

Powys Teaching Health Board Accountability Report 2016-17

SIGNED BY:

CAROL SHILLABEER
[CHIEF EXECUTIVE]

DATE:

Contents

BACKGROUND AND CONTEXT	1
PART A: THE CORPORATE GOVERNANCE REPORT	4
THE DIRECTORS REPORT	5
STATEMENT OF ACCOUNTABLE OFFICER RESPONSIBILITIES	17
STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS.....	21
ANNUAL GOVERNANCE STATEMENT	23
PART B: REMUNERATION AND STAFF REPORT.....	80
PART C: NATIONAL ASSEMBLY FOR WALES ACCOUTABILITY AND AUDIT REPORT	95

BACKGROUND AND CONTEXT

Powys Teaching Health Board is required, as are all Welsh NHS bodies, to publish an Annual Report and Accounts. Copies of previous year's reports can be accessed from our website at:

www.powysthb.wales.nhs.uk/annual-report-aqs

Last year, for the first time NHS bodies were required to publish, as a single document, a three part annual report and accounts report, comprising:

Part 1 - A Performance Report that provides:

- An overview of the Health Board and a summary of its performance
- An analysis of the Health Board's performance

Part 2 - An Accountability Report that includes:

- A Corporate Governance Report
- A Remuneration and Staff Report
- A National Assembly for Wales Accountability and Audit Report

Part 3 - The Financial Statements, including

The Audited Annual Accounts 2016-17. The full financial accounts can be found online at www.powysthb.wales.nhs.uk/annual-report-aqs

This report forms the [Accountability Report](#) element i.e. Part 2 of the Annual Report and Accounts.

The timescale for production of the [Performance Report](#) for 2016-17 varies from that of the Accountability Report, which will be submitted to the Welsh Government on 2 June 2017 together with the Financial Statements, (Annual Accounts).

The [Performance Report](#) will be completed in July 2016, after the relevant performance metrics are made available by the Welsh Government. All three sections will be then combined into a single document, the '[Annual Report and Accounts](#)' and will be published and presented at the Health Board's Annual General Meeting, which will be held on 19 July 2017.

THE PURPOSE OF THE ACCOUNTABILITY REPORT

The purpose of this [Accountability Report](#) element of the [Annual Report and Accounts](#) is to meet key accountability requirements set by Parliament.

The requirements of the Accountability Report are based on the matters required to be dealt with in a Directors' Report, as set out in Chapter 5 of Part 15 of the Companies Act 2006 and Schedule 7 of SI 2008 No 410, and in a Remuneration Report, as set out in Chapter 6 of the Companies Act 2006 and Schedule 8 of SI 2008 No 410. As not all requirements of the Company's Act apply to NHS bodies the structure adopted is as described in the Treasury's Government Financial Reporting Manual (FReM) and set out in the 2016-17 Manual for Accounts for NHS Wales, issued by the Welsh Government.

The Accountability Report is required to have three sections:

- A [Corporate Governance](#) Report
- A [Remuneration and Staff](#) Report
- A [National Assembly for Wales Accountability and Audit Report](#)

An overview of the content of each of these three sections is provided below.

THE CORPORATE GOVERNANCE REPORT

This section of the Accountability Report provides an overview of the governance arrangements and structures that were in place across Powys Teaching Health Board during 2016-17. It also explains how these governance arrangements supported the achievement of the Health Board's vision, six aims and twelve strategic objectives.

The Board Secretary and the Directorate of Governance and Corporate Affairs team have compiled the report the main document being the [Annual Governance Statement](#). This section of the report has been informed by a review of the work taken forward by the Board and its Committees over the last 12-months and has had input from the Chief Executive, as Accountable Officer, Board Members and the Audit and Assurance Committee.

In line with requirements set out in the Companies Act 2006 the Corporate Governance report includes:

- [The Directors Report](#)
- [A Statement of Accountable Officers Responsibilities](#)
- [A Statement of Directors' Responsibilities in Respect of the Accounts](#)
- [The Annual Governance Statement](#)

REMUNERATION AND STAFF REPORT

This report contains information about the remuneration of senior management, fair pay ratios, sickness absence rates etc. and has been compiled by the Directorate of Finance and the Workforce and Organisational Development Directorate.

NATIONAL ASSEMBLY FOR WALES ACCOUNTABILITY AND AUDIT REPORT

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

PART A: CORPORATE GOVERNANCE REPORT

THE DIRECTORS REPORT

MEMBERS OF THE BOARD OF POWYS TEACHING HEALTH BOARD

Part 2 of The Local Health Boards (Constitution, Membership and Procedures) (Wales) Regulations 2009 sets out the required membership of the Boards of Local Health Board's, 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 Powys Teaching Health Board comprises of:

- 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, the 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 Schedule 2 of The Local Health Boards (Constitution, Membership and Procedures) (Wales) Regulations 2009, and continue to fulfil the relevant requirements throughout the time that they hold office.

The Regulations can be accessed via the following link:

http://www.legislation.gov.uk/wsi/2009/779/pdfs/wsi_20090779_mi.pdf

VOTING MEMBERS OF THE BOARD DURING 2016-17

During 2016-17, the following individuals were voting members of the Board of Powys Teaching Health Board:

Executive Directors

- **Carol Shillabeer**, Chief Executive
- **Alan Lawrie**, Deputy Chief Executive and Director of Primary and Community Care
- **Rhiannon Jones**, Director of Nursing
- **Stephen Edwards**, Interim Medical Director (up to 31 October 2016)
- **Karen Gully**, Medical Director (from 28 November 2016)

- **Catherine Woodward**, Director of Public Health
- **Julie Rowles**, Director of Workforce and Organisational Development
- **Hayley Thomas**, Director of Planning and Performance ([Interim from 6 June 2015 and substantive from 18 April 2016](#))
- **David Murphy**, Director of Therapies and Health Sciences ([from 19 September 2016](#))
- **Rebecca Richards**, Director of Finance ([up to 19 March 2017. Please note from April 2016 to 19 March 2017 Rebecca Richards was on secondment to Aneurin Bevan University Health Board](#))
- **Glyn Jones**, Interim Director of Finance ([from 4 April 2016 to 31 October 2016](#))
- **Eifion Williams**, Interim Director of Finance ([from 1 November 2016](#))

Independent Members

- **Vivienne Harpwood**, Chair
- **Melanie Davies**, Vice Chair
- **Mark Baird** (Information technology)
- **Matthew Dorrance** (Local Authority)
- **Owen James** (Community)
- **Jonothan White** (Trade Union Side) ([from January 2017](#))
- **Paul Dummer** (University)
- **Roger Eagle** (Legal)
- **Sara Williams** (Capital and Estates)
- **Tony Thomas** (Finance)
- **Trish Buchan** (Third Sector)

NON-VOTING MEMBERS OF THE BOARD DURING 2016-17

The following individuals were Associate Members of the Board during 2016-17. While they took part in public Board meetings they did not hold any voting rights:

- | | |
|---|---|
| <ul style="list-style-type: none"> ▪ Amanda Lewis, Strategic Director of People, Powys County Council (up to December 2016) | <ul style="list-style-type: none"> ▪ Veronica Jarman, Older Peoples' Champion |
|---|---|

During the year, the Health Board together with Powys County Council appointed a Director of Transformation, a non-voting member of the Health Board and member of the Council's senior management team. Martin Brown took up post on 1 November 2016 and due to personal circumstances left on 31 January 2017.

Further details in relation to role and composition of the Board can be found at pages 26 to 27 of the [Annual Governance Statement](#). In addition, short biographies of all our Board members can be found on our website at: <http://www.powysthb.wales.nhs.uk/board-membership>

MEMBERS OF THE AUDIT AND ASSURANCE COMMITTEE

In early 2016, the terms of reference of the Health Board's Audit Committee were reviewed and the Audit and Assurance Committee was established. The Committee supports the Board and Accountable Officer by reviewing the comprehensiveness and reliability of assurances on governance, risk management, the control environment and integrity of financial statements and the annual report.

The Terms of Reference of the Audit and Assurance Committee can be found at <http://www.powysthb.wales.nhs.uk/audit->

The following independent members formed the Audit and Assurance Committee during 2016-17:

- Tony Thomas, Chair
- Roger Eagle, Vice Chair
- Jonathon White (from March 2017)
- Mark Baird
- Sara Williams

An overview of the Audit and Assurance Committee's work programme for 2016-17 is provided in the [Annual Governance Statement](#).

MEMBERSHIP OF BOARD COMMITTEES AND ATTENDANCE

Section 2 of Powys Teaching Health Board's Standing Orders provides that *"The Board may and, where directed by the 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 to the Board in the exercise of its functions."*

In addition to the Audit and Assurance Committee the Board has established seven committees to enable the scrutiny and review of a range of matters, to a level of depth and detail not possible in Board meetings. As these Committees have been established to review the exercise of functions delegated to officers of the Health Board Executive Directors are not members of the Committee but are in attendance at such Committees. Each Committee has a nominated lead Executive Director.

Details of the composition of the Board including Executive Directors, Independent Members, Associate Board Members and those who had authority or responsibility for directing or controlling the major activities of Powys Teaching Health Board during the 2016-17 financial are provided in Table 1 that follows.

Table 1: Committee Membership and Roles

Name	Position and Area of Expertise	Board and Board Committee Membership	Board Attendance 2016-17	Board Champion Roles
Vivienne Harpwood	Chair	<ul style="list-style-type: none"> ▪ Chair of the Board ▪ Member of the Finance, Planning and Performance Committee ▪ Vice Chair of the Joint Partnership Board ▪ Member of the Mental Health and Learning Disabilities Committee ▪ Chair of the Remuneration and Terms of Service Committee 	7 out of 7	<ul style="list-style-type: none"> ▪ Organ Donation
Melanie Davies	Vice Chair [Primary Care, Community and Mental Health Services]	<ul style="list-style-type: none"> ▪ Vice Chair of the Board ▪ Chair of the Mental Health and Learning Disabilities Committee ▪ Member of the Patient Experience, Quality and Safety Committee ▪ Member of the Pharmacy Applications Committee ▪ Chair of the Power of Discharge Committee ▪ Vice Chair of the Remuneration and Terms of Service Committee ▪ Member of the Workforce and Organisational Development Committee 	7 out of 7	<ul style="list-style-type: none"> ▪ Armed Forces and Veterans Health ▪ Lead Independent Board Member for Children and Young People's Services ▪ Lead Independent Board Member for Child Protection and Safeguarding Procedures ▪ Safeguarding Champion ▪ Lead Independent Board Member for Mental Health
Mark Baird	Independent Member [Information Technology]	<ul style="list-style-type: none"> ▪ Member of the Board ▪ Member of the Audit and Assurance Committee ▪ Member of Finance, Planning and Performance Committee ▪ Chair of Information Management, Technology and Governance Committee ▪ Member of the Mental Health and Learning Disabilities Committee ▪ Member of the Workforce and Organisational Development Committee 	5 out of 7	<ul style="list-style-type: none"> ▪ Information Governance ▪ Ambulance Services

Name	Position and Area of Expertise	Board and Board Committee Membership	Board Attendance 2016-17	Board Champion Roles
Trish Buchan	Independent Member [Third Sector]	<ul style="list-style-type: none"> Member of the Board Vice Chair of the Information Management, Technology and Governance Committee Member of the Remuneration and Terms of Service Committee Vice Chair of the Patient Experience, Quality and Safety Committee Chair of the Workforce and Organisational Development Committee 	7 out of 7	<ul style="list-style-type: none"> Cleanliness, hygiene and infection management Dementia Nutrition
Matthew Dorrance	Independent Member [Local Authority]	<ul style="list-style-type: none"> Member of the Board Chair of the Finance, Planning and Performance Committee Member of the Information Management, Technology and Governance Committee Member of the Mental Health and Learning Disabilities Committee Member of the Power of Discharge Committee 	6 out of 7	<ul style="list-style-type: none"> Equality and Human Rights Champion Prudent Health and Care Champion
Paul Dummer	Independent Member [University]	<ul style="list-style-type: none"> Member of the Board Member of the Patient Experience, Quality and Safety Committee 	4 out of 7	<ul style="list-style-type: none"> Research and Development
Roger Eagle	Independent Member [Legal]	<ul style="list-style-type: none"> Member of the Board Member of the Audit and Assurance Committee Vice Chair of the Mental Health and Learning Disabilities Committee Member of the Joint Partnership Board Chair of the Patient Experience, Quality and Safety Committee Member of the Pharmacy Applications Committee Member of the Power of Discharge Committee 	6 out of 7	<ul style="list-style-type: none"> Board Independent Member Lead for Putting Public and Patient Involvement in to Practice

Name	Position and Area of Expertise	Board and Board Committee Membership	Board Attendance 2016-17	Board Champion Roles
Owen James	Independent Member [Community]	<ul style="list-style-type: none"> Member of the Board Vice Chair of the Charitable Funds Committee Member of the Finance, Planning and Performance Committee Member of the Information Management Technology and Governance Committee Member of the Joint Partnership Board (from November 2016) Chair of the Pharmacy Applications Committee Member of the Remuneration and Terms of Service Committee 	7 out of 7	<ul style="list-style-type: none"> Design Champion (Capital)
Tony Thomas	Independent Member [Finance]	<ul style="list-style-type: none"> Member of the Board Chair of the Audit and Assurance Committee Chair of the Charitable Funds Committee Vice Chair of the Finance, Planning and Performance Committee Member of the Patient Experience, Quality and Safety Committee Member of the Remuneration and Terms of Service Committee 	7 out of 7	
Sara Williams	Independent Member [Capital and Estates]	<ul style="list-style-type: none"> Member of the Board Member of the Audit and Assurance Committee Member of the Charitable Funds Committee Member of the Finance, Planning and Performance Committee Member of Joint Partnership Board (up to October 2016) Vice Chair of the Workforce and Organisational Development Committee 	6 out of 7	<ul style="list-style-type: none"> Welsh Language National Institute of Clinical Excellence
Jonothan White [From January 2017]	Independent Member [Trade Union Side]	<ul style="list-style-type: none"> Member of the Board Member of the Audit and Assurance Committee Member of the Workforce and Organisational Development Committee 	2 out of 2	

Name	Position and Area of Expertise	Board and Board Committee Membership	Board Attendance 2016-17	Board Champion Roles
Veronica Jarman	Associate Member [Older People]	<ul style="list-style-type: none"> Member of the Board [Non-voting] 	4 out of 7	<ul style="list-style-type: none"> Older People
Carol Shillabeer	Chief Executive	<ul style="list-style-type: none"> Member of the Board Member of the Emergency Ambulance Services Committee Member of the Joint Partnership Board Member of the Welsh Health Specialist Services Committee <p><u>Required attendee at:</u></p> <ul style="list-style-type: none"> Remuneration and Terms of Service Committee <p><u>Regular attendee at all Board Committees</u></p>	7 out of 7	
Alan Lawrie	Deputy Chief Executive/ Director of Primary and Community Care, and Mental Health	<ul style="list-style-type: none"> Member of the Board Member of the Emergency Ambulance Services Committee (in Chief Executives absence) Member of the Welsh Health Specialist Services Committee (in Chief Executives absence) <p><u>Executive lead and Required Attendee:</u></p> <ul style="list-style-type: none"> Mental Health and Learning Disabilities Committee <p><u>Attendee as requested at all Board Committees:</u></p>	5 out of 7	
Stephen Edwards [Secondment ended on 31 October 2016]	Interim Medical Director	<ul style="list-style-type: none"> Member of the Board <p><u>Required attendee at:</u></p> <ul style="list-style-type: none"> Information Management, Technology and Governance Committee Mental Health and Learning Disabilities Committee Patient Experience, Quality and Safety Committee <p><u>Attendee as requested at all other Board Committees:</u></p>	3 out of 3	

Name	Position and Area of Expertise	Board and Board Committee Membership	Board Attendance 2016-17	Board Champion Roles
Karen Gully <i>[Took up position on 28 November 2016]</i>	Medical Director	<ul style="list-style-type: none"> Member of the Board <u>Required attendee at:</u> <ul style="list-style-type: none"> Information Management, Technology and Governance Committee Mental Health and Learning Disabilities Committee Patient Experience, Quality and Safety Committee <u>Attendee as requested at all other Board Committees</u>	2 out of 2	
Glyn Jones <i>[Secondment ended on 31 October 2016]</i>	Interim Director of Finance and Information Technology	<ul style="list-style-type: none"> Member of the Board <u>Required attendee at:</u> <ul style="list-style-type: none"> Audit and Assurance Committee (Joint Executive Lead) Charitable Funds (Trustee and Executive Lead) Finance, Planning and Performance Committee (Joint Executive Lead) Information Management, Technology and Governance Committee (Joint Executive Lead) <u>Attendee as requested at all other Board Committees</u>	3 out of 3	
Rhiannon Jones	Director of Nursing	<ul style="list-style-type: none"> Member of the Board <u>Required attendee at:</u> <ul style="list-style-type: none"> Charitable Funds Committee (Trustee) Mental Health and Learning Disabilities Committee Patient Experience, Quality and Safety Committee (Executive Lead) Workforce and Organisational Development Committee <u>Attendee as requested at all other Board Committees</u>	4 out of 7	
David Murphy <i>[Took up position on 19 September 2016]</i>	Director of Therapies and Health Science	<ul style="list-style-type: none"> Member of the Board <u>Required attendee at:</u> <ul style="list-style-type: none"> Patient Experience, Quality and Safety Committee Workforce and Organisational Development Committee <u>Attendee as requested at all other Board Committees</u>	4 out of 4	

Name	Position and Area of Expertise	Board and Board Committee Membership	Board Attendance 2016-17	Board Champion Roles
Julie Rowles	Director of Workforce and Organisational Development	<ul style="list-style-type: none"> Member of the Board <u>Required attendee at:</u> <ul style="list-style-type: none"> Remuneration and Terms of Service Committee Workforce and Organisational Development Committee (Executive Lead) <u>Attendee as requested at all other Board Committees</u>	5 out of 7	
Hayley Thomas	Director of Planning and Performance	<ul style="list-style-type: none"> Member of the Board <u>Required attendee at:</u> <ul style="list-style-type: none"> Finance, Planning and Performance Committee (Joint Executive Lead) Information Management, Technology and Governance Committee <u>Attendee as requested at all other Board Committees:</u>	7 out of 7	
Eifion Williams <i>[Took up interim position on 1 November 2016]</i>	Interim Director of Finance and Information Technology	<ul style="list-style-type: none"> Member of the Board <u>Required attendee at:</u> <ul style="list-style-type: none"> Audit and Assurance Committee (Joint Executive Lead) Charitable Funds (Trustee and Executive Lead) Finance, Planning and Performance Committee (Joint Executive Lead) Information Management, Technology and Governance Committee (Joint Executive Lead) <u>Attendee as requested at all other Board Committees</u>	1 out of 2	
Catherine Woodward	Director of Public Health	<ul style="list-style-type: none"> Member of the Board <u>Required attendee at:</u> <ul style="list-style-type: none"> Patient Experience, Quality and Safety Committee <u>Attendee as requested at all other Board Committees</u>	5 out of 7	

Further details regarding the role and responsibilities independent and executive directors of the Board can be found in the Health Board's Scheme of Reservation and Delegation of Powers, which can be accessed via the following link

<http://www.powysthb.wales.nhs.uk/document/304770>

Details of the frequency and dates that the Board and its Committees met in 2016-17 are provided on page 31 of the [Annual Governance Statement](#).

The 2016-17 annual reports of the Board Committees can be found on our website at: <http://www.powysthb.wales.nhs.uk/sub-committees>. These reports set out details of the terms of reference, work programmes, membership of each Committee, attendance of members and executive directors and the key issues discussed. Further details in relation to the work of the Health Board's Committees is provided in the [Annual Governance Statement](#).

DECLARATION OF 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. A Register of Interests is available and can be accessed via the following link

<http://www.powysthb.wales.nhs.uk/key-documents>

or a hard copy can be obtained from the Board Secretary on request.

PERSONAL DATA RELATED INCIDENTS

Information on personal data related incidents where these have been formally reported to the Information Commissioner's office and the reporting of personal data related incidents including "serious untoward incidents" involving data loss or confidentiality breaches and details of how the risks to information are managed and controlled are detailed on pages 54 to 55 of the [Annual Governance Statement](#).

ENVIRONMENTAL, SOCIAL AND COMMUNITY ISSUES

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

- ensuring compliance with all relevant legislation and Welsh Government Directives;

- working in a manner that protects the environment for future generations by ensuring that long term and short term environmental issues are considered; and
- preventing pollution and reducing potential environmental impact.

The Board's Sustainability Report that forms a key part of the Performance Report section of this Annual Report provides greater detail in relation to the environmental, social and community issues facing the Health Board. It also details some of the steps being taken by the Health Board to tackle sustainability, these include:

- integrating the principles of sustainable development into every day decision making;
- focusing on reducing the consumption of finite resources and minimising waste where possible; and
- adopting a carbon based management approach specifically aimed at reducing CO2 and meeting the Welsh Government target objective of a 3% year on year reduction in our carbon footprint.

STATEMENT FOR PUBLIC SECTOR INFORMATION HOLDERS

As the Accountable Officer of Powys Teaching Health Board, and in line with the disclosure requirements set out by the Welsh Government and HM Treasury, I confirm that the Health Board has complied with the cost allocation and charging requirements set out in HM Treasury guidance during the year.

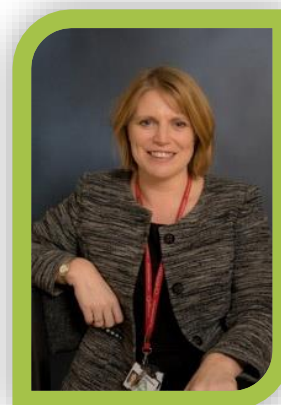
SIGNED BY:

**CAROL SHILLABEER
[CHIEF EXECUTIVE]**

DATE:

STATEMENT OF ACCOUNTABLE OFFICER RESPONSIBILITIES: 2016-17

STATEMENT OF MY ACCOUNTABLE OFFICER RESPONSIBILITIES AS CHIEF EXECUTIVE OF POWYS TEACHING HEALTH BOARD



"The Welsh Ministers have directed that as the Chief Executive of Powys Teaching Health Board I should be the Accountable Officer to the LHB.

The relevant responsibilities of Accountable Officers, including their responsibility for the propriety and regularity of the public finances for which they are answerable, and for the keeping of proper records, are set out in the Accountable Officer's Memorandum issued by the Welsh Government.

The Accountable Officer Memorandum makes it clear that I am personally responsible for the propriety and regularity of the public finances for which I am answerable. As the Accountable Officer for Powys Teaching Health Board I am responsible for:

- *the overall organisation, management and staffing of the Health Board and its arrangements related to quality and safety of care as well as matters of finance, together with any other aspect relevant to the conduct of the Health Board's business in pursuance of the strategic direction set by the Health Board's Board, and in accordance with its statutory responsibilities;*
- *ensuring that all items of expenditure, including payments to staff, fall within the legal powers of the Board;*
- *acting within the scheme of delegations and ensuring that they comply with guidance on classes of payment that they should authorise personally;*
- *ensuring that in delegating functions to officers I am satisfied of their ongoing capacity and capability to deliver on those functions, facilitating access to the information they need, ongoing training and development, as well as professional or specialist advice where appropriate;*
- *prudent and economical administration, for the avoidance of waste and extravagance, and for the efficient and effective use of all resources;*
- *ensuring that the assets for which I am responsible are properly safeguarded;*
- *ensuring that, in the consideration of policy proposals relating to the expenditure or income for which I have responsibility, all relevant*

financial considerations (including any issues of propriety, regularity or value for money) are taken into account;

- *ensuring that risks to the achievement of the Health Board's objectives and fulfilment of its statutory responsibilities are identified, that their significance is assessed, and that a sound system of internal control is in place to manage them;*
- *implementing an appropriate framework of assurance covering all aspects of Health Board business, ensuring that research and evaluation work is planned so that strategic objectives and spending programmes for which I have responsibility are routinely evaluated to assess their effectiveness and value for money;*
- *ensuring, as a key source of internal assurance, that I establish arrangements for internal audit in accordance with the International Standards for the professional practice of Internal Audit as adopted by the NHS in Wales, Welsh Assembly Government and HM Treasury, and ensuring that appropriate action is taken in response to reports produced by Internal Audit;*
- *ensuring that there are appropriate arrangements for counter fraud and that procedures for dealing with suspected cases of fraud are complied with;*
- *ensuring that the Health Board co-operates fully with external auditors, regulators and inspectors - including the Wales Audit Office (WAO), Healthcare Inspectorate Wales (HIW), and the Care and Social Services Inspectorate Wales (CSSIW), and ensuring that appropriate action is taken in response to any reports produced by such bodies;*
- *signing the Health Board's accounts and, in doing so, accepting personal responsibility for their proper presentation fully supported by sound financial procedures and records, and in accordance with the Health Board Accounts Directions issued by Welsh Ministers, ensuring that losses or special payments are properly identified and handled in accordance with defined requirements.*

I can confirm that to the best of my knowledge and belief, during 2016-17, I have properly discharged the above responsibilities as set out in the Accountable Officer Memorandum and my letter of appointment as an Accountable Officer.

As the Accountable Officer of Powys Teaching Health Board I also confirm that as far as I am aware, there is no relevant audit information of which the Powys Teaching Health Board's auditors are unaware. I have taken all appropriate steps to make myself aware of any relevant audit information and to establish that the Health Board's auditors are aware of that information.

I can confirm that the annual accounts as a whole are fair, balanced and understandable and I take personal responsibility for the accounts and the judgments required for determining that they are fair, balanced and understandable.

SIGNED BY:

**CAROL SHILLABEER
[CHIEF EXECUTIVE]**

DATE:

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS FOR 2016-17

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

The directors of Powys Teaching Health Board 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 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; and
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the account.

On behalf of the directors of Powys Teaching Health Board we confirm:

- that we have complied with the above requirements in preparing the 2016-17 accounts; and
- that we are clear of their responsibilities in relation to 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 BY:

VIV HARPWOOD
[CHAIR]

DATE:

SIGNED BY:

CAROL SHILLABEER
[CHIEF EXECUTIVE]

DATE:

SIGNED BY:

EIFION WILLIAMS
[INTERIM DIRECTOR OF FINANCE]

DATE:

ANNUAL GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

Powys Teaching Health Board (PTHB, the Health Board) was established in 2003. The Board of PTHB is accountable for good governance, risk Management and internal control. As the Chief Executive and Accountable Officer of PTHB I have clearly defined responsibilities as set out in the Accountable Officer Memorandum and my letter of appointment. These responsibilities relate to 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 duties are carried out in accordance with the responsibilities assigned by the Accountable Officer of NHS Wales.

I am held to account for my performance by the Chair of the Health Board and the Chief Executive and Accounting Officer for the NHS in Wales. I have formal performance meetings with both the Chair and the Chief Executive of NHS Wales. Further, the Executive Team of the Health Board meet with the senior leaders of the Department of Health and Social Services on a regular basis.

HEALTH BOARD'S PURPOSE

The Health Board's key purpose is to promote the health and well-being of the population of Powys and to provide and secure excellent healthcare services for them. PTHB's Integrated Medium Term Plan for 2016-19 (IMTP) set out the Health Board intention to work together with the population of Powys, its partners, professionals and others to help achieve better health and better health and care services. It is designed around the vision set out by the Board to deliver "truly integrated care centred on the needs of the individual".

To achieve its vision the Board has agreed the following aims:

- Improving health and wellbeing;
- Ensuring the right access;
- Striving for excellence;
- Involving the people of Powys;
- Making every pound count; and working to achieve the vision
- Always with our staff

The largest proportion of the Health Board's budget is devoted to commissioning NHS services. Much of this care is provided in the community by primary care contractors such as General Practices, Dental Practices, Pharmacists, Optometrists and Nurses in Powys. Other community based services, such as community hospitals, are provided through the Health Board's own service provider function.

As the Health Board does not have a District General Hospital, it commissions a range of services from other healthcare organisations in Wales and England to ensure the needs of the Powys population are met. This includes general surgery and hospital led maternity services. Out of county activity is equivalent to that of a District General Hospital with 400 beds.

Detailed information about the services we provide and our facilities can be found on our website in the section labelled 'Services'. This can be accessed from the home page, or via the following link <http://www.powysthb.wales.nhs.uk/services>.

The [Performance Report](#) provides an overview of the Health Board's performance against our stated organisational objectives and national outcome measures.

ORGANISATIONS HOSTED BY PTHB

In compliance with requests made by the Welsh Ministers PTHB hosts the following organisations:

- **The seven Community Health Councils that operate across Wales and the Board of Community Health Councils in Wales:** Community Health Councils are independent statutory organisations that represent the interests of the patient and the public in the National Health Service. While the Board of Community Health Councils in Wales is responsible for monitoring the performance of the Community Health Councils (CHCs), the conduct of members and performance of officers as well as operating a Complaints Procedure. More information about these organisations can be found at <http://www.wales.nhs.uk/sitesplus/899/page/71598>
- **Health and Care Research Wales:** Health and Care Research Wales is funded and overseen by the Welsh Government's Research and Development Division. It provides an infrastructure to support and increase capacity in research and development (R&D), runs a range of responsive funding schemes and manages the NHS R&D funding allocation. More information can be found at <https://www.healthandcareresearch.gov.wales/about/>

The Board is not responsible for the delivery of the objectives of these organisations or their day to day management. It is however responsible for ensuring that the organisations are staffed using appropriate recruitment mechanisms and that PTHB's Standing Financial Instructions and Workforce and OD policies are complied with.


THE HEALTH BOARD'S GOVERNANCE FRAMEWORK

BOARD COMPOSITION

PTHB is led by its Chair, Chief Executive and a Board of Executive Directors, Independent Members and Associate Members. The [Directors' Report](#), provides details of the composition of the Board and its legislative basis.

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

Accountable Officer, am responsible for maintaining appropriate governance structures and procedures. In summary, the Board:

- 
- Sets the strategic direction of the organisation within the overall policies and priorities of the Welsh Government and the NHS in Wales;
 - Establishes and maintains high standards of corporate governance;
 - Ensures the delivery of the aims and objectives of the organisation through effective challenge and scrutiny of performance across all areas of responsibility;
 - Monitors progress against the delivery of strategic and annual objectives; and
 - Ensures effective financial stewardship by effective administration and economic use of resources.

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. Details of those who sit on the Board are published on our website at:

www.powysthb.wales.nhs.uk/boardmembership.

During the financial year the following substantive appointments were made as voting members of the Board:

- Karen Gully, Medical Director
- David Murphy, Director of Therapies and Health Science
- Hayley Thomas, Director of Planning and Performance
- Jonathon White, Independent Member

Attendance at Board meetings is formally recorded within the minutes, detailing where apologies have been received and deputies have been

nominated. The agenda and minutes of all public meetings can be found on our website at: www.powysthb.wales.nhs.uk/board-meetings

During the 2016-17 the Board held:

- Seven meetings in public (including one extraordinary meeting, held to agree the Annual Accounts for 2015-16);
- One Annual General Meeting; and
- Six development sessions.

All meetings of the Board held in 2016-17 were appropriately constituted with a quorum. Through these meetings the Board:

- Oversaw the implementation of the approved 2016-2019, integrated Medium Term Plan (IMTP) and were actively involved in the development and approval of the 2016-2019 refreshed three year plan;
- Oversaw the development of the Health and Care Strategy for Powys;
- Took steps to address the requirements of the Future Generations Act;
- Received feedback from service users and patients through patient stories
- Approved a series of delivery plans, including those for End of Life, Dementia and Diabetes.
- Oversaw the development of an organisational Assurance Framework;
- Approved a strengthened Risk Management Framework;
- Oversaw the development of, received, considered and discussed the organisational risk register and the monitoring and management of the assigned risks to key committees of the Board;
- Oversaw the transfer of Adult Mental Health Services back to the Health Board;
- Oversaw the implementation of the Strategic Commissioning Framework.
- Approved and monitored the Discretionary Capital Programme.
- Agreed the Powys Smoke Free Policy.
- Received, considered and discussed financial performance and the related risks being managed by the Health Board;
- Received regular reports on Patient Experience and feedback, ensuring where concerns are raised, that these are escalated to the Board and where necessary, result in the Board proactively activating agreed multiagency procedures and cooperate fully with partners.
- Routinely considered the Board's performance in relation to key national and local targets and agreed mitigating actions in response to improve performance where appropriate.
- Routinely received assurance reports from the Committees and Advisory Groups of the Board.

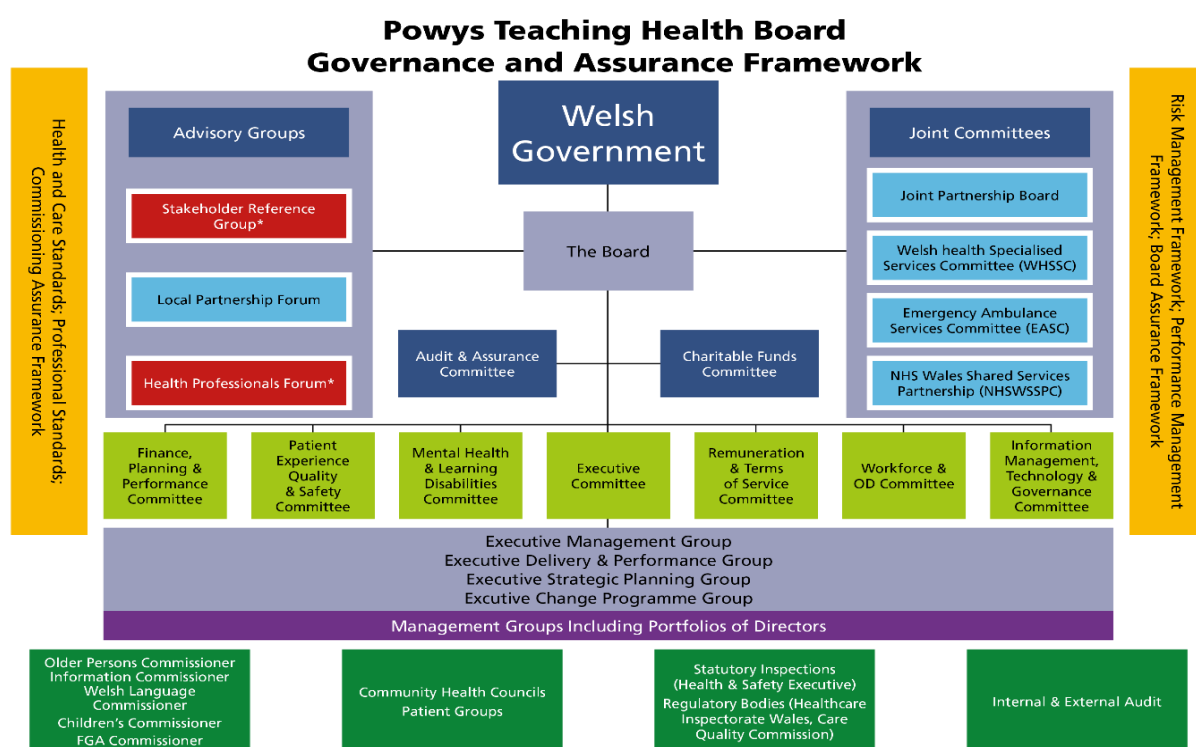
BOARD COMMITTEE ARRANGEMENTS

The Board is clear that robust governance is reliant upon effective and efficient Board Committee arrangements, which ensure a balance of focus between strategic development, gaining assurance and scrutiny and driving the right culture. In this regard Section 2 of Powys Teaching Health Board's Standing Orders provides that *"The Board may and, where directed by the 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 to the Board in the exercise of its functions."*



The Health Board has established a range of committees – see **Figure 1** that follows. These Committees are chaired by

Figure 1: Powys Teaching Health Board's Governance and Assurance Framework



Independent Members of the Board and have key roles in relation to the system of governance and assurance, decision making, scrutiny, development discussions, assessment of current risks and performance monitoring.

Building on the work started in 2015-16, further steps were taken during the year to strengthen Board Committee arrangements.

A full and considered review of each of the terms of reference of the Board's committees was undertaken. This review highlighted areas where assurance and risk management arrangements required strengthening and consequently the terms of reference of a number of the committees were updated.

At its May 2016 meeting the Board agreed to:

- The Audit Committee being renamed the [Audit and Assurance Committee](#). This change brought the Board's arrangements in line with Treasury guidance "Corporate governance in central government departments: Code of good practice 2011". Principle 5.1 of the Code provides that the board should be supported by an Audit and Risk Assurance Committee chaired by a suitably experienced non-executive board member.

The Terms of Reference of the Audit and Assurance Committee were strengthened to reflect requirements set out in Treasury guidance "Audit and Risk Assurance Committee Handbook 2013".

- The Finance and Performance Committee being renamed the [Finance, Planning and Performance Committee](#). The change in title reflects the changes made to the Committee's Terms of Reference, which now incorporate specific references to the Committee's role in relation to the provision of assurance and advice in relation to strategic planning, commissioning and capital and estates.
- The Mental Health Assurance Committee being renamed the [Mental Health and Learning Disabilities Committee](#). The change in title reflects the wider role that the Committee has in relation to the provision of assurance and advice regarding the quality and safety of mental health and learning disability services. The revised terms of reference strengthen the Committees role in relation to legislative requirements.
- The Quality and Safety Committee being renamed the [Patient Experience, Quality and Safety Committee](#), reflecting the key role that the Committee plays in relation to monitoring the experience of our patients and overseeing the implementation of the Patient Experience Strategy.

In addition, to improve the openness, transparency and effectiveness of each of the Board Committees the terms of reference of each were amended to:

- fully reflect the powers and authority delegated to the committee.
- make it clear that the Committee Chair can invite the Chief Executive and other officials to attend meetings of the Committee.
- confirm that in order to avoid cancelling a Committee meeting the Chair may invite another independent member of the Board to be a temporary member of the Committee.
- reflect the fact that Board Committee meetings (with the exception of the Remuneration and Terms of Service Committee) will be held in public with due regard being paid to accessibility requirements.
- confirm meetings of the Board committees will be held in public unless there are circumstances where it would not be in the public interest to discuss a matter in public.
- clarify the requirement, set out in Standing Orders, for each Committee to produce an annual report.
- fully explain when and in what circumstances Chair's action can be taken.

A paper outlining the changes made and agreed by the Board can be found on the Board section of our website

<http://www.powysthb.wales.nhs.uk/board-agenda-25-may-2016>

At its July meeting the Board also agreed to the:

- The Information Governance Committee being renamed the [Information Management, Technology and Governance Committee](#), reflecting the fact that the terms of reference had been expanded to include details of the Committee's powers and authority in relation to Information Management and Technology.

<http://www.powysthb.wales.nhs.uk/board-agenda-27-july-2016>

In order to strengthen the governance of Executive Director discussions and decision making I agreed with the Board that an [Executive Committee](#) would be established as a formal Committee of the Board. I Chair this Committee which comprises of all Executive Directors, which has been delegated powers from the Board to oversee the day to day management of the organisation and in so doing ensure an effective system of integrated governance, risk management and internal control across the whole of the Health Board's activities (both clinical and non-clinical and provided and commissioned services), which supports the achievement of its strategic objectives as set out in its Integrated Medium Term Plan (IMTP).

As a result of the above changes agreed by the Board the following Board Committees were in place during 2016-17:

- Audit & Assurance Committee
- Charitable Funds Committee
- Executive Committee

- Finance, Planning and Performance Committee
- Information Management, Technology and Governance Committee
- Mental Health and Learning Disabilities Committee
- Patient Experience, Quality and Safety Committee
- Remuneration and Terms of Service Committee
- Workforce and Organisational Development Committee

Each committee has clear terms of reference and at the start of the year each produced a work programme setting out the areas they would focus on during the year. All committee terms of reference and work programmes can be viewed via the following link

<http://www.powysthb.wales.nhs.uk/sub-committees>.

During 2016-17, the committees considered and scrutinised a range of reports and issues relevant to the matters delegated to them by the Board. Reports considered by the committees included a range of internal audit reports, external audit reports and reports from other review and regulatory bodies, such as Healthcare Inspectorate Wales and Powys Community Health Council. As was the case in previous years, the committees' consideration and analysis of such information has played a key role in my assessment of the effectiveness of internal controls, risk management arrangements and assurance mechanisms.

Table 2 below outlines dates of Board and Committee meetings held during 2016-17. All meetings were quorate.

	Dates of Meetings											
	2016						2017					
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Board		31		27		28		23		25		22
Board Development	28		23			1	20		15		16	
Charitable Funds		10		12			27	8		17		14
Finance, Planning & Performance		12		5		6		3		12		15
Information Management, Technology & Governance	21			14			18			19		
Mental Health & Learning Disabilities			7				13		1		28	
Patient Experience, Quality & Safety	26	5		7		22		17			2	30
RATS		25	30						15			8
Workforce and OD	19		14	21			11		8		14	

The committees have also considered and advised on areas of local and national strategic developments and new policy areas. Board Members are

also involved in a range of other activities on behalf of the Board, such as Board development sessions (at least six a year), quality and safety 'walkrounds', shadowing and a range of other internal and external meetings.

Throughout the year, the Chair of each committee reported to the Board on the committees' activities. Further, in line with the Health Board's Standing Orders, each committee has produced an annual report, for 2016-17, setting out a helpful summary of its work. These annual reports were considered in a public session of the Board and can be accessed via the following link <http://www.powysthb.wales.nhs.uk/sub-committees>

There is cross representation between committees to support the connection of the business of committees and also to seek to integrate assurance reporting. The Health Board is continuing to develop the ways in which its committees work together to ensure the Board has assurance on the breadth of the Health Board's work to meet its objectives and responsibilities.

An overview of the key areas of focus for each of the Board committees is set out in **Table 3** that follows.

Table 3: Key Areas of Focus of Committees of the Board

Audit and Assurance Committee	<ul style="list-style-type: none"> ▪ Approved of the Internal Audit Plan for 2016-17 ▪ Oversaw the delivery of a programme of internal and external audit reports ▪ Sought assurance in relation to Post Payment Verification Checks ▪ Kept an overview of the adequacy of Counter Fraud Services ▪ Monitored the implementation of audit recommendations ▪ Kept under review the Health Board's arrangements for risk management and assurance ▪ Reviewed and sought assurance on the accuracy of Annual accounts ▪ Oversaw the Governance Improvement Programme
Executive Committee	<ul style="list-style-type: none"> ▪ Took forward actions arising from the Integrated Performance Report and performance managing the delivery of those action plans. ▪ Implemented and managed the structures, processes and responsibilities for identifying and managing the key risks facing the

	<p>organisation; informing discussions at the Audit and Assurance Committee and the Board.</p> <ul style="list-style-type: none"> ▪ Kept the operational effectiveness of policies and procedures under review. ▪ Scrutinised key reports and strategies prior to their submission to other Committees of the Board and/or the Board to ensure their accuracy and quality. ▪ Provided a strategic view of issues of concern ensuring co-ordination between directorates. ▪ Provided advice to the Committees of the Board and/or the Board on matters related to quality, safety, planning, commissioning, service level agreements and change management initiatives. ▪ Ensured staff are kept up to date on health board wide issues. ▪ Acted as the forum in which Directors and senior managers can formally raise concerns and issues for discussion, making decisions on these issues.
Charitable Fund Committee	<ul style="list-style-type: none"> ▪ Scrutinised applications for charitable funds ▪ Kept and overview of charitable funds income and expenditure
Finance, Planning and Performance Committee	<ul style="list-style-type: none"> ▪ Oversaw the delivery of the health board's performance against the National Outcomes Framework, the Integrated Medium Term Plan and related Annual Plan, and key local outcomes. ▪ Ensured there is an effective business planning process in place. ▪ Kept budgets and savings plans under review ▪ Reviewed delivery plans ▪ Oversaw the delivery of the Health Board's discretionary capital programme ▪ Sought assurance in relation to the Health Board's financial performance ▪ Reviewed performance against national outcomes framework ▪ Sought assurance in relation to commissioning arrangements
Information Management, Technology and	<ul style="list-style-type: none"> ▪ Kept key Information governance performance indicators unreview ▪ Oversaw the delivery of PTHB's IM&T priorities set out in the IMTP, including all aspects of leadership development.

Governance Committee	<ul style="list-style-type: none"> ▪ Received regular data breach reports for : <ul style="list-style-type: none"> ✓ Serious reportable data breaches to the Information Commissioner and the Welsh Government ✓ Sensitive information ▪ Received regular reports to monitor data quality. ▪ Received regular reports to monitor information governance risk assessments. ▪ Received and considered audits and assessments against the Caldicott Standards and the relevant Health and Care Standards. ▪ Received regular reports on FOI requests
Mental Health and Learning Disabilities Committee	<ul style="list-style-type: none"> ▪ Kept under review the health board's Dementia Plan ▪ Oversaw the transfer of Adult Mental Health arrangements back to Powys Teaching Health Board. ▪ Sought assurances in relation to: <ul style="list-style-type: none"> ○ Veterans Mental Health Services ○ Integrated services for autism ○ Learning Disability Services ○ Older and Adult Mental Health Services ○ Mental Health Estates Matters ○ Child and Adolescent Mental Health Services ▪ Kept under review progress in delivery of the Hearts and Minds Mental Health Partnership Delivery Plan ▪ Reviewed the performance of mental health and learning disability services against national targets
Patient Experience, Quality and Safety Committee	<ul style="list-style-type: none"> ▪ Reviewed performance against key patient experience, quality and safety indicators ▪ Kept under review the Health Boards performance in relation to falls, pressure damage and mortality ▪ Sought assurance in relation to the quality of services provided by PTHB and the bodies from which it commissions services ▪ Monitored the Health Board's approach to complaints and concerns ▪ Sought assurance in relation to specific issues, for example, in relation to the temporary

	<p>closure of Fan Gorau, services provided by the Shrewsbury and Telford NHS Trust</p> <ul style="list-style-type: none"> ▪ Oversaw the development of the Annual Quality Statement ▪ Received reports on matters such as infection control, safeguarding ▪ Received presentations from localities outlining their approach for ensuring the quality and safety of provided and commissioned services
Workforce and Organisational Development Committee	<ul style="list-style-type: none"> ▪ Reviewed performance against key workforce indicators ▪ Sought assurances and kept the following under review: <ul style="list-style-type: none"> ○ Recruitment and the Recruitment Strategy ○ Personal Appraisal and Development ○ Mandatory and Statutory Training ○ Talent Management Strategy ○ Wellbeing at work ○ Welsh Language requirements ○ Equality and Diversity ▪ Received regular updates on the Chat to Change programme ▪ Monitored the steps taken to engage staff in the 2016 Staff Survey ▪ Received regular updates on the Staff Excellence Awards

ADVISORY GROUPS

PTHB's Standing Orders require it to have three advisory groups in place. These allow the Board to seek advice from and consult with staff and key stakeholders. They are the:

- Stakeholder Reference Group
- Local Partnership Forum
- Healthcare Professionals' Forum

Local Partnership Forum (LPF) The LPF's role is to provide a formal mechanism where the Health Board, as employer, and trade unions/professional bodies representing Health Board employees work together to improve health services for the citizens of Powys - achieved through a regular and timely process of consultation, negotiation and communication.

The Board's Local Partnership Forum is fully established and operating in accordance with Standing Orders. This Advisory Group has played a

significant role in considering the Board's strategic vision, aims and objectives prior to Board approval.

At the time of writing, the Board does not have in place its Stakeholder Reference Group or Healthcare Professionals' Forum. The establishment of these Groups was articulated as a strategic priority within the Board's Annual Plan for 2015-16 and hence it is disappointing that these groups are still yet to meet. The first meeting of the Stakeholder Reference Group is scheduled to take place in June 2017.

While the importance of establishing a Stakeholder Reference Group is recognised an audit of Stakeholder Engagement and Communication undertaken in 2015-16 highlighted that across the areas looked at, we they had *seen and heard evidence of good engagement, with some innovative methods being used to both promote engagement, and make traditionally difficult to understand documents much more accessible and visually appealing to the wider population.*

Once established the:

The Stakeholder Reference Group's (SRGs) role will be to provide independent advice on any aspect of PTHB business, which may include:

- early engagement and involvement in the determination of PTHB's overall strategic direction;
- provision of advice on specific service proposals prior to formal consultation; as well as
- feedback on the impact of the Health Boards operations on the communities it serves.

The Healthcare Professionals' Forum's (HPFs) role will be to provide a balanced, multi disciplinary view of healthcare professional issues to advise the Board on local strategy and delivery. Its role will not include consideration of healthcare professional terms and conditions of service. It is intended that the chairs of each of the above forums attend Board meetings to ensure that equality issues are central to the Health Board's agenda. The roles of these forums will become increasingly important as the Board works towards closer integration with Powys County Council.

JOINT COMMITTEES

Welsh Health Specialised Services Committee (WHSSC) & Emergency Ambulance Services Committee (EASC)

The Welsh Health Specialised Services Committee and the Emergency Ambulance Services Committee are joint committees of Welsh health, established under the Welsh Health Specialised Services Committee (Wales) Directions 2009 (2009/35) and 2014 (2014/9 (w.9)) (the WHSSC Directions) and the Emergency Ambulance Services Committee (Wales) Directions 2014 (2014/8 (W.8)) (the EASC Directions).

The function of the Welsh Health Specialised Services Joint Committee is to plan and secure specialised and tertiary services. The specialised and tertiary services are listed as an annex to the WHSSC Directions and are subject to variations to those functions agreed from time to time by the Joint Committee.

The function of the Emergency Ambulance Services Joint Committee is to plan and secure emergency ambulance services. Emergency ambulance services include responses to emergency calls via 999; urgent hospital admission request from general practitioners; high dependency and inter-hospital transfers; major incident response; and urgent patient triage by telephone.

The Joint Committees are hosted by the Cwm Taf University Health Board on behalf of the seven Health Boards in Wales. As Chief Executive Officer I represent the Health Board on the Joint Committees and reports prepared by the Chairs are taken to public meetings of the Board.

NHS Wales Shared Services Partnership Committee

A NHS Wales Shared Services Partnership Committee (NWSSPC) has been established under Velindre NHS Trust which is responsible for exercising shared services functions including the management and provision of Shared Services to the NHS in Wales.

The Velindre National Health Service Trust Shared Services Committee (Wales) Regulations 2012 provide that the committee be comprised of the chief officers of each Local Health Board and NHS Trusts in Wales (or their nominated representative), the Director of Shared Services together with a Chair who is to be appointed by the Committee in accordance with the SSPC Standing Orders.

A Memorandum of Co-operation in place between all Local Health Boards and NHS Trusts in Wales setting out the obligations of the NHS bodies to participate in the NWSSPC and to take collective responsibility for the delivery of those services.

The Health Board's Audit and Assurance Committee considers internal audit reports in relation to the controls in place to deliver those services provided on its behalf, as well as taking assurances from the Head of Internal Audit's annual opinion in respect of the NHS Wales Shared Services Partnership.

Joint Partnership Board

Powys has been made a region in its own right under Part 9 of the Social Services Wellbeing (Wales) Act 2014. In light of this and combined with the requirements of the Well-being of Future Generations Act (Wales) 2015 and Wellbeing Act and the collective drive towards increased integration between

the Health Board and PCC, in February 2016, PTHB and PCC established a Joint Partnership Board. This brings together nominated strategic leaders from PCC and the Health Board to ensure effective partnership working across organisations within the county for the benefit of the people of Powys.

The Joint Partnership Board is responsible for oversight of the integration agenda. Formal terms of reference are in place and a collaborative agreement between the Health Board and PCC has been signed.

STANDING ORDERS, SCHEME OF RESERVATION AND DELEGATION OF POWERS AND STANDING FINANCIAL INSTRUCTIONS

The Health Board's governance and assurance arrangements have been aligned to the requirements set out in the Welsh Government's Governance e-manual and the Citizen Centred Governance Principles.

As reported in last year's Annual Governance Statement the seven Citizen Centred Governance Principles provide the framework for the business conduct of the Health Board and define its 'ways of working'. Care has been taken to ensure that governance arrangements also reflect the requirements set out in HM Treasury's 'Corporate Governance in Central Government Departments: Code of Good Practice 2011'.

Like all Health Boards across Wales, PTHB has agreed Standing Orders for the regulation of proceedings and business. Together with the adoption of a Scheme of Reservation and Delegation of Powers matters reserved to the Board 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 a range of corporate policies set by the Board contribute to the Health Board's governance framework.

In last year's [Annual Governance](#) Statement we highlighted that in early in 2016-17, we would confirm the organisational governance model to ensure clarity over delegated levels of authority and accountability. This started with a review of Standing Orders, Standing Financial Instructions and Scheme of Delegation.

During the year the Health Board's Standing Orders were reviewed to ensure that they fully reflected the way in which the way in which proceedings and business are regulated and properly translate the statutory requirements set out in the Health Board (Constitution, Membership and Procedures) (Wales) Regulations 2009 into day to day operating practice. Updated Standing Orders were approved by the Board when it met on 25 January 2017 and the paper outlining the changes made can be accessed via the following link <http://www.powysthb.wales.nhs.uk/board-250117>.

The revised Standing Orders are available on the 'Key Documents' section of our website <http://www.powysthb.wales.nhs.uk/document/304769>.

The Board, subject to any directions that may be made by the Welsh Ministers, is required to make appropriate arrangements for certain functions to be carried out on its behalf so that the day to day business of the Health Board may be carried out effectively, and in a manner that secures the achievement of the organisations aims and objectives. To fulfil this requirement, in alignment with the review of Standing Orders and Committee terms of reference, a detailed review of the Board's Scheme of Reservation and Delegation of Powers was also undertaken. The document, which was approved by the Board in January 2017 therefore sets out the matters that are:

- reserved for the full Board;
- delegated to Committees of the Board;
- delegated to Independent Members of the Board; and
- delegated to Officers of the Health Board.

We also reviewed the Health Board's Standing Financial Instructions and ensured that delegations aligned to these were established and approved by the Board.

The Scheme of Reservation and Delegation of Powers can be found on the Health Board's website at <http://www.powysthb.wales.nhs.uk/document/304770>.

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROLS

As I have reported in previous Annual Governance Statements the system of internal control operating across Powys Teaching Health Board is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of policies, aims and objectives of the Health Board, to evaluate the likelihood of those risks being realised and to manage them efficiently, effectively and economically.

I can confirm the system of internal control has been in place at the Health Board for the year ended 31 March 2017 and up to the date of approval of the annual report and accounts.

CAPACITY TO HANDLE RISK AND KEY ASPECTS OF THE CONTROL FRAMEWORK

Responsibility for making sure that risks are properly managed rests with the Board. As Accountable Officer, I have overall responsibility for risk management and report to the Board on the effectiveness of risk management across the Health Board. My advice to the Board is informed by executive officers, feedback received from Board Committees; in particular the Audit and Assurance Committee and Patient Experience, Quality and Safety Committee.

Executive Committee 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 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 the lead, for example, patient safety risks fall within the responsibility of the Medical Director, Director of Nursing, and Director of Therapies and Health Science.

THE RISK MANAGEMENT FRAMEWORK

Robust risk management is seen by the Board as being integral to good management and the aim is to ensure it is integral to the Health Board's culture. It is an increasingly important element of the Health Board's planning, budget setting and performance processes.

The [Risk Management Framework](#) approved by the Board in January 2017, sets out the Health Board's processes and mechanisms for the identification, assessment and escalation of risks. It has been developed to create a robust risk management culture across the Health Board by setting out the approach and mechanisms by which the Health Board will:

- make sure that the principles, processes and procedures for best practice risk management are consistent across the Health Board and fit for purpose;
- ensure risks are identified and managed through a robust organisational Assurance Framework and accompanying Corporate and Directorate Risk Registers;
- embed risk management and established local risk reporting procedures to ensure an effective integrated management process across the Health Board's activities;
- ensure strategic and operational decisions are informed by an understanding of risks and their likely impact;
- ensure risks to the delivery of the Health Board's strategic objectives are eliminated, transferred or proactively managed;
- manage the clinical and non-clinical risks facing the Health Board in a

- co-ordinated way; and
- keep the Board and its Committees suitably informed of significant risks facing the Health Board and associated plans to treat the risk.

The [Risk Management Framework](#) sets out a multi-layered reporting process, which comprises of the [Assurance Framework](#) and [Corporate Risk Register](#), Directorate Risk Registers, Local Risk Registers and Project Risk Registers. It has been developed to help build and sustain an organisational culture that encourages appropriate risk taking, effective performance management and organisational learning in order to continuously improve the quality of the services provided and commissioned.

The [Risk Management Framework](#) is underpinned by a number of policies which relate to risk assessment including incident reporting, information governance, training, health and safety, violence and aggression, complaints, infection control, whistle blowing, human resources, consent, manual handling and security.

Embedding effective risk management

Embedding effective risk management remains a key priority for the Board as it is integral to enabling the delivery of our objectives, both strategic and operational, and most importantly to the delivery of safe, high quality services.

An internal audit of our risk processes was undertaken towards the end of the 2015-16 financial year and this resulted in a 'limited' assurance report. During the last 12-months a number of steps were taken to strengthen risk management across the organisation; this work included commissioned and contracted services. We have strengthened our risk management and assurance arrangements by:

- Developing and embedding the Health Board's Assurance Framework.
- Implementing a strengthened Risk Management Framework with easy to use processes and documentation.
- Identifying and regularly reviewing the strategic risks linked to the strategic objectives and priorities set out in the IMTP.
- Clarifying the role of the committees of the Board in relation to the 'assurance framework' and risk management.

In March 2016, Internal Audit Services reported on its follow-up audit of the Health Board's Risk management arrangements. The report concluded that:

The Health Board has undertaken a considerable amount of good work in refreshing its approach to risk management. A new risk management framework was agreed by the Board in January 2017.

*There is good awareness of the refreshed framework and a sound understanding of the principles of risk management in the three areas examined. However, much work remains to be done. The level of assurance given as to the effectiveness of the system of internal control in place to manage the risks associated with risk management is a **Reasonable Assurance**.*

Board and Committee work plans have been reviewed with a view to ensuring that they receive adequate assurance in relation to how risk is being managed throughout the year. Risks are reported locally at department and service level, they are reported through to the Directorate Risk Register and any matters that cannot be managed at that level are escalated to the [Corporate Risk Register](#).

Going forward the Board will be involved in the continual development of the [Assurance Framework](#) and [Corporate Risk Register](#), and these will be formally reviewed at each meeting of the Board during 2017-18.

Risk appetite

HM Treasury (2006) define risk appetite as:

The amount of risk that an organisation is prepared to accept, tolerate, or be exposed to at any point in time’.

In February 2016, the Board approved its [Risk Appetite Statement](#). This set out the Board’s strategic approach to risk-taking by defining its risk appetite thresholds. It is a ‘live’ document that is regularly reviewed and modified, so that any changes to the organisation’s strategies, objectives or its capacity to manage risk are properly reflected.

In developing the [Risk Appetite Statement](#) careful consideration was given to the Health Board’s capacity and capability to manage risk. The following risk appetite levels, developed by the Good Governance Institute, informed the Statement. See **Figure 2** that follows.

Figure 2: Description of Risk Appetite

Appetite Level	Described as:
None.	Avoid the avoidance of risk and uncertainty is a key organisational objective.
Low.	Minimal the preference for ultra-safe delivery options that have a low degree of inherent risk and only for limited reward potential.
Moderate.	Cautious the preference for safe delivery options that have a low degree of inherent risk and may only have limited potential for reward.

High	Open and being willing to consider all potential delivery options and choose while also providing an acceptable level of reward (and VfM).
Significant.	Seek and to be eager to be innovative and to choose options offering potentially higher business rewards (despite greater inherent risk. Or also described as Mature being confident in setting high levels of risk appetite because controls, forward scanning and responsiveness systems are robust.

The [Risk Appetite Statement](#) makes it clear that the Board has **no appetite** for accepting or pursuing risks that may have an adverse impact on the quality or safety of the services it provides or commissions.

At the time that the Statement was developed the Board recognised that further work was needed to better understand the Health Board's capacity to manage risk and so a conservative Statement was developed. The [Risk Appetite Statement](#) will be re-visited in December 2017 when the [Risk Management Framework](#) has had time to embed.

Risk identification and evaluation

Risks are identified via a variety of mechanisms, which are briefly described below.

Through discussion and the receipt of reports the Board has identified, and managed a range of risks during 2016-17, notably the risks in relation to the transfer of adult Mental Health Services back to the Health Board; the temporary closure of the Fan Gorau Unit, various service issues related to Shrewsbury and Telford NHS Trust.

The Health Board requires all clinical and non-clinical incidents, including near misses, to be formally reported. Members of staff involved in, or witnessing such an incident, are responsible for ensuring that the incident is reported.

When an incident occurs and there is a remaining risk, all practical and reasonable steps are taken to prevent re-occurrence. The line manager is responsible for the provision of primary support for staff involved in the incident and this is made available to them immediately.

Any incidents which are considered serious are escalated as appropriate and a decision is taken as to whether the incident should be treated as a Serious Incident (SI) and reported to the Welsh Government. All SIs must be investigated using the Root Cause Analysis (RCA) methodology.

Other methods of identifying risks include:

- Complaints and concerns

- Health and Safety audits
- Clinical audits
- Quality Walkrounds
- Medico-legal claims and litigation
- External benchmarking
- Inquest findings and recommendations from HM Coroners

Identified risks are added to the relevant Risk Register and reviewed to ensure that action plans are being carried out and that risks are being added or deleted as appropriate. Identified risks at all levels are evaluated using a common methodology based on a 5 x 5 risk scoring matrix as shown below:

Risks are categorised into four levels as follows:

- **Low** – with a score between 1 and 3
- **Moderate** – with a score between 4 and 6
- **High** – with a score between 8 and 12
- **Extreme** – with a score between 15 and 25

High level risks are reported to the Executive Committee, Board Committees and the Board.

Staff awareness of the need to manage risks continues to be reinforced as part of routine communication and briefing and specific senior management discussions. By linking together issues arising from complaints claims and concerns it has also been possible to identify important points of learning and areas of best practice.

The health board's risk profile

As part of the development of the [Board Assurance Framework](#) the whole Board took part in a series of workshops to identify and map the risks to the delivery of strategic objectives. The outcomes of these workshops were used to inform the [Corporate Risk Register](#) and the development of the IMTP. The Heat Map that follows highlights the key risks identified.

As can be seen from the Heat Map at the end of March 2017 there were a number of key risks to the deliver of the Health Board's strategic objectives. Full details of the controls in place and actions taken to address these risks can be found in the [Corporate Risk Register](#).

Figure 3: Risk Heat Map: 31 March 2017

Impact	Catastrophic	5						
	Major	4				<ul style="list-style-type: none"> ▪ Inadequate and non-compliant estate in some areas ▪ Delayed redesign of mental health services model ▪ Areas of fragmented health and social care services ▪ Governance not embedded in all areas 	<ul style="list-style-type: none"> ▪ Whole system commissioning not embedded ▪ Ineffective financial planning ▪ Inability to attract, recruit and develop qualified staff with the appropriate skills and competencies required across primary and community care ▪ Lack of a robust and stable ICT system 	
	Moderate	3						
	Minor	2						
	Negligible	1						
			1	2	3	4	5	
Likelihood			Rare	Unlikely	Possible	Likely	Almost Certain	

An overview of the key risks (i.e. those in the red section of the Health Map and actions taken is provided in **Table 4** on page 46.

Table 4: Key Risks and Controls

RISK DESCRIPTION	CONTROLS/ACTION TAKEN & IMPROVEMENT ACTIONS
Whole system commissioning not embedded	<p>CONTROLS ALREADY IN PLACE/ACTION ALREADY TAKEN:</p> <ul style="list-style-type: none"> ▪ Strategic Commissioning Framework developed and implemented ▪ Commissioning Assurance Framework introduced (CAF) ▪ CAF escalation process implemented • Commissioning Development Programme introduced <p>IMPROVEMENT ACTIONS BEING TAKEN FORWARD:</p> <ul style="list-style-type: none"> ▪ Embed and ensure organisational compliance with the Commissioning Assurance Framework ▪ Develop a Commissioning Development Framework through the Commissioning Development Programme ▪ Clarify Commissioning Intentions for 2017/18 ▪ Robustly manage the performance of all providers of planned care services for the people of Powys through the Commissioning Assurance Framework and the management of waiting times
Inadequate and non-compliant estate in some areas	<p>CONTROLS ALREADY IN PLACE/ACTION ALREADY TAKEN:</p> <ul style="list-style-type: none"> ▪ Specialist sub-groups for each compliance discipline ▪ Risk based improvement plans introduced ▪ Specialist leads identified ▪ Estates Compliance Group and Capital Control Group established ▪ Medical Gases Committee; Fire Safety Group; Water Safety Group; Health & Safety Committee in place ▪ Capital Programme developed and approved <p>IMPROVEMENT ACTIONS BEING TAKEN FORWARD:</p> <ul style="list-style-type: none"> ▪ Address (on an ongoing basis) maintenance and compliance issues ▪ Develop medium and long term estates strategy Develop capacity and efficiency of the Estates and Capital function
Ineffective financial planning	<p>CONTROLS ALREADY IN PLACE/ACTION ALREADY TAKEN:</p> <ul style="list-style-type: none"> ▪ Financial Plan developed ▪ Monthly meetings to monitor delivery of financial plan ▪ Budgetary Control Framework strengthened ▪ Contracting Framework strengthened <p>IMPROVEMENT ACTIONS BEING TAKEN FORWARD:</p> <p>Efficiency and transformation actions</p>
Inability to attract, recruit and develop qualified staff with the appropriate skills and competencies required across primary and community care	<p>CONTROLS:</p> <p>CONTROLS ALREADY IN PLACE/ACTION ALREADY TAKEN:</p> <ul style="list-style-type: none"> ▪ Strengthening of clinical leadership with the appointment of a full-time Medical Director and Director of Therapies and Health Science <p>IMPROVEMENT ACTIONS:</p> <ul style="list-style-type: none"> ▪ Further enhance the role of clusters ▪ Ensure a focus on recruitment and retention ▪ Further strengthen clinical leadership across the organisation

RISK DESCRIPTION	CONTROLS/ACTION TAKEN & IMPROVEMENT ACTIONS
Lack of a robust and stable ICT system	<p>CONTROLS ALREADY IN PLACE/ACTION ALREADY TAKEN:</p> <ul style="list-style-type: none"> ▪ Development of a Joint ICT Strategy with Powys County Council ▪ Establishment of an ICT Programme Board and relevant Project Boards ▪ Engagement and input in to the National Implementation Board <p>IMPROVEMENT ACTIONS:</p> <ul style="list-style-type: none"> ▪ Strengthen the ICT infrastructure to ensure stable ICT platform for the health board and county council that is flexible and future proofed

Executive Directors and their teams are reviewing and refining Directorate Risk Registers to ensure that they underpin and appropriately inform the [Corporate Risk Register](#). This work is due to be completed by the middle of May 2017.

The Audit and Assurance Committee monitors and oversees both internal control issues and the process for risk management and the Board and its Committees receive reports that relate to the identification and management of risks.

The public, service users and key stakeholders are regularly engaged in identifying, assessing and putting mechanisms in place to manage the risks that impact on them. For example, during 2016-17 Powys residents and key stakeholders were engaged in the development of the health board's IMTP, the Health and Care Strategy for Powys, the establishment of an Integrated Health and Social Care Team at Ystradgynlais Community Hospital and the temporary closure of Fan Gorau a ward at Newtown Hospital providing care for people with dementia and related conditions. Such engagement involved Powys residents and stakeholders in the identification, assessment and decisions in relation to risks and their management.

Case studies and patient stories are presented to the Board and Concerns/Claims scrutiny panels, in order that lessons can be disseminated and shared.

General Practitioners (GPs), Pharmacists, Dental Practitioners, Optometrists, Nursing Care Homes, Voluntary organisations and those where we have partnership relationships for service delivery, e.g. Local Authorities and other Health Boards, are responsible for identifying and managing their own risks through the contractual processes in place.

KEY ASPECTS OF THE CONTROL FRAMEWORK

In addition to the Board and Committee arrangements described earlier in this document, I have over the last 12-months worked to further strengthen the Health Board's control framework. Key elements of this include:

QUALITY GOVERNANCE STRUCTURE

The Board has a collective responsibility for quality. There is a clear quality governance structure with the Patient Experience, Quality and Safety Committee holding executives to account and receiving reports on assurance and risks linked to patient experience, quality and safety.

This year as in previous years, in tandem with the publication of the 2016-17 Annual Report the Health Board will publish its Annual Quality Statement, which brings together a summary of how the organisation has been working over the past year to improve the quality of all the services it plans and provides. The report can be found here on the Health Board's website:

www.powysthb.wales.nhs.uk

At each meeting of the Board a patient story is presented at the start. The use of first hand patient stories, that act of hearing and having an opportunity to connect with people using services, has enabled not just a more emotional connection with the impact of decisions made in the organisation but has also helped drive specific improvements in services. During 2016-17, the Board received presentations from service users, patients and families telling us of their experiences in relation to:

- End of Life Care;
- Diagnosis of Type 1 Diabetes;
- Perinatal Mental Health Services
- Dementia Care
- Child and Adolescent Mental Health Services

COMPLAINTS AND CONCERNS FRAMEWORK

Over the last 12-months we have made significant improvements to the way in which we address complaints and concerns, focusing on listening and learning from patient experience and the 'gift of complaints' to improve the experience of care for Powys residents.

The [Patient Experience Strategy](#) approved by the Board in February 2016 set out the high level direction of travel in supporting delivery of PTHB's vision, aims and objectives and is based on Welsh Government direction, provided through the All Wales Framework for Assuring Service User Experience (2013).

A follow up review by Internal Audit of Putting Things Right saw improvement from Limited Assurance to Reasonable Assurance and Management of Welsh Risk Pool Claims received a 'reasonable assurance' rating.

The Health Board's in year performance for responding to complaints within 30 working days ranged from 38% to 74% and averaged 63%. This is an improvement on previous years and further details on complaints and

concerns can be found in the [Annual Quality Statement](#) and [Putting Things Right Annual Report for 2016/17](#)

COMMISSIONING ASSURANCE FRAMEWORK

Powys is unlike other Health Boards in Wales in that around 75% of the funding entrusted to it by Welsh Government is spent on securing healthcare from providers it does not directly manage. PTHB's commissioning work spans the continuum through health promotion, primary care, secondary care, specialised services, individual patient commissioning, continuing healthcare, partnership commissioning and joint commissioning with the local authority. Services (no matter whether they are directly managed or secured from other providers) need to be understood within the whole pathway of care, in order to shift the focus to prevention and more local delivery wherever possible.

The Board recognises that PTHB needs to:

- commission in a way which reflects the values and arrangements of NHS Wales to secure long lasting solutions making the most of opportunities for prevention, integration, local delivery and collaboration;
- ensure the Health Board is appropriately orientated to commissioning with the right strategy, people, processes, and structures in place;
- ensure active clinical involvement and leadership within commissioning, with primary care as an essential part of this;
- cover the full range of commissioning arrangements needed for different parts of the continuum of care - and across England and Wales
- ensure active management of the whole pathway of care including healthcare delivered across geographical and organisational borders – in order to ensure treatment is safe, clinically and cost effective, on time and informed and influenced by patient experience.

The Commissioning Development Programme is a major transformational change that I am leading personally. The programme once fully implemented will:

- Ensure a model of commissioning which reflects the values and arrangements of NHS Wales to secure sustainable solutions;
- Ensure that across the organisation the right strategy, people, processes and structures are in place.

- A “twin track” of driving forward strategic change whilst improving the day to day assurance about current services is needed.

Work is underway through the [Commissioning Assurance Framework](#) to ensure a safer more holistic and robust understanding of the services currently commissioned with a rules based approach to escalation. The [Strategic Commissioning Framework](#) (of which assurance is part) sets out *how* PTHB should be commissioning and the arrangements needed to achieve this.

Assurances in relation to specialist services are reported to our Board through reports from the Welsh Health Specialised Services Committee strategic quality framework and assurance on Emergency Ambulance Services through the Emergency Ambulance Services Committee. Going forward a focus on suite of high level indicators will provide assurance on services commissioned on our behalf. This will link to strengthening the capability and systems around commissioning for quality for both Welsh and English providers, care homes and primary care.

HEALTH AND CARE STANDARDS

Monthly review meetings were held throughout the year to review progress in relation to the embedding of the standards. This approach has been key to driving progress and improvement and sustaining the passion that has come with the launch of the new standards. This approach has proved successful as it has given staff the opportunity to discuss each standard, the outcomes of their self-assessments, to share good practice and to highlight any areas of concern.

PATIENT EXPERIENCE QUALITY AND SAFETY WALKROUNDS

During the year, Executive Directors and Independent Members continue to jointly carry out inspections to ward areas. The inspections allow for a focus on quality and safety from the perspective of patients, their families and carers. Seven out of ten community hospital wards have received a walkround visit during 2016-17. The schedule for 2016-17 also included Mental Health Inpatient Units under the management of the Health Board. Feedback received has been extremely positive, with some areas for improvement recommended, including:

- The introduction of Dementia friendly crockery
- The use of pictorial signage
- The strengthening of communication to negate patients having to tell their story multiple times
- The use of patient status At A Glance Boards

Action plans have been developed by each area in order that these issues are addressed. Progress against the locally-developed action plans is being followed up and will be reported at a future committee.

SHADOWING

The shadowing sessions which commenced in 2015-16 have continued this year. Executive Directors and Independent Members have spent half a day each with services which has given valuable insight into what a normal day in the life of staff providing these services is like. Examples of the services include Paediatric Speech and Language Therapy, Adult Physiotherapy, School Nursing and Maternity Services.

Positive feedback has been received from the teams involved and Executive Members and Independent Members. Moving forward into 2017-18 the shadowing sessions will be rolled out across other disciplines including Learning Disabilities and Safeguarding

MORTALITY REVIEWS

We have developed a robust process for undertaking mortality reviews that span deaths that occur in our community hospitals. This work continues to evolve and features prominently on the agenda of the Patient Experience, Quality and Safety Committee.

INTEGRATED PERFORMANCE MANAGEMENT AND REPORTING

The Health Board's Performance Management Framework was developed to ensure that the Board successfully delivers national standards for quality, performance, finance and patient experience as laid down in the NHS Wales Outcomes Framework. The Performance Management Framework also encompasses achievement of broader strategic objectives contained within the Board's Annual Plan, and other key enabling strategies.

A comprehensive Integrated Performance Report is presented monthly at Executive Committee Delivery and Performance meetings, at the Finance, Planning and Performance Committee and routinely at the public meeting of the Board. The IPR continues to evolve and develop. The Board recognises the importance of good quality data to inform its decision making at Board and committee level of the Board and has invested significant resource to develop the information and reports presented to Board for this purpose.

ANNUAL QUALITY STATEMENT

Each year we are required to publish an Annual Quality Statement. It provides an opportunity for the Health Board to let the people of Powys know in an open and honest way how we are doing to ensure all its services are meeting local need and reaching high standards. Each year it brings together a summary highlighting how the organisation is striving to continuously improve the quality of all the services it provides and commissions in order to drive both improvements in population health and the quality and safety of healthcare services.

The Annual Quality Statement provides the opportunity for the Board to routinely:

- assess how well they are doing across all services, including community, primary care and those where other sectors are engaged in providing services, including the third sector;
- identify good practice to share and spread more widely;
- identify areas that need improvement;
- track progress, year on year; and
- account to the public and other stakeholders on the quality of its services and improvements made.

The Annual Quality Statement will be published in July 2017 alongside the Annual Report and Accounts.

EXECUTIVE PORTFOLIOS

The Wales Audit Office Structured Assessment 2015 identified that the previous realignment of organisational structures undertaken in 2014, and the Directorate of Primary and Community Care (locality) structures put in place in 2015 had gone some way to enabling the Health Board to align key functions. The assessment however identified that there was further work required to ensure the Health Board was able to ensure delivery of its strategy in the most effective way, specifically it recommended that:

- An assessment of the resilience, capacity and experience of the Executive team is undertaken to ensure that a sustainable pace of change is maintained; and
- The balance of responsibilities between the centre and the localities is not yet clear. The accountabilities and responsibilities between the centre and the localities needed to be clarified, and where appropriate, reflected in the Health Board's scheme of delegations.

During 2016-17, I therefore reviewed the portfolios of the Executive Directors to ensure the appropriate alignment of accountabilities and authority within each Directorate and Director portfolio, and to also ensure that the directorates focus on their core responsibility. This work supported the organisational principle of there being one clear line of management accountability from Executive Director level through the various directorates and organisational levels.

The strengthening of clinical leadership at all levels of the organisation was fundamental to the review. The overarching aim was to place clinicians at the heart of strategic development, decision making and delivery. Critical to this was the successful appointment of both a substantive Medical Director and Director of Therapies and Health Science to work alongside the Director of Nursing and Director of Public Health. These clinical executive leaders will

be key to the setting of the clinical strategy of the organisation. Work to rebalance the organisation and place clinicians in pivotal roles of authority with the autonomy to act continues at pace.

As a public body that uses extensive public funds it is important that its structure is based on the principles of good governance, key to which is clarity of accountabilities and responsibilities, hence care was taken to ensure that the structure:

- Supports the Health Boards vision
- Makes accountabilities and responsibilities clear
- Makes decision making mechanisms clear
- Makes legislative and regulatory requirements clear
- Makes workflows and interdependencies clear
- Ensures roles are deliverable;
- Supports empowerment
- Provides Clarity regarding shared accountabilities and what to do if there is disagreement
- Facilitates the holding to account of teams and working groups

CHAT to CHANGE AND STAFF SURVEY

The 2013 NHS Staff Survey and Learning Events held in 2014, indicated that those working across the health board wanted:

- improved and better communication
- the importance of “listening to staff” and “acting on” what is heard to be recognised
- to create a “common culture”, a “culture of care”, “openness”, “honesty”, with “more focus on dignity, kindness” and “respect”
- to have confidence that things would change

From this, “Chat to Change – turning talk into action” grew. Its focus is on partnership working with Staff Partners and ensuring that they are fully engaged and involved in making ‘*Powys a great place to work*’.

Chat to Change is having an impact across the health board and is driving collective leadership, promoting participation, ensuring that the voices of staff are heard and staff are enabled to shape the cultures that we need.

The messages arising from the 2016 NHS Wales Staff Survey indicate that Chat to Change is having a positive impact:

- The health board’s response rate was the highest of all health boards in Wales with 52% of all eligible staff responding. An excellent internal communication and engagement campaign was put in place led by a small group of people including communications and trades union colleagues which helped to encourage people to participate.

- The engagement scores for the health board were above the overall NHS Wales score in all three of the themes (intrinsic psychological engagement; ability to contribute to improvements at work; and staff advocacy and recommendation). The largest increase in score from the 2013 position was in the 'staff advocacy and recommendation' category, which outlines whether staff would recommend the organisation as a place to work and whether they feel proud to work for the organisation. The overall engagement index score for the Health Board (3.81) is above the overall engagement index score for NHS Wales (3.65).
- While more detail is provide in the [Performance Report](#) some key headlines were:
 - 63% of staff say they are able to make improvements happen in their area of work, this is up from 55% in 2013 and is significantly higher than the overall NHS Wales score (52%).
 - 81% of staff say that the care of patients/service users is their organisation's top priority, up from 65% in 2013.
 - 70% of staff say that they would recommend their organisation as a place to work – which is 9% higher than the overall NHS Wales score, and a 9% improvement since 2013 when it was 61%.
 - 78% say that if a friend or relative needed treatment, they would be happy with the standard of care provided by the organisation, compared to 68% in 2013.
 - 72% of staff say that they are proud to tell people they work for their organisation, this was 61% in 2013.
 - All of these scores show significant improvements since 2013 and are above the overall NHS Wales scores.

Whilst the overall results are pleasing, there is more work to do in some areas including welsh language and learning and development. Priority actions have been identified and included as part of the Annual plan for 2017-18.

INFORMATION GOVERNANCE

Risks relating to information are managed and controlled in accordance with Health Boards Information Governance Policies through the Information Management, Technology and Governance Committee, which is chaired by an independent member.

The Medical Director, as Caldicott Guardian, is responsible for the protection of patient information. All information governance issues are escalated through h the Information Governance Committee.

The Senior Information Risk Owner (SIRO) provides an essential role in ensuring that identified information security risks are addressed and incidents properly managed. This role sits with the Board Secretary.

During the year we reported three Information Governance breaches to the Information Commissioner's Office:

- **August 2016:** inappropriate disclosure of patient 'keycodes' by the District Nursing Service - The Commissioner's Office have investigated and do not wish to take any further action against us.
- **October 2016:** (reported to PTHB in February 2017) inappropriate access to staff information held by the contractor for the Radiation Protection Service – at the time of reporting the Information Commissioner's Office investigation is still underway.
- **March 2017:** theft of PTHB laptop and medical records - The Information Commissioner's Office investigation is still underway.

In addition, PTHB provided support to an investigation conducted by the Information Commissioner's Office into a breach reported by a Powys GP Practice. This involved a member of PTHB staff inappropriately accessing medical records.

THE CORPORATE GOVERNANCE CODE AND THE BOARD'S SELF ASSESSMENT OF ITS EFFECTIVENESS

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 which 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.

During the latter part of the year the Board and its Committees undertook self-assessments of their effectiveness and development needs. The outcome of Committee self-assessments is contained in Committee annual reports <http://www.powysthb.wales.nhs.uk/sub-committees>

A Board Development Session was held on 27 April 2017 and this gave Board members the opportunity to reflect on the following areas and questions:

- **Strategy and planning** – how well is the board setting direction for the organisation?
- **Capability and culture** – is the board taking steps to ensure it has the appropriate experience and ability, now and into the future, and can

it positively shape the organisation's culture to deliver care in a safe and sustainable way?

- **Process and structures** – do reporting lines and accountabilities support the effective oversight of the organisation?
- **Measurement** – does the board receive appropriate, robust and timely information and does this support the leadership of the trust

The outcomes of this day are being used to inform the future development of the Governance Improvement Programme and a Board Development Programme.

THE HEALTH BOARD'S INTEGRATED MEDIUM TERM PLAN

The National Health Service Finance (Wales) Act 2014 became law in Wales on 27 January 2014. It placed new planning duties on Health Boards and amended the National Health Service (Wales) Act 2006 so that failure to prepare, submit a Board approved IMTP and have IMTPs approved by the Welsh Ministers is a breach of a statutory duty.

In accordance with the above legislative duty IMTP's for 2015-18 and 2016-19 were approved by the Board and submitted to the Welsh Government within required timescales. Both plan's have been approved by the Welsh Ministers; copies are available on our website <http://www.powysthb.wales.nhs.uk/strategies>

The Board's IMTP for 2017-20 was approved for submission to the Welsh Ministers at the public Board meeting held on 22 March 2017. At the time of writing confirmation is awaited from the Welsh Government as to whether the Welsh Ministers have approved it.

The development of the IMTP was an iterative process underpinned by formal and informal engagement processes and feedback. In the course of the year, a series of public engagement events took place to shape the Health Board's ongoing priorities and plans. An 'Easy Read' version of our IMTP was produced with input from staff and key stakeholders.

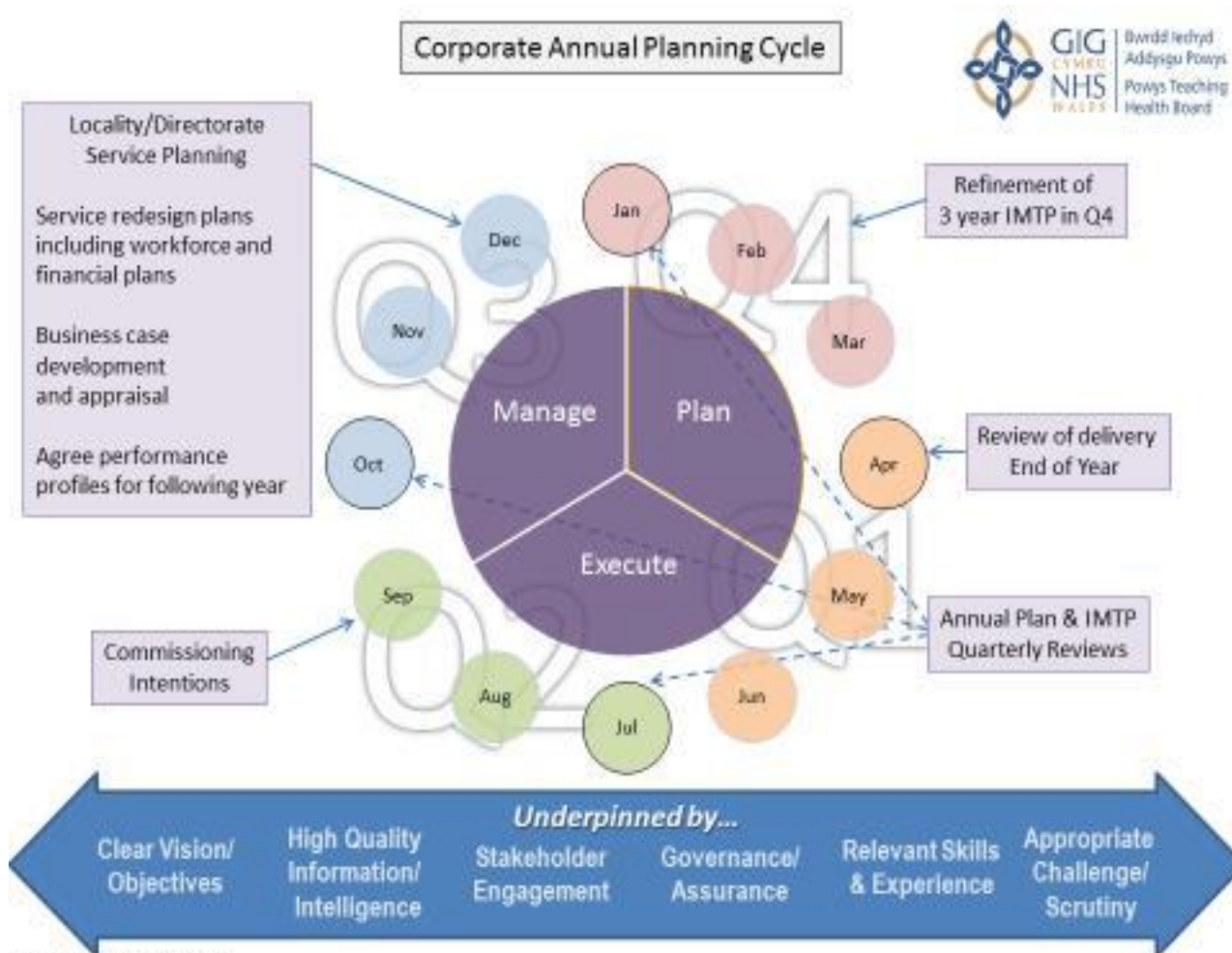
The planning approach underpinning the development of the IMTP is a three-fold process. Developing GP Cluster/Locality Plans 'bottom up' and in parallel developing plans based on cross cutting themes and other organisation wide plans. The building blocks of our integrated planning are closer integration between service, quality, performance, IT, estate, workforce and financial plans. Our intention is to further strengthen our planning and delivery approach together with PCC as part of our journey towards integration.

Key principles of the process are to ensure:

- There is a clinically led planning environment with multi professional input;
- Patients are at the centre of service design and delivery;
- There is whole system planning, ensuring alignment with neighbouring providers plans;
- There is a transformation of commissioning and provider functions;
- Promotion of integration at a strategic and service level;
- There are internal relationships including staff side/trade unions;
- There are external relationships with key stakeholders;
- There are Community Health Council planning links.

Our delivery against the IMTP was good at year with positive progress being reported against all of our six strategic aims. Of the 12 strategic objectives 11 have been given a consolidated rating against plan of green. Highlighting that many of the objectives set out in the 2016-19 IMTP have been met. Details of what we did and didn't deliver are set out in the [Performance Report](#) element of the Annual Report to be published in July.

Figure 4: Corporate Annual Planning Cycle



PIHB PMO: 20/10/2014

THE ENGAGEMENT PROCESS

The Health Board's approach to stakeholder engagement further matured during 2016-17. The following table provides a summary of the Health Board's key stakeholder groups.

Table 5: Key Stakeholder Groups



FINANCIAL PERFORMANCE

As can be seen from the [Audited Annual Accounts 2016-17](#) at the end of the year the Health Board reported an underspend of £0.085M:

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

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

The Health Board met its annual Capital Resource Limit with an underspend of £0.017M and remained within its cash Allocation during the financial year:

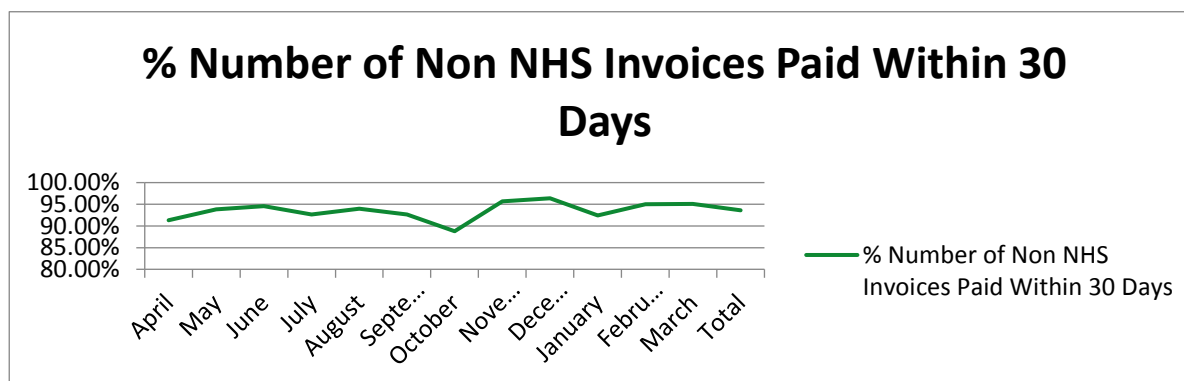
2.2 Capital Resource Performance							
				2014-15	2015-16	2016-17	Total
				£'000	£'000	£'000	£'000
Gross capital expenditure				3,853	2,467	6,870	13,190
Add: Losses on disposal of donated assets				0	0	0	0
Less NBV of property, plant and equipment and intangible assets disposed				(152)	(137)	0	(289)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

Key areas of capital expenditure

Name	2016/17 Expenditure £'M
Llandrindod Reconfiguration	£2.002
ICT Specific Funding	£0.820
Diagnostic Funding (4x Ultrasounds and 2 x X-Rays)	£0.640
Endoscopy Ventilation Upgrade Brecon – JAG Funding	£0.411
Machynlleth Reconfiguration	£0.382
Sub total Top 5 Expenditure areas	£4.255
Total Capital Resource Limit	£6.847

The Welsh Government requires that Health Boards pay their trade creditors in accordance with the CBI Prompt Payment Code (PSPP) and Government Accounting rules. The financial target is to pay 95% of these non NHS invoices (number, not financial value) within 30 days of delivery. Unfortunately the Health Board did not meet the administrative target of payment of 95% of the number of non-NHS creditors within 30 days this year. This follows on from the change in methodology introduced in 2015/16 which saw the removal of primary care contractor related payments from the calculations (impact of 5% reduction on performance). A number of initiatives were taken forward during the year to address this change in methodology which has led to an increase in performance on a month by month basis and the Health Board is now regularly achieving the target 95% on a monthly basis.

Non NHS Invoices	2016/17	2015/16
Total Number of Invoices Paid	41,094	36,604
Total Number paid within Target	38,464	33,126
% of invoices Paid within Target	93.6%	90.5%



ADDITIONAL MANDATORY DISCLOSURES

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.

WELSH LANGUAGE, EQUALITY AND DIVERSITY

Measures are in place to ensure that the organisation complies with the requirements of the Welsh language, equality, diversity and human rights legislation. However, as highlighted in last year's Annual Governance Statement further work is being taken forward to ensure that such legislation is properly embedded.

The Health Board's Equality, Diversity & Human Rights Policy and Impact Assessment for Equality Policy is accessible to staff and the public.

Arrangements are in place to ensure that all obligations under equality, diversity and human rights legislations are complied with. Equality issues are monitored by the Workforce and Organisational Development Committee.

The Workforce and Organisational Development Committee of the Board also has oversight of Welsh language and provides assurance to the Board.

While some progress has been made in relation to the implementation of the Welsh Government's strategic framework for Welsh language services in health, social services and social care: 'More Than Just Words' the Board recognises that greater focus and urgency is needed.

The following actions will be taken forward over the coming months we will:

- Establish a strategic Welsh Language Management Group:
- Undertake 'spot checks' across the Health Board considering:
 - Signage
 - Greetings
 - Leaflets/guidance
 - Staff wearing welsh language badges
 - Awareness of the Active offer.....
- Ensure we advertise new posts bilingually:
- Put processes in place to capture Welsh Language competency
- Improve Welsh Language Training and Awareness:

CIVIL CONTINGENCIES

PTHB is described as a Category 1 responder under the Civil Contingencies Act 2004 (CCA) and is therefore required to comply with all the legislative duties set out within the Act.

The CCA places 5 statutory duties upon Category 1 responders, these being to:

- assess the risks of emergencies
- have in place emergency plans
- establish business continuity management arrangements
- have in place arrangements to warn, inform and advise members of the public
- share information, cooperate and liaise with other local responders

During 2016, PTHB participated in a number of multi-agency planning, training and exercises to increase the Health Board's ability to respond to a wide-range of emergencies. Internally, the Health Board undertook an unannounced 'live' exercise to test the major incident arrangements at one of the Health Board's three designated supporting hospital sites.

The Health Board also fully activated the 'Health Emergency Coordination Centre' (HECC) located at Basil Webb, Bronllys Hospital as part of the Health Board's participation in a national, multi-agency counter terrorist exercise. The purpose of the HECC is to coordinate Powys-wide health resources in the event a major incident.

The Health Board's [Annual Report on Civil Contingencies for 2016](#) provides an account of the key resilience activities undertaken in 2016 and provides and overview of the Health Board's Civil Contingencies priorities for 2017/2018.

Further work to fully implement and test the organisation's business continuity management arrangements will continue in 2017.

MINISTERIAL DIRECTIONS

The Welsh Government has issued Non-Statutory Instruments and reintroduced Welsh Health Circulars in 2014/15. Details of these and a record of any ministerial directions given is available at:

<http://wales.gov.uk/legislation/subordinate/nonsi/nhswales/2013/?lang=en>

During 2016-17 we strengthened our arrangements for administering these important documents and checking compliance.

POST PAYMENT VERIFICATION

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

REVIEW OF ECONOMY, EFFICIENCY AND EFFECTIVENESS ON THE USE OF RESOURCES

The National Health Service Finance (Wales) Act 2014 amended the financial duties of Local Health Boards under section 175 of the National Health Service (Wales) Act 2006. The 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 three financial years; and
- 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 three year statutory duty under section 175 (1) took place at the end of 2016-17, being the first three year period of assessment. The Health Board achieved both financial duties.

CARBON REDUCTION DELIVERY PLANS

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

REVIEW OF EFFECTIVENESS OF SYSTEM OF INTERNAL CONTROL

In line with my Accountable Officer responsibilities I have put mechanisms in place for the review, on an on-going basis, of the effectiveness of the systems of internal control operating across all functions of the Health Board. As in previous year's my review and evaluation of the adequacy of the system of internal control has been informed by executive officers who have responsibility for the development, implementation and maintenance of the internal control framework; the work of the committees established by the Board; the Health Board's internal auditors and the feedback and views of external auditors set out in their annual audit letter and other reports. In addition, the independent and impartial views expressed by a range of bodies external to the Health Board has been of key importance, including those of the:

- Welsh Government
- Welsh Risk Pool
- Community Health Council
- Healthcare Inspectorate Wales
- Health & Safety Executive
- Other Accredited Bodies

The processes in place to maintain and review the effectiveness of the system of internal control includes:

- The maintenance of an overview of the overall position with regard to internal control by the Board and its Committees through routine reporting processes and the engagement of all Board members in the development and maintenance of the Board Assurance Framework and Corporate Risk Register;
- The embedding of the Assurance Framework and the receipt of internal and external reports on the internal control processes by the Audit and Assurance Committee;
- Audit and Assurance Committee oversight of audit, risk management and assurance arrangements;
- Personal input into control and risk management processes by all executive directors, senior managers and individual clinicians;
- Board engagement in 15-step Walkarounds and shadowing activities.

I have also drawn on the performance information available to me.

I am aware that historically there has been an over-reliance on the work of internal and external auditors and the role they play in assessing the adequacy and effectiveness of the internal control system operating across the Health Board. I am content, however, that the steps that have been taken over the last 12-months to strengthen risk management arrangements, embed the Assurance Framework and improve the quality of information have made the assessment and testing of the internal control system a matter of the day-to-day business of my Executive Team.

Some important Executive Director appointments (interim and permanent) were made during the year, further details are provided on pages 6 to 15 of the [Directors' report](#); these helped improve the assurances I was able to gain from my Executive Team in relation to the effectiveness of internal controls.

I am satisfied that the mechanisms in place to assess the effectiveness of the system of internal control are working well and that we have the right balance between the level of assurance I receive from my Executives, Board and Board Committee arrangements and Internal Audit Services.

A plan to address weaknesses and ensure continuous improvement of the system of internal control is in place and this is aligned to the work being taken forward to embed the Board Assurance Framework and Risk Management Framework.

INTERNAL AUDIT

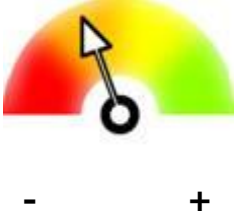
Internal audit provide me as Accountable Officer and the Board through the Audit Committee with a flow of assurance on the system of internal control. I have commissioned a programme of audit work which has been delivered in accordance with public sector internal audit standards by the NHS Wales Shared Services Partnership. The scope of this work is agreed with the Audit 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 HAS CONCLUDED:

The scope of my opinion is confined to those areas examined in the risk based audit plan which has been agreed with senior management and approved by the Audit Committee. The Head of Internal Audit assessment should be interpreted in this context when reviewing the effectiveness of the

system of internal control and be seen as an internal driver for continuous improvement. The Head of Internal Audit opinion on the overall adequacy and effectiveness of the organisation's framework of governance, risk management, and control is set out below.

 <p>- + Amber</p>	<p>The Board can take Limited assurance that arrangements to secure governance, risk management and internal control, within those areas under review, are suitably designed and applied effectively. More significant matters require management attention with moderate impact on residual risk exposure until resolved.</p>
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In reaching their opinion, the Head of Internal Audit has confirmed that both professional judgement and the Audit & Assurance "*Supporting criteria for the overall opinion*" guidance produced by the Director of Audit & Assurance for NHS Wales has been used.

The Head of Internal Audit has concluded '**reasonable**' assurance can be reported for the:

- Corporate Governance, Risk & Regulatory Compliance;
- Strategic Planning, Performance Management & Reporting;
- Clinical Governance, Quality & Safety; and
- Workforce Management domains.

While, a conclusion of '**limited**' assurance has been reported for the:

- Financial Governance;
- Information Governance & Security;
- Operational Service & Functional Management; and
- Capital & Estates domains.

I would like to confirm that the Head of Internal Audit has stated that while arriving at their opinion of overall **limited assurance** that she:

notes the positive direction of travel at the corporate level over the last 12 months. The 2016/17 Internal Audit Plan continued to deliver a number of limited assurance reports, however, we have noted a strengthening of strategic governance processes including the development of the Board Assurance Framework and an improved risk management system. The THB needs now to ensure that this good work is communicated throughout all levels of the organisation to enable improvements at an operational level.

A summary of the findings reported by Internal Audit by reporting domains is set out below. Each domain heading has been colour coded to show the overall assurance for that domain:

Corporate Governance, Risk Management and Regulatory Compliance

Five reviews were delivered within this domain which is rated **reasonable** assurance.

The Risk Management Framework review was not rated and was advisory in nature whilst the outcome of both the annual Risk Management and Health & Care Standards reviews was reasonable assurance.

Early in 2016/17 a Board Assurance review was undertaken, the outcome of which was limited assurance. Late in 2016/17, a follow up on the implementation of recommendations made was undertaken, internal Audit noted that significant progress had been made which increased the assurance rating to reasonable.

Strategic Planning, Performance Management & Reporting

Three reviews were delivered within this domain which is rated **reasonable** assurance.

Integrated Medium Term Plan, Stakeholder Engagement & Communication and Commissioning reviews each returned a reasonable assurance rating.

Financial Governance and Management

Six reviews were completed within this domain which is rated **limited** assurance.

The Community Health Councils (Host Body) – Financial Arrangements review was advisory in nature and so was not assurance rated.

Budgetary Control & Financial Reporting, Financial Savings Plans and Patient Property and Monies were all rated as limited assurance.

The key findings from the Budgetary Control & Financial Reporting review were issues with approval and sign off of budgets by principal budget holders and with the authorised signatory listing.

The Financial Planning review identified concerns about the depth and quality of the underpinning saving plans.

The review of Patient Property and Monies identified a number of issues with the process including ineffective policy, use of controlled stationery, documentation on transfer of patients, disclaimer notices, safe keeping of valuables and forms of indemnity.

Non Pay Expenditure returned a reasonable assurance whilst the outcome of the Welsh Risk Pool Claims Process was substantial assurance.

Clinical Governance Quality & Safety

Seven reviews were completed within this domain which is rated **reasonable** assurance.

The review of clinical audit returned a limited assurance rating. Key findings included an ineffective Clinical Audit Strategy and issues with the Clinical Audit Plan including coverage execution and progress.

The reviews of Infection Control, Safeguarding, Agency Staff Usage for Nursing and Pressure Ulcers follow up all received a reasonable assurance rating.

The Annual Quality Statement and Pain Management reviews were not assurance rated.

Information Governance & IT Security

Two reviews were completed within this domain which is rated **limited** assurance.

The assurance rating applied to the Information Technology Governance and Resilience review was limited. A number of issues concerning governance, risk management and security, recovery and restoration procedures and physical and environmental controls were identified.

Significant progress was noted to have been made with implementing recommendations from the 2015/16 Data Quality limited assurance report and as such, a reasonable assurance rating was reported.

Operational Service and Functional Management

Three reviews were delivered within this domain which is rated **limited** assurance.

The Localities Operational Management review covered a wide range of testing of operational activity and recommendations were attributed to 2 key themes; role clarity between the corporate, directorate and locality teams and implementation of policies and strategies at an operational level.

Whilst the Facilities Departmental review was advisory in nature, some significant concerns were highlighted.

The review of the transition of the Mental Health Service back to the Health Board returned a reasonable assurance rating.

Workforce Management

The three reviews undertaken within this domain led to a **reasonable** assurance rating.

A limited assurance rating was reported in relation to the follow up of Rostering – Effective Utilisation. While at a corporate level, improvement

was evident, compliance with the system at an operational level remains poor.

Both the Statutory and Mandatory Training follow up and Raising Concerns reviews were rated as reasonable assurance.

Capital & Estates Management

Six reviews were undertaken within this domain which is rated **limited** assurance.

Reasonable assurance was determined for the Fire Precautions and Estates assurance follow up (March 2017) audits; and

The Capital Follow Up review delivered substantial assurance, and whilst the prior Estates follow up (May 2016), provided limited assurance the further follow up undertaken in March 2017 provided an improved position i.e. reasonable assurance; Note: the follow up assignments only assess action against previously agreed audit recommendations.

A review (not delivering an assurance opinion) was also been completed in respect of Sustainability Reporting.

At the time of reporting the Llandrindod Wells project audit and the Capital Procurement Audit were still to be finalise. The draft reports of these were reporting a limited assurance rating.

OVERALL SUMMARY OF RESULTS

In total 36 audit reviews were taken forward during the year.

Substantial Assurance



In the following review areas the Board can take **substantial assurance** that arrangements to secure governance, risk management and internal control are suitably designed and applied effectively. Those few matters that may require attention are compliance or advisory in nature with low impact on residual risk exposure.

Review Title	Objective
Welsh Risk Pool Claims	The audit sought to provide assurance over the accuracy of reports and costs, and the process for managing clinical negligence and personal injury claims.

Capital Follow Up	The overall objective of this audit was to establish progress made by management to implement actions agreed to address key issues identified at previous capital audits.
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Reasonable Assurance



In the following review areas the Board can take **reasonable assurance** that arrangements to secure governance, risk management and internal control are suitably designed and applied effectively. Some matters require management attention in either control design or operational compliance and these will have low to moderate impact on residual risk exposure until resolved.

Review Title	Objective
Risk Management & Assurance	The review assessed the preparedness of a sample of Directorates to implement the new framework, including any implementation plans that had been prepared.
Health & Care Standards	An assessment of how the Board gains assurance that the Health Board is meeting Health & Care Standards requirements across the full range of activities.
Board Assurance Framework follow up <i>[note: An audit undertaken during the early part of the year resulted in a limited assurance report]</i>	An assessment of progress with recommendations made in the 'limited' assurance report delivered earlier in 2016/17.
Stakeholder Engagement & Communication	This review sought to provide the Health Board with assurance that the Engagement Strategy has been appropriately implemented.

Review Title	Objective
Integrated Medium Term Plan	This review focused on the Health Board's performance management arrangements to deliver the IMTP.
Commissioning	An assessment of the extent to which the Commissioning Assurance Framework has delivered key objectives i.e. a "holistic" understanding of the services commissioned considering the patient experience, quality, safety, access, activity and finance.
Non Pay Expenditure	Our review focused on the core requisitioning and purchase order process which entails close liaison and co-operation between Powys Teaching Health Board and the procurement services provider, NHS Wales Shared Services Partnership (NWSSP).
Infection Control	A review of compliance with the requirement to apply the 10 elements of Standard Infection Control Precautions.
Safeguarding	A review of compliance with Standard 2:7 of the Health and Care Standards, 'Safeguarding Children and Safeguarding Adults at Risk'.
Use of Agency Staff for Nursing	To assess the extent to which the Health Board is appropriately utilising agency staff both on and off contract in line with policy and framework models.
Pressure Ulcers follow up	An assessment of progress with recommendations made in the 'limited' assurance report delivered in 2015/16.
Data Quality follow up	An assessment of progress with recommendations made in the 'limited' assurance report delivered in 2015/16.
Mental Health	A review of the extent to which the key benefits and aims of the transfer of mental health services back to the THB were achieved.

Review Title	Objective
Statutory & Mandatory Training follow up	An assessment of progress with recommendations made in the 'limited' assurance report delivered in 2015/16.
Raising Concerns	To provide an assurance that staff at the THB feel empowered to speak up for patients at the earliest opportunity, whenever patient safety may be compromised or potentially serious errors occur.
Estates Assurance follow up <i>[note: An audit undertaken during the early part of the year resulted in a limited assurance report]</i>	The overall objective of this audit was to establish progress made by management to implement actions agreed to address key issues identified at previous estates audits.
Estates Assurance Provision (Fire Precautions)	This review was undertaken to assess compliance against the processes and procedures put in place by management to operate the estate and compliance with statutory regulations in relation to fire precautions.

Limited Assurance



In the following review areas the Board can take only **limited assurance** that arrangements to secure governance, risk management and internal control, within those areas under review, are suitably designed and applied effectively. More significant matters require management attention with moderate impact on residual risk exposure until resolved.

Review Title	Overview of scope, findings and action taken
Budgetary Control & Financial Reporting	<p>The audit sought to provide assurance that corporate policies and procedures are effectively being discharged for Budgetary Control and the extent to which the associated management controls are being applied.</p> <p>Key findings were linked to issues with approval and sign off of budgets by principal budget holders and with the authorised signatory listing.</p> <p>An action plan is in place to address all recommendations and the report has been considered and is being monitored by the Audit and Assurance Committee. Implementation of recommendations will be followed up in 2017-18.</p>
Financial Savings Plan	<p>The audit sought to provide assurance that the Health Board has robust systems and processes within the financial planning function to achieve financial balance through the successful delivery of its CIP scheme.</p> <p>The review identified concerns about the depth and quality of the underpinning saving plans.</p> <p>An action plan is in place to address all recommendations and the report has been considered and is being monitored by the Audit and Assurance Committee. Implementation of recommendations will be followed up in 2017-18.</p>
Patient Property & Monies	<p>The review sought to provide the Health Board with assurance that operational procedures were compliant with the 'Patients Property Procedure', Financial Control Procedure (FCP) 010.</p> <p>The review identified a number of issues with the process including ineffective policy, use of controlled stationery, documentation on transfer of patients, disclaimer notices, safe keeping of valuables and forms of indemnity.</p> <p>An action plan is in place to address all recommendations and the report has been considered and is being monitored by the Audit and Assurance Committee. Implementation of recommendations will be followed up in 2017-18 as part of an audit of Operational departments.</p>

Review Title	Overview of scope, findings and action taken
Clinical Audit	<p>The review considered how clinical audit within PTHB links to strategic risks and objectives and assessed the extent to which clinical audit is playing a full role for quality improvement and contributing to Board assurance.</p> <p>Key findings included an ineffective Clinical Audit Strategy and issues with the Clinical Audit Plan including coverage execution and progress.</p> <p>An action plan is in place to address all recommendations and the report has been considered by the Audit and Assurance Committee who requested that the Patient Experience, Quality and Safety Committee monitor the implementation of the action plan.</p>
Information Technology Governance & Resilience	<p>The review sought to provide PTHB with assurance that there are sufficient 'IT Governance and Resilience' arrangements in place to enable the integration of the ICT functions between the Council and Health board and support the delivery of the Joint ICT Strategy and overarching Integrated Medium Term Plan.</p> <p>A number of issues concerning governance, risk management and security, recovery and restoration procedures and physical and environmental controls were identified.</p> <p>Like all other audit reports this has been considered by the Audit and Assurance Committee. The monitoring of the implementation of recommendations has been passed to the Information Management, Technology and Governance Committee.</p>

Review Title	Overview of scope, findings and action taken
Localities Operational Management	<p>This review followed the Performance Management Framework audit performed in 2015/16 and provided PTHB with assurance over management procedures that are operating within the Localities which are part of the Directorate of Primary, Community Care and Mental Health.</p> <p>Two key themes role clarity between the corporate, directorate and locality teams and implementation of policies and strategies at an operational level were the focus of recommendations.</p> <p>An action plan is in place to address all recommendations and the report has been considered by the Audit and Assurance Committee who requested that the Workforce &OD Committee monitor the implementation of the action plan.</p>

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:

Review Title	Objective
Risk Management Framework	An advisory review on the development of the Risk Management Framework.
Community Health Councils – Hosting Arrangements	A review of PTHB's governance and financial controls relating to its CHC responsibilities.

Review Title	Objective
Annual Quality Statement	<p>The overall objective for this audit was to assist the Health Board with accuracy checking and triangulation of data and evidence before publication of the AQS.</p> <p>The scope was limited to ensuring that the AQS is consistent with information reported to the Board over the period.</p>
Pain Management	A review of the effectiveness and efficiency of the Pain and Fatigue Management Administrative Referral Process.
Facilities Departmental Review	An advisory review of the process of implementation of the new structure and design of the Facilities Management service.
Environmental Sustainability Reporting	The overall objective of the review was to assess the adequacy of management arrangements for the production of the sustainability report within the Annual Report; whether the form and content of the statement complied with the Welsh Government requirements, and provided an accurate and representative picture of the quality of services it provided and the improvements it has committed to undertake.

Reports still to be finalised at time of reporting

Fieldwork for the following reports was completed during the financial year but the reports are still to be finalised.

Rostering – Effective Utilisation of Workforce follow up	An assessment of progress with recommendations made in the 'limited' assurance report delivered in 2015/16.
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Llandrindod Wells Development	<p>This project audit sought to provide the Teaching Health Board with assurance that systems and controls were adequate for the management of the project, with focus at this review on the delivery of the Roofing and Birthing Unit elements.</p> <p>The audit included focus on: project governance, selection and appointment of the main contractor, contractual arrangements, an assessment of interim valuation arrangements, and change management arrangements.</p>
Capital Procurement Systems	<p>In 2015/16 the Teaching Health Board commissioned two reviews (one by Internal Audit, one by External Audit), to obtain assurance that an appropriate framework was in place in respect of the procurement, tender and contract-letting processes.</p> <p>The objective of this review was to provide an assurance opinion as to the current level of controls operating in respect of the procurement, tender and contract-letting processes, including a follow up of progress towards implementation of the recommendations raised in the 2015/16 reviews.</p>

All Internal Audit reports are reported to the Audit and Assurance Committee together with the agreed action plan; copies of these can be found at <http://www.powysthb.wales.nhs.uk/sub-committees> The full Head of Internal Audit Opinion can be accessed at <http://www.powysthb.wales.nhs.uk/key-documents>

EXTERNAL AUDIT: STRUCTURED ASSESSMENT FINDINGS

Each year as part of its Structured Assessment work the Wales Audit Office examines the arrangements that PTHB has put in place to support good governance and the efficient, effective and economic use of resources. As part of the structured assessment work in 2016 the Wales Audit Office reviewed the Health Board's financial management arrangements and the progress made in addressing the previous year's recommendations. Comparative work in the following three areas was also undertaken:

- the format of financial reporting to boards;
- arrangements for developing Integrated Medium-Term Plans (IMTPs) and monitoring and reporting on the delivery of these plans¹; and

- approaches for mapping risks and assurances and developing a board assurance framework².

The Wales Audit Office's overall conclusion from 2016 structured assessment work was that the Health Board had strengthened its strategic planning, financial position and board functioning, although further work is required to improve financial management and finalise board assurance arrangements. In summarising its findings the WAO stated that:

The Health Board has successfully delivered significant savings, but there is a need to further strengthen important aspects of financial management in order to comply with Standing Orders and to be well placed to respond to the challenging external financial environment.

The Health Board needs to strengthen its strategic financial planning so that the long term strategy of the Health Board can be achieved.

Arrangements for financial control and stewardship could be enhanced further to ensure that the Health Board continues to meet its financial duty.

Whilst strong financial monitoring arrangements are in place, financial reporting needs improvement to ensure that the Board receives timely information for decision making purposes.

The Health Board has delivered against its annual financial aims for 2015-16 and performance in the current year indicates that a balanced financial position will be achieved at the end of 2016-17

The Board and its committees are functioning well and planning processes are significantly improved, but key assurance requirements are still developing and some issues from previous structured assessments are yet to be fully addressed.

The Health Board successfully produced its IMTP for a second year and continues to strengthen planning processes, although monitoring and reporting on delivery needs further development.

Overall, the Health Board has made steady progress developing its board assurance framework and strengthening Board and committee effectiveness, although issues with information governance have yet to be resolved

The Health Board has strengthened its reporting arrangements on the implementation of recommendations. Actions to address the issues and recommendations identified in previous structured assessments are on track but not yet complete.

While pleased that the Wales Audit Office considers good progress to be made I am fully aware of the need to further strengthen and enhance the Health Board's governance arrangements.

QUALITY OF DATA

In 2015/16, Internal Audit conducted a review of Data Quality. Ten recommendations were made as a result of this review and we rated the system of internal control as providing limited assurance that key risks were being managed effectively.

In accordance with the 2016/17 internal audit plan, a follow up review was undertaken to assess the extent to which the 10 recommendations had been implemented and sought to provide the Health Board with assurance that operational procedures are compliant with key corporate policies within the Health Board.

The internal audit identified that progress has been made with implementing the previous recommendations: Out of the ten recommendations raised, seven are related to the Information department. Five of these recommendations have been fully implemented, one has been partially implemented and one has not been implemented. The two outstanding recommendations are rated low priority. Considering the progress made against the action plan the follow up review opinion has been raised to **Reasonable Assurance**.

CONCLUSION

While it is pleasing that the Head of Internal Audit has concluded that **reasonable assurance** can be reported for the Corporate Governance, Risk & Regulatory Compliance, Strategic Planning, Performance Management & Reporting, Clinical Governance, Quality & Safety and Workforce Management domains. Challenges remain across the Financial Governance, Information Governance & Security, Operational Service & Functional Management and Capital & Estates domains, where **limited assurance** is reported.

Disappointingly, during the year there were 6 audit areas where the internal audit opinion was one of 'Limited Assurance'; these are outlined in the [Head of Internal Audit's Opinion](#) referred to above. In each instance, management action has been taken forward to respond in these areas and progress monitored by the Health Board's committees, particularly the Audit and Assurance Committee and the Board. At the time of reporting three audit reports are still in draft and have not been finalised with management, or reviewed and considered by the Audit and Assurance Committee, which will take place in July 2016.

In last year's Annual Governance Statement, I reported that concerns had arisen in relation to capital and estates, financial controls, procurement and certain corporate controls. During 2015-16 I took action to address and I continued to monitor the situation over the last 12-months.

During the year no significant internal control or governance issues were identified, aside from those highlighted in the internal and external audit reports referred to in this document. The Board through its own self-assessment of effectiveness has however identified areas where it would like to see further improvement, which have also been outlined in this Statement.

I have therefore concluded that while in many areas the Board has a generally sound system of internal control that supports the achievement of its strategic aims and objectives further strengthening and embedding of sound control, risk and assurance arrangements is needed. 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 designed to meet patient needs and expectations.

SIGNED BY:

**CAROL SHILLABEER
[CHIEF EXECUTIVE]**

DATE:

PART B: REMUNERATION AND STAFF REPORT

PART B:

THE REMUNERATION AND STAFF REPORT

BACKGROUND

The FReM requires that a Remuneration Report shall be prepared by NHS bodies providing information under the headings in SI 2008 No 410

[http://www.legislation.gov.uk/uksi/2008/410/ contents/](http://www.legislation.gov.uk/uksi/2008/410/contents/)

made to the extent that they are relevant. The Remuneration Report contains information about senior manager's remuneration. The definition of "Senior Managers" 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 TERMS OF SERVICE COMMITTEE

Remuneration and terms of service for Executive Directors and the Chief Executive are agreed, and kept under review by the 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).

The Remuneration and Terms of Services Committee is chaired by the health board's Chair, and the membership includes the following Independent Members:

- Melanie Davies, Vice Chair of the Board;
- Tony Thomas, Chair of Audit and Assurance Committee;
- Trish Buchan, Chair of the Workforce and OD Committee; and
- Owen James, Independent Member.

Meetings are minuted and decisions fully recorded.

INDEPENDENT MEMBERS' REMUNERATION

Remuneration for Independent Members is decided by the Welsh Government, which also determines their tenure of appointment.

DIRECTORS' AND INDEPENDENT MEMBERS' REMUNERATION

Details of Directors' and Independent Members' remuneration for the 2015/16 financial year, together with comparators are given in Table 2 opposite.

The norm is for Executive Directors and Senior Managers salaries to be uplifted in accordance with the Welsh Government identified normal pay inflation percentage. There were no pay inflation uplifts for 2016-17.

If there were to be an up-lift over and above this level, this would always be agreed as a result of changes in roles and responsibilities and with advice from an independent consultancy with specialist knowledge of job evaluation and executive pay within the NHS.

The Remuneration and Terms of Services Committee would receive a detailed report in respect of issues to be considered in relation to any uplift to Executive Directors salaries (including advice from the Welsh Government) and having considered all the advice and issues put before them, would report their recommendations to the Board for ratification.

The 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 three interim Directors in post; an Interim Director of Planning and Performance, an Interim Medical Director and two Interim Directors of Finance. During the year the Director of Planning and Performance and Medical Director posts were recruited to. The Remuneration and Terms of Service Committee has agreed to take forward steps to recruit to the Director of Finance post on a permanent basis when the agreed secondment period of the present incumbent comes to an end.

SALARY AND PENSION DISCLOSURE TABLE

SALARIES AND ALLOWANCES

	2016-17						2015-16					
Name and title	Salary (bands of £5,000) £000	Benefits in Kind (taxable) to nearest £100 £00	Performance Pay and Bonuses (bands of £5,000) £000	Long Term Performance Pay and Bonuses (bands of £5,000) £000	All Pension Related Benefits (bands of £2,500) £000	Single Total Remuneration (bands of £5,000) £000	Salary (bands of £5,000) £000	Benefits in Kind (taxable) to nearest £100 £00	Performance Pay and Bonuses (bands of £5,000) £000	Long Term Performance Pay and Bonuses (bands of £5,000) £000	All Pension Related Benefits (bands of £2,500) £000	Single Total Remuneration (bands of £5,000) £000
Executive directors												
Carol Shillabeer - Chief Executive	145 - 150	0	0	0	5.0 - 7.5	150 - 155	155 - 160	0	0	0	335.0 - 337.5	490 - 500
Catherine Woodward - Director of Public Health and Acting Medical Director (From 1st November 2014 until 30th September 2015)	155 - 160	0	0	0	(15.0) - (17.5)	140 - 145	155 - 160	0	0	0	60.0 - 62.5	215 - 220
Rebecca Richards - Director of Finance (Until 31st March 2016) *	0	0	0	0	0	0	95 - 100	0	0	0	22.5 - 25.0	120 - 125
Bruce Whitear - Director of Planning and Performance (Commenced 10th July 2014 - Until 31st May 2015) and Interim Director of Planning (Until 09th July 2014)	0	0	0	0	0	0	35 - 40	0	0	0	10.0 - 12.5	45 - 50
Julie Rowles - Director of Workforce and Organisational Development	100 - 105	33	0	0	17.5 - 20.0	120 - 125	100 - 105	24	0	0	35.0 - 37.5	135 - 140

	2016-17						2015-16					
Name and title	Salary (bands of £5,000) £000	Benefits in Kind (taxable) to nearest £100 £00	Performance Pay and Bonuses (bands of £5,000) £000	Long Term Performance Pay and Bonuses (bands of £5,000) £000	All Pension Related Benefits (bands of £2,500) £000	Single Total Remuneration (bands of £5,000) £000	Salary (bands of £5,000) £000	Benefits in Kind (taxable) to nearest £100 £00	Performance Pay and Bonuses (bands of £5,000) £000	Long Term Performance Pay and Bonuses (bands of £5,000) £000	All Pension Related Benefits (bands of £2,500) £000	Single Total Remuneration (bands of £5,000) £000
Amanda Smith - Director of Therapies and Health Science (Until 29th February 2016)	0	0	0	0	0	0	105 - 110	0	0	0	20.0 - 22.5	125 - 130
Alan Lawrie - Director of Primary and Community Care	105 - 110	0	0	0	77.5 - 80.0	185 - 190	105 -110	0	0	0	0	105 - 110
Rhiannon Jones - Director of Nursing (From 21st September 2015) and Interim Director of Nursing (From 6th April 2015 until 20th September 2015)	100 - 105	36	0	0	45.0 - 47.5	150 - 155	100 - 105	0	0	0	150.0 - 152.5	240 - 245
Stephen Edwards - Interim Medical Director (From 1st October 2015 until 31st October 2016)**	30 - 35	0	0	0	85 - 87.5	120 - 125	25 - 30	0	0	0	32.5 - 35.0	55 - 60
Hayley Thomas - Director of Planning and Performance (from 18th April 2016) - Interim Director of Planning & Performance (From 6th June 2015 to 17th April 2016)	95 - 100	18	0	0	72.5 - 75.0	170 - 175	70 - 75	0	0	0	150.0 - 152.5	205 - 210

	2016-17						2015-16					
Name and title	Salary (bands of £5,000) £000	Benefits in Kind (taxable) to nearest £100 £00	Performance Pay and Bonuses (bands of £5,000) £000	Long Term Performance Pay and Bonuses (bands of £5,000) £000	All Pension Related Benefits (bands of £2,500) £000	Single Total Remuneration (bands of £5,000) £000	Salary (bands of £5,000) £000	Benefits in Kind (taxable) to nearest £100 £00	Performance Pay and Bonuses (bands of £5,000) £000	Long Term Performance Pay and Bonuses (bands of £5,000) £000	All Pension Related Benefits (bands of £2,500) £000	Single Total Remuneration (bands of £5,000) £000
Glyn Jones - Interim Director of Finance (From 1st April 2016 to 31st October 2016)	50 - 55	0	0	0	0.0 - 2.5	55 - 60	0	0	0	0	0	0
Eifion Williams - Interim Director of Finance (From 1st November 2016)	70 - 75	0	0	0	10.0 - 12.5	75 - 100	0	0	0	0	0	0
Martin Brown - Director of Transformation (From 20th June 2016 to 31st October 2016)	30 - 35	0	0	0	0	30 - 35	0	0	0	0	0	0
David Murphy - Director of Therapies and Health Sciences (From 19th September 2016)	45 - 50	0	0	0	80.0 - 82.5	120 - 125	0	0	0	0	0	0
Karen Gully - Medical Director (From 28th November 2016)	40 - 45	0	0	0	0.0 - (2.5)	40 - 45	0	0	0	0	0	0
Non-Officer Members												
Professor Vivienne Harpwood - Chair	40 - 45	0	0	0	0	40 - 45	40 - 45	0	0	0	0	40 - 45
Melanie Davies - Vice Chair	30 - 35	0	0	0	0	30 - 35	30 - 35	0	0	0	0	30 - 35
Matthew Dorrance - Independent Member (Local Authority)	5 - 10	0	0	0	0	5 - 10	5 - 10	0	0	0	0	5 - 10

		2016-17					2015-16					
Name and title	Salary (bands of £5,000) £000	Benefits in Kind (taxable) to nearest £100 £00	Performance Pay and Bonuses (bands of £5,000) £000	Long Term Performance Pay and Bonuses (bands of £5,000) £000	All Pension Related Benefits (bands of £2,500) £000	Single Total Remuneration (bands of £5,000) £000	Salary (bands of £5,000) £000	Benefits in Kind (taxable) to nearest £100 £00	Performance Pay and Bonuses (bands of £5,000) £000	Long Term Performance Pay and Bonuses (bands of £5,000) £000	All Pension Related Benefits (bands of £2,500) £000	Single Total Remuneration (bands of £5,000) £000
Patricia Buchan - Independent Member (Third Sector)	5 - 10	0	0	0	0	5 - 10	5 - 10	0	0	0	0	5 - 10
Paul Dummer - Independent Member (University)	5 - 10	0	0	0	0	5 - 10	5 - 10	0	0	0	0	5 - 10
Roger Eagle - Independent Member (Legal)	5 - 10	0	0	0	0	5 - 10	5 - 10	0	0	0	0	5 - 10
Andrew Leonard - Independent Member (Voluntary Sector/Community - Until 6th June 2015)	0	0	0	0	0	0	0 - 5	0	0	0	0	0 - 5
Mark Baird - Independent Member (ICT)	5 - 10	0	0	0	0	5 - 10	5 - 10	0	0	0	0	5 - 10
Gyles Palmer - Independent Member (Capital and Estates - Until 31st July 2015)	0	0	0	0	0	0	0 - 5	0	0	0	0	0 - 5
Gareth Jones - Independent Member (Finance - Until 30th April 2015)	0	0	0	0	0	0	0 - 5	0	0	0	0	0 - 5
Sara Williams - Independent Member (Capital and Estates - From 9th September 2015)	5 - 10	0	0	0	0	5 - 10	5 - 10	0	0	0	0	5 - 10

	2016-17						2015-16					
Name and title	Salary (bands of £5,000) £000	Benefits in Kind (taxable) to nearest £100 £00	Performance Pay and Bonuses (bands of £5,000) £000	Long Term Performance Pay and Bonuses (bands of £5,000) £000	All Pension Related Benefits (bands of £2,500) £000	Single Total Remuneration (bands of £5,000) £000	Salary (bands of £5,000) £000	Benefits in Kind (taxable) to nearest £100 £00	Performance Pay and Bonuses (bands of £5,000) £000	Long Term Performance Pay and Bonuses (bands of £5,000) £000	All Pension Related Benefits (bands of £2,500) £000	Single Total Remuneration (bands of £5,000) £000
Owen James - Independent Member (Voluntary Sector/Community - From 9th September 2015)	5 - 10	0	0	0	0	5 - 10	5 - 10	0	0	0	0	5 - 10
Anthony Thomas - Independent Member (Finance - From 1st June 2015)	5 - 10	0	0	0	0	5 - 10	5 - 10	0	0	0	0	5 - 10

* Please note that Mrs. Rebecca Richards was on an external secondment during the 2016/17 financial year

** Please note that Dr Stephen Edwards was seconded for 2 days per week into the Medical Director role therefore the figures above reflect the pro rata contract.

The Remuneration Report now contains a Single Total Figure of Remuneration, this is a different way of presenting the remuneration for each individual for the year. The table used is similar to that used previously, and the salary and benefits in kind elements are unchanged. The amount of pension benefits for the year which contributes to the single total figure is calculated using a similar method to that used to derive pension values for tax purposes, and is based on information received from NHS BSA Pensions Agency.

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

The Single Total Figure of Remuneration is not an amount which has been paid to an individual by PTHB 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.

NOTE: Jonothan White, Independent Member (Trade Union Side) is an employee of the health board. He does not receive a separate payment for his Independent Member role, but is given time off from his day role in the health board to perform these duties.

Remuneration Relationship

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median remuneration of the organisation's workforce. The banded remuneration of the highest-paid director in PTHB in the financial year 2016-17 was £155,000 - £160,000 (2015-16, £155,000 - £160,000). This was 6.3 times (2015-16, 6.1) the median remuneration of the workforce, which was £24,685 (2015-16, £25,948).

In 2016-17, 0 (2014-15, 0) employees received remuneration in excess of the highest paid director. Remuneration for staff ranged from £800 to £156,000 (2015-16 £1,400 to £157,000)

	2016-17	2015-16
Band of Highest paid Directors' Total Remuneration £000	155 - 160	155 - 160
Median Total Remuneration £000	25	26
Ratio	6.3	6.1

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

Name and title	Real increase in pension at age 60 (bands of £2,500) £000	Real increase in pension lump sum at aged 60 (bands of £2,500) £000	Total accrued pension at age 60 at 31 Mar 2017 (bands of £5,000) £000	Lump sum at aged 60 related to accrued pension at 31st March 2017 (bands of £5,000) £000	Cash Equivalent transfer value at 31 Mar 2017 £000	Cash Equivalent transfer value at 31 Mar 2016 £000	Real increase in Cash equivalent transfer value £000	Employer's contribution to stakeholder pension £000
Carol Shillabeer - Chief Executive	0.0 - 2.5	2.5 - 5.0	40 - 45	125 - 130	694	655	39	0
Catherine Woodward - Director of Public Health and Acting Medical Director (From 1st November 2014 until 30th September 2015)	0.0 - 2.5	0.0 - 2.5	60 - 65	190 - 195	1,342	1,268	74	0
Rebecca Richards - Director of Finance (Until 31 March 2016)	0	0	0	0	0	0	0	0
Bruce Whitear - Director of Planning and Performance (10 July 2014 - 31 May 2015)	0	0	0	0	0	0	0	0
Julie Rowles - Director of Workforce and Organisational Development	0.0 - 2.5		40 - 45	120 - 125	753	716	37	0
Amanda Smith - Director of Therapies and Health Science (Until 29 February 2016)	0	0	0	0	0	0	0	0
Alan Lawrie - Director of Primary and Community Care	2.5 - 5.0	0	0 - 5	0	51	0	51	0
Rhiannon Jones - Director of Nursing (From 21st September 2015) and Interim Director of Nursing (From 6th April 2015 until 20th September 2015)	2.5 - 5.0	2.5 - 5.0	35 - 40	105 - 110	644	592	52	0

Name and title	Real increase in pension at age 60 (bands of £2,500) £000	Real increase in pension lump sum at aged 60 (bands of £2,500) £000	Total accrued pension at age 60 at 31 Mar 2017 (bands of £5,000) £000	Lump sum at aged 60 related to accrued pension at 31st March 2017 (bands of £5,000) £000	Cash Equivalent transfer value at 31 Mar 2017 £000	Cash Equivalent transfer value at 31 Mar 2016 £000	Real increase in Cash equivalent transfer value £000	Employer's contribution to stakeholder pension £000
Stephen Edwards - Interim Medical Director (From 1st October 2015 until 31st October 2016)**	2.5 - 5.0	7.5 - 10.0	45 - 50	120 - 125	727	575	152	0
Hayley Thomas - Director of Planning and Performance (from 18th April 2016) - Interim Director of Planning & Performance (From 6th June 2015 to 17th April 2016)	2.5 - 5.0	5.0 - 7.5	20 - 25	55 - 60	319	264	55	0
Glyn Jones - Interim Director of Finance (From 1st April 2016 to 31st October 2016)	0.0 - 2.5	0	5 - 10	0	142	118	24	0
Eifion Williams - Interim Director of Finance (From 1st November 2016)	0.0 - 2.5	0.0 - 2.5	60 - 65	190 - 195	1,399	1,317	82	0
Martin Brown - Director of Transformation (From 20th June 2016 to 31st October 2016)	0	0	0	0	0	0	0	0
David Murphy - Director of Therapies and Health Sciences (From 19th September 2016)	2.5 - 5.0	7.5 - 10.0	30 - 35	85 - 90	552	446	106	0
Karen Gully - Medical Director (From 28th November 2016)	0.0 - 2.5	0	0 - 5	0	10	0	10	0

The above calculations are provided by the NHS Pensions Agency and are based on the standard pensionable age of 60.

For Directors marked * figures relate to pensionable age of 65

**Please note that Dr Stephen Edwards is currently seconded for 2 days per week into the Medical Director role therefore the figures above reflect the pro rata contract for the Real Increase in Pension and Real increase in Pension Lump Sum for the role undertaken. All other values have not been subject to a pro rata calculation. As Non officer members do not receive pensionable remuneration, there will be no entries in respect of pensions for Non-Executive members.

CASH EQUIVALENT TRANSFER VALUES

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capital value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme, or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which the disclosure applies. The CETV figures and the other pension details, include the value of any pension benefits in another scheme or arrangement which the individual has transferred to the NHS pension scheme. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

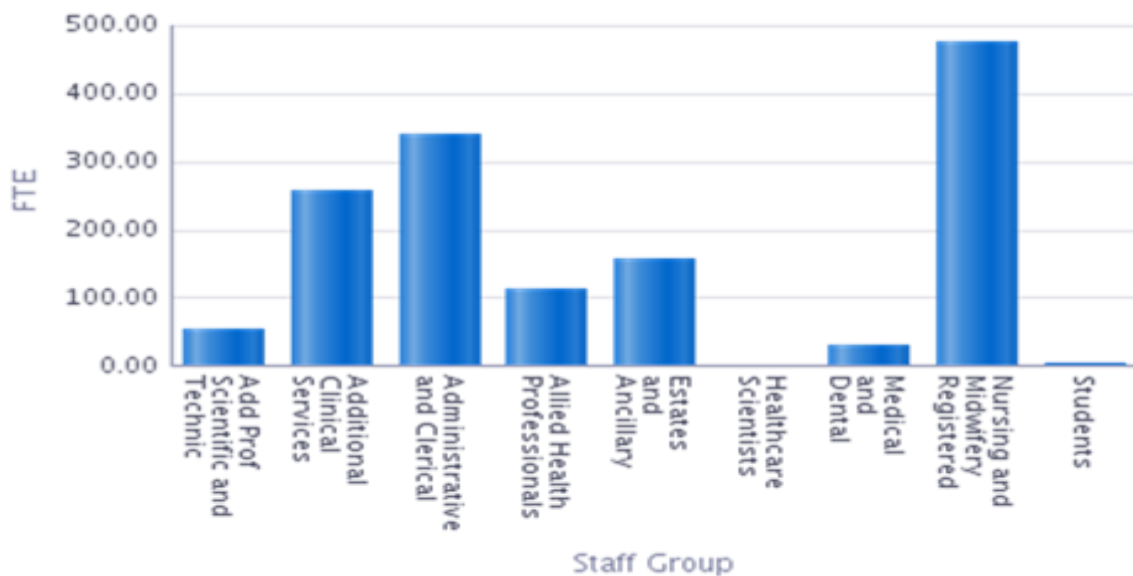
REAL INCREASE IN CETV

This reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

STAFFING DETAILS

STAFF PROFILE

As of 31 March 2017, the total number of staff employed by the Health Board stood at 1429.99 Full Time Equivalents (FTE). The table below provides a breakdown of the staff groups we employ excluding hosted services, such as the Board of Community Health Councils and Health and Care Research Wales.



STAFF COMPOSITION

As at 31 March 2017 the composition of the staff of Powys Teaching Health Board was as follows:

	Female	Male
Part Time	969	89
Full Time	577	170

SICKNESS ABSENCE

Rolling sickness fell below the set target of 4.42% in the 2016-17 financial year to 4.40%. Actual sickness fluctuated between 3.81% and 5.31% over the last twelve months.

In 2016-2017 25,079.36 whole time equivalent (WTE) days were lost due to sickness, which equates to approximately 68 members of staff being absent from work.

STAFF POLICIES

Powys Teaching Health Board has a range of staff policies in place. The policies applied during the financial year:

- For giving full and fair consideration to applications for employment made by disabled persons, having regard to their particular aptitudes and abilities.
- For continuing the employment of, and for arranging appropriate training for, employees who have become disabled persons during the period when they were employed by the company.
- Otherwise for the training, career development and promotion of disabled persons employed by the health board.

Were the *Employing Disabled people Policy* and the *Policy on Impact Assessment for Equality*. These were utilised alongside a range of other policies such as the *Sickness Absence Policy* and *Recruitment and Selection Policy* to ensure fair consideration was given to applications for employment made by a disabled person and for supporting their continued employment.

TAX ASSURANCE FOR OFF-PAYROLL APPOINTEES

The following table shows all off-payroll engagements as of 31 March 2017, for more than £220 per day and that last for longer than six months.

No. of existing engagements as of 31 March 2016	1
Of which...	
No. that have existed for less than one year at time of reporting.	0
No. that have existed for between one and two years at time of reporting.	0
No. that have existed for between two and three years at time of reporting.	1
No. that have existed for between three and four years at time of reporting.	0
No. that have existed for four or more years at time of reporting.	0
No. of new engagements, or those that reached six months in duration, between 1 April 2014 and 31 March 2015	0
No. of the above which include contractual clauses giving the department the right to request assurance in relation to income tax and National Insurance obligations	0
No. for whom assurance has been requested	1

Of which...	
No. for whom assurance has been received	1
No. for whom assurance has not been received	0
No. that have been terminated as a result of assurance not being received.	0

PTHB has received assurance from the relevant employing organisation that income tax and national insurance obligations are being accounted for the above individual. There have been no off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, between 1 April 2015 and 31 March 2016

EXIT PACKAGES AND SEVERANCE PAYMENTS

This disclosure reports the number and value of exit packages taken by staff leaving in the year. This disclosure is required to strengthen accountability in the light of public and Parliamentary concern about the incidence and cost of these payments.

Exit packages cost band (including any special payment element)	Number of compulsory redundancies	Cost of compulsory redundancies	Number of other departures	Cost of other departures	Total number of exit packages	Total cost of exit packages	Number of departures where special payments have been made	Cost of special element included in exit packages
	Whole numbers only	£'s	Whole numbers only	£'s	Whole numbers only	£'s	Whole numbers only	£'s
Exit package cost band								
less than £10,000	0	0	0	0	0	0	0	0
£10,000 to £25,000	0	0	0	0	0	0	0	0
£25,000 to £50,000	0	0	0	0	0	0	0	0
£50,000 to £100,000	0	0	0	0	0	0	0	0
£100,000 to £150,000	0	0	0	0	0	0	0	0
£150,000 to £200,000	0	0	0	0	0	0	0	0
more than £200,000	0	0	0	0	0	0	0	0
Total	0	0	0	0	0	0	0	0

Redundancy and other departure costs if paid would have been paid in accordance with the provisions of the NHS Voluntary Early Release Scheme (VERS). Exit costs in this note are accounted for in full in the year of departure on a cash basis in this note as specified in EPN 380 Annex 13C. Should the health board have agreed early retirements, the additional costs would have been met by the LHB and not by the NHS pension scheme. Ill-health retirement costs are met by the NHS pension's scheme and are not included in the table.

PART C: NATIONAL ASSEMBLY FOR WALES ACCOUNTABILITY AND AUDIT REPORT

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

I certify that I have audited the financial statements of Powys Teaching Local Health Board for the year ended 31 March 2017 under Section 61 of the Public Audit (Wales) Act 2004. These comprise the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Cash Flow Statement and Statement of Changes in Tax Payers Equity and related notes. The financial reporting framework that has been applied in their preparation is applicable law and HM Treasury's Financial Reporting Manual based on International Financial Reporting Standards (IFRSs). I have also audited the information in the Remuneration Report that is described as having been audited.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS, THE CHIEF EXECUTIVE AND THE AUDITOR

As explained more fully in the Statements of Directors' and Chief Executive's Responsibilities set out on pages 18 to 20 and page 22, the Directors and the Chief Executive are responsible for the preparation of financial statements which give a true and fair view.

My responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require me to comply with the Financial Reporting Council's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to Powys Teaching Local Health Board circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors and Chief Executive; and the overall presentation of the financial statements.

I am also required to obtain sufficient evidence to give reasonable assurance that the expenditure and income have been applied to the purposes intended by the National Assembly for Wales and the financial transactions conform to the authorities which govern them.

In addition, I read all the financial and non-financial information in the Foreword and the Accountability Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially

inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

OPINION ON FINANCIAL STATEMENTS

In my opinion the financial statements:

- give a true and fair view of the state of affairs of Powys Teaching Local Health Board as at 31 March 2017 and of its net operating costs for the year then ended; and
- have been properly prepared in accordance with the National Health Service (Wales) Act 2006 and directions made there under by Welsh Ministers.

OPINION ON REGULARITY

In my opinion, in all material respects, the expenditure and income in the financial statements have been applied to the purposes intended by the National Assembly for Wales and the financial transactions recorded in the financial statements conform to the authorities which govern them.

OPINION ON OTHER MATTERS

In my opinion:

- the part of the remuneration report to be audited has been properly prepared in accordance with the National Health Service (Wales) Act 2006 and directions made there under by Welsh Ministers;
- the information contained in the Foreword and the Accountability Report is consistent with the financial statements.

MATTERS ON WHICH I REPORT BY EXCEPTION

I have nothing to report in respect of the following matters, which I report to you, if, in my opinion:

- the Annual Governance Statement does not reflect compliance with HM Treasury's and Welsh Ministers' guidance;
- proper accounting records have not been kept;
- the financial statements are not in agreement with the accounting records and returns;
- information specified by HM Treasury or Welsh Ministers regarding remuneration and other transactions is not disclosed; or
- I have not received all the information and explanations I require for my audit.

REPORT

I have no observations to make on these financial statements.

Huw Vaughan Thomas
Auditor General for Wales
24 Cathedral Road
Cardiff
CF11 9LJ

6 June 2017

Financial Accounts 2016-17