

Audit, Risk & Assurance Committee Supplementary Agenda

Thu 29 April 2021, 14:00 - 17:00

Teams

Agenda

14:00 - 14:00
0 min

1. PRELIMINARY MATTERS

 ARA_Agenda_29Apr21_Final.pdf (2 pages)

1.1. Welcome and Apologies

1.2. Declarations of Interest

1.3. Minutes From the Previous Meeting held on 09 March 2021 for Approval

1.4. Matters Arising from Previous Meeting held 09 March 2021

1.5. Committee Action Log

14:00 - 14:00
0 min

2. ITEMS FOR APPROVAL/RATIFICATIONS/DECISION


2.1. Annual Report 2020-21 (Draft):


 ARA_Item_2.1_Accountability Report Covering Paper.pdf (3 pages)

2.1.1. Section 2: Annual Accountability Report

 ARA_Item_2.1a_SECTION TWO THE ACCOUNTABILITY REPORT.pdf (109 pages)

2.1.2. Section 3: Financial Statements

 ARA_Item_2.1bi_Draft Annual Accounts 20-21.pdf (15 pages)

 ARA_Item_2.1bii_POW LHB 2020-21 Account Template Draft ARA Committee 29th April.pdf (75 pages)


2.2. COVID-19 Financial Control Procedure - Updated

14:00 - 14:00
0 min

3. ITEMS FOR DISCUSSION

3.1. Audit Recommendation Tracking

3.2. Head of Internal Audit Opinion 2020-21

 ARA_Item_3.2_AA HIA Annual Report and Opinion 20-21 PTHB.pdf (38 pages)

3.3. Internal Audit Reports 2020-21

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3.3.1. Substantial Assurance

3.3.2. Reasonable Assurance

3.4. Draft Annual Governance Programme 2021/22

3.5. Draft Committee Work Programme 2021/22

14:00 - 14:00
0 min

4. ITEMS FOR INFORMATION

4.1. IM&T Control and Risk Assessment Audit Report

4.2. Procuring Well-Being in Wales Review

14:00 - 14:00
0 min

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:

08 June 2021 at 10:00AM, Microsoft Teams

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**POWYS TEACHING HEALTH BOARD
AUDIT, RISK & ASSURANCE
COMMITTEE
THURSDAY 29th APRIL 2021
14.00 – 16.00
VIA MICROSOFT TEAMS**



**GIG
CYMRU
NHS
WALES**

Bwrdd Iechyd
Addysgu Powys
Powys Teaching
Health Board

AGENDA

Item	Title	Attached /Oral	Presenter
1	PRELIMINARY MATTERS		
1.1	Welcome and Apologies	Oral	Chair
1.2	Declarations of Interest	Oral	All
1.3	Minutes from the Previous Meeting, held 09 March 2021	Attached	Chair
1.4	Matters Arising from the Previous Meeting, held 09 March 2021	Oral	Chair
1.5	Committee Action Log	Attached	Chair
2	ITEMS FOR APPROVAL/RATIFICATION/DECISION		
2.1	Annual Report 2020-21 (DRAFT): a) Section 2: Annual Accountability Report b) Section 3: Financial Statements	Attached	Board Secretary Director of Finance & IT
2.2	COVID-19 Financial Control Procedure – Updated	Attached	Director of Finance & IT
3	ITEMS FOR DISCUSSION		
3.1	Audit Recommendation Tracking	Attached	Board Secretary
3.2	Head of Internal Audit Opinion 2020-21	Attached	Head of Internal Audit
3.3	Internal Audit Reports, 2020-21: <u>Substantial Assurance</u> a) Freedom of Information Follow-up <u>Reasonable Assurance</u> b) Progress against Regional Plans c) Grievance Process d) Follow Up Review of 2019/20 'No' and 'Limited' Assurance Reports	Attached	Head of Internal Audit
3.4	Draft Annual Governance Programme 2021/22	Attached	Board Secretary
3.5	Draft Committee Work Programme 2021/22	Attached	Board Secretary

4	ITEMS FOR INFORMATION		
4.1	IM&T Control and Risk Assessment Audit Report	Attached	Head of Internal Audit
4.2	Procuring Well-Being in Wales Review	Attached	Director of Finance & IT
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"> 8 June 2021 at 10:00 am, Microsoft Teams 		

Key:

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

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Agenda item: 2.1

**AUDIT, RISK & ASSURANCE
COMMITTEE**

**Date of Meeting:
29 April 2021**

Subject :	DRAFT ANNUAL ACCOUNTABILITY REPORT 2020-21
Approved and Presented by:	Board Secretary
Prepared by:	Head of Risk and Assurance
Other Committees and meetings considered at:	None

PURPOSE:

The purpose of this paper is to present the Draft Annual Accountability Report for 2020-21 to the Audit, Risk and Assurance Committee for comment, ahead of its submission to Welsh Government alongside the draft Financial Statements 2020-21.

RECOMMENDATION(S):

The Audit, Risk and Assurance Committee is asked to consider the draft Annual Accountability Report 2020-21 and provide any feedback to inform the final development of its content, ahead of submission to Welsh Government on 7 May 2021.

Approval/Ratification/Decision	Discussion	Information
x	✓	x

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

Well-being Objective 8: Transforming in Partnership

Organisational Priority 27: Good Governance

Health and Care Standards:

This paper is related to the Governance and Accountability element of the Health Care Standards

EXECUTIVE SUMMARY:

The 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)¹ 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
- Wellbeing of Future Generations (Wales) Act 2015 – Well-being Statement and Annual Reporting
- Sustainability Report

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

This report forms the Accountability Report element i.e. Part 2 of the Annual Report and Accounts. It must be submitted to the Welsh Government by 11 June 2021, together with the Financial Statements (Annual Accounts), as approved by the Board.

The draft Performance Report section will be completed in readiness for submission to Welsh Government by the deadline of 7 May 2021. All three sections will be then combined into a single document, the 'Annual Report and Accounts' and will be published and presented at the health board's Annual General Meeting, to be held by 31 July 2021.

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

The draft Annual Accountability Report 2020-21 is due for submission to Welsh Government by Friday 7 May 2021 and is shared with the Audit, Risk and Assurance Committee for comment. The final draft will be submitted for the Committee's consideration at its meeting on 8 June 2021, ahead of presentation to Board for adoption on 10 June 2021.

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SECTION TWO: THE ACCOUNTABILITY REPORT

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ACCOUNTABILITY REPORT: 2020-21



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SIGNED BY:

DATE: 11 JUNE 2021

CAROL SHILLABEER [CHIEF EXECUTIVE]

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 (FRm) and set out in the 2020-21 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 2020-21. 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 2020-21. It includes:

1. A Director's Report
2. A Statement of Accountable Officer Responsibilities
3. A Statement of Directors' Responsibilities in Respect of the Accounts
4. The Annual Governance Statement

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1. THE DIRECTOR'S REPORT FOR 2020-21

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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, 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 2020-21

During 2020-21, the following individuals were voting members of the Board of Powys Teaching Health Board:

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Independent Members (IM)		
Vivienne Harpwood	Chair	Full Year
Melanie Davies	Vice-chair	Full Year
Anthony Thomas	IM (Finance)	Full Year
Matthew Dorrance	IM (Local Authority)	Full Year
Owen James	IM (Community)	To 04/09/2020
Trish Buchan	IM (Third Sector)	Full Year
Frances Gerrard	IM (University)	Full Year
Ian Phillips	IM (ICT)	Full Year
Susan Newport	IM (Trade Union Side)	Full Year
Mark Taylor	IM (Capital & Estates)	Full Year
Rhobert Lewis	IM (General)	From 22/02/2021
Executive Directors		
Carol Shillabeer	Chief Executive	Full Year
Julie Rowles	Executive Director of Workforce and OD	Full Year
Pete Hopgood	Executive Director of Finance and IT	Full Year
Hayley Thomas	Executive Director of Planning and Performance	Full Year
Wyn Parry	Executive Medical Director (including Responsible Officer)	To 31/07/2020
Paul Buss	Interim Medical Director (part time 3 days/week)	01/08/2020 - 31/01/2021
Dr Catherine Woodward	Interim Responsible Officer (part time 2 days/week)	01/08/2020 - 31/03/2021
Kate Wright	Executive Medical Director	15/02/2021
Stuart Bourne	Executive Director of Public Health	Full Year
Alison Davies	Executive Director of Nursing and Midwifery	Full Year
Claire Madsen	Executive Director of Therapies and Health Sciences	Full Year
Jamie Marchant	Executive Director of Primary, Community and Mental Health Service	Full Year

During 2020/21, vacancies in the Board consisted of:

Independent Member	Executive Director
Independent Member (General) from 01/04/2019 to 22/02/2021	<ul style="list-style-type: none"> Executive Medical Director from 01/02/2021 to 14/02/2021 (Assistant

<ul style="list-style-type: none"> Independent Member (General) from 05/09/2020 to 31/03/2021 	Medical Director provided cover during this time)
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Whilst roles on the Board were vacant, 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 meeting remained quorate and the Board's duties could be discharged.

As of 1 April 2020, the Welsh Government suspension of all Ministerial Public Appointments which had been introduced on 19 March 2020 as a result of the Covid-19 pandemic was still in place and continued until September 2020. In April 2020 the Health Board had one Independent Member vacancy with a further role becoming vacant on 5 September 2020. Campaigns for both these roles commenced in autumn 2020 with one appointment confirmed in February 2021. The second appointee needed to serve a notice period and would not start until June 2021. During this period of campaign suspension, a further term for the ICT Independent Members and a covid-19 extension to a second Independent Member (Trade Union) were confirmed, and in spring 2021 arrangements were made to secure second terms of two further Independent Members (University and Estates) ahead of the suspension of activity in the Public Appointments office in the period prior to and immediately after the Senedd elections.

NON-VOTING MEMBERS OF THE BOARD DURING 2020-21

During 2020/21, the following Associate Member, was in post as a non-voting member:

- Alison Bulman, Corporate Director (Children & Adults), Powys County Council - from 01/04/2020 - 18/09/2020

The following Associate Member positions were vacant on the Board during 2020/21:

- Chair of the Stakeholder Reference Group (Advisory Group of the Board)
The Stakeholder Reference Group did not meet in 2020/21 and a Chair has not yet been appointed.
- Chair of the Healthcare Professionals' Forum (Advisory Group of the Board)
The Healthcare Professionals' Forum has yet to be established.
- Corporate Director (Children and Adults) Powys County Council (from 19/09/2020)

Further details in relation to role and composition of the Board can be found at page XX of the Annual Governance Statement. In addition, short

biographies of all our Board members can be found on the health board [website](#). The Annual Governance Statement also contains further information in respect of the Board and Committee Activity.

AUDIT, RISK AND ASSURANCE COMMITTEE

During 2020-21, 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
Ian Phillips	IM (ICT)	Full Year
Matthew Dorrance	IM (Local Authority)	Full Year
Executive Directors by Attendance Only		
Carol Shillabeer	Chief Executive	Full Year
Pete Hopgood	Executive Director of Finance and IT	Full Year

DECLARATION OF INTERESTS

Details of company directorships and other significant interests held by members of the Board which may conflict with their responsibilities are maintained and updated on a regular basis. A register of Interests is available on the health board [website](#), or a hard copy can be obtained from the Board Secretary on request.

ENVIRONMENTAL, SOCIAL AND COMMUNITY ISSUES

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

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

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

COVID-19, GLOBAL PANDEMIC

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

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

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

PERSONAL DATA RELATED INCIDENTS

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

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: 11 JUNE 2021

CAROL SHILLABEER [CHIEF EXECUTIVE]

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2. STATEMENT OF ACCOUNTABLE OFFICER RESPONSIBILITIES: 2020-21

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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: 11 JUNE 2021

CAROL SHILLABEER [CHIEF EXECUTIVE]

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3. STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS FOR 2020-21

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STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS FOR 2020-21

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

In preparing those accounts the Directors are required to:

- Apply 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 Directors of Powys Teaching Health Board we confirm:

- That we have complied with the above requirements in preparing the 2020-21 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: 11 JUNE 2021

PROFESSOR VIVIENNE HARPWOOD [CHAIR]

SIGNED BY:

DATE: 11 JUNE 2021

CAROL SHILLABEER [CHIEF EXECUTIVE]

SIGNED BY:

DATE: 11 JUNE 2021

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 Board of Powys Teaching Health Board (PTHB) is accountable for good governance, risk management and internal control. As the Chief Executive and Accountable Officer of PTHB I have clearly defined responsibilities as set out in the Accountable Officer Memorandum and my letter of appointment. These responsibilities relate to maintaining appropriate governance structures and procedures, as well as a sound system of internal control that supports the achievement of the organisation's policies, aims and objectives, whilst safeguarding the public funds and the organisation's assets for which I am personally responsible. These duties are carried out in accordance with the responsibilities assigned by the Accountable Officer of NHS Wales.

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

At the time of preparing this Annual Governance Statement, the Health Board and the NHS in Wales continues to face unprecedented and substantial pressure in planning and responding to COVID-19 itself as well as planning to recover from the impacts of the pandemic. The organisation's response to COVID-19 in 2020/21 forms a key part of the Performance Report section of the Annual Report. Detail on the maintaining good governance during the pandemic is provided in this Annual Governance Statement.

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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 in the Directors Report at page XX.

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

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

COMMITTEES OF THE BOARD

Section 3 of 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 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

During 2020/21, the following Committees were established by the Board:

- 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

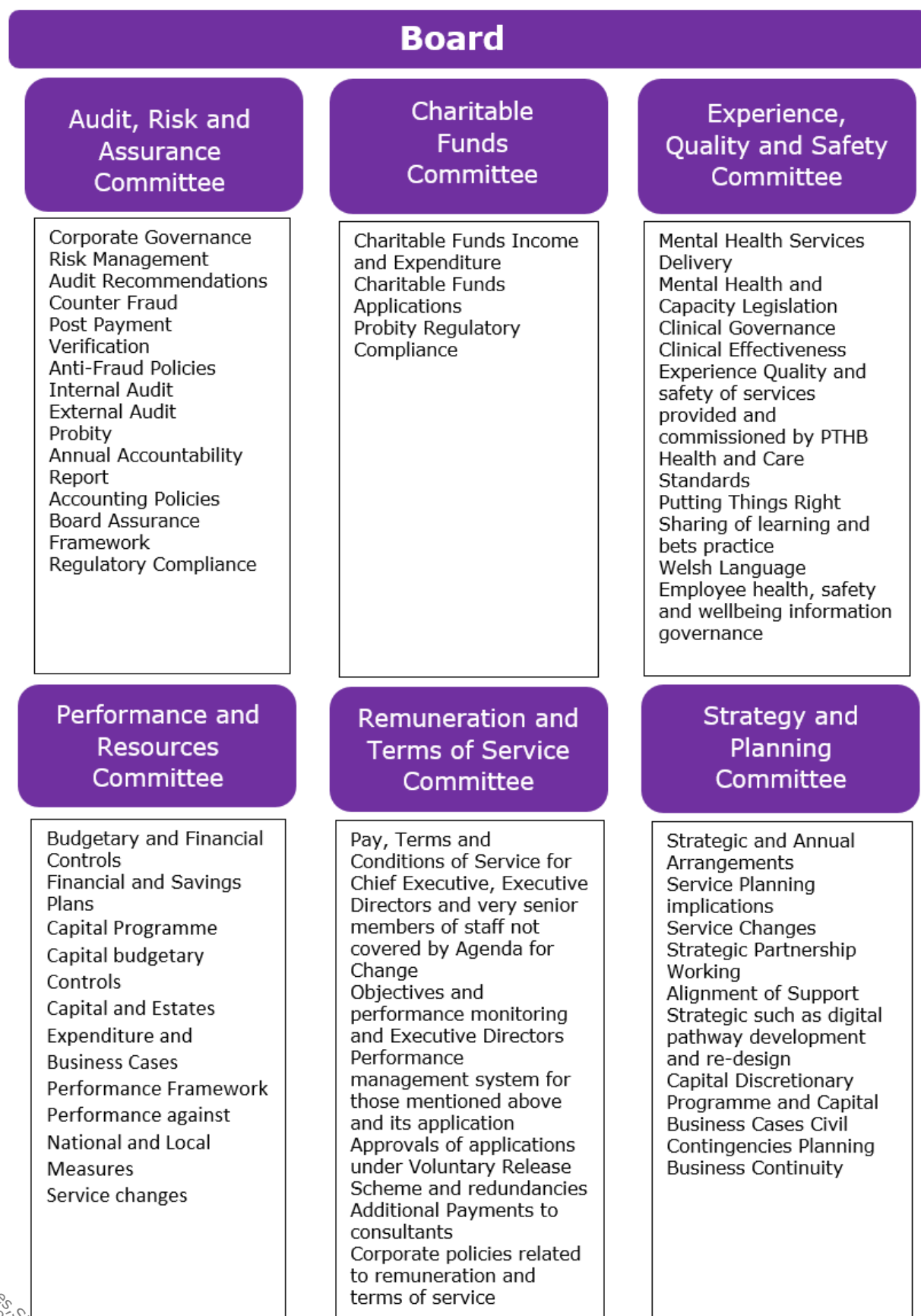
The detailed Terms of Reference, agendas and papers for each of these Committees can be found on the health board's [website](#).

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

Figure 2 below provides an overview of the role and responsibilities of the Board's Committees, as set out within respective Terms of Reference.

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Figure 1: Roles and Responsibilities of Committees of the Board



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MAINTAINING GOOD GOVERNANCE

As a result of the pressure placed on NHS bodies in managing the impact of the pandemic during 2021/21, it was necessary to adapt governance arrangements. The Welsh Government therefore agreed with the All-Wales Board Secretaries Group a set of Governance Principles, designed to help focus consideration of governance matters during the pandemic. These are:

- **Public interest and patient safety** – We will always act in the best interests of the population of Wales and will ensure every decision we take sits in this context, taking in to account the national public health emergency that (COVID-19) presents.
- **Staff wellbeing and deployment** – we will protect and support our staff in the best ways we can. We will deploy our knowledge and assets where there are identified greatest needs.
- **Good governance and risk management** – we will maintain the principles of good governance and risk management ensuring decisions and actions are taken in the best interest of the public, our staff and stakeholders ensuring risk and impact is appropriately considered.
- **Delegation and Escalation** – any changes to our delegation and escalation frameworks will be made using these principles, will be documented for future record and will be continually reviewed as the situation unfolds. Boards and other governing for a will retain appropriate oversight, acknowledging different arrangements may need to be in place for designated officers, deputies and decisions.
- **Departures** – where it is necessary to depart from existing standards, policies or practices to make rapid but effective decisions – these decisions will be documented appropriately. Departures are likely, but not exclusively, to occur in areas such as standing orders (for example in how the Board operates), Board and executive scheme of delegation, consultations, recruitment, training and procurement, audit and revalidation.
- **One Wales** – we will act in the best interest of all of Wales ensuring where possible resources and partnerships are maximised and consistency is achieved where it is appropriate to do so. We will support our own organisation and the wider NHS to recover as quickly as possible from the national public health emergency that COVID-19 presents returning to business as usual as early as is safe to do so.
- **Communication and transparency** – we will communicate openly and transparently always with the public interest in mind accepting our normal arrangements may need to be adapted, for example Board and Board Committee meetings being held in public.

Throughout 2020/21, given the nature and scale of the response an agile response to governance was required.

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

CONDUCTING BUSINESS WITH OPENNESS AND TRANSPARENCY

It is acknowledged that in these unprecedented times, there are limitations on Boards and Committees being able to physically meet where this is not necessary and can be achieved by other means. In accordance with the Public Bodies (Admissions to Meetings) Act 1960 the organisation is required to meet in public. As a result of the public health risk linked to the pandemic there have been limitations on public gatherings and has not therefore been possible to allow the public to attend meetings of our board and committees from March 2020. To ensure business was conducted in as open and transparent manner as possible during this time the following actions were taken: -

- All Board and Committee meeting agenda packs have been published to the health board's [website](#) in advance of meetings;
- Summary minutes for Board and Committee meetings have been produced and published to the health board's [website](#) within five days of the meeting;
- The Board's meeting held in July 2020 was recorded and published to the health board's [website](#);
- All meetings of the Board have been live streamed since September 2020.

The Board is expediting plans to enable its Committee meetings to be made available to the public via live streaming. In the meantime, meeting agendas during 2020/21 were issued with a statement advising the public that should they wish to observe a virtual meeting of a committee, then they could make contact the Board Secretary in advance of the meeting in order that the request could be considered on an individual basis. This statement was also available for members of the public on the Health Board's website.

FREQUENCY OF BOARD AND COMMITTEE MEETINGS

The Board reviewed its governance arrangements at its meetings held 27 May 2020 and 25th November 2020.

In May 2020, the Board reviewed its governance arrangements to reflect the organisations Phase 2 Response Plan. The Board agreed that, in accordance with Standing Orders, it would continue to meet formally every two months, as per its usual schedule. In addition, it was agreed that Board Briefing Sessions would be held as a minimum monthly and otherwise as deemed necessary by the Chair and Chief Executive. Board Development would be

taken forward in-line with a re-prioritised Board Development Plan, focussing on those aspects which could be achieved through the monthly board briefing sessions and individually, recognising that some aspects will need to be taken forward collectively once social distancing measures are lifted.

The following Committee cycles were adopted:

In line with frequency outlined in Terms of Reference:

- **Experience, Quality & Safety Committee** every 2 months
- **Audit, Risk & Assurance Committee** every 2 months
- **Remuneration & Terms of Service Committee** every 3 months
- **Strategy & Planning Committee** every 3 months
- **Charitable Funds Committee** every 3 months

Frequency amended from that outlined in Terms of Reference:

- **Performance and Resources Committee** every 3 months (amended from meeting every two months as per its Terms of Reference)
- **Executive Committee** meeting as a minimum monthly but otherwise as deemed necessary by the Chief Executive (amended from meeting every two weeks as per its Terms of Reference).

It was agreed that Board and Committee meetings would proceed with a shortened, concise agenda focusing on essential matters and held virtually to ensure compliance with social distancing guidance.

On 25 November 2020, the Board considered an update on maintaining good governance where a continuation of the arrangements for Board was outlined along with a return of Committee meetings to the schedule as set out in their Terms of Reference, with the exception of Executive Committee (to meet at least monthly) and the Remuneration and Terms of Services Committee (to meet as required) - both of which were a deviation from the Terms of Reference of these Committees.

As the pandemic progressed throughout 2020/21 there were a number of changes to the originally agreed committee schedules, as outlined below.

- Audit, Risk and Assurance Committee was deferred from 27 April 2020 to 18 May 2020.
- Charitable Funds Committee on 6 April 2020 was cancelled.
- Charitable Funds Committee on 2 June 2020 was deferred to 1 July 2020.
- Charitable Funds Committee on 17 September 2020 was cancelled.
- Experience, Quality and Safety Committee was deferred from 2 April to 16 April
- Performance and Resources Committee on 29 April 2020 was cancelled
- Performance and Resources Committee on 7 September 2020 was deferred to 6 October 2020
- Performance and Resources Committee on 27 October 2020 was cancelled.
- Performance and Resources Committee on 14 December 2020 was cancelled.
- Strategy and Planning Committee on 23 April 2020 was cancelled

- Strategy and Planning Committee on 28 January 2021 was postponed to 23 February 2021

To ensure Board Members remained fully sighted as the pandemic progressed, a series of Covid-19 Board Briefings were established. There were held on the following dates:

- 9 April 2020
- 23 April 2020
- 7 May 2020
- 18 June 2020
- 2 July 2020
- 14 December 2020
- 8 January 2021
- 22 January 2021
- 10 February 2021
- 23 February 2021
- 18 March 2021

Figure 3 below provides an overview of Board and Committee meetings held during 2020-21.

Figure 3: Board and Committee meetings held during 2020-21

Board/ Committee	Dates											
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Board		27	29	29		30	22	25	21	27		31
Audit Risk and Assurance		18	25	20		08		03		26		09
Charitable Funds				01					03			04
Experience Quality and Safety	16		04	02 & 03			01	06	03		04	
Performance and Resources			30				06		14		22	
Remuneration and Terms of service		20		28						27		
Strategy and Planning				09				06			23	
Covid –19 Board Briefing	09 & 23	07	18	02					14	08 & 22	10 & 23	18

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

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 2011'.

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 2020-21 were adopted by the Board on 27 November 2019 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. To fulfil this requirement, in alignment with the review of Standing Orders and Committee terms of reference, a detailed review of the Board's Scheme of Reservation and Delegation of Powers has also been completed. The document, which was approved by the Board on 27 November 2019 can be found on the health board's [website](#).

During 2020/21, the Board 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. There were no amendments required to the Scheme of Delegation and Reservation of Powers.

During 2020/21, the Board's Standing Financial Instructions remained extant and applicable during this time. In addition, an Interim Financial Control Procedure for COVID-19 (approved by the Board's Audit, Risk and Assurance Committee), was established to describe how the financial management responsibilities placed upon the Chief Executive and Director of Finance are discharged and implemented within PTHB, including those services hosted by the Health Board as consequence of COVID-19.

STANDARDS OF BEHAVIOUR

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](#).

ITEMS CONSIDERED BY THE BOARD IN 2020-21

During 2020-2021 the Board held:

- Nine meetings, all virtual, one recorded and uploaded after the event and six livestreamed;
- Three Chair's Actions
- Three development sessions.
- Eleven Covid-19 Board Briefings

All meetings of the Board held 2020/21 were appropriately constituted with the required quorum.

COVID-19 Response

In May 2020, the Board approved its Review of the PTHB response to the COVID-19 pandemic. This contained detail of the measures put in place to plan, prepare and activate (where necessary) plans, together with decision-making arrangements (including at Board and Gold Group) together with assurance arrangements via the Committees and Board briefings. Risk identification was considered including PPE, testing, data, closed settings and the impact on wider organisational objectives.

At the same meeting the Phase 2 Response Plan was approved outlining

arrangements in respect of Test, Trace and Protect alongside the four harms; harm from covid-19; harm from an overwhelmed NHS and social care system; harm from a reduction in non-covid activity and harm from wider societal actions / lockdown.

Re-prioritised Annual Plan

In May 2020, the Board considered and approved a re-prioritised Annual Plan which had been necessitated as a result of the pandemic.

COVID-19 Maintaining Good Governance

The Board agreed the arrangements proposed to ensure that good governance was maintained during the period of the pandemic. These arrangements included standing down some of the Committees in the early part of the period but ensuring the Audit, Risk and Assurance Committee, the Experience, Quality and Safety Committee and Local Partnership Forum continued to meet. To ensure Independent Members remained fully sighted Covid-19 Board Briefings were put in place.

PTHB Quarter 2 Operational Plan

This plan had been prepared to address the actions required as part of the Covid-19 response and was approved in July 2020.

Winter Protection Plan Q3/4

This outlined arrangements for the second part of the year and followed on from the Covid-19 response plan and the Quarter 2 Operational Plan. This was agreed in November 2020.

COVID-19 Vaccination Plan

Progress on the Covid-19 Vaccination Plan was outlined and the delivery of Phase 2 of the plan was approved.

Strategic Planning 2021/22

Board noted a report on New Ways of Working and approved the draft strategic priorities for 2021/22.

Policies

The following policies were approved:

- Serious Incidents Policy (May 2020)
- Claims Policy (May 2020)

During 2020/21, the Board also considered and approved:

- **PTHB Podiatry Service Engagement Outcome**

The Board approved changes to the Podiatry Service to strengthen the sustainability of the service.

- **Bro Dyfi Community Hospital**

In September 2020, the Board approved the Full Business Case for Bro Dyfi Community Hospital

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- **Mechanical Ventilation**

In September 2020, the Board approved (via the ratification of a Chair's Action) funding for the installation of ventilation systems in Brecon, Llandrindod and Welshpool Hospitals.

- **North Powys Well-being Programme**

The North Powys Well-being Programme had been paused at the start of the pandemic but had restarted with Board approval for the Programme Business Case. Approval would also be required from programme partners including Powys County Council.

- **Llandrindod Wells Memorial Hospital:**

Board approval was given for the submission of the Phase 2 Programme Business Case.

- **Health and Care Academy**

The blueprint for a Powys Health and Care Academy with a first physical base at Basil Webb, Bronllys was approved.

- **Radiotherapy Satellite Centre at Nevill Hall Hospital**

The Outline Business Case for the development of a Radiotherapy Satellite Centre at Nevill Hall was approved.

- **South East Wales Vascular Engagement**

Proposals for engagement to commence on proposed changes to vascular services in south east Wales was approved.

In addition to the above, the Board:

- Ratified decisions taken at Executive Committee in respect of the Welsh Language Standards Update Report
- Approved the Strategic Equality Plan 2020-2024
- Approved the Terms of Reference for the Pharmaceutical Applications Panel
- Approved the Financial Resource Plan 2020/21
- Reviewed regularly the Corporate Risk Register
- Agreed the Audit of Financial Statements and Letter of Representation
- Approved the Annual Accountability Report 2019/20
- Approved the Annual Work Plans for Board, Committee and Board Development
- Received briefings on arrangements in respect of Exiting the European Union
- Approved the Annual Performance Report (via the ratification of a Chair's action)
- Received the Annual Quality Statement
- Noted the Welsh Language Annual Report
- Received an update on the South Wales Pathways Programme (the early opening of The Grange Hospital)
- Received assurance in respect of arrangements for monitoring the Nurse Staffing Levels (Wales) Act
- Approved the Winter Unscheduled Care Plan
- Approved the Charitable Funds Annual Accounts 2019-20

- Approved the delegation of any decisions relating to the prioritisation of critical activities to the Chair and Chief Executive
- Approved the draft Discretionary Capital Programme
- Approved the revised Equality Impact Assessment in association with the requirements of the Socioeconomic Duty
- Approved the methodology for setting the Funded Nursing Care Rate for 2021/22
- Received, considered and discussed financial performance and the related risks being managed by the health board;
- Routinely considered the Board's performance in relation to key national and local targets and agreed mitigating actions in response to improve performance where appropriate.
- Routinely received assurance reports from the Committees and Advisory Groups of the Board.
- Routinely received reports from the Community Health Council

ITEMS CONSIDERED BY COMMITTEES OF THE BOARD

During 2020-21, 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 HSE.

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 for the Board committees is set out in **Figure 4** that Follows.

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

Audit, Risk and Assurance Committee	<ul style="list-style-type: none"> ▪ Ratified approval of Single Tender Waivers ▪ Ratified the Covid-19 Financial Control Procedure ▪ Received the Internal Audit Annual Report and Opinion 2019-20 ▪ Received Internal and External Audit Reports and tracked implementation of audit recommendations ▪ Kept under review the health board's arrangements for risk management and assurance
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	<ul style="list-style-type: none"> ▪ Reviewed and sought assurance on the accuracy of the Annual accounts and Annual accountability statement ▪ Reviewed and sought assurance on the accuracy of annual reports
Executive Committee	<ul style="list-style-type: none"> ▪ Took forward actions arising from the Integrated Performance Report and performance managing the delivery of those action plans. ▪ Kept the operational effectiveness of policies and procedures under review. ▪ Scrutinised key reports and strategies prior to their submission to other Committees of the Board and/or the Board to ensure their accuracy and quality. ▪ Provided a strategic view of issues of concern ensuring co-ordination between directorates. ▪ Provided advice to the Committees of the Board and/or the Board on matters related to quality, safety, planning, commissioning, service level agreements and change management initiatives. ▪ Ensured staff are kept up to date on health board wide issues. ▪ Acted as the forum in which Directors and senior managers can formally raise concerns and issues for discussion, making decisions on these issues.
Charitable Funds Committee	<ul style="list-style-type: none"> ▪ Scrutinised applications for charitable funds ▪ Kept and overview of charitable funds income and expenditure
Experience, Quality and Safety Committee	<ul style="list-style-type: none"> ▪ Scrutinised the Clinical Decision Making in relation to covid-19 ahead of a decision to be taken by Gold Group ▪ Scrutinised the Clinical Quality Framework ▪ Examined the risk assessment for the transmission of covid-19 in the workplace ▪ Examined the support provided to care homes during covid-19 ▪ Scrutinised and monitored arrangements for mortality reporting ▪ Approved arrangements for use of PPE for cardiopulmonary resuscitation and nasogastric intubation ▪ Scrutinised arrangements in relation to the South Powys Pathways Programme ▪ Received a PSOW Special Interest Report and tracked the response thereto ▪ Reviewed performance against key patient experience, quality and safety indicators ▪ Sought assurance in relation to the quality of directly provided services and commissioned services ▪ Monitored the health board's approach to complaints and concerns ▪ Sought assurance in relation to specific issues,

	<p>for example, the Shrewsbury and Telford Hospitals NHS Trust</p> <ul style="list-style-type: none"> ▪ Oversaw the development of the Annual Quality Statement ▪ Received reports on matters such as Infection Prevention and Control, Wellbeing at Work, Safeguarding and Health and Safety ▪ Monitored Welsh Language requirements, equality and diversity; and compliance with mental health legislation. ▪ Monitored the effectiveness of arrangements in place to support Improvement and Innovation ▪ Considered the safeguarding of information and associated governance arrangements. ▪ Sought assurance on the implementation of Putting Things Right regulations and lessons learnt.
Performance and Resources Committee	<ul style="list-style-type: none"> ▪ Sought assurance regarding financial management and financial performance. ▪ Oversaw the delivery of the health board's performance against the National Outcomes Framework, the Integrated Medium-Term Plan and related Annual Plan, and key local outcomes. ▪ Sought assurance regarding arrangements for the performance management and accountability of directly provided and commissioned services ▪ Monitored workforce and organisational development frameworks and plans; and the monitoring of key workforce metrics. ▪ Monitored GDPR and Freedom of Information, requirements
Strategy and Planning Committee	<ul style="list-style-type: none"> ▪ Scrutinised arrangements regarding the South Wales Pathways Programme ▪ Scrutinised proposals for PTHB Podiatry Services ▪ Monitored progress on the North Powys Well-being Programme ▪ Oversaw the development of the Board's Capital Discretionary Programme and Capital Business Cases ▪ Received reports on matters such as Board's Integrated Medium-Term Plan, including the Financial Plan and Workforce Plan and Board's Annual Plan, aligned to the Integrated Medium-Term Plan. ▪ Considered and kept the following under review: <ul style="list-style-type: none"> ▪ any necessary revision of the Health Board's strategies and plans ▪ implications for service planning arising from the development of the Health Board's strategies and plans or those of its stakeholders and partners

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BOARD DEVELOPMENT

In July 2020, the Board approved its Board Development Plan 2020/21 – 2021/22. The purpose of Plan outlines the key components of an effective Board, areas for further development as identified through a process of self-assessment and reflection (the Board Review of Effectiveness took place in September 2020) and confirmed the Board Development Plan for delivery throughout 2020/21 and 2021/22.

During the year, the Board took part in a number of development and briefing sessions which covered topics that included the South Powys Programme, Safeguarding, Domestic Violence and Children's Rights, Planning Ahead, the Socioeconomic Duty, Social Care White Paper and Renewal and Recovery, Planning for 2021/22.

The Board has scheduled its annual self-assessment and reflection to take place in April 2021 (to include consideration of the effectiveness of its committee).

ADVISORY GROUPS

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

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

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 2020-21 to strengthen the Forum's operating arrangements and maximise its role in providing advice to the Board. Between April and June 2020 arrangements were altered with the bi-monthly Local Partnership Forum meetings replaced by monthly briefing sessions. The Local Partnership Forum meetings re-commenced in July 2020 with it agreed to hold Local Partnership Forums and Local Partnership briefings on alternate months.

The Stakeholder Group did not meet during 2020/21 and due to pandemic pressures, the review of the of the membership of this group did not take place and it remains the intention to review arrangements relating to this group in 2021/22.

The Board does not have in place its Healthcare Professionals Forum. Pandemic pressures have meant that no work was undertaken to constitute this group during 2020/21.

In the absence of this Group, the Board engages clinical professionals through its clinical directors (Medical Director, Director of Nursing, Director of Therapies and Health Sciences and 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.

It is the intention to take forward arrangements in respect of the Healthcare Professional's Forum in 2021/22.

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).

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](#).

Powys County Council

Powys Teaching Health Board and Powys County Council (PCC) 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 PCC established a Joint Partnership Board. This brings together nominated strategic leaders from PCC and the health board to ensure effective partnership working across organisations within the county for the benefit of the people of Powys. The Joint Partnership Board is responsible for oversight of the integration agenda. Formal Terms of Reference are in place and a collaborative agreement between the health board and PCC has been signed.

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 (IMTP). The PSB has set out its Well-being Plan 12 well-being steps that we will concentrate on during 2018-21 to contribute achieving the objectives. These steps are those where the biggest difference can be made by developing solutions together.

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 scrutinizing progress on steps 11 and 12 of the Well-being Plan.

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 key 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 the 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 over the next three years.

NHS Wales Shared Services Partnership Committee

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

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](#).

FUNCTIONS HOSTED BY PTHB

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. It is however responsible for ensuring that the functions are staffed using appropriate recruitment mechanisms, and that PTHB's standing financial Instructions and Workforce and OD policies are complied with.

The Health Board has nominated its Director of Workforce and OD as the Lead Director for Community Health Council and its Medical Director as the Lead Director for Health and Care Research Wales. Key officers from finance and workforce teams have been identified to provide support to the functions, as appropriate.

During 2020-21 we continued to work with Welsh Government to strengthen the governance and accountability arrangements for the functions that we host.

The development of robust accountability frameworks, in conjunction with Welsh Government and hosted bodies, will be necessary to allow each function to discharge its responsibilities.

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 2021 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 2020-21 to support the health board's response to COVID-19, specifically:

- One meeting of the Board's Strategy and Planning Committee and four meetings of the Board's Performance and Resources Committee were cancelled during 2020-21, with any urgent business being absorbed by the Board;
- A reprioritised approach to the implementation of Audit Recommendations was adopted, to enable focus on high risk areas;
- Three Internal Audit reviews were deferred to 2021/22
- The Risk and Assurance Group only met once during the year, although risk management remained the responsibility of managers as set out within the Risk Management Framework;
- A Command and Control Model was established to lead the planning and response to COVID-19. 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 and the Experience, Quality and Safety Committee.

Executive Committee (Committee of the Board, as per page XX) 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. Depending on the nature of risk, other Directors will take the lead, for example, patient safety risks fall within the responsibility of the Medical Director, the Director of Nursing and Midwifery and the Director of Therapies and Health Science.

THE RISK MANAGEMENT FRAMEWORK

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

The 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 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, 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](#).

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.

MANAGEMENT OF RISKS DURING 2021/21

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;
- 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 2020-21 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 2020-21, 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;
- 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.

Risks to Responding to COVID-19

In light of the COVID-19 pandemic, the Chief Executive Officer established a command and control structure under Business Continuity Planning arrangements, led by a Strategic (Gold) Group. The Gold Group has been responsible for determining the coordinated strategy and policy for the overall management of the health board's response to COVID-19, to protect the reputation of the organisation and ensure the delivery of effective, efficient and safe care for the population of Powys.

In assessing the health board's ability to respond to COVID-19, the Gold Group identified the key risks that required mitigation and monitoring and COVID-19 Risk Register developed. Risks contained within the COVID-19 Risk Register relate solely to the health board's arrangements for responding to COVID-19, and do not include the COVID-19 related risks relevant to the

achievement of the Board's strategic objectives (recorded through the Corporate Risk Register) or those risks related to service delivery (recorded through the Directorate Risk Registers).

The COVID-19 Risk Register is reviewed regularly by Strategic (Gold) Group, and was reported to the Board alongside the Corporate Risk Register during 2020-21.

THE HEALTH BOARD'S RISK PROFILE

As can be seen from the Heat Map at Figure 7, at the end of March 2021 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](#).

Figure 7: Strategic Risk Heat Map

Impact	Catastrophic	5				
	Major	4	<ul style="list-style-type: none">▪ The health board does not meet its statutory duty to achieve a breakeven position in 2020/21	<ul style="list-style-type: none">▪ ICT systems are not robust or stable enough to support safe, effective and up to date care▪ The health board is unable to attract, recruit and retain staff to some medical and clinical roles, principally registered nurses and doctors▪ Effective governance arrangements are not embedded across all parts of the health board▪ Resources (financial and other) are not fully aligned to the health board's priorities	<ul style="list-style-type: none">▪ The care provided in some areas is compromised due to the health board's estate being non-compliant and not fit for purpose▪ 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▪ Potential adverse impact on business continuity and service delivery arising from a pandemic outbreak of an infectious disease (COVID-19)▪ The Health Board fails to be non-compliant with legal obligations in respect of Health and Safety due to a lack of identification and management of health and safety related risks across the organisation▪ A fire incident occurring within health board premises is not effectively managed	<ul style="list-style-type: none">▪ Some commissioned services are not sustainable or safe, and do not meet national targets
	Moderate	3			<ul style="list-style-type: none">▪ The health board does not comply with the Welsh Language standards, as outlined in the compliance notice▪ Services provided are fragile, not sustainable, and impact on PTHB ability to achieve National Outcome Framework measures	
	Minor	2				
	Negligible	1				
			1	2	3	4
		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.

Figure 8: Key Risks and Controls

RISK DESCRIPTION	CONTROLS IN PLACE, ACTION TAKEN & IMPROVEMENT ACTIONS
The care provided in some areas is compromised due to the	CONTROLS IN PLACE / ACTION TAKEN:
	ESTATES <ul style="list-style-type: none"> Specialist sub-groups for each compliance discipline Risk based improvement plans introduced Specialist leads identified

<p>health board's estate being non-compliant and not fit for purpose</p>	<ul style="list-style-type: none"> ▪ Estates Compliance Group and Capital Control Group established ▪ Medical Gases Group; Fire Safety Group; Water Safety Group; Health & Safety Group in place. New Ventilation Safety Group being set up ▪ Capital Programme developed for compliance and approved ▪ Capital and Estates set as a specific Organisational Priority in the health board's Annual Plan ▪ Address (on an ongoing basis) maintenance and compliance issues ▪ Address maintenance and compliance improvements to ensure patient environment is safe, appropriate and in line with standards <p><u>CAPITAL</u></p> <ul style="list-style-type: none"> ▪ Capital Procedures for project activity ▪ Routine oversight / meetings with NWSSP Procurement ▪ Specialist advice and support from NWSSP Specialist Estates Services ▪ Audit reviews by NWSSP Audit and Assurance ▪ Close liaison with Welsh Government, Capital Function ▪ Reporting routinely to P&R Committee ▪ Capital Programme developed and approved ▪ Detailed Strategic, Outline and Full Business Cases defining risk ▪ Capital and Estates set as a specific Organisational Priority <p><u>ENVIRONMENT</u></p> <ul style="list-style-type: none"> ▪ ISO 14001 routine external audit to retain accreditation ▪ Environment & Sustainability Group ▪ NWSSP Specialist Estates Services (Environment) support and oversight ▪ Welsh Government support and advice to identify and fund decarbonisation project initiatives <p>IMPROVEMENT ACTIONS TO BE TAKEN FORWARD IN 2021-22:</p> <ul style="list-style-type: none"> ▪ Implement the Capital Programme and develop the long-term capital programme ▪ Continue to seek WG Capital pipeline programme funding continuity ▪ Develop capacity and efficiency of the Estates and Capital function ▪ Review current structure of capital and estates department – Estates Management and Senior Management Team structure enhancements in place. Second tier of structure review delayed due to COVID-19 activity
Fragmented	CONTROLS IN PLACE / ACTION TAKEN:

<p>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</p>	<p>A number of critical controls remain in place however some have been paused as a result of the COVID-19 Planning / Implementation across NHS Wales and NHS England. These will be progressively restored dependent on the deployment priorities for the planning and commissioning teams and the North Powys Well-Being Programme Team.</p> <p>Critical controls remaining in place: -</p> <ul style="list-style-type: none"> ▪ DPP Briefings with CHC; CHC Services Planning Committee restored from July 2020, Local Committees restored ▪ Chief Executive and Directors of Planning meetings ▪ Annual Plan development for 2021/2022 underway and will be submitted to PTHB Board and Welsh Government 31 March 2021, this will be a directional plan reflecting the significant complexity and uncertainty in the planning environment and responding to the Welsh Government requirement for a more fluid and adaptive approach. It will include an appraisal of learning and evidence and a set of critical priorities for 21/22 in the context of continued prevention and response to Covid-19 and essential operational service delivery, as well as longer term planning across the whole system to respond to Powys residents' needs in the light of the impact of the pandemic. This is set in the context of partnership work for 'A Healthy Caring Powys', and ministerial priorities / legislation ▪ Quarterly planning cycle operational throughout 2020 and expected to be continued in 2021 to respond to Welsh Government quarterly planning requirements – this includes a review of neighbouring provider plans post submission ▪ Winter Protection Plan for Q3/Q4 completed and reflects PTHB Strategic Priorities; operational winter plan also completed in partnership with RPB (Regional Partnership Board); Service Options Framework provided by Welsh Government in use to support operational planning ▪ North Powys Well-Being Programme - PBC Welsh Government scrutiny grid received and responded to during February 21. Procurement discussions commenced to support Infrastructure and health, care and supported living Strategic Outline Cases. ARCHUS appointed to support with the demand, capacity and financial modelling work. Most acceleration for change project business cases approved and projects have either commenced or are being set up. Work underway on benefits plan to agree indicators and collect baseline data. South
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	<p>Powys Programme Board already in place to implement the respond to the South Wales Programme and the opening of the Grange University Hospital in Spring 21. Scope revised to enable fast-tracking of South Powys pathways by mid November 2020. First phase of programme delivered up to the opening of the Grange University Hospital; second phase of programme underway</p> <ul style="list-style-type: none"> ▪ Partnership mechanisms are in place in key areas of work including joint oversight and leadership of Test, Trace and Protect, Care Homes, Unscheduled Care and Winter Preparedness. The RPB and PSB are re-established and have commenced recovery planning ▪ Powys Consultation Plans and situation reports developed for each live consultation to ensure PTHB responses consider the impact on Powys residents <p>Controls that will be reconsidered, adapted or resumed when it is safe and appropriate to deploy capacity back into strategic change planning, from COVID-19 planning: -</p> <ul style="list-style-type: none"> ▪ Strategic Change Stocktake process superseded by the processes developed during 2020 as part of the covid response – this is likely to continue to be necessary for 20/21 with the revised CAF process providing the updates and monitoring on neighbouring service change ▪ 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 <p>IMPROVEMENT ACTIONS TO BE TAKEN FORWARD IN 2021-22:</p> <ul style="list-style-type: none"> ▪ Provide robust management of and response to the Future Fit Programme in Shrewsbury and Telford Hospital NHS Trust ▪ Continuous monitoring of impact as Hywel Dda UHB's Transforming Clinical Services Programme is implemented ▪ Provide robust management of engagement and response to the Hereford and Worcestershire Sustainability and Transformation Plan and Stroke programme ▪ Provide robust management of engagement and response to the Clinical Futures programme in Aneurin Bevan UHB ▪ Robustly manage the response and engagement with external service change programmes and developments as they arise during the year
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	<ul style="list-style-type: none"> ▪ As a member of the Mid Wales Joint Committee for Health and Care support delivery of the agreed Action Plan ▪ Key focus for north Powys programme: - <ul style="list-style-type: none"> • Short term integrated model of care and wellbeing: <ul style="list-style-type: none"> ○ All acceleration for change projects to have baselines, indicators, milestone and finance plans agreed in April 21. ○ Business case developed for Ophthalmology WET AMD. Confirm investment in respiratory MDT team. Agree focus and lead for prehab. Undertake Gap analysis on community service, look at new future models and agree implementation plan. ○ Continue with roll out of Powys together (children's first), Bach A Iach, Repatriation of children looked after. • Work to support longer term integrated model of care and wellbeing: <ul style="list-style-type: none"> ○ Launch integrated model of care and wellbeing in late spring. ○ Undertake demand, capacity and financial modelling to support new model of care – assessing sustainability and affordability. ○ Undertake detailed service planning work to include service specific plans for RRC/CWH and review and development of pathways to support the business case. ○ Strategic Outline Cases for Health & Care, Infrastructure, Housing and Community.
Potential adverse impact on business continuity and service delivery arising from a pandemic outbreak of an infectious disease (COVID-19)	<p>CONTROLS IN PLACE / ACTION TAKEN:</p> <ul style="list-style-type: none"> ▪ Test Trace Protect programme in place: <ul style="list-style-type: none"> • RT-PCR testing available for the Powys population via the UK online portal • Contact tracing service operating • Regional response cell in place for escalated cases and clusters ▪ Joint management and oversight arrangements in place with Powys County Council, including a joint Prevention and Response Group ▪ Working as part of the wider system in Wales through participation in regional and national planning and response arrangements ▪ Powys Prevention and Response Plan in place ▪ Mass vaccination programme started
The Health Board fails to be non-compliant with legal obligations in respect of	<p>CONTROLS IN PLACE / ACTION TAKEN:</p> <ul style="list-style-type: none"> ▪ Health & Safety workshop undertaken ▪ Health & Safety work risk assessment work program identified ▪ Delivery of the 'Power hour' risk assessment sessions ongoing throughout 2021

<p>Health and Safety due to a lack of identification and management of health and safety related risks across the organisation</p>	<ul style="list-style-type: none"> ▪ Specialised professional Health & Safety Senior Officer support ▪ Specialist sub-groups set up e.g. fire safety, water safety, medical gases, estates compliance, asbestos, radiation ▪ Health & Safety Group standing item on risk ▪ Responding to issues identified by HSE ▪ Responding to issues identified by Internal Audit ▪ Risk Management Framework ▪ Risk Assessment Toolkit & Template ▪ Health & Safety Policies ▪ Delivery of the IOSH one-day 'Working Safely' training for Managers ▪ Framework developed and circulated to services for population for the identification and management of H&S risks <p>IMPROVEMENT ACTIONS TO BE TAKEN FORWARD IN 2021-22:</p> <ul style="list-style-type: none"> ▪ Complete a desktop exercise to identify which services undertake a programme of risk assessments ▪ Provide focused support and advice to services to enable them to identify and manage their risks ▪ Continued rollout of IOSH one-day 'Working Safely' training for Managers
<p>A fire incident occurring within health board premises is not effectively managed</p>	<p>CONTROLS IN PLACE / ACTION TAKEN:</p> <ul style="list-style-type: none"> ▪ Fire Service Inspections – series of inspections documented ▪ Fire Training – training programme in place ▪ Compartmentation – surveys are completed for identifying any deficiencies, a continuing programme of remedial works is in place, and improved controls on work activities are in place ▪ Fire Doors – fire door inspections are on the Estates Planned Preventative Maintenance schedule for in-house staff ▪ Fire Alarm System – systems have been risk assessed, and a programme for replacement has been agreed. An asset list is maintained, and they are serviced to identify system failings ▪ Fire Extinguishers – new fire extinguisher maintenance contract currently undergoing quality scoring with the aim of awarding contract during the first week of October 2020 ▪ Emergency Lighting – lighting is checked as part of Estates Planned Preventative Programme, and there is a replacement programme of works ▪ Responsible Persons / Fire Drills – fire safety advisors are working with all sites to bring fire drills up to date, and report progress to the Fire Safety Group

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	<ul style="list-style-type: none"> Waste Compounds – risks have been identified, and improvements are being actioned by Support Services <p>IMPROVEMENT ACTIONS TO BE TAKEN FORWARD IN 2021-22:</p> <ul style="list-style-type: none"> Improve documentation and plans for ventilation ductwork and fire dampeners New Fire Alarm and Emergency Lighting Maintenance Contract for 2020 to be drafted and put in place. To include one full asset survey to inform future planning Planned programme for replacement of Alarm Systems at high risk of failure Agree funding from WG for a full replacement Programme for Fire Doors. Identify suitably robust door sets to meet fire standards and enable anti-ligature measures to be incorporated Implement the framework of responsible persons to ensure trained roles are in place to drive fire drill process Agree with Support Services and organization-wide an agreed standard operating procedure for waste and recycling storage around all sites Review fire training to refocus and address any resilience issues Bring all Fire Safety Manuals up to date PTHB is looking at training options for Fire Doors to provide formal accreditation to staff. There are several training options based on the work to be undertaken. On completion of the training PTHB staff will receive formal accreditation to undertake PPM checks and minor repairs, and external specialists are used for significant repairs Compartmentation works as identified in previous surveys to be implemented
Some commissioned services are not sustainable or safe, and do not meet national targets	<p>CONTROLS IN PLACE / ACTION TAKEN:</p> <ul style="list-style-type: none"> Implementation of the Strategic Commissioning Framework (for whole system commissioning) Embedding the Commissioning Assurance Framework (CAF) escalation process 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) Regular review at Delivery and Performance Meetings Scrutiny by Performance and Resources Committee

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<p>Jones, Shania 04/29/2021 08:54:46</p>	<ul style="list-style-type: none"> ▪ Scrutiny by Experience, Quality and Safety Committee ▪ Internal Audits ▪ Contract Quality and Performance Review Meetings for the 15 NHS Providers and key private sector providers ▪ Individual Patient Funding Request Panel and Policy ▪ WHSCC Joint Committee and Management Group ▪ WHSSC ICP agreed within PTHB IMTP – and process underway for 21/22 ▪ Emergency Ambulances Services Committee ▪ Shared Services Framework Agreements ▪ Section 33 Agreements ▪ Responsible Commissioner Regulations for Vulnerable Children Placed away from Home ▪ Specific Organisational Delivery Objectives set out in health board's Annual Plan for 2019-20 ▪ Participation in the Cross-Border Network Between England and Wales (Statement of Values and Principles between England and Wales) ▪ Commissioning Intentions set out in IMTP (response to the pandemic currently being implemented not commissioning intentions) ▪ NHS LTA and SLA Overview submitted to the Executive Committee (and approval process) ▪ Executive Committee approved LTA and SLA narrative (updated each year) ▪ CEO signed LTAs and SLAs for healthcare ▪ CAF developed for General Dental Services ▪ CAF developed for General Medical Services ▪ Recruitment of Public Health Consultant to help strengthen commissioning intelligence (currently transferred to COVID-19 related duties) ▪ Prior approval policy in place ▪ [Following the EU exit the EEA policy has ceased to apply] ▪ INNU policy in place ▪ Pooled fund manager for Section 33 Residential Care ▪ SATH Improvement Alliance with UHB in place ▪ 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 ▪ DGH and Specialised Work-stream within PTHB's COVID-19 response plan ▪ PTHB CEO lead Programme Board involving 3 health boards and WAST ▪ Participation in cross-border command and control structures
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	<ul style="list-style-type: none"> ▪ Essential Services Framework implementation underway ▪ PTHB Children's Home Group in response to the COVID-19 pandemic
	IMPROVEMENT ACTIONS TO BE TAKEN FORWARD IN 2021-22: <ul style="list-style-type: none"> ▪ Embed whole system commissioning through the implementation of the Strategic Commissioning Framework ▪ Embed and ensure implementation of the Commissioning Assurance Framework ▪ Implement commissioning intentions for 2020-21 ▪ Robustly manage the performance of all providers of planned care services for the people of Powys through the Commissioning Assurance Framework ▪ Programme of work to strengthen effective processes to develop and manage condition specific and service plans ▪ Strengthening of commissioning intelligence in line with IMTP ▪ Review Patient flows and activity into specialised services to ensure safe and appropriate pathways ▪ Strengthen the organisation's capacity, capability and governance processes for commissioning – including interface with specialised services ▪ 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 ▪ Through the Joint Partnership Board, continue to develop opportunities for pooling Third Sector commissioning ▪ Strengthen the whole system approach to the Big 4

In developing our draft Annual Plan for 2021-22 we carefully considered the actions that will be taken to mitigate such risks.

During 2020-21, the Board agreed to reduce the likelihood of occurrence for a number of risks included in the Corporate Risk Register, due to the impact of mitigating actions being implemented or a change in circumstance. These changes included:

- A risk that resources (financial and other) are not fully aligned to the health board's priorities;
- A risk that the health board does not meet its statutory duty to achieve a breakeven position in 2020/21.

During 2020-21, the Board agreed to increase the likelihood of occurrence for a number of risks included in the Corporate Risk Register, due to the impact of the COVID-19 pandemic:

- A risk that some commissioned services are not sustainable or safe, and do not meet national targets;
- A risk that fragmented and unsustainable service models as a result of population changing need and service reconfiguration of neighbouring NHS bodies.

During 2020-21, the Board agreed to de-escalate a number of risks from the Corporate Risk Register to the Directorate Risk Register, due to the impact of mitigating actions being implemented or a change in circumstance. These included:

- A risk that there is a Service Failure of Out of Hours GMS Care;
- A risk that a UK/EU 'no trade deal' scenario adversely impacts PTHB systems and services, and key sectors within the economy of Powys;
- A risk that South Powys planning and activity assumptions to inform flows/operational response arrangements are not robust, which could result in significant harm to patients.

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:

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
APPETITE FOR RISK: Low (Risk Score 1-6)	
Quality & Safety of Services	<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>
Regulation & Compliance	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.

APPETITE FOR RISK: Moderate (Risk Score 8-10)	
Reputation & Public Confidence	<p>We will maintain high standards of conduct, ethics and professionalism at all times, espousing our Values and Behaviours 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>
Finance	<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>
APPETITE FOR RISK: High (Risk Score 12-15)	
Innovation & Strategic Change	<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 centred 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>

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.

Internal Audit confirmed that 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. Further, the health board's Risk Management Framework identifies those individuals with responsibilities for the management of risk, and sets out the health board's key risk management structures and processes.

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. During 2021-22 we will continue to take forward Internal Audit's recommendations as a priority.

I recognise the limited assurance that Internal Audit was able to provide given the weaknesses identified in the operational management. I am satisfied that the Board did continue to receive and review its corporate risk register to ensure that strategic risks were managed. In addition, the 2020 Audit Wales Structured Assessment identified that the health board's risk management system ensured it was well placed to respond to COVID-19-related risks. The review recognised that the health board has a maturing system of risk management.

KEY ASPECTS OF THE CONTROL FRAMEWORK

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

Quality Governance Structure

Quality governance has been sustained during 2020-2021, albeit in the midst of 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 first year of implementing the 'Improving Clinical Quality: Powys Teaching Health Board Framework for Action 2020-2023' has been progressed in most areas and

regularly reported upon within the governance structure.

There has been continued focus on implementation of the Putting Things Right policy aiming to further establish clear structures and robust governance processes corporately and within service groups. Organisational learning has developed in the last year, 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 and nationally. 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.

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

During the COVID-19 pandemic the Health and Safety function has been leading on a detailed programme of work in relation to Social Distancing and the following key areas:

- Social distance signs and information for every building
- Maximum room occupancy assessments
- Advice, guidance and support in operational areas when being reconfigured to manage COVID-19 expected demands
- A new Agile Working policy to support staff being able to work in a more flexible way.

The following areas have focused on Health & Safety improvements during 2020/21:

- a strengthened provision of health and safety training, through the delivery of sessions for Operational Managers, as part of the Management Development Programme and a dedicated development session on corporate manslaughter with the Board;
- a realigned Health and Safety function;

- developing the work programme of the Health and Safety Group and strengthening lines of accountability through to the Board;
- a reviewed and refined manual handling training programme of learning.

A dedicated health, safety and wellbeing session now forms part of the Corporate Induction day for all staff. The Health Board for the first time ever has been awarded IOSH accreditation to deliver formal ISOH training courses. A number have been delivered during the pandemic through virtual classroom sessions and PTHB has received positive feedback from IOSH, following their first quality assurance and verification audit.

A review of all Health and Safety Policies has been completed. Work has begun on supporting services with Risk Assessment identification and development, through an agreed Risk Assessment Framework. A series of Risk Assessment 'Power Hours' have been developed and continue to be delivered monthly to Managers via a Teams session. The risk of PTHB's ability to identify and manage risks, through the risk assessment process remains on the Corporate risk register.

During the year the Health and Safety Executive visited PTHB to review the Organisation's approach to the Management of Hand Arm Vibration (HAVS) and at the end of the year PTHB received two Improvement Notices relating to the management and training of managers and staff who work with vibratory equipment. The Board will continue to oversee implementation of the actions required to respond to these Notices.

Commissioning Development and Assurance Frameworks

Powys is unlike other health boards in Wales in that around 75% of the funding entrusted to it by Welsh Government is spent securing healthcare from providers it does not directly manage. Our commissioning work spans the continuum through health promotion, primary care, secondary care, specialised services, individual patient commissioning, continuing healthcare, partnership commissioning and joint commissioning with the local authority.

As a highly rural area with no District General Hospital, around 90% of admitted patient care and 80% of secondary care outpatients is delivered beyond its borders. It is a significant challenge to ensure that the quality and safety of the services its residents receive across five health economies, spanning England and Wales, in up to thirty different specialties is appropriate.

2020/21 was particularly challenging in terms of commissioned services as: multiple pathway changes took place in response to the pandemic; non-essential elective services were suspended; access to essential services had to be maintained as well as ensuring access for Powys people with COVID-19 needing treatment in surrounding DGHs; DGH capacity was reduced in order to comply with social distancing requirements; changes to emergency pathways were needed in South Powys as the early opening of the Grange University Hospital was needed in response to the COVID-19 winter; and, preparation had to be made for the EU exit.

PTHB's Commissioning Assurance Framework (CAF) helps to identify and escalate emerging patterns of poor performance and risk in health services used by Powys patients. It considers patient experience, quality, safety, access, activity, financial governance and strategic change. It is a continuous process, considering information from a broad range of sources including "credible soft intelligence".

The usual commissioning arrangements were not in place during 2020/21 due to the pandemic. Neighbouring English regions were working in command and control systems in response to COVID-19, in which PTHB was represented. The CAF was suspended during the first COVID-19 peak, but work was undertaken throughout the year to incrementally restore the approach, although there were significant limitations. It was not possible to score all domains, for example, as "block" financial arrangements did not reflect pre-COVID-19 budgets or Long-Term Agreements. Escalation processes could not operate in the usual way, for example, in relation to elective care delays due to the suspension of services during the pandemic.

Clinical Audit

Under the new scheme for clinical audit a local audit plan was drawn up for 2020/21 that encompassed subjects identified from serious incidents and of new processes introduced by changes to organisational policy or by the introduction of new services. An update report detailing progress against the 2020/21 local clinical audit plan, describing findings from the audit was reported to, and approved by, the October 2020 and the December 2020 meetings of the Experience, Quality and Safety Committee.

The National Clinical Audit plan was severely impacted by the Covid 19 Pandemic. However, Powys THB staff continued to monitor services against the standards set out in the National Epilepsy Audit even though the audit itself was formally suspended for 2020. Other National Audits such as the National Primary Care Diabetes Audit which are conducted by the passive sampling of data from GP surgery computer systems went ahead as usual.

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 last year, Executive led work focusing on improving the structure, governance arrangements and everyday application of the Regulations as seen improved performance in managing concerns. This is extended to the way in which serious incidents are managed, through to investigation, learning and sharing of lessons. Investment in training the latter part of 2020-2021 is building on existing knowledge and experience across the health board.

Further detail on complaints and concerns will be published in the Putting Things Right Annual Report for 2020-2021. These and further information on Putting Things Right can be found on the health board [website](#).

Mortality Reviews

The Covid 19 pandemic severely impacted the ability to conduct local mortality reviews as face to face meetings were curtailed. To address this issue and to provide a degree of independent scrutiny a senior review panel comprising the Medical Director, Assistant Medical Director and the Head of Nursing reviewed all Powys hospital ward deaths that occurred between March and August 2020. A second review covering the period September 2020 to February 2021 will take place in May 2021.

The pandemic likewise impacted the roll out of the Medical Examiner project. Whilst appointments have been made the project will now not go live before April 2022. The Medical Examiners will use this delay to work in shadow form, determining what infrastructure they need to put in place and working through any issues that arise before there is a need to provide the service live.

Learning from Experience Group

To help triangulate learning from National Clinical Audits and other sources a senior review panel, the Learning from Experience group, comprising all the executive clinical directors and Medicine Management Lead has been formed to review the finding from National Clinical Audits that we do not participate in due to their specialist nature but which provide information on the quality of care in organisations from which we purchase care for our citizens. Learning from incidents, concerns and mortality reviews is also triangulated and cascaded.

Executive Portfolios

In November 2019, 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 Directorate and Director portfolio, and to also ensure that directorates focus on their core responsibility. The Scheme of Delegation also supports the strengthening of clinical leadership. An overview of Executive Director portfolios is set out in **Figure 9**.

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Figure 9: Executive Portfolios



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Staff and Staff Engagement

Engaging with staff and Trade Union colleagues throughout this period has been critical to the success of the Health Board's Covid-19 response. During this period of the time the Health Board was part of the wider National Staff Survey, which has a good response rate from staff at 29% and also maintained a similar Engagement Index Score to 2018 at 78%, despite a significantly challenging year. Individual question responses showed 93% of staff were happy to go the extra mile at work, 80% of staff are enthusiastic about their role and 91.4% reported that they had not experienced bullying, abuse or harassment from their Line Manager –an improvement of 8% from 2018.

Communication and Engagement

During 2020/21 the health board's engagement and communication has continued to be heavily focused on response to the COVID-19 pandemic. This follows the increasing activity in response to the emerging public health emergency during Q4 of 2019/20.

Given the context of COVID-19 there has been minimal formal engagement and consultation activity. A period of formal engagement on the future shape of podiatry services was extended due to the pandemic, extending the closing date from 29 March 2020 to 12 May 2020 to allow more time to respond. Recommendations were approved by the Board in July 2020 without a requirement for formal consultation.

During the year, ongoing engagement had been expected ahead of planned changes to Nevill Hall Hospital due to take place in Q4. However, in the context of COVID-19 Aneurin Bevan University Health Board made the decision to accelerate the opening of the new Grange Hospital – with consequential impact on Nevill Hall – to November 2020. An intense period of stakeholder engagement, communication and marketing activity was therefore put in place to ensure that patients and communities were aware of the accelerated changes.

Ongoing engagement has also continued on the North Powys Wellbeing Programme, supporting the development of the Programme Business Case submission to Welsh Government and the development of the integrated model of care and wellbeing due for launch in Q1 2021/22.

In Q4, formal engagement commenced on proposals to establish a Vascular Network in South East Wales including changes to the provision of vascular surgery services. Engagement ended in April

2021, with recommendations due to be considered by the health boards later this year.

In relation to communication activity, COVID-19 required an intense and ongoing focus through the initial response, ongoing prevention and response through Test Trace Protect, and then to the planning and delivery of the largest ever vaccination programme the country has ever seen. A co-ordinated programme of stakeholder engagement and communication has supported the health board's response to COVID-19 including the identification and mitigation of key risks. Regular engagement has taken place with key stakeholders such as 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.

Against this busy backdrop, the health board also launched its new website at www.pthb.nhs.wales and www.biap.gig.cymru to provide a more integrated digital experience that supports compliance with key requirements such as Welsh Language and Accessibility Regulations.

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 increased as the health board's services introduced 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 Board Secretary, and the Information Governance Manager 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 and Information Services acts as the Senior Information Risk Owner (SIRO), and the Medical Director is the nominated Caldicott Guardian. Performance against IG-related legislation is captured and reported to our Performance and Resources Committee (<http://www.powysthb.wales.nhs.uk/performance-and-resources-committee>)

Performance indicators against IG related legislation include the following:

INFORMATION GOVERNANCE TRAINING

As at 31 March 2021, the health board achieved a rate of 80% for the mandatory Information Governance training for 2020-21. This is a drop from

the previous year, however, this will be predominantly due to the pressures of the COVID-19 pandemic.

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 2020/21, four personal data incidents were formally reported to the ICO. These included the Test, Trace and Protect Service; stolen medical record(s); and, mis-use of teams by clinician. The health board did not incur any financial penalties from the ICO as a result of those incidents reported. However, the health board did adopt ICO recommendations locally, with these recommendations due to be added to the internal audit recommendations register, and we continue to take on board any lessons learned or feedback received. Figures on the number of IG related breaches are reported to our Experience, Quality and Safety Committee (<http://www.powysthb.wales.nhs.uk/experience-quality-and-safety-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 2020 to 31 March 2021 the health board received a total of 328 requests for information, with 267 of these answered with the 20-day timeframe. Two 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 2020 to 31 March 2021, the health board responded to 422 SARs, with 380 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. It replaces the previous assessment tool, the Caldicott Principles into Practice (C-PIP). Work has taken place to evaluate the health board's position for 2020/21, and the outcome including areas for improvement and compliance was reported to the Performance and Resource Committee in February 2021.

The report can be accessed from the health board's [website](#).

Work will continue throughout 2021-22 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 Board Secretary, whose role includes the overall development and maintenance of records management practices within the organization, 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, which in turn has added additional demands on key operational staff to address the pressures of the pandemic, has resulted in progress being delayed in some areas. As we move in to 2021/22, it is expected that operational services will be able to support the implementation of those actions required. In addition, a business case for the digitisation of records will be progressed.

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.

ADDITIONAL MANDATORY DISCLOSURES

Welsh Language

Following the introduction of Welsh Language Standards in May 2019, the Health Board published its first [Welsh Language Standards Annual Monitoring Report](#) in September 2020. This report details the extent to which the Health Board has Complied with the Standards and presents information on the key achievements made throughout 2019/2021. A second report will be published in September 2021 detailing the further progress made throughout 2020/2021.

The Health Board has continued to build upon the progress already made and the Welsh Language Service Leads continue to monitor the implementation of the Standards within their service areas. Whereas opportunities to work with clinical teams and patients has been limited due to the restrictions of the pandemic, the Health Board has re-focused its efforts on progressing the operational standards and other more administrative standards. This work has included:

- The successful introduction of new job evaluation and recruitment procedures to ensure that job adverts and job descriptions are published bilingually. There is still more work to be done which will focus on reviewing recruitment training for managers to help them assess the Welsh language skills required for new and vacant posts to help address any gaps in services where there are no Welsh speaking staff available;
- In March 2021, PTHB and PCC worked in partnership with Careers Wales to develop and deliver a Welsh language webinar on career paths and recruitment opportunities within health and social care. The live webinar was successfully delivered to pupils in years 9, 10 and 11 in Welsh medium secondary schools across Powys and Ceredigion;
- A new impact assessment policy and assessment tool has been approved which meets the requirements of the policy making standards;
- In February 2021 PTHB agreed to take part in the 'Leading a Bilingual Country' programme. This 6-month course, endorsed by Welsh Government, aims to provide Executive Leads and Senior Managers with the skills to market the language as a "brand", measure and foster more positive attitudes towards the language, normalise of the use of Welsh in everyday conversation and integrate the language into the workplace;
- PTHB has been leading a regional bilingual workstream for the implementation of the Additional Learning Needs and Education Tribunal (Wales) Act. This work has involved an analysis of staff skills data, a population needs assessments and the development of regional guidelines on how to ensure that the regional programme meets Welsh Language Requirements.

Equality, Diversity and Human Rights

In September 2020, PTHB published its Equality Annual Report for 2019/2020 which provided details on the progress made to achieve the Health Board overarching Strategic Equality Objectives for 2020-2021. A further annual report for 2020-2021 will be published in due course providing details of

further progress made.

Building upon the momentum of the newly developed Strategic Equality Plan (SEP), the Health Board has focused on the Establishment and development of virtual networks and events to support staff, patients and hard-to-reach groups and those who's individual needs may have been exacerbated by the current pandemic. Networking with PCC, PAVO, WG and wider stakeholder groups and organisations has been crucial to maintain and promote health and wellbeing and PTHB has implemented the following actions and initiatives throughout 2020-2021:

- Virtual Menopause Café for staff to coincide with the new All Wales Menopause Policy;
 - Joint Neurodiversity Network between PTHB and PCC to provide support to staff with various additional learning needs and learning disabilities such as autism and dyslexia;
 - Gender Stakeholder Network which comprises of staff, patients and other key stakeholders. This group has undertaken specific training to help raise awareness of gender identity issues. The Health Board has also invested in specialist training for key members of our Speech and Language Therapy Team who are assisting local GPs who specialise in gender identity by offering trans voice therapy;
 - Welsh Government have established a Gypsy Roma Traveller (GRT) Stakeholder Group which has allowed our Service Improvement Manager for Equality to establish links with TGP Cymru Officers and key staff within PCC Housing Department to ensure that the health needs of GRT communities within Powys have been met throughout the pandemic.
 - PTHB has established an internal virtual senior management group to look at the implementation of the recommendations of Welsh Government's BAME COVID socioeconomic Subgroup Report. Actions include establishing links with BAME staff groups within neighbouring Health Boards and Public Health Wales, sourcing available awareness training for staff, promoting the COVID-19 Risk Assessment Tool for staff, and recruiting BAME Outreach PAVO Volunteers.
 - PTHB took part in national online Pride Cymru and LGBTQymru events during the summer of 2020. Further promotion of 'Coming Out' Day was also promoted October 2020;
 - Sensory Loss Awareness Month was promoted to staff and the public throughout November 2020. Supporting those with sensory loss has been a priority throughout the pandemic and the eHealth Board has purchased personal amplifiers which patients can use when receiving care and treatment. Same day hearing aid repair and replacements services have been introduced for inpatients along with an increase in remote hearing aid adjustment with the assistance of Action on Hearing Loss. In addition, ECLO services have been amended and improved to support those with sight loss as a result of the COVID19 pandemic;
- Significant work has been undertaken as part of the mass vaccination implementation programme to ensure that the needs of minority, vulnerable and hard-to-reach groups have been considered and any

necessary mitigating actions have been put in place. A 'Leaving No-one Behind' sub-group has been established to facilitate the vaccination process for those with specific needs, encourage uptake of the vaccine and to reduce health inequalities for those who may be disadvantaged. An action plan has been developed and guidance has been shared widely with staff in the mass vaccination centres.

Emergency Preparedness and Civil Contingencies

- Preparing for a 'no-deal' BREXIT

- Planning Arrangements for COVID-19

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

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

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

The Health Board has a series of emergency response plans in place that take full account of the requirements of the Welsh Government's guidance to NHS Wales and all associated guidance, to ensure that the Health Board is able to respond to a wide range of emergencies.

The main focus of emergency preparedness and response activity during 2020/21 has been in relation to:

• Responding to the COVID-19 Pandemic

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.

As previously highlighted, the PTHB Pandemic Framework helped to shape the Health Board's preparatory COVID-19 response arrangements. The Health Board has continued to maintain internal command and control arrangements centre on a Gold (strategic) level group and a series of tactical and operational delivery groups. The focus of work undertaken through these groups have been of transitional nature, to adapt to the different phases of the Health Boards pandemic response.

Key areas of planning and response have been on:

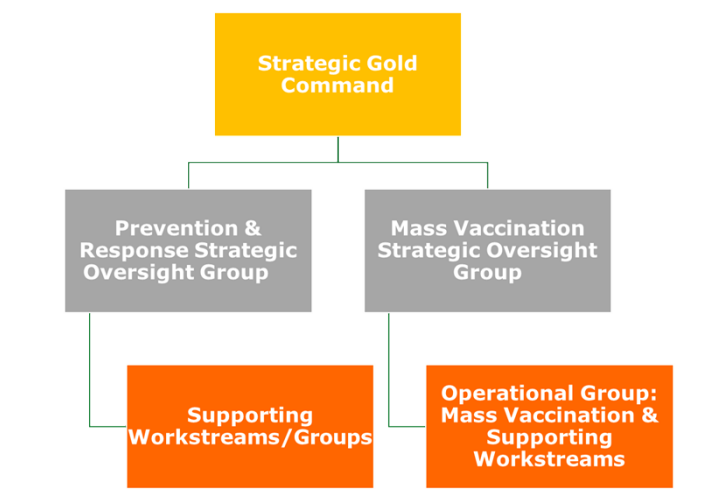
- Operational Delivery;
- Prevention and Response;
- Mass Vaccination Programme.

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 organisation continues to work closely with a range of partners, including the Welsh Government as it continues with its response, and planning into the recovery phase. 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 objective.

In respect of COVID-19, the Chief Executive has established the following internal hierarchical structure known as "Command and Control":



Strategic (Gold) Group

The Strategic (Gold) Group, chaired by the Chief Executive, is responsible for determining the coordinated strategy and policy for the overall management of the health board's response to COVID-19, to protect the reputation of the organisation and ensure the delivery of effective, efficient and safe care for the population of Powys.

The Strategic (Gold) Group will:

- Coordinate strategic decision making and effective use of resources throughout the assessment, treatment and recovery phases; ensuring key supporting roles are covered;
- Ensure strategic oversight of the response to COVID-19 for the health board as a whole;
- Delegate actions to the Tactical (Silver) Groups to ensure implementation of a plan to deliver the strategic aim and objectives;
- Formulate media handling and public communications strategies, as required and necessary;
- Protect the wellbeing of staff and patients within the health board;

- Decide when the pandemic response arrangements should be stood-down and recovery phase implemented.

The Strategic (Gold) Group is constituted by Executive Directors and includes a Military Liaison Officer and the Director of Adult's & Children's, Powys County Council (PCC).

Meetings of the Strategic (Gold) Group have been held once a week and formally recorded with all decisions logged.

• **Preparing for the End of the EU Transition Period**

In August 2020, the Health Board refreshed and renewed its preparedness activities in respect of EU Transition planning.

At a national level, the Health Board continued to be represented at a number of NHS EU Transition planning group which had been established by Welsh Government, as part of the UK's overall governance arrangements for the EW Transition Period. The Health Board was also represented at Dyfed-Powys Local Resilience Forum, ensuring that effective multi-agency planning and coordination was in place in response to the potential impact of the negotiations that were underway between the UK and EU.

At a local level, the focus of the Health Board's EU Transition Period preparations was on ensuring continuity and quality of service to ensure that the Health Board was as prepared as it could reasonably be, to respond to the challenges of leaving the EU. Key areas of this work included:

- Ensuring continuity of supply of medicines, medical devices and clinical consumables as part of work being undertaken at a national level;
- Ensuring that our workforce feel valued by providing continued support to EU staff working in Powys, including the promotion of the EU settlement Scheme;
- Long term population health and well-being.

On the 24th December 2020, the UK Government and the EU announced that they had agreed a trade deal setting out the terms of their future relationship from 1st January 2021. The Health Board continues to maintain the additional contingency measures that were put into place prior to the end of the Transitional Period until further medium to longer-term guidance for health and social care organisations is published by the Welsh Government.

Ministerial Directions & Welsh Health Circulars

The Welsh Government has previously issued Non-Statutory Instruments and reintroduced Welsh Health Circulars in 2014/15. Details of these and a record of any ministerial directions given is available on the Welsh Government website. I can confirm that all of the Directions previously issued have been fully considered and where appropriate implemented. There was one ministerial direction issued in July 2020, relating to action required to make temporary amendments to Standing Orders, which was fully complied with. A full detail of WHCs, ministerial directions and the health board's actions is

included at Appendix X.

Planning, Delivery and Performance Framework

The health board develops its plans based on an assessment of population need which considers environmental, social and community issues. The Integrated Medium-Term Plan (IMTP) for 2019/ 20 (developed prior to the start of the Covid-19 pandemic) was set in the context of the shared long term Health and Care Strategy for Powys, 'A Healthy Caring Powys' which itself is informed by the Powys Well-being Assessment.

The requirement for Integrated Medium-Term Plans was subsequently suspended by Welsh Government in March 2020 due to the covid-19 pandemic and replaced by a requirement for quarterly planning.

The quarterly plans developed and implemented by the health board during 2020 - 2021 were focused on the COVID-19 response and the maintenance of essential healthcare, in line with Welsh Government and UK Government requirements and guidance from the World Health Organisation and clinical bodies in this context.

PTHB developed a COVID-19 Clinical Response Model and Support Services Model as core components for the Planning and Delivery Framework in Quarter 1 (April to June 2020). This provided a 'Five Step' model which ensured a robust response to the first phase of the Covid-19 pandemic encompassing individual action to stay home and save lives; self-care and family / community support; primary care; community care and the community hospital model and acute and specialist care.

The provided the foundation for the Phase 2 Plan in Quarter 2 which whilst remaining focused on delivery in the period July to September 2020 also took a longer view, anchoring back to existing long-term health and care strategy which is shared across partners in Powys.

Importantly, the plans throughout 2020 – 2021 were set in the context of the wider harms potentially being experienced during the pandemic. PTHB framed the delivery of healthcare in this period around the 'Four Harms' set out by Welsh Government in the context of the pandemic:

- Harm from Covid Itself
- Harm from the reduction in Non Covid services
- Harm from an overwhelmed health and care system
- Harm from the wider societal impact of the pandemic

This ensured that the existing focus on environmental, social and community issues in the health board's approach continued to provide a foundation for the health board's work during a challenging year.

It also enabled a progressive review and re-evaluation of environmental, social and community issues as part of the planning and delivery cycle and this was particularly helpful in the development of the Winter Protection Plan which encompassed the Quarter 3 and Quarter 4 period from October 2020

to the end of March 2021. This has a greater focus on recovery in line with the long-term ambition of 'A Healthy Caring Powys'.

The way in which performance was measured was also adapted in 2020/2021 in line with changes to the national framework in response to the Covid-19 pandemic. An integrated approach was maintained but with significantly new components to deliver the necessary intelligence and surveillance required by the newly established Strategic Gold command established in the first phase of the pandemic response. This included a Dashboard updated at daily and weekly intervals as appropriate to provide the position on the covid pandemic and the health and care system response.

Strategic Gold Command also oversaw progress against the Planning and Delivery Framework, through the mechanism of a detailed supporting implementation plan for each quarter. This tracked the key actions in each of the areas of the 'Four Harms' and the delivery of the Five Step model and its key workstreams.

The NHS Wales performance framework was suspended in Quarter one however PTHB continued to report an overview of the key performance indicators to key committees and PTHB Board, where the data was available. A new element of reporting was also introduced to track delivery of essential healthcare across both PTHB provided services and commissioned services and a log of service changes and suspensions due to the pandemic was maintained throughout 2020/2021 and continues in use into 2021/2022.

This refreshed approach in the context of the pandemic ensured that performance reporting and review continued to take place at every level in the organisation including individual, team and Directorate reviews. This system of reporting and review continued to provide the necessary assurance through to Committees of the Board and the Board on the quality and safety of services, access to care, improvement and delivery against the board's strategic objectives, in a complex and changed operational environment.

Looking forward, the Annual Plan for 2021-2022 also shows this progressive evaluation and has been created based on a thorough consideration of the learning, reflections and evidence base in relation to the needs of the Powys population and the challenges and opportunities ahead.

Further detail on performance and progress against plans during 2020 / 2021 and the forward look for 2021/2022 are included in Part 2, Performance Report.

ECONOMY, EFFICIENCY AND EFFECTIVENESS ON THE USE OF RESOURCES

The National Health Service Finance (Wales) Act 2014 amended the financial duties of Local Health Boards under section 175 of the National Health Service (Wales) Act 2006. The Act places two financial duties on Local Health Boards: A duty under section 175 (1) to secure that its expenditure does not exceed the aggregate of the funding allotted to it over a period of three financial years; and

- A duty under section 175 (2A) to prepare a plan in accordance with planning directions issued by the Welsh Ministers, to secure compliance with the duty under section 175 (1) while improving the health of the people for whom it is responsible, and the provision of health care to such people, and for that plan to be submitted to and approved by the Welsh Ministers.

The Health Board achieved both financial duties in 2020-21.

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.

Counter Fraud

In line with the NHS Protect Fraud, Bribery and Corruption Standards for NHS Bodies (Wales) the Local Counter Fraud Specialist (LCFS) and Director of Finance agreed, at the beginning of the financial year, a work plan for 2020-21. This was approved by the Audit, Risk and Assurance Committee in March 2020.

The work plan for 2020-21 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. The Audit, Risk and Assurance Committee will receive the Counter Fraud and Corruption Annual Report for 2020-21 on 08 June 2021.

The NHS Counter Fraud Authority (formerly NHS Protect) provides national leadership for all NHS anti-fraud, bribery and corruption work and is responsible for strategic and operational matters relating to it. A key part of this function is to quality assure the delivery of anti-fraud, bribery and corruption work with stakeholders to ensure that the highest standards are consistently applied.

Pensions Scheme

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

provides details of the scheme, how it operates and the entitlement of employees.

Sustainability and Carbon Reduction Plans

Risk assessments are in place in accordance with emergency preparedness and civil contingency requirements as based on UKCIP 2009 weather projections to ensure that the organisation's obligation under the Climate Change Act and the Adaptation Reporting requirements are complied with. To meet Welsh Government's 'decarbonisation by 2030' target, Powys Teaching Health Board has developed and is implementing an Environmental Management System in line with ISO14001:2015, which includes a decarbonisation delivery plan. This, along with a carbon footprint exercise carried out by the Carbon Trust, sets the agenda to develop a 'Carbon Neutral Strategy' through the Public Service Board and will support the health board working collaboratively and effectively with partner organisations to meet the 2030 targets.

REVIEW OF EFFECTIVENESS OF SYSTEM OF INTERNAL CONTROL

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

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

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 2021/22 to strengthen the reporting of risks to the Board's Committees.

We will ensure that the work of all regulators, inspectors and assurance bodies is mapped and evidenced in our assurance framework so that the Board is fully aware of this activity and the level of assurance it provides. We will also 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 provides me as Accountable Officer, and the Board through the Audit, Risk and Assurance Committee, with a flow of assurance on the system of internal control. I have commissioned a programme of audit work that has been delivered in accordance with public sector internal audit standards by the NHS Wales Shared Services Partnership. The scope of this work is agreed with the Audit, Risk and Assurance Committee, and is focused on significant risk areas and local improvement priorities.

The overall opinion by the Head of Internal Audit on governance, risk management and control are functions 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 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 2020-21

The Head of Internal Audit Opinion on the overall adequacy and effectiveness of the organisation's framework of governance, risk management, and control for 2020-21 is set out below:

Reasonable assurance		<p>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. Some matters require management attention in control design or compliance with low to moderate impact on residual risk exposure until resolved.</p>
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Due to the considerable impact of COVID-19 on the health board in 2020-21, 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 Assurance Committee. In addition, regular audit progress reports have been submitted to the Audit & Risk Assurance Committee. Although changes have been made to the plan during the year, the Head of Internal Audit has confirmed 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 2020/21 was initially presented to the Audit & Risk Assurance Committee in March 2020, however as a result of the impact of the pandemic a revised version of the plan was prepared, with the final version receiving approval at the Committee in June 2020. This Annual Opinion is therefore primarily based on the delivery of the June 2020 version of the annual plan, including the subsequent updates made to the plan that are reported to the Audit & Risk Assurance Committee at each meeting.

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
<ul style="list-style-type: none"> Freedom of Information (FoI) follow up Access to primary care – GP contract. Capital Systems. 	<ul style="list-style-type: none"> Health & Safety follow up. Generic follow up of 'limited' assurance reports. Progress against regional plans. Safeguarding during Covid-19. Digital solutions. Winter pressures and flow management. Grievance policy
Limited Assurance	Advisory & Non-Opinion
<ul style="list-style-type: none"> Partnership governance – programmes interface. Fire safety. Llandrindod Wells project. 	<ul style="list-style-type: none"> Covid-19 governance review. Annual Quality Statement. Mass vaccinations programme. IM&T control and risk assessment. Advanced Practice Framework. Environmental sustainability.
No Assurance	
N/A	

Limited Assurance Rated Reviews

Fire Safety

The Fire Safety audit, which included a review of the status of previously agreed management actions, received limited assurance. The review identified key control weaknesses around a lack of clarity over the assignment and operation of key fire safety roles and responsibilities and assurance could not be provided that the health board would have sufficient, trained support in the event of a fire incident. In addition, fire drills were not being undertaken in accordance with procedures and general best practice.

The Audit, Risk and Assurance Committee has considered the management action plan to respond to the weaknesses identified and will monitor progress via the Audit Recommendations Tracker. The latest version of which was reported to the Audit, Risk and Assurance Committee on 29 April 2020.

Partnership Governance – Programmes Interface

The 'partnership governance - programmes interface' review focused on the arrangements in place within the Live Well: Mental Health partnership. Limited assurance was provided with high priority findings raised in relation to the absence of a partnership governance framework, defining the different types of partnership/collaborative working arrangements and the governance arrangements required for each, and the need to strengthen performance monitoring and assurance reporting arrangements.

The Audit, Risk and Assurance Committee has considered the management action plan to respond to the weaknesses identified and will monitor progress via the Audit Recommendations Tracker. The latest version of which was reported to the Audit, Risk and Assurance Committee on 29 April 2020

Llandrindod Wells Project

To be completed upon final report

External Audit: Structured Assessment Findings

The Auditor General for Wales is the statutory external auditor for the NHS in Wales. Audit Wales undertakes the external auditor role for Powys Teaching Health Board on behalf of the Auditor General.

The 2020 Structured Assessment work was designed in the context of the ongoing response to the pandemic to ensure a suitably pragmatic approach to help the Auditor General discharge his statutory responsibilities whilst minimising the impact on NHS bodies as they continue to respond to the next phase of the COVID-19 pandemic. The key focus of the work was on the corporate arrangements for ensuring that resources are used efficiently, effectively and economically. Auditors also paid attention to progress made to address previous recommendations where these related to important aspects of organisational governance and financial management especially in the current circumstances.

Overall Audit Wales concluded that the Health Board has maintained good governance arrangements during the pandemic. The Board adapted its governance arrangements to maintain openness and transparency, support agile decision-making and ensure effective scrutiny and leadership during the pandemic. The Board is committed to using learning to help shape future arrangements. The Health Board's risk management system ensured it was well placed to respond to COVID-19-related risks. The Health Board is strengthening its quality assurance arrangements, including updating key policies and adapting its commissioning assurance arrangements.

Audit Wales did not make any new recommendations based on the 2020 work, but noted a number of improvement opportunities in respect of conducting business effectively; systems of assurance; and, managing financial resources.

The Audit Wales Structured Assessment 2020 can be viewed on the health board's [website](#).

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 2020-21, 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 2021-22 to ensure implementation of recommendations arising from audit reviews, in particular where a limited assurance rating is applied. Work will continue in 2021-22 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 2021-22.

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.

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

SIGNED BY:

DATE: 11 JUNE 2021

CAROL SHILLABEER [CHIEF EXECUTIVE]

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

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Name	Position and Area of Expertise	Board and Board Committee Membership	Attendance 2020-21
Vivienne Harpwood	Chair	▪ Chair of the Board	8/9
		▪ Chair of the Remuneration and Terms of Service Committee	3/3
Melanie Davies	Vice Chair	▪ Vice Chair of the Board	7/9
		▪ Chair of the Experience, Quality and Safety Committee	7/7
		▪ Vice Chair of the Remuneration and Terms of Service Committee	3/3
		▪ Member of the Performance and Resources Committee	3/3
Ian Phillips	Independent Member [Information Technology]	▪ Member of the Board	9/9
		▪ Vice Chair of the Strategy and Planning Committee	2/2
		▪ Member of the Audit, Risk and Assurance Committee	7/7
		▪ Member of the Performance and Resources Committee	3/3
Trish Buchan	Independent Member [Third Sector]	▪ Member of the Board	9/9
		▪ Chair of the Strategy and Planning Committee	2/2
		▪ Vice Chair of the Experience, Quality and Safety Committee	7/7
		▪ Member of the Charitable Funds Committee	3/3
Matthew Dorrance	Independent Member [Local Authority]	▪ Member of the Board	7/9
		▪ Member of the Audit, Risk and Assurance Committee	3/7
Owen James	Independent Member [Community]	▪ Member of the Board	3/3
		▪ Chair of the Charitable Funds Committee	1/1
		▪ Member of the Experience, Quality and Safety Committee	3/3
	Resigned 4 September 2020	▪ Member of the Strategy and Planning Committee	1/1
Tony Thomas	Independent Member [Finance]	▪ Member of the Board	8/9
		▪ Chair of the Audit, Risk and Assurance Committee	7/7
		▪ Vice Chair of the Charitable Funds Committee	2/3
		▪ Member of the Performance and Resources Committee	3/3
		▪ Member of the Remuneration and Terms of Service Committee	4/4
Mark Taylor	Independent Member [Capital and Estates]	▪ Member of the Board	9/9
		▪ Vice Chair of the Audit, Risk and Assurance Committee	7/7
		▪ Vice Chair of Performance & Resources Committee	3/3
		▪ Member of the Charitable Funds Committee	2/3
		▪ Member of the Strategy and Planning Committee	2/2
Susan	Independent	▪ Member of the Board	8/9

Newport	Member [Trade Union]	▪ Member of the Experience, Quality and Safety Committee	6/7
		▪ Member of the Remuneration and Terms of Service Committee	3/3
Frances Gerrard	Independent Member [University]	▪ Member of the Board	7/9
		▪ Member of the Experience, Quality and Safety Committee	7/7

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Name	Position and Area of Expertise	Board and Board Committee Membership	Attendance 2020-21
Carol Shillabeer	Chief Executive	<ul style="list-style-type: none"> Member of the Board Member of the Emergency Ambulance Services Committee Member of the Joint Partnership Board Member of the Welsh Health Specialist Services Committee Member of Powys Public Service Board Member of Powys Regional Partnership Board Member of Powys Joint Partnership Board <p><u>Required attendee at:</u></p> <ul style="list-style-type: none"> Remuneration and Terms of Service Committee Local Partnership Forum <p><u>Required Attendee:</u></p> <ul style="list-style-type: none"> Experience Quality and Safety Committee Performance and Resources Committee <p><u>Attendee as requested at all Board Committees</u></p>	Board Attendance 9/9
Jamie Marchant	<p>Director of Primary and Community Care, and Mental Health</p> <p>And Deputy Chief Executive (from 01.06.2020 to 30.11.2020)</p>	<ul style="list-style-type: none"> Member of the Board Member of the Emergency Ambulance Services Committee (in Chief Executives absence) Member of the Joint Partnership Board (in Chief Executives absence) Member of the Welsh Health Specialist Services Committee (in Chief Executives absence) Member of Powys Public Service Board (in Chief Executives absence) Member of Powys Regional Partnership Board (in Chief Executives absence) Member of Powys Joint Partnership Board (in Chief Executives absence) <p><u>Required Attendee:</u></p> <ul style="list-style-type: none"> Experience Quality and Safety Committee Performance and Resources Committee <p><u>Attendee as requested at all Board Committees</u></p>	Board Attendance 8/9

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Name	Position and Area of Expertise	Board and Board Committee Membership	Attendance 2020-21
Wyn Parry	Medical Director [To 31 st July 2021]	<ul style="list-style-type: none"> Member of the Board <u>Required Attendee:</u> <ul style="list-style-type: none"> Experience, Quality and Safety Committee <ul style="list-style-type: none"> <u>Attendee as requested at all Board Committees</u> 	Board Attendance 3/3
Paul Buss	Medical Director [1 st August 2020 to 31 st January 2021]	<ul style="list-style-type: none"> Member of the Board <u>Required Attendee:</u> <ul style="list-style-type: none"> Experience, Quality and Safety Committee <ul style="list-style-type: none"> <u>Attendee as requested at all Board Committees</u> 	Board Attendance 5/5
Kate Wright	Medical Director [From 15 th February 2021]	<ul style="list-style-type: none"> Member of the Board <u>Required Attendee:</u> <ul style="list-style-type: none"> Experience, Quality and Safety Committee <ul style="list-style-type: none"> <u>Attendee as requested at all Board Committees</u> 	Board Attendance 1/1
Claire Madsen	Director of Therapies and Health Sciences	<ul style="list-style-type: none"> Member of the Board <u>Required Attendee:</u> <ul style="list-style-type: none"> Experience, Quality and Safety Committee Performance and Resources Committee <ul style="list-style-type: none"> <u>Attendee as requested at all Board Committees</u> 	Board Attendance 9/9
Alison Davies	Director of Nursing	<ul style="list-style-type: none"> Member of the Board <u>Executive Lead and Required Attendee:</u> <ul style="list-style-type: none"> Experience, Quality and Safety Committee <u>Required Attendee:</u> <ul style="list-style-type: none"> Strategy and Planning Committee Charitable Funds Committee <ul style="list-style-type: none"> <u>Attendee as requested at all Board Committees</u> 	Board Attendance 8/9

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Name	Position and Area of Expertise	Board and Board Committee Membership	Attendance 2020-21	Board Champion Role
Julie Rowles	Director of Workforce and OD	<ul style="list-style-type: none"> Member of the Board <u>Executive Lead and Required Attendee:</u> <ul style="list-style-type: none"> Remuneration and Terms of Service Committee <u>Required Attendee:</u> <ul style="list-style-type: none"> Experience, Quality and Safety Committee Performance and Resources Committee Strategy and Planning Committee Local Partnership Forum <u>Attendee as requested at all other Board Committees</u>	Board Attendance 8/9	
Hayley Thomas	Director of Planning and Performance And Deputy Chief Executive (from 01.12.2020 to 01.06.2021)	<ul style="list-style-type: none"> Member of the Board Member of the Emergency Ambulance Services Committee (in Chief Executives absence) Member of the Joint Partnership Board (in Chief Executives absence) Member of the Welsh Health Specialist Services Committee (in Chief Executives absence) Member of Powys Public Service Board (in Chief Executives absence) Member of Powys Regional Partnership Board (in Chief Executives absence) Member of Powys Joint Partnership Board (in Chief Executives absence) <u>Executive Lead and Required Attendee:</u> <ul style="list-style-type: none"> Strategy and Planning Committee Performance and Resources Committee <u>Required Attendee:</u> <u>Attendee as requested at all other Board Committees</u>	Board Attendance 9/9	

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Name	Position and Area of Expertise	Board and Board Committee Membership	Attendance 2020-21	Board Champion Role
Stuart Bourne	Director of Public Health	<ul style="list-style-type: none"> Member of the Board <u>Required Attendee:</u> <ul style="list-style-type: none"> Strategy and Planning Committee Experience, Quality and Safety Committee <ul style="list-style-type: none"> <u>Attendee as requested at all other Board Committees</u> 	Board Attendance 6/9	
Pete Hopgood	Director of Finance and IT	<ul style="list-style-type: none"> Member of the Board <u>Executive Lead and Required Attendee:</u> <ul style="list-style-type: none"> Performance and Resources Committee Charitable Funds Committee <u>Required Attendee:</u> <ul style="list-style-type: none"> Audit, Risk and Assurance Committee Strategy and Planning Committee <ul style="list-style-type: none"> <u>Attendee as requested at all other Board Committees</u> 	Board Attendance 8/9	

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Appendix 2: Ministerial Directions and Welsh Health Circulars 2020-21

Reference	Date Issued	Ministerial Direction		Status	Action to demonstrate implementation / response
2020-005	30/09/2020	Dementia READ codes	Annex 1 sets out the READ codes which should be captured by memory assessment and GP/ primary care.	Complete	Confirmation of dissemination to GPs and MH services.
2020-008	20/04/2020	Guidance for Local Health Boards and NHS Trusts on the reuse of end of life medicines in hospices and care homes	Local Health Boards (LHBs) should put in place arrangements to support the limited reuse of end of life medicines in care homes and hospices, in exceptional circumstance.	Complete	All actions relating to WHC have been completed. Training was provided to all care home staff by a member of the Medicines Management Team and GP practices were made aware of the change in practice. Access to end of life medicines is not an issue at the moment and we are not needing to reuse medicines in this way.
2020-009	21/05/2020	The National Influenza Immunisation Programme 2020-2021	Communication of the key messages for the 2020-21 flu season.	No Progress	

2020-011	09/07/2020	Temporary Amendments to Model Standing Orders, Reservation and Delegation of Powers – Local Health Boards, NHS Trusts, Welsh Health Specialised Services Committee, Emergency Ambulances Services Committee and Health Education and Improvement Wales	Temporary Amendments to Model Standing Orders, Reservation and Delegation of Powers	Complete	
2020-012	04/08/2020	Clinical Assessment of COVID-19 in the Community	Clinical Assessment of COVID-19 in the Community	Complete	Replaced by WHC 024-020, so no action linked to this.
2020-013	14/08/2020	The National Influenza Immunisation Programme 2020-21	Uptake of flu vaccine maximised in the priority groups indicated in the WHC.	No Progress	
2020-014	29/09/2020	Ear Wax Management	Determine and report on current service provision across Wales. Develop a national integrated pathway for the safe and effective management of ear wax to provide consistent patient outcomes across Wales and ensure: <ul style="list-style-type: none"> • Equitable access; • Efficient and effective use of NHS resources; cost effective and prudent; 	Partially Complete	Paper being developed for Exec Committee in early May 2021 to outline proposed processes in Powys. Will have cost implications as will need additional bodies

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			<ul style="list-style-type: none"> • Consistent seamless management across primary, community and secondary • care settings; • Self-management where clinically appropriate, empowering people to better • manage their own care; • Compliance with NICE guidance and Audiology Quality Standards. https://gov.wales/sites/default/files/publications/2019-10/quality-standards-foradults-hearing-services-the-assessment-and-audit-tool.pdf		
2020-015	14/09/2020	Policy on single use and reusable laryngoscopes	Organisations must ensure laryngoscopes and such devices (handles and blades) are either: Single use application or decontaminated appropriately between each patient use.	No Progress	
2020-016	10/12/2020	Procedure for Performance Management, Removal or Suspension of NHS Chairs, Vice-Chairs and Independent Members/Non-Executive	To bring to the attention of all Board members, with particular reference to the Vice-Chairs, Independent Members, Non-Executive	Complete	

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		Directors, including Associate Members	Directors and Associate Members and ensure arrangements in place for appraisal and review of non-officer members performance.		
2020-018	01/10/2020	Last Person Standing	As part of the GMS Contract for 2019-20, the Welsh Government agreed to provide guidance outlining the expectation on Health Boards to consider support in an LPS case in relation to Third Party Developer (3PD) properties in Wales, where Health Boards have been involved in the development from the outset (as opposed to those premises where any element of ownership has been transferred).	Complete	There is no immediate action bar us being aware. We are currently linking with NHS wales SSP estates on this and one practice who wishes to apply this (we are not inclined). It landed yesterday and SSP are reviewing for us with that case in mind.
2020-019	30/10/2020	Expectations for NHS Health Boards and Trusts to Ensure the Health and Wellbeing of the Workforce During the Covid-19 Pandemic	Promote awareness of the FAQs document amongst staff and managers and ensure the agreed approaches set out in these documents are applied consistently across your organisation. Promote awareness of the Covid-19 Workforce Risk Assessment Tool within your organisation and management structures;	No Progress	

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			Request staff complete the Risk Assessment through ESR if they haven't already; and for staff in the high and very high-risk category, re-iterate the importance of discussions with line management regarding mitigating actions; Monitor and report completion rates as part of the NHS Wales Operating Framework Quarter 3 and 4 returns. Maintain up-to-date local webpages on staff health and wellbeing; and Promote awareness of and encourage access to the national and local resources available amongst staff and managers. Promote awareness of the Life Assurance Scheme amongst staff and managers within your organisation and provide a link to the BSA's Scheme webpage on your organisation's own intranet pages; and Identify and inform eligible beneficiaries of frontline staff should they die in service as a result of being affected by Covid-19.		
2020-022	14/12/2020	NHS Wales Annual Planning	All health boards and trusts	Complete	Annual Plan (Draft)

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		Framework 2021-22	must deliver their plan commitments. Organisations can expect the Welsh Government to monitor, performance manage and hold them to account through a range of meetings and actions throughout the year.		2021-22 approved by PTHB Board and submitted to Welsh Government on 31 March 2021, as per requirements and in line with NHS Wales Annual Planning Framework 2021-22 and subsequent correspondence. A Schedule of Requirements against the framework was included in the Supporting Information submitted with the Plan document. This sets out how PTHB has responded to each requirement in the NHS Wales Annual Planning Framework, and signposts to the relevant section of the PTHB Draft Annual Plan.
2020-23	22/12/2020	EU Exit – Continuity of Medicine Supply at the End of the Transition Period	To provide NHS bodies in Wales with detail of measures being taken to ensure the	Complete	This had been disseminated. Transition has passed

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			continuity of supply of medicines as part of the UK Government's contingency preparations for leaving the European Union (EU).		and normal procurement and stock levels are in place (i.e. no bulk storage above necessary levels).
2020-024	22/12/2020	Clinical Assessment of COVID-19 in the Community (Updated)	<p>Key developments in the latest guidance include:</p> <ul style="list-style-type: none"> • The widespread use of COVID-19 community testing, meaning that primary care clinicians are seeing more patients with proven diagnosis. • The ability to segment patients with proven or suspected COVID-19 into three risk categories with separate recommended actions. • The potential to use pulse oximetry to support self-monitoring at home for patients at moderate risk of complications. • The availability of clear thresholds for admission or staying at home with safety-netting advice. • The potential for delivering point of care testing in the 	Complete	Was sent (duplicate) to OOH and GP practices.

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			community for COVID-19 prior to admission in order to stream patients and reduce the risk of transmission.		
2021-001	14/01/2021	Guidelines for managing patients on the suspected cancer pathway	<p>This document provides guidelines relating to the management of patients on a suspected cancer pathway and the reporting of performance against the cancer target.</p> <ul style="list-style-type: none"> • Introduces new rules around the management of patients on a suspected cancer pathway • Sets out the targets for the cancer pathway • Removes all adjustments and suspensions from a patient pathway • Allows a patient's pathway to be closed and a new one started after a period of medical or social unavailability of two months or more • Introduces guidance around the treatment of subsequent skin cancers • Includes the reporting of patients treated outside of 	Complete	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 speciality. Powys acute cancer care is carried out in Commissioned Services who adhere to either Welsh Cancer Waiting Time Rules or the English Equivalent.

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			NHS Wales when referred from secondary care in NHS Wales		
2021-003	10/03/2021	Senedd Election 2021	The election to the Senedd takes place on 6 May 2021. The purpose of this guidance is to inform staff of the arrangements for handling government business during the pre-election period, so as to avoid being seen or perceived to influence the election campaign in any way, to maintain the impartiality of the Civil Service, and avoid criticism of an inappropriate use of official resources. The response to the coronavirus pandemic provides a unique context in which this guidance should be read.	Complete	
2021-004	19/02/2021	Ordering influenza vaccines for the 2021-2022 season	Health boards and trusts should order sufficient injectable vaccine for all staff with direct patient contact. The recommended vaccines are: <ul style="list-style-type: none"> Quadrivalent cell culture influenza vaccine (QIVc) 	No Progress	

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			<ul style="list-style-type: none"> • Quadrivalent egg-based influenza vaccine (QIVe) where QIVc is not available • Adjuvanted quadrivalent influenza vaccine (aQIV) for staff aged 65 years and over. 		
2021-006	11/03/2021	Senedd Election 2021 - Guidance for NHS Wales	This letter and the accompanying guidance explain the impact that the pre-election period will have on Local Health Boards and Trust activities from the start of the pre-election period which starts on 25 March up to and including polling day on 6 May.	Complete	
2021-007	11/03/2021	The Healthy Child Wales Programme – 25/03/2021The 6-week post-natal GP physical examination of child contact	The Health Visitor undertakes a separate contact at 8 weeks. A 6-week data collection form must be submitted in addition to the 8-week Health Visitor form.	Complete	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.
2021-009	25/03/2021	School Entry Hearing Screening pathway	Health Boards should begin implementation of the new pathway as soon as possible and seek full implementation	Partially Complete	Led by the PTHB Head of Audiology, in conjunction with School Nursing service

			<p>by April 2022. Welsh Government wish for health boards to follow the recommendations below and be able to provide updates at three monthly intervals from April 2021.</p> <p>Health Boards will be aware that there are two cohorts of children that will need "mopping up" due to the Covid-19 pandemic, communication of how this will be managed will follow with the "Standard Operating Procedure" and related documentation.</p>		<p>with Powys, this has already progressed some key elements. Expectation of quarterly updates prior to full implementation no later than April 2022.</p>
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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 and the Workforce and Organisational Development Directorate.

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BACKGROUND

The Treasury's Government Financial Reporting Manual (FReM) requires that a Remuneration Report shall be prepared by NHS bodies providing information under the headings in SI 2008 No 410, made to the extent that they are relevant. The Remuneration Report contains information about senior managers remuneration. The definition of 'Senior Manager' is:

"those persons in senior positions having authority or responsibility for directing or controlling the major activities of the NHS body. This means those who influence the decisions of the entity as a whole rather than the decisions of individual directorates or departments."

This section of the Accountability Report meets these requirements.

THE REMUNERATION AND TERMS OF SERVICE COMMITTEE

Remuneration and terms of service for Executive Directors and the Chief Executive are agreed, and kept under review by the Remuneration and Terms of Service Committee. The Committee also monitors and evaluates the annual performance of the Chief Executive and individual Directors (the latter with the advice of the Chief Executive).

In 2020/21, 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;
- Tony Thomas, Chair of Audit and Assurance committee;
- Susan Newport, Independent Member (Trade Union)

Meetings are minuted and decisions fully recorded.

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INDEPENDENT MEMBERS' REMUNERATION

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

DIRECTORS' AND INDEPENDENT MEMBERS' REMUNERATION

Details of Directors' and Independent Members' remuneration for the 2020-21 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 2020-21, Executive Directors received a pay inflation uplift, in-line with Welsh Government's Framework.

If there were to be an up-lift over and above this level, this would always be agreed as a result of changes in roles and responsibilities and with advice from an independent consultancy with specialist knowledge of job evaluation and executive pay within the NHS. In addition, the Remuneration and Terms of Services Committee would receive a detailed report in respect of issues to be considered in relation to any uplift to Executive Directors salaries (including advice from the Welsh Government) and having considered all the advice and issues put before them, would report their recommendations to the Board for ratification.

The Committee also reviews objectives set for Executive Directors and assesses performance against those objectives when considering recommendations in respect of annual pay uplifts.

It should be noted that Executive Directors are not on any form of performance related pay. All contracts are permanent with a three month notice period. Conditions were set by Welsh Government as part of the NHS Reform Programme of 2009. However, for part of the year there were interim Directors in post; an Interim Medical Director and Interim Director of Nursing.

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	2020 - 21						2019-20					
	Salary	Benefits in Kind	Performance Pay and Bonuses	Long Term Performance Pay and Bonuses	All Pension - Related Benefits Salary	Single Total remuneration	Salary	Benefits in Kind	Performance Pay and Bonuses	Long Term Performance Pay and Bonuses	All Pension - Related Benefits Salary	Single Total remuneration
Name and title	(bands of £5,000) £000	(taxable) to nearest £100 £00	(bands of £5,000) £000	(bands of £5,000) £000	(bands of £2,500) £000	(bands of £5,000) £000	(bands of £5,000) £000	(taxable) to nearest £100 £00	(bands of £5,000) £000	(bands of £5,000) £000	(bands of £2,500) £000	(bands of £5,000) £000
Executive directors												
Carol Shillabeer - Chief Executive	170 - 175	0	0	0	45 - 47.5	215 - 220	165 - 170	0	0	0	42.5 - 45.0	210 - 215
Julie Rowles - Director of Workforce and OD & Support Services **	115 - 120	60	0	0	(5.0) - (7.5)	115 - 120	115 - 120	59	0	0	102.5 - 105.0	225 - 230
Hayley Thomas - Director of Planning and Performance - Deputy Chief Executive (From 1st December 2020)	115 - 120	67	0	0	15.0 - 17.5	140 - 145	115 - 120	65	0	0	72.5 - 75.0	195 - 200
Rhiannon Jones - Director of Nursing and Interim Director of Therapies & Health Science (to 14th July 2019)	0	0	0	0	0	0	35 - 40	20	0	0	55.5 - 57.0	95 - 100
Eifion Williams - Interim Director of Finance (to 30th July 2019)	0	0	0	0	0	0	30 - 35	0	0	0	0	30 - 35
Stuart Bourne - Director of Public Health	105 - 110	0	0	0	25.0 - 27.5	130 - 135	105 - 110	0	0	0	12.5 - 15.0	115 - 120
Patsy Roseblade - Interim Director of Primary, Community Care and Mental Health (From 15th October 2018 to 14th April 2019)	0	0	0	0	0	0	5 - 10	0	0	0	0	5 - 10
Wyn Parry - Medical Director (To 31th July 2021)	80 - 85	0	0	0	(70.0) - (72.5)	10 - 15	130 - 135	0	0	0	140.0 - 142.5	270 - 275
Pete Hopgood - Director of Finance and ICT (From 1st July 2019)	110 - 115	0	0	0	80.0 - 82.5	190 - 195	100 - 105	0	0	0	132.5 - 135.0	235 - 240
Jamie Marchant - Director of Primary, Community Care and Mental Health Services (From 11th June 2019)- Deputy Chief Executive (From 1st June 2020 to 31st November 2020)	110 - 115	0	0	0	52.5 - 5.5	155 - 160	80 - 85	0	0	0	15.0 - 17.5	95 - 100
Katrina Rowlands - Interim Director of Nursing (From 15th July 2019 to 19th January 2020)	0	0	0	0	0	0	50 - 60	0	0	0	132.5 - 135.0	185 - 190
Rani Mallison - Board Secretary	90 - 95	0	0	0	55 - 57.5	145 - 150	75 - 80	0	0	0	105.0 - 107.5	180 - 185
Claire Madsen - Director of Therapies and Health Science (From 7th January 2020)	95 - 100	0	0	0	147.5 - 150.0	245 - 250	20 - 25	0	0	0	12.5 - 15.0	35 - 40
Alison Davies - Director of Nursing and Midwifery (From 20th January 2020)	110 - 115	0	0	0	297.5 - 300.0	410 - 415	15 - 20	0	0	0	20.0 - 22.5	35 - 40
Paul Buss - Interim Medical Director (From 1st August 2020 to 31st January 2021)***	40 - 45	0	0	0	0	40 - 45	0	0	0	0	0	0
Catherine Woodward - Interim Responsible Officer (From 1st August 2020 to 31st March 2021)***	15 - 20	0	0	0	0	15 - 20	0	0	0	0	0	0
Kate Wright - Medical Director (From 15th February 2021)****	25 - 30	0	0	0	0	25 - 30	0	0	0	0	0	0

SALARY AND PENSION DISCLOSURE TABLE: SALARIES AND ALLOWANCES

Name and title	2020 - 21						2019-20					
	Salary	Benefits in Kind	Performance Pay and Bonuses	Long Term Performance	All Pension - Related Benefits Salary	Single Total remuneration	Salary	Benefits in Kind	Performance Pay and Bonuses	Long Term Performance Pay and Bonuses	All Pension - Related Benefits Salary	Single Total remuneration
	(bands of £5,000)	(taxable) to nearest £100	(bands of £5,000)	(bands of £5,000)	(bands of £2,500)	(bands of £5,000)	(bands of £5,000)	(taxable) to nearest £100	(bands of £5,000)	(bands of £5,000)	(bands of £2,500)	(bands of £5,000)
	£000	£00	£000	£000	£000	£000	£000	£00	£000	£000	£000	£000
Associate Members												
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 Harwood - Chair *	40 - 45	0	0	0	0	40 - 45	50 - 55	0	0	0	0	50 - 55
Melanie Davies - Vice Chair	30 - 35	0	0	0	0	30 -25	30 - 35	0	0	0	0	30 - 35
Matthew Dorrance - Independent Member (Local Authority)	5 - 10	0	0	0	0	5 - 10	5 - 10	0	0	0	0	5 - 10
Patricia Buchan - Independent Member (Third Sector)	5 - 10	0	0	0	0	5 - 10	5 - 10	0	0	0	0	5 - 10
Owen James - Independent Member (Community to 4th September 2020)	0 - 5	0	0	0	0	0 - 5	5 - 10	0	0	0	0	5 - 10
Anthony Thomas - Independent Member (Finance)	5 - 10	0	0	0	0	5 - 10	5 - 10	0	0	0	0	5 - 10
Frances Gerrard - Independent Member (University held post relating to health)	5 - 10	0	0	0	0	5 - 10	5 - 10	0	0	0	0	5 - 10
Ian Phillips - Independent Member (ICT)	5 - 10	0	0	0	0	5 - 10	5 - 10	0	0	0	0	5 - 10
Susan Newport - Independent Member (Trade Union)	0	0	0	0	0	0	0	0	0	0	0	0
Mark Taylor - Independent Member (Capital and Estates from 3rd July 2019)	5 - 10	0	0	0	0	5 - 10	5 - 10	0	0	0	0	5 - 10
Rhobert Lewis (General from 22 February 2021)	0 - 5	0	0	0	0	0	0	0	0	0	0	0

*Please note that Professor Vivienne Harpwood was also Chair for the Welsh Health Specialist Services Committee until 30th September 2020 and the costs of this role are paid by Powys THB and recharged to Cwm Taf University Health Board. These costs are excluded from the above calculations

** Please note that the salary figure for 2019-20 includes arrears of pay relating to 2018-19

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.

*** Please note that Mr Paul Buss and Dr Catherine Woodward are not member of the NHS Pension Scheme

**** Please note that prior year pension figures for Dr Kate Wright are not currently available

The value of pension benefits is calculated as follows: (real increase in pension* x20) + (real increase in any lump sum) – (contributions made by member)

*excluding increases due to inflation or any increase or decrease due to a transfer of pension rights

The Single Total Figure of remuneration is not an amount which has been paid to an individual by the THB 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.

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REMUNERATION RELATIONSHIP

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median remuneration of the organisation's workforce. The banded remuneration of the highest-paid director in PTHB in the financial year 2020-21 was £170,000 to £175,000 (2019-20, £165,000 to £170,000). This was 5.71 times (2019-20, 5.61times) the median remuneration of the workforce, which was £30,223 (2019-20, £29,763).

In 2020-21, 3 (2019-20, 1) employees received remuneration in excess of the highest-paid director. Remuneration for all staff ranged from £18,185 to £192,989 (2019-20, £17,652 to £169,422).

	2020-21	2019-20
Band of Highest paid Directors' Total Remuneration £000	170 - 175	165 - 170
Median Total Remuneration £000	30	30
Ratio	5.7	5.6

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

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SALARY AND PENSION DISCLOSURE TABLE: PENSION BENEFITS

Pension Benefits									
		Real increase	Real increase	Total accrued	Lump sum at	Cash	Cash	Real increase	Employer's
		in pension	in pension	pension	aged 60 related	Equivalent	Equivalent	in Cash	contribution to
		at age 60	lump sum at	at age 60 at	to accrued pension	transfer	transfer	equivalent	stakeholder
			aged 60	31 Mar 2021	at 31st March 2021	value at	value at	transfer value	pension
						31 Mar 2021	31 Mar 2020		
		(bands of	(bands of	(bands of	(bands of £5,000)				
		£2,500)	£2,500)	£5,000)					
Name and title		£000	£000	£000	£000	£000	£000	£000	£000
Carol Shillabeer - Chief Executive		2.5 - 5.0	(2.5) - (5.0)	60 - 65	145 - 150	1,160	1,070	72	0
Julie Rowles - Director of Workforce and Organisational Development		0 - 2.5	(5.0) - (7.5)	55 - 60	140 - 145	1,212	1,168	24	0
Hayley Thomas - Director of Planning and Performance		0 - 2.5	0.0 - (2.5)	35 - 40	70 - 75	589	552	27	0
Stuart Bourne - Director of Public Health		0 - 2.5	0 - 2.5	35 - 40	70 - 75	633	584	39	0
Wyn Parry - Medical Director*		(2.5) - (5.0)	(7.5) - (10.0)	45 - 50	135 - 140	0	0	0	0
Pete Hopgood - Director of Finance		2.5 - 5.0	5.0 - 7.5	40 - 45	90 - 95	730	632	87	0
Jamie Marchant - Director of Primary, Community Care and Mental Health Services		2.5 - 5.0	2.5 - 5.0	30 - 35	50 - 55	532	463	61	0
Rani Mallison - Board Secretary		2.5 - 5.0	2.5 - 5.0	15 - 20	30 - 35	228	183	41	0
Claire Madsen - Director of Therapies and Health Science		5.0 - 7.5	20.0 - 22.5	30 - 35	95 - 100	724	548	166	0
Alison Davies - Director of Nursing		12.5 - 15.0	40.0 - 42.5	45 - 50	140 - 145	1,090	747	330	0
Kate Davies - Medical Director**									

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 normal retirement age in existing scheme therefore a CETV calculation is not applicable

** prior year comparator figures are currently not available

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.

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STAFFING DETAILS

Staff Profile

As at 31 March 2021, the total number staff employed by the Health Board stood at **1829.30 Whole Time Equivalents** (WTE). The table below provides a breakdown of the staff groups we employ excluding hosted services, such as the Board of Community Health Councils, Health and Care Research Wales and All Wales CHC.

Staff Group	Average Weekly WTE 19/20	Average Weekly WTE 20/21
Add Prof Scientific and Technical	59.83	71.51
Additional Clinical Services	327.56	344.57
Administrative and Clerical	413.28	442.43
Allied Health Professionals	123.81	132.60
Estates and Ancillary	161.82	164.68
Healthcare Scientists	2.43	3.67
Medical and Dental	36.55	34.54
Nursing and Midwifery Registered	541.80	558.04
Students	0.00	9.15
Grand Total	1668.09	1761.19

Staff Composition

As at 31 March 2021, staff composition was composed of:

	Female	Male
Directors	8*	5*
Employees	1,928	315

*this reflects changes throughout the year

The Health Board experienced unprecedented demands in 2020/21 across a number of services, due to impact of COVID-19. Services undertook detailed work to identify and respond to our most challenging areas in staffing, which included developing workforce plans for anticipated demands and temporary redeployment to staff to other roles.

The Health Board continues to experience challenges in recruiting to a number of clinical roles, with Registered Nurse and Medical roles continuing to present a particular challenge. Between April 2020 and February 2021, the Health Board has continued to see an increase in the number of employed clinical staff. As a result of extensive and ongoing recruitment activity, Registered Nurse vacancy levels within the wards has reduced, with an overall vacancy deficit (excluding absence) of 28% in April 2020, reducing to 18.5% as at March 2021.

Despite this success, the Health Board continues to have a number of vacancies which are currently being covered via Bank or Agency staff, in order to support safe staffing levels. Over the last 12 months, we have continued to increase our Bank Staff capacity, with an increase of 17% in Bank workers since 31 March 2020:

Staff Group	Headcount by Month	
	2020 / 03	2021 / 03
Add Prof Scientific and Technical	19	17
Additional Clinical Services	164	193
Administrative and Clerical	65	65
Allied Health Professionals	26	23
Estates and Ancillary	97	126
Medical and Dental	9	9
Nursing and Midwifery Registered	101	132
Grand Total	481	565

Sickness Absence

2020-21 information on sickness absence is provided in the table below:

	2019/2020	2020/21
Days Lost Long Term	22,149.23	24,773.61
Days Lost Short Term	7,534.01	6,897.86
Total Days Lost	29,683.24	31,671.47
Total Staff Years	81.32	86.77
Average Working Days Lost	17.98	18.15
Total Staff Employed in Period (Headcount)	2128	2251
Total Staff Employed in Period with no absence (Headcount)	1092	1161
Percentage of Staff with no Sick Leave	51.32%	51.58%

The increase in staff absence is reflective of the very difficult and challenging period of 2020-21. It also recognises that there was a growth in the number of staff. There was a minimal increase in the % of staff who had no sick leave during this time.

Staff Policies

Powys Teaching Health Board has a range of staff policies in place. The Equality Impact Assessment policy is applied throughout the financial year;

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

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

Tax Assurance for Off-Payroll Appointees

The following table shows all off-payroll engagements as of 31 March 2020, for more than £245 per day and that last for longer than six months:

▪ The total number of existing engagements as of 31 March 2020;	0
▪ The number that have existed for less than one year at time of reporting;	0
▪ The number that have existed for between one and two years at time of reporting;	0
▪ The number that have existed for between two and three years at time of reporting;	0
▪ The number that have existed for between three and four years at time of reporting; and	0
▪ The number that have existed for four or more years at time of reporting.	0

There have been no new engagements, or those that reached six months in duration during 2020-21.

There have been no off payroll engagements of board members and/or senior officials with significant financial responsibility between 1 April 2020 and 31 March 2021.

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Exit Packages and Severance Payments

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

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

Redundancy and other departure costs if paid would have been paid in accordance with the provisions of the NHS 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 PTHB 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.

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PART C: WELSH PARLIAMENT 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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THE NATIONAL ASSEMBLY FOR WALES ACCOUNTABILITY 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.

Powys Teaching Health Board ensures that the funding provided by Welsh Ministers has been expended for the purposes intended by Welsh Ministers and that the resources authorised by Welsh Ministers to be used have been used for the purposes for which the use was authorised.

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

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

Fees and Charges

Where the Health Board undertakes activities that are not funded directly by the Welsh Government the Health Board receives income to cover its costs which will offset expenditure reported under programme areas. Miscellaneous Income can be seen in Note 4 (page 29) 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 2020-21 is £0.00m and is disclosed in note 21.2 (page 55) of the Health Board's Annual Accounts.

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

Report on the Audit of the Financial Statements

TO BE INCLUDED

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Powys THB Finance Department

Draft Annual Accounts 2020/21

Audit Committee

FY 2020/21

Date Meeting: 29th April 2021

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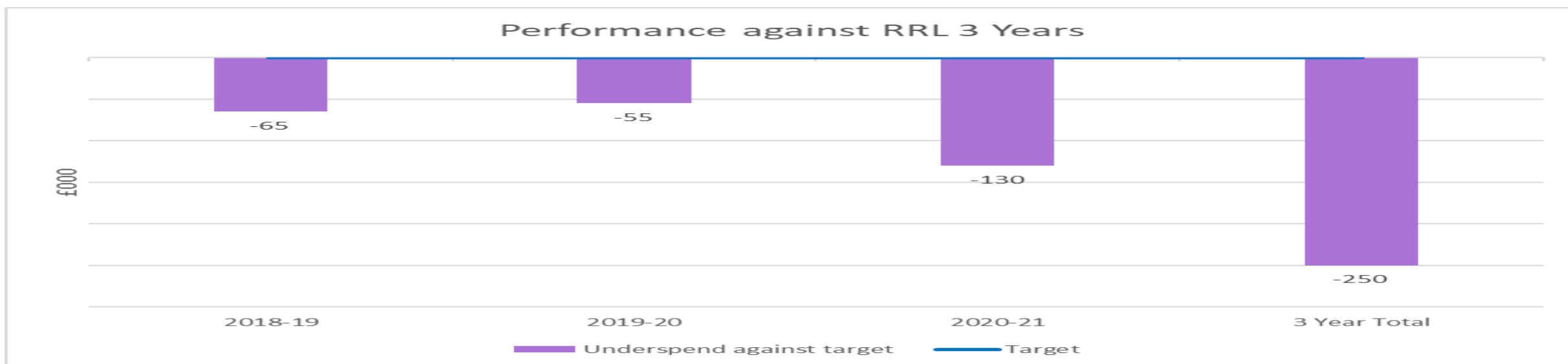
PLEASE NOTE THIS PRESENTATION WAS DRAFTED AS AT 12 NOON WEDNESDAY 28TH APRIL AND MAY BE SUBJECT TO FURTHER MINOR CHANGES PRIOR TO FORMAL SUBMISSION TO WELSH GOVERNMENT ON FRIDAY 30TH APRIL



Area	Financial KPI	Target	Delivery 2020-21	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)	(£130k)	P2
Capital	To ensure that costs do not exceed the capital resource limit set by Welsh Government	Variance Against Capital Resource Limit Deficit / (Surplus)	(£27k)	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 within 30 days	93.00%	P4

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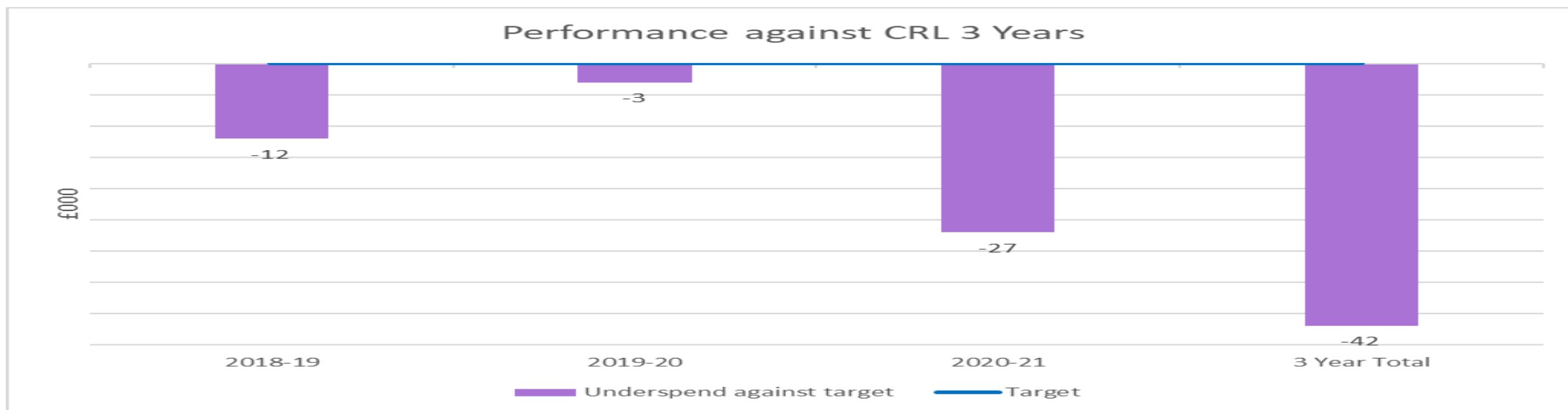
- PtHB has a statutory duty to ensure that its expenditure does not exceed the aggregate funding (Revenue Resource Limit – RRL) allotted to it over the 3 year period.
- Subject to Audit, PtHB has achieved this requirements in 2020/21, and for the proceeding 2 years.



Accounts Extract Note 2.1 P. 26:

	Annual financial performance			
	2018-19	2019-20	2020-21	Total
	£'000	£'000	£'000	£'000
Net operating costs for the year	299,184	324,531	356,484	980,199
Less general ophthalmic services expenditure and other non-cash limited expenditure	1,682	1,855	1,851	5,388
Less revenue consequences of bringing PFI schemes onto SoFP	0	0	0	0
Total operating expenses	300,866	326,386	358,335	985,587
Revenue Resource Allocation	300,931	326,441	358,465	985,837
Under /(over) spend against Allocation	65	55	130	250

- 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.



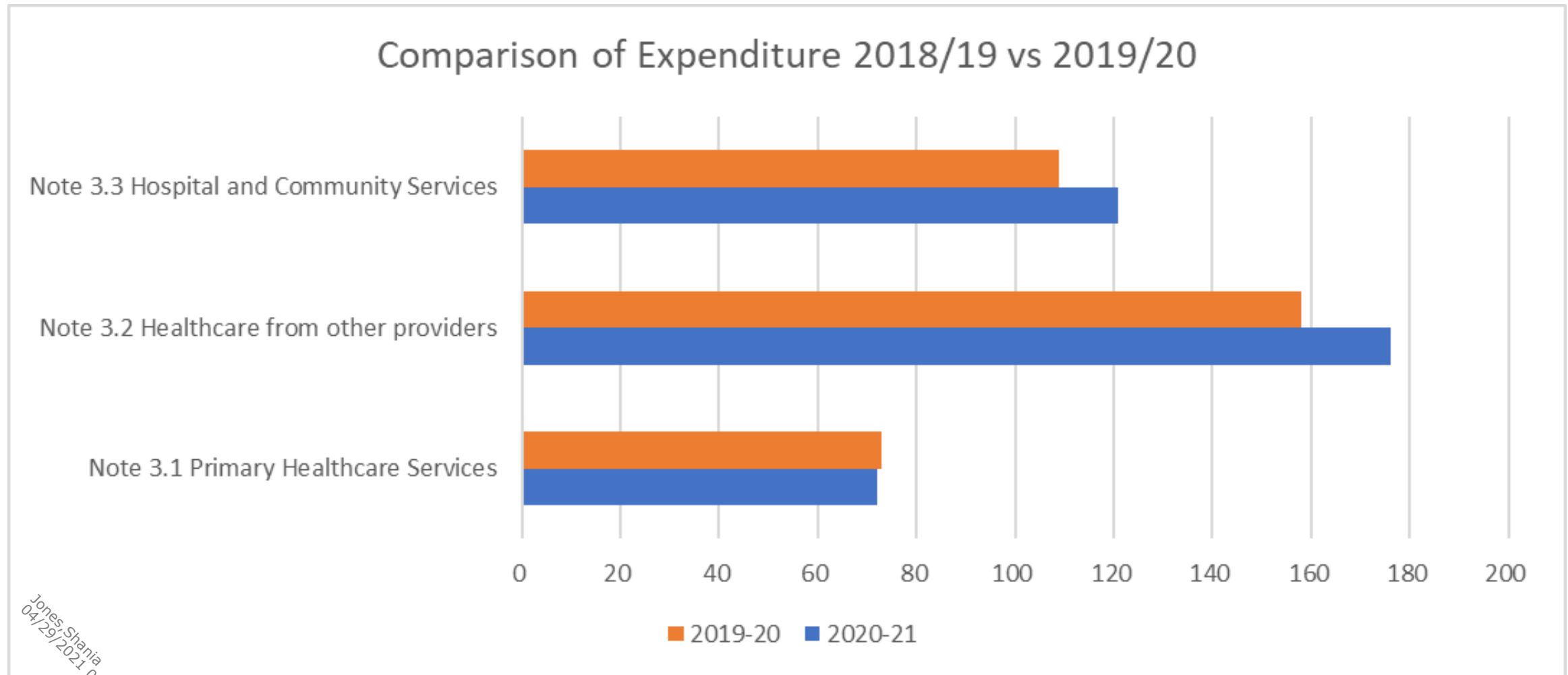
Accounts Extract Note 2.2 P. 26:

	2018-19	2019-20	2020-21	Total
	£'000	£'000	£'000	£'000
Gross capital expenditure	5,372	3,373	6,366	15,111
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	(276)	(176)	(13)	(465)
Charge against Capital Resource Allocation	5,096	3,197	6,353	14,646
Capital Resource Allocation	5,108	3,200	6,380	14,688
(Over) / Underspend against Capital Resource Allocation	12	3	27	42

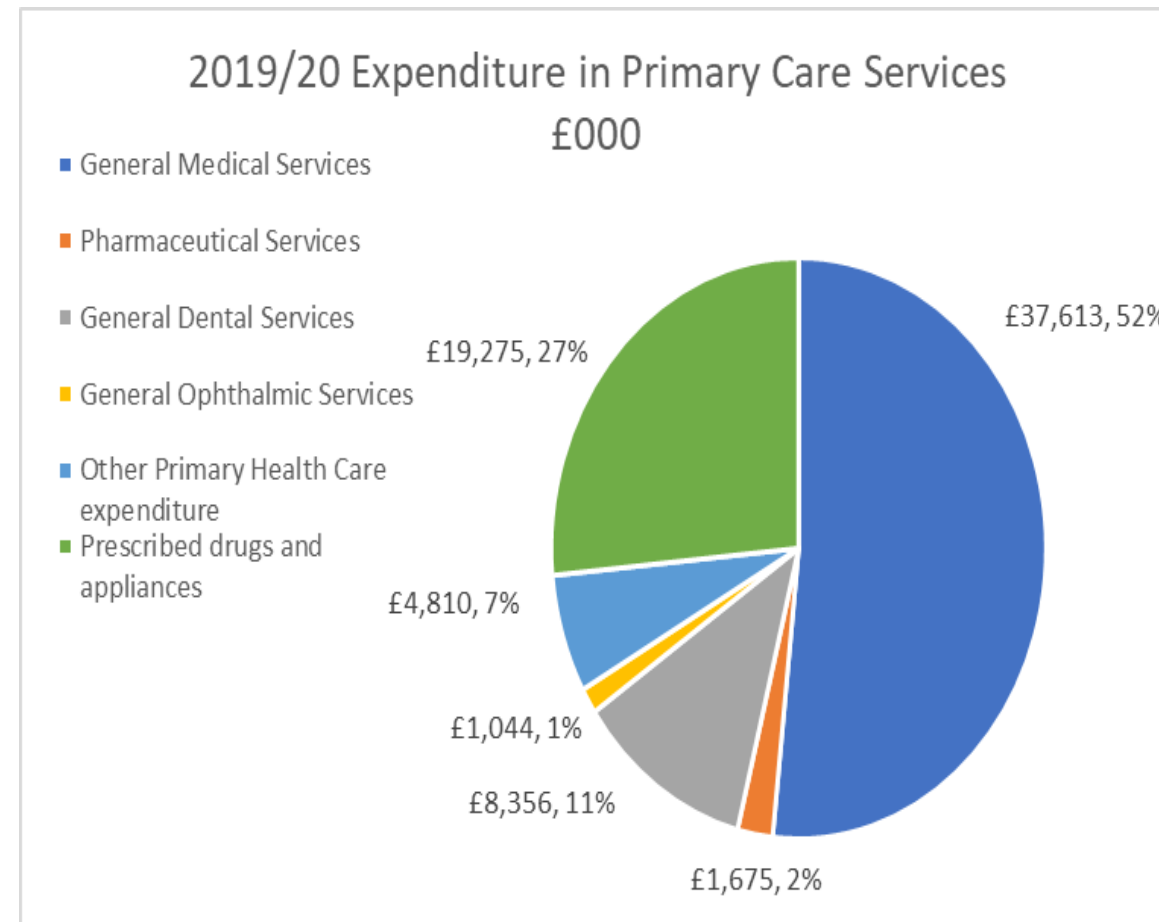
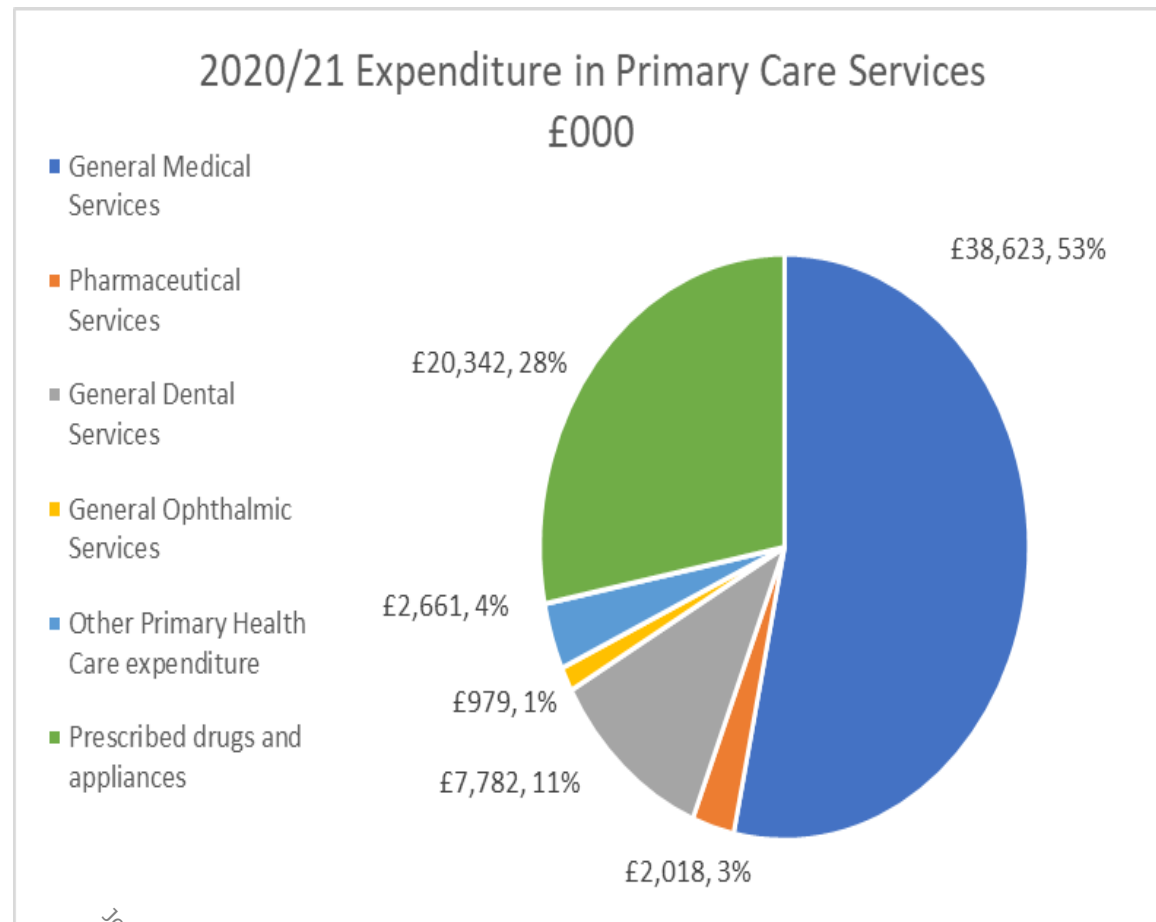
- Welsh Government requires that Health Boards pay their trade creditors in accordance with the CBI Prompt Payment Code (PSPP) and Government Accounting Rules. The financial Target is to pay 95% of these non NHS invoices (number not financial value) within 30 days of delivery.
- PtHB performance at 93% 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:

	2020-21	2020-21	2019-20	2019-20
NHS	Number	£000	Number	£000
Total bills paid	2,279	153,476	2,367	149,083
Total bills paid within target	1,712	147,999	1,890	142,439
Percentage of bills paid within target	75.1%	96.4%	79.8%	95.5%
Non-NHS				
Total bills paid	39,764	84,810	45,593	75,892
Total bills paid within target	36,993	82,029	43,965	70,760
Percentage of bills paid within target	93.0%	96.7%	96.4%	93.2%
Total				
Total bills paid	42,043	238,286	47,960	224,975
Total bills paid within target	38,705	230,028	45,855	213,199
Percentage of bills paid within target	92.1%	96.5%	95.6%	94.8%



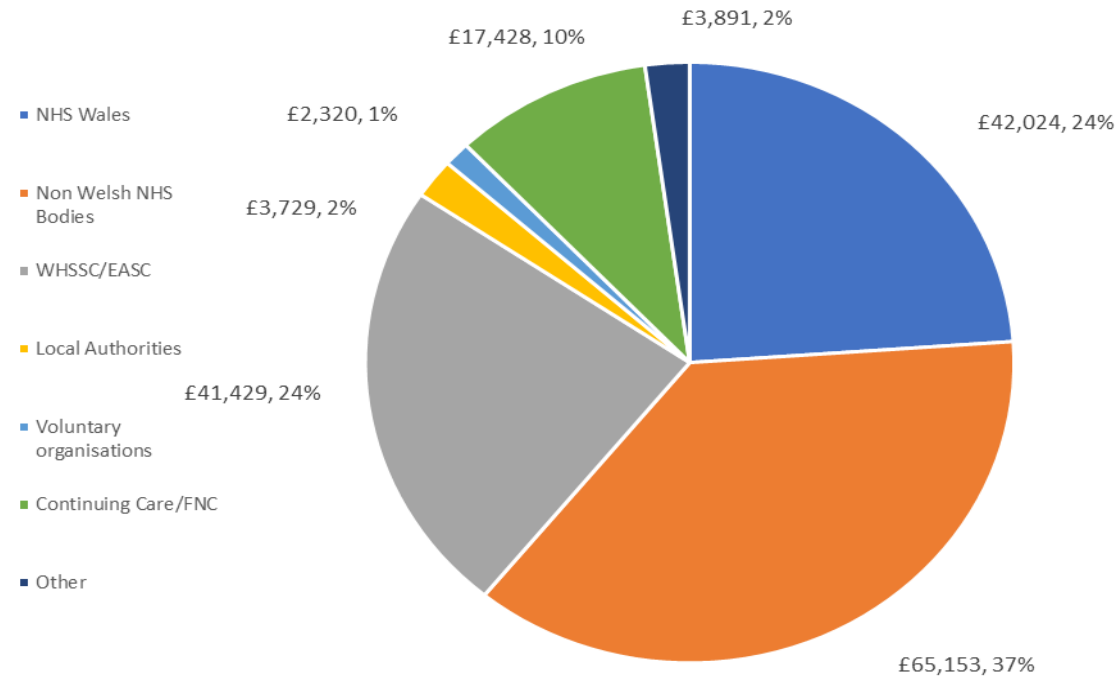
Please note an explanation on the movement between 2019/20 and 2020/21 is provided on the Pages 6-8 of this report. These pages will focus in more detail on the specific areas of Note 3.1 – Note 3.3



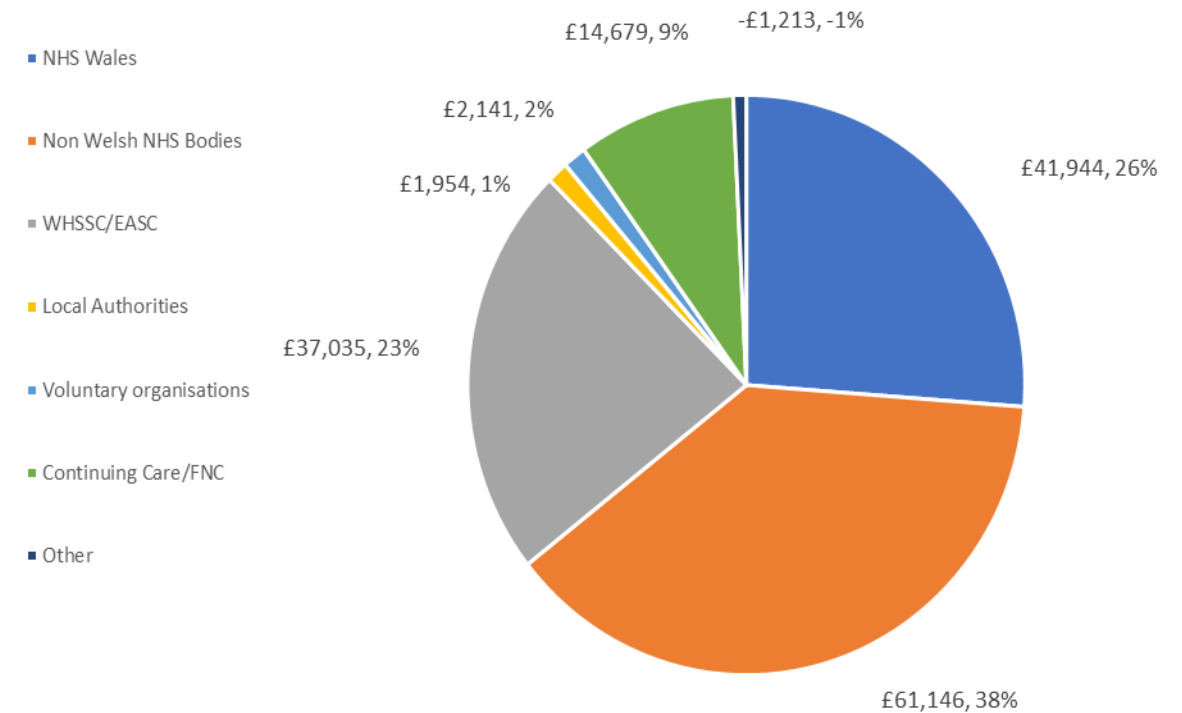
Comments:

- *GMS increase on Dispensing Drs and Enhanced Services (Covid mass Vac £0.5M)*
- *Dental decreased on contract payments (linked NR adjustments) and CDS service*
- *Other movement of ICF from Note 3.1. to 3.2 which partly offset by transfer Virtual Ward costs from GMS (£0.9M)*

2020/21 Expenditure on HC Other Providers
£000

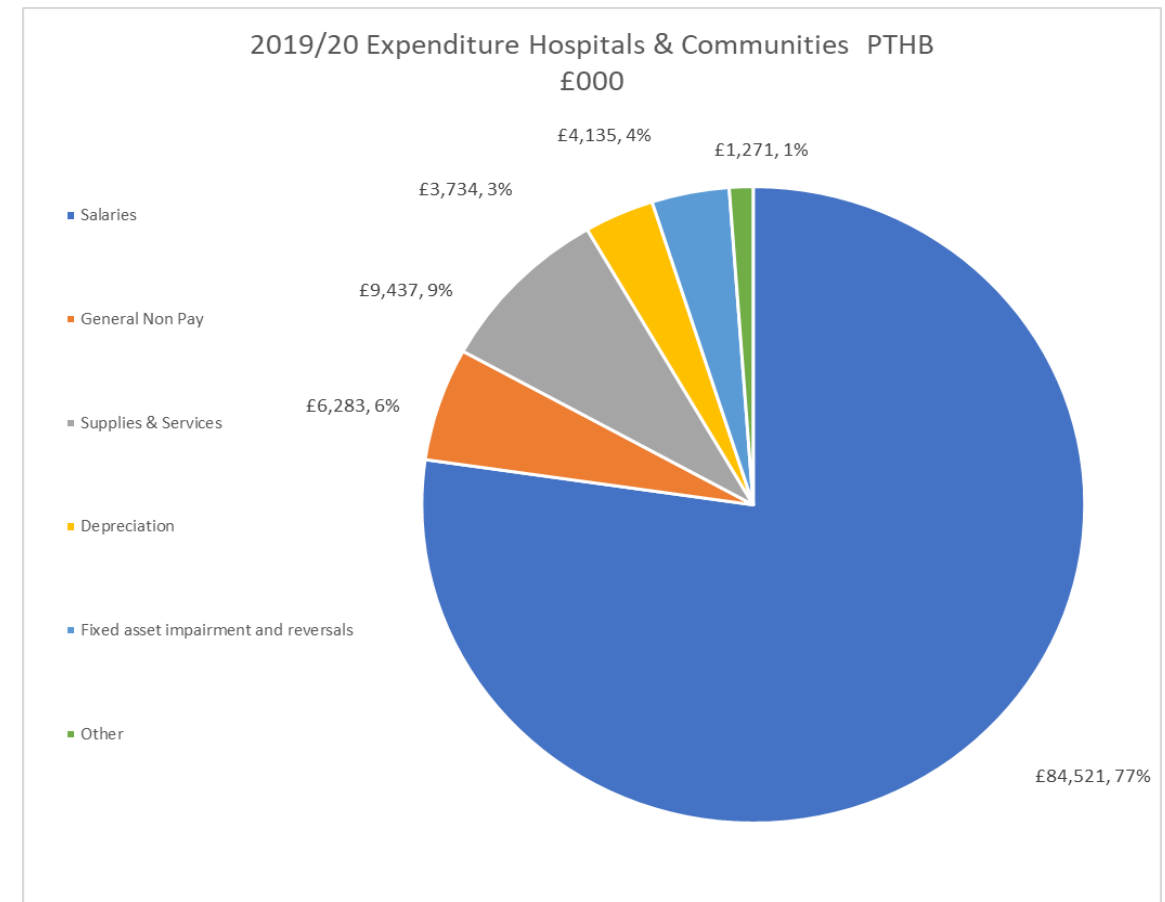
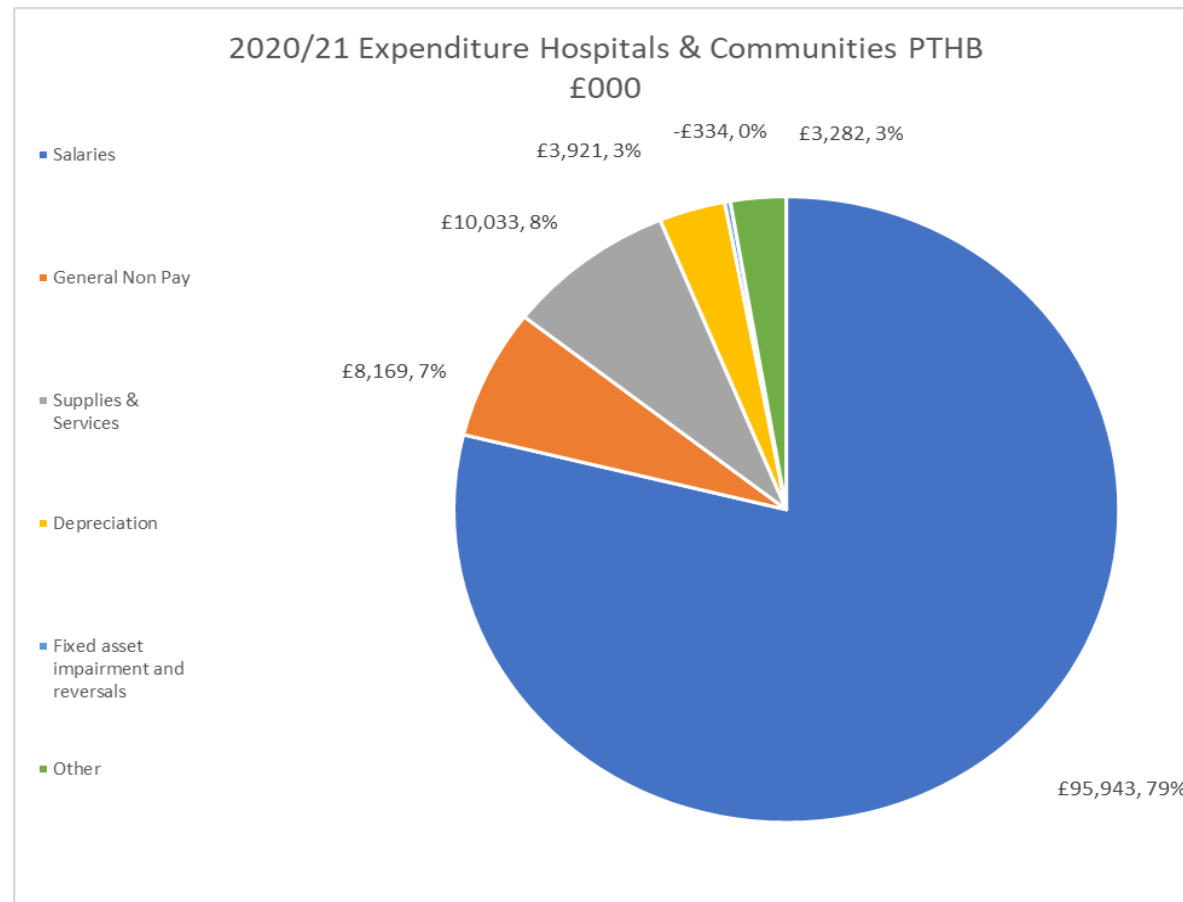


2019/20 Expenditure on HC Other Providers
£000



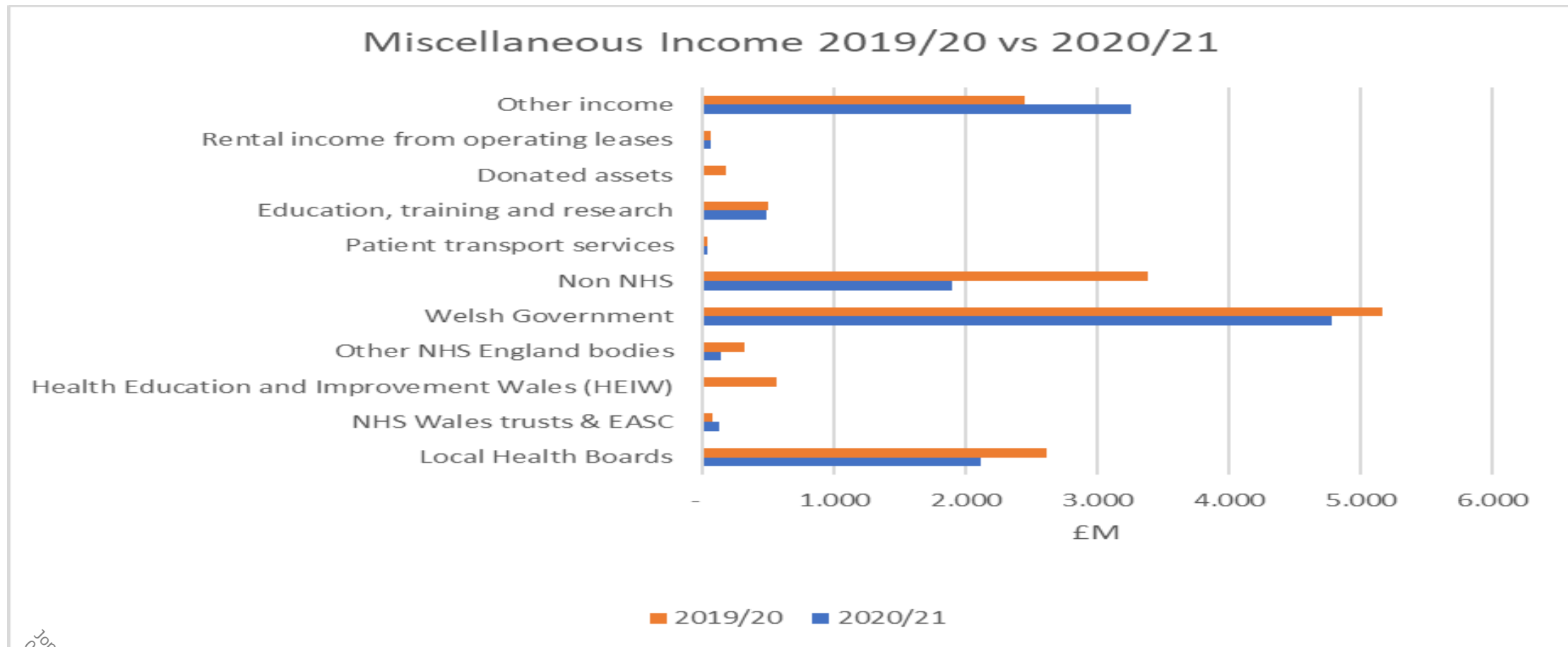
Comments:

- Increase £4m with Non Welsh providers with SATH and Wye Valley representing the most significant increases linked to the Block arrangements
- Increase £2.5m on CHC, which is in line with the increases reported to Board throughout 2020/21
- Increase £4m WHHSC/EASC linked with the IMTP increases highlighted as part of the 2020/21 planning process.
- Increase £4m on Other relating to ICF which moved from Note 3.1 to Note 3.2 in 2020/21
- Increase £1.7m Local Authority linked to the funding of the TTP service



Comments:

- **Staff Costs** – have increase for number of reasons (1) annual pay award linked to A4C 3 year deal; (2) additional 6.3% Employers Pension charge; (3) Annual Leave provision linked for Covid; (4) Staff Bonus announced by WG
- **Non Pay** – impacted on Covid across number of lines and increase in Winter Pressure funding
- **Supplies & Services** increased for the accounting required for items received from NWSSP in relation to Covid products and there is a corresponding entry under Miscellaneous Income in Note 4.



Comments:

- *WG miscellaneous income includes funding received on behalf of HCRW, this has reduced by £1m*
- *Other income increased for the accounting required for items received from NWSSP in relation to Covid products and there is a corresponding entry under services and supplies in Note 3.3.*
- *Dental income reduced due to the restricted number of patients treated via the GDS contract.*

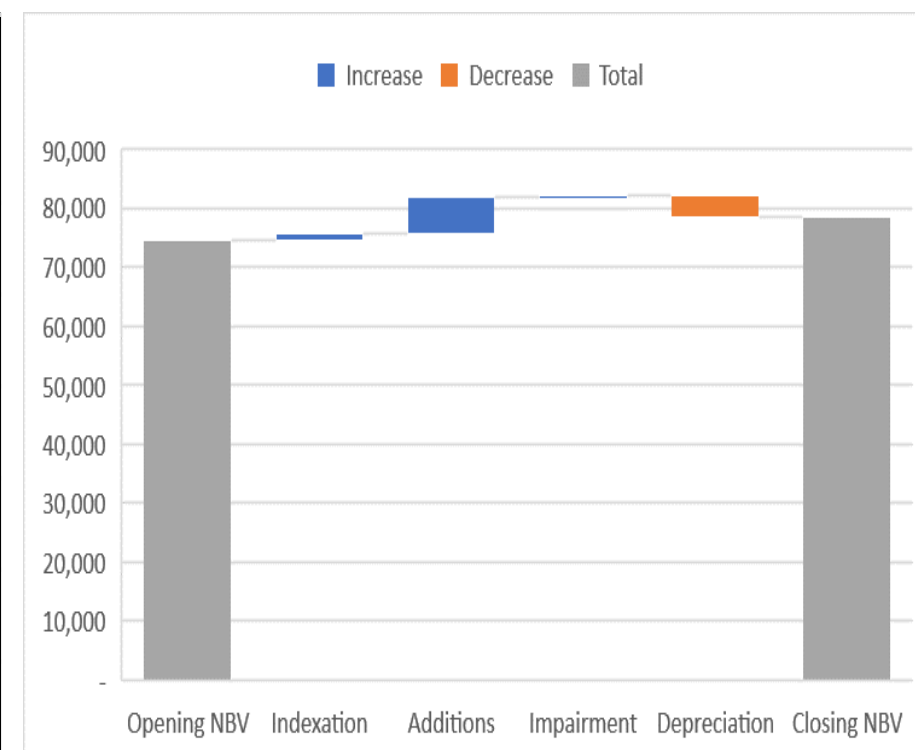
- There were no property purchases or disposals during 2020/21
- The Capital Programme and receipt of Donated Assets added £6.366m to the asset base during 2020/21
- Depreciation chargeable £3.921m in 2020/21 (2018/19 = £3.734m)

Asset Type @ 31st March 2020

Type	Value £000
Land	14,026
Buildings	55,650
Equipment	2,168
IT	1,805
Under Construction	4,745
Total	78,394

Movement in NBV in 2019/20

Type	Value £000
Opening NBV	74,674
Indexation	941
Additions	6,366
Impairment	334
Depreciation	- 3,921
Closing NBV	78,394



Provisions Balance @ 31 st March		
Type	2020/21 £000	2019/20 £000
Clinical negligence		
- Secondary Care	14651	14,904
- Primary Care	0	-
- Redress Secondary care	116	107
- Redress Primary Care	0	-
Personal Injury	3428	2,391
All other losses and special payments	0	-
Defence legal feeds and other administration	217	152
Pension relating to former directors	0	-
Pensions relating to other staff	5220	5,534
Restructuring	0	-
Other	1785	52
Total	25,417	23,140

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

At 31st March 2021 £17m of the total provision related to probable liabilities of former Health Authority.

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 27th March 2019. Furthermore the 2020/21-2022/23 submission made on 31st January 2020 was confirmed by Welsh Government on 19th March 2020 as approvable. The 2021/22 Annual Plan was submitted to Welsh Government on 31st March 2021 and will be finalised at the end of Q1 in line with NHS Wales programme for 2021/22 Planning.
- The 2021/22 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.

Powys THB Finance Department

Draft Annual Accounts 2020/21 - Appendices

FY 2020/21

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

	Note	2020-21 £'000	2019-20 £'000
Expenditure on Primary Healthcare Services	3.1	72,405	72,773
Expenditure on healthcare from other providers	3.2	175,974	157,686
Expenditure on Hospital and Community Health Services	3.3	121,014	109,381
		369,393	339,840
Less: Miscellaneous Income	4	(12,879)	(15,328)
LHB net operating costs before interest and other gains and losses		356,514	324,512
Investment Revenue	5	0	0
Other (Gains) / Losses	6	0	0
Finance costs	7	(30)	19
Net operating costs for the financial year		356,484	324,531

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POWYS TEACHING LOCAL HEALTH BOARD

FOREWORD

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

Statutory background

Powys Teaching Local Health Board 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 THB is responsible for :

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

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

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.

PLEASE NOTE THESE ACCOUNTS ARE A DRAFT AS AT 3PM WEDNESDAY 28TH APRIL AND MAY BE SUBJECT TO FURTHER MINOR CHANGES PRIOR TO FORMAL SUBMISSION TO WELSH GOVERNMENT ON FRIDAY 30TH APRIL 2021

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Statement of Comprehensive Net Expenditure for the year ended 31 March 2021

	Note	2020-21 £'000	2019-20 £'000
Expenditure on Primary Healthcare Services	3.1	72,405	72,773
Expenditure on healthcare from other providers	3.2	175,974	157,686
Expenditure on Hospital and Community Health Services	3.3	121,014	109,381
		369,393	339,840
Less: Miscellaneous Income	4	(12,879)	(15,328)
LHB net operating costs before interest and other gains and losses		356,514	324,512
Investment Revenue	5	0	0
Other (Gains) / Losses	6	0	0
Finance costs	7	(30)	19
Net operating costs for the financial year		356,484	324,531

See note 2 on page 26 for details of performance against Revenue and Capital allocations.

The notes on pages 8 to 74 form part of these accounts.

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Other Comprehensive Net Expenditure

	2020-21	2019-20
	£'000	£'000
Net (gain) / loss on revaluation of property, plant and equipment	(941)	(705)
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	(941)	(705)
Total comprehensive net expenditure for the year	355,543	323,826

The notes on pages 8 to 74 form part of these accounts.

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Statement of Financial Position as at 31 March 2021

		31 March 2021 £'000	31 March 2020 £'000
	Notes		
Non-current assets			
Property, plant and equipment	11	78,394	74,674
Intangible assets	12	0	0
Trade and other receivables	15	14,441	14,791
Other financial assets	16	0	0
Total non-current assets		92,835	89,465
Current assets			
Inventories	14	159	156
Trade and other receivables	15	12,414	9,024
Other financial assets	16	0	0
Cash and cash equivalents	17	2,627	540
		15,200	9,720
Non-current assets classified as "Held for Sale"	11	0	0
Total current assets		15,200	9,720
Total assets		108,035	99,185
Current liabilities			
Trade and other payables	18	(44,110)	(35,164)
Other financial liabilities	19	0	0
Provisions	20	(5,337)	(2,461)
Total current liabilities		(49,447)	(37,625)
Net current assets/ (liabilities)		(34,247)	(27,905)
Non-current liabilities			
Trade and other payables	18	0	0
Other financial liabilities	19	0	0
Provisions	20	(20,080)	(20,679)
Total non-current liabilities		(20,080)	(20,679)
Total assets employed		38,508	40,881
Financed by :			
Taxpayers' equity			
General Fund		(2,545)	768
Revaluation reserve		41,053	40,113
Total taxpayers' equity		38,508	40,881

The financial statements on pages 2 to 7 were approved by the Board on 10th June 2021 and signed on its behalf by:

Chief Executive and Accountable Officer Date: 10th June 2021

The notes on pages 8 to 74 form part of these accounts.

Statement of Changes in Taxpayers' Equity

For the year ended 31 March 2021

	General Fund £000s	Revaluation Reserve £000s	Total Reserves £000s
Changes in taxpayers' equity for 2020-21			
Balance at 1 April 2020	768	40,113	40,881
Net operating cost for the year	(356,484)		(356,484)
Net gain/(loss) on revaluation of property, plant and equipment	0	941	941
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	1	(1)	0
Transfers to/from LHBs	0	0	0
Total recognised income and expense for 2020-21	(356,483)	940	(355,543)
Net Welsh Government funding	349,409		349,409
Notional Welsh Government Funding	3,761		3,761
Balance at 31 March 2021	(2,545)	41,053	38,508
Included in Net Welsh Government Funding:			
Welsh Government Covid 19 Capital Funding	1,990		1,990
Welsh Government Covid 19 Revenue Funding	0		0

The notes on pages 8 to 74 form part of these accounts.

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Statement of Changes in Taxpayers' Equity

For the year ended 31 March 2020

	General Fund £000s	Revaluation Reserve £000s	Total Reserves £000s
Changes in taxpayers' equity for 2019-20			
Balance at 1 April 2019	2,415	39,428	41,843
Net operating cost for the year	(324,531)		(324,531)
Net gain/(loss) on revaluation of property, plant and equipment	0	705	705
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	20	(20)	0
Release of reserves to SoCNE	0	0	0
Transfers to/from LHBs	0	0	0
Total recognised income and expense for 2019-20	(324,511)	685	(323,826)
Net Welsh Government funding	319,391		319,391
Notional Welsh Government Funding	3,473		3,473
Balance at 31 March 2020	768	40,113	40,881

The notes on pages 8 to 74 form part of these accounts.

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Statement of Cash Flows for year ended 31 March 2021

		2020-21	2019-20
		£'000	£'000
Cash Flows from operating activities	Notes		
Net operating cost for the financial year		(356,484)	(324,531)
Movements in Working Capital	27	4,621	3,901
Other cash flow adjustments	28	10,814	14,327
Provisions utilised	20	(1,202)	(11,612)
Net cash outflow from operating activities		(342,251)	(317,915)
Cash Flows from investing activities			
Purchase of property, plant and equipment		(5,071)	(3,253)
Proceeds from disposal of property, plant and equipment		0	0
Purchase of intangible assets		0	0
Proceeds from disposal of intangible assets		0	0
Payment for other financial assets		0	0
Proceeds from disposal of other financial assets		0	0
Payment for other assets		0	0
Proceeds from disposal of other assets		0	0
Net cash inflow/(outflow) from investing activities		(5,071)	(3,253)
Net cash inflow/(outflow) before financing		(347,322)	(321,168)
Cash Flows from financing activities			
Welsh Government funding (including capital)		349,409	319,391
Capital receipts surrendered		0	0
Capital grants received		0	0
Capital element of payments in respect of finance leases and on-SoFP PFI Schemes		0	0
Cash transferred (to)/ from other NHS bodies		0	0
Net financing		349,409	319,391
Net increase/(decrease) in cash and cash equivalents		2,087	(1,777)
Cash and cash equivalents (and bank overdrafts) at 1 April 2020		540	2,317
Cash and cash equivalents (and bank overdrafts) at 31 March 2021		2,627	540

The notes on pages 8 to 74 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 2020-21 Manual for Accounts. The accounting policies contained in that manual follow the 2020-21 Financial Reporting Manual (FReM) in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006, except for IFRS 16 Leases, which is deferred until 1 April 2022; to the extent that they are meaningful and appropriate to the NHS in Wales.

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

1.1. Accounting convention

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

1.2. Acquisitions and discontinued operations

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

1.3. Income and funding

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

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

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

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

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

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

Only non-NHS income may be deferred.

1.4. Employee benefits

1.4.1. Short-term employee benefits

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

1.4.2. Retirement benefit costs

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

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

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

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

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- 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

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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 there from can reasonably be regarded as assured. Expenditure so deferred is limited to the value of future benefits expected and is amortised through the SoCNE on a systematic basis over the period expected to benefit from the project.

1.10 Non-current assets held for sale

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

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

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

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

1.11. Leases

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

1.11.1. The 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

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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.

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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 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

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;

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

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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 0.75%.

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.

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1.25 Private Finance Initiative (PFI) transactions

The LHB does not have any Private Finance Initiative Transactions

HM Treasury has determined that government bodies shall account for infrastructure PFI schemes where the government body controls the use of the infrastructure and the residual interest in the infrastructure at the end of the arrangement as service concession arrangements, following the principles of the requirements of IFRIC 12. The 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'.

1.25.1. Services received

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

1.25.2. 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.

1.25.2. 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.

1.25.3. 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.

1.25.4. 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.

1.25.5. 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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1.26. 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.

1.27. Absorption accounting

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

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

1.28. Accounting standards that have been issued but not yet been adopted

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

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.

1.29. Accounting standards issued that have been adopted early

During 2020-21 there have been no accounting standards that have been adopted early. All early adoption of accounting standards will be led by HM Treasury.

1.30. Charities

Following Treasury's agreement to apply IAS 27 to NHS Charities from 1 April 2013, the 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 Charities', it is considered for accounting standards compliance to have control of the 'Powys Teaching Local Health Board Charitable Fund and other Related Charities' as a subsidiary and therefore is required to consolidate the results of the 'Powys Teaching Local Health Board Charitable Fund and other Related Charities' 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 xxxx University LHB NHS Charitable Fund 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			
	2018-19 £'000	2019-20 £'000	2020-21 £'000	Total £'000
Net operating costs for the year	299,184	324,531	356,484	980,199
Less general ophthalmic services expenditure and other non-cash limited expenditure	1,682	1,855	1,851	5,388
Less revenue consequences of bringing PFI schemes onto SoFP	0	0	0	0
Total operating expenses	300,866	326,386	358,335	985,587
Revenue Resource Allocation	300,931	326,441	358,465	985,837
Under /(over) spend against Allocation	65	55	130	250

Powys Teaching LHB **has** met its financial duty to break-even against its Revenue Resource Limit over the 3 years 2018-19 to 2020-21.

2.2 Capital Resource Performance

	2018-19 £'000	2019-20 £'000	2020-21 £'000	Total £'000
Gross capital expenditure	5,372	3,373	6,366	15,111
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	(276)	(176)	(13)	(465)
Charge against Capital Resource Allocation	5,096	3,197	6,353	14,646
Capital Resource Allocation	5,108	3,200	6,380	14,688
(Over) / Underspend against Capital Resource Allocation	12	3	27	42

Powys Teaching LHB **has** met its financial duty to break-even against its Capital Resource Limit over the 3 years 2018-19 to 2020-21.

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2.3 Duty to prepare a 3 year plan

The process for 2020/2023 was paused in the spring and the approval process was not completed, so the approval/non-approval status of all organisations remain extant as at that point (i.e. the previous January 2019 submission).

The Minister for Health and Social Services has issued directions for NHS organisations to develop and submit an annual plan for 2021-2022. The annual plans for 2021-2022 will not be formally approved by the Minister, however, an assessment process will be conducted and feedback provided to the NHS.

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:

	2020-21	2019-20
Total number of non-NHS bills paid	39,764	45,593
Total number of non-NHS bills paid within target	36,993	43,965
Percentage of non-NHS bills paid within target	93.0%	96.4%
Powys Teaching Health Board has not met the target to pay 95% of the number of non-nhs bills within 30 days.		

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3. Analysis of gross operating costs

3.1 Expenditure on Primary Healthcare Services

	Cash limited £'000	Non-cash limited £'000	2020-21 Total £'000	2019-20 £'000
General Medical Services	38,623		38,623	37,613
Pharmaceutical Services	4,848	(2,830)	2,018	1,675
General Dental Services	7,782		7,782	8,356
General Ophthalmic Services	0	979	979	1,044
Other Primary Health Care expenditure	2,661		2,661	4,810
Prescribed drugs and appliances	20,342		20,342	19,275
Total	74,256	(1,851)	72,405	72,773

1. General Medical Services has increased to reflect £0.748M rise in Dispensing Dr Drug costs, £0.470M new costs for Covid Mass Vaccination programme and £0.200M for Flu Enhanced Service 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 THB. 3. Dental Services saw a reduction driven by fall in Contract Payments on non recurrent basis in part linked to Covid and also a reduction in the Community Dental Services costs in year. 4. The decrease in Other Primary Health Care Expenditure relates to the removal of Integrated Care Fund expenditure into note 32, which has been offset in part by Virtual Ward costs of £0.9M moving from General Medical Services to Other Primary Health Care. 5. Prescribing has increased above basic inflation which is in part linked to Covid and so funded by Welsh Government as per detail in Note 34.2.

3.2 Expenditure on healthcare from other providers

	2020-21 £'000	2019-20 £'000
Goods and services from other NHS Wales Health Boards	38,503	38,997
Goods and services from other NHS Wales Trusts	3,521	2,947
Goods and services from Health Education and Improvement Wales (HEIW)	0	0
Goods and services from other non Welsh NHS bodies	65,153	61,146
Goods and services from WHSSC / EASC	41,429	37,035
Local Authorities	3,729	1,954
Voluntary organisations	2,320	2,141
NHS Funded Nursing Care	2,373	2,218
Continuing Care	15,055	12,461
Private providers	337	379
Specific projects funded by the Welsh Government	0	0
Other	3,554	(1,592)
Total	175,974	157,686

The 7 Health Boards in Wales have established the Welsh Health Specialist Services Commission (WHSSC) which, through the operational management of Cwm Taf Morgannwg Health Board, secures the provision of highly specialised healthcare for the whole of Wales. These arrangements include funding of services operated through a risk sharing arrangement. The THB payment for the WHSSC/EASC commissioning arrangements for the year ended 31st March 2021 is £41.429M.

The increase in Goods and services of 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 £1.550M and Wye Valley NHS Trust £0.488 in comparison to 2020/21 expenditure. Gloucestershire Hospitals NHS Foundation Trust also increased by £0.296M predominantly linked to Drug recharges.

The increase in Local Authorities expenditure during 2020/21 is in relation to payments made to jointly deliver the county effort for Test Trace and Protect Covid 19 of 1.632M funded by Welsh Government as per Note 34.2..

The increase in Continuing Health Care expenditure during 2020/21 has resulted from an increase in the number of cases and cost per case compared to 2019/20. In addition the HB made payments under the Support for Adult Social Care Guidance as instructed by Welsh Government and funded as per detail in Note 34.2.

The increase in Other Expenditure relates to the inclusion of Integrated Care Fund expenditure into note 3.2 from Note 3.1. The amount in 2020/21 of £4.065M (2019/20: £4.024M) 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. This line 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 2020/21 value of write backs is much less than 2019/20.

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3.3 Expenditure on Hospital and Community Health Services

	2020-21 £'000	2019-20 £'000
		Reclassified
Directors' costs	1,440	1,363
Operational Staff costs	94,503	83,158
Single lead employer Staff Trainee Cost	0	0
Collaborative Bank Staff Cost	0	0
Supplies and services - clinical	6,287	4,962
Supplies and services - general	1,882	1,321
Consultancy Services	248	448
Establishment	1,826	2,490
Transport	1,164	1,415
Premises	6,795	5,084
External Contractors	0	0
Depreciation	3,921	3,734
Amortisation	0	0
Fixed asset impairments and reversals (Property, plant & equipment)	(334)	4,135
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	262	263
Other auditors' remuneration	0	0
Losses, special payments and irrecoverable debts	20	238
Research and Development	0	0
Other operating expenses	3,000	770
Total	121,014	109,381

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

	2020-21 £'000	2019-20 £'000
Increase/(decrease) in provision for future payments:		
Clinical negligence;		
Secondary care	(18)	1,825
Primary care	0	0
Redress Secondary Care	14	48
Redress Primary Care	0	0
Personal injury	1,304	557
All other losses and special payments	1	2
Defence legal fees and other administrative costs	113	(2)
Gross increase/(decrease) in provision for future payments	1,414	2,430
Contribution to Welsh Risk Pool	0	0
Premium for other insurance arrangements	0	0
Irrecoverable debts	(78)	84
Less: income received/due from Welsh Risk Pool	(1,316)	(2,276)
Total	20	238

	2020-21 £	2019-20 £
Permanent injury included within personal injury £:	48,340	87,035

The main increases in staff costs relates to the final year of the A4C deal, the Staff Bonus Pay Award, the Annual Leave accrual and the effect of the increase in Employer pensions costs payable by 6.3% during the year of 3.761M in comparison to 2019/20 (£3.473M). 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.

Contained within the staff costs figure for 2020/21 is the cost of the bonus payment to be paid to NHS Staff as announced by Welsh Government in March 2021. The value of the estimation of this is £2.421M for hospital services and hosted function and funding has been received from Welsh Government for this. Also included in staff costs is a provision for untaken Annual Leave of Staff Members of £1.721M due to the impact of Covid 19.

Clinical Redress expenditure including defence fees during the year was £0.0.048M in respect of 28 cases (2019-20 £0.066M in respect of 26 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.

Increase on line Supplies & services - Clinical relates mainly to the accounting required for items received from NHS Wales Shared Services of £1.607M in relation to Personal Protective Equipment, medical equipment and consumables in respect of the Covid 19 pandemic response.

The increase in other operating expenses includes general increase of £0.629M linked to Covid, additional spend of £0.70M linked to Winter Pressures and 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 2020/21 value of write backs is £1.050M less than 2019/20.

4. Miscellaneous Income

	2020-21 £'000	2019-20 £'000
Local Health Boards	2,114	2,616
Welsh Health Specialised Services Committee (WHSSC)/Emergency Ambulance Services Committee (EASC)	57	0
NHS Wales trusts	67	67
Health Education and Improvement Wales (HEIW)	0	557
Foundation Trusts	0	0
Other NHS England bodies	136	320
Other NHS Bodies	0	0
Local authorities	0	0
Welsh Government	4,774	5,166
Welsh Government Hosted bodies	0	0
Non NHS:		
Prescription charge income	0	0
Dental fee income	466	1,770
Private patient income	0	0
Overseas patients (non-reciprocal)	0	0
Injury Costs Recovery (ICR) Scheme	114	63
Other income from activities	1,313	1,550
Patient transport services	34	33
Education, training and research	480	502
Charitable and other contributions to expenditure	16	0
Receipt of NWSSP Covid centrally purchased assets	0	0
Receipt of Covid centrally purchased assets from other organisations	0	0
Receipt of donated assets	13	176
Receipt of Government granted assets	0	0
Non-patient care income generation schemes	0	0
NHS Wales Shared Services Partnership (NWSSP)	0	0
Deferred income released to revenue	0	0
Contingent rental income from finance leases	0	0
Rental income from operating leases	60	64
Other income:		
Provision of laundry, pathology, payroll services	0	0
Accommodation and catering charges	91	109
Mortuary fees	22	22
Staff payments for use of cars	0	0
Business Unit	0	0
Other	3,122	2,313
Total	12,879	15,328
Other income Includes;		
Please detail	0	0
	0	0
	0	0
	0	0
	0	0
	0	0
Total	0	0

Disclose any other Covid 19 Income source and amount included in total above with brief description.

Welsh Government miscellaneous income includes funding received on behalf of the hosted function of Health and Care Research Wales within the THB. This has decreased to £3.998M from an amount of £4.964M received in 19/20.

The Receipt of donated assets is due to two items of equipment being funded by League of Friends.

The increase in other Income relates mainly to the accounting required for items received from NHS Wales Shared Services of £4.607M in relation to Personal Protective Equipment, medical equipment and consumables in respect of the Covid 19 pandemic response. This increase in other income is partially reduced by the movement between years in respect of the receipt of monies in 2019/20 of £0.498M in respect of a fraud case.

Dental Fee Income has reduced in comparison to 2019/20 due to the restricted volumes of patients treated via the General Dental Services Contract. The Health Board was funded by Welsh Government to support this loss of income which is within the £31.4M funding detailed in note 34.2.

5. Investment Revenue

	2020-21 £000	2019-20 £000
Rental revenue :		
PFI Finance lease income		
planned	0	0
contingent	0	0
Other finance lease revenue	0	0
Interest revenue :		
Bank accounts	0	0
Other loans and receivables	0	0
Impaired financial assets	0	0
Other financial assets	0	0
Total	0	0

6. Other gains and losses

	2020-21 £000	2019-20 £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
Total	0	0

7. Finance costs

	2020-21 £000	2019-20 £000
Interest on loans and overdrafts	0	0
Interest on obligations under finance leases	0	0
Interest on obligations under PFI contracts		
main finance cost	0	0
contingent finance cost	0	0
Interest on late payment of commercial debt	0	0
Other interest expense	0	0
Total interest expense	0	0
Provisions unwinding of discount	(30)	19
Other finance costs	0	0
Total	(30)	19

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8. Operating leases

LHB as lessee

As at 31st March 2021 the LHB had 41 operating leases agreements in place for the leases of premises, 21 arrangement in respect of equipment and 127 in respect of vehicles, with 11 premises, 2 equipment and 23 vehicle leases having expired in year.

Payments recognised as an expense	2020-21	2019-20
	£000	£000
Minimum lease payments	1,008	1,007
Contingent rents	0	0
Sub-lease payments	0	0
Total	1,008	1,007

Total future minimum lease payments

Payable	£000	£000
Not later than one year	849	959
Between one and five years	1,080	1,206
After 5 years	264	334
Total	2,192	2,499

LHB as lessor

Rental revenue	£000	£000
Rent	346	322
Contingent rents	0	0
Total revenue rental	346	322

Total future minimum lease payments

Receivable	£000	£000
Not later than one year	360	322
Between one and five years	55	46
After 5 years	38	136
Total	454	504

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9. Employee benefits and staff numbers

9.1 Employee costs	Permanent Staff	Staff on Inward Secondment	Agency Staff	Specialist Trainee (SLE)	Collaborative Bank Staff	Other	Total	2019-20
	£000	£000	£000	£000	£000	£000	£000	£000
Salaries and wages	71,306	289	6,162	0	0	0	77,757	67,739
Social security costs	5,841	0	0	0	0	0	5,841	5,383
Employer contributions to NHS Pension Scheme	12,345	0	0	0	0	0	12,345	11,399
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
Total	89,492	289	6,162	0	0	0	95,943	84,521

Charged to capital	278	202
Charged to revenue	95,665	84,319
	95,943	84,521

Net movement in accrued employee benefits (untaken staff leave accrual included above)

0 0

Covid 19 Net movement in accrued employee benefits (untaken staff leave accrual included in above)

1,721 0

9.2 Average number of employees

	Permanent Staff	Staff on Inward Secondment	Agency Staff	Specialist Trainee (SLE)	Collaborative Bank Staff	Other	Total	2019-20
	Number	Number	Number	Number	Number	Number	Number	Number
Administrative, clerical and board members	577	4	3	0	0	0	584	554
Medical and dental	35	0	9	0	0	0	44	43
Nursing, midwifery registered	558	1	19	0	0	0	578	567
Professional, Scientific, and technical staff	71	0	5	0	0	0	76	64
Additional Clinical Services	345	0	10	0	0	0	355	337
Allied Health Professions	133	0	5	0	0	0	138	129
Healthcare Scientists	4	0	0	0	0	0	4	2
Estates and Ancillary	165	0	2	0	0	0	167	165
Students	9	0	0	0	0	0	9	0
Total	1,897	5	53	0	0	0	1,955	1,861

9.3. Retirements due to ill-health

	2020-21	2019-20
Number	2	3
Estimated additional pension costs £	48,654	92,113

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

	2020-21	2020-21	2020-21	2020-21	2019-20
Exit packages cost band (including any special payment element)	Number of compulsory redundancies	Number of other departures	Total number of exit packages	Number of departures where special payments have been made	Total number of exit packages
	Whole numbers only	Whole numbers only	Whole numbers only	Whole numbers only	Whole numbers only
less than £10,000	0	0	0	0	0
£10,000 to £25,000	0	0	0	0	0
£25,000 to £50,000	0	0	0	0	0
£50,000 to £100,000	0	0	0	0	0
£100,000 to £150,000	0	0	0	0	0
£150,000 to £200,000	0	0	0	0	0
more than £200,000	0	0	0	0	0
Total	0	0	0	0	0

	2020-21	2020-21	2020-21	2020-21	2019-20
Exit packages cost band (including any special payment element)	Cost of compulsory redundancies	Cost of other departures	Total cost of exit packages	Cost of special element included in exit packages	Total cost of exit packages
	£'s	£'s	£'s	£'s	£'s
less than £10,000	0	0	0	0	0
£10,000 to £25,000	0	0	0	0	0
£25,000 to £50,000	0	0	0	0	0
£50,000 to £100,000	0	0	0	0	0
£100,000 to £150,000	0	0	0	0	0
£150,000 to £200,000	0	0	0	0	0
more than £200,000	0	0	0	0	0
Total	0	0	0	0	0

Exit costs paid in year of departure	Total paid in year 2020-21	Total paid in year 2019-20
	£'s	£'s
Exit costs paid in year	0	0
Total	0	0

There have been no exit packages within the organisation during 2020/21 and 2019/20

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9.6 Remuneration Relationship

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

The banded remuneration of the highest-paid director in the LHB in the financial year 2020-21 was £170,000 to £175,000 (2019-20, £165,000 to £170,000). This was 5.71 times (2019-20, 5.61 times) the median remuneration of the workforce, which was £30,223 (2019-20, £29,763).

In 2020-21, 3 (2019-20, 1) employees received remuneration in excess of the highest-paid director. Remuneration for all staff ranged from £18,185 to £192,989 (2019-20, £17,652 to £169,422).

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

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9.7 Pension costs

PENSION COSTS

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

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

a) Accounting valuation

A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary's Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and is accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2021, is based on valuation data as 31 March 2020, updated to 31 March 2021 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 was also expected to test the cost of the Scheme relative to the employer cost cap that was set following the 2012 valuation. In January 2019, the Government announced 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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The Government subsequently announced in July 2020 that the pause had been lifted, and so the cost control element of the 2016 valuations could be completed. The Government has set out that the costs of remedy of the discrimination will be included in this process. HMT valuation directions will set out the technical detail of how the costs of remedy will be included in the valuation process. The Government has also confirmed that the Government Actuary is reviewing the cost control mechanism (as was originally announced in 2018). The review will assess whether the cost control mechanism is working in line with original government objectives and reported to Government in April 2021. The findings of this review will not impact the 2016 valuations, with the aim for any changes to the cost cap mechanism to be made in time for the completion of the 2020 actuarial valuations.

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 2020-2021 tax year (2019-2020 £6,136 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.

	2020-21 Number	2020-21 £000	2019-20 Number	2019-20 £000
NHS				
Total bills paid	2,279	153,476	2,367	149,083
Total bills paid within target	1,712	147,999	1,890	142,439
Percentage of bills paid within target	75.1%	96.4%	79.8%	95.5%
Non-NHS				
Total bills paid	39,764	84,810	45,593	75,892
Total bills paid within target	36,993	82,029	43,965	70,760
Percentage of bills paid within target	93.0%	96.7%	96.4%	93.2%
Total				
Total bills paid	42,043	238,286	47,960	224,975
Total bills paid within target	38,705	230,028	45,855	213,199
Percentage of bills paid within target	92.1%	96.5%	95.6%	94.8%

The LHB performance at 93% 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

	2020-21 £	2019-20 £
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
Cost or valuation at 1 April 2020	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)
At 31 March 2021	14,026	64,084	689	4,745	7,408	424	5,663	0	97,039
Depreciation at 1 April 2020	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
At 31 March 2021	0	9,025	98	0	5,441	223	3,858	0	18,645
Net book value at 1 April 2020	14,309	52,904	602	2,742	2,173	265	1,679	0	74,674
Net book value at 31 March 2021	14,026	55,059	591	4,745	1,967	201	1,805	0	78,394
Net book value at 31 March 2021 comprises :									
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
At 31 March 2021	14,026	55,059	591	4,745	1,967	201	1,805	0	78,394
Asset financing :									
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
At 31 March 2021	14,026	55,059	591	4,745	1,967	201	1,805	0	78,394
The net book value of land, buildings and dwellings at 31 March 2021 comprises :									
									£000
Freehold									69,676
Long Leasehold									0
Short Leasehold									0
									69,676
Valuers 'material uncertainty', in valuation. The disclosure relates to the materiality in the valuation report not that of the underlying account.									

The land and buildings were revalued by the Valuation Office Agency with an effective date of 1st April 2017. The valuation has been prepared in accordance with the terms of the Royal Institute of Chartered Surveyors Valuation Standards, 6th Edition. 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
Cost or valuation at 1 April 2019	14,429	55,014	657	7,591	6,635	545	4,653	0	89,524
Indexation	(141)	912	13	0	0	0	0	0	784
Additions									
- purchased	0	2,117	0	297	435	0	348	0	3,197
- donated	0	6	0	155	15	0	0	0	176
- 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	21	5,280	0	(5,301)	0	0	0	0	0
Revaluations	0	0	0	0	0	0	0	0	0
Reversal of impairments	0	177	0	0	0	0	0	0	177
Impairments	0	(4,312)	0	0	0	0	0	0	(4,312)
Reclassified as held for sale	0	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	(87)	(46)	0	0	(133)
At 31 March 2020	14,309	59,194	670	2,742	6,998	499	5,001	0	89,413
Depreciation at 1 April 2019	0	3,934	40	0	4,144	206	2,735	0	11,059
Indexation	0	78	1	0	0	0	0	0	79
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	(87)	(46)	0	0	(133)
Provided during the year	0	2,278	27	0	768	74	587	0	3,734
At 31 March 2020	0	6,290	68	0	4,825	234	3,322	0	14,739
Net book value at 1 April 2019	14,429	51,080	617	7,591	2,491	339	1,918	0	78,465
Net book value at 31 March 2020	14,309	52,904	602	2,742	2,173	265	1,679	0	74,674
Net book value at 31 March 2020 comprises :									
Purchased	14,309	50,058	602	2,731	2,013	265	1,679	0	71,657
Donated	0	2,846	0	11	160	0	0	0	3,017
Government Granted	0	0	0	0	0	0	0	0	0
At 31 March 2020	14,309	52,904	602	2,742	2,173	265	1,679	0	74,674
Asset financing :									
Owned	14,309	52,904	602	2,742	2,173	265	1,679	0	74,674
Held on finance lease	0	0	0	0	0	0	0	0	0
On-SoFP PFI contracts	0	0	0	0	0	0	0	0	0
PFI residual interests	0	0	0	0	0	0	0	0	0
At 31 March 2020	14,309	52,904	602	2,742	2,173	265	1,679	0	74,674

The net book value of land, buildings and dwellings at 31 March 2020 comprises :

	£000
Freehold	67,815
Long Leasehold	0
Short Leasehold	0
	67,815

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

0

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

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

Assets donated in the year were purchased from funds provided by associations linked to specific hospitals.

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 Royal Institute of Chartered Surveyors' Valuation Standards, 6th edition.

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
Balance brought forward 1 April 2020	0	0	0	0	0	0
Plus assets classified as held for sale in the year	0	0	0	0	0	0
Revaluation	0	0	0	0	0	0
Less assets sold in the year	0	0	0	0	0	0
Add reversal of impairment of assets held for sale	0	0	0	0	0	0
Less impairment of assets held for sale	0	0	0	0	0	0
Less assets no longer classified as held for sale, for reasons other than disposal by sale	0	0	0	0	0	0
Balance carried forward 31 March 2021	0	0	0	0	0	0
Balance brought forward 1 April 2019	0	0	0	0	0	0
Plus assets classified as held for sale in the year	0	0	0	0	0	0
Revaluation	0	0	0	0	0	0
Less assets sold in the year	0	0	0	0	0	0
Add reversal of impairment of assets held for sale	0	0	0	0	0	0
Less impairment of assets held for sale	0	0	0	0	0	0
Less assets no longer classified as held for sale, for reasons other than disposal by sale	0	0	0	0	0	0
Balance carried forward 31 March 2020	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	Carbon Reduction Commitments	Total
	£000	£000	£000	£000	£000	£000	£000
Cost or valuation at 1 April 2020	0	0	0	0	0	0	0
Revaluation	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0
Additions- purchased	0	0	0	0	0	0	0
Additions- internally generated	0	0	0	0	0	0	0
Additions- donated	0	0	0	0	0	0	0
Additions- government granted	0	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0
Gross cost at 31 March 2021	0	0	0	0	0	0	0
Amortisation at 1 April 2020	0	0	0	0	0	0	0
Revaluation	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0	0
Impairment	0	0	0	0	0	0	0
Provided during the year	0	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0
Amortisation at 31 March 2021	0	0	0	0	0	0	0
Net book value at 1 April 2020	0	0	0	0	0	0	0
Net book value at 31 March 2021	0	0	0	0	0	0	0
At 31 March 2021							
Purchased	0	0	0	0	0	0	0
Donated	0	0	0	0	0	0	0
Government Granted	0	0	0	0	0	0	0
Internally generated	0	0	0	0	0	0	0
Total at 31 March 2021	0	0	0	0	0	0	0

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12. Intangible non-current assets

2019-20

	Software (purchased)	Software (internally generated)	Licences and trademarks	Patents	Development expenditure- internally generated	Carbon Reduction Commitments	Total
	£000	£000	£000	£000	£000	£000	£000
Cost or valuation at 1 April 2019	0	0	0	0	0	0	0
Revaluation	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0
Additions- purchased	0	0	0	0	0	0	0
Additions- internally generated	0	0	0	0	0	0	0
Additions- donated	0	0	0	0	0	0	0
Additions- government granted	0	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0
Gross cost at 31 March 2020	0	0	0	0	0	0	0
Amortisation at 1 April 2019	0	0	0	0	0	0	0
Revaluation	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0	0
Impairment	0	0	0	0	0	0	0
Provided during the year	0	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0
Amortisation at 31 March 2020	0	0	0	0	0	0	0
Net book value at 1 April 2019	0	0	0	0	0	0	0
Net book value at 31 March 2020	0	0	0	0	0	0	0
At 31 March 2020							
Purchased	0	0	0	0	0	0	0
Donated	0	0	0	0	0	0	0
Government Granted	0	0	0	0	0	0	0
Internally generated	0	0	0	0	0	0	0
Total at 31 March 2020	0	0	0	0	0	0	0

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Additional Disclosures re Intangible Assets

The LHB does not hold any Intangible Assets

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13 . Impairments

	2020-21		2019-20	
	Property, plant & equipment £000	Intangible assets £000	Property, plant & equipment £000	Intangible assets £000
Impairments arising from :				
Loss or damage from normal operations	0	0	0	0
Abandonment in the course of construction	0	0	0	0
Over specification of assets (Gold Plating)	0	0	0	0
Loss as a result of a catastrophe	0	0	0	0
Unforeseen obsolescence	0	0	0	0
Changes in market price	0	0	0	0
Others (specify)	(334)	0	4,135	0
Reversal of Impairments	0	0	0	0
Total of all impairments	(334)	0	4,135	0

Analysis of impairments charged to reserves in year :

Charged to the Statement of Comprehensive Net Expenditure	(334)	0	4,135	0
Charged to Revaluation Reserve	0	0	0	0
	(334)	0	4,135	0

There is also a reversal of impairment of £0.334M 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.

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14.1 Inventories

	31 March 2021 £000	31 March 2020 £000
Drugs	89	89
Consumables	52	44
Energy	4	4
Work in progress	0	0
Other	14	19
Total	159	156
Of which held at realisable value	0	0

14.2 Inventories recognised in expenses

	31 March 2021 £000	31 March 2020 £000
Inventories recognised as an expense in the period	0	0
Write-down of inventories (including losses)	0	0
Reversal of write-downs that reduced the expense	0	0
Total	0	0

Covid 19 Disclosure

During the financial year the LHB received items of personal protective equipment, medical equipment and consumables from NHS Wales Shared Services Partnership to the value of 1.607M. This is included in Note 3.3 Supplies and Services Clinical.

This disclosure note is included as the transfer of these items will be declared via the inventories note within Velindre NHS Trusts Accounts (NHS Wales Shared Services Partnership's host organisation).

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15. Trade and other Receivables

Current	31 March 2021 £000	31 March 2020 £000
Welsh Government	3,239	1,821
WHSSC / EASC	493	231
Welsh Health Boards	212	537
Welsh NHS Trusts	439	540
Health Education and Improvement Wales (HEIW)	20	72
Non - Welsh Trusts	83	289
Other NHS	0	0
2019-20 Scheme Pays - Welsh Government Reimbursement	0	0
Welsh Risk Pool Claim reimbursement		
NHS Wales Secondary Health Sector	2,871	1,510
NHS Wales Primary Sector FLS Reimbursement	0	0
NHS Wales Redress	195	171
Other	0	0
Local Authorities	533	788
Capital debtors - Tangible	7	213
Capital debtors - Intangible	0	0
Other debtors	3,931	2,895
Provision for irrecoverable debts	(316)	(394)
Pension Prepayments NHS Pensions	0	0
Pension Prepayments NEST	0	0
Other prepayments	707	351
Other accrued income	0	0
Sub total	12,414	9,024
Non-current		
Welsh Government	0	0
WHSSC / EASC	0	0
Welsh Health Boards	0	0
Welsh NHS Trusts	0	0
Health Education and Improvement Wales (HEIW)	0	0
Non - Welsh Trusts	0	0
Other NHS	0	0
2019-20 Scheme Pays - Welsh Government Reimbursement	0	0
Welsh Risk Pool Claim reimbursement;		
NHS Wales Secondary Health Sector	14,441	14,791
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
Sub total	14,441	14,791
Total	26,855	23,815

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

	31 March 2021 £000	31 March 2020 £000
By up to three months	90	619
By three to six months	43	91
By more than six months	220	375
	353	1,085

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

Balance at 1 April 2020	(394)	(320)
Transfer to other NHS Wales body	0	0
Amount written off during the year	0	0
Amount recovered during the year	168	36
(Increase) / decrease in receivables impaired	(90)	(110)
Bad debts recovered during year	0	0
Balance at 31 March 2021	(316)	(394)

In determining whether a debt is impaired consideration is given to the age of the debt and the results of actions taken to recover the debt, including reference to credit agencies.

Receivables VAT

Trade receivables	0	0
Other	0	0
Total	0	0

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16. Other Financial Assets

	Current		Non-current	
	31 March 2021 £000	31 March 2020 £000	31 March 2021 £000	31 March 2020 £000
Financial assets				
Shares and equity type investments				
Held to maturity investments at amortised costs	0	0	0	0
At fair value through SOCNE	0	0	0	0
Available for sale at FV	0	0	0	0
Deposits	0	0	0	0
Loans	0	0	0	0
Derivatives	0	0	0	0
Other (Specify)				
Held to maturity investments at amortised costs	0	0	0	0
At fair value through SOCNE	0	0	0	0
Available for sale at FV	0	0	0	0
Total	0	0	0	0

17. Cash and cash equivalents

	2020-21 £000	2019-20 £000
Balance at 1 April 2020	540	2,317
Net change in cash and cash equivalent balances	2,087	(1,777)
Balance at 31 March 2021	2,627	540
Made up of:		
Cash held at GBS	2,544	406
Commercial banks	79	131
Cash in hand	4	3
Cash and cash equivalents as in Statement of Financial Position	2,627	540
Bank overdraft - GBS	0	0
Bank overdraft - Commercial banks	0	0
Cash and cash equivalents as in Statement of Cash Flows	2,627	540

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18. Trade and other payables

Current	31 March 2021 £000	31 March 2020 £000
Welsh Government	0	0
WHSSC / EASC	346	19
Welsh Health Boards	1,733	3,013
Welsh NHS Trusts	669	370
Health Education and Improvement Wales (HEIW)	0	0
Other NHS	4,126	2,585
Taxation and social security payable / refunds	647	555
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	963	856
Non-NHS payables - Revenue	3,299	4,313
Local Authorities	6,902	4,289
Capital payables- Tangible	2,496	1,420
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	1,261	1,128
Non NHS Accruals	20,925	16,616
Deferred Income:		
Deferred Income brought forward	0	0
Deferred Income Additions	743	0
Transfer to / from current/non current deferred income	0	0
Released to SoCNE	0	0
Other creditors	0	0
PFI assets –deferred credits	0	0
Payments on account	0	0
Sub Total	44,110	35,164
Non-current		
Welsh Government	0	0
WHSSC / EASC	0	0
Welsh Health Boards	0	0
Welsh NHS Trusts	0	0
Health Education and Improvement Wales (HEIW)	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
Sub Total	0	0
Total	44,110	35,164

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	31 March
	2021	2020
	£000	£000
Between one and two years	0	0
Between two and five years	0	0
In five years or more	0	0
Sub-total	<u>0</u>	<u>0</u>

19. Other financial liabilities

Financial liabilities	Current		Non-current	
	31 March	31 March	31 March	31 March
	2021	2020	2021	2020
	£000	£000	£000	£000
Financial Guarantees:				
At amortised cost	0	0	0	0
At fair value through SoCNE	0	0	0	0
Derivatives at fair value through SoCNE	0	0	0	0
Other:				
At amortised cost	0	0	0	0
At fair value through SoCNE	0	0	0	0
Total	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

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20. Provisions

	At 1 April 2020	Structured settlement cases transferred to Risk Pool	Transfer of provisions to creditors	Transfer between current and non-current	Arising during the year	Utilised during the year	Reversed unused	Unwinding of discount	At 31 March 2021
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Current									
Clinical negligence:-									
Secondary care	477	0	0	168	14	(235)	(32)	0	392
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	85	(48)	(12)		127
Pensions relating to former directors	0			0	0	0	0	0	0
Pensions relating to other staff	652			283	1,033	(621)	(702)	(24)	621
2019-20 Scheme Pays - Reimbursement	0			0	0	0	0	0	0
Restructuring	0			0	0	0	0	0	0
Other	52		0	0	1,770	(31)	(6)		1,785
Total	2,461	0	0	430	4,557	(1,202)	(879)	(30)	5,337
Non Current									
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			(283)	0	0	0	0	4,599
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
Total	20,679	0	0	(430)	40	0	(209)	0	20,080
TOTAL									
Clinical negligence:-									
Secondary care	14,904	0	0	0	14	(235)	(32)	0	14,651
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	125	(48)	(12)		217
Pensions relating to former directors	0			0	0	0	0	0	0
Pensions relating to other staff	5,534			0	1,033	(621)	(702)	(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	1,770	(31)	(6)		1,785
Total	23,140	0	0	0	4,597	(1,202)	(1,088)	(30)	25,417

Expected timing of cash flows:

	In year to 31 March 2022	Between 1 April 2022 31 March 2026	Thereafter	Total
				£000
Clinical negligence:-				
Secondary care	392	14,259	0	14,651
Primary care	0	0	0	0
Redress Secondary care	116	0	0	116
Redress Primary care	0	0	0	0
Personal injury	2,296	1,132	0	3,428
All other losses and special payments	0	0	0	0
Defence legal fees and other administration	127	90	0	217
Pensions relating to former directors	0	0	0	0
Pensions relating to other staff	621	4,599	0	5,220
2019-20 Scheme Pays - Reimbursement	0	0	0	0
Restructuring	0	0	0	0
Other	1,785	0	0	1,785
Total	5,337	20,080	0	25,417

The THB estimates that in 2021/22 it will receive £2.707M and in 2022-23 and beyond £14.402M from the Welsh Risk Pool in respect of Losses and Special Payments

£27.090M (2019/20: £16.095M) 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 2021 is £0.062M relating to retrospective continuing health care claims (2019/20 £0.052M) and a provision for untaken Annual Leave by staff due to the Covid 19 Pandemic at a value of £1.721M. This is a new provision created during 2020/21.

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 2021 is £0.146M including defence costs (2019/20: £0.127M) and all payments are expected to be fully reimbursed from the Welsh Risk Pool.

20. Provisions (continued)

	At 1 April 2019	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 2020
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Current									
Clinical negligence:-									
Secondary care	611	0	0	367	8,114	(8,331)	(284)	0	477
Primary care	0	0	0	0	0	0	0	0	0
Redress Secondary care	93	0	0	0	92	(34)	(44)	0	107
Redress Primary care	0	0	0	0	0	0	0	0	0
Personal injury	802	0	0	59	555	(317)	(15)	3	1,087
All other losses and special payments	0	0	0	0	2	(2)	0	0	0
Defence legal fees and other administration	57	0	0	5	82	(26)	(32)		86
Pensions relating to former directors	0			0	0	0	0	0	0
Pensions relating to other staff	657			812	10	(652)	(190)	15	652
2019-20 Scheme Pays - Reimbursement	0			0	0	0	0	0	0
Restructuring	0			0	0	0	0	0	0
Other	226		0	0	120	(166)	(128)		52
Total	2,446	0	0	1,243	8,975	(9,528)	(693)	18	2,461
Non Current									
Clinical negligence:-									
Secondary care	22,824	0	0	(367)	0	(2,025)	(6,005)	0	14,427
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	1,346	0	0	(59)	17	0	0	0	1,304
All other losses and special payments	0	0	0	0	0	0	0	0	0
Defence legal fees and other administration	182	0	0	(5)	8	(59)	(60)		66
Pensions relating to former directors	0			0	0	0	0	0	0
Pensions relating to other staff	4,793			(812)	901	0	0	0	4,882
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
Total	29,145	0	0	(1,243)	926	(2,084)	(6,065)	0	20,679
TOTAL									
Clinical negligence:-									
Secondary care	23,435	0	0	0	8,114	(10,356)	(6,289)	0	14,904
Primary care	0	0	0	0	0	0	0	0	0
Redress Secondary care	93	0	0	0	92	(34)	(44)	0	107
Redress Primary care	0	0	0	0	0	0	0	0	0
Personal injury	2,148	0	0	0	572	(317)	(15)	3	2,391
All other losses and special payments	0	0	0	0	2	(2)	0	0	0
Defence legal fees and other administration	239	0	0	0	90	(85)	(92)		152
Pensions relating to former directors	0			0	0	0	0	0	0
Pensions relating to other staff	5,450			0	911	(652)	(190)	15	5,534
2019-20 Scheme Pays - Reimbursement	0			0	0	0	0	0	0
Restructuring	0			0	0	0	0	0	0
Other	226		0	0	120	(166)	(128)		52
Total	31,591	0	0	0	9,901	(11,612)	(6,758)	18	23,140

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1. Contingencies

1.1 Contingent liabilities

	2020-21 £'000	2019-20 £'000
Provisions have not been made in these accounts for the following amounts :		
Legal claims for alleged medical or employer negligence:-		
Secondary care	32,629	16,341
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	32,629	16,341
Amounts (recovered) in the event of claims being successful	(32,395)	(16,277)
Net contingent liability	234	64

Legal Claims for alleged medical or employer negligence: £0.316M of the £32.629M 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). £32.313M of the £32.629M relates to Powys THB 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 THB by the Welsh Risk Pool.

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21.2 Remote Contingent liabilities

2020-21	2019-20
£'000	£'000

Please disclose the values of the following categories of remote contingent liabilities :

Guarantees	0	0
Indemnities	9	0
Letters of Comfort	0	0
Total	9	0

21.3 Contingent assets

2020-21	2019-20
£'000	£'000

Please give detail

	0	0
	0	0
	0	0
Total	0	0

22. Capital commitments**Contracted capital commitments at 31 March**

2020-21	2019-20
£'000	£'000

Property, plant and equipment	653	107
Intangible assets	0	0
Total	653	107

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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:

Land	31 March 2021 £000	31 March 2020 £000
Minimum lease payments		
Within one year	0	0
Between one and five years	0	0
After five years	0	0
Less finance charges allocated to future periods	0	0
Minimum lease payments	<u>0</u>	<u>0</u>
Included in:		
Current borrowings	0	0
Non-current borrowings	0	0
	<u>0</u>	<u>0</u>
Present value of minimum lease payments		
Within one year	0	0
Between one and five years	0	0
After five years	0	0
Present value of minimum lease payments	<u>0</u>	<u>0</u>
Included in:		
Current borrowings	0	0
Non-current borrowings	0	0
	<u>0</u>	<u>0</u>

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24.1 Finance leases obligations (as lessee) continued

Amounts payable under finance leases:

Buildings

	31 March 2021 £000	31 March 2020 £000
Minimum lease payments		
Within one year	0	0
Between one and five years	0	0
After five years	0	0
Less finance charges allocated to future periods	0	0
Minimum lease payments	<u>0</u>	<u>0</u>
Included in:		
Current borrowings	0	0
Non-current borrowings	0	0
	<u>0</u>	<u>0</u>

Present value of minimum lease payments

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

Other

	31 March 2021 £000	31 March 2020 £000
Minimum lease payments		
Within one year	0	0
Between one and five years	0	0
After five years	0	0
Less finance charges allocated to future periods	0	0
Minimum lease payments	<u>0</u>	<u>0</u>
Included in:		
Current borrowings	0	0
Non-current borrowings	0	0
	<u>0</u>	<u>0</u>

Present value of minimum lease payments

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

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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 2021 £000	31 March 2020 £000
Gross Investment in leases		
Within one year	0	0
Between one and five years	0	0
After five years	0	0
Less finance charges allocated to future periods	0	0
Minimum lease payments	<u>0</u>	<u>0</u>
Included in:		
Current borrowings	0	0
Non-current borrowings	<u>0</u>	<u>0</u>
Present value of minimum lease payments		
Within one year	0	0
Between one and five years	0	0
After five years	0	0
Less finance charges allocated to future periods	0	0
Present value of minimum lease payments	<u>0</u>	<u>0</u>
Included in:		
Current borrowings	0	0
Non-current borrowings	<u>0</u>	<u>0</u>

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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 2021 £000	31 March 2020 £000
Total payments due within one year	0	0
Total payments due between 1 and 5 years	0	0
Total payments due thereafter	0	0
Total future payments in relation to PFI contracts	0	0
Total estimated capital value of off-SoFP PFI contracts	0	0

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 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	0	0	0

	On SoFP PFI Capital element 31 March 2020 £000	On SoFP PFI Imputed interest 31 March 2020 £000	On SoFP PFI Service charges 31 March 2020 £000
Total payments due within one year	0	0	0
Total payments due between 1 and 5 years	0	0	0
Total payments due thereafter	0	0	0
Total future payments in relation to PFI contracts	0	0	0

31 March 2021
£000
0

Total present value of obligations for on-SoFP PFI contracts

25.3 Charges to expenditure

	2020-21	2019-20
	£000	£000
Service charges for On Statement of Financial Position PFI contracts (excl interest costs)	0	0
Total expense for Off Statement of Financial Position PFI contracts	0	0
The total charged in the year to expenditure in respect of PFI contracts	<u>0</u>	<u>0</u>

The LHB is committed to the following annual charges

	31 March 2021	31 March 2020
	£000	£000
PFI scheme expiry date:		
Not later than one year	0	0
Later than one year, not later than five years	0	0
Later than five years	0	0
Total	<u>0</u>	<u>0</u>

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

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

On/Off

25.5 The LHB has no Public Private Partnerships

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27. Movements in working capital

	2020-21 £000	2019-20 £000
(Increase)/decrease in inventories	(3)	(6)
(Increase)/decrease in trade and other receivables - non-current	350	8,531
(Increase)/decrease in trade and other receivables - current	(3,390)	591
Increase/(decrease) in trade and other payables - non-current	0	0
Increase/(decrease) in trade and other payables - current	8,946	(5,271)
Total	5,903	3,845
Adjustment for accrual movements in fixed assets - creditors	(1,076)	207
Adjustment for accrual movements in fixed assets - debtors	(206)	(151)
Other adjustments	0	0
	4,621	3,901

28. Other cash flow adjustments

	2020-21 £000	2019-20 £000
Depreciation	3,921	3,734
Amortisation	0	0
(Gains)/Loss on Disposal	0	0
Impairments and reversals	(334)	4,135
Release of PFI deferred credits	0	0
Covid assets received credited to revenue but non-cash	0	0
Donated assets received credited to revenue but non-cash	(13)	(176)
Government Grant assets received credited to revenue but non-cash	0	0
Non-cash movements in provisions	3,479	3,161
Other movements	3,761	3,473
Total	10,814	14,327

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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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29. Events after the Reporting Period

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[illegible]

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

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

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

Name	Details	Interests
Professor Vivienne Harwood	Chair	Chair, WHSSC (until Sep 2018)
Professor Vivienne Harwood	Chair	Trustee of NHS Confederation
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
Dr Kate Wright	Medical Director (From 15th February 2021)	Employee of Aneurin Bevan Health Board
Ian Phillips	Independent Member	Independent Member, W

31. Third Party assets

The LHB held £200.00 cash at bank and in hand at 31 March 2021 (31st March 2020, £1840.20) which relates to monies held by the LHB on behalf of patients. This has been excluded from the Cash and Cash equivalents

None of this cash was held in Patients' Investment Accounts in either 2020-21 or 2019-20.

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32. Pooled budgets

THE THB IS AWAITING THE DATA FOR INSERTION IN THIS NOTE
FROM THE HOST OF THE POOLED FUNDS (Powys County Council)

A Funded Nursing Care

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

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

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

B Provision of Community Equipment

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

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

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

Powys Teaching Health Board and Powys County Council have entered into a partnership agreement in 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
	£	£	£
Gross Funding			
Powys County Council			
Powys Teaching Health Board			
Total Funding	0		0
Net Expenditure			
Monies spent in accordance with Pooled budget arrangement			
Expenditure			
Income			
Total Expenditure		0	0
Net under/(over) spend			0
The above memorandum account is subject to the financial statements audit of Powys County Council (the Host).			

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

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

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

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

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

Powys Teaching Health Board and Powys County Council have entered into a partnership agreement to enable the use of resources relating to the Inpatient Services at the Glan Irfon Health and Social Centre, Builth Wells. This agreement 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
	£	£	£
Gross Funding			
Powys County Council			
Powys Teaching Health Board			
Total Funding	0		0
Expenditure			
Monies spent in accordance with			
Pooled budget arrangement			
Total Expenditure		0	0
Net under/(over) spend			0
The above memorandum account is subject to the financial statements audit of Powys County Council (the Host).			

33. Operating segments

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

		Total Total Powys "Health" £'000	Total Residual Clinical Negligence £'000	Total Community Health Councils £'000	Total Health and Care Research Wales (HCRW) £'000	Consolidation Adjustments £'000	Total £'000
	Note						
Expenditure on Primary Healthcare Services	3.1	72,405	0	0	0	0	72,405
Expenditure on healthcare from other providers	3.2	175,646	0	0	328	0	175,974
Expenditure on Hospital and Community Health Services	3.3	112,375	25	4,427	4,187	(11)	121,003
		360,426	25	4,427	4,515	(11)	369,382
Less: Miscellaneous Income	4	8,533	0	0	4,346	(11)	12,868
THB net operating costs before interest and other gains and losses		351,893	25	4,427	169	0	356,514
Investment Income	8	0	0	0	0	0	0
Other (Gains) / Losses	9	0	0	0	0	0	0
Finance costs	10	(29)	0	(1)	0	0	(30)
THB Net Operating Costs		351,864	25	4,426	169	0	356,484
Add Non Discretionary Expenditure	3.1	1,851	0	0	0	0	1,851
Revenue Resource Limit	2.1	353,845	25	4,426	169	0	358,465
Under / (over) spend against Revenue Resource Limit		130	0	0	0	0	130

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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 2020 to 31 March 2021. This has been calculated from actual Welsh Government expenditure for the 6.3% staff employer pension contributions between April 2020 and February 2021 alongside Health Board/Trust/SHA data for March 2021.

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:

	2020-21 £000
Statement of Comprehensive Net Expenditure for the year ended 31 March 2021	
Expenditure on Primary Healthcare Services	83
Expenditure on Hospital and Community Health Services	3,678

**Statement of Changes in Taxpayers' Equity
For the year ended 31 March 2021**

Net operating cost for the year	3,761
Notional Welsh Government Funding	3,761

Statement of Cash Flows for year ended 31 March 2021

Net operating cost for the financial year	3,761
Other cash flow adjustments	3,761

2.1 Revenue Resource Performance

Revenue Resource Allocation	3,761
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3. Analysis of gross operating costs**3.1 Expenditure on Primary Healthcare Services**

General Medical Services	0
General Dental Services	47
Other Primary Healthcare Expenditure	27
Prescribed Drugs and Appliance	9

3.3 Expenditure on Hospital and Community Health Services

Directors' costs	59
Staff costs	3,619

9.1 Employee costs**Permanent Staff**

Employer contributions to NHS Pension Scheme	3,761
Charged to capital	11
Charged to revenue	3,750

18. Trade and other payables**Current**

Pensions: staff	0
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28. Other cash flow adjustments

Other movements	3,761
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34. Other Information**34.2. Other (continued)****Welsh Government Covid 19 Funding****2020-21
£000****Capital**

Capital Funding Field Hospitals	0
Capital Funding Equipment & Works	1990
Capital Funding other (Specify)	0

Welsh Government Covid 19 Capital Funding**1990****Revenue**

Sustainability Funding	15500
C-19 Pay Costs Q1 (Future Quarters covered by SF)	709
Field Hospital (Set Up Costs, Decommissioning & Consequential losses)	0
PPE (including All Wales Equipment via NWSSP)	771
TTP- Testing & Sampling - Pay & Non Pay	974
TTP - NHS & LA Tracing - Pay & Non Pay	1668
Vaccination - Extended Flu Programme	85
Vaccination - COVID-19	1040
Bonus Payment	2474
Annual Leave Accrual - Increase due to Covid	2847
Urgent & Emergency Care	1257
Support for Adult Social Care Providers	1339
Hospices	0
Independent Health Sector	0
Mental Health	1290
Other Primary Care	286
Other	1128

Welsh Government Covid 19 Revenue Funding**31368**

All expenditure incurred on Covid-19, supported by the funding above is included within the Income and Expenditure outlined in Notes 3.1-4.

The LHB also received small items of equipment to the value of £0.016M from the Department of Health and Social Care and this is included with Note 3.2 and Note 4.

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34. Other Information

34.3 Implementation of IFRS 16

HM Treasury agreed with the Financial Reporting Advisory Board (FRAB), to defer the implementation of IFRS 16 Leases until 1 April 2022, because of the circumstances caused by Covid-19.

To ease the pressure on NHS Wales Finance Departments the IFRS 16 detailed impact statement has been removed by the Welsh Government Health and Social Services Group, Finance Department.

We expect the introduction of IFRS16 will have a significant impact and this will be worked through for disclosure in our 2021-22 financial statements.

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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 and subsequent financial years in respect of the Local Health Boards (LHB)1, in the form specified in paragraphs [2] to [7] below.

BASIS OF PREPARATION

2. The account of the LHB shall comply with:

(a) the accounting guidance of the Government Financial Reporting Manual (FReM), which is in force for the financial year in which the accounts are being prepared, and has been applied by the Welsh Government and detailed in the NHS Wales LHB Manual for Accounts;

(b) any other specific guidance or disclosures required by the Welsh Government.

FORM AND CONTENT

3. The account of the LHB for the year ended 31 March 2011 and subsequent years shall comprise a statement of comprehensive net expenditure, a statement of financial position, a statement of cash flows and a statement of changes in taxpayers' equity as long as these statements are required by the Companies Act 2006 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 Local Health Boards (Transfer of Staff, Property, Rights and Liabilities) (Wales) Order 2009.

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Powys Teaching Health Board

HEAD OF INTERNAL AUDIT OPINION & ANNUAL REPORT 2020/21

April 2021

**NHS Wales Shared Services Partnership
Audit & Assurance Services**

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Report status:	Draft
Draft report issued:	April 2021
Final report issued:	xxx
Author:	Helen Higgs, Head of Internal Audit
Lead Executive:	Rani Mallison (Board Secretary)
Audit & Risk Assurance Committee:	April 2021

1. EXECUTIVE SUMMARY

1.1 Purpose of this Report


Powys Teaching Health Board's (the health board) Board is collectively 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 significant 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 2020/21

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 towards 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 2020/21 is that:

Reasonable assurance	 Yellow +	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. 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 Assurance Committee. In addition, regular audit progress reports have been submitted to the Audit & Risk Assurance 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 2020/21 was initially presented to the Audit & Risk Assurance Committee in March 2020, however as a result of the impact of the pandemic a revised version of the plan was prepared, with this version receiving approval at the Committee in June 2020. This Annual Report and Opinion is primarily based on the delivery of the June 2020 version of the annual plan, including the subsequent updates made to the plan that are reported to the Audit & Risk Assurance Committee at each meeting.

There are, as in previous years, audits undertaken at NWSSP, NWIS, WHSSC and EASC that support the overall opinion for NHS Wales health bodies (see Section 3).

Our External Quality Assessment (EQA), conducted by the Chartered Institute of Internal Auditors, and our Quality Assurance and Improvement Programme (QAIP) have both confirmed that our internal audit work 'generally conforms' to the requirements of the Public Sector Internal Audit Standards for 2020/21. For this year, 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 (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 either Limited or No Assurance, management are aware of the specific issues identified and have agreed action plans to improve control in these areas. These planned control improvements should be referenced in the Annual Governance Statement where it is appropriate to do so.

In addition, and in part reflecting the impact of COVID-19, we also undertook a number of advisory and non-opinion reviews to support our overall opinion.

Figure 1 – Summary of audit results

Substantial Assurance	Reasonable Assurance
<ul style="list-style-type: none"> • Freedom of Information (FoI) follow up • Access to primary care – GP contract. • Capital Systems. 	<ul style="list-style-type: none"> • Health & Safety follow up. • Generic follow up of 'limited' assurance reports. • Progress against regional plans. • Safeguarding during Covid-19. • Digital solutions. • Winter pressures and flow management. • Grievance policy
Limited Assurance	Advisory & Non-Opinion
<ul style="list-style-type: none"> • Partnership governance – programmes interface. • Fire safety. • Llandrindod Wells project. 	<ul style="list-style-type: none"> • Covid-19 governance review. • Annual Quality Statement. • Mass vaccinations programme. • IM&T control and risk assessment. • Advanced Practice Framework. • Environmental sustainability.
No Assurance	
N/A	

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 organisation's risk management process and system of assurance should bring together all of the evidence required to support the Annual Governance Statement.

In accordance with the Public Sector Internal Audit Standards (PSIAS), the Head of Internal Audit (HIA) is required to provide an annual opinion, based upon and limited to the work performed on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control. This is achieved through an audit plan that has been focussed on key strategic and operational risk areas and known improvement opportunities, agreed with executive management and approved by the Audit & Risk Assurance Committee, which should provide an appropriate level of assurance.

The opinion does not imply that Internal Audit has reviewed all risks and assurances relating to the organisation. The opinion is substantially derived from the conduct of risk-based audit work formulated around a selection of key organisational systems and risks. As such, it is a key component that the Board takes into account but is not intended to provide a comprehensive view.

The Board, through the Audit Committee, will need to consider the Head of Internal Audit opinion together with assurances from other sources including reports issued by other review bodies, assurances given by management and other relevant information when forming a rounded picture on governance, risk management and control for completing its Governance Statement.

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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 is a function of 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

For 2020/21, the assurance rating framework for expressing the overall Head of Internal Audit annual opinion that was agreed in 2013/14 has been amended to formally remove the eight assurance 'domains based' approach to forming the opinion for Health Boards. The domains approach has been removed to ensure that work in 2020/21 reflected the significant change in the risk profile for NHS Wales' organisations due to the impact of COVID-19. There are no changes to the approach to forming the opinion for Trusts and other Health Bodies. The professional judgement of the Head of Internal Audit also remains key in determining the appropriate overall opinion. This change does not impact upon 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 as clarified in 2013/14 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 D**.

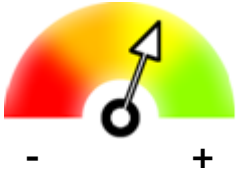
The individual conclusions arising from detailed audits undertaken during the year have been summarised by the assurance ratings received. The aggregation of audit results gives a better picture of assurance to the Board and also provides a rational basis for drawing an overall audit opinion. However, 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 and Appendix B). We will consider whether changes need to be made to how we present our findings in this report for the 2021/22 Head of Internal Audit Opinion.

As in previous years, 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.

2.4 Head of Internal Audit Opinion

2.4.1 Scope of opinion

The scope of my opinion is confined to those areas examined in the risk based audit plan which has been agreed with senior management and approved by the Audit 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 reasonable assurance 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.
----------------------	---	--

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 reports issued during the year and the significance of the recommendations made (of which there were *three audits in 2020/21*).

The audit work undertaken during 2020/21 and reported to the Audit Committee has been aggregated at **Appendix B**.

2.4.2 Basis for forming the opinion

The evidence base upon which the overall opinion is formed is as follows:

- An assessment of the range of individual opinions and outputs arising from risk-based audit assignments contained within the Internal Audit plan that have been reported to the Audit 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).

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- 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 regulators; and research. 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 reports issued during the year, three were allocated Substantial Assurance, six were allocated Reasonable Assurance and three were allocated Limited Assurance. No reports were allocated no assurance. In addition, seven Advisory & Non opinion reports were also issued.

In addition, the Head of Internal Audit has considered residual risk exposure across those assignments where limited or no assurance was reported. Further, the Head of Internal Audit has considered the impact where audit assignments planned this year did not proceed to full audits following preliminary planning work and these were either: removed from the plan; removed from the plan and replaced with another audit; or deferred until a future audit year. The reasons for changes to the audit plan were presented to the Audit 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 in each of the domains as per the structure of the plan for 2020/21, is shown below, whilst noting the overall opinion for the health board is based on an overall aggregated position.

Corporate Governance, Risk Management and Regulatory Compliance

Our health & safety follow up received reasonable assurance. Progress had been made against each of the seven prior year recommendations, with two implemented in full. We recognise that the health board's progress in this area has been reliant on the appointment of a second Senior Health and Safety Officer. The team's focus has prioritised addressing the two contravention

notices issued by the Health and Safety Executive since the previous audit. Whilst we note the encouraging progress made there is concern that until a programme of internal inspections and audits is embedded, and a mechanism put in place to formally capture, manage and monitor findings and actions raised, the health board will fail to identify such issues and be able to manage them through its own assurance mechanisms.

Our generic review of 'limited assurance' reports: Risk management & Board Assurance Framework; Welsh Language Standards implementation; care & nursing homes governance; Deprivation of Liberty Safeguards (DoLS) and records management also received reasonable assurance. A re-prioritised approach for the implementation of outstanding audit recommendations was approved by the Audit & Risk and Assurance Committee (ARAC) to enable services to balance their response to audit findings with the level of resources required to plan and respond to COVID-19. As a result, the focus of our review was limited to the four high priority recommendations recorded as complete on the tracker, which related to the Welsh Language Standards and DOLS reports. Our testing confirmed that all were appropriately classified as completed on the tracker. However, it is recognised that further action is required to mitigate the risks identified which are reflected on departmental risk registers.

The risk management & assurance review was deferred to 2021/22.

Strategic Planning, Performance Management & Reporting

The 'progress against regional plans' review was rated reasonable assurance. It focused on phase 1 of the South Powys Pathways Programme, covering emergency and urgent care arrangements. The programme, which has operated under exceptional circumstances, appears to be a success overall to date. Lessons learned in the changes delivered so far, highlighted in the programme's phase 1 closure report, will however need to be taken forward and addressed in phase 2, which covers strategic changes to consultant-led maternity & neonatal care.

The 'partnership governance - programmes interface' review focused on the arrangements in place within the Live Well: Mental Health partnership. Limited assurance was provided with high priority findings raised in relation to the absence of a partnership governance framework, defining the different types of partnership/collaborative working arrangements and the governance arrangements required for each, and the need to strengthen performance monitoring and assurance reporting arrangements.

The performance management and reporting review was deferred to 2021/22.

Financial Governance and Management

The advisory review of Governance During the Covid-19 Pandemic presented a positive picture of arrangements, highlighting that the temporary governance

arrangements operated effectively during the peak of the pandemic and overall complied with the guidance and the principles issued by Welsh Government.

The financial savings and budgetary control review was deferred to 2021/22.

Clinical Governance, Quality & Safety

Mass vaccinations programme (advisory review) (draft) and Safeguarding during the pandemic (draft) returned reasonable assurance ratings.

Our annual review of the health board's Annual Quality Statement ('AQS'), whilst not rated, kept open the previous recommendation that the health board should ensure that the directorates and nominated officers provide and retain appropriate evidence to support their submissions for the AQS. We identified a higher exception rate than in the prior year.

The reviews covering concerns tracking & monitoring; Breathe Well programme; and Cancer Services were deferred to 2021/22.

Information Governance & IT Security

The IM&T Control Risk Assessment was undertaken. This baseline review of the arrangements in place for the management and control of Information Governance and Information Communications Technology, whilst not rated, identified areas of good practice as well those that required strengthening.

A follow up review of the 2019/20 'limited' assurance report on Freedom of Information was undertaken. A Substantial Assurance opinion was issued with all recommendations implemented and operating as expected.

Our review of *Digital solutions (draft)* derived a reasonable assurance rating.

The access to systems review was deferred to 2021/22.

Operational Service and Functional Management

Our review of GP Access Standards received substantial assurance. Our review found that the health board has engaged well with its GP practices, provided support to enable them to identify and implement access improvements in line with the Standards and enabled their practices to achieve a high level of compliance with the Standards in advance of the March 2021 deadline.

Our review of *Winter pressures and flow management (draft)* delivered an assurance rating of 'reasonable'.

The review of Theatres utilisation was deferred to 2021/22

Workforce Management

Our review of the grievance process received reasonable assurance. Whilst we noted some exceptions to the timescales being met, we are satisfied that there are appropriate reasons for these delays. We identified one medium priority finding in respect of improving monitoring and assurance reporting of grievance cases within the health board.

Due to there being very little development in advanced practice within the health board in recent years, we issued a Briefing Paper on the Advanced Practice Framework to provide a high-level overview of the current position within the health board. We have identified a number of points to consider as a starting point for developing the arrangements for advanced practice.

The workforce futures framework review was deferred to 2021/22.

Capital & Estates Management

The Fire Safety audit, which included a review of the status of previously agreed management actions, received limited assurance. The review identified key control weaknesses around a lack of clarity over the assignment and operation of key fire safety roles and responsibilities and assurance could not be provided that the health board would have sufficient, trained support in the event of a fire incident. In addition, fire drills were not being undertaken in accordance with procedures and general best practice.

The capital systems review evaluated the processes and procedures operating within the health board that support the management and control of capital projects. A substantial assurance rating was issued where we identified comprehensive Capital Procedures have been developed and were clearly embedded within the day-to-day project management function.

Our review of the *Llandrindod Wells project (draft)* provided only limited assurance

A review has been completed in respect of Environmental Sustainability Reporting. Whilst not rated, this report kept open the previous recommendations around ensuring a thorough quality review of the Annual Report is undertaken. Our sample testing to determine the accuracy of data in the report identified material anomalies in relation to the accuracy and completeness of water consumption values and associated costs.

The Machynlleth Hospital, Primary & Community Care project and control of contractors reviews were both deferred to 2021/22.

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 or No 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.

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.

This year, 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.

The health board's recommendation tracking process has continued during the 20/21. A re-prioritised approach for the implementation of outstanding audit recommendations was approved by the Audit & Risk and Assurance Committee (ARAC) based on the criteria set out in the table below. This enabled services to balance their response to audit findings with the level of resources required to plan and respond to COVID-19. ARAC has been updated during the year with the ongoing position with the level of recommendations outstanding.

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Priority Level	Criteria	Implementation Date
1	<ul style="list-style-type: none"> Action(s) within the Q3/4 Winter Protection Plan are dependent on implementation of this recommendation. Delivery of the Board's agreed Strategic Priorities are dependent on implementation of this recommendation. High risk to patient or staff safety / wellbeing identified. Prioritised Compliance with legal requirement / statutory duty identified. 	All outstanding recommendations to be implemented by 31st March 2021, except for recommendations with original agreed deadlines that exceed this date.
2	<ul style="list-style-type: none"> Action(s) within the Q3/4 Winter Protection are not supported by implementation of this recommendation. Low risk to patient or staff safety / wellbeing identified. Compliance with legal requirement / statutory duty identified. 	All outstanding recommendations to be implemented during quarters 1 and 2, and by 30th September 2021, with the exception of recommendations with original agreed deadlines that exceed this date.
3	<ul style="list-style-type: none"> Action(s) within the Q3/4 Winter Protection are not supported by implementation of this recommendation. No risk to patient or staff safety / wellbeing identified. No legal / compliance issues identified. 	All outstanding recommendations to be implemented during quarters 2 and 3, and by 31st December 2021, with the exception of recommendations with original agreed deadlines that exceed this date.

We undertook a combined follow-up review of the 2019/20 'no' and 'limited' Assurance Reports: Risk Management and Board Assurance, Records Management, Welsh Language Standards Implementation, Care and Nursing Homes Governance, and Deprivation of Liberty Safeguards (DoLS), to assess and report whether the health board had implemented the Internal Audit recommendations raised.

Our recommendations on Risk Management and Board Assurance, Records Management and Care and Nursing Homes Governance have all been classified as priority level 2. Therefore, in line with the definitions above, they are not expected to be implemented until quarters 1 and 2 of 2021/22. As a result, our follow up review has focused on all four high priority recommendations raised in the 2019/20 Welsh Language Standards and DOLS reports, all of which were recorded as implemented. Our testing confirmed that all were appropriately classified as

completed on the tracker. However, it is recognised that further action is required to mitigate the risks identified which are reflected on departmental risk registers.

In addition, separate follow up audits were undertaken in 2020/21 on the progress made by management in implementing recommendations from the 2019/20 Freedom of Information (Limited Assurance) report where a Substantial Assurance opinion was issued with all recommendations implemented and operating as expected; and the Health & Safety report where we were able to provide a Reasonable Assurance.

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 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 2020/21 unless otherwise stated and reflect the condition of internal controls pertaining at the point of audit assessment.

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The audit of Environmental Sustainability Reporting contained within the 2020/21 Internal Audit plan related to the health board's report produced in respect of the 2019/20 year.

Follow-up work will provide an assessment of action taken by management on recommendations made in prior periods and will therefore provide a limited scope update on the current condition of control and a measure of direction of travel.

There are some specific assurance reviews which remain relevant to the reporting of the organisation's Annual Report required to be published after the year end. Where required, any specified assurance work would be aligned with the timeline for production of the health board's Annual Report and accordingly will be completed and reported to management and the Audit 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

There are a number of pieces of work that Welsh Government has required previously that Internal Audit has reviewed each, where applicable. These pieces cover aspects of:

- Health & Care Standards, including the Governance, Leadership and Accountability standard;
- Annual Governance Statement;
- Annual Quality Statement;
- Environmental Sustainability Report; and
- Welsh Risk Pool.

Where appropriate, our work is reported in Section 5 – Risk based Audit Assignments and at **Appendix B**.

Please note that following discussions with Welsh Government we are not being mandated to audit these areas from 2021/22. Future work in these areas will be determined on the basis of risk or specific requests from the organisation.

2.6 Statement of Conformance

The Welsh Government determined that the Public Sector Internal Audit Standards (PSIAS) would apply across the NHS in Wales from 2013/14.

The provision of professional quality Internal Audit is a fundamental aim of our service delivery methodology and compliance with PSIAS is central to our audit approach. Quality is controlled by the Head of Internal Audit on an ongoing basis and monitored by the Director of Audit & Assurance. The work of internal audit is also subject to an annual assessment by Audit Wales. In addition, at least once every five years, we are required to have an External Quality Assessment. This was undertaken by the Chartered Institute of Internal Auditors (IIA) in February

and March 2018. The IIA concluded that NWSSP's Audit & Assurance Services conforms with all 64 fundamental principles and 'it is therefore appropriate for NWSSP Audit & Assurance Services to say in reports and other literature that it conforms to the IIA's professional standards and to PSIAS.'

The NWSSP Audit and Assurance Services can assure the Audit Committee that it has conducted its audit at Health Board/Trust/Other in conformance with the Public Sector Internal Audit Standards for 2020/21.

Our conformance statement for 2020/21 is based upon:

- the results of our internal Quality Assurance and Improvement Programme (QAIP) for 2020/21 which will be reported formally in the Summer of 2021; 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 2020/21 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 out below, with relevant comments and opinions attached, and relate to work at:

- NHS Wales Shared Services Partnership;
- NHS Wales Informatics Service;
- Welsh Health Specialised Services Committee; and
- Emergency Ambulance Services Committee.

Please note that, in response to COVID-19, we have altered our approach this year and undertaken additional testing on a number of the national NWSSP run systems and produced separate reports for each NHS Wales organisation where appropriate.

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	A summary report will be produced for the health board
Payroll	Reasonable	A summary report will be produced for the health board
Primary Care Services – Medical (GMS), Pharmaceutical (GPS), Dental (GDS), and Ophthalmic (GOS) Services	Substantial/reasonable (<i>draft</i>)	A summary report will be produced for the health board
Welsh Risk Pool	WIP	-
New PCS payment system – data migration & project management	N/A	Advisory support work on the implementation of the new PCS payment system.
Covid-19 financial governance	N/A	-

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Please note that other audits of NWSSP activities are undertaken as part of the overall NWSSP internal audit programme. The overall Head of Internal Audit Opinion for NWSSP is Reasonable Assurance.

The reports on Accounts Payable, Payroll, and Primary Care Services are also included in the table at Appendix B (as they have been in previous years).

NHS Wales Informatics Service (NWIS)

As part of the internal audit programme at NHS Wales Informatics Service (NWIS), a hosted body of Velindre University NHS Trust in 2020/21, a number of audits were undertaken which are relevant to the Health Board. These audits derived the following opinion ratings:

Audit	Opinion	Comments
IT Cyber Security	Substantial	-
GDPR Follow-Up	Substantial	-
Operational Resilience	Reasonable	-
Supplier Management Follow-Up	Reasonable	-

Please note that other audits of NWIS activities are undertaken as part of the overall NWIS internal audit programme. All reports are received by the Velindre University NHS Trust Audit Committee. No formal Head of Internal Audit Opinion is currently given for the work at NWIS.

For 2020/21, NWIS will become a Special Health Authority under the name of Digital Health and Care Wales and will have a separate Audit Committee, Internal Audit plan and annual Head of Internal Audit Opinion.

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 - Women and Children Directorate	Substantial	-
WHSSC – financial systems	Substantial	-
EASC - Recruitment review	Reasonable	-

While these audits do not form part of the annual plan for 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. NWIS audits are summarised in the Velindre University NHS Trust 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 Audit & Risk Assurance Committee, subject to changes agreed as the year progressed. Regular audit progress reports have been submitted to the Audit & Risk Assurance Committee during the year. Audits that remain to be reported and reflected within this Annual Report will be reported alongside audits from the 2020/21 operational audit plan.

The audit plan approved by the Audit & Risk Assurance Committee in March 2020 contained 33 planned audits. Due to the health board's response to the pandemic, the plan was revised in June 2020 and the number of reviews reduced. Any further changes to the plan have been approved by Audit & Risk Assurance Committee during the year.

The assignment status summary is reported at section 5 and **Appendix B**.

In addition, throughout the year we have responded to requests for advice and/or assistance across a variety of business areas. 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 has been reported during the year within our progress reports to the Audit & Risk Assurance Committee.

4.2 Service Performance Indicators

In order to be able to demonstrate the quality of the service delivered by Internal Audit, a range of service performance indicators supported by monitoring systems have been developed. The key performance indicators are summarised in Appendix C.

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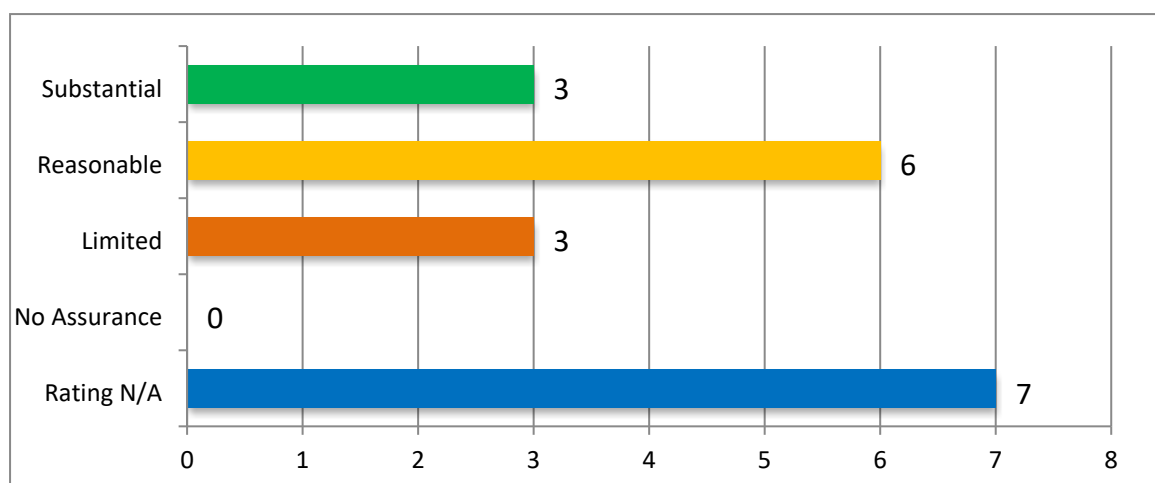
5. RISK-BASED AUDIT ASSIGNMENTS

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 audit reviews were reported during the year. Figure 1 below presents the assurance ratings and the number of audits derived for each.

Figure 2 Summary of audit ratings



The assurance ratings and definitions used for reporting audit assignments are included in **Appendix D**.

In addition to the above, there were several audits which did not proceed following preliminary planning and agreement with management, as it was recognised that there was action required to address issues / risks already known to management and an audit review at that time would not add additional value. Such audits were replaced.

The following sections provide a summary of the scope and objective for each assignment undertaken within the year along with the assurance rating.

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5.2 Substantial Assurance



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

Review Title	Objective
GP Access Standards	To provide assurance that the health board is progressing work to support GP practices to comply with the Access Standards.
Freedom of Information Follow Up	An assessment of progress made with implementation of agreed recommendations made in the 2019/20 limited assurance report.
Capital Systems	To evaluate the processes and procedures operating within the health board that support the management and control of capital projects.

5.3 Reasonable Assurance



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

Review Title	Objective
Health and Safety Follow Up	To provide an assurance on progress with implementing recommendations made in the 2018/19 'limited' assurance report.
Follow Up Review of 2019/20 'No' and 'Limited' Assurance Audits	To provide an assurance on progress with implementing recommendations made in the 2019/20 'no' and 'limited' assurance reports.

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Review Title	Objective
Progress Against Regional Plans	An assessment of the health board's engagement with and contribution to progressing the South Wales Programme (SWP), including the development of the Grange University Hospital as a Specialist Centre for Critical Care (SCCC).
<i>Implementation of Digital Solutions (draft)</i>	To assess the adequacy of the arrangements in place for the implementation of digital solutions during the Covid-19 pandemic, lessons learned are being implemented and innovative practices are taken forward.
<i>Winter Pressures and Flow Management (draft)</i>	The review will assess the winter 2020/21 planning process with regard to patient flow; and provide assurance over the management of patient flow in provided and commissioned services over the winter 2020/21 period.
<i>Safeguarding during Covid-19 (draft)</i>	An assessment of the health board's safeguarding processes during the Covid period and lessons learned.
Grievance Policy	To assess the adequacy of the arrangements in place for the management of the grievance process.

5.4 Limited Assurance



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

Review Title	Objective
Partnership Governance – Programmes Interface	This review considered how the health board ensures effective interface of partnership programmes through the Regional Partnership Board.

Review Title	Objective
Fire Safety	To assess compliance against the processes and procedures put in place by management to operate the estate and compliance with statutory regulations in relation to fire precautions.
<i>Llandrindod Wells (draft)</i>	To assess the delivery of the circa £6.6M multi phased project through to completion. Specific consideration will be given to the management of key issues affecting the delivery of the scheme to date, together with arrangements to ensure risks to project delivery are mitigated/managed appropriately and in accordance with defined contractual requirements.

5.5 No Assurance



There are no audited areas in which the Board has **no assurance** that arrangements to secure governance, risk management and internal control are suitably designed and applied effectively, or where action remains to be taken to address the whole control framework with high impact on residual risk exposure until resolved.

5.6 Assurance Not Applicable

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

Review Title	Objective
Governance During Covid-19 Pandemic	This rapid advisory review was requested by the All Wales Finance Directors Group to assess the adjusted financial and overall governance arrangements that were put in place to enable the health board to maintain appropriate governance whilst enabling its senior leadership team to respond to the rapidly developing emergency.

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Review Title	Objective
Annual Quality Statement	To assist the health board with accuracy checking and triangulation of data and evidence before publication of the AQS.
IM&T Control Risk Assessment	Baseline review of the arrangements in place for the management and control of Information Governance and Information Communications Technology within the organisation.
Mass Vaccination Programme	To review arrangements in place to manage the key risks associated with the roll out and implementation of the Mass Vaccination Programme.
Advanced Practice Framework	To provide assurance that the Framework is deployed effectively within the health board.
Environmental Sustainability	To assess the adequacy of management arrangements for the production of the sustainability report within the Annual Report.

5.7 Deferred Audits

Subsequent to the approval of the updated plan in June 2020, the following audits were deferred. The reason for deferment is outlined for each audit together with any impact noted on the Head of Internal Audit Opinion.

Review Title	Objective
Risk Management & Assurance	We will provide an assurance that the BAF reflects the objectives set out in the current IMTP and the Health Board's quality priorities; and that the Risk Management Strategy reflects the oversight arrangements for the BAF, the Quality and Patient Safety Governance Framework and any changes to the management of risk within the Health Board.
Financial savings & budgetary control	To provide an assurance that corporate policies and procedures are effectively being discharged for Budgetary Control and the extent to which the associated management controls are being applied

	and savings targets met. The review will include an assessment of compliance with delegated limits.
Performance Management and Reporting	A review of the effectiveness of the health board's performance management and reporting arrangements. To ensure the achievement of an integrated approach through the Improving Performance Framework.
Concerns tracking/monitoring assurance	We will assess the process of tracking concerns (to include SIs) of all 15 providers and specifically how the THB is ensuring that lessons are learned.
Breathe well programme (key transformational area)	The review will assess the effectiveness of the programme governance arrangements.
Cancer services (key transformational area)	The review will assess the effectiveness of the structure in place to provide an assurance that cancer patients are receiving the best possible service. We will include both provider and commissioned cancer services in the review.
Access to systems	The review will focus on user experience of connectivity and access to information. The outcome will help to inform the development of the digital strategy.
Theatres utilisation	To provide an opinion on theatre efficiency. We will include a review of financial performance; use of staff resource; patient experience and clinical outcomes.
Workforce Futures Framework	Workforce Futures is an enabler of the Health & Care Strategy for Powys. The review will provide an assurance that the framework has embedded and is providing clear direction of the future work required to achieve the outcomes intended.
Estates Assurance - Control of Contractors	To assess the adequacy of management arrangements to ensure compliance with the requirements of Health & Safety Executive guidance.
Machynlleth (Bro Ddyfi Hospital)	To assess the THB's processes, procedures and operational management of the £14.92m

	Machynlleth reconfiguration project to create a primary and community care hub.
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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 the delivery of the Internal Audit assignments undertaken within the 2020/21 plan.

Helen Higgs

Head of Internal Audit

Audit & Assurance Services

NHS Wales Shared Services Partnership

April 2021

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ATTRIBUTE STANDARDS:	
1000 Purpose, authority and responsibility	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.
1100 Independence and objectivity	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.
1200 Proficiency and due professional care	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 a professionally qualified.
1300 Quality assurance and improvement programme	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.
PERFORMANCE STANDARDS:	
2000 Managing the internal audit activity	The Internal Audit activity is managed through the NHS Wales Shared Services Partnership. The audit service delivery plan forms part of the NWSSP integrated medium term plan. A risk-based strategic and annual operational plan is developed for the organisation. The operational plan gives detail of specific assignments and sets out overall resource requirement. The audit strategy and annual plan is approved by Audit Committee.





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	Policies and procedures which guide the Internal Audit activity are set out in an Audit Quality Manual. There is structured liaison with WAO and LCFS.
2100 Nature of work	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.
2200 Engagement planning	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.
2300 Performing the engagement	The Audit Quality Manual guides the performance of each audit assignment and each report is quality reviewed before issue.
2400 Communicating results	<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>
2500 Monitoring progress	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.
2600 Communicating the acceptance of risks	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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AUDIT RESULTS GROUPED BY ASSURANCE DOMAIN

Assurance domain	Reviews Deferred	Overall rating	Not rated	No assurance	Limited assurance	Reasonable assurance	Substantial assurance
Corporate Governance, Risk and Regulatory Compliance Total outputs - 2	● Risk management & assurance					● Health & Safety follow up. ● Generic follow up of 'limited' assurance reports.	
Strategic Planning, Performance Management and Reporting Total outputs - 3	● Performance Management and Reporting				● Partnership governance – programme interface.	● Progress against regional plans.	
Financial Governance and Management Total outputs - 1	● Financial savings & budgetary control		● Covid-19 governance review.			● Accounts payable (NWSSP) ● Payroll (NWSSP) ● Primary Care Services – Medical (GMS), Pharmaceutical (GPS), Dental (GDS), and Ophthalmic (GOS) Services (NWSSP)	
Clinical Governance, Quality and Safety Total outputs - 3	● Concerns tracking/monitoring assurance ● Breathe well programme ● Cancer services		● Annual Quality Statement. ● Mass vaccinations programme.			● Safeguarding during Covid-19.	

Assurance domain	Reviews Deferred	Overall rating	Not rated	No assurance	Limited assurance	Reasonable assurance	Substantial assurance
Information Governance and Security Total outputs - 3	● Access to systems		● IM&T control and risk assessment.			● <i>Digital solutions.</i>	● Freedom of Information (FoI) follow up.
Operational Service and Functional Management Total outputs - 2	● Theatres utilisation					● <i>Winter pressures and flow management.</i>	● Access to primary care – GP contract.
Workforce Management Total outputs - 2	● Workforce Futures Framework		● Advanced Practice Framework.			● Grievance policy	
Capital and Estates Management Total outputs - 4	● Machynlleth Hospital, Primary & Community Care Project ● Control of contractors		● Environmental Sustainability Reporting.		● Fire safety ● <i>Llandrindod Wells project</i>		● Capital Systems.

Key:



Reviews undertaken within the annual PTHB Internal Audit Plan, or deferred
Reports not yet finalised but have been issued in draft

Notes: Commentary in respect of the health board's Annual Report is provided directly to the Director of Corporate Governance.





PERFORMANCE INDICATORS

Indicator Reported to NWSSP Audit Committee	Status	Actual	Target	Red	Amber	Green
Operational Audit Plan agreed for 2020/21	G	<i>March 2020</i>	<i>By 30 June</i>	<i>Not agreed</i>	<i>Draft plan</i>	<i>Final plan</i>
Total assignments reported against adjusted plan for 2020/21	G	<u>100%</u>	100%	$v > 20\%$	$10\% < v < 20\%$	$v < 10\%$
Report turnaround: time from fieldwork completion to draft reporting [10 working days]	G	<u>100%</u>	80%	$v > 20\%$	$10\% < v < 20\%$	$v < 10\%$
Report turnaround: time taken for management response to draft report [15 working days]	G	<u>78.5%</u>	80%	$v > 20\%$	$10\% < v < 20\%$	$v < 10\%$
Report turnaround: time from management response to issue of final report [10 working days]	G	<u>100%</u>	80%	$v > 20\%$	$10\% < v < 20\%$	$v < 10\%$

Key: v = percentage variance from target performance

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2020/21 Audit Assurance Ratings

RATING	INDICATOR	DEFINITION
Substantial Assurance	 <p>- + Green</p>	The Board can take substantial assurance that arrangements to secure governance, risk management and internal control, within those areas under review, are suitably designed and applied effectively. Few matters require attention and are compliance or advisory in nature with low impact on residual risk exposure.
Reasonable Assurance	 <p>- + Yellow</p>	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. Some matters require management attention in control design or compliance with low to moderate impact on residual risk exposure until resolved.
Limited Assurance	 <p>- + Amber</p>	The Board can take limited assurance that arrangements to secure governance, risk management and internal control, within those areas under review, are suitably designed and applied effectively. More significant matters require management attention with moderate impact on residual risk exposure until resolved.
No Assurance	 <p>- + Red</p>	The Board has no assurance that arrangements to secure governance, risk management and internal control, within those areas under review, are suitably designed and applied effectively. Action is required to address the whole control framework in this area with high impact on residual risk exposure until resolved.

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Confidentiality

This report is supplied on the understanding that it is for the sole use of the persons to whom it is addressed and for the purposes set out herein. No persons other than those to whom it is addressed may rely on it for any purposes whatsoever. Copies may be made available to the addressee's other advisers provided it is clearly understood by the recipients that we accept no responsibility to them in respect thereof. The report must not be made available or copied in whole or in part to any other person without our express written permission.

In the event that, pursuant to a request which the client has received under the Freedom of Information Act 2000, it is required to disclose any information contained in this report, it will notify the Head of Internal Audit promptly and consult with the Head of Internal Audit and Board Secretary prior to disclosing such report.

The Health Board shall apply any relevant exemptions which may exist under the Act. If, following consultation with the Head of Internal Audit this report or any part thereof is disclosed, management shall ensure that any disclaimer which NHS Wales Audit & Assurance Services has included or may subsequently wish to include in the information is reproduced in full in any copies disclosed.

Audit

The audit was undertaken using a risk-based auditing methodology. An evaluation was undertaken in relation to priority areas established after discussion and agreement with the Health Board. Following interviews with relevant personnel and a review of key documents, files and computer data, an evaluation was made against applicable policies, procedures and regulatory requirements and guidance as appropriate.

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. These include the possibility of poor judgement in decision-making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances.

Where a control objective has not been achieved, or where it is viewed that improvements to the current internal control systems can be attained, recommendations have been made that if implemented, should ensure that the control objectives are realised/ strengthened in future.

A basic aim is to provide proactive advice, identifying good practice and any systems weaknesses for management consideration.

Responsibilities

Responsibilities of management and Internal Auditors:

It is management's responsibility to develop and maintain sound systems of risk management, internal control and governance and for the prevention and detection of irregularities and fraud. Internal audit work should not be seen as a substitute for management's responsibilities for the design and operation of these systems.

We plan our work so that we have a reasonable expectation of detecting significant control weaknesses and, if detected, we may carry out additional work directed towards identification of fraud or other irregularities. However, Internal Audit procedures alone, even when carried out with due professional care, cannot ensure fraud will be detected. The organisation's Local Counter Fraud Officer should provide support for these processes.

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CYMRU
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WALES

Partneriaeth
Cydwasaethau
Gwasanaethau Archwilio a Sicrwydd
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