiality level for these:

- Remuneration report – as per banding category
- Related party disclosures - £1,000 for individuals

Significant financial statements risks

Significant risks are identified risks of material misstatement for which the assessment of inherent risk is close to the upper end of the spectrum of inherent risk or those which are to be treated as a significant risk in accordance with the requirements of other ISAs. The ISAs require us to focus more attention on these significant risks.

As part of my continued audit planning work, my audit team has identified one new significant financial statement risks in addition to those already reported to you in my Outline Audit Plan 2023. These can be found in **Appendix 1**. Where appropriate, risks have been updated to reflect the year-end position.

Exhibit 1:

Significant risk	Our planned response
There is a risk of material misstatement due to fraud in expenditure and as such is treated as a significant risk [PN 10].	<p>My audit team will undertake detailed substantive testing to ensure expenditure transactions are appropriate.</p> <p>My audit team will also:</p> <ul style="list-style-type: none">• test the appropriateness of journal entries; and• evaluate the rationale for any significant transactions outside the normal course of business.

If any further significant financial statement risks are identified during the remainder of my planning work, these will be reported to you accordingly.

Other areas of focus

I set out other identified risks of material misstatement which, whilst not determined to be significant risks as above, I would like to bring to your attention.

I reported to you a number of these risk in my Outline Audit Plan in March 2023. These can be found in **Appendix 2** and where appropriate, some risks and our planned audit response have been updated for added clarity.

In addition to these risks, my audit team has also identified the following areas of focus as part of my continuous planning.

Exhibit 2: other areas of focus

Audit risk	Our planned response
<p>There is a risk that manual accruals are susceptible to management override. My audit of the 2021-22 financial statements identified misclassification of some accruals which were material and required correcting.</p>	<p>My audit team will:</p> <ul style="list-style-type: none"> • test the appropriateness of manual accrual transactions; and • review manual accrual estimates for bias.
<p>Provisions are measured at the best estimate of the expenditure required to settle present obligations. Due to the level of estimation involved in the calculation of provisions, there is a risk that provisions are susceptible to management over-ride. My audit of the 2021-22 financial statements also identified misclassification of some provision balances which were material and required correcting.</p>	<p>My audit team will:</p> <ul style="list-style-type: none"> • test the appropriateness of provision balances; • review provision balance estimates for bias; and • test the appropriateness of provision balances classification.
<p>I audit the disclosure of related party transactions and balances to a far lower level of materiality. My audit of the 2021-22 financial statements identified omitted disclosures, which were material and required correcting.</p>	<p>My audit team will verify that all the necessary signed declarations have been received, evaluated, and disclosed appropriately and accurately.</p> <p>My examinations will also include other means of testing, such as my review of Companies House records using data analytics.</p>

Audit risk	Our planned response
<p>There are individuals within the Health Board who are currently on secondment either to other organisations or from other organisations. There is a risk that the associated secondment costs are not accounted for and disclosed correctly within the financial statements of the Health Board.</p>	<p>My audit team will review the appropriateness of accounting arrangements and disclosures for individuals currently on secondment both inwards and outwards.</p>
<p>The ongoing impact if the 'scheme pays' initiative in respect of the NHS pension tax arrangements for clinical staff. Last year I qualified my regularity opinion, and I placed a substantive report on the statements to explain the reasons. Principally, that the expenditure relating to the scheme contravenes the requirements of Managing Welsh Public Money.</p>	<p>For 2022-23, whilst any transactions included in the Health Board's financial statements strictly remain irregular, I am not classifying them as material by their nature. I consider that a further qualification of my regularity opinion would have a diminishing value, particularly against the backdrop of the Chancellor of the Exchequer abolishing the Lifetime Allowance in his March 2023 budget statement".</p>

Financial statements audit timetable

I set out below key dates for delivery of my accounts audit work and planned outputs.

Exhibit 3: key dates for delivery of planned outputs

Planned output	Work undertaken	Report finalised
2023 Outline Audit Plan	February to March 2023	Presented to March 2023 ARAC
2023 Detailed Audit Plan	April to May 2023	May 2023
Audit of financial statements work: <ul style="list-style-type: none">• Audit of Financial Statements Report• Opinion on the Financial Statements	May to July 2023	July 2023

Planned performance audit work

I set out below details of my performance audit work and key dates for delivery of planned outputs.

Exhibit 4: key dates for delivery of planned outputs

Theme	Approach	Timescales
Structured Assessment - core	<p>Structured assessment will continue to form the basis of the work my audit teams do at each NHS body to examine the existence of proper arrangements for the efficient, effective, and economical use of resources.</p> <p>My 2023 structured assessment work will review the following core areas:</p> <ul style="list-style-type: none"> • Board and committee cohesion and effectiveness; • Corporate systems of assurance; • Corporate planning arrangements; and • Corporate financial planning and management arrangements. <p>My structured assessment work will also 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.</p>	Fieldwork to commence between June and August 2023 with reporting by the end of October 2023.
Structured Assessment - deep dive review of investment in digital	In addition to the core structured assessment work described above, my audit teams will also review certain arrangements at NHS bodies in more depth.	Fieldwork to commence during the autumn of 2023 and reporting by April 2024.

Theme	Approach	Timescales
	<p>This year, my audit teams will examine digital arrangements, with a particular focus on how NHS bodies are investing in digital technologies, solutions, and capabilities to support the workforce, transform patient care, meet demand, and improve productivity and efficiency.</p>	
<p>All Wales thematic review of planned care service recovery</p>	<p>I plan to undertake work following on from my national report on tackling the planned care backlog. Whilst the exact focus of this work is still to be determined, it is likely to consider:</p> <ul style="list-style-type: none"> • The extent that health boards have achieved Welsh Government targets for recovering planned care services; • The efficacy of local plans and activity to recover waiting lists; and • Use of the additional Welsh Government financial allocations to improve waiting lists. 	<p>Fieldwork to commence between November and December 2023 and reporting by April 2024.</p>
<p>Local project work - Follow up review of Quality Governance</p>	<p>My audit team will follow up recommendations made in our previous Review of Quality Governance Arrangements. In addition, we will consider the progress being made implementing arrangements to support the duty of candour and duty of quality.</p>	<p>Fieldwork expected to commence by January 2024 and reporting by April 2024.</p>

Fee and audit team

In January 2023 I published the [fee scheme](#) for the 2023-24 year as approved by the Senedd Finance Committee. My fee rates for 2023-24 have increased by 4.8% for inflationary pressures. In addition, my financial audit fee has a further increase of 10.2% for the impact of the revised auditing standard ISA 315 on my financial audit approach. More details of the revised auditing standard and what it means for the audit I undertake is set out in **Appendix 3**.

I estimate your total audit fee will be £420,682.

Planning will be ongoing, and changes to my programme of audit work, and therefore my fee, may be required if any key new risks emerge. I shall make no changes without first discussing them with the Executive Director of Finance & Procurement.

Our financial audit fee is based on the following assumptions:

- The agreed audit deliverables sets out the expected working paper requirements to support the financial statements and includes timescales and responsibilities.
- No matters of significance, other than as summarised in this plan, are identified during the audit.

Exhibit 5: breakdown of audit fee

Audit area	Proposed fee for 2023 (£) ¹	Actual fee for 2022 (£)
Audit of Financial Statements	254,516	221,319²
Performance audit work:		
• Structured Assessment	86,441	84,326
• All-Wales thematic review	46,622	44,285
• Local projects	33,103	30,023
Performance work total	166,166	158,634
Total fee	420,682	379,953

¹ The fees shown in this document are exclusive of VAT, which is not charged to you.

² Due to the rebalancing of audit fees between the Health Board's main account audit and the Charitable Fund's account audit, the main account audit fee was overstated by the rebalancing amount. I have shown the actual audit fee for the 2022 audit of financial statements net of the rebalanced figure, a decrease of £6,981 compared to the estimated audit fee shown in my Audit Plan 2022. The Health Board has been refunded the rebalancing amount.

The main members of my team, together with their contact details, are summarised in **Exhibit 6**.

Exhibit 6: my local audit team

Name	Role	Contact number	E-mail address
Richard Harries	Engagement Director (Financial Audit)	07789 397 018	Richard.Harries@audit.wales
Dave Thomas	Audit Director (Performance Audit)	029 2032 0604	Dave.Thomas@audit.wales
Tracy Veale	Audit Manager (Financial Audit)	07919 217 438	Tracy.Veale@audit.wales
Andrew Doughton	Audit Manager (Performance Audit)	029 2082 9342	Andrew.Doughton@audit.wales
Neill Hollis	Audit Lead (Financial Audit)	07973 699 087	Neill.Hollis@audit.wales
Nathan Couch	Audit Lead (Performance Audit)	07540 804 088	Nathan.Couch@audit.wales

There is one potential conflict of interest that I need to bring to your attention. Nathan Couch's wife is an Assistant Divisional Nurse within the Unscheduled Care Division at the Health Board. Appropriate restrictions on audit practice have been identified to mitigate any audit independent risks arising from this.

Staff secondment

An Audit Wales trainee was seconded to Aneurin Bevan University Health Board for the period, December to June 2023. In order to safeguard against any potential threats to auditor independence and objectivity, the following restrictions apply in line with the FRC's Revised Ethical Standard 2019:

- the secondee will not undertake any line management or management responsibilities; and
- the secondment will be for a maximum of six months trainee

DRAFT

Audit quality

Our commitment to audit quality in Audit Wales is absolute. We believe that audit quality is about getting things right first time.

We use a three lines of assurance model to demonstrate how we achieve this. We have established an Audit Quality Committee to co-ordinate and oversee those arrangements. We subject our work to independent scrutiny by QAD* and our Chair, acts as a link to our Board on audit quality. For more information see our [Audit Quality Report 2022](#).

Our People



The first line of assurance is formed by our staff and management who are individually and collectively responsible for achieving the standards of audit quality to which we aspire.

- Selection of right team
- Use of specialists
- Supervisions and review

Arrangements for achieving audit quality



The second line of assurance is formed by the policies, tools, learning & development, guidance, and leadership we provide to our staff to support them in achieving those standards of audit quality.

- Audit platform
- Ethics
- Guidance
- Culture
- Learning and development
- Leadership
- Technical support

Independent assurance



The third line of assurance is formed by those activities that provide independent assurance over the effectiveness of the first two lines of assurance.

- EQCRs
- Themed reviews
- Cold reviews
- Root cause analysis
- Peer review
- Audit Quality Committee
- External monitoring

* QAD is the quality monitoring arm of ICAEW.

Appendix 1

Significant financial statements risks reported in my Outline Audit Plan 2023

Significant risks are identified risks of material misstatement for which the assessment of inherent risk is close to the upper end of the spectrum of inherent risk or those which are to be treated as a significant risk in accordance with the requirements of other ISAs. The ISAs require us to focus more attention on these significant risks.

The following significant financial statement risks were reported to you in my Outline Audit Plan. Bold text indicates where we have updated the risk for the year-end position or updated our planned audit response.

Exhibit 7: significant financial statement risks

Significant risk	Our planned response
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 240.32-33].	My audit team will: <ul style="list-style-type: none">• test the appropriateness of journal entries and other adjustments made in preparing the financial statements;• review accounting estimates for bias; and• evaluate the rationale for any significant transactions outside the normal course of business.
The risk of failing to meet your first financial duty to break even over a three year period has now crystallised. The position at month 12 shows year-end surplus/deficit of £37 million. This, combined with the outturns for 2020-21 and 2021-22, predicts a three-year deficit of £36.5 million. 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	My audit team will focus our testing on areas of the financial statements which could contain reporting bias.

effort to achieve a sustainable financial position in future years.

Other areas of audit focus reported in my Outline Audit Plan 2023

I set out other identified risks of material misstatement which, whilst not determined to be significant risks, I would like to bring to your attention.

The following areas of audit focus were reported to you in my Outline Audit Plan. Bold text indicates where we have updated the risk and our planned audit response for added clarity.

Exhibit 8: other areas of focus

Audit risk	Our planned response
<p>There is a risk that the disclosures within the Remuneration Report will be incorrect.</p> <p>My work identified a number of amendments to the draft 2021-22 Remuneration Report which included:</p> <ul style="list-style-type: none">inclusion of annualised salaries for those individuals who were only in post for part of the year; andinclusion of correct post titles. <p>The note was both further complicated by the number of staff changes at Senior Management level and Board members. I understand that for 2022-23, the Health Board has continued to experience a significant number of changes at Senior Management level.</p>	<p>My audit team will review the completeness and accuracy of the Remuneration Report.</p>

Audit risk	Our planned response
<p>There is a risk that the Gross Book Value (GBV) of assets will be materially mis-stated.</p> <p>Due to COVID, the Health Board decided not to undertake its annual asset impairment review and the process for verifying asset existence as at 31 March 2022.</p> <p>As part of my audit team's review of asset lives, my testing of assets recorded as having a Net Book Value (NBV) of 'nil' as at 31 March 2022 found that all of our sample tested were no longer in use and therefore the GBV of these assets was potentially materially overstated.</p> <p>During the audit, further work undertaken by the Finance Team to provide assurance that the GBV was not materially miss-stated resulted in a £5.1 million amendment to the financial statements and uncertainty over asset existence to a further value of £1.5 million, leading to a potential error of 25% (£6.6 million out of £25.9 million asset verification responses).</p> <p>Extrapolation of this error rate to the remaining £24 million assets for which no confirmations were received from departments, indicated a potential misstatement of £6 million, which was below our materiality for the financial statements.</p> <p>Whilst asset tagging has been implemented during 2022-23, not all assets have been tagged by 31 March 2023 and manual asset verification will need to be undertaken by departments for those areas whose assets have not been tagged.</p>	<p>My audit team will review the process for asset impairment review and verifying asset existence and sample test assets recorded as having a NBV of 'nil' to gain assurance that there are no material misstatements in accounting and reporting.</p>

Audit risk	Our planned response
<p>Accounting for Property, Plant and Equipment and Intangible Assets continues to be one of the most challenging areas of the accounts and there is a risk that the revaluation of the Health Board's estate is not accounted for correctly.</p> <p>The quinquennial revaluation of the NHS Estate took place as at 1 April 2022. To reflect the requirement to update the 1 April quinquennial revaluation figures to reflect changes to 31 March 2023 the 2022-23 tangible asset note should disclose the</p> <ul style="list-style-type: none"> • quinquennial revaluation on the revaluation line: and • subsequent indexation adjustment on the indexation line. <p>Both being applied from the 1 April 2022.</p> <p>On the basis of discussions with the District Valuer, the indices should be applied:</p> <ul style="list-style-type: none"> • on the 1 March 2023; • to the post quinquennial valuation figures before any depreciation applied; • depreciation then should be applied as normal; • the buildings element should be applied to specialised properties only. <p>There is a risk that assets are not valued on appropriate bases and that movements in the carrying values of assets are not appropriately accounted for and disclosed.</p> <p>Given the current economic climate, there is a further risk that the carrying values of assets have changed during 2022-23 and that 1 April 2022 valuations are materially misstated at the balance sheet date.</p>	<p>My audit team will:</p> <ul style="list-style-type: none"> • consider the appropriateness of the work of the Valuation Office as a management expert. • test the appropriateness of asset valuation bases. • review a sample of movements in carrying values to ensure that movements have been accounted for and disclosed in accordance with the Manual for Accounts. • consider whether the carrying value of assets at 1 April 2022 remains materially appropriate or whether additional in-year adjustments are required due to the impact of current economic conditions.

Audit risk	Our planned response
<p>A new accounting standard, IFRS16 Leases, has been adopted by the FReM for 2022-23 and applies to NHS bodies from 1 April 2022.</p> <p>IFRS 16 provides enhanced disclosure requirements to give a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of lessees and lessors. The 2022-23 accounts will be the first year to include such disclosures.</p> <p>IFRS16 will significantly change how most leased assets are accounted for as leased assets will need to be recognised as assets and liabilities in the Statement of Financial Position. There are also significant additional disclosure requirements specific to leased assets that will need to be reflected in the financial statements.</p>	<p>My audit team will:</p> <ul style="list-style-type: none"> • consider the completeness of the lease portfolios identified by the health board needing to be included in IFRS16 calculations. • review a sample of calculated asset and liability values and ensure that these have been accounted for and disclosed in accordance with the Manual for Accounts. • ensure that all material disclosures have been made.

Appendix 3

The key changes to ISA315 and the potential impact on your organisation

Exhibit 9: Key changes to ISA315

Key change	Potential impact on your organisation
<p>More detailed and extensive risk identification and assessment procedures</p>	<p>Your finance team and others in your organisation may receive a greater number of enquiries from our audit teams at the planning stage of the audit. Requests for information may include:</p> <ul style="list-style-type: none"> • information on your organisation’s business model and how it integrates the use of information technology (IT); • information about your organisation’s risk assessment process and how your organisation monitors the system of internal control; • more detailed information on how transactions are initiated, recorded, processed, and reported. This may include access to supporting documentation such as policy and procedure manuals; and • more detailed discussions with your organisation to support the audit team’s assessment of inherent risk.
<p>Obtaining an enhanced understanding of your organisation’s environment, particularly in relation to IT</p>	<p>Your organisation may receive more enquiries to assist the audit team in understanding the IT environment. This may include information on:</p> <ul style="list-style-type: none"> • IT applications relevant to financial reporting; • the supporting IT infrastructure (e.g. the network, databases); • IT processes (e.g. managing program changes, IT operations); and • the IT personnel involved in the IT processes. <p>Audit teams may need to test the general IT controls and this may require obtaining more detailed audit evidence on the operation of IT controls within your organisation.</p> <p>On some audits, our audit teams may involve IT audit specialists to assist with their work. Our IT auditors may need to engage with members of your IT team who have not previously been involved in the audit process.</p>

Key change	Potential impact on your organisation
<p>Enhanced requirements relating to exercising professional scepticism</p>	<p>Our audit teams may make additional inquiries if they identify information which appears to contradict what they have already learned in the audit.</p>
<p>Risk assessments are scalable depending on the nature and complexity of the audited body</p>	<p>The audit team's expectations regarding the formality of your organisation's policies, procedures, processes, and systems will depend on the complexity of your organisation.</p>
<p>Audit teams may make greater use of technology in the performance of their audit</p>	<p>Our audit teams may make use of automated tools and techniques such as data analytics when performing their audit. Our teams may request different information or information in a different format from previous audits so that they can perform their audit procedures.</p>

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Audit Wales

1 Capital Quarter

Tyndall Street

Cardiff CF10 4BZ

Tel: 029 2032 0500

Fax: 029 2032 0600

Textphone: 029 2032 0660

E-mail: info@audit.wales

Website: www.audit.wales

We welcome correspondence and telephone calls in Welsh and English.

Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg.