


# Extraordinary Audit, Risk and Assurance Committee

Tue 17 May 2022, 13:00 - 14:00

## Agenda

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13:00 - 13:00 0 min **1. PRELIMINARY MATTERS**

 ARA\_Agenda\_17May22.pdf (2 pages)

**1.1. Welcome and Apologies**

*Oral*

**1.2. Declarations of Interest**

*Oral Committee Chair*

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13:00 - 13:00 0 min **2. ITEMS FOR APPROVAL/RATIFICATIONS/DECISION**



**2.1. Draft Accountability Report**

*Attached Board Secretary*

-  ARA\_Item\_2.1\_Draft Accountability Report 2021-22\_Cover Paper.pdf (4 pages)
-  ARA\_Item\_2.1a\_DRAFT ACCOUNTABILITY REPORT 21-22\_PTHB SUBMISSION.pdf (113 pages)

**2.2. Draft Financial Accounts**



*Attached Director of Finance and IT*

-  ARA\_Item\_2.2\_Draft Annual Accounts 21-22.pdf (17 pages)
  -  ARA\_Item\_2.2a\_PowysTHB 2021-22 Account Template Draft Submission 29th April 22 - ARA 17th May 22.pdf (74 pages)
- 

13:00 - 13:00 0 min **3. ITEMS FOR DISCUSSION**


**3.1. Draft Head of Internal Audit Opinion 2021-22**

*Attached Head of Internal Audit*

-  ARA\_Item\_3.1\_Powys THB Draft HIA Opinion & Annual Report 21-22 Cover.pdf (3 pages)
-  ARA\_Item\_3.1a\_Powys THB Draft HIA Opinion & Annual Report 21-22.pdf (31 pages)

**3.2. Enquiries of Management and Those Charged with Governance**

*Attached Director of Finance and IT*

-  ARA\_Item\_3.2\_Powys THB 21-22 - Audit Enquiries Letter 21-22 responses (002).pdf (22 pages)
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13:00 - 13:00 0 min **4. ITEMS FOR INFORMATION**

There are no items for information

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## 5. OTHER MATTERS

5.1. Items to be brought to the attention of the Board and other Committees

5.2. Any other urgent business

5.3. Date of next meeting: 13 June 2022



## AGENDA

Item	Title	Attached /Oral	Presenter
1	PRELIMINARY MATTERS		
1.1	Welcome and Apologies	Oral	Chair
1.2	Declarations of Interest	Oral	All
2	ITEMS FOR APPROVAL/RATIFICATION/DECISION		
2.1	Draft Accountability Report	Attached	Board Secretary
2.2	Draft Financial Accounts	Attached	Director of Finance and IT
3	ITEMS FOR DISCUSSION		
3.1	Draft Head of Internal Audit Opinion 2021-22	Attached	Head of Internal Audit
3.2	Enquiries of Management and Those Charged with Governance	Attached	Director of Finance and IT
4	ITEMS FOR INFORMATION		
There are no items for information			
5	OTHER MATTERS		
5.1	Items to be Brought to the Attention of the Board and Other Committees	Oral	Chair
5.2	Any Other Urgent Business	Oral	Chair
5.3	Date of the Next Meeting: <ul style="list-style-type: none"><li>13<sup>th</sup> June 2022 at 10.00, Microsoft Teams</li></ul>		

Key:

	Governance & Assurance
	Internal & Capital Audit
	External Audit
	Anti-Fraud Culture

**Powys Teaching Health Board is committed to openness and transparency, and conducts as much of its business as possible in a session that members of the public are normally welcome to attend and observe.**

**However, in light of the current advice and guidance in relation to Coronavirus (COVID-19), the Board has agreed to run meetings virtually by electronic means as opposed to**

**in a physical location, for the foreseeable future. This will unfortunately mean that members of the public will not be able attend in person. The Board has taken this decision in the best interests of protecting the public, our staff and Board members.**

**The Board is expediting plans to enable its committee meetings to be made available to the public via live streaming. In the meantime, should you wish to observe a virtual meeting of a committee, please contact the Board Secretary in advance of the meeting in order that your request can be considered on an individual basis (please contact James Quance, Board Secretary, [james.quance2@wales.nhs.uk](mailto:james.quance2@wales.nhs.uk)).**

**In addition, the Board will publish a summary of meetings held on the Health Board's website within ten days of the meeting to promote openness and transparency.**

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<b>Audit, Risk and Assurance Committee</b>		<b>Date of Meeting: 17 May 2022</b>
<b>Subject :</b>	<b>Draft Accountability Report Section of the Annual Report 2021 -2022</b>	
<b>Approved and Presented by:</b>	Interim Board Secretary	
<b>Prepared by:</b>	Interim Corporate Governance Manager	
<b>Other Committees and meetings considered at:</b>	None	

#### **PURPOSE:**

The purpose of this paper is to present the Draft Annual Accountability Report for 2021-22 to the Audit, Risk and Assurance Committee for consideration and feedback.

This report constitutes one component of the larger document that makes up the statutory Annual Report, comprising the Performance Report, Accountability Report and Financial Statements. (The Draft Performance Report is being considered via a separate process, outlined in more detail below).

#### **RECOMMENDATION(S):**

The Audit, Risk and Assurance Committee is asked to consider the draft Annual Accountability Report 2021-22 and provide any feedback to inform the development of the final draft.

<b>Approval/Ratification/Decision<sup>1</sup></b>	<b>Discussion</b>	<b>Information</b>
	✓	✓

#### **THE PAPER IS ALIGNED TO THE DELIVERY OF THE FOLLOWING STRATEGIC OBJECTIVE(S) AND HEALTH AND CARE STANDARD(S):**

<sup>1</sup> Equality Impact Assessment (EiA) must be undertaken to support all organisational decision making at a strategic level

Strategic Objectives:	1. Focus on Wellbeing	
	2. Provide Early Help and Support	
	3. Tackle the Big Four	
	4. Enable Joined up Care	
	5. Develop Workforce Futures	
	6. Promote Innovative Environments	
	7. Put Digital First	
	8. Transforming in Partnership	✓
Health and Care Standards:	1. Staying Healthy	
	2. Safe Care	
	3. Effective Care	
	4. Dignified Care	
	5. Timely Care	
	6. Individual Care	
	7. Staff and Resources	✓
	8. Governance, Leadership & Accountability	✓

## EXECUTIVE SUMMARY:

The Welsh Government has issued, as in previous years, guidance for the preparation of annual reports and accounts. NHS bodies are required to publish, as a single document, a three part annual report and accounts document, which must include: Part 1 The Performance Report, **Part 2 The Accountability Report** (A Corporate Governance Report, A Remuneration and Staff Report, A Parliamentary Accountability and Audit Report), and, Part 3 The Financial Statements.

This report forms the Accountability Report element (Part 2) of the Annual Report and Accounts. The purpose of this element of the Annual Report and Accounts is to meet key accountability requirements set by Parliament. The Draft iteration was submitted to Welsh Government and Audit Wales by Friday 6 May 2022, alongside the Draft Performance Report.

Any feedback provided will be incorporated into the development of the final draft, which is due to be considered by the Audit, Risk and Assurance Committee on Monday 13 June 2022 and presented to the PTHB Board for formal approval on Tuesday 14 June 2022; in readiness for the Final Annual Report and Accounts to be submitted to Audit Wales and HSSG Finance by Wednesday 15 June 2022.

The Audit, Risk and Assurance Committee is asked to:

- NOTE that the Certificate of the Auditor General for Wales is yet to be issued therefore a holding statement had been provided within the report.
- NOTE that the 2021-22 Chapter 3 Guidance specifically requests that duplication between the Performance Report and Accountability Report is avoided and states that the Performance Report is the primary document (other than for governance, where the Governance Statement is primary). Therefore, there are several sections within the Annual Accountability Report where signposting to the Performance Report has been necessary.

## DETAILED BACKGROUND AND ASSESSMENT:

Welsh Government has issued, as in previous years, guidance for the preparation of annual reports and accounts. This guidance is based on HM Treasury's Government Financial Reporting Manual (FReM)<sup>1</sup> and is intended to simplify and streamline the presentation of the annual reports and accounts so that they better meet the needs of those who read and use them. NHS bodies are required to publish, as a single document, a three part annual report and accounts document, which must include:

### **Part 1 The Performance Report**, which must include:

- An Overview

### **Part 2 The Accountability Report**, which must include:

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

### **Part 3 The Financial Statements**, which must include:

- The Audited Annual Accounts 2021-22

The 2021-22 Chapter 3 Guidance provides the following reporting timescales:

- Draft Accounts to be submitted to HSSG Finance and Audit Wales Friday 29 April 2022;
- Draft Performance Report Overview, Accountability Report (including the Governance Statement), and Draft Remuneration Report to be submitted to HSSG Finance and Audit Wales by Friday 6 May;
- Final Annual Report and Accounts to be submitted to Audit Wales and HSSG Finance by Wednesday 15 June 2022, as a single unified PDF document.

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The following internal mechanisms have been implemented for the development, approval, and publication of 2021-22 Annual Report and Accounts:

- The Draft Accountability Report is presented to the Executive Committee on 4 May 2022 for review and feedback prior to the draft submission. The Draft Report will then be considered by the Audit, Risk and Assurance Committee on 17 May 2022 for comments and feedback to inform the development of the final report;
- The Draft Performance Report will be subject to review by the Chief Executive and presented to the Delivery and Performance Committee on 3 May 2022 for review and feedback prior to submission and to inform the development of the final report;
- The Draft Financial Accounts will be presented to the Audit, Risk and Assurance Committee on 17 May 2022 for comments and feedback;
- All three sections will then be combined into a single document, the 'Annual Report and Accounts 2021-22' which will be reviewed by the Audit, Risk and Assurance Committee on Monday 13 June 2022 and presented to the PTHB Board for formal approval on Tuesday 14 June 2022;
- Subject to approval by the Board the 'Annual Report and Accounts 2021-22' will then be published and presented at the Health Board's Annual General Meeting, due to be held on Wednesday 27<sup>th</sup> July 2022.

#### **NEXT STEPS:**

Any comments or feedback on the Draft Accountability Report are welcomed as this will inform the final version of the Accountability Report section of the Annual Report.

The Annual Report and Accounts 2021-22 will continue to be developed to enable submission in line with reporting timescales provided within the 2021-22 Chapter 3 Guidance.

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**SECTION TWO: THE ACCOUNTABILITY REPORT**

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CYMRU  
NHS  
WALES

Bwrdd Iechyd  
Addysgu Powys  
Powys Teaching  
Health Board

# THE ACCOUNTABILITY REPORT 2021-2022



SIGNED BY:

DATE: 15 JUNE 2022

CAROL SHILLABEER  
[CHIEF EXECUTIVE]

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## INTRODUCTION TO THE ACCOUNTABILITY REPORT

Powys Teaching Health Board is required, as are all Welsh NHS bodies, to publish an Annual Report and Accounts. Copies of previous years reports are accessible from the health board's [website](#).

A key part of the Annual Report is the Accountability Report. The requirements of the Accountability Report are based on the matters required to be dealt with in a Director's 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.

The requirements of the Companies Act 2006 have been adapted for the public sector context and only need to be followed by entities which are not companies, to the extent that they are incorporated into the Treasury's Government Financial Reporting Manual (FReM) and set out in the 2021-2022 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 Parliamentary 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 2021-2022. It also explains how these governance arrangements supported the achievement of the health board's core and enabling well-being objectives.

The Board Secretary has 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, Risk and Assurance Committee.

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

- The Director's Report
- A Statement of Accountable Officer Responsibilities
- The Annual Governance Statement

## Remuneration and Staff Report

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

## Parliamentary 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, and the audit certificate and Auditor General for Wales' Report.

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## **PART A: 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 2021-2022. It includes:

- A Director's Report
- A Statement of Accountable Officer Responsibilities
- A Statement of Executive Directors' Responsibilities in Respect of the Accounts
- The Annual Governance Statement

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# 1. THE DIRECTOR'S REPORT 2021-2022

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## THE COMPOSITION OF THE BOARD AND MEMBERSHIP

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 Boards, the appointment and eligibility requirements of members, the term of office of non-officer members and associate members. In line with these Regulations the Board of Powys Teaching Health Board comprises:

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

The members of the Board are collectively known as “the Board” or “Board members”; the officer and non-officer members (which includes the Chair) are referred to as Executive Directors and Independent Members respectively. All members have full voting rights. In addition, the Director of Environment position created during the year is a non-voting Board level post.

In addition, Welsh Ministers may appoint up to three associate members. Associate members have no voting rights.

Before an individual may be appointed as a member or associate member they must meet the relevant eligibility requirements, set out in 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 Government’s legislation website: <http://www.legislation.gov.uk/wsi/2009/779/contents/made>

## VOTING MEMBERS OF THE BOARD DURING 2021-2022

During 2021-2022, the following individuals were voting members of the Board of Powys Teaching Health Board:

<b>Independent Members (IM)</b>		
Vivienne Harpwood	Chair	Full Year
Melanie Davies	Vice-chair	To 26/12/2021
Kirsty Williams	Vice-Chair	From 10/01/2022
Anthony Thomas	IM (Finance)	Full Year
Matthew Dorrance	IM (Local Authority)	Full Year
Trish Buchan	IM (Third Sector)	Full Year
Frances Gerrard	IM (University)	Full Year
Ian Phillips	IM (ICT)	Full Year
Susan Newport	IM (Trade Union)	To 30/09/2021



Cathie Poynton	IM (Trade Union)	From 11/11/2021
Mark Taylor	IM (Capital & Estates)	Full Year
Rhobert Lewis	IM (General)	Full Year
Ronnie Alexander	IM (General)	From 21/06/2021
<b>Executive Directors</b>		
Carol Shillabeer	Chief Executive	Full Year
Julie Rowles	Executive Director of Workforce and OD (and Support Services to 30/11/2021)	Full Year
Pete Hopgood	Executive Director of Finance, Information and IT Services	Full Year
Hayley Thomas	Executive Director of Planning and Performance (and Deputy Chief Executive from 19/07/2021)	Full Year
Kate Wright	Executive Medical Director	Full Year
Stuart Bourne	Executive Director of Public Health	To 11/03/2022
Alison Davies	Executive Director of Nursing and Midwifery	To 14/03/2022
Claire Roche	Executive Director of Nursing and Midwifery	From 07/03/2022
Claire Madsen	Executive Director of Therapies and Health Sciences	Full Year
Jamie Marchant	Executive Director of Primary, Community and Mental Health	To 30/11/2021

During 2020/2021, vacancies in the Board consisted of:

Independent Member	Executive Director
<ul style="list-style-type: none"> <li>Independent Member (General) from 01/04/2021 to 21/06/2021</li> <li>Independent Member (Trade Union) from 30/09/2021 to 11/11/2021</li> <li>Independent Member Vice-Chair from 26/12/2021 to 10/01/2022</li> </ul>	<ul style="list-style-type: none"> <li>Executive Director of Public Health from 12/03/2022</li> <li>Executive Director of Primary, Community and Mental Health from 30/11/2021 to 30/03/2022</li> </ul>

Whilst a small number roles on the Board were vacant for short periods,

responsibilities were covered by other Board members to ensure continuity of business and effective governance arrangements. Independent Members attended Board Committee meetings where necessary to ensure meetings remained quorate and the Board's duties could be discharged.

Specifically, in relation to vacant post the Executive Director of Primary, Community and Mental Health between 01/12/2021 and 31/03/2022 the following formal cover arrangements were put in place:

Area	Covered by:
Women's and Children's Care	Executive Director of Nursing and Midwifery
Planned and Community Care	Executive Director of Planning and Performance
Primary Care	Executive Director of Finance, Information and IT
Mental Health	Executive Director of Therapies and Health Sciences

## NON-VOTING MEMBERS OF THE BOARD DURING 2021-2022

Jamie Marchant was appointed to the post of Director of Environment from 1 December 2021. This is a Director level role (non-voting Board level post) and a non-executive member of the Executive Team.

During 2021-2022, there were no Associate Members in post as non-voting members.

Further details in relation to role and composition of the Board can be found within the Annual Governance Statement. The Annual Governance Statement also contains further information in respect of the Board and Committee Activity.

## AUDIT, RISK AND ASSURANCE COMMITTEE

During 2021-2022, the following individuals were members of the Audit, Risk and Assurance Committee:

Independent Members (IM)		
Anthony Thomas	Committee Chair – IM (Finance)	Full Year
Mark Taylor	Committee Vice-Chair – IM (Capital & Estates)	Full Year

Matthew Dorrance	IM (Local Authority)	Full Year
Ian Phillips	IM (ICT)	April 2021 – August 2022
Rhobert Lewis	IM (General)	September 2021- April 2022
Ronnie Alexander	IM (General)	September 2021- April 2022
<b>Executive Team Officers by Attendance Only</b>		
Carol Shillabeer	Chief Executive	Full Year
Pete Hopgood	Executive Director of Finance and IT	Full Year
Rani Mallison	Board Secretary	April 2021- November 2021
James Quance	Interim Board Secretary	January 2022 – April 2022

## DECLARATION OF INTERESTS

Details of company Executive 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 on the health board's [website](#), or a hard copy can be obtained from the Board Secretary on request.

## PERSONAL DATA RELATED INCIDENTS

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

## STATEMENT OF 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:**

**DATE: 15 JUNE 2022**

**CAROL SHILLABEER [CHIEF EXECUTIVE]**

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## **2. STATEMENT OF ACCOUNTABLE OFFICER RESPONSIBILITIES: 2021-2022**

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

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

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

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

I also confirm that:

- As far as I am aware, there is no relevant audit information of which Powys Teaching Health Board's auditors are unaware. I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that Powys Teaching Health Board's auditors are aware of that information.
- Powys Teaching Health Board's Annual Report and Accounts as a whole is fair, balanced, and understandable. I take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced, and understandable.

**SIGNED BY:**

**DATE: 15 JUNE 2022**

**CAROL SHILLABEER [CHIEF EXECUTIVE]**

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### **3. STATEMENT OF EXECUTIVE DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS FOR 2021-2022**

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## **STATEMENT OF EXECUTIVE DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS FOR 2021-2022**

The Executive 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 Executive Directors are required to:

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

On behalf of the Executive Directors of Powys Teaching Health Board we confirm:

- that we have complied with the above requirements in preparing the 2021-2022 accounts: and
- that we are clear of our responsibilities in relation to keeping proper accounting records that 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:**

**DATE: 15 JUNE 2022**

**PROFESSOR VIVIENNE HARPWOOD [CHAIR]**

**SIGNED BY:**

**DATE: 15 JUNE 2022**

**CAROL SHILLABEER [CHIEF EXECUTIVE]**

**SIGNED BY:**

**DATE: 15 JUNE 2022**

**PETE HOPGOOD [EXECUTIVE DIRECTOR OF FINANCE AND ICT]**

## 4. ANNUAL GOVERNANCE STATEMENT

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## Scope of Responsibility

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

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

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.

During 2021-2022, the health board and the NHS in Wales continued to face unprecedented and substantial pressure in planning and responding to COVID-19 as well as planning to recover from the impacts of the pandemic. The organisation's response to COVID-19 in 2021-2022 forms a key part of the Performance Report section of the Annual Report.

As a result of the impacts of the pandemic the Board felt it necessary to agree modified arrangements at times of peak system pressure in order to ensure that the ability of the organisation to respond was balanced with maintaining good governance during 2021-2022. These arrangements included the introduction of concise agendas, focused only on essential matters, at Board Level Committee Meetings in December 2021 in order to enable the organisation to respond to intensive system resilience issues. In addition, COVID-19 Board Briefings were also introduced for this period to ensure Independent Members remained fully briefed outside of formal meetings. Further detail on maintaining good governance during 2021-2022 is provided within this Annual Governance Statement.

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## FUNCTIONS HOSTED BY POWYS TEACHING HEALTH BOARD

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

- **The seven Community Health Councils that operate across Wales and the Board of Community Health Councils in Wales:** The Community Health Councils operate across Wales and provide help and advice if citizens have problems with, or complaints about, NHS services. They ensure that citizens' views and needs influence the policies and plans put in place by health providers in their area. They monitor the quality of NHS services from a citizen's perspective and provide information about access to the NHS. The Board of Community Health Councils in Wales was established in April 2004 with the aim to advise, assist and monitor the Community Health Councils with respect to the performance of their functions, and to represent their collective views and interests to the Welsh Ministers. In 2015, the regulations were revised, and it was clearly stated that the Board had responsibility of setting standards and to monitor the performance of the Community Health Councils, the conduct of members and performance of officers as well as operating a Complaints Procedure.
- **Health and Care Research Wales (HCRW):** HCRW is a national, multi-faceted, virtual organisation funded and overseen by the Welsh Government's Division for Social Care and Health Research. It provides an infrastructure to support and increase capacity in research and development, runs a number of funding schemes, and manages the NHS research and development funding allocation in Wales. Its aim is to generate and support excellent research to improve the health and care of people in Wales across a range of conditions and settings.

The Board of PTHB is not responsible for the delivery of the objectives of these functions, or their day-to-day management. However, it is responsible for ensuring that the functions are staffed using appropriate recruitment mechanisms, and that PTHB's Standing Financial Instructions and Workforce and Organisational Development policies are complied with.

The health board has nominated its Executive Director of Workforce and Organisational Development as the Lead Executive Director for these functions. Key officers from Finance, IT and Workforce teams have been identified to provide support to the functions, as appropriate.

During 2021-2022 we continued to work with Welsh Government to strengthen the governance and accountability arrangements for the functions that we host.

## OUR GOVERNANCE AND ASSURANCE FRAMEWORKS

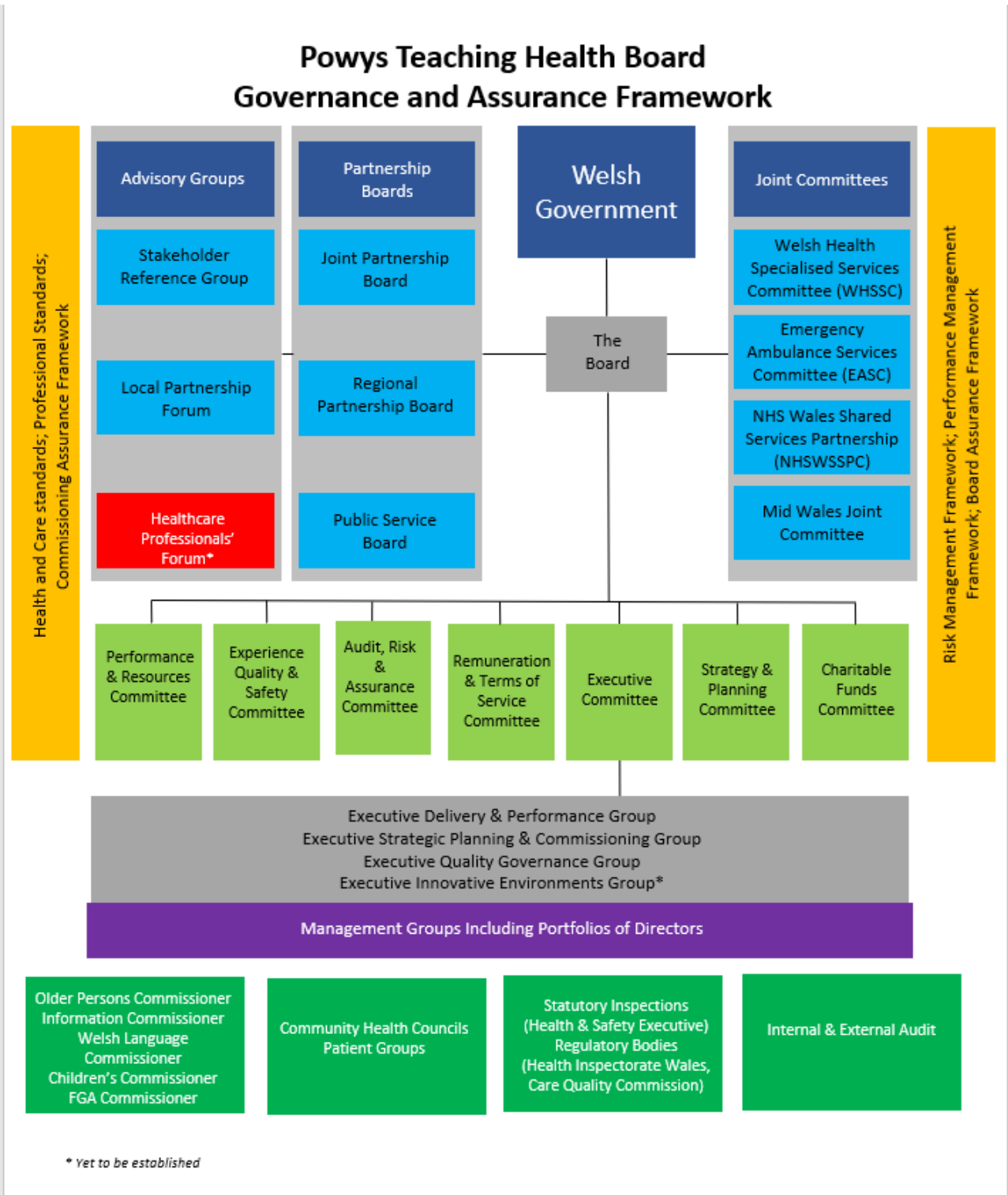
PTHB has a clear purpose from which its strategic aims and objectives have been developed. Our vision is to enable a 'Healthy Caring Powys'. The Board is accountable for setting the organisation's strategic direction, ensuring that effective governance and risk management arrangements are in place and holding Executive Directors to account for the effective delivery of its three year Integrated Medium Term Plan (IMTP) and related Annual Plan. A copy of our Integrated Medium-Term Plan for 2020-2021 to 2022-2023 and Annual Plan for 2021-2022 can be found on the health board [website](#).

The Board keeps its governance and assurance frameworks under review and implemented a revised Board committee structure from July 2021. The most notable change was the creation of a Workforce and Culture Committee to recognise the importance the Board places on the wellbeing and development of its most valuable asset and the risks to service delivery that workforce shortages present, in common with most NHS organisations.

**Figure 1** on the page that follows provides an overview of the governance frameworks that were in operation during 2021-2022:

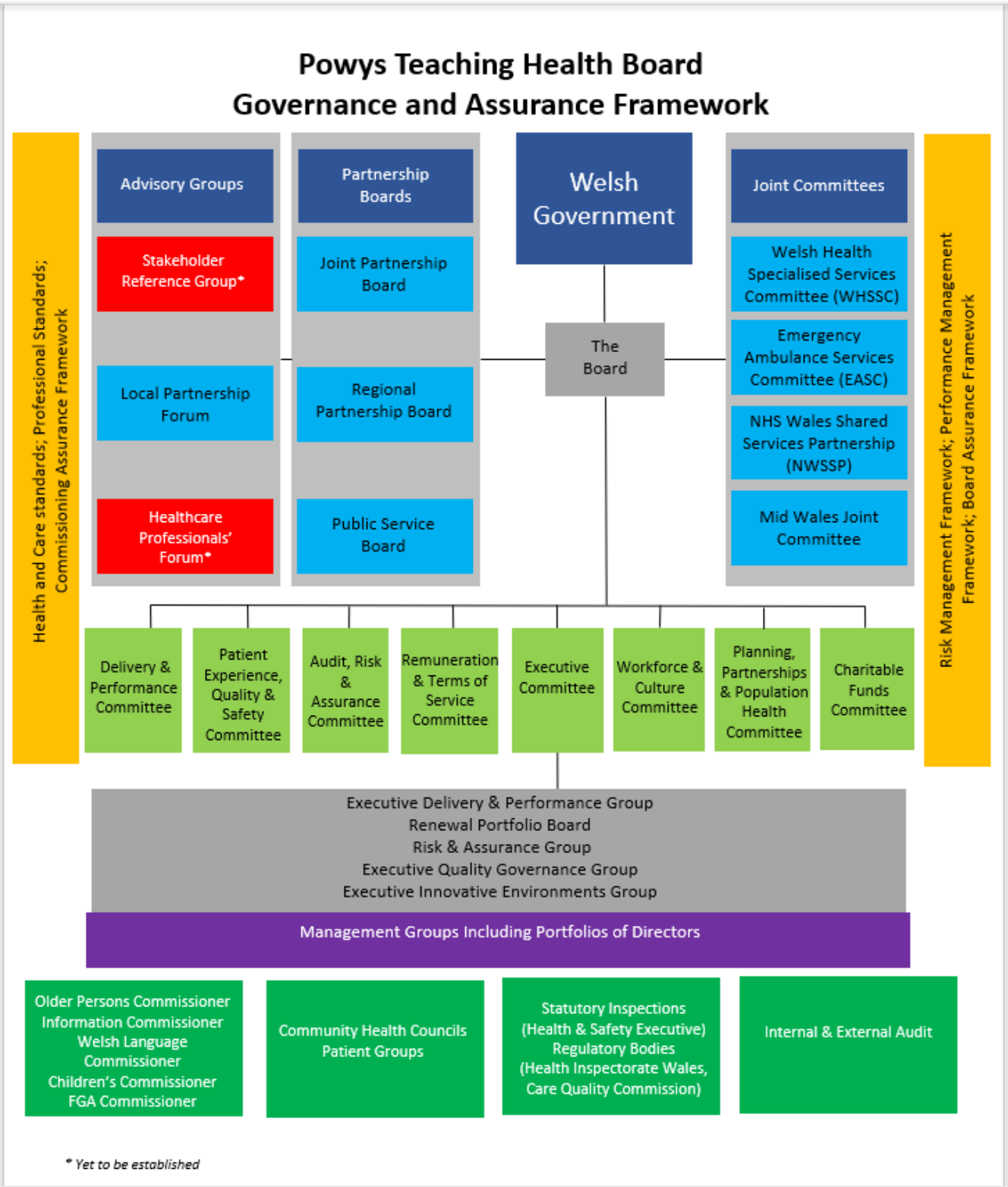
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FIGURE 1A: POWYS TEACHING HEALTH BOARD'S GOVERNANCE AND ASSURANCE FRAMEWORK APRIL 2021 – JULY 2021



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FIGURE 1B: POWYS TEACHING HEALTH BOARD'S GOVERNANCE AND ASSURANCE FRAMEWORK AUGUST 2021 – MARCH 2022



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## THE BOARD

The Board has been constituted to comply with the Local Health Board (Constitution, Membership and Procedures) (Wales) Regulations 2009. The Board functions as a corporate decision-making body, Executive Directors and Independent Members being full and equal members and sharing corporate responsibility for all the decisions of the Board. Details of those who sit on the Board are published on the health board [website](#). Further information is also provided within the Directors Report.

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.

## STANDARDS OF BEHAVIOR

The Welsh Government's *Citizen-Centred Governance Principles* apply to all the public bodies in Wales. These principles integrate all aspects of governance and embody the values and standards of behaviour expected at all levels of public services in Wales.

The Board is strongly committed to the health board being value-driven, rooted in 'Nolan' principles and high standards of public and behaviour including openness, customer service standards, diversity and engaged leadership. The Board has in place a Standards of Behaviour Policy, which sets out the Board's expectations and provides guidance so that individuals are supported in delivering that requirement.

The Standards of Behaviour Policy re-states and builds on the provisions of Section 7, Values and Standards of Behaviour, of the health board's Standing Orders. It re-emphasises the commitment of the health board to ensure that

it operates to the highest standards, the roles, and responsibilities of those employed by the health board, and the arrangements for ensuring that declarations of interests, gifts, hospitality and sponsorship can be made. The policy also aims to capture public acceptability of behaviours of those working in the public sector in order that the health board can be seen to have exemplary practice in this regard.

Details of the Board's Standards of Behaviour Policy incorporating Declarations of Interest, Gifts, Hospitality and Sponsorship, is available on the health board's [website](#).

## **STANDING ORDERS AND SCHEME OF RESERVATION AND DELEGATION**

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. 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 2017.

The Board has approved Standing Orders for the regulation of proceedings and business. They are designed to translate the statutory requirements set out in the Local Health board (Constitution, Membership and Procedures) (Wales) Regulations 2009 into day-to-day operating practice. Together with the adoption of a scheme of matters reserved for the Board, a detailed scheme of delegation to officers and Standing Financial conduct of the health board and define "its ways of working". The Standing Orders in place during 2021-2022 were adopted by the Board on 27 November 2019, with minor amendments adopted at Board on 28 July 2021, and are available on the health board's [website](#).

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 organisation's aims and objectives. As noted above, a review of the Committee structure was undertaken during 2021-2022 with changes agreed at Board on 28 July 2021 and the revised Terms of Reference for the Committees confirmed at Board on 29 September 2021. The Committee structure is outlined in the following section and the documents, approved at Board on 28 July 2021 and 29 September 2021 are available on the Health board's [website](#).

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## COMMITTEES OF THE BOARD

Section 3 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 line with these requirements the Board has established a standing Committee structure, which it has determined best meets the needs of the health board, while taking account of any regulatory or Welsh Government requirements. Each Committee is chaired by an Independent Member of the Board, with the exception of the Executive Committee which is chaired by the Chief Executive as Accountable Officer, and is constituted to comply with Welsh Government's Good Practice Guide – Effective Board Committees. All Committees regularly review their Terms of Reference and Work Plans to support the Board's business. Committees also work together on behalf of the Board to ensure that work is planned cohesively and focusses on matters of greatest risk that would prevent the health board from meeting our mission's aims and objectives.

The arrangement dating from this review remained in place and for April 2021 to July 2021 the following Committee structure was in place:

- Audit, Risk and Assurance Committee
- Charitable Funds Committee
- Executive Committee
- Experience, Quality and Safety Committee
- Performance and Resources Committee
- Remuneration and Terms of Service Committee
- Strategy and Planning Committee

As part of the regular review of Board arrangements changes to the Committee structure were agreed at Board on 28 July 2021 and Terms of Reference for each Committee were agreed at Board on 29 September 2021. From August 2021 to March 2022 the following Committee structure was in place:

- Audit, Risk and Assurance Committee
- Charitable Funds Committee
- Delivery and Performance Committee
- Executive Committee
- Patient Experience, Quality and Safety Committee
- Planning, Partnerships and Population Health Committee
- Remuneration and Terms of Service Committee
- Workforce and Culture Committee



The detailed Terms of Reference, agendas and papers for each of the current Committees can be found on the health board's [website](#).

The Chair of each Committee reports outcomes of each meeting to the Board on the committee's activities and any matters of concern or escalation to be brought to the attention of the Board. This contributes to the Board's assessment of risk, level of assurance and scrutiny against the delivery of objectives. Annual reports have not been prepared for individual committees due to the change in their constitution part-way through the year. In preference to this, a review of Board and committee effectiveness has been undertaken in order to assess how the new structure is operating and to inform development of the Board and its committees further in 2022-2023.

Powys Teaching Health Board is committed to openness and transparency and conducts as much of its board and committed business as possible in a session that members of the public are normally welcome to attend and observe. The Board and its Committees meet throughout the year, and attendance is formally recorded within the minutes, detailing where apologies have been received and deputies have been nominated. However, with the Stay-at-Home rules introduced in March 2020 revised arrangements for meetings of Board and Committee was necessary. All Board and public Committee meetings have met online. The following notice was posted online and, on each Board, and Committee agenda:

**MESSAGE TO THE PUBLIC:**

**Powys Teaching Health Board is committed to openness and transparency, and conducts as much of its business as possible in a session that members of the public are normally welcome to attend and observe. However, in light of the current advice and guidance in relation to Coronavirus (COVID-19), the Board has agreed to run meetings by electronic / telephony means as opposed to in a physical location, for the foreseeable future. This will mean that members of the public will not be able attend in person or observe on-line.**

**The Board has taken this decision in the best interests of protecting the public, our staff and Board members. The Board will publish a summary of meetings held on our website within a week of the meeting to promote openness and transparency.**

These arrangements have continued in relation to Health board Committee meetings throughout the year, with summaries made available online with exception of Board meetings which are Livestreamed and made available for on-demand viewing accessed via the [Board Meeting Calendar](#).

As the pandemic has continued there have been a small number of changes to the originally agreed committee work programme for the year, with the following scheduled meetings cancelled as outlined below:

- Strategy and Planning Committee on 20 April 2021;

- Strategy and Planning Committee on 8 July 2021;
- Delivery and Performance Committee on 20 December 2021, and
- Charitable Funds Committee on 2 March 2022.

To ensure Independent Members were fully sighted with developments during the Omicron surge a series of COVID-19 Board Briefings were held on the following dates:

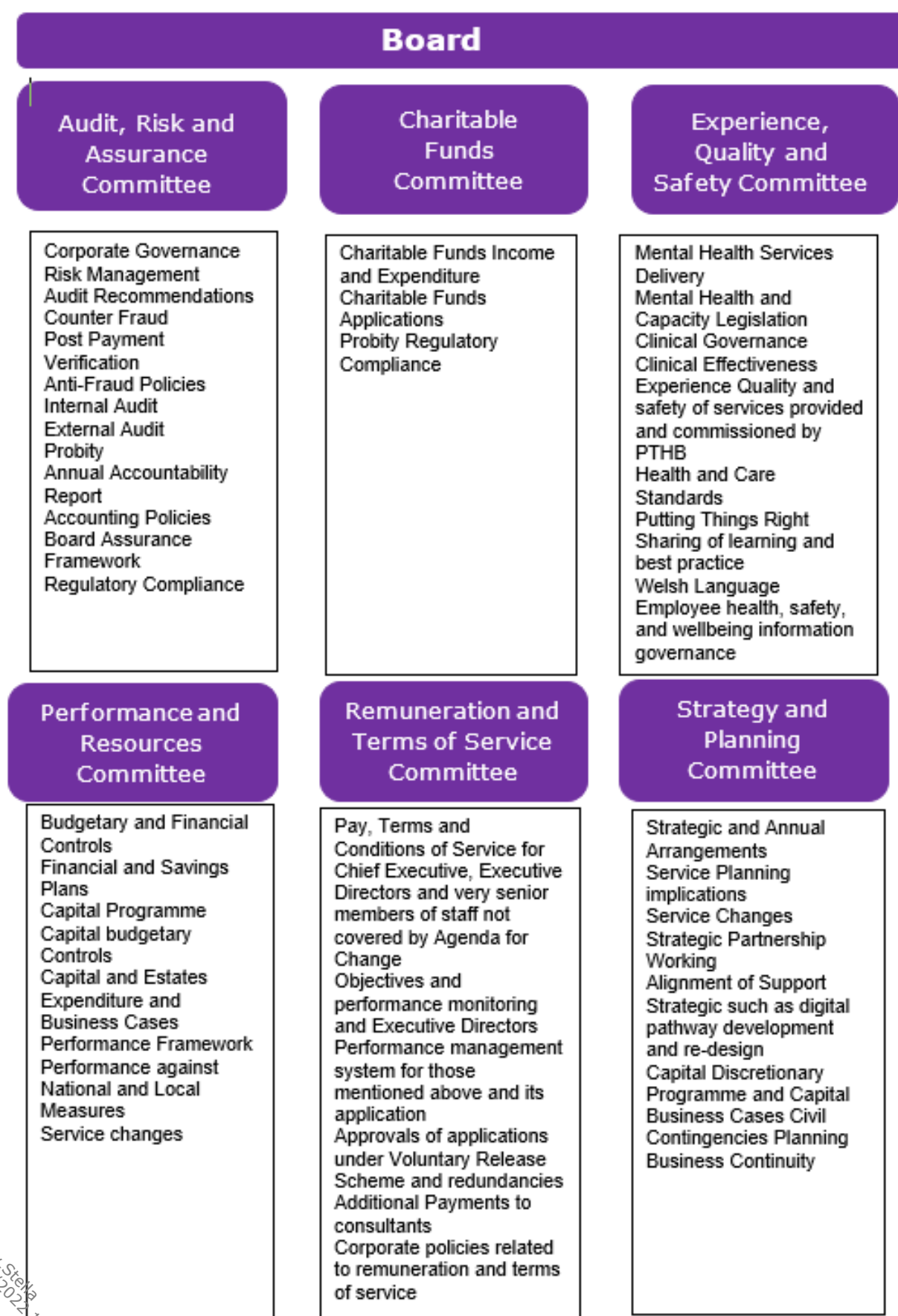
- 13 December 2021;
- 17 December 2021; and
- 5 January 2021.

*Figures 2a and 2b* below provide an overview of the role and responsibilities of the Board's Committees, as set out within respective Terms of Reference.

*Figure 3* below provides an overview of Board and Committee meetings held during 2021-2022.

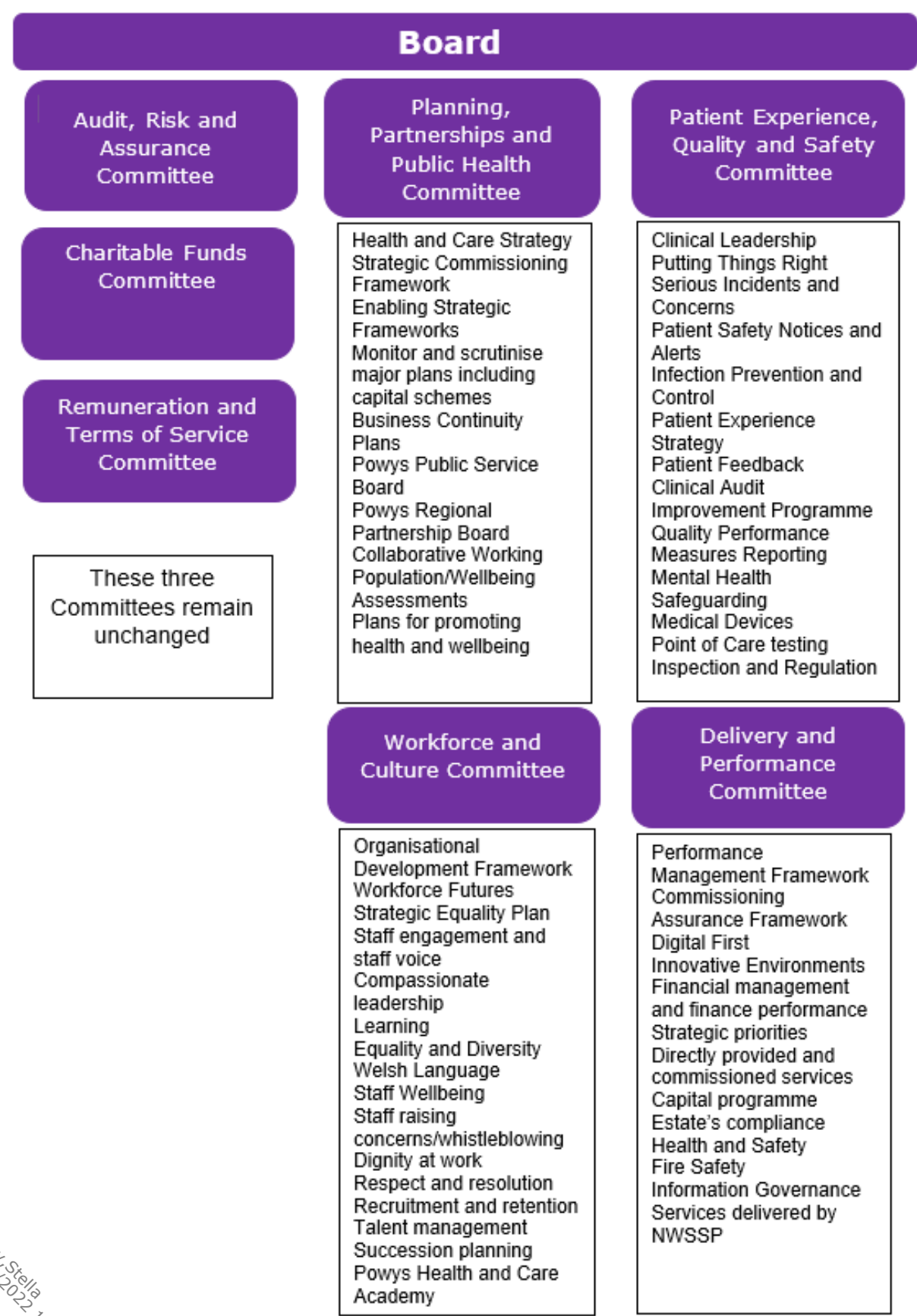
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**FIGURE 2A: ROLES AND RESPONSIBILITIES OF COMMITTEES OF THE BOARD FROM APRIL 2021 – JULY 2021**



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**FIGURE 2B: ROLES AND RESPONSIBILITIES OF COMMITTEES OF THE BOARD FROM AUGUST 2021 – MARCH 2022**



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**FIGURE 3: BOARD AND COMMITTEE MEETINGS HELD DURING 2021-2022**

Board/ Committee	Dates											
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
<b>Board</b>		26	10 & 29	28		29		24		26		30
<b>Audit Risk and Assurance</b>	29		8	12		14		16		20		22
<b>Charitable Funds</b>			2 & 15			23			1			
<b>Delivery and Performance</b>						2		1			8	
<b>Experience Quality and Safety</b>	15		3	15								
<b>Patient Experience Quality and Safety</b>							7		2		3	24
<b>Performance and Resources</b>		6	24									
<b>Planning, Partnerships and Population Health</b>							12			18		
<b>Remuneration and Terms of service</b>			10	5			11	5 & 25	8 & 31	26		1 & 17 & 30
<b>Strategy and Planning</b>												
<b>Workforce and Culture</b>							5			28		15
<b>Covid – 19 Board Briefing</b>									13 & 17	5		

Details of Board Members and their attendance at the Board can be found at **Appendix 1.**

## ITEMS CONSIDERED BY THE BOARD IN 2021-2022

During 2021-2022 the Board held:

- seven meetings, all virtual, livestreamed and uploaded after the meeting;
- three Chair's Actions;
- five Board Briefings; and
- six development sessions.

All meetings of the Board held in 2021-2022 were appropriately constituted with the required quorum.

### COVID-19 Maintaining Good Governance

The Board continued to operate normal meeting arrangements from May 2021, although met virtually throughout the financial year. COVID-19 COVID-19 All amendments to governance arrangements at Board and committee level were approved by the Board through the receipt of regular reports from the Chief Executive and Board Secretary. The Chief Executive obtained Board approval for COVID-19 specific governance arrangements which included deployment of Gold, Silver and Bronze Group delegation arrangements.

### Annual Plan 2021-2022

In June 2021, the Board considered and approved the final version of the Annual Plan for submission to Welsh Government.

### Integrated Medium Term Plan 2022-2025

In March 2022 the Integrated Medium-Term Plan for 2022-2025 was approved for submission to Welsh Government.

### Planning Framework and 3-Year Strategic Priorities 2022-2023

This plan was approved in November 2021.

### Civil Contingencies and Business Continuity Plans

The Civil Contingences Major Incidents and Emergency Response Plan and Corporate Business Continuity Plan was approved on 26 January 2022.

### Environment and Sustainability Strategic Plan

The Environment Policy Statement, key priorities in the Biodiversity Action Plan and Decarbonisation Plan were approved on 29 September 2021.

## Policies

The following policies were approved:

- Putting Things Right and Management of Concerns (May 2021)
- PTHB Fire Safety Policy (September 2021)
- PTHB Health and Safety Policy (November 2021)

During 2021-2022, the Board also considered and approved:

- **Reorganisation of localised Vascular Services into a 'Hub and Spoke' model Vascular Network for the South East Wales Region: A Report on Engagement 2021**

The use of the engagement feedback to inform the implementation of the South East Wales Vascular Network was approved.

- **South Powys Programme: Consultant -led Maternity and Neonatal Care**

To maintain the current pathways regarding South Powys Programme across Consultant-led Maternity and Neonatal Care was approved.

- **Business Case: Llanfair Caereinion Primary Care Centre**

The Full Business Case for the Llanfair Caereinion Primary Care Centre Third Party Development was approved.

- **Strategic Outline Case at Morriston Hospital**

The Strategic Outline Case to develop a new site option at the Morriston Hospital in Swansea was endorsed.

- **North Powys Wellbeing Programme Strategic Outline Case**

The Strategic Outline Case for the North Powys Wellbeing Programme was approved.

In addition to the above, the Board:

- endorsed the Strategic Approach to System Resilience;
- approved the All-Wales PET/CT Programme Business case;
- approved the Equality Annual Monitoring Report;
- noted the Corporate Risk Register at each meeting and approved the proposed amendments;
- noted the Corporate Risk Register for March 2022;
- agreed the Audit of Financial Statements and Letter of Representation;
- approved the Annual Accountability Report 2020/2021;
- approved the Annual Accounts and the Remuneration and Staff Report;
- approved the Organisational Development Strategic Framework for 2021-2022;
- approved the Risk Management Framework and Risk Appetite Statement;
- approved the approach to maintaining Good Governance, COVID-19 Governance Framework via Chair's Action;

- approved temporary changes to Standing Orders in relation to the term of office of Independent Members and the deferral of the Annual General Meeting as a result of the pandemic;
- approved the Annual Work Plans for Board, Committee and Board Development, including Membership;
- approved the Annual Performance Report (via the ratification of a Chair's action);
- noted The Workforce Futures Strategic Framework;
- noted the Performance Overview and the Financial Performance Reports;
- noted The Annual Report for Nurse Staffing Levels;
- noted the Podiatry Services across Powys Report;
- approved the delegation of the commissioning responsibility for HPB services and the HCC MDT services with the required resource mapped to WHSSC;
- approved the Memorandum of Understanding for the North Powys Wellbeing Programme;
- approved that WHSSC develop a service specification for specialised paediatric Orthopaedic surgery;
- approved The Civil Contingences Major Incident and Emergency Response Plan and Corporate Business Continuity Plan;
- noted PTHB's response to Bronllys Wellbeing Park Community Land Trust's Vision Documents 'The Next Ten Years (2020-2030) Working Together for Wellbeing';
- noted the Executive Director of Therapies and Health Sciences – 'One Year On' Report;
- noted The Financial Performance Reports 2021/2022;
- noted the National Outcome Framework and Annual Plan 2021-2022;
- noted The Report of the Chief Office of the Community Health Council;
- noted the recommendations of the Audit, Risk and Assurance Committee;
- approved the Pharmaceutical Needs Assessment;
- approved the updated Environment Policy Statement;
- approved the Key priorities in the Biodiversity Action plan;
- approved the Decarbonisation Delivery Plan;
- approved the Radiology Informatics System Procurement Programme Outline Business Case;
- approved the Laboratory Information Network Cymru Programme Business Case;
- approved the Annual Plan for 2021/2022;
- approved the Terms of Reference and Operating Arrangements for all Committee's;
- received the Audit of the Accounts Report for 2020/2021;
- approved the PTHB Planning Framework and 3 Year Strategic Priorities 2022-2023 to 2024-2025;



- approved the Board Committee Arrangements for 2022-2023 including Membership;
- routinely received Assurance reports of the Board's Partnerships and Joint Committee Arrangements;
- routinely received assurance reports from the Committees and Advisory Groups of the Board;
- approved the Discretionary Capital Programme 2022-2023 to 2023-2024; and
- routinely received reports from the Community Health Council.

## ITEMS CONSIDERED BY COMMITTEES OF THE BOARD

During 2021-2022, Board 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 the Health and Safety Executive.

As was the case in previous years, the Committees' consideration and analysis of such information has played a key role in my assessment of the effectiveness of internal controls, risk management arrangements and assurance mechanisms.

The Committees also considered and advised on areas of local and national strategic developments and new policy areas. Board Members are also involved in a range of other activities on behalf of the Board, such as Board Development sessions, COVID-19 Board Briefing sessions, attending partnership meetings, shadowing and a range of other internal and external meetings.

An overview of the key areas of business of the Board committees is set out in **Figure 4** that follows:

**Figure 4: Key Areas of Focus of Committees of the Board**

<b>Audit, Risk and Assurance Committee</b>	<ul style="list-style-type: none"> <li>▪ ratified approval of Single Tender Waivers</li> <li>▪ ratified the COVID-19 Financial Control Procedure and Budgetary Control Procedure</li> <li>▪ received the Internal Audit Annual Report and Opinion 2021-2022</li> <li>▪ received Internal and External Audit Reports and tracked implementation of audit recommendations</li> <li>▪ kept under review the health board's arrangements for risk management and assurance</li> <li>▪ reviewed and sought assurance on the accuracy of the Annual accounts and Annual accountability statement</li> <li>▪ reviewed and sought assurance on the accuracy of annual reports</li> </ul>
<b>Executive Committee</b>	<ul style="list-style-type: none"> <li>▪ took forward actions arising from the Integrated Performance Report and performance managing the delivery of those action plans</li> <li>▪ kept the operational effectiveness of policies and procedures under review.</li> <li>▪ 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</li> <li>▪ provided a strategic view of issues of concern ensuring co-ordination between Executive Directorates</li> <li>▪ 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</li> <li>▪ ensured staff are kept up to date on health board wide issues</li> <li>▪ acted as the forum in which Executive Directors and senior managers can formally raise concerns and issues for discussion, making decisions on these issues</li> </ul>

<b>Charitable Funds Committee</b>	<ul style="list-style-type: none"> <li>▪ scrutinised applications for charitable funds</li> <li>▪ kept and overview of charitable funds income and expenditure</li> </ul>
<b>Experience, Quality and Safety Committee (to July 2021)</b>	<ul style="list-style-type: none"> <li>▪ examined the support approach to assessing harm from COVID-19</li> <li>▪ monitored the health board's approach to complaints and concerns</li> <li>▪ oversaw the development of the Maternity Services assurance Framework and Improvement plans</li> <li>▪ received reports on matters such as Serious Incidents and Concerns, Inspections and Regulations, Medical Revalidation Progress and Prevention and Control report</li> <li>▪ sought assurance of the Clinical Audit Programme report</li> <li>▪ monitored the Mental Health Service Group Quality Governance reporting</li> <li>▪ sought assurance regarding financial management and financial performance</li> <li>▪ sought assurance regarding arrangements for the Medical Devices and Point of Care Testing Services and accountability of directly provided and commissioned services</li> <li>▪ monitored workforce and Organisational development frameworks and plans, and the monitoring of key workforce metrics</li> <li>▪ monitored GP access standards</li> <li>▪ examined and monitored Mortality reports on a regular cycle</li> <li>▪ monitored the effectiveness of arrangements in place to Putting Things Right, Compensation and Claims</li> <li>▪ sought assurance to support the Resuscitation Group</li> <li>▪ considered the safeguarding of information and associated governance arrangements</li> <li>▪ sought assurance on the implementation of Putting Things Right regulations and lessons learnt</li> <li>▪ approved the Age-Appropriate Beds, previously supported by the Executive Committee</li> <li>▪ approved the Mental Health Act Hospital Managers Power of Discharge Group Terms of Reference and Operating Arrangements.</li> </ul>

	<ul style="list-style-type: none"> <li>▪ sought assurance of the Regulatory Inspections Report</li> <li>▪ scrutinised the Clinical Quality Framework, Implementation Plan update</li> </ul>
<b>Performance and Resources Committee (to July 2021)</b>	<ul style="list-style-type: none"> <li>▪ oversaw the Annual Performance Report 2020-2021 and provided feedback to inform final development</li> <li>▪ scrutinised the Integrated Performance Report 2021/2022</li> <li>▪ monitored progress on the Annual Plan minimum data set overview</li> <li>▪ received the Commissioning Assurance Framework</li> <li>▪ monitored the Nurse Staffing Levels Act</li> <li>▪ monitored the Workforce Performance metrics which has been impacted by COVID-19 to provide assurance in relation to performance recovery</li> <li>▪ sought assurance on the Health and Safety Report regarding Hand Arm Vibration at Work</li> <li>▪ sought assurance of the Commissioning Assurance Framework relating to Essential Services and Referral to treatment times.</li> <li>▪ monitored the Performance Overview against the NHS Delivery Framework as a result of the COVID-19 Pandemic</li> <li>▪ sought assurance of the status and approach to manage Estates Compliance for the Health board, to include how risks were captured, assessed, and managed; additionally, how the risk was reported at a corporate risk register level</li> <li>▪ oversaw the Support Services Performance and Associated Risks</li> <li>▪ monitored the Implementation of the Liberty Protection Safeguards</li> <li>▪ monitored Dental Service access across Powys during the COVID-19 Pandemic</li> <li>▪ sought assurance of the Digital First Transformation and Informatics delivery for the financial year</li> </ul>
<b>Strategy and Planning Committee (to July 2021)</b>	No meetings of the Strategy and Planning Committee took place during 2021-2022

<b>Delivery and Performance Committee (From August 2021)</b>	<ul style="list-style-type: none"> <li>▪ oversight of Capital Developments: Wellbeing Programme Gateway Review</li> <li>▪ sought assurance of the COVID-19 Vaccination Phase 3 plans</li> <li>▪ scrutinised performance of Welsh Ambulance Services NHS Trust services</li> <li>▪ receive all Financial Performance Reporting</li> <li>▪ sought assurance of the Integrated Medium-Term Plan, including Performance Trajectories and Financial plans</li> <li>▪ reviewed Performance overview: Commissioning Assurance and Performance Dashboard</li> <li>▪ sought assurance of Planned and Unscheduled Care reporting</li> <li>▪ reviewed Digital First Updates</li> <li>▪ reviewed Primary Care Assurance and Performance Report</li> <li>▪ reviewed funded Nursing Care and continuing Health Care reports</li> <li>▪ reviewed Capital and Estates Performance update, Elective Care, and Neurodevelopmental services</li> <li>▪ sought assurance on the Information Governance and Records Management Improvement plans</li> <li>▪ sought assurance on the Committee based Corporate Risk Register</li> </ul>
<b>Patient Experience, Quality and Safety Committee (From August 2021)</b>	<ul style="list-style-type: none"> <li>▪ scrutinise the Board's Clinical Quality Framework</li> <li>▪ scrutinise Quality Governance arrangements</li> <li>▪ monitor compliance with Mental Health legislation</li> <li>▪ provide assurance of the management of Strategic risks on the Committee Risk Register</li> <li>▪ scrutinise Integrated Quality Reports</li> <li>▪ scrutinise Commissioning Escalation Report</li> <li>▪ monitor Serious Incidents and Concerns</li> <li>▪ monitor Maternity Services Assurance reports</li> <li>▪ monitor the Inspections and External Bodies Report and Action Tracking</li> <li>▪ sought assurance on Infection, Prevention and Control including nosocomial updates</li> <li>▪ receive the Annual Reports of the Accountable Officer Controlled Drugs</li> </ul>

	<ul style="list-style-type: none"> <li>▪ receive Clinical Audit progress Report</li> <li>▪ scrutinised Safeguarding arrangements</li> <li>▪ monitor General Medical Access</li> </ul>
<b>Planning, Partnerships and Population Health Committee (From August 2021)</b>	<ul style="list-style-type: none"> <li>▪ review Strategic Planning of Performance and Key planning parameters</li> <li>▪ review PTHB Population Health Priorities and Key Priorities</li> <li>▪ sought assurance of the Regional Partnership Board Programmes reporting: North Powys Wellbeing Programme</li> <li>▪ review the Integrated Medium Term Plan updates</li> <li>▪ review the Strategic renewal portfolio priorities and arrangements</li> <li>▪ sought assurance on the Committee based Corporate Risk Register</li> </ul>
<b>Workforce and Culture Committee (From August 2021)</b>	<ul style="list-style-type: none"> <li>▪ scrutinised the Organisational Development Strategic Framework and Workforce Futures Strategic Framework</li> <li>▪ reviewed workforce planning and performance</li> <li>▪ received the Welsh Language Standards Annual Report 2020-2021</li> <li>▪ considered Staff Wellbeing including regulatory report and management response (Caring for the Carers)</li> <li>▪ received the Medical Job Planning Annual Report</li> <li>▪ received the Communications and Engagement Situation Report</li> <li>▪ sought assurance on the Committee based Corporate Risk Register</li> </ul>

## BOARD DEVELOPMENT

During the year, the Board took part in a number of development and briefing sessions which covered the following topics:

- Legal Implications of a COVID-19 Public Inquiry
- Board Responsibilities in respect of Staff Raising Concerns
- Board and Committee Effectiveness and Arrangements for 2021-2022
- Annual Plan and supporting frameworks
- Additional Learning Needs Code for Wales 2021
- Equality, Diversity, and Inclusion
- Healthy Working Relationships, Respect and Resolution Policy

- Partnership Arrangements and Priorities
- Joint Committee Arrangements and Priorities
- Health and Safety Executive Investigation into Hand Arm Vibration Syndrome
- Briefing on a Serious Incident
- System Pressures
- Discussion with the Emergency Ambulance Service Committee
- Primary Care Developments
- Suicide Prevention and Self Harm
- North Powys Well-being Strategic Outline Case
- Integrated Medium-Term Plan

The Board has scheduled its annual self-assessment and reflection to take place in April 2022 (to include consideration of the effectiveness of its committees).

## ADVISORY GROUPS

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

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

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

The Local Partnership Forum (LPF) is well established. Work has continued during 2021-22 to strengthen the Forum's operating arrangements and maximise its role in providing advice to the Board.

The first scheduled meeting of the LPF in 2021-22 was held as a CCOVID-19 briefing. Scheduled meetings re-commenced in May 2021 and further meetings were held in July 2021, September 2021 and January 2022. A meeting scheduled for November 2021 was cancelled due to staff side in-quoracy, in large part due to pressures of the pandemic. The meeting scheduled for March 2022 was postponed to April 2022 due to a COVID-19 surge.

The Board does not have its Stakeholder Reference Group or Healthcare Professionals Forum in place. Pandemic pressures have meant that no work was undertaken to constitute these groups during 2021/22.

However, in the absence of this Group, the Board engages clinical professionals through its clinical Executive Directors (Executive Medical

Director, Executive Director of Nursing, Executive Director of Therapies and Health Sciences and Executive Director of Public Health) and existing management groups such as the Heads of Nursing and midwifery Group and the Heads of Therapies. The Board also engages with GPs through its cluster arrangements, other primary care contractors through established forums and also with many representative and regulatory bodies.

It is now the intention to make arrangements in respect of the Healthcare Professional's Forum in 2022/23 as reported to the Board at its March 2022 meeting.

## **JOINT COMMITTEES**

Regular reports on the work of the Joint Committees are provided by the Chief Executive to the Board at each meeting and can be viewed on the health board's [website](#).

### **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 Committees (Wales) Directions 2014 (2014/8 (W.8)) (the EASC Directions).

### **NHS WALES SHARED SERVICES PARTNERSHIP COMMITTEE (NWSSPC)**

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.

More information on the governance and hosting arrangement of these committees can be found in the health board's Standing Orders on the health board [website](#).

## **PARTNERSHIP AND COLLECTIVE WORKING**

Regular reports on the work of the Partnership Boards are provided by the Chief Executive to the Board at each meeting and can be viewed on the health board [website](#). [The Planning, Partnerships and Population Health Committee also has a key role](#)



[in ensuring that the health board is working effectively with partners.](#)

## **Powys County Council**

Powys Teaching Health Board and Powys County Council have a series of overarching Section 33 agreements through which the organisations manage joint arrangements for Care Homes, the Community Equipment Service, Glan Irfon, Information Communication Technology (ICT) services, Reablement Services and Substance Misuse. In addition to Section 33 agreements, a Memorandum of Understanding is in place regarding services for Carers and there are a number of key areas where there is integrated working, including: Mental Health services, services for people with learning disabilities, older people and children. Section 33 arrangements are overseen by a Joint Partnership Board which is outlined below.

## **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 the Social Services Wellbeing (Wales) Act 2014, and the collective drive towards increased integration between the health board and County Council, in February 2016, PTHB and Powys County Council established a Joint Partnership Board. This brings together nominated strategic leaders from Powys County Council 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 Powys County Council has been signed.

## **Powys Public Service Board**

The Public Service Board (PSB) is the statutory body established by the Well-being of Future Generations (Wales) Act 2015 which brings together the public bodies in Powys to meet the needs of Powys citizens present and future. The aim of the group is to improve the economic, social, environmental, and cultural well-being of Powys. Working in accordance with the five ways of working, the Board has published its Well-being Assessment and Well-being Plan. The Well-being Plan which has been developed through extensive engagement sets out four local objectives for the Powys we want by 2040.

The health board contributes to achieving these objectives through the delivery of the health and care strategy and the Integrated Medium-Term Plan. The PSB has set out its Well-being Plan 12 well-being steps that we will concentrate on to contribute achieving the four local objectives. These steps

are those where the biggest difference can be made by developing solutions together.

The PSB reports annually outlining progress and next steps. The PSB annual reports can be found here: [Powys Public Service Board – Our Annual Progress Report – Powys County Council](#)

## **Powys Public Service Board Scrutiny Committee**

The PSB Scrutiny Committee was set up in September 2018 as a joint committee with representatives of the organisations which sit on the Powys Public Service Board. This Committee met during the year scrutinising progress on steps 3, 4 and 8 of the Well-being Plan. Powys PSB Scrutiny Committee agendas and minutes can be found [here](#).

## **Powys Regional Partnership Board**

The Powys Regional Partnership Board (RPB) is the statutory legal body established in April 2016 by the Social Services and Well-being (SSWB) (Wales) Act 2014. Its main role is to identify key areas of improvement for care and support services in Powys. The RPB has also been legally tasked with identifying integration opportunities between social care and health. This has been achieved through building on years of joint working and through the development of the health and care strategy which has identified key priorities. The key opportunities for integrated working identified and the actions to be taken in support of them are outlined in the Area Plan and focuses on 'Delivering the Vision'. Priorities have been identified as a Focus on Well-being, Tackling the Big 4 (Cancer, Cardio-vascular diseases, respiratory diseases and mental health), Early Help and Support and Joined up Care. The Regional Partnership Board is currently overseeing a major integrated project in North Powys providing a new model of care jointly for health and social care and extending to include supported accommodation and primary education.

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

## **Mid Wales Joint Committee for Health and Social Care**

Following the Welsh Government's formal recognition of mid Wales as a designated planning area, the Mid Wales Healthcare Collaborative transitioned to the Mid Wales Joint Committee for Health and Social Care in March 2018.

The Welsh Government's long-term plan for the future of health and social care in Wales, 'A Healthier Wales: Our Plan for Health and Social Care', sets out the long-term future vision of a 'whole system approach to a health and social care' which focuses on health, Wellbeing and prevention of illness.

The Mid Wales Joint Committee supports this direction of travel, and its Strategic Intent sets out what we will do to ensure there is a joined-up approach to the planning and delivery of health and care services across Mid Wales.

## **THE CORPORATE GOVERNANCE CODE**

The Corporate Governance Code currently relevant to NHS bodies is 'The corporate governance in central government departments: code of good practice' (published 21 April 2017).

The health board, like other NHS Wales organisations, is not required to comply with all elements of the Code, however, the main principles of the Code stand as they are relevant to all public sector bodies.

The Corporate Governance code is reflected within key policies and procedures. Further, within our system of internal control, there are a range of mechanisms in place that are designed to monitor our compliance with the Code. These include self-assessment, internal and external Audit and independent reviews.

The Board is clear that it is complying with the main principles of the Code and is conducting its business openly and in line with the Code, and that there were no departures from the Code as it applies to NHS bodies in Wales.

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

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 2022 and up to the date of approval of the annual report and accounts. Some elements of the system of internal control were, however, adapted or suspended during 2021-2022 with the approval of the Board to support the health board's response to COVID-19, specifically:

- adjustments to certain committee schedules as noted above;

- the re-prioritised approach to the implementation of audit recommendations adopted in 2020/2021, to enable focus on high-risk areas was maintained;
- four Internal Audit reviews were deferred to 2022-2023;
- the Risk and Assurance Group met less frequently (three times) during the year, although risk management remained the responsibility of managers as set out within the Risk Management Framework and enhanced COVID-19 risk management arrangements were put in place and reporting of the Corporate Risk Register to every Board meeting continued; and
- the Command and Control Model established in 2020-2021 to lead the planning and response to COVID-19 was re-established in the winter of 2021-2022 to respond to the Omicron surge. The system of internal control was continually reviewed and refined through each of the phases of the health board's response to COVID-19.

## Capacity to handle Risk and Key Aspects of the Control Framework

As Accountable Officer, I have overall responsibility for risk management and report to the Board on the effectiveness of risk management across the health board. My advice to the Board has been informed by executive officers and feedback received from the Board's Committees, in particular the Audit, Risk and Assurance Committee, Experience, Quality and Safety Committee (April 2021 – July 2021) and Patient Experience, Quality and Safety Committee (July 2021 – April 2022).

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. In addition, the Risk and Assurance Group, constituted by Assistant Directors and Senior Managers to oversee operational risk management, reports into the Executive Committee.

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. Risks are assigned to Executive Directors to lead the organisational response. For example, patient safety risks fall within the responsibility of the Executive Medical Director, the Executive Director of Nursing and Midwifery and the Executive Director of Therapies and Health Science.

As previously highlighted the need to plan and respond to the COVID-19 pandemic presented a number of challenges to the organisation. A number of new and emerging risks were identified. Whilst the organisation did have a major incident and business continuity plan in place, as required by the Civil Contingencies Act 2004, the scale and impact of the pandemic has been unprecedented. Significant action has been taken at a national and local level to prepare and respond to the likely impact on the organisation and

population. This has also involved working in partnership on the multi-agency response as a key member of the Strategic Co-ordination Group. There does remain a level of uncertainty about the overall impact this will have on the immediate and longer-term delivery of services by the organisation, although I am confident that all appropriate action is being taken. The latest iterations of the health board's Major Incident and Emergency Response Plans were approved by the Board on [26 January 2021](#).

The organisation continues to work closely with a wide range of partners, including the Welsh Government as it continues with its response, and planning into the recovery and renewal phases. It will be necessary to ensure this is underpinned by robust risk management arrangements and the ability to identify, assess, and mitigate risks which may impact on the ability of the organisation to achieve their strategic objectives.

## **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 Board's Risk Management Framework 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:

- ensure that the principles, processes, and procedures for best practice risk management are consistent across the health board and are fit-for-purpose;
- ensure that risks are identified and managed through a robust organisational Assurance Framework and accompanying Corporate and Executive 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 that strategic and operational decisions are informed by an understanding of the organisation's risks and their likely impact;
- ensure that risks to 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 the Assurance Framework and Corporate Risk Register,

Executive 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 sets out the ways in which risks will be identified and assessed. It is underpinned by a number of policies that 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.

The Risk Management Framework is available on the health board's [website](#).

Risk Management training continued on an ad-hoc basis during 2021-22 due to the impact of COVID-19. This was delivered on the request of service groups and teams. During 2021-2022, work commenced on a risk management training needs analysis, to develop a robust training plan in relation to risk for the health board, this will be further developed and implemented in 2022-2023.

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.

Community Health Council representatives are present at Board meetings where risk is discussed. Where work is delivered in partnership with strategic partners, such as via the Public Services Board and Regional Partnership Board, risk management arrangements are led by the host organisation. These risk management arrangements dovetail with the health board's Risk Management Framework to feed respective Directorate Risk Registers and the Corporate Risk Register, where necessary.

## Management of Risks During 2021-2022

### [Strategic Risks](#)

Strategic risks are those risks that represent a threat to achieving the health board's strategic objectives or its continued existence.

Strategic risks are recorded in the Board's Corporate Risk Register (CRR), which provides an organisational-wide summary of significant risks facing the Board. The criteria for a risk to be included in the Corporate Risk register is:

- the risk must represent an issue that has the potential to hinder achievement of one or more of the health board's strategic objectives.



- the risk cannot be addressed at Directorate level; and/or
- further control measures are needed to reduce or eliminate the risk; A considerable input of resource is needed to treat the risk (finance, people, time, etc.).

In light of the COVID-19 pandemic, the Board's approach to risk management during 2021-2022 was required to be balanced and proportionate to ensure effective risk management arrangements, whilst ensuring capacity was made available to plan and respond to COVID-19. The approach to releasing capacity and determining priorities (COVID-19 and 'business as usual' related during the year were determined by an assessment of risk).

During 2021-2022, the Board continued to review the existing Corporate Risk Register to:

- consider whether any existing risks may need to be updated to reflect the impact of COVID-19 on them which may reduce / increase the risk score in terms of likelihood and / or impact.
- consider whether there are new risks emerging from the impact of COVID-19 on the achievement of the board's strategic objectives; and
- assess and make recommendations to the Board regarding those risks where appetite and tolerance may need adjusting to recognize the impact of COVID-19 on the organisation.

## 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.

In March 2020, Internal Audit undertook a review of Risk Management and Board Assurance arrangements, which focused on how the Board Assurance Framework and Risk Management Framework are being implemented and updated in-line with the revised IMTP. A limited assurance rating was provided to the Board in respect of this review.

Whilst Internal Audit recognised the progress made at an Organisational and strategic level to set the framework by which risk will be identified and managed, Internal Audit made a number of recommendations by which improvements could be made in embedding risk into the operational management of the organisation.

In November 2021 the Board approved the revised Risk Management Framework (RMF) and supporting Risk Management Toolkit, which sought to develop a robust risk management culture across the health board and encourages appropriate risk taking, to continuously improve the quality of the services provided and commissioned by the health board.

In the first quarter of 2022-2023 work will be undertaken to reinvigorate the Risk and Assurance Group to enable coordination of the achievement of the Risk Management Framework's objectives through the organisation's Executive Directorates, by embedding risk management and establishing local risk reporting procedures. This will enable the effective integrated management of risk and assurance. The Group will also seek to ensure that the Board has in place effective systems for the reporting of risk, and the management of risk registers (local, Executive Directorate and corporate) and the Board's Assurance Framework (BAF).

## **Risk Appetite**

The Board's Risk Appetite Statement sets out the Board's strategic approach to risk-taking by defining its risk appetite thresholds. It is a 'live' document that will be regularly revised and modified, so that any changes to the organisation's strategies, objectives or its capacity to manage risk are properly reflected.

In updating and approving its Risk Appetite Statement, the Board considered the health board's capacity and capability to manage risk.

The Board recognises that risk is inherent in the provision and commissioning of healthcare services, and therefore a defined approach is necessary to articulate risk context, ensuring that the organisation understands and is aware of the risks it is prepared to accept in the pursuit of its aims and objectives.

The Risk Appetite Statement was developed to reflect an increased appetite in relation to innovative and financial risks, which may be necessary to support achievement of the board's ten-year strategy 'A Health, Caring Powys'. In recognising the risks inherent in healthcare services, the risk appetite statement starts at the basis of a low appetite.

The Risk Appetite Statement confirms that the Board is not open to risks that materially impact on the quality or safety of services that the health board provides or commissions; or risks that could result in the organisation being non-compliant with UK law, healthcare legislation, or any of the applicable regulatory frameworks in which we operate. The Board has the greatest appetite to pursue innovation and challenge current working practices; and, for financial risk in terms of willingness to take opportunities where positive gains can be anticipated, within the constraints of the regulatory environment.

The following risk appetite levels, informed by the Good Governance Institute, have been included and have been used as the basis in determining the appetite levels set out in the Statement:

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Risk Appetite Level	Risk Maturity	Risk Appetite Description
LOW (Risk Score 1-6)	Minimal	Preference for ultra-safe, well established / evidence-based delivery options that have a low degree of risk.
MODERATE (Risk Score 8-10)	Cautious	Preference for safe delivery options, also used by other organisations that have some degree of known risk outweighed by potential benefit.
HIGH (Risk Score 12-15)	Open	Willing to consider all potential delivery options, established and new, and make a choice which also provides an acceptable level of reward.
SIGNIFICANT (Risk Score 16-25)	Seek	Eager to be innovative and to choose options offering potentially higher rewards despite greater potential risk.
	Mature	Confident in setting high levels of risk appetite because controls, forward scanning and responsiveness systems are robust.

The thresholds provided with the Risk Appetite Statement are provided below:

Risk Category	Description
<b>APPETITE FOR RISK: Low (Risk Score 1-6)</b>	
<b>Quality &amp; Safety of Services</b>	<p>The provision of high-quality services is of the utmost importance to the Health board, and we have a cautious appetite to risks that impact adversely on quality of care.</p> <p>We consider the safety of patients and staff to be paramount and core to our ability to operate and carry out the day-to-day activities of the organisation. We have a low appetite to risks that result in, or are the cause of, incidents of avoidable harm to our patients or staff.</p> <p>This means we are not open to risks that could result in poor quality care or clinical risk assessment, non-compliance with standards of clinical or professional practice, unintended outcomes or poor clinical interventions.</p> <p>We will not accept risks associated with unprofessional conduct, underperformance, bullying, or an individual's competence to perform roles or tasks safely and, nor any incidents or circumstances which may compromise the safety of any staff member or group.</p>
<b>Regulation &amp; Compliance</b>	We will not accept risks that could result in the organisation being non-compliant with UK law or healthcare legislation, or any of the applicable regulatory frameworks in which we operate.

Risk Category	Description
<b>APPETITE FOR RISK: Moderate (Risk Score 8-10)</b>	
<b>Reputation &amp; Public Confidence</b>	<p>We will maintain high standards of conduct, ethics and professionalism at all times, espousing our Values and Behaviors Framework, and will not accept risks or circumstances that could damage the public's confidence in the organisation.</p> <p>Our reputation for integrity and competence should not be compromised with the people of Powys, Partners, Stakeholders and Welsh Government.</p> <p>We have a moderate appetite for risks that may impact on the reputation of the health board when these arise as a result of the health board taking opportunities to improve the quality and safety of services, within the constraints of the regulatory environment.</p>
<b>Finance</b>	<p>We have been entrusted with public funds and must remain financially viable. We will make the best use of our resources for patients and staff. Risks associated with investment or increased expenditure will only be considered when linked to supporting innovation and strategic change.</p> <p>We will not accept risks that leave us open to fraud or breaches of our Standing Financial Instructions.</p>
<b>APPETITE FOR RISK: High (Risk Score 12-15)</b>	
<b>Innovation &amp; Strategic Change</b>	<p>We wish to maximise opportunities for developing and growing our services by encouraging entrepreneurial activity and by being creative and pro-active in seeking new initiatives, consistent with the strategic direction set out in the Integrated Medium-Term Plan, whilst respecting and abiding by our statutory obligations.</p> <p>We will consider risks associated with innovation, research, and development to enable the integration of care, development of new models of care and improvements in clinical practice that could support the delivery of our person and patient centered values and approach.</p> <p>We will only take risks when we have the capacity and capability to manage them and are confident that there will be no adverse impact on the safety and quality of the services we provide or commission.</p>

## The Health Board's Risk Profile

As can be seen from the Heat Map at Figure 7, at the end of March 2022 a number of key risks to the delivery of the health board's strategic objectives had been identified. Full details of the controls in place and actions taken to address these risks can be found in the Corporate Risk Register on the health board's [website](#). In response to the COVID-19 pandemic the health board paused the use of the Board Assurance Framework in March 2020. It is intended to reinstate the Board Assurance Framework in 2022-23.

**Figure 7: Strategic Risk Heat Map**

Impact	Catastrophic	5					
	Major	4		<ul style="list-style-type: none"> <li>The Health Board does not meet its statutory duty to achieve a breakeven position in 2021/22</li> </ul>	<ul style="list-style-type: none"> <li>The need to improve health equity is not adequately reflected in the priorities and resource allocation of the health board</li> <li>Potential adverse impact on business continuity and service delivery arising from a pandemic outbreak of an infectious disease (COVID-19)</li> </ul>	<ul style="list-style-type: none"> <li>The care provided in some areas is compromised due to the health board's estate being non-compliant and not fit for purpose</li> <li>The Health Board is unable to sustain an adequate workforce</li> <li>Fragmented and unsustainable service models as a result of population changing need and service reconfiguration of neighbouring NHS bodies and the response of multiple providers / systems to the Covid-19 pandemic</li> <li>There are delays in accessing treatment in for Primary and Community Care Services in excess of 36 and 52 weeks, and a reduction in levels of enhanced services provided by General Practices under the GMS Contract.</li> </ul>	<ul style="list-style-type: none"> <li>Once accessed, residents in Powys may receive poor quality of care</li> <li>There are delays in accessing treatment in Secondary and Specialised care services, in excess of 36 and 52 weeks</li> </ul>
		3			<ul style="list-style-type: none"> <li>There is ineffective partnership working and partnership governance</li> </ul>	<ul style="list-style-type: none"> <li>The Health Board has insufficient capacity to lead and manage change effectively</li> <li>The Health Board does not comply to the Welsh Language standards, as outlined in the compliance notice</li> </ul>	
	Minor	2					
	Negligible	1					
			1	2	3	4	5
			Rare	Unlikely	Possible	Likely	Almost Certain
			Likelihood				

An overview of the key risks (i.e. those in the red section of the Heat Map) and actions taken to manage the risks are provided in Figure 8.

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**Figure 8: Key Risks and Controls**

RISK DESCRIPTION	CONTROLS IN PLACE, ACTION TAKEN & IMPROVEMENT ACTIONS
Once accessed, residents in Powys may receive poor quality of care	<p><b>CONTROLS IN PLACE / ACTION TAKEN:</b></p> <ul style="list-style-type: none"> <li>▪ Cognisance and implementation of Welsh Government policy.</li> <li>▪ Staff wellbeing initiatives in place internally and within other organisations.</li> <li>▪ Escalated oversight and assurance arrangements in place related to patient flow, length of stay and community provision, in partnership with POWYS COUNTY COUNCIL and third sector.</li> <li>▪ Consideration of Local Options Framework where indicated.</li> <li>▪ Increased oversight and monitoring as part of escalated governance arrangements, in the form of the Delivery Coordination Group, reporting to Gold</li> <li>▪ Enhanced reporting to Welsh Government.</li> <li>▪ IMTP planning predicated on the impacts of COVID-19.</li> <li>▪ Recovery and renewal key focus of PTHB Annual Plan for 2021-2022 overseen by CEO led Portfolio Board.</li> <li>▪ Non-recurrent revenue and capital secured for first phase of priorities.</li> <li>▪ Risk-based implementation of the plan in relation to support infrastructure required, including procurement capacity; operational recruitment, particularly in relation to theatre staff; the availability of additional external clinical capacity; and unscheduled care pressures.</li> <li>▪ Progression of the North Powys Programme.</li> <li>▪ Continued implementation of the Strategic Commissioning Framework (for whole system commissioning) – partially restored at present.</li> <li>▪ Implementation of the Clinical Quality Governance Framework.</li> <li>▪ Implementation of the OD Framework.</li> <li>▪ Focus on whole patient pathway improvement inclusive of provided and commissioned services for maternity, neonates, CAMHS.</li> <li>▪ Refreshed approach to ensuring appropriate deployment of the workforce throughout the health board.</li> <li>▪ Embedding the Commissioning Assurance Framework (CAF) escalation process - partially restored at present.</li> <li>▪ Executive Committee Strategic Commissioning and Change Group (including consideration of fragile services – currently replaced by the DGH Log mapping pathway changes across multiple providers across England and Wales due to the COVID-19 pandemic).</li> <li>▪ Regular review at Delivery and Performance meetings.</li> <li>▪ Scrutiny by Performance and Resources Committee.</li> <li>▪ Scrutiny by Patient Experience, Quality and Safety Committee.</li> <li>▪ Internal Audit reviews relevant to the risk.</li> <li>▪ Contract Quality and Performance Review Meetings for the 15 NHS Providers and key private sector providers.</li> <li>▪ Individual Patient Funding Request Panel and Policy.</li> <li>▪ WHSCC Joint Committee and Management Group.</li> <li>▪ WHSCC ICP agreed within PTHB IMTP – and process underway for 2021-2022.</li> <li>▪ Emergency Ambulances Services Committee.</li> </ul>

	<ul style="list-style-type: none"> <li>▪ Shared Services Framework Agreements.</li> <li>▪ Section 33 Agreements.</li> <li>▪ Responsible Commissioner Regulations for Vulnerable Children Placed away from Home.</li> <li>▪ Specific Organisational Delivery Objectives set out in health board's Annual Plan for 2021-2022.</li> <li>▪ Development of a standard operating procedure re quality and safety in commissioned services</li> <li>▪ Participation in the Cross-Border Network Between England and Wales (Statement of Values and Principles between England and Wales).</li> <li>▪ Commissioning Intentions set out in IMTP (response to the pandemic currently being implemented not commissioning intentions).</li> <li>▪ NHS LTA and SLA Overview submitted to the Executive Committee (and approval process).</li> <li>▪ Executive Committee approved LTA and SLA narrative (updated each year).</li> <li>▪ CEO signed LTAs and SLAs for healthcare.</li> <li>▪ CAF developed for General Dental Services.</li> <li>▪ CAF developed for General Medical Services.</li> <li>▪ Recruitment of Public Health Consultant to help strengthen commissioning intelligence (currently transferred to COVID-19 related duties).</li> <li>▪ Prior approval policy in place (Following the EU exit the EEA policy has ceased to apply).</li> <li>▪ INNU policy in place.</li> <li>▪ Pooled fund manager for Section 33 Residential Care.</li> <li>▪ SATH Improvement Alliance with UHB in place.</li> <li>▪ Respiratory and Circulatory Transformation leads in place (but circulatory support was temporarily diverted to help manage changes to emergency flows). Temporary cancer post to help ensure appropriate pathways for patients with cancer.</li> <li>▪ DGH and Specialised Work-stream within PTHB's COVID-19 response plan.</li> <li>▪ PTHB CEO lead Programme Board involving 3 health boards and WAST.</li> <li>▪ Participation in cross-border command and control structures.</li> <li>▪ Essential Services Framework implementation underway.</li> <li>▪ PTHB Children's Home Group in response to the COVID-19 pandemic.</li> <li>▪ Scheduled peer meetings with clinical teams in commissioned services focused on addressing concerns and sharing improvements in services where poor care has been identified.</li> <li>▪ Review of policy and protocols within the health board to consider the whole patient pathway.</li> <li>▪ CEO escalation where required.</li> </ul>
	<b>IMPROVEMENT ACTIONS TO BE TAKEN FORWARD IN 2022-2023:</b>
	<ul style="list-style-type: none"> <li>▪ Embed whole system commissioning through the implementation of the Strategic Commissioning Framework</li> <li>▪ Embed and ensure implementation of the Commissioning Assurance Framework</li> <li>▪ Implement commissioning intentions for 2021-2022</li> </ul>

	<ul style="list-style-type: none"> <li>▪ Robustly identify and articulate performance of all providers of planned care services for the people of Powys through the Commissioning Assurance Framework</li> <li>▪ Programme of work to strengthen effective processes to develop and manage condition specific and service plans</li> <li>▪ Strengthening of commissioning intelligence in line with IMTP</li> <li>▪ Review Patient flows and activity into specialised services to ensure safe and appropriate pathways</li> <li>▪ Strengthen the organisation's capacity, capability, and governance processes for commissioning – including interface with specialised services</li> <li>▪ As a member of the Powys Regional Partnership Board, support delivery of the Powys Area Plan which includes commissioning appropriate, effective, and efficient accommodation options for older people, individual children and looked after children</li> <li>▪ Through the Joint Partnership Board, continue to develop opportunities for pooling Third Sector commissioning</li> <li>▪ Strengthen the whole system approach to the Big 4</li> <li>▪ Review of the health board's interface with SATH</li> <li>▪ Receive the Wales Audit quality governance review and identify key areas for improvement</li> <li>▪ Agree and establish monitoring of the health boards provision of care and treatment using the principles of the commissioning assurance framework</li> </ul>
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RISK DESCRIPTION	CONTROLS IN PLACE, ACTION TAKEN & IMPROVEMENT ACTIONS
The care provided in some areas is compromised due to the Health board's estate being non-compliant and not fit for purpose	<b>CONTROLS IN PLACE / ACTION TAKEN:</b>
	<p><b><u>ESTATES</u></b></p> <ul style="list-style-type: none"> <li>▪ Specialist sub-groups for each compliance discipline</li> <li>▪ Risk-based improvement plans introduced</li> <li>▪ Specialist leads identified</li> <li>▪ Estates Compliance Group and Capital Control Group established</li> <li>▪ Medical Gases Group; Fire Safety Group; Water Safety Group; Health &amp; Safety Group in place. New Ventilation Safety Group set up.</li> <li>▪ Capital Programme developed for compliance and approved</li> <li>▪ Capital and Estates set as a specific Organisational Priority in the health board's Annual Plan</li> <li>▪ Address (on an ongoing basis) maintenance and compliance issues</li> <li>▪ Address maintenance and compliance improvements to ensure patient environment is safe, appropriate and in line with standards</li> </ul> <p><b><u>CAPITAL</u></b></p> <ul style="list-style-type: none"> <li>▪ Capital Procedures for project activity</li> <li>▪ Routine oversight / meetings with NWSSP Procurement</li> <li>▪ Specialist advice and support from NWSSP Specialist Estates Services</li> <li>▪ Audit reviews by NWSSP Audit and Assurance</li> <li>▪ Close liaison with Welsh Government, Capital Function</li> <li>▪ Reporting routinely to P&amp;R Committee</li> <li>▪ Capital Programme developed and approved</li> <li>▪ Detailed Strategic, Outline and Full Business Cases defining risk</li> <li>▪ Capital and Estates set as a specific Organisational Priority</li> </ul> <p><b><u>ENVIRONMENT</u></b></p> <ul style="list-style-type: none"> <li>▪ ISO 14001 routine external audit to retain accreditation</li> <li>▪ Environment &amp; Sustainability Group</li> <li>▪ NWSSP Specialist Estates Services (Environment) support and oversight</li> <li>▪ Welsh Government support and advice to identify and fund decarbonisation project initiatives</li> </ul>
	<p><b>IMPROVEMENT ACTIONS TO BE TAKEN FORWARD IN 2022-2023</b></p> <ul style="list-style-type: none"> <li>▪ Implement the Capital Programme and develop the long-term capital programme</li> <li>▪ Continue to seek Welsh Government Capital pipeline programme funding continuity: seek alternative capital funding opportunities to mitigate funding reduction for 2022-2023 and develop projects in readiness for any capital slippage in latter part of financial year cycle.</li> <li>▪ Develop capacity and efficiency of the Estates and Capital function</li> <li>▪ Review current structure of capital and estates department – Estates Management and Senior Management Team structure</li> </ul>

	enhancements in place. Second tier of structure review delayed due to operational pressures.
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RISK DESCRIPTION	CONTROLS IN PLACE, ACTION TAKEN & IMPROVEMENT ACTIONS
The Health board is unable to sustain an adequate workforce	<b>CONTROLS IN PLACE / ACTION TAKEN:</b>
	<p><b><u>BANK AND AGENCY</u></b></p> <ul style="list-style-type: none"> <li>▪ Ongoing recruitment and monitoring of demand to support the identification of supply requirements for the temporary staffing unit.</li> <li>▪ Weekly reports on temporary staffing are produced and shared with Community Service Managers and reviewed mid-week to ensure optimum cover options are explored.</li> <li>▪ The Health board temporarily implemented an enhanced rate for bank worker shifts for bank workers and substantive staff for the period December 2021 to 31 March 2022. This will now be reviewed in order to establish its effectiveness.</li> </ul> <p><b><u>OPERATIONAL DELIVERY</u></b></p> <ul style="list-style-type: none"> <li>▪ Ongoing recruitment and monitoring of demand to support the identification of supply requirements for the temporary staffing unit.</li> <li>▪ 8 Aspiring Nurse roles were advertised externally, and all 8 posts were recruited to. The new recruits will commence in January 2022.</li> <li>▪ All previous vacancies reported (3WTE) in Theatres have now been appointed to with 2WTE already commenced and 1WTE commencing on the 4<sup>th</sup> January 2022. Since the previous update, another 1WTE post become vacant, but the post was advertised, and an appointment made.</li> <li>▪ Radiology have secured funding for 'grow our own' Radiographer. Recruitment will commence in coming months and an appointed candidate will start academic training September 2022</li> <li>▪ We are currently exploring international overseas recruitment which is being co-ordinated on an All Wales basis and the health board has submitted 21 places in the first cohort due in early 2022</li> <li>▪ Ensure that recruitment timescales are minimised and that issues of delay are appropriately and proactively managed to ensure recruitment performance indicators are consistent with national targets.</li> <li>▪ Recruitment support has been identified for renewals post to provide input into all recruitment processes and support recruitment to the posts at pace.</li> <li>▪ Streamlined recruitment processes are in place for registered nurse roles which includes, open ended adverts and automatic invite to interview for registered nurses if they provide NMC registration.</li> <li>▪ Extensive recruitment activity is being managed internally to support the health board in managing vacancies related to mass vaccination and bank recruitment.</li> <li>▪ Health Care Support Worker Apprenticeship Programme in place and recruitment to the next cohort is underway.</li> </ul>

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	<ul style="list-style-type: none"> <li>▪ The Health board is acting as a gateway employer on behalf of Powys Social Services department, PAVO and PTHB to roll out the Kick Start Programme. A partnership lead has been appointed to lead the programme of work across the three partners.</li> <li>▪ New volunteering approach has been developed including central coordination of all volunteering, acknowledgement of the memorandum of understanding between PAVO and PTHB and an introduction of an improved standard operating procedure for the deployment of volunteers in PTHB.</li> <li>▪ Agile ways of working have been developed to mitigate impact on recruitment due to COVID-19 work restrictions; this includes virtual interviews and online pre-employment checks. The new Agile Working policy has been approved.</li> </ul> <p><b><u>STRATEGIC ACTIVITY</u></b></p> <ul style="list-style-type: none"> <li>▪ Developmental roles have been explored due to a difficulty in recruiting to posts. Discussions continue to take place with services where appropriate to do so, this has included developmental roles under annex 21 of the agenda for change terms and conditions of service.</li> <li>▪ Work is progressing to look at developing creative and redesigning roles to meet the changing health needs of the local population. This includes working with the National Nurse Staffing Group to maximise the development of band 4 roles to encourage opportunities for growing and retaining our own staff within the Powys area. However, nationally, this work has been delayed as organisations have been responding to the COVID 19 pandemic.</li> </ul> <p><b>IMPROVEMENT ACTIONS TO BE TAKEN FORWARD IN 2022-2023:</b></p> <ul style="list-style-type: none"> <li>▪ Develop a strong, distinctive employment offer that captures the uniqueness of Powys Teaching Health Board</li> <li>▪ Implement Standard Operating Procedures for internal operational workforce planning and work with Executive Directorates to develop their workforce plans</li> <li>▪ Implement an approach to succession planning: identify critical posts</li> <li>▪ To support temporary arrangements in response to the COVID-19 pandemic</li> </ul>
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RISK DESCRIPTION	CONTROLS IN PLACE, ACTION TAKEN & IMPROVEMENT ACTIONS
There are delays in accessing treatment in Secondary and Specialised care services, in excess of 36 and 52 weeks	<b>CONTROLS IN PLACE / ACTION TAKEN:</b>
	<ul style="list-style-type: none"> <li>▪ Key priorities identified to deliver elective treatments within 52 weeks</li> <li>▪ Commissioning Assurance Framework (across 5 domains) incremental use with 15 NHS organisations, 2 private sector organisations, and embedded in third sector</li> <li>▪ CAF escalation process</li> <li>▪ Strategic Commissioning Framework</li> <li>▪ Fragile services log</li> <li>▪ Develop funding proposal to WG to support recovery of waiting times for Powys activity in English Providers.</li> <li>▪ Deliver the Renewal Portfolio to ensure planned care performance improvement improves, including establishing an Advice, Support and Prehabilitation service to actively support those awaiting treatment.</li> <li>▪ Seeking to mobilise additional capacity through insourcing, outsourcing, and exploring options via LTA &amp; SLA agreements</li> <li>▪ Developing better understanding of overall waiting list 'intelligence'.</li> </ul>
	<b>IMPROVEMENT ACTIONS TO BE TAKEN FORWARD IN 2022-2023:</b>
	<ul style="list-style-type: none"> <li>▪ Secure performance improvement trajectories from providers. English providers waiting for H2 planning guidance.</li> <li>▪ Develop funding proposal for greater throughput within neighbouring providers in England subject to Welsh Government funding release. Insourcing and outsourcing options being considered (subject to capacity). All providers now expected to agree improvement trajectories in light of 2022/2023 guidance published for planned care recovery</li> <li>▪ Develop recovery relationships with revised CCGs &amp; STPs</li> <li>▪ Establish Advice, Support and Prehabilitation Service</li> <li>▪ Ensure Powys residents needs understood within Strategic Change Programmes</li> </ul>

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RISK DESCRIPTION	CONTROLS IN PLACE, ACTION TAKEN & IMPROVEMENT ACTIONS
Fragmented and unsustainable service models as a result of population changing need and service reconfiguration of neighbouring NHS bodies and the response of multiple providers / systems to the COVID-19 pandemic	<b>CONTROLS IN PLACE / ACTION TAKEN:</b>
	<ul style="list-style-type: none"> <li>▪ Briefings with CHC and updates provided to CHC Services Planning Committee, Full Committee and Local Committees as appropriate</li> <li>▪ All Wales Chief Executive and Executive Directors of Planning meetings provide horizon scanning and intelligence regarding neighbouring organisations planning intelligence and strategic change proposals</li> <li>▪ Integrated Medium Term Plan 2022 – 2025 in final stage of development and due for submission to PTHB Board March 2022 and Welsh Government by end of March 2022 – this process has included an appraisal of external and internal challenges and opportunities and the development of a PTHB Planning Framework to guide the development of Strategic Priorities</li> <li>▪ This returns to the shared long-term health and care strategy, 'A Healthy Caring Powys', which itself is set in the context of the Powys Wellbeing Plan, Towards 2040</li> <li>▪ The IMTP reflects the complex Partnership landscape for Powys and the NHS Wales Planning Framework continues to recognise the unique circumstances for this health board and the need for certain flexibilities</li> <li>▪ The IMTP responds to ministerial priorities / legislation, policy and investment opportunities and builds on the Annual Plan 2021-2022 and System Resilience Plan 2021-2022</li> <li>▪ NPWP 5-year plan developed (IMTP) setting out high level critical path activity.</li> <li>▪ Close liaison with Welsh Government following endorsement of PBC at Strategic Investment Board in November 2021.</li> <li>▪ NPWP Strategic Outline Cases (SOC) internal approvals underway from early Jan 2022– end March 2022 followed by Q1 submission to Welsh Government – pending endorsement of PBC.</li> <li>▪ Site survey work, concept site drawings developed to aid site master planning. Memorandum of Understanding approved PTHB Board and POWYS COUNTY COUNCIL EMT ready for submission with the SOC.</li> <li>▪ Phase one modelling has concluded, along with the financial modelling to support. This has been incorporated into the SOC. Some limitations around the financial analysis to be further progressed at OBC stage. Phase 2 modelling priorities agreed. Service Specifications reviewed and further strengthened in relation to transformation and underpinning evidence base.</li> <li>▪ Majority of short-term projects progressing well, some projects exceeding targets. Sustainability discussions taking place and business cases drafted for further funding post March 2022.</li> </ul>

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- South Powys Programme Board in place. Scope revised in response to the accelerated opening of GUH as part of the response to the COVID-19 winter in November 2021.
- The first phase of the PTHB programme managed changes to South Powys emergency flows to Prince Charles Hospital and was closed with lessons identified and reasonable assurance through audit; the second phase of the programme is in place in relation to consultant led maternity and neonatal services. No decision in relation to the timing of strategic pathway changes for existing flows has yet been made, but monitoring of existing pathways, assurance and readiness assessment continuing.
- The CEO led Renewal Strategic Portfolio Board is in place. Each of the programmes has an Executive lead, an approved PID, a Programme Board, a programme plan, a portfolio risk register and highlight reporting. An external audit review is underway. Programmes were suspended during December and January due to mass vaccination and Omicron with some staff redeployed during that period. In-sourcing underway. Work on the diagnostics strategy initiated. GIRTH Review undertaken, which will support orthopaedic pathway redesign. Patient Liaison Team in place with over 3,500 patients contacted and wellbeing information available. Analysis to support frailty and community model redesign underway. Cancer clinical lead in place. Cancer tracker and PTHB Harm Review Panel established. Access to FIT testing for patients with suspected bowel cancer in place. Respiratory backlogs reduced through a strengthened Powys MDT approach. Sleep Clinic pathway developed. Drive through spirometry pilot completed. Community cardiology business case developed. Value Based Health Care Programme in place.
- PTHB has re-established participation in the Hereford and Worcestershire Stroke Programme and updated the programme for Wales.
- Partnership mechanisms are in place in key areas of work including joint oversight and leadership of Test, Trace and Protect; Care Homes; and Unscheduled Care. The RPB and PSB are re-established and commenced recovery planning and a set of population assessments required during 2021-2022 are being co-ordinated as one programme of work across partners.
- Powys Consultation Plans and situation reports developed for each live consultation to ensure PTHB responses consider the impact on Powys residents.
- Strategic Change Stocktake process superseded by the processes developed during 2020 as part of the COVID-19 response; tracking of strategic plans will be resumed in March 2022
- Impact Assessment process in place for detailed analysis of live strategic change programmes.
- Participation in external Programme mechanisms as appropriate for key live programmes either as watching brief / receipt of information or as programme participant in the case of NHS Future Fit.

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	<p><b>IMPROVEMENT ACTIONS TO BE TAKEN FORWARD IN 2022-2023:</b></p> <ul style="list-style-type: none"> <li>▪ Provide robust management of and response to the system planning arrangements in Shropshire, Telford and Wrekin including the development of the ICS (Integrated Care System) and the Future Fit Programme / Shrewsbury and Telford Hospital NHS Trust</li> <li>▪ Continuous monitoring of impact as Hywel Dda UHB's strategic plans are refreshed and reframed – the programme formerly called Transforming Clinical Services is now incorporated into engagement plans for 'Building a healthier future after COVID-19' with engagement planned for 2021</li> <li>▪ Provide robust management of engagement and response to the system planning arrangements in Herefordshire and Worcestershire including the development of the Integrated Care System (building on their Sustainability and Transformation Plan) and Stroke programme</li> <li>▪ Take forward Phase 2 of the South Powys Programme, including monitoring existing maternity and neonatal pathways until the timing of a strategic pathway change can be recommended to the PTHB Board.</li> <li>▪ Robustly manage the response and engagement with external service change programmes and developments as they arise during the year</li> <li>▪ As a member of the MWJC for Health and Care, support delivery of the agreed Action Plan</li> <li>▪ North Powys Programme: -             <ol style="list-style-type: none"> <li>1. Programme Business Case – achieve WG Ministerial approval</li> <li>2. Strategic Outline Cases – Approve final drafts, followed by internal and WG approval of (Q4 and Q1).</li> <li>3. Confirm governance arrangements for next phase of work including identified leads and ensure alignment to the portfolio of renewal priority programmes.</li> <li>4. Implement Plan for 2022-2023</li> <li>5. Secure funding via Regional Integration Fund Proposal and Approve AFC Business Cases</li> </ol> </li> <li>▪ Implement the Renewal Portfolio of Programmes including:             <ol style="list-style-type: none"> <li>a. Frailty and the Community Model</li> <li>b. Diagnostics, Ambulatory and Planned Care</li> <li>c. Children and Young People</li> <li>d. Breathe-Well (Respiratory)</li> <li>e. Cancer</li> <li>f. Circulatory</li> <li>g. Mental Health</li> </ol> </li> <li>▪ Ensure plan for the renewal priorities for the next three years embedded within the IMTP.</li> </ul>
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RISK DESCRIPTION	CONTROLS IN PLACE, ACTION TAKEN & IMPROVEMENT ACTIONS
There are delays in accessing treatment in Primary and Community Care Services in excess of 36 and 52 weeks, and a reduction in levels of enhanced services provided by General Practices under the GMS Contract.	<b>CONTROLS IN PLACE / ACTION TAKEN:</b>
	<ul style="list-style-type: none"> <li>▪ Key priorities identified to deliver elective treatments within 52 weeks</li> <li>▪ Executive Committee Strategic Commissioning and Change Group</li> <li>▪ A renewal priority including planned care has developed a proposal for funding to recover waiting times to previous levels as a provider. Funding has been provided and this programme of work will develop delivery plans accordingly.</li> <li>▪ As part of the renewal priorities, scoping of the establishment and Advice, Support and Prehabilitation service to actively support those awaiting treatment.</li> <li>▪ LES and NES activity levels held at 75% of historical levels from January 2022 to March 2022 (extension of the 75% activity threshold in place until 31st December 2021).</li> <li>▪ LES specifications were temporarily amended to support delivery of enhanced services (in place until 31/03/2022) under the caveat of clinical judgement and responsibility of the clinician to prioritise and manage patient care.</li> <li>▪ GMS annual return used to gain assurance of continued performance in meeting contractual requirement.</li> <li>▪ Specific Enhanced Service audits (NPT, Anticoagulation and Diabetes).</li> <li>▪ Data provided by General Practice across a range of conditions and dialogue with practices and clusters active on next steps.</li> <li>▪ Renewal Priority "Diagnostics, Ambulatory and Planned Care" developing plan for waiting time recovery including recruitment. Programme Manager appointed to support this work, which is being monitored through the Renewal Programme Board.</li> <li>▪ Work is ongoing with clusters and practices to develop proposals for any recovery in line with national discussions with additional funding available to support.</li> <li>▪ Paper completed summarizing the approach taken by General Practice throughout the pandemic in identifying and prioritizing patients for enhanced services.</li> <li>▪ Review relaxation of LES and NES levels following national position on DES levels, Proposal for rest of the year agreed by Executive Committee.</li> </ul>
	<b>IMPROVEMENT ACTIONS TO BE TAKEN FORWARD IN 2022-2023:</b>
	<ul style="list-style-type: none"> <li>▪ Establish Advice, Support and Prehabilitation Service</li> <li>▪ Market response to outsourcing provided no options. There remains potential for insourcing and this element of the market process is being progressed in line with procurement rules to confirm if this can be provided.</li> <li>▪ Seeking support from NHS Wales Delivery Unit for specific demand and capacity tools which can be used operationally to</li> </ul>

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	project, implement, and monitor activity on a weekly basis. Work ongoing with DU to ensure this model reflects the specific issues of Powys delivery locations.
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The Board received and reviewed the Corporate Risk register at each meeting of the Board during 2021-2022. As a result of the reviews undertaken by the Board the risk scores for a number of risks changed during the year in the context of the pandemic, and other developments such as improvements made to the control process.

Following Board approval of the Integrated Medium-Term Plan for 2022-2025 (March 2022) a full review of the Corporate Risk Register will take place to ensure priorities are identified, assessed, and mitigating actions established.

**PLANNING ARRANGEMENTS**

The organisation’s planning arrangements in 2021-2022 form a key part of the Performance Report section of the Annual Report. Further detail can be found throughout the Performance Report.

**KEY ASPECTS OF THE CONTROL FRAMEWORK**

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

**Quality Governance arrangements, including Clinical Risks and Clinical Audit Plan**

Ensuring a sustained and measured focus was maintained within the quality governance framework during 2021-2022, albeit during the impact of the pandemic. There has been greater focus on quality and safety of the people receiving the services of the health board and staff providing them, recognizing the need to ensure their safety and mitigate risk during the COVID-19 pandemic.

The existing quality governance structure has been maintained. The Experience, Quality and Safety Committee continued to receive reports on assurance and escalated risks linked to patient experience, quality, and safety. The Quality Governance Group (as a sub-Group of Executive Committee) has maintained its focus on promoting robust governance, management systems and processes, reporting via the Executive Committee to the Experience, Quality and Safety Committee on matters of risk or escalation.

The key aspects of the quality governance arrangements in the health board are:

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- Commissioning Assurance Framework:
  - Quality
    - Safety
    - Effectiveness
    - Experience
  - Access
  - Cost/Finance
  - Governance & strategic change
- Putting Things Right (Concerns, Incident and Claims)
- Clinical Audit
- Data – CHKS, benchmarking
- External Reviews – e.g. Getting It Right First Time
- Professional practice supervision/regulation
- Staff Surveys
- Organisational Development Framework
- Relationships/Escalations – Care Quality Commission, Healthcare Inspectorate Wales etc

A focus on quality has been maintained through the following activity in 2021-22:

- The Clinical Quality Framework has been refreshed to reflect the Welsh Government Quality and Safety Framework and learning from COVID-19.
- Recommendations from the Wales Audit Review of Quality Governance (Oct 2021). The Review was positive overall with helpful areas for improvement identified.
- Quality governance arrangements within service groups continue to embed, with focus on improving quality metric reporting. The full rollout of the 'provider' assurance framework is planned.
- Commissioning assurance frameworks have been re-established.
- The harm review process continually developing.
- Continued engagement in national nosocomial transmission approach: to inform our local approach.
- Safeguarding & public protection annual report presentation to the Patient Experience, Quality and Safety in December 2021.
- Specific maternity and neonatal governance arrangements in place including our Maternity Assurance Framework.
- Mortality reviews continuing for community hospital patients, taking place six monthly. The process is aligned to the planned Medical Examiner system.

There has been continued focus on Health board's formal process, in line with the NHS (Concerns, Complaints and Redress Arrangements) (Wales) Regulations 2011 also known as Putting Things Right, which aims to address concerns in a proactive, timely and open manner.

Organisational learning from concerns has continued to develop, taking account of the need to learn quickly and effectively during the pandemic period, and ensuring the health board listen and learn from patient and staff

experiences.

The newly formed Learning from Experience Group has created the opportunity to discuss and triangulate quality issues and supports the organisation in expanding learning across all services. The refresh of the patient experience framework remains a key priority and has focused on understanding current activity to inform the strategic direction, retaining a strong focus on the provision of person centered, outcome focused care to help inform decision making in relation to service planning design, delivery, and evaluation.

The organisation's Quality Governance Arrangements in 2021-2022 forms a key part of the Performance Report section of the Annual Report. Further detail can be found on Page 49 of the Performance Report.

## **Health and Care Standards**

The extant Health and Care Standards continue to inform the quality of services provided in in-patient settings. The Health and Care Standards are cross referenced as part of Committee reporting, with associated risks and escalation raised. Peer review quality checks across services reflect the Health and Care Standards, albeit a reduced programme during the last year, inform improvement and development in care and treatment supported with refreshed policies and procedures.

## **Health and Safety**

The health board has revised its Health and Safety Policy with a view to embedding a health and safety culture across the organisation. The Policy, approved by the Board in November 2021, sets out the responsibilities of health and safety risk management across all levels in the organisation and describes a structured health and safety risk management process.

Deployment of the Policy will be via a training plan for Executive Directors, Assistant Directors, and managers.

Enabling policies under the Health and Safety Policy have been revised and approved as follows:

- Management of Contractors
- First Aid at Work
- Security Protective Measures.

The Health and Safety department has supported PTHB's capital programme in 2020-2021, including Mass Vaccination services, by providing Health & Safety assessments and advice on capital projects. The team have progressed the Health and Safety audit programme and, in addition to measures taken in 2020, have supported the Covid 19 response through reviews of staff cases of Covid 19, and providing Face Fit testing for FFP3 masks.

The Health and Safety department has worked to support the “Obligatory responses to violence in healthcare” agreement with Welsh Government, and has provided support to:

- Help improve the reporting of violent incidents
- Strengthen the investigation process
- Improve victim and witness care and confidence

Action has been taken on two improvement notices issued by the Health & Safety executive regarding Hand Arm Vibration (HAVS).

The Health and Safety department have delivered training in Health & Safety risk assessments through Power Hour and management training sessions, manual handling training, and the management of violence & aggression.

The organisation’s developments in respect of Health and Safety in 2021-2022 forms part of the Innovative Environments update within the Performance Report section of the Annual Report. Further detail can be found on Page 59 of the Performance Report.

## **Commissioning Developments and Assurance Frameworks**

The organisation’s Commissioning Developments and Assurance Frameworks in 2021-2022 forms a key part of the Performance Report section of the Annual Report. Further detail can be found throughout the Performance Report.

## **Clinical Audit**

As in 2020-2021, the National Clinical Audit plan was mostly suspended due to the COVID-19 Pandemic. Nonetheless, the health board continued to participate in those National Audits which were still able to take place such as the National Primary Care Diabetes Audit.

Local clinical audits continued including those required by our Radiology service for its revalidation process. Other audits included studies undertaken by the Speech and Language Service and by the Minor Injury Service on the new ways of working that had been introduced as a response to the pandemic.

The Pain and Fatigue Management Service conducted an audit of the treatment given for lower back pain against NICE standards (NICE Guideline NG59). The service was compliant with 93% of the applicable standards. A plan is now in place to address areas not fully compliant, and this includes the amendment of assessment paperwork and ensuring that NICE guidance was embedded into referral pathway for interventions.

All Powys GP surgeries reported their findings for three audits that they had undertaken. These audits covered services offered to citizens with diabetes,

and the prescribing and safety monitoring of patients receiving either anti-coagulants or drugs which carry an inherently high risk of side effects. Despite the limitations of the pandemic, surgeries were able to report good results for the majority of the measures.

An update report detailing progress against the 2021-2022 local clinical audit plan, describing findings from the audit was reported to, and approved by, the May 2021 and the October 2021 meetings of the Experience, Quality and Safety Committee.

### Complaints and Concerns Framework

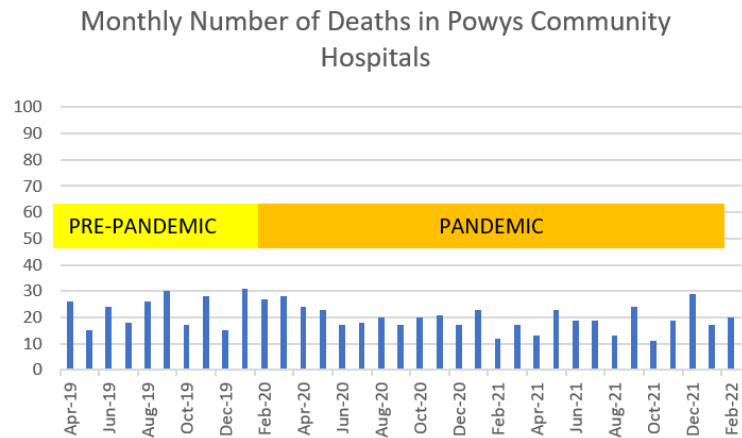
A continued focus on compliance with the National Health Service (Concerns, Complaints and Redress Arrangements) (Wales) Regulations 2011 has been maintained. This is extended to the way in which serious incidents are managed, through to investigation, learning and sharing of lessons. Investment in training during 2021-2022 has built on existing knowledge and experience across the health board.

Detail in relation to the organisation’s Complaints and Concerns Framework in 2021-2022 forms part of the Performance Report section of the Annual Report. This can be found on Page 50 of the Performance Report.

These and further information on Putting Things Right can be found on the health board [website](#).

### Mortality Reviews

Despite the on-going COVID-19 pandemic the number of monthly deaths in Powys Community Hospitals remains comparable with before the pandemic.



A team of senior clinicians including the Executive Medical Director, Assistant Medical Director, the Head of Nursing, and a Consultant Therapist have reviewed the majority of deaths that occurred on Powys wards and have also

conducted a separate specific review of deaths specifically due to Covid 19 infection.

No major clinical concerns were identified but improvements both in the way care is documented, and in the preparations needed for the introduction of the Medical Examiner Service were identified as issues to be taken forward.

The findings of the Senior Clinicians Mortality Review Group were reported to the Patient Experience, Quality and Safety Group in June 2021 and March 2022.

## Learning from Experience Group

The Learning from Experience Group, comprising all Executive Clinical Executive Directors and the Head of Medicine Management has met on three occasions during 2021-2022.

The findings of the Senior Clinicians Mortality Review Group were discussed, and future actions agreed. Other issues discussed included the consideration of NICE guidance, provision of palliative care and the taking of patient consent to treatment. Workforce and fragility of services is a common theme.

The Learning from Experience Group also plans to hold an Annual Safety Event at the Healthcare Academy with all the Clinical Executives leading on a particular aspect of care, such as Sepsis, or Acute Kidney Injury. Whilst this group is in no way intended to replace any of the other governance arrangements of the organisation the strength of the Learning from Experience Group was considered to be its role as a forum for the sharing of clinical intelligence between Clinical Executive Directors and to promote and facilitate shared learning across the health board.

## EXECUTIVES PORTFOLIOS

In July 2021, the Board approved an updated Scheme of Delegation and Reservation of Powers. This document set out the delegation of responsibility to Executive Directors. The allocation of responsibilities is based on ensuring an appropriate alignment of accountabilities and authority within each Executive Directorate and Executive Director portfolio, and to also ensure that Executive Directorates focus on their core responsibility. The Scheme of Delegation also supports the strengthening of clinical leadership. Minor changes were made to the portfolios in November 2021 and reported to the Remuneration and Terms of Service Committee. An overview of Executive Director portfolios is set out in **Figures 9a and b.**

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**Figure 9a: Executive Portfolios – April 2021 – November 2021**



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**Figure 9b: Executive Portfolios – December 2021 - March 2021**

**Chief Executive**

**Executive Director of  
Primary, Community  
Care and Mental**

Vacant with the following Cover arrangements:  
-Executive Director of Nursing – Womens and Children's Services  
-Executive Director of Finance and Information Technology – Primary Care Services  
-Executive Director of Therapies and Health Science – Mental Health Services  
-Executive Director of Planning and Performance – Community Services

**Executive Medical  
Director**

- Clinical Leadership and Engagement
- Medicines Management
- Caldicott Guardian
- Clinical Audit
- Medical Legislation & National Policy
- Professional Medical & Dental Workforce Standards Education, Regulation and Revalidation
- Blood Safety & Quality
- Organ Donation
- Clinical Networks
- NICE compliance
- Library Services
- Individual Patient Commissioning
- Medical Royal College Standards Compliance
- Innovation and Service Improvement
- Admission to the performers list
- Human Tissue Issues
- Research and Development
- Resuscitation
- Mortality Review
- Medicines Management

**Executive Director  
of Nursing**

- Professional leadership of Nursing and Midwifery, including standards, education, regulation, revalidation, and supervision of midwives
- Quality, Patient Experience & Satisfaction Raising Concerns and Putting Things Right
- Patient Safety Alerts
- Decontamination
- Funded nursing care and continuing health care strategy
- Safeguarding Adults and Children
- Nutrition & Hydration
- Deprivation of Liberty Safeguards
- Infection Prevention and Control Carers
- Children and Young People Services
- Volunteering
- Womens and Childrens Services

**Executive Director of  
Finance, Information  
& IT**

- Statutory Financial duties including annual accounts
- Financial Planning
- Financial Management, monitoring and reporting
- Financial systems and controls
- Procurement
- Counter Fraud
- Charitable Funds accounting
- HCRW & CHC financial arrangements
- Delivery of IM&T strategy and services
- Provision of clinical and management information systems, ICT Infrastructure, and telephony
- Business intelligence, data quality & clinical coding
- Provision of Financial Services to Executive Directorates
- Liaison with External Financial Auditors
- Asset Accounting
- Information Governance
- Primary Care Services

**Executive Director  
of Planning and  
Performance**

- Planning arrangements
- Commissioning, including performance management of commissioned services & relationship with WHSSC
- Third Sector liaison
- Cross -border healthcare
- Performance Management
- CHC liaison relating to service change
- Professional leadership of planning, performance management, commissioning, capital estates and service change
- Community Services

**Executive Director  
of Public Health**

- Health Improvement Strategy
- Health Needs Assessment
- Public Health Planning
- Public Health Monitoring & Surveillance
- Outbreak Control
- Civil Contingency, Emergency Planning and Business Continuity
- Provision of Public Health Advice
- Armed Forces and Veterans
- Prudent Health and care
- Well-being of Future generations Act
- Professional Leadership of Public Health workforce
- Executive Director of Public Health Annual Report

**Executive Director of  
Workforce and  
Organisational  
Development**

- Employment and staff relations & engagement
- Workforce Planning
- Workforce Policies and Practices
- Employee Health and Well-being including Occupational Health Services
- Tade Union Partnership arrangements
- Workforce Information Management Systems
- Values and Standards of Behaviour Framework
- Raising concerns
- Disclosure and Barring Arrangements
- Tackling Violence and Aggression
- Employee Record Management
- Hosted Functions Lead

**Executive Director  
of Therapies and  
Health Science**

- Professional leadership of Therapies and Health Sciences
- Lead for Radiology, radiography, stroke and Neurological services
- Medical Devices
- Human Rights
- Equality and Diversity
- Welsh Language Provision
- Mental Health Services

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**Figure 9c: Non-Executive Portfolios – December 2021 - March 2021**



## Staff and Staff Engagement

The organisation's approach to Staff and Staff Engagement in 2021-2022 forms a key part of the Performance Report section of the Annual Report. Further detail can be found on Page 52 of the Performance Report.

## Communication and Engagement

During 2021-2022 the health board's engagement and communication has again continued to be heavily focused on response to the COVID-19 pandemic and the COVID-19 vaccination campaign.

Given the continued focus and context of the COVID-19 response, there has been limited formal engagement and consultation activity. The engagement that has taken place has been focused on:

- statutory 60-day consultation on our first draft Pharmaceutical Needs Assessment (PNA) which ended on 30 July 2021. The final PNA, (which covers the period from 1 October 2021 to 30 September 2026) was approved by the Board on 29 September 2021.
- The South East Wales Vascular Programme Board, which included PTHB and the other eight affect Health boards in Wales, ran an eight-week engagement from February to April 2021. The South East Wales Vascular Network Business Case was approved by the Board on 29 September 2021.

Informal stakeholder engagement activity was also completed for a number of other projects and programmes, including the updated Wellbeing Assessment (engagement closed on 31 July 2021), and the temporary closure of Pampwnton Ward at Knighton Hospital as part of the health board's response



to the COVID-19 pandemic.

Ongoing activity on behalf of the North Powys Wellbeing Programme has also been completed. This supported the development of the Strategic Outline Case which was approved by the health board and Powys County Council in March 2022 and subsequently submitted to Welsh Government for approval. Profile-raising work has also continued prior to the development of the next engagement stage, which will be delivered during 2022-2023, and will inform the Outline Business Case.

In addition, work to ensure that the voice of the people of Powys was heard as part of Swansea Bay University Health board's consultation on its future service model – which covered the reshaping of hospital services supported by the modernisation of community health and care services – was also concluded during the reporting period.

Communication activity has again focused principally on the ongoing requirements of the COVID-19 pandemic response, including ongoing prevention and response through Test Trace Protect, and the delivery of communications support for the COVID-19 vaccinations and booster programme throughout the county.

Alongside this activity a winter resilience communications plan has been developed and delivered. This involved regular engagement with key stakeholders including the Community Health Council, County Council, MSs and MPs, staff, public briefing sessions, PAVO and wider partners to help inform the health board's plans and to support and encourage everyone to play a part in Keeping Powys Safe.

The development of the health board's website has continued, including extensive development of the COVID-19 advice, testing and vaccination pages, and latterly the Keeping Well While You Wait patient advice pages. In addition, the new SharePoint intranet site went live in April 2022 following significant development work during the latter part of the reporting year. The benefits of the new intranet site will be fully realised during the next reporting year, with the system delivering universal access using any device, staff engagement and comment functionality, integration with Microsoft O365 applications, and removing the need for a VPN connection for access.

## Information Governance

Information Governance (IG) is the way in which the health board handles all information, in particular, personal and sensitive information relating to our patients, services users and employees. IG sets out the requirements and standards that the health board must achieve to ensure it fulfils its obligations to handle information securely, efficiently, and effectively.

During the COVID-19 pandemic, reliance on IG has significantly increased as the health board's services have continued to introduce new technologies to enable them to share information and communicate with patients and staff.

Some of these changes have taken place on a national level and IG Managers across Wales have been involved in ensuring the necessary assurances were in place to meet legislative requirements.

Responsibility for IG in the Health board rests with the Executive Director of Finance and Informatics, and the Head of Information Governance and Records is the health board's nominated Data Protection Officer (DPO) in line with the requirements of the UK General Data Protection Regulation (UK GDPR). The Executive Director of Finance, ICT and Information Services also acts as the Senior Information Risk Owner (SIRO), and the Executive Medical Director is the nominated Caldicott Guardian. Performance against IG-related legislation is captured and reported to our Delivery and Performance Committee.

Performance indicators against IG related legislation include the following:

### **Information Governance Training**

As of 31 March 2022, the health board achieved a rate of 90.34% for the mandatory Information Governance training for 2021-22. This is an increase from the previous year.

### **Personal Data Related Incidents (Breaches)**

A personal data incident is a breach of security leading to the accidental or unlawful destruction, loss, alteration, un-authorised disclosure of, or access to personal data. In line with GDPR requirements, all personal data incidents must be reviewed daily, and any incidents deemed significant must be formally reported to the Information Commissioner's office (ICO) within 72 hours. During 2021/22, five personal data incidents were formally reported to the ICO. These included human error using the Datix Once for Wales Reporting system, misdirected emails, misdirected post and an ultrasound given to the wrong patient. The health board did not incur any financial penalties from the ICO because of those incidents reported. The health board has adopted the ICO recommendations and the actions in these areas and progress is tracked (as part of the internal audit recommendations tracker) until complete. The health board continues to take on board any lessons learned, or feedback received.

Figures on the number of IG related breaches are reported to our Delivery and Performance Committee.

### **Freedom of Information Act**

The Freedom of Information Act 2000 (FOIA) gives the public right of access to a variety of records and information held by public bodies and provides commitment to greater openness and transparency in the public sector. During the period 1 April 2021 to 31 March 2022 the health board received a total of 327 requests for information, with 227 of these answered within the

20-day timeframe. Eight requests for internal review were received and responded to with no further action being taken by the requestor. As a Health board we are committed to complying with the FOIA by making information readily available via our Publication Scheme which can be found on the Health board's [website](#):

## **UK General Data Protection Regulation (GDPR) and Access to Health Records Act (AHRA) 1990**

UK GDPR and AHRA give individuals and family members the right to access their own or someone else's personal data. This is commonly referred to as a Subject Access Request (SAR), and the organisation has a statutory timeframe in which to respond. During the period 1 April 2021 to 31 March 2022, the health board responded to 464 SARs, with 386 of those responded to within the statutory timeframe.

## **Welsh Information Governance (IG) Toolkit**

The Welsh IG Toolkit is the national self-assessment tool that enables organisations to measure their level of compliance against National Information Governance Standards and data protection legislation, to ascertain whether information is handled and protected appropriately. Work has taken place to evaluate the health board's position for 2021/22, and the outcome including areas for improvement and compliance are due to be reported to the Delivery and Performance Committee in May 2022. The report will be accessible from the Health board's [website](#).

Work will continue throughout 2022-23 to address the actions required to improve our score for the next submission.

## **Records Management**

Records Management is the process by which the health board manages all aspects of records, whether internally or externally generated and in any format or media type, from their creation through their lifecycle to their eventual disposal. Responsibility sits with the Head of Information Governance, Records and Data Protection Officer whose role includes the overall development and maintenance of records management practices within the organisation, and for ensuring that related policies and procedures conform to the latest legislation and standards.

Since the August 2019 Internal Audit Review (No Assurance) of records management and the adoption of the Records Management Improvement Plan, work has continued to address the requirements highlighted within the six recommendations made at the time of the audit. However, the impact of COVID-19, added additional demands on key operational staff to address the pressures of the pandemic, which resulted in progress being delayed in some areas. As we move in to 2022/23, it is expected that operational services will be able to support the implementation of those actions required to progress

further improvement. In addition, a business case for the digitisation of records will be progressed.

## **DISCLOSURE STATEMENTS**

### **Pensions Scheme**

I can confirm that as an employer with staff entitled to membership of the NHS Pension Scheme, control measures are in place to ensure all employer obligations contained within the Scheme regulations are complied with. This includes ensuring that deductions from salary, employers' contributions and payments into the Scheme are in accordance with Scheme rules and that the member Pension Scheme records are accurately updated in accordance with the timescales detailed in the Regulations. Note 9.7 to the Annual Accounts provides details of the scheme, how it operates and the entitlement of employees.

### **Control Measures: Equality, Diversity and Human Rights**

The organisation's approach to Equality, Diversity and Human Rights in 2021-2022 forms a key part of the Performance Report section of the Annual Report. Further detail can be found on Page 25 of the Performance Report.

### **Risk Assessment and Carbon Reduction Delivery Plans re: Emergency**

Detail in relation to the organisation's Risk Assessment and Carbon Reduction Delivery Plans forms part of the Performance Report section of the Annual Report. This can be found on Page 59 of the Performance Report.

### **Compliance in Control Measures**

Detail in relation to the organisation's Compliance in Control Measures forms part of the Performance Report section of the Annual Report. This can be found on Page 59 of the Performance Report.

### **Data Security**

A summary in relation to personal data incidents which required formal reporting to the Information Commissioner's Office (ICO) is provided on page 74 of this report.

### **Quality of Data used by the Board**

The Health Board continually reviews the quality of data that it is using within the organisation including for decision making and assurance at Board

level. Each of the separate data quality strands within the organisation are reviewed frequently that span across the main domains including finance, operational, workforce, quality and safety data. However, it is a continuous process spanning an array of data systems and datasets including new systems being implemented.

## **MINISTERIAL DIRECTIONS AND WELSH HEALTH CIRCULARS**

Welsh Government has issued a number of Ministerial Directions in 2021-2022. A record of the Ministerial Directions given is available via the following link: <https://gov.wales/health-social-care>

Receipt of Welsh Health Circulars are logged and a lead Executive Director identified to oversee the implementation of the required action or to develop the required response. The Audit, Risk and Assurance Committee received quarterly update reports on the implementation status of Welsh Health Circulars in 2021-2022. From this work it was evidenced that the health board was not impeded by any significant issues in implementing the actions required.

**Appendix C** provides an overview of Ministerial Directions and Welsh Health Circulars received during 2021-2022 and their implementation status as of March 2022.

## **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. The Work of the Post Payment Verification Team is reported to the Board's Audit, Risk and Assurance Committee with papers available on the health board's [website](#).

## **Review of Effectiveness**

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.

Due to the pandemic, the process for the 2020-2023 Integrated Medium Term Plan was paused in spring 2020 and a temporary quarterly planning arrangement put in place for 2020-2021 and this continued into 2021-2022.

As a result, the extant planning duty for 2021-2022 remains the requirement to submit and have approved a 2019-2022 Integrated Medium Term Plan, as set out in the NHS Wales Planning Framework 2019-2022. The Health board submitted a 2019-2022 integrated plan in accordance with the planning framework.

## **Planning, Delivery and Performance Framework**

The organisation's Planning, Delivery and Performance Framework 2021-2022 forms a key part of the Performance Report section of the Annual Report. Further detail can be found on Page 6 of the Performance Report.

## **Review of Effectiveness of System of Internal Control**

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

The Audit, Risk and Assurance Committee has a key role in monitoring the effectiveness of internal control and the process for risk management. Work will continue in 2022-2023 to strengthen the reporting of risks to the Board's committees.

I will ensure that the work of all regulators, inspectors and assurance bodies is mapped and evidenced in our assurance framework so that the Board is fully aware of this activity and the level of assurance it provides. I will also prioritise work to support the recording and monitoring of recommendations arising from the work of regulators, inspectors, and other key assurance reviews.

## **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 focused on significant risk areas and local improvement priorities.

The overall opinion by the Head of Internal Audit on governance, risk management and control is a function of this risk based audit programme and




contributes to the picture of assurance available to the Board in reviewing effectiveness and supporting our drive for continuous improvement.

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

Head of Internal Audit’s Opinion for 2021-2022

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

Reasonable assurance		The Board can take <b>Reasonable Assurance</b> that arrangements to secure governance, risk management and internal control, within those areas under review, are suitably designed and applied effectively. Some matters require management attention in control design or compliance with low to moderate impact on residual risk exposure until resolved.
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Due to the considerable impact of COVID-19 on the health board, the internal audit plan has needed to be agile and responsive to ensure that key developing risks are covered. As a result of this approach, and with the support of officers and independent members across the health board, the plan has been delivered substantially in accordance with the agreed schedule and changes required during the year, as approved by the Audit, Risk and Assurance Committee. In addition, regular audit progress reports have been submitted to the Committee. Although changes have been made to the plan during the year, we can confirm that we have undertaken sufficient audit work during the year to be able to give an overall opinion in line with the requirements of the Public Sector Internal Audit Standards.

The Internal Audit Plan for the 2021/22 year was initially presented to the Committee in March 2021. Changes to the plan have been made during the course of the year and these changes have been reported to the Committee as part of our regular progress reporting.

Overall, the Head of Internal Audit was able to provide assurances to the Board that arrangements to secure governance, risk management and internal control are suitably designed and applied effectively in the areas as set out below:

Substantial Assurance	Reasonable Assurance
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<ul style="list-style-type: none"> <li>• Covid Recovery &amp; Rehabilitation Service</li> <li>• Budgetary Control</li> <li>• Concerns Tracking / Monitoring Assurance (Draft)</li> </ul>	<ul style="list-style-type: none"> <li>• Access to Systems</li> <li>• Midwifery – Safeguarding Supervision</li> <li>• Medical Equipment &amp; Devices</li> <li>• Theatres Utilisation</li> <li>• Dementia Service – Dementia Home Treatment Teams</li> <li>• Waste Management</li> <li>• Job Matching &amp; Evaluation Process</li> <li>• Mortality Reviews</li> <li>• Machynlleth Hospital Reconfiguration Project</li> <li>• Network &amp; Information Systems (NIS) Directive</li> </ul>
Limited Assurance	Advisory & Non-Opinion
<ul style="list-style-type: none"> <li>• Control of Contractors</li> <li>• Occupational Health (Draft)</li> </ul>	<ul style="list-style-type: none"> <li>• Site Management (Planning)</li> </ul>
No Assurance	Assurance yet to be determined
N/A	<ul style="list-style-type: none"> <li>• Risk Management &amp; Assurance (WiP)</li> <li>• Breathe Well Programme (WiP)</li> <li>• Follow-up / Recommendation Tracking Process (WiP)</li> </ul>

## Limited Assurance Rated Reviews

### Control of Contractors

The Control of Contractors Audit was undertaken to evaluate the processes and procedures that support the management and control of contractors working for the health board, within Capital and Estates, and compliance with Health and Safety Executive (HSE) and other associated guidance and legislation. Limited Assurance was issued on this review which identified significant matters which required management attention.

The following improvement actions were recommended by Internal Audit and accepted by management:

- The new Management of Contractors policy should:
  - a. be finalised, approved and published as soon as possible.
  - b. specify the THB's minimum insurance requirements for contractors.



- Contractors should be periodically reminded of the health board's H&S requirements, via issue of the H&S Contract Rules & Guidance.
- Contractor competencies and H&S practices should be periodically rechecked, with formal records maintained to confirm when checks were last made and are next due for review, ensuring compliance with HSE requirements.
- The benefits of using a standard contractor accreditation service should be considered (where appropriate, noting the size of the contractor appointed by the health board).
- The approach to monitoring "low risk" contractors should be reviewed to ensure periodic checks are still undertaken in the following areas:
  - a. Evidencing of worker competencies (as appropriate to the nature of work being undertaken);
  - b. Application of the induction process; and
  - c. Use of the Contractor Job Form to record checks undertaken (should a specific check not be considered necessary (e.g. at low risk jobs), the form should be annotated accordingly).
- Management should review the controls applied to the 'estates' jobs managed by the Capital Team, and ensure best practice applied in the Estates team, including use of standard processes and proformas, is applied consistently across both teams for comparable / applicable works, to ensure compliance with HSE requirements.
- Job-related documentation such as RAMs, communication with contractors etc. should be filed centrally in accessible folders.
- Recognising the health board's current review of local site management responsibilities (in response to the 2020/21 Fire Safety audit), site access controls should be considered in tandem: to ensure all contractors sign in and out, in compliance with HSE requirements.
- A written record should be maintained of the issue / return of visitor passes to contractors.
- The health board should apply their existing procedures to demonstrate compliance with HSE guidance in the following areas:
  - a. Apply a consistent methodology for the monitoring of contractor working practices on site as defined in the Control of Contractors policy, and through retrospective compliance auditing, i.e. a percentage of jobs to be checked, the process for documentation of checks undertaken / observations made and recording of any follow up actions completed;
  - b. Introduction of a formal contractor performance review, i.e. Key Performance Indicators to assess overall performance and assist future decision making; and
  - c. Periodic reporting of the above to the relevant Executive / Committee.
- All contractor-related incidents / accidents should be recorded on Datix, and appropriately coded to facilitate management review / reporting.

The Audit, Risk and Assurance Committee has considered the management action plan to respond to the weaknesses identified and will monitor progress in line with agreed timescales via the Audit Recommendations Tracker. The latest version of which was reported to the Audit, Risk and Assurance Committee on [26 April 2022](#).

### Occupational Health

The Occupational Health Audit was undertaken to evaluate and determine the adequacy of the systems and controls in place for the management of the Occupational Health service and to provide assurance on the effective completion of referrals, pre-employment checks and health surveillance. The Internal Audit Report remains in draft, further detail in relation to the outcome of the review will be included following consideration of the Final Audit Report by the Audit, Risk and Assurance Committee.

## Counter Fraud

In line with the NHS Protect Fraud, Bribery and Corruption Standards for NHS Bodies (Wales) the Local Counter Fraud Specialist (LCFS) and Executive Director of Finance agreed a work plan for 2021-2022 at the beginning of the financial year. This was approved by the Audit, Risk and Assurance Committee in March 2021.

The work plan for 2021-2022 was completed and covered all the requirements under Welsh Government directions. The Counter Fraud Service provides regular reports and updates to members of the Executive Team and directly to the Audit, Risk and Assurance Committee.

As part of the quality assurance process, NHS organisations in Wales are required to complete a self-review of their progress in implementing the Standards. From 2021-2022 NHS Wales introduced Government Functional Standards on Counter Fraud to replace NHS Counter Fraud Authority's (NHS CFA) 'NHS Counter Fraud Standards (Wales)'.

Full compliance with the new standards is not to be enforced until 2023-2024 to allow Organisations to adjust. A mapping process between new and former standards was undertaken by NHS CFA.

Areas that required particular development, have been identified and included in the 2021/2022 Counter Fraud work plan:

**Component 3** – Fraud bribery and corruption risk assessment. This is something that was worked on in 2020-2021 in preparation. This is a developing area across NHS Wales and England. Further guidance and assistance from NHS CFA on aligning this work to Government Counter Fraud Profession fraud risk assessment methodology is anticipated in 2021-2022 and subsequently be adopted and implemented within the health board.

**Component 6** – Outcome based metrics. Introduction of formal KPIs with targets set at beginning of year is completely new. Consistency across NHS

Wales will be key for this. KPIs are useful for measuring performance and pushing for improvement becoming purely target driven may have a negative impact on work overall. A balance with consistent application will be key for this new standard.

**Component 8** – Reporting Identified Loss. A new case management system was introduced on 1st April 2021 assisting in meeting this new standard. Consistency across NHS Wales in the form of calculation formula has been agreed to identify and report losses.

Improvement activity for these areas was included and progressed within the 2021-2022 Counter Fraud Work Plan. Further detail can be found in the Counter Fraud Annual Report for 2021-2022, that will be presented to the [April 2022](#) Audit, Risk and Assurance Committee.

## EXTERNAL AUDIT: STRUCTURED ASSESSMENT FINDINGS

The Auditor General for Wales is the health board's statutory external auditor, and the Wales Audit Office undertakes audits on his behalf. Since 1 April 2020 the Auditor General for Wales and the Wales Audit Office are known collectively as Audit Wales.

The 2021 Structured Assessment considered how corporate governance and financial management arrangements have adapted over the last 12 months. The key focus of the work had been on the corporate arrangements for ensuring that resources are used efficiently, effectively, and economically. External Audit also considered how business deferred in 2020 has been reinstated and how learning from the pandemic is shaping future arrangements for ensuring good governance and delivering value for money. The Structured Assessment also sought to gain an overview of the Board's scrutiny of the development and delivery of the health board's 2021-2022 Annual Plan.

Overall Audit Wales concluded the health board has generally effective Board and committee arrangements, although attention is needed to improve the timeliness of agenda papers, local induction training for independent members is required and there are three unfilled associate member posts. In addition, there were imminent gaps within the corporate governance team which was of concern. This has been addressed through recruitment to the corporate governance team with an Interim Board Secretary and governance team in place.

Plans for responding to COVID-19 and transforming services to recover waiting times are in place and supported by good partnership working arrangements and effective scrutiny of delivery. Partnership working and engagement with commissioned providers will be key in delivering good outcomes for Powys residents. Work continues to strengthen risk management arrangements.

Audit Wales made three new recommendations based on the 2021 work, in respect of Independent Member induction arrangements, Associate Board Member appointments and Board and Committee agenda papers. These recommendations were accepted, and the required actions are being implemented with monitoring by the Audit, Risk and Assurance Committee.

The Audit Wales Structured Assessment 2021 can be viewed on the health board's [website](#).

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

The Welsh Government's Code of Practice: Ethical Employment in Supply Chains was published in May 2017 to highlight the need, at every stage of the supply chain, to ensure good employment practices exist for all employees, both in the UK and overseas. It is expected that all NHS Wales organisations will sign up for the Code.

The health board fully endorses the principles and requirements of the Code and the Modern Slavery Act 2015 and is committed to playing its role as a major public sector employer, to eradicate unlawful and unethical employment practices, such as:

- Modern Slavery and Human rights abuses;
- The operation of blacklist/prohibited lists;
- False self-employment;
- Unfair use of umbrella schemes and zero hours' contracts; and
- Paying the Living Wage.

The following actions are already in place which meet the Code's commitments:

- We follow the All Wales procedure for staff to raise concerns (Whistleblowing), which provides the workforce with a fair and transparent process, to empower and enable them to raise suspicions of any form of malpractice by either our staff or suppliers/contractors working on University Health board premises.
- We have a target in place to pay our suppliers within 30 days of receipt of a valid invoice.
- We comply with the six NHS pre-employment check requirements to verify that applicants meet the preconditions of the role they are applying for. This includes a right to work check.
- We do not engage or employ staff our workers on zero hours' contracts.
- We have an Equality, Diversity and Human Rights Policy in place which ensures that no potential applicant, employee or worker engaged is in any way unduly disadvantaged in terms of pay, employment rights, employment or career opportunities.
- We also seek assurances from suppliers, via the tender process, that they do not make use of blacklists/prohibited lists. We are also require

confirmation and assurances that they do not make use of blacklist/prohibited list information.

- In accordance with Transfer of Undertaking (Protection of Employment) Regulations any Health board staff member who may be required to transfer to a third party will retain their NHS Terms and Conditions of Service.
- We use the Modern Slavery Act (2015) compliance tracker by way of contracts procured by NHS Wales Shared Services Partnership (NWSSP) on behalf of the health board. NWSSP is equally committed to ensuring that procurement activity conducted on behalf of NHS Wales is undertaken in an ethical way. On our behalf, they ensure that workers within the supply chains through which they source our goods and services are treated fairly, in line with Welsh Government's Code of Practice for Ethical Employment in Supply Chains.

The health board continues to work in partnership with relevant stakeholders and trade union partners to develop and implement actions which set out our commitment to ensure the principles of ethical employment within our supply chains are implemented and adhered to.

## CONCLUSION

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

During 2021-2022, we proactively identified areas requiring improvement and requested that Internal Audit undertake detailed assessments in order to manage and mitigate associated risks. Further work will be undertaken in 2022-2023 to ensure implementation of recommendations arising from audit reviews, in particular where a limited assurance rating is applied. Work will continue in 2022-2023 to embed risk management and the assurance framework at a corporate level. Implementation of the Board's Annual Governance Programme will see a further strengthening of the Board's effectiveness and the system of internal control in 2022-2023.

This Annual Governance Statement confirms that Powys Teaching Health Board has continued to mature as an organisation and, whilst there are areas for strengthening, no significant internal control or governance issues have been identified. The Board and the Executive Team has had in place a sound and effective system of internal control that provides regular assurance aligned to the organisation's strategic objectives and strategic risks. Together with the Board, I will continue to drive improvements and will seek to provide

assurance for our citizens and stakeholders that the services we provide are efficient, effective and appropriate, and are designed to meet patient needs and expectations.

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## Appendix 1: Board and Board Committee Membership and Attendance at Board

Name	Position and Area of Expertise	Board and Board Committee Membership	Attendance 2021-22	Board Champion Role
Vivienne Harpwood	Chair	▪ Chair of the Board	7/7	
		▪ Chair of the Charitable Funds Committee	3/3	
		▪ Chair of the Remuneration and Terms of Service Committee	10/10	
Melanie Davies	Vice Chair (To 26 December 2021)	▪ Vice Chair of the Board	4/5	<ul style="list-style-type: none"> <li>• Mental Health</li> <li>• Children and Young People</li> </ul>
		▪ Chair of the Experience, Quality and Safety Committee (to July 2021)	2/3	
		▪ Chair of the Patient Experience, Quality and Safety Committee (From August 2021 to December 2021)	2/2	
		▪ Vice Chair of the Remuneration and Terms of Service Committee	4/6	
		▪ Member of the Performance and Resources Committee	2/2	
		▪ Member of the Planning, Partnerships and Population Health Committee (from August 2021 to December 2021)	1/1	
Kirsty Williams	Vice Chair (From 10 January 2022)	▪ Vice Chair of the Board	2/2	<ul style="list-style-type: none"> <li>• Infection Prevention and Control</li> <li>• Armed Forces and Veterans</li> <li>• Mental Health</li> <li>• Children and Young People</li> </ul>
		▪ Chair of the Patient Experience, Quality and Safety Committee (from March 2022)	2/2	
		▪ Vice Chair of the Remuneration and Terms of Service Committee	3/4	
		▪ Member of the Delivery and Performance Committee	1/1	
		▪ Member of the Planning, Partnerships and Population Health Committee	0/1	
Ian Phillips	Independent Member [Information Technology]	▪ Member of the Board	7/7	
		▪ Member of the Audit, Risk and Assurance Committee (to July 2021)	3/3	

		<ul style="list-style-type: none"> <li>Member of the Performance and Resources Committee (to July 2021)</li> </ul>	2/2	
		<ul style="list-style-type: none"> <li>Member of the Patient Experience, Quality and Safety (from August 2021)</li> </ul>	4/4	
		<ul style="list-style-type: none"> <li>Chair of the Workforce and Culture Committee (from August 2021)</li> </ul>	3/3	
		<ul style="list-style-type: none"> <li>Vice Chair of the Planning, Partnerships and Population Health Committee (from August 2021)</li> </ul>	2/2	
Trish Buchan	Independent Member [Third Sector]	<ul style="list-style-type: none"> <li>Member of the Board</li> </ul>	7/7	
		<ul style="list-style-type: none"> <li>Vice Chair of the Experience, Quality and Safety Committee (to July 2021)</li> </ul>	3/3	
		<ul style="list-style-type: none"> <li>Member of the Charitable Funds Committee</li> </ul>	3/3	
		<ul style="list-style-type: none"> <li>Member of the Patient Experience, Quality and Safety Committee (from December 2021 to March 2022)</li> </ul>	4/4	
		<ul style="list-style-type: none"> <li>Member of the Workforce and Culture Committee (from August 2021)</li> </ul>	3/3	
		<ul style="list-style-type: none"> <li>Chair of the Planning, Partnerships and Population Health Committee (from August 2021)</li> </ul>	2/2	
Matthew Dorrance	Independent Member [Local Authority]	<ul style="list-style-type: none"> <li>Member of the Board</li> </ul>	7/7	<ul style="list-style-type: none"> <li>Equality</li> </ul>
		<ul style="list-style-type: none"> <li>Member of the Audit, Risk and Assurance Committee</li> </ul>	2/7	
		<ul style="list-style-type: none"> <li>Vice Chair of the Workforce and Culture Committee (from August 2021)</li> </ul>	3/3	
Rhobert Lewis	Independent Member [General]	<ul style="list-style-type: none"> <li>Member of the Board</li> </ul>	7/7	
		<ul style="list-style-type: none"> <li>Vice Chair of the Charitable Funds Committee</li> </ul>	1/3	
		<ul style="list-style-type: none"> <li>Member of the Audit, Risk and Assurance Committee</li> </ul>	5/7	
		<ul style="list-style-type: none"> <li>Member of the Planning, Partnerships and Population Health Committee</li> </ul>	2/2	
		<ul style="list-style-type: none"> <li>Member of the Delivery and Performance Committee</li> </ul>	3/3	



Tony Thomas	Independent Member [Finance]	▪ Member of the Board	7/7	
		▪ Chair of the Audit, Risk and Assurance Committee	6/7	
		▪ Member of the Performance and Resources Committee (to July 2021)	1/2	
		▪ Member of the Remuneration and Terms of Service Committee	8/11	
		▪ Vice Chair of the Delivery and Performance Committee (from August 2021)	2/3	
Mark Taylor	Independent Member [Capital and Estates]	▪ Member of the Board	6/7	
		▪ Vice Chair of the Audit, Risk and Assurance Committee	7/7	
		▪ Vice Chair of the Performance & Resources Committee (to July 2021)	1/2	
		▪ Member of the Charitable Funds Committee (to July 2021)	2/3	
		▪ Member of the Remuneration and Terms of Service Committee	9/11	
		▪ Member of the Patient Experience, Quality and Safety Committee (from August 2021)	4/4	
		▪ Chair of the Delivery and Performance Committee (from August 2021)	3/3	
Susan Newport	Independent Member [Trade Union] (To 30 September 2021)	▪ Member of the Board	4/4	<ul style="list-style-type: none"> <li>• Infection Prevention and Control</li> <li>• Armed Forces</li> </ul>
		▪ Member of the Experience, Quality and Safety Committee	3/3	
		▪ Member of the Remuneration and Terms of Service Committee	1/2	
Frances Gerrard	Independent Member [University]	▪ Member of the Board	5/7	
		▪ Member of the Experience, Quality and Safety Committee (to July 2021)	3/3	
		▪ Member of the Charitable Funds Committee	1/3	
		▪ Member of the Patient Experience, Quality and Safety Committee (from August 2021)	3/4	
Ronnie Alexander	Independent Member [General] (From 21 June 2021)	▪ Member of the Board	5/6	
		▪ Member of the Audit, Risk and Assurance Committee	6/7	

		▪ Member of the Delivery and Performance Committee	2/3	
		▪ Member of the Planning, Partnerships and Population Health Committee	2/2	
Cathie Poynton	Independent Member [Trade Union] (From 11 November 2021)	▪ Member of the Board	2/3	
		▪ Member of the Workforce and Culture Committee	2/2	

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## Appendix 2: Table of Quoracy

Board/Committee	Dates:											Quorate
Board	26 <sup>th</sup> May 2021	29 June 2021	28 July 2021	29 September 2021	24 November 2021	26 Jan 2022	30 March 2022					√
Charitable Funds	2 June 2021	15 June 2021	2 December 2021									√
Remuneration and Terms of Service	10 June 2021	5 July 2021	11 October 2021	5 November 2021	25 November 2021	8 December 2021	31 December 2021	26 January 2022	1 March 2022	17 March 2022	30 March 2022	√
Experience, Quality and Safety Committee	15 April 2021	3 June 2021	15 July 2021									√
Performance and Resources Committee	6 May 2021	24 June 2021										√
Planning, Partnerships and Population Health Committee	12 October 2021	18 January 2022										√
Patient Experience, Quality and Safety Committee	7 October 2021	2 December 2021	3 February 2022	24 March 2022								√
Delivery and Performance Committee	2 September 2021	1 November 2021	28 February 2022									√
Audit, Risk and Assurance Committee	29 April 2021	8 June 2021	12 July 2021	14 September 2021	16 November 2021	20 January 2022	22 March 2022					√
Workforce and Culture Committee	5 October 2021	28 January 2022	15 March 2022									√

## Appendix 3: Welsh Health Circulars 2021-2022

Ministerial Direction	Date/Year of Adoption	Action to Demonstrate Implementation/Response
2021-001 Guidelines for managing patients on the suspected cancer pathway	January 2021	As a provider we are fully compliant with Cancer waiting time rules September 2019, and report in line with nationally agreed requirements. PTHB carries out certain early access OP, diagnostic and palliative cancer care/support dependent on locality and specialty. Powys acute cancer care is carried out in Commissioned Services who adhere to either Welsh Cancer Waiting Time Rules or the English Equivalent.
2021-002 Board Champion Roles	March 2022	Board Champion role confirmed and approved at Board 20 <sup>th</sup> March 2022
2021-003 Senedd Election 2021	March 2021	WHC circulated within the health board.
2021-004 Ordering influenza vaccines for the 2021-2022 season	February 2021	WHC circulated within the health board.
2021-005 Cross border Directive Amendment Directions 2021	April 2021	Complete
2021-006 Senedd Election 2021 - Guidance for NHS Wales	March 2021	WHC circulated within the health board.
2021-007 The Healthy Child Wales Programme – The 6-week post-natal GP physical examination of child contact	April 2021	Confirmation of communication with GPs. With effect from April 1st, 2021, all 16 practices in Powys are undertaking this additional element of the GMS contract and monitoring of activity is in place.
2021-008 Revised National Steroid Treatment Card	March 2022	Complete
2021-009 School Entry Hearing Screening pathway	March 2021	Led by the PTHB Head of Audiology, in conjunction with School Nursing service with Powys, this has already progressed some key elements. Expectation of quarterly updates prior to full implementation no later than April 2022.

2021-010 Amendments to Model Standing Orders, Reservation and Delegation of Powers and Model Standing Financial Instructions – NHS Wales	July 2021	Amendments to Model Standing Orders, Reservation and Delegation of Powers and Model Standing Financial Instructions – NHS Wales
2021-011 2021-22 LHB, SHA & Trust Monthly Financial Monitoring Return Guidance	May 2022	Included in monthly monitoring return to Welsh Government.
2021-012 Implementing the Agreed Approach to Preventing Violence and Aggression towards NHS Staff in Wales	April 2021	Violence and Aggression (V&A) cases reported through DATIX and through to Health and Safety Group. Support and advice offered to staff through PTHB's V&A Advisor
2021-015 HS Pay Bonus for Primary Care	May 2021	Processed by Shared Services Partnership
2021-019 The National Influenza Immunisation Programme 2021-22	August 2021	Circular forwarded to all responsible parties, inc primary care. PTHB Influenza Vaccination Oversight Group meeting fortnightly to coordinate all elements of the vaccination programme set out in circular.
2021-021 Introduction of Shingrix® for Immunocompromised Individuals (From September 2021)	August 2021	Circular was sent to primary care by WG. Medicines Management have confirmed that PGD for Shingrix is in place. Awaiting confirmation from PTHB Primary Care that there are no changes required to existing service agreements with primary care. No further actions required. 25/03/2022: Primary care asked to contact practices to gain assurance that eligible patients are being called in for their vaccinations.
2021-023 Care Decisions for the Last Days of Life	October 2021	Cascaded to colleagues and asked that actions are considered. Principles and implications for practice to be tabled at the inaugural meeting of the revived PTHB End of Life Board chaired by

		<p>the Executive Medical Director.</p> <p>Lead area for roll out in PTHB is the specialist palliative care team.</p> <p>Already promulgated by specialist palliative care team and being embedded into practice. In addition, the letter will be put into the October Cancer Update letter which goes out to primary care for information for all clinicians.</p> <p>Patient's wishes also incorporated into Treatment Escalation Plan documents.</p>
2021-025	Carpal Tunnel Syndrome Pathway	<p>Following submission of a development plan for this WHC, an implementation group was formed. Concerns were raised regarding the ability to embed the assessment measure advised within the WHC into primary care at such a busy time operationally and advice was sought from other HBs MSK leads to determine how this was being managed across Wales. Feedback was that there were concerns regarding the pathway and its implementation from most HBs and the AHP representative on the Welsh Orthopaedic Board agreed to take this back to the Board for discussion. Unfortunately, the meeting scheduled for February was postponed to March and has again been postponed to May meaning that it has not yet been discussed. Therefore, whilst we have a development plan in place for this WHC, implementation has been paused whilst we await discussion at the WOB in relation to the national feedback.</p>
2021-026 OVERSEAS VISITORS' ELIGIBILITY TO RECEIVE FREE PRIMARY CARE	March 2022	<p>Circulated to all contractor professions and published on PTHB Intranet (Primary care page)</p>
2021-027 NHS Wales Blood Health Plan	March 2022	<p>The Blood Health Plan has been shared with Senior Nurse Clinical Leads within Planned Care. PTHB Planned Care do not undertake blood transfusions AS1 &amp;</p>

		<p>AS2 low complex day case surgery only within PTHB. Pre-screening is general any issues with blood health would be referred to DGH for treatment. There are no blood fridges within Planned Care in PTHB. Blood transfusions in PTHB are exceptionally rare as PTHB has no intrinsic Pathology Service and the logistics to support them are very complex. The principles laid out in WHC 2021/027 will be brought to the PTHB Policy Group for endorsement and incorporation in PTHB practice and process. The document has been shared with planned care to consider elements that may be applicable to practice.</p>
2021-028	March 2022	<p>Chief Pharmacist leading the work on optimising the use of antimicrobials.</p> <p>WHC (2021) Number 28 optimising the use of antimicrobials improvement goals discussed during Antimicrobial Stewardship Group meeting on 12th October 2021.</p> <p>Antimicrobial Improvement Plan updated to reflect the improvement goals</p> <p>Antimicrobial Stewardship Group highlight report (also attached), provided to the Infection Prevention and Control Group, documented that 5 improvement goals relating to antimicrobial stewardship were included in the WHC, providing further backing to the important role of antimicrobial stewardship pharmacists (PTHB does not have a dedicated pharmacist for this role and the risks associated with this have been escalated). The highlight report also evidenced that the Antimicrobial Improvement Plan had been updated to reflect the improvement goals in the WHC.</p> <p>Antimicrobial prescribing regularly</p>

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		<p>monitored for primary care and community services. Data being shared with primary care and discussed during practice meetings.</p> <p>Antimicrobial prescribing data now included in the primary care contract assurance framework.</p> <p>Where the health board holds SLAs with practices (e.g. Llanfyllin and Red Kite) specific antimicrobial improvement targets are being added to the SLAs – including documenting indication for treatment, performance against national KPIs and improvement plans (where appropriate).</p>
2021-032 Role and Provision of Dental Public Health in Wales	March 2022	This WHC is directed to PHW so there is no action for PTHB other than for information.
2021-033 Role and Provision of Oral Surgery in Wales	March 2022	recruited community and primary care-based consultant oral surgeon for North Powys supported by DwES/Senior Dental Officers in oral surgery to provide tier 2 oral surgery procedures.
2021-034	March 2022	<p>Draft financial plan completed as part of the 2022/2023 - 2024/2025 IMTP with a focus on recovery and renewal from the pandemic whilst meeting its statutory duty to breakeven over the 3-year period. The financial plan has been developed based on the Welsh Government confirmed funding allocations, risk assessed cost pressures and a realistic, but challenging view of the cost saving potential across the organisation.</p> <p>We continue to have ambitious goals. The Financial Plan sets out our financial strategy in three parts:</p> <ol style="list-style-type: none"> <li>1. Core Financial Plan: Delivering financial balance over the 3-year IMTP cycle</li> <li>2. Exceptional national cost pressures sitting outside of the core plan</li> </ol>



		<p>3. COVID response costs sitting outside of the core plan</p> <p>The Health board recognises the risks in the plan and is taking appropriate actions in order to ensure that risks are appropriately managed and that financial opportunities to support mitigation are fully explored continuing to work closely with WG and FDU colleagues.</p>
2022-007 Recording of Dementia READ codes	February 2022	<p>Circular shared with General Practice. GP already familiar with the READ codes as need to be captured for QAIF. READ coded dementia registers in place.</p> <p>30.03.2022 The READ codes are included in the Dementia Care Pathway of Standards.</p> <p>The Dementia Lead is working with Improvement Cymru and PTHB MAS teams to ensure READ codes are captured on all correspondence to GP's and copy letters to families in order to capture Powys dementia diagnostic rates. This needs to be in place in order to reflect realistic diagnostic rates. Historically READ codes have not been used on the correspondence but currently work is underway with MAS admin, Nurses, and Consultants to ensure this does happen going forward.</p>
2022-005 Data Requirements for Value Based Health Care	March 2022	Implementation not yet due as of April 2022
2022-010 Reimbursable vaccines and eligible cohorts for the 2022/2023 NHS seasonal Influenza (flu) Vaccination Programme	March 2022	Implementation not yet due as of April 2022
2022-011 Patient Testing Framework	March 2022	Implementation not yet due as of April 2022

## PART B: 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, Information & IT and the Workforce and Organisational Development Directorate

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## Background

The remuneration and staff report sets out the organisation's remuneration policy for Executive Directors and senior managers, reports on how that policy has been implemented and sets out the amounts awarded to Executive Directors and senior managers and where relevant the link between performance and remuneration. The FReM requires that a Remuneration Report shall be prepared under the headings in SI2008 No 410 to the extent that they are relevant. The definition of "Senior Managers" for these purposes 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 Executive 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 Executive Directors (the latter with the advice of the Chief Executive).

In 2021-2022, the Remuneration and Terms of Services Committee was chaired by the health board's Chair, Vivienne Harpwood, and the membership included the following Members:

- Melanie Davies, Vice Chair of the Board; (to 26 December 2021)
- Kirsty Williams, Vice Chair of the Board (from 10 January 2022)
- Tony Thomas, Chair of Audit, Risk and Assurance Committee;
- Susan Newport, Independent Member (Trade Union) (to 30 September 2021);
- Mark Taylor, Independent Member (Capital and Estates) (from 1 August 2021)

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.

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## Executive Directors' and Independent Members' Remuneration

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

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

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Table 1: Salary and Pension Disclosure Table: Salaries and Allowances, Single Total Figure of Remuneration

Name and title	2021 - 22						2020 - 21					
	Salary	Bonus Payments	Benefits in Kind	Pension Benefits	Single Total Remuneration	Other Remuneration	Salary	Bonus Payments	Benefits in Kind	Pension Benefits	Single Total Remuneration	Other Remuneration
	(bands of £5,000) £000	(bands of £5,000) £000	(to nearest £100) £00	(to nearest £1000) £000	(bands of £5,000) £000	(bands of £5,000) £000	(bands of £5,000) £000	(bands of £5,000) £000	(to nearest £100) £00	(to nearest £1000) £000	(bands of £5,000) £000	(bands of £5,000) £000
Executive directors												
Carol Shillabeer - Chief Executive	175 - 180	0	0	61	235 - 240	0	170 - 175	0	0	48	215 - 220	0
Hayley Thomas - Director of Planning and Performance and Deputy Chief Executive ***	125 - 130	0	0	59	180 - 185	0	115 - 120	0	67	16	140 - 145	0
Pete Hopgood - Director of Finance, Information and IT Services ***	115 - 120	0	0	56	170 - 175	0	110 - 115	0	0	82	190 - 195	0
Julie Rowles - Director of Workforce and OD (and Support Services until 1st December 2021)	120 - 125	0	19	58	175 - 180	0	115 - 120	0	51	0	120 - 125	0
Kate Wright - Medical Director (From 15th February 2021)	140 - 145	0	0	109	250 - 255	0	15 - 20	0	0	3	15 - 20	0
Claire Madsen - Director of Therapies and Health Science ***	100 - 105	0	0	34	135 - 140	0	95 - 100	0	0	148	245 - 250	0
Stuart Bourne - Director of Public Health (To 11th March 2022)	100 - 105	0	0	41	145 - 150	0	105 - 110	0	0	27	130 - 135	0
Alison Davies - Director of Nursing and Midwifery (To 14th March 2022)	110 - 115	0	0	41	155 - 160	0	110 - 115	0	0	300	410 - 415	0
Clare Roche - Director of Nursing (From 7th March 2022)	5 - 10	0	0	4	10 - 15		0	0	0	0	0	0
Jamie Marchant - Director of Primary, Community Care and Mental Health Services (To 1st December 2021) - Director of Environment (From 1st December 2021) **	115 - 120	0	0	9	120 - 125	0	120 - 125	0	0	55	175 - 180	0
Rani Madsen - Board Secretary (To 27th November 2021) **	60 - 65	0	0	21	85 - 90	0	90 - 95	0	0	56	145 - 150	0
James Quance - Board Secretary (From 4th January 2022)							0	0	0	0	0	0

Table 1: Salary and Pension Disclosure Table: Salaries and Allowances, Single Total Figure of Remuneration cont.

	2021 - 22						2020 - 21					
	Salary	Bonus Payments	Benefits in Kind	Pension Benefits	Single Total Remuneration	Other Remuneration	Salary	Bonus Payments	Benefits in Kind	Pension Benefits	Single Total Remuneration	Other Remuneration
Name and title	(bands of £5,000) £000	(bands of £5,000) £000	(to nearest £100) £00	(to nearest £1000) £000	(bands of £5,000) £000	(bands of £5,000) £000	(bands of £5,000) £000	(bands of £5,000) £000	(to nearest £100) £00	(to nearest £1000) £000	(bands of £5,000) £000	(bands of £5,000) £000
Associate Members												
Alison Bulman, Corporate Director (Children & Adults), Powys County Council (From 1st April 2020 to 18th September 2020)	0	0	0	0	0	0	0	0	0	0	0	0
Chair of Healthcare Professionals Forum (TBC)	0	0	0	0	0	0	0	0	0	0	0	0
Chair of Stakeholder Reference Group (TBC)	0	0	0	0	0	0	0	0	0	0	0	0
Non-Officer Members												
Professor Vivienne Harpwood - Chair *	40 - 45	0	0	0	40 - 45	0	40 - 45	0	0	0	40 - 45	0
Melanie Davies - Vice Chair (to 26th December 2021)	25 - 30	0	0	0	25 - 30	0	30 - 35	0	0	0	30 - 35	0
Kirsty Williams - Vice Chair (from 10th January 2022)	5 - 10	0	0	0	5 - 10	0	0	0	0	0	0	0
Anthony Thomas - Independent Member (Finance)	5 - 10	0	0	0	5 - 10	0	5 - 10	0	0	0	5 - 10	0
Matthew Dorrance - Independent Member (Local Authority )	5 - 10	0	0	0	5 - 10	0	5 - 10	0	0	0	5 - 10	0
Patricia Buchan - Independent Member (Third Sector )	5 - 10	0	0	0	5 - 10	0	5 - 10	0	0	0	5 - 10	0
Frances Gerrard - Independent Member (University held post relating to health)	5 - 10	0	0	0	5 - 10	0	5 - 10	0	0	0	5 - 10	0
Ian Phillips - Independent Member (ICT)	5 - 10	0	0	0	5 - 10	0	5 - 10	0	0	0	5 - 10	0
Susan Newport - Independent Member (Trade Union to 30th September 2021)	0	0	0	0	0	0	0	0	0	0	0	0
Cathie Poynton - Independent Mmember (Trade Union from 11th November 2021)	0	0	0	0	0	0	0	0	0	0	0	0
Mark Taylor - Independent Member (Capital and Estates)	5 - 10	0	0	0	5 - 10	0	5 - 10	0	0	0	5 - 10	0
Rhobert Lewis - Independent Member (General)	10 - 15	0	0	0	10 - 15	0	0 - 5	0	0	0	0 - 5	0
Ronnie Alexander - Independent Member (General from 21st June 2021)	5 - 10	0	0	0	5 - 10	0	0	0	0	0	0	0

\* Please note that Professor Vivienne Harpwood was also Chair for the Welsh Health Specialised Services Committee (WHSSC) until 30th September 2020 and the costs of this role were paid by the health board and recharged to Cwm Taf Morgannwg University Health Board. These costs are excluded from the above calculations but Professor Harpwood received a banded salary for the WHSSC role of £10,000 to £15,000 in 2020/21 giving a total banding of £55,000 - £60,000.

\*\* Please note that the salary for Jamie Marchant includes £10,000 sacrificed in relation to a leased car (in 2020-21 the figure was £11,000) and the salary for Rani Mallison includes £4,000 sacrificed in relation to a leased car (in 2020/21 the figure was £1,000)

\*\*\* Please note that the portfolio of the Director of Primary, Community and Mental Health Services was split for a period and allocated to three Executive Directors from 1st December 2021 to 31st March 2022. The portfolio was split as follows; Pete Hopgood Primary Care; Hayley Thomas Community Care and Clare Madsen Mental Health Services

### Information awaited to enable completion

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

The 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 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 Single Total Figure of remuneration is not an amount which has been paid to an individual by the health board during the year, it is a calculation which uses information from the pension benefit table. These figures can be influenced by many factors e.g. changes in a person's salary, whether or not they choose to make additional contributions to the pension scheme from their pay and other valuation factors affecting the pension scheme as a whole.

## Remuneration Relationship

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director /employee in their organisation and the 25th percentile, median and 75th percentile remuneration of the organisation's workforce. The 2021-22 financial year is the first year of disclosures in respect of the 25th percentile pay ratio and 75th percentile pay ratio are required

		2021-22	2021-22	2021-22		2020-21	2020-21	2020-21
		£000	£000	£000		£000	£000	£000
		Chief Executive	Employee	Ratio		Chief Executive	Employee	Ratio
<b>Total pay and benefits</b>								
	25th percentile pay ratio	177	22	8.0:1		172	23	7.5:1
	Median pay	177	32	5.5:1		172	30	5.7:1
	75th percentile pay ratio	177	41	4.3:1		172	39	4.4:1
<b>Salary component of total pay and benefits</b>								
	25th percentile pay ratio	177	22	8.0:1		172	23	7.5:1
	Median pay	177	32	5.5:1		172	30	5.7:1
	75th percentile pay ratio	177	41	4.3:1		172	39	4.4:1
		Highest Paid Director	Employee	Ratio		Highest Paid Director	Employee	Ratio
<b>Total pay and benefits</b>								
	25th percentile pay ratio	177	22	8.0:1		172	23	7.5:1
	Median pay	177	32	5.5:1		172	30	5.7:1
	75th percentile pay ratio	177	41	4.3:1		172	39	4.4:1
<b>Salary component of total pay and benefits</b>								
	25th percentile pay ratio	177	22	8.0:1		172	23	7.5:1
	Median pay	177	32	5.5:1		172	30	5.7:1
	75th percentile pay ratio	177	41	4.3:1		172	39	4.4:1

In 2021-22, 2 (2020-21, 3) employees received remuneration in excess of the highest-paid director.

Remuneration for all staff ranged from £18,576 to £188,839 (2020-21, £18,185 to £192,939).

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

### Percentage Changes:

						2020-21 to 2021-22		2019-20 to 2020-21
						%		%
% Change from previous financial year in respect of Chief Executive								
	Salary and allowances					3		2
	Performance pay and bonuses					0		0
% Change from previous financial year in respect of highest paid director								
	Salary and allowances					3		2
	Performance pay and bonuses					0		0
Average % Change from previous financial year in respect of employees takes as a whole								
	Salary and allowances					5		2
	Performance pay and bonuses					0		0



Table 2: Salary and Pension Disclosure table: Pension Benefits

	Real increase in pension at age 60	Real increase in pension lump sum at age 60	Total accrued pension at age 60 at 31 Mar 2022	Lump sum at age 60 related to accrued pension at 31st Mar 2022	Cash Equivalent transfer value at 31 Mar 2022	Cash Equivalent transfer value at 31 Mar 2021	Real increase in Cash Equivalent transfer value	Employer's contribution to stakeholder pension
	(bands of £2,500) £000	(bands of £2,500) £000	(bands of £5,000) £000	(bands of £5,000) £000	£000	Restated £000	£000	£000
Name and title								
Carol Shillabeer - Chief Executive	2.5 - 5.0	0.0 - 2.5	65 - 70	150 - 155	1,253	1,161	61	0
Hayley Thomas - Director of Planning and Performance and Deputy Chief Executive	2.5 - 5.0	2.5 - 5.0	40 - 45	70 - 75	657	589	47	0
Pete Hopgood - Director of Finance, Information and IT Services	2.5 - 5.0	2.5 - 5.0	40 -45	95 - 100	804	731	53	0
Julie Rowles - Director of Workforce and OD (and Support Services to 1st December 2021)	2.5 - 5.0	2.5 - 5.0	60 - 65	145 - 150	1,307	1,213	71	0
Kate Wright - Medical Director	5.0 - 7.5	7.5 - 10	30 - 35	50 - 55	622	512	89	0
Claire Madsen - Director of Therapies and Health Science	0.0 - 2.5	5.0 - 7.5	35 - 40	105 - 110	792	724	50	0
Stuart Bourne - Director of Public Health (To 11th March 2022)	2.5 - 5.0	0.0 - 2.5	35 - 40	70 -75	691	633	41	0
Alison Davies - Director of Nursing and Midwifery (To 14th March 2022)	2.5 - 5.0	7.5 - 10.0	50 - 55	150 - 151	1,184	1,091	71	0
Clare Roche - Director of Nursing (From 7th March 2022)	0.0 - 2.5	0.0 - 2.5	40 - 45	110 - 115	890	810	4	0
Jamie Marchant - Director of Primary, Community Care and Mental Health Services (To 1st December 2021); Director of Environment (From 1st December 2021)	0.0 - 2.5	(2.5) - (5.0)	30 - 35	50 - 55	556	533	7	0
Rani Mallison - Board Secretary (To 27th November 2021)	0.0 - 2.5	0.0 - (2.5)	15 - 20	30 - 35	255	228	17	0
James Quance - Board Secretary (From 4th January 2022)								

Information awaited to enable completion

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

For Directors marked \* the member is over retirement age in existing scheme therefore a CETV calculation is not applicable

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 (CETV)

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.

## STAFF REPORT

### Number of Employed Staff

As at 31<sup>st</sup> March 2022, the total number staff employed by the Health Board stood at **1,900.54 Whole Time Equivalents** (WTE). The table below provides the average WTE of staff employed by the health board in 2020/21 and 2021/22 broken down by staffing group. This excludes hosted services such as the Board of Community Health Councils and Health and Care Research Wales.

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Staff Group	Average Weekly WTE 20/21	Average Weekly WTE 21/22
Add Prof Scientific and Technical	70.66	73.05
Additional Clinical Services	344.87	382.28
Administrative and Clerical	444.47	504.96
Allied Health Professionals	132.57	133.59
Estates and Ancillary	161.38	174.94
Healthcare Scientists	3.75	4.50
Medical and Dental	34.46	33.43
Nursing and Midwifery Registered	559.19	563.93
Students	8.10	0.00
<b>Grand Total</b>	<b>1759.46</b>	<b>1870.68</b>

Overall, on average, the health board has seen an increase of **111.22 WTE** in the number of staff employed by the health board in 2021/22 when compared to 2020/21. Despite this success, recruiting to a number of clinical roles, in particular Registered Nurse and Medical roles, continues to be challenging. Although there is a small increase overall in the number of Registered Nurse staff employed by the health board, Registered Nurse vacancy levels within the wards has increased, with an overall vacancy deficit (excluding absence) of **18%** at March 2021, increasing to **29%** as at March 2022. To support the health board in responding to these staffing deficits, over the last 12 months, we have continued to increase our Bank Staff capacity, with a further increase of **17%** in Bank workers since 31<sup>st</sup> March 2021.

## Staffing Composition

As at 31<sup>st</sup> March 2022, the Health Board employed **2,349** substantive employees (excluding bank workers) which equated to **1,900.54 WTE**. The number (headcount) of female and male employees of the health board are as follows:

	Female	Male
<b>Headcount</b>	1999	350
<b>%</b>	85%	15%

Of this staffing composition, at 31<sup>st</sup> March 2022, the Executive Team consisted of 7 voting members of the Board\* (inclusive of the Chief Executive Officer). There is one additional Director and the Board Secretary (both non-voting members) who are members of the Executive Team and are included in the staffing composition below:

	Female	Male
<b>Headcount</b>	6	3
<b>%</b>	67%	33%

\*The health board had 2 vacancies for voting members of the Board at the time of this report.

## Sickness Absence Data

2020-2022 information on sickness absence is provided within the table below:

	2020/21	2020/22
WTE Days Lost Long Term	24,929.59	27,854.15
WTE Days Lost Short Term	6,825.33	11,048.08
<b>Total Days Lost</b>	<b>31,754.92</b>	<b>38,902.23</b>
<b>Total Staff Years (avg WTE staff absent)</b>	<b>87.00</b>	<b>106.58</b>
Average Working Days Lost	18.07	20.82
Total Staff Employed in Period (Headcount)	2344	2396
Total Staff Employed in Period with no absence (Headcount)	1329	1082
<b>Percentage of Staff with no Sick Leave</b>	<b>56.70%</b>	<b>45.16%</b>

The health board's overall rolling sickness absence rate for 21/22 is **5.70%**, compared to **4.95%** in 2020/21. The overall increase in staff absence is reflective of the difficult and challenging period of 2021-22 as the health board continued to respond to the impacts of the COVID-19 pandemic.

## Staff Policies

Powys Teaching Health Board has a policy framework in place which covers policies and procedures that apply to employees and workers engaged with the health board. All workforce related policies are actively monitored, developed and agreed in partnership with our Trade Union colleagues. The Equality Impact Assessment policy is applied throughout the financial year for the development of policies and procedures;

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

All staff policies include a requirement to undertake an analysis of the impact of the policy in respect of equality. In conjunction with this approach, the *Sickness Absence Policy* and *Recruitment and Selection Policy* were utilised to ensure fair consideration was given to applications for employment made by a disabled person and for supporting their continued employment.

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## Other Employee Matters

An update in relation to progress against the Developing Workforce Futures in 2021-2022 forms a key part of the Performance Report section of the Annual Report. Further detail in relation to this can be found on Page 52 of the Performance Report.

## Expenditure on Consultancy

As disclosed in note 3.3 (page 29) of its financial statements, the Health Board spent £0.505M on consultancy services during 2021-22 compared to £0.248M in 2020-21.

## Off Payroll Engagement

For all off-payroll engagements as of 31 March 2022, for more than £245 per day:

No. of existing engagements as of 31 March 2022	0
Of which, the number that have existed:	0
for less than one year at time of reporting.	0
for between one and two years at time of reporting.	0
for between two and three years at time of reporting.	0
for between three and four years at time of reporting.	0
for four or more years at time of reporting.	0

	Number
Number. of new engagements, or those that reached six months in duration, between 1 April 2021 and 31 March 2022	0
Of which...	
No. assessed as caught by IR 35	0
No. assessed as not caught by IR 35	0

<i>No. engaged directly (via PSC contracted to department) and are on the departmental payroll.</i>	0
<i>No. of engagements reassessed for consistency / assurance purposes during the year</i>	0
<i>No. of engagements that saw a change to IR35 status following the consistency review</i>	0

Number of off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, during the financial year.	0
Number of individuals that have been deemed "board members, and/or, senior officials with significant financial responsibility", during the financial year. This figure should include both off-payroll and on-payroll engagements.	0

There have been no-off payroll engagements of board members and/or senior officials with significant financial responsibility between 1 April 2021 and 31 March 2022.

## 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.

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	2021-22	2021-22	2021-22	2021-22	2021-22	2021-22	2021-22	2021-22
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	£	Whole numbers only	£	Whole numbers only	£	Whole numbers only	£
less than £10,000	0	0	1	6,000	1	6,000	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	1	6,000	1	6,000	0	0

Redundancy and other departure costs if paid would have been paid in accordance with the provisions of the NHS Agenda for Change Terms and Conditions and 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 health board 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: PARLIAMENTARY 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.

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# PARLIAMENTARY ACCOUNTABILITY AND AUDIT REPORT

## Regularity of Expenditure

Regularity is the requirement for all items of expenditure and receipts to be dealt with in accordance with the legislation authorising them, any applicable delegated authority and the rules of Government Accounting. The health board ensures that the funding provided by Welsh Ministers has been expended for the purposes intended by Welsh Ministers and that the resources authorised by Welsh Ministers to be used have been used for the purposes for which the use was authorised.

The health board's Chief Executive is the Accountable Officer and ensures that the financial statements are prepared in accordance with legislative requirements and the Treasury's Financial Reporting Manual. In preparing the financial statements, the Chief Executive is required to:

- observe the accounts directions issued by Welsh Ministers, including the relevant accounting and disclosure requirements and apply appropriate accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards have been followed and disclosed and explain any material departures from them; and
- prepare them on a going concern basis on the presumption that the services of the health board will continue in operation

## Fees and Charges

Where the health board undertakes activities that are not funded directly by the Welsh Government the health board receives income to cover its costs which will offset expenditure reported under programme areas.

Miscellaneous Income can be seen in Note 4 of the Annual Accounts. When charging for this activity the health board has complied with the cost allocation and charging requirements set out in HM Treasury guidance.

## Remote Contingent Liabilities

Remote contingent liabilities are made for three categories, comprising indemnities, letters of comfort and guarantees. The value of remote contingent liabilities for 2021-22 is £0.00m (2020-21 £0.00m) and is disclosed in note 21.2 of the Health Board's Annual Accounts

At the time this report was compiled the Audit Certificate and Auditor General Wales Report was yet to be received, this aspect of the report will be updated in due course.

# Powys THB Finance Department

## Draft Annual Accounts 2021/22

### Audit Committee

**FY 2021-22**

**Date Meeting: 17<sup>th</sup> May 2022**

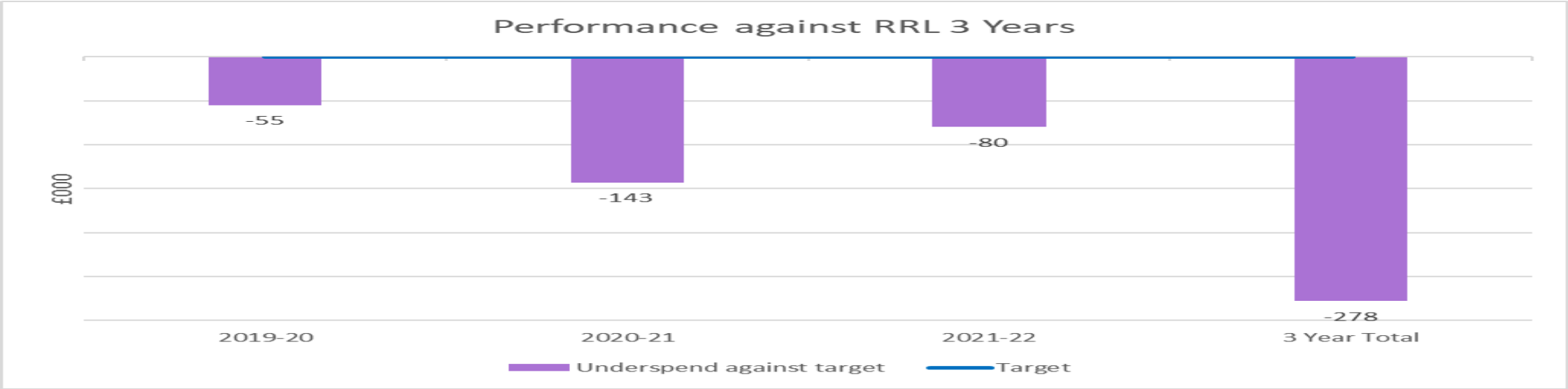
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Area	Financial KPI	Target	Delivery 2021-22	Further Details
Revenue	To ensure that net operating costs do not exceed the revenue resource limit set by Welsh Government	Variance Against Revenue Resource Limit Deficit / (Surplus)	(£80k)	P2
Capital	To ensure that costs do not exceed the capital resource limit set by Welsh Government	Variance Against Capital Resource Limit Deficit / (Surplus)	(£67k)	P3
PSPP	To pay a minimum of 95% of all non-NHS creditors within 30 days of receipt of goods or a valid invoice	Cumulative Year End % of Invoices Paid wthin 30 days	87.50%	P4

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- PtHB has a statutory duty to ensure that its expenditure does not exceed the aggregate funding (Revenue Resource Limit – RRL) allotted to it over the 3 year period.
- Subject to Audit, PtHB has achieved this requirements in 2021/22, and for the proceeding 2 years.



Accounts Extract Note 2.1 P. 26:

2.1 Revenue Resource Performance

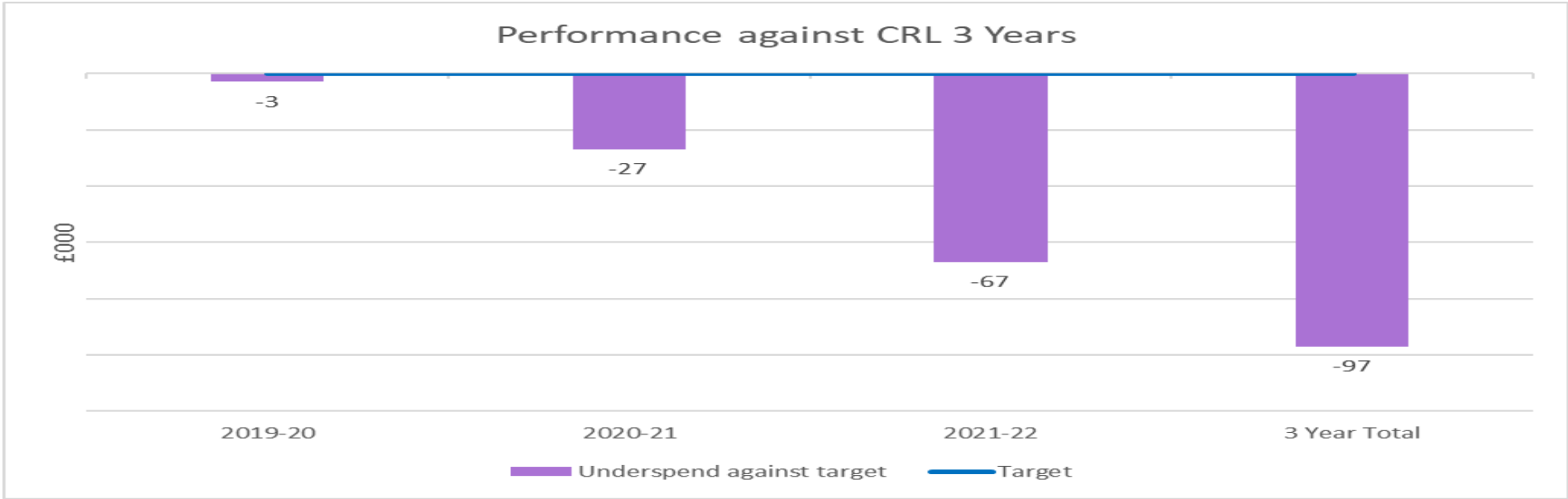
Net operating costs for the year

Less general ophthalmic services expenditure and other non-cash limited expenditure  
Less revenue consequences of bringing PFI schemes onto SoFP  
Total operating expenses  
Revenue Resource Allocation  
**Under /(over) spend against Allocation**

Annual financial performance

2019-20	2020-21	2021-22	Total
£000	£000	£000	£000
324,531	356,471	383,021	1,064,023
1,855	1,851	1,355	5,061
0	0	0	0
326,386	358,322	384,376	1,069,084
326,441	358,465	384,456	1,069,362
55	143	80	278

- PtHB has a statutory duty to ensure that its expenditure does not exceed the aggregate funding (Capital Resource Limit-CRL) allotted to it over the 3 year period.



Accounts Extract Note 2.2 P. 26:

2.2 Capital Resource Performance

	2019-20	2020-21	2021-22	Total
	£000	£000	£000	£000
Gross capital expenditure	3,373	6,366	15,926	25,665
Add: Losses on disposal of donated assets	0	0	0	0
Less NBV of property, plant and equipment and intangible assets disposed	0	0	0	0
Less capital grants received	0	0	0	0
Less donations received	(176)	(13)	0	(189)
Charge against Capital Resource Allocation	3,197	6,353	15,926	25,476
Capital Resource Allocation	3,200	6,380	15,993	25,573
(Over) / Underspend against Capital Resource Allocation	3	27	67	97

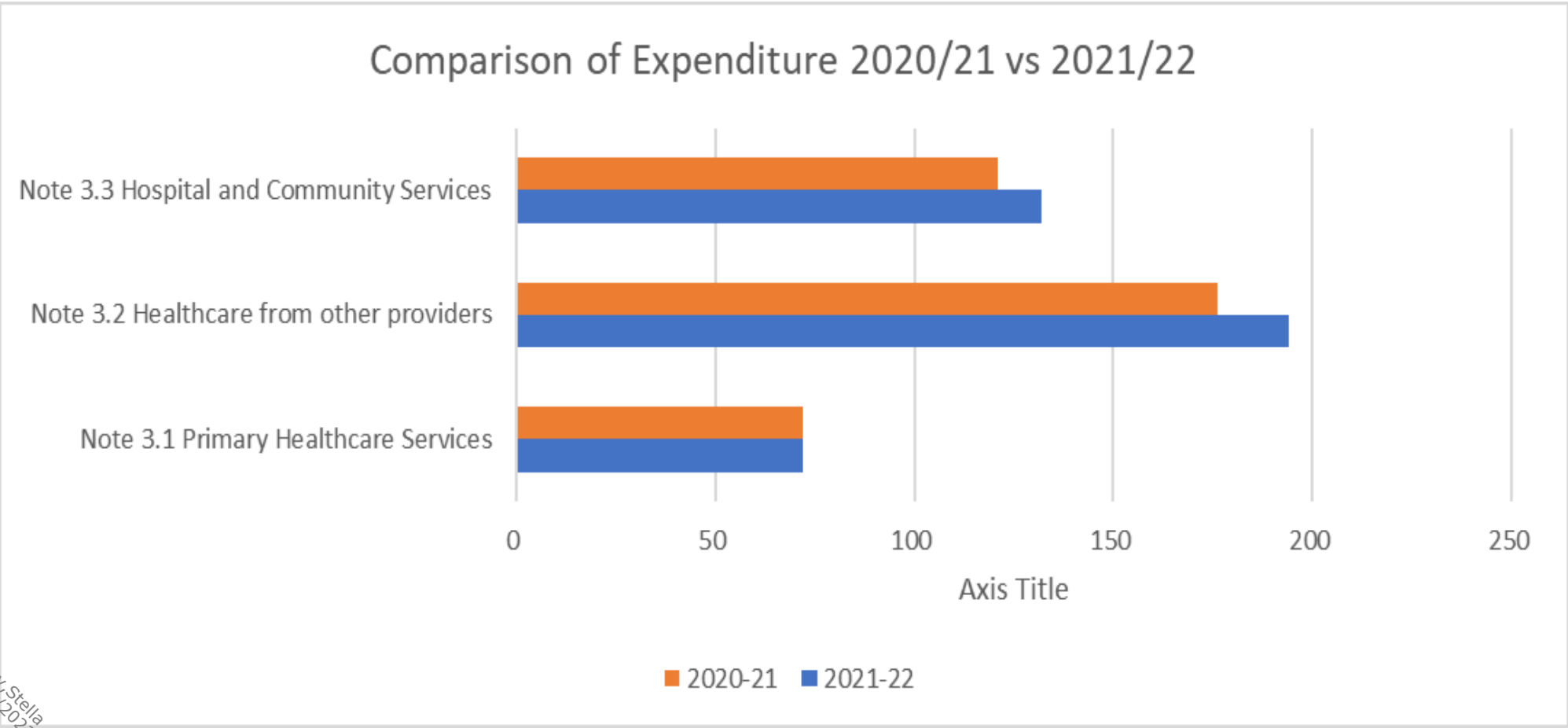
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- Welsh Government requires that Health Boards pay their trade creditors in accordance with the CBI Prompt Payment Code (PSPP) and Government Accounting Rules. The financial Target is to pay 95% of these non NHS invoices (number not financial value) within 30 days of delivery.
- PtHB performance at 87.5% did not meet the target of 95% for the number of non NHS creditors paid within 30 days

Accounts Extract Note 10.1 P. 38:

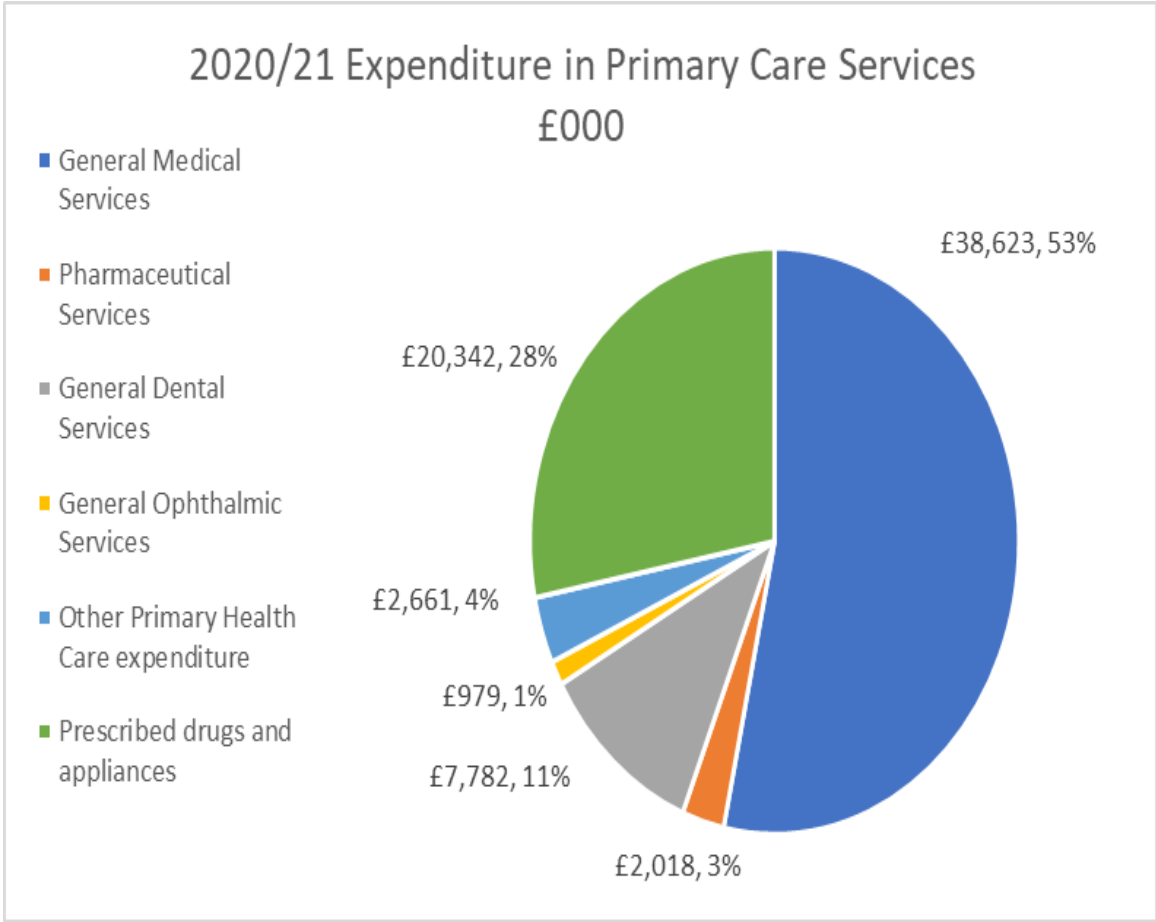
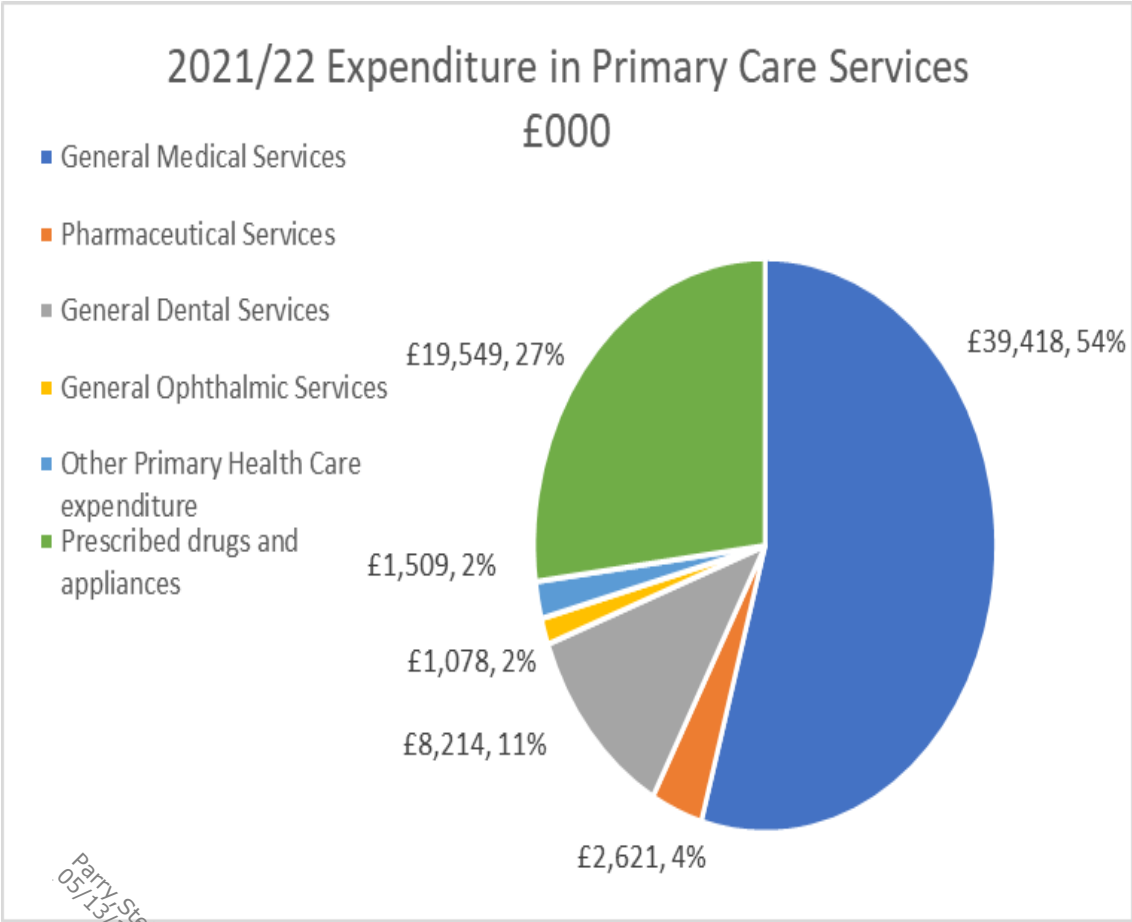
	2021-22 Number	2021-22 £000	2020-21 Number	2020-21 £000
<b>NHS</b>				
Total bills paid	1,684	164,059	2,279	153,467
Total bills paid within target	1,153	154,222	1,712	147,999
Percentage of bills paid within target	68.5%	94.0%	75.1%	96.4%
<b>Non-NHS</b>				
Total bills paid	47,474	105,864	39,764	84,810
Total bills paid within target	41,546	101,902	36,993	82,029
Percentage of bills paid within target	87.5%	96.3%	93.0%	96.7%
<b>Total</b>				
Total bills paid	49,158	269,923	42,043	238,277
Total bills paid within target	42,699	256,124	38,705	230,028
Percentage of bills paid within target	86.9%	94.9%	92.1%	96.5%

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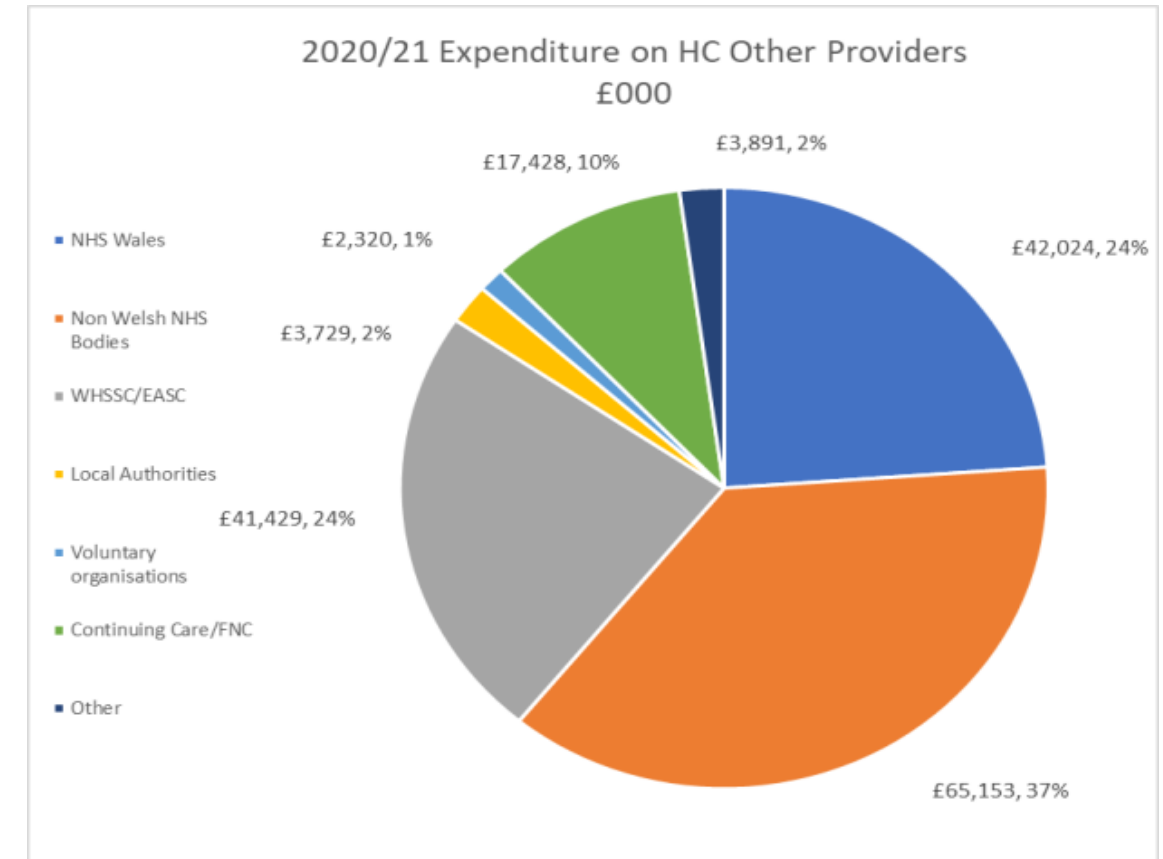
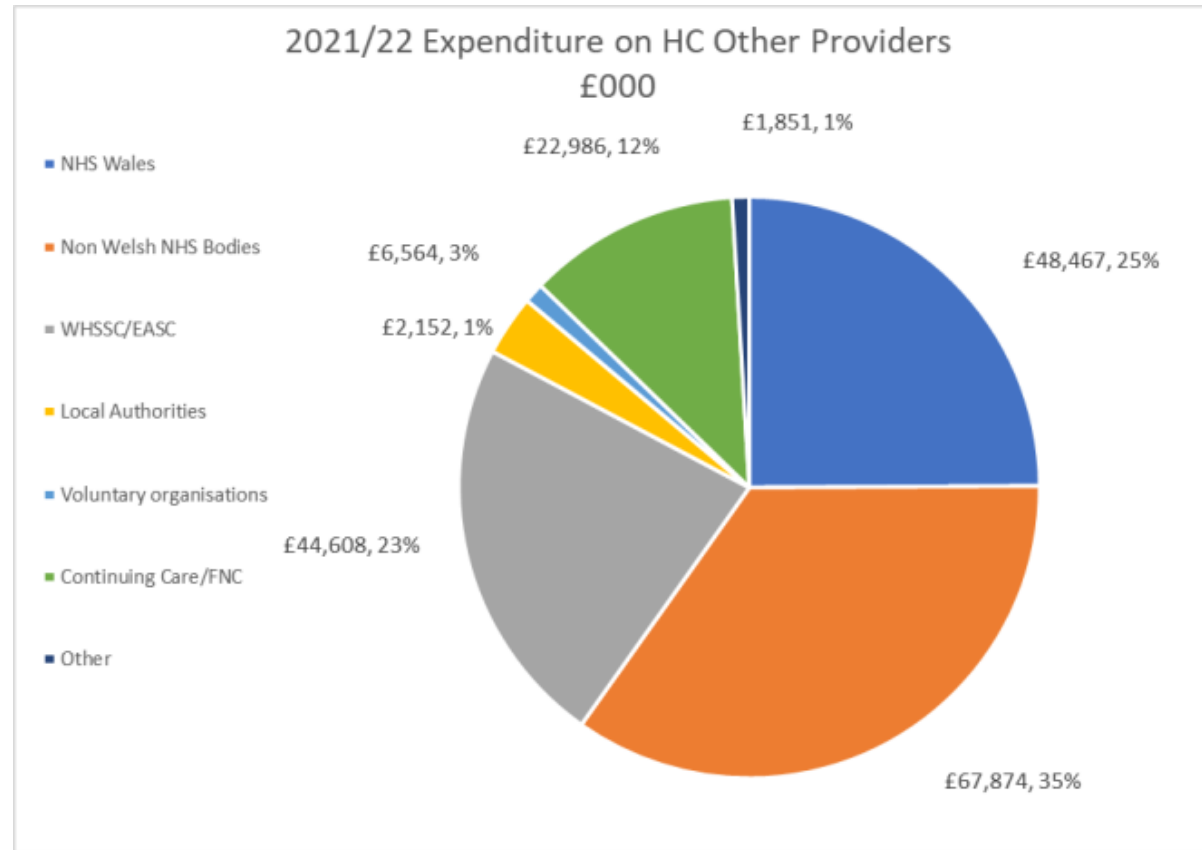
*Please note an explanation on the movement between 2020/21 and 2021/22 is provided on the Pages 6-8 of this report. These pages will focus in more detail on the specific areas of Note 3.1 – Note 3.3*



Comments:

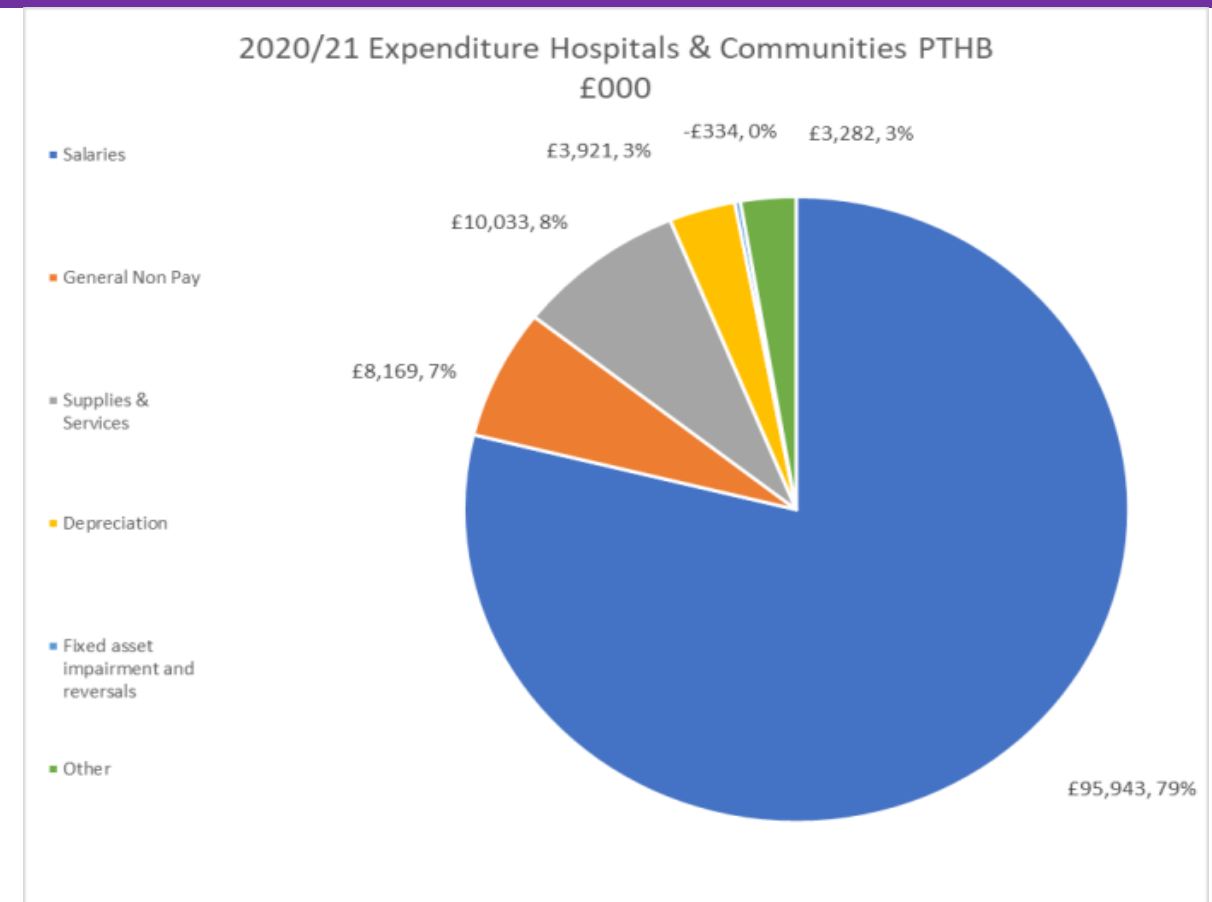
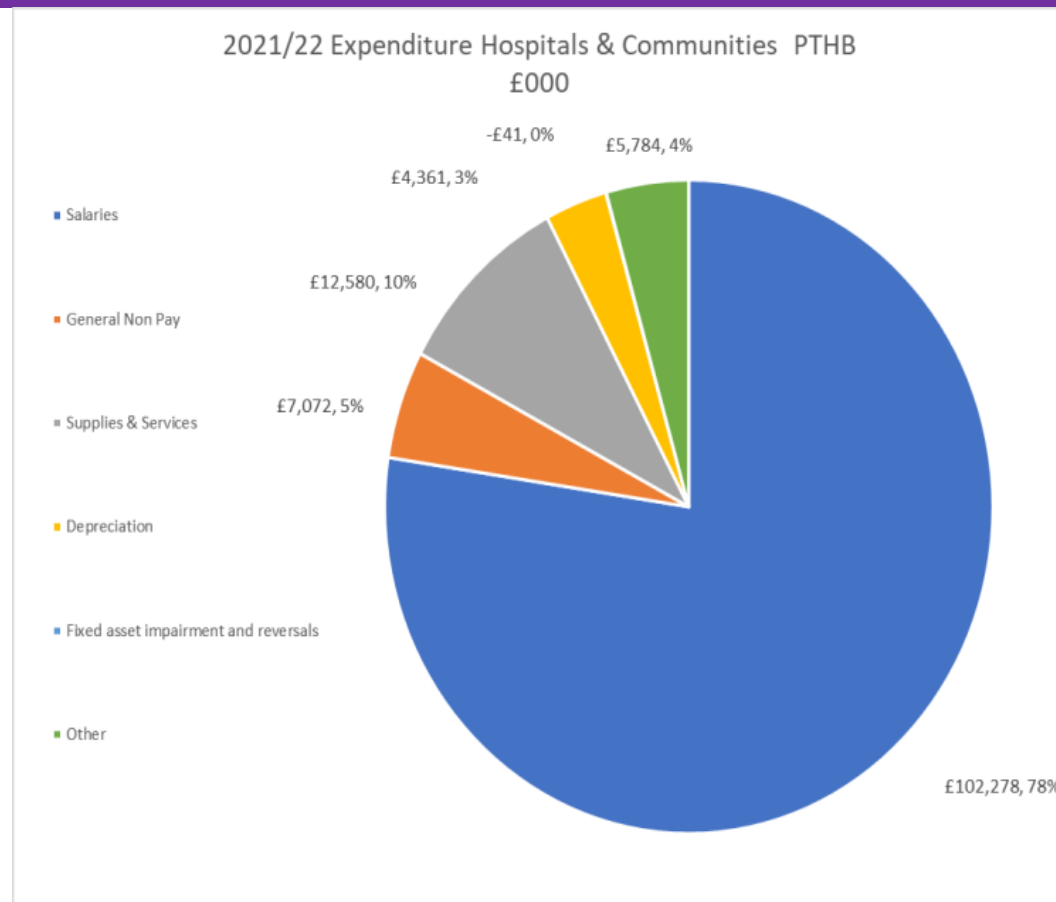
- *GMS increase mainly relates to COVID bonus payment for Primary Care Staff*





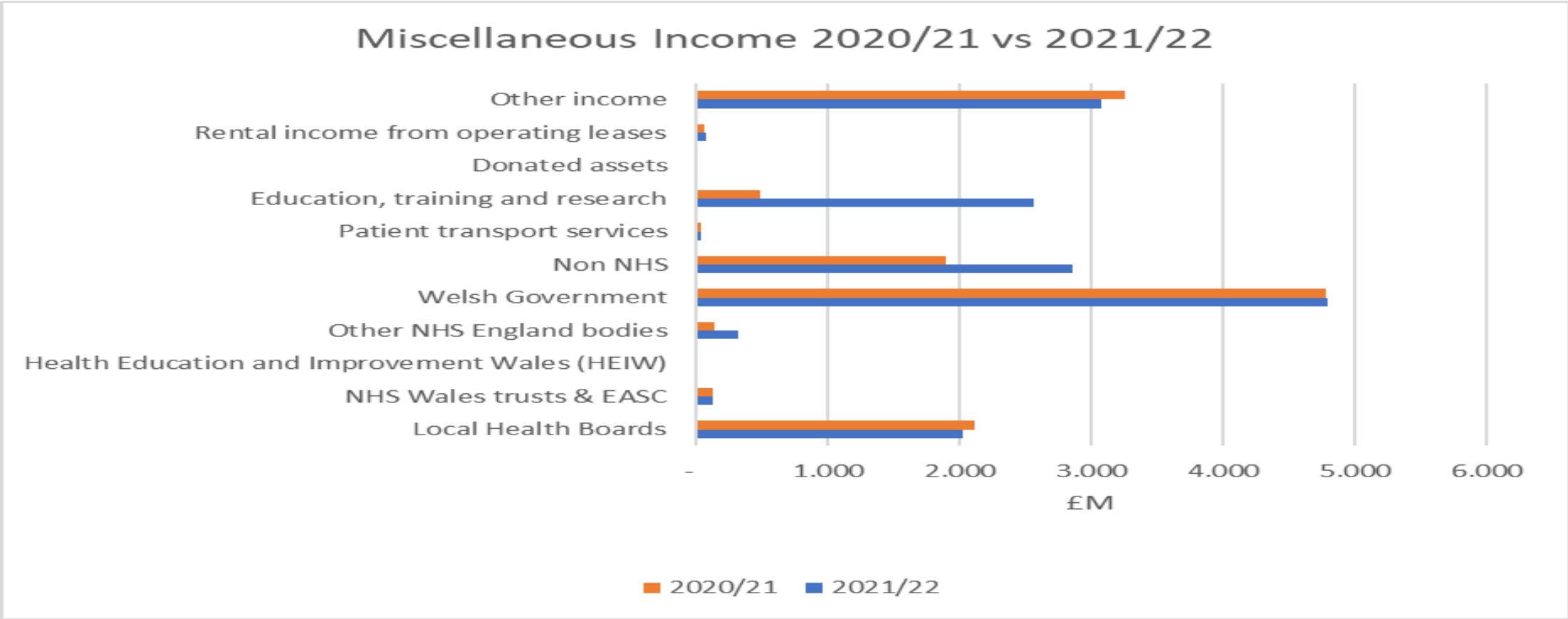
## Comments:

- Increase £4m with Non Welsh providers with SATH and Wye Valley representing the most significant increases linked to the Block arrangements
- Increase £5.7m on CHC, which is mainly due to increases in case numbers and package costs
- Increase £3m WHHSC/EASC linked with the IMTP increases highlighted as part of the 2021/22 planning process.
- Increase £2.7m Local Authority linked mainly to the funding of the Test Trace and Protect service



## Comments:

- *Staff Costs – have increase for number of reasons (1) annual pay award (2) additional 6.3% Employers Pension charge; (3) additional staffing in relation to response effort of COVID 19 mainly in relation to Mass Vaccinations*
- *Non Pay – impacted on Covid across number of lines (1) increase in premises costs for Mass vaccinations (2) digital related spend and (3) increased energy costs.*



Comments:

- Increase in Education Training and Research Income relates to research income received by the THB hosted function of Health and Care Research Wales.

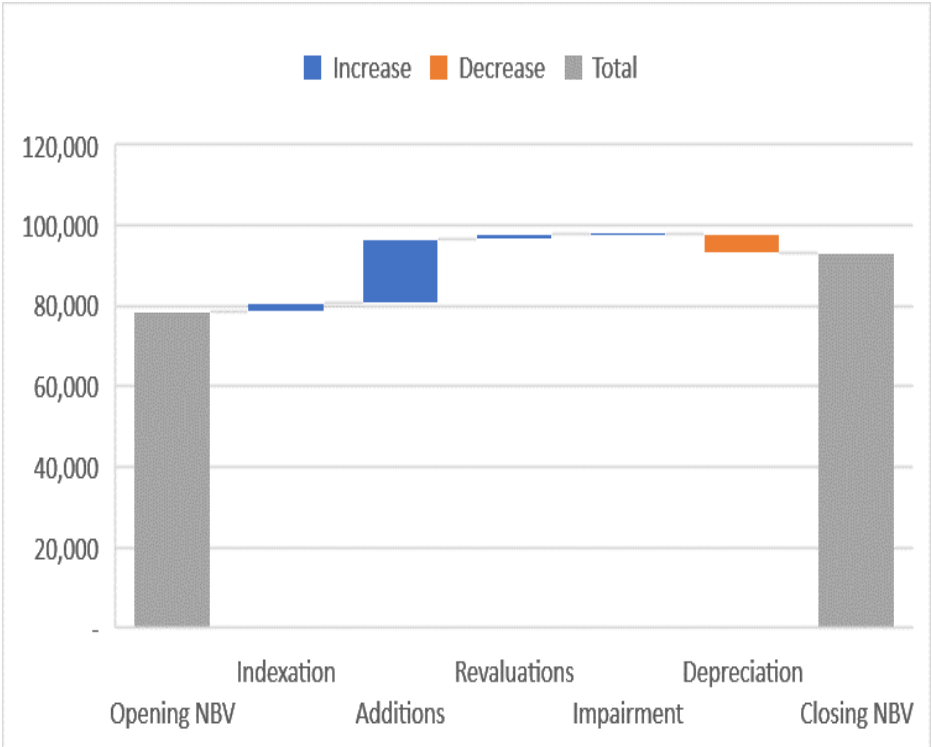
- There were two property purchases (Llanwrtyd Health Centre and Land Adjoining Machynlleth Hospital) and no property disposals during 2021/22
- The Capital Programme added £15.926m to the asset base during 2021/22
- Depreciation chargeable £4.061m in 2021/22 (2020/21 = £3.921m)

Asset Type @ 31<sup>st</sup> March 2022

Type	Value £000
Land	14,377
Buildings	60,518
Equipment	2,773
IT	2,998
Under Construction	12,665
Total	93,331

Movement in NBV in 2021/22

Type	Value £000
Opening NBV	78,394
Indexation	2,339
Additions	15,926
Revaluation	992
Impairment	41
Depreciation	- 4,361
Closing NBV	93,331



Capital Programme Expenditure	2021/22 Expenditure £m
Machynlleth Reconfiguration	6.425
EFAB Infrastructure, Fire and Decarbonisation	2.097
Digital	1.875
Covid Recovery	1.564
Anti Ligature	0.914
<b>Subtotal Top 5 Expenditure Areas</b>	<b>12.875</b>
<b>Total Capital Resource Expenditure</b>	<b>15.926</b>

## Provisions Balance @ 31<sup>st</sup> March

Type	2021/22 £000	2020/21 £000
Clinical negligence		
- Secondary Care	16142	14,366
- Primary Care	0	-
- Redress Secondary care	78	116
- Redress Primary Care	0	-
Personal Injury	2404	3,428
All other losses and special payments	0	-
Defence legal feeds and other administration	163	216
Pension relating to former directors	0	-
Pensions relating to other staff	0	5,220
2019-20 Scheme Pays	47	-
Other	39	64
<b>Total</b>	<b>18,873</b>	<b>23,410</b>

Clinical Negligence and Personal Injury provisions are included in Note 20. PtHB is reimbursed for its own cases over the threshold of £25k.

At 31<sup>st</sup> March 2022 £16m of the total provision related to probable liabilities of former Health Authority cases.

At 31<sup>st</sup> March 2022 the Pensions relating to other staff had been fully discharged with the support of Welsh Government.

A new provision in year was created for 2019-20 Scheme pays. Please see slide 15 for additional detail regarding this.

Any Contingent Liability is detailed separately in Note 21 of the Annual Accounts (P55)

PtHB can demonstrate that it continues to be a “Going Concern” by outlining the following mechanisms:

- The 3 year IMTP for 2019/20-2021/22 was approved by Welsh Government on 27<sup>th</sup> March 2019. The 2022/23 Annual Plan was submitted to Welsh Government on 31<sup>st</sup> March 2022 and the THB is expecting the outcome of approval status by 31<sup>st</sup> May 2022.
- The 2022/23 Welsh Government Allocation Letter has been received by the organisation.
- There continues to be a requirement for health services provision by the population of Powys
- There continues to be joint working and partnership with the Local Authority, including a joint Health & Wellbeing Strategy.

## Pensions tax annual allowance – Scheme Pays arrangements 2019/20

In accordance with a Ministerial Direction issued on 18 December 2019, the Welsh Government have taken action to support circumstances where pensions tax rules are impacting upon clinical staff who want to work additional hours, and have determined that:

clinical staff who are members of the NHS Pension Scheme and who, as a result of work undertaken in the 2019-20 tax year, face a tax charge on the growth of their NHS pension benefits, may opt to have this charge paid by the NHS Pension Scheme, with their pension reduced on retirement;

Powys THB will then pay them a corresponding amount on retirement, ensuring that they are fully compensated for the effect of the deduction.

This scheme will be fully funded by the Welsh Government with no net cost to Powys THB.

**At the date of draft submission of these accounts, there was evidence of take-up of the scheme by two of THB clinical staff with an estimated financial impact of £0.047M. The currently communicated view of the Auditor General for Wales is that any provision included within NHS Wales bodies accounts for the cost of Scheme Pays will constitute irregular expenditure and lead to a qualification of the health board's accounts, with the qualification being in respect of the regularity opinion. This will affect all NHS Wales Organisations with such provisions included within their Financial Statements including Powys THB. Discussions are continuing at national level in this regard.**



# Powys THB Finance Department

## Draft Annual Accounts 2021/22 - Appendices

**FY 2021/22**

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Accounts Extract Statement of Comprehensive Net Expenditure (SOCNE) P. 2:

	Note	2021/22 £'000	2020-21 £'000
Expenditure on Primary Healthcare Services	3.1	72,389	72,405
Expenditure on healthcare from other providers	3.2	194,502	175,974
Expenditure on Hospital and Community Health Services	3.3	132,034	120,723
		<u>398,925</u>	<u>369,102</u>
Less: Miscellaneous Income	4	(15,844)	(12,601)
<b>LHB net operating costs before interest and other gains and losses</b>		<b>383,081</b>	<b>356,501</b>
Investment Revenue	5	0	0
Other (Gains) / Losses	6	0	0
Finance costs	7	(60)	(30)
<b>Net operating costs for the financial year</b>		<b><u>383,021</u></b>	<b><u>356,471</u></b>

# POWYS TEACHING HEALTH BOARD

## FOREWORD

These accounts have been prepared by the Local Health Board under schedule 9 section 178 Para 3(1) of the National Health Service (Wales) Act 2006 (c.42) in the form in which the Welsh Ministers have, with the approval of the Treasury, directed.

### Statutory background

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

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

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

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

### Performance Management and Financial Results

Welsh Health Circular WHC/2016/054 replaces WHC/2015/014 'Statutory and Administrative Financial Duties of NHS Trusts and Local Health Boards' and further clarifies the statutory financial duties of NHS Wales bodies and is effective for 2020-21. The annual financial duty has been revoked and the statutory breakeven duty has reverted to a three year duty, with the first assessment of this duty in 2016-17.

Local Health Boards in Wales must comply fully with the Treasury's Financial Reporting Manual to the extent that it is applicable to them. As a result, the Primary Statement of in-year income and expenditure is the Statement of Comprehensive Net Expenditure, which shows the net operating cost incurred by the LHB which is funded by the Welsh Government. This funding is allocated on receipt directly to the General Fund in the Statement of Financial Position.

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

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

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## Statement of Comprehensive Net Expenditure for the year ended 31 March 2022

	Note	2021-22 £000	2020-21 £000
Expenditure on Primary Healthcare Services	3.1	72,389	72,405
Expenditure on healthcare from other providers	3.2	194,502	175,974
Expenditure on Hospital and Community Health Services	3.3	132,034	120,723
		<b>398,925</b>	369,102
Less: Miscellaneous Income	4	(15,844)	(12,601)
<b>LHB net operating costs before interest and other gains and losses</b>		<b>383,081</b>	356,501
Investment Revenue	5	0	0
Other (Gains) / Losses	6	0	0
Finance costs	7	(60)	(30)
<b>Net operating costs for the financial year</b>		<b>383,021</b>	<b>356,471</b>

See note 2 on page 27 for details of performance against Revenue and Capital allocations.

The notes on pages 8 to 73 form part of these accounts.

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Other Comprehensive Net Expenditure

	2021-22 £000	2020-21 £000
Net (gain) / loss on revaluation of property, plant and equipment	(3,331)	(941)
Net (gain) / loss on revaluation of intangibles	0	0
(Gain) / loss on other reserves	0	0
Net (gain)/ loss on revaluation of PPE & Intangible assets held for sale	0	0
Net (gain)/loss on revaluation of financial assets held for sale	0	0
Impairment and reversals	0	0
Transfers between reserves	0	0
Transfers to / (from) other bodies within the Resource Accounting Boundary	0	0
Reclassification adjustment on disposal of available for sale financial assets	0	0
Other comprehensive net expenditure for the year	(3,331)	(941)
<b>Total comprehensive net expenditure for the year</b>	<b>379,690</b>	<b>355,530</b>

The notes on pages 8 to 73 form part of these accounts.

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**Statement of Financial Position as at 31 March 2022**

		<b>31 March 2022 £000</b>	<b>31 March 2021 £000</b>
	<b>Notes</b>		
<b>Non-current assets</b>			
Property, plant and equipment	11	<b>93,331</b>	78,394
Intangible assets	12	<b>0</b>	0
Trade and other receivables	15	<b>16,085</b>	14,403
Other financial assets	16	<b>0</b>	0
<b>Total non-current assets</b>		<b>109,416</b>	92,797
<b>Current assets</b>			
Inventories	14	<b>143</b>	159
Trade and other receivables	15	<b>14,506</b>	12,179
Other financial assets	16	<b>0</b>	0
Cash and cash equivalents	17	<b>2,658</b>	2,627
		<b>17,307</b>	14,965
Non-current assets classified as "Held for Sale"	11	<b>0</b>	0
<b>Total current assets</b>		<b>17,307</b>	14,965
<b>Total assets</b>		<b>126,723</b>	107,762
<b>Current liabilities</b>			
Trade and other payables	18	<b>(61,316)</b>	(45,831)
Other financial liabilities	19	<b>0</b>	0
Provisions	20	<b>(1,788)</b>	(3,336)
<b>Total current liabilities</b>		<b>(63,104)</b>	(49,167)
<b>Net current assets/ (liabilities)</b>		<b>(45,797)</b>	(34,202)
<b>Non-current liabilities</b>			
Trade and other payables	18	<b>0</b>	0
Other financial liabilities	19	<b>0</b>	0
Provisions	20	<b>(17,085)</b>	(20,074)
<b>Total non-current liabilities</b>		<b>(17,085)</b>	(20,074)
<b>Total assets employed</b>		<b>46,534</b>	38,521
<b>Financed by :</b>			
<b>Taxpayers' equity</b>			
General Fund		<b>2,153</b>	(2,532)
Revaluation reserve		<b>44,381</b>	41,053
<b>Total taxpayers' equity</b>		<b>46,534</b>	38,521

The financial statements on pages 2 to 7 were approved by the Board on 14th June 2022 and signed on its behalf by:

Chief Executive and Accountable Officer .....

Date: xx xx 2022

The notes on pages 8 to 73 form part of these accounts.

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## Statement of Changes in Taxpayers' Equity

### For the year ended 31 March 2022

	General Fund £000	Revaluation Reserve £000	Total Reserves £000
<b>Changes in taxpayers' equity for 2021-22</b>			
Balance as at 31 March 2021	(2,532)	41,053	38,521
Adjustment	0	0	0
<b>Balance at 1 April 2021</b>	(2,532)	41,053	38,521
Net operating cost for the year	(383,021)		(383,021)
Net gain/(loss) on revaluation of property, plant and equipment	0	3,331	3,331
Net gain/(loss) on revaluation of intangible assets	0	0	0
Net gain/(loss) on revaluation of financial assets	0	0	0
Net gain/(loss) on revaluation of assets held for sale	0	0	0
Impairments and reversals	0	0	0
Other Reserve Movement	0	0	0
Transfers between reserves	0	0	0
Release of reserves to SoCNE	3	(3)	0
Transfers to/from LHBs	0	0	0
<b>Total recognised income and expense for 2021-22</b>	(383,018)	3,328	(379,690)
Net Welsh Government funding	383,639		383,639
Notional Welsh Government Funding	4,064		4,064
<b>Balance at 31 March 2022</b>	2,153	44,381	46,534

The notes on pages 8 to 73 form part of these accounts.

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## Statement of Changes in Taxpayers' Equity

### For the year ended 31 March 2021

	General Fund £000	Revaluation Reserve £000	Total Reserves £000
<b>Changes in taxpayers' equity for 2020-21</b>			
<b>Balance at 1 April 2020</b>	768	40,113	<b>40,881</b>
Net operating cost for the year	(356,471)		<b>(356,471)</b>
Net gain/(loss) on revaluation of property, plant and equipment	0	941	<b>941</b>
Net gain/(loss) on revaluation of intangible assets	0	0	<b>0</b>
Net gain/(loss) on revaluation of financial assets	0	0	<b>0</b>
Net gain/(loss) on revaluation of assets held for sale	0	0	<b>0</b>
Impairments and reversals	0	0	<b>0</b>
Other reserve movement	0	0	<b>0</b>
Transfers between reserves	0	0	<b>0</b>
Release of reserves to SoCNE	1	(1)	<b>0</b>
Transfers to/from LHBs	0	0	<b>0</b>
<b>Total recognised income and expense for 2020-21</b>	<b>(356,470)</b>	<b>940</b>	<b>(355,530)</b>
Net Welsh Government funding	349,409		<b>349,409</b>
Notional Welsh Government Funding	3,761		<b>3,761</b>
<b>Balance at 31 March 2021</b>	<b>(2,532)</b>	<b>41,053</b>	<b>38,521</b>

The notes on pages 8 to 73 form part of these accounts.

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**Statement of Cash Flows for year ended 31 March 2022**

		<b>2021-22</b>	<b>2020-21</b>
		<b>£000</b>	<b>£000</b>
<b>Cash Flows from operating activities</b>	Notes		
Net operating cost for the financial year		<b>(383,021)</b>	<b>(356,471)</b>
Movements in Working Capital	27	<b>9,268</b>	8,238
Other cash flow adjustments	28	<b>12,883</b>	7,476
Provisions utilised	20	<b>(9,036)</b>	<b>(1,494)</b>
<b>Net cash outflow from operating activities</b>		<b>(369,906)</b>	<b>(342,251)</b>
<b>Cash Flows from investing activities</b>			
Purchase of property, plant and equipment		<b>(13,702)</b>	<b>(5,071)</b>
Proceeds from disposal of property, plant and equipment		<b>0</b>	0
Purchase of intangible assets		<b>0</b>	0
Proceeds from disposal of intangible assets		<b>0</b>	0
Payment for other financial assets		<b>0</b>	0
Proceeds from disposal of other financial assets		<b>0</b>	0
Payment for other assets		<b>0</b>	0
Proceeds from disposal of other assets		<b>0</b>	0
<b>Net cash inflow/(outflow) from investing activities</b>		<b>(13,702)</b>	<b>(5,071)</b>
<b>Net cash inflow/(outflow) before financing</b>		<b>(383,608)</b>	<b>(347,322)</b>
<b>Cash Flows from financing activities</b>			
Welsh Government funding (including capital)		<b>383,639</b>	349,409
Capital receipts surrendered		<b>0</b>	0
Capital grants received		<b>0</b>	0
Capital element of payments in respect of finance leases and on-SoFP PFI Schemes		<b>0</b>	0
Cash transferred (to)/ from other NHS bodies		<b>0</b>	0
<b>Net financing</b>		<b>383,639</b>	349,409
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>31</b>	2,087
<b>Cash and cash equivalents (and bank overdrafts) at 1 April 2021</b>		<b>2,627</b>	540
<b>Cash and cash equivalents (and bank overdrafts) at 31 March 2022</b>		<b>2,658</b>	2,627

The notes on pages 8 to 73 form part of these accounts.

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## Notes to the Accounts

### 1. Accounting policies

The Minister for Health and Social Services has directed that the financial statements of Local Health Boards (LHB) in Wales shall meet the accounting requirements of the NHS Wales Manual for Accounts. Consequently, the following financial statements have been prepared in accordance with the 2021-22 Manual for Accounts. The accounting policies contained in that manual follow the 2021-22 Financial Reporting Manual (FRm) in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006, except for IFRS 16 Leases, which is deferred until 1 April 2022; to the extent that they are meaningful and appropriate to the NHS in Wales.

Where the LHB Manual for Accounts permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the LHB for the purpose of giving a true and fair view has been selected. The particular policies adopted by the LHB are described below. They have been applied consistently in dealing with items considered material in relation to the accounts.

#### 1.1. Accounting convention

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

#### 1.2. Acquisitions and discontinued operations

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

#### 1.3. Income and funding

The main source of funding for the LHBs are allocations (Welsh Government funding) from the Welsh Government within an approved cash limit, which is credited to the General Fund of the LHB. Welsh Government funding is recognised in the financial period in which the cash is received.

Non-discretionary funding outside the Revenue Resource Limit is allocated to match actual expenditure incurred for the provision of specific pharmaceutical, or ophthalmic services identified by the Welsh Government. Non-discretionary expenditure is disclosed in the accounts and deducted from operating costs charged against the Revenue Resource Limit.

Funding for the acquisition of fixed assets received from the Welsh Government is credited to the General Fund.

Miscellaneous income is income which relates directly to the operating activities of the LHB and is not funded directly by the Welsh Government. This includes payment for services uniquely provided by the LHB for the Welsh Government such as funding provided to agencies and non-activity costs incurred by the LHB in its provider role. Income received from LHBs transacting with other LHBs is always treated as miscellaneous income.

From 2018-19, IFRS 15 Revenue from Contracts with Customers has been applied, as interpreted and adapted for the public sector, in the FREM. It replaces the previous standards IAS 11 Construction Contracts and IAS 18 Revenue and related IFRIC and SIC interpretations. The potential amendments identified as a result of the adoption of IFRS 15 are significantly below materiality levels.

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

Only non-NHS income may be deferred.

## 1.4. Employee benefits

### 1.4.1. Short-term employee benefits

Salaries, wages and employment-related payments are recognised in the period in which the service is received from employees. The cost of leave earned but not taken by employees at the end of the period is recognised in the financial statements to the extent that employees are permitted to carry forward leave into the following period.

### 1.4.2. Retirement benefit costs

Past and present employees are covered by the provisions of the NHS Pensions Scheme. The scheme is an unfunded, defined benefit scheme that covers NHS employers, General Practices and other bodies, allowed under the direction of the Secretary of State, in England and Wales. The scheme is not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, the scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS body of participating in the scheme is taken as equal to the contributions payable to the scheme for the accounting period.

The latest NHS Pension Scheme valuation results indicated that an increase in benefit required a 6.3% increase (14.38% to 20.68%) which was implemented from 1 April 2019.

As an organisation within the full funding scope, the joint (in NHS England and NHS Wales) transitional arrangement operated from 2019-20 where employers in the Scheme would continue to pay 14.38% employer contributions under their normal monthly payment process, in Wales the additional 6.3% being funded by Welsh Government directly to the Pension Scheme administrator, the NHS Business Services Authority (BSA the NHS Pensions Agency).

However, NHS Wales' organisations are required to account for **their staff** employer contributions of 20.68% in full and on a gross basis, in their annual accounts. Payments made on their behalf by Welsh Government are accounted for on a notional basis. For detailed information see Other Note within these accounts.

For early retirements other than those due to ill health the additional pension liabilities are not funded by the scheme. The full amount of the liability for the additional costs is charged to expenditure at the time the NHS Wales organisation commits itself to the retirement, regardless of the method of payment.

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

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### 1.4.3. NEST Pension Scheme

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

## 1.5. Other expenses

Other operating expenses for goods or services are recognised when, and to the extent that, they have been received. They are measured at the fair value of the consideration payable.

## 1.6. Property, plant and equipment

### 1.6.1. Recognition

Property, plant and equipment is capitalised if:

- it is held for use in delivering services or for administrative purposes;
- it is probable that future economic benefits will flow to, or service potential will be supplied to, the NHS Wales organisation;
- it is expected to be used for more than one financial year;
- the cost of the item can be measured reliably; and
- the item has cost of at least £5,000; or
- Collectively, a number of items have a cost of at least £5,000 and individually have a cost of more than £250, where the assets are functionally interdependent, they had broadly simultaneous purchase dates, are anticipated to have simultaneous disposal dates and are under single managerial control; or
- Items form part of the initial equipping and setting-up cost of a new building, ward or unit, irrespective of their individual or collective cost.

Where a large asset, for example a building, includes a number of components with significantly different asset lives, the components are treated as separate assets and depreciated over their own useful economic lives.

### 1.6.2. Valuation

All property, plant and equipment are measured initially at cost, representing the cost directly attributable to acquiring or constructing the asset and bringing it to the location and condition necessary for it to be capable of operating in the manner intended by management.

Land and buildings used for services or for administrative purposes are stated in the Statement of Financial Position (SoFP) at their revalued amounts, being the fair value at the date of revaluation less any subsequent accumulated depreciation and impairment losses. Revaluations are performed with sufficient regularity to ensure that carrying amounts are not materially different from those that would be determined at the end of the reporting period. Fair values are determined as follows:

- Land and non-specialised buildings – market value for existing use

- Specialised buildings – depreciated replacement cost

HM Treasury has adopted a standard approach to depreciated replacement cost valuations based on modern equivalent assets and, where it would meet the location requirements of the service being provided, an alternative site can be valued. NHS Wales' organisations have applied these new valuation requirements from 1 April 2009.

Properties in the course of construction for service or administration purposes are carried at cost, less any impairment loss. Cost includes professional fees but not borrowing costs, which are recognised as expenses immediately, as allowed by IAS 23 for assets held at fair value. Assets are revalued and depreciation commences when they are brought into use.

In 2017-18 a formal revaluation exercise was applied to land and properties. The carrying value of existing assets at that date will be written off over their remaining useful lives and new fixtures and equipment are carried at depreciated historic cost as this is not considered to be materially different from fair value.

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

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

From 2015-16, IFRS 13 Fair Value Measurement must be complied with in full. However IAS 16 and IAS 38 have been adapted for the public sector context which limits the circumstances under which a valuation is prepared under IFRS 13. Assets which are held for their service potential and are in use should be measured at their current value in existing use. For specialised assets current value in existing use should be interpreted as the present value of the assets remaining service potential, which can be assumed to be at least equal to the cost of replacing that service potential. Where there is no single class of asset that falls within IFRS 13, disclosures should be for material items only.

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

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

Assets which are not held for their service potential should be valued in accordance with IFRS 5 or IAS 40 depending on whether the asset is actively held for sale. Where an asset is not being used to deliver

services and there is no plan to bring it back into use, with no restrictions on sale, and it does not meet the IAS 40 and IFRS 5 criteria, these assets are surplus and are valued at fair value using IFRS 13.

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

### 1.6.3. Subsequent expenditure

Where subsequent expenditure enhances an asset beyond its original specification, the directly attributable cost is capitalised. Where subsequent expenditure restores the asset to its original specification, the expenditure is capitalised and any carrying value of the item replaced is written-out and charged to the SoCNE. As highlighted in previous years the NHS in Wales does not have systems in place to ensure that all items being "replaced" can be identified and hence the cost involved to be quantified. The NHS in Wales has thus established a national protocol to ensure it complies with the standard as far as it is able to which is outlined in the capital accounting chapter of the Manual For Accounts. This dictates that to ensure that asset carrying values are not materially overstated. For All Wales Capital Schemes that are completed in a financial year, NHS Wales organisations are required to obtain a revaluation during that year (prior to them being brought into use) and also similar revaluations are needed for all Discretionary Building Schemes completed which have a spend greater than £0.5m. The write downs so identified are then charged to operating expenses.

## 1.7. Intangible assets

### 1.7.1. Recognition

Intangible assets are non-monetary assets without physical substance, which are capable of sale separately from the rest of the business or which arise from contractual or other legal rights. They are recognised only when it is probable that future economic benefits will flow to, or service potential be provided to, the NHS Wales organisation; where the cost of the asset can be measured reliably, and where the cost is at least £5,000.

Intangible assets acquired separately are initially recognised at fair value. Software that is integral to the operating of hardware, for example an operating system, is capitalised as part of the relevant item of property, plant and equipment. Software that is not integral to the operation of hardware, for example application software, is capitalised as an intangible asset. Expenditure on research is not capitalised: it is recognised as an operating expense in the period in which it is incurred. Internally-generated assets are recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use.
- the intention to complete the intangible asset and use it.
- the ability to use the intangible asset.
- how the intangible asset will generate probable future economic benefits.
- the availability of adequate technical, financial and other resources to complete the intangible asset and use it.
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

## Measurement

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the criteria above are initially met. Where no internally-generated intangible asset can be recognised, the expenditure is recognised in the period in which it is incurred.

Following initial recognition, intangible assets are carried at fair value by reference to an active market, or, where no active market exists, at amortised replacement cost (modern equivalent assets basis), indexed for relevant price increases, as a proxy for fair value. Internally-developed software is held at historic cost to reflect the opposing effects of increases in development costs and technological advances.

### 1.8. Depreciation, amortisation and impairments

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

Otherwise, depreciation and amortisation are charged to write off the costs or valuation of property, plant and equipment and intangible non-current assets, less any residual value, over their estimated useful lives, in a manner that reflects the consumption of economic benefits or service potential of the assets. The estimated useful life of an asset is the period over which the NHS Wales Organisation expects to obtain economic benefits or service potential from the asset. This is specific to the NHS Wales organisation and may be shorter than the physical life of the asset itself. Estimated useful lives and residual values are reviewed each year end, with the effect of any changes recognised on a prospective basis. Assets held under finance leases are depreciated over the shorter of the lease term and estimated useful lives.

At each reporting period end, the NHS Wales organisation checks whether there is any indication that any of its tangible or intangible non-current assets have suffered an impairment loss. If there is indication of an impairment loss, the recoverable amount of the asset is estimated to determine whether there has been a loss and, if so, its amount. Intangible assets not yet available for use are tested for impairment annually.

Impairment losses that do not result from a loss of economic value or service potential are taken to the revaluation reserve to the extent that there is a balance on the reserve for the asset and, thereafter, to the SoCNE. Impairment losses that arise from a clear consumption of economic benefit are taken to the SoCNE. The balance on any revaluation reserve (up to the level of the impairment) to which the impairment would have been charged under IAS 36 are transferred to retained earnings.

### 1.9. Research and Development

Research and development expenditure is charged to operating costs in the year in which it is incurred, except insofar as it relates to a clearly defined project, which can be separated from patient care activity and benefits therefrom can reasonably be regarded as assured. Expenditure so deferred is limited to the value of future benefits expected and is amortised through the SoCNE on a systematic basis over the period expected to benefit from the project.

### 1.10 Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met when the sale is highly probable, the asset is available for immediate sale in its present condition and management is committed to the sale, which is expected to qualify for recognition as a completed sale,

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within one year from the date of classification. Non-current assets held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell. Fair value is open market value including alternative uses.

The profit or loss arising on disposal of an asset is the difference between the sale proceeds and the carrying amount and is recognised in the SoCNE. On disposal, the balance for the asset on the revaluation reserve, is transferred to the General Fund.

Property, plant and equipment that is to be scrapped or demolished does not qualify for recognition as held for sale. Instead it is retained as an operational asset and its economic life adjusted. The asset is derecognised when it is scrapped or demolished.

### **1.11. Leases**

Leases are classified as finance leases when substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases.

#### **1.11.1. The NHS Wales organisation as lessee**

Property, plant and equipment held under finance leases are initially recognised, at the inception of the lease, at fair value or, if lower, at the present value of the minimum lease payments, with a matching liability for the lease obligation to the lessor. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the SoCNE.

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

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

#### **1.11.2. The NHS Wales organisation as lessor**

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

Rental income from operating leases is recognised on a straight-line basis over the term of the lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

### **1.12. Inventories**

Whilst it is accounting convention for inventories to be valued at the lower of cost and net realisable value using the weighted average or "first-in first-out" cost formula, it should be recognised that the NHS is a special case in that inventories are not generally held for the intention of resale and indeed there is no market readily available where such items could be sold. Inventories are valued at cost and this is



considered to be a reasonable approximation to fair value due to the high turnover of stocks. Work-in-progress comprises goods in intermediate stages of production. Partially completed contracts for patient services are not accounted for as work-in-progress.

### 1.13. Cash and cash equivalents

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

### 1.14. Provisions

Provisions are recognised when the NHS Wales organisation has a present legal or constructive obligation as a result of a past event, it is probable that the NHS Wales organisation will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the expenditure required to settle the obligation at the end of the reporting period, taking into account the risks and uncertainties. Where a provision is measured using the cash flows estimated to settle the obligation, its carrying amount is the present value of those cash flows using the discount rate supplied by HM Treasury.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursements will be received and the amount of the receivable can be measured reliably.

Present obligations arising under onerous contracts are recognised and measured as a provision. An onerous contract is considered to exist where the NHS Wales organisation has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

A restructuring provision is recognised when the NHS Wales organisation has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with ongoing activities of the entity.

#### 1.14.1. Clinical negligence and personal injury costs

The Welsh Risk Pool Services (WRPS) operates a risk pooling scheme which is co-funded by the Welsh Government with the option to access a risk sharing agreement funded by the participative NHS Wales bodies. The risk sharing option was implemented in both 2020-21 and 2019-20. The WRP is hosted by Velindre NHS Trust.

#### 1.14.2. Future Liability Scheme (FLS) - General Medical Practice Indemnity (GMPI)

The FLS is a state backed scheme to provide clinical negligence General Medical Practice Indemnity (GMPI) for providers of GMP services in Wales.

In March 2019, the Minister issued a Direction to Velindre NHS Trust to enable Legal and Risk Services to operate the Scheme. The GMPI is underpinned by new secondary legislation, The NHS (Clinical Negligence Scheme) (Wales) Regulations 2019 which came into force on 1 April 2019.

GMP Service Providers are not direct members of the GMPI FLS, their qualifying liabilities are the subject of an arrangement between them and their relevant LHB, which is a member of the scheme. The qualifying reimbursements to the LHB are not subject to the £25,000 excess.

### **1.15. Financial Instruments**

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

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

### **1.16. Financial assets**

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

The accounting policy choice allowed under IFRS 9 for long term trade receivables, contract assets which do contain a significant financing component (in accordance with IFRS 15), and lease receivables within the scope of IAS 17 has been withdrawn and entities should always recognise a loss allowance at an amount equal to lifetime Expected Credit Losses. All entities applying the FReM should utilise IFRS 9's simplified approach to impairment for relevant assets.

IFRS 9 requirements required a revised approach for the calculation of the bad debt provision, applying the principles of expected credit loss, using the practical expedients within IFRS 9 to construct a provision matrix.

#### **1.16.1. Financial assets are initially recognised at fair value**

Financial assets are classified into the following categories: financial assets 'at fair value through SoCNE'; 'held to maturity investments'; 'available for sale' financial assets, and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

#### **1.16.2. Financial assets at fair value through SoCNE**

Embedded derivatives that have different risks and characteristics to their host contracts, and contracts with embedded derivatives whose separate value cannot be ascertained, are treated as financial assets at fair value through SoCNE. They are held at fair value, with any resultant gain or loss recognised in the SoCNE. The net gain or loss incorporates any interest earned on the financial asset.

**1.16.3 Held to maturity investments**

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity, and there is a positive intention and ability to hold to maturity. After initial recognition, they are held at amortised cost using the effective interest method, less any impairment. Interest is recognised using the effective interest method.

**1.16.4. Available for sale financial assets**

Available for sale financial assets are non-derivative financial assets that are designated as available for sale or that do not fall within any of the other three financial asset classifications. They are measured at fair value with changes in value taken to the revaluation reserve, with the exception of impairment losses. Accumulated gains or losses are recycled to the SoCNE on de-recognition.

**1.16.5. Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments which are not quoted in an active market. After initial recognition, they are measured at amortised cost using the effective interest method, less any impairment. Interest is recognised using the effective interest method.

Fair value is determined by reference to quoted market prices where possible, otherwise by valuation techniques.

The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, to the net carrying amount of the financial asset.

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

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

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

**1.17. Financial liabilities**

Financial liabilities are recognised on the SOFP when the NHS Wales organisation becomes party to the contractual provisions of the financial instrument or, in the case of trade payables, when the goods or services have been received. Financial liabilities are de-recognised when the liability has been discharged, that is, the liability has been paid or has expired.

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**1.17.1. Financial liabilities are initially recognised at fair value**

Financial liabilities are classified as either financial liabilities at fair value through the SoCNE or other financial liabilities.

**1.17.2. Financial liabilities at fair value through the SoCNE**

Embedded derivatives that have different risks and characteristics to their host contracts, and contracts with embedded derivatives whose separate value cannot be ascertained, are treated as financial liabilities at fair value through profit and loss. They are held at fair value, with any resultant gain or loss recognised in the SoCNE. The net gain or loss incorporates any interest earned on the financial asset.

**1.17.3. Other financial liabilities**

After initial recognition, all other financial liabilities are measured at amortised cost using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments through the life of the asset, to the net carrying amount of the financial liability. Interest is recognised using the effective interest method.

**1.18. Value Added Tax (VAT)**

Most of the activities of the NHS Wales organisation are outside the scope of VAT and, in general, output tax does not apply and input tax on purchases is not recoverable. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of fixed assets. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT.

**1.19. Foreign currencies**

Transactions denominated in a foreign currency are translated into sterling at the exchange rate ruling on the dates of the transactions. Resulting exchange gains and losses are taken to the SoCNE. At the SoFP date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the reporting date.

**1.20. Third party assets**

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

**1.21. Losses and Special Payments**

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

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Losses and special payments are charged to the relevant functional headings in the SoCNE on an accruals basis, including losses which would have been made good through insurance cover had the NHS Wales organisation not been bearing their own risks (with insurance premiums then being included as normal revenue expenditure). However, the note on losses and special payments is compiled directly from the losses register which is prepared on a cash basis.

The NHS Wales organisation accounts for all losses and special payments gross (including assistance from the WRP).

The NHS Wales organisation accrues or provides for the best estimate of future pay-outs for certain liabilities and discloses all other potential payments as contingent liabilities, unless the probability of the liabilities becoming payable is remote.

All claims for losses and special payments are provided for, where the probability of settlement of an individual claim is over 50%. Where reliable estimates can be made, incidents of clinical negligence against which a claim has not, as yet, been received are provided in the same way. Expected reimbursements from the WRP are included in debtors. For those claims where the probability of settlement is between 5- 50%, the liability is disclosed as a contingent liability.

## 1.22. Pooled budget

The NHS Wales organisation has/has not entered into pooled budgets with Local Authorities. Under the arrangements funds are pooled in accordance with section 33 of the NHS (Wales) Act 2006 for specific activities defined in the Pooled budget Note.

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

## 1.23. Critical Accounting Judgements and key sources of estimation uncertainty

In the application of the accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources.

The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from those estimates. The estimates and underlying assumptions are continually reviewed. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or the period of the revision and future periods if the revision affects both current and future periods.

## 1.24. Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the SoFP date, that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year.

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

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claims would be recoverable through the Welsh Risk Pool.

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

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

**1.24.1. Provisions**

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

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

**1.24.2. Probable & Certain Cases – Accounting Treatment**

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

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

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

The solicitor will estimate the case value including defence fees, using professional judgement and from obtaining counsel advice. Valuations are then discounted for the future loss elements using individual life expectancies and the Government Actuary's Department actuarial tables (Ogden tables) and Personal Injury Discount Rate of minus 0.25%.

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

### **1.25 Discount Rates**

Where discount is applied, a disclosure detailing the impact of the discounting on liabilities to be included for the relevant notes. The disclosure should include where possible undiscounted values to demonstrate the impact. An explanation of the source of the discount rate or how the discount rate has been determined to be included.

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### 1.26 Private Finance Initiative (PFI) transactions

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

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

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

#### 1.26.1. Services received

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

#### 1.26.2. PFI asset

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

#### 1.26.2. PFI liability

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

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

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

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

### **1.26.3. Lifecycle replacement**

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

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

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

### **1.26.4. Assets contributed by the NHS Wales organisation to the operator for use in the scheme**

Assets contributed for use in the scheme continue to be recognised as items of property, plant and equipment in the NHS Wales organisation's SoFP.

### **1.26.5. Other assets contributed by the NHS Wales organisation to the operator**

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

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

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

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### 1.27. Contingencies

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the NHS Wales organisation, or a present obligation that is not recognised because it is not probable that a payment will be required to settle the obligation or the amount of the obligation cannot be measured sufficiently reliably. A contingent liability is disclosed unless the possibility of a payment is remote.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the NHS Wales organisation. A contingent asset is disclosed where an inflow of economic benefits is probable.

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

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

### 1.28. Absorption accounting

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

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

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

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

IFRS14 Regulatory Deferral Accounts

Applies to first time adopters of IFRS after 1 January 2016. Therefore not applicable.

IFRS 16 Leases is to be effective from 1st April 2022.

IFRS 17 Insurance Contracts, Application required for accounting periods beginning on or after 1 January 2021, but not yet adopted by the FReM: early adoption is not therefore permitted.

### 1.30. Accounting standards issued that have been adopted early

During 2021-22 there have been no accounting standards that have been adopted early. All early adoption of accounting standards will be led by HM Treasury.

### 1.31. Charities

Following Treasury's agreement to apply IAS 27 to NHS Charities from 1 April 2013, the NHS Wales

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organisation has established that as it is the corporate trustee of the linked NHS Charity 'Powys Teaching Local Health Board Charitable Fund and other Related Charties', it is considered for accounting standards compliance to have control of the 'Powys Teaching Local Health Board Charitable Fund and other Related Charties' as a subsidiary and therefore is required to consolidate the results of the 'Powys Teaching Local Health Board Charitable Fund and other Related Charties' within the statutory accounts of the NHS Wales organisation.

The determination of control is an accounting standard test of control and there has been no change to the operation of the 'Powys Teaching Local Health Board Charitable Fund and other Related Charties' or its independence in its management of charitable funds.

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

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## 2. Financial Duties Performance

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

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

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

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

### 2.1 Revenue Resource Performance

	Annual financial performance			
	2019-20 £000	2020-21 £000	2021-22 £000	Total £000
<b>Net operating costs for the year</b>	324,531	356,471	383,021	1,064,023
Less general ophthalmic services expenditure and other non-cash limited expenditure	1,855	1,851	1,355	5,061
Less revenue consequences of bringing PFI schemes onto SoFP	0	0	0	0
Total operating expenses	326,386	358,322	384,376	1,069,084
Revenue Resource Allocation	326,441	358,465	384,456	1,069,362
<b>Under /(over) spend against Allocation</b>	55	143	80	278

Powys LHB [has](#) met its financial duty to break-even against its Revenue Resource Limit over the 3 years 2019-20 to 2021-22.

### 2.2 Capital Resource Performance

	2019-20 £000	2020-21 £000	2021-22 £000	Total £000
<b>Gross capital expenditure</b>	3,373	6,366	15,926	25,665
Add: Losses on disposal of donated assets	0	0	0	0
Less NBV of property, plant and equipment and intangible assets disposed	0	0	0	0
Less capital grants received	0	0	0	0
Less donations received	(176)	(13)	0	(189)
Charge against Capital Resource Allocation	3,197	6,353	15,926	25,476
Capital Resource Allocation	3,200	6,380	15,993	25,573
<b>(Over) / Underspend against Capital Resource Allocation</b>	3	27	67	97

Powys LHB has met its financial duty to break-even against its Capital Resource Limit over the 3 years 2019-20 to 2021-22.

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2.3 Duty to prepare a 3 year integrated plan

Due to the pandemic, the process for the 2020-23 integrated plan was paused in spring 2020 when temporary planning arrangements were implemented

As a result the extant planning duty for 2021-22 remains the requirement to submit and have approved a 2019-22 integrated plan, as set out in the NHS Wales Planning Framework 2019-22.

The Powys Teaching Health Board submitted a 2019-22 integrated plan in accordance with the planning framework.

The Minister for Health and Social Services extant approval

Status  
Date

Approved  
27/03/2019

The LHB **has** therefore met its statutory duty to have an approved financial plan.

2.4 Creditor payment

The LHB is required to pay 95% of the number of non-NHS bills within 30 days of receipt of goods or a valid invoice (whichever is the later). The LHB has achieved the following results:

	2021-22	2020-21
Total number of non-NHS bills paid	47,474	39,764
Total number of non-NHS bills paid within target	41,546	36,993
Percentage of non-NHS bills paid within target	87.5%	93.0%
The LHB <b>has not</b> met the target.		

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### 3. Analysis of gross operating costs

#### 3.1 Expenditure on Primary Healthcare Services

	Cash limited £000	Non-cash limited £000	2021-22 Total £000	2020-21 Total £000
General Medical Services	39,418		39,418	38,623
Pharmaceutical Services	5,054	(2,433)	2,621	2,018
General Dental Services	8,214		8,214	7,782
General Ophthalmic Services	0	1,078	1,078	979
Other Primary Health Care expenditure	1,509		1,509	2,661
Prescribed drugs and appliances	19,549		19,549	20,342
<b>Total</b>	<b>73,744</b>	<b>(1,355)</b>	<b>72,389</b>	<b>72,405</b>

1. General Medical Services includes £636,329 (£515,348 2020/21) of salary costs in respect of a Health Board managed GP Practice. 2. The negative non cash limited balance on Pharmaceutical services relate to prescriptions for Powys residents being dispensed in non Powys pharmacies. The effect of this is a net outflow for Powys LHB. 3. The decrease in Other Primary Health Care expenditure relates the write back of liabilities from the Statement of Financial Position that have been assessed as no longer payable, which relate to previous years.

#### 3.2 Expenditure on healthcare from other providers

	2021-22 £000	2020-21 £000
Goods and services from other NHS Wales Health Boards	44,598	40,326
Goods and services from other NHS Wales Trusts	3,592	3,521
Goods and services from Welsh Special Health Authorities	277	0
Goods and services from other non Welsh NHS bodies	67,874	63,330
Goods and services from WHSSC / EASC	44,608	41,429
Local Authorities	6,564	3,729
Voluntary organisations	2,152	2,320
NHS Funded Nursing Care	2,149	2,373
Continuing Care	20,837	15,055
Private providers	513	337
Specific projects funded by the Welsh Government	0	0
Other	1,338	3,554
<b>Total</b>	<b>194,502</b>	<b>175,974</b>

The 7 Health Boards in Wales have established the Welsh Health Specialised Services Commission (WHSSC) which, through the operational management of Cwm Taf Morgannwg University Health Board, secures the provision of highly specialised healthcare for the whole of Wales. These arrangements include funding of services operated through a risk sharing arrangement. The LHB payment for the WHSSC/EASC commissioning arrangements for the year ended 31st March 2022 is £44.608M.

The increase in goods and services from other non Welsh NHS bodies results from increased costs in relation to moving to block payments for contracts with English NHS providers. The most significant increases are Shrewsbury and Telford Hospitals NHS Trust £1.113M and Wye Valley NHS Trust £0.475M in comparison to 2020/21 expenditure. Robert Jones and Agnes Hunt NHS Foundation Trust also increased by £0.456M.

The increase in Local Authorities expenditure during 2021/22 is in relation to payments made to jointly deliver the county effort for the Test, Trace and Protect service for Covid 19 of £4.457M funded by Welsh Government as per Note 34.2.

The increase in Continuing Health Care expenditure during 2021/22 has resulted from an increase in the number of cases and cost per case compared to 2020/21. In addition the LHB made payments under the support for Adult Social Care guidance as instructed by Welsh Government and funded as per detail in Note 34.2.

Other Expenditure includes Integrated Care Fund expenditure of £4.147M (2020/21: £4.065M) which aims to drive and enable integrated and collaborative working between social services, health, housing, the third and independent sectors to support underpinning principles of integration and prevention.

Other Expenditure also includes a negative balance which relates to the write back of liabilities from the Statement of Financial Position that have been assessed as no longer payable, which relate to previous years. The 2021/22 value of write backs is much more than 2020/21.

**3.3 Expenditure on Hospital and Community Health Services**

	2021-22 £000	2020-21 £000
Directors' costs	1,502	1,486
Operational Staff costs	100,776	94,166
Single lead employer Staff Trainee Cost	0	0
Collaborative Bank Staff Cost	0	0
Supplies and services - clinical	5,663	6,287
Supplies and services - general	1,409	1,882
Consultancy Services	505	248
Establishment	1,986	1,826
Transport	1,107	1,164
Premises	8,982	6,795
External Contractors	0	0
Depreciation	4,361	3,921
Amortisation	0	0
Fixed asset impairments and reversals (Property, plant & equipment)	(41)	(334)
Fixed asset impairments and reversals (Intangible assets)	0	0
Impairments & reversals of financial assets	0	0
Impairments & reversals of non-current assets held for sale	0	0
Audit fees	272	262
Other auditors' remuneration	0	0
Losses, special payments and irrecoverable debts	189	20
Research and Development	0	0
Other operating expenses	5,323	3,000
<b>Total</b>	<b>132,034</b>	<b>120,723</b>

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

	2021-22 £000	2020-21 £000
<b>Increase/(decrease) in provision for future payments:</b>		
Clinical negligence;		
Secondary care	1,938	(15)
Primary care	13	0
Redress Secondary Care	2	14
Redress Primary Care	0	0
Personal injury	695	1,304
All other losses and special payments	38	1
Defence legal fees and other administrative costs	71	116
Gross increase/(decrease) in provision for future payments	2,757	1,420
Contribution to Welsh Risk Pool	0	0
Premium for other insurance arrangements	0	0
Irrecoverable debts	67	(78)
<b>Less: income received/due from Welsh Risk Pool</b>	<b>(2,635)</b>	<b>(1,322)</b>
<b>Total</b>	<b>189</b>	<b>20</b>

The main increases in staff costs relates to the 2% Pay rise for NHS staff during 2021/22 and the effect of the increase in employer pensions costs payable by 6.3% during the year of £4.064M in comparison to 2020/21 (£3.671M). Full details of the impact of these additional pension costs is provided in detail at note 34.1. The LHB has also incurred additional staff costs in relation to its response effort to Covid 19 pandemic through agency/bank, enhancements, excess hours and additional staff members employed mainly in relation to the Mass Vaccination programme.

Also included in staff costs is a provision for untaken Annual Leave by staff members totalling of £0.878M (£1.721M 2020/21) due to the impact of Covid 19.

Clinical Redress expenditure including defence fees during the year was £0.007M in respect of 28 cases (2020/21 £0.027M in respect of 28 cases). This relates to the movement on provision for claims currently in progress. These are expected to be fully reimbursed by the Welsh Risk Pool should payments be made in respect of the claims. This provision is included within Note 20 of the accounts.

The Movement on Clinical Negligence, Personal Injury and Defence fees links to Note 20 of the accounts and includes the arising in year amounts on these lines offset by the reversed unused amounts of the opening provision.

Decrease on line Supplies & Services - Clinical relates mainly to the accounting required for items received from NHS Wales Shared Services of £1.607M in 2020/21 not repeated in 2021/22 in relation to personal protective equipment, medical equipment and consumables in respect of the Covid 19 pandemic response. This decrease has been offset by an increase in LHB purchased clinical supplies spend in comparison to 2020/21 as covid recovery activities take place.

The increase on line Premises mainly relates to the increase of costs for providing mass vaccination facilities, increased digital related spend and increased energy costs in comparison to 2020/21.

The increase in other operating expenses includes an increase of provision relating to Ex Health Authority early retirement provision of £1.743M (£0.331M 2020/21). This provision has been fully discharged in 2021/22. This provision is included within Note 20 of the accounts. The increase also includes £0.259M increase in expenditure in comparison to 2020/21 linked to Covid, and a negative balance which relates to the write back of liabilities from the Statement of Financial Position that have been assessed as no longer payable, which relate to previous years.

**4. Miscellaneous Income**

	2021-22 £000	2020-21 £000
Local Health Boards	2,027	2,114
Welsh Health Specialised Services Committee (WHSSC)/Emergency Ambulance Services Committee (EASC)	51	57
NHS Wales trusts	67	67
Welsh Special Health Authorities	0	586
Foundation Trusts	0	0
Other NHS England bodies	312	136
Other NHS Bodies	0	0
Local authorities	0	0
Welsh Government	4,797	4,306
Welsh Government Hosted bodies	0	0
Non NHS:		
Prescription charge income	0	0
Dental fee income	996	466
Private patient income	0	0
Overseas patients (non-reciprocal)	0	0
Injury Costs Recovery (ICR) Scheme	68	114
Other income from activities	1,790	1,312
Patient transport services	34	34
Education, training and research	2,554	480
Charitable and other contributions to expenditure	0	0
Receipt of NWSSP Covid centrally purchased assets	0	1,607
Receipt of Covid centrally purchased assets from other organisations	0	0
Receipt of donated assets	0	13
Receipt of Government granted assets	0	16
Non-patient care income generation schemes	0	0
NHS Wales Shared Services Partnership (NWSSP)	0	0
Deferred income released to revenue	743	0
Contingent rental income from finance leases	0	0
Rental income from operating leases	71	60
Other income:		
Provision of laundry, pathology, payroll services	0	0
Accommodation and catering charges	101	91
Mortuary fees	16	22
Staff payments for use of cars	0	0
Business Unit	0	0
Scheme Pays Reimbursement Notional	47	0
Other	2,170	1,120
<b>Total</b>	<b>15,844</b>	<b>12,601</b>

Welsh Government miscellaneous income includes funding received on behalf of the hosted function of Health and Care Research Wales within the LHB. This has increased to £4.145M from an amount of £3.998M received in 20/21.

The increase in education, training and research income relates to research income received by the LHB hosted function of Health and Care Research Wales.

The decrease in receipt of NWSSP Covid centrally purchased assets relates to the accounting required for items received from NHS Wales Shared Services Partnership of £1.607M in relation to personal protective equipment, medical equipment and consumables in respect of the Covid 19 pandemic response during 2020/21. No items have been received during 2021/22

Dental fee income has increased in comparison to 2020/21 due to the an increase of volumes of patients treated via the General Dental Services contract in comparison to 2020/21.



**5. Investment Revenue**

	2021-22 £000	2020-21 £000
<b>Rental revenue :</b>		
PFI Finance lease income		
planned	0	0
contingent	0	0
Other finance lease revenue	0	0
<b>Interest revenue :</b>		
Bank accounts	0	0
Other loans and receivables	0	0
Impaired financial assets	0	0
Other financial assets	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

**6. Other gains and losses**

	2021-22 £000	2020-21 £000
Gain/(loss) on disposal of property, plant and equipment	0	0
Gain/(loss) on disposal of intangible assets	0	0
Gain/(loss) on disposal of assets held for sale	0	0
Gain/(loss) on disposal of financial assets	0	0
Change on foreign exchange	0	0
Change in fair value of financial assets at fair value through SoCNE	0	0
Change in fair value of financial liabilities at fair value through SoCNE	0	0
Recycling of gain/(loss) from equity on disposal of financial assets held for sale	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

**7. Finance costs**

	2021-22 £000	2020-21 £000
Interest on loans and overdrafts	0	0
Interest on obligations under finance leases	0	0
Interest on obligations under PFI contracts		
main finance cost	0	0
contingent finance cost	0	0
Interest on late payment of commercial debt	0	0
Other interest expense	0	0
<b>Total interest expense</b>	<b>0</b>	<b>0</b>
Provisions unwinding of discount	(60)	(30)
Other finance costs	0	0
<b>Total</b>	<b>(60)</b>	<b>(30)</b>

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## 8. Operating leases

### LHB as lessee

As at 31st March 2022 the LHB had 39 operating leases agreements in place for the leases of premises, 20 arrangement in respect of equipment and 113 in respect of vehicles, with 5 premises, 12 equipment and 14 vehicle leases having expired in year.

<b>Payments recognised as an expense</b>	<b>2021-22</b>	<b>2020-21</b>
	<b>£000</b>	<b>£000</b>
Minimum lease payments	<b>1,035</b>	1,030
Contingent rents	<b>0</b>	0
Sub-lease payments	<b>0</b>	0
<b>Total</b>	<b>1,035</b>	1,030

### **Total future minimum lease payments**

<b>Payable</b>	<b>£000</b>	<b>£000</b>
Not later than one year	<b>786</b>	882
Between one and five years	<b>650</b>	1,080
After 5 years	<b>149</b>	264
<b>Total</b>	<b>1,585</b>	2,226

### LHB as lessor

<b>Rental revenue</b>	<b>£000</b>	<b>£000</b>
Rent	<b>51</b>	346
Contingent rents	<b>0</b>	0
<b>Total revenue rental</b>	<b>51</b>	346

### **Total future minimum lease payments**

<b>Receivable</b>	<b>£000</b>	<b>£000</b>
Not later than one year	<b>48</b>	360
Between one and five years	<b>43</b>	55
After 5 years	<b>48</b>	38
<b>Total</b>	<b>139</b>	453

**9. Employee benefits and staff numbers**

<b>9.1 Employee costs</b>	<b>Permanent Staff</b>	<b>Staff on Inward Secondment</b>	<b>Agency Staff</b>	<b>Specialist Trainee (SLE)</b>	<b>Collaborative Bank Staff</b>	<b>Other</b>	<b>Total</b>	<b>2020-21</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Salaries and wages	73,954	449	10,035	0	0	0	84,438	79,517
Social security costs	6,760	0	0	0	0	0	6,760	5,841
Employer contributions to NHS Pension Scheme	13,340	0	0	0	0	0	13,340	12,345
Other pension costs	0	0	0	0	0	0	0	0
Other employment benefits	0	0	0	0	0	0	0	0
Termination benefits	0	0	0	0	0	0	0	0
<b>Total</b>	<b>94,054</b>	<b>449</b>	<b>10,035</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>104,538</b>	<b>97,703</b>
Charged to capital							483	278
Charged to revenue							104,055	97,425
							<b>104,538</b>	<b>97,703</b>
Net movement in accrued employee benefits (untaken staff leave total accrual included in note above)							0	0
The net movement in accrued employee benefits footnote above includes Covid 19 Net movement in accrued employee benefits							863	1,721

**9.2 Average number of employees**

	<b>Permanent Staff</b>	<b>Staff on Inward Secondment</b>	<b>Agency Staff</b>	<b>Specialist Trainee (SLE)</b>	<b>Collaborative Bank Staff</b>	<b>Other</b>	<b>Total</b>	<b>2020-21</b>
	<b>Number</b>	<b>Number</b>	<b>Number</b>	<b>Number</b>	<b>Number</b>	<b>Number</b>	<b>Number</b>	<b>Number</b>
Administrative, clerical and board members	644	5	3	0	0	0	652	584
Medical and dental	34	0	12	0	0	0	46	44
Nursing, midwifery registered	565	1	32	0	0	0	598	578
Professional, Scientific, and technical staff	73	0	9	0	0	0	82	76
Additional Clinical Services	383	0	19	0	0	0	402	355
Allied Health Professions	134	0	8	0	0	0	142	138
Healthcare Scientists	5	0	0	0	0	0	5	4
Estates and Ancillary	175	0	1	0	0	0	176	167
Students	0	0	0	0	0	0	0	9
<b>Total</b>	<b>2,013</b>	<b>6</b>	<b>84</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,103</b>	<b>1,955</b>

**9.3. Retirements due to ill-health**

	<b>2021-22</b>	<b>2020-21</b>
Number	3	2
Estimated additional pension costs £	48,847	48,654

The estimated additional pension costs of these ill-health retirements have been calculated on an average basis and are borne by the NHS Pension Scheme.

**9.4 Employee benefits**

The LHB does not have an employee benefit scheme.

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## 9.5 Reporting of other compensation schemes - exit packages

	2021-22	2021-22	2021-22	2021-22	2020-21
Exit packages cost band (including any special payment element)	Number of compulsory redundancies	Number of other departures	Total number of exit packages	Number of departures where special payments have been made	Total number of exit packages
	Whole numbers only	Whole numbers only	Whole numbers only	Whole numbers only	Whole numbers only
less than £10,000	0	1	1	0	0
£10,000 to £25,000	0	0	0	0	0
£25,000 to £50,000	0	0	0	0	0
£50,000 to £100,000	0	0	0	0	0
£100,000 to £150,000	0	0	0	0	0
£150,000 to £200,000	0	0	0	0	0
more than £200,000	0	0	0	0	0
Total	0	1	1	0	0

	2021-22	2021-22	2021-22	2021-22	2020-21
Exit packages cost band (including any special payment element)	Cost of compulsory redundancies	Cost of other departures	Total cost of exit packages	Cost of special element included in exit packages	Total cost of exit packages
	£	£	£	£	£
less than £10,000	0	6	6	0	0
£10,000 to £25,000	0	0	0	0	0
£25,000 to £50,000	0	0	0	0	0
£50,000 to £100,000	0	0	0	0	0
£100,000 to £150,000	0	0	0	0	0
£150,000 to £200,000	0	0	0	0	0
more than £200,000	0	0	0	0	0
Total	0	6	6	0	0

Exit costs paid in year of departure	Total paid in year	Total paid in year
	2021-22	2020-21
	£	£
Exit costs paid in year	6	0
Total	6	0

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

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## 9.6 Fair Pay disclosures

## 9.6.1 Remuneration Relationship

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director /employee in their organisation and the 25th percentile, median and 75th percentile remuneration of the organisation's workforce. The 2021-22 financial year is the first year disclosures in respect of the 25th percentile pay ratio and 75th percentile pay ratio are required.

	2021-22 £000 Chief Executive	2021-22 £000 Employee	2021-22 £000 Ratio	2020-21 £000 Chief Executive	2020-21 £000 Employee	2020-21 £000 Ratio
<b>Total pay and benefits</b>						
25th percentile pay ratio	177	22	8.0:1	172	23	7.5:1
Median pay	177	32	5.5:1	172	30	5.7:1
75th percentile pay ratio	177	41	4.3:1	172	39	4.4:1
<b>Salary component of total pay and benefits</b>						
25th percentile pay ratio	177	22	8.0:1	172	23	7.5:1
Median pay	177	32	5.5:1	172	30	5.7:1
75th percentile pay ratio	177	41	4.3:1	172	39	4.4:1
	Highest Paid Director	Employee	Ratio	Highest Paid Director	Employee	Ratio
<b>Total pay and benefits</b>						
25th percentile pay ratio	177	22	8.0:1	172	23	7.5:1
Median pay	177	32	5.5:1	172	30	5.7:1
75th percentile pay ratio	177	41	4.3:1	172	39	4.4:1
<b>Salary component of total pay and benefits</b>						
25th percentile pay ratio	177	22	8.0:1	172	23	7.5:1
Median pay	177	32	5.5:1	172	30	5.7:1
75th percentile pay ratio	177	41	4.3:1	172	39	4.4:1

In 2021-22, 2 (2020-21, 3) employees received remuneration in excess of the highest-paid director.

Remuneration for all staff ranged from £18,576 to £188,839 (2020-21, £18,185 to £192,939).

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

## Financial year summary

9.6.2 Percentage Changes	2020-21 to 2021-22	2019-20 to 2020-21
% Change from previous financial year in respect of Chief Executive	%	%
Salary and allowances	3	2
Performance pay and bonuses	0	0
% Change from previous financial year in respect of highest paid director		
Salary and allowances	3	2
Performance pay and bonuses	0	0
Average % Change from previous financial year in respect of employees takes as a whole		
Salary and allowances	5	2
Performance pay and bonuses	0	0

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## PENSION COSTS

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

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

### a) Accounting valuation

A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary's Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and is accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2022, is based on valuation data as 31 March 2021, updated to 31 March 2022 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

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

### b) Full actuarial (funding) valuation

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

The latest actuarial valuation undertaken for the NHS Pension Scheme was completed as at 31 March 2016. The results of this valuation set the employer contribution rate payable from April 2019 to 20.6% of pensionable pay.

The 2016 funding valuation also tested the cost of the Scheme relative to the employer cost cap that was set following the 2012 valuation. There was initially a pause to the cost control element of the 2016 valuations, due to the uncertainty around member benefits caused by the discrimination ruling relating to the McCloud case.

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HMT published valuation directions dated 7 October 2021 (see [Amending Directions 2021](#)) that set out the technical detail of how the costs of remedy are included in the 2016 valuation process. Following these directions, the scheme actuary has completed the cost control element of the 2016 valuation for the NHS Pension Scheme, which concludes no changes to benefits or member contributions are required. The 2016 valuation reports can be found on the NHS Pensions website at <https://www.nhsbsa.nhs.uk/nhs-pension-scheme-accounts-and-valuation-reports>.

### **c) National Employment Savings Trust (NEST)**

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

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

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

Using qualifying earnings to calculate contributions, currently the legal minimum level of contributions is 8% of a jobholder's qualifying earnings, for employers whose legal duties have started. The employer must pay at least 3% of this.

The earnings band used to calculate minimum contributions under existing legislation is called qualifying earnings. Qualifying earnings are currently those between £6,240 and £50,000 for the 2021-2022 tax year (2020-2021 £6,240 and £50,000).

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

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# 10. Public Sector Payment Policy - Measure of Compliance

## 10.1 Prompt payment code - measure of compliance

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

	2021-22	2021-22	2020-21	2020-21
NHS	Number	£000	Number	£000
Total bills paid	1,684	164,059	2,279	153,467
Total bills paid within target	1,153	154,222	1,712	147,999
Percentage of bills paid within target	68.5%	94.0%	75.1%	96.4%
Non-NHS				
Total bills paid	47,474	105,864	39,764	84,810
Total bills paid within target	41,546	101,902	36,993	82,029
Percentage of bills paid within target	87.5%	96.3%	93.0%	96.7%
Total				
Total bills paid	49,158	269,923	42,043	238,277
Total bills paid within target	42,699	256,124	38,705	230,028
Percentage of bills paid within target	86.9%	94.9%	92.1%	96.5%

The LHB performance at 87.5% has not met the administrative target of payment 95% of the number of non-nhs creditors paid within 30 days.

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

	2021-22	2020-21
	£	£
Amounts included within finance costs (note 7) from claims made under this legislation	0	0
Compensation paid to cover debt recovery costs under this legislation	0	0
Total	0	0

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## 11.1 Property, plant and equipment

	Land £000	Buildings, excluding dwellings £000	Dwellings £000	Assets under construction & payments on account £000	Plant and machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
<b>Cost or valuation at 1 April 2021</b>	14,026	64,084	689	4,745	7,408	424	5,663	0	97,039
Indexation	283	2,454	33	0	0	0	0	0	2,770
Additions									
- purchased	68	3,162	0	9,452	1,414	0	1,830	0	15,926
- donated	0	0	0	0	0	0	0	0	0
- government granted	0	0	0	0	0	0	0	0	0
Transfer from/into other NHS bodies	0	0	0	0	0	0	0	0	0
Reclassifications	0	1,532	0	(1,532)	0	0	0	0	0
Revaluations	0	(241)	0	0	0	0	0	0	(241)
Reversal of impairments	0	568	0	0	0	0	0	0	568
Impairments	0	(527)	0	0	0	0	0	0	(527)
Reclassified as held for sale	0	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	(284)	0	0	0	(284)
<b>At 31 March 2022</b>	<b>14,377</b>	<b>71,032</b>	<b>722</b>	<b>12,665</b>	<b>8,538</b>	<b>424</b>	<b>7,493</b>	<b>0</b>	<b>115,251</b>
<b>Depreciation at 1 April 2021</b>	0	9,025	98	0	5,441	223	3,858	0	18,645
Indexation	0	426	5	0	0	0	0	0	431
Transfer from/into other NHS bodies	0	0	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0	0	0
Revaluations	0	(1,233)	0	0	0	0	0	0	(1,233)
Reversal of impairments	0	0	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	(284)	0	0	0	(284)
Provided during the year	0	2,886	29	0	748	61	637	0	4,361
<b>At 31 March 2022</b>	<b>0</b>	<b>11,104</b>	<b>132</b>	<b>0</b>	<b>5,905</b>	<b>284</b>	<b>4,495</b>	<b>0</b>	<b>21,920</b>
<b>Net book value at 1 April 2021</b>	<b>14,026</b>	<b>55,059</b>	<b>591</b>	<b>4,745</b>	<b>1,967</b>	<b>201</b>	<b>1,805</b>	<b>0</b>	<b>78,394</b>
<b>Net book value at 31 March 2022</b>	<b>14,377</b>	<b>59,928</b>	<b>590</b>	<b>12,665</b>	<b>2,633</b>	<b>140</b>	<b>2,998</b>	<b>0</b>	<b>93,331</b>
<b>Net book value at 31 March 2022 comprises :</b>									
Purchased	14,377	57,126	590	12,665	2,557	140	2,998	0	90,453
Donated	0	2,802	0	0	76	0	0	0	2,878
Government Granted	0	0	0	0	0	0	0	0	0
<b>At 31 March 2022</b>	<b>14,377</b>	<b>59,928</b>	<b>590</b>	<b>12,665</b>	<b>2,633</b>	<b>140</b>	<b>2,998</b>	<b>0</b>	<b>93,331</b>
<b>Asset financing :</b>									
Owned	14,377	59,928	590	12,665	2,633	140	2,998	0	93,331
Held on finance lease	0	0	0	0	0	0	0	0	0
On-SoFP PFI contracts	0	0	0	0	0	0	0	0	0
PFI residual interests	0	0	0	0	0	0	0	0	0
<b>At 31 March 2022</b>	<b>14,377</b>	<b>59,928</b>	<b>590</b>	<b>12,665</b>	<b>2,633</b>	<b>140</b>	<b>2,998</b>	<b>0</b>	<b>93,331</b>

The net book value of land, buildings and dwellings at 31 March 2022 comprises :

	£000
Freehold	74,895
Long Leasehold	0
Short Leasehold	0
	<b>74,895</b>

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

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## 11.1 Property, plant and equipment

	Land £000	Buildings, excluding dwellings £000	Dwellings £000	Assets under construction & payments on account £000	Plant and machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
<b>Cost or valuation at 1 April 2020</b>	14,309	59,194	670	2,742	6,998	499	5,001	0	89,413
Indexation	(283)	1,390	19	0	0	0	0	0	1,126
Additions									
- purchased	0	3,041	0	2,128	522	0	662	0	6,353
- donated	0	0	0	0	13	0	0	0	13
- government granted	0	0	0	0	0	0	0	0	0
Transfer from/into other NHS bodies	0	0	0	0	0	0	0	0	0
Reclassifications	0	125	0	(125)	0	0	0	0	0
Revaluations	0	0	0	0	0	0	0	0	0
Reversal of impairments	0	334	0	0	0	0	0	0	334
Impairments	0	0	0	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	(125)	(75)	0	0	(200)
<b>At 31 March 2021</b>	<b>14,026</b>	<b>64,084</b>	<b>689</b>	<b>4,745</b>	<b>7,408</b>	<b>424</b>	<b>5,663</b>	<b>0</b>	<b>97,039</b>
<b>Depreciation at 1 April 2020</b>	0	6,290	68	0	4,825	234	3,322	0	14,739
Indexation	0	183	2	0	0	0	0	0	185
Transfer from/into other NHS bodies	0	0	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0	0	0
Revaluations	0	0	0	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	(125)	(75)	0	0	(200)
Provided during the year	0	2,552	28	0	741	64	536	0	3,921
<b>At 31 March 2021</b>	<b>0</b>	<b>9,025</b>	<b>98</b>	<b>0</b>	<b>5,441</b>	<b>223</b>	<b>3,858</b>	<b>0</b>	<b>18,645</b>
<b>Net book value at 1 April 2020</b>	<b>14,309</b>	<b>52,904</b>	<b>602</b>	<b>2,742</b>	<b>2,173</b>	<b>265</b>	<b>1,679</b>	<b>0</b>	<b>74,674</b>
<b>Net book value at 31 March 2021</b>	<b>14,026</b>	<b>55,059</b>	<b>591</b>	<b>4,745</b>	<b>1,967</b>	<b>201</b>	<b>1,805</b>	<b>0</b>	<b>78,394</b>
<b>Net book value at 31 March 2021 comprises :</b>									
Purchased	14,026	52,255	591	4,745	1,858	201	1,805	0	75,481
Donated	0	2,804	0	0	109	0	0	0	2,913
Government Granted	0	0	0	0	0	0	0	0	0
<b>At 31 March 2021</b>	<b>14,026</b>	<b>55,059</b>	<b>591</b>	<b>4,745</b>	<b>1,967</b>	<b>201</b>	<b>1,805</b>	<b>0</b>	<b>78,394</b>
<b>Asset financing :</b>									
Owned	14,026	55,059	591	4,745	1,967	201	1,805	0	78,394
Held on finance lease	0	0	0	0	0	0	0	0	0
On-SoFP PFI contracts	0	0	0	0	0	0	0	0	0
PFI residual interests	0	0	0	0	0	0	0	0	0
<b>At 31 March 2021</b>	<b>14,026</b>	<b>55,059</b>	<b>591</b>	<b>4,745</b>	<b>1,967</b>	<b>201</b>	<b>1,805</b>	<b>0</b>	<b>78,394</b>

The net book value of land, buildings and dwellings at 31 March 2021 comprises :

	£000
Freehold	69,676
Long Leasehold	0
Short Leasehold	0
	<b>69,676</b>

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

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

Powys LHB has not received donated assets during the year.

**ii) Valuations**

The LHBs land and Buildings were revalued by the Valuation Office Agency with an effective date of 1st April 2017. The valuation has been prepared in accordance with the terms of the latest version of the Royal Institute of Chartered Surveyors' Valuation Standards.

The LHB is required to apply the revaluation model set out in IAS 16 and value its capital assets to fair value. Fair value is defined by IAS 16 as the amount for which an asset could be exchanged between knowledgeable, willing parties in an arms length transaction. This has been undertaken on the assumption that the property is sold as part of the continuing enterprise in operation.

**iii) Asset Lives**

Depreciated as follows:

- Land is not depreciated.
- Buildings as determined by the Valuation Office Agency.
- Equipment 5-15 years.

**iv) Compensation**

There has been no compensation received from third parties for assets impaired, lost or given up, that is included in the income statement.

**v) Write Downs**

There have not been write downs.

vi) The LHB does not hold any property where the value is materially different from its open market value.

**vii) Assets Held for Sale or sold in the period.**

There are not assets held for sale or sold in the period.

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

	Land	Buildings, including dwelling	Other property, plant and equipment	Intangible assets	Other assets	Total
	£000	£000	£000	£000	£000	£000
<b>Balance brought forward 1 April 2021</b>	0	0	0	0	0	0
Plus assets classified as held for sale in the year	0	0	0	0	0	0
Revaluation	0	0	0	0	0	0
Less assets sold in the year	0	0	0	0	0	0
Add reversal of impairment of assets held for sale	0	0	0	0	0	0
Less impairment of assets held for sale	0	0	0	0	0	0
Less assets no longer classified as held for sale, for reasons other than disposal by sale	0	0	0	0	0	0
<b>Balance carried forward 31 March 2022</b>	0	0	0	0	0	0
<b>Balance brought forward 1 April 2020</b>	0	0	0	0	0	0
Plus assets classified as held for sale in the year	0	0	0	0	0	0
Revaluation	0	0	0	0	0	0
Less assets sold in the year	0	0	0	0	0	0
Add reversal of impairment of assets held for sale	0	0	0	0	0	0
Less impairment of assets held for sale	0	0	0	0	0	0
Less assets no longer classified as held for sale, for reasons other than disposal by sale	0	0	0	0	0	0
<b>Balance carried forward 31 March 2021</b>	0	0	0	0	0	0

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## 12. Intangible non-current assets

### 2021-22

	Software (purchased)	Software (internally generated)	Licences and trademarks	Patents	Development expenditure- internally generated	Total
	£000	£000	£000	£000	£000	£000
<b>Cost or valuation at 1 April 2021</b>	0	0	0	0	0	0
Revaluation	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0
Impairments	0	0	0	0	0	0
Additions- purchased	0	0	0	0	0	0
Additions- internally generated	0	0	0	0	0	0
Additions- donated	0	0	0	0	0	0
Additions- government granted	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0
Transfers	0	0	0	0	0	0
Disposals	0	0	0	0	0	0
<b>Gross cost at 31 March 2022</b>	0	0	0	0	0	0
<b>Amortisation at 1 April 2021</b>	0	0	0	0	0	0
Revaluation	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0
Impairment	0	0	0	0	0	0
Provided during the year	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0
Transfers	0	0	0	0	0	0
Disposals	0	0	0	0	0	0
<b>Amortisation at 31 March 2022</b>	0	0	0	0	0	0
<b>Net book value at 1 April 2021</b>	0	0	0	0	0	0
<b>Net book value at 31 March 2022</b>	0	0	0	0	0	0
<b>At 31 March 2022</b>						
Purchased	0	0	0	0	0	0
Donated	0	0	0	0	0	0
Government Granted	0	0	0	0	0	0
Internally generated	0	0	0	0	0	0
<b>Total at 31 March 2022</b>	0	0	0	0	0	0

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## 12. Intangible non-current assets

### 2020-21

	Software (purchased)	Software (internally generated)	Licences and trademarks	Patents	Development expenditure- internally generated	Total
	£000	£000	£000	£000	£000	£000
<b>Cost or valuation at 1 April 2020</b>	0	0	0	0	0	0
Revaluation	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0
Impairments	0	0	0	0	0	0
Additions- purchased	0	0	0	0	0	0
Additions- internally generated	0	0	0	0	0	0
Additions- donated	0	0	0	0	0	0
Additions- government granted	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0
Transfers	0	0	0	0	0	0
Disposals	0	0	0	0	0	0
<b>Gross cost at 31 March 2021</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Amortisation at 1 April 2020</b>	0	0	0	0	0	0
Revaluation	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0
Impairment	0	0	0	0	0	0
Provided during the year	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0
Transfers	0	0	0	0	0	0
Disposals	0	0	0	0	0	0
<b>Amortisation at 31 March 2021</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net book value at 1 April 2020</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net book value at 31 March 2021</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>At 31 March 2021</b>						
Purchased	0	0	0	0	0	0
Donated	0	0	0	0	0	0
Government Granted	0	0	0	0	0	0
Internally generated	0	0	0	0	0	0
<b>Total at 31 March 2021</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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**Additional Disclosures re Intangible Assets**

The LHB does not hold any Intangible Assets

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**13 . Impairments**

	2021-22	2021-22	2020-21	2020-21
	Property, plant	Intangible	Property, plant	Intangible
	& equipment	assets	& equipment	assets
	£000	£000	£000	£000
Impairments arising from :				
Loss or damage from normal operations	0	0	0	0
Abandonment in the course of construction	0	0	0	0
Over specification of assets (Gold Plating)	0	0	0	0
Loss as a result of a catastrophe	0	0	0	0
Unforeseen obsolescence	0	0	0	0
Changes in market price	0	0	0	0
Others (specify)	(41)	0	(334)	0
Reversal of Impairments	0	0	0	0
<b>Total of all impairments</b>	<b>(41)</b>	<b>0</b>	<b>(334)</b>	<b>0</b>

**Analysis of impairments charged to reserves in year :**

Charged to the Statement of Comprehensive Net Expenditure	(41)	0	(334)	0
Charged to Revaluation Reserve	0	0	0	0
	<b>(41)</b>	<b>0</b>	<b>(334)</b>	<b>0</b>

There is a reversal of impairment of £0.568M which has occurred as a result of an increase arising on revaluations due to indexation that reversed an impairment for the same assets previously recognised as impairments in expenditure. In this case it is credited to expenditure to the extent of the decrease previously charged there.

Within the healthcare segment of the LHB, there are two downward impairments in year totalling £0.527M charged to the statement of Comprehensive Net Expenditure. This is as a result of the initial valuation for the bringing into use the Health and Care Academy Phase 1 at Bronllys Hospital (0.525M) and a smaller impairment in relation to upgrade of roof works at Ystradgynlais Hospital on the donated element of the building (0.002M).

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

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14.1 Inventories

	31 March 2022 £000	31 March 2021 £000
Drugs	99	89
Consumables	24	52
Energy	2	4
Work in progress	0	0
Other	18	14
<b>Total</b>	<b>143</b>	<b>159</b>
Of which held at realisable value	0	0

14.2 Inventories recognised in expenses

	31 March 2022 £000	31 March 2021 £000
Inventories recognised as an expense in the period	0	0
Write-down of inventories (including losses)	0	0
Reversal of write-downs that reduced the expense	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

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**15. Trade and other Receivables**

<b>Current</b>	<b>31 March 2022 £000</b>	<b>31 March 2021 £000</b>
Welsh Government	6,860	3,235
WHSSC / EASC	539	493
Welsh Health Boards	365	212
Welsh NHS Trusts	612	441
Welsh Special Health Authorities	255	20
Non - Welsh Trusts	241	83
Other NHS	0	0
2019-20 Scheme Pays - Welsh Government Reimbursement	47	0
<b>Welsh Risk Pool Claim reimbursement</b>		
NHS Wales Secondary Health Sector	1,618	2,624
NHS Wales Primary Sector FLS Reimbursement	24	0
NHS Wales Redress	131	195
Other	0	0
Local Authorities	825	533
Capital debtors - Tangible	7	7
Capital debtors - Intangible	0	0
Other debtors	3,036	3,945
Provision for irrecoverable debts	(383)	(316)
Pension Prepayments NHS Pensions	0	0
Pension Prepayments NEST	0	0
Other prepayments	329	707
Other accrued income	0	0
<b>Sub total</b>	<b>14,506</b>	<b>12,179</b>
<b>Non-current</b>		
Welsh Government	0	0
WHSSC / EASC	0	0
Welsh Health Boards	0	0
Welsh NHS Trusts	0	0
Welsh Special Health Authorities	0	0
Non - Welsh Trusts	0	0
Other NHS	0	0
2019-20 Scheme Pays - Welsh Government Reimbursement	0	0
<b>Welsh Risk Pool Claim reimbursement;</b>		
NHS Wales Secondary Health Sector	16,085	14,403
NHS Wales Primary Sector FLS Reimbursement	0	0
NHS Wales Redress	0	0
Other	0	0
Local Authorities	0	0
Capital debtors - Tangible	0	0
Capital debtors - Intangible	0	0
Other debtors	0	0
Provision for irrecoverable debts	0	0
Pension Prepayments NHS Pensions	0	0
Pension Prepayments NEST	0	0
Other prepayments	0	0
Other accrued income	0	0
<b>Sub total</b>	<b>16,085</b>	<b>14,403</b>
<b>Total</b>	<b>30,591</b>	<b>26,582</b>

**15. Trade and other Receivables (continued)****Receivables past their due date but not impaired**

	31 March 2022 £000	31 March 2021 £000
By up to three months	128	90
By three to six months	81	43
By more than six months	364	220
	<b>573</b>	<b>353</b>

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

Balance at 1 April	(316)	(394)
Transfer to other NHS Wales body	0	0
Amount written off during the year	0	0
Amount recovered during the year	67	168
(Increase) / decrease in receivables impaired	(134)	(90)
Bad debts recovered during year	0	0
Balance at 31 March	<b>(383)</b>	<b>(316)</b>

In determining whether a debt is impaired consideration is given to the age of the debt and the results of actions taken to recover the debt, including reference to credit agencies.

**Receivables VAT**

Trade receivables	0	0
Other	0	0
Total	<b>0</b>	<b>0</b>

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**16. Other Financial Assets**

	Current		Non-current	
	31 March	31 March	31 March	31 March
	2022	2021	2022	2021
	£000	£000	£000	£000
<b>Financial assets</b>				
Shares and equity type investments				
Held to maturity investments at amortised costs	0	0	0	0
At fair value through SOCNE	0	0	0	0
Available for sale at FV	0	0	0	0
Deposits	0	0	0	0
Loans	0	0	0	0
Derivatives	0	0	0	0
Other (Specify)				
Held to maturity investments at amortised costs	0	0	0	0
At fair value through SOCNE	0	0	0	0
Available for sale at FV	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**17. Cash and cash equivalents**

	2021-22	2020-21
	£000	£000
Balance at 1 April	2,627	540
Net change in cash and cash equivalent balances	31	2,087
Balance at 31 March	<b>2,658</b>	<b>2,627</b>
Made up of:		
Cash held at GBS	2,453	2,544
Commercial banks	202	79
Cash in hand	3	4
<b>Cash and cash equivalents as in Statement of Financial Position</b>	<b>2,658</b>	<b>2,627</b>
Bank overdraft - GBS	0	0
Bank overdraft - Commercial banks	0	0
<b>Cash and cash equivalents as in Statement of Cash Flows</b>	<b>2,658</b>	<b>2,627</b>

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**18. Trade and other payables**

<b>Current</b>	<b>31 March 2022 £000</b>	<b>31 March 2021 £000</b>
Welsh Government	0	0
WHSSC / EASC	389	346
Welsh Health Boards	2,649	1,727
Welsh NHS Trusts	772	669
Welsh Special Health Authorities	96	0
Other NHS	2,115	4,126
Taxation and social security payable / refunds	108	647
Refunds of taxation by HMRC	0	0
VAT payable to HMRC	0	0
Other taxes payable to HMRC	0	0
NI contributions payable to HMRC	1	963
Non-NHS payables - Revenue	3,803	3,305
Local Authorities	5,145	6,902
Capital payables- Tangible	4,720	2,496
Capital payables- Intangible	0	0
Overdraft	0	0
Rentals due under operating leases	0	0
Obligations under finance leases, HP contracts	0	0
Imputed finance lease element of on SoFP PFI contracts	0	0
Pensions: staff	7,826	1,261
Non NHS Accruals	31,695	22,646
Deferred Income:		
Deferred Income brought forward	743	0
Deferred Income Additions	1,997	743
Transfer to / from current/non current deferred income	0	0
Released to SoCNE	(743)	0
Other creditors	0	0
PFI assets –deferred credits	0	0
Payments on account	0	0
<b>Sub Total</b>	<b>61,316</b>	<b>45,831</b>
<b>Non-current</b>		
Welsh Government	0	0
WHSSC / EASC	0	0
Welsh Health Boards	0	0
Welsh NHS Trusts	0	0
Welsh Special Health Authorities	0	0
Other NHS	0	0
Taxation and social security payable / refunds	0	0
Refunds of taxation by HMRC	0	0
VAT payable to HMRC	0	0
Other taxes payable to HMRC	0	0
NI contributions payable to HMRC	0	0
Non-NHS payables - Revenue	0	0
Local Authorities	0	0
Capital payables- Tangible	0	0
Capital payables- Intangible	0	0
Overdraft	0	0
Rentals due under operating leases	0	0
Obligations under finance leases, HP contracts	0	0
Imputed finance lease element of on SoFP PFI contracts	0	0
Pensions: staff	0	0
Non NHS Accruals	0	0
Deferred Income :		
Deferred Income brought forward	0	0
Deferred Income Additions	0	0
Transfer to / from current/non current deferred income	0	0
Released to SoCNE	0	0
Other creditors	0	0
PFI assets –deferred credits	0	0
Payments on account	0	0
<b>Sub Total</b>	<b>0</b>	<b>0</b>
<b>Total</b>	<b>61,316</b>	<b>45,831</b>

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

# 18. Trade and other payables (continued).

Amounts falling due more than one year are expected to be settled as follows:	31 March 2022 £000	31 March 2021 £000
Between one and two years	0	0
Between two and five years	0	0
In five years or more	0	0
Sub-total	0	0

# 19. Other financial liabilities

Financial liabilities	Current		Non-current	
	31 March 2022 £000	31 March 2021 £000	31 March 2022 £000	31 March 2021 £000
Financial Guarantees:				
At amortised cost	0	0	0	0
At fair value through SoCNE	0	0	0	0
Derivatives at fair value through SoCNE	0	0	0	0
Other:				
At amortised cost	0	0	0	0
At fair value through SoCNE	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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## 20. Provisions

	At 1 April 2021	Structured settlement cases transferred to Risk Pool	Transfer of provisions to creditors	Transfer between current and non-current	Arising during the year	Utilised during the year	Reversed unused	Unwinding of discount	At 31 March 2022
	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Current</b>									
Clinical negligence:-									
Secondary care	107	0	0	0	168	(72)	(80)	0	123
Primary care	0	0	0	0	13	(13)	0	0	0
Redress Secondary care	116	0	0	0	47	(40)	(45)	0	78
Redress Primary care	0	0	0	0	0	0	0	0	0
Personal injury	2,296	0	0	150	867	(1,709)	(111)	(10)	1,483
All other losses and special payments	0	0	0	0	38	(38)	0	0	0
Defence legal fees and other administration	126	0	0	9	86	(122)	(34)		65
Pensions relating to former directors	0			0	0	0	0	0	0
Pensions relating to other staff	627			0	0	(627)	0	0	0
2019-20 Scheme Pays - Reimbursement	0			0	0	0	0	0	0
Restructuring	0			0	0	0	0	0	0
Other	64		0	0	20	(34)	(11)		39
<b>Total</b>	<b>3,336</b>	<b>0</b>	<b>0</b>	<b>159</b>	<b>1,239</b>	<b>(2,655)</b>	<b>(281)</b>	<b>(10)</b>	<b>1,788</b>
<b>Non Current</b>									
Clinical negligence:-									
Secondary care	14,259	0	0	0	1,850	(90)	0	0	16,019
Primary care	0	0	0	0	0	0	0	0	0
Redress Secondary care	0	0	0	0	0	0	0	0	0
Redress Primary care	0	0	0	0	0	0	0	0	0
Personal injury	1,132	0	0	(150)	0	0	(61)	0	921
All other losses and special payments	0	0	0	0	0	0	0	0	0
Defence legal fees and other administration	90	0	0	(9)	37	(2)	(18)		98
Pensions relating to former directors	0			0	0	0	0	0	0
Pensions relating to other staff	4,593			0	1,885	(6,289)	(140)	(49)	0
2019-20 Scheme Pays - Reimbursement	0			0	47	0	0	0	47
Restructuring	0			0	0	0	0	0	0
Other	0		0	0	0	0	0		0
<b>Total</b>	<b>20,074</b>	<b>0</b>	<b>0</b>	<b>(159)</b>	<b>3,819</b>	<b>(6,381)</b>	<b>(219)</b>	<b>(49)</b>	<b>17,085</b>
<b>TOTAL</b>									
Clinical negligence:-									
Secondary care	14,366	0	0	0	2,018	(162)	(80)	0	16,142
Primary care	0	0	0	0	13	(13)	0	0	0
Redress Secondary care	116	0	0	0	47	(40)	(45)	0	78
Redress Primary care	0	0	0	0	0	0	0	0	0
Personal injury	3,428	0	0	0	867	(1,709)	(172)	(10)	2,404
All other losses and special payments	0	0	0	0	38	(38)	0	0	0
Defence legal fees and other administration	216	0	0	0	123	(124)	(52)		163
Pensions relating to former directors	0			0	0	0	0	0	0
Pensions relating to other staff	5,220			0	1,885	(6,916)	(140)	(49)	0
2019-20 Scheme Pays - Reimbursement	0			0	47	0	0	0	47
Restructuring	0			0	0	0	0	0	0
Other	64		0	0	20	(34)	(11)		39
<b>Total</b>	<b>23,410</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5,058</b>	<b>(9,036)</b>	<b>(500)</b>	<b>(59)</b>	<b>18,873</b>

## Expected timing of cash flows:

	In year to 31 March 2023	Between 1 April 2023 31 March 2027	Thereafter	Total
				£000
Clinical negligence:-				
Secondary care	123	16,019	0	16,142
Primary care	0	0	0	0
Redress Secondary care	78	0	0	78
Redress Primary care	0	0	0	0
Personal injury	1,483	290	631	2,404
All other losses and special payments	0	0	0	0
Defence legal fees and other administration	65	98	0	163
Pensions relating to former directors	0	0	0	0
Pensions relating to other staff	0	0	0	0
2019-20 Scheme Pays - Reimbursement	0	3	44	47
Restructuring	0	0	0	0
Other	39	0	0	39
<b>Total</b>	<b>1,788</b>	<b>16,410</b>	<b>675</b>	<b>18,873</b>

The LHB estimates that in 2022/23 it will receive £1.773M and in 2023-24 and beyond £16.085M from the Welsh Risk Pool in respect of Losses and Special Payments

£15.784M (2020/21: £16.803M) of the provision total relates to the probable liabilities of former Health Authorities in respect of Medical Negligence and Personal Injury claims for incidents which occurred before the establishment of NHS Trusts (Pre 1996 and Pre 1992 depending on the Trust)

Contingent Liabilities are directly linked to these claims in Note 21.

Also included within 'other' at 31st March 2022 is £0.039M relating to retrospective continuing health care claims (2019/20 £0.064M).

Included within the Redress Secondary Care line and Defence Legal Fees and Other Administration is a provision for expected payments in respect of redress arrangements under National Health Service (Concerns, Complaints and Redress Arrangements) (Wales) Regulations 2011. The amount of Provision in relation to this at 31st March 2022 is £0.078M including defence costs (2020/21: £0.146M) and all payments are expected to be fully reimbursed from the Welsh Risk Pool.

During the year the LHB has discharged in full, the provision for pensions relating to other staff which was in respect of Ex Health Authority members of staff. The LHB receives funding from Welsh Government for this provision as required, therefore it is resource neutral to the THB.

A new provision during the year is an amount of £0.047M in respect of 2019-20 Scheme Pays - Reimbursement. The discharge of this provision will be funded by Welsh Government.

## 20. Provisions (continued)

	At 1 April 2020	Structured settlement cases transferred to Risk Pool	Transfer of provisions to creditors	Transfer between current and non-current	Arising during the year	Utilised during the year	Reversed unused	Unwinding of discount	At 31 March 2021
Current	£000	£000	£000	£000	£000	£000	£000	£000	£000
Clinical negligence:-									
Secondary care	477	0	0	168	17	(523)	(32)	0	107
Primary care	0	0	0	0	0	0	0	0	0
Redress Secondary care	107	0	0	0	49	(5)	(35)	0	116
Redress Primary care	0	0	0	0	0	0	0	0	0
Personal injury	1,087	0	0	(37)	1,605	(261)	(92)	(6)	2,296
All other losses and special payments	0	0	0	0	1	(1)	0	0	0
Defence legal fees and other administration	86	0	0	16	88	(52)	(12)		126
Pensions relating to former directors	0			0	0	0	0	0	0
Pensions relating to other staff	652			289	622	(621)	(291)	(24)	627
2019-20 Scheme Pays - Reimbursement	0			0	0	0	0	0	0
Restructuring	0			0	0	0	0	0	0
Other	52		0	0	49	(31)	(6)		64
<b>Total</b>	<b>2,461</b>	<b>0</b>	<b>0</b>	<b>436</b>	<b>2,431</b>	<b>(1,494)</b>	<b>(468)</b>	<b>(30)</b>	<b>3,336</b>
<b>Non Current</b>									
Clinical negligence:-									
Secondary care	14,427	0	0	(168)	0	0	0	0	14,259
Primary care	0	0	0	0	0	0	0	0	0
Redress Secondary care	0	0	0	0	0	0	0	0	0
Redress Primary care	0	0	0	0	0	0	0	0	0
Personal injury	1,304	0	0	37	0	0	(209)	0	1,132
All other losses and special payments	0	0	0	0	0	0	0	0	0
Defence legal fees and other administration	66	0	0	(16)	40	0	0		90
Pensions relating to former directors	0			0	0	0	0	0	0
Pensions relating to other staff	4,882			(289)	0	0	0	0	4,593
2019-20 Scheme Pays - Reimbursement	0			0	0	0	0	0	0
Restructuring	0			0	0	0	0	0	0
Other	0		0	0	0	0	0		0
<b>Total</b>	<b>20,679</b>	<b>0</b>	<b>0</b>	<b>(436)</b>	<b>40</b>	<b>0</b>	<b>(209)</b>	<b>0</b>	<b>20,074</b>
<b>TOTAL</b>									
Clinical negligence:-									
Secondary care	14,904	0	0	0	17	(523)	(32)	0	14,366
Primary care	0	0	0	0	0	0	0	0	0
Redress Secondary care	107	0	0	0	49	(5)	(35)	0	116
Redress Primary care	0	0	0	0	0	0	0	0	0
Personal injury	2,391	0	0	0	1,605	(261)	(301)	(6)	3,428
All other losses and special payments	0	0	0	0	1	(1)	0	0	0
Defence legal fees and other administration	152	0	0	0	128	(52)	(12)		216
Pensions relating to former directors	0			0	0	0	0	0	0
Pensions relating to other staff	5,534			0	622	(621)	(291)	(24)	5,220
2019-20 Scheme Pays - Reimbursement	0			0	0	0	0	0	0
Restructuring	0			0	0	0	0	0	0
Other	52		0	0	49	(31)	(6)		64
<b>Total</b>	<b>23,140</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,471</b>	<b>(1,494)</b>	<b>(677)</b>	<b>(30)</b>	<b>23,410</b>

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## 21. Contingencies

### 21.1 Contingent liabilities

	2021-22 £'000	2020-21 £'000
Provisions have not been made in these accounts for the following amounts :		
Legal claims for alleged medical or employer negligence:-		
Secondary care	1,059	17,205
Primary care	0	0
Redress Secondary care	0	0
Redress Primary care	0	0
Doubtful debts	0	0
Equal Pay costs	0	0
Defence costs	0	0
Continuing Health Care costs	0	0
Other	0	0
Total value of disputed claims	1,059	17,205
Amounts (recovered) in the event of claims being successful	(884)	(16,971)
<b>Net contingent liability</b>	<b>175</b>	<b>234</b>

**Legal Claims for alleged medical or employer negligence:** £0.341M of the £1.059M relates solely to the former Health Authorities in respect of Medical Negligence and Personal Injury claims for incidents which occurred before the establishment of NHS Trusts (Pre 1996 and Pre 1992 depending on the Trust). £0.718M of the £1.059M relates to Powys LHB cases. Legal advice has established that these claims are not likely to result in payments. In the unlikely event that amounts are payable, all payments over a threshold of £0.025M will be reimbursed to Powys LHB by the Welsh Risk Pool.

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21.2 Remote Contingent liabilities

	2021-22 £000	2020-21 £000
Guarantees	0	0
Indemnities	0	10
Letters of Comfort	0	0
<b>Total</b>	<b>0</b>	<b>10</b>

21.3 Contingent assets

	2021-22 £000	2020-21 £000
Please give details	0	0
	0	0
	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

22. Capital commitments

Contracted capital commitments at 31 March

	2021-22 £000	2020-21 £000
Property, plant and equipment	8,283	653
Intangible assets	0	0
<b>Total</b>	<b>8,283</b>	<b>653</b>

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23. Losses and special payments

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

Gross loss to the Exchequer

Number of cases and associated amounts paid out during the financial year

	Amounts paid out during period to 31 March 2022	
	Number	£
Clinical negligence	67	259,858
Personal injury	53	1,716,392
All other losses and special payments	6	38,388
<b>Total</b>	<b>126</b>	<b>2,014,638</b>

Analysis of cases in excess of £300,000

	Case Type	In year claims in excess of £300,000		Cumulative claims in excess of £300,000	
		Number	£	Number	£
Cases in excess of £300,000:	CN			MN/030/0071/RG	14,701,900
	CN			MN/030/0623/GAK	383,128
	CN			MN/030/0644/ALF	2,221,366
	PI	PI/030/1419/AH	370,381	PI/030/1419/AH	375,441
	PI	PI/030/1435/AH	332,862	PI/030/1435/AH	332,912
	PI			PI/030/1447/AH	310,433

Sub-total	0	703,243	0	3,623,279
All other cases	0	1,311,395	0	1,392,988
<b>Total cases</b>	<b>0</b>	<b>2,014,638</b>	<b>0</b>	<b>5,016,267</b>

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**24. Finance leases****24.1 Finance leases obligations (as lessee)**

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

**Amounts payable under finance leases:**

<b>Land</b>	<b>31 March 2022 £000</b>	<b>31 March 2021 £000</b>
<b>Minimum lease payments</b>		
Within one year	0	0
Between one and five years	0	0
After five years	0	0
Less finance charges allocated to future periods	0	0
Minimum lease payments	<u>0</u>	<u>0</u>
Included in:		
Current borrowings	0	0
Non-current borrowings	0	0
	<u>0</u>	<u>0</u>
<b>Present value of minimum lease payments</b>		
Within one year	0	0
Between one and five years	0	0
After five years	0	0
Present value of minimum lease payments	<u>0</u>	<u>0</u>
Included in:		
Current borrowings	0	0
Non-current borrowings	0	0
	<u>0</u>	<u>0</u>

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**24.1 Finance leases obligations (as lessee) continued****Amounts payable under finance leases:****Buildings**

	<b>31 March 2022 £000</b>	<b>31 March 2021 £000</b>
<b>Minimum lease payments</b>		
Within one year	0	0
Between one and five years	0	0
After five years	0	0
Less finance charges allocated to future periods	0	0
<b>Minimum lease payments</b>	<b>0</b>	<b>0</b>
Included in:		
Current borrowings	0	0
Non-current borrowings	0	0
	<b>0</b>	<b>0</b>

**Present value of minimum lease payments**

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

**Other**

	<b>31 March 2022 £000</b>	<b>31 March 2021 £000</b>
<b>Minimum lease payments</b>		
Within one year	0	0
Between one and five years	0	0
After five years	0	0
Less finance charges allocated to future periods	0	0
<b>Minimum lease payments</b>	<b>0</b>	<b>0</b>
Included in:		
Current borrowings	0	0
Non-current borrowings	0	0
	<b>0</b>	<b>0</b>

**Present value of minimum lease payments**

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

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24.2 Finance leases obligations (as lessor) continued

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

Amounts receivable under finance leases:

	31 March 2022 £000	31 March 2021 £000
<b>Gross Investment in leases</b>		
Within one year	0	0
Between one and five years	0	0
After five years	0	0
Less finance charges allocated to future periods	0	0
Minimum lease payments	0	0
Included in:		
Current borrowings	0	0
Non-current borrowings	0	0
	0	0
<b>Present value of minimum lease payments</b>		
Within one year	0	0
Between one and five years	0	0
After five years	0	0
Less finance charges allocated to future periods	0	0
Present value of minimum lease payments	0	0
Included in:		
Current borrowings	0	0
Non-current borrowings	0	0
	0	0

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**25. Private Finance Initiative contracts****25.1 PFI schemes off-Statement of Financial Position**

The LHB has no PFI Schemes off-statement of financial position.

Commitments under off-SoFP PFI contracts	Off-SoFP PFI contracts	Off-SoFP PFI contracts
	31 March 2022 £000	31 March 2021 £000
Total payments due within one year	0	0
Total payments due between 1 and 5 years	0	0
Total payments due thereafter	0	0
Total future payments in relation to PFI contracts	<u>0</u>	<u>0</u>
Total estimated capital value of off-SoFP PFI contracts	<u>0</u>	<u>0</u>

**25.2 PFI schemes on-Statement of Financial Position**

Capital value of scheme included in Fixed Assets Note 11 £000  
0

Contract start date:

Contract end date:

The LHB has no Private Finance Initiatives in operation

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

	On SoFP PFI Capital element 31 March 2022 £000	On SoFP PFI Imputed interest 31 March 2022 £000	On SoFP PFI Service charges 31 March 2022 £000
Total payments due within one year	0	0	0
Total payments due between 1 and 5 years	0	0	0
Total payments due thereafter	0	0	0
Total future payments in relation to PFI contracts	<u>0</u>	<u>0</u>	<u>0</u>

	On SoFP PFI Capital element 31 March 2021 £000	On SoFP PFI Imputed interest 31 March 2021 £000	On SoFP PFI Service charges 31 March 2021 £000
Total payments due within one year	0	0	0
Total payments due between 1 and 5 years	0	0	0
Total payments due thereafter	0	0	0
Total future payments in relation to PFI contracts	<u>0</u>	<u>0</u>	<u>0</u>

31/03/2022  
£000  
0

Total present value of obligations for on-SoFP PFI contracts

25.3 Charges to expenditure

	2021-22	2020-21
	£000	£000
Service charges for On Statement of Financial Position PFI contracts (excl interest costs)	0	0
Total expense for Off Statement of Financial Position PFI contracts	0	0
The total charged in the year to expenditure in respect of PFI contracts	0	0

The LHB is committed to the following annual charges

PFI scheme expiry date:	£000	£000
Not later than one year	0	0
Later than one year, not later than five years	0	0
Later than five years	0	0
Total	0	0

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

25.4 Number of PFI contracts

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

PFI Contract

Number of PFI contracts which individually have a total commitment > £500m

On / Off-statement of financial position  
0

PFI Contract

25.5 The LHB has no Public Private Partnerships

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**26. Financial risk management**

Financial reporting standard IFRS 7 requires disclosure of the role that financial instruments have had during the period in creating or changing the risks a body faces in undertaking its activities. The LHB is not exposed to the degree of financial risk faced by business entities. Also financial instruments play a much more limited role in creating or changing risk than would be typical of listed companies, to which these standards mainly apply. The LHB has limited powers to invest and financial assets and liabilities are generated by day-to-day operational activities rather than being held to change the risks facing the LHB in undertaking its activities.

**Currency risk**

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

**Interest rate risk**

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

**Credit risk**

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

**Liquidity risk**

The LHB is required to operate within cash limits set by the Welsh Government for the financial year and draws down funds from the Welsh Government as the requirement arises. The LHB is not, therefore, exposed to significant liquidity risks.

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**27. Movements in working capital**

	2021-22 £000	2020-21 £000
(Increase)/decrease in inventories	16	(3)
(Increase)/decrease in trade and other receivables - non-current	(1,682)	388
(Increase)/decrease in trade and other receivables - current	(2,327)	(3,155)
Increase/(decrease) in trade and other payables - non-current	0	0
Increase/(decrease) in trade and other payables - current	15,485	10,667
<b>Total</b>	<b>11,492</b>	<b>7,897</b>
Adjustment for accrual movements in fixed assets - creditors	(2,224)	(1,076)
Adjustment for accrual movements in fixed assets - debtors	0	(206)
Other adjustments	0	1,623
	<b>9,268</b>	<b>8,238</b>

**28. Other cash flow adjustments**

	2021-22 £000	2020-21 £000
Depreciation	4,361	3,921
Amortisation	0	0
(Gains)/Loss on Disposal	0	0
Impairments and reversals	(41)	(334)
Release of PFI deferred credits	0	0
NWSSP Covid assets issued debited to expenditure but non-cash	0	0
Covid assets received credited to revenue but non-cash	0	(1,607)
Donated assets received credited to revenue but non-cash	0	(13)
Government Grant assets received credited to revenue but non-cash	0	(16)
Non-cash movements in provisions	4,499	1,764
Other movements	4,064	3,761
<b>Total</b>	<b>12,883</b>	<b>7,476</b>

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**29. Events after the Reporting Period**

These financial statements were authorised for issue by the Chief Executive and Accountable Officer on 14th June 2022; post the date the financial statements were certified by the Auditor General for Wales.

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### 30. Related Party Transactions

The Welsh Government is regarded as a related party. During the year the LHB have had a significant number of material transactions with the Welsh Government and with other entities for which the Welsh Government is regarded as the parent body, namely

Related Party	Expenditure to related party £000	Income from related party £000	Amounts owed to related party £000	Amounts due from related party £000
Welsh Government	5	390,998	2	6,860
Aneurin Bevan University Health Board	16,831	506	999	36
Betsi Cadwaladr University Health Board	5,519	489	722	76
Cardiff & Vale University Health Board	2,634	39	63	177
Cwm Taf Morgannwg University Health Board	3,424	20	260	7
Hywel Dda University Local Health Board	8,957	266	285	35
Swansea Bay University Health Board	9,963	1,282	339	34
Public Health Wales NHS Trust	480	871	137	187
Velindre University NHS Trust (inc. WRP)	3,358	780	610	602
Welsh Ambulance Services Trust	1,497	52	25	0
Welsh Health Specialised Services Committee	44,608	55	389	539
Health Education and Improvement Wales (HEIW)	0	696	0	38
Digital Health and Care Wales (DHCW)	1,369	516	96	217
Powys County Council	16,124	1,902	5,145	825
PAVO - Powys Association of Voluntary Organisations	1,119	0	0	0
NHS Confederation	40	0	0	0
Neath Port Talbot College Group	5	0	0	0

115,933	398,472	9,072	9,633
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Powys LHB has hosted the following functions on behalf of NHS Wales on which it receives income from the Welsh Government and other LHB's:

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

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

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

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

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

Name	Details	Interests
Professor Vivienne Harwood	Chair	Chair of the Welsh NHS Confederation
Professor Vivienne Harwood	Chair	Independent Member and Trustee of the Welsh NHS Confederation
Professor Vivienne Harwood	Chair	Chair of the WHSSC IPFR Committee
Councillor Matthew Dorrance	Independent Member	Councillor, Powys County Council
Councillor Matthew Dorrance	Independent Member	Work at Welsh Parliament
Patricia Buchan	Independent Member	Ex Officio Trustee - Powys Association of Voluntary Organisations
Dr Kate Wright	Medical Director	Employee of Aneurin Bevan University Health Board (Until November 2021)
Ian Phillips	Independent Member	Independent Member, WHSSC Joint Committee
Ian Phillips	Independent Member	Independent Member, WHSSC Integrated Governance Committee
Rhobert Lewis	Independent Member	Governor, Corporation Board of Neath Port Talbot College Group
Rhobert Lewis	Independent Member	Welsh Government member of Powys Community Health Council

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### 31. Third Party assets

The LHB held £200 cash at bank and in hand at 31 March 2022 (31st March 2021, £200) which relates to monies held by the LHB on behalf of patients. This has been excluded from the Cash and Cash equivalents figure reported in the accounts.

None of this cash was held in Patients' Investment Accounts in either 2021-22 or 2020-21.

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**32. Pooled budgets****A Funded Nursing Care**

Powys Teaching Health Board and Powys County Council have entered into a partnership agreement in accordance with Section 33 of the Health Act 1999. The health related function which is subject to these arrangements is the provision of care by a registered nurse in care homes, which is a service provided by the NHS Body under section 2 of the National Health Service Act 1977. In accordance with the Social Care Act 2001 Section 49 care from a registered nurse is funded by the NHS regardless of the setting in which it is delivered. ( Circular 12/2003)

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

	Funding	Expenditure	Total
	£	£	£
<b>Gross Funding</b>			
Powys Teaching Health Board	2,108,424		2,108,424
<b>Total Funding</b>	2,108,424		2,108,424
<b>Expenditure</b>			
Monies spent in accordance with			
Pooled budget arrangement		1,960,007	1,960,007
<b>Total Expenditure</b>		1,960,007	1,960,007
<b>Net under/(over) spend</b>			148,417
The above memorandum account is subject to the audit of the Pooled Budget statements of Powys County Council (the Host).			

**B Provision of Community Equipment**

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

	Funding	Expenditure	Total
	£	£	£
<b>Gross Funding</b>			
Powys County Council	521,000		521,000
Powys Teaching Health Board	521,000		521,000
<b>Total Funding</b>	1,042,000		1,042,000
<b>Expenditure</b>			
Monies spent in accordance with			
Pooled budget arrangement		1,293,354	1,293,354
<b>Total Expenditure</b>		1,293,354	1,293,354
<b>Net under/(over) spend</b>			(251,354)
The above memorandum account is subject to the audit of the Pooled Budget statements of Powys County Council (the Host).			

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

Powys Teaching Health Board and Powys County Council have entered into a partnership agreement in accordance with Section 33 of the National Health Services Act 2006.

The agreement will not affect the liability of the parties for the exercise of their respective statutory functions and obligations.

Powys County Council is the lead commissioner and the host partner for the purposes of the regulations.

The purpose of the agreement is to facilitate the provision of ICT services within Powys.

	Funding	Net Expenditure	Total
	£	£	£
<b>Gross Funding</b>			
Powys County Council	1,234,010		1,234,010
Powys Teaching Health Board	828,850		828,850
<b>Total Funding</b>	2,062,860		2,062,860
<b>Net Expenditure</b>			
Monies spent in accordance with Pooled budget arrangement			
<b>Expenditure</b>		3,254,975	3,254,975
<b>Income</b>		(1,274,792)	(1,274,792)
<b>Total Expenditure</b>			1,980,183
<b>Net under/(over) spend</b>			82,677
The above memorandum account is subject to the audit of the Pooled Budget statements of Powys County Council (the Host).			

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**32. Pooled budgets****D Provision of Section 33 Joint Agreement for the provision of a Reablement Service**

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

	Funding £	Expenditure £	Total £
<b>Gross Funding</b>			
Powys County Council	413,380		413,380
Powys Teaching Health Board	827,987		827,987
<b>Total Funding</b>	<b>1,241,367</b>		<b>1,241,367</b>
<b>Expenditure</b>			
Monies spent in accordance with Pooled budget arrangement		1,241,536	1,241,536
<b>Total Expenditure</b>		<b>1,241,536</b>	<b>1,241,536</b>
<b>Net under/(over) spend</b>			<b>(169)</b>
The above memorandum account is subject to the audit of the Pooled Budget statements of Powys County Council (the Host).			

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

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

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

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

Powys Teaching Health Board and Powys County Council have entered into a partnership agreement to enable the use of resources relating to the Inpatient Services at the Glan Irfon Health and Social Centre, Builth Wells. This agreement will not affect the liability of the parties from the exercise of their respective statutory functions and obligations.

Powys County Council is the lead commissioner and the host partner for the purposes of the Regulations.

The purpose of the agreement is to facilitate the provision of person centred care at Glan Irfon, for 12 residents within the short stay shared care reablement unit with in-reach clinical, nursing and reablement support (registered under CSSIW for Residential Care).

	Funding £	Expenditure £	Total £
<b>Gross Funding</b>			
Powys County Council	226,920		226,920
Powys Teaching Health Board	226,920		226,920
<b>Total Funding</b>	<b>453,840</b>		<b>453,840</b>
<b>Expenditure</b>			
Monies spent in accordance with Pooled budget arrangement		504,224	504,224
<b>Total Expenditure</b>		<b>504,224</b>	<b>504,224</b>
<b>Net under/(over) spend</b>			<b>(50,384)</b>
The above memorandum account is subject to the audit of the Pooled Budget statements of Powys County Council (the Host).			

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### 33. Operating segments

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

		<b>Total Total Powys "Health" £'000</b>	<b>Total Residual Clinical Negligence £'000</b>	<b>Total Community Health Councils £'000</b>	<b>Total Health and Care Research Wales (HCRW) £'000</b>	<b>Consolidation Adjustments £'000</b>	<b>Total £'000</b>
	<b>Note</b>						
Expenditure on Primary Healthcare Services	3.1	72,389	0	0	0	0	72,389
Expenditure on healthcare from other providers	3.2	191,784	0	0	2,718	0	194,502
Expenditure on Hospital and Community Health Services	3.3	122,592	25	4,562	4,855	(75)	131,959
		<b>386,765</b>	<b>25</b>	<b>4,562</b>	<b>7,573</b>	<b>(75)</b>	<b>398,850</b>
Less: Miscellaneous Income	4	8,480	0	0	7,364	(75)	15,769
<b>THB net operating costs before interest and other gains and losses</b>		<b>378,285</b>	<b>25</b>	<b>4,562</b>	<b>209</b>	<b>0</b>	<b>383,081</b>
Investment Income	5	0	0	0	0	0	0
Other (Gains) / Losses	6	0	0	0	0	0	0
Finance costs	7	(61)	0	1	0	0	(60)
<b>THB Net Operating Costs</b>		<b>378,224</b>	<b>25</b>	<b>4,563</b>	<b>209</b>	<b>0</b>	<b>383,021</b>
Add Non Discretionary Expenditure	3.1	1,355	0	0	0	0	1,355
Revenue Resource Limit	2.1	379,659	25	4,563	209	0	384,456
<b>Under / (over) spend against Revenue Resource Limit</b>		<b>80</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>80</b>

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**34. Other Information****34.1. 6.3% Staff Employer Pension Contributions - Notional Element**

The value of notional transactions is based on estimated costs for the twelve month period 1 April 2021 to 31 March 2022. This has been calculated from actual Welsh Government expenditure for the 6.3% staff employer pension contributions between April 2021 and February 2022 alongside Health Board/Trust/SHA data for March 2022.

Transactions include notional expenditure in relation to the 6.3% paid to NHS BSA by Welsh Government and notional funding to cover that expenditure as follows:

	<b>2021-22</b>
	<b>£000</b>
<b>Statement of Comprehensive Net Expenditure for the year ended 31 March 2022</b>	
Expenditure on Primary Healthcare Services	77
Expenditure on Hospital and Community Health Services	3,987

**Statement of Changes in Taxpayers' Equity**  
**For the year ended 31 March 2022**

Net operating cost for the year	4,064
Notional Welsh Government Funding	4,064

**Statement of Cash Flows for year ended 31 March 2022**

Net operating cost for the financial year	4,064
Other cash flow adjustments	4,064

**2.1 Revenue Resource Performance**

Revenue Resource Allocation	4,064
-----------------------------	-------

**3. Analysis of gross operating costs****3.1 Expenditure on Primary Healthcare Services**

General Medical Services	0
General Dental Services	43
Other Primary Healthcare Expenditure	34
Prescribed Drugs and Appliance	0

**3.3 Expenditure on Hospital and Community Health Services**

Directors' costs	58
Staff costs	3,929

**9.1 Employee costs****Permanent Staff**

Employer contributions to NHS Pension Scheme	4,064
Charged to capital	15
Charged to revenue	4,049

**18. Trade and other payables****Current**

Pensions: staff	0
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**28. Other cash flow adjustments**

Other movements	4,064
-----------------	-------

### 34. Other Information

#### 34.2 Welsh Government Covid 19 Funding

Details of Covid 19 Pandemic Welsh Government funding amounts provided to NHS Wales bodies:

	2021-22 £000	2020-21 £000	
<b>Capital</b>			
Capital Funding Field Hospitals		0	
Capital Funding Equipment & Works	1612	1990	
Capital Funding other (Specify)	0	0	
<b>Welsh Government Covid 19 Capital Funding</b>	<b>1,612</b>	<b>1,990</b>	
			<b>As previously reported in 2020-21</b>
<b>Revenue</b>			
Sustainability Funding			15,500
C-19 Pay Costs Q1 (Future Quarters covered by SF)			709
Field Hospital (Set Up Costs, Decommissioning & Consequential losses)			0
Bonus Payment			2,474
Independent Health Sector			0
Stability Funding	13,984	18,683	
Covid Recovery	7,578	0	
Cleaning Standards	564	0	
PPE (including All Wales Equipment via NWSSP)	321	771	
Testing / TTP- Testing & Sampling - Pay & Non Pay	1,123	974	
Tracing / TTP - NHS & LA Tracing - Pay & Non Pay	5,150	1,668	
Extended Flu Vaccination / Vaccination - Extended Flu Programme	309	85	
Mass Covid-19 Vaccination / Vaccination - COVID-19	8,385	1,040	
Annual Leave Accrual - Increase due to Covid	0	2,847	
Urgent & Emergency Care	399	1,257	
Private Providers Adult Care / Support for Adult Social Care Providers	1,470	1,339	
Hospices	0	0	
Other Mental Health / Mental Health	1,642	1,290	
Other Primary Care	0	286	
Other	0	1,128	
<b>Welsh Government Covid 19 Revenue Funding</b>	<b>40,925</b>	<b>31,368</b>	

All expenditure incurred on Covid-19, supported by the funding above is included within the Income and Expenditure outlined in Notes 3.1-4.

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### 34. Other Information

#### 34.3 Changes to accounting standards not yet effective - IFRS 16 Impact

IFRS 16 Leases supersedes IAS 17 Leases and is effective in the public sector from 1 April 2022. IFRS 16 provides a single lessee accounting model and requires a lessee to recognise right-of-use assets and liabilities for leases with a term more than 12 months unless the underlying value is of low value. The FReM makes two public sector adaptations

- The definition of a contract is expanded to include intra UK government agreements that are not legally enforceable;
- The definition of a contract is expanded to included agreements that have nil consideration.

IFRS 16 gives a narrower definition of a lease than IAS 17 and IFRIC 4 by requiring that assets and liabilities will be recognised initially at the discounted value of minimum lease payments. After initial recognition, right of use assets will be depreciated on a straight line basis and interest recognised on the liabilities. Except where modified for revaluation where material, the cost model will be applied to assets other than peppercorn leases which will be measured on a depreciated replacement cost basis. The right of use asset in a peppercorn lease is accounted for similarly to a donated asset.

As required by the FReM IFRS 16 will be implemented using the accumulated catch up method.

The right of use assets and leasing obligation have been calculated and indicated that the total discounted value of right of use assets and liabilities under IFRS 16 is higher than the value of minimum lease commitments under IAS 17 mainly in relation to peppercorn leases. The impact of implementation is an

- increase in expenditure £0.028M
- increase in assets and liabilities of £0.812M.

These figures are calculated before intercompany eliminations are made, these will not have a material impact on the figures.

#### Right of Use (RoU) Assets Impact

		Property £000	Non Property £000	Total £000
<b>Statement of financial Position</b>				
<b>RoU Asset Recognition</b>				
+	Transitioning Adjust	2596	520	3116
+	As at 1 April 2022	2596	520	3116
+	Renewal / New RoU Assets 2022-23	0	107	107
-	Less (Depreciation)	-453	-263	-716
+	As at 31 March	2143	364	2507
<b>RoU Asset Liability</b>				
-	Transitioning Adjust	-1941	-520	-2461
-	As at 1 April 2022	-1941	-520	-2461
-	Renewal / New RoU Liability 2022-23	0	-107	-107
+	Working Capital	476	247	723
-	Interest	-17	-4	-21
-	As at 31 March	-1482	-384	-1866
<b>Charges</b>				
<b>Expenditure</b>				
	RoU Asset depreciation <sup>(1)</sup>	453	263	716
	Interest on obligations under RoU Asset leases <sup>(2)</sup>	17	4	21
		470	267	737

LHB

- 1 Expenditure on Hospital and Community Health Services
- 2 Finance Costs

**THE NATIONAL HEALTH SERVICE IN WALES ACCOUNTS DIRECTION GIVEN BY WELSH MINISTERS IN ACCORDANCE WITH SCHEDULE 9 SECTION 178 PARA 3(1) OF THE NATIONAL HEALTH SERVICE (WALES) ACT 2006 (C.42) AND WITH THE APPROVAL OF TREASURY**

**LOCAL HEALTH BOARDS**

1. Welsh Ministers direct that an account shall be prepared for the financial year ended 31 March 2011 and subsequent financial years in respect of the Local Health Boards (LHB)<sup>1</sup>, in the form specified in paragraphs [2] to [7] below.

**BASIS OF PREPARATION**

2. The account of the LHB shall comply with:

(a) the accounting guidance of the Government Financial Reporting Manual (FReM), which is in force for the financial year in which the accounts are being prepared, and has been applied by the Welsh Government and detailed in the NHS Wales LHB Manual for Accounts;

(b) any other specific guidance or disclosures required by the Welsh Government.

**FORM AND CONTENT**

3. The account of the LHB for the year ended 31 March 2011 and subsequent years shall comprise a statement of comprehensive net expenditure, a statement of financial position, a statement of cash flows and a statement of changes in taxpayers' equity as long as these statements are required by the FReM and applied by the Welsh Assembly Government, including such notes as are necessary to ensure a proper understanding of the accounts.

4. For the financial year ended 31 March 2011 and subsequent years, the account of the LHB shall give a true and fair view of the state of affairs as at the end of the financial year and the operating costs, changes in taxpayers' equity and cash flows during the year.

5. The account shall be signed and dated by the Chief Executive of the LHB.

**MISCELLANEOUS**

6. The direction shall be reproduced as an appendix to the published accounts.

7. The notes to the accounts shall, inter alia, include details of the accounting policies adopted.

Signed by the authority of Welsh Ministers

Signed : Chris Hurst

Dated :

1. Please see regulation 3 of the 2009 No.1559 (W.154); NATIONAL HEALTH SERVICE, WALES; The Local Health Boards (Transfer of Staff, Property, Rights and Liabilities) (Wales) Order 2009.

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

Bwrdd Iechyd  
Addysgu Powys  
Powys Teaching  
Health Board

## Agenda Item:

Audit Risk and Assurance Committee		Date of Meeting: 17 May 2022
<b>Subject:</b>	<b>Draft Head of Internal Audit Opinion and Annual Report 2021/22</b>	
<b>Approved and Presented by:</b>	Board Secretary / Head of Internal Audit	
<b>Prepared by:</b>	<b>Head of Internal Audit</b>	
<b>Other Committees and Meetings considered at:</b>		

### PURPOSE:

To provide the Audit, Risk and Assurance Committee with the opportunity to review the Draft Head of Internal Audit Opinion and Annual Report 2021/22.

### RECOMMENDATION(S):

The Audit, Risk and Assurance Committee is asked to consider and note the Draft Head of Internal Audit Opinion and Annual Report 2021/22.

<b>Ratification</b>	<b>Discussion</b>	<b>Information</b>
	<b>X</b>	

Party Stella  
05/13/2022 15:43:13

## THE PAPER IS ALIGNED TO THE DELIVERY OF THE FOLLOWING STRATEGIC OBJECTIVE(S) AND HEALTH AND CARE STANDARD(S):

Strategic Objectives:	1. Focus on Wellbeing	
	2. Provide Early Help and Support	
	3. Tackle the Big Four	
	4. Enable Joined up Care	
	5. Develop Workforce Futures	
	6. Promote Innovative Environments	
	7. Put Digital First	
	8. Transforming in Partnership	✓
Health and Care Standards:	1. Staying Healthy	
	2. Safe Care	
	3. Effective Care	
	4. Dignified Care	
	5. Timely Care	
	6. Individual Care	
	7. Staff and Resources	
	8. Governance, Leadership & Accountability	✓

## EXECUTIVE SUMMARY:

The draft HIA Opinion for 21/22 is that 'The Board can take **reasonable assurance** that arrangements to secure governance, risk management and internal control, within those areas under review, are suitably designed and applied effectively'.

From the individual audits completed at the time of producing the draft Annual Report, the following final / draft ratings have been provided:

- 3 Substantial Assurance
- 10 Reasonable Assurance
- 2 Limited Assurance.

The Report also includes details of the 4 audits that have been deferred from the plan during 2021/22, as reported to previous meetings of the Committee. These audits and the reason for their deferment have been considered when compiling the draft HIA Opinion.

The draft Annual Report includes a number of highlighted areas where reference is made to reports that were in draft and audits that were work in progress (WiP) at the time of writing. These will be updated to reflect the position when the final HIA Opinion and Annual Report are produced.

### **BACKGROUND AND ASSESSMENT:**

In accordance with the Public Sector Internal Audit Standards (PSIAS), the Head of Internal Audit (HIA) is required to provide an annual opinion, based upon and limited to the work performed on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.

This is achieved through delivery of an audit plan that has been focused on key strategic and operational risk areas and known improvement opportunities. The 2021/22 plan was formally approved by the Audit, Risk and Assurance Committee at its March 21 meeting.

The draft Annual Report sets out the draft HIA Opinion together with the summarised results of the internal audit work performed during the year. The report also includes a summary of audit performance and an assessment of conformance with the Public Sector Internal Audit Standards.

The report also details the outcome of audits undertaken at NWSSP, DHCW, WHSSC and EASC that support the overall opinion for the Health Board.

### **NEXT STEPS:**

The final Head of Internal Audit Opinion and Annual Report 2021/22 will be submitted to the June meeting of the Audit, Risk and Assurance Committee.

Party Stella  
05/13/2022 15:43:13

# Head of Internal Audit Opinion & Annual Report 2021/2022

May 2022

Powys Teaching Health Board

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GIG  
CYMRU  
NHS  
WALES

Partneriaeth  
Cydwasaethau  
Gwasanaethau Archwilio a Sicrwydd  
Shared Services  
Partnership  
Audit and Assurance Services



GIG  
CYMRU  
NHS  
WALES

Bwrdd Iechyd  
Addysgu Powys  
Powys Teaching  
Health Board





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Appendix A

Conformance with Internal Audit Standards

Appendix B

Audit Assurance Ratings

**Report status:**

Draft

**Draft report issued:**

XX May 2022

**Final report issued:**

XX May 2022

**Author:**

Head of Internal Audit

**Executive Clearance:**

Interim Board Secretary

**Audit Committee:**

XX June 2022

**Disclaimer notice - please note**

This audit report has been prepared for internal use only. Audit and Assurance Services reports are prepared, in accordance with the agreed audit brief, and the Audit Charter as approved by the Audit & Assurance Committee.

Audit reports are prepared by the staff of the NHS Wales Audit and Assurance Services, and addressed to Independent Members or officers including those designated as Accountable Officer. They are prepared for the sole use of the Cardiff and Vale University Health Board and no responsibility is taken by the Audit and Assurance Services Internal Auditors to any director or officer in their individual capacity, or to any third party.

## 1. EXECUTIVE SUMMARY

### 1.1 Purpose of this Report


Powys Health Board's (Health Board) Board is accountable for maintaining a sound system of internal control that supports the achievement of the organisation's objectives and is also responsible for putting in place arrangements for gaining assurance about the effectiveness of that overall system. A key element in that flow of assurance is the overall assurance opinion from the Head of Internal Audit.

This report sets out the Head of Internal Audit Opinion together with the summarised results of the internal audit work performed during the year. The report also includes a summary of audit performance and an assessment of conformance with the Public Sector Internal Audit Standards.

As a result of the continued impact of COVID-19 our audit programme has been subject to change during the year. In this report we have set out how the programme has changed and the impact of those changes on the Head of Internal Audit opinion.

### 1.2 Head of Internal Audit Opinion 2021-22

The purpose of the annual Head of Internal Audit opinion is to contribute to the assurances available to the Chief Executive as Accountable Officer and the Board which underpin the Board's own assessment of the effectiveness of the system of internal control. The approved Internal Audit plan is focused on risk and therefore the Board will need to integrate these results with other sources of assurance when making a rounded assessment of control for the purposes of the Annual Governance Statement. The overall opinion for 2021/22 is that:

Reasonable assurance		The Board can take <b>Reasonable Assurance</b> that arrangements to secure governance, risk management and internal control, within those areas under review, are suitably designed and applied effectively. Some matters require management attention in control design or compliance with low to moderate impact on residual risk exposure until resolved.
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### 1.3 Delivery of the Audit Plan

Due to the considerable impact of COVID-19 on the Health Board, the internal audit plan has needed to be agile and responsive to ensure that key developing risks are covered. As a result of this approach, and with the support of officers and independent members across the Health Board, the plan has been delivered substantially in accordance with the agreed

schedule and changes required during the year, as approved by the Audit, Risk and Assurance Committee (the 'Committee'). In addition, regular audit progress reports have been submitted to the Committee. Although changes have been made to the plan during the year, we can confirm that we have undertaken sufficient audit work during the year to be able to give an overall opinion in line with the requirements of the Public Sector Internal Audit Standards.

The Internal Audit Plan for the 2021/22 year was initially presented to the Committee in March 2021. Changes to the plan have been made during the course of the year and these changes have been reported to the Committee as part of our regular progress reporting.

There are, as in previous years, audits undertaken at NWSSP, DHCW, WHSSC and EASC that support the overall opinion for NHS Wales health bodies (see section 3).

Our latest External Quality Assessment (EQA), conducted by the Chartered Institute of Internal Auditors (in 2018), and our own annual Quality Assurance and Improvement Programme (QAIP) have both confirmed that our internal audit work continues to 'generally conform' to the requirements of the Public Sector Internal Audit Standards for 2021/22. For this year, as in 2020/21, our QAIP has considered specifically the impact that COVID-19 has had on our audit approach and programmes. We are able to state that our service 'conforms to the IIA's professional standards and to PSIAS.'

## 1.4 Summary of Audit Assignments

This report summarises the outcomes from our work undertaken in the year. In some cases, audit work from previous years may also be included and where this is the case, details are given. This report also references assurances received through the internal audit of control systems operated by other NHS Wales organisations (again, see section 3).

The audit coverage in the plan agreed with management has been deliberately focused on key strategic and operational risk areas; the outcome of these audit reviews may therefore highlight control weaknesses that impact on the overall assurance opinion.

Overall, we can provide the following assurances to the Board that arrangements to secure governance, risk management and internal control are suitably designed and applied effectively in the areas in the table below.

Where we have given Limited Assurance, management are aware of the specific issues identified and have agreed action plans to improve control in these areas. These planned control improvements should be referenced in the Annual Governance Statement where it is appropriate to do so.

In addition, and in part reflecting the impact of COVID-19, we have undertaken advisory and non-opinion reviews where appropriate to support our overall opinion. A summary of the audits undertaken in the year and the results are summarised in table 1 below.

Table 1 – Summary of Audits 2021/22

Substantial Assurance	Reasonable Assurance
<ul style="list-style-type: none"> <li>• Covid Recovery &amp; Rehabilitation Service</li> <li>• Budgetary Control</li> <li>• Concerns Tracking / Monitoring Assurance (Draft)</li> </ul>	<ul style="list-style-type: none"> <li>• Access to Systems</li> <li>• Midwifery – Safeguarding Supervision</li> <li>• Medical Equipment &amp; Devices</li> <li>• Theatres Utilisation</li> <li>• Dementia Service – Dementia Home Treatment Teams</li> <li>• Waste Management</li> <li>• Job Matching &amp; Evaluation Process</li> <li>• Mortality Reviews</li> <li>• Machynlleth Hospital Reconfiguration Project</li> <li>• Network &amp; Information Systems (NIS) Directive</li> </ul>
Limited Assurance	Advisory & Non-Opinion
<ul style="list-style-type: none"> <li>• Control of Contractors</li> <li>• Occupational Health (Draft)</li> </ul>	<ul style="list-style-type: none"> <li>• Site Management (Planning)</li> </ul>
No Assurance	Assurance yet to be determined
N/A	<ul style="list-style-type: none"> <li>• Risk Management &amp; Assurance (WiP)</li> <li>• Breathe Well Programme (WiP)</li> <li>• Follow-up / Recommendation Tracking Process (WiP)</li> </ul>

Please note that our overall opinion has also taken into account both the number and significance of any audits that have been deferred during the course of the year (see section 5.7) and also other information obtained during the year that we deem to be relevant to our work (see section 2.4.2).

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## 2. HEAD OF INTERNAL AUDIT OPINION

### 2.1 Roles and Responsibilities

The Board is collectively accountable for maintaining a sound system of internal control that supports the achievement of the organisation's objectives and is responsible for putting in place arrangements for gaining assurance about the effectiveness of that overall system.

The Annual Governance Statement is a statement made by the Accountable Officer, on behalf of the Board, setting out:

- how the individual responsibilities of the Accountable Officer are discharged with regard to maintaining a sound system of internal control that supports the achievement of policies, aims and objectives;
- the purpose of the system of internal control, as evidenced by a description of the risk management and review processes, including compliance with the Health & Care Standards; and
- the conduct and results of the review of the effectiveness of the system of internal control including any disclosures of significant control failures, together with assurances that actions are or will be taken where appropriate to address issues arising.

The Health Board's risk management process and system of assurance should bring together all of the evidence required to support the Annual Governance Statement.

In accordance with the Public Sector Internal Audit Standards (PSIAS), the Head of Internal Audit (HIA) is required to provide an annual opinion, based upon and limited to the work performed on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control. This is achieved through an audit plan that has been focussed on key strategic and operational risk areas and known improvement opportunities, agreed with executive management and approved by the Committee, which should provide an appropriate level of assurance.

The opinion does not imply that Internal Audit has reviewed all risks and assurances relating to the Health Board. The opinion is substantially derived from the conduct of risk-based audit work formulated around a selection of key organisational systems and risks. As such, it is a key component that the Board takes into account but is not intended to provide a comprehensive view.

The Board, through the Committee, will need to consider the Head of Internal Audit opinion together with assurances from other sources including reports issued by other review bodies, assurances given by management and other relevant information when forming a rounded

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picture on governance, risk management and control for completing its Governance Statement.

## 2.2 Purpose of the Head of Internal Audit Opinion

The purpose of the annual Head of Internal Audit opinion is to contribute to the assurances available to the Accountable Officer and the Board of Powys Teaching Health Board which underpin the Board's own assessment of the effectiveness of the organisation's system of internal control.

This opinion will in turn assist the Board in the completion of its Annual Governance Statement and may also be taken into account by regulators including Healthcare Inspectorate Wales in assessing compliance with the Health & Care Standards in Wales, and by Audit Wales in the context of both their external audit and performance reviews.

The overall opinion by the Head of Internal Audit on governance, risk management and control results from the risk-based audit programme and contributes to the picture of assurance available to the Board in reviewing effectiveness and supporting our drive for continuous improvement.

## 2.3 Assurance Rating System for the Head of Internal Audit Opinion

The overall opinion is based primarily on the outcome of the work undertaken during the course of the 2021/22 audit year. We also consider other information available to us such as our overall knowledge of the organisation, the findings of other assurance providers and inspectors, and the work we undertake at other NHS Wales organisations. The Head of Internal Audit considers the outcomes of the audit work undertaken and exercises professional judgement to arrive at the most appropriate opinion for each organisation.

A quality assurance review process has been applied by the Director of Audit & Assurance and the Head of Internal Audit in the annual reporting process to ensure the overall opinion is consistent with the underlying audit evidence.

We take this approach into account when considering our assessment of our compliance with the requirements of PSIAS.

The assurance rating system based upon the colour-coded barometer and applied to individual audit reports remains unchanged. The descriptive narrative used in these definitions has proven effective in giving an objective and consistent measure of assurance in the context of assessed risk and associated control in those areas examined.

This same assurance rating system is applied to the overall Head of Internal Audit opinion on governance, risk management and control as to individual assignment audit reviews. The assurance rating system together with definitions is included at **Appendix B**.

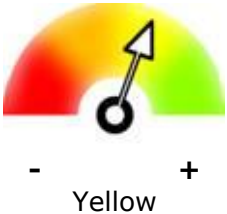
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The individual conclusions arising from detailed audits undertaken during the year have been summarised by the assurance ratings received. The aggregation of audit results gives a better picture of assurance to the Board and also provides a rational basis for drawing an overall audit opinion. However, please note that for presentational purposes we have shown the results using the eight assurance domains that were used to frame the audit plan at its outset (see section 2.4.2).

## 2.4 Head of Internal Audit Opinion

### 2.4.1 Scope of opinion

The scope of my opinion is confined to those areas examined in the risk-based audit plan which has been agreed with senior management and approved by the Committee. The Head of Internal Audit assessment should be interpreted in this context when reviewing the effectiveness of the system of internal control and be seen as an internal driver for continuous improvement. The Head of Internal Audit opinion on the overall adequacy and effectiveness of the organisation’s framework of governance, risk management, and control is set out below.

Reasonable Assurance		The Board can take <b>reasonable assurance</b> that arrangements to secure governance, risk management and internal control, within those areas under review, are suitably designed and applied effectively. Some matters require management attention in control design or compliance with low to moderate impact on residual risk exposure until resolved.
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This opinion will need to be reflected within the Annual Governance Statement along with confirmation of action planned to address the issues raised. Particular focus should be placed on the agreed response to any Limited Assurance opinions issued during the year and the significance of the recommendations made (of which there were **two** audits in 2021/22).

### 2.4.2 Basis for Forming the Opinion

The audit work undertaken during 2021/22 and reported to the Committee has been aggregated at Section 5.

The evidence base upon which the overall opinion is formed is as follows:

- An assessment of the range of individual opinions and outputs arising from risk-based audit assignments contained within the Internal Audit plan that have been reported to the Committee throughout the year. In addition, and where appropriate, work at either draft report stage or in progress but substantially complete has also been considered, and where this is the case then it is identified in the report. This assessment has taken account of the relative materiality

of these areas and the results of any follow-up audits in progressing control improvements (see section 2.4.3).

- The results of any audit work related to the Health & Care Standards including, if appropriate, the evidence available by which the Board has arrived at its declaration in respect of the self-assessment for the Governance, Leadership and Accountability module.
- Other assurance reviews which impact on the Head of Internal Audit opinion including audit work performed at other organisations (see Section 3).
- Other knowledge and information that the Head of Internal Audit has obtained during the year including cumulative information and knowledge over time; observation of Board and other key committee meetings; meetings with Executive Directors, senior managers and Independent Members; the results of *ad hoc* work and support provided; liaison with other assurance providers and inspectors; research; and cumulative audit knowledge of the organisation that the Head of Internal Audit considers relevant to the Opinion for this year.

As stated above, these detailed results have been aggregated to build a picture of assurance across the Health Board.

In reaching this opinion we have identified that the majority of reviews during the year concluded positively with robust control arrangements operating in some areas.

From the opinions issued during the year, **three** were allocated Substantial Assurance, **ten** were allocated Reasonable Assurance and **two** were allocated Limited Assurance. No reports were allocated a 'no assurance' opinion. **In addition, one advisory or non-opinion report was also issued.**

At the time of producing the draft Annual Report, **four** audits are still work in progress with the assurance rating yet to be confirmed. It is anticipated that the majority of the work will be sufficiently progressed so that the ratings can be established before production of the final Annual Report.

In addition, the Head of Internal Audit has considered residual risk exposure across those assignments where limited assurance was reported. Further, the Head of Internal Audit has considered the impact where audit assignments planned this year did not proceed to full audits following preliminary planning work and these were either: removed from the plan; removed from the plan and replaced with another audit; or deferred until a future audit year. The reasons for changes to the audit plan were presented to the Committee for consideration and approval. Notwithstanding that the opinion is restricted to those areas which were subject to audit review, the Head of Internal Audit has considered the impact of changes made to the plan when forming their overall opinion.



A summary of the findings is shown below. We have reported the findings using the 8 areas of the Health Board's activities that we use to structure both our 3-year strategic and 1-year operational plans.

### **Corporate Governance, Risk Management and Regulatory Compliance**

We have undertaken two reviews in this area.

#### **Risk Management & Assurance [WiP] -**

#### **Follow-up / Recommendation Tracking Process [WiP] -**

A review of the draft Annual Governance Statement highlighted that it was generally consistent with our knowledge of the UHB through the audit work performed in the Internal Audit plan and a review of other organisational documents.

### **Strategic Planning, Performance Management & Reporting**

We have undertaken One review in this area.

#### **Breathe Well Programme [WiP] -**

The planned work on Performance Management & Reporting was deferred to the 22/23 Plan due to the Covid-19 pressures faced by the Health Board. The Health Board's performance reporting framework has also been subject to ongoing update and implementation through the year. Rescheduling will therefore allow further time for the Framework to bed in before being audited.

The planned work on the North Powys Well-Being Programme was differed to the 22/23 Plan due to the Covid-19 pressures faced by the Health Board. It is however noted that the programme was subject to a number of other reviews which provided assurance to the Health Board. These included a Programme Assessment review by Welsh Government and a Finance audit by the Council.

### **Financial Governance and Management**

We have undertaken one review in this area.

**Budgetary Control** – We identified that there was clear and concise guidance in place for budget holders, procedures were being adhered to and the Health Board's financial position was being reported internally and externally within agreed timescales. We identified just one matter requiring management attention, and this concerned the recording of budget holder meetings. We have issued a **substantial** assurance opinion.

The audits of the payment systems provided by NWSSP, which we undertake each year to provide assurance to the Health Board all concluded

with positive assurance. The four primary care contractor payment systems were given Reasonable or Substantial Assurance, with the audits of Payroll and Accounts Payable both receiving Reasonable Assurance (Payroll is draft).

### Quality & Safety

We have undertaken three reviews in this area.

**Midwifery Safeguarding Supervision** – We found that appropriate guidance was in place covering safeguarding supervision and midwifery staff were aware of their responsibilities and the sessions delivered were effectively undertaken and documented. We did however identify a number of areas for improvement including; implementation of the action plan to improve the low compliance rates for safeguarding supervision; and Enhancements to the safeguarding supervision data reported in the Safeguarding performance Report. We issued a **reasonable** assurance opinion.

**Mortality Reviews** – The Health Board has begun the process of preparing for the introduction of the Medical Examiners role. However, we identified the need to ensure that effective processes are implemented, and these are documented within an approved SOP, to ensure full compliance with all requirements. The current processes ensure that mortality reviews are being undertaken for all deaths and the outcomes are effectively reviewed, analysed and reported. We issued a **reasonable** assurance opinion.

**Concerns Tracking and Monitoring Assurance [Draft]** – We found that the processes in place for review and monitoring of concerns and serious incidents were generally effective. We only identified two matters requiring attention, relating to the need to clear one historical incident and minor instances of incomplete supporting documentation. We issued a **draft substantial** assurance opinion.

### Information Governance & Security

We have undertaken two reviews in this area.

**Access to Systems** - The Health Board was clear over the users it has and the information that needs to be provided to different user groups based on role and location. However, the structures to allow cross border access to information between NHS Wales and NHS England had not been put in place. A business case had been developed to obtain resource in order to resolve this issue. We also identified the need to strengthen the processes for set-up and removal of users. We issued a **Reasonable** assurance opinion.

**Network & Information Systems (NIS) Directive** – An appropriate process was in place to complete the Cyber Assessment Framework (CAF) and cyber security improvement actions have been identified and

progressed. We identified three issues, relating to; No retention of supporting information provided to the Cyber Resilience Unit as part of the self-assessment process; Absence of cyber security reporting metrics; and Cyber security risk not being included on the corporate risk register. We issued a **Reasonable** assurance opinion.

### Operational Service and Functional Management

We have undertaken five reviews in this area.

**Medical Equipment & Devices** – We identified that the Health Board had a policy and procedures in place for the management of medical devices and equipment, but improvements were required in a number of areas to ensure that controls were being consistently complied with. The key areas related to maintenance of the preferred equipment list, completeness of the inventory list and the lack of documentation of Internal Quality Checks and compliance self-audits relating to point of care testing. We issued a **reasonable** assurance opinion

**Theatres Utilisation** – The Health Board had processes in place for the proactive and timely co-ordination of theatre resources and effective governance and reporting arrangements were in place. However, the available theatre capacity was not being fully utilised due to the fragility of the staff resource and reliance on in-reach staff from neighbouring Health Boards. We issued a **reasonable** assurance opinion

**Covid Recovery & Rehabilitation Service** - The Health Board had set up a COVID Recovery and Rehabilitation Service that had appropriate staffing and was in line with Welsh Government guidance and NICE guidelines. The service had been effectively publicised, and individuals were being appropriately assessed and referred as required. We issued a substantial assurance opinion.

**Dementia Services, Dementia Home Treatment Teams** – Both the North and South Teams had processes in place to support patients in their place of residence to prevent them being admitted to a hospital setting. However, we identified significant differences in the structure of the two Teams and how services are delivered, meaning that there may have been a lack of equity in the services received by patients in the North and South of Powys. There was also a lack of clear policy and procedures for the teams. We issued a **reasonable** assurance opinion.

### Site Management (Advisory) [Planning] –

The planned audits of the Cancer Services and Looked After Children with Mental Ill Health was deferred to the 22/23 Plan due to the Covid-19 pressures faced by the Health Board.

### Workforce Management

We have undertaken two reviews in this area.

**Job Matching and Evaluation Process** – The Health Board had a structured process with resources in place for the undertaking of Job Matching and Evaluation as well as providing training of staff. Going forward a greater focus was required on the type of staff being trained to ensure a wider representation from all areas of the Health Board. We issued a **reasonable** assurance opinion.

**Occupational Health Service [Draft]** – We identified a number of significant weaknesses within the Health Board's Occupational Health service relating to; Out of date Occupational Health policies; Employees not being seen within the required timescales following referral; Delays in the completion of pre-employment checks; and Health surveillance processes not being effectively embedded within the Health Board. We issued a **draft limited** assurance opinion.

### Capital & Estates Management

We have undertaken three reviews in this area.

**Control of Contractors** - We issued a **limited** assurance opinion on this review. The significant matters identified were; Limited evidence that contactor health and safety practices, competencies and accreditations had been verified by the Health Board; Robust practices developed by Estates were not replicated at the jobs managed by the Capital team; Absence of signing in / out systems operating, suspended as part of the Covid restrictions; and Insufficient performance and compliance monitoring and reporting processes. These matters placed the Health Board at risk of HSE action in the event of adverse incidents occurring on site.

**Waste Management** - A number of areas of good practice were evidenced during the audit which reflect the efforts of the Support Services team in the management of waste at the Health Board, particularly in respect of the operational practice at the sites visited. The matters requiring management attention included; The need to review the content and formality of the Waste Process document; The sufficiency of attendances at the Waste & Recycling Group; The assessment and delivery of training; and the completion of a formal procurement exercise for general waste and recycling arrangements. We issued a **reasonable** assurance opinion.

**Machynlleth Hospital Reconfiguration Project** - Following discovery of unforeseen issues during the demolition works the project costs had risen significantly with a reported forecast overspend of £180k. Management stated that the associated reported delays would not adversely impact on service delivery. The significant matters arising at the project included; The need to ensure the timely completion of contract documentation at future projects; The ongoing review / development of the project risk register; Procedures for signing of contract documentation needed to be developed;

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Evaluation of the sufficiency of the structural and condition surveys undertaken. We issued a **reasonable** assurance opinion.

The planned audit of Decarbonisation was deferred to the 2022/23 plan and replaced with the audit of Waste Management. This reflected the fact that the Health Board was not requirement to publish its Action Plan until March 2022, and the timing of expenditure of the initial capital allocations provided by Welsh Government.

### 2.4.3 Approach to Follow Up of Recommendations

As part of our audit work, we consider the progress made in implementing the actions agreed from our previous reports for which we were able to give only Limited Assurance. In addition, where appropriate, we also consider progress made on high priority findings in reports where we were still able to give Reasonable Assurance. We also undertake some testing on the accuracy and effectiveness of the audit recommendation tracker.

In addition, Audit Committees monitor the progress in implementing recommendations (this is wider than just Internal Audit recommendations) through their own recommendation tracker processes. We attend all audit committee meetings and observe the quality and rigour around these processes.

For the second year in a row, due to the impact of COVID-19, we are aware that it has been more difficult than usual for NHS organisations to implement recommendations to the timescales they had originally agreed. In addition, we also recognise that for new recommendations it may be more difficult to be precise on when exactly actions can be implemented by. However, it remains the role of Audit Committees to consider and agree the adequacy of management responses and the dates for implementation, and any subsequent request for revised dates, proposed by Management. Where appropriate, we have adjusted our approach to follow-up work to reflect these challenges.

Going forward, given that it is very likely that the number of outstanding recommendations will have grown during the course of the pandemic, audit committees will need to reflect on how best they will seek to address this position.

We have considered the impact of both our follow-up work and where there have been delays to the implementation of recommendations, on both our ability to give an overall opinion (in compliance with the PSIAS) and the level of overall assurance that we can give.

Despite the on-going effects of the pandemic, the Corporate Governance team has continued to review all outstanding recommendations with management and the outcomes have been reported to each meeting of the Audit, Risk & Assurance Committee.

We have undertaken work towards the end of the year to establish the progress made towards implementation of the agreed management actions in relation to the following three limited assurance reports that were issued in 2020/21:

- Partnership Governance – Programme Interface
- Fires Safety; and
- Llandrindod Wells Project.

*In all cases sufficient progress has been made to allow for an improvement in the reported assurance ratings.*

We have also utilised this work to validate the stated position for a sample of recommendations within the tracker. *We were able to confirm the recorded position for the majority of the sampled recommendations and therefore provide the Audit Committee with additional assurance around the accuracy of the tracker.*

*– The above work is on-going so will need to confirm this wording as it is completed.*

#### **2.4.4 Limitations to the Audit Opinion**

Internal control, no matter how well designed and operated, can provide only reasonable and not absolute assurance regarding the achievement of an organisation's objectives. The likelihood of achievement is affected by limitations inherent in all internal control systems.

As mentioned above the scope of the audit opinion is restricted to those areas which were the subject of audit review through the performance of the risk-based Internal Audit plan. In accordance with auditing standards, and with the agreement of senior management and the Board, Internal Audit work is deliberately prioritised according to risk and materiality. Accordingly, the Internal Audit work and reported outcomes will bias towards known weaknesses as a driver to improve governance risk management and control. This context is important in understanding the overall opinion and balancing that across the various assurances which feature in the Annual Governance Statement.

Caution should be exercised when making comparisons with prior years. Audit coverage will vary from year to year based upon risk assessment and cyclical coverage on key control systems. In addition, the impact of COVID-19 on this year's (and to an extent last year's) programme makes any comparison even more difficult.

#### **2.4.5 Period covered by the Opinion**

Internal Audit provides a continuous flow of assurance to the Board and, subject to the key financials and other mandated items being completed in-year, the cut-off point for annual reporting purposes can be set by agreement with management. To enable the Head of Internal Audit opinion to be better aligned with the production of the Annual Governance

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Statement a pragmatic cut-off point has been applied to Internal Audit work in progress.

By previous agreement with the Health Board, audit work reported to draft stage has been included in the overall assessment, with all other work in progress rolled-forward and reported within the overall opinion for next year.

The majority of audit reviews will relate to the systems and processes in operation during 2021/22 unless otherwise stated and reflect the condition of internal controls pertaining at the point of audit assessment.

Follow-up work will provide an assessment of action taken by management on recommendations made in prior periods and will therefore provide a limited scope update on the current condition of control and a measure of direction of travel.

There are some specific assurance reviews which remain relevant to the reporting of the organisation's Annual Report required to be published after the year end. Where required, any specified assurance work would be aligned with the timeline for production of the Health Board's Annual Report and accordingly will be completed and reported to management and the Committee subsequent to this Head of Internal Audit Opinion. However, the Head of Internal Audit's assessment of arrangements in these areas would be legitimately informed by drawing on the assurance work completed as part of this current year's plan.

## **2.5 Required Work**

Please note that following discussions with Welsh Government we were not mandated to audit any areas in 2021/22.

## **2.6 Statement of Conformance**

The Welsh Government determined that the Public Sector Internal Audit Standards (PSIAS) would apply across the NHS in Wales from 2013/14.

The provision of professional quality Internal Audit is a fundamental aim of our service delivery methodology and compliance with PSIAS is central to our audit approach. Quality is controlled by the Head of Internal Audit on an ongoing basis and monitored by the Director of Audit & Assurance. The work of Internal Audit is also subject to an annual assessment by Audit Wales. In addition, at least once every five years, we are required to have an External Quality Assessment. This was undertaken by the Chartered Institute of Internal Auditors (IIA) in February and March 2018. The IIA concluded that NWSSP's Audit & Assurance Services conforms with all 64 fundamental principles and 'it is therefore appropriate for NWSSP Audit & Assurance Services to say in reports and other literature that it conforms to the IIA's professional standards and to PSIAS.'

The NWSSP Audit and Assurance Services can assure the Committee that it has conducted its audit at the Health Board in conformance with the Public Sector Internal Audit Standards for 2021/22.

Our conformance statement for 2021/22 is based upon:

- the results of our internal Quality Assurance and Improvement Programme (QAIP) for 2021/22 which will be reported formally in the Summer of 2022; and
- the results of the work completed by Audit Wales.

We have set out, in **Appendix A**, the key requirements of the Public Sector Internal Audit Standards and our assessment of conformance against these requirements. The full results and actions from our QAIP will be included in the 2021/22 QAIP report. There are no significant matters arising that need to be reported in this document.

## 2.7 Completion of the Annual Governance Statement

While the overall Internal Audit opinion will inform the review of effectiveness for the Annual Governance Statement, the Accountable Officer and the Board need to take into account other assurances and risks when preparing their statement. These sources of assurances will have been identified within the Board's own performance management and assurance framework and will include, but are not limited to:

- direct assurances from management on the operation of internal controls through the upward chain of accountability;
- internally assessed performance against the Health & Care Standards;
- results of internal compliance functions including Local Counter-Fraud, Post Payment Verification, and risk management;
- reported compliance via the Welsh Risk Pool regarding claims standards and other specialty specific standards reviewed during the period; and
- reviews completed by external regulation and inspection bodies including Audit Wales and Healthcare Inspectorate Wales.

## 3. OTHER WORK RELEVANT TO THE HEALTH BOARD

As our internal audit work covers all NHS Wales organisations there are a number of audits that we undertake each year which, while undertaken formally as part of a particular health organisation's audit programme, will cover activities relating to other Health bodies. These are set about below, with relevant comments and opinions attached, and relate to work at:

- NHS Wales Shared Services Partnership;
- Digital Health & Care Wales;



- Welsh Health Specialised Services Committee; and
- Emergency Ambulance Services Committee.

### NHS Wales Shared Services Partnership (NWSSP)

As part of the internal audit programme at NHS Wales Shared Services Partnership (NWSSP), a hosted body of Velindre University NHS Trust, a number of audits were undertaken which are relevant to the Health Board. These audits of the financial systems operated by NWSSP, processing transactions on behalf of the Health Board, derived the following opinion ratings:

Audit	Opinion	Comments
Accounts Payable	Reasonable	
Payroll	Reasonable (Draft)	
Primary Care Services – Medical (GMS), Pharmaceutical (GPS), Dental (GDS), and Ophthalmic (GOS) Services	Reasonable Substantial Substantial Substantial	

Please note that other audits of NWSSP activities are undertaken as part of the overall NWSSP internal audit programme. The overall Head of Internal Audit Opinion for NWSSP is Reasonable Assurance.

### Digital Health & Care Wales (DHCW)

As part of the internal audit programme at DHCW, a Special Health Authority that started operating from 1 April 2021, a number of audits were undertaken which are relevant to the Health Board. These audits derived the following opinion ratings:

Audit	Opinion	Comments
<i>Welsh Radiology Information System</i>	Reasonable	
Data Centre Transition	Substantial	
Data Analytics	Reasonable	
System Development	Reasonable	
GP System Procurement Project	Substantial	

Please note that other audits of DHCW activities are undertaken as part of the overall DHCW internal audit programme. The overall Head of Internal Audit Opinion for DHCW is Reasonable Assurance.

## Welsh Health Specialised Services Committee (WHSSC) and Emergency Ambulance Services Committee (EASC)

The work at both the Welsh Health Specialist Services Committee (WHSSC) and the Emergency Ambulance Services Committee (EASC) is undertaken as part of the Cwm Taf Morgannwg internal audit plan. These audits are listed below and derived the following opinion ratings:

Audit	Opinion	Comments
WHSSC – Risk management (Draft)	Reasonable	
WHSSC – Cancer and blood services	Substantial	
WHSSC – All Wales Positron Emission Tomography (PET) Service	Reasonable	
EASC – Governance arrangements	Reasonable	

While these audits do not form part of the annual plan for the Health Board, they are listed here for completeness as they do impact on the organisation's activities. The Head of Internal Audit has considered if any issues raised in the audits could impact on the content of our annual report and concluded that there are no matters of this nature.

Full details of the NWSSP audits are included in the NWSSP Head of Internal Audit Opinion and Annual Report and are summarised in the Velindre NHS Trust Head of Internal Audit Opinion and Annual Report. DHCW audits are summarised in the DHCW Head of Internal Audit Opinion and Annual Report, and the WHSSC and EASC audits are summarised in the Cwm Taf Morgannwg University Health Board Head of Internal Audit Opinion and Annual Report.

## 4. DELIVERY OF THE INTERNAL AUDIT PLAN

### 4.1 Performance against the Audit Plan

The Internal Audit Plan has been delivered substantially in accordance with the schedule agreed with the Committee, subject to changes agreed as the year progressed. Regular audit progress reports have been submitted to the Committee during the year. Audits that remain to be reported but are reflected within this Annual Report will be reported alongside audits from the 2022/23 operational audit plan.

The revised audit plan approved by the Committee in March 2021 contained 23 planned reviews. Changes have been made to the plan with 4 audits deferred. All these changes have been reported to and approved by the Committee. As a result of these agreed changes, we have delivered 19 reviews.

The assignment status summary is reported at section 5.

In addition, we may respond to requests for advice and/or assistance across a variety of business areas across the Health Board. This advisory work, undertaken in addition to the assurance plan, is permitted under the standards to assist management in improving governance, risk management and control. This activity is reported during the year within our progress reports to the Committee.

## 4.2 Service Performance Indicators

In order to monitor aspects of the service delivered by Internal Audit, a range of service performance indicators have been developed. The key performance indicators are summarised as follows:

Indicator Reported to Audit and Assurance Committee	Status	Actual	Target	Red	Amber	Green
Operational Audit Plan agreed for 2021/22	G	April 2021	By 30 June	Not agreed	Draft plan	Final plan
Total assignments reported against adjusted plan for 2021/22	G	XX% (XX/XX)	100%	v>20%	10%<v<20%	v<10%
Report turnaround: time from fieldwork completion to draft reporting [10 working days]	G	100%	80%	v>20%	10%<v<20%	v<10%
Report turnaround: time taken for management response to draft report [15 working days]	R	54%	80%	v>20%	10%<v<20%	v<10%
Report turnaround: time from management response to issue of final report [10 working days]	G	100%	80%	v>20%	10%<v<20%	v<10%

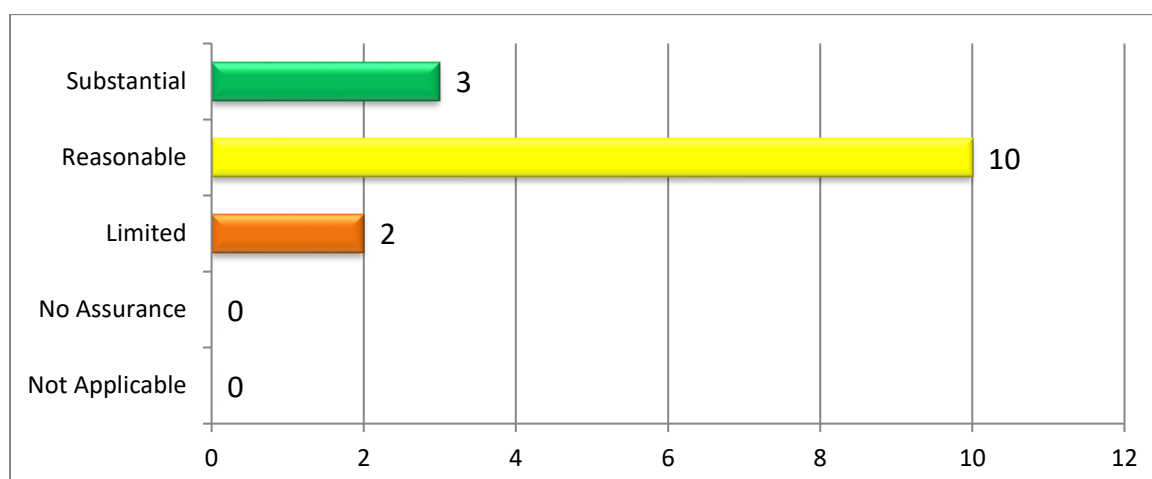
## 5. RISK BASED AUDIT ASSIGNMENTS

The overall opinion provided in Section 1 and our conclusions on individual assurance domains is limited to the scope and objectives of the reviews we have undertaken, detailed information on which has been provided within the individual audit reports.

### 5.1 Overall summary of results

In total 19 (table currently showing 15 and will need to be updated following completion of work in progress) audit reviews were reported during the year. Figure 2 below presents the assurance ratings and the number of audits derived for each.

Part 1 Summary  
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**Figure 2 Summary of audit ratings**

\* Need to add in outcomes for the 4 audits that are still to be completed.

Figure 2 above does not include the audit ratings for the reviews undertaken at NWSSP and DHCW.

The assurance ratings and definitions used for reporting audit assignments are included in **Appendix B**.

In addition to the above, there were several audits which did not proceed following preliminary planning and agreement with management. In some cases, the impact of COVID-19 was the reason for the deferral or cancellation and in other cases, it was recognised that there was action required to address issues and/or risks already known to management and an audit review at that time would not add additional value. These audits are documented in section 5.7.

The following sections provide a summary of the scope and objective for each assignment undertaken within the year along with the assurance rating.

## 5.2 Substantial Assurance (Green)



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

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Review Title	Objective
Budgetary Control	To evaluate and determine the adequacy of the systems and controls in place for budgetary control.
Covid Recovery & Rehabilitation Service	To determine if the Health Board has effectively set up and is delivering a post covid-19 syndrome service in line with Welsh Government guidance and NICE guidelines.
Concerns Tracking and Monitoring Assurance (Draft)	To assess the adequacy and effectiveness of the internal controls in operation for the tracking and monitoring of concerns and Patient Safety Incidents.

### 5.3 Reasonable Assurance (Yellow)



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

Review Title	Objective
Midwifery Safeguarding Supervision	To establish if effective processes are in place to ensure that staff comply with safeguarding supervision requirements and appropriate supervision sessions are provided.
Mortality Reviews	To establish the arrangements and preparedness within the Health Board for the introduction of the Medical Examiners Service. To evaluate the current systems and controls in place for the completion of mortality reviews.
Access to Systems	To evaluate and determine the adequacy of the systems and controls in place for Access to Systems at the Health Board
Network and Information Systems (NIS) Directive	To establish if the organisation is compliant with the NIS Regulations, has appropriate measures to protect, detect and respond to cyber

Review Title	Objective
	incidents, and has accurately completed the self-assessment.
Medical Equipment & Devices	To evaluate and determine the adequacy of the systems and controls in place for the management of medical equipment & devices and point of care testing.
Theatres Utilisation	To provide an opinion on theatre efficiency, focusing on the in-reach services carried out within the health board's own theatres.
Dementia Services - Dementia Home Treatment Teams	To evaluate and determine the adequacy of the systems and controls in place within the Health Board for the management of Dementia Services focusing on the Dementia Home Treatment Teams.
Waste Management	To determine the adequacy of, and operational compliance with, the UHBs systems and procedures, taking account of relevant NHS and other supporting regulatory and procedural requirements.
Machynlleth Hospital Reconfiguration Project	To review the delivery and management arrangements in place to progress the project; and the performance, for the period March 2020 to December 2021, against its key delivery objectives i.e. time, cost and quality.
Job Matching and Evaluation Process	To evaluate and determine the adequacy of the systems and controls in place within the Health Board for the management of The Job Matching and Evaluation Process

## 5.4 Limited Assurance (Amber)



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

Review Title	Objective
Control of Contractors	To evaluate the processes and procedures that support the management and control of contractors working for the Health Board, within Capital and Estates, and compliance with Health and Safety Executive (HSE) and other associated guidance and legislation.
Occupational Health Service (Draft)	To evaluate and determine the adequacy of the systems and controls in place for the management of the Occupational Health service. To provide assurance on the effective completion of referrals, pre-employment checks and health surveillance.

## 5.5 No Assurance (Red)



No reviews were assigned a 'no assurance' opinion.

## 5.6 Assurance Not Applicable (Grey)



The following reviews were undertaken as part of the audit plan and reported without the standard assurance rating indicator, owing to the nature of the audit approach. The level of assurance given for these reviews are deemed not applicable – these are reviews and other assistance to management, provided as part of the audit plan, to which the assurance definitions are not appropriate but which are relevant to the evidence base upon which the overall opinion is formed.

Review Title	Objective
Include Site Management if complete in time	

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## 5.7 Deferred Audits

Additionally, the following audits were deferred for the reasons outlined below. We have considered these reviews and the reason for their deferment when compiling the Head of Internal Audit Opinion.

Review Title	Reason for Deferral
Performance Management & Reporting	Deferred to the 22/23 plan due to Covid related pressures on the Health Board.
North-Powys Wellbeing Programme	Deferred to the 22/23 plan due to Covid related pressures on the Health Board.
Cancer Services	Deferred to the 22/23 plan due to Covid related pressures on the Health Board.
Looked After Children with Mental Ill Health	Deferred to the 22/23 plan due to Covid related pressures on the Health Board.

## 5.8 Work in Progress

At the time of producing the draft Annual Report, the following audits were still work in progress and the assurance ratings had not been determined. It is anticipated that the majority of this work will be sufficiently progressed so that the ratings can be established before production of the final Annual Report.

Review Title	Objective
Risk Management & Assurance	To evaluate and determine the adequacy of the systems and controls in place within the Health Board in relation to Risk Management and Assurance.
Breathe Well Programme	To evaluate the governance arrangements in place to ensure effective monitoring and reporting of progress towards delivery of the Programme.
Follow-up Action Tracker	To review the systems in place to monitor progress with the implementation of actions in response to internal audit reports.
Site Management (Advisory)	A review of the effectiveness of operational site management arrangements.



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## 6. ACKNOWLEDGEMENT

In closing I would like to acknowledge the time and co-operation given by Directors and staff of the Health Board to support delivery of the Internal Audit assignments undertaken within the 2021/22 plan.

Ian Virgill

Head of Internal Audit

Audit and Assurance Services

NHS Wales Shared Services Partnership

May 2022

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**Appendix A**

<b>ATTRIBUTE STANDARDS</b>	
<b>1000 Purpose, authority and responsibility</b>	Internal Audit arrangements are derived ultimately from the NHS organisation's Standing orders and Financial Instructions. These arrangements are embodied in the Internal Audit Charter adopted by the Audit Committee on an annual basis.
<b>1100 Independence and objectivity</b>	Appropriate structures and reporting arrangements are in place. Internal Audit does not have any management responsibilities. Internal audit staff are required to declare any conflicts of interests. The Head of Internal Audit has direct access to the Chief Executive and Audit Committee chair.
<b>1200 Proficiency and due professional care</b>	Staff are aware of the Public Sector Internal Audit Standards and code of ethics. Appropriate staff are allocated to assignments based on knowledge and experience. Training and Development exist for all staff. The Head of Internal Audit is professionally qualified.
<b>1300 Quality assurance and improvement programme</b>	Head of Internal Audit undertakes quality reviews of assignments and reports as set out in internal procedures. Internal quality monitoring against standards is performed by the Head of Internal Audit and Director of Audit & Assurance. Audit Wales complete an annual assessment. An EQA was undertaken in 2018.
<b>PERFORMANCE STANDARDS</b>	
<b>2000 Managing the internal audit activity</b>	The Internal Audit activity is managed through the NHS Wales Shared Services Partnership. The audit service delivery plan forms part of the NWSSP integrated medium term plan. A risk based strategic and annual operational plan is developed for the organisation. The operational plan gives detail of specific assignments and sets out overall resource requirement. The audit

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	<p>strategy and annual plan is approved by Audit Committee.</p> <p>Policies and procedures which guide the Internal Audit activity are set out in an Audit Quality Manual. There is structured liaison with Audit Wales, HIW and LCFS.</p>
<b>2100 Nature of work</b>	The risk based plan is developed and assignments performed in a way that allows for evaluation and improvement of governance, risk management and control processes, using a systematic and disciplined approach.
<b>2200 Engagement planning</b>	The Audit Quality Manual guides the planning of audit assignments which include the agreement of an audit brief with management covering scope, objectives, timing and resource allocation.
<b>2300 Performing the engagement</b>	The Audit Quality Manual guides the performance of each audit assignment and report is quality reviewed before issue.
<b>2400 Communicating results</b>	<p>Assignment reports are issued at draft and final stages. The report includes the assignment scope, objectives, conclusions and improvement actions agreed with management. An audit progress report is presented at each meeting of the Audit Committee.</p> <p>An annual report and opinion is produced for the Audit Committee giving assurance on the adequacy and effectiveness of the organisation's framework of governance, risk management and control.</p>
<b>2500 Monitoring progress</b>	An internal follow-up process is maintained by management to monitor progress with implementation of agreed management actions. This is reported to the Audit Committee. In addition audit reports are followed-up by Internal Audit on a selective basis as part of the operational plan.






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<b>2600 Communicating the acceptance of risks</b>	If Internal Audit considers that a level of inappropriate risk is being accepted by management it would be discussed and will be escalated to Board level for resolution.
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## Appendix B - Audit Assurance Ratings

We define the following levels of assurance that governance, risk management and internal control within the area under review are suitable designed and applied effectively:

	<b>Substantial assurance</b>	Few matters require attention and are compliance or advisory in nature. <b>Low impact</b> on residual risk exposure.
	<b>Reasonable assurance</b>	Some matters require management attention in control design or compliance. <b>Low to moderate impact</b> on residual risk exposure until resolved.
	<b>Limited assurance</b>	More significant matters require management attention. <b>Moderate impact</b> on residual risk exposure until resolved.
	<b>No assurance</b>	Action is required to address the whole control framework in this area. <b>High impact</b> on residual risk exposure until resolved.
	<b>Assurance not applicable</b>	Given to reviews and support provided to management which form part of the internal audit plan, to which the assurance definitions are not appropriate. These reviews are still relevant to the evidence base upon which the overall opinion is formed.

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Director of Finance and the Chair of the  
Audit Committee  
Powys Teaching Health Board  
Glasbury House,  
Bronllys Hospital,  
Bronllys, Powys,  
LD3 0LY

**Reference:** PTHB/TCWG 21/22

## Powys Teaching Health Board - Audit enquiries to those charged with governance and management

Our 2022 Audit Plan notes that we are responsible for obtaining reasonable assurance that the financial statements taken, as a whole, are free from material misstatement, whether caused by fraud or error. It also sets out the respective responsibilities of auditors, management and those charged with governance.

This letter formally seeks documented consideration and understanding on a number of governance areas that impact on our audit of your financial statements. These considerations are relevant to both the management of Powys Teaching Health Board (the Health Board) and 'those charged with governance' (the Audit Committee).

I have set out below the areas of governance on which I am seeking views.

1. Management processes in relation to:
  - undertaking an assessment of the risk that the financial statements may be materially misstated due to fraud.
  - identifying and responding to risks of fraud in the organisation.
  - communication to employees of views on business practice and ethical behaviour; and
  - communication to those charged with governance the processes for identifying and responding to fraud.
2. Management's awareness of any actual or alleged instances of fraud.

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3. How management gain assurance that all relevant laws and regulations have been complied with.
4. Whether there is any potential litigation or claims that would affect the financial statements.
5. Management processes to identify, authorise, approve, account for, and disclose related party transactions and relationships.

The information you provide will inform our understanding of the Health Board and its business processes and support our work in providing an audit opinion on your 2021/22 financial statements.

I would be grateful if you could complete the attached table in **Appendices 1 to 3** and for information, we have included your 2020/21 replies. Your responses should be formally considered and communicated to us on behalf of both management and those charged with governance prior to our audit opinion being given. In the meantime, if you have queries, please contact me by e-mail at [Derwyn.Owen@audit.wales](mailto:Derwyn.Owen@audit.wales) .

Yours sincerely

Derwyn Owen  
Engagement Lead

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## Appendix 1

### Matters in relation to fraud

International Standard for Auditing (UK and Ireland) 240 covers auditors responsibilities relating to fraud in an audit of financial statements.

The primary responsibility to prevent and detect fraud rests with both management and 'those charged with governance', which for the Council is the Audit Committee. Management, with the oversight of those charged with governance, should ensure there is a strong emphasis on fraud prevention and deterrence and create a culture of honest and ethical behaviour, reinforced by active oversight by those charged with governance.

As external auditors, we are responsible for obtaining reasonable assurance that the financial statements are free from material misstatement due to fraud or error. We are required to maintain professional scepticism throughout the audit, considering the potential for management override of controls.

### What are we required to do?

As part of our risk assessment procedures, we are required to consider the risks of material misstatement due to fraud. This includes understanding the arrangements management has put in place in respect of fraud risks. The ISA views fraud as either:

- the intentional misappropriation of assets (cash, property, etc); or
- the intentional manipulation or misstatement of the financial statements.

We also need to understand how those charged with governance exercises oversight of management's processes. We are also required to make enquiries of both management and those charged with governance as to their knowledge of any actual, suspected, or alleged fraud. for identifying and responding to the risks of fraud and the internal controls established to mitigate them.

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## Enquiries of management - in relation to fraud

Question	2020-21 Response	2021-22 Response
1. What is management's assessment of the risk that the financial statements may be materially misstated due to fraud and what are the principal reasons?	<p>PTHB undertook a Self-Assessment during the year which provided an overall green rating with a small number of improvement areas which are currently being implemented.</p> <p>The Counter Fraud annual work programme is identified and agreed by the Audit Committee each year with dedicated resource and time allocated against 4 strategic areas of Strategic Governance, Inform, and Involve, Prevent, and Deter and Hold to Account. Progress against the work programme and regular updates re case workload are regularly reported (via Audit Committee).</p> <p>There has been an increased focus on prevention exercises to help protect and minimise the incidence of fraud. Throughout the last year there has been increased communication and awareness in relation to the additional potential risks during the Pandemic and this have been linked to National and Local awareness.</p> <p>The work has also included the transition to the new Government Functional Standards to meet latest best practice.</p> <p>The Counter Fraud team have completed a number of fraud risk assessments in relation</p>	<p>PTHB undertook a Self-Assessment during the year which provided an overall green rating with a small number of improvement areas which are currently being implemented and 21-22 report demonstrated improvement for some areas identified as part of 20-21 assessment. This was reported to the April 22 ARA Committee meeting.</p> <p>The Counter Fraud annual work programme is identified and agreed by the Audit Committee each year with dedicated resource and time allocated against 4 strategic areas of Strategic Governance, Inform, and Involve, Prevent, and Deter and Hold to Account. Progress against the work programme and regular updates re case workload are regularly reported (via Audit Committee).</p> <p>There has been an increased focus on prevention exercises to help protect and minimise the incidence of fraud. Throughout the last year there has been increased communication and awareness in relation to the additional potential risks during the Pandemic and this have been linked to National and Local awareness.</p> <p>The work has also included the transition to the new Government Functional Standards to meet latest best practice.</p>

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to the strategic risks as outlined in previous fraud alerts.

Procurement related transactions, Accounts Payable Transactions, Primary Care Contractor payments, staff related expenses and all transactions involving the handling of cash are the classes of transactions most at risk to fraud. However, PTHB ensures segregation of duties and controls are in operation to ensure that risk of fraud is minimised, and these actions also include actions undertaken by NHS Wales Shared Services Partnership in relation to the functions they support and provide.

As part of the Health Board response to Covid 19 a number of additional controls were initiated to ensure appropriate authorisation of additional expenditure and any new contractual arrangements (with the full involvement of NHS Wales Shared Services). A specific COVID 19 Financial Control Procedure (FCP) was established that was approved by Gold and reported to Audit Committee with regular updates / iterations to reflect changes in response and arrangements as needed. The FCP helped to strengthen and ensure full visibility of the Governance Arrangements and approval process for this area of expenditure. As part of the financial reporting to Gold a retrospective review is completed to ensure all related expenditure has been appropriately captured and approved. There was also regular communication re the

The Counter Fraud team have completed a number of fraud risk assessments in relation to the strategic risks as outlined in previous fraud alerts.

Procurement related transactions, Accounts Payable Transactions, Primary Care Contractor payments, staff related expenses and all transactions involving the handling of cash are the classes of transactions most at risk to fraud. However, PTHB ensures segregation of duties and controls are in operation to ensure that risk of fraud is minimised, and these actions also include actions undertaken by NHS Wales Shared Services Partnership in relation to the functions they support and provide.

As part of the Health Board response to Covid 19 a number of additional controls were initiated to ensure appropriate authorisation of additional expenditure and any new contractual arrangements (with the full involvement of NHS Wales Shared Services). A specific COVID 19 Financial Control Procedure (FCP) was established that was approved by Gold and reported to Audit Committee with regular updates / iterations to reflect changes in response and arrangements as needed. The FCP helped to strengthen and ensure full visibility of the Governance Arrangements and approval process for this area of expenditure. As part of the financial reporting to Gold a retrospective review is completed to ensure

	<p>increased risk of fraud at this time lead by the National and Local Counter Fraud teams.</p> <p>Based on the actions as identified the risk is perceived to be minimal.</p>	<p>all related expenditure has been appropriately captured and approved. There was also regular communication re the increased risk of fraud at this time lead by the National and Local Counter Fraud teams.</p> <p>Based on the actions as identified the risk is perceived to be minimal.</p>
<p>2. What processes are employed to identify and respond to the risks of fraud more generally and specific risks of misstatement in the financial statements?</p>	<p>PTHB secured LCFS via an SLA with Swansea Bay University Health Board, from which the Audit Risk and Assurance Committee receive reports on the actions against the work plan (as approved) on fraud policy and reviewing progress against the fraud annual work plan. Where incidences of potential fraud are identified PTHB has access to local and regional fraud services. Independent members of the Audit, Risk and Assurance Committee and the Board Secretary meet with the LCFS, External Audit and Internal Audit without Management.</p> <p>Referrals are communicated appropriately between the Director of Finance (DOF) and the LCFS. Where appropriate, investigations which are deemed to be in excess of £15K are referred directly to the NHS Wales Counter Fraud Service as per NHS Protect requirements. Reports are regularly received of progress and quarterly returns</p>	<p>PTHB secured LCFS via an SLA with Swansea Bay University Health Board, from which the Audit Risk and Assurance Committee receive reports on the actions against the work plan (as approved) on fraud policy and reviewing progress against the fraud annual work plan. Where incidences of potential fraud are identified PTHB has access to local and regional fraud services. Independent members of the Audit, Risk and Assurance Committee and the Board Secretary meet with the LCFS, External Audit and Internal Audit without Management.</p> <p>Referrals are communicated appropriately between the Director of Finance (DOF) and the LCFS. Where appropriate, investigations which are deemed to be in excess of £15K are referred directly to the NHS Wales Counter Fraud Service as per NHS Protect requirements. Reports are regularly received of progress and quarterly returns</p>

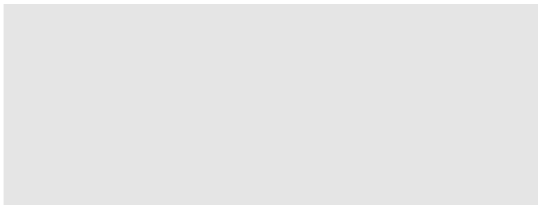
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	<p>are provided by LCFS to the Health Board (Via Audit Committee). In relation to cases below the £15K threshold the DOF receives regular monthly updates re case progress and the Audit Risk and Assurance Committee is notified on a periodical basis in the form of redacted reports. In relation to cases above the £15K threshold the National Counter Fraud Services briefs the DOF regularly.</p> <p>PTHB has an effective system of internal control. Financial systems internal audits and statutory audits have been assessed as substantial and reasonable, with some recommendations by both internal and external audit on governance and other matters which have been addressed. The Head of Internal Audit's Opinion for 2020-21 was 'reasonable'.</p> <p>The Audit Risk and Assurance Committee receives reports on Single Tender Waivers at each meeting. It also undertakes an annual process of assessing adherence to Standing Orders.</p>	<p>are provided by LCFS to the Health Board (Via Audit Committee). In relation to cases below the £15K threshold the DOF receives regular monthly updates re case progress and the Audit Risk and Assurance Committee is notified on a periodical basis in the form of redacted reports. In relation to cases above the £15K threshold the National Counter Fraud Services briefs the DOF regularly.</p> <p>PTHB has an effective system of internal control. Financial systems internal audits and statutory audits have been assessed as substantial and reasonable, with some recommendations by both internal and external audit on governance and other matters which have been addressed. The Head of Internal Audit's Opinion for 2021-22 was 'reasonable'.</p> <p>The Audit Risk and Assurance Committee receives reports on Single Tender Waivers at each meeting. It also undertakes an annual process of assessing adherence to Standing Orders.</p>
<p>3. What arrangements are in place to report fraud issues and risks to the Audit Committee?</p>	<p>The LCFS meets in confidence with the Audit Risk and Assurance Committee at least twice annually. The LCFS attend the Audit Risk and Assurance Committee meetings and had scheduled reporting built into the Committee's workplan.</p>	<p>The LCFS meets in confidence with the Audit Risk and Assurance Committee at least twice annually. The LCFS attend the Audit Risk and Assurance Committee meetings and had scheduled reporting built into the Committee's workplan.</p>

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4. How has management communicated expectations of ethical governance and standards of conduct and behaviour to all relevant parties, and when?	The organisation has an agreed Values and Behaviours Framework and Standards of Behaviour Policy. The Board also has an approved Bribery Policy. Values and Behaviours as well as standards of behaviour are reinforced through the appraisal process. Declaration of Interest are sought annually, with an onus on staff to disclose at any time in between.	The organisation has an agreed Values and Behaviours Framework and Standards of Behaviour Policy. The Board also has an approved Bribery Policy. Values and Behaviours as well as standards of behaviour are reinforced through the appraisal process. Declaration of Interest are sought annually, with an onus on staff to disclose at any time in between.
5. Are you aware of any instances of actual, suspected, or alleged fraud within the audited body since 1 April 2020?	Referrals have been received, in relation to concerns directly to the Local Counter Fraud Service and subsequent investigations have taken place. The Board has in place a Raising Concerns Policy and any complaints under this would be handled by the Chief Executive, Director of Workforce & OD and/or Board Secretary as appropriate.	Referrals have been received, in relation to concerns directly to the Local Counter Fraud Service and subsequent investigations have taken place. The Board has in place a Raising Concerns Policy and any complaints under this would be handled by the Chief Executive, Director of Workforce & OD and/or Board Secretary as appropriate.
6. Are you aware of any fraud within its service organisations since 1 April 2021?	<p>PTHB utilises the services of NHS Wales Shared Services Legal and Risk for the majority of its legal service advice and litigation (e.g., leases, employment matters).</p> <p>PTHB has sought specialist advice in respect of Value Added Tax, Estates, Property and Statutory Compliance related Issues. PTHB has also sought HR</p>	<p>PTHB utilises the services of NHS Wales Shared Services Legal and Risk for the majority of its legal service advice and litigation (e.g., leases, employment matters).</p> <p>PTHB has sought specialist advice in respect of Value Added Tax, Estates, Property and Statutory Compliance related Issues.</p>

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consultancy support on a sensitive and complex HR matter.  
PTHB is not aware of any reported items of fraud, non-compliance with laws and regulations from its service providers that would affect the financial statements.

PTHB is not aware of any reported items of fraud, non-compliance with laws and regulations from its service providers that would affect the financial statements

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## Enquiries of those charged with governance – in relation to fraud

Question	2020-21 Response	2021-22 Response
1. How does the Audit Committee, exercise oversight of management's processes for identifying and responding to the risks of fraud within the audited body and the internal control that management has established to mitigate those risks?	<p>The Board secures Local Counter Fraud Services through an SLA with Swansea Bay University Health Board. An annual fraud work plan was in place for 2020-21 and there is a fraud risk register that is periodically reviewed. Progress updates on referrals that are being investigated by the LCFS are reported to the Audit, Risk and Assurance Committee on a regular basis. The Audit, Risk and Assurance Committee also receives an update (lessons learnt etc) on cases once they are closed through the counter fraud updates.</p> <p>Regular updates from the Post Payment Verification team within NHS Wales Shared Services are also received by the Audit, Risk and Assurance Committee, who actively audit primary care contractors on behalf of PTHB.</p> <p>As a result of the above processes the LCFS has received referrals of suspected fraud. All referrals were investigated and updates on the outcomes of investigations were reported to the Audit, Risk and Assurance Committee on a regular basis.</p> <p>In addition, the PPV team have identified and investigated anomalies in payment and</p>	<p>The Board secures Local Counter Fraud Services through an SLA with Swansea Bay University Health Board. An annual fraud work plan was in place for 2021-22 and there is a fraud risk register that is periodically reviewed. Progress updates on referrals that are being investigated by the LCFS are reported to the Audit, Risk and Assurance Committee on a regular basis. The Audit, Risk and Assurance Committee also receives an update (lessons learnt etc) on cases once they are closed through the counter fraud updates.</p> <p>Regular updates from the Post Payment Verification team within NHS Wales Shared Services are also received by the Audit, Risk and Assurance Committee, who actively audit primary care contractors on behalf of PTHB.</p> <p>As a result of the above processes the LCFS has received referrals of suspected fraud. All referrals were investigated and updates on the outcomes of investigations were reported to the Audit, Risk and Assurance Committee on a regular basis.</p> <p>In addition, the PPV team have identified and investigated anomalies in payment and</p>

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where appropriate taken action to recoup monies and/or take legal action.

The Counter Fraud Risk Register is periodically reviewed. Relevant policies are also reviewed to ensure they take appropriate account of fraud related risks (e.g., Standards of Behaviour Policy). The 21/22 Counter Fraud Plan has been presented to the Audit Committee and includes actions to reflect the new Government Standards.

Through the Audit, Risk and Assurance Committee and its receipts of reports and input from External Audit, Internal Audit and Counter Fraud Services. The Counter Fraud service have an "in confidence" session during the year with the Independent Members of the Audit, Risk and Assurance Committee and Board Secretary.

The Audit, Risk and Assurance Committee also receives regular updates on ongoing cases including an update on cases once they are closed and actions undertaken (lessons learnt etc) to help prevent any future fraud.

Relevant reports and recommendations are also made to Audit Committee in relation to the proactive work completed.

where appropriate taken action to recoup monies and/or take legal action.

The Counter Fraud Risk Register is periodically reviewed. Relevant policies are also reviewed to ensure they take appropriate account of fraud related risks (e.g., Standards of Behaviour Policy). The 22/23 Counter Fraud Plan has been presented to the Audit Committee in March 22 and includes actions to reflect the new Government Standards. The Work Plan for 2022/23 is aimed at consolidating work undertaken in the previous period to embed new techniques and approaches brought in via the new standards

Through the Audit, Risk and Assurance Committee and its receipts of reports and input from External Audit, Internal Audit and Counter Fraud Services. The Counter Fraud service have an "in confidence" session during the year with the Independent Members of the Audit, Risk and Assurance Committee and Board Secretary.

The Audit, Risk and Assurance Committee also receives regular updates on ongoing cases including an update on cases once they are closed and actions undertaken (lessons learnt etc) to help prevent any future fraud.

		Relevant reports and recommendations are also made to Audit Committee in relation to the proactive work completed.
2. Are you aware of any instances of actual, suspected, or alleged fraud with the audited body since 1 April 2021?	<p>All cases of fraud are reported via the LCFS reports to the Audit and Assurance Committee on a regular basis.</p> <p>As a result of the above processes the LCFS has received referrals of suspected fraud. All referrals were investigated and updates on the outcomes of investigations were reported to the Audit, Risk and Assurance Committee on a regular basis.</p>	<p>All cases of fraud are reported via the LCFS reports to the Audit and Assurance Committee on a regular basis.</p> <p>As a result of the above processes the LCFS has received referrals of suspected fraud. All referrals were investigated and updates on the outcomes of investigations were reported to the Audit, Risk and Assurance Committee on a regular basis.</p>

## Appendix 2

### Matters in relation to laws and regulations

International Standard for Auditing (UK and Ireland) 250 covers auditors' responsibilities to consider the impact of laws and regulations in an audit of financial statements.

Management, with the oversight of those charged with governance the Audit Committee, is responsible for ensuring that the Council's operations are conducted in accordance with laws and regulations, including compliance with those that determine the reported amounts and disclosures in the financial statements.

As external auditors, we are responsible for obtaining reasonable assurance that the financial statements are free from material misstatement due to fraud or error, taking into account the appropriate legal and regulatory framework. The ISA distinguishes two different categories of laws and regulations:

- laws and regulations that have a direct effect on determining material amounts and disclosures in the financial statements.
- other laws and regulations where compliance may be fundamental to the continuance of operations, or to avoid material penalties.

### **What are we required to do?**

As part of our risk assessment procedures, we are required to make inquiries of management and the Audit Committee as to whether the Council is in compliance with relevant laws and regulations. Where we become aware of information of non-compliance or suspected non-compliance, we need to gain an understanding of the non-compliance and the possible effect on the financial statements.

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## Enquiries of management – in relation to laws and regulations

Question	2020-21 Response	2021-22 Response
1. How have you gained assurance that all relevant laws and regulations have been complied with?	<p>PTHB has a system of recording incidents (DATIX) which are monitored and reported through the Board's Experience, Quality &amp; Safety Committee and Executive Quality Governance Group. Potential instances of non-compliance are recorded on DATIX and any findings that are detrimental to patient care would be reviewed by the Putting Things Right/redress process. The Experience, Quality and Safety Committee also receives regulatory reports relating to patient care services.</p> <p>PTHB is not aware of any changes to the Health Board regulatory environment that will have a significant impact on the Health Board financial statements.</p> <p>During 2020-21 a series of Welsh Health Circulars were issued to the health board. Compliance with these is monitored by the corporate governance team and a nominated Director is required to oversee implementation. The financial impact of each WHC is assessed but none issued in 2020-21 had a significant impact on the health board's financial statements.</p>	<p>PTHB has a system of recording incidents (DATIX) which are monitored and reported through the Board's Experience, Quality &amp; Safety Committee and Executive Quality Governance Group. Potential instances of non-compliance are recorded on DATIX and any findings that are detrimental to patient care would be reviewed by the Putting Things Right/redress process. The Experience, Quality and Safety Committee also receives regulatory reports relating to patient care services.</p> <p>PTHB is not aware of any changes to the Health Board regulatory environment that will have a significant impact on the Health Board financial statements.</p> <p>During 2021-22 a series of Welsh Health Circulars were issued to the health board. Compliance with these is monitored by the corporate governance team and a nominated Director is required to oversee implementation. The financial impact of each WHC is assessed but none issued in 2021-22 had a significant impact on the health board's financial statements.</p>
2. Have there been any instances of non-compliance or suspected non-compliance with relevant laws and regulations since 1 April 2021, or	A formal Notification of Contravention letter was received on 02 March 2021 identifying two contraventions of health and safety law (Health and Safety at Work Act 1974)	We await formal confirmation from HSE as to whether they intend to pursue prosecution in respect of the historic

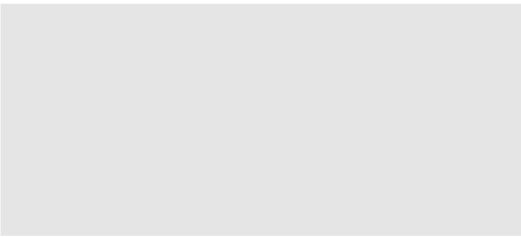
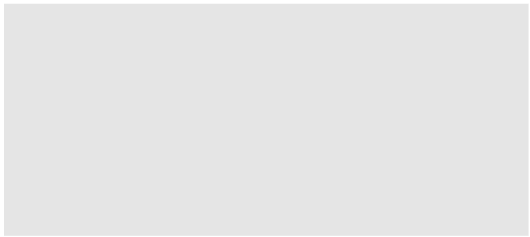
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earlier with an ongoing impact on the 2021-22 financial statements?	relating to Hand Arm Vibration Syndrome (HAVS).	practices set out in the Notification of Contravention letter received on 02 March 2021.  In respect of 2021-22, the CEO received a letter in May 2021 stating that the Notices of Contravention (improvement notices) have been complied with. No further non-compliance has been noted with regard to health and safety or other laws and/or regulations.
3. Are there any potential litigations or claims that would affect the financial statements?	<p>Potential Clinical Negligence Cases and other provisions such as Continuing Health Care are accounted for in the annual accounts and managed during the year in concert with the NHS Shared Services Partnership. There have been no significant issues raised to date by External or Internal Audit on the values contained within the financial statements on an annual basis.</p> <p>A Losses and Special Payments report is provided to the Audit Risk and Assurance Committee in respect of clinical negligence/redress and ex gratia payments made and detailed reports on each case reviewed by the Executive Team. There are comparatively low levels of claims paid by PTHB.</p>	<p>Potential Clinical Negligence Cases and other provisions such as Continuing Health Care are accounted for in the annual accounts and managed during the year in concert with the NHS Shared Services Partnership. There have been no significant issues raised to date by External or Internal Audit on the values contained within the financial statements on an annual basis.</p> <p>A Losses and Special Payments report is provided to the Audit Risk and Assurance Committee in respect of clinical negligence/redress and ex gratia payments made and detailed reports on each case reviewed by the Executive Team. There are comparatively low levels of claims paid by PTHB.</p>

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	<p>PTHB is not aware of the existence of loss contingencies or un-asserted claims that may affect the financial statements, other than the Clinical Negligence and Personal Injury Claims; Putting Things Right Redress claims and Retrospective Continuing Healthcare Claims outlined within the provisions and contingent liabilities notes within the financial statements.</p>	<p>The Board continues to monitor any potential impact of personal injury claims from staff who contracted covid but there have been no identified claims or cases to date.</p> <p>PTHB is not aware of the existence of loss contingencies or un-asserted claims that may affect the financial statements, other than the Clinical Negligence and Personal Injury Claims; Putting Things Right Redress claims and Retrospective Continuing Healthcare Claims outlined within the provisions and contingent liabilities notes within the financial statements.</p> <p>There is an ongoing Employment Tribunal that is due to be heard in July but at this stage there is no claim or basis for any financial provision or inclusion other than legal costs to date as included in the financial statements.</p>
<p>4. Have there been any reports from other regulatory bodies, such as HM Revenues and Customs which indicate non-compliance?</p>	<p>A formal Notification of Contravention letter was received on 02 March 2021 identifying two contraventions of health and safety law (Health and Safety at Work Act 1974) relating to Hand Arm Vibration Syndrome (HAVS).</p>	<p>We await formal confirmation from HSE as to whether they intend to pursue prosecution in respect of the historic practices set out in the Notification of Contravention letter received on 02 March 2021.</p> <p>In respect of 2021-22, the CEO received a letter in May 2021 stating that the Notices</p>

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of Contravention (improvement notices) have been complied with. No further non-compliance has been noted with regard to health and safety or other laws and/or regulations.

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## Enquiries of those charged with governance – in relation to laws and regulations

Question	2020-21 Response	2021-22 Response
1. How does the Audit Committee, in its role as those charged with governance, obtain assurance that all relevant laws and regulations have been complied with?	<p>A range of mechanisms are in place including an Assurance Framework, scrutiny arrangements, internal and external Audit. The Board previously identified the need to develop a legislative compliance map as a priority in its Annual Governance Programme for 2020/21, however due to the impact of COVID-19 this was not progressed.</p> <p>The Board Assurance Framework seeks to map assurance arrangements, together with the work plans of the Board's Committees. Actions from WG legislative requirement are also reported back to Board and to Welsh Government.</p> <p>PTHB has a system of recording incidents (DATIX) which are monitored through the Board's committees. Action plans are also discussed within Committees and the Board that describe the response to major legislative changes. The Board and Committee template includes a statement in relation to legislative compliance.</p>	<p>A range of mechanisms are in place including an Assurance Framework, scrutiny arrangements, internal and external Audit. The Board previously identified the need to develop a legislative compliance map as a priority in its Annual Governance Programme for 2021/22, however due to the impact of COVID-19 this was not progressed.</p> <p>The Board Assurance Framework seeks to map assurance arrangements, together with the work plans of the Board's Committees. Actions from WG legislative requirement are also reported back to Board and to Welsh Government.</p> <p>PTHB has a system of recording incidents (DATIX) which are monitored through the Board's committees. Action plans are also discussed within Committees and the Board that describe the response to major legislative changes. The Board and Committee template includes a statement in relation to legislative compliance.</p>
2. Are you aware of any instances of non-compliance with relevant laws and regulations?	A formal Notification of Contravention letter was received on 02 March 2021 identifying two contraventions of health and safety law (Health and Safety at Work	We await formal confirmation from HSE as to whether they intend to pursue prosecution in respect of the historic practices set out in the Notification of

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### Enquiries of those charged with governance – in relation to laws and regulations

Question	2020-21 Response	2021-22 Response
	<p>Act 1974) relating to Hand Arm Vibration Syndrome (HAVS).</p>	<p>Contravention letter received on 02 March 2021.</p> <p>In respect of 2021-22, the CEO received a letter in May 2021 stating that the Notices of Contravention (improvement notices) have been complied with. No further non-compliance has been noted with regard to health and safety or other laws and/or regulations.</p>

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## Appendix 3

### Matters in relation to related parties

International Standard for Auditing (UK and Ireland) 550 covers auditors responsibilities relating to related party relationships and transactions.

The nature of related party relationships and transactions may, in some circumstances, give rise to higher risks of material misstatement of the financial statements than transactions with unrelated parties.

Because related parties are not independent of each other, many financial reporting frameworks establish specific accounting and disclosure requirements for related party relationships, transactions, and balances to enable users of the financial statements to understand their nature and actual or potential effects on the financial statements. An understanding of the entity's related party relationships and transactions is relevant to the auditor's evaluation of whether one or more fraud risk factors are present as required by ISA (UK and Ireland) 240, because fraud may be more easily committed through related parties.

### What are we required to do?

As part of our risk assessment procedures, we are required to perform audit procedures to identify, assess and respond to the risks of material misstatement arising from the entity's failure to appropriately account for or disclose related party relationships, transactions, or balances in accordance with the requirements of the framework.

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## Enquiries of management – in relation to related parties

Question	2020-21 Response	2021-22 Response
<p>1. Confirm that you have disclosed to the auditor:</p> <ul style="list-style-type: none"> <li>the identity of any related parties, including changes from the prior period;</li> <li>the nature of the relationships with these related parties.</li> <li>details of any transactions with these related parties entered into during the period, including the type and purpose of the transactions.</li> </ul>	<p>There is an Annual Declarations of Interest process and Standards of Behaviour Policy in operation. The Financial statements include a dedicated section in regard to related party relationships where disclosures are made for related party transactions/relationships.</p> <p>Disclosure to Auditor as per Declarations of Interest report to Board (Audit attendance) and as per the Financial Statements inclusion re related party transactions.</p>	<p>There is an Annual Declarations of Interest process and Standards of Behaviour Policy in operation. The Financial statements include a dedicated section in regard to related party relationships where disclosures are made for related party transactions/relationships.</p> <p>Disclosure to Auditor as per Declarations of Interest report to Board (Audit attendance) and as per the Financial Statements inclusion re related party transactions.</p>
<p>2. What controls are in place to identify, authorise, approve, account for, and disclose related party transactions and relationships?</p>	<p>There is an Annual Declarations of Interest process that is completed for all Board Members, standard agenda item on all meetings for disclosure of any Declarations of Interest. Standards of Behaviour Policy in operation.</p>	<p>There is an Annual Declarations of Interest process that is completed for all Board Members, standard agenda item on all meetings for disclosure of any Declarations of Interest. Standards of Behaviour Policy in operation.</p>

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## Enquiries of the those charged with governance – in relation to related parties

Question	2020-21 Response	2021-22 Response
1. How does the Audit Committee, in its role as those charged with governance, exercise oversight of management's processes to identify, authorise, approve, account for, and disclose related party transactions and relationships?	There is an Annual Declarations of Interest process and Standards of Behaviour Policy in operation. The Financial statements include a dedicated section in regard to related party relationships where disclosures are made for related party transactions/relationships.	There is an Annual Declarations of Interest process and Standards of Behaviour Policy in operation. The Financial statements include a dedicated section in regard to related party relationships where disclosures are made for related party transactions/relationships.

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