

# Audit, Risk & Assurance Committee

Tue 08 June 2021, 10:00 - 13:00

Teams

## Agenda

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10:00 - 10:00

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### 1. PRELIMINARY MATTERS

 ARA\_Agenda\_08 Jun21.pdf (2 pages)

#### 1.1. Welcome and Apologies

#### 1.2. Declarations of Interest

#### 1.3. Minutes from the previous meeting held on for approval

 ARA\_Item\_1.3\_Minutes\_29 April 2021.pdf (9 pages)

#### 1.4. Matters arising from previous meeting

#### 1.5. Committee Action Log

 ARA\_Item\_1.5\_Action Log\_8 June 2021.pdf (2 pages)


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10:00 - 10:00


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### 2. ITEMS FOR APPROVAL/RATIFICATIONS/DECISION

#### 2.1. Annual Report 2020-21:

 ARA\_Item\_2.1.\_Annual Report and Accounts 2020-21.pdf (5 pages)

##### 2.1.1. Part 1: Performance Overview

 ARA\_Item\_2.1.1\_FINAL\_Annual Report\_Performance Report\_8June2021.pdf (6 pages)

 ARA\_Item\_2.1.1a\_Final\_Annual Report\_Performance Report\_250521.pdf (64 pages)


##### 2.1.2. Part 2: Annual Accountability Report

 ARA\_Item\_2.1.2\_Final\_Accountability Report.pdf (105 pages)


 ARA\_Item\_2.1.2.b\_Additional Tables\_Remuneration Report\_2021-22.pdf (4 pages)

##### 2.1.3. Part 3: Annual Financial Statements

 ARA\_Item\_2.1.3.a\_Final Annual Accounts 20-21.pdf (15 pages)

 ARA\_Item\_2.1.3.b\_POWYS LHB 2020-21 Account Template Final for ARA 8th June 2021.pdf (74 pages)

 ARA\_Item\_2.1.3.c\_Powys THB Letter of Representation 2020-21.pdf (3 pages)

 ARA\_Item\_2.1.3.d\_445A2021-22\_PLHB\_Audit\_of\_Accounts\_report\_7 June 2021.pdf (22 pages)

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### 3. ITEMS FOR DISCUSSION

#### 3.1. Internal Audit, 2020/2021 Reviews (Reasonable Assurance):

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### **3.1.1. a. Safeguarding during COVID-19**

 ARA\_Item\_3.1a\_Safeguarding during COVID-19\_Final Internal Audit Report.pdf (22 pages)

### **3.1.2. b. Implementation of digital solutions**

 ARA\_Item\_3.1b\_Implementation of Digital Solutions.pdf (23 pages)

### **3.1.3. c. Winter pressures and flow management**

 ARA\_Item\_3.1c\_Winter Pressures Flow Management.pdf (26 pages)

## **3.2. External Audit:**

### **3.2.1. a. Progress Report 2021-22**

 ARA\_Item\_3.2a\_Audit Wales update June 2021.pdf (10 pages)

### **3.2.2. b. Test, Trace, Protect in Wales: An Overview of Progress to Date**


 ARA\_Item\_3.2b\_Test\_Trace\_Protect.pdf (36 pages)

### **3.2.3. c. Procuring and Supplying PPE for the COVID-19 Pandemic**

 ARA\_Item\_3.2c\_Procuring and Supplying PPE.pdf (64 pages)


## **3.3. Counter Fraud Annual Report 2020-21**

 ARA\_Item\_3.3\_Counter Fraud Annual Report 2020-21.pdf (2 pages)


 ARA\_Item\_3.3a\_PTHB Counter Fraud Annual Report 2020-21.pdf (13 pages)

## **3.4. Post Payment Verification (PPV)**

### **3.4.1. a. PPV Annual Report 2020-21**

 ARA\_Item\_3.4ai\_PPV Annual Report 2020-21.pdf (3 pages)


 ARA\_Item\_3.4aii\_1\_Key Report Points.pdf (1 pages)

 ARA\_Item\_3.4aii\_2\_GMS Stats.pdf (1 pages)

 ARA\_Item\_3.4aii\_3\_GMS Snapshot.pdf (1 pages)

### **3.4.2. b. PPV Workplan 2021-22**

 ARA\_Item\_3.4bi\_Post Payment Verification Work Plan 2020-21.pdf (2 pages)

 ARA\_Item\_3.4bii\_Powys GMS Visit Plan 2021-22.pdf (1 pages)

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## **4. ITEMS FOR INFORMATION**

### **4.1. Committee Work Programme 2021/22**

 ARA\_Item\_4.1\_Committee Work Programme 2021-22.pdf (4 pages)


### **4.2. Audit Wales Reports:**

#### **4.2.1. a. An overview of Quality Governance Arrangements at Cwm Taf Morgannwg University Health Board: A Summary of progress made against recommendations**

 ARA\_Item\_4.2a\_Cwm-Taf-Joint-review-eng.pdf (32 pages)

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#### **4.2.2. b. Welsh Health Specialised Services Committee Governance Arrangements**

 ARA\_Item\_4.2b\_WHSSC-Eng.pdf (32 pages)

#### **4.2.3. c. At your Discretion - Local Government Discretionary Services**

 ARA\_Item\_4.2c\_At-your-discretion-English.pdf (36 pages)

#### **4.3. Internal Audit Annual Report & Opinion, 2020-21, Final Version**

 ARA\_Item\_4.3\_HIA Annual Report and Opinion 20-21 PTHB.final for issue.pdf (38 pages)

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### **5. OTHER MATTERS**

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

#### **5.2. Any other urgent business**

#### **5.3. Date of next meeting: 12 July 2021, 10 am - 12 pm**

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**POWYS TEACHING HEALTH BOARD  
AUDIT, RISK & ASSURANCE  
COMMITTEE – JOINED BY  
MEMBERS OF THE PERFORMANCE &  
RESOURCES COMMITTEE  
TUESDAY 8<sup>th</sup> JUNE 2021  
10.00AM – 12.00PM  
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 29 April 2021	Attached	Chair
1.4	Matters Arising from the Previous Meeting, held 29 April 2021	Oral	Chair
1.5	Committee Action Log	Attached	Chair
2	ITEMS FOR APPROVAL/RATIFICATION/DECISION		
Members of the Performance and Resources Committee have been invited to attend this meeting for approval of item 2.1			
2.1	PTHB Annual Report 2020-21: 1. Part 1: Performance Report 2. Part 2: Annual Accountability Report a) Corporate Governance Report b) Remuneration and Staff Report c) Parliamentary Accountability and Audit Report 3. Part 3: Annual Financial Statements, including Audit of Financial Statements (ISA 260)	Attached	1. Director of Planning and Performance  2. Board Secretary  3. Director of Finance & IT and External Audit
3	ITEMS FOR DISCUSSION		
3.1	Internal Audit, 2020/21 Reviews: <u>Reasonable Assurance</u> a) Safeguarding during COVID-19 b) Implementation of digital solutions c) Winter pressures and flow management	Attached	Head of Internal Audit
3.2	External Audit: a) Progress Report 2021-22 b) Test, Trace, Protect in Wales: An Overview of Progress to Date c) Procuring and Supplying PPE for the COVID-19 Pandemic	Attached	External Audit
3.3	Counter Fraud Annual Report 2020-21	Attached	Head of Local Counter Fraud Services



3.4	Post Payment Verification a) Annual Report 2020-21 b) Workplan 2021-22	Attached	Post Payment Verification Officer
<b>4</b>	<b>ITEMS FOR INFORMATION</b>		
4.1	Committee Work Programme 2021/22	Attached	Board Secretary
4.2	Audit Wales Reports: a) An overview of Quality Governance Arrangements at Cwm Taf Morgannwg University Health Board: A Summary of progress made against recommendations b) Welsh Health Specialised Services Committee Governance Arrangements c) At your Discretion – Local Government Discretionary Services	Attached	External Audit
4.3	Internal Audit Annual Report & Opinion, 2020-21, Final Version	Attached	Head of Internal Audit
<b>5</b>	<b>OTHER MATTERS</b>		
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: • 12 July 2021 at 10:00am, Microsoft Teams		

Key:

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

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

**However, in light of the current advice and guidance in relation to Coronavirus (COVID-19), the Board has agreed to run meetings virtually by electronic means as opposed to in a physical location, for the foreseeable future. This will unfortunately mean that members of the public will not be able attend in person. The Board has taken this decision in the best interests of protecting the public, our staff and Board members.**

**The Board is expediting plans to enable its committee meetings to be made available to the public via live streaming. In the meantime, should you wish to observe a virtual meeting of a committee, please contact the Board Secretary in advance of the meeting in order that your request can be considered on an individual basis (please contact Rani Mallison, Board Secretary, [rani.mallison2@wales.nhs.uk](mailto:rani.mallison2@wales.nhs.uk)).**

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



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

Bwrdd Iechyd  
Addysgu Powys  
Powys Teaching  
Health Board

## AUDIT, RISK & ASSURANCE COMMITTEE

### UNCONFIRMED

### MINUTES OF THE MEETING HELD ON THURSDAY 29 APRIL 2021 VIA MICROSOFT TEAMS MEETING

#### Present:

Tony Thomas  
Mark Taylor  
Ian Phillips

Independent Member – Finance (Committee Chair)  
Independent Member – Capital and Estates  
Independent Member – ICT

#### In Attendance:

Rani Mallison  
Pete Hopgood  
Helen Higgs  
Osian Lloyd  
Sarah Pritchard  
Alison Butler  
Felicity Quance  
Rhobert Lewis  
Ronnie Alexander

Board Secretary  
Director of Finance and IT  
Head of Internal Audit  
Internal Audit  
Head of Financial Services  
Audit Wales  
Internal Audit  
Independent Member  
Independent Member

#### Committee Support

Caroline Evans

Head of Risk and Assurance

#### Apologies

Matthew Dorrance  
Carol Shillabeer

Independent Member – Local Authority  
Chief Executive

ARA/21/1	<b>WELCOME AND APOLOGIES</b> The Committee Chair welcomed everyone to the meeting and confirmed that a quorum was present. Apologies for absence were noted as recorded above.
ARA/21/2	<b>DECLARATIONS OF INTERESTS</b>

	<p>The Committee Chair INVITED Members to declare any interests in relation to the items on the Committee agenda.</p> <p>None were declared.</p>
ARA/21/3	<p><b>MINUTES FROM THE PREVIOUS MEETING FOR RATIFICATION</b></p> <p>The minutes of the meeting held on 9 March 2021 were RECEIVED and AGREED as being a true and accurate record.</p>
ARA/21/4	<p><b>MATTERS ARISING FROM PREVIOUS MEETINGS</b></p> <p>There were no matters arising from the previous meeting.</p>
ARA/21/5	<p><b>COMMITTEE ACTION LOG</b></p> <p>The Committee received the action log and the following updates were provided.</p> <p>ARA/20/100: The health board is writing to the two agencies concerned, requesting confirmation that they have the appropriate arrangements in place. Further action will be taken if the agencies fail to respond, and the committee will be updated accordingly.</p> <p>ARA/19/115e: This action has been identified as priority level 3 for implementation and will continue to be tracked via the audit recommendations process.</p> <p>ARA/20/64: To be arranged for 2021-22.</p> <p>ARA/20/116: Action complete.</p> <p>ARA/20/117: Action complete.</p>
ARA/21/6	<p><b>ANNUAL REPORT 2020-21 (DRAFT)</b></p> <p><b>a) SECTION 2: ANNUAL ACCOUNTABILITY REPORT</b></p> <p>Rani Mallison presented the previously circulated paper, which provides the Draft Annual Accountability Report for 2020-21, ahead of its submission to Welsh Government alongside the draft Financial Statements 2020-21.</p> <p>Rani Mallison advised that 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.</p>

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## b) SECTION 3: FINANCIAL STATEMENTS

Pete Hopgood presented the previously circulated paper, which provides an overview of the Draft Annual Accounts 2020/21 (as at 12 noon on Wednesday 28 April) and explained that the draft and may be subject to further minor changes prior to formal submission to Welsh Government on 30 April.

Pete Hopgood advised that the health board, subject to audit, had achieved its statutory duty and key financial performance target to deliver a breakeven position in relation to the revenue and capital resource limits RRL and CRL).

The health board had missed the administrative target to pay 95% of non NHS invoices within 30 days.

The health board has a statutory duty to ensure that its expenditure does not exceed the funding as allocated (Revenue Resource Limit – RRL) over a 3 year rolling basis. Subject to Audit, the health board has achieved this requirement in 2020/21.

The table below outlines the health board's net expenditure for 2020-21.

### 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
		<b>369,393</b>	339,840
Less: Miscellaneous Income	4	(12,879)	(15,328)
<b>LHB net operating costs before interest and other gains and losses</b>		<b>356,514</b>	324,512
Investment Revenue	5	0	0
Other (Gains) / Losses	6	0	0
Finance costs	7	(30)	19
<b>Net operating costs for the financial year</b>		<b>356,484</b>	<b>324,531</b>

The Committee Chair congratulated the finance team on a comprehensive report and for closing the accounts within deadlines and delivering a position as forecast throughout the year, especially considering the difficult times. Pete Hopgood extended this thanks to the whole organisation as a team effort in delivering the financial position for the Health Board and acknowledged the work of Sam Moss, Sarah Pritchard and the wider finance team.

Mark Taylor asked what budgetary / planning consequence will fallout from the WHSSC increase >£4m (in 20/21).

Pete Hopgood advised that this was included in the financial plan assumptions for 2020/21. The plan for 21/22 includes the assumption

	<p>that the WHSSC agreement will be in line with and as agreed by the WHSSC Joint Committee. Any in year variation is managed in line with overall risks and opportunities and as reported to Board.</p> <p>Pete Hopgood advised that the Committee is asked to note the draft accounts ahead of submission to Welsh Government by 30 April 2021. Audit of the accounts, which has already begun, will continue ahead of presentation of the final accounts to the Committee next month for approval, before presentation to Board.</p> <p>The Committee RECEIVED and NOTED sections 2 and 3 of the Draft Annual Report 2020-21, ahead of submission to Welsh Government.</p>			
ARA/21/7	<p><b>COVID-19 FINANCIAL CONTROL PROCEDURE</b></p> <p>Pete Hopgood presented the previously circulated paper, which provides the committee with the latest iteration / updated 'FCP Covid-19 Decision Making &amp; Financial Governance', highlighting the changes from the previous approved version.</p> <p>Pete Hopgood advised that this is the latest version of the Covid Financial Control Procedure and has been updated to reflect the latest governance and decision making arrangements in relation to the ongoing Covid 19 Pandemic response.</p> <p>Ian Phillips questioned the controls behind advanced payments, and whether we are treating trusted suppliers differently to new suppliers. Pete Hopgood advised this is a national approach considering ways to improve our payment processes to ensure timeliness whilst maintain strong controls. It is a robust process with levels of scrutiny, and the health board is complying with this national arrangement.</p> <p>The Committee APPROVED the current version (#6) of the FCP.</p>			
ARA/21/8	<p><b>AUDIT RECOMMENDATION TRACKING</b></p> <p>Caroline Evans presented the previously circulated report which provides an overview of outstanding audit recommendations, and the re-prioritisation for implementation of these audit recommendations during the COVID-19 pandemic.</p> <p>Caroline Evans advised that future updates on progress of the re-prioritised recommendations will be presented to the Audit, Risk and Assurance Committee on the basis outlined in the re-prioritised approach, as follows: -</p> <table><tr><td><p>Priori ty level 1</p></td><td><ul style="list-style-type: none"><li>Action(s) within the Q3/4 Winter Protection Plan are dependent on implementation of this recommendation</li><li>Delivery of the Board's agreed Strategic Priorities are dependent on implementation of this recommendation</li><li>High risk to patient or staff safety / wellbeing identified</li></ul></td><td><p>All outstanding recommendations to be implemented by 31<sup>st</sup> March 2021, except for recommendations with original agreed deadlines that exceed this date.</p></td></tr></table>	<p>Priori ty level 1</p>	<ul style="list-style-type: none"><li>Action(s) within the Q3/4 Winter Protection Plan are dependent on implementation of this recommendation</li><li>Delivery of the Board's agreed Strategic Priorities are dependent on implementation of this recommendation</li><li>High risk to patient or staff safety / wellbeing identified</li></ul>	<p>All outstanding recommendations to be implemented by 31<sup>st</sup> March 2021, except for recommendations with original agreed deadlines that exceed this date.</p>
<p>Priori ty level 1</p>	<ul style="list-style-type: none"><li>Action(s) within the Q3/4 Winter Protection Plan are dependent on implementation of this recommendation</li><li>Delivery of the Board's agreed Strategic Priorities are dependent on implementation of this recommendation</li><li>High risk to patient or staff safety / wellbeing identified</li></ul>	<p>All outstanding recommendations to be implemented by 31<sup>st</sup> March 2021, except for recommendations with original agreed deadlines that exceed this date.</p>		

	<ul style="list-style-type: none"> <li>• Prioritised Compliance with legal requirement / statutory duty identified</li> </ul>	
Priority level 2	<ul style="list-style-type: none"> <li>• Action(s) within the Q3/4 Winter Protection are not supported by implementation of this recommendation</li> <li>• Low risk to patient or staff safety / wellbeing identified</li> <li>• Compliance with legal requirement / statutory duty identified</li> </ul>	All outstanding recommendations to be implemented during quarters 1 and 2, and by 30 <sup>th</sup> September 2021, with the exception of recommendations with original agreed deadlines that exceed this date.
Priority level 3	<ul style="list-style-type: none"> <li>• Action(s) within the Q3/4 Winter Protection are not supported by implementation of this recommendation</li> <li>• No risk to patient or staff safety / wellbeing identified</li> <li>• No legal / compliance issues identified</li> </ul>	All outstanding recommendations to be implemented during quarters 2 and 3, and by 31 <sup>st</sup> December 2021, with the exception of recommendations with original agreed deadlines that exceed this date.

Based on the re-prioritised approach, the overall summary position in respect of overdue audit recommendations is: -

Overdue Internal Audit Recommendations					
	2017/18	2018/19	2019/20	2020/21	TOTAL OUTSTANDING
	Number	Number	Number	Number	Number
Priority 1	0	0	0	6	6
Priority 2	5	2	19	3	29
Priority 3	1	0	20	1	22
Not Yet Prioritised	0	0	1	5	6
<b>TOTAL</b>	<b>6</b>	<b>2</b>	<b>40</b>	<b>15</b>	<b>63</b>

Overdue External Audit Recommendations				
	2018/19	2019/20	2020/21	TOTAL OUTSTANDING
	Number	Number	Number	Number
Priority 1	0	0	0	0
Priority 2	2	1	4	7
Priority 3	1	1	2	4
Not Yet Prioritised	0	0	6	6
<b>TOTAL</b>	<b>3</b>	<b>2</b>	<b>12</b>	<b>17</b>

Ian Phillips requested that the Committee is able to see more detail in the appendices.

**Action: Board Secretary**

Mark Taylor stated that the lack of progress around fire safety is a concern.

Rani Mallison advised that this has been escalated to the chief executive, and that daily discussions are ongoing to resolve site management responsibilities, which will enable us to progress the recommendations.

	<p>Rani Mallison suggested that a specific update on fire safety is presented to the next Committee.</p> <p><b>Action: Director of Workforce &amp; OD</b></p> <p>The Committee RECEIVED and NOTED the Audit Recommendation Tracking update.</p>
ARA/21/9	<p><b>HEAD OF INTERNAL AUDIT OPINION 2020-21</b></p> <p>Helen Higgs presented the previously circulated report which 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.</p> <p>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.</p> <p>Helen Higgs advised that the Board can take Reasonable Assurance that arrangements to secure governance, risk management and internal control, within those areas under review, are suitably designed and applied effectively. Some matters require management attention in control design or compliance with low to moderate impact on residual risk exposure until resolved.</p> <p>The Committee Chair thanked Helen and Osian for all of their hard work, informing the Committee that this is their last meeting as they will be moving to Swansea Bay University Health Board.</p> <p>Helen Higgs thanked health board colleagues for their continued engagement throughout all of the audit work.</p> <p>The Committee RECEIVED and NOTED the Head of Internal Audit Opinion 2020-21.</p>
ARA/21/10	<p><b>INTERNAL AUDIT REPORTS, 2020-21:</b></p> <p><b><u>SUBSTANTIAL ASSURANCE</u></b></p> <p><b>a) FREEDOM OF INFORMATION FOLLOW-UP</b></p> <p>Osian Lloyd presented the previously circulated report, and advised that the purpose of this follow up review was to assess whether the health board has implemented the Internal Audit recommendations made following our review of FoI in 2019/20.</p> <p>The scope of this follow-up review does not provide assurance against the full review scope and objectives of the original audit. The 'follow-up review opinion' provides an assurance level against the implementation of the agreed action plan only.</p> <p>Helen Higgs advised that the review did not identify any further recommendations for implementation.</p> <p><b><u>REASONABLE ASSURANCE</u></b></p> <p><b>b) PROGRESS AGAINST REGIONAL PLANS</b></p>

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Osian Lloyd presented the previously circulated report, and advised that the overall objective of this review was to carry out 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). Helen Higgs advised that the review identified two medium priority recommendations.

### **c) GRIEVANCE PROCESS**

Osian Lloyd presented the previously circulated report, and advised that the objective of the review was to assess the adequacy of the arrangements in place for the management of the grievance process. We have considered the length of time to resolve, including appointing independent managers where required, tracking and communicating progress and whether the health board is doing all that it can to avoid delays.

Helen Higgs advised that the review identified one medium priority recommendation.

Mark Taylor stated that the review is process driven, and questioned whether there is any feedback in respect of culture.

Rani Mallison stated that culture will be a key focus for the Board over the coming months.

### **d) FOLLOW UP REVIEW OF 2019/20 'NO' AND 'LIMITED' ASSURANCE REPORTS**

Helen Higgs presented the previously circulated report, and advised that they tested a sample of recommendations, focusing on those rated high and medium priority and recorded as being implemented, to provide assurance on progress with implementation. Reliance is placed on the health board's monitoring mechanisms, principally the Audit Recommendations Tracker, to scrutinise implementation of the remaining recommendations raised within these reviews, in particular any that are overdue.

Helen Higgs advised that the review did not identify any further recommendations for implementation.

Mark Taylor stated that the Deprivation of Liberty Safeguards (DoLS) report is informative, but stressed that we need to follow up the impact over time of the transition to Liberty Protection Safeguards, which will replace DoLS.

Rani Mallison stated that an oversight group has been established, and an update from the group can be requested to be presented to the Performance and Resources Committee.

**Action: Director of Nursing & Midwifery**

The Committee RECEIVED and NOTED the update.

Evans, Caroline  
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ARA/21/11	<p><b>DRAFT ANNUAL GOVERNANCE PROGRAMME 2021/22</b></p> <p>Rani Mallison presented the previously circulated report, which presents present the draft Annual Governance Programme for 2021/22. The Annual Governance Programme outlines key governance priorities, informed by internal audit, external audit and the board's review of its effectiveness.</p> <p>Rani Mallison advised that the Annual Governance Programme includes detailed actions for implementation. These actions are to be led by the Board Secretary and will, in part, be delivered in partnership with relevant members of the Board. Progress will be reported to the Audit, Risk &amp; Assurance Committee, in-line with the Committee's role in assuring the Board on governance, risk and assurance arrangements.</p> <p>The Committee RECEIVED and APPROVED the Draft Annual Governance Programme.</p>
ARA/21/12	<p><b>DRAFT COMMITTEE WORK PROGRAMME 2021/22</b></p> <p>Rani Mallison presented the previously circulated report, which provides the Committee with its draft work programme for 2020-21, ahead of presentation to the Board for approval.</p> <p>Rani Mallison advised that the work programme has been developed in-line with respective terms of reference, the Board's Assurance Framework and Corporate Risk Register. The work programme will be reviewed routinely at each meeting.</p> <p>The Committee RECEIVED and APPROVED the Draft Committee Work Programme 2021/22.</p>
ARA/21/13	<p><b>IM&amp;T CONTROL AND RISK ASSESSMENT AUDIT REPORT</b></p> <p>Helen Higgs presented the previously circulated report. The objective of the audit was to establish the processes and mechanisms in place for management of IG/ICT within the organisation. The review sought to provide a baseline picture of the organisation's status and provides suggestions for areas of improvement or future development.</p> <p>Helen Higgs advised that as this is a baseline review they have not allocated an assurance rating. Observations and recommendations have been provided to facilitate change and improvement, and to focus audit work in the future.</p> <p>Ian Phillips advised that he has received clarity of the processes that are in place.</p> <p>The Committee RECEIVED and NOTED the Audit Report.</p>
ARA/21/14	<p><b>PROCURING WELL-BEING IN WALES REVIEW</b></p> <p>Pete Hopgood presented the previously circulated report. Working in partnership with Cardiff University, research was undertaken to establish the extent to which the Well-Being of Future Generations Act has been</p>

	<p>informing commissioning and procurement decisions across all 44 public bodies in Wales since 2016 (when the Act came into force).</p> <p>Pete Hopgood advised that evidence gathered in the research and Review phases (for the nine public bodies subject to the Review) included exploration of issues around leadership, embedding the Act, the impact of the Future Generations Report (May 2020) and the impact of Covid-19.</p> <p>The Committee RECEIVED and NOTED the Review.</p>
ARA/21/15	<p><b>ITEMS TO BE BROUGHT TO THE ATTENTION OF THE BOARD AND OTHER COMMITTEES</b></p> <ul style="list-style-type: none"> <li>• Head of Internal Audit Opinion 2020-21</li> </ul>
ARA/21/16	<p><b>ANY OTHER URGENT BUSINESS</b></p> <p>There was no other urgent business for discussion. The Chair thanked Helen Higgs and Osian Lloyd for all of their hard work and wished them well for the future, and declared the meeting closed at 3.13 pm.</p>
ARA/21/17	<p><b>DATE OF NEXT MEETING</b></p> <p>8 June 2021, 10:00 am, Microsoft Teams</p>

Evans, Caroline  
06/08/2021 08:16:14

Key:

Completed
Not yet due
Due
Overdue
Transferred



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

Bwrdd Iechyd  
Addysgu Powys  
Powys Teaching  
Health Board

### AUDIT, RISK AND ASSURANCE COMMITTEE ACTION LOG (June 2021)

Minute	Date	Action	Responsible	Progress	Status
ARA/20/100	26 January 2021	Follow-up on the issue identified in the Counter Fraud Proactive Exercise – Pre-Employment Checks in respect of a lack of engagement by two agencies.	Director of Finance and IT	The health board has written to the two agencies concerned, requesting confirmation that they have the appropriate arrangements in place. Further action will be taken if the agencies fail to respond, and the committee will be updated accordingly.	
ARA/19/115e	9 March 2020	The Machynlleth Hospital Primary & Community Care Project recommendation 6 (lessons learnt) would be shared with the Committee, once available.	Board Secretary	This action has been identified as priority level 3 for implementation and will continue to be tracked via the audit recommendations process.	
ARA/20/64	8 September 2020	PPV to attend a pre-meet of the Committee, to provide a broader	Director of Finance and IT / Board Secretary	PPV invited to attend pre-meeting of the Committee on 8 <sup>th</sup> June 2021.	Complete

		understanding of the PPV service, and to advise how they can give assurance to the Committee of an anti-fraud culture.			
ARA/21/8	29 April 2021	Appendices supporting the Audit Recommendations report are expanded to ensure that updates are fully readable	Board Secretary	Appendices will be expanded in the next report presented to the Committee	
ARA/21/8	29 April 2021	Fire Safety update to be presented to the Committee	Director of Workforce & OD	Update included on agenda, item 3.3	Complete
ARA/21/10	29 April 2021	Update on the transition from DoLS to LPS to be provided to the Performance and Resources Committee	Director of Nursing and Midwifery	Action transferred to the Performance and Resources Action Log	

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**Agenda item: 2.1**

<b>AUDIT, RISK AND ASSURANCE COMMITTEE</b>		<b>Date of Meeting: 8 June 2021</b>
<b>Subject:</b>	<b>PTHB Annual Report and Accounts 2020-21</b>	
<b>Approved and Presented by:</b>	Board Secretary Director of Finance and IT Director of Planning and Performance	
<b>Prepared by:</b>	As above	
<b>Other Committees and meetings considered at:</b>	Delivery and Performance Group; Executive Committee; Performance and Resources Committee; Audit, Risk and Assurance Committee	

**PURPOSE:**

To present the Committee with the Final Draft of:

- 1. The Performance Report;**
- 2. The Accountability Report, including:**
  - a. A Corporate Governance Report**
  - b. A Remuneration and Staff Report**
  - c. A Parliamentary Accountability and Audit Report; and**
- 3. The Financial Statements 2020-21**

for consideration prior to being submitted for formal approval at PTHB Board on 10th June 2021 and submitted to Welsh Government on 11<sup>th</sup> June 2021, in-line with HM Treasury Requirements.

Final Draft versions incorporates all comments and feedback received from Welsh Government; Auditors; and Board/Committee Members.

**RECOMMENDATION(S):**

To consider the Final Draft Versions presented prior to being submitted for formal approval at PTHB Board on 10th June 2021.

<b>Approval/Ratification/Decision</b>	<b>Discussion</b>	<b>Information</b>
✓	✓	x

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

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

**EXECUTIVE SUMMARY:**

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## **1) THE PERFORMANCE REPORT**

The purpose of the performance section of the annual report is to provide information on the entity, its main objectives and strategies and the principal risks that it faces. The requirements of the performance report are based on the matters required to be dealt with in a Strategic Report as set out in Chapter 4A of Part 15 of the Companies Act 2006. Public entities should comply with the Act as adapted in the Financial Reporting Manual (FReM) and this Manual: i.e. they should treat themselves as if they were quoted companies. The main features of the performance report should flow from the organisation's agreed plan and demonstrate how they have delivered against that plan in the year of reporting.

The performance report must provide a fair, balanced and understandable analysis of the entity's performance, in line with the overarching requirement for the annual report and accounts to be fair, balanced and understandable. Where NHS bodies judge that users of the Performance Report would benefit from further information then it is acceptable to include hyperlinks to any other relevant reports such as the organisations IMTP or other published performance statistics.

Auditors will review the performance report for consistency with other information in the financial statements.

The performance report shall be signed and dated by the Accountable Officer/Chief Executive.

## **2) THE ACCOUNTABILITY REPORT**

The purpose of the accountability section of the annual report is to meet key accountability requirements to the Welsh Government. The requirements of the accountability report are based on the matters required to be dealt with in a Directors' Report, as set out in Chapter 5 of Part 15 of the Companies Act 2006 and Schedule 7 of SI 2008 No 410, and in a Remuneration Report, as set out in Chapter 6 of the Companies Act 2006 and Schedule 8 of SI 2008 No 410.

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 this Manual.

Auditors will review the accountability report for consistency with other information in the financial statements and will provide an opinion on the following disclosures which should clearly be identified as audited within the accountability report:

- Single total figure of remuneration for each director
- CETV disclosures for each director
- Payments to past directors, if relevant
- Payments for loss of office, if relevant
- Fair pay disclosures (Included in Annual Accounts)
- Exit packages, (included in Annual Accounts) if relevant and

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- Analysis of staff numbers.

The Accountability Report is required to have three sections:

a) Corporate Governance Report

The purpose of the Corporate Governance Report is to explain the composition and organisation of the entity's governance structures and how they support the achievement of the entity's objectives.

b) Remuneration and Staff Report

The FReM requires that a Remuneration Report shall be prepared by NHS bodies. The Remuneration Report contains information about senior manager's remuneration. The definition of "Senior Managers" for these purposes is:

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

c) Parliamentary Accountability and Audit Report

The Parliamentary Accountability Report should contain disclosure on the following:

- Regularity of expenditure. - It is expected that public funds will be used in a way that gives reasonable assurance that public resources will be used to deliver the intended objectives. Expenditure must be compliant with relevant legislation including EU legislation, delegated authorities and following guidance in Managing Welsh Public Money.
- Fees and charges (if applicable) - Charges for services provided by public sector organisations normally pass on the full cost of providing those services. There is scope for charging more or less than this provided that the relevant Ministerial approval is given and there is full disclosure. Public sector organisations may also supply commercial services on commercial terms designed to work in fair competition with private sector providers. The Welsh Government expects proper controls over how, when and at what level charges may be levied.
- (Public Sector Information Holders only) a statement is required if the entity has not complied with the cost allocation and charging requirements set out in HM Treasury guidance
- A brief description of the nature of each of the entity's material remote contingent liabilities (that is, those that are disclosed under Parliamentary reporting requirements and not under IAS 37) and, where practical, an estimate of its financial effect.

The Accountability Report shall be signed and dated by the Accountable Officer/Chief Executive.

### **3 THE FINANCIAL STATEMENTS**

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In the published version of the Annual Report, NHS bodies should present the full Financial Statements, of the organisation- There is no longer an option to present Summarised Financial Statements.

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**Agenda item: 2.1.1**

<b>Audit, Risk and Assurance Committee</b>		<b>Date of Meeting: 8 June 2021</b>
<b>Subject :</b>	<b>PTHB Annual Report – Performance Report</b>	
<b>Approved and Presented by:</b>	Director of Planning and Performance	
<b>Prepared by:</b>	Assistant Director of Planning	
<b>Other Committees and meetings considered at:</b>	Delivery and Performance Group; Executive Committee; Performance and Resources Committee	

**PURPOSE:**

To present the Committee with the Final Draft of the Performance Report section of the Annual Report 2020/2021 for consideration prior to being submitted for formal approval at PTHB Board on 10th June 2021 and submitted to Welsh Government on 11<sup>th</sup> June 2021.

This Final Draft version incorporates all comments and feedback received from Delivery and Performance Group; Performance and Resources Committee; follow up meetings with Independent Members; Executive Committee collectively and responses from individual Executive Team members on their respective sections of the Performance Report; comments and recommended amendments received from Audit Wales.

**RECOMMENDATION(S):**

To consider the Final Draft of the Performance Report section of the Annual Report 2020/2021 prior to being submitted for formal approval at PTHB Board on 10th June 2021.

<b>Approval/Ratification/Decision</b>	<b>Discussion</b>	<b>Information</b>
✓	✓	x

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

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

**EXECUTIVE SUMMARY:**

This provides the Committee with the Final Draft of the Performance Report section of the Annual Report 2020/2021 for consideration prior to being submitted for approval at PTHB Board on 10th June 2021 and submitted to Welsh Government on 11<sup>th</sup> June 2021.

This Final Draft version incorporates all comments and feedback received from Delivery and Performance Group; Performance and Resources Committee; follow up meetings with Independent Members; Executive Committee collectively and responses from individual Executive Team members on their respective areas of responsibility; recommended amendments received from Audit Wales.

The purpose of the Performance section of the Annual Report is set out in the guidance provided in the NHS Wales 2020-21 Manual for Accounts, to provide information on Powys Teaching Health Board, its main objectives and strategies and the principle risks that it faces.

In response to the Covid-19 pandemic, the reporting requirements have been reviewed and streamlined whilst ensuring all regulatory matters are met and the report provides information to reflect the position of the NHS body within the community and provide public accountability.

There is no requirement to submit a performance analysis section, sustainability report or a separate Annual Quality Statement for 2020-21.

However, given the importance of these elements of reporting, PTHB has used information available to provide as full a picture of the year as possible. This is provided in the performance overview.

The main features of the report flow from the Planning, Delivery and Performance Framework and demonstrate how the organisation has delivered against that framework and how the organisation adapted during the year to respond to the pandemic.

A Forward Look is also provided which connects the Annual Report to the Annual Plan for 2021/ 22 and sets out the 'Plan on a Page' for this purpose.

Highlights of individual and team achievements are included throughout the report and a roll call of the Staff Appreciation Certificates, to show some examples of the incredible dedication shown throughout the year.

## **DETAILED BACKGROUND AND ASSESSMENT:**

### **Background**

#### Purpose and Requirements

The purpose of the Performance section of the Annual Report as set out in the guidance provided in the NHS Wales 2020-21 Manual for Accounts is to provide information on Powys Teaching Health Board, its main objectives and strategies and the principle risks that it faces.

The requirements are based on the matters required to be dealt with as set out in Chapter 4A of Part 15 of the Companies Act 2006, as adapted in the Financial Reporting Manual and NHS Wales Guidance Manual.

In response to the Covid-19 pandemic, the reporting requirements have been reviewed and streamlined for the period of April 2020 – March 2021.

The reporting requirements nonetheless continue to ensure that all regulatory matters are met and the report provides information to reflect the position of the NHS body within the community and provide public accountability.

There is no requirement to submit a performance analysis section, sustainability report or a separate Annual Quality Statement for 2020-21.

However, given the importance of these areas in providing a full picture of the year for the health board, detailed information is provided where it is available in the performance overview.

For 2020-21 a Performance Report is required to provide an overview in line with a revised recommended approach set out in the Annex 7 of the NHS Wales guidance.

This reflects the need to respond to the Covid-19 pandemic with a clear focus on quality, innovative practice and clinical leadership in the face of the challenges.

## Key Areas covered by the report

The main features of the report flow from the organisation's [Planning, Delivery and Performance Framework](#) and demonstrate how the organisation has delivered against that framework and how the organisation adapted during the year to respond to the pandemic.

The report provides an update on [Powys and its population](#), in the context of the impacts of the Covid pandemic and the [role of the health board](#) in response.

The Planning and Delivery Framework is set out noting the impact of the pandemic and the way the health board adapted to respond to the [Four Harms](#) and taking a [dual track approach](#) in line with the recommendations of the World Health Organisation, underpinned by delivery principles defined at PTHB Strategic Gold Command'

The [Integrated Performance Approach](#) is also outlined in a similar way noting the developments of new forms of tracking to ensure surveillance of the Covid-19 pandemic and the health and care system in response 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.

A [Performance Overview](#) section sets out in detail the health board's work over the year. Whilst a performance analysis was not required this year in recognition of the changes in the national reporting requirements due to the pandemic response, information is provided where it was locally available, to give as full a picture as possible of the challenges and achievements.

This is set out to meet the requirements of the updated and amended guidance, to give information on:

- the planning and delivery of safe, effective and quality services for Covid care
- the planning and delivery of safe, effective and quality services for non Covid care including Essential healthcare

Performance against the key areas of the [NHS Outcomes Framework](#) is included to the year-end using the most recent available data at the time of the report being shared.

[Quality and Patient Experience](#) is a feature throughout the report as it informs each area of work. In addition, a specific section giving the key indicators in relation to quality monitoring is provided. It should be noted that there is no requirement for an Annual Quality Statement for the year 2020/21 and the key information is included instead in this report.

Information is included on the enabling areas of work notably:

- Communications and Engagement
- Equalities and Welsh Language

- Workforce
- Digital
- Partnerships
- Innovative Environments

Whilst there is no requirement for a [sustainability](#) report this year, it is a high priority for the health board and information is included as it shows progress in a number of key areas including decarbonisation, environmental management and the Future Generations Act.

A [Forward Look](#) is also provided which connects the Annual Report to the Draft Annual Plan for 2021/ 22 which was agreed at PTHB Board on 31 March 2021 and submitted to Welsh Government on the same day.

Highlights of [individual and team achievements](#) are included throughout the report and a roll call of the Staff Appreciation Certificates, to show some examples of the incredible dedication shown throughout the year.

### Feedback and Amendments

This Final Draft version incorporates all comments and feedback received from:

- Delivery and Performance Group held on 20<sup>th</sup> April 2021
- Performance and Resources Committee held on 6<sup>th</sup> May 2021
- Follow up meetings with Independent Members in May 2021
- Executive Committee collectively and responses from individual Executive Team members on their respective areas of responsibility in April and May 2021
- Table of amendments received from Audit Wales on 25 May 2021

Amendments made to this Final Draft version in response to this feedback are noted below:

- Formatting improvements and amendments to the use of visuals throughout in response to feedback from Performance & Resources Committee, Independent Members; Executive leads and content owners to improve document for final use
- Increased use of definitions to explain technical terms throughout in response to feedback from Performance & Resources Committee and Independent Members regarding accessibility of document
- Use of additional reference source provided by an Independent Member on the impact of rurality on population health
- Additional narrative in the section relating to the Powys population to highlight the impact of demographic changes in response to feedback from an Independent Member

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- Clarification of references to impact in this year and the next year in relation to the Powys population assessment in response to feedback from an Independent Member
- Amended narrative and sequencing in key areas including Digital First, to further highlight achievements and ensure an appropriate focus on the benefits for patients and residents and the delivery of care
- Performance data and narrative updated to the latest available and to provide further explanation in line with feedback from Performance & Resources Committee
- Additional narrative in the section related to non covid care to more fully introduce and contextualise that section in response to feedback from Performance & Resources Committee / Independent Members
- Updated quality section to more fully contextualise and explain the link to the rest of document with cross references; also to explain that the technical section on quality responds to particular data requirements as set out in the Guidance for Annual Reports; finally to ensure that technical terms are defined as fully as possible
- Additional reference to the importance of the role of the Community Health Council (CHC) and the increased frequency of liaison between the CHC during the year as both parties responded to the pandemic, in response to feedback from an Independent Member
- Supplementary information added to briefly summarise the arrangements during the year to prepare for, and transact the health board actions in response to, the exit from the European Union
- Amendments made in line with those recommended by Audit Wales on 25<sup>th</sup> May 2021 including in reference the Annual Budget figure noted in the section on the health board and its role

It is also planned to supplement the Annual Report with a presentation at the Annual General Meeting setting out points of interest for the public and stakeholders. This is being developed taking into account feedback in particular the presentation of information in an accessible and appropriate format for the public and patients.

### **NEXT STEPS:**

The Final Draft is provided for final consideration at this Committee, prior to submission as part of the Annual Report 2020/21 to PTHB Board for approval at its meeting to be held on 10 June 2021 and subsequent submission to Welsh Government on 11 June 2021.

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# FINAL DRAFT Performance Report

## For the Annual Report 2020 – 2021

Final Draft

For Audit, Risk and Assurance Committee June 2021

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## Foreword – Statement of Chief Executive and Chair

This has been an extraordinary year. The global pandemic has turned all of our lives upside down and made us live and work very differently. This is true of the way in which the development and delivery of health care has taken place.

A focus on urgent and emergency care, including for those with the Covid-19 virus, enabling essential service to continue to operate whilst changing some of them to ensure safety in a Covid environment and establishing new services such as testing and tracing and the vaccination service has been critical.

The achievement of health services and other public, voluntary and third sector services over the last year has been incredible; supported and underpinned by tremendous partnership and strength of community.

This Annual Report is different to previous years as it is set in the context of this extra-ordinary experience for the health board, its partners and the population it serves. It reflects both the significant challenges faced during 2020 – 2021, which continue into 2021 – 2022, but also the wave of innovation that has been seen in response.

Whilst the year has been challenging and staff have faced fatigue and extra-ordinary emotional and physical demands – there has been incredible collaboration, determination and drive seen across all teams. This report showcases the individuals and services that have gone above and beyond to deliver healthcare this year.

This includes the wide range of ways in which services adapted and flexed to meet their patients' needs, through different working patterns, changes to physical environments, new types of equipment and infection control and the use of digital and other means to keep clinics and services open. The report describes how essential healthcare was continued using new and alternative ways of working.

It also includes the hugely successful efforts to deliver entirely new forms of health service – the set up of Test, Trace and Protect in partnership with Powys County Council and the Covid-19 Vaccination programme. Both of these have been crucial steps forward in reducing both the transmission and the risk of serious disease and death from the virus. We are proud to have performed exceptionally well in delivering these new services this year.

However, it must be acknowledged that services have been disrupted through the pandemic and both staff and patients/service users have needed to be flexible and patient. Whilst the use of digital technology, phone and email access and provision has increased the ability of the health service to support patients; 'face to face' services have had to change to accommodate the safety measures required. This has meant that the numbers of people being seen has been more limited, sometimes leading to longer waiting times and making access to care and support more difficult. Some people may also not have come forward to access advice when they have had worrying symptoms where in 'ordinary' times they would have been less hesitant to seek support.

All of these issues are critical and our approach to mitigate these risks through the year, working closely with partners locally, regionally and nationally, are described in this report. The forward look section also sets out the ongoing

planning for our critical priorities moving forward that will have the greatest positive impact for the people of Powys.

This Report is informed by a thorough reflection of what has been learnt by the health board during the pandemic so far, where there have been areas of positive development and where improvement is needed. It shares the work started in 2020 and continuing through 2021 to fully understand and respond to the impact the pandemic has had on the population of Powys. There are truly enormous needs that are identified globally as a result of the pandemic and this report sets out some of the work we have already begun to understand what that has meant during 2020 and going forward for our own communities.

The year has also brought an incredible amount of innovation and this is the foundation for our recovery from the pandemic and the renewal of our services and transformation programmes. So much has been learned during the year, some of which has been surprising, highly valuable and to be embraced. The health service with partners and specifically with patients/service users/carers/citizens and communities has developed better ways of providing access to high quality healthcare in many cases, providing more rapid support and a focus on people's own homes and lives rather than the constraints of services and buildings, and these are highlighted throughout this report.

The agility and drive shown by the health service and partners has been astonishing but for very many people especially NHS staff the challenges of the last year, and the prospect of the work needed for recovery and renewal, must seem exhausting. Staff across the NHS and no doubt in other partner sectors are tired. Their unstinting work, in extremely difficult circumstances, has led to a greater need than ever before to put wellbeing at the heart of being able to recover and renew. Whilst as Chair and Chief Executive we have taken the opportunity many times to say thank you to staff across local health services, we are also sharing as many notes of appreciation as possible in this report including the 'roll-call' of staff awards through the year.

Whilst some processes such as the requirement for Integrated Medium Term Plans were suspended to respond to the pandemic as a nation, our core Values and Principles, developed by our workforce and stakeholders, resonated stronger than ever.

This report describes how the long term health and care strategy 'A Healthy, Caring Powys', developed with the people of Powys has remained an important anchor for us this year and stands us in remarkably good stead moving forward.

If you are reading this report, as a staff member or colleague in a partner organisation, a resident, a patient, a carer, a volunteer, a local business or a combination of these, **thank you** for all you have done and I hope this report captures a glimpse into the incredible efforts you have made for Powys this year.



Professor Vivienne Harpwood (Chair)



Carol Shillabeer (Chief Executive)

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 [www.facebook.com/PTHBhealth](https://www.facebook.com/PTHBhealth)  [@PTHBhealth](https://twitter.com/PTHBhealth)  [www.youtube.com/PowysTHB](https://www.youtube.com/PowysTHB)

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## Requirements and Context

### Requirements for 2020-21

The purpose of the Performance section of this Annual Report as set out in the guidance provided in the NHS Wales 2020-21 Manual for Accounts is to provide information on Powys Teaching Health Board, its main objectives and strategies and the principal risks that it faces.

The requirements are based on the matters required to be dealt with as set out in Chapter 4A of Part 15 of the Companies Act 2006, as adapted in the Financial Reporting Manual and NHS Wales Guidance Manual.

In response to the Covid-19 pandemic, the reporting requirements have been reviewed and streamlined whilst ensuring all regulatory matters are met and the report provides information to reflect the position of the NHS body within the community and provide public accountability. There is no requirement to submit a performance analysis section, sustainability report or a separate Annual Quality Statement for 2020-21. However, information is provided where it is available in the performance overview.

For 2020-21 a Performance Report is required to provide an overview in line with a revised recommended approach set out in the Annex 7 of the NHS Wales guidance, reflecting the need to respond to the Covid-19 pandemic with a clear focus on quality, innovative practice and clinical leadership in the face of the challenges.

The main features of the report flow from the organisation's Planning, Delivery and Performance Framework and demonstrate how the organisation has delivered against that framework and how the organisation adapted during the year to respond to the pandemic.

### Powys and its population

The health board develops its plans based on an assessment of the needs of the Powys population which takes into account environmental, social and economic issues and the role of the health board in its community.

Powys is one of the most rural counties in the UK. Whilst the county is large, covering approximately 25% of the landmass of Wales, it has only 5% of the population. The county has a strong network of small towns and villages with a high level of community commitment and a strong voluntary sector.

Unemployment is low; however, Powys has a low-income economy with low average earnings and house prices that are high when compared to other areas in Wales. Five areas (Lower Super Output Areas) are among the most deprived 30% in Wales, clustered around the main market towns with higher residential populations.

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There are generally good health outcomes in the County and people live longer and spend more years in good health than the national average, eating a healthier diet and being more physically active.

The Powys Public Service Board Well-being Assessment, carried out prior to the pandemic, reported a strong sense of community and satisfaction with life, with 83% reporting that they felt they belonged to their local area, compared to 75% in Wales as a whole. See *Powys Well-being Assessment for further detail and sources* <https://en.powys.gov.uk/article/5794/Full-Well-being-assessment-analysis>

However, whilst general health is good, there are issues that have informed our long-term strategy prior to the pandemic and there is now the impact of the pandemic itself to be taken into account.

The population in Powys is older compared to the rest of Wales with 13% of the total population being over 75 years of age and the proportion of older people is growing. It is projected that there will be 26,348 people over the age of 75 by 2043 – an increase of 10,000 over the next 25 years (compared to the baseline of 16,166 in 2018).

The working age adult population is smaller compared to Wales and it is predicted that the number of young people and working age adults will decrease, whilst the number of older people will increase. It is predicted that there will be an 8% decline in the Powys population by 2039.

The most recent population assessment showed that 1 in 5 people still smoke, 1 in 4 children are overweight or obese on entering school and 6 in 10 adults are overweight or obese. Health inequalities amongst people living in the most deprived areas of Powys are significant; a child born in the most deprived area lives approximately 10 years (boys) to 14 years (girls) less than a child born in the least deprived area.

The latest evidence regarding the impact of the Covid-19 pandemic (direct and indirect) on the population shows that the impacts will be felt in societies for many years to come, health inequalities will widen, unless this risk is mitigated, and there is evidence of a complex effect on health behaviour, with both positive and negative impact.

There is emerging evidence that the impact will be particularly significant for those who are living in more remote rural areas, as noted in research from the Nuffield Trust (2020) 'Rural, remote and at risk: why rural health services face a steep climb to recovery from Covid-19'.

<https://www.nuffieldtrust.org.uk/research/rural-remote-and-at-risk>

The evidence also points to the differing effects that have been experienced between population groups, with people who are already disadvantaged experiencing greater impacts both in terms of the disease itself and the wider social and economic issues.

These are changes that have been set in train in the past year but will have impacts for the short and longer future in Powys. Key areas of

impact are summarised below and further information is included in the Forward Look section at the end of this report.

Longstanding illness would be expected to increase gradually with increased or prolonged unemployment, which will have implications for healthcare services. It is projected that this may result in around 900,000 more adults of working-age in the UK developing chronic health conditions.

Based on current unemployment predictions, there is evidence that the percentage of working-age adults with chronic health conditions is projected to increase following the up to the end of 2022/23, with a higher increment for mental health and endocrine/metabolic problems:

- The proportion of working-age adults limited a lot by long-standing illness is projected to increase from 18.1% in 2019/20, to 24.4% in 2022/23. *For Powys, this is 4,719 more adults.*
- The proportion of working-age adults with musculoskeletal problems is projected to increase from 17.1% in 2019/20, to 19.4% in 2022/23. *For Powys, this is 1,723 more adults.*
- The proportion of working-age adults with heart and circulatory problems is projected to increase from 12.8% in 2019/20, to 15.5% in 2022/23. *For Powys, this is 2,023 more adults.*
- The proportion of working-age adults with respiratory problems is projected to increase from 8.2% in 2019/20, to 10.6% in 2022/23. *For Powys, this is 1,797 more adults.*
- The proportion of working-age adults with endocrine and metabolic problems is projected to increase from 7.9% in 2019/20, to 10.9% in 2022/23. *For Powys, this is 2,247 more adults.*
- The proportion of working-age adults with mental health problems is projected to increase from 8.8% in 2019/20, to 11.9% in 2022/23. *For Powys, this is 2,322 more adults.*

Source: Planning Ahead: Evidence Relating to the Impact of the Pandemic (Catherine Woodward, February 2021, Report commissioned by PTHB)

The implications of such additional demands are being modelled but they are likely to be substantial and in addition to the demographic changes in the population noted above, including an increasingly older population.

Various sources refer to a 'syndemic' impact, meaning there is a cumulative effect for those with existing health conditions and a social gradient in how this is experienced. Research points to particular impacts on children and young people and vulnerable groups, and a correlation across inequalities, including ethnicity, gender, age and sexuality.

The report 'Placing health equity at the heart of the Covid-19 sustainable response and recovery' (The Welsh Health Equity Status Report, 2021) set out the wider socio-economic impact in Wales. It sets out major direct and indirect impacts on the population of Wales, ranging from lost income, housing and employment issues, digital exclusion and trauma, which will be exacerbated for those in deprived groups, black and ethnic minority

groups and children and young people. It describes a profound shock to the NHS and social care system with major decreases in elective and emergency hospital admission in Wales and impacts on the mental health of staff with an increase in anxiety and depression which will have a longer term effect on quality of life. The report emphasises the profound interdependence between population and community well-being and a window of opportunity to accelerate new approaches to healthier, more resilient people, societies and economies.

The Kings Fund have identified insights from disaster recovery work globally. They note that recovery will span 10 to 15 years and will not be linear. A key finding is that recovery should focus on understanding what individuals and communities need to cope with the impacts of a disaster, and be in a better position to withstand the next one. There are four priority areas: Mental Health; Community need; Not leaving anyone behind; Collaboration.

The World Health Organisation have suggested that there will be different stages of impacts on populations following the pandemic and there is evidence emerging continually on population well-being.

This emerging evidence has been an important source of learning and knowledge through the year and continues to inform the health board's Annual Plan for 2021-22. It will be taken into account in the Population Assessment of Powys which will be taking place in the year ahead.

## **The role of the health board**

The health board has a unique role as both a commissioner and a direct provider of healthcare for the residents of Powys.

The health board budget is around £360 million a year; spent on services that we commission; directly provided services; primary care through contractors including 16 General Practices and Out of Hours services; 22 Dental Practices and 5 health board primary care dental services as well as Community Dental Services located across Powys as part of community services; 23 Pharmacies and 16 Optometrists; and services provided through agreements with the Third Sector.

PTHB directly provides healthcare services through its network of community services and community hospitals, with a range of consultant, nurse and therapy led outpatient sessions, day theatre and diagnostics in community based facilities.

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' and a set of well-being objectives that were developed through engagement with service users and carers, stakeholders and staff.



A Healthy Caring Powys is shaped around shared well-being objectives:

Core well-being objectives:

- Focus on Well-being
- Early Help and Support
- Joined Up Care
- Tackling the Big Four

Enabling objectives:

- Workforce Futures
- Digital First
- Innovative Environments
- Transforming in Partnership

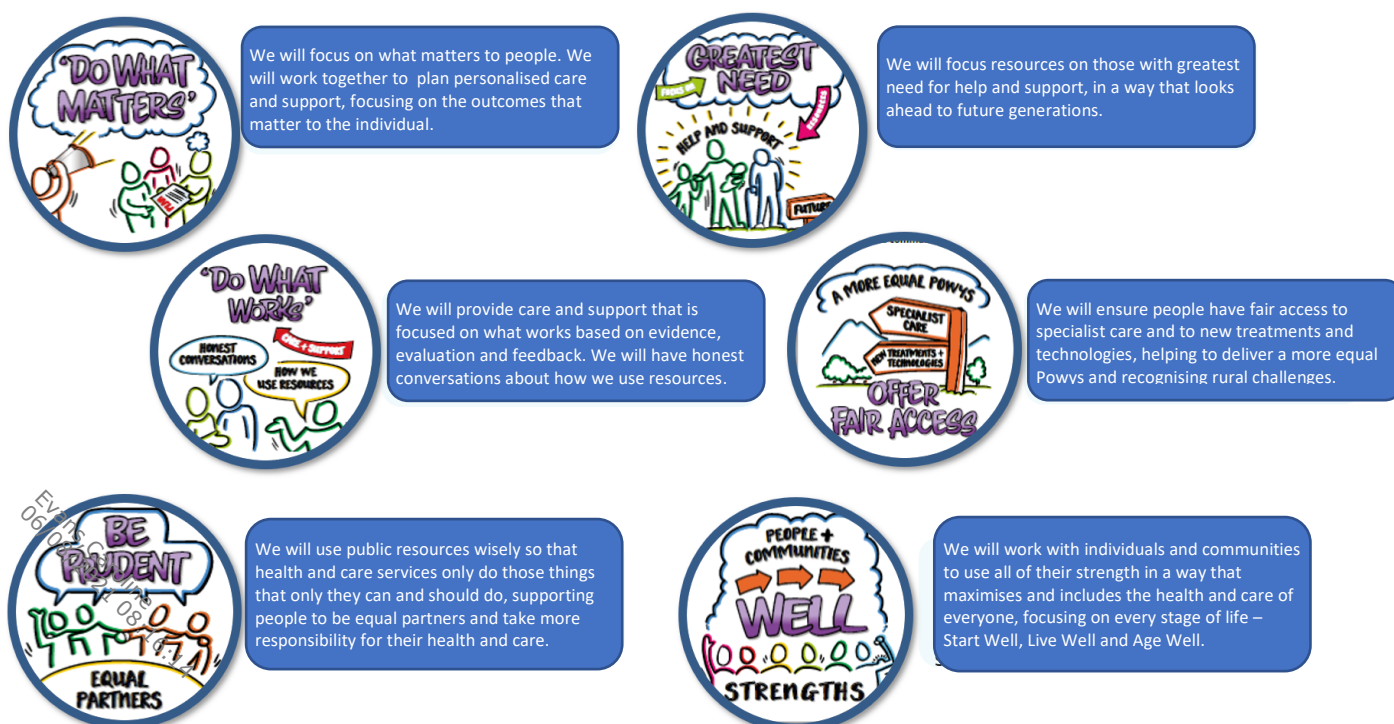
Whilst the unprecedented situation of the Covid-19 pandemic led to some changes in the planning and delivery framework for 2020-21 (set out in more detail in the following section), the long-term health and care strategy and the well-being objectives noted above continued to provide the foundation for the health board's medium and long term view.

The health board has defined the **Values** that underpin the organisation's structure, processes, people and culture.

These have been developed by people who work in the health board and its stakeholders.

They resonated even more strongly throughout 2020-21 and will be part of the organisational well-being and development for 2021/2022 and beyond.

A set of **principles** were also developed with staff, partners, patients, carers and stakeholders as part of the Health and Care Strategy. These also came to the fore during 2020-21, setting the parameters for the delivery of safe and effective care and the agreement of meaningful priorities going forward.









## Responding to the impact of the Covid-19 pandemic

The Integrated Medium Term Plan (IMTP) for 2019/ 20 was developed prior to the start of the Covid-19 pandemic, however 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 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.

A **Strategic Gold Group**, chaired by the Chief Executive was established in March 2020 to manage the response to the Covid-19 pandemic. This included the development of 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 was shaped around a '**Five Step**' approach supporting individual action to stay home and save lives; self-care and family / community support; the provision of essential **primary and community care** including the community hospital model and acute and specialist care.

<b>Aros Adref Achub Bywydau</b> <i>Mae pob un ohonom yn rhannu cyfrifoldeb i leihau lledaeniad yr haint</i>		<b>Stay Home Save Lives</b> <i>We all share a responsibility to reduce the spread of infection</i>
<b>Hunanofal, Teuluoedd a Chefnogaeth</b> <i>Rydym yn cefnogi pobl i gynnal eu hiechyd a'u lles</i>		<b>Self Care, Families and Support</b> <i>We are working in partnership to support people to maintain their health and wellbeing</i>
<b>Gofal Sylfaenol Ym Mhowys</b> <i>Rydym yn galluogi mynediad lleol i iechyd a gofal yn eich cymunedau lleol</i>		<b>Powys Primary Care</b> <i>We are enabling local access to primary care within your local communities</i>
<b>Gofal Cymunedol Ym Mhowys</b> <i>Rydym yn cynyddu'r gwelyau a'r sgiliau ym Mhowys i ddarparu gofal lleol</i>		<b>Powys Community Care</b> <i>We are increasing beds and skills in Powys to provide local care</i>
<b>Partneriaethau gofal aciwt ac arbenigol</b> <i>Mae gennym berthnasoedd cryf ag ysbytaï cyfagos ar gyfer mynediad at ofal aciwt ac arbenigol i bobl Powys</i>		<b>Acute and Specialist Care Partnerships</b> <i>We have strong relationships with neighbouring hospitals for acute &amp; specialist care for the people</i>

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This reflected the unique circumstances of Powys as both a **provider** and a **commissioning organisation** and responded to the requirements of the Welsh Government Operating Framework in that context.

This provided the foundation for the Phase 2 Plan in Quarter 2 which focused on delivery in the period July to September 2020. This plan also took a longer view, to the recovery from the pandemic and the progression of the **long term health and care strategy** which is shared across partners in Powys. In addition to the newly described priorities for the immediate Covid response, it described the work being re-started on key strategic priorities including the re-shaping of the North Powys Well-being Programme; the response to the opening of The Grange Hospital which became the South Powys Programme and continued partnership working with Powys County Council, the Regional Partnership Board (RPB), the third sector and other health boards and systems in NHS Wales and NHS England.

Quarterly plans throughout 2020 – 2021 were set in the context of the **wider impacts** 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 the Covid-19 pandemic itself
- Harm from the reduction in non-Covid activity
- Harm from the risk of an overwhelmed health and social care system
- Harm from the lockdown or wider societal actions

This reflected the **dual track** approach recommended by the World Health Organisation, based on a 'proceed with caution' principle, remaining ready to provide care needed to prevent, diagnose, isolate and treat Covid-19 (Track 1) and addressing accumulated demand from services that were paused to reduce exposure to and provide care for during outbreak peaks (Track 2).

This was underpinned by **delivery principles** defined at PTHB Strategic Gold Command:

- The use of agile planning to respond to Covid-19 – this is a more responsive and flexible approach based on 30, 60 and 90 day cycles.
- Robust intelligence including data about Covid-19 cases and infection rates (the 'R value') and early warnings about outbreaks
- A dual track approach - continuous review and assessment to balance the delivery of Covid and Non Covid healthcare.
- A collaborative approach building on regional working across Powys including the Local Resilience Forum, Silver Command structures cross border, Powys Regional Partnership Board and Powys Public Services Board.

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- An evidence based approach, utilising national and international learning, policy and practice and our own 'Learning for the Future' exercise.

The health board planning and delivery framework built on **strong partnerships** with Powys County Council and other key partners in regional resilience forums across Dyfed Powys, Shropshire Telford and Wrekin and Herefordshire and Worcestershire as well as Welsh Government. The third sector collaborations were also of key importance and for many people across Powys became the first line of response and support, particularly for people isolating or shielding.

This ensured that the existing focus on **well-being**, the **wider determinants** of health and a clear emphasis on **quality of care** were maintained in the health board's approach during a challenging year.

It also enabled a progressive review and re-evaluation of the wider impacts, challenges and opportunities, as part of the planning and delivery cycle.

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 had a greater focus on recovery, learning from the widespread innovations adopted during the initial response to the pandemic, and how this would contribute to the long term ambition of 'A Healthy Caring Powys'.

There were examples of acts of kindness throughout the year both from the community to the staff and from the staff themselves.

This year instead of their usual Secret Santa, the Primary Care Department donated their money to fill a trolley for the Llandrindod Wells food bank.

They also had some money left over which has been donated to 'Helping our Homeless Wales' towards a sleep pod for a homeless person.



Local businesses showed their support in many ways. The Primrose Pharmacy in Talgarth helped to promote the SilverCloud offer for people in Powys to support mental wellbeing by including it in their Christmas window.

Donations through the year gave teams a boost, such as the Tesco team in Llandrindod Wells who gave Fruit Hampers to Powys Midwives to recognise their support to Powys families during the year.



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## Integrated Performance Approach

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 with significantly new components to deliver the necessary **intelligence and surveillance** required by the newly established Strategic Gold Command.

This included a Dashboard of the position on the Covid-19 pandemic and the health and care system response.

The NHS Wales Performance framework was suspended in Quarter one, however PTHB continued to report an overview of the key performance indicators against the **National Outcome Framework** where available (this is a set of outcome measures which forms part of the NHS Wales Performance Framework).

Delivery against quarterly plans was overseen using an **Implementation Plan** overseen at Strategic Gold Group. 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.

A new element of reporting was introduced to track delivery of **essential healthcare** across both PTHB provided services and commissioned services and a log of service changes due to the pandemic was maintained throughout 2020/2021 and continues in use into 2021/2022.

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.

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## Performance Overview

### Planning and delivery of safe, effective and quality services for Covid care

#### Clinical Response Model and Support Services Model

During the first phase of the response to Covid-19 the health board worked at pace to adapt its planning and delivery to life-essential and critical services and produced a **Clinical Response Model** and **Support Services Model** as part of the revised plan for Quarter 1. This continued to provide the basis of planning and delivery safe, effective and quality services for Covid care throughout 2020/21. Key achievements included:

- Development and implementation of overarching clinical response model and supporting flow charts for each of the five steps:
  - Supporting individual action to stay home and save lives
  - Self Care / Family and Community Support
  - Primary Care
  - Community Care and Community Hospital model
  - Acute and Specialised Care
- Development of Support Services Model incorporating:
  - Planning
  - Strategic Commissioning
  - Engagement and Communication
  - Estates
  - Facilities / Support Services
  - Finance
  - Information and Clinical Coding
  - Information Communication Technology (ICT)
  - Workforce
  - Corporate Governance
  - Equipment and Procurement
- The health board participated in **system resilience arrangements** across Dyfed Powys Local Resilience Forum and civil contingency and system resilience arrangements in Shropshire, Telford and Wrekin; Herefordshire and Worcestershire, and wider NHS Wales.
- Review and refresh of operational and tactical plans was carried out as **national guidance and requirements** changed including **clinical directives** and changes in the guidance to support those at risk / shielding / clinically vulnerable.
- Development of plans for **surge scenarios** utilising the national modelling intelligence and local information. Preparations for the initial phases included consideration of field hospital provision and preliminary preparations; subsequent intelligence and review confirmed surge plans were feasible within PTHB capacity.



National modelling information was provided by Public Health Wales and drew on national and international sources of intelligence and was presented based on a range of potential scenarios.

The modelling of activity for service delivery and the community hospital bed model was continuously tested and refined against the national scenarios and local intelligence.

### **Covid-19 Prevention and Response Plan**

A Covid-19 Prevention and Response Plan was developed in August 2020 which is now regularly reviewed and updated to ensure any changes in national policy with regards to Covid-19 response are implemented. It encompassed:

- Prevention messages and activities for the general population.
- Prevention messages, support and enforcement in high risk settings such as hospitality, manufacturing, hairdressing and food processing
- Prevention & Response related activities in care homes, community hospitals, schools and other closed settings.
- Covid-19 Testing
- Covid-19 Contact Tracing
- Covid-19 Mass Vaccination
- Incident Management

The plan ensured measures were taken in Powys to prevent the spread of the virus through public messaging and through drawing on evidence of areas of high transmission risk. It provided a framework for managing the identification and response to local cases and clusters.

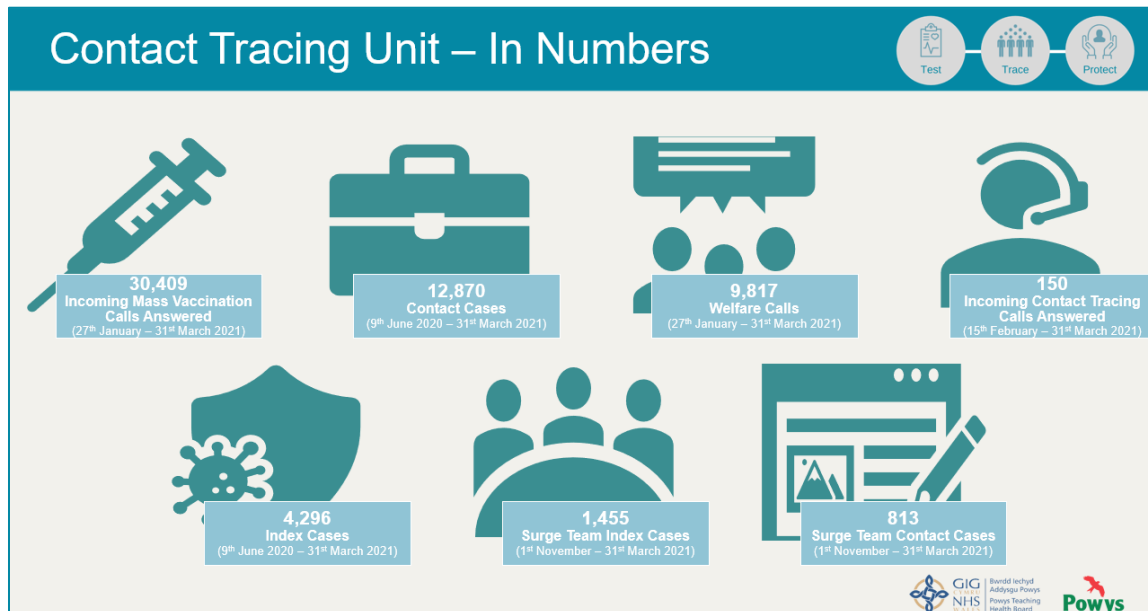
This has included ensuring residents are able to access testing as part of pre-operative procedures in District General Hospitals and community hospitals and local adoption of the additional means of testing as they became available such as the rollout of testing of asymptomatic staff with lateral flow devices and antibody serology testing clinics.

A particular focus was maintained on key settings including schools, care homes, community hospitals, supported living, extra care housing and complex community cases.

### **Test Trace and Protect**

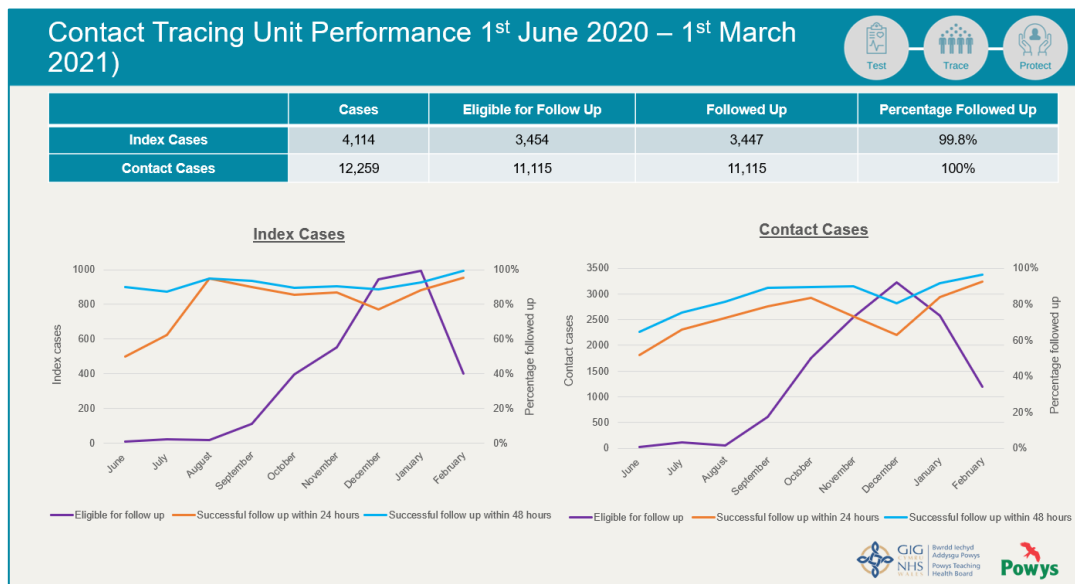
A Test Trace and Protect Programme was developed by PTHB in Partnership with Powys County Council in June 2020 and continues into 2021/2022. The scale of the challenge was significant, with the Service being established in a very short period of time.

The Powys Contact Tracing Unit has consistently been in the top performing teams in Wales even during the Winter peak. The picture below highlights the scale of the service delivered for Powys residents:



'Index cases': a newly identified person with laboratory confirmed Covid-19  
 'Contact cases': someone in close contact with a confirmed case of Covid-19

At year end, 99.8% of Index Cases and 100% of Contact Cases were followed up:



#### Key achievements in 2020/21:

- Partnership established including Strategic Oversight Group, Joint Operational Management Group, Testing and Tracing Workstreams

- Local demand and capacity modelling completed
- Development and implementation of the testing plan and pathway, results notification system and tracking of metrics
- Joint agreement for management of staff and operational policy
- Established Covid-19 testing administration hub & testing workforce
- Implementation of testing policy and eligibility criteria changes
- Transition between military and contractors for Mass Testing Units
- Resource in place with correct skill mix for contact tracing role
- Local Contact Tracing Reporting Dashboard created
- Information Technology hardware and software for testing and contact tracing services in place; installation of infrastructure for Broadband and Powys Network
- Information strengthened with regards to Powys residents testing and deaths related to Covid-19 deaths
- The Powys team were one of the main supports to the national Surge Team for tracing during the winter of 2020
- As of March 31<sup>st</sup> 2021, the Powys Contact Tracing Unit have assisted the national effort by completing 1455 Index Cases (people who have Covid-19) and 813 Contact Cases (people in contact with those who have reported they have Covid-19)

## Covid-19 Vaccination Programme

Powys Teaching Health Board set up its Covid-19 vaccination programme at scale and at pace, going live in Mass Vaccination Centres in December 2020. This was possible due to a huge effort across partners and communities in Powys and with the support of the military, the third sector, Powys Association of Voluntary Organisations, Powys County Council, local businesses and the extra-ordinary efforts of staff and volunteers.

The first centre opened at Bronllys in South Powys followed by Newtown, Builth Wells and then all GP practices across the County.

Mobile vaccination for care homes and those who were unable to leave their homes was also put in place, and the first pop up vaccination site was developed in Ystradgynlais.

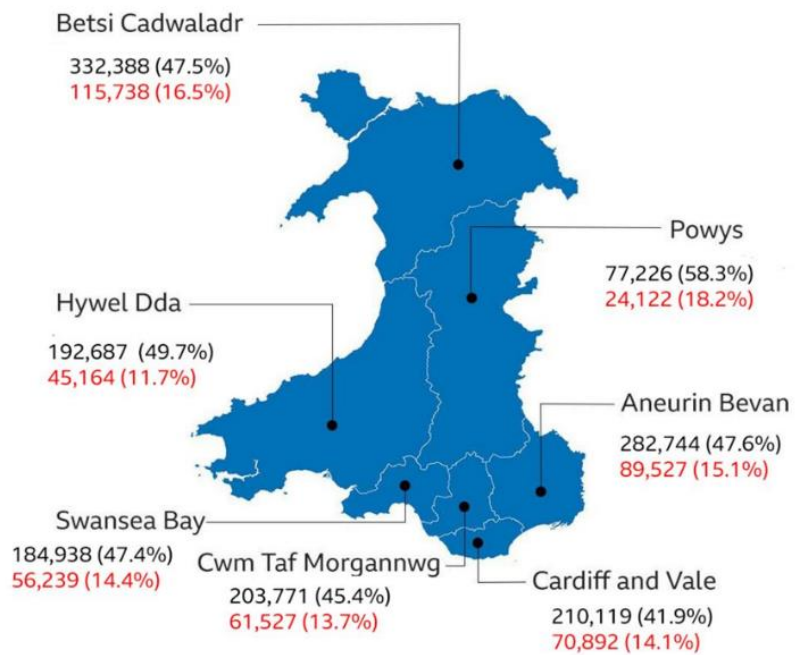
The health board has had consistently good performance in delivery of vaccinations, having the highest rates in Wales and England for first and second doses.





# Covid-19 vaccination progress

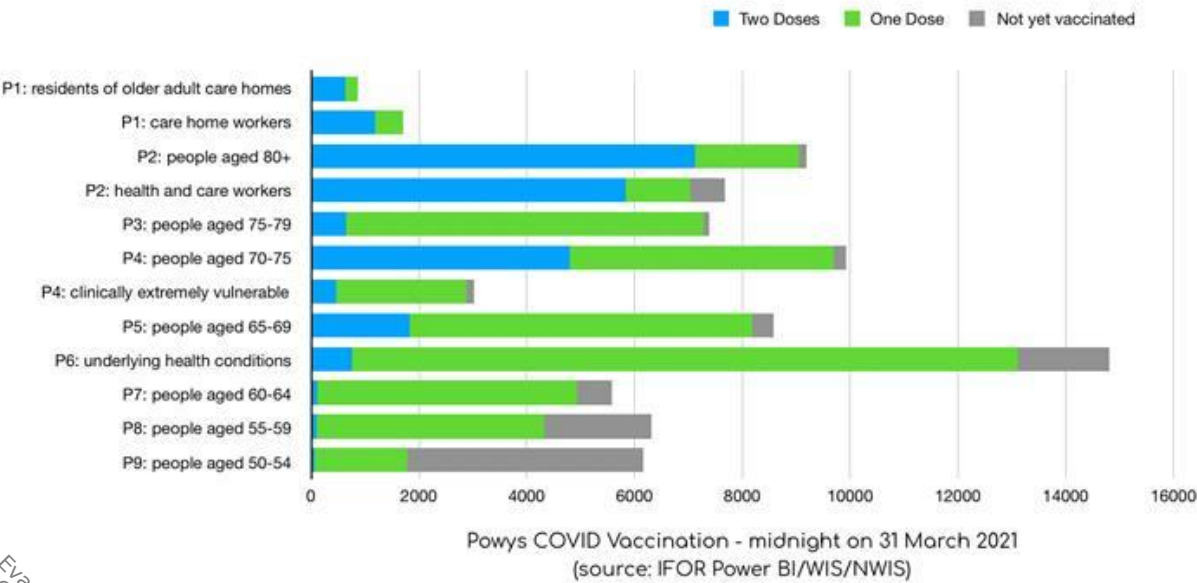
First and **second doses** by health board



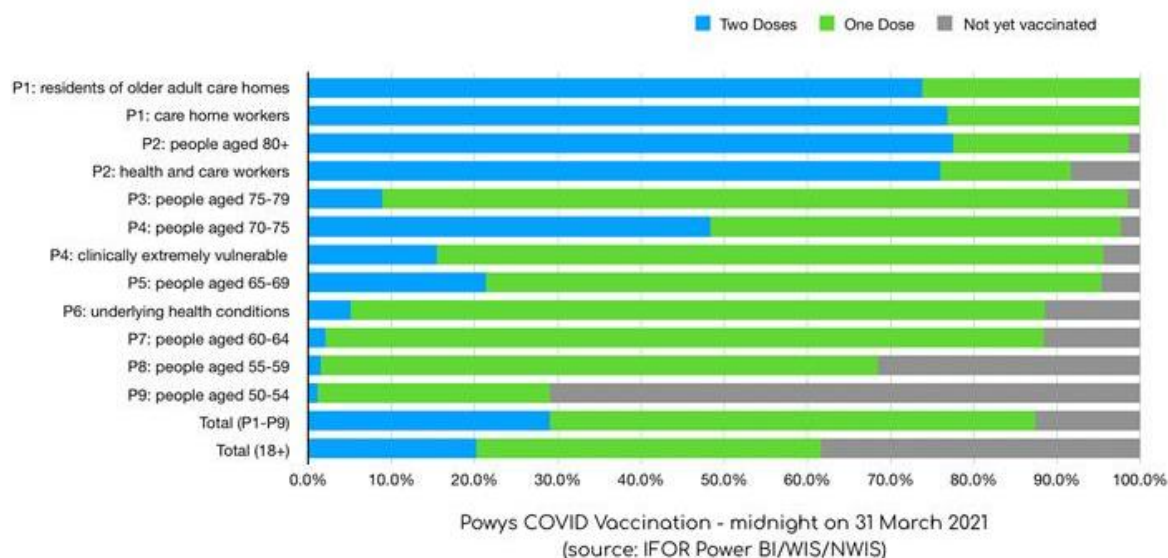
Source: Public Health Wales, 8 April. Data up to 4 April



At the end of March 2021, 93% of people in Priority Groups 1-9 received their first dose. This represents 72% of the total adult population. The breakdown of groups who have received doses at the end of March 2021 is given in the graphs that follow, in numbers and then percentages:



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All residents of care homes for older adults, and all PTHB inpatients have been offered vaccination. Second dose vaccination has been delivered to 78% of care home residents.

Powys has achieved all key Milestones in the NHS Wales Covid-19 Vaccination Programme to date and is on track to deliver the remainder:

Priority Groups 1-4 – by Mid February: **ACHIEVED**

Priority Groups 5-9 – by Mid April: **ACHIEVED**

Rest of the adult population – by 31 July: **ON SCHEDULE**

#### Duke of Cambridge shares a message of thanks to PTHB staff

During the coronavirus pandemic, HRH The Duke of Cambridge has been holding "virtual visits" to the NHS across the country by making telephone calls to NHS staff involved in the COVID-19 response. Chief Pharmacist Jacqui Seaton received a call from Buckingham Palace on Thursday 18 February, and was put through to The Duke for a one-to-one chat. Jacqui says: "He was genuinely interested in staff welfare and wanted to know about staff morale. We talked about the roller coaster of emotions and how everyone supported each other." Jacqui was able to share the progress and challenges in delivering the vaccination programme in a rural area like Powys, and highlight the real team effort. "This was such a privilege and something that will stay with me forever", adds Jacqui, "and The Duke wanted me to make sure I shared his thanks to everyone involved in the vaccination programme in Powys."

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### Vaccination Heroes: PAVO Volunteers



There are a huge number of people who have been involved to get us to this point, with a small army of volunteers helping to ensure that those coming for vaccination know where they are going, what they need to do, and generally helping to ensure that the process of vaccinating hundreds of people each day here in Powys is as smooth as it can possibly be. Gail and Gavin are just two of the amazing volunteers, organised by PAVO, "We all want to get through this as quickly as possible so that we can return to normal. The more people that can help make that happen, the better. Everyone is really positive, they are all over the moon that we are at this point." Gavin has been helping ensure people arrive and park in the right place "Everyone has been really friendly, it's been a real pleasure to be able to help".

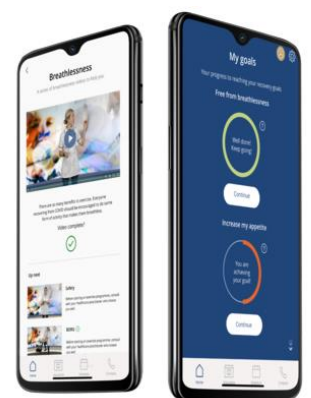
### Covid-19 Recovery and Rehabilitation

The health board has played a key role in developing support for people recovering from Covid-19, focused as close to home as possible, tailored to meet an individual's specific needs. This is being achieved by providing integrated rehabilitation services for longer-term effects such as fatigue, breathlessness, heart, physical or psychological impacts, whether as a result of Covid-19 or other pre-existing conditions.

The Post Covid Syndrome service has been in place since January 2021 supported by the Pain and Fatigue Management Service. In addition to the already established multi-disciplinary team it includes the input of a GP and an Advanced Practitioner to support the care being provided.

The Service have developed a range of resources including a webpage which links to the NHS Wales Covid Recovery App and a module for the Invest in Your Health service dedicated to Managing Breathlessness.

The Health Board has been key to the development of services throughout Wales and has been represented at a number of national groups including the All Wales Covid Recovery Operational Group.



Owen Hughes, Head of Pain and Fatigue Management has presented at a number of conferences and events on the impact of COVID and its recovery including the International Chronic Pain Virtual Summit 2020 in June 2020.

## Planning and delivery of safe, effective and quality services for Non-Covid care / Delivery of Essential Services

The first phase of the response to Covid-19 coincided with the beginning of the year of this report (from March 2020). The health board worked at pace to adapt its delivery to ensure life-essential and life-critical services.

A plan for **Essential services** was implemented in line with national requirements and definitions of service prioritisation applied to local provision. A local decision-making approach was implemented with mapping and risk assessment of essential clinical guidance issued by Welsh Government / UK Government and clinical bodies and a tracking system for patient management.

Powys provided **essential services**, maintained in line with national guidance as at the End Year Performance Report in March 2021:

**No Powys provider essential service is unavailable or suspended.**

### Access to primary care services

- General Medical Services
- Community pharmacy services
- Red alert urgent/emergency dental services
- Optometry services
- Community Nursing/Allied Health Professionals services
- 111/OOH (Shropdoc)

### Urgent cancer treatments

All available diagnostics and first outpatient appointments.

### Life Saving Medical Services

- Stroke Care (Stroke Rehabilitation service) Diabetic Care (specialist nursing team)
- Diabetic Care (Emergency podiatry services)
- Neurological conditions
- Rehabilitation (Community Physiotherapy & Occupational Therapy)

### Life-saving or life-impacting paediatric services

- Immunisations and vaccinations
- Screening (Blood Spot / Hearing/ New Born)
- Screening (6-week exam)
- Community Paediatric service for children with additional/ continuous health care needs

### Termination of Pregnancy:

provided by British Pregnancy Advisory Service (BPAS)

Maternity Services: Community midwifery and obstetric ultrasound

Other infectious conditions (sexual non-sexual): Public Health

Wales supported testing; Urgent services for patients

### Mental Health, Learning Disability Services and Substance Misuse

- Inpatient Services at varying levels of acuity
- Community MH services
- Substance Misuse services that maintain stability

Renal care-dialysis: Provided by Renal network services

Urgent supply of medications and supplies including those required for ongoing management of chronic diseases/ mental health

Blood and Transplantation Services: provider service to testing & transfusion continued.

Palliative Care: community / inpatient care

Diagnostics: diagnostic services for X-Ray, Ultrasound Inc. Obstetric and Cardiac echo, | Endoscopy, Phlebotomy and Urodynamic testing

Therapies: essential therapies including, Occupational therapy, Physiotherapy, Dietetics, Podiatry and Speech and language therapy

In addition Mental Health, NHS Learning Disability Services and Substance misuse Crisis Services including perinatal care running as normal operation

Emergency Ambulance Services provided by WAST also reported running as normal operation



## Primary and Community Care

Essential healthcare was maintained for directly provided services, using new and alternative ways of working to counteract the reduction in physical space and capacity arising from the Covid-19 infection control measures and to offer virtual / remote service provision where possible.

Access to both primary and community care was changed in the first stage of the response and adapted throughout the year. The previous section describes the Clinical Response Model that was used to frame the delivery of services at this time and communicate changes to patients.

Primary and Community Care was central to the delivery of the Clinical Support Model and services were rapidly adapted to direct resources to ensure life-essential and life-critical care was prioritised.

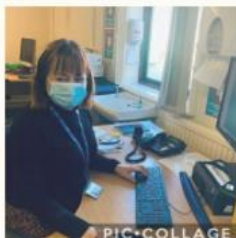
Extensive redeployment was carried out to deliver the Clinical Response Model and implement significant work on quality, safety and infection control measures including provision and use of personal protective equipment (PPE), environmental and estates adaptations for social distancing and prevention of nosocomial spread.

- All primary care contractors adapted their delivery of service and ways of working to maintain access for patients; for example:
  - **General Practice** remained open throughout the year and introduced a total triage service as the first point of contact for patients. This used technology to support virtual consultations such as Attend Anywhere and Consultant Connect with secondary care to access specialist advice when required. Face to face consultations were offered based on clinical judgement and clinical prioritisation.
  - All **General Dental Practices** have remained open and have steadily increased the access offer from advice and assessment to undertaking Aerosol Generating Procedures (AGPs), for example tooth extractions and fillings. Patient footfall is reduced however the majority of Powys practices offer emergency appointments to new patients who are unable to access a dentist. The introduction of Attend Anywhere is supporting advice and assessment.
  - **Optometry** Telephone and video review offered to determine Covid-19 status and level of eye care needed. Prioritisation and scheduling of appointments considered against clinical need and symptoms relative to the risk of sight loss and harm to the patient. More latterly all services are being offered, in line with prioritisation of the management of urgent and essential appointments.
  - **Pharmacy** had a pivotal role through the year being an essential service and access point for both Covid and non Covid related advice and medication. Latterly, the pharmacy team have also been central to the successful development and delivery of the Covid-19 Vaccination Programme.

Dr Rafia Jamil was a finalist in the Welsh Pharmacy Awards 2020 for Management of Diabetes in GP Practice and Community Pharmacy as part of the Powys Mid-Cluster Pharmacy Team.



- The health board also has a key role in **patient flow** across a complex network of healthcare systems in both England and Wales and maintained a good response to supporting system flow through a challenging winter period via the delivery of the **Winter Protection Plan**. This encompassed the home first ethos and ways of working which were particularly important during the pandemic, with a focus on discharge to recover and assess and the virtual hospital model in addition to the community bed base itself.
- Support plans were developed for **care homes** including testing, primary care and therapy input particularly focused on support for respiratory needs, the management of Section 33 arrangements and implementation of the Commissioning Assurance Framework.
- **Estates and equipment** were redesigned; improvements included the development and installation of enhanced oxygen supply and ventilation systems in line with the community hospital model.
- Changes to services as both a provider and a commissioner were tracked throughout the year to ensure that any **service or pathway changes** were logged and arrangements put in place for Powys residents to ensure these were understood and communicated.
- This included regular **communication with key stakeholders** including briefings with the Community Health Council and local politicians, cabinet members and partner organisations and enhanced information for the public including the patient services contact centre.
- Increased use of **social media** to support access to healthcare for non Covid health as well as the promotion of Covid related support.



The Patient Services/Contact Centre staff set up and operated a mass vaccination booking line during January 2021.

They answered 1000s of calls and queries from the first week of operation ensuring a successful launch of the vaccination programme.

Patient Services across the health board have worked extremely hard during the pandemic, to assist with public and patient queries and direct people to support.

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- Online programmes and video content such as Living Well with Pain and Fatigue; virtual pulmonary rehabilitation and digital arts and craft.
- Innovation across **Therapies and Allied Health Professional** teams:
  - Delivery of rehabilitation and recovery care and support for those with **Long Covid** with the development of a specific pathway
  - Redesign of **Podiatry** service approved August 2020 focused on actively involving users with their own foot care, clinics adapted for Covid restrictions and new booking and records system
  - **Pulmonary Rehabilitation** Team successfully implemented virtual technology to deliver their service to patients, resulting in successful outcomes and positive patient experience:
 

86% of patients who attended the virtual programme felt it enabled them to feel more confident in how they manage their condition and 100% would recommend it to other people.
  - **Audiology** team implemented a postal service for hearing aid repairs which was well received as a prompt, efficient and caring service and have introduced virtual sessions and adapted clinic environments:
 

"Thank you for sending me a new hearing aid!  
What an amazingly prompt service – it really is much appreciated"
  - **Muscular Skeletal** Physiotherapy and CMATs (Community Musculoskeletal Assessment and Treatment) Team used Attend Anywhere and telephone calls to provide advice and support to patients and webpage with links to self-management techniques
  - **Dietetics** used Attend Anywhere and electronic patient records and worked hard to recover their waiting times to normal service levels.
  - **Speech and Language Therapy** used Attend Anywhere and adapted clinics to see patients who needed face to face support and introduced the Augmentative Alternative Communication service
  - **Radiology** team ensured a safe environment and worked flexibly to cover the service and recover back to normal business.
  - Pilot of 7 day working and on call system to support **rehabilitation**
- Reinstatement of delivery for **children's well-being** including the Child Wales programme, Health Visiting, paediatric and phlebotomy services and wider partnership 'Start Well' programme.

A unique collection of Circus Kits have been developed for Powys Schools following the success of the Bach a Iach Foundation Phase project in north Powys, supported by Welsh Government Transformation Funding. Online practical sessions have been delivered to maintain support.



## District General Hospital and Specialised Care

2020/21 was challenging in terms of commissioned services as multiple pathway changes took place in response to the pandemic; capacity across District General Hospital care was reduced with service suspensions for non-essential elective care whilst emergency care for Covid-19 was increased across all hospitals particularly at peak periods.

Participation in **cross-border arrangements** included system resilience and response structures in Shropshire, Telford and Wrekin and Herefordshire and Worcestershire to ensure needs of Powys residents included in plans and built into the demand modelling of District General Hospital providers.

**Long Term Agreement / Service Level Agreements** revised in light of the pandemic and civil contingencies; graduated re-introduction of commissioning arrangements including the Commissioning Assurance Framework including the arrangements for maternity assurance – continuing into the Draft Annual Plan for 2021/22.

The **Commissioning Assurance Framework** (CAF) was suspended during the first Covid peak, but work was undertaken through the year to incrementally restore the approach. A comprehensive assessment was undertaken throughout the year of essential healthcare in commissioned services, and the latest snapshot is provided below.

Key: Service Status	Code
Do not provide or commission this service	0
Essential services unable to be maintained	1
Essential services maintained (in line with guidance)	2
Intermediate services able to be delivered	3
Normal services continuing	4

Essential Service Area	BCUHB	HOUHB	SBUHB	CTMUHB	C&VUHB	ABUHB	Velindre	PHW	SaTH	WVT	RIAH
<b>Primary Care</b>											
Safeguarding Services	3	2	3	2	2	3	0	2	0	4	0
Urgent Eye Care	2	2	3	2	2	2	0	0	2	4	0
Urgent Surgery	2	2	2	1	2	2	0	0	2	2	2
Urgent Cancer Treatments	2	2	2	1	2	2	3	2	2	2	2
<b>Life-saving Medical Services</b>											
Interventional Cardiology	2	2	2	2	2	3	0	0	2	2	0
Acute Coronary Syndromes	2	2	2	2	2	4	0	0	2	2	0
Gastroenterology	2	2	4	2	2	2	0	0	2	2	0
Stroke Care	2	2	3	3	2	3	0	0	2	4	0
Diabetic Care	2	2	3	3	2	3	0	0	2	2	0
Diabetic Care (Diagnosis of new patients)	2	2	3	3	2	3	0	0	2	2	0
Diabetic Care (DKA / hyperosmolar hyperglycaemic state)	2	2	3	3	2	4	0	0	2	2	0
Diabetic Care (Severe hypoglycaemia)	2	2	3	3	2	4	0	0	2	2	0
Diabetic Care (Newly diagnosed patients especially where insulin control is poor)	2	2	3	3	2	3	0	0	2	2	0
Diabetic Care (Diabetic Retinopathy and diabetic maculopathy)	0	2	2	3	2	2	0	2	2	2	0
Diabetic Care (Emergency podiatry services)	0	2	3	3	2	2	0	0	2	2	0
Neurological Conditions	2	2	2	2	2	2	0	0	1	2	0
Rehabilitation	2	2	3	4	2	2	0	0	0	2	2
<b>Life-saving or life-impacting paediatric services</b>											
Immunisations & vaccinations	2	2	2	2	4	4	0	2	0	2	0
Screening (Blood spot)	4	2	2	2	4	4	0	2	2	2	0
Screening (Hearing)	4	2	2	2	4	4	0	2	2	2	0
Screening (New born)	4	2	2	2	4	4	0	0	2	2	0
Screening (6-week physical exam)	4	2	2	2	3	4	0	0	2	2	0
Community paediatric services for children	3	2	3	2	3	3	0	0	0	2	0



Essential Service Area	BCUHB	HOUHB	SBUHB	CTMUHB	C&VUHB	ABUHB	Velindre	PHW	SaTH	WVT	RIAH
Termination of pregnancy	2	2	3	2	4	3	0	0	0	2	0
Other infectious conditions (sexual / non-sexual)											
Other infectious conditions (sexual / non-sexual)	2	2	4	2	2	3	0	0	2	0	0
Urgent infectious services for patients	2	2	2	2	2	3	0	0	2	0	0
Maternity services											
Maternity services	2	3	4	4	3	3	4	0	2	4	0
Mental Health, NHS Learning Disability Services and Substance misuse											
MH Crisis Services including perinatal care	2	2	2	2	3	4	0	0	0	0	0
MH Inpatient Services	2	2	4	2	3	4	0	0	0	0	0
Community MH services	2	2	2	2	3	2	0	0	0	0	0
Substance Misuse services	4	2	2	2	3	3	0	0	0	0	0
Urgent supply of medications											
Urgent supply of medications	0	2	0	0	0	0	0	0	0	0	0
Blood and Transplantation Services											
Blood & blood components	2	2	4	0	2	0	3	0	0	4	0
Palliative Care											
Palliative Care	3	2	2	3	3	3	3	0	0	4	0

Key areas of focus during 2020 – a short summary is provided in this report and further detail on the ongoing areas of work can be found in the PTHB Annual Plan 2021/22:

#### South Powys Programme

PTHB established a significant programme of work at pace to prepare for the earlier opening of the Grange University Hospital (GUH) and associated changes at Nevill Hall Hospital in November 2020 by Aneurin Bevan University Health Board. PTHB worked intensively to ensure a safe change in emergency patient flows in line with the South Wales Programme where Prince Charles Hospital was recognised as being of strategic importance for South Powys as a District General Hospital.

#### Shrewsbury and Telford Hospitals NHS Trust (SaTH)

This continued to be a Board level priority during the Covid response, as the Trust remained in special measures by the Care Quality Commission (CQC) with Section 31 Notices imposing conditions on the regulated activity. Work has been undertaken through the Commissioning Assurance Framework to ensure that the health board is fully informed on key areas and actions for risk management, including Maternity Assurance.

The Trust entered into an Improvement Alliance with the University Hospitals Birmingham NHS Foundation Trust (UHB) and implemented a "Getting to Good" improvement plan with a focus on quality and patient experience, governance and culture. A committee has been established to drive actions arising from the publication in December 2020, of the *"Emerging Findings and Recommendations from the Independent Review of Maternity Services at the Shrewsbury and Telford Hospital NHS Trust"*

(known as the “Ockenden Report”). PTHB is a member of this Committee and the work continues into 2021/22.

#### Cwm Taf Morgannwg University Health Board (CTMUHB)

CTMUHB’s maternity services were placed in special measures following the publication of a review in April 2019 conducted by the Royal College of Obstetricians and Gynaecologists (RCOG) and the Royal College of Midwives (RCM).

PTHB has strengthened its monitoring of maternity services through a Maternity Assurance Framework and there has been strengthened liaison about progress. The PTHB Chief Executive and key executives met the chair and members of the Independent Maternity Services Oversight Panel (IMSOP) in January 2021 about the progress being made.

The most recent IMSOP report was published on 25 January 2021 (which is the first report of the Clinical Review Programme and the first of three thematic reports). The Panel has recognised that CTMUHB had been open, transparent and compassionate, also identifying that over the past two years significant improvements have been achieved and progress made against the 70 recommendations of the original RCOG & RCM report.

#### Specialised Care

The health board worked closely with the Welsh Health Specialised Services Committee (WHSSC) to ensure access to essential specialist services and on the development of the Integrated Commissioning Plan for 2021/22. Specialist services are those provided for people with healthcare needs of a more specialist nature, by providers with expertise in particular conditions and diseases. For more information visit <https://whssc.nhs.wales/>.

Arrangements for vulnerable groups including the clinically vulnerable and children out of county were also clarified and maintained with robust liaison through system arrangements as noted above.

#### EU Exit

Extensive preparations and actions were made for the exit from the European Union in line with national planning and requirements.

A comprehensive assessment of risk was carried out throughout 2020 and instructions enacted in specific services in readiness.

This included the maintenance of high average stock keeping and actions to ensure the supply of goods and workforce were maintained in line with national directives.

Contingency plans were continuously reviewed and refined as the exit scenarios were progressed and finalised.

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## Key Areas of Performance against NHS Outcomes Framework

Please note that some measures have a significant delay due to data availability or type. The information provided is based on the latest available as at May 2021. The points provided below the table focus on the key variances shown in red in the table.

*Quadruple Aim 1: People in Wales have improved health and well-being and better prevention and self-management.*

2020/21 NHS Outcome Framework Summary - Key Measures - Provider				Performance			Welsh Government Benchmarking (*in arrears)	
No.	Abbreviated Measure Name	Target	Latest Available	12month Previous	Previous Period	Current	Ranking	All Wales
1	Percentage of babies who are exclusively breastfed at 10 days old	Annual Improvement	2019/20	49.8%		52.4%	1st	35.3%
2	'6 in 1' vaccine by age 1	95%	Q3 20/21	96.2%	98.5%	95.8%	4th	95.2%
3	2 doses of the MMR vaccine by age 5	95%	Q3 20/21	91.8%	94.4%	91.3%	5th	92.1%
4	Attempted to quit smoking - Cum	5%	Q2 20/21	1.58%		1.44%	6th	1.65%
5	CO-validated as quit at 4 weeks - Cum	40%	Q4 19/20	36.4%	42.3%	37.7%	6th	41.6%
6	Standardised rate of alcohol attributed hospital admissions	4 quarter reduction trend	Q3 20/21	517.8	278.5	348.0	5th	349.6
7	Percentage of people who have been referred to health board services who have completed treatment for alcohol misuse	4 quarter improvement trend	Q3 20/21	69.8%	48.6%	71.4%	2nd	64.0%
8a	Flu Vaccines - 65+	75%	2019/20	65.5%		67.1%	6th	69.4%
8b	Flu Vaccines - under 65 in risk groups	55%	2019/20	43.1%		44.3%	3rd	44.1%
8c	Flu Vaccines - Pregnant Women	75%	2019/20	85.7%		93.3%	1st	78.5%
8d	Flu Vaccines - Health Care Workers	60%	2019/20	64.3%		64.3%	3rd	58.7%
9a	Uptake of cancer screening for: bowel	60%	2018/19	56.2%		58.3%	1st	57.3%
9b	Uptake of cancer screening for: breast	70%	2018/19	73.7%		69.1%	7th	72.8%
9c	Uptake of cancer screening for: cervical	80%	2018/19			76.1%	1st	73.2%
10a	MH Part 2 - % residents with CTP <18	90%	Mar-21	100.0%	92.0%	100.0%	3rd*	82.3%
10b	MH Part 2 - % residents with CTP 18+	90%	Mar-21	92.5%	91.0%	91.3%	2nd*	85.5%
11	% People aged 64+ who are estimated to have dementia that are diagnosed by GP	Annual improvement	2019/20	44.7%		42.4%	7th	53.1%

- During 2020/21 there has been robust compliance with the child vaccination measures. Children receiving their '6 in 1' vaccine by age one has continued to exceed the national target, and remain within predicted compliance levels. For children receiving 2 doses of measles mumps and rubella (MMR) vaccine by the age of 5, performance remains a challenge, although reporting higher compliance for two out of the three quarters in 2020/21 when compared to the previous year. This is in the context of challenges presented by the pandemic and redeployment of vaccinators to the Covid-19 Vaccination Programme. There are also low numbers of people counted for these measures which causes the variances to appear disproportionately significant when considered as a percentage of the total group.
- Smoking cessation services data has been limited during the pandemic as pharmacies have been unable to carry out work required for the 'Co-validation' measure. For the information available for 2020/21, recorded uptake for those residents attempting to quit smoking up until the end of September 2021 is lower (1.44%) than at the same period last financial year (1.58%).
- Reviewing the uptake of influenza vaccination in Powys at the end of 2019/20 we can clearly see that increased uptake has occurred on all

measures except healthcare workers, which has remained constant at 64.3%. This is expected to be associated with the national drive and awareness of the Covid related risk and prevention. Where the national target has not been met for +65 years and <65 years at risk we are benchmarked closely to the national average or slightly above. Pregnant women and staff uptake were very good in comparison nationally.

- It should be noted that the cancer screening measures included in the table above are based on historic data available at the time of the report and cannot be regarded as the most up to date position. The data in the table relates to 2018/19 where the health board had a similar uptake to screening as the national picture. However this position pre-dated the Covid-19 pandemic and there is work being carried out as part of the annual planning process to examine the impact of the pandemic across all specialities and this detail will be included in the PTHB Annual Plan for 2021/2022.
- Of the patients estimated to have dementia over the age of 64, with a GP diagnosis, the number has reduced in Powys to 42.4%. This compares to the national average of (53.1%), Powys Teaching Health Board ranks 7<sup>th</sup> overall in Wales.

Through intensive, person centred support the **Dementia Home Treatment Team** have achieved a significant reduction in older adult mental health in-patient admissions and improvements in the quality of life for those living with dementia and their carers. They presented at the Wales International Dementia Conference in February 2021 to share how the team maintained a needs led service through the pandemic, as part of the Dementia Action Plan. With flexible, individualised services to remain in their preferred place of residence with an emphasis on positive risk taking and least restrictive practice.



- The Mental Health Part 2 measure focuses on the Care Treatment Plan (CTP) compliance for health board patients. Monthly performance in the category of adults over the age of 18 has continued to meet the target in January 2021 (92.3%). For the measure relating to those under the age of 18, the health board has met the national target with 95.2% compliance in January. PTHB has an improved position ranking 3rd and 2nd respectively.

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*Quadruple Aim 2: People in Wales have better quality and more accessible health and social care services, enabled by digital and supported by engagement.*

2020/21 NHS Outcome Framework Summary - Key Measures - Provider				Performance			Welsh Government Benchmarking (*in arrears)	
No.	Abbreviated Measure Name	Target	Latest Available	12month Previous	Previous Period	Current	Ranking	All Wales
17	% of GP practices that have achieved all standards set out in the National Access Standards for In-hours GMS	100%	2019/20			56.3%	5th	59.70%
18	Percentage of children regularly accessing NHS primary dental care within 24 months	4 quarter improvement trend	Q2 20/21	62.8%	60.5%	57.9%	6th	63.8%
20	Percentage of emergency responses to red calls arriving within (up to and including) 8 minutes	65%	Mar-21	56.6%	70.1%	57.5%	5th	62.5%
22	MIU % patients who waited <4hr	95%	Mar-21	100.0%	99.8%	100.0%	1st*	74.2%
23	MIU patients who waited +12hrs	0	Mar-21	0	0	0	1st*	4,768
32	Number of diagnostic breaches 8+ weeks	0	Mar-21	22	160	181	1st*	48,136
33	Number of therapy breaches 14+ weeks	0	Mar-21	6	59	30	1st*	4,129
34	RTT patients waiting less than 26 weeks (excluding D&T)	95%	Mar-21	95.9%	66.1%	71.4%	1st**	51.6%
35	RTT patients waiting over 36 weeks (excluding D&T)	0	Mar-21	0	863	690	1st**	217,655
36	Number of patients waiting for a follow-up outpatient appointment	<=5581	Mar-21	7173	6250	6705	1st*	748,769
37	Number of patient follow-up outpatient appointment delayed by over 100%	< 290	Mar-21	293	480	510	1st*	199,704
38	Percentage of ophthalmology R1 patients who are waiting within their clinical target date (+25%)	95%	Mar-21	94.2%	61.1%	64.7%	1st*	43.5%
Local	Percentage of patient pathways without a HRF factor	<= 2.0%	Mar-21	2.7%	0.4%	0.6%		
39	Rate of hospital admissions with any mention of self-harm from children and young people per 1k	Annual Reduction	2019/20	4.45		4.86	5th	4
40	CAMHS % waiting <28 days for OPA	80%	Mar-21	93.5%	71.9%	93.8%		
41a	MH Part 1 - Assessments <28 days <18	80%	Feb-21	93.3%	97.1%	97.3%	2nd	No national compliance figure available
41b	MH Part 1 - Assessments <28 days 18+	80%	Feb-21	87.8%	96.6%	99.1%	1st	
42a	MH Part 1 - Interventions <28 days <18	80%	Feb-21	95.7%	89.3%	96.2%	2nd	
42b	MH Part 1 - Interventions <28 days 18+	80%	Feb-21	56.6%	76.7%	88.5%	5th	
43	Children/Young People neurodevelopmental waits	80%	Mar-21	93.4%	61.4%	66.5%	2nd*	29.7%
44	Adult psychological therapy waiting < 26 weeks	80%	Mar-21	97.9%	95.3%	96.4%	2nd*	60.0%
45a	Number of health board delayed transfer of care for: Mental Health	12m↓	Feb-20	6	< 5	< 5	2nd	63
45b	Number of health board delayed transfer of care for: Non Mental Health	12m↓	Feb-20	29	15	20	1st	20
46a	HCAI - E.coli per 100k pop cum	TBC	Mar-21			3.78	PTHB is not nationally benchmarked for infection rates	
46b	HCAI - S.aureus bacteraemia's (MRSA and MSSA) per 100k pop cum	TBC	Mar-21			0.76		
46c	HCAI - C.difficile per 100k pop cum	TBC	Mar-21			5.29		
47a	HCAI - Klebsiella sp per 100k pop cum	TBC	Mar-21			1.51		
47b	HCAI - Aeruginosa per 100k pop cum	TBC	Mar-21			0.76		
48	Number of potentially preventable hospital acquired thromboses	4 quarter reduction trend	Q2 2020/21	0	0	0	1st	6
* Benchmark provided from previous period (national benchmark outdated)								
**Ranking for RTT nationally includes D&T Specialties								

## Unscheduled Care

- Minor Injury Unit (MIU) access compliance remains excellent, Powys consistently provides a rapid and comprehensive service via its Minor Injury Units.
- National Delayed Transfers of Care (DTCOC) reporting remains suspended, however the health board continues to track performance locally and there is a strong operational focus on managing flow. A weekly capacity snapshot is used and provided to Welsh Government.

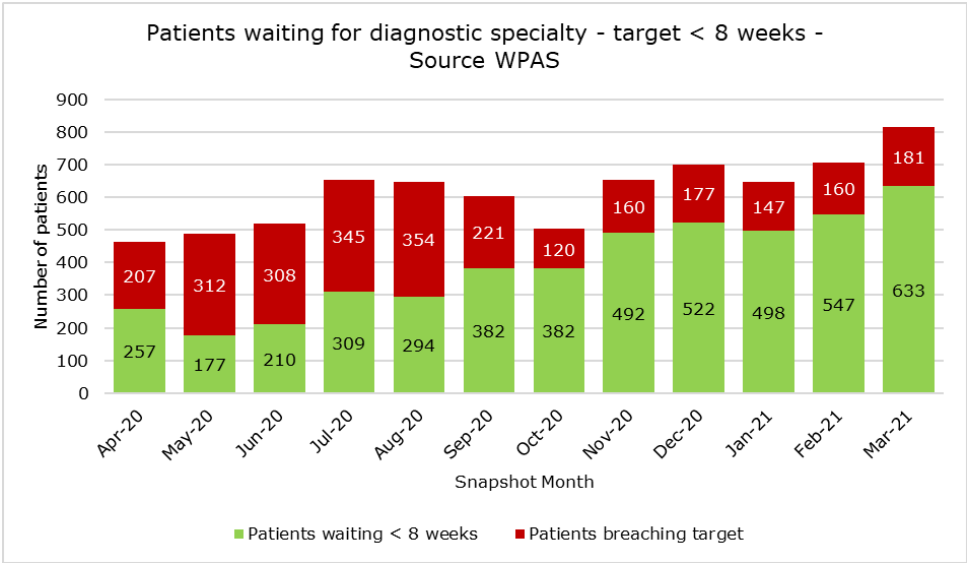
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- The performance of the Welsh Ambulance Services Trust (WAST) for 8-minute ambulance response time did not meet the target for the majority of the year and performance was 57.2% against 62.5% national average in March 2021, ranking as 5<sup>th</sup> in Wales. The impact of COVID combined with challenges in rural geography and the impact of increased handover times at Accident and Emergency Units has resulted in a reduction in average performance. Low number variation can also cause fluctuations against the target in Powys.

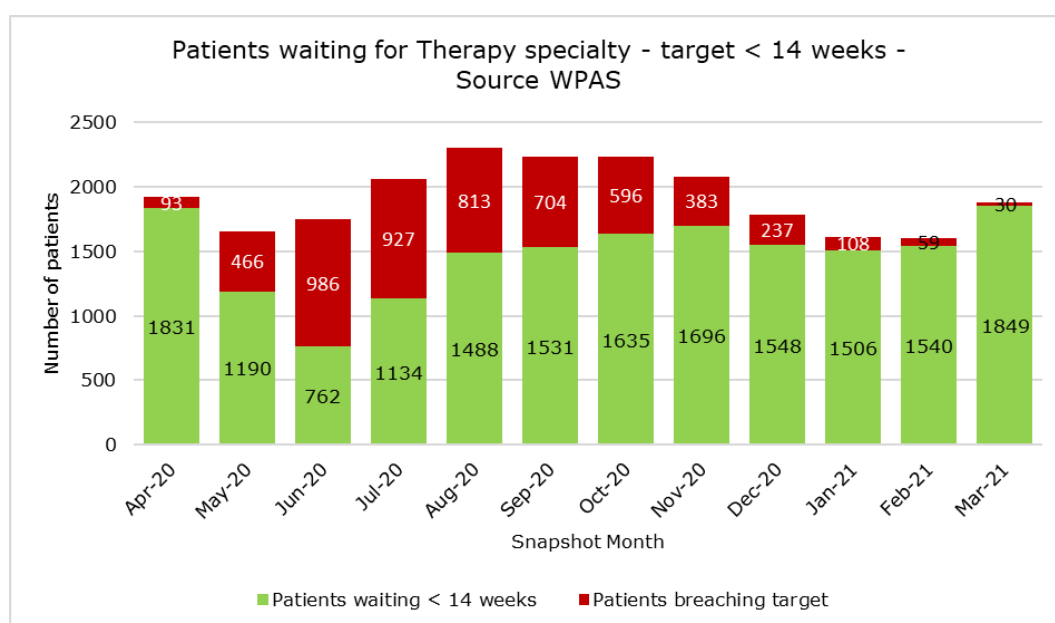
### Planned Care

- Planned care was significantly affected by the COVID pandemic and the resulting changes and suspension of services during 2020/21. This is a central focus of the health board's work going forward and further information can be found in the PTHB Annual Plan 2021/22.
- As a provider, the health board experienced these challenges in relation to diagnostics and put in place mechanisms to enable the restoration of diagnostics from the summer period of 2020 which included both immediate remedial action and engagement in longer term programmes of work both locally, regionally and nationally. Immediate actions included the use of risk assessments and clinical prioritisation for those waiting for diagnostics and care.



A Powys project 'Creating a digital solution to enhance clinical effectiveness and improve patient outcomes' has been awarded as 'Highly Commended' at this year's National Bladder & Bowel UK Enuresis Awards. Judges were impressed with the co-production approach for a new mobile-Health App for Children and Young People with Bladder and Bowel issues. This offers patients and their families a digital platform to capture diagnostic data on their smartphones and is then shared in real-time, directly to the clinician's dashboard. In addition to its diagnostic aid, it helps children and young people to recognise their own symptoms and guides them towards self-managing their condition.

- The health board faces ongoing challenges for both the Endoscopy and Radiology (non-obstetric ultrasound) services. These include fragility of in-reach service providers, continued capacity restrictions due to the covid-19 safety requirements and staffing capacity. There are continued challenges in relation to routine care, although all urgent pathways including cancer suspicions meet best practice guidelines.
- All routine therapies specialties were suspended in line with national requirements during Quarter One (April to June 2020). This resulted in a significant backlog being accrued during the summer months, at peak this amounted to 986 patients waiting 14 weeks or longer.
- To ensure safe care, mechanisms were put in place to deliver therapies services in this challenging context, including risk stratification of referrals, a new podiatry triage system, waiting list validation, use of temporary staffing to boost capacity and use of alternative means of service delivery including digital solutions.
- There were factors which reduced the overall waiting list for therapies, for example a reduction in muscular skeletal (MSK) referrals which are likely to be related to the wider impact of the pandemic for example a decrease in sporting injuries.
- As can be seen in the table below, restoration of services in Therapies has been successful. At the end of March 2021 only 30 patients were waiting longer than the target.

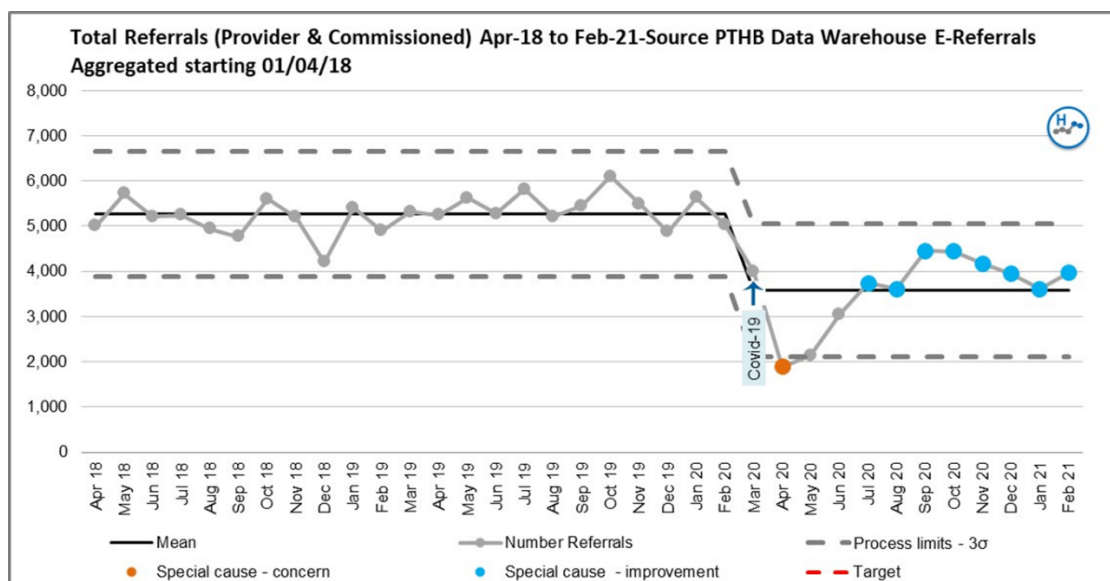


## Referral to Treatment

- Powys healthcare pathways are complex, with acute and specialist care carried out by providers in both England and Wales. Acute care is commissioned by the health board for its population and specialist care

is commissioned through collaborative arrangements in Wales and England. (Specialist care / 'specialised services' or 'tertiary services' – is care provided for people with health needs that are specialist in nature, refer to <https://whssc.nhs.wales> for more detail).

- As an example, 63% of total outpatient activity is carried out within commissioned English provider services, 16% in Welsh commissioned services, and a further 20% in Powys provider services.
- With the Covid-19 pandemic significant challenges were faced by all NHS healthcare providers in the UK. These included reductions and suspension of non-essential services designed to maximise the response to covid-19 and changes to the way services were accessed across primary care, community services, acute and specialist care.
- There was a significant reduction in referrals to secondary care in the first quarter of the year, April to June 2020. The graph below shows the total referrals for both directly provided and commissioned care. Demand has not returned to pre-covid averages and poses a risk of latent need which is explored in more detail in the analysis and forward planning in the PTHB Annual Plan 2021/2022.



- The reduction and suspension of services from the first quarter of 2020/21 created a significant back log of people waiting, and these have been unavoidably required to wait longer than normal. A large cohort wait beyond the national best practice targets, for example the 95% target for those under 26 weeks and the target that no patient waits longer than 36 weeks.

As noted for diagnostics and therapies, to manage and minimise patient harm mechanisms were put in place, including all waiting lists being risk stratified to ensure that the greatest clinical priority patients were treated in the best possible time frame.



- The table below shows performance against the national targets and the improvements made during Q3 & Q4. The end of year position shows patients waiting under 26 weeks at 77.4% and the number of over patients waiting 36 and over weeks reduced to 690.

Table – RTT performance against national targets by month – Source DHCW

Powys Teaching Health Board (excluding D&T) – Source DHCW	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21
Percentage of patients waiting < 26 weeks for treatment	90.5%	79.8%	71.1%	60.0%	48.6%	43.3%	49.4%	55.8%	58.8%	63.2%	66.1%	71.4%
Number of patients waiting 36 weeks and over	24	86	239	512	867	1060	1356	1478	1337	1063	863	690
Total number of patients waiting	3545	3572	3622	3714	3865	3910	3892	3742	3747	3586	3362	3419

Table – RTT wait bands by specialty March 2021 - Source DHCW

Snapshot Month: Mar-2021	Powys Provider RTT - Waits Open Pathway (exc. D&T)					
Specialty	0 to 26 Weeks	26 to 35 Weeks	36 to 52 Weeks	53 to 76 Weeks	77 to 104 Weeks	Grand Total
100 - GENERAL SURGERY	274	34	4	55	3	370
101 - UROLOGY	90	16	15	5		126
110 - TRAUMA & ORTHOPAEDICS	367	59	47	170	7	650
120 - ENT	316	45	40	17		418
130 - OPHTHALMOLOGY	640	63	14	18		735
140 - ORAL SURGERY	128	27	12	160	12	339
143 - ORTHODONTICS	17	4		27	5	53
191 - PAIN MANAGEMENT	68					68
300 - GENERAL MEDICINE	68	5	2	1		76
320 - CARDIOLOGY	82	10	10	9		111
330 - DERMATOLOGY	21					21
410 - RHEUMATOLOGY	77	8	2	1		88
420 - PAEDIATRICS	11					11
430 - GERIATRIC MEDICINE	47	5	6	38	2	98
502 - GYNAECOLOGY	234	13	2	4	2	255
<b>Grand Total</b>	<b>2440</b>	<b>289</b>	<b>154</b>	<b>505</b>	<b>31</b>	<b>3419</b>

- For Powys residents in commissioned services the referral to treatment position mirrors the local challenge. Acute care providers were required to divert considerable resource to emergency & intensive care during the first and second peaks of the pandemic, this included both physical estate and staffing capacity. As a result, their backlogs are of significant volume and also face the risk of latent demand in 2021/22.

The table below summarises performance for residents waiting within English and Welsh health care provider services.

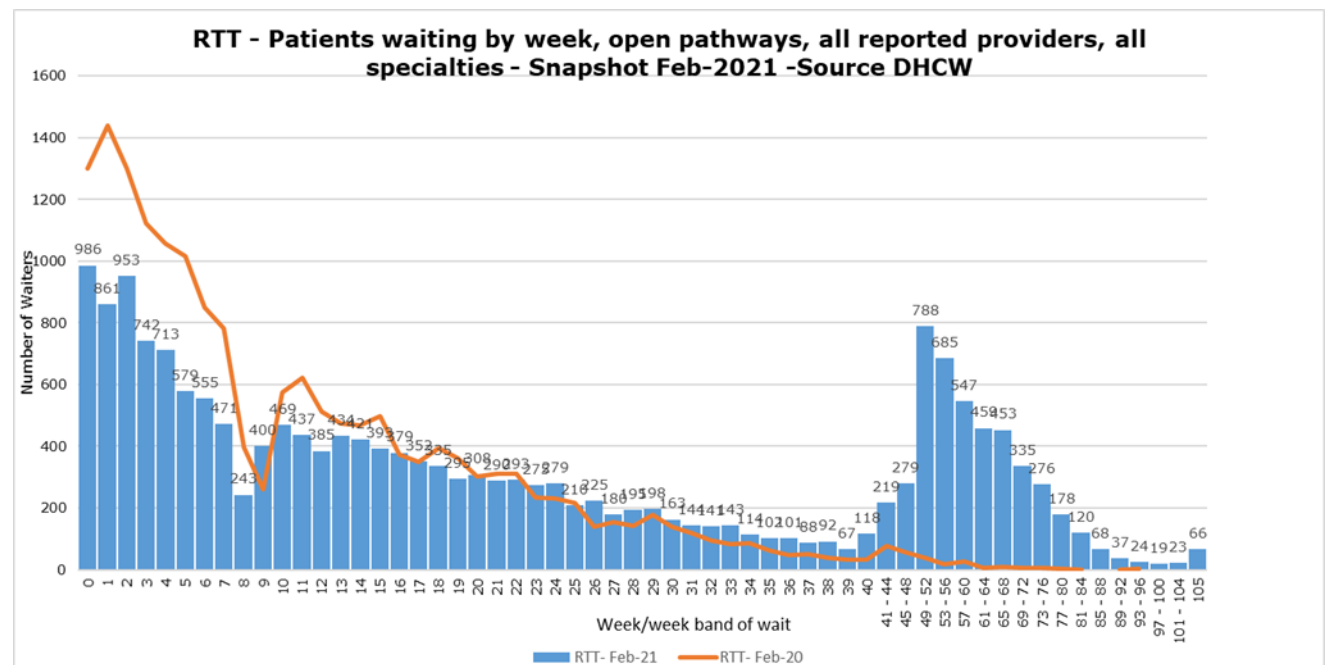
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Table – RTT waits by commissioned provider – Source DHCW

Commissioned RTT - Waits Open Pathway Snapshot March 2021 (exc. D&T)								
Source DHCW	% < 26 weeks	Patients waiting by band						
Main Welsh Providers		0 to 26 Weeks	26 to 35 Weeks	36 to 52 Weeks	53 to 76 Weeks	77 to 104 Weeks	Over 104 Weeks	Grand Total
Aneurin Bevan Local Health Board	56.4%	1055	179	136	379	120	2	1871
Betsi Cadwaladr University Local Health Board	44.0%	224	36	42	143	53	11	509
Cardiff & Vale University Local Health Board	52.8%	191	26	34	82	27	2	362
Cwm Taf Morgannwg University Local Health Board	40.5%	168	44	34	117	45	7	415
Hywel Dda Local Health Board	57.3%	728	143	82	237	76	4	1270
Swansea Bay University Local Health Board	44.8%	721	176	115	403	135	61	1611
<b>Grand Total</b>	<b>51.1%</b>	<b>3087</b>	<b>604</b>	<b>443</b>	<b>1361</b>	<b>456</b>	<b>87</b>	<b>6038</b>

Commissioned RTT - Waits Open Pathway Snapshot February 2021 (exc. D&T)								
Source DHCW	% < 26 weeks	Patients waiting by band						
Main English Provider Groups		0 to 26 Weeks	26 to 35 Weeks	36 to 52 Weeks	53 to 76 Weeks	77 to 104 Weeks	Over 104 Weeks	Grand Total
English Other	76.5%	166	11	19	18	3		217
Robert Jones & Agnes Hunt Orthopaedic & District Trust	64.6%	1344	179	225	291	42		2081
Shrewsbury & Telford Hospital NHS Trust	69.9%	1872	245	172	356	32		2677
Wye Valley NHS Trust	65.8%	1748	330	275	256	46	2	2657
<b>Grand Total</b>	<b>67.2%</b>	<b>5130</b>	<b>765</b>	<b>691</b>	<b>921</b>	<b>123</b>	<b>2</b>	<b>7632</b>

- The below graph provides a snapshot of the number of people waiting in time categories across all providers, this is compared to the same position in 2019/20.
- The backlog generated in Quarter One of 2020/21 is clearly visible at 40+ weeks, predominately consisting of routine patients waiting for treatment.



As a result of the complex restoration work services showed the start of a reduction in long waiters by the end of the year (March 2021), and the Annual Plan for 2021/2022 provides further analysis and detail on the work being taken forward to address these ongoing challenges.

### Follow Up (Outpatient)

- Patients waiting for a follow up have also been delayed due to the impact of the pandemic noted above for planned care, as a result of the reduction and suspension of services in 2020/21.
- The health board has therefore been unable to meet the Welsh Government targets during 2020/21, set prior to the pandemic
- The health board has however managed its total patients successfully, with relatively good levels of activity via non-face to face contact, and mechanisms for list validation helping to reduce the total waiters. There are however challenges remaining with ongoing capacity constraints and prioritisation remains key for any patients at risk.
- Although there has been an increase of patients on a Follow Up pathway in March 2021, the trend for the last 12 months is overall improvement and in accordance with national guidelines.

The health board is engaged with the national programmes for various essential services, and working with Welsh Government to scope and adopt transformation plans to modernise the patient pathways.

### Eye Care

The delivery of Eye care in Powys has been maintained as an essential service and therefore performance has remained robust during 2020/21, and compares positively to the All Wales position. There is reduced capacity in ophthalmology as a result of the changes due to the pandemic and the impact has continued through to the end of March 2021. However compliance did improve to 64.7% in March 2021, ranking 1<sup>st</sup> in Wales.

As a provider of eye care we have maintained excellent health risk factor (HRF) performance ensuring patients are clinically assessed and continued to carry out cataract procedures, leading Wales in this area.

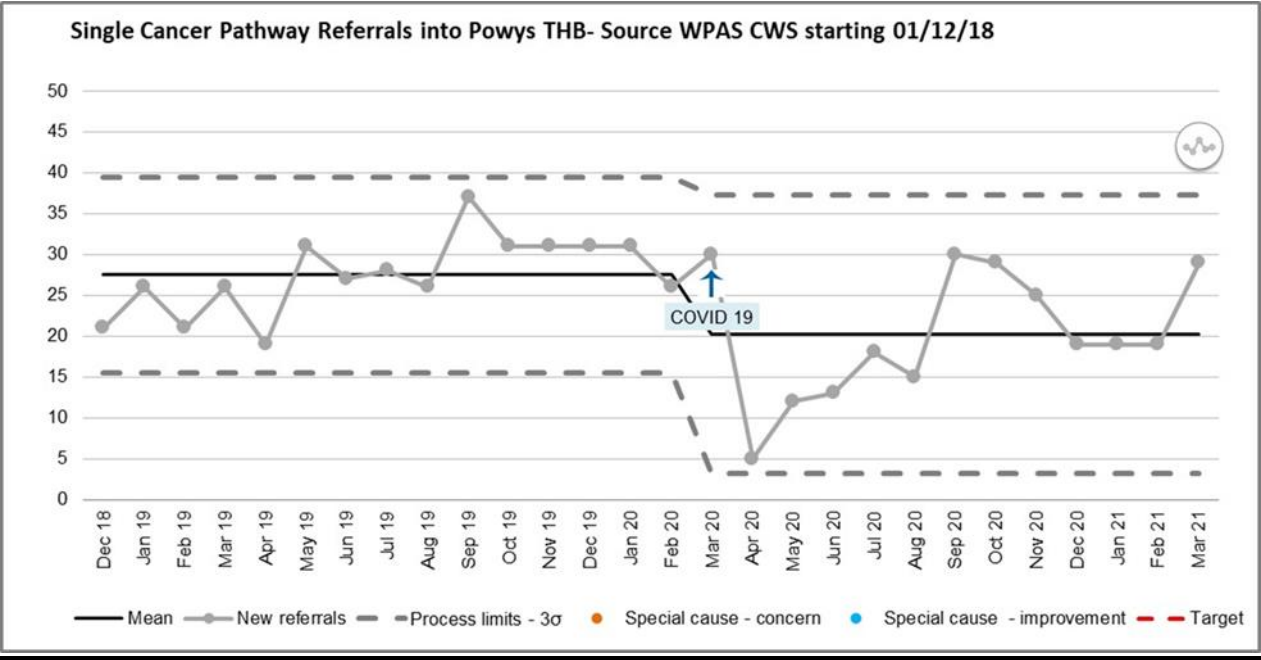
Attend Anywhere (a tool for delivering consultations digitally rather than on healthcare sites) is now in place in Community Optometry and further roll out is underway for Hospital Optometry and the Eye Care Liaison Officer service (delivered with the Royal National Institute for the Blind).

### Cancer

The impact of the pandemic continues to significantly challenge cancer services across Wales, this disruption is related to the reduction in capacity for outpatients, diagnostics, surgery and treatment. For Powys residents this affects both directly provided and commissioned services. Significant work both nationally and locally has been undertaken to minimise patient harm.

As a provider of endoscopy diagnostics the health board has maintained a zero-backlog position. Although PTHB does not carry out acute care treatment we are still responsible for reporting our part of the cancer pathway as agreed with Welsh Government.

The chart below shows the number of single cancer pathway referrals into Powys as a provider and shows a reduction in GP referrals, mirroring the national picture. The mean average remains seven per month below pre-covid levels. No special causes for concern were reported in Quarter 4.



The performance in relation to commissioned providers is reported by the relevant acute care provider in both England and Wales. Performance in English providers has remained robust with low numbers of breaches. Data for services in Wales was not available at the time of reporting. ‘Digital Health and Care Wales’ is due to provide the cancer data set for NHS Wales in 2021/22.

The Improving Cancer Journey was launched in Powys and is a partnership programme between Macmillan, Powys County Council and the health board. It aims to develop a sustainable, integrated community model of health and care for people living with cancer in Powys. At the heart of the programme is a holistic needs assessment for those having cancer treatment and their carers, to gain a better understanding and to meet needs. It is being taken forward with the Wales Cancer Network and neighbouring organisations in both England and Wales including the third sector, NHS and local authorities.

**IMPROVING THE CANCER JOURNEY IN POWYS**

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## Mental Health, Substance Misuse and Neurodevelopment

- Mental Health and Learning Disability Services in Powys were largely maintained and Mental Health performance remained robust in 2020/21. Part 1 measures for assessments have consistently met target. (As have the Part 2 measures noted in previous section).
- Interventions for those under 18 years of age have been compliant against the 80% target, however interventions for those over 18 has fluctuated missing the target in January at 76.7%, improvements are being implemented to address this.
- Primary Mental Health Service referrals increased as expected in line with recorded national levels of stress through the pandemic.
- Referrals across all Mental Health Services increased considerably.
- Inpatient wards have operated effectively throughout the pandemic. Services continued to see patients via face to face meetings where appropriate, supported with telephone and videoconferencing. Psychology and other talking therapies have continued via telephone and in addition, Attend Anywhere has commenced. Letters were circulated to all patients to highlight how services were open as normal with some changes. A set of posters and leaflets were devised using easy to read infographics to underpin messages and share with partners across sectors and social media.
- Mental health services developed a proactive approach to managing concerns, through early contact with people to understand the issues and ensure immediate action is taken and learning shared.
- Throughout February and March 2021, Mental Health Partnership Participation Officers supported 'Self Injury Awareness' sessions with mental health and minor injury unit staff to learn from an expert by experience.
- Improving services for people who misuse substances and experience mental illness continued to be a priority, in partnership with the Area Planning Board.
- Neurodevelopmental waits (children and young people) have improved with 60% compliance following the implementation of a robust improvement plan, better than the All Wales average.

Saundra Lloyd and Catherine Davies from the learning disabilities team worked with partners in Improvement Cymru, Hywel Dda University Health Board and Swansea Bay University Health Board to develop a Primary Care Training Pack. This is a resource for those in primary services supporting people with learning disabilities. "This started out as a training pack for GP practices, but we realised health screening services, dental practices and outpatient departments would also benefit".



## Quality and Patient Experience

Quality has been a core principle throughout an extra-ordinary year and central to the efforts to respond to the pandemic.

This Annual Report should be read as a whole to understand the full context and what is meant by 'Quality' in a year that patient experience was inevitably and significantly different.

Quality is integrated throughout the report for example:

- Powys and its Population (pages 5 – 8) sets out the assessment of need, with an overview of how the pandemic has impacted on people's well-being. This is important context for understanding what quality means for the Powys population and the health board.
- Planning and Delivery Framework (pages 10 – 12) describes how the health board responded to the pandemic, with revised structures and mechanisms to deliver safe and quality care at an extra-ordinary time
- Planning and Delivery of Safe, Effective and Quality services for Covid Care (pages 14 – 20)– sets out the development of a Clinical Response Model and the provision of care specifically for Covid-19
- Planning and Delivery of Safe, Effective and Quality services for Non Covid Care (pages 21 - 27)– sets out the arrangements made to deliver essential services across primary care, community care, acute and specialised care.
- Key areas of work in 2020 are also summarised in the above section where they are particularly important in relation to quality and patient experience. These include:
  - the South Powys Programme in response to the opening of the Grange University Hospital;
  - assurance work in relation to those providers subject to special measures including Shrewsbury and Telford Hospitals NHS Trust and Cwm Taf Morgannwg University Health Board
  - The development of an internal provider commissioning assurance framework, along with a framework for care homes, in partnership with Powys County Council.
- The implementation of the PTHB Clinical Quality Framework remains a priority and features in the PTHB Annual Plan 2021/22.

The following section provides additional technical data to meet the specific requirements of the Annual Report Guidance for 2020/21.

This includes a summary of patient experience and concerns, complaints, patient safety incidents, serious incidents and claims, including trends, over the last financial year.

For the safety and quality measures relating to infection control, the health board continues to report low levels of incidence.

## Incident reporting

An incident is defined as an event that occurs in relation to NHS funded services and care resulting in unexpected or avoidable death, harm or injury to patient, carer, staff or visitor. The health board reported 3623 incidents during 2020 – 2021 across all provided services.

An analysis of the incidents enables themes to be identified and these included patient behaviours which may be abusive, violent, disruptive or self harming, access, appointments, admission, transfer, discharge arrangements, accidents including falls, care monitoring including pressure ulcers.

A serious incident is defined as an incident that occurred during the provision of NHS funded healthcare. During 2020-21, the health board reported 56 of serious incidents.

The health board strengthened its focus on serious incident management in 2020, to ensure an effective and efficient response, with robust arrangements within each of the service groups, enabling multi-disciplinary review and shared learning. A method known as a 'swarm' model is also being implemented in relation to incidents of in-patient falls and pressure damage, to improve the timeliness and robustness of investigation and learning.

The organisations performance in relation to serious incident management is scrutinised by the Chief Executive Officer weekly and by the Experience Quality and Safety Committee.

## Concerns

Informal concerns, often termed 'on the spot' concerns, usually relate to relatively easy to address issues which can be resolved quickly and ideally by the next working day. All concerns, informal and formal, are required to be acknowledged within two working days. Our internal target for the acknowledgement of informal concerns is 100%.

During 2020-2021, the health board received 234 formal complaints, mostly relating to access to services, communication and attitude, as well as care and treatment. The trend has demonstrated improvement in timely management, reaching a 69.4% compliance with the 30-day target, compared with 28.2% compliance in the previous 12 months.

## Compliments

The health board receives and records compliments which are received in a number of formats including cards, letters and verbal compliments. A total of 281 compliments were recorded in the year but it should be noted that this will not be the full picture as by their nature they are often informally received. Highlights of achievements are given throughout this report to illustrate some of the areas of feedback and good practice.



## Learning and Improvement

'Putting Things Right' is the name given to a process by which Powys residents can raise concerns and know they are being listened to and their concerns are taken seriously. This is underpinned by the principles of 'being open' and is set out in health board policy underpinned by legislation, regulations and standards.

If a patient remains dissatisfied with a response to a concern investigated by the health board, the complainant has the right to raise the matter the Public Services Ombudsman for Wales who determines whether to pursue a full investigation. During the period of April 2020 to 28 February 2021, the health board have received 7 ombudsman enquiries, and responded to 7 of the recommendations made, with a further 7 enquiries notified that are not being investigated.

The health board was issued a Special Report by the Public Service Ombudsman for Wales in October 2020, as a result of poor complaints handling in relation to a complaint raised. The report is available on both the Public Service Ombudsman for Wales and the health board websites. Following on from the report, an independent review was undertaken regarding the ability and capacity to deal with complaints in an effective and timely way, including whether additional training should be undertaken. This is being used to ensure the focus on improvements is real with sustained change and increased compliance.

Opportunities to share lessons and promote wider learning are also taken through a 'Learning from Experience Group', the Patient Experience Steering Group and shared via Powys announcements and the All Wales CoRSEL Learning Update. Root cause analysis training has been used to underpin 'what good looks like' in terms of professional inquiry, investigation and analysis. The focus on learning has increased throughout the year as demonstrated in reports generated for the Experience Quality and Safety Committee and the plan for clinical audit.

PTHB Midwifery Team have partnered with Brecon & District Mind to research the needs of men becoming parents. A study funded with Integrated Care Funding (ICF) looked at how men transition and what changes they encounter and whether they feel their needs are met. The emerging themes have informed the design of support, from inclusion in antenatal education to specific mental health support. Recommendations on 'Becoming Dad' have been shared with providers of maternity and health visiting to promote the involvement of fathers.





## Compliance with the Nurse Staffing Levels (Wales) Act 2016

The Nurse Staffing Levels (Wales) Act 2016 places a general duty on all health boards to provide sufficient nurses to care for patients sensitively in all areas they provide or commission.

To oversee this work a new Nurse Staffing Act Group has been formed and this will oversee the implementation of the All Wales approaches, establishment review, quality indicators and assurance of staffing compliance within commissioned services.

Action taken to ensure there are sufficient nurses to care for patients sensitively as required by the Act encompasses:

- Strong, consistent, visible senior nursing leadership via the Professional Head of Nursing and team.
- Regular review of staffing levels using professional judgement, triangulated with nursing metrics, for example, rate of pressure ulcers, falls, medication errors, safeguarding referrals, patient and staff experience, expressed through incident reporting, concerns, staff survey and soft intelligence, for example, morale.
- Effective rostering accommodating the acuity and complexity of patient need, alongside efficient absence management, proactively in relation to annual leave, reactively in relation to sickness and at least daily review of staffing levels.
- Workforce and Organisational Development led programmes of recruitment and workforce efficiency.

Y Bannau Ward at Breconshire War Memorial Hospital took part in the pilot for the digitisation of patient notes as part of the Welsh Nursing Care Record in February 2021. This award winning work is transforming the documentation used by nurses and the learning will be rolled out across our hospitals in Powys.



## Safeguarding

Targeted support for safeguarding has also been implemented this year, recognising the increased risk linked the pandemic and the restrictions on family and social life.

This has included the establishment of an operational group and completion of the Safeguarding Maturity Matrix Self-Assessment Tool; updating of safeguarding policies in line with updated All Wales Procedures; training and awareness raising, focus on domestic abuse in referral and workforce processes; online resources for Violence Against Women, Domestic Abuse and Sexual Violence.

## Communications and Engagement

The importance of communications during this past year is noted throughout this report, as a fundamental part of the health board's work. The response to Covid-19 had to be rapid and dynamic and efforts to communicate changes in services were integrated at each stage.

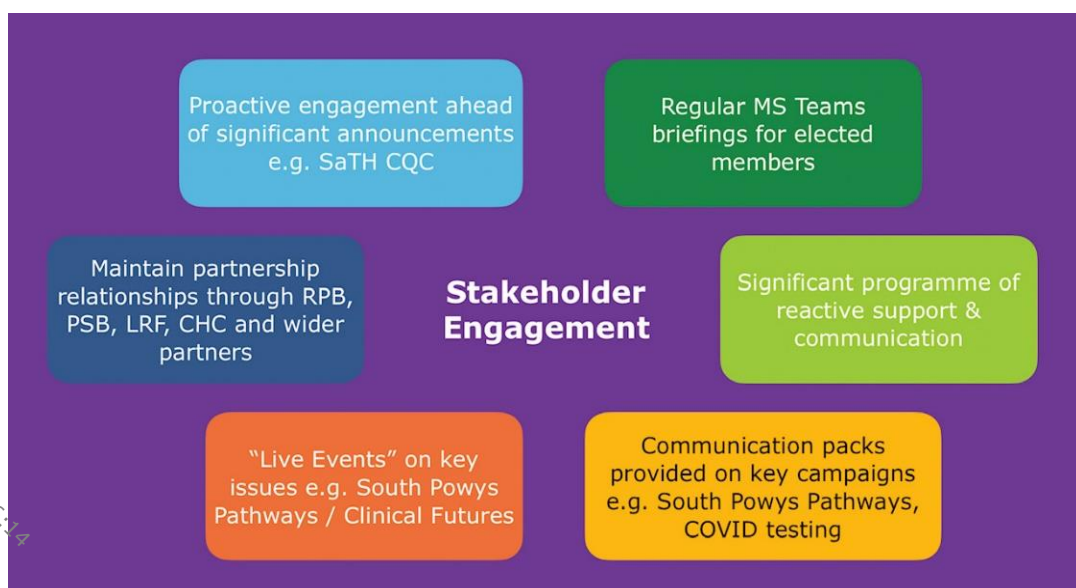
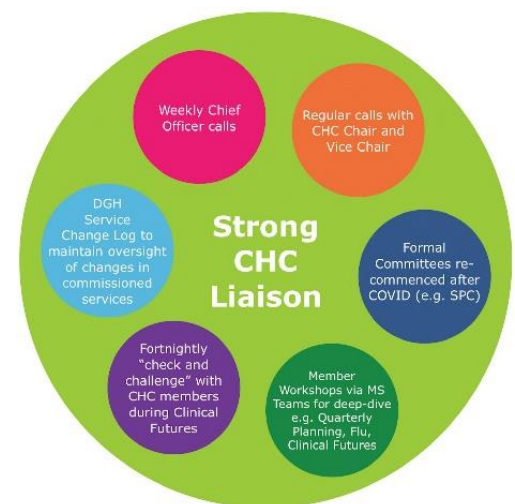
For example, a 'Five Step Approach' was communicated in the initial stage of the pandemic response, to give a clear picture of the Clinical Response Model and how to access services in the first wave of the pandemic.

In subsequent stages there was an increasing focus on the encouraging the use of health services, following a decrease in referrals and emerging evidence of population behaviour in using services.

Local and national campaigns were designed to encourage those that needed support to continue to access through the appropriate route – this is detailed further in the previous section as each service engaged with its own users to ensure they understood what had changed and to give assurance of the support still available for essential care.

Engagement with partners and stakeholders was critical and new arrangements were put in place rapidly, to ensure the health board was linked into the healthcare systems across England and Wales, to ensure that the needs of Powys residents were fully taken into account.

A stronger and more frequent liaison was established with the Community Health Council (CHC) who also adapted quickly and provided crucial feedback and an independent perspective in a fast changing environment. The CHC carried out key pieces of analysis in relation to patient care and experience across primary and community services nationally and locally – further detail of these can be found both on the CHC website and in the PTHB Annual Plan 2021/22.



Examples of specific mechanisms used during the year include:

- Promotion of key **Covid-19 messages and campaigns**: Stay Home, Save Live, Social Distancing, Hand Hygiene, Keep Wales Safe.
- **Covid-19 vaccination** engagement and communication plan
- **Test Trace and Protect** engagement and communication plan
- Development of online **directory** of PTHB Essential Services
- Promotion of the all-Wales **SilverCloud** offer
- Development and delivery of a local programme of engagement and communication for the changes to hospital services in Gwent and the **early opening of the Grange** (South Powys Project).
- Completion of the health board **website migration**, ensuring compliance with the Public Sector Bodies (Websites and Mobile Applications) (No.2) Accessibility Regulations 2018.
- Commencing a programme for **intranet migration**, to deliver a new platform ready for the retirement of intranet Cascade and ensuring compliance with the Public Sector Bodies (Websites and Mobile Applications) (No.2) Accessibility Regulations 2018.
- Support for the **national communication plans** for winter including Help Us Help You and seasonal flu vaccination.
- Supporting the development and submission of the Programme Business Case for the **North Powys Wellbeing programme** and new integrated model of health and wellbeing.
- Ongoing engagement in temporary, interim and ongoing **service change** both for our own provider services and those we commission from neighbouring health boards (e.g. South East Wales vascular services, North Wales nuclear medicine).
- Weekly briefings with the **Community Health Council** (CHC) have been maintained, with formal committee arrangements including CHC Services Planning Committee now re-established.
- Delivery of "A Healthier Wales" engagement offer and work to maintain and re-establish the PTHB **continuous engagement** approach with a focus on diversity and inclusion to promote health inequalities.



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## Equalities and Welsh Language

PTHB delivered a **Welsh Language and Equality Annual Work Plan** for 2020-2021, building on the **Strategic Equality Plan**. Key achievements:

- Joint Neurodiversity Network between PTHB and Powys County Council to provide support to staff with various additional learning needs.
- Gender Stakeholder Network to raise awareness of gender identity; investment in specialist trans voice therapy.
- Implementation of the Menopause Policy and Virtual Menopause Cafes
- Links into the Gypsy Roma Traveller Stakeholder Group; Tros Gynnal Plant Cymru Officers and key staff within PCC Housing Department.
- Virtual senior management group to consider Welsh Government's Black and Minority Ethnic (BAME) Covid Socioeconomic Subgroup Report and take actions including BAME staff group links, awareness training for staff, promoting the Covid-19 Risk Assessment Tool, and recruiting BAME Outreach PAVO (Powys Association of Voluntary Organisations) Volunteers.
- Participation in Online Pride Cymru and LGBT (Lesbian, Gay, Bisexual and Transgender) Cymru events; promotion of 'Coming Out' Day in October 2020.
- Sensory Loss Awareness Month promoted in November 2020; investment in personal amplifiers for patients; same day hearing aid repair and replacements services introduced for inpatients; increase in remote hearing aid adjustment with the assistance of Action on Hearing Loss; ECLO (Eye Care Liaison Officer) services improved to support those with sight loss as a result of the Covid-19 pandemic.
- A 'Leaving No-one Behind' action plan as part of the Covid-19 Vaccination programme to reduce health inequalities.

Significant improvements have also been made to increase our capacity to deliver **bilingual services** to Welsh speaking service users:

- Bilingual recruitment procedures
- Introduction of departmental Welsh language action plans
- Monitoring and supporting compliance with the standards by service
- Development of a new impact assessment policy and tool
- Welsh language resources for staff; Awareness and Training on the Standards and 'Active Offer'.
- Welsh speakers staff network; work to pair welsh speaking patients with welsh speaking clinicians.
- Leading a bilingual workstream for the Additional Learning Needs
- Sign up to the 'Leading a Bilingual Country' programme

Further information is available in the Annual Monitoring Reports for Equality and Welsh Language available here:

<https://pthb.nhs.wales/about-us/key-documents/equality-and-welsh-language/>



## Workforce

Workforce planning, redeployment and recruitment and training was critical to the Covid-19 response and essential healthcare in the first phase of the pandemic and the subsequent establishment of the Test, Trace and Protect and Immunisation programmes.



Collaboration and partnership was central to the successful workforce planning and delivery in 2020-21, with new and increased activity in key areas including a significant programme of volunteering, partnership agreements and trade union engagement. There was close working with Powys County Council, the Military, Mid Wales and West Fire and Rescue Service and staff side representatives.

The [NHS Staff Survey 2020](#) was offered to all staff and the health board had the highest response rate across health boards in Wales of 29% and the highest engagement score. The results were positive overall, with significant improvements in areas such as engagement and motivation, whilst recognising a need for a continued focus on culture, communication, management and team working. The need for time out to reflect, recover and build working relationships was highlighted.

### Staff motivation and enthusiasm

- 93% of staff were happy to go the extra mile
- 80% said they were enthusiastic about their role which is a 7% improvement
- 63.3% stated they look forward to going to work
- There has been a decline of 8.1% of those feeling they are able to make changes, from 77% in 2018 to 68.9%
- 59.9% take time out to reflect and learn, a decline of 3.1 % since 2018

### Friends and family recommendation

- Respondents were 4.2% less happy with the standard of care if offered to a friend or relative - from 63% in 2018 to 59.9%

### Bullying and harassment

- 91.4% of staff stated they had not been bullied, abused or harassed by their line manager, an improvement of 8.4% from 2018
- 90% reported they had not experienced bullying, abuse or harassment by a member of the public
- However only 45.6% of staff believed that the organisation manages bullying, harassment or abuse effectively

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Compliance with Statutory and Mandatory Training uptake, personal appraisals and reviews and sickness absence was impacted during the year as a result of the changes due to Covid-19. Work is in place to steadily return to pre Covid performance levels during the first quarters of 2021.

No	Abbreviated Measure Name	Target	Latest	12 mth previous	Previous Period	Current
53	Performance Appraisal (PADR)	85%	<b>Mar-21</b>	79%	65%	65%
55	Core Skills Mandatory Training	85%	<b>Mar-21</b>	86%	77%	79%
57	R12 Sickness Absence	12mth<	<b>Mar-21</b>	4.91%	4.99%	4.93%

An enhanced well-being offer for staff became a key priority in 2020-21, with targeted action in response to the New Ways of Working evaluation, Staff Survey results and staff engagement including Staff Side engagement.


With the development of a dedicated wellbeing staff portal, wellbeing workshops offering dietary advice and stress management were available to staff, as well as increased access to our dedicated Counselling service.

Working in partnership with the Trade Unions and our Charitable Funds Committee, has allowed the creation of Wellbeing hubs at all our sites offering free refreshments and digital display screens, for staff to view organisational news, updates, Powys announcements and messages.


### Do you take your 15-minute Wellbeing Break?

All PTHB staff are entitled to a daily 15-minute wellbeing break in addition to statutory breaks.


You can't use this 15 minutes to start work late, leave early or extend your lunch, but you can use them at other times.




Bwrdd Iechyd Addysgu Powys  
Powys Teaching Health Board




Go for a walk




Connect with others




Stand up from your desk, do some stretches




Just take some time out for you



Practice some mindfulness



Sit and relax



Have something to eat and grab a cuppa

If you are struggling to take your 15-minutes daily, please speak to your line-manager to ensure that it is planned into your day.

More information on wellbeing can be found on the PTHB Wellbeing SharePoint pages via the intranet

Whilst face to face staff engagement events had to cease, the increased digital capability enabled events such as live briefings from the Chief Executive and a staff Facebook group, in addition to the newsletter, twitter and other virtual ways for staff to share their work and opinions.

Partnership with Trade Unions has also been strong, with collaboration on the well-being initiatives and staff feedback and communication channels. The Local Partnership Forum has provided a formal advisory group ensuring action is considered and taken in response to feedback. This has included health and safety matters and the development of recovery and renewal priorities as part of the organisation's forward planning.

A flagship scheme of the Regional Partnership Board, the **Health and Care Academy** for Powys was progressed in 2020/21 and will increase local access to education, training and development across the health and social care sector.

Operating as a hub and spoke model, it will offer state of the art practical, academic and digital learning opportunities with an Academy Hub building offering a modern learning environment, expanded apprenticeships and the launch of the Kick Start Scheme.

The model has been developed as a partnership approach with our RPB, Local Authority and third sector partners, and aligns with "A Healthier Wales" and our own Health and Care Strategy "A Healthy Caring Powys".

It will offer programmes for each 'school' area, and a recognisable brand as an exemplar of rural, professional and clinical health and care education.



## Apprentice Successes

Shannon and Kristy started on the first intake of Healthcare Support Worker Apprentices in Brecon hospital and both have been successful in securing full-time roles and are working to finish off their qualifications. Callum and Lisa became Business Administration Apprentices in Workforce and Organisational Development. Through the Pandemic both were seconded to help with Test, Trace, Protect stepping up above and beyond their role. Both have now secured roles, Lisa in the administration team, and Callum as a supervisor in Bronllys Mass Vaccination Centre.



"I am really enjoying the apprenticeship programme, everyday I'm learning new skills as well as meeting lots of new people"

"Health & Social Care is a career for life, you can progress and build on your skills through the apprenticeship programme"

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## Digital

Digital was of huge importance this year, in the context of the pandemic response. In many cases, it enabled essential care to continue to be delivered.

It was not without its challenges but the acceleration of the digital rollout was absolutely fundamental to the work of the health board this year and remains a significant focus.

At a time when services for Powys patients were being reduced or suspended due to Covid-19, digital was central to patient care and support.

Key areas of development included:



There are now 250 consultations being done weekly by Attend Anywhere

2500 consultations took place between June 2020 and December 2020

Of these, 42% were Therapies, 34% Mental Health, 13% Women and Children, 5% Secondary Care, 3% Pain and Fatigue Management, 1% Virtual Wards, 1% Public Health, Community Dentistry < 1%

Attend Anywhere (a tool for online appointments) was implemented with positive feedback from both patient experience and clinical practice.

Whilst not suitable for all contacts, it provided a new means of support for some patients, who reported for example that video calls can help them feel more connected, it can feel less judgemental and more comfortable, as well as much more convenient than travelling to appointments.

There are also challenges to any digital means of delivery and not all patients, users and carers will be as favourable to digital care or as able to access it. There is a clear need to build the infrastructure, capacity and equipment to develop in this area as well as an ongoing need to engage with those using the services to understand their experience and outcomes.

The health board went live with Consultant Connect in May 2020 (a tool for clinicians to connect virtually for advice and support) and this has been highly regarded in the areas where it is established.

It has helped to reduce unscheduled admissions and referrals, enabling patients to have support as early as possible, with more rapid access to specialist advice.

It has helped bridge the gap, which has been widening as a result of the pandemic, between the GP and the consultant pathway for the patient.

Other examples of local digital delivery:

- Rapid expansion of the SilverCloud online Cognitive Behavioural Therapy (CBT) offer for residents and staff to offer self-referral.
- Introduction of a new self-management app (My mHealth) to support people with long term conditions.
- Offering MyDiabetes and MyHeart apps to patients on diabetes and cardiac specialist nurse caseloads to access rehabilitation / exercise / diet programmes in tandem with support from their clinician.
- These apps can be accessed on almost any device that connects to the internet, including smart-phones, laptops, tablets, and TVs.
- The acceleration of online support has shown that some new types of support can offer increased benefits in relation to self-management
- It is providing a helpful tool for self-care, particularly understanding and tracking of symptoms; enabling a more active real time response to help prevent conditions worsening



A wide ranging technical programme of work was necessary to underpin the infrastructure for digital acceleration, including:

- A huge increase in agile working enabling new ways of working to support delivery of healthcare.
- This included the rollout of Office 365 (O365) with user adoption support and training and technical knowledge transfer, and the migration of shared and person drives to drive agile file sharing and directories.
- The working from home strategy was delivered including Bring Your Own Device policy, mail migrations and virtual conferencing platforms
- Clinical information systems were expedited for use including delivery of WCCIS (Welsh Community Care Information System) Release testing and implementation for Welsh Clinical Portal (WCP); Welsh Clinical Communication Gateway (WCCG) and associated hardware; ophthalmology digitalisation programme.

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- Progression of partnership work to support connectivity in rural Powys and alignment with the National Digital Health and Care Wales plan.
- Strong partnership between the health board and the County Council underpinned the transformation in Information and Communication Technology. Teams worked together on IT support and call handling for programmes including Test, Trace and Protect and Covid-19 Vaccination.

There is ongoing evaluation to learn from virtual service offers and ensure the benefits and challenges for users, carers and organisations are understood.

### Learning from Virtual Consultations

- Not suitable for certain types of appointments; restrictions on clinical examination and interaction; cognition difficulties and other disability considerations
- Low uptake of physical appointments as telephone consultations replace them
- High rates of DNA due to patients having connectivity and technical issues
- Poor audio quality and or screen clarity
- Some clients need face to face appointments due to cognition issues
- A better-quality platform required
- Training needs including software/ recording of details on new system
- Time taken up explaining how the system works to patients
- New types of interface leading to communication difficulties if patients call from holiday/ from bed
- Possible safeguarding issues if clients feel unable to disclose information from home
- Further development of functionality to consider includes the ability to run groups or breakouts and being able to export session as clinical record

Further analysis of the learning, challenges and opportunities in relation to the digital rollout are included in the PTHB Annual Plan 2021/ 22.

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## Innovative Environments

A huge acceleration in physical environments was required during 2020 to respond to the pandemic. Innovative environments is about both the physical and thinking space and great progress has been made in agile working and environments for care, with services delivered from laptop screens, drive throughs and mobile units.



The Powys Lymphoedema Service worked with Tenovus to provide a mobile clinic, to provide assessment and therapy. This helped ensure continued assessment, which is important to help prevent cellulitis and maintain independence, also reducing hospital admissions. The team have also set up a service online, using Anytime, Anywhere as an alternative to telephone consultations.

Community lymphoedema therapist Portia Wilson also won the Case Report competition at the British Lymphology Society Annual Conference 2020. Her article: "Engaging with patients to make exercise and movement more meaningful: a case report" was published in the British Journal of Community Nursing Chronic Oedema Supplement, October 2020.

Significant milestones were achieved in capital developments as well as estates improvements, ventilation and oxygen supply, signage, markings and wayfinding to support new and safe ways of accessing physical sites.

The **Discretionary Capital** Programme supported IT and equipment purchases and projects to enhance clinical space and improve compliance.

**Machynlleth Well-being Project:** Full Business Case approved.

**Bronllys Health and Care Academy** progressed in 2020/21 with first phase anticipated completion in Quarter 1 of 2021/22.

**Brecon Car Park:** Business Justification Case submitted

**North Powys Well-being Programme:** Reshaped during 2020 in partnership; Strategic and Outline Business Case scheduled in 2021/22.

**Llandrindod Wells Hospital: £11M** Programme Business Case for Phase 2 submitted to Welsh Government.

Covid Response: Oxygen supply to wards, mechanical ventilation, shower and change facilities, one way systems for hot clinics, conversion of spaces and installation and equipment works for testing and vaccination.

PTHB started work on an Innovative Environments Strategic Framework in 2020/21 which takes into account the momentum and learning from Covid-19, shaping and describing how innovative environments support recovery through a holistic integrated model of care. National work to develop a Primary Care Estates Strategy will also be incorporated.

## Sustainability and the Future Generations Act

Whilst a sustainability report is not mandatory for 2020-21 it is a high priority for the health board and information is provided in this section where it was available.

The health board recognises the value of sustainability as a central organising principle within the Welsh Government and public sector bodies in Wales. It also recognises that there is an immediate need to tackle climate change by reducing CO<sub>2</sub>e emissions and ensuring measures are implemented to adapt to the changing environment.

The imperative for change was reinforced by the 'climate emergency' declaration by Welsh Government on 29 April 2019.

The main legislative drivers for change within the health board in respect of the environment are:

- The Environment (Wales) Act 2016
- Well-being of Future Generations (Wales) Act 2015

Under the Environment Act two major targets have been set for the public sector which are:

- 1) Zero Waste to Landfill (target to achieve: 2050)
- 2) Decarbonisation of the public sector (target to achieve: 2030)

The health board have established an Environment and Sustainability Group (ESG) to provide strategic direction, consistency and transparency in management of environmental issues and implement a structured approach to sustainability. This encompasses:

- Energy and Water
- Waste
- Sustainable Transport
- Buildings and Biodiversity
- Procurement

The group is also working to reduce the health board's impact on the environment and comply with legislation by implementing the Environment Policy and Environment Management Systems (EMS). This delivers against the three key principles of Sustainable Development:

- 1) Environment
- 2) Economic
- 3) Social

The health board has the following sites, footprint and land area:

Aggregated sites include Clinics:	9
Hospital sites:	9
Total Estate Site Footprint	40,108 m <sup>2</sup>
Total Estate Site Land Area	7525 Hectare
Total full-time equivalent Staff Employed	1979

## Delivery Plans

During this reporting year delivery plans have been produced for Sustainable Transport, Communications and Grounds maintenance which take forward the environmental management and sustainable development objectives. Additionally, this is the first year of reporting against the Section 6 Biodiversity Plan and the estates department has developed a Wellbeing of Future Generations delivery plan to embed more sustainable practices as a trial before rolling out to the organisation. The health board has continued to develop its ISO14001 (2015), environmental management system and monitoring.

## Decarbonisation

In 2021 NHS Wales Shared Services published a 53-point *NHS Wales Decarbonisation Strategic Delivery Plan 2020-2030* which commits to reducing carbon emissions by 34%. PTHB drafted an Environment and Decarbonisation framework during 2020 which also considers work by Powys Public Service Board and its Powys Decarbonisation Strategy.

## Key achievements during 2020-21:

- ISO14001 retention of accreditation.
- Major capital schemes including significant investment into energy efficiency, renewable technologies and biodiversity loss mitigation.
- Reprioritisation of the Environment and Sustainability Group to include all parts of the organisation represented by senior staff
- Staff side environmental group (Green Bees)
- Environment and Decarbonisation Framework development
- Wellbeing of Future Generations act delivery plan and pilot
- Significant contributions to business case writing to ensure step change towards an environmentally sustainable model of care
- Standard specification for products and materials to ensure the best and least environmentally impactfully goods are used
- Continual support for the Public Service Board (PSB) and the active participation for 'A Carbon Positive Powys Strategy' development
- Review of printer/scanner fleet and recommendations to reduce environmental impacts

## Further initiatives and actions:

The Environment and Sustainability Group continues to support initiatives to reduce CO<sub>2</sub>e emissions, including, an increased diversion of waste from landfill; an improvement in the estate's biodiversity; major capital schemes with significant carbon reduction initiatives and environmental measures throughout projects; the development of procurement procedures; finalise and deliver the Sustainable Transport Strategy; bring systems in line with carbon emission reporting and develop offsetting measures; rollout the Future Generations Delivery Plan approach across further teams.



## Commentary on greenhouse gas emissions

Greenhouse Gas (GHG) emissions are one of the sustainability performance indicators that are most requested by stakeholders. The Greenhouse Gas Protocol set the benchmark for reporting GHG and established three categories of emissions (Scope 1, Scope 2 & Scope 3)

**Scope 1 Direct GHG**, defined as 'emissions from sources that are owned or controlled by the organisation', such as onsite combustion of fossil fuels and mobile combustion through transport

**Scope 2 Energy Indirect GHG**, defined as 'emissions from the consumption of purchased electricity, steam, or other sources of energy'

**Scope 3 are also referred to as Other Indirect GHG**, and are defined as 'emissions that are a consequence of the operations of an organisation, but are not directly owned or controlled by the organisation' including employee commuting, business travel, third-party distribution and logistics, production of purchased goods and emissions from the use of sold products

All gas, electric and water figures are taken from actual records and validated through internal systems. Any account not covering a full year at the time of reporting have been given pro-rata, this will be updated and published if the full year figures differ significantly, in line with the Annual Report guidance for this year.

Greenhouse Gas Emissions		2018-19	2019-20	2020-21
Non-Financial Indicators (1,000 tCO2e)	Total Gross Emissions	<b>4.611</b>	<b>4.174</b>	<b>4.271</b>
	Total Net Emissions	4.611	4.174	4.271
	Gross Emissions Scope 1 (direct)	Gas: 2.539 Oil: 0.182	Gas 2.300 Oil 0.200	Gas 2.794 Oil 0.217
	Gross Emissions Scope 2 & 3 (indirect)	Electric 0.987 Business travel 0.903	Electric 0.932 Business travel 0.742	Electricity 0.797 Business travel 0.463
Related Energy Consumption (million KWh)	Electricity: Non-renewable	3.468	3.653	3.417
	Electricity: Renewable	0.200	0.200	No data
	Gas	13.965	12.509	13.714
	LPG	N/A	N/A	N/A
	Other	Oil 0.669	Oil 0.641	Oil 0.698
Financial Indicators (£million)	<b>Expenditure</b> on Energy	Electric 0.527 Gas: 0.457 Fuel oil 0.040 Total 1.024	Electric 0.690 Gas 0.410 Fuel oil 0.034 Total 1.134	Electric 0.609 Gas 0.330 Fuel oil 0.000 Total 0.000



	CRC License Expenditure (2010 onwards)**	N/A	N/A	N/A
	Expenditure on accredited offsets (e.g. GCOF)**	N/A	N/A	N/A
	Expenditure on official business travel	1.061	1.089	1.089

The health board is migrating electric accounts to a supplier guaranteeing green electricity (REGO certified). Electricity is not reported as zero emissions as the electricity mix supplied to the UK includes renewable electricity so it would be considered double counting if we were to do so.

No carbon offsetting has been undertaken or procured during 2020-21 Powys Teaching Health Board continues to repatriate services back to the organisation, which in the medium to long-term will have an effect on patient numbers and energy demands.

Emissions from transportation include all NHS owned and private vehicles business mileage and does not include private home to work commute. Welsh Ambulance millage figures undertaken on behalf of PTHB have also been included. A significant reduction has been seen for transport as well as gas and electric use, likely to be the result of COVID restrictions.

The UK Governments GHG Conversion Factors for Company Reporting has been used for all CO<sub>2</sub>e conversion calculations.

#### Commentary on waste

Waste		2018-19	2019-20	2020-21
<b>Non-financial indicators (tonnes)</b>	Total waste	<b>371.61</b>	<b>374.27</b>	<b>No data</b>
	Landfill	General waste 165.55 Medical 000.00 Total 165.55	General waste 140.83 Medical 022.36 Total 163.19	No data
	Reused /Recycled	General 096.33 Medical 000.00 Total 096.33	General 118.04 Medical 023.79 Total 141.83	No data
	Composted	Food 010.79	Food 011.24	No data
	Incinerated with energy recovery	General 000.00 Medical 098.94 Total 098.94	General 000.00 Medical 034.42 Total 034.42	No data
	Incineration without energy recovery	0.0	0.0	No data
<b>Financial indicators (£million)</b>	Total disposal cost	<b>£0.132</b>	<b>£0.186</b>	<b>No data</b>
	Landfill	General 0.065	General 0.067	No data

		Medical 0.000 Total 0.065	Medical 0.022 Total 0.076	
	Reused/ recycled	General 0.014 Medical 0.000 Total 0.014	General 0.039 Medical 0.013 Total 0.039	No data
	Composted	Food 0.003	Food 0.003	No data
	Incinerated with energy recovery	General 0.000 Medical 0.050 Total 0.050	General 0.000 Medical 0.063 Total 0.063	No data
	Incinerated without energy recovery	N/A	N/A	No data

### Commentary on water usage

Water conservation is balanced against water safety.

The figures below are based on pro-rata accounts available at the time of reporting. Additionally, a number of accounts are rateable accounts and not a true reflection of water used.

This year a significant maintenance issue was identified with a third parties' equipment causing wasted water and is in resolution. The result of this and potentially water use for washing hands due to COVID, explains the increase from 2019-20 which is within the expected fluctuations due to environmental and service change.

Finite Resource Consumption			2018-19	2019-20	2020-21
Non-Financial Indicators (000m <sup>3</sup> )	Water Consumption (Office Estate)	Supplied	43.410	33.458	41.206
		Sewerage	30.900	25.404	30.756
		Abstracted	N/A	N/A	N/A
		Per FTE	0.025	0.018	0.020
	Water Consumption (Non-Office Estate)	Supplied	Not available	Not available	Not available
		Abstracted	Not available	Not available	Not available
	Water Supply Costs (Office Estate)		0.071	0.051	0.066
Financial Indicators (£million)	Sewerage Supply Costs (Office Estate)		0.064	0.056	0.053
	Water Supply Costs (Non-Office Estate)		N/A	N/A	N/A

## Partnership

Powys has a complex set of inter-dependencies across England and Wales which were reflected in its planning and delivery framework during 2020/2021 and continue to be a key consideration in the Draft Annual Plan 2021/22.



The key partnerships and transformation programmes were reviewed in the second half of the year, with a focus on recovery and renewal efforts in the County in the context of the pandemic.

The Powys Regional Partnership Board, Powys Public Services Board and Mid Wales Joint Committee for Health and Care were progressively re-established from the summer and autumn of 2020.

The **Powys Regional Partnership Board** Priorities continue to be shaped around a life course approach with Cross Cutting Themes and strategic outcomes and include:

- The North Powys Well-being Programme - reshaped against emerging evidence. A Strategic Demand and Capacity analysis is continuing into the first quarter of 2021/22 and will inform the work of the Regional Partnership Board and the health board.
- Workforce Futures and the Powys Health and Care Academy
- Extra Care Development, Brecon
- Start Well – Children’s Zone for families with complex needs (Newtown); Children on the Edge of Care, Integrated Autism Service; Emotional health and wellbeing including Missing Middle support; Safer accommodation to support children and young people with complex needs.
- Live Well – Community Connectors; Home support; Dementia Home Treatment; Access Support (Disability Powys).
- Age Well – Befriending; Digital Social Care; Micro Enterprise Development; Enhanced Brokerage; Right sizing care packages; Integrated Commissioning Practice.
- Cross cutting – Carers; Assistive Technology; Social Value Forum; Welsh Language; Workforce; PAVO Engagement; RPB Operations/Development Programme.

PTHB and Powys County Council worked with PAVO (Powys Association of Voluntary Organisations, through the Powys Regional Partnership Board, to establish a **Community Sector Emergency Response Team** (C-SERT).

This brought together county organisations that offer volunteer support and emergency response services alongside partners from Powys County Council and Powys Teaching Health Board.

- Through C-SERT, the PAVO Community Connector service coordinated thirteen community support networks across Powys, the recruitment of volunteers to maintain vital services for vulnerable and isolated people, such as prescription delivery; and the provision of information to the voluntary sector, including advice and support on funding and grants during Covid-19.
- This helped to maximise the value of the significant increase in volunteering and community support across Powys, with a new understanding of the role and value of volunteers.
- Work is continuing to build on this collaboration for example trialling the use of 'Anchor Buddies' in the community mental health team in Brecon, with volunteers able to help mental health service users who have expressed anxiety about re-entering social situations.

More frequent liaison was established with the **Powys Community Health Council** as noted in the previous section on Communications and Engagement.

The **Public Services Board** also continued the agreed 12 well-being steps in its Well-being Plan 'Towards 2040' with a greater emphasis on three key steps: Digital infrastructure; Decarbonisation; Sustainable environments.

The **Mid Wales Joint Committee for Health and Care** is a regional approach brings together the Mid Wales Health Boards, in collaboration with cross border organisations in particular in Shropshire/ Telford and Herefordshire/Worcestershire. For 2021/22 the priority areas have been reviewed with advice from the Mid Wales Clinical Advisory Group. These include ophthalmology, urology, cancer, respiratory, dental, rehabilitation, digital, hospital based care and cross border workforce.

The PTHB programmes for **Tackling the Big Four** (the four main causes of ill health in Powys) including Breathe Well, Cancer, Circulatory and Mental Health were also progressively reviewed and reintroduced into quarterly planning and delivery in the latter part of the year and has informed the Draft Annual Plan for 2021/22.

A drive through spirometry service was launched in February 2021, to address a backlog in respiratory diagnosis or review. Powys County Council provided the car park at their headquarters in the centre of the County and the service launched in February 2021. Patients arrive by car and have a full clinical history and spirometry test taken on site. The results are shared back with their GP. The clinics also give an opportunity to train physiologists of the future, with placements providing direct observational and practical skills.



## Forward Look 2021/22

Looking forward, the Annual Plan for 2021 – 2022 has been drafted 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. It was developed following a six step process:

**STEP 1: Assess the learning and reflections** on the course of the pandemic and how the health board and partnerships responded

**STEP 2 Understand the latest evidence** on the impact of the pandemic (direct and indirect) for the population, taking account of national and international horizon scanning/ evidence

**STEP 3 Assess the position** in relation to access to health services, including extended waiting times being experienced by a significant number of patients

**STEP 4 Identify critical priorities and outcomes** for 2021/22 and potentially beyond

**STEP 5 Develop proposals** to meet those outcomes, recognising investment may be required

**STEP 6 Formulate an Annual Plan** for 2021/22

Annual Plans for 2021/22 were required to be submitted in Draft form at the end of March 2021, in recognition of further work to be carried out in the first quarter of 2021/22 to align plans nationally and regionally and to take account of the financial allocations which will be determined by Welsh Government in Quarter 1.

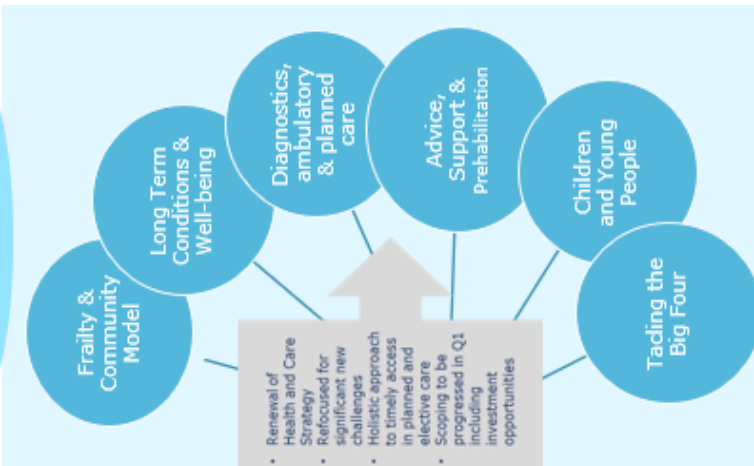
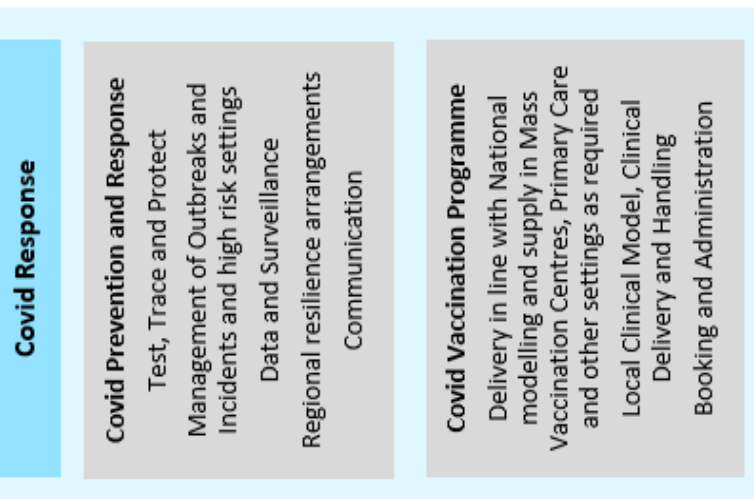
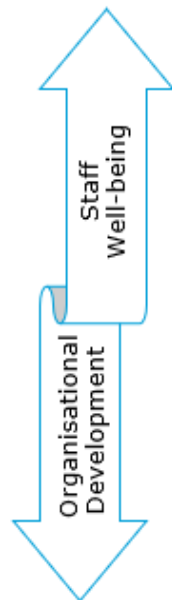
The scale of the challenge in relation to people waiting for diagnostics, treatment and care and the backlog created by service changes in response to the pandemic is a critical new dimension and will inform all transformation programmes and priorities going forward.

This is a challenge which will not be met by existing approaches or existing resources, it will require radical new solutions, nationally, regionally and locally. The health board has started important work led by Clinical Executives as part of the Annual Plan on renewal priorities. These are informed by the evolving learning and evidence and seek to respond not only to the immediate problems of visibly longer waiting times and backlogs in healthcare, but to understand the experience for people who are waiting for care, in the context of lives which are fundamentally changed now and for the future.

These will be taken forward as part of the recovery from the impacts of the pandemic across society, on the communities and individuals of Powys and on healthcare itself.

The Draft Annual Plan 2021/2022 also provides further detail on the ongoing delivery of Covid care and Non Covid care including essential healthcare– see overleaf for the Draft Plan on a Page.





Renewal



Enablers

## Roll Call of Staff Appreciation

All staff have shown incredible dedication this year – this ‘roll call’ of the Staff Certificates of Appreciation is included to show just some examples of individual and teams – thank you all:

**Jo Hughes** for her pivotal role in the Health Emergency Coordination Centre

**Alex Oakey** for excellent support with Office 365, patient stories and technologies

**Catherine Arnold** for her exemplary team leadership

**Sue Cox** for her kindness, compassion and support for the team.

**Clare Evans** for her support to the team during these challenging times.

**Rhian Price Evans** for her commitment to the safety and support of patients.

**Amy Prosser** for always going above and beyond for patients.

**Claire Powell** for her unfailing work to establish the vaccination centres.

**Donna Bale** for her calm, professional dedication throughout the pandemic.

**Fiona Jones** for her superb service to clients and staff.

**Adrian Osborne** for being the voice of the health board in the Stay Well Facebook group

**Jane Butler** for her selflessness and commitment to patients, families and peers

**Kerry Crosfield** for support for volunteers and patient experience in our mass vaccination centres

**Alwen Lewis** for support to families and those with children with challenging behaviours

**Lynn Williams** for the can-do, upbeat and approachable attitude she brings to a very complex role.

**Sue Pearce** for being a tireless advocate for patients, leading major improvements in of care

**Sue Pardoe Bouchard** for support as a clinical supervisor and extra shifts overnight and at weekends

**Rachel Carton** for kindness and competence to her patients especially through these tough times

**Samantha Gibbs** for her steadying presence, always going above and beyond for her patients

**Anna Marie Price** for her great motivational support for all the executive PAs

**Kim Lewis** for her creative, enthusiastic and can-do approach and a drive-through spirometry service

**Vic Deakins** for her personal support and being an incredible colleague to work with

**Sarah Williams** for always going the extra step and for her support for the bereaved

**Louise Vavere** for being a vital contact point for staff, parents, families, carers, schools and the team

**Mandy Mills** for her dedication in establishing the mass vaccination centres

**Jenny Spreafico** for fantastic leadership on the monumental task of competencies for vaccinators

**Claire Hughes** for tremendous support on the task of signing off competencies for vaccinators

**Gaz Davies** for excellent support including for the storage of oxygen cylinders

**Geraint Davies** who says “it’s amazing what a small team can achieve under the right leadership”

**Anne-Marie Mason** for her flexible and willing approach to the apprenticeship programme and the recruitment & training of vaccinators

**Treena Davies** for her flexible approach during Covid including setting up the wellbeing hubs

**Jessica Hughes** for her support and leadership to maternity services in Powys

**Linda Aldridge** for her attitude and proactivity to fight against this virus has been unbelievable

**Suzanne Cox** Sue goes above and beyond and is making a huge difference

**Lucie Dingwall** for working with incredible integrity and professionalism within the information team

**Claudia O'Shea** for recognition for all of her hard work on unscheduled care and her can-do approach

**Suzanne Pardoe Bouchard** for her valuable senior management to women’s and children’s service

**Zara Aberley** for providing responsive and efficient business support to the women’s and children’s team

**Emma McGowan** for her approach can do attitude and professionalism

**Helen Covington** for her dedication, flexibility, behaviours and values

**Rachel Bartley-Morris** for her commitment and dedication to her role in the midwifery team

**Shelly Higgins** for making an outstanding contribution to Powys Maternity services

**Jane Price**, Parkinson’s nurse for being so dedicated to her role and also a compassionate colleague





## Roll Call of Staff Appreciation



### Team Certificates of Appreciation

The **Bronllys Catering Team** for generous servings delivered with warmth, big smiles and sincerity

**Ty Illtyd Community Mental Health Team** for supporting each other and thinking outside the box

**Powys Day Surgery and Endoscopy Team** for their flexible approach to redeployment and their hard work to restart safe services

**Estates Helpdesk Team** (Jane and Bernie) for their calm, polite, smooth and efficient service especially dealing with a significant increase in calls

The **Twymyn Unit team** for their tremendous support for each other and their patients

Our **Wayfinding volunteers** for giving up their own time to provide such wonderful support

The **Quality & Safety IPC Team** for coming together as a new team to support high standards

**Owen Hughes, Michelle Price, Jeremy Tuck, John Morgan and Lucie Cornish** for coming together to design, implement and run a Covid-recovery service for Powys

**Powys Community Dental Service at Park Street Clinic in Newtown** for their excellent work to maintain a safe urgent dental service through Covid

The **Contact Centre Team** for their professional and flexible support to the dietetics and podiatry service and additionally to physiotherapy MSK during Covid

**Builth Wells District Nursing Team** for their resilience and cheerful determination

The **Clinical Education Team** for outstanding efforts on the training programme for vaccination

The **Estates Works Team** for all their efforts and instrumental role in setting up vaccination centres

The **Resourcing Team for Mass Vaccination** for a massive recruitment programme

The **Covid-19 Booking Hub** for their flexibility, commitment and willingness in create a service that deals with thousands of appointments every week

The **Workforce and OD Resource and Training Team** for supporting the development, resourcing and support to mass vaccination delivery models at an unprecedented pace

The **Workforce and OD Health and Wellbeing Team** for health and wellbeing initiatives

The **HCA's from the Parkinson's Clinic** for their commitment and dedication

The **Quality and Safety Team** for the work on safe, effective and compassionate

The **Llandrindod District Nursing Team** for their incredible palliative care for complex patients

The **Medicines Management Team** for outstanding contribution and dedication

The **Continuing Health care team** for going above and beyond providing support out of hours

The **Powys Sexual Health Team** for being flexible and responsive and embracing the opportunities

The **Knighton and Presteigne DN's** for commitment and dedication to patients and team members

### Long Service Awards

Shirley Ann Whitney, Rachel Jane Price, Stephen Hawker, Rebecca Mary Burns, Melanie Suzanne Dooley, Gaynor Jones, Alison Margeret Lewis, Marion Morris, Enid Mair Stephens, Debra Jones, Joanna Jane Love, Denise Watkins, Virginia Jones, Peter Charles Carver, June Jeanette Harley, Gethin Evans, Julie Diane Richards, Dr David Anian Pal, Helen Margaret Rees- Harris, Elaine Jane Taylor, Sarah Jane Wheeler, Nikki Smith, Debbie Lewis, Lynnette Watkins, Desmond Kito, Rowena Clegg



## SECTION TWO: THE ACCOUNTABILITY REPORT

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GIG  
CYMRU  
NHS  
WALES

Bwrdd Iechyd  
Addysgu Powys  
Powys Teaching  
Health Board

# ACCOUNTABILITY REPORT: 2020-21



SIGNED BY:

DATE: 11 JUNE 2021

Evans, Caroline  
06/08/2021 08:16:14

**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 (FReM) 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](#)

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## 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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<b>Independent Members (IM)</b>		
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
<b>Executive Directors</b>		
Carol Shillabeer	Chief Executive	Full Year
Julie Rowles	Executive Director of Workforce & 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:

<b>Independent Member</b>	<b>Executive Director</b>
<ul style="list-style-type: none"> <li>Independent Member (General) from 01/04/2019 to 22/02/2021</li> <li>Independent Member (General) from 05/09/2020 to 31/03/2021</li> </ul>	<ul style="list-style-type: none"> <li>Executive Medical Director from 01/02/2021 to 14/02/2021 (Assistant Medical Director provided cover during this time)</li> </ul>

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 9](#) of the Annual Governance Statement. The Annual Governance Statement also contains further information in respect of the Board and Committee Activity.

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## AUDIT, RISK AND ASSURANCE COMMITTEE

During 2020-21, the following individuals were members of the Audit, Risk and Assurance Committee:

<b>Independent Members (IM)</b>		
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
<b>Executive Directors by Attendance Only</b>		
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 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 61](#) 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**

Evans, Caroline  
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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**

Evans, Caroline  
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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]**

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## 4. ANNUAL GOVERNANCE STATEMENT

Evans, Caroline  
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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.

The Board agreed arrangements 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 the Local Partnership Forum continued to meet. To ensure Independent Members remained fully sighted, COVID-19 Board Briefings were also put in place. Further detail on maintaining good governance during the pandemic is provided in this Annual Governance Statement.

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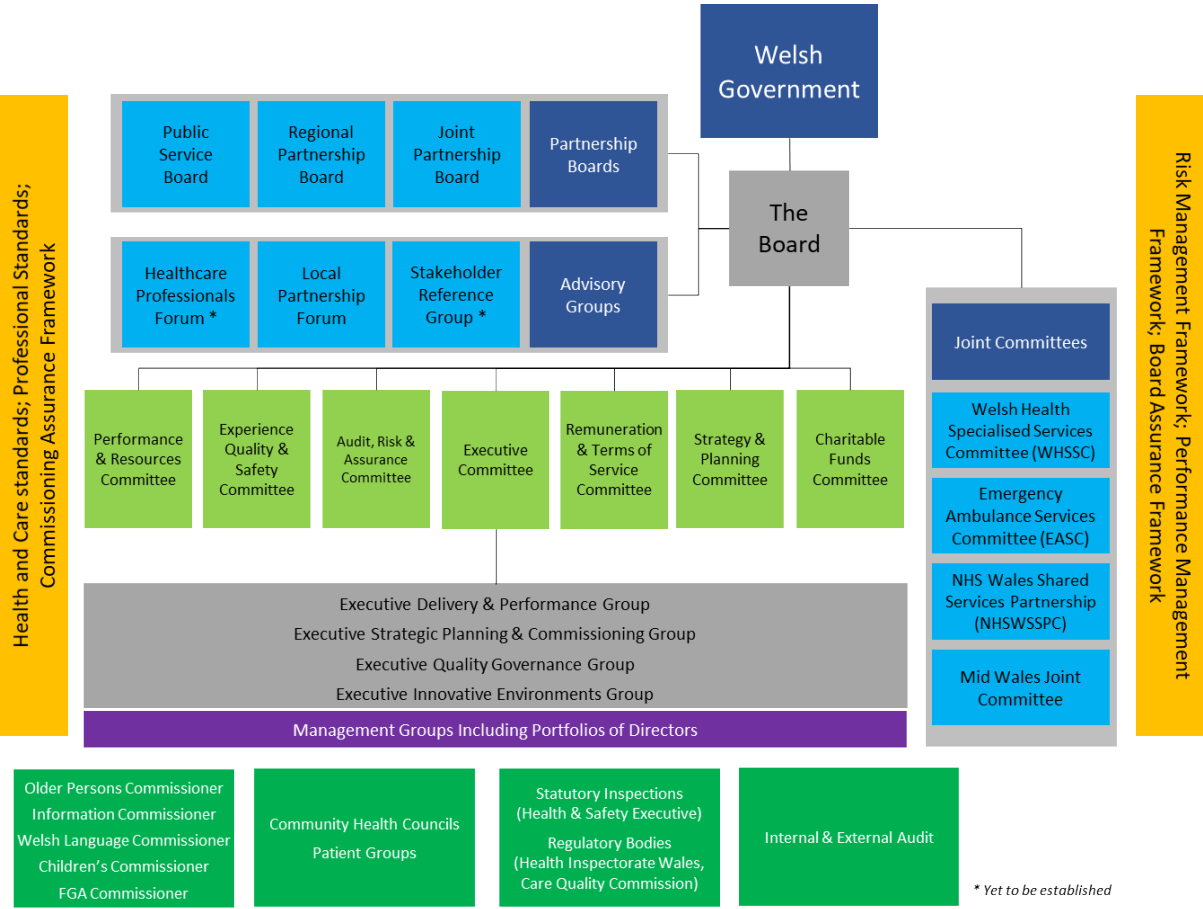


# Our Governance and Assurance Frameworks

PTHB has a clear purpose from which its strategic aims and objectives have been developed. Our vision is to enable a 'Healthy Caring Powys'. The Board is accountable for setting the organisation's strategic direction, ensuring that effective governance and risk management arrangements are in place and holding Executive Directors to account for the effective delivery of its strategic priorities.

**Figure 1** provides an overview of the governance framework that was in operation during 2020/21:

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



## 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 6](#). 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](#).

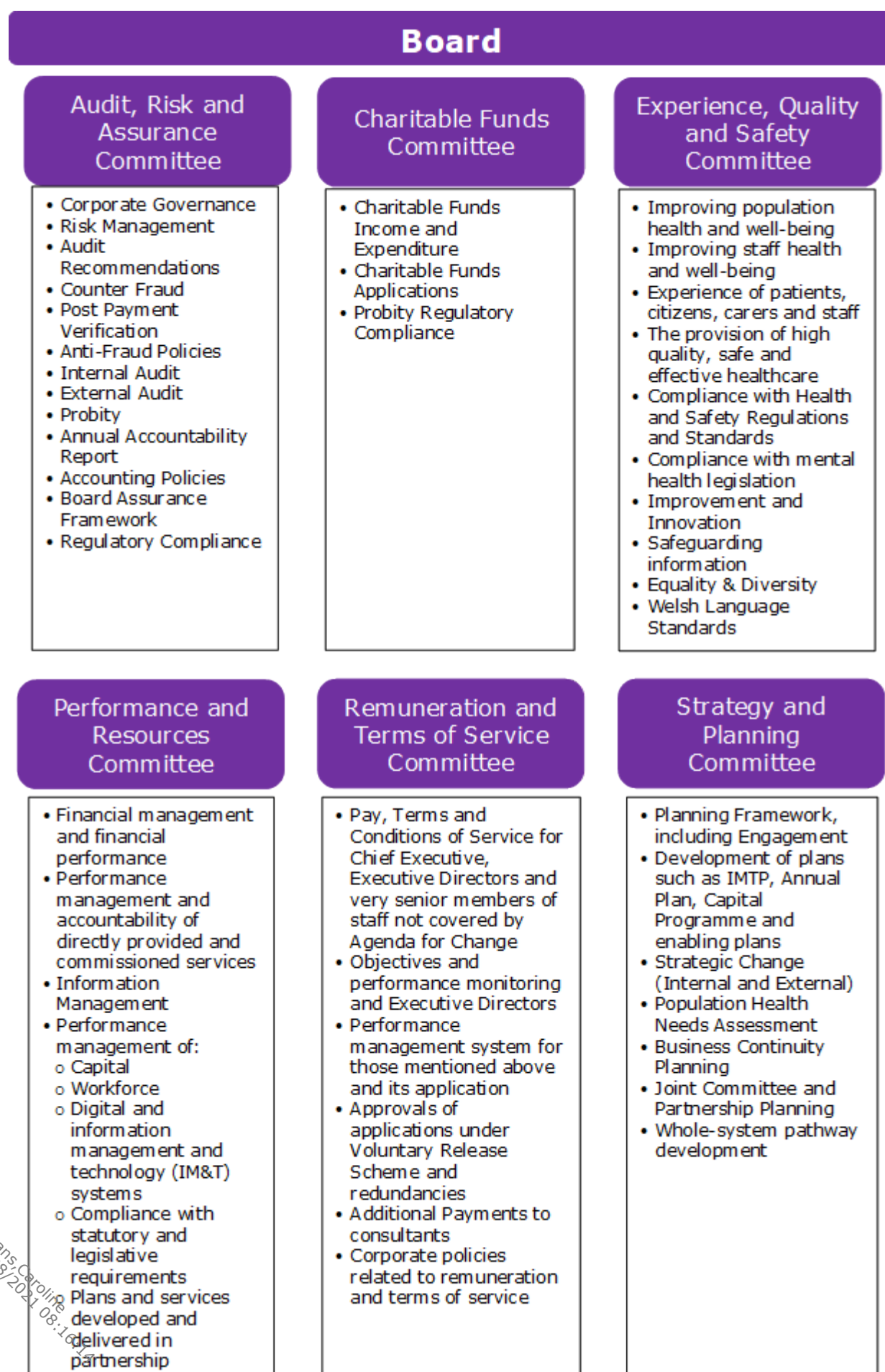
The Chair of each Committee reports regularly to the board on the committee's activities. This contributes to the board's assessment of risk, level of assurance and scrutiny against the delivery of objectives. In addition, and in-line with Standing Orders, each committee is required to produce an

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 2: Roles and Responsibilities of Committees of the Board**



## MAINTAINING GOOD GOVERNANCE

As a result of the pressure placed on NHS bodies in managing the impact of the pandemic during 2020/21, 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 fora 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 25 November 2020.

In May 2020, the Board reviewed its governance arrangements to reflect the organisation's 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, focusing 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
<b>Board</b>		27	29	29		30	22	25	21	27		31
<b>Audit Risk and Assurance</b>		18	25	20		08		03		26		09
<b>Charitable Funds</b>				01					03			04
<b>Experience Quality and Safety</b>	16		04	02 & 03			01	06	03		04	
<b>Performance and Resources</b>			30				06		14		22	
<b>Remuneration and Terms of service</b>		20		28						27		
<b>Strategy and Planning</b>				09				06			23	
<b>COVID-19 Board Briefing</b>	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**.

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## 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.

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## 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-19 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.

## 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 Ddyfi Community Hospital**

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

- **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 prior to publication on 30<sup>th</sup> September 2020.
- 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.

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

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

	<ul style="list-style-type: none"> <li>▪ Scrutinised arrangements in relation to the South Powys Pathways Programme.</li> <li>▪ Received a PSOW Special Interest Report and tracked the response thereto.</li> <li>▪ Reviewed performance against key patient experience, quality and safety indicators.</li> <li>▪ Sought assurance in relation to the quality of directly provided services and commissioned services.</li> <li>▪ Monitored the Health Board's approach to complaints and concerns.</li> <li>▪ Sought assurance in relation to specific issues, for example, the Shrewsbury and Telford Hospitals NHS Trust.</li> <li>▪ Oversaw the development of the Annual Quality Statement.</li> <li>▪ Received reports on matters such as Infection Prevention and Control, Wellbeing at Work, Safeguarding and Health and Safety.</li> <li>▪ Monitored Welsh Language requirements, equality and diversity; and compliance with mental health legislation.</li> <li>▪ Monitored the effectiveness of arrangements in place to support Improvement and Innovation.</li> <li>▪ Considered the safeguarding of information and associated governance arrangements.</li> <li>▪ Sought assurance on the implementation of Putting Things Right regulations and lessons learnt.</li> </ul>
<b>Performance and Resources Committee</b>	<ul style="list-style-type: none"> <li>▪ Sought assurance regarding financial management and financial performance.</li> <li>▪ 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.</li> <li>▪ Sought assurance regarding arrangements for the performance management and accountability of directly provided and commissioned services</li> <li>▪ Monitored workforce and organisational development frameworks and plans; and the monitoring of key workforce metrics.</li> <li>▪ Monitored GDPR and Freedom of Information, requirements.</li> </ul>
<b>Strategy and Planning Committee</b>	<ul style="list-style-type: none"> <li>▪ Scrutinised arrangements regarding the South Wales Pathways Programme.</li> <li>▪ Scrutinised proposals for PTHB Podiatry Services.</li> <li>▪ Monitored progress on the North Powys Well-being Programme.</li> <li>▪ Oversaw the development of the Board's Capital Discretionary Programme and Capital Business Cases.</li> <li>▪ Received reports on matters such as Board's Integrated Medium-Term Plan, including the</li> </ul>

	<p>Financial Plan and Workforce Plan and Board's Annual Plan, aligned to the Integrated Medium-Term Plan.</p> <ul style="list-style-type: none"> <li>▪ Considered and kept the following under review: <ul style="list-style-type: none"> <li>▪ Any necessary revision of the Health Board's strategies and plans.</li> <li>▪ Implications for service planning arising from the development of the Health Board's strategies and plans or those of its stakeholders and partners.</li> <li>▪ Health Board Civil Contingency Plan and Business Continuity Plan.</li> </ul> </li> </ul>
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## BOARD DEVELOPMENT

In July 2020, the Board approved its Board Development Plan 2020/21 – 2021/22. The purpose of the 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 held its annual self-assessment and reflection on 27th April 2021, with a specific focus on the effectiveness of its committees. Areas for improvement identified by the Board included:

- The need to ensure strategy development remains a board-level responsibility and so the delegation of this to the Strategy and Planning Committee would be reviewed;
- The need for a strengthened approach to the use of intelligence, data and analysis to support decision making; performance and assurance processes;
- The need to ensure committee workplans were aligned but did not duplicate discussion and effort;
- The need to ensure committee workplans were risk-based with a focus on gaps in assurance and control, balanced with supporting achievement of the Board's strategic priorities;
- Consideration to the potential of bringing committee chairs together to discuss committee effectiveness and good practice throughout the year;
- The culture and practice of meetings would be addressed through the Board Development Plan to support the development of healthy challenge and accountability.

The Board will consider its committee structure in June 2021, to ensure that it remains fit for purpose. The above opportunities for strengthened effectiveness will be considered in any proposed amendments.

## 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 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 three 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 19](#)) 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](#).

Risk Management training continued on an ad-hoc basis during 2020 largely due to the impact of COVID-19. This was delivered on the request of service groups and teams. During 2021-22, a risk management training needs analysis will be developed to develop a robust training plan in relation to risk for the Health Board.

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

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

## MANAGEMENT OF RISKS DURING 2020/21

### [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 5, 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](#).

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**Figure 5: Strategic Risk Heat Map**

Impact	Catastrophic	5					
	Major	4	<ul style="list-style-type: none"> <li>The health board does not meet its statutory duty to achieve a breakeven position in 2020/21</li> </ul>	<ul style="list-style-type: none"> <li>ICT systems are not robust or stable enough to support safe, effective and up to date care</li> <li>The health board is unable to attract, recruit and retain staff to some medical and clinical roles, principally registered nurses and doctors</li> <li>Effective governance arrangements are not embedded across all parts of the health board</li> <li>Resources (financial and other) are not fully aligned to the health board's priorities</li> </ul>	<ul style="list-style-type: none"> <li>The care provided in some areas is compromised due to the health board's estate being non-compliant and not fit for purpose</li> <li>Fragmented and unsustainable service models as a result of population changing need and service reconfiguration of neighbouring NHS bodies and the response of multiple providers / systems to the COVID-19 pandemic</li> <li>Potential adverse impact on business continuity and service delivery arising from a pandemic outbreak of an infectious disease (COVID-19)</li> <li>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</li> <li>A fire incident occurring within health board premises is not effectively managed</li> </ul>	<ul style="list-style-type: none"> <li>Some commissioned services are not sustainable or safe, and do not meet national targets</li> </ul>	
	Moderate	3			<ul style="list-style-type: none"> <li>The health board does not comply with the Welsh Language standards, as outlined in the compliance notice</li> <li>Services provided are fragile, not sustainable, and impact on PTHB ability to achieve National Outcome Framework measures</li> </ul>		
	Minor	2					
	Negligible	1					
			1 Rare	2 Unlikely	3 Possible	4 Likely	5 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 6.

**Figure 6: Key Risks and Controls**

RISK DESCRIPTION	CONTROLS IN PLACE, ACTION TAKEN & IMPROVEMENT ACTIONS
The care provided in some areas is compromised due to the Health Board's estate being non-compliant and not fit for purpose	<b>CONTROLS IN PLACE / ACTION TAKEN:</b>
	<p><b>ESTATES</b></p> <ul style="list-style-type: none"> <li>Specialist sub-groups for each compliance discipline.</li> <li>Risk based improvement plans introduced.</li> <li>Specialist leads identified.</li> <li>Estates Compliance Group and Capital Control Group established.</li> <li>Medical Gases Group; Fire Safety Group; Water Safety Group; Health &amp; Safety Group in place. New Ventilation Safety Group being set up.</li> <li>Capital Programme developed for compliance and approved.</li> <li>Capital and Estates set as a specific Organisational Priority in the Health Board's Annual Plan.</li> <li>Address (on an ongoing basis) maintenance and compliance issues.</li> <li>Address maintenance and compliance improvements to ensure patient environment is safe, appropriate and in line with standards.</li> </ul> <p><b>CAPITAL</b></p> <ul style="list-style-type: none"> <li>Capital Procedures for project activity.</li> <li>Routine oversight / meetings with NWSSP Procurement.</li> <li>Specialist advice and support from NWSSP Specialist Estates Services.</li> </ul>

	<ul style="list-style-type: none"> <li>▪ Audit reviews by NWSSP Audit and Assurance.</li> <li>▪ Close liaison with Welsh Government, Capital Function.</li> <li>▪ Reporting routinely to P&amp;R Committee.</li> <li>▪ Capital Programme developed and approved.</li> <li>▪ Detailed Strategic, Outline and Full Business Cases defining risk.</li> <li>▪ Capital and Estates set as a specific Organisational Priority.</li> </ul> <p><b><u>ENVIRONMENT</u></b></p> <ul style="list-style-type: none"> <li>▪ ISO 14001 routine external audit to retain accreditation.</li> <li>▪ Environment &amp; Sustainability Group.</li> <li>▪ NWSSP Specialist Estates Services (Environment) support and oversight.</li> <li>▪ Welsh Government support and advice to identify and fund decarbonisation project initiatives.</li> </ul> <p><b>IMPROVEMENT ACTIONS TO BE TAKEN FORWARD IN 2021-22:</b></p> <ul style="list-style-type: none"> <li>▪ Implement the Capital Programme and develop the long-term capital programme.</li> <li>▪ Continue to seek WG Capital pipeline programme funding continuity.</li> <li>▪ Develop capacity and efficiency of the Estates and Capital function.</li> <li>▪ Review current structure of capital and estates department – Estates Management and Senior Management Team structure enhancements in place. Second tier of structure review delayed due to COVID-19 activity.</li> </ul>
<p>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</p>	<p><b>CONTROLS IN PLACE / ACTION TAKEN:</b></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"> <li>▪ DPP Briefings with CHC; CHC Services Planning Committee restored from July 2020, Local Committees restored.</li> <li>▪ Chief Executive and Directors of Planning meetings.</li> <li>▪ Annual Plan development for 2021/2022 underway and will be submitted to PTHB Board and Welsh Government 30 June 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</li> </ul>



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 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.
- 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.

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:

- Strategic Change Stocktake process superseded by the processes developed during 2020 as part of the COVID-19 response – this is likely to continue to be necessary

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	<p>for 20/21 with the revised CAF process providing the updates and monitoring on neighbouring service change.</p> <ul style="list-style-type: none"> <li>▪ Impact Assessment process in place for detailed analysis of live strategic change programmes.</li> <li>▪ 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.</li> </ul>
	<p><b>IMPROVEMENT ACTIONS TO BE TAKEN FORWARD IN 2021-22:</b></p>
	<ul style="list-style-type: none"> <li>▪ Provide robust management of and response to the Future Fit Programme in Shrewsbury and Telford Hospital NHS Trust.</li> <li>▪ Continuous monitoring of impact as Hywel Dda UHB's Transforming Clinical Services Programme is implemented.</li> <li>▪ Provide robust management of engagement and response to the Hereford and Worcestershire Sustainability and Transformation Plan and Stroke programme.</li> <li>▪ Provide robust management of engagement and response to the Clinical Futures programme in Aneurin Bevan UHB.</li> <li>▪ Robustly manage the response and engagement with external service change programmes and developments as they arise during the year.</li> <li>▪ As a member of the Mid Wales Joint Committee for Health and Care support delivery of the agreed Action Plan.</li> <li>▪ Key focus for north Powys programme: <ul style="list-style-type: none"> <li>• Short term integrated model of care and wellbeing: <ul style="list-style-type: none"> <li>○ All acceleration for change projects to have baselines, indicators, milestone and finance plans agreed in April 21.</li> <li>○ 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.</li> <li>○ Continue with roll out of Powys together (children's first), Bach A Iach, Repatriation of children looked after.</li> </ul> </li> <li>• Work to support longer term integrated model of care and wellbeing: <ul style="list-style-type: none"> <li>○ Launch integrated model of care and wellbeing in late spring.</li> <li>○ Undertake demand, capacity and financial modelling to support new model of care – assessing sustainability and affordability.</li> </ul> </li> </ul> </li> </ul>

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	<ul style="list-style-type: none"> <li>○ Undertake detailed service planning work to include service specific plans for RRC/CWH and review and development of pathways to support the business case.</li> <li>○ Strategic Outline Cases for Health &amp; Care, Infrastructure, Housing and Community.</li> </ul>
Potential adverse impact on business continuity and service delivery arising from a pandemic outbreak of an infectious disease (COVID-19)	<b>CONTROLS IN PLACE / ACTION TAKEN:</b> <ul style="list-style-type: none"> <li>▪ Test Trace Protect programme in place: <ul style="list-style-type: none"> <li>• RT-PCR testing available for the Powys population via the UK online portal.</li> <li>• Contact tracing service operating.</li> <li>• Regional response cell in place for escalated cases and clusters.</li> </ul> </li> <li>▪ Joint management and oversight arrangements in place with Powys County Council, including a joint Prevention and Response Group.</li> <li>▪ Working as part of the wider system in Wales through participation in regional and national planning and response arrangements.</li> <li>▪ Powys Prevention and Response Plan in place.</li> <li>▪ Mass vaccination programme started.</li> </ul>
	<b>IMPROVEMENT ACTIONS TO BE TAKEN FORWARD IN 2021-22:</b>
	<ul style="list-style-type: none"> <li>▪ Continued implementation of COVID-19 Prevention and Response measures including: <ul style="list-style-type: none"> <li>▪ Test, Trace and Protect</li> <li>▪ Management of Outbreaks and Incidents and high-risk settings</li> <li>▪ Data and Surveillance</li> <li>▪ Regional resilience arrangements</li> </ul> </li> <li>▪ Continued implementation of the COVID-19 Vaccination Programme, including: <ul style="list-style-type: none"> <li>▪ Delivery in line with National modelling and supply in Mass Vaccination Centres, Primary Care and other settings as required</li> <li>▪ Local Clinical Model, Clinical Delivery and Handling</li> <li>▪ Booking and Administration</li> </ul> </li> </ul>
The Health Board fails is non-compliant with legal obligations in respect of Health and Safety due to a lack of identification and management of health and	<b>CONTROLS IN PLACE / ACTION TAKEN:</b> <ul style="list-style-type: none"> <li>▪ Health &amp; Safety workshop undertaken.</li> <li>▪ Health &amp; Safety work risk assessment work program identified.</li> <li>▪ Delivery of the 'Power Hour' risk assessment sessions ongoing throughout 2021.</li> <li>▪ Specialised professional Health &amp; Safety Senior Officer support.</li> <li>▪ Specialist sub-groups set up e.g. fire safety, water safety, medical gases, estates compliance, asbestos, radiation.</li> <li>▪ Health &amp; Safety Group standing item on risk.</li> <li>▪ Responding to issues identified by HSE.</li> </ul>

<p>safety related risks across the organisation</p>	<ul style="list-style-type: none"> <li>▪ Responding to issues identified by Internal Audit.</li> <li>▪ Risk Management Framework.</li> <li>▪ Risk Assessment Toolkit &amp; Template.</li> <li>▪ Health &amp; Safety Policies.</li> <li>▪ Delivery of the IOSH one-day 'Working Safely' training for Managers.</li> <li>▪ Framework developed and circulated to services for population for the identification and management of H&amp;S risks.</li> </ul> <p><b>IMPROVEMENT ACTIONS TO BE TAKEN FORWARD IN 2021-22:</b></p> <ul style="list-style-type: none"> <li>▪ Complete a desktop exercise to identify which services undertake a programme of risk assessments.</li> <li>▪ Provide focused support and advice to services to enable them to identify and manage their risks.</li> <li>▪ Continued rollout of IOSH one-day 'Working Safely' training for Managers.</li> </ul>
<p>A fire incident occurring within Health Board premises is not effectively managed</p>	<p><b>CONTROLS IN PLACE / ACTION TAKEN:</b></p> <ul style="list-style-type: none"> <li>▪ Fire Service Inspections – series of inspections documented.</li> <li>▪ Fire Training – training programme in place.</li> <li>▪ 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.</li> <li>▪ Fire Doors – fire door inspections are on the Estates Planned Preventative Maintenance schedule for in-house staff.</li> <li>▪ 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.</li> <li>▪ Emergency Lighting – lighting is checked as part of Estates Planned Preventative Programme, and there is a replacement programme of works.</li> <li>▪ 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.</li> <li>▪ Waste Compounds – risks have been identified, and improvements are being actioned by Support Services.</li> </ul> <p><b>IMPROVEMENT ACTIONS TO BE TAKEN FORWARD IN 2021-22:</b></p> <ul style="list-style-type: none"> <li>▪ Improve documentation and plans for ventilation ductwork and fire dampeners.</li> <li>▪ Planned programme for replacement of Alarm Systems at high risk of failure.</li> <li>▪ 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.</li> </ul>

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	<ul style="list-style-type: none"> <li>▪ Implement the framework of responsible persons to ensure trained roles are in place to drive fire drill process.</li> <li>▪ Agree with Support Services and organization-wide an agreed standard operating procedure for waste and recycling storage around all sites.</li> <li>▪ Review fire training to refocus and address any resilience issues.</li> <li>▪ Bring all Fire Safety Manuals up to date.</li> <li>▪ 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.</li> <li>▪ Compartmentation works as identified in previous surveys to be implemented.</li> <li>▪ Fire Extinguishers – new fire extinguisher maintenance contract currently undergoing quality scoring with the aim of awarding contract by June 2021.</li> </ul>
Some commissioned services are not sustainable or safe, and do not meet national targets	<p><b>CONTROLS IN PLACE / ACTION TAKEN:</b></p> <ul style="list-style-type: none"> <li>▪ Implementation of the Strategic Commissioning Framework (for whole system commissioning).</li> <li>▪ Embedding the Commissioning Assurance Framework (CAF) escalation process.</li> <li>▪ Executive Committee Strategic Commissioning and Change Group (including consideration of fragile services – currently replaced by the DGH Log mapping pathway changes across multiple providers across England and Wales due to the COVID-19 pandemic).</li> <li>▪ Regular review at Delivery and Performance Meetings.</li> <li>▪ Scrutiny by Performance and Resources Committee.</li> <li>▪ Scrutiny by Experience, Quality and Safety Committee.</li> <li>▪ Internal Audits.</li> <li>▪ Contract Quality and Performance Review Meetings for the 15 NHS Providers and key private sector providers.</li> <li>▪ Individual Patient Funding Request Panel and Policy.</li> <li>▪ WHSCC Joint Committee and Management Group.</li> <li>▪ WHSSC ICP agreed within PTHB Annual Plan for 2021/22.</li> <li>▪ Emergency Ambulances Services Committee.</li> <li>▪ Shared Services Framework Agreements.</li> <li>▪ Section 33 Agreements.</li> <li>▪ Responsible Commissioner Regulations for Vulnerable Children Placed away from Home.</li> <li>▪ Specific Organisational Delivery Objectives set out in Health Board's Annual Plan for 2021-22.</li> <li>▪ Participation in the Cross-Border Network Between England and Wales (Statement of Values and Principles between England and Wales).</li> </ul>

	<ul style="list-style-type: none"> <li>▪ Commissioning Intentions set out in IMTP (response to the pandemic currently being implemented not commissioning intentions).</li> <li>▪ NHS LTA and SLA Overview submitted to the Executive Committee (and approval process).</li> <li>▪ Executive Committee approved LTA and SLA narrative (updated each year).</li> <li>▪ CEO signed LTAs and SLAs for healthcare.</li> <li>▪ CAF developed for General Dental Services.</li> <li>▪ CAF developed for General Medical Services.</li> <li>▪ Recruitment of Public Health Consultant to help strengthen commissioning intelligence (currently transferred to COVID-19 related duties).</li> <li>▪ Prior approval policy in place.</li> <li>▪ [Following the EU exit the EEA policy has ceased to apply].</li> <li>▪ INNU policy in place.</li> <li>▪ Pooled fund manager for Section 33 Residential Care.</li> <li>▪ SATH Improvement Alliance with UHB in place.</li> <li>▪ Respiratory and Circulatory Transformation leads in place (but circulatory support was temporarily diverted to help manage changes to emergency flows). Temporary cancer post to help ensure appropriate pathways for patients with cancer.</li> <li>▪ DGH and Specialised Work-stream within PTHB's COVID-19 response plan.</li> <li>▪ PTHB CEO lead Programme Board involving 3 Health Boards and WAST.</li> <li>▪ Participation in cross-border command and control structures.</li> <li>▪ Essential Services Framework implementation underway.</li> <li>▪ PTHB Children's Home Group in response to the COVID-19 pandemic.</li> </ul> <p><b>IMPROVEMENT ACTIONS TO BE TAKEN FORWARD IN 2021-22:</b></p> <ul style="list-style-type: none"> <li>▪ Embed whole system commissioning through the implementation of the Strategic Commissioning Framework.</li> <li>▪ Embed and ensure implementation of the Commissioning Assurance Framework.</li> <li>▪ Implement commissioning intentions for 2021-22.</li> <li>▪ Robustly manage the performance of all providers of planned care services for the people of Powys through the Commissioning Assurance Framework.</li> <li>▪ Programme of work to strengthen effective processes to develop and manage condition specific and service plans.</li> <li>▪ Strengthening of commissioning intelligence in line with IMTP.</li> </ul>
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	<ul style="list-style-type: none"> <li>▪ Review Patient flows and activity into specialised services to ensure safe and appropriate pathways.</li> <li>▪ Strengthen the organisation's capacity, capability and governance processes for commissioning – including interface with specialised services.</li> <li>▪ As a member of the Powys Regional Partnership Board, support delivery of the Powys Area Plan which includes commissioning appropriate, effective and efficient accommodation options for older people, individual children and looked after children.</li> <li>▪ Through the Joint Partnership Board, continue to develop opportunities for pooling Third Sector commissioning.</li> <li>▪ Strengthen the whole system approach to the Big 4.</li> </ul>
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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.

Following Board approval of the strategic priorities for 2021/22, via the Annual Plan (June 2021) a full review of the Corporate Risk Register will take place to ensure priorities are identified, assessed and mitigating actions established. Emerging risks at this stage include:





## 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:

<b>Risk Appetite Level</b>	<b>Risk Maturity</b>	<b>Risk Appetite Description</b>
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:

<b>Risk Category</b>	<b>Description</b>
<b>APPETITE FOR RISK: Low (Risk Score 1-6)</b>	
<b>Quality &amp; Safety of Services</b>	<p>The provision of high-quality services is of the utmost importance to the Health Board and we have a cautious appetite to risks that impact adversely on quality of care.</p> <p>We consider the safety of patients and staff to be paramount and core to our ability to operate and carry out the day-to-day activities of the organisation. We have a low appetite to risks that result in, or are the cause of incidents of avoidable harm to our patients or staff.</p> <p>This means we are not open to risks that could result in poor quality care or clinical risk assessment, non-compliance with standards of clinical or professional practice, unintended outcomes or poor clinical interventions.</p>

	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.
<b>Regulation &amp; Compliance</b>	We will not accept risks that could result in the organisation being non-compliant with UK law or healthcare legislation, or any of the applicable regulatory frameworks in which we operate.
<b>APPETITE FOR RISK: Moderate (Risk Score 8-10)</b>	
<b>Reputation &amp; Public Confidence</b>	<p>We will maintain high standards of conduct, ethics and professionalism at all times, espousing our Values and 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>
<b>Finance</b>	<p>We have been entrusted with public funds and must remain financially viable. We will make the best use of our resources for patients and staff. Risks associated with investment or increased expenditure will only be considered when linked to supporting innovation and strategic change.</p> <p>We will not accept risks that leave us open to fraud or breaches of our Standing Financial Instructions.</p>
<b>APPETITE FOR RISK: High (Risk Score 12-15)</b>	
<b>Innovation &amp; Strategic Change</b>	<p>We wish to maximise opportunities for developing and growing our services by encouraging entrepreneurial activity and by being creative and pro-active in seeking new initiatives, consistent with the strategic direction set out in the Integrated Medium-Term Plan, whilst respecting and abiding by our statutory obligations.</p> <p>We will consider risks associated with innovation, research and development to enable the integration of care, development of new models of care and improvements in clinical practice that could support the delivery of our person and patient 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>

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## 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 7**.

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**Figure 7: 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 time the Health Board was part of the wider National Staff Survey, which has a good response rate from staff at 29% (compared with an all-Wales response rate of 19%) 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](http://www.pthb.nhs.wales) and [www.biap.gig.cymru](http://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](#).

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 2019/2020. 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-19 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 Health 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:

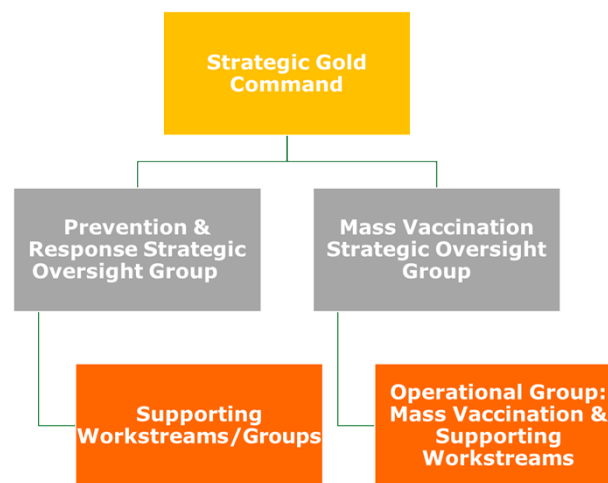
- Operational Delivery;
- Prevention and Response;
- Mass Vaccination Programme.

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 EU 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 24 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 1 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 (WHCs) in 2014/15. Details of these and a record of any ministerial directions given is available on the Welsh Government website. A full detail of the WHCs issued to the Health Board in 2020/21 and the Health Board's responding action is included at Appendix 2.

There have been no Ministerial Directions issued in 2020/21. There was one Ministerial Direction issued in December 2019, to address the operational challenges arising as a consequence of pension tax arrangements. Further detail in this regard is included under Contingent Liabilities within the 2020/21 Financial Statements (Note 21.1).

## 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-19 itself.
- Harm from the reduction in Non COVID-19 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-19 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 1: Performance Overview.

## **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.

Due to the pandemic, the process for the 2020-23 integrated plan was paused in spring 2020 and a temporary quarterly planning arrangement put in place for 2020-21.

As a result, the extant planning duty for 2020-21 remains the requirement to submit and have approved a 2019-22 integrated plan, as set out in the NHS Wales Planning Framework 2019-22. The Health Board submitted a 2019-22 integrated plan in accordance with the planning framework.

## **Pensions Scheme**

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

## **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.

## 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.

As part of the quality assurance process, NHS organisations in Wales are required to complete a self-review of their progress in implementing the Standards. From 2021/22 NHS Wales will introduce Government Functional Standards on Counter Fraud to replace NHS Counter Fraud Authority's (NHS CFA) 'NHS Counter Fraud Standards (Wales)'. A self-assessment against the incoming Standards was therefore undertaken in 2020/21. The following areas have been highlighted as requiring improvement as part of the self-assessment process:

• NHS Requirement 3 – Fraud bribery and corruption risk assessment. This has been worked on in 2020/21 in preparation. This is a developing area across NHS Wales and England. Further guidance and assistance

from NHS CFA on aligning this work to Government Counter Fraud Profession fraud risk assessment methodology is anticipated in 2021/22 which will subsequently be adopted and implemented within the Health Board.

- NHS Requirement 6 – Outcome based metrics. Introduction of formal KPIs with targets set at beginning of the year will be a new approach and so consistency across NHS Wales will be key for this.
- NHS Requirement 8 – Reporting Identified Loss. A new case management system to be introduced on 1st April 2021 will assist in meeting this new standard. Consistency across NHS Wales in the form of calculation formula has been agreed to identify and report losses.
- NHS Requirement 10 - Undertake detection activity. Whilst work has been completed in this area particularly around analysing and sharing information and intelligence on emerging and existing fraud risks the combination of shift of focus towards dealing with pandemic and a drop in available resource has meant not enough work has been completed to proactively detect fraud in year to achieve a Green rating. The Amber rating represents maintaining a similar rating to that of comparable NHS Standards for the 2020/21 review. The Counter Fraud work plan for 2021/22 contains activity aimed at increasing this rating. A full time return to partners in this area, such as PPV, successful recruitment of a new LCFS and general 'normalisation' of NHS roles will aid in achievement and completion of this planned activity for 2021/22.

Improvement activity for these areas has been included within the 2021/22 Counter Fraud Work Plan. Further detail can be found in the Counter Fraud Annual Report for 2020-21, which was presented to the Audit, Risk and Assurance Committee on 08 June 2021.

## 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		The Board can take <b>Reasonable Assurance</b> that arrangements to secure governance, risk management and internal control, within those areas under review, are suitably designed and applied effectively. Some matters require management attention in control design or compliance with low to moderate impact on residual risk exposure until resolved.
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Due to the considerable impact of COVID-19 on the Health Board 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 they 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"> <li>• Freedom of Information (FoI) follow up.</li> <li>• Access to primary care – GP contract.</li> <li>• Capital Systems.</li> </ul>	<ul style="list-style-type: none"> <li>• Health &amp; Safety follow up.</li> <li>• Generic follow up of 'limited' assurance reports.</li> <li>• Progress against regional plans.</li> <li>• Safeguarding during COVID-19.</li> <li>• Digital solutions.</li> <li>• Winter pressures and flow management.</li> </ul>

	• Grievance policy.
<b>Limited Assurance</b>	<b>Advisory &amp; Non-Opinion</b>
<ul style="list-style-type: none"> <li>• Partnership governance programmes interface.</li> <li>• Fire safety.</li> <li>• Llandrindod Wells project.</li> </ul>	<ul style="list-style-type: none"> <li>• COVID-19 Governance Review.</li> <li>• Annual Quality Statement.</li> <li>• Mass vaccinations programme.</li> <li>• IM&amp;T control and risk assessment.</li> <li>• Advanced Practice Framework.</li> <li>• Environmental sustainability.</li> </ul>
<b>No Assurance</b>	
• 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 following improvement actions were recommended by Internal Audit and accepted by management:

- The Fire Safety Policy should be updated to:
  - a. Demonstrate compliance with the current regulations [WHTM 05-01 (2019)].
  - b. Reflect the current fire safety management structure within the THB.
- The current fire safety management structure should be formally clarified, documented and approved at an appropriate forum (e.g. Fire Safety Group), ensuring commitment and support from both Executive Team / Board and Operational Managers.
- Individual fire safety roles and responsibilities should be formally documented (e.g. via terms of reference), assigned and accepted, ensuring appropriate management arrangements within localities.
- The fire plans displayed at Llandrindod Wells War Memorial Hospital will be updated to reflect the recent site changes.
- Site staff should receive instruction / training to ensure the local fire management folders are appropriately used and fully completed.
- Sample checks should be made during Fire Safety Adviser site visits to ensure folders are being completed as required.
- Fire Warden and Incident Coordinator roles will be confirmed with immediate effect to ensure there is sufficient coverage in each location in the event of an incident / evacuation.
- Fire Safety Drills:
  - a. Site fire drills should be performed on an annual basis (as a minimum).
  - b. Non-compliance with planned drills will be reported to the Fire Safety Group.
  - c. The fire drill schedule will be enhanced to provide distinction between planned and actual fire drills.

The Audit, Risk and Assurance Committee has considered the management action plan to respond to the weaknesses identified and will monitor progress in line with agreed timescales via the Audit Recommendations Tracker. The latest version of which was reported to the Audit, Risk and Assurance Committee on [29 April 2021](#).

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

- The health board should consider developing a partnership governance guidance document defining the different types of partnership/collaborative working arrangements and the governance arrangements required for each. This would assist in identifying the most appropriate arrangement to meet identified needs when seeking to establish a new partnership. The equivalent arrangements in place for Section 33 agreements could be used as a starting point. Partnerships should be supported by a partnership governance framework clearly setting out the objectives and governance arrangements. This should include roles and responsibilities of each partner, performance monitoring and assurance reporting arrangements and escalation processes. A central record of partnerships should be maintained. This should identify the executive lead(s) and assurance reporting arrangements. The record should be referred to when considering establishing a new partnership, to identify whether requirements could be met by an existing partnership in order to avoid potential duplication of effort.
- Responsibilities for delivery and arrangements for monitoring and reporting on implementation of specific actions within the Together for Mental Health delivery plan should be formally documented and mapped to the delivery plan. This will enable the Mental Health Planning & Delivery Partnership Board to maintain oversight of and gain assurance in respect of the delivery of the plan as a whole.
- Terms of reference for the amalgamated MH Officers Group / Performance Subgroup should be documented and reflect the groups responsibility for monitoring performance against the Together for Mental Health delivery plans. The Hearts & Minds: Together for Mental Health delivery plan should be monitored by the MH Officers Group / Performance Subgroup, with clear status updates on the implementation of actions within. Assurance on delivery of the plan should be reported via the MHPDP to the RPB in line with the RPB work plan.

- Membership of the MH Planning & Development Partnership Board should be reviewed to ensure appropriate representation from each partner organisation and the terms of reference updated accordingly.
- Arrangements for reporting assurance to the Health Board on the effectiveness of the Live Well: Mental Health partnership need to be determined.

The Audit, Risk and Assurance Committee has considered the management action plan to respond to the weaknesses identified and will monitor progress in line with agreed timescales via the Audit Recommendations Tracker. The latest version of which was reported to the Audit, Risk and Assurance Committee on [29 April 2021](#).

### Llandrindod Wells Project

The purpose of the Llandrindod Wells Project Review was to assess the delivery of the circa £6.6M multi phased project through to completion. Specific consideration was to 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.

At the time of preparing this Statement, Internal Audit's Report remained in draft status with management considering its response to the findings. Internal Audit's draft findings presented a limited assurance rating and plans to present final findings are planned for the Audit, Risk and Assurance Committee meeting in July 2021.

Improvements identified in the final draft report will be considered by the Committee, alongside management's response. Actions agreed for implementation will be monitored in line with agreed timescales via the Audit Recommendations Tracker. The latest version of which was reported to the Audit, Risk and Assurance Committee on [29 April 2021](#).

## **External Audit: Structured Assessment Findings**

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

The 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

Name	Position and Area of Expertise	Board and Board Committee Membership	Attendance 2020-21
<b>Independent Members</b>			
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	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
	Resigned 4 September 2020	▪ Member of the Experience, Quality and Safety Committee	3/3
		▪ 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 of the Board	9/9

	Member [Capital and Estates]	<ul style="list-style-type: none"><li>▪ Vice Chair of Audit, Risk and Assurance Committee</li><li>▪ Chair of the Performance and Resources Committee</li><li>▪ Member of the Charitable Funds Committee</li><li>▪ Member of the Strategy and Planning Committee</li></ul>	7/7 3/3 2/3 2/2
Susan Newport	Independent Member [Trade Union]	<ul style="list-style-type: none"><li>▪ Member of the Board</li><li>▪ Member of the Experience, Quality and Safety Committee</li><li>▪ Member of the Remuneration and Terms of Service Committee</li></ul>	8/9 6/7 3/3
Rhobert Lewis	Independent Member  [From 22 <sup>nd</sup> February 2021]	<ul style="list-style-type: none"><li>▪ Member of the Board</li></ul>	1/1
Frances Gerrard	Independent Member [University]	<ul style="list-style-type: none"><li>▪ Member of the Board</li><li>▪ Member of the Experience, Quality and Safety Committee</li></ul>	7/9 7/7
Executive Officers			
Carol Shillabeer	Chief Executive	<ul style="list-style-type: none"><li>▪ Member of the Board</li><li>▪ Member of the Emergency Ambulance Services Committee</li><li>▪ Member of the Joint Partnership Board</li><li>▪ Member of the Welsh Health Specialist services Committee</li><li>▪ Member of the Powys Public Service Board</li><li>▪ Member of the Powys Regional partnership Board</li><li>▪ Member of the Powys Joint Partnership Board</li></ul> <p>Required attendee at:</p> <ul style="list-style-type: none"><li>▪ Remuneration and Terms of Service Committee</li><li>▪ Local Partnership Forum</li><li>▪ Experience, Quality and Safety Committee</li><li>▪ Performance and Resources Committee</li></ul> <p><u>Attendee as requested at all Board Committees</u></p>	Board Attendance 9/9
Jamie Marchant	Director of Primary and Community Care, and	<ul style="list-style-type: none"><li>▪ Member of the Board</li><li>▪ Member of the Emergency Ambulance Services Committee</li></ul>	Board Attendance 8/9

	Mental Health and Deputy Chief Executive [From 1 <sup>st</sup> June 2020 to 30 <sup>th</sup> November 2020]	(in Chief Executive's absence)	
		▪ Member of the Joint Partnership Board (in Chief Executive's absence)	
		▪ Member of the Welsh Health Specialist Services Committee (in Chief Executive's absence)	
		▪ Member of the Powys Public Service Board (in Chief Executive's absence)	
		▪ Member of the Powys Regional Partnership Board (in Chief Executive's absence)	
		▪ Member of the Powys Joint Partnership Board (in Chief Executive's absence)	
		Required Attendee: ▪ Experience Quality and Safety Committee ▪ Performance and Resources Committee	
		<u>Attendee as requested at all Board Committees</u>	
Wyn Parry	Medical Director  [To 31 <sup>st</sup> July 2020]	▪ Member of the Board	Board Attendance 3/3
		Required Attendee: ▪ Experience, Quality and Safety Committee	
		<u>Attendee as requested at all Board Committees</u>	
Paul Buss	Medical Director  [From 1 <sup>st</sup> August 2020 to 31 <sup>st</sup> January 2021]	▪ Member of the Board	Board Attendance 5/5
		Required Attendee: ▪ Experience, Quality and Safety Committee	
		<u>Attendee as requested at all Board Committees</u>	
Kate Wright	Medical Director  [From 15 <sup>th</sup> February 2021]	▪ Member of the Board	Board Attendance 1/1
		Required Attendee: ▪ Experience, Quality and Safety Committee	
		<u>Attendee as requested at all Board Committees</u>	
Claire Madsen	Director of Therapies and Health Sciences	▪ Member of the Board	Board Attendance 9/9
		Required Attendee: ▪ Experience, Quality and Safety Committee ▪ Performance and Resources Committee	
		<u>Attendee as requested at all Board Committees</u>	

Alison Davies	Director of Nursing and Midwifery	▪ Member of the Board	Board Attendance 8/9
		Executive Lead and Required Attendee: ▪ Experience, Quality and Safety Committee	
		Required Attendee: ▪ Strategy and Planning Committee ▪ Charitable Funds Committee	
		<u>Attendee as requested at all Board Committees</u>	
Julie Rowles	Director of Workforce and OD	▪ Member of the Board	Board Attendance 8/9
		Executive Lead and Required Attendee: ▪ Remuneration and Terms of Service	
		Required Attendee: ▪ Experience, Quality and Safety Committee ▪ Performance and Resources Committee ▪ Strategy and Planning Committee ▪ Local Partnership Forum	
		<u>Attendee as requested at all Board Committees</u>	
Hayley Thomas	Director of Planning and Performance and Deputy Chief Executive [From 1 <sup>st</sup> December 2020 to 1 <sup>st</sup> June 2021]	▪ Member of the Board	Board Attendance 9/9
		▪ Member of the Emergency Ambulance Services Committee (in Chief Executive's absence)	
		▪ Member of the Joint Partnership Board (in Chief Executive's absence)	
		▪ Member of the Welsh Health Specialist Services Committee (in Chief Executive's absence) ▪ Member of the Powys Public Service Board (in Chief Executive's absence)	
		▪ Member of the Powys Regional Partnership Board (in Chief Executive's absence)	
		▪ Member of the Powys Joint Partnership Board (in Chief Executive's absence)	
		Executive Lead and Required Attendee: ▪ Strategy and Planning Committee ▪ Performance and Resources Committee	

		<u>Attendee as requested at all Board Committees</u>	
Stuart Bourne	Director of Public Health	▪ Member of the Board	Board Attendance 6/9
		Required Attendee: ▪ Strategy and Planning Committee ▪ Experience, Quality and Safety Committee	
		<u>Attendee as requested at all Board Committees</u>	
Pete Hopgood	Director of Finance and IT	▪ Member of the Board	Board Attendance 8/9
		Executive Lead and Required Attendee: ▪ Performance and Resources Committee ▪ Charitable Funds Committee	
		Required Attendee: ▪ Audit, Risk and Assurance Committee ▪ Strategy and Planning Committee	
		<u>Attendee as requested at all Board Committees</u>	

From 1<sup>st</sup> August 2020 to 31<sup>st</sup> March 2021, Dr Catherine Woodward was appointed as Interim Responsible Officer. This role did not require attendance at Board or Committee meetings.

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## Appendix 2: Welsh Health Circulars 2020-21

Reference	Date Issued	Welsh Health Circulars		Status	Action to demonstrate implementation / response
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.	Complete	Information disseminated to Primary Care. Seasonal flu vaccination planning meetings held throughout the 2020/21 flu season.
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	Temporary Amendments to Model Standing Orders, Reservation and Delegation of Powers.	Complete	

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		Services Committee and Health Education and Improvement Wales			
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.	Complete	Information disseminated to Primary Care. Seasonal flu vaccination planning meetings held throughout the 2020/21 flu season.
2020-014	29/09/2020	Ear Wax Management	<p>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:</p> <ul style="list-style-type: none"> <li>• Equitable access;</li> <li>• Efficient and effective use of NHS resources; cost effective and prudent;</li> <li>• Consistent seamless management across primary, community and secondary care settings;</li> <li>• Self-management where clinically appropriate, empowering people to better manage their own care;</li> <li>• Compliance with NICE guidance and Audiology Quality Standards.</li> </ul> <p><a href="https://gov.wales/sites/default/files/publications/2019-10/quality-standards-for-adults-hearing-services-the-assessment-and-audit-tool.pdf">https://gov.wales/sites/default/files/publications/2019-10/quality-standards-for-adults-hearing-services-the-assessment-and-audit-tool.pdf</a>.</p>	Partially Complete	Paper due into executives during June 2021.
2020-015	14/09/2020	Policy on single use and reusable	Organisations must ensure laryngoscopes and such devices (handles and blades) are either: Single use application or decontaminated appropriately	Partially Complete	

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		laryngoscopes	between each patient use.		
2020-016	10/12/2020	Procedure for Performance Management, Removal or Suspension of NHS Chairs, Vice-Chairs and Independent Members/Non-Executive Directors, including Associate Members	To bring to the attention of all Board members, with particular reference to the Vice-Chairs, Independent Members, Non-Executive Directors and Associate Members and ensure arrangements in place for appraisal and review of non-officer members performance.	Complete	
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; 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	No Progress	

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			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 Framework 2021-22	All Health Boards and trusts 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.	Complete	Annual Plan (Draft) 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.
2020-023	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 continuity of supply of medicines as part of the UK Government's contingency preparations for leaving the European Union (EU).	Complete	This had been disseminated. Transition has passed 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	Key developments in the latest guidance include: • The widespread use of COVID-19 community testing, meaning that primary care clinicians are seeing more patients with proven diagnosis.	Complete	Was sent (duplicate) to OOH and GP practices.

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		Community (Updated)	<ul style="list-style-type: none"> <li>• The ability to segment patients with proven or suspected COVID-19 into three risk categories with separate recommended actions.</li> <li>• The potential to use pulse oximetry to support self-monitoring at home for patients at moderate risk of complications.</li> <li>• The availability of clear thresholds for admission or staying at home with safety-netting advice.</li> <li>• The potential for delivering point of care testing in the community for COVID-19 prior to admission in order to stream patients and reduce the risk of transmission.</li> </ul>		
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"> <li>• Introduces new rules around the management of patients on a suspected cancer pathway.</li> <li>• Sets out the targets for the cancer pathway.</li> <li>• Removes all adjustments and suspensions from a patient pathway.</li> <li>• 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.</li> <li>• Introduces guidance around the treatment of subsequent skin cancers.</li> <li>• Includes the reporting of patients treated outside of NHS Wales when referred from secondary care in NHS Wales.</li> </ul>	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 specialty. Powys acute cancer care is carried out in Commissioned Services who adhere to either Welsh Cancer Waiting Time Rules or the English Equivalent.
2021-003	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	Health Boards and trusts should order sufficient injectable vaccine for all staff with direct patient contact. The recommended vaccines are:	Complete	WHC circulated within the health board.

		the 2021-2022 season	<ul style="list-style-type: none"> <li>• Quadrivalent cell culture influenza vaccine (QIVc)</li> <li>• Quadrivalent egg-based influenza vaccine (QIVe) where QIVc is not available</li> <li>• Adjuvanted quadrivalent influenza vaccine (aQIV) for staff aged 65 years and over.</li> </ul>		
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 - 25/03/2021 The 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 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. 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.	Partially Complete	Led by the PTHB Head of Audiology, in conjunction with School Nursing service with Powys, this has already progressed some key elements. Expectation of quarterly updates prior to full implementation no later than April 2022.

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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.

## 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.

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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## **SALARY AND PENSION DISCLOSURE TABLE: SALARIES AND ALLOWANCES (AUDITED)**

**To be included**

## **SALARY AND PENSION DISCLOSURE TABLE: SALARIES AND ALLOWANCES (AUDITED)**

**To be included**

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REMUNERATION RELATIONSHIP (AUDITED)

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 (AUDITED)**

**To be included**

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## 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 (AUDITED)

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
<b>Grand Total</b>	<b>1668.09</b>	<b>1761.19</b>

### Staff Composition

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

	Female	Male
<b>Directors</b>	8*	5*
<b>Employees</b>	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
<b>Grand Total</b>	<b>481</b>	<b>565</b>

## 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
<b>Total Days Lost</b>	<b>29,683.24</b>	<b>31,671.47</b>
<b>Total Staff Years</b>	<b>81.32</b>	<b>86.77</b>
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
<b>Percentage of Staff with no Sick Leave</b>	<b>51.32%</b>	<b>51.58%</b>

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.

## Exit Packages and Severance Payments (AUDITED)

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

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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: PARLIAMENTARY ACCOUNTABILITY AND AUDIT REPORT

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

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# PARLIAMENTARY ACCOUNTABILITY AND AUDIT REPORT

## Regularity of Expenditure

Regularity is the requirement for all items of expenditure and receipts to be dealt with in accordance with the legislation authorising them, any applicable delegated authority and the rules of Government Accounting.

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 30) 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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### SECTION 3: FINANCIAL STATEMENTS

To be included

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Salary and Pension disclosure tables

Single Total Figure of remuneration

Name and title	2020 - 21						2019-20					
	Salary (bands of £5,000) £000	Bonus Payments (bands of £5,000) £000	Benefits in Kind (to nearest £100) £00	Pension Benefits (to nearest £1000) £000	Single Total Remuneration (bands of £5,000) £000	Other Remuneration (bands of £5,000) £000	Salary Restated (bands of £5,000) £000	Bonus Payments (bands of £5,000) £000	Benefits in Kind (to nearest £100) £00	Pension Benefits Restated (to nearest £1000) £000	Single Total remuneration (bands of £5,000) £000	Other Remuneration (bands of £5,000) £000
<b>Executive directors</b>												
Carol Shillabeer - Chief Executive	170 - 175	0	0	48	215 - 220	0	165 - 170	0	0	43	210 - 215	0
Julie Rowles - Director of Workforce and OD & Support Services **	115 - 120	0	51	0	115 - 120	0	115 - 120	0	59	103	225 - 230	0
Hayley Thomas - Director of Planning and Performance - Deputy Chief Executive (From 1st December 2020)	115 - 120	0	67	16	140 - 145	0	115 - 120	0	65	73	195 - 200	0
Rhiannon Jones - Director of Nursing and Interim Director of Therapies & Health Science (To 14th July 2019 )	0	0	0	0	0	0	35 - 40	0	20	43	80 - 85	0
Eifion Williams - Interim Director of Finance (To 30th July 2019)	0	0	0	0	0	0	30 - 35	0	0	0	30 - 35	0
Stuart Bourne - Director of Public Health	105 -110	0	0	27	130 - 135	0	105 - 110	0	0	15	115 - 120	0
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	5 - 10	0
Wyn Parry - Medical Director (To 31st July 2020)	80 - 85	0	0	0	10 - 15	0	130 - 135	0	0	142	270 - 275	0
Pete Hopgood - Director of Finance and ICT (From 1st July 2019)	110 - 115	0	0	82	190 - 195	0	100 - 105	0	0	131	230 - 235	0
Jamie Marchant - Director of Primary, Community Care and Mental Health Services (From 11th June 2019)- Deputy Chief Executive (From 1st June 2020 to 30th November 2020)*****	120 - 125	0	0	55	155 - 160	0	90 - 95	0	0	13	100 - 105	0
Katrina Rowlands - Interim Director of Nursing (From 15th July 2019 to 19th January 2020)	0	0	0	0	0	0	50 - 60	0	0	133	185 - 190	0
Rani Mallison - Board Secretary*****	90 - 95	0	0	56	145 - 150	0	70 - 75	0	0	106	180 - 185	0
Claire Madsen - Director of Therapies and Health Science (From 7th January 2020)	95 - 100	0	0	148	245 - 250	0	20 - 25	0	0	9	30 - 35	0
Alison Davies - Director of Nursing and Midwifery (From 20th January 2020)	110 - 115	0	0	300	410 - 415	0	15 - 20	0	0	14	30 - 35	0
Paul Buss - Interim Medical Director (From 1st August 2020 to 31st January 2021)***	40 - 45	0	0	0	40 - 45	0	0	0	0	0	0	0
Catherine Woodward - Interim Medical Director (Interim Responsible Officer) (From 1st August 2020 to 31st March 2021)***&*****	15 - 20	0	0	0	15 - 20	10 - 15	0	0	0	0	0	0
Kate Wright - Medical Director (From 15th February 2021)	15 - 20	0	0	3	15 - 20	0	0	0	0	0	0	0
<b>Associate Members</b>												
Alison Bulman, Corporate Director (Children & Adults), Powys County Council (From 1st April 2020 to 18th September 2020)	0	0	0	0	0	0	0	0	0	0	0	0
Chair of Healthcare Professionals Forum (TBC)	0	0	0	0	0	0	0	0	0	0	0	0
Chair of Stakeholder Reference Group (TBC)	0	0	0	0	0	0	0	0	0	0	0	0
<b>Non-Officer Members</b>												
Professor Vivienne Harwood - Chair *	40 - 45	0	0	0	40 - 45	0	50 - 55	0	0	0	50 - 55	0
Melanie Davies - Vice Chair	30 - 35	0	0	0	30 -25	0	30 - 35	0	0	0	30 - 35	0

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Name and title	2020 - 21						2019-20					
	Salary  (bands of £5,000) £000	Bonus Payments  (bands of £5,000) £000	Benefits in Kind  (to nearest £100) £00	Pension Benefits  (to nearest £1000) £000	Single Total Remuneration  (bands of £5,000) £000	Other Remuneration  (bands of £5,000) £000	Salary  Restated (bands of £5,000) £000	Bonus Payments  (bands of £5,000) £000	Benefits in Kind  (to nearest £100) £00	Pension Benefits Restated (to nearest £1000) £000	Single Total remuneration  (bands of £5,000) £000	Other Remuneration  (bands of £5,000) £000
Matthew Dorrance - Independent Member (Local Authority )	5 - 10	0	0	0	5 - 10	0	5 - 10	0	0	0	5 - 10	0
Patricia Buchan - Independent Member (Third Sector )	5 - 10	0	0	0	5 - 10	0	5 - 10	0	0	0	5 - 10	0
Owen James - Independent Member (Community to 6th September 2020)	0 - 5	0	0	0	0 - 5	0	5 - 10	0	0	0	5 - 10	0
Anthony Thomas - Independent Member (Finance)	5 - 10	0	0	0	5 - 10	0	5 - 10	0	0	0	5 - 10	0
Frances Gerrard - Independent Member (University held post relating to health)	5 - 10	0	0	0	5 - 10	0	5 - 10	0	0	0	5 - 10	0
Ian Phillips - Independent Member (ICT)	5 - 10	0	0	0	5 - 10	0	5 - 10	0	0	0	5 - 10	0
Susan Newport - Independent Member (Trade Union)	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	5 - 10	0	5 - 10	0	0	0	5 - 10	0
Rhobert Lewis - Independent Member (General from 22nd February 2021)	0 - 5	0	0	0	0 - 5	0	0	0	0	0	0	0

\* Please note that Professor Vivienne Harpwood was also Chair for the Welsh Health Specialised 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 but Professor Harpwood received a total banded salary of £65,000 to £70,000 in 2020/21 (In 2019/20 the banded salary was £95,000 - £100,000)

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

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

\*\*\*\* Please note that Dr Catherine Woodward also fulfilled the role of Brexit Programme Director concurrently with her role as Interim Medical Director (Interim Responsible Officer) and salary information for this role is shown in the other remuneration column

\*\*\*\*\* Please note that the salary for Jamie Marchant includes £11,000 sacrificed in relation to a leased car (in 2019-20 the figure was £8,000) and the salary for Rani Mallison includes £1,000 sacrificed in relation to a leased car for 2020/21

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

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

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

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

The Single Total Figure of remuneration is not an amount which has been paid to an individual by the 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 persons salary, whether or not they choose to make . additional contributions to the pension scheme from their pay and other valuation factors affecting the pension scheme as a whole.

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

Reporting of other compensation schemes - exit packages

Exit packages cost band (including any special payment element)	Number of compulsory redundancies	Cost of compulsory redundancies	Number of other departures	Cost of other departures	Total number of exit packages	Total cost of exit packages	Number of departures where special payments have been made	Cost of special element included in exit packages
	Whole numbers only	£'s	Whole numbers only	£'s	Whole numbers only	£'s	Whole numbers only	£'s
<b>Exit package cost band</b>								
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

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Salary and pension entitlements of senior managers cont'd

Pension Benefits

	Real increase in pension at age 60	Real increase in pension lump sum at age 60	Total accrued pension at age 60 at 31 Mar 2021	Lump sum at age 60 related to accrued pension at 31st Mar 2021	Cash Equivalent transfer value at 31 Mar 2021	Cash Equivalent transfer value at 31 Mar 2020	Real increase in Cash Equivalent transfer value	Employer's contribution to stakeholder pension
	(bands of £2,500) £000	(bands of £2,500) £000	(bands of £5,000) £000	(bands of £5,000) £000	Restated £000	Restated £000	Restated £000	£000
Name and title								
Carol Shillabeer - Chief Executive	2.5 - 5.0	0.0 - 2.5	60 - 65	145 - 150	1,161	1,070	47	0
Julie Rowles - Director of Workforce and OD & Support Services	0 - 2.5	(2.5) - (5.0)	55 - 60	140 - 145	1,213	1,169	7	0
Hayley Thomas - Director of Planning and Performance - Deputy Chief Executive (From 1st December 2020)	0 - 2.5	0.0 - (2.5)	35 - 40	70 - 75	589	552	10	0
Stuart Bourne - Director of Public Health	0 - 2.5	0 - 2.5	35 - 40	70 -75	633	584	25	0
Wyn Parry - Medical Director (To 31th July 2020)*	(2.5) - (5.0)	(7.5) - (10.0)	45 - 50	135 - 140	0	0	0	0
Pete Hopgood - Director of Finance and ICT (From 1st July 2019)	2.5 - 5.0	5.0 - 7.5	40 - 45	90 - 95	731	632	73	0
Jamie Marchant - Director of Primary, Community Care and Mental Health Services (From 11th June 2019)- Deputy Chief Executive (From 1st June 2020 to 30th November 2020)	2.5 - 5.0	2.5 - 5.0	30 - 35	50 - 55	533	463	46	0
Rani Mallison - Board Secretary	2.5 - 5.0	2.5 - 5.0	15 - 20	30 - 35	228	183	30	0
Claire Madsen - Director of Therapies and Health Science (From 7th January 2020)	5.0 - 7.5	20.0 - 22.5	30 - 35	95 - 100	724	549	153	0
Alison Davies - Director of Nursing and Midwifery (From 20th January 2020)	12.5 - 15.0	40.0 - 42.5	45 - 50	140 - 145	1,091	748	315	0
Kate Wright - Medical Director (From 15th February 2021)	0 - 2.5	0.0 - (2.5)	25 - 30	40 - 45	512	473	2	0

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 there a CETV calculation is not applicable

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

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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# Powys THB Finance Department

## Annual Accounts 2020/21

### Audit Committee

**FY 2020/21**

**Date Meeting: 8<sup>th</sup> June 2021**

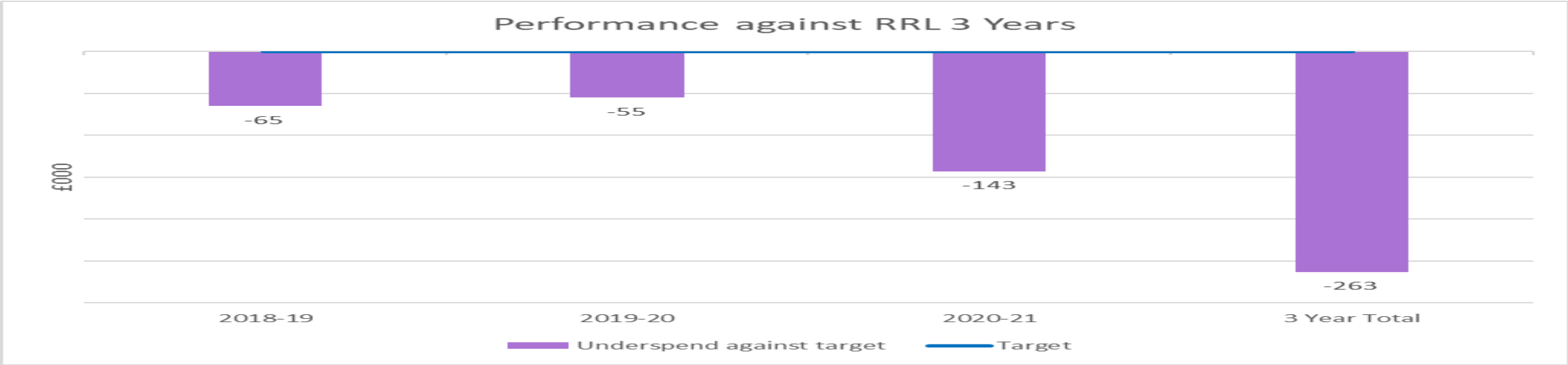
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Area	Financial KPI	Target	Delivery 2020-21	Further Details
Revenue	To ensure that net operating costs do not exceed the revenue resource limit set by Welsh Government	Variance Against Revenue Resource Limit Deficit / (Surplus)	(£143k)	P2
Capital	To 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 wthin 30 days	93.00%	P4

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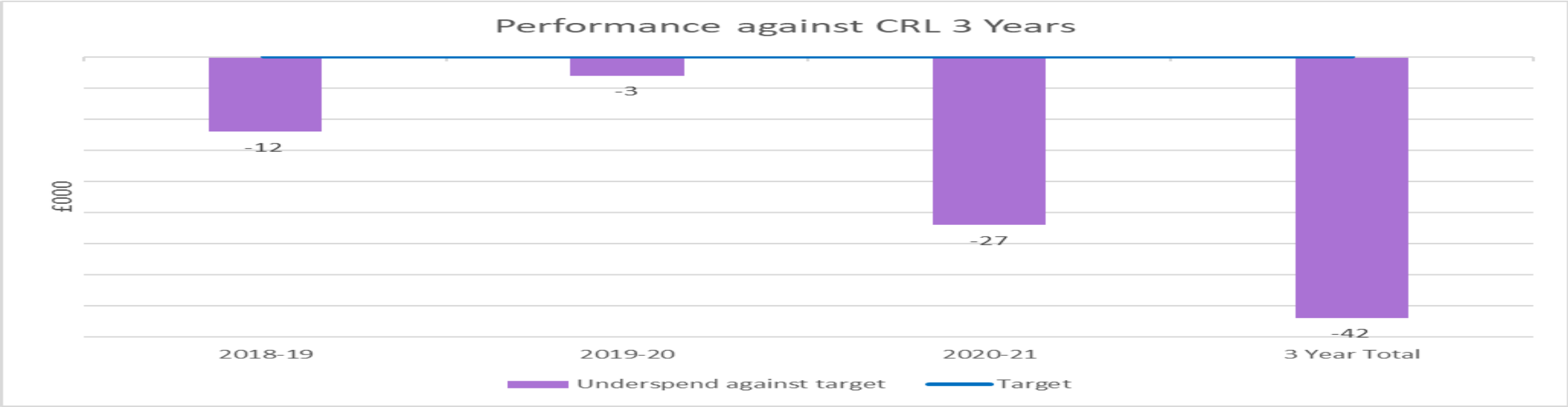
- PtHB has a statutory duty to ensure that its expenditure does not exceed the aggregate funding (Revenue Resource Limit – RRL) allotted to it over the 3 year period.
- Subject to Audit, PtHB has achieved this requirements in 2020/21, and for the proceeding 2 years.



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	356,471	980,186
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	358,322	985,574
Revenue Resource Allocation	300,931	326,441	358,465	985,837
Under /(over) spend against Allocation	65	55	143	263

- 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:

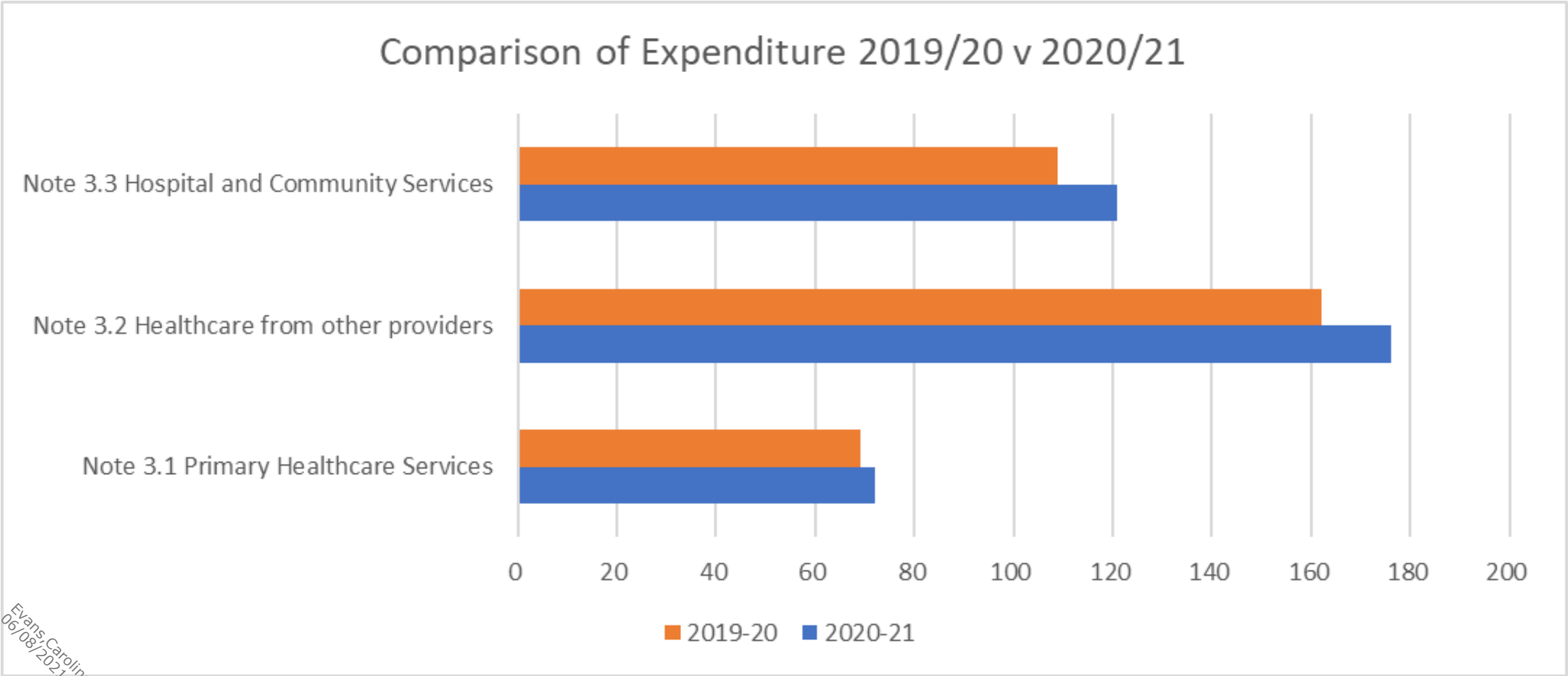
	2018-19	2019-20	2020-21	Total
	£'000	£'000	£'000	£'000
Gross capital expenditure	5,372	3,373	6,366	15,111
Add: Losses on disposal of donated assets	0	0	0	0
Less NBV of property, plant and equipment and intangible assets disposed	0	0	0	0
Less capital grants received	0	0	0	0
Less donations received	(276)	(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



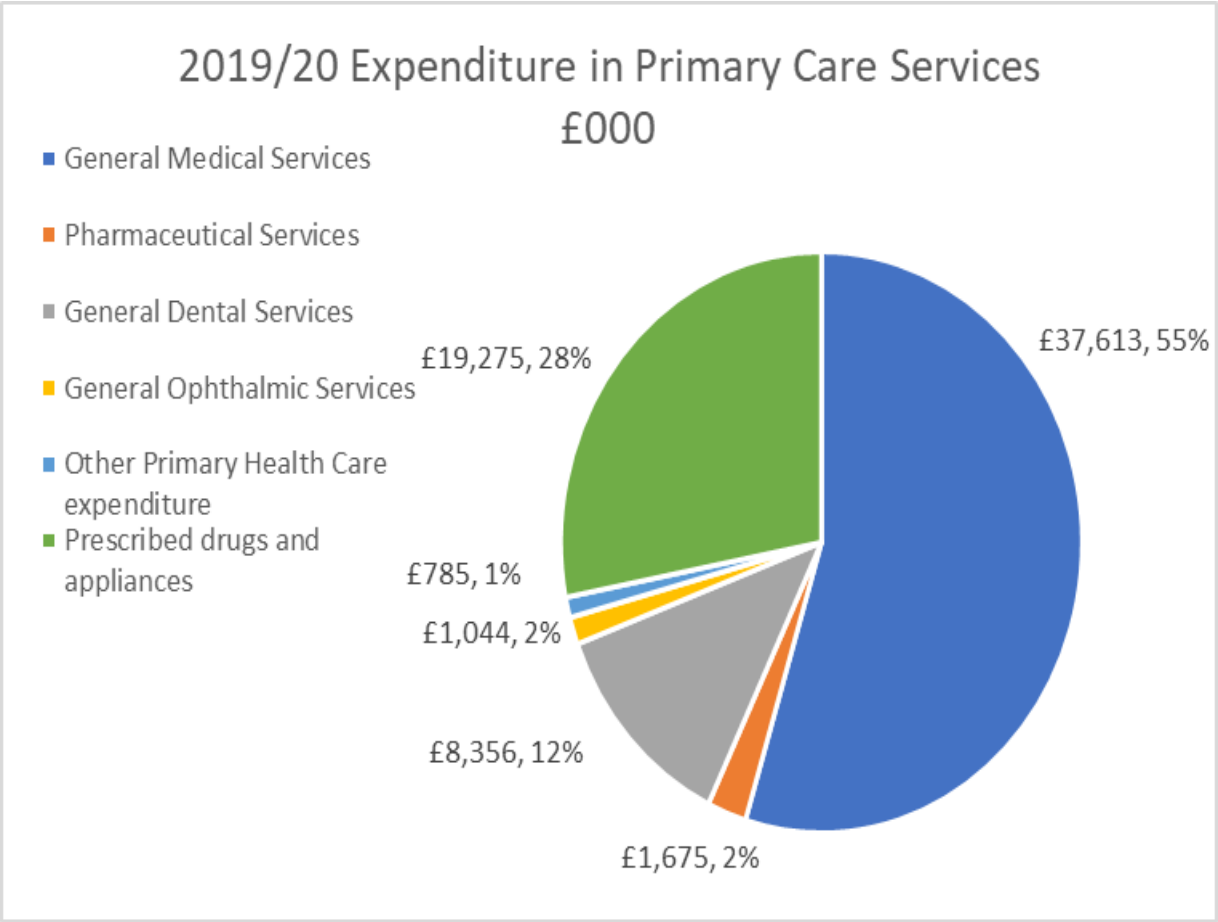
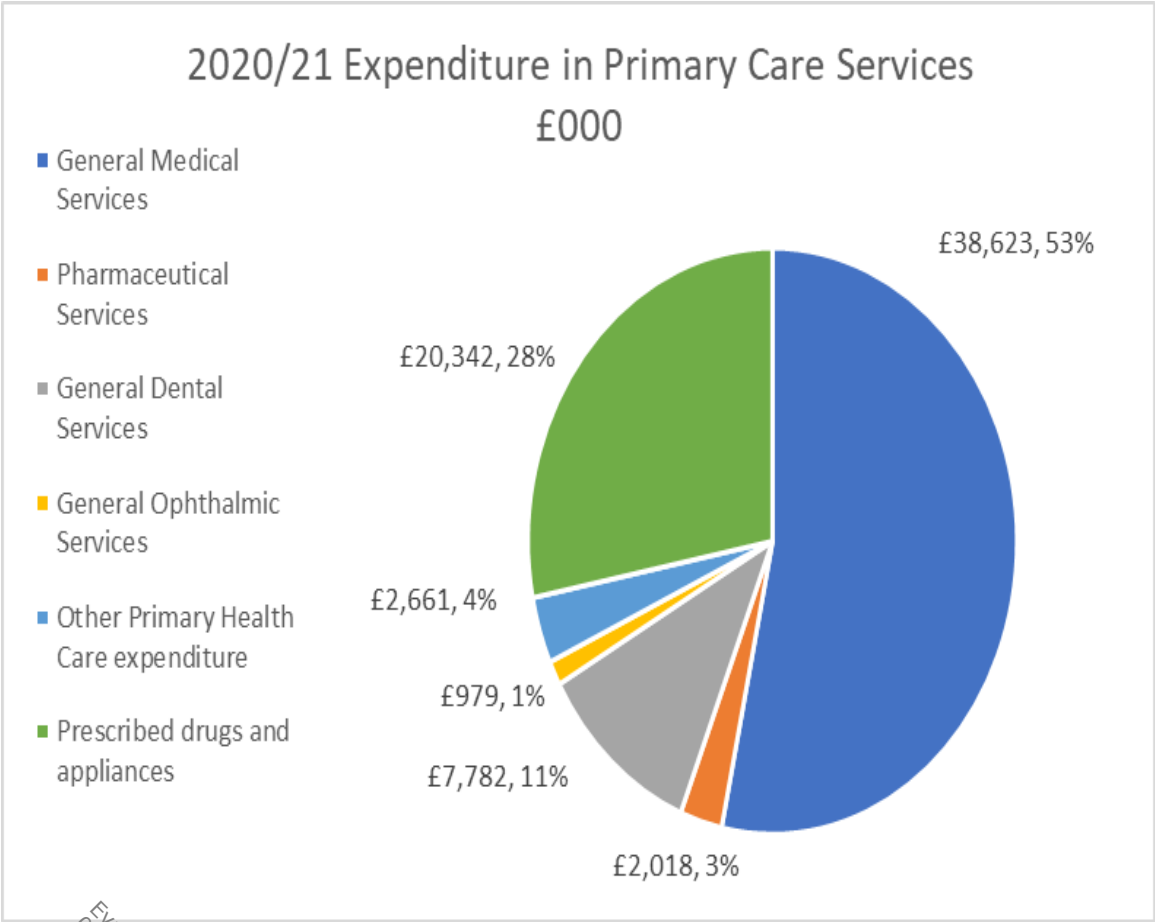
- Welsh Government requires that Health Boards pay their trade creditors in accordance with the CBI Prompt Payment Code (PSPP) and Government Accounting Rules. The financial Target is to pay 95% of these non NHS invoices (number not financial value) within 30 days of delivery.
- PtHB performance at 93% 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	153,467	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	238,277	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%

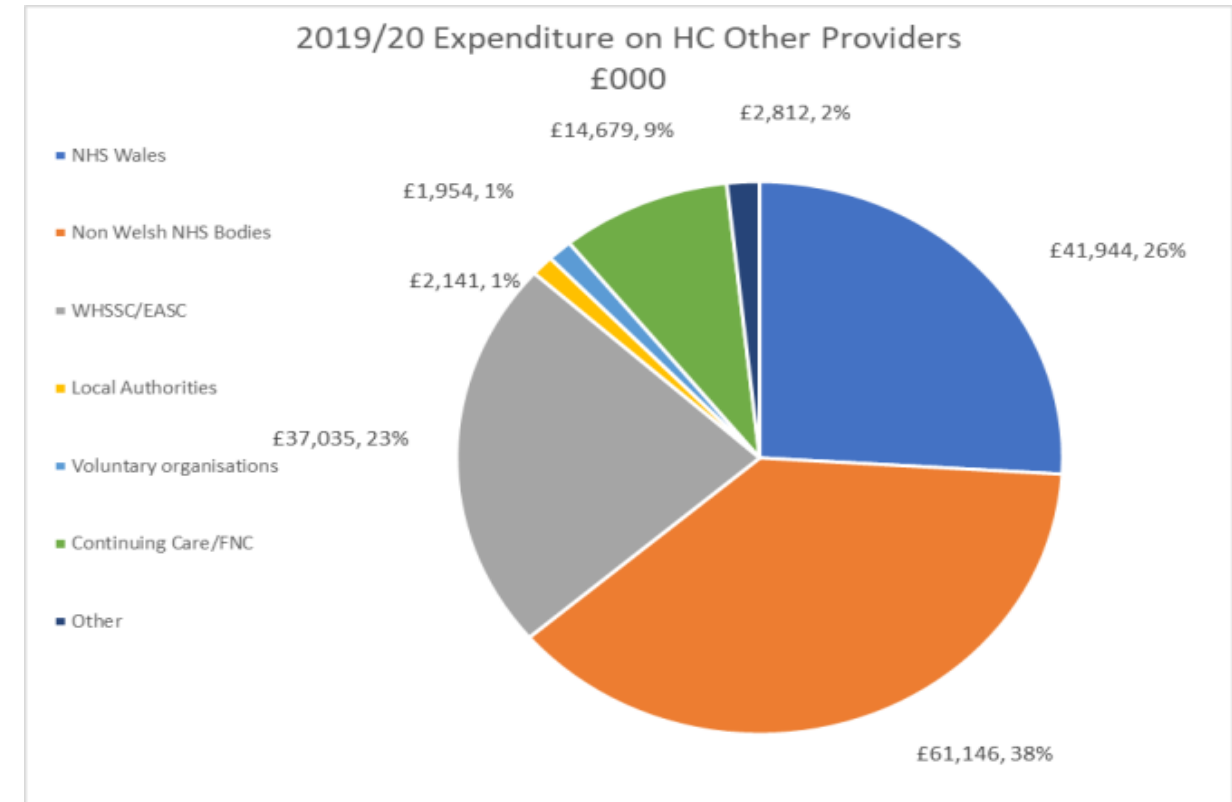
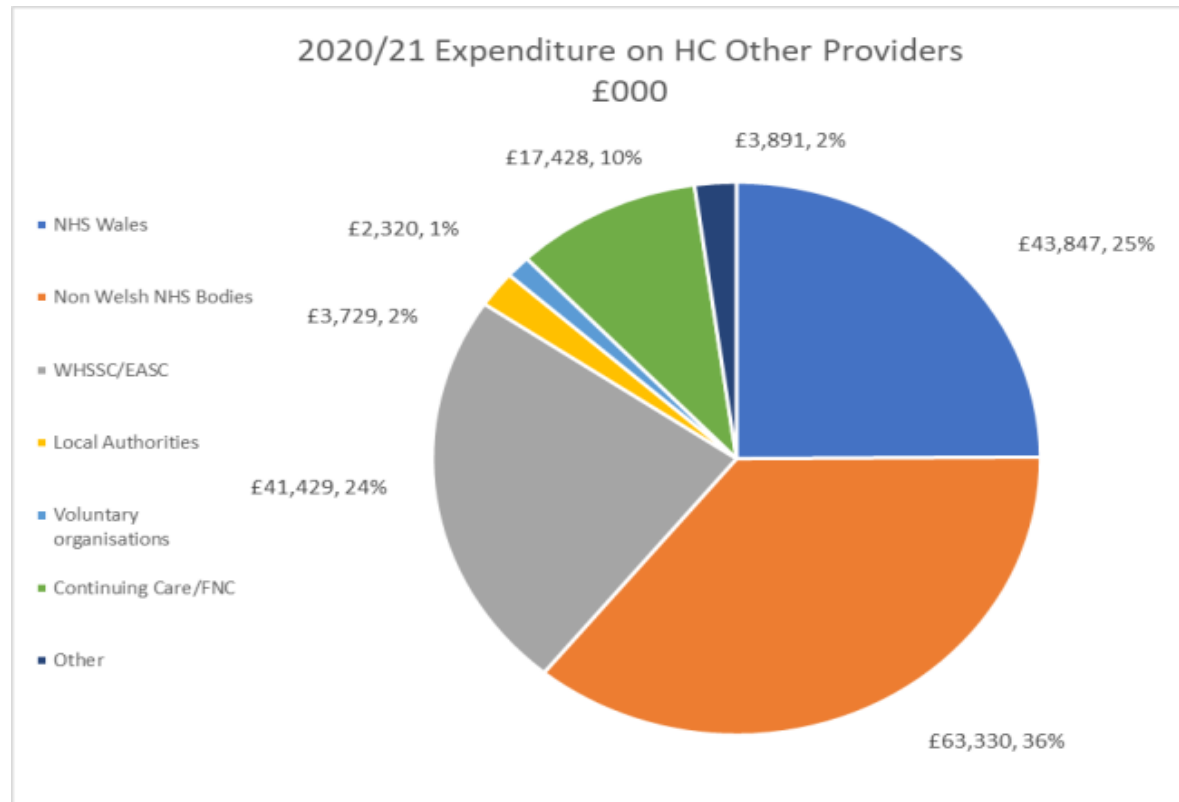


*Please note an explanation on the movement between 2019/20 and 2020/21 is provided on the Pages 6-8 of this report. These pages will focus in more detail on the specific areas of Note 3.1 – Note 3.3*



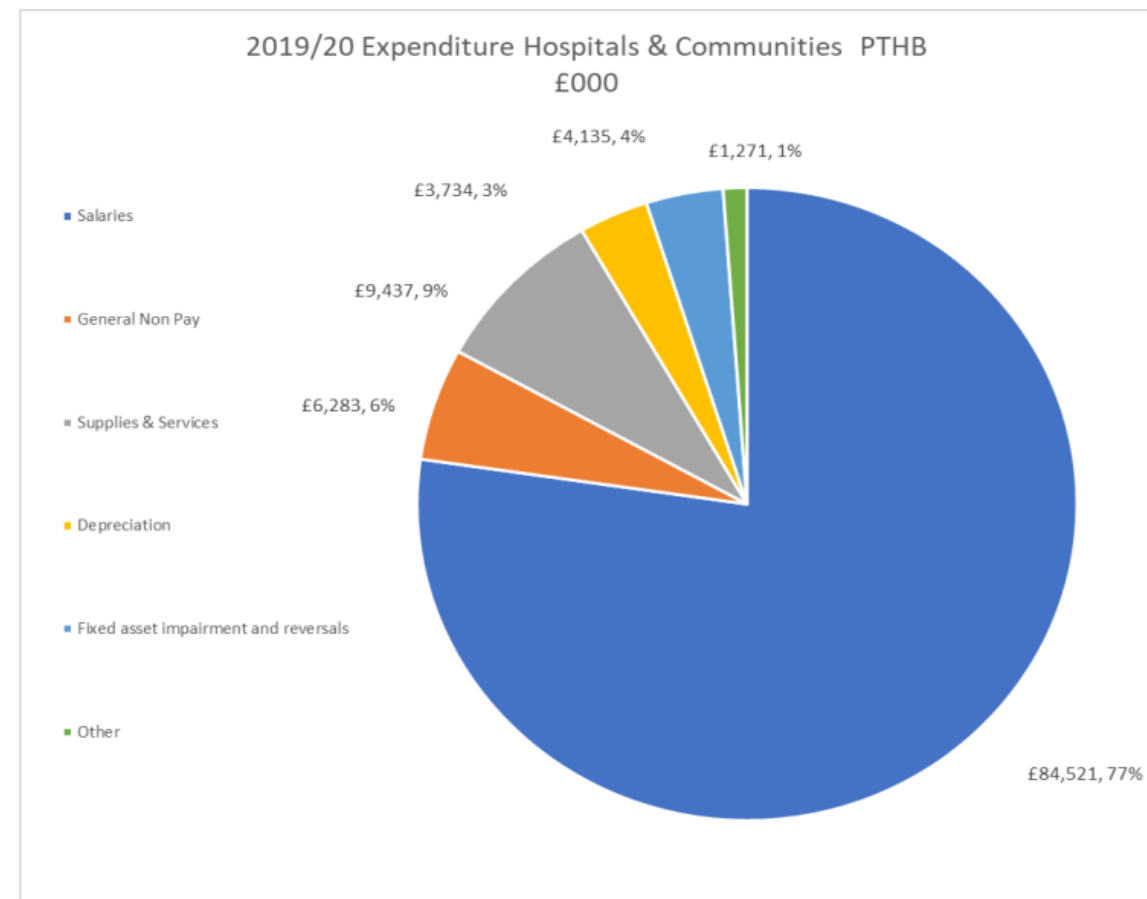
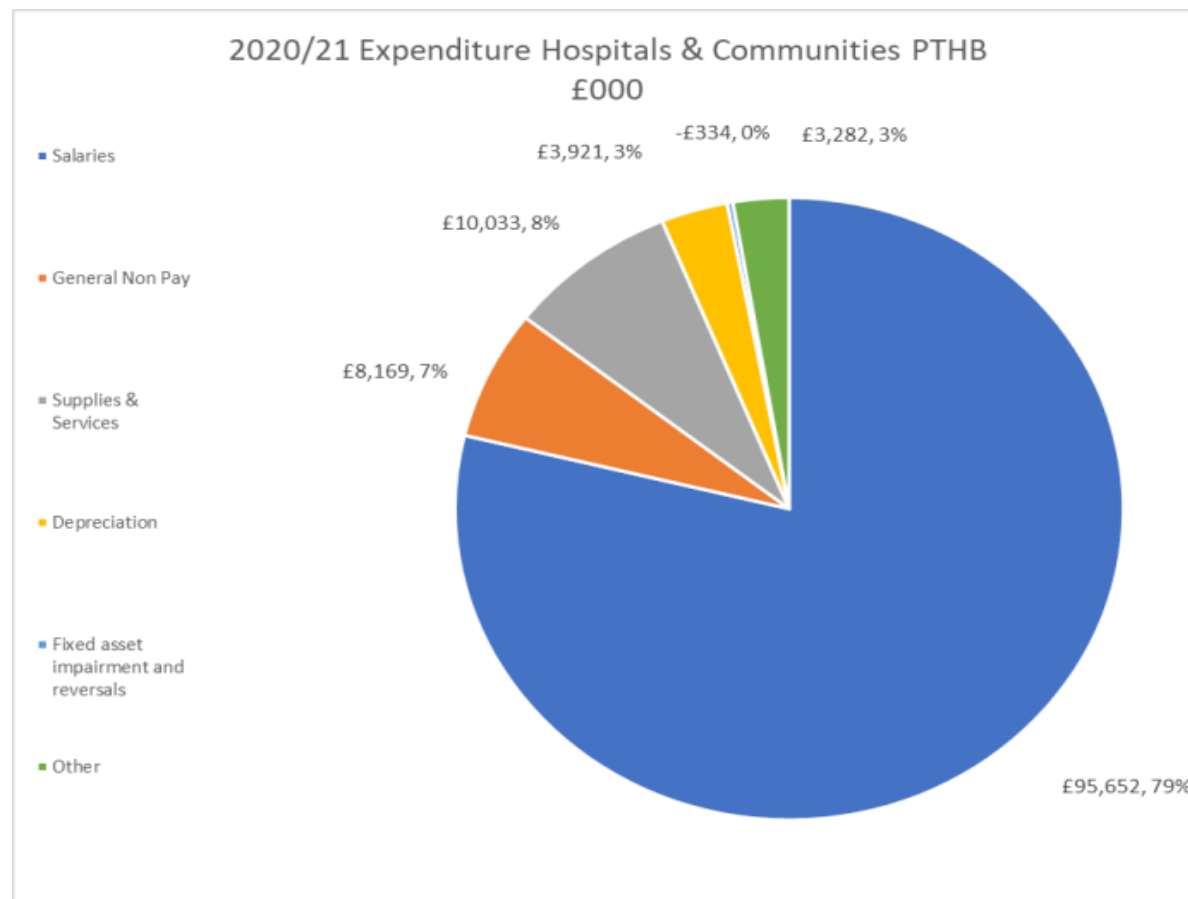
Comments:

- *GMS increase on Dispensing Drs and Enhanced Services (Covid mass Vac £0.5M)*
- *Dental decreased on contract payments (linked NR adjustments) and CDS service*



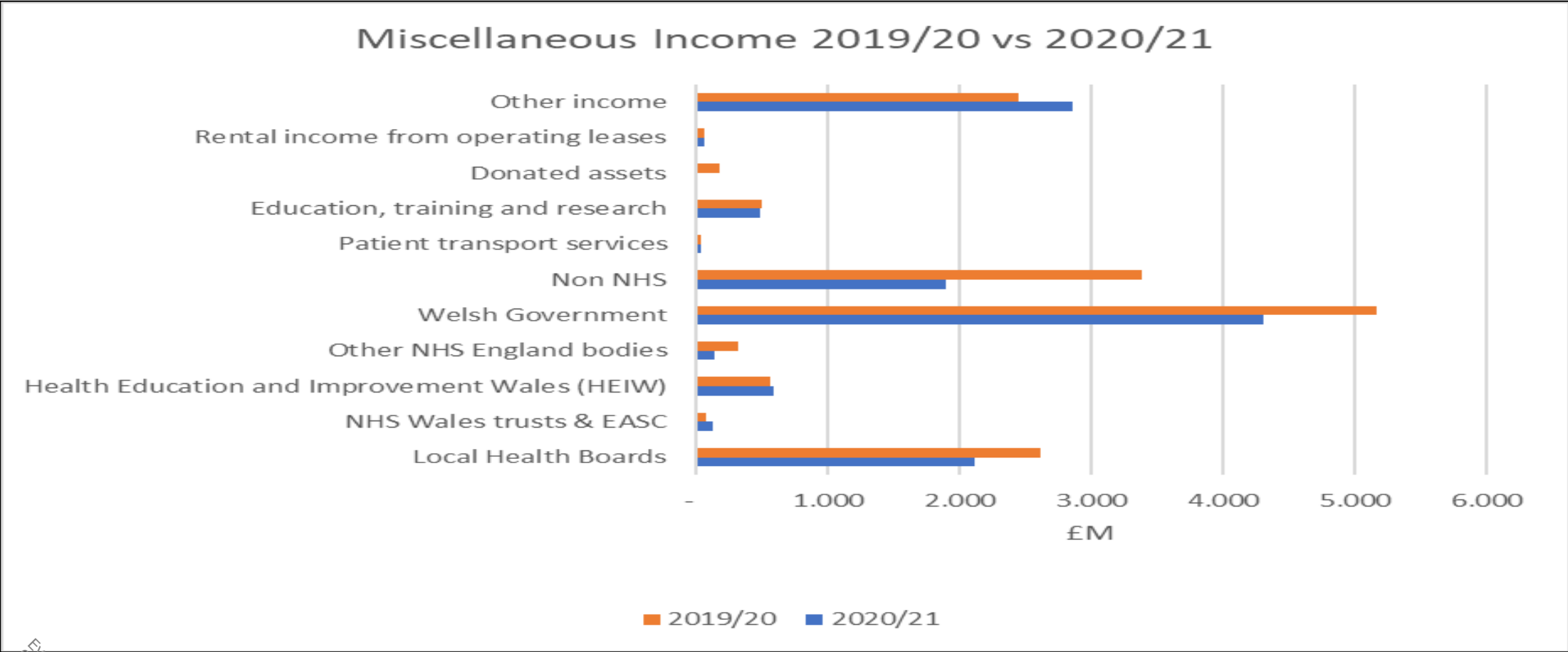
## Comments:

- 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 £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.*

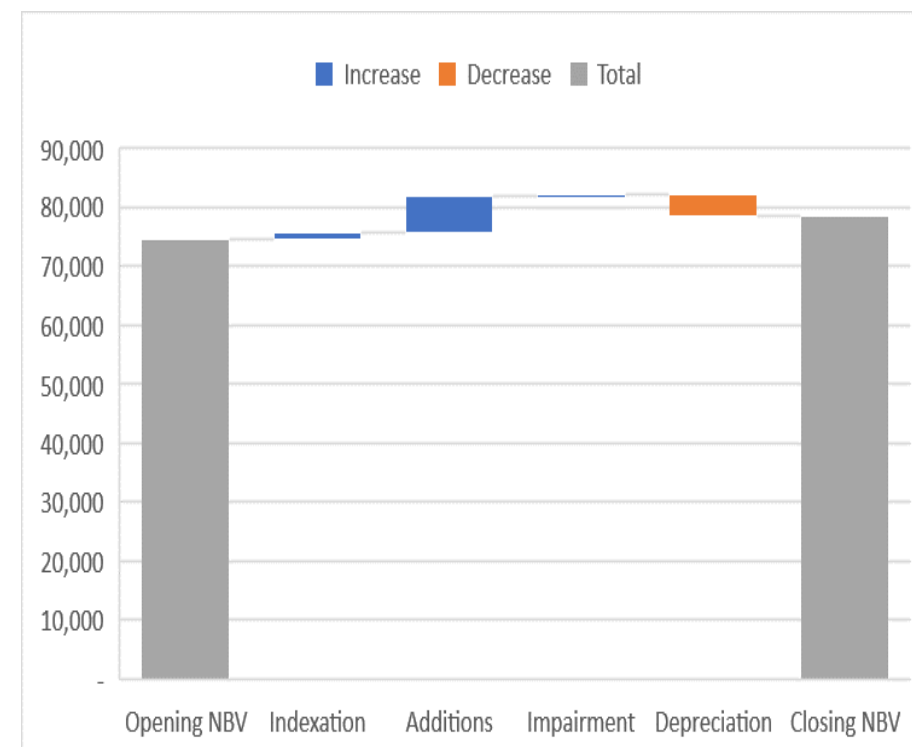
- There were no property purchases or disposals during 2020/21
- The Capital Programme and receipt of Donated Assets added £6.366m to the asset base during 2020/21
- Depreciation chargeable £3.921m in 2020/21 (2019/20 = £3.734m)

**Asset Type @ 31<sup>st</sup> March 2020**

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

**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<sup>st</sup> March

Type	2020/21 £000	2019/20 £000
Clinical negligence		
- Secondary Care	14366	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	216	152
Pension relating to former directors	0	-
Pensions relating to other staff	5220	5,534
Restructuring	0	-
Other	64	52
<b>Total</b>	<b>23,410</b>	<b>23,140</b>

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

At 31<sup>st</sup> 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 27<sup>th</sup> March 2019. Furthermore the 2020/21-2022/23 submission made on 31<sup>st</sup> January 2020 was confirmed by Welsh Government on 19<sup>th</sup> March 2020 as approvable. The 2021/22 Annual Plan was submitted to Welsh Government on 31<sup>st</sup> 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 Annual Accounts 2020/21 - Appendices

**FY 2020/21**

Evans, Caroline  
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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	68,748
Expenditure on healthcare from other providers	3.2	175,974	161,711
Expenditure on Hospital and Community Health Services	3.3	120,723	109,381
		<b>369,102</b>	<b>339,840</b>
Less: Miscellaneous Income	4	(12,601)	(15,328)
<b>LHB net operating costs before interest and other gains and losses</b>		<b>356,501</b>	<b>324,512</b>
Investment Revenue	5	0	0
Other (Gains) / Losses	6	0	0
Finance costs	7	(30)	19
<b>Net operating costs for the financial year</b>		<b>356,471</b>	<b>324,531</b>

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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.

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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	68,748
Expenditure on healthcare from other providers	3.2	175,974	161,711
Expenditure on Hospital and Community Health Services	3.3	120,723	109,381
		<b>369,102</b>	339,840
Less: Miscellaneous Income	4	(12,601)	(15,328)
<b>LHB net operating costs before interest and other gains and losses</b>		<b>356,501</b>	324,512
Investment Revenue	5	0	0
Other (Gains) / Losses	6	0	0
Finance costs	7	(30)	19
<b>Net operating costs for the financial year</b>		<b>356,471</b>	<b>324,531</b>

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

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

Evans, Caroline  
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Other Comprehensive Net Expenditure

	2020-21 £'000	2019-20 £'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)
<b>Total comprehensive net expenditure for the year</b>	<b>355,530</b>	<b>323,826</b>

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

Evans, Caroline  
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**Statement of Financial Position as at 31 March 2021**

		<b>31 March 2021 £'000</b>	<b>31 March 2020 £'000</b>
	<b>Notes</b>		
<b>Non-current assets</b>			
Property, plant and equipment	11	<b>78,394</b>	74,674
Intangible assets	12	<b>0</b>	0
Trade and other receivables	15	<b>14,403</b>	14,791
Other financial assets	16	<b>0</b>	0
<b>Total non-current assets</b>		<b>92,797</b>	89,465
<b>Current assets</b>			
Inventories	14	<b>159</b>	156
Trade and other receivables	15	<b>12,179</b>	9,024
Other financial assets	16	<b>0</b>	0
Cash and cash equivalents	17	<b>2,627</b>	540
		<b>14,965</b>	9,720
Non-current assets classified as "Held for Sale"	11	<b>0</b>	0
<b>Total current assets</b>		<b>14,965</b>	9,720
<b>Total assets</b>		<b>107,762</b>	99,185
<b>Current liabilities</b>			
Trade and other payables	18	<b>(45,831)</b>	(35,164)
Other financial liabilities	19	<b>0</b>	0
Provisions	20	<b>(3,336)</b>	(2,461)
<b>Total current liabilities</b>		<b>(49,167)</b>	(37,625)
<b>Net current assets/ (liabilities)</b>		<b>(34,202)</b>	(27,905)
<b>Non-current liabilities</b>			
Trade and other payables	18	<b>0</b>	0
Other financial liabilities	19	<b>0</b>	0
Provisions	20	<b>(20,074)</b>	(20,679)
<b>Total non-current liabilities</b>		<b>(20,074)</b>	(20,679)
<b>Total assets employed</b>		<b>38,521</b>	40,881
<b>Financed by :</b>			
<b>Taxpayers' equity</b>			
General Fund		<b>(2,532)</b>	768
Revaluation reserve		<b>41,053</b>	40,113
<b>Total taxpayers' equity</b>		<b>38,521</b>	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 73 form part of these accounts.

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## Statement of Changes in Taxpayers' Equity

### For the year ended 31 March 2021

	General Fund £000s	Revaluation Reserve £000s	Total Reserves £000s
<b>Changes in taxpayers' equity for 2020-21</b>			
<b>Balance at 1 April 2020</b>	768	40,113	<b>40,881</b>
Net operating cost for the year	(356,471)		<b>(356,471)</b>
Net gain/(loss) on revaluation of property, plant and equipment	0	941	<b>941</b>
Net gain/(loss) on revaluation of intangible assets	0	0	<b>0</b>
Net gain/(loss) on revaluation of financial assets	0	0	<b>0</b>
Net gain/(loss) on revaluation of assets held for sale	0	0	<b>0</b>
Impairments and reversals	0	0	<b>0</b>
Other Reserve Movement	0	0	<b>0</b>
Transfers between reserves	0	0	<b>0</b>
Release of reserves to SoCNE	1	(1)	<b>0</b>
Transfers to/from LHBs	0	0	<b>0</b>
<b>Total recognised income and expense for 2020-21</b>	<b>(356,470)</b>	<b>940</b>	<b>(355,530)</b>
Net Welsh Government funding	349,409		<b>349,409</b>
Notional Welsh Government Funding	3,761		<b>3,761</b>
<b>Balance at 31 March 2021</b>	<b>(2,532)</b>	<b>41,053</b>	<b>38,521</b>
Included in Net Welsh Government Funding:			
Welsh Government Covid 19 Capital Funding	1,990		<b>1,990</b>
Welsh Government Covid 19 Revenue Funding	31,368		<b>31,368</b>

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

Evans, Caroline  
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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
<b>Changes in taxpayers' equity for 2019-20</b>			
<b>Balance at 1 April 2019</b>	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
<b>Total recognised income and expense for 2019-20</b>	(324,511)	685	(323,826)
Net Welsh Government funding	319,391		319,391
Notional Welsh Government Funding	3,473		3,473
<b>Balance at 31 March 2020</b>	768	40,113	40,881

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

Evans, Caroline  
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**Statement of Cash Flows for year ended 31 March 2021**

		<b>2020-21</b>	<b>2019-20</b>
		<b>£'000</b>	<b>£'000</b>
<b>Cash Flows from operating activities</b>	Notes		
Net operating cost for the financial year		<b>(356,471)</b>	<b>(324,531)</b>
Movements in Working Capital	27	<b>8,238</b>	3,901
Other cash flow adjustments	28	<b>7,476</b>	14,327
Provisions utilised	20	<b>(1,494)</b>	<b>(11,612)</b>
<b>Net cash outflow from operating activities</b>		<b>(342,251)</b>	<b>(317,915)</b>
<b>Cash Flows from investing activities</b>			
Purchase of property, plant and equipment		<b>(5,071)</b>	<b>(3,253)</b>
Proceeds from disposal of property, plant and equipment		<b>0</b>	0
Purchase of intangible assets		<b>0</b>	0
Proceeds from disposal of intangible assets		<b>0</b>	0
Payment for other financial assets		<b>0</b>	0
Proceeds from disposal of other financial assets		<b>0</b>	0
Payment for other assets		<b>0</b>	0
Proceeds from disposal of other assets		<b>0</b>	0
<b>Net cash inflow/(outflow) from investing activities</b>		<b>(5,071)</b>	<b>(3,253)</b>
<b>Net cash inflow/(outflow) before financing</b>		<b>(347,322)</b>	<b>(321,168)</b>
<b>Cash Flows from financing activities</b>			
Welsh Government funding (including capital)		<b>349,409</b>	319,391
Capital receipts surrendered		<b>0</b>	0
Capital grants received		<b>0</b>	0
Capital element of payments in respect of finance leases and on-SoFP PFI Schemes		<b>0</b>	0
Cash transferred (to)/ from other NHS bodies		<b>0</b>	0
<b>Net financing</b>		<b>349,409</b>	319,391
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>2,087</b>	<b>(1,777)</b>
<b>Cash and cash equivalents (and bank overdrafts) at 1 April 2020</b>		<b>540</b>	2,317
<b>Cash and cash equivalents (and bank overdrafts) at 31 March 2021</b>		<b>2,627</b>	540

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

Evans, Caroline  
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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.

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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;

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

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

The solicitor will estimate the case value including defence fees, using professional judgement and from obtaining counsel advice. Valuations are then discounted for the future loss elements using individual life expectancies and the Government Actuary's Department actuarial tables (Ogden tables) and Personal Injury Discount Rate of minus 0.75%.

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 'Powys Teaching Local Health Board Charitable Fund and other Related Charities' 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
<b>Net operating costs for the year</b>	299,184	324,531	356,471	980,186
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	358,322	985,574
Revenue Resource Allocation	300,931	326,441	358,465	985,837
<b>Under /(over) spend against Allocation</b>	65	55	143	263

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
	2018-19 £'000	2019-20 £'000	2020-21 £'000	Total £'000
<b>Gross capital expenditure</b>	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
<b>(Over) / Underspend against Capital Resource Allocation</b>	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 integrated plan

Due to the pandemic, the process for the 2020-23 integrated plan was paused in spring 2020 and a temporary quarterly planning arrangement put in place for 2020-21.

As a result the extant planning duty for 2020-21 remains the requirement to submit and have approved a 2019-22 integrated plan, as set out in the NHS Wales Planning Framework 2019-22.

The LHB submitted a 2019-22 integrated plan in accordance with the planning framework.

The Minister for Health and Social Services extant approval

Status  
Date

Approved  
27/03/2019

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

2.4 Creditor payment

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

	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 <b>has not</b> 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	785
Prescribed drugs and appliances	20,342		20,342	19,275
<b>Total</b>	<b>74,256</b>	<b>(1,851)</b>	<b>72,405</b>	<b>68,748</b>

1. General Medical Services expenditure has increased to reflect a £0.748M rise in Dispensing Doctor Drug costs, £0.470M new costs for Covid Mass Vaccination programme and £0.200M for Flu Enhanced Service 2. General Medical Services includes £515,348 of salary costs in respect of a Health Board managed GP Practice. 3. 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. 4. Dental Services saw a reduction in expenditure 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. 5. The increase in Other Primary Health Care expenditure relates to Virtual Ward costs of £0.9M moving from General Medical Services to Other Primary Health Care. 6. 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	40,326	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	63,330	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	2,433
<b>Total</b>	<b>175,974</b>	<b>161,711</b>

The 7 Health Boards in Wales have established the Welsh Health Specialist Services Commission (WHSSC) which, through the operational management of Cwm Taf Morgannwg University Health Board, secures the provision of highly specialised healthcare for the whole of Wales. These arrangements include funding of services operated through a risk sharing arrangement. The 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 the Test Trace and Protect service for 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 THB made payments under the support for Adult Social Care guidance as instructed by Welsh Government and funded as per detail in Note 34.2.

Other Expenditure includes Integrated Care Fund expenditure of £4.065M (2019/20: £4.025M) 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 expenditure has been reclassified in 2020/21 and a prior year restatement actioned of £4.025M from Note 3.1 Other Primary Health Care Expenditure to Note 3.2 Other. Further details are provided in Note 34.4.

Other Expenditure also includes a negative balance which relates to the write back of liabilities from the Statement of Financial Position that have been assessed as no longer payable, which relate to previous years. The 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
Directors' costs	1,486	1,363
Operational Staff costs	94,166	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
<b>Total</b>	<b>120,723</b>	<b>109,381</b>

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

	2020-21 £'000	2019-20 £'000
<b>Increase/(decrease) in provision for future payments:</b>		
Clinical negligence;		
Secondary care	(15)	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	116	(2)
<b>Gross increase/(decrease) in provision for future payments</b>	<b>1,420</b>	<b>2,430</b>
Contribution to Welsh Risk Pool	0	0
Premium for other insurance arrangements	0	0
Irrecoverable debts	(78)	84
<b>Less: income received/due from Welsh Risk Pool</b>	<b>(1,322)</b>	<b>(2,276)</b>
<b>Total</b>	<b>20</b>	<b>238</b>

	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 THB 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 functions 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 £0.027M 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 £0.710M 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)	586	557
Foundation Trusts	0	0
Other NHS England bodies	136	320
Other NHS Bodies	0	0
Local authorities	0	0
Welsh Government	4,306	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	1,312	1,550
Patient transport services	34	33
Education, training and research	480	502
Charitable and other contributions to expenditure	0	0
Receipt of NWSSP Covid centrally purchased assets	1,607	0
Receipt of Covid centrally purchased assets from other organisations	0	0
Receipt of donated assets	13	176
Receipt of Government granted assets	16	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	1,120	2,313
<b>Total</b>	<b>12,601</b>	<b>15,328</b>

Welsh Government Covid 19 income included in total above;.

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 receipt of Government granted assets relates to the receipt of small number of items of equipment being transferred to the THB from the Department of Health and Social Care with a value of £0.016M

The increase in receipt of NWSSP Covid centrally purchased assets relates to the accounting required for items received from NHS Wales Shared Services Partnership of £1.607M in relation to personal protective equipment, medical equipment and consumables in respect of the Covid 19 pandemic response.

This decrease in other income is mainly 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 THB was funded by Welsh Government to support this loss of income which is within the £31.4M funding detailed in note 34.2.

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**5. Investment Revenue**

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

**6. Other gains and losses**

	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
<b>Total</b>	<b>0</b>	<b>0</b>

**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
<b>Total interest expense</b>	<b>0</b>	<b>0</b>
Provisions unwinding of discount	(30)	19
Other finance costs	0	0
<b>Total</b>	<b>(30)</b>	<b>19</b>

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## 8. Operating leases

### LHB as lessee

As at 31st March 2021 the LHB had 45 operating leases agreements in place for the leases of premises, 23 arrangement in respect of equipment and 128 in respect of vehicles, with 9 premises, 2 equipment and 23 vehicle leases having expired in year.

<b>Payments recognised as an expense</b>	<b>2020-21</b>	<b>2019-20</b>
	<b>£000</b>	<b>£000</b>
Minimum lease payments	1,030	1,007
Contingent rents	0	0
Sub-lease payments	0	0
<b>Total</b>	<b>1,030</b>	<b>1,007</b>

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

<b>Payable</b>	<b>£000</b>	<b>£000</b>
Not later than one year	882	959
Between one and five years	1,080	1,206
After 5 years	264	334
<b>Total</b>	<b>2,226</b>	<b>2,499</b>

### LHB as lessor

<b>Rental revenue</b>	<b>£000</b>	<b>£000</b>
Rent	346	322
Contingent rents	0	0
<b>Total revenue rental</b>	<b>346</b>	<b>322</b>

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

<b>Receivable</b>	<b>£000</b>	<b>£000</b>
Not later than one year	360	322
Between one and five years	55	46
After 5 years	38	136
<b>Total</b>	<b>453</b>	<b>504</b>

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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	73,066	289	6,162	0	0	0	79,517	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
<b>Total</b>	<b>91,252</b>	<b>289</b>	<b>6,162</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>97,703</b>	<b>84,521</b>

Charged to capital	278	202
Charged to revenue	97,425	84,319
	<b>97,703</b>	<b>84,521</b>
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
<b>Total</b>	<b>1,897</b>	<b>5</b>	<b>53</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,955</b>	<b>1,861</b>

**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](http://www.nhsbsa.nhs.uk/pensions). Both are unfunded defined benefit schemes that cover NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State for Health and Social Care in England and Wales. They are not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, each scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS body of participating in each scheme is taken as equal to the contributions payable to that scheme for the accounting period.

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

#### a) Accounting valuation

A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary's Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and is accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 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	2020-21	2019-20	2019-20
	Number	£000	Number	£000
<b>NHS</b>				
Total bills paid	2,279	153,467	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%
<b>Non-NHS</b>				
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%
<b>Total</b>				
Total bills paid	42,043	238,277	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 THB 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
<b>Total</b>	<b>0</b>	<b>0</b>

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## 11.1 Property, plant and equipment

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

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

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

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

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## 11.1 Property, plant and equipment

	Land £000	Buildings, excluding dwellings £000	Dwellings £000	Assets under construction & payments on account £000	Plant and machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
<b>Cost or valuation at 1 April 2019</b>	14,429	55,014	657	7,591	6,635	545	4,653	0	<b>89,524</b>
Indexation	(141)	912	13	0	0	0	0	0	<b>784</b>
Additions									
- purchased	0	2,117	0	297	435	0	348	0	<b>3,197</b>
- donated	0	6	0	155	15	0	0	0	<b>176</b>
- government granted	0	0	0	0	0	0	0	0	<b>0</b>
Transfer from/into other NHS bodies	0	0	0	0	0	0	0	0	<b>0</b>
Reclassifications	21	5,280	0	(5,301)	0	0	0	0	<b>0</b>
Revaluations	0	0	0	0	0	0	0	0	<b>0</b>
Reversal of impairments	0	177	0	0	0	0	0	0	<b>177</b>
Impairments	0	(4,312)	0	0	0	0	0	0	<b>(4,312)</b>
Reclassified as held for sale	0	0	0	0	0	0	0	0	<b>0</b>
Disposals	0	0	0	0	(87)	(46)	0	0	<b>(133)</b>
<b>At 31 March 2020</b>	<b>14,309</b>	<b>59,194</b>	<b>670</b>	<b>2,742</b>	<b>6,998</b>	<b>499</b>	<b>5,001</b>	<b>0</b>	<b>89,413</b>
<b>Depreciation at 1 April 2019</b>	0	3,934	40	0	4,144	206	2,735	0	<b>11,059</b>
Indexation	0	78	1	0	0	0	0	0	<b>79</b>
Transfer from/into other NHS bodies	0	0	0	0	0	0	0	0	<b>0</b>
Reclassifications	0	0	0	0	0	0	0	0	<b>0</b>
Revaluations	0	0	0	0	0	0	0	0	<b>0</b>
Reversal of impairments	0	0	0	0	0	0	0	0	<b>0</b>
Impairments	0	0	0	0	0	0	0	0	<b>0</b>
Reclassified as held for sale	0	0	0	0	0	0	0	0	<b>0</b>
Disposals	0	0	0	0	(87)	(46)	0	0	<b>(133)</b>
Provided during the year	0	2,278	27	0	768	74	587	0	<b>3,734</b>
<b>At 31 March 2020</b>	<b>0</b>	<b>6,290</b>	<b>68</b>	<b>0</b>	<b>4,825</b>	<b>234</b>	<b>3,322</b>	<b>0</b>	<b>14,739</b>
<b>Net book value at 1 April 2019</b>	<b>14,429</b>	<b>51,080</b>	<b>617</b>	<b>7,591</b>	<b>2,491</b>	<b>339</b>	<b>1,918</b>	<b>0</b>	<b>78,465</b>
<b>Net book value at 31 March 2020</b>	<b>14,309</b>	<b>52,904</b>	<b>602</b>	<b>2,742</b>	<b>2,173</b>	<b>265</b>	<b>1,679</b>	<b>0</b>	<b>74,674</b>
<b>Net book value at 31 March 2020 comprises :</b>									
Purchased	14,309	50,058	602	2,731	2,013	265	1,679	0	<b>71,657</b>
Donated	0	2,846	0	11	160	0	0	0	<b>3,017</b>
Government Granted	0	0	0	0	0	0	0	0	<b>0</b>
<b>At 31 March 2020</b>	<b>14,309</b>	<b>52,904</b>	<b>602</b>	<b>2,742</b>	<b>2,173</b>	<b>265</b>	<b>1,679</b>	<b>0</b>	<b>74,674</b>
<b>Asset financing :</b>									
Owned	14,309	52,904	602	2,742	2,173	265	1,679	0	<b>74,674</b>
Held on finance lease	0	0	0	0	0	0	0	0	<b>0</b>
On-SoFP PFI contracts	0	0	0	0	0	0	0	0	<b>0</b>
PFI residual interests	0	0	0	0	0	0	0	0	<b>0</b>
<b>At 31 March 2020</b>	<b>14,309</b>	<b>52,904</b>	<b>602</b>	<b>2,742</b>	<b>2,173</b>	<b>265</b>	<b>1,679</b>	<b>0</b>	<b>74,674</b>

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

	£000
Freehold	67,815
Long Leasehold	0
Short Leasehold	0
	<b>67,815</b>

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

**£3,544,025.00**

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, 8th 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 arm's 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
<b>Balance brought forward 1 April 2020</b>	0	0	0	0	0	0
Plus assets classified as held for sale in the year	0	0	0	0	0	0
Revaluation	0	0	0	0	0	0
Less assets sold in the year	0	0	0	0	0	0
Add reversal of impairment of assets held for sale	0	0	0	0	0	0
Less impairment of assets held for sale	0	0	0	0	0	0
Less assets no longer classified as held for sale, for reasons other than disposal by sale	0	0	0	0	0	0
<b>Balance carried forward 31 March 2021</b>	0	0	0	0	0	0
<b>Balance brought forward 1 April 2019</b>	0	0	0	0	0	0
Plus assets classified as held for sale in the year	0	0	0	0	0	0
Revaluation	0	0	0	0	0	0
Less assets sold in the year	0	0	0	0	0	0
Add reversal of impairment of assets held for sale	0	0	0	0	0	0
Less impairment of assets held for sale	0	0	0	0	0	0
Less assets no longer classified as held for sale, for reasons other than disposal by sale	0	0	0	0	0	0
<b>Balance carried forward 31 March 2020</b>	0	0	0	0	0	0

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## 12. Intangible non-current assets

### 2020-21

	Software (purchased)	Software (internally generated)	Licences and trademarks	Patents	Development expenditure- internally generated	Carbon Reduction Commitments	Total
	£000	£000	£000	£000	£000	£000	£000
<b>Cost or valuation at 1 April 2020</b>	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
<b>Gross cost at 31 March 2021</b>	0	0	0	0	0	0	0
<b>Amortisation at 1 April 2020</b>	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
<b>Amortisation at 31 March 2021</b>	0	0	0	0	0	0	0
<b>Net book value at 1 April 2020</b>	0	0	0	0	0	0	0
<b>Net book value at 31 March 2021</b>	0	0	0	0	0	0	0
<b>At 31 March 2021</b>							
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
<b>Total at 31 March 2021</b>	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
<b>Cost or valuation at 1 April 2019</b>	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
<b>Gross cost at 31 March 2020</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Amortisation at 1 April 2019</b>	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
<b>Amortisation at 31 March 2020</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net book value at 1 April 2019</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net book value at 31 March 2020</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>At 31 March 2020</b>							
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
<b>Total at 31 March 2020</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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**Additional Disclosures re Intangible Assets**

The LHB does not hold any Intangible Assets

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**13 . Impairments**

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

**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
	<b>(334)</b>	<b>0</b>	<b>4,135</b>	<b>0</b>

There is 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**

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

**14.2 Inventories recognised in expenses**

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

**Covid 19 Disclosure**

During the financial year the THB 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 Trust Accounts (NHS Wales Shared Services Partnership's host organisation).

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**15. Trade and other Receivables**

<b>Current</b>	<b>31 March 2021 £000</b>	<b>31 March 2020 £000</b>
Welsh Government	3,235	1,821
WHSSC / EASC	493	231
Welsh Health Boards	212	537
Welsh NHS Trusts	441	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
<b>Welsh Risk Pool Claim reimbursement</b>		
NHS Wales Secondary Health Sector	2,624	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	3,945	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
<b>Sub total</b>	<b>12,179</b>	<b>9,024</b>
<b>Non-current</b>		
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
<b>Welsh Risk Pool Claim reimbursement;</b>		
NHS Wales Secondary Health Sector	14,403	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
<b>Sub total</b>	<b>14,403</b>	<b>14,791</b>
<b>Total</b>	<b>26,582</b>	<b>23,815</b>

**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
	<b>353</b>	<b>1,085</b>

**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	<b>(316)</b>	<b>(394)</b>

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

**Receivables VAT**

Trade receivables	0	0
Other	0	0
Total	<b>0</b>	<b>0</b>

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**16. Other Financial Assets**

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

**17. Cash and cash equivalents**

	2020-21	2019-20
	£000	£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	<b>2,627</b>	<b>540</b>
Made up of:		
Cash held at GBS	2,544	406
Commercial banks	79	131
Cash in hand	4	3
<b>Cash and cash equivalents as in Statement of Financial Position</b>	<b>2,627</b>	<b>540</b>
Bank overdraft - GBS	0	0
Bank overdraft - Commercial banks	0	0
<b>Cash and cash equivalents as in Statement of Cash Flows</b>	<b>2,627</b>	<b>540</b>

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**18. Trade and other payables**

<b>Current</b>	<b>31 March 2021 £000</b>	<b>31 March 2020 £000</b>
Welsh Government	0	0
WHSSC / EASC	346	19
Welsh Health Boards	1,727	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	3,305	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	22,646	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
<b>Sub Total</b>	<b>45,831</b>	<b>35,164</b>
<b>Non-current</b>		
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
<b>Sub Total</b>	<b>0</b>	<b>0</b>
<b>Total</b>	<b>45,831</b>	<b>35,164</b>

It is intended to pay all invoices within the 30 day period directed by the Welsh Government.

**18. Trade and other payables (continued).**

Amounts falling due more than one year are expected to be settled as follows:

	31 March 2021 £000	31 March 2020 £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 2021 £000	31 March 2020 £000	31 March 2021 £000	31 March 2020 £000
Financial Guarantees:				
At amortised cost	0	0	0	0
At fair value through SoCNE	0	0	0	0
Derivatives at fair value through SoCNE	0	0	0	0
Other:				
At amortised cost	0	0	0	0
At fair value through SoCNE	0	0	0	0
<b>Total</b>	<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
<b>Current</b>									
Clinical negligence:-									
Secondary care	477	0	0	168	17	(523)	(32)	0	107
Primary care	0	0	0	0	0	0	0	0	0
Redress Secondary care	107	0	0	0	49	(5)	(35)	0	116
Redress Primary care	0	0	0	0	0	0	0	0	0
Personal injury	1,087	0	0	(37)	1,605	(261)	(92)	(6)	2,296
All other losses and special payments	0	0	0	0	1	(1)	0	0	0
Defence legal fees and other administration	86	0	0	16	88	(52)	(12)		126
Pensions relating to former directors	0			0	0	0	0	0	0
Pensions relating to other staff	652			289	622	(621)	(291)	(24)	627
2019-20 Scheme Pays - Reimbursement	0			0	0	0	0	0	0
Restructuring	0			0	0	0	0	0	0
Other	52		0	0	49	(31)	(6)		64
<b>Total</b>	<b>2,461</b>	<b>0</b>	<b>0</b>	<b>436</b>	<b>2,431</b>	<b>(1,494)</b>	<b>(468)</b>	<b>(30)</b>	<b>3,336</b>
<b>Non Current</b>									
Clinical negligence:-									
Secondary care	14,427	0	0	(168)	0	0	0	0	14,259
Primary care	0	0	0	0	0	0	0	0	0
Redress Secondary care	0	0	0	0	0	0	0	0	0
Redress Primary care	0	0	0	0	0	0	0	0	0
Personal injury	1,304	0	0	37	0	0	(209)	0	1,132
All other losses and special payments	0	0	0	0	0	0	0	0	0
Defence legal fees and other administration	66	0	0	(16)	40	0	0		90
Pensions relating to former directors	0			0	0	0	0	0	0
Pensions relating to other staff	4,882			(289)	0	0	0	0	4,593
2019-20 Scheme Pays - Reimbursement	0			0	0	0	0	0	0
Restructuring	0			0	0	0	0	0	0
Other	0		0	0	0	0	0		0
<b>Total</b>	<b>20,679</b>	<b>0</b>	<b>0</b>	<b>(436)</b>	<b>40</b>	<b>0</b>	<b>(209)</b>	<b>0</b>	<b>20,074</b>
<b>TOTAL</b>									
Clinical negligence:-									
Secondary care	14,904	0	0	0	17	(523)	(32)	0	14,366
Primary care	0	0	0	0	0	0	0	0	0
Redress Secondary care	107	0	0	0	49	(5)	(35)	0	116
Redress Primary care	0	0	0	0	0	0	0	0	0
Personal injury	2,391	0	0	0	1,605	(261)	(301)	(6)	3,428
All other losses and special payments	0	0	0	0	1	(1)	0	0	0
Defence legal fees and other administration	152	0	0	0	128	(52)	(12)		216
Pensions relating to former directors	0			0	0	0	0	0	0
Pensions relating to other staff	5,534			0	622	(621)	(291)	(24)	5,220
2019-20 Scheme Pays - Reimbursement	0			0	0	0	0	0	0
Restructuring	0			0	0	0	0	0	0
Other	52		0	0	49	(31)	(6)		64
<b>Total</b>	<b>23,140</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,471</b>	<b>(1,494)</b>	<b>(677)</b>	<b>(30)</b>	<b>23,410</b>

## Expected timing of cash flows:

	In year to 31 March 2022	Between 1 April 2022 31 March 2026	Thereafter	Total
	£000	£000	£000	£000
Clinical negligence:-				
Secondary care	107	14,259	0	14,366
Primary care	0	0	0	0
Redress Secondary care	116	0	0	116
Redress Primary care	0	0	0	0
Personal injury	2,296	365	767	3,428
All other losses and special payments	0	0	0	0
Defence legal fees and other administration	126	90	0	216
Pensions relating to former directors	0	0	0	0
Pensions relating to other staff	627	2,373	2,220	5,220
2019-20 Scheme Pays - Reimbursement	0	0	0	0
Restructuring	0	0	0	0
Other	64	0	0	64
<b>Total</b>	<b>3,336</b>	<b>17,087</b>	<b>2,987</b>	<b>23,410</b>

The THB estimates that in 2021/22 it will receive £2.566M and in 2022-23 and beyond £14.403M from the Welsh Risk Pool in respect of Losses and Special Payments

£16.803M (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 £0.064M relating to retrospective continuing health care claims (2019/20 £0.052M).

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
<b>Current</b>									
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
<b>Total</b>	<b>2,446</b>	<b>0</b>	<b>0</b>	<b>1,243</b>	<b>8,975</b>	<b>(9,528)</b>	<b>(693)</b>	<b>18</b>	<b>2,461</b>
<b>Non Current</b>									
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
<b>Total</b>	<b>29,145</b>	<b>0</b>	<b>0</b>	<b>(1,243)</b>	<b>926</b>	<b>(2,084)</b>	<b>(6,065)</b>	<b>0</b>	<b>20,679</b>
<b>TOTAL</b>									
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
<b>Total</b>	<b>31,591</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>9,901</b>	<b>(11,612)</b>	<b>(6,758)</b>	<b>18</b>	<b>23,140</b>

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## 21. Contingencies

### 21.1 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	17,205	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	17,205	16,341
Amounts (recovered) in the event of claims being successful	(16,971)	(16,277)
<b>Net contingent liability</b>	<b>234</b>	<b>64</b>

**Legal Claims for alleged medical or employer negligence:** £0.316M of the £17.205M 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). £16.561M of the £17.205M 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.

#### Scheme Pays

In accordance with a Ministerial Direction issued on 18 December 2019, the Welsh Government have taken action to support circumstances where pensions tax rules are impacting upon clinical staff who want to work additional hours, and have determined that: clinical staff who are members of the NHS Pension Scheme and who, as a result of work undertaken in the 2019-20 tax year, face a tax charge on the growth of their NHS pension benefits, may opt to have this charge paid by the NHS Pension Scheme, with their pension reduced on retirement.

Welsh Government, on behalf of Powys Teaching Local Health Board, will pay the members who opt for reimbursement of their pension, a corresponding amount on retirement, ensuring that they are fully compensated for the effect of the deduction. This scheme will be funded directly by the Welsh Government to the NHS Business Services Authority Pension Division, the administrators on behalf of the Welsh claimants.

Clinical staff have until 31 March 2022 to opt for this scheme and the ability to make changes up to 31 July 2026.

At the date of approval of these accounts, there was insufficient data of take-up of the scheme by the Welsh clinical staff to enable a reasonable assessment of future take up to be made. As no reliable estimate can therefore be made to support the creation of a provision at 31 March 2021, the existence of an unquantified contingent liability is instead disclosed

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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	10	0
Letters of Comfort	0	0
<b>Total</b>	<b>10</b>	<b>0</b>

**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  
Intangible assets

653	107
0	0

**Total**

653	107
-----	-----

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**Gross loss to the Exchequer**

Number of cases and associated amounts paid out or written-off during the financial year:

	Amounts paid out during period to 31 March 2021	
	Number	£
Clinical negligence	6	239,660
Personal injury	15	233,453
All other losses and special payments	2	536
<b>Total</b>	23	473,649

Analysis of cases which exceed £300,000 and all other cases:

[illegible]

Sub-total

All other cases



**24. Finance leases****24.1 Finance leases obligations (as lessee)**

The Local Health Board has no finance leases receivable as a lessee.

**Amounts payable under finance leases:**

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

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## 24.1 Finance leases obligations (as lessee) continued

## Amounts payable under finance leases:

## Buildings

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

## 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
<b>Minimum lease payments</b>		
Within one year	0	0
Between one and five years	0	0
After five years	0	0
Less finance charges allocated to future periods	0	0
Minimum lease payments	<u>0</u>	<u>0</u>
Included in:		
Current borrowings	0	0
Non-current borrowings	0	0
	<u>0</u>	<u>0</u>

## Present value of minimum lease payments

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

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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:**

	<b>31 March 2021 £000</b>	31 March 2020 £000
<b>Gross Investment in leases</b>		
Within one year	0	0
Between one and five years	0	0
After five years	0	0
Less finance charges allocated to future periods	0	0
Minimum lease payments	<u>0</u>	<u>0</u>
Included in:		
Current borrowings	0	0
Non-current borrowings	0	0
	<u>0</u>	<u>0</u>
<b>Present value of minimum lease payments</b>		
Within one year	0	0
Between one and five years	0	0
After five years	0	0
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	0	0
	<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
<b>PFI scheme expiry date:</b>		
Not later than one year	0	0
Later than one year, not later than five years	0	0
Later than five years	0	0
<b>Total</b>	<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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**26. Financial risk management**

Financial reporting standard IFRS 7 requires disclosure of the role that financial instruments have had during the period in creating or changing the risks a body faces in undertaking its activities. The LHB is not exposed to the degree of financial risk faced by business entities. Also financial instruments play a much more limited role in creating or changing risk than would be typical of listed companies, to which these standards mainly apply. The LHB has limited powers to invest and financial assets and liabilities are generated by day-to-day operational activities rather than being held to change the risks facing the LHB in undertaking its activities.

**Currency risk**

The LHB is principally a domestic organisation with the great majority of transactions, assets and liabilities being in the UK and Sterling based. The LHB has no overseas operations. The LHB therefore has low exposure to currency rate fluctuations.

**Interest rate risk**

LHBs are not permitted to borrow. The LHB therefore has low exposure to interest rate fluctuations.

**Credit risk**

Because the majority of the LHB's funding derives from funds voted by the Welsh Government the LHB has low exposure to credit risk.

**Liquidity risk**

The LHB is required to operate within cash limits set by the Welsh Government for the financial year and draws down funds from the Welsh Government as the requirement arises. The LHB is not, therefore, exposed to significant liquidity risks.

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## 27. Movements in working capital

	2020-21 £000	2019-20 £000
(Increase)/decrease in inventories	(3)	(6)
(Increase)/decrease in trade and other receivables - non-current	388	8,531
(Increase)/decrease in trade and other receivables - current	(3,155)	591
Increase/(decrease) in trade and other payables - non-current	0	0
Increase/(decrease) in trade and other payables - current	10,667	(5,271)
<b>Total</b>	<b>7,897</b>	<b>3,845</b>
Adjustment for accrual movements in fixed assets - creditors	(1,076)	207
Adjustment for accrual movements in fixed assets - debtors	(206)	(151)
Other adjustments	1,623	0
	<b>8,238</b>	<b>3,901</b>

## 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
NWSSP Covid assets issued debited to expenditure but non-cash	0	0
Covid assets received credited to revenue but non-cash	(1,607)	0
Donated assets received credited to revenue but non-cash	(13)	(176)
Government Grant assets received credited to revenue but non-cash	(16)	0
Non-cash movements in provisions	1,764	3,161
Other movements	3,761	3,473
<b>Total</b>	<b>7,476</b>	<b>14,327</b>

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## 29. Events after the Reporting Period

These financial statements were authorised for issue by the Chief Executive and Accountable Officer on 15th June the date they were certified by the Auditor General for Wales

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104,884	361,753	9,644	5,185
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- Residual Clinical Negligence
- Community Health Councils
- 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 2020)
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 County Council
Dr Kate Wright	Medical Director (From 15th February 2021)	Employee of Aneurin Bevan Health Board
Ian Phillips	Independent Member	Independent Member, Welsh Local Government Association
Rhobert Lewis	Independent Member	Governor, Corporation Betsi Cadwaladr

### 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

#### A Funded Nursing Care

Powys Teaching Health Board and Powys County Council have entered into a partnership agreement in accordance with Section 33 of the Health Act 1999. The health related function which is subject to these arrangements is the provision of care by a registered nurse in care homes, which is a service provided by the NHS Body under section 2 of the National Health Service Act 1977. In accordance with the Social Care Act 2001 Section 49 care from a registered nurse is funded by the NHS regardless of the setting in which it is delivered. ( Circular 12/2003)

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

	Funding £	Expenditure £	Total £
<b>Gross Funding</b>			
Powys County Council	1,064,557		1,064,557
Powys Teaching Health Board	1,252,283		1,252,283
<b>Total Funding</b>	<b>2,316,840</b>		<b>2,316,840</b>
<b>Expenditure</b>			
Monies spent in accordance with Pooled budget arrangement		2,094,902	2,094,902
<b>Total Expenditure</b>		<b>2,094,902</b>	<b>2,094,902</b>
<b>Net under/(over) spend</b>			<b>221,938</b>
The above memorandum account is subject to the audit of the Pooled Budget statements of Powys County Council (the Host).			

#### B Provision of Community Equipment

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

	Funding £	Expenditure £	Total £
<b>Gross Funding</b>			
Powys County Council	521,000		521,000
Powys Teaching Health Board	521,000		521,000
<b>Total Funding</b>	<b>1,042,000</b>		<b>1,042,000</b>
<b>Expenditure</b>			
Monies spent in accordance with Pooled budget arrangement		1,045,627	1,045,627
<b>Total Expenditure</b>			<b>1,045,627</b>
<b>Net under/(over) spend</b>			<b>(3,627)</b>
<b>Share of overspend</b>			<b>(1,814)</b>
The above memorandum account is subject to the audit of the Pooled Budget statements of Powys County Council (the Host).			

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

Powys Teaching Health Board and Powys County Council have entered into a partnership agreement in accordance with Section 33 of the National Health Services Act 2006.

The agreement will not affect the liability of the parties for the exercise of their respective statutory functions and obligations.

Powys County Council is the lead commissioner and the host partner for the purposes of the regulations.

The purpose of the agreement is to facilitate the provision of ICT services within Powys.

	Funding £	Net Expenditure £	Total £
<b>Gross Funding</b>			
Powys County Council	3,145,450		3,145,450
Powys Teaching Health Board	1,276,790		1,276,790
<b>Total Funding</b>	<b>4,422,240</b>		<b>4,422,240</b>
<b>Net Expenditure</b>			
Monies spent in accordance with Pooled budget arrangement			
<b>Expenditure</b>		5,798,279	5,798,279
<b>Income</b>		(1,521,628)	(1,521,628)
<b>Total Expenditure</b>			<b>4,276,651</b>
<b>Net under/(over) spend</b>			<b>145,589</b>
The above memorandum account is subject to the audit of the Pooled Budget statements 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 £
<b>Gross Funding</b>			
Powys County Council	413,380		413,380
Powys Teaching Health Board	828,000		828,000
<b>Total Funding</b>	<b>1,241,380</b>		<b>1,241,380</b>
<b>Expenditure</b>			
Monies spent in accordance with Pooled budget arrangement		1,225,256	1,225,256
<b>Total Expenditure</b>		<b>1,225,256</b>	<b>1,225,256</b>
<b>Net under/(over) spend</b>			<b>16,124</b>
The above memorandum account is subject to the audit of the Pooled Budget statements of Powys County Council (the Host).			

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

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

	Funding £	Expenditure £	Total £
<b>Gross Funding</b>			
Powys County Council	672,808		672,808
Powys Teaching Health Board	121,864		121,864
<b>Total Funding</b>	<b>794,672</b>		<b>794,672</b>
<b>Expenditure</b>			
Monies spent in accordance with Joint Arrangement		794,672	794,672
<b>Total Expenditure</b>		<b>794,672</b>	<b>794,672</b>
<b>Net under/(over) spend</b>			<b>0</b>
The above memorandum account is subject to the audit of the Pooled Budget statements of Powys County Council (the Host).			

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

Powys Teaching Health Board and Powys County Council have entered into a partnership agreement to enable the use of resources relating to the Inpatient Services at the Glan Irfon Health and Social Centre, Builth Wells. This agreement will not affect the liability of the parties from the exercise of their respective statutory functions and obligations.

Powys County Council is the lead commissioner and the host partner for the purposes of the Regulations.

The purpose of the agreement is to facilitate the provision of person centred care at Glan Irfon, for 12 residents within the short stay shared care reablement unit with in-reach clinical, nursing and reablement support (registered under CSSIW for Residential Care).

	Funding £	Expenditure £	Total £
<b>Gross Funding</b>			
Powys County Council	226,920		226,920
Powys Teaching Health Board	226,920		226,920
<b>Total Funding</b>	<b>453,840</b>		<b>453,840</b>
<b>Expenditure</b>			
Monies spent in accordance with Pooled budget arrangement		495,134	495,134
<b>Total Expenditure</b>		<b>495,134</b>	<b>495,134</b>
<b>Net under/(over) spend</b>			<b>(41,294)</b>
The above memorandum account is subject to the audit of the Pooled Budget statements 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
	<b>Note</b>						
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	112,084	25	4,427	4,187	(11)	120,712
		<b>360,135</b>	<b>25</b>	<b>4,427</b>	<b>4,515</b>	<b>(11)</b>	<b>369,091</b>
Less: Miscellaneous Income	4	8,255	0	0	4,346	(11)	12,590
<b>THB net operating costs before interest and other gains and losses</b>		<b>351,880</b>	<b>25</b>	<b>4,427</b>	<b>169</b>	<b>0</b>	<b>356,501</b>
Investment Income	5	0	0	0	0	0	0
Other (Gains) / Losses	6	0	0	0	0	0	0
Finance costs	7	(29)	0	(1)	0	0	(30)
<b>THB Net Operating Costs</b>		<b>351,851</b>	<b>25</b>	<b>4,426</b>	<b>169</b>	<b>0</b>	<b>356,471</b>
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
<b>Under / (over) spend against Revenue Resource Limit</b>		<b>143</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>143</b>

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**34. Other Information****34.1. 6.3% Staff Employer Pension Contributions - Notional Element**

The value of notional transactions is based on estimated costs for the twelve month period 1 April 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
<b>Statement of Comprehensive Net Expenditure for the year ended 31 March 2021</b>	
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.

### 34.4 Prior Period Adjustment

During 2020/21 a reclassification of Expenditure took place between notes 3.1 and 3.2 within the Accounts. This was in relation to Integrated Care Fund expenditure and was undertaken for consistency with reporting of other NHS Wales bodies. This expenditure has been reclassified in 2020/21 and a prior year restatement actioned of £4.025M from Note 3.1 Other Primary Health Care Expenditure to Note 3.2 Other. Details as follows:

2019/20

Note 3.1 Expenditure on Primary Healthcare Services

	Cash Limited £'000	Non-Cash Limited £'000	2019-20 £'000	2018-19 £'000
Other Primary Health Care Expenditure	4810	0	4810	2626

Note 3.2 Expenditure on healthcare from other providers

	2019-20 £'000	2018-19 £'000
Other	(1592)	(1743)

### Restated in 2020/21

Note 3.1 Expenditure on Primary Healthcare Services

	Cash Limited £'000	Non-Cash Limited £'000	2020-21 £'000	2019-20 £'000
Other Primary Health Care Expenditure		0	2661	785

Note 3.2 Expenditure on healthcare from other providers

	2020-21 £'000	2019-20 £'000
Other	3554	2433

The comparative information in the Statement of Comprehensive Net Expenditure has also been restated to reflect this reclassification

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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 2011 and subsequent financial years in respect of the Local Health Boards (LHB)<sup>1</sup>, in the form specified in paragraphs [2] to [7] below.

**BASIS OF PREPARATION**

2. The account of the LHB shall comply with:

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

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

**FORM AND CONTENT**

3. The account of the LHB for the year ended 31 March 2011 and subsequent years shall comprise a statement of comprehensive net expenditure, a statement of financial position, a statement of cash flows and a statement of changes in taxpayers' equity as long as these statements are required by the FReM and applied by the Welsh Assembly Government, including such notes as are necessary to ensure a proper understanding of the accounts.

4. For the financial year ended 31 March 2011 and subsequent years, the account of the LHB shall give a true and fair view of the state of affairs as at the end of the financial year and the operating costs, changes in taxpayers' equity and cash flows during the year.

5. The account shall be signed and dated by the Chief Executive of the LHB.

**MISCELLANEOUS**

6. The direction shall be reproduced as an appendix to the published accounts.

7. The notes to the accounts shall, inter alia, include details of the accounting policies adopted.

Signed by the authority of Welsh Ministers

Signed : Chris Hurst

Dated :

1. Please see regulation 3 of the 2009 No.1559 (W.154); NATIONAL HEALTH SERVICE, WALES; The Local Health Boards (Transfer of Staff, Property, Rights and Liabilities) (Wales) Order 2009.

Evans, Caroline  
06/08/2021 08:16:14

**Vivienne Harpwood, Cadeirydd / Chair**  
Ffon / Phone: 01874 712502  
E-bost / Email: [Vivienne.Harpwood@wales.nhs.uk](mailto:Vivienne.Harpwood@wales.nhs.uk)



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

**Bwrdd Iechyd  
Addysgu Powys  
Powys Teaching  
Health Board**

**Carol Shillabeer, Y Prif Weithredwr /  
Chief Executive**  
Ffon / Phone: 01874 712659  
E-bost / Email: [carol.shillabeer2@wales.nhs.uk](mailto:carol.shillabeer2@wales.nhs.uk)

## Final Letter of Representation

Auditor General for Wales  
Wales Audit Office  
24 Cathedral Road  
Cardiff  
CF11 9LJ

10<sup>th</sup> June 2021

## Representations regarding the 2020-21 financial statements

This letter is provided in connection with your audit of the financial statements (including that part of the Remuneration Report that is subject to audit) of Powys Teaching Local Health Board for the year ended 31 March 2021 for the purpose of expressing an opinion on their truth and fairness, their proper preparation and the regularity of income and expenditure.

We confirm that to the best of our knowledge and belief, having made enquiries as we consider sufficient, we can make the following representations to you.

## Management representations

### Responsibilities

As Chief Executive and Accountable Officer I have fulfilled my responsibility for:

- Preparing the financial statements in accordance with legislative requirements and the Treasury's Financial Reporting Manual. In preparing the financial statements, I am 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 Powys Teaching Local Health Board will continue in operation.
- Ensuring the regularity of any expenditure and other transactions incurred.
- The design, implementation and maintenance of internal control to prevent and detect error.

Pencadlys  
Tŷ Glasbury, Ysbyty Bronllys,  
Aberhonddu, Powys LD3 0LU  
Ffôn: 01874 711661



Headquarters  
Glasbury House, Bronllys Hospital  
Brecon, Powys LD3 0LU  
Tel: 01874 711661

Rydym yn croesawu gohebiaeth Gymraeg  
Bwrdd Iechyd Addysgu Powys yw enw gweithred Bwrdd Iechyd Lleol  
Addysgu Powys



We welcome correspondence in Welsh  
Powys Teaching Health Board is the operational name of  
Powys Teaching Local Health Board

## Information provided

We have provided you with:

- Full access to:
  - all information of which we are aware that is relevant to the preparation of the financial statements such as books of account and supporting documentation, minutes of meetings and other matters;
  - additional information that you have requested from us for the purpose of the audit; and
  - unrestricted access to staff from whom you determined it necessary to obtain audit evidence.
- The results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- Our knowledge of fraud or suspected fraud that we are aware of and that affects Powys Teaching Local Health Board and involves:
  - management;
  - employees who have significant roles in internal control; or
  - others where the fraud could have a material effect on the financial statements.
- Our knowledge of any allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, regulators or others.
- Our knowledge of all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.
- The identity of all related parties and all the related party relationships and transactions of which we are aware.
- Our knowledge of all possible and actual instances of irregular transactions

## Financial statement representations

All transactions, assets and liabilities have been recorded in the accounting records and are reflected in the financial statements.

The methods, the data and the significant assumptions used in making accounting estimates, and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in the context of the applicable reporting framework.

Related party relationships and transactions have been appropriately accounted for and disclosed.

All events occurring subsequent to the reporting date which require adjustment or disclosure have been adjusted for or disclosed.

All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to the auditor and accounted for and disclosed in accordance with the applicable financial reporting framework.

The Remuneration and Staff Report disclosures are accurate and complete.

The financial statements are free of material misstatements, including omissions. The effects of uncorrected misstatements identified during the audit are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. A summary of these items is set out below:

£2.129 million of advance payments made to pharmacies and GPs in respect of 2020-21 expenditure have been treated as other debtors, rather than netted off the related outstanding creditor balances. The Manual for Accounts does not specify the required treatment and no reclassification is considered necessary.

Evans, Caroline  
06/08/2021 08:16:11

## Representations by the Board

We acknowledge that the representations made by management, above, have been discussed with us.

We acknowledge our responsibility for the preparation of true and fair financial statements in accordance with the applicable financial reporting framework. The financial statements were approved by the Board on 10 June 2021.

We confirm that we have taken all the steps that we ought to have taken in order to make ourselves aware of any relevant audit information and to establish that it has been communicated to you. We confirm that, as far as we are aware, there is no relevant audit information of which you are unaware.

Signed by:  
Carol Shillabeer  
Chief Executive  
10 June 2021

Signed by:  
Professor Vivienne Harpwood  
Chair  
10 June 2021

Evans, Caroline  
06/08/2021 08:16:14

# Audit of Accounts Report – Powys Teaching Local Health Board

Audit year: 2020-21

Date issued: June 2021

Document reference: 2445A2021-22

## Purpose of this document

This document is a draft supplied in confidence solely for the purpose of verifying the accuracy and completeness of the information contained in it and to obtain views on the conclusions reached.

## Handling prior to publication

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The section 45 code sets out the practice in the handling of requests that is expected of public authorities, including consultation with relevant third parties. In relation to this document, the Auditor General for Wales and the Wales Audit Office are relevant third parties. Any enquiries regarding disclosure or re-use of this document should be sent to the Wales Audit Office at [infoofficer@audit.wales](mailto:infoofficer@audit.wales).

We welcome correspondence and telephone calls in Welsh and English. Corresponding in Welsh will not lead to delay. Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg. Ni fydd gohebu yn Gymraeg yn arwain at oedi.

Evans, Caroline  
06/08/2021 08:16:14

# Contents

Subject to the satisfactory resolution of one outstanding matter on the Remuneration and Staff Report, we propose to issue an unqualified audit report on your Accounts.

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Evans, Caroline  
06/08/2021 08:16:14

# Audit of Accounts Report

## Introduction

- 1 We summarise the main findings from our audit of your 2020-21 annual report and accounts in this report.
- 2 We have already discussed these issues with the Director of Finance and ICT.
- 3 Auditors can never give complete assurance that accounts are correctly stated. Instead, we work to a level of 'materiality'. This level of materiality is set to try to identify and correct misstatements that might otherwise cause a user of the accounts into being misled.
- 4 We set this level at £3.694 million for this year's audit.
- 5 There are some areas of the accounts that may be of more importance to the reader and we have set a lower materiality level for these, as follows:
  - Executive Directors' and independent members' remuneration;
  - Executive Directors' and independent members' related party interests; and
  - Clinician's pension tax liabilities funded by the health board.
- 6 We have now almost completed this year's audit but the following work is outstanding:
  - A review of the revised draft Accounts, and Remuneration and Staff Report to ensure all expected changes have been processed correctly;
  - consideration of the outcome of the Remuneration and Terms of Service Committee's decision on 10 June 2021 relating to the approval of a payment in lieu of notice to an Executive Director; and
  - completion of audit work on the prescribed drugs estimate.
- 7 In our professional view, we have complied with the ethical standards that apply to our work; remain independent of yourselves; and our objectivity has not been compromised in any way. There are no relationships between ourselves and yourselves that we believe could undermine our objectivity and independence. We have previously notified you of a potential threat to auditor independence and objectivity arising from the Audit Manager's husband's role in the NHS. We confirm that the planned safeguards set out in our Audit Plan have operated as intended.

## Impact of COVID-19 on this year's audit

- 8 The COVID-19 pandemic has had a significant impact on all aspects of our society and continues to do so. You are required by law to prepare accounts and it is of considerable testament to the commitment of your accounts team that you have succeeded in doing so this year in the face of the challenges posed by this pandemic. We are extremely grateful to the professionalism of the team in supporting us to complete our audit in such difficult circumstances.



- 9 The pandemic has unsurprisingly affected our audit and we summarise in **Exhibit 1** the main impacts. Other than where we specifically make recommendations, the detail in **Exhibit 1** is provided for information purposes only to help you understand the impact of the COVID-19 pandemic on this year's audit process.

#### Exhibit 1 – impact of COVID-19 on this year's audit

<b>Timetable</b>	<ul style="list-style-type: none"><li>• We received the draft accounts on 30 April 2021, in accordance with the Welsh Government deadline.</li><li>• We received the Annual Report and Accountability Report on 7 May 2021, in accordance with the Welsh Government deadline.</li><li>• Our deadline for submitting audited accounts to the Welsh Government is 11 June 2021.</li><li>• We expect your audit report to be signed on 15 June 2021 subject to the satisfactory resolution of the one outstanding matter on the Remuneration and Staff Report.</li></ul>
<b>Electronic signatures</b>	<p>The Chair, Chief Executive and Director of Finance and ICT will use electronic signatures to approve the accounts.</p> <p>The Auditor General will use an electronic signature to certify the accounts.</p>
<b>Audit evidence</b>	<p>Due to social distancing measures, Audit Wales staff are currently working remotely from home or at Audit Wales offices. All evidence was received electronically.</p> <p>We have used software such as Inflo and Microsoft Teams to discuss issues with your staff, request documentation and review systems directly by sharing desktop screens.</p>

- 10 We will be reviewing what we have learned for our audit process from the COVID-19 pandemic and whether there are innovative practices that we might adopt in the future to enhance that process.

Evans, Caroline  
06/08/2021 08:16:14

## Proposed audit opinion

- 11 We intend to issue an unqualified audit opinion on this year's accounts subject to the satisfactory resolution of the one outstanding matter referred to in paragraph 6 above on the Remuneration and Staff Report. We also expect you to provide us with a Letter of Representation based on that set out in **Appendix 1**.
- 12 We issue a 'qualified' audit opinion where we have material concerns about some aspects of your accounts; otherwise we issue an unqualified opinion.
- 13 The Letter of Representation contains certain confirmations we are required to obtain from you under auditing standards along with confirmation of other specific information you have provided to us during our audit.
- 14 Our proposed audit report is set out in **Appendix 2**, along with a substantive report given the issue outlined below.
- 15 The audit report includes an emphasis of matter, drawing attention to Note 21.1 of the accounts. This note describes the impact of a Ministerial Direction issued on 18 December 2019 to the Permanent Secretary of the Welsh Government, instructing her to fund NHS clinicians' pension tax liabilities incurred by NHS Wales bodies in respect of the 2019-20 financial year.

## Significant issues arising from the audit

### Uncorrected misstatements

- 16 There is one misstatement identified in the accounts, which remains uncorrected. We set out below the misstatement we identified in the accounts, which has been discussed with management but remains uncorrected. We request that this is corrected. If you decide not to correct this misstatement, we ask that you provide us with the reason in writing for not correcting it.
  - **Year end balances relating to prescribed drugs costs.** The accounts include a creditor balance for three months of drugs costs, and a debtor balance of £2.129 million for advance payments to pharmacies and GPs in respect of these costs. In our view, the advance relates to the three-month creditor balance and should be offset against that balance.

### Corrected misstatements

- 17 There were initially misstatements in the accounts that have now been corrected by management. However, we believe that these should be drawn to your attention and they are set out with explanations in **Appendix 3**.

Evans, Caroline  
06/08/2021 08:16:14

## Other significant issues arising from the audit

- 18 In the course of the audit, we consider a number of matters relating to the accounts and report any significant issues arising to you. There were some issues arising in these areas this year as shown in **Exhibit 2**:

### Exhibit 2 – significant issues arising from the audit

<b>Overpayment of salary to an Executive Director</b>	<p>We identified administrative errors and procedural weaknesses in respect of a payment in lieu of notice to an Executive Director:</p> <ul style="list-style-type: none"> <li>As required by the Welsh Government, the Remuneration and Terms of Service Committee has not formally approved the payment. A meeting is scheduled for 10 June 2021 to seek retrospective approval for the payment.</li> <li>The information sent to the payroll department incorrectly requested a payment of three months in lieu of notice rather than a payment for two months.</li> <li>Your controls did not identify the overpayment. Once identified, you took prompt action to seek recovery of the overpayment.</li> </ul>
<b>Remuneration and Staff Report</b>	<p>There were changes required to some of the figures in the Remuneration and Staff Report. Given the sensitivity and public interest in this disclosure, you should consider your arrangements for collating and quality assuring this report in future years.</p>
<b>Emphasis of matter – Clinicians’ Pension Tax liabilities</b>	<p>In common with all health boards in Wales, within the Audit Report we draw attention to Note 21.1 of the financial statements, which describes the impact of a Ministerial Direction issued on 18 December 2019 to the Permanent Secretary of the Welsh Government. The opinion is not modified in respect of this matter.</p>
<b>Substantive report – Clinicians’ Pension Tax Liabilities</b> <i>Evans, Caroline 06/08/2021 08:16:14</i>	<p>All NHS bodies will be ‘held harmless’ for the impact of the Ministerial Direction, however, in the opinion of the Auditor General any transactions included in the health board’s financial statements to recognise this liability would be irregular. This is because the payments are contrary to paragraph 5.6.1 of Managing Public Money and constitute a form of tax planning which will leave the Exchequer as a whole worse off. The Minister’s</p>

direction alone does not regularise the scheme. Furthermore, the arrangements are novel and contentious and potentially precedent setting.

## Recommendations

- 19 We will report recommendations arising from our audit separately. This will include an update on progress made in implementing prior year recommendations. There are no other issues sufficiently significant to warrant bringing to your attention. We will follow up progress against them during next year's audit. Where any actions are outstanding, we will continue to monitor progress and report it to you in next year's report.

Evans, Caroline  
06/08/2021 08:16:14

# Appendix 1

## Final letter of representation

[Audited body's letterhead]

Auditor General for Wales  
Audit Wales  
24 Cathedral Road  
Cardiff  
CF11 9LJ

10 June 2021

## Representations regarding the 2020-21 financial statements

This letter is provided in connection with your audit of the financial statements (including that part of the Remuneration and Staff Report that is subject to audit) of Powys Teaching Local Health Board for the year ended 31 March 2021 for the purpose of expressing an opinion on their truth and fairness, their proper preparation and the regularity of income and expenditure.

We confirm that to the best of our knowledge and belief, having made enquiries as we consider sufficient, we can make the following representations to you.

## Management representations

### Responsibilities

As Chief Executive and Accountable Officer I have fulfilled my responsibility for:

- Preparing the financial statements in accordance with legislative requirements and the Treasury's Financial Reporting Manual. In preparing the financial statements, I am required to:
  - observe the accounts directions issued by Welsh Ministers with the approval of HM Treasury, 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 Powys Teaching Local Health Board will continue in operation.
- Ensuring the regularity of any expenditure and other transactions incurred.

- The design, implementation and maintenance of internal control to prevent and detect error.

## Information provided

We have provided you with:

- Full access to:
  - all information of which we are aware that is relevant to the preparation of the financial statements such as books of account and supporting documentation, minutes of meetings and other matters;
  - additional information that you have requested from us for the purpose of the audit; and
  - unrestricted access to staff from whom you determined it necessary to obtain audit evidence.
- The results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- Our knowledge of fraud or suspected fraud that we are aware of and that affects Powys Teaching Local Health Board and involves:
  - management;
  - employees who have significant roles in internal control; or
  - others where the fraud could have a material effect on the financial statements.
- Our knowledge of any allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, regulators or others.
- Our knowledge of all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.
- The identity of all related parties and all the related party relationships and transactions of which we are aware.
- Our knowledge of all possible and actual instances of irregular transactions.

## Financial statement representations

All transactions, assets and liabilities have been recorded in the accounting records and are reflected in the financial statements.

The methods, the data and the significant assumptions used in making accounting estimates, and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in the context of the applicable financial reporting framework.

Related party relationships and transactions have been appropriately accounted for and disclosed.

All events occurring subsequent to the reporting date which require adjustment or disclosure have been adjusted for or disclosed.

All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to the auditor and accounted for and disclosed in accordance with the applicable financial reporting framework.

The Remuneration and Staff Report disclosures are accurate and complete.

The financial statements are free of material misstatements, including omissions. The effects of uncorrected misstatements identified during the audit are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. A summary of these items is set out below:

- £2.129 million of advance payments made to pharmacies and GPs in respect of 2020-21 expenditure have been treated as prepayments, rather than netted off the related outstanding creditor balances. The Manual for Accounts does not specify the required treatment and no reclassification is considered necessary.

## Representations by the Board

We acknowledge that the representations made by management, above, have been discussed with us.

We acknowledge our responsibility for the preparation of true and fair financial statements in accordance with the applicable financial reporting framework. The financial statements were approved by the Board on 10 June 2021.

We confirm that we have taken all the steps that we ought to have taken in order to make ourselves aware of any relevant audit information and to establish that it has been communicated to you. We confirm that, as far as we are aware, there is no relevant audit information of which you are unaware.

Signed by:

Carol Shillabeer

Chief Executive

10 June 2021

Signed by:

Professor Vivienne Harwood

Chair

10 June 2021

Evans, Caroline  
06/08/2021 08:16:14

# Appendix 2

## Proposed audit report

### The Certificate and independent auditor's report of the Auditor General for Wales to the Senedd

#### Opinion on financial statements

I certify that I have audited the financial statements of Powys Teaching Local Health Board for the year ended 31 March 2021 under Section 61 of the Public Audit (Wales) Act 2004. These comprise the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Cash Flow Statement and Statement of Changes in Taxpayers' Equity and related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards as interpreted and adapted by HM Treasury's Financial Reporting Manual.

In my opinion the financial statements:

- give a true and fair view of the state of affairs of Powys Teaching Local Health Board as at 31 March 2021 and of its net operating costs for the year then ended;
- have been properly prepared in accordance with international accounting standards as interpreted and adapted by HM Treasury's Financial Reporting Manual; and
- have been properly prepared in accordance with the National Health Service (Wales) Act 2006 and directions made there under by Welsh Ministers.

#### Opinion on regularity

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

#### Basis of opinions

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the Board in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinions.



## Emphasis of Matter

I draw attention to Note 21.1 of the financial statements, which describes the impact of a Ministerial Direction issued on 18 December 2019 to the Permanent Secretary of the Welsh Government. My opinion is not modified in respect of this matter.

## Conclusions relating to going concern

In auditing the financial statements, I have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the body's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

## Other Information

The other information comprises the information included in the annual report other than the financial statements and my auditor's report thereon. The Chief Executive is responsible for the other information contained within the annual report. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon. My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

## Report on other requirements

### Opinion on other matters

In my opinion, the part of the Remuneration and Staff Report to be audited has been properly prepared in accordance with the National Health Service (Wales) Act 2006 and directions made there under by Welsh Ministers.

In my opinion, based on the work undertaken in the course of my audit:

- the information given in the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and the Annual Governance Statement has been prepared in accordance with Welsh Ministers' guidance; and
- the information given in the Performance Report and the other unaudited parts of the Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements and the Performance Report and the other unaudited parts of the Accountability Report have been prepared in accordance with Welsh Ministers' guidance.

### **Matters on which I report by exception**

In the light of the knowledge and understanding of the Board and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance Report, the Annual Governance Statement or other unaudited parts of the Accountability Report.

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

- adequate accounting records have not been kept, or returns adequate for my audit have not been received from branches not visited by my team;
- the financial statements and the audited part of the Remuneration and Staff Report are not in agreement with the accounting records and returns;
- information specified by HM Treasury or Welsh Ministers regarding remuneration and other transactions is not disclosed; or
- I have not received all the information and explanations I require for my audit.

## **Responsibilities**

### **Responsibilities of Directors and the Chief Executive for the financial statements**

As explained more fully in the Statements of Directors' and Chief Executive's Responsibilities set out on pages ... and .., the Directors and the Chief Executive are responsible for the preparation of financial statements which give a true and fair view and for such internal control as the Directors and Chief Executive determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors and Chief Executive are responsible for assessing the board's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

## Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

My procedures included the following:

- Enquiring of management and those charged with governance on matters concerned with:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- Considering as an audit team how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in relation to management override, which is considered a significant risk at all audited bodies.
- Obtaining an understanding of Powys Teaching Local Health Board's framework of authority as well as other legal and regulatory frameworks that Powys Teaching Local Health Board operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of Powys Teaching Local Health Board..

In addition to the above, my procedures to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- reading minutes of meetings of the Audit, Risk and Assurance Committee and the Board; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential

bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

I also communicated relevant identified laws and regulations and potential fraud risks to the audit team and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of Powys Teaching Local Health Board's controls, and the nature, timing and extent of the audit procedures performed.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my auditor's report.

## Responsibilities for regularity

The Chief Executive is responsible for ensuring the regularity of financial transactions.

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

## Report

Please see my Report on pages x to y.

Adrian Crompton  
Auditor General for Wales  
15 June 2021

24 Cathedral Road  
Cardiff  
CF11 9LJ

Evans, Caroline  
06/08/2021 08:16:14

# Report of the Auditor General to the Senedd

## Introduction

Under the Public Audit Wales Act 2004, I am responsible for auditing, certifying and reporting on Powys Teaching Local Health Board's financial statements. I am reporting on these financial statements for the year ended 31 March 2021 to draw attention to a key matter for my audit. This relates to the implications of the ministerial direction on senior clinicians' pensions. I have not qualified my 'true and fair' opinion in respect of this matter.

## Ministerial direction on senior clinicians' pensions

NHS Pension scheme and pension tax legislation is not devolved to Wales. HM Treasury's changes to the tax arrangements on pension contributions in recent years included the reduction in the Annual Allowance limit from over £200,000 in 2011-12 to £40,000 in 2018-19. As a result, in cases where an individual's pension contributions exceed certain annual and / or lifetime pension contribution allowance limits, then they are taxed at a higher rate on all their contributions, creating a sharp increase in tax liability.

In a Written Statement on 13 November 2019, the Minister for Health and Social Services had noted that NHS Wales bodies were: 'regularly reporting that senior clinical staff are unwilling to take on additional work and sessions due to the potentially punitive tax liability'. In certain circumstances this could lead to additional tax charges in excess of any additional income earned.

On 18 December 2019, the First Minister (mirroring earlier action by the Secretary of State for Health and Social Care for England) issued a Ministerial Direction to the Permanent Secretary to proceed with plans to commit to making payments to clinical staff to restore the value of their pension benefits packages. If NHS clinicians opted to use the 'Scheme Pays' facility to settle annual allowance tax charges arising from their 2019-20 NHS pension savings (i.e. settling the charge by way of reduced annual pension, rather than by making an immediate one-off payment), then their NHS employers would meet the impact of those tax charges on their pension when they retire.

The Ministerial Direction was required because this solution could be viewed by HMRC to constitute tax planning and potentially tax avoidance, hence making the expenditure irregular. Managing Welsh Public Money (which mirrors its English equivalent) specifically states that 'public sector organisations should not engage in...tax evasion, tax avoidance or tax planning'.

A Ministerial Direction does not make regular what would otherwise be irregular, but it does move the accountability for such decisions from the Accounting Officer to the Minister issuing the direction.

The solution applies only to annual allowance tax charges arising from an increase in the benefits accrued in the NHS Pension Scheme during the tax year ended 5 April 2020. For

the tax year ended 5 April 2021, the Chancellor increased the thresholds for the tapered annual allowance and, as a result, it is anticipated that the risk to the supply of clinical staff has been mitigated.

The LHB currently has insufficient information to calculate and recognise an estimate of the potential costs of compensating senior clinical staff for pension benefits that they would otherwise have lost, by using the 'Scheme Pays' arrangement. As a result, no expenditure is recognised in the financial statements but as required the LHB has disclosed a contingent liability in note 21 of its financial statements.

All NHS bodies will be held harmless for the impact of the Ministerial Direction, however in my opinion any transactions included in the LHB's financial statements to recognise this liability would be irregular and material by their nature. This is because the payments are contrary to paragraph 5.6.1 of Managing Public Money and constitute a form of tax planning which will leave the Exchequer as a whole worse off. The Minister's direction alone does not regularise the scheme. Furthermore, the arrangements are novel and contentious and potentially precedent setting.

I have not modified my regularity opinion in this respect this year because as set out above, no expenditure has been recognised in the year ended 31 March 2021. I have however placed an Emphasis of Matter paragraph in my audit report to highlight this issue, and have prepared this report to bring the arrangement to the attention of the Senedd.

**Adrian Crompton**  
**Auditor General for Wales**  
**15 June 2021**

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# Appendix 3

## Summary of corrections made

During our audit we identified the following misstatements that have been corrected by management, but which we consider should be drawn to your attention due to their relevance to your responsibilities over the financial reporting process.

**Exhibit 3: summary of corrections made**

Value of correction	Nature of and reason for correction
£1,721,000	Reclassification of the annual leave accrual from Provisions to Trade and other payables.
£285,000	A reduction in the provision for clinical negligence to remove a case that had closed during the year. The reduction is offset by a reduction in the amount due from the Welsh Risk Pool.
£278,000	Capitalised salary costs incorrectly included as revenue expenditure and income.
£1,607,000	Changes to the Cashflow Statement and related notes to reflect the correct treatment of Covid-19 related assets received from NWSSP.
£4,024,000 (Prior year adjustment)	To restate comparative information in the Statement of Comprehensive Net Expenditure as set out in Note 34.4. This is due to the reclassification of integrated care fund expenditure in 2020-21 from 'Expenditure on Primary Healthcare Services' to 'Expenditure on Healthcare from Other Providers'.
£515,000 (Disclosure – Note 3.1)	Footnote added to disclose salary costs related to General Medical Services, to comply with the Manual for Accounts disclosure requirements.
£2,051,000 (Disclosure – Note 9)	Note 9 Employee costs, updated to include staff costs included within primary care (£1,756,000), healthcare from other providers (£17,000) and capital (£278,000).

Value of correction	Nature of and reason for correction
£411,000 (Disclosure – Note 20)	Reclassification of provisions ‘arising in the year’ to ‘reversed unused’, due to the incorrect treatment of survivor pensions.
£2,922,000 (Disclosure – Note 20)	For provisions, various reclassification of the timing of cashflows from ‘1 April 2022 to 31 March 2026’ to ‘thereafter’, to agree to underlying records.
£15,425,000 (Disclosure – Note 21)	Contingent liability disclosure overstated because a clinical negligence case had been included in the figures twice due to the case reference number being changed in the year.
£nil (Disclosure - Note 21)	The inclusion of a narrative disclosure to describe contingent liabilities relating to certain clinicians’ pension tax liabilities.
£14,701,000 (Disclosure – Note 23)	Cumulative losses and special payments disclosure updated to remove a case that is no longer active.
Accounts – various amendments	Other changes to the accounts, to correct minor typographical errors and to improve disclosures.
<b>Remuneration and Staff Report - Salaries and allowances table</b>  <div>Evans, Caroline 06/08/2021 08:16:14</div>	<ul style="list-style-type: none"> <li>• Incorrect treatment and disclosure of salary sacrifice benefits for two senior officers.</li> <li>• Incorrect payment to one senior officer, disclosure amended, and footnote added to explain the position.</li> <li>• Incorrect salary disclosure for one senior officer. The individual started a secondment with the health board on 15 February 2021, but the health board paid for this service from 15 January 2021, due to an error on the invoice.</li> <li>• Incorrect benefit in kind disclosure for one senior officer.</li> <li>• Separate disclosure of the Chair’s salary relating to the role as Chair of the health board, and as Chair of WHSSC.</li> <li>• Amendments to the ‘All Pension – related benefits salary’ disclosures to correct errors and an omission: <ul style="list-style-type: none"> <li>– disclosures shown in bandings of £2,500, whereas the required disclosure is to the nearest £1,000. Prior-</li> </ul> </li> </ul>



Value of correction	Nature of and reason for correction
	<p>year comparatives also restated to disclose to the nearest £1,000.</p> <ul style="list-style-type: none"> <li>– calculations resulting in a negative disclosure should be disclosed as £nil rather than a negative value.</li> <li>– missing disclosure for one senior officer.</li> </ul> <ul style="list-style-type: none"> <li>• Other amendments include the correction of typographical errors in leaving dates and the inclusion of a footnote to disclose the £735 bonus payment due to healthcare workers.</li> </ul>
<b>Remuneration and Staff Report</b> - Pension benefits table	<p>Amendments to the Pension Benefit disclosures to correct errors:</p> <ul style="list-style-type: none"> <li>• employee pension contributions have not been considered in the calculation of the real increase in the cash equivalent transfer values; and</li> <li>• bandings for the real increase in pension lump sum disclosures for two senior officers did not agree to your supporting calculations.</li> </ul> <p>Other amendments:</p> <ul style="list-style-type: none"> <li>• for one senior officer with a distinction between their duties as a director and other duties, separate disclosure of their 'other remuneration'; and</li> <li>• missing disclosures for one senior officer.</li> </ul>
<b>Annual Governance Statement</b>	<p>Annual Governance Statement updated to provide information on the updated financial planning duty for 2020-21, to refer to the Ministerial Direction on clinicians' pension tax and to correct minor inaccuracies.</p>
<b>Annual Report</b>	<p>Annual Report updated to reflect actual budget for the year.</p>

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Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg.

## **Safeguarding during COVID-19**

### **Internal Audit Report**

**2020/21**

**Powys Teaching Health Board**

**NHS Wales Shared Services Partnership**

**Audit and Assurance Services**

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Appendix A	Management Action Plan
Appendix B	Assurance Opinion and Action Plan Risk Rating
Appendix C	Responsibility Statement

<b>Review reference:</b>	PTHB-2021-38
<b>Report status:</b>	Final
<b>Fieldwork commencement:</b>	09 April 2021
<b>Fieldwork completion:</b>	05 May 2021
<b>Draft report clearance meeting:</b>	11 May 2021
<b>Draft report issued:</b>	11 May 2021
<b>Management response received:</b>	18 May 2021
<b>Final report issued:</b>	20 May 2021
<b>Auditors</b>	Helen Higgs, Head of Internal Audit Osian Lloyd, Deputy Head of Internal Audit Mair Evans, Principal Auditor

<b>Executive sign off</b>	Alison Davies, Executive Director of Nursing and Midwifery
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<b>Distribution</b>	Jayne Wheeler-Sexton, Assistant Director of Nursing - Safeguarding Raquel Bennett – Senior Nurse Safeguarding
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<b>Committee</b>	Audit, Risk and Assurance Committee
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Audit and Assurance Services conform with all Public Sector Internal Audit Standards as validated through the external quality assessment undertaken by the Institute of Internal Auditors.

## ACKNOWLEDGEMENT

NHS Wales Audit & Assurance Services would like to acknowledge the time and co-operation given by management and staff during the course of this review.

### Please note:

This audit report has been prepared for internal use only. Audit & Assurance Services reports are prepared, in accordance with the Service Strategy and Terms of Reference, approved by the Audit Committee.

Audit reports are prepared by the staff of the NHS Wales Shared Services Partnership – Audit and Assurance Services, and addressed to Independent Members or officers including those designated as Accountable Officer. They are prepared for the sole use of Powys Teaching Health Board and no responsibility is taken by the Audit and Assurance Services Internal Auditors to any director or officer in their individual capacity, or to any third party.

## 1. Introduction and Background

Powys Teaching Health Board (the 'health board') recognises its statutory duty to safeguard adults and children at risk and to promote their wellbeing. It is required to comply with Standard 2.7 of the Health and Care Standards, 'Safeguarding Children and Safeguarding Adults at Risk', including adhering to Social Services and Well-being (Wales) Act.

An adult at risk, is an adult who:

- is experiencing or is at risk of abuse or neglect,
- has needs for care and support (whether or not the authority is meeting any of those needs), and
- as a result of those needs is unable to protect himself or herself against the abuse or neglect or the risk of it.

A child at risk, is a child who:

- is experiencing or is at risk of abuse or neglect or other kinds of harm, and
- has needs for care and support (whether or not the local authority is meeting those care needs)

Through working in partnership with other statutory agencies, professionals, the third sector and wider community the health board aims to meet its obligations in relation to safeguarding and protecting children and adults at risk of harm. The health board requires that all employees recognise that they have a responsibility to ensure that any child or adult, who may be at risk of harm, coming into contact with the health board, whether directly or indirectly, is safeguarded and protected from that harm.

## 2. Scope and Objectives

The internal audit assessed the adequacy and effectiveness of the internal controls in operation. Any weaknesses were brought to the attention of management and advice issued on how particular problems may be resolved and control improved to minimise future occurrence.

During 2019/20, we undertook a safeguarding review which focused on employment arrangements and allegations, following the Healthcare Inspectorate Wales (HIW) January 2019 report into Abertawe Bro Morgannwg University Health Board's handling of the employment and allegations made against Mr W. The health board received a reasonable assurance opinion.

The overall objective of this audit is to review health board arrangements for the safeguarding of children and vulnerable adults during the COVID-19 pandemic. The health board and its contracted services are required to

promote and protect the welfare and safety of children and adults at risk by conforming to legislation and guidance. This review considered the requirements of Standard 2.7 when determining if the health board has discharged its statutory requirements. The specific objectives to be reviewed are:

- to ensure that key policies and procedures conform to legislation and guidance – including suitable Disclosure and Barring Service (DBS) controls for staff and volunteers;
- to confirm that multi-agency co-operation is in place and in accordance with the Social Services and Well-being (Wales) Act;
- to determine if staff have received adequate training in relation to the protection of children and adults at risk, including the sharing of good practice;
- to ensure arrangements are in place to manage safeguarding issues, allegations and concerns raised;
- to ensure adequate governance arrangements exist, with clear strategy, risk management and leadership in place.

The impact of the COVID-19 pandemic was taken into consideration in our assessment of the appropriateness of the arrangements in place. We are aware that the restrictions placed on individuals to remain in their homes and the additional stresses of employment, social isolation, no school etc., could have a detrimental effect. Children, young people and adults are at an increased risk of abuse which may be undetected with catastrophic outcomes.

### 3. Associated Risks

The risks considered in the review are as follows:

- non-compliance with Standard 2.7, 'Safeguarding Children and Safeguarding Adults at Risk' and applicable legislation, guidance and policy;
- insufficient communication and co-operation with interested parties and organisations;
- a lack of training and development of staff to ensure effective working;
- lack of clear lines of accountability for safeguarding from the Board through to front line staff;
- risk of injury and death to vulnerable patients and staff, due to insufficient procedures, resources and training;
- safeguarding concerns and issues raised are not investigated appropriately; and
- inappropriate / insufficient governance and accountability arrangements without a clear channel of communication to the Board.


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## OPINION AND KEY FINDINGS

### 4. Overall Assurance Opinion

We are required to provide an opinion as to the adequacy and effectiveness of the system of internal control under review. The opinion is based on the work performed as set out in the scope and objectives within this report. An overall assurance rating is provided describing the effectiveness of the system of internal control in place to manage the identified risks associated with the objectives covered in this review.





The level of assurance given as to the effectiveness of the system of internal control in place to manage the risks associated with 'Safeguarding During COVID-19' is **Reasonable assurance**.

RATING	INDICATOR	DEFINITION
Reasonable Assurance		The Board can take <b>reasonable assurance</b> that arrangements to secure governance, risk management and internal control, within those areas under review, are suitably designed and applied effectively. Some matters require management attention in control design or compliance with low to <b>moderate impact on residual risk</b> exposure until resolved.





The overall level of assurance that can be assigned to a review is dependent on the severity of the findings as applied against the specific review objectives and should therefore be considered in that context.

### 5. Assurance Summary

The summary of assurance given against the individual objectives is described in the table below:

					
1	Policies, Guidance and procedures				✓
2	Multi-Agency relationships				✓
3	Staff training			✓	



					
<b>4</b>	Management of safeguarding referrals, allegations of abuse and complaints / concerns			✓	
<b>5</b>	Governance arrangements			✓	

\* The above ratings are not necessarily given equal weighting when generating the audit opinion.

## Design of Systems/Controls

The findings from the review have not highlighted any issues that are classified as a weakness in the system control/design for 'Safeguarding During COVID-19'.

## Operation of System/Controls

The findings from the review has highlighted two issues that are classified as a weakness in the operation of the designed system/control for 'Safeguarding During COVID-19'.

## 6. Summary of Audit Findings

The COVID-19 pandemic had a profound impact on the way health care services were being delivered. The stay at home guidance during the height of the first lockdown limited and re-shaped the usual contact with patients, carers and other professionals, all of which impacted upon the health board's ability to recognise an adult or child at risk. The health board issued a guide to Safeguarding processes during the COVID-19 pandemic which reiterated that safeguarding people remains everyone's responsibility and remained a key priority during this uncertain and unprecedented time. This was also demonstrated through the Safeguarding Team not being redeployed as part of the health board's response to the pandemic.

There has been a concentrated focus by the health board to strengthen its policies, procedures and guidance documents, in line with the development of the new National Safeguarding Procedures which came in to force in April 2020. In addition to the guide to Safeguarding processes during the COVID-19 pandemic, the Safeguarding Team also issued monthly safeguarding briefings and newsletters to staff. The health board continued to demonstrate a strong a commitment to partnership working including

through representation and contribution to the work of various multi-agency forums, including a number of weekly meetings set up to support local partners during the COVID-19 Pandemic.

Due to COVID-19 the Safeguarding team had to reconsider how to enable staff to achieve the training and competencies required. A decision was taken by the Strategic (Gold) Group within hierarchy of command established during the initial phase of the pandemic, that staff were required to complete a minimum level of training, recognising the risk that staff will not be trained to the level required for their permanent position. In order to mitigate this risk, the health board recognised the need to continue to provide safeguarding supervision to staff to support the training. The health board has continued to produce training material to give practitioners and staff a flexible, blended approach to learning, although improvements are needed in the compliance rates for certain modules.

The review identified that appropriate governance arrangements and clear lines of accountability exist for safeguarding. From discussions with senior health board staff and review of Board and Committee papers, it is evident that Safeguarding remained a key priority during this uncertain and unprecedented time. The Safeguarding Team have remained available to support an employee when they have a duty to report an adult or child at risk. The health board's Safeguarding Team monitors the numbers of referrals submitted for reporting purposes, although we noted an issue with the parameters used to generate the report. In addition, we analysed child and adult safeguarding incidents raised during 2020/21 and identified that an improvement is needed in respect of the monitoring arrangements to ensure referral forms are completed and submitted to the Local authority within 24 hours of a verbal report being raised.

## 7. Detailed Audit Findings

### **Objective 1: Safeguarding policies and procedures are in place and are consistent with the Safeguarding Strategic Plan and were maintained during COVID-19.**

The Safeguarding policies and procedures are accessible to staff on the health board's intranet site, presented under national, regional and local policy headings. There is also a brief overview / introduction of each health board policy on the intranet page for the benefit of staff. The description of roles and responsibilities remain aligned across four key documents identified in respect of this audit: the NHS Safeguarding Maturity Matrix, Safeguarding Policy, Managing Allegations of Abuse or Neglect Made against Professionals & Members of Staff and the Safeguarding Supervision Protocol.

Additionally, the health board's Annual Safeguarding Report 2019-20 states that it has provided feedback at each consultation phase during the development of the new National Safeguarding Procedures. The Procedures were launched in November 2019 and came in to force in April 2020. The health board has contributed to consultations on regional and national policies through the safeguarding board and that there has been a concentrated focus by the health board to strengthen its policies, procedures and guidance documents.

The health board issued a guide to Safeguarding processes during the COVID-19 pandemic. This recognised that health care services are being delivered differently which is limiting and re-shaping the usual contact with patients, carers and other professionals, all of which had an impact upon the health board's ability to recognise an adult or child at risk. It reiterated that safeguarding people remains everyone's responsibility and remains a key priority during this uncertain and unprecedented time. This was demonstrated through the Safeguarding Team not being redeployed in the health board's response to the pandemic and in Board presentations, monthly safeguarding briefings and newsletters to staff and meetings.

We did not raise any findings in respect of this objective.

**Objective 2: Effective multi-agency working relationships exist during COVID-19 to ensure a holistic approach to the investigation of safeguarding cases.**

The protection and safeguarding of vulnerable adults and children rely on multi agency working and effective information sharing, working together to improve services and outcomes for all. The health board has continued to demonstrate a strong commitment to partnership working including through representation and contribution to the work of the Mid and West Wales Safeguarding Board (MAWWSB - also known as Cysur / Cwmpas), the Regional Violence Against Women, Domestic Abuse and Sexual Violence (VAWDASV) Strategy Group, and the Powys Local Safeguarding Operational Group (PLOG) for Adults and Children. This is in addition to the National NHS Wales Safeguarding Network and health board's own Committee structure and requires members of the health board's Safeguarding Team to attend a significant amount of meetings. Minutes and action notes are produced for each multi-agency meeting, including Professional Strategy meetings.

The Safeguarding Team continued to work with multi agency colleagues locally, regionally and nationally to safeguard people at risk of all types of abuse. The team took part and contributed to a number of meetings set up

to support during the COVID-19 Pandemic, including weekly Mid and West Wales Safeguarding Board Partners, weekly meeting with local partners including the Local Authority and the Police, the homeless cell coordination meeting and the monthly Mid and West Wales VAWDASV Operational Group. A multi-agency meeting to support children's homes response to COVID-19 also met weekly.

We did not raise any findings in respect of this objective.

**Objective 3: Staff have received adequate training in relation to the protection of children and adults at risk during COVID-19.**

Due to COVID-19 the Safeguarding team had to reconsider how to enable staff to achieve the training and competencies required. The health board cancelled all face to face training in March 2020, and staff were required to complete online training. Current employees, those being deployed and all new starters were required to complete, as a minimum, the Safeguarding People module which covers Safeguarding Adults and Children Level 1 and the Group 1 VAWDASV module. This decision was taken by the Strategic (Gold) Group within hierarchy of command established during the initial phase of the pandemic, recognising the risk that staff will not be trained to the level required for their permanent position.

The health board has continued to produce training material to give practitioners and staff a flexible, blended approach to learning, including developing You Tube training slides, newsletters and safeguarding briefings. By June 2020, the Safeguarding Team delivered training via Microsoft Teams and this was followed by the introduction of an additional training platform called Modular learning to assist in gaining the evidence that is required to achieve the competencies for level 3 safeguarding. The Competency Training Passport has also been updated and re launched via Newsletters and Powys Announcements. The health board also recognised that to support the training and mitigate any risks to good quality safeguarding, supervision is an essential component in keeping people safe and has provided safeguarding supervision to staff via MS Teams and telephone contact.

The health board has monitored the staff training compliance rates regularly. The table below illustrates the position improving between 2019-20 and 2020-21. The training modules which require improvement are highlighted in red below and include Level 3 Adults and Children, Level 4 Children and VAWDSV Level 2. In quarter 4 of 2020-21, the Safeguarding Team introduced a more detailed analysis of compliance rates so that they could identify the services areas requiring support to improve.

Training / Period	Quarter 4 2019/20	Quarter 1 2020/21	Quarter 2 2020/21	Quarter 3 2020/21	Quarter 4 2020/21
Adults Level 1	57%	83%	83%	84%	85%
Adults Level 2	37%	86%	85%	86%	86%
Adults Level 3 *		25%	25%	28%	34%
Adults Level 4 *		75%	80%	100%	100%
Children Level 1	72%	84%	84%	86%	86%
Children Level 2	62%	87%	86%	88%	88%
Children Level 3 *	45%	55%	54%	57%	65%
Children Level 4 *		37.50%	50%	62.50%	75%
VAWDSV Level 1		82%	83%	84%	82%
VAWDSV Level 2 **		18%	33%	44%	57%

\* We were advised level 3 & 4 Safeguarding Adults and Children can take 12 months to complete.

\*\* We were informed that in 2018/19 the Welsh Government set health boards 5 years to achieve compliance. We have been advised that the health board is on track to achieve this.

## Refer to finding 1 in Appendix A

### **Objective 4: Arrangements for managing safeguarding referrals, allegations of abuse against staff members and complaints / concerns relating to children, young people and adults at risk are robust and compliant with policies in place during COVID-19.**

In line with objective 2 above, we were informed that during the height of the pandemic weekly multi-agency catch up meetings took place with the health board (senior safeguarding nurse), Police, Children's Services and Education typically in attendance. These meetings provided an opportunity to share updates, intelligence and best practice, challenge and raise issues or concerns regarding practice, learn from each other and a forum for support.

The health board has a policy for managing allegations of abuse or neglect made against professionals or members of staff and in 2020 introduced a mechanism for recording allegations of abuse or neglect against staff within adult care homes and children's homes. The table below illustrates the number of cases open and closed within the calendar year. Professional strategy meetings continued via MS Teams which was supported by a senior nurse from safeguarding team.

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Practitioner Concerns	No. Cases Opened	No. Cases Closed	Still Active
PTHB Staff 2019	6	6	0
PTHB Staff 2020	6	6	0
PTHB Staff 2021 (up to April)	3	1	2
Children Care Homes 2020	15	15	0
Children Care Homes 2021 (Up to April)	7	4	3
Adult Care Homes 2020	1	1	0
Adult Care Homes 2021 (Up to April)	2	1	1

The Safeguarding Team have remained available to support an employee when they have a duty to report an adult or child at risk. All safeguarding reports must be made by practitioners when an Adult or Child at risk is identified. The report needs to be made by phone in the first instance to the Local Authority and then a multi-agency referral form (MARF) must be completed and sent to the Local Authority within 24 hours. The practitioner is also required to complete a record on the Datix incident reporting system.

The health board's Safeguarding Team monitors the numbers of referrals submitted for reporting purposes. Practitioners are expected to inform the safeguarding team if they are unhappy with the management of cases. We were informed that the quality of MARFs was audited for 6 months and found they were of a good standard in the main. The audit has now been merged with the data collection tool used to complete data collection for the Strategic Safeguarding Group.

During the course of our review of referrals we noted that there was an inconsistency in two reports provided to us for audit. After further investigation with the health board's Safeguarding Team it was determined that the parameters used to report on the number of safeguarding referrals raised had been incorrectly set. One of the key parameters for extracting the data (date of MARF referral) had been set on a non-mandatory field and if this was not populated on Datix then the referral would not form part of the report. Whilst the reports generated for reporting purposes were under recording referrals made, the underlying actual referral cases were being managed and reported to the local authority. The under reporting of safeguarding referrals and is set out in the table below. The revised reporting parameters will be set on the incident date going forward to ensure that all the relevant data is collated.

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Multi Agency Referral Forms	Original DATIX Report		Revised Report		Difference	
	Child MARF Raised	Adult MARF Raised	Child MARF Raised	Adult MARF Raised	Child MARF Raised	Adult MARF Raised
Apr-20	6	4	9	5	3	1
May-20	10	2	12	5	2	3
Jun-20	7	6	15	7	8	1
Jul-20	9	5	15	8	6	3
Aug-20	13	3	19	4	6	1
Sep-20	10	4	11	5	1	1
Oct-20	19	7	19	7	0	0
Nov-20	23	4	26	6	3	2
Dec-20	15	12	14	11	-1	-1
Jan-21	12	5	15	7	3	2
Feb-21	13	10	12	13	-1*	3
Mar-21	15	8	13	8	-2*	0
Total	152	70	180	86	28	16

*\*Our expectation would be all the results would show a positive position (under reporting due to a field left blank so not collated into the report), however December 2020, February and March 2021 showed a negative figure. The explanation provided to us was that DATIX is a live system so data can be overwritten.*

It is worth noting the number of referrals remained relatively stable during quarter one, with a slight rise seen during quarter two, followed by a spike during quarter three. The change in referral rate can possibly be attributed to the changes in how practitioners engaged with individuals during the first lockdown. Whilst we concur there are robust arrangements in place including around policies, procedures and guidance, quality assurance checks over referral forms and training and supervision, there is no mechanism in place currently to demonstrate with any accuracy that MARFs are completed and sent by health board practitioners to the Local Authority within 24 hours of a verbal report being raised. We were also informed by the Safeguarding Team that no concerns have been raised regarding the timeliness of written reports to the Local Authority through the various methods of interaction with partners, as detailed under the multi-agency objective above. We understand that the Safeguarding Team will take this forward to address as part of the migration to the new "Once for Wales Concerns Management" system.

**Refer to finding 2 in Appendix A**

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**Objective 5: Appropriate governance arrangements and clear lines of accountability exist for safeguarding, from front line staff (including redeployments and volunteers) through to the Board, providing clarity in respect of roles and responsibilities during COVID-19.**

The health board's governance arrangements for safeguarding remains consistent with that set out during our 2019/20 safeguarding review. The Chief Executive is responsible for providing overall assurance to the Board on the effectiveness and quality of the safeguarding arrangements within the health board. This is devolved to the Director of Nursing who is responsible for ensuring robust safeguarding systems and processes are in place in order that the health board can discharge its organisational responsibilities. The Assistant Director of Nursing for Safeguarding assumes day to day responsibility for safeguarding, which includes managing the Safeguarding Team. Roles and responsibilities are also defined for Heads of Service / Operational Managers, Senior Safeguarding Nurses and Workforce Business Partners. The health board's Vice Chair is the designated lead Independent Member for children's and young people's services with responsibility for providing oversight and scrutiny of the broader safeguarding agenda.

Assurance is provided to Board members via the Executive Committee and where applicable, via other relevant Committees such as the Experience, Quality and Safety (EQS) Committee. The health board's Safeguarding Strategic Group meets quarterly, acting as a forum *'for sharing learning, disseminating changes in legislation, policy and guidance, monitoring compliance with safeguarding mandatory training and sharing information from external meetings.'* The Safeguarding Strategic Group reports directly to the Quality Governance Group, a sub-group of the Executive Committee. A Safeguarding Operational Group is also in place which provides assurance to the Safeguarding Strategic Group.

From discussions with senior health board staff and review of Board and Committee papers, it is evident that Safeguarding remained a key priority during this uncertain and unprecedented time. This was reiterated through the Safeguarding Team not being redeployed in the health board's response to the pandemic. There have been a number of presentations and papers to Executives and Board Members during the pandemic, including safeguarding updates provided at a Board Development session, EQS, Executive Committee (including Strategic Gold Group established during the initial phase of the pandemic) and to Welsh Government. In addition, as noted above, the health board issued a guide to Safeguarding processes during the COVID-19 pandemic and issued monthly safeguarding briefings and newsletters to staff.



We did not raise any findings in respect of this objective.

**8. Summary of Recommendations**

The audit findings, recommendations are detailed in Appendix A together with the management action plan and implementation timetable.

A summary of these recommendations by priority is outlined in the table below.

Priority	High	Medium	Low	Total
Number of recommendations	0	1	1	2

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Finding 1 Safeguarding Training (Operation)	Risk
<p>We recognise that the health board has made a significant improvement from 2019-20 in relation to providing staff training and that the health board however there is still need for improvement in particular in Level 3 Training for Safeguarding Adults and Children, Level 4 Children and VAWASDV Level 2. We also recognise that the health board is providing more detailed analysis of the lower performance training modules so that assistance can be provided to improve the compliance rates.</p>	<p>Failure to demonstrate that staff have received the appropriate safeguarding training resulting in harm to children or vulnerable adults, reputational damage and financial loss to the health board.</p>
Recommendation 1	Priority level
<p>The health board should ensure that compliance rates for safeguarding statutory and mandatory training is at an acceptable level for all relevant modules across all directorates so that the target rates can be achieved and maintained.</p>	<p><b>Low</b></p>
Management Response 1	Responsible Officer / Deadline
<p>Recommendation accepted.</p> <p>There is a safeguarding training plan in place with a rolling programme of training packages available to professionals.</p> <p>PTHB will continue to produce Safeguarding Newsletters to support professionals with their independent learning.</p> <p>PTHB will continue to be represented at the Regional Safeguarding Training Group and share multi agency training opportunities with PTHB professionals.</p> <p>Safeguarding training compliance reports will continue to be presented and monitored at the Operational and Strategic Safeguarding Group.</p>	<p>Alison Davies Executive Director of Nursing and Midwifery</p> <p>Immediate and ongoing</p>

Finding 2 Multi-Agency Referral Monitoring (Operation)	Risk
<p>The health board's Safeguarding Team monitors the numbers of referrals submitted for reporting purposes. During the course of the review we noted an issue in relation to the parameters used to generate the report of safeguarding referrals. The issue with running the report from Datix was that the date of MARF referral field set as a parameter was not a mandatory field and if staff neglected to complete the field the case was not collated into the report. On further analysis we identified numerous instances where the date that the MARF (Multi-Agency Referral Form) had been referred to the Local Authority had been left blank and several instances where this date was prior to the incident. The impact of this error was the under reporting of safeguarding referrals. The revised reporting parameters will be set on the incident date going forward to ensure that all the relevant data is collated.</p> <p>In addition, there is no mechanism in place currently to demonstrate with any accuracy that MARFs are completed and sent by health board practitioners to the Local Authority within 24 hours of a verbal report being raised. We were also informed by the Safeguarding Team that concerns regarding the timeliness of reports to the Local Authority have not been raised through the various methods of interaction with partners, as detailed under the multi-agency objective above. We understand that the Safeguarding Team will take this forward to address as part of the migration to the new "Once for Wales Concerns Management" system.</p>	<p>Failure to take timely and appropriate action in response to a safeguarding referral, an allegation of abuse, or reported complaint/concern potentially resulting in harm to children or vulnerable adults.</p> <p>Incorrect information reported or inability to demonstrate that key reporting indicators have been met within the health board for decision making purposes and which could cause reputational damage.</p>
Recommendation 2	Priority level
<p>The health board remind staff of the importance of the requirement to complete and send the multi-agency referral form to the Local Authority within 24 hours of a verbal report to the Local Authority and complete a Datix incident form accurately.</p> <p>In addition, we recommend that the Safeguarding Team puts a formal mechanism in place monitor the timeliness of MARF submissions and address any underlying issues identified.</p>	<p><b>Medium</b></p>

Management Response 2	Responsible Officer / Deadline
Recommendation accepted.	Alison Davies Executive Director of Nursing and Midwifery
PTHB Safeguarding team will undertake an audit of Multi Agency Referral Forms following a verbal report to the Local Authority.	One month
The introduction of the Once for Wales Safeguarding Module will be set with mandatory fields when completing a Safeguarding Report.	Once for Wales Safeguarding Module due to be introduced July 2021

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## Audit Assurance Ratings



**Substantial Assurance** - 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** - 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** - 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** - 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.

## Prioritisation of Recommendations

In order to assist management in using our reports, we categorise our recommendations according to their level of priority as follows.

Priority Level	Explanation	Management action
<b>High</b>	Poor key control design OR widespread non-compliance with key controls. PLUS Significant risk to achievement of a system objective OR evidence present of material loss, error or misstatement.	Immediate*
<b>Medium</b>	Minor weakness in control design OR limited non-compliance with established controls. PLUS Some risk to achievement of a system objective.	Within One Month*
<b>Low</b>	Potential to enhance system design to improve efficiency or effectiveness of controls. These are generally issues of good practice for management consideration.	Within Three Months*

\* Unless a more appropriate timescale is identified/agreed at the assignment

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**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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## **Implementation of Digital Solutions**

### **Internal Audit Report**

**2020/21**

**Powys Teaching Health Board**

**NHS Wales Shared Services Partnership**

**Audit and Assurance Services**

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<b>Review reference:</b>	PTHB-2021-35
<b>Report status:</b>	Final
<b>Fieldwork commencement:</b>	10 March 2021
<b>Fieldwork completion:</b>	26 April 2021
<b>Draft report clearance meeting:</b>	13 April 2021
<b>Draft report issued:</b>	11 May 2021
<b>Management response received:</b>	24 May 2021
<b>Final report issued:</b>	25 May 2021
<b>Auditors</b>	Helen Higgs, Head of Internal Audit Osian Lloyd, Deputy Head of Internal Audit Nicola Jones, Audit Manager

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Samantha Moss, Assistant Director  
of Finance  
Sue Hamer, Digital Transformation  
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## Committee

Audit, Risk and Assurance  
Committee



Audit and Assurance Services conform with all Public Sector Internal Audit Standards as validated through the external quality assessment undertaken by the Institute of Internal Auditors.

## ACKNOWLEDGEMENT

NHS Wales Audit & Assurance Services would like to acknowledge the time and co-operation given by management and staff during the course of this review.

### Please note:

This audit report has been prepared for internal use only. Audit & Assurance Services reports are prepared, in accordance with the Service Strategy and Terms of Reference, approved by the Audit Committee.

Audit reports are prepared by the staff of the NHS Wales Shared Services Partnership – Audit and Assurance Services, and addressed to Independent Members or officers including those designated as Accountable Officer. They are prepared for the sole use of Powys Teaching Health Board and no responsibility is taken by the Audit and Assurance Services Internal Auditors to any director or officer in their individual capacity, or to any third party.

## 1. Introduction and Background

The Implementation of Digital Solutions review sought to provide Powys Teaching Health Board ('the health board') with assurance that digital solutions implemented during the Covid-19 pandemic have been managed appropriately with support provided to staff to ensure effective service delivery.

The response to the Covid-19 pandemic has seen changes in how some services are being delivered, with ways of working and digital solutions introduced to enable care to be provided to patients. Whilst there has been an urgent need for services to be delivered in a different way, it is important that the implementation of these has been managed in a structured way and with consideration of the health board's Integrated Medium Term Plan (IMTP) priorities and NHS Wales initiatives.

The health board should also be considering whether digital solutions will be of benefit to other services in delivering safe and effective care.

## 2. Scope and Objectives

The objectives of the review were 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.

Specifically, the audit sought to assess the following control objectives:

- there are governance arrangements in place to oversee the implementation of any new digital solutions, with changes being made in a consistent way and in consideration of the health board's Integrated Medium Term Plan and wider NHS Wales initiatives;
- where digital solutions have been implemented, the process has been undertaken in line with change management principles, i.e. understanding the need for change, involving people in the change, developing and implementing planned changes and evaluating progress and success of the change;
- where new digital solutions have been introduced, staff have received appropriate training in order to maintain an effective service to patients; and
- the health board is considering opportunities and services where digital solutions could be implemented, and these are being taken forward.

We have considered the impact of the Covid-19 pandemic in our assessment of the appropriateness of the arrangements in place.

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### 3. Associated Risks

The main risks considered in the review were:


- changes are implemented without assessment of risks;
- staff are not provided with appropriate training on new solutions risking delivery of outcomes for patients; and
- opportunities for future digital solutions are not explored, affecting the delivery of services to patients.

## OPINION AND KEY FINDINGS

### 4. Overall Assurance Opinion

We are required to provide an opinion as to the adequacy and effectiveness of the system of internal control under review. The opinion is based on the work performed as set out in the scope and objectives within this report. An overall assurance rating is provided describing the effectiveness of the system of internal control in place to manage the identified risks associated with the objectives covered in this review.

The level of assurance given as to the effectiveness of the system of internal control in place to manage the risks associated with 'Implementation of Digital Solutions' is **Reasonable assurance**.





RATING	INDICATOR	DEFINITION
Reasonable Assurance		The Board can take <b>reasonable assurance</b> that arrangements to secure governance, risk management and internal control, within those areas under review, are suitably designed and applied effectively. Some matters require management attention in control design or compliance with low to <b>moderate impact on residual risk</b> exposure until resolved.

The overall level of assurance that can be assigned to a review is dependent on the severity of the findings as applied against the specific review objectives and should therefore be considered in that context.

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## 5. Assurance Summary

The summary of assurance given against the individual objectives is described in the tables below:

					
<b>1</b>	Governance arrangements			✓	
<b>2</b>	Change management			✓	
<b>3</b>	Staff training			✓	
<b>4</b>	Future opportunities			✓	

\* The above ratings are not necessarily given equal weighting when generating the audit opinion.

## Design of Systems/Controls

The findings from the review have highlighted three issues that are classified as a weakness in the system control/design for 'Implementation of Digital Solutions'.

## Operation of System/Controls

The findings from the review has not highlighted any issues that are classified as a weakness in the operation of the designed system/control for 'Implementation of Digital Solutions'.

## 6. Summary of Audit Findings

There has been a significant amount of change as a result of the Covid-19 pandemic, with digital solutions implemented at pace to ensure services delivered to patients are maintained and improved. As recognised in the health board's IMTP: *'Powys is in a unique position having one shared IT department, servicing both the health board and Council. This model enables resources to be shared and intelligence maximised through the implementation of local integrated Information Communications Technology (ICT) systems across health and social care. This is an unprecedented and rapid period of transformation and people expect more and more services through digital means and increasingly in collaboration with partner organisations.'*

The health board and Powys County Council have a joint ICT service that operates under a section 33 agreement. An integrated 'Health and Care Strategy - a Digital Strategic framework' is being developed with Powys County Council, focusing on three key themes; Digital Care, Digital Access and Digital Infrastructure and Intelligence. Whilst the development of the framework has been delayed due to the Covid-19 pandemic, a summary Digital First Plan is in place.

Governance arrangements are more formal for larger digital solutions, including the ICT Governance Committee which operates under the section 33 agreement, as well as the Digital Transformation Board set up within the health board to oversee implementation. There is no formal oversight of smaller digital developments and initiatives and this has been recognised by the health board with plans to form a Digital Transformation Subgroup. Change proposals are required to be provided to the Information Governance department to confirm whether a Data Protection Impact Assessment is required and ensure key services, such as ICT, Information, Cyber and Finance are appropriately involved. However, our review found that improvement is needed in the guidance and resources available to services in order to provide support and clarity on the process.

There is no formal change management function within the ICT service although we understand that work has started to develop a link between the Digital Team and the health board's Innovation and Improvement Hub. It was evident from review of a sample of digital solutions implemented, that there has been considerable effort to implement the changes and consider outcomes in order to improve services for patients. The solutions in our sample were delivered in various ways, either as a separate project or managed within the service. Those managed as a project had more formal arrangements in place, such as project plans, risk identification and highlight reporting. We also noted variations in how initiatives within services are documented, largely depending on the size and complexity of the change initiative.

Whilst outcomes are being captured, improvements could be made to ensure the health board has oversight and analyses the benefits of such initiatives. We are advised that funding has been allocated for a benefits realisation / change manager post and a new Investment Benefits Group will be established to consider internal investment decisions and determine how health board resources are allocated to future initiatives. The Group will also be responsible for monitoring and recording of the benefits associated with initiatives, providing a more consistent approach across the health board.

Our review has identified three medium priority findings in respect of guidance, oversight and benefits monitoring.



## 7. Detailed Audit Findings

**Objective 1: There are governance arrangements in place to oversee the implementation of any new digital solutions, with changes being made in a consistent way and in consideration of the health board's Integrated Medium-Term Plan and wider NHS Wales initiatives**

The integrated Health and Care Strategy for Powys sets out the vision for a healthy, caring Powys. Delivery is framed around eight well-being objectives, consisting of four well-being objectives which are supported by four enabling objectives, one of which is 'Digital First'. These well-being objectives are mirrored in the health board's Integrated Medium-Term Plan (IMTP), 'Digital First' is identified as a key enabler to improve future health and care for the population through digital technology.

In order to accelerate and enhance the 'Digital' journey, a Digital Strategic Framework is being developed with Powys County Council. Three key themes have been identified within the Framework; Digital Care, Digital Access and Digital Infrastructure and Intelligence, and the focus is to develop and deliver plans under each theme. Whilst the development of the strategic framework has been delayed due to the Covid-19 pandemic, a summary Digital First plan is in place which was approved by the Executive Committee and was presented to the Performance & Resources Committee in June 2020. This Digital First programme outlines the health board wide changes that will be implemented and supports the ambition to be a lead digital exemplar in healthcare technology. We are advised that the decision was taken to implement the Digital First plan and apply the learning from this to inform the Framework and deliverables.

The health board and Powys County Council have a joint ICT service that operates under a section 33 agreement. As such, the ICT Governance Committee scope covers the effective, efficient, lawful and safe use of information and technologies across both the health board and Council. Officers from the health board's Digital, Information and Information Governance services are members of this Committee. The Committee oversees requests for new digital solutions and there is a process in place for these to be scrutinised to ensure that good investment decisions are made. This includes submission of a concept paper initially, then a full business case, and if required, an options paper. This process is set out on a SharePoint site, however it is not available on the health board's intranet site, so staff may not be aware of these requirements. There is also an opportunity for this framework to be enhanced with further guidance and tools to ensure service areas consider key matters such as documentation requirements, outcome and benefits measurement, IT support and intellectual property.



Once these changes have been considered by the Committee, the health board oversees implementation of larger projects via its Digital Transformation Board. This forum provides direction and support to the Programme Managers, sets priorities, allocates resources and resolves issues, and is accountable to the health Board's Executive Committee via the Delivery and Performance Group. We are advised that the Board was stood down during the pandemic as the team was redeployed to focus on delivering the mass vaccination programme. Whilst review of the papers for the meetings held in June, August and October 2020 demonstrates that updates are received for larger projects within the health board, currently there is no formal oversight of smaller digital developments and initiatives. This has been recognised by the health board and there are plans to form a Digital Transformation Subgroup to address this. Progress and involvement with All-Wales digital developments, such as Office 365 and Attend Anywhere are included within the Digital First updates provided to the Executive Committee and the Performance and Resources Committee.

For other changes that do not require a new solution, for example those that may use an existing system such as Teams or other O365 applications, the service would not be expected to go through a formal project management route. Proposals would need to be provided to the Information Governance (IG) department who will review to confirm whether a Data Protection Impact Assessment (DPIA) is required and ensure key services, such as ICT, Information, Cyber and Finance are appropriately involved. This was communicated in an IG alert published on the intranet site in December 2020. A record of initiatives is maintained by Information Governance, with the status of the DPIA. We referred to this to select a sample of digital solutions to review.

### **Refer to findings 1 & 2 in Appendix A.**

**Objective 2: Where digital solutions have been implemented, the process has been undertaken in line with change management principles, i.e. understanding the need for change, involving people in the change, developing and implementing planned changes and evaluating progress and success of the change**

We reviewed the following sample of digital solutions implemented within the health board:

- **Attend Anywhere** – an All Wales video consulting platform which offers virtual appointments to patients for a number of services throughout the health board.
- **Virtual Pulmonary Rehabilitation** – offers virtual group rehabilitation classes to patients.
- **Pain and Fatigue Management** – to promote shared decision making, increased engagement with service users and creating a user

held record that would support individuals to take greater ownership of their health.

- **Paediatric Continence E-solution** – offers patient education and self-management and allows prompt change of treatment or medication without the need for an appointment.

Through discussions and review of documentation, it was evident that there had been considerable effort to implement the changes and consider outcomes in order to improve services for patients. There are variations in how initiatives are documented, largely depending on the size and complexity of the change.

### **Need for change**

The first two solutions were implemented as a result of a need to change service delivery due to the Covid-19 pandemic. The Paediatric Continence e-solution had been in development prior to this and was progressed to allow patients to self-manage their condition, allowing clinicians to review data and amend medication when required rather than waiting for standard check-ups i.e. every 6 months. The Pain and Fatigue Management initiative had already been through the ICT Governance Committee process. All initiatives in our sample, except for the Virtual Pulmonary Rehabilitation (VPR), had been reviewed by the ICT Governance Committee, with business cases in place for the pain and fatigue management and paediatric continence solutions. VPR used existing MS Teams application, rather than Attend Anywhere, to deliver the group sessions so was not required to go through this formal route.

### **Involvement of staff and patients**

The changes implemented due to the pandemic provided services with the option to offer virtual consultations. As part of the health board's roll out of Attend Anywhere, services were contacted to establish if this could be used for patients. Patients have been given a choice on whether to take up the service and these changes have not impacted the patient pathway.

Staff have had more involvement and input in the design of the Pain and Fatigue Management and Paediatric Continence E-solution, and where appropriate, clinicians and patients have been offered the service. These changes are still in development, with focus groups delayed due to Covid-19.

### **Developing and implementing change**

There is no formal change management function within the ICT service. The solutions in our sample were delivered in various ways, either as a project or managed within the service. Those managed as a project had more

formal arrangements in place, such as project plans, risk identification and highlight reporting. All changes had a completed DPIA in place.

The majority of changes had received funding to progress the changes, either via the Welsh Government, Bevan Commission or the Health Foundation. We are advised that a new Investment Benefits Group will be established to consider internal investment decisions and determine how health board resources are allocated to projects and initiatives.

**Refer to finding 2 in Appendix A.**

### **Evaluating progress and success of the change**

It is recognised that there is a gap to analyse the benefits of solutions that have been implemented. We were informed that the health board has recently recruited a business manager who is in the process of reviewing contracts and further funding has been allocated for a benefits realisation / change manager post. It is planned that this role will include review of efficiencies where new solutions have been implemented.

From the sample of digital solutions reviewed, we noted information is being captured regarding benefits to patient outcomes. For example, the uptake of appointments and reasons for declining these in respect of the virtual consultations is captured by the service / project. Benefits of Attend Anywhere have also been reported via the Executive Team. The Virtual Pulmonary Rehabilitation initiative has allowed patients from different locations across Powys to attend a group rather than waiting for a session in their area, resulting in reduced waiting lists. Patient outcomes following the sessions are also captured, including how the programme has benefitted them in terms of the activity, as well as their views on the class being delivered virtually, which is mainly positive.

The Pain and Fatigue Management project is still in development, but the potential benefits that have been highlighted include empowering service users to manage their condition in a more efficient and effective way and monitoring of patients remotely resulting in providing a more efficient service to service users. Likewise, the Paediatric Continence E-solution has allowed consultations to be blended between online and in person. The service can operate remotely and paperless and cost savings are likely concerning for example, infrastructure, travel, and from clinician and patient time. We are advised that the new Investment Benefits Group will include monitoring and recording of benefits associated with initiatives, providing a more consistent approach across the health board.

**Refer to finding 3 in Appendix A.**

**Objective 3: Where new digital solutions have been introduced, staff have received appropriate training in order to maintain an effective service to patients**

Following implementation of a new digital change, it is important that standard operating procedures are updated to reflect changes to processes and pathways, and staff are trained to use any new system or software. There has been limited changes to the clinical pathways as a result of the digital solutions we reviewed. The training need has therefore been limited to focus on the use of new systems or software to deliver the service.

For larger scale changes, such as Attend Anywhere, training records are retained for the service areas that use the solution. For the other initiatives reviewed, the solution is either still in development or roll out has been limited to a small number of clinicians where training has been provided directly by the system provider.

**Refer to finding 1 in Appendix A**

**Objective 4: The health board is considering opportunities and services where digital solutions could be implemented, and these are being taken forward**

As noted under objective 1 above, the health board has a Digital First plan in place which outlines planned developments under the Digital Care, Digital Access and Digital Infrastructure and Intelligence headings. This plan includes key deliverables and milestones, with progress updates provided to the Executive Team and Performance and Resources Committee. Learning from the implementation of this plan will inform the future Strategic Digital Framework. We are advised that stakeholder events were held prior to the pandemic and views from these will be incorporated into the strategy.

The health board has an Innovation and Improvement Hub in place to coordinate and support innovation, quality improvement ideas and projects. We are advised by the Assistant Director of Digital Transformation that work to develop a link between the Digital Team and the Hub has started, however this was put on hold when resources were diverted to prioritise supporting the mass vaccination programme. We are advised this will resume as soon as resources become available, with the aim to ensure the knowledge, experience and learning from service changes are shared and replicated across the health board and nationally, minimising duplication of effort from research and development. We were advised that nationally, Powys has led the way in being the first health board in Wales to offer a virtual pulmonary rehabilitation service and has shared this development nationally to replicate. The health board has also supported Cardiff & Vale

University Health Board in development of a Long Covid-19 application which is used throughout Wales.

As part of the changes made throughout the pandemic, a piece of work on learning from Covid-19 was commissioned and presented to the Board in March 2021. This outlines what has worked well during the pandemic and refers to a number of benefits in terms of the digital work, such as the rapid transition to remote and digital ways of working. It is also recognised that *'digital technology has "improved relationships", "better communication" and increased collaboration with external partners and agencies.'* The health board's Draft Annual Plan also includes 'planning ahead' as a strategic objective, which includes assessing learning and reflections from Covid-19, incorporating the use of digital.

**Refer to finding 2 in Appendix A.**

## **8. Summary of Recommendations**

The audit findings, recommendations are detailed in Appendix A together with the management action plan and implementation timetable.

A summary of these recommendations by priority is outlined in the table below.

Priority	High	Medium	Low	Total
<b>Number of recommendations</b>	<b>0</b>	<b>3</b>	<b>0</b>	<b>3</b>

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Finding 1 Guidance (Design)	Risk
<p>The ICT Governance Committee oversees requests for new digital solutions and there is a process in place for these to be scrutinised to ensure that good investment decisions are made. This includes submission of a concept paper initially, then a full business case, and if required, an options paper. This process is set out on a SharePoint site, however it is not available on the health board's intranet site, so staff may not be aware of these requirements.</p> <p>It was evident from review of a sample of digital solutions implemented that there has been considerable effort to implement the changes and consider outcomes in order to improve services for patients. The solutions in our sample were delivered in various ways, either as a project or managed within the service. Those managed as a separate project had more formal arrangements in place, such as project plans, risk identification and highlight reporting. We also noted variations in how initiatives are documented, largely depending on the size and complexity of the change initiative.</p> <p>Change proposals are required to be provided to the Information Governance department to confirm whether a Data Protection Impact Assessment is required and ensure key services, such as ICT, Information, Cyber and Finance are appropriately involved. However, our audit found that there is an opportunity for the framework to be enhanced with further guidance, tools and resources made available to services in order to provide support and clarity on the process that should be applied. This should include consideration of key matters such as documentation requirements, outcome and benefits measurement, IT support and intellectual property. We understand work is underway to review the above and ensure information is available to services.</p>	<p>Lack of guidance in place may lead to solutions being implemented inappropriately and outside of agreed process.</p>

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Recommendation 1	Priority level
<p>a) Guidance on the process that services need to undertake should be drafted to ensure that staff are clear on the considerations and key contacts when planning and implementing changes. Consideration should be given to include the following:</p> <ul style="list-style-type: none"> <li>- Key contacts when planning the change i.e. IG, Finance, ICT, Information and Cyber;</li> <li>- Governance arrangements and approval routes;</li> <li>- Documentation that needs to be maintained;</li> <li>- Staff and patient involvement / consultation;</li> <li>- Staff training requirements;</li> <li>- Funding, monitoring and ongoing costs;</li> <li>- Ongoing IT support and maintenance arrangements;</li> <li>- Documentation of outcomes and benefits, linking into patient experience; and</li> <li>- Lessons learned.</li> </ul> <p>b) The ICT governance process and above guidance should be published on the health board's intranet site to ensure service areas can find this information easily.</p>	<p><b>Medium</b></p>
Management Response 1	Responsible Officer/ Deadline
<p>Noted and agreed - the recommendation will be actioned as part of the process of establishing the newly formed Digital Governance Board. Appropriate communication will be made to ensure that staff are clear on the process and route to access (clarity re process, governance and decision making). This will then be available on the Health Board Intranet site.</p>	<p>Executive Lead: Director of Finance &amp; IT</p> <p>Assistant Director Digital Transformation and Informatics / Digital Business Manager</p> <p>September 2021</p>

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Finding 2 Oversight of changes (Design)	Risk
<p>The health board oversees implementation of larger projects via its Digital Transformation Board. This forum provides direction and support to the Programme Managers, sets priorities, allocates resources and resolves issues, and is accountable to the health Board's Executive Committee via the Delivery and Performance Group. Whilst review of the papers for the meetings held in June, August and October 2020 demonstrates that updates are received for larger projects within the health board, currently there is no formal oversight of smaller digital developments and initiatives. This has been recognised by the health board and there are plans to form a Digital Transformation Subgroup to address this.</p> <p>There is no formal change management function within the ICT service although we understand that work has started to develop a link between the Digital Team and the health board's an Innovation and Improvement Hub which coordinates and supports innovation, quality improvement ideas and projects. This was put on hold when resources were diverted to prioritise supporting the mass vaccination programme but will resume as soon as staff become available, with the aim of ensuring the knowledge, experience and learning from service changes are shared and replicated across the health board and nationally, minimising duplication of effort from research and development.</p>	<p>Lack of oversight of digital solutions may lead to may lead to solutions being implemented inappropriately and duplication of effort and lack of accountability to implement changes.</p>
Recommendation 2	Priority level
<ul style="list-style-type: none"> <li>a) The Digital Transformation Sub-Committee should be established and include oversight and monitoring of digital solutions implemented throughout the health board.</li> <li>b) Work to establish links and processes with the Innovation and Improvement Hub should be progressed to ensure opportunities for learning lessons from existing solutions and suitability of these are maximised across the health board.</li> </ul>	<p><b>Medium</b></p>

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Management Response 2	Responsible Officer / Deadline
<p>a) Noted and agreed – Action already in place to establish the Digital Transformation Sub-Committee known as the 'Digital Governance Board' which reports into the Digital Transformation Board. This group monitors and has oversight of all digital solutions to be implemented in the Health Board.</p> <p>b) Noted and agreed – Action already underway to ensure clear and easily understood alignment between the Innovation and Improvement hub and the Digital Transformation Board, this is in progress to ensure actions align and any learning is maximised across the Health Board.</p>	<p>Executive Lead: Director of Finance &amp; IT</p> <p>Assistant Director Digital Transformation and Informatics</p> <p>December 2021</p>

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Finding 3 Capturing of benefits and lessons learned (Design)	Risk
<p>It is recognised that there is a gap to analyse the benefits of the solutions that have been implemented. From the sample of digital solutions reviewed, we noted information is being captured regarding benefits to patient outcomes. Whilst outcomes are being captured, improvements could be made to ensure the health board has oversight and analyses the benefits of such initiatives.</p> <p>We are advised that funding has been allocated for a benefits realisation / change manager post to capture and review efficiencies throughout the health board, including where new solutions have been implemented. In addition, a new Investment Benefits Group will be established to consider internal investment decisions and determine how health board resources are allocated. The Group will also be responsible for monitoring and recording of the benefits associated with initiatives, providing a more consistent approach across the health board.</p>	<p>The health board may not have oversight of the benefits and outcomes of solutions that have been implemented.</p>
Recommendation 3	Priority level
<p>The implementation of the Investments Benefits Group should include consistent reporting and review of benefits from changes implemented within the health board, to ensure that planned outcomes are realised. This should include a link to patient-reported outcome measures (PROMS) and patient-reported experience measures (PREMS).</p>	<p><b>Medium</b></p>

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Management Response 3	Responsible Officer / Deadline
<p>Noted and agreed – One of the key actions of the IBG is the monitoring and reporting of benefits so this action is already in place. Additional action will be for IBG to require appropriate action re PROM and PREMS for all cases received.</p>	<p>Executive Lead: Director of Finance &amp; IT</p> <p>Deputy Director of Finance / Assistant Director Digital Transformation and Informatics</p> <p>August 2021</p>

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## Audit Assurance Ratings



**Substantial Assurance** - 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** - 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** - 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** - 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.

## Prioritisation of Recommendations

In order to assist management in using our reports, we categorise our recommendations according to their level of priority as follows.

Priority Level	Explanation	Management action
<b>High</b>	Poor key control design OR widespread non-compliance with key controls. PLUS Significant risk to achievement of a system objective OR evidence present of material loss, error or misstatement.	Immediate*
<b>Medium</b>	Minor weakness in control design OR limited non-compliance with established controls. PLUS Some risk to achievement of a system objective.	Within One Month*
<b>Low</b>	Potential to enhance system design to improve efficiency or effectiveness of controls. These are generally issues of good practice for management consideration.	Within Three Months*

\* Unless a more appropriate timescale is identified/agreed at the assignment

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**Confidentiality**

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**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.

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## 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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# **Winter Pressures & Flow Management**

## **Internal Audit Report**

**2020/21**

**Powys Teaching Health Board**

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

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<b>Review reference:</b>	PTHB-2021-20
<b>Report status:</b>	Final
<b>Fieldwork commencement:</b>	4 <sup>th</sup> February 2021
<b>Fieldwork completion:</b>	4 <sup>th</sup> May 2021
<b>Draft report issued:</b>	17 <sup>th</sup> May 2021
<b>Clearance meeting:</b>	20 <sup>th</sup> May 2021
<b>Management response received:</b>	1 <sup>st</sup> June 2021
<b>Final report issued:</b>	2 <sup>nd</sup> June 2021
<b>Auditors:</b>	Helen Higgs, Head of Internal Audit Osian Lloyd, Deputy Head of Internal Audit Emma Rees, Audit Manager
<b>Executive sign off:</b>	Jamie Marchant, Director of Primary, Community & Mental Health Services
<b>Distribution:</b>	Jason Crowl, Assistant Director: Community Services
<b>Committee:</b>	Claudia O'Shea, Senior Manager Unscheduled Care Audit, Risk & Assurance Committee

## ACKNOWLEDGEMENT

Thank you to management and staff for the time given to us and for their cooperation while we carried out this review.



We conform to all Public Sector Internal Audit Standards.

Validated through an external quality assessment undertaken by the Institute of Internal Auditors.

### Please note:

We have prepared this audit report in line with the Service Strategy and Terms of Reference approved by the Audit, Risk and Assurance Committee. It is for internal use only.

We address our reports to the Independent Members or officers, including those designated as Accountable Officer, for the use of Powys Teaching Health Board only. Our staff members have no responsibility to any director, officer or third party in their individual capacity.

## Executive Summary

### Purpose

To assess the Powys Teaching Health Board winter 2020/21 planning process regarding patient flow and to provide assurance over the management of patient flow over the 2020/21 winter period.

### Overview of findings

No significant issues for reporting were identified in our review.

Matters arising concerned:

- ensuring patient flow management processes are formalised;
- ensuring up-to-date discharge policies and procedures are in place; and
- strengthening patient flow reporting, particularly at Board level.


Additionally, further recommendations for enhancing the patient flow systems are included in Appendix A.

### Impact

There is a risk that the health board may:

- be unable to evidence scrutiny of patient flow;
- be unable to effectively manage patient flow; and
- experience poor patient flow.

### Report classification

<p><b>Reasonable</b></p> 	<p>Some matters require management attention in control design or compliance.</p> <p><b>Low to moderate</b> impact on residual risk exposure until resolved.</p>	<p>N/a – first audit in this area</p>
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### Trend

### Summary of matters arising

	High	Medium	Low
Control design	-	2	2
Operation	-	1	-
<b>Total</b>	<b>-</b>	<b>3</b>	<b>2</b>

### Matters arising

<b>1</b>	PFCU Business Cycle	Design	Medium
<b>2</b>	Policies & Procedures	Operation	Medium
<b>3</b>	Patient Flow Reporting	Design	Medium
<b>4</b>	Training Needs Analysis	Design	Low
<b>5</b>	Demand & Capacity Review	Design	Low

### Assurance summary

Audit objectives	Assurance
1 Learning from Winter 2019/20	Reasonable
2 Effective management of patient flow:	
a. Appropriate policies & procedures	Reasonable
b. Adequate staff resource	Reasonable
c. Appropriate training & support	Reasonable
d. Working with key stakeholders	Reasonable
e. Accountability & scrutiny	Reasonable

Note: our work covered non-Mental Health beds and our workplan was linked to the requirements of the Covid-19 Hospital Discharge Service Requirements (Wales) where relevant to the above objectives.

## Limitations of scope

This audit excluded:

- testing compliance with the health board's policies and procedures around patient flow and discharge planning;
- development of discharge pathways;
- transfer of information to GPs and other relevant health and care professionals for patients discharged;
- winter pressures and patient flow within Mental Health beds;
- monitoring and support of patients after discharge, for example, through the Complex Care team (care homes) and Therapies Home First team (Discharge to Recover & Assess pathways); and
- aspects of the Discharge Requirements that are the responsibility of local authorities or third sector organisations.

## Risks

We addressed the key risks of poor patient flow and delayed transfers of care, potentially resulting in:

- increased waiting times and/or length of stay in hospital;
- increased risk of Covid-19 transmission in hospital settings;
- cancellations of planned admissions; and
- poor patient experience and/or outcomes.

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## 1. Background

- 1.1 Poor patient flow and discharge planning can increase lengths of hospital stay and lead to delayed transfers of care. In turn, this increases the risk of longer waiting times, cancellation of planned admissions and poorer patient outcomes, particularly within older individuals.
- 1.2 To support the ongoing Covid-19 response and 2020/21 Winter Protection Plan, Powys Teaching Health Board (the health board) has developed a programme of work to:
- identify key changes made in response to Covid-19;
  - evaluate the impact and sustainability of changes;
  - capture organisational learning; and
  - facilitate adoption of lessons learned.
- 1.3 This includes work around patient flow and discharge planning.
- 1.4 In response to the Covid-19 pandemic, Welsh Government issued the [Covid-19 Hospital Discharge Service Requirement \(Wales\)](#) (the Discharge Requirements) to manage discharge and hospital flow during the crisis. Health, social care and third/independent sector partners in Wales were all required to adhere to the Discharge Requirements from 6<sup>th</sup> April 2020.
- 1.5 The Discharge Requirements aim to expedite arrangements to embed the Discharge to Recover and Assess (D2RA) pathways in Wales. D2RA pathways involve patients being discharged sooner (either to their home or care home, as appropriate) and being assessed for ongoing care in their place of residence rather than remaining on a ward until assessments have taken place.
- 1.6 The previous formal DTOC (delayed transfers of care) reporting mechanism was stood down by Welsh Government in March 2020, with alternative reporting arrangements in place for the foreseeable future.
- 1.7 Patient flow is a live and fluid process requiring day-to-day management. Within the health board, it is managed by the Patient Flow Coordination Unit (PFCU), which sits within Unscheduled Care (USC) under the Community Services Group.
- 1.8 The role of the PFCU is to:
- provide advice and support to Powys ward teams;
  - engage daily with the District General Hospitals (DGHs) to manage repatriation to Powys (hospitals, care homes and patient homes);
  - provide leadership and advice across Powys to support efficient and effective patient flow; and
  - work with partners to improve discharge performance and promote a 'home first' ethos.
- 1.9 Managed by the Senior Manager USC, the PFCU consists of:

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- Senior Nurse Patient Flow – responsible for providing leadership and advice to support efficient and effective patient flow, including management of the CTC team and supporting ward teams within Powys community hospitals;
- Care Transfer Coordinators (CTCs) – nurses employed by the health board but based at the DGHs to ensure that Powys patients are identified, that discharge plans with a 'home first' ethos are put in place promptly and that delays to discharge from DGHs are resolved swiftly; and
- Patient Flow Administrator.

1.10 Most admissions to Powys hospitals are from the DGHs, with admissions from the community being unscheduled. Patients coming from the DGHs should already have discharge plans in place. However, health board ward staff, supported by the PFCU, are responsible for ensuring these plans are appropriate.

1.11 For admissions from the DGHs, the relevant Trust / Health Board is responsible for discharge planning, including for Powys patients. For planned admissions, the Trust / Health Board should undertake discharge planning in advance. The CTCs become involved once Powys patients are admitted (for planned and unscheduled admissions).

## 2. Summary of Audit Findings

2.1 The PFCU is a relatively new team for the health board. The Senior Manager USC and Senior Nurse Patient Flow have developed new patient flow management, monitoring and scrutiny mechanisms over the past 12-18 months.

2.2 The mechanisms put in place thus far are well designed to effectively manage, monitor and scrutinise patient flow. However, further development is required to ensure these processes are formalised and can be clearly evidenced.

2.3 We identified 3 **medium** priority matters arising:

- **Formalising aspects of the patient flow management process:** the health board was able to provide evidence of its patient flow business cycles. However, we identified a lack of formality in certain aspects of the system, including that the PFCU business cycle has not been documented and minutes / action logs are not always maintained for key meetings. See matter arising 1.
- **Updating documented policies and procedures:** the health board's discharge policy predates the Discharge Requirements and some staff have found the Discharge Requirements difficult to understand. See matter arising 2.
- **Strengthening patient flow reporting:** in the absence of formal DTOC reporting, Gold Group / Executive Committee has monitored bed utilisation, capacity, length of stay, etc and the Director of Primary, Community & Mental Health Services has monitored a weekly list of delayed patients. However, this approach may not identify wider issues with delayed transfers of care and the severity of these issues. See matter arising 3.

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2.4 We also identified 2 **low** priority matters arising concerning areas where the patient flow systems could be further enhanced: training needs and demand and capacity.

2.5 All matters arising are fully detailed in Appendix A.

2.6 Whilst improvement has been noted, our findings follow a similar theme to those of the Audit Wales (then Wales Audit Office) 2017 report on discharge planning: Discharge Planning – Powys Teaching Health Board. We have expanded upon this in paragraphs 2.65 to 2.67.

### Patient flow performance

2.7 Based upon the available data, the health board does not appear to have experienced significant issues with patient flow throughout 2020/21.

2.8 Figures 1a and b show that the health board did not experience the same continued high levels of patients awaiting the next stage of care throughout May 2020 to March 2021.

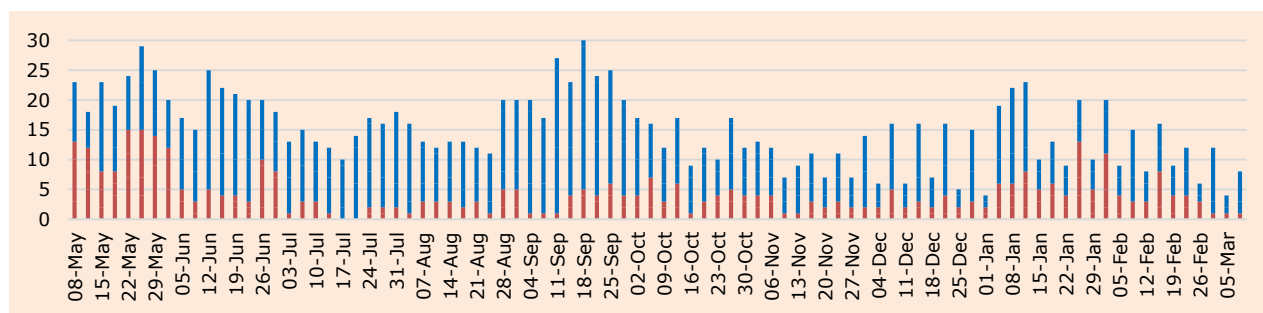


Figure 1a: Powys Teaching Health Board total number of people awaiting next stage of care (source: NHS Wales Delivery Unit Monitoring Discharge and Flow Summary 9<sup>th</sup> April 2021)

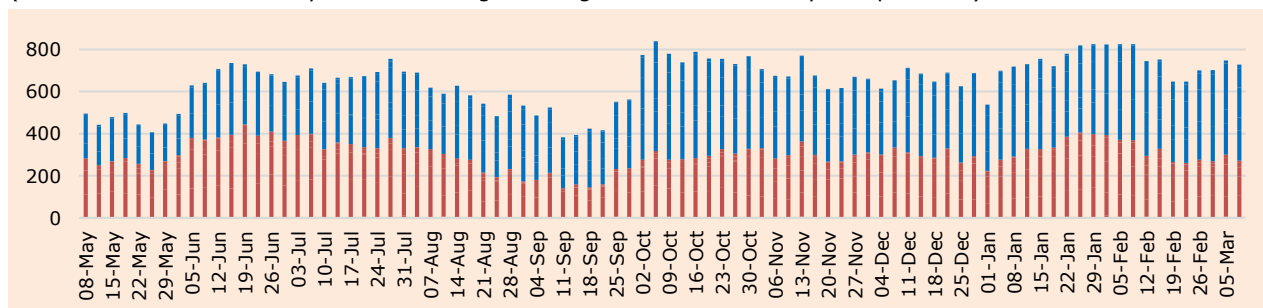


Figure 1b: All Wales total number of people awaiting next stage of care (source: NHS Wales Delivery Unit Monitoring Discharge and Flow Summary 9<sup>th</sup> April 2021)

2.9 The most recent data for DTOC shows DTOC days (non-Mental Health) dramatically decreased during April to November 2020. We understand this to be due to a combination of:

- smoother discharge processes – due to the removal of patient choice for care homes, increased use of out-of-panel decisions for Continuing Health Care (CHC) and the use of Discharge to Recover and Assess (D2RA) pathways; and
- the impact of Covid-19 on services – only essential services being provided and fewer patients presenting for treatment.

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Unlike previously, the main reason for DTOC days during April-November 2020 was not due to community care arrangements, but due to 'other' reasons.

### 3. Detailed Audit Findings

#### **Audit objective: the health board has identified learning around patient flow from winter 2019/20 and incorporated this into the 2020/21 Winter Protection Plan**

2.10 The Integrated Medium-Term Plan (IMTP) and related planning processes were stood down in March 2020. During 2020/21, it was replaced by a quarterly planning process. For 2021/22, Welsh Government require health boards to develop Interim Annual Plans. *Note: our focus was on winter planning, so we did not audit wider planning processes.*

2.11 Through ongoing monitoring of patient flow (covered further in paragraphs 2.56 to 2.60), the PFCU was aware of "sticking points" in patient flow, particularly throughout the 2019/20 winter period.

2.12 Cases were developed around these sticking points to bid for 2020/21 winter funding through the Regional Partnership Board (RPB).

2.13 Key areas identified by the PFCU and funded through RPB winter pressures monies in the Winter Unscheduled Care RPB Plan included:

- **CHC assessments:** additional equipment required to support CHC assessments being undertaken in care homes or patient homes, rather than on the wards;
- **Care Transfer Coordinators (CTCs):** increase in CTC availability through a CTC bank to support patient discharges in the DGHs;
- **Therapies Home First team:** temporary increase in staff capacity to allow seven-day working, allowing more patients to flow through the Discharge to Recover and Assess (D2RA) pathways; and
- **Bed capacity:** funding awarded to increase bed capacity.

2.14 Alongside the Winter Unscheduled Care RPB plan, the Community Services Group developed an inpatient bed management plan for Powys covering the Christmas 2020 period. This was presented to Gold Group in December 2020.

2.15 Going forward, we understand the PFCU will hold quarterly planning meetings involving key external stakeholders (see paragraph 2.44) to feed into winter plans and the wider health board planning processes.

2.16 Additionally, we understand that the Senior Manager USC is currently undertaking a written review of winter 2020/21, including case studies and learning, to feed into the formal planning meetings.

#### **Matters arising:**

2.17 No matters were identified for reporting under this audit objective.



**Audit objective: there are policies and procedures for patient flow incorporating clear discharge pathways and supporting the Discharge Requirements**

- 2.18 The Discharge Requirements supersede the health board's discharge policies and procedures. All staff within the PFCU have received the Discharge Requirements.
- 2.19 A Discharge Task & Finish Group was set up to design processes to support the D2RA processes and pathways within the Discharge Requirements. It met in May 2020 and discussed the Discharge Requirements and supporting flow charts, the D2RA pathways, the workforce required and the financial impact.
- 2.20 The PFCU and CTCs have received a copy of the Discharge Requirements. Support on their implementation is provided by the Senior Nurse Patient Flow.
- 2.21 Under the Discharge Requirements, health boards were able to operate Trusted Assessments (rather than full CHC assessments) to ensure patients could be discharged promptly, with full CHC assessments then being undertaken within the patients' residences. The health board developed a Trusted Assessor (TA) process in conjunction with the LA. However, the health board was able to manage patient flow without the need to use the TA process.

**Matters arising:**

*Full details of the below matters can be seen in the linked matter(s) arising ('MAs') in Appendix A.*

- 2.22 Despite the Discharge Task & Finish Group designing processes to support the D2RA pathways, there are no up-to-date documented local policies or procedures to support the implementation of the Discharge Requirements or changes to the discharge process (MA 2). The health board's existing discharge policies are out of date (due for review in January 2018) and pre-date the D2RA process.
- 2.23 Management acknowledged that the health board's existing policies and procedures need to be more robust. We understand that the health board is waiting for Welsh Government guidance on what is to happen with the Discharge Requirements in the longer term.
- 2.24 Whilst the Discharge Requirements are detailed, the PFCU is a small team and support / guidance has been provided by the Senior Nurse Patient Flow, we understand that some staff have struggled to understand the document and would benefit from local guidance and clarity (MA 2).
- 2.25 Note: this only affects the health board's discharge policies and procedures, other policies (such as the Continuing Health Care assessment process) remain in place.
- 2.26 We also noted that the PFCU Standard Operating Procedures (SOP) document, which sets out the role and responsibilities of the PFCU, remained in draft at the time of writing (MA 1).



**Audit objective: there is adequate resource to support efficient and effective patient flow and discharge**

- 2.27 The PFCU provides discharge planning and patient flow support to the health board's wards and the DGHs (as set out in paragraphs 1.7 and 1.9).
- 2.28 Support to care homes is provided by the health board's Complex Care team and the D2RA pathways are managed by the Therapies Home First team – these are both out of scope for this review.
- 2.29 Through the ongoing daily monitoring of patient flow and proactive consideration of known pathway changes (for example, the opening of the Grange University Hospital in November 2020), the PFCU has identified gaps in staff resource and taken action to address these.
- 2.30 This includes setting up a CTC bank and increasing CTC hours for Swansea Bay University Health Board.

**Matters arising:**

*Full details of the below matters can be seen in the linked matter(s) arising ('MAs') in Appendix A.*

- 2.31 The daily monitoring processes and small size of the team have enabled the PFCU to reactively identify resource gaps. Additionally, the Discharge TFG undertook high-level discussions around some of the workforce needs / pilots linked to the Discharge Requirements.
- 2.32 However, the health board has not undertaken a formal demand and capacity analysis to ensure that patient flow is adequately supported (MA 5). Proactive consideration of the ongoing impact of the Discharge Requirements and the re-starting of services on patient flow will enable the health board to be better equipped for future demands.

**Audit objective: relevant staff have received appropriate training and/or support**

- 2.33 As noted in paragraphs 1.7 to 1.9, the PFCU provides support for patient flow and discharge planning. It is the operational contact for daily community flow operations. In particular, the Senior Nurse Patient Flow is responsible for providing leadership and advice to support efficient and effective patient flow.
- 2.34 The Senior Manager USC and Senior Nurse Patient Flow frequently visit the community hospitals to provide advice and support to the ward teams, ensuring information and guidelines are communicated consistently to the teams.
- 2.35 The PFCU should meet several times per year to cover relevant training updates, hot topics and learning from patient journeys. It met three times during 2020/21.
- 2.36 The CTC team should also hold regular team meetings to cover similar topics, alongside providing health and wellbeing support to the CTCs. The team met seven times between May and December 2020.

- 2.37 From January to April 2021, informal 1-1 support was provided to the CTCs by the Senior Nurse Patient Flow in lieu of team meetings. This was due to the impact of the pandemic and three members of the team being redeployed to the mass vaccination team.
- 2.38 Our discussions with the CTCs highlighted that they have relevant knowledge, experience and qualifications for their role.
- 2.39 The CTCs felt well supported by the PFCU, however, can often feel isolated due to the nature of their role and the wide geographical spread of the team. This is exacerbated by the pandemic.
- 2.40 We understand the PFCU is seeking to address this through monthly CTC team meetings going forward, adding in face-to-face meetings as the pandemic allows. Additionally, the Senior Manager USC and Senior Nurse Patient Flow will be visiting the CTCs at their bases and a 'buddy' process has been initiated for CTCs classed as lone workers.

### **Matters arising:**

*Full details of the below matters can be seen in the linked matter(s) arising ('MAS') in Appendix A.*

- 2.41 The health board has not undertaken a training needs analysis (TNA) for the PFCU and CTCs (MA 4).
- 2.42 Whilst we acknowledge the CTCs are all experienced in their role and, as registered healthcare professionals, are required to maintain Continued Professional Development (CPD, out of scope for this review), they have identified an increasing level of complexity in the patients they are handling and may encounter other new challenges in the recovery from the pandemic. Therefore, they may benefit from a more formal approach to training and development.
- 2.43 The PFCU and CTCs have not met as frequently as they would have liked during 2020/21 due to the pandemic. The meetings that did take place were not minuted and no formal action log was maintained (MA 1).

### **Audit objective: the health board is working with key stakeholders to manage, monitor and improve patient flow in accordance with the Discharge Requirements**

- 2.44 Key external stakeholders in the health board's patient flow and discharge process include:

- Powys County Council (the LA);
- Third Sector partners through the Powys Association of Volunteer Organisations (PAVO);
- DGHs in provider organisations; and
- Welsh Ambulance Services NHS Trust (WAST).

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### The LA, PAVO and WAST

- 2.45 Members of the PFCU meet frequently (as often as multiple times per week during the pandemic) with the LA and PAVO to discuss patient flow and discharge performance and issues.
- 2.46 Ad hoc meetings are also held to discuss specific matters, for example, troubleshooting specific issues with patient flow or recommencing work around falls pathways (the latter also includes WAST).
- 2.47 We could see evidence that the health board and LA have worked together to ensure joined-up working and pooled resources to maximise patient flow (as required by the Discharge Requirements). Alongside the regular meetings described above, examples of this include:
- Delivery Coordination Group – set up to explore potential solutions to ease patient flow, including the use of the Trusted Assessor process; and
  - 2020/21 winter planning through the RPB;
  - LA Reablement staff working with health board Therapists to ensure smooth and swift discharge through the D2RA pathways; and
  - LA block-purchase of care home bed capacity to support admission avoidance and swifter discharge from hospital.

### Provider DGHs

- 2.48 Outside of the work undertaken by the health board's Commissioning team on the Commissioning Assurance Framework (CAF, out of scope for this review), much of the liaison between the health board and its provider organisations regarding patient flow is undertaken via the CTCs.
- 2.49 The CTCs liaise directly with their respective DGH wards and discharge teams, including attending patient flow meetings where appropriate, feeding back to the PFCU on patient flow matters and any issues arising.
- 2.50 Additionally, the health board has been engaged in the Covid command structures (Gold and Silver) for its two largest English providers – Shrewsbury & Telford Hospital NHS Trust and Wye Valley NHS Trust – to ensure it remains aware of key issues impacting these providers.
- 2.51 Any issues that the PFCU is unable to resolve directly with the DGHs are escalated to the Commissioning team to be handled under the CAF process.
- 2.52 One example of such an issue relates to the South Powys CTCs being unable access patient systems at Prince Charles Hospital (Cwm Taf Morgannwg University Health Board, CTMUHB). The CTCs must contact the wards directly to identify if any Powys patients have been admitted, which is time-consuming and inefficient. The PFCU has been unable to resolve this directly with CTMUHB. This had been recently escalated to the CAF process at the time of writing.

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## Matters arising:

*Full details of the below matters can be seen in the linked matter(s) arising ('MAS') in Appendix A.*

- 2.53 The patient flow 'business cycle' (for example, meetings, frequency, etc) had not been documented at the time of our review, although we understand a document is to be developed (MA 1).
- 2.54 Meetings with external stakeholders are not always minuted and there is not always a formal action log. This includes both the frequent, scheduled meetings and ad hoc troubleshooting / planning meetings (MA 1).
- 2.55 Recognising the fluid nature of patient flow management, the PFCU business cycle should identify the level of formality required at internal and external meetings, for example, whether minutes or action logs are required or not. The formality needed will vary, depending on the type of meeting.

**Audit objective: there are clear lines of accountability for, and regular scrutiny of, patient flow and delayed transfers of care in accordance with the Discharge Requirements, and timely action is taken to address issues arising**

- 2.56 As manager of the PFCU, the Senior Manager USC has operational responsibility for patient flow, reporting to the Director of Primary, Community & Mental Health Services via the Assistant Director: Community Services Group.
- 2.57 Joint escalation mechanisms for each stage of the D2RA process were developed in conjunction with the LA and are set out in the 'Powys CC Escalation Protocol'.
- 2.58 The health board has several internal mechanisms for managing, monitoring and scrutinising patient flow:
- **Patient flow boards and flow meetings:** ward-based mechanisms to ensure each patient's journey is planned to ensure a prompt discharge (below the level of scope for this review);
  - **Daily bed state calls and monitoring report:** attended by relevant staff across the health board, including the Director of Primary, Community & Mental Health Services (or the Assistant Director: Community Services Group in his absence), these daily calls and reports consider bed capacity, admissions and discharges expected and any issues or delays in patient flow;
  - **Directorate reporting:** formal directorate reporting was stood down during the pandemic, recommencing in March 2021 and including patient flow metrics such as average length of stay, DTOC and D2RA referrals / discharges;
  - **Escalation reports:** in lieu of formal DTOC reporting during the pandemic, we understand that the Senior Manager USC provided weekly escalation reports to the Director of Primary, Community & Mental Health Services and Assistant Director: Community Services Group. These reports identified

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patients delayed alongside the reasons and actions being taken to discharge them;

- **Delivery & Performance Group (DPG)**: the Community Services Group reports into the DPG, including patient flow metrics. This was stood down during the Covid-19 pandemic, but will be restarted shortly;
- **Gold Group / Executive Committee**: patient flow metrics (including: provider status, escalation and flow; bed occupancy percentage; admissions and discharge trends; Covid impact on admissions and discharges) form a key part of the Gold dashboard reported to Gold Group / Executive Committee on a weekly basis; and
- **Board / Performance & Resource Committee (PRC)**: aside from formal DTOC monitoring (which remains stood down due to the pandemic), reporting to the Board / PRC on patient flow would be by exception only.

2.59 In addition to the above mechanisms, the health board provided weekly reports on bed position and patient flow to the NHS Wales Delivery Unit as required by Welsh Government (this reporting replaced the stood-down DTOC reporting).

2.60 As set out by the Discharge Requirements, tracking mechanisms are in place for:

- **patients discharged to care homes not of their first choice**:
  - health funded patients are monitored by the health board's Complex Care team through its care homes governance processes (as set out in our related 2019/20 report).
  - social care funded patients are the responsibility of the LA.
  - since the start of the pandemic (March 2020), only three non-mental health patients have been placed in a care home not of their first choice and, of these, only one is in such a position as of May 2021.
  - we understand that, on average, it has taken around four months to move a patient from a temporary home into a longer-term placement.
- **patients discharged onto D2RA pathways**:
  - patients referred onto a D2RA pathway through the health board's Home First team (i.e., patients requiring therapy assessments) are monitored by the Home First team to ensure they are assessed within 48 hours of referral.
  - those who require social care assessment only are the responsibility of the LA.
  - for the period December 2020 to March 2021, the Home First team received 147 referrals, 91% (159) of which were assessed within 48 hours of referral.
  - there were 14 active Home First patients at the time of writing.

### **Matters arising:**

*Full details of the below matters can be seen in the linked matter(s) arising ('MAs') in Appendix A.*

2.61 As noted in paragraph 2.53, the patient flow 'business cycle' (for example, meetings, frequency, reporting requirements, etc) had not been documented at

the time of our review, although we understand a document is to be developed (MA 1).

2.62 In the absence of formal DTOC reporting, monitoring of delayed transfers of care was through review of bed utilisation, capacity, length of stay, etc., supported by the weekly escalation lists of delayed patients. However, this approach may not identify wider issues with delayed transfers and the extent of such issues (MA 3). The Senior Manager USC acknowledged the need to review the patient flow reporting process, whilst recognising that Welsh Government has yet to confirm the future of formal DTOC reporting.

2.63 We identified that much of the patient flow reporting is reliant upon manual data entry and manipulation, which is labour-intensive and time-consuming (MA 3). We understand the PFCU is in the process of developing an automated bed management / patient flow system with Informatics. This should enable more efficient reporting.

2.64 As part of this process, the health board may benefit from considering the patient flow metrics to be reported at each level of the organisation (MA 3).

### **Audit Wales 2017 report: Discharge Planning – Powys Teaching Health Board**

2.65 The Audit Wales (AW) 2017 report on discharge planning – Discharge Planning – Powys Teaching Health Board – concluded:

*“The Health Board can demonstrate its intention to improve discharge planning in collaboration with key stakeholders, but staff training is poor, performance monitoring is limited, and the absence of formal discharge pathways presents a barrier to improvement”*

2.66 Since this report, the health board has developed the PFCU to provide support and guidance on discharge planning. Our review has identified improvements in the areas of weakness identified by AW. However, work remains to ensure the systems in place are strengthened to ensure efficient and effective discharge planning.

2.67 The table below provides a high-level overview of progress against the WA 2017 recommendations:

Recommendation	WA 2017 finding	2021 Audit & Assurance update
R1: Pathway development	Formal discharge pathways were not in place.	Discharge pathways were in place but had not been formally documented, although the Discharge Requirements are quite detailed (see MA1).
R2: Policy review	Discharge policy was under review at time of fieldwork.	Discharge policy was out of date and pre-dated D2RA processes. The health board is aware and intends to update its policies once Welsh Government guidance has been finalised (see MA1).

Recommendation	WA 2017 finding	2021 Audit & Assurance update
R3: Training on discharge policy	Discharge planning not consistently available to relevant staff.	PFCU now provides support and guidance on flow management (including discharge planning) to ward teams.  CTCs are appointed due to their experience and qualifications, and are required to maintain CPD. However, no formal training plan in place for the CTCs and no training needs analysis had been undertaken (see MA1).
R4: Discharge policy compliance	No discharge policy compliance audits had been undertaken within the previous five year.	Out of scope for this review.
R5: Discharge reporting	The Board received regular DTOC reports, but limited information specific to discharge planning.	Reporting to Board-level on patient flow has improved due to the pandemic, with frequent reporting via the Gold dashboard. However, it is not clear if this reporting will continue upon the return to business as usual.  Reporting / monitoring on delayed transfers of care has been undertaken in a different manner since formal DTOC reporting was stood down by Welsh Government (see paragraph 2.62). The Senior Manager USC acknowledged the need to review the patient flow reporting process (see MA2).
R6: Communication with patients	Staff did not routinely use the discharge leaflet in their interactions with patients.	Out of scope for this review.

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## Appendix A: Matters Arising and Management Action Plan

Matter Arising 1: PFCU Business Cycle (Design)	Medium priority
<p>The health board was able to provide evidence of its patient flow business cycles (reporting, meetings, etc). Whilst recognising the fluidity of the flow management process, <a href="#">we identified a lack of formality in certain aspects of the cycle</a>:</p> <ul style="list-style-type: none"> <li>• PFCU and CTC team meetings have not taken place as frequently as desired due to the pandemic, with some team members highlighting feelings of isolation (paragraph 2.43);</li> <li>• PFCU business cycles (for example, meetings, frequency, reporting requirements, etc) are not documented, including engagement with external stakeholders (paragraphs 2.53 and 2.61); and</li> <li>• key meetings (particularly with external stakeholders) are not always minuted and action logs are not always maintained (paragraphs 2.43 and 2.54).</li> </ul> <p>We understand the PFCU is already acting upon some aspects of this matter, including:</p> <ul style="list-style-type: none"> <li>• diarising monthly CTC team meetings from April 2021 onwards, planning face-to-face support and 'buddy' processes for the CTCs; and</li> <li>• developing a PFCU business cycle document (in development at the time of writing).</li> </ul> <p>We concur with these actions.</p>	<p>Potential risk of:</p> <ul style="list-style-type: none"> <li>• inability to evidence appropriate management and scrutiny of patient flow;</li> <li>• inability to effectively manage and scrutinise patient flow; and</li> <li>• poor patient flow.</li> </ul>
Recommendations	
<p>1.1 The PFCU business cycle document should:</p> <ul style="list-style-type: none"> <li>• cover all meetings and reporting requirements, including internal team and external stakeholder meetings; and</li> <li>• clarify whether formal minutes and/or action logs are required for each type of meeting.</li> </ul> <p>Given the nature of the process, we recognise the level of formality will vary depending upon the type of meeting. At a minimum, we recommend key meetings with external stakeholders should have decision / action logs.</p>	



Matter Arising 1: PFCU Business Cycle (Design)		Medium priority	
1.2	The PFCU SOP should include the business cycle and be formally approved within the directorate.		
1.3	PFCU and CTC meetings and support mechanisms should remain active throughout future waves of the pandemic.		
1.4	PFCU management may wish to engage team members to identify other potential methods that would help them to feel supported whilst working as a small team across a wide geographic area.		
Management response		Responsible individual	Target date
1.1	Business cycle process will sign off end of July with a determination on each to reflect actions & formal minutes	Senior Manager Unscheduled Care	July 2021
1.2	Draft SOP completed, will consult & sign off by end of June	Senior Manager Unscheduled Care	June 2021
1.3	Completed, more frequent team meetings booked on a fixed basis with drop-in sessions for more complex case discussions – remote & face to face meetings in place. CTC’s have had a consultation and felt this would improve support	Senior Manager Unscheduled Care	Completed
1.4	Completed, more frequent team meetings booked on a fixed basis with drop-in sessions for more complex case discussions – remote & face to face meetings in place	Senior Manager Unscheduled Care	Completed

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Matter Arising 2: Policies & Procedures (Operation)		Medium priority
<p>There are no up-to-date documented local policies and procedures in place to support implementation of the Discharge Requirements. Additionally, we understand that some staff find the Discharge Requirements difficult to follow (see paragraphs 2.22-2.26).</p> <p><i>Note: this only affects the health board's discharge policies and procedures, other policies (such as the Continuing Health Care assessment process) remain in place.</i></p> <p>We acknowledge that the health board is waiting for Welsh Government confirmation on the future of the Discharge Requirements – we understand the PFCU is poised to review and refresh the health boards discharge policies and procedures upon receipt of this confirmation.</p> <p>We agree with the health board's position and acknowledge that the timescales for implementation will be dependent upon this confirmation.</p>		<p>Potential risk of:</p> <ul style="list-style-type: none"> <li>inability to effectively manage and scrutinise patient flow; and</li> <li>poor patient flow.</li> </ul>
Recommendations		
2.1	The health board should ensure the update to discharge policies and procedures is undertaken promptly upon confirmation from Welsh Government.	
2.2	The health board should engage relevant staff in the update to ensure the documents are easily understandable (using flow charts and diagrams where appropriate).	
2.3	The content of this audit report should be considered as part of the update process.	
Management response		Responsible individual
2.1 Agree – cannot action until further consultation. Recent engagement with DU has suggested DIOC will return by end of year. If this is the case policies and procedures will need recommencing & revision if required.		Senior Manager Unscheduled Care
		Target date
		TBC on direction by Welsh Government / NHS Wales Delivery Unit

Matter Arising 2: Policies & Procedures (Operation)			Medium priority
2.2	Flow charts & diagrams of discharge requirements circulated to staff, placed in shared access folders and discussed in team meeting. Will be a standard agenda for assurance of understanding & interpretation by staff.	Senior Manager Unscheduled Care	Completed
2.3	The update of any policies will be in line with Welsh Government direction on DTOC and discharge planning, so we are working within national guidelines.	Senior Manager Unscheduled Care	TBC on direction by Welsh Government / NHS Wales Delivery Unit

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Matter Arising 3: Patient Flow Reporting (Design)		Medium priority
<p>In the absence of formal DTOC reporting, monitoring of delayed transfers of care at Board-level was through review of bed utilisation, capacity, length of stay, etc. Additionally, the DPCMHS monitored a weekly list of delayed patients (with actions). This approach may not identify wider issues with delayed transfers and the severity of these issues. The Senior Manager USC acknowledged the need to review the patient flow reporting process going forward, particularly around delayed transfers of care, recognising that Welsh Government has yet to confirm the future of formal DTOC reporting.</p> <p>We identified that much of the patient flow reporting is reliant upon manual data entry and manipulation, which is labour-intensive and time-consuming (see paragraphs 2.63-2.64).</p> <p>We understand the PFCU is in the process of developing an automated bed management / patient flow system with Informatics. We concur with the automation of these systems.</p>		<p>Potential risk of:</p> <ul style="list-style-type: none"> <li>inability to effectively manage and scrutinise patient flow; and</li> <li>poor patient flow.</li> </ul>
Recommendations		
3.1	As part of formalising the PFCU business cycles (see MA1), the health board should consider the key performance metrics for patient flow performance (including delayed transfers of care) to be used for reporting at each level within the health board and how frequently these should be reported.	
3.2	The health board could refer to the 2017 Audit Wales report (Discharge Planning, Powys Teaching Health Board) in identifying metrics, recognising some of the metrics in that report are only relevant for acute care.	
Management response		Target date
3.1	<p>KPI's and pathways are in situ but "paused" whilst DTOC reporting was stepped down. When recommenced a review of pathways will be held to ensure they are in line with any revised guidelines.</p> <p>KPI's for delays &amp; repatriation times will be developed once the technology supports this – incoming with electronic flow system.</p>	<p>Senior Manager Unscheduled Care</p> <p>TBC on direction by WG/ DU</p> <p>Senior Nurse Unscheduled Care</p> <p>End 2021 (Based on installation of electronic patient flow boards)</p>

Matter Arising 3: Patient Flow Reporting (Design)		Medium priority
3.2	The HB will focus on national guidelines for step down & step up beds as a mechanism to support the identification and development of metrics - currently working with Hywel Dda University Health Board & the NHS Wales Delivery Unit to establish a cross agency recording system which will lead to a shared data set. Metrics for discharge pathways is already established.	Senior Nurse Unscheduled Care  Metrics for some aspects established.  Shared data set for recording & monitoring – May 2022

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Matter Arising 4: Training Needs Analysis (Design)		Low priority
<p>We acknowledge the CTCs are all experienced in their role and are required to maintain CPD. However, the health board has not undertaken a formal Training Needs Analysis (TNA) for the PFCU and CTCs (paragraph 2.41-2.42). Our discussion with the CTCs highlighted an increasing level of complexity in the patients they handle (paragraph 2.41) and that they would appreciate support in this area.</p>		<p>Potential risk of:</p> <ul style="list-style-type: none"> <li>poor staff experience; and</li> <li>poor patient flow.</li> </ul>
Recommendations		
4.1	The PFCU should consider undertaking a formal TNA to ensure all team members, including the CTCs, receive the support, training and development needed to effectively fulfil their roles.	
Management response		Target date
4.1	TNA completed, discussed in team meeting. Actioned additional training such as CHC for those requiring & consulting on wider training opportunities.	Completed

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Matter Arising 5: Demand & Capacity Review (Design)		Low priority	
We acknowledge that the daily monitoring processes and small size of the team have enabled the PFCU to reactively identify resource gaps. However, the health board has not undertaken formal demand & capacity review for the PFCU and patient flow (see paragraphs 2.31-2.32).		Potential risk of: <ul style="list-style-type: none"><li>insufficient resource to effectively manage patient flow;</li><li>poor patient flow.</li></ul>	
Recommendations			
5.1	Given the impact of the Covid-19 pandemic and the ongoing development of patient flow initiatives, the health board should consider undertaking a formal demand and capacity review for staff resource for patient flow		
Management response		Responsible individual	Target date
5.1	Seven-day working was stood up during the pandemic where a demand & capacity review was completed for weekend working. As a result, the HB established no demand for seven day working but has a plan to flip if required to seven days. Outside of this flow is managed & workload of CTC’s is manageable There is sufficient evidence to support this (i.e. staff within working hours, flow adequate & ability to flex within teams).  The HB will consider a demand & capacity review in its longer-term plan.	Senior Nurse Unscheduled Care	July 2022

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## Appendix B: Audit Opinion and Priority Ratings


### Audit Assurance Ratings

We define the following levels of assurance that governance, risk management and internal control within the area under review are suitably designed and applied effectively:

 **Substantial assurance** – Few matters require attention and are compliance or advisory in nature. **Low** impact on residual risk exposure.

 **Reasonable assurance** – Some matters require management attention in control design or compliance. **Low to moderate** impact on residual risk exposure until resolved.

 **Limited assurance** – Significant matters require management attention. **Moderate** impact on residual risk exposure until resolved.

 **No assurance** – Action is required to address the whole control framework in this area. **High** impact on residual risk exposure until resolved.

### Prioritisation of Recommendations

We categorise our recommendations according to their level of priority as follows:

Priority Level	Explanation	Action required
<b>High</b>	Poor system design OR widespread non-compliance. Significant risk to achievement of a system objective OR evidence present of material loss, error or misstatement.	Immediately*
<b>Medium</b>	Minor weakness in system design OR limited non-compliance. Some risk to achievement of a system objective.	Within one month*
<b>Low</b>	Potential to enhance system design to improve efficiency or effectiveness of controls. Generally, issues of good practice for management consideration.	Within three months*

\* Unless a more appropriate timescale is identified/agreed at the assignment.





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Cydwasaethau  
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# Audit, Risk and Assurance Committee Update – **Powys Teaching Health Board**

Date issued: May 2021

Document reference: 2001A2020-21

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# Audit Committee Update

## About this document

- 1 This document provides the Audit Committee with an update on current and planned Audit Wales work. Accounts and performance audit work are considered, and information is also provided on the Auditor General's wider programme of national value-for-money examinations and the work of our Good Practice Exchange (GPX).

## Accounts audit update

- 2 **Exhibit 1** summarises the status of our key accounts audit work to be reported during 2020-21.

### Exhibit 1 – Accounts audit work

Area of work	Current status
Audit of the 2020-21 Accountability Report and Financial Statements	Audit underway and Audit of Financial Statements Report will be considered by the ARAC on 8 June.

## Performance audit update

- 3 The following tables set out the performance audit work included in our current and previous Audit Plans, summarising:
- completed work presented to the Audit Committee (**Exhibit 2**);
  - work that is currently underway (**Exhibit 3**); and
  - planned work not yet started or revised (**Exhibit 4**).

### Exhibit 2 – Work completed

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Area of work	Considered by Audit Committee
<u>Test, Trace, Protect in Wales: An Overview of Progress to Date</u>	June 2021
<u>Procuring and Supplying PPE for the COVID-19 Pandemic</u>	June 2021
Annual Audit Report	January 2021
<u>Structured Assessment 2020</u>	November 2020
<u>Effectiveness of Counter-Fraud Arrangements</u>	September 2020
<u>Structured Assessment 2019</u>	January 2020
<u>Implementing the Wellbeing of Future Generations Act</u>	January 2020

### Exhibit 3 – Work currently underway

Topic and relevant Executive Lead	Focus of the work	Current status and Audit Committee consideration
<p>Orthopaedic services – follow up</p> <p>Executive Lead – Medical Director</p>	<p>This review will examine the progress made in response to our 2015 recommendations. The findings from this work will inform the recovery planning discussions that are starting to take place locally and help identify where there are opportunities to do things differently as the service</p>	<p>Report being drafted</p> <p>TBC</p>

Topic and relevant Executive Lead	Focus of the work	Current status and Audit Committee consideration
	looks to tackle the significant elective backlog challenges.	
<p>Quality Governance</p> <p>Executive Lead – Director of Nursing</p>	<p>This work will allow us to undertake a more detailed examination of factors underpinning quality governance such as strategy, structures and processes, information flows, and reporting. This work follows our joint review of Cwm Taf Morgannwg UHB and as a result of findings of previous structured assessment work across Wales which has pointed to various challenges with quality governance arrangements.</p>	<p>Fieldwork underway</p> <p>TBC</p>
<p>Structured Assessment</p> <p>Executive Lead – Chief Executive</p>	<p>This work will continue to reflect the ongoing arrangements of NHS bodies in response to the COVID-19 emergency. The work will be undertaken in two phases. Phase 1 will review the effectiveness of operational planning arrangements to help NHS bodies continue to respond to the challenges of the pandemic and to recover and restart services. Phase 2 will examine how well NHS bodies are embedding sound arrangements for corporate governance and financial management, drawing on lessons learnt from the initial response to the pandemic.</p>	<p>Phase 1 - Fieldwork completed and feedback provided.</p> <p>Phase 2 due to start in May 2021</p> <p>September 2021</p>

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Topic and relevant Executive Lead	Focus of the work	Current status and Audit Committee consideration
Vaccination rollout	This fact-based review will provide a high-level overview on key aspects relating to the administration, planning and approach for the rollout of vaccinations in Wales. This review will not seek to investigate detailed arrangements within health bodies.	Report due to be published June 2021.  TBC

#### Exhibit 4 – Planned work not yet started or revised

Topic and relevant Executive Lead	Focus of the work	Current status and Audit Committee consideration
Review of Unscheduled Care  Executive Lead – Medical Director	This work will examine different aspects of the unscheduled care system and will include analysis of national data sets to present a high-level picture of how the unscheduled care system is currently working. Once completed, we will use this data analysis to determine which aspects of the unscheduled care system to review in more detail.	Data analysis currently being completed with a national commentary due for publication in June. Further work not yet started
Local work 2020 (TBC)	The precise focus of this work is yet to be determined.	TBC

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## Good Practice events and products

- 4 In addition to the audit work set out above, we continue to seek opportunities for finding and sharing good practice from all-Wales audit work through our forward planning, programme design and good practice research.
- 5 In response to the COVID-19 pandemic, we have established a **COVID-19 Learning Project** to support public sector efforts by sharing learning through the pandemic. This is not an audit project; it is intended to help prompt some thinking, and hopefully support the exchange of practice. We have produced a number of outputs as part of the project which are relevant to the NHS, the details of which are available [here](#).
- 6 We plan to hold a Covid-19 Learning Week during the week commencing 8 March. Details of future events are available on the [GPX website](#).

## NHS-related national studies and related products

- 7 The Audit Committee may also be interested in the Auditor General's wider programme of national value for money studies, some of which focus on the NHS and pan-public-sector topics. These studies are typically funded through the Welsh Consolidated Fund and are presented to the Public Accounts Committee to support its scrutiny of public expenditure.
- 8 **Exhibit 5** provides information on the NHS-related or relevant national studies published since the Committee last met, including all-Wales summaries of work undertaken locally in the NHS.

### Exhibit 5 – NHS-related or relevant national studies reports

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Title	Publication Date
<u>An overview of Quality Governance Arrangements at Cwm Taf Morgannwg University Health Board: A Summary of progress made against recommendations</u>	May 2021
<u>Welsh Health Specialised Services Committee Governance Arrangements</u>	May 2021
Cyber Resilience in the Public Sector	January 2021
<u>Doing it differently; doing it right? Governance in the NHS During the COVID-19 Crisis – Key Themes, Lessons, and Opportunities</u>	January 2021
<u>Procurement and supply of PPE during the COVID-19 pandemic</u>	December 2020

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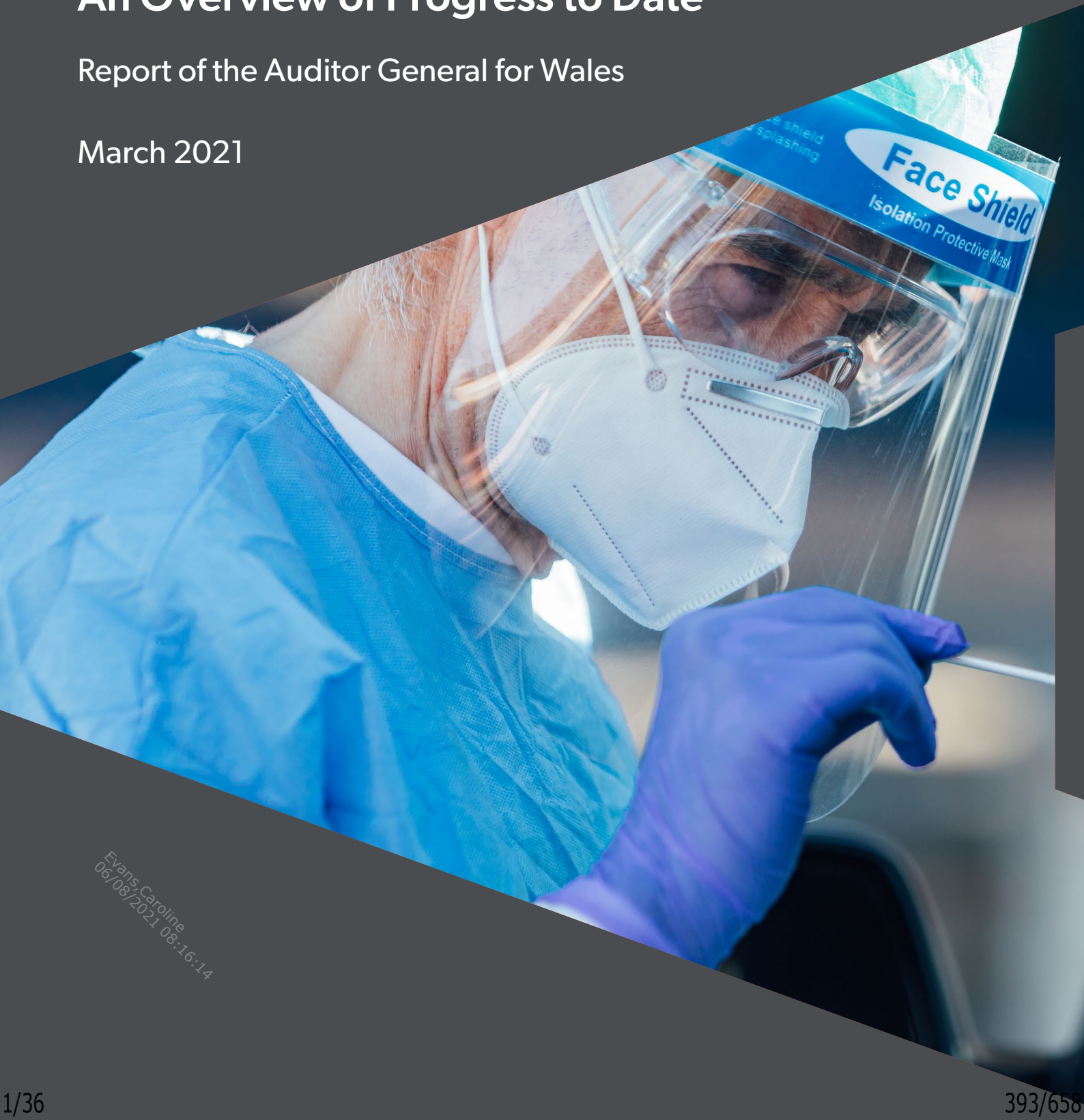
We welcome correspondence and telephone calls in Welsh and English.

Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg.

# Test, Trace, Protect in Wales: An Overview of Progress to Date

Report of the Auditor General for Wales

March 2021



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Mae'r dogfen hon hefyd ar gael yn Gymraeg.

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# Summary report

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## Introduction

- 1 Test, Trace, Protect (TTP) is a crucial part of the Welsh Government's approach to limiting the spread of COVID-19 and reducing the need for restrictions on people's lives. The TTP programme was developed rapidly from scratch through the partnership arrangements put in place when the pandemic first hit in March 2020 and forms part of the wider response to the virus, set out in the Welsh Government's **Coronavirus Control Plan for Wales**.
- 2 The Welsh Government's **Test, Trace, Protect** strategy sets out the key elements of the programme which comprise:
  - identifying and testing people who may have COVID-19;
  - tracing people who have been in close contact with someone who has tested positive for COVID-19; and
  - providing advice and guidance to protect the public and supporting people to self-isolate where necessary.
- 3 **Exhibit 1** provides further information on how TTP works in Wales.

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## Exhibit 1 – how TTP works in Wales

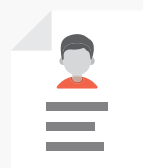
**The Welsh Government sets the priorities and provides funding and oversight of TTP with advice from Public Health Wales NHS Trust (PHW)**

### Test



- Health boards and local authorities work with partners to provide testing facilities where swabs are taken and then sent for analysis.
- Welsh NHS (PHW) labs analyse some of the tests. Some are analysed by private labs known collectively as the UK Lighthouse Labs. The Lighthouse Labs are managed by a partnership led by the UK Government<sup>1</sup>.

### Trace



- Where relevant<sup>2</sup>, the details of people who tested positive for COVID-19 are sent to local contact tracing teams in the area where they live. Teams are coordinated regionally by health boards and local authorities.
- Contact tracing teams speak to people who tested positive to identify anyone they may have infected.
- Contact tracing teams try to reach anyone who came into contact with the person who tested positive. They advise people who have symptoms to get tested and self-isolate. They send regular text messages to contacts without symptoms to see if they have developed symptoms.

### Protect



- Contact tracing teams ask people whether they need help to self-isolate and pass their details onto local authority teams.
- Local authority teams and the third sector support people who need help to self-isolate.

Source: Audit Wales

1 The partnership includes Medicines Discovery Catapult (a UK Government funded organisation), the UK Biocentre, the University of Glasgow, the University of Cambridge, and private companies: AstraZeneca, GSK, and PerkinElmer.

2 There are people whose details do not go to contact tracing teams, for instance people in care homes, prisons, or hospitals.



## About this report

- 4 This report sets out the main findings from the Auditor General's review of how public services are responding to the challenges of delivering TTP services in Wales. It is a high-level overview of what has been, and continues to be, a rapidly evolving programme. The evidence base for our commentary comes from document reviews, interviews with staff in health boards, local authorities, NHS Wales Informatics Service (NWIS), Public Health Wales (PHW) and the Welsh Government between September and December 2020, and analysis of key metrics that show how well the TTP programme has been performing. As well as commenting on the delivery of TTP up to and including December 2020, the report sets out some key challenges and opportunities that will present themselves as part of the ongoing battle to control COVID-19.

## Key messages

- 5 The TTP programme has seen different parts of the Welsh public and third sector work together well, in strong and effective partnerships, to rapidly build a programme of activities that is making an important contribution to the management of COVID-19 in Wales.
- 6 The configuration of the TTP system in Wales has a number of strengths, blending national oversight and technical expertise with local and regional ownership of the programme, and the ability to use local intelligence and knowledge to shape responses.
- 7 Arrangements for testing and contact tracing have evolved as the pandemic has progressed. But maintaining the required performance in these areas has proved challenging in the face of increasing demand.
- 8 TTP is a crucial part of the Welsh Government's approach but has not been the only way it is trying to prevent the virus spreading. Despite increased testing and tracing activity, the virus has continued to spread. In Wales, as in other parts of the UK and internationally, testing and tracing has needed to be supplemented with increasingly stringent local and national lockdown restrictions in an attempt to reduce transmission rates.

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- 9 Lockdowns have only provided temporary solutions to controlling transmission and regardless of progress with vaccines, the TTP programme will remain a key tool in Wales's battle with the virus for some time to come.
- 10 Testing volumes increased significantly in response to increasing incidence of COVID-19, and results have generally been turned around quickly. The tracing workforce has expanded rapidly. But when demand has risen across regions at the same time, there has been insufficient contact tracing capacity to meet the increased demand.
- 11 Most importantly of all, the public has a huge role to stop the virus spreading by following guidance and self-isolating when necessary. There is now good information to show the breadth and range of services and support adopted across Wales during the pandemic. But it remains difficult to know how well the 'protect' element of TTP has been working in supporting people to self-isolate. This will become increasingly important as 'lockdown fatigue' sets in with its associated challenges for emotional, physical and economic well-being.
- 12 These key messages are explored further in the following sections.

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Wales has developed a Test, Trace, Protect service largely from scratch and at unprecedented scale and pace.

It has been particularly encouraging to see how well public sector partners have worked together at a national, regional, and local level to combine specialist expertise with local knowledge, and an ability to rapidly learn and adjust the programme as we've gone through the pandemic. It's important that the positive learning is captured and applied more widely.

There have been times when the Test, Trace, Protect service has been stretched to the limit, but it has responded well to these challenges. The programme needs to continue to evolve, alongside the rollout of vaccines, to ensure it remains focused on reaching positive cases and their contacts, and supporting people to self-isolate to keep the virus in check. ”



**Adrian Crompton**

Auditor General for  
Wales

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# Main findings



01

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## How well are various agencies working together to deliver TTP in Wales?

- 1.1 The various organisations involved in delivering TTP in Wales have worked incredibly hard, in strong and effective partnerships, at a rapid pace and together have established a range of activities that have been making important contributions to the management of COVID-19 in Wales.
- 1.2 The scale of the challenge has been significant. With the exception of localised arrangements that have been previously enacted to respond to public health outbreaks, TTP arrangements were non-existent prior to the pandemic. The following exhibit provides an indication of the scale of the TTP programme during the second peak in COVID-19 cases.

### Exhibit 2 – comparison of TTP activity at the week ending 2 January



40 testing sites in place, carrying out **96,000** tests per week



Equivalent to the average number of outpatients seen by Cardiff & Vale University Health Board every two months



**2,400** staff appointed, trained, and onboarded to provide contact tracing



Equivalent to just under half of the total workforce employed by the Welsh Government



8 regional teams in place, tracing, providing advice to, and following up on **14,000** positive (index) cases and **31,200** close contacts per week



Equivalent to the average number of 999 calls made to the Welsh Ambulance service each month

Source: Welsh Government and Public Health Wales

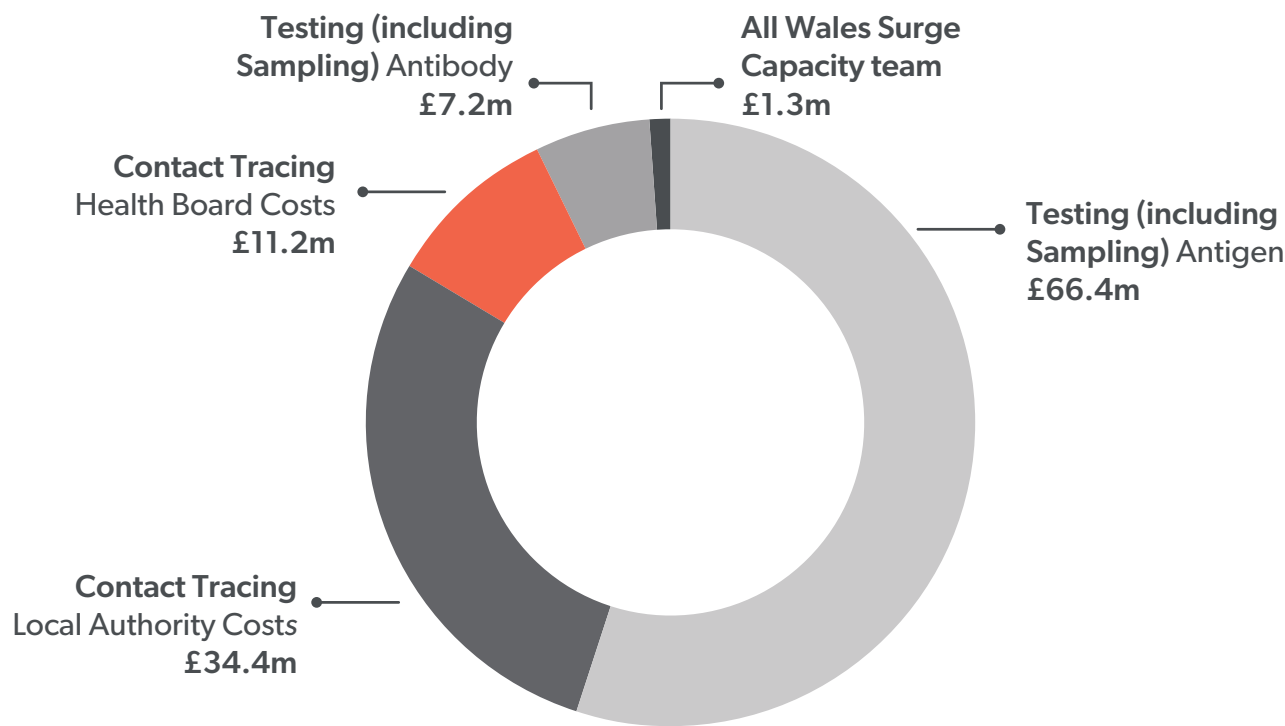
- 1.3 Whilst roles and responsibilities within the system were not fully understood by all in the early stages of the pandemic, they became clearer as the programme evolved and responded to the challenges of incidents, outbreaks, and rising transmission rates.
- 1.4 The configuration of the TTP system in Wales has a number of strengths, blending national oversight from Welsh Government, with the technical expertise and experience that sits within PHW, health boards, local authorities, third sector and NWIS. Crucially, the TTP model in Wales has given PHW, health boards and local authorities' ownership of the process, and the ability to use local intelligence and knowledge to shape responses to the pandemic.
- 1.5 The programme has demonstrated that it can adapt and evolve quickly, learning lessons from the management of early outbreaks and trying to effectively marry Wales specific and UK-wide arrangements. However, this has, and continues to be, a challenge and officials we spoke to described it as trying to 'design, build and fly an aircraft all at the same time'. The new variants of the virus also present a significant challenge and are increasing the pressure on the TTP programme to remain agile.
- 1.6 The fact that Wales has not had sole control over all the elements of the TTP programme has caused some operational challenges in respect of access to tests. Wales relies heavily on the UK Lighthouse Laboratories (Lighthouse Labs) and in September, the UK Government unilaterally announced that it was capping daily testing capacity in Lighthouse Labs in response to high demand for tests. Whilst the UK Government quickly released more tests for Wales, the episode highlighted some of the challenges associated with the hybrid testing system. This issue is explored further in **paragraph 1.21**.

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## How much is TTP costing?

1.7 The Welsh Government element of the TTP programme is expected to cost over £120 million during 2020-21, of which almost three-quarters is on testing (**Exhibit 3**). The actual costs to the taxpayer are considerably higher because Wales does not pay directly for its share of testing sites or laboratory facilities which are commissioned by the UK government (**see section on testing**). Health boards, local authorities, PHW and the Welsh Government have also redeployed staff to deliver TTP which is not included in the all-Wales spending figures. The exact expenditure relating to the ‘protect’ element of the programme is also not included as associated costs are part of wider service provision costs for local authority and third sector organisations.

**Exhibit 3 – all-Wales TTP expenditure for 2020-21 (£ million) based on actual expenditure to month 10 and forecast to year end. This chart does not include all TTP expenditure**



Source: TTP Monthly monitoring returns<sup>1</sup> – based on ‘Month 10’ submission

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1 Health boards and trusts submit the monitoring returns to Welsh Government for review.

## How well is testing for COVID-19 working in Wales?

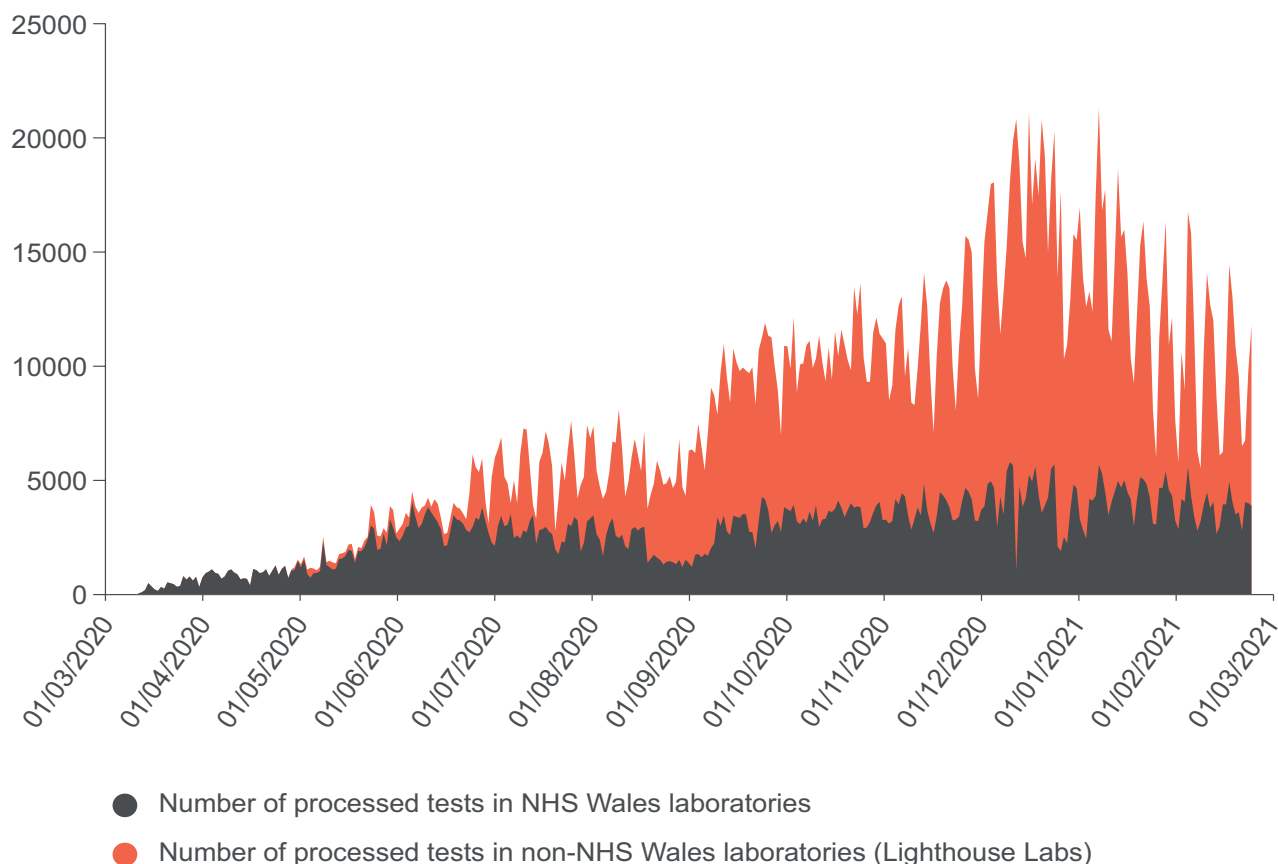
- 1.8 At the start of the pandemic, the level of available lab capacity across Wales was below that required to meet expected demand from its TTP programme. The UK-wide network of Lighthouse Labs has provided significant additional capacity since May which the Welsh public sector would not have been able to secure on its own. Plans to further increase Welsh public sector provided lab capacity were announced in August supported by additional Welsh Government funding of £32 million.
- 1.9 When compared to other countries, the UK and Wales has had some of the highest population testing rates in the world<sup>2</sup>. The extra investment helped to support an additional 6 'hot labs' to enable rapid test analysis, and to support 24-hour provision of Welsh NHS laboratories. This required the recruitment of additional laboratory staff.
- 1.10 Significant sampling capacity has also been put in place since May. This continues to expand, including local testing sites and mobile testing units which can be moved to areas of need. A number of sampling facilities are run by private contractors as part of the UK testing programme. But health boards, and the Welsh Ambulance Services NHS Trust have increasingly been providing additional sampling capacity.
- 1.11 The pathway for sampling and analysis of tests has varied depending on who is having the test and includes a level of complexity (**Appendix 1**). The Lighthouse Labs provide basic positive or negative results but have been able to respond to high demand and analyse large volumes. Welsh NHS laboratories provide tests which provide greater detailed analysis, but they have been unable to respond to high demand. These arrangements have and will continue to change when new swabbing and lab services are introduced, and new tests are developed and introduced.
- 1.12 **Exhibit 4** shows a significant growth in the level of testing done between mid-March and February 2021. It also shows that a significant proportion of the demand for tests across Wales has been met by the Lighthouse Labs.

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- 2 At the time of our fieldwork we looked at the top 30 countries with the most cases. Since the start of the pandemic, the UK had the second highest rate and Wales had the sixth highest rate of testing (antigen and antibody).



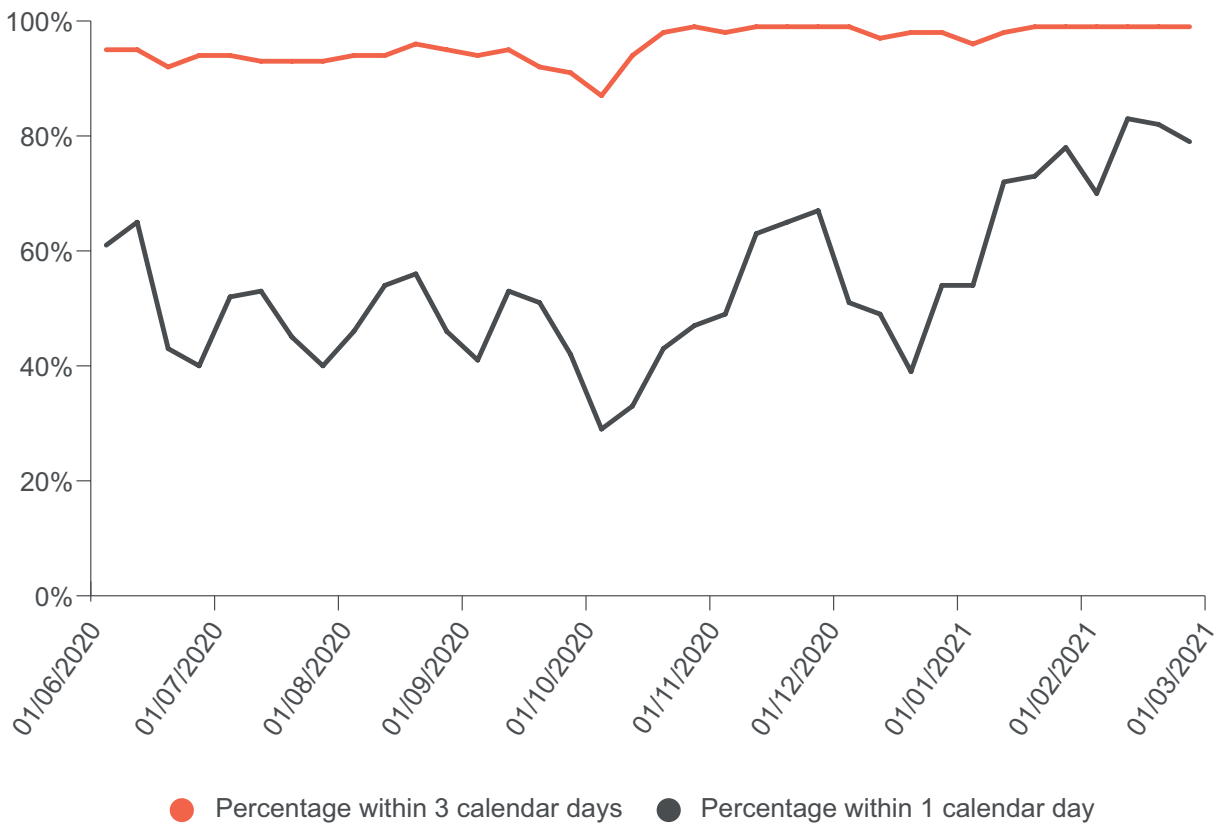
#### Exhibit 4 – total processed tests for Welsh residents split by NHS Wales and Lighthouse Labs provision up to 25 February 2021



Source: Public Health Wales

- 1.13 Timeliness is crucial to containing the spread of the virus. A quick turnaround for a positive test result allows contact tracing teams to reach that person's contacts sooner and tell them to self-isolate to prevent further spread. A quick turn-around on a negative result also reduces the impact on individuals and on the wider economy, for example, by allowing them to return to work.
- 1.14 **Exhibit 4** indicates that by late September, laboratories were processing over 10,000 tests a day for Welsh residents. At that time, there were increasing rates of COVID-19 across a number of county areas, significant increases in demand for tests as a result of schools reopening, and the onset of seasonal illnesses with similar symptoms. The effect of the above factors contributed to a reduction in the proportion of tests that were turned around within the 'gold' standard of one calendar day, although turnaround within three calendar days has largely been maintained. The additional testing capacity across Wales has helped improve the performance over recent months (**Exhibit 5**).

**Exhibit 5 – percentage of tests reported within one calendar day and within three calendar days (both Welsh and Lighthouse Labs) up to 1 March 2021**



Source: Public Health Wales

1.15 The time between people giving a sample and the results being reported by the lab (turnaround times), however, has varied quite significantly depending on the location of the test and where it has been analysed. We found that:

- Welsh NHS lab turnaround times for hospital tests, and more latterly community and mass tests<sup>3</sup>, have generally performed well with over 80% of hospital tests, and over 70% of community tests turned around within one calendar day.
- Welsh NHS lab turnaround times for asymptomatic key workers (including care home staff) and care home residents within one calendar day has been as low as 25%. But more recently increased to around 50%, although it is important to note that the expected turnaround times for this cohort is three calendar days. Although performance dipped during the September period, almost all results have been turned around with three calendar days.

3 This includes regional drive-through, mobile, and local walk-in test centres supported by Welsh NHS labs, as well as community testing sites for outpatients and symptomatic key workers.

- Lighthouse Lab turnaround times for community testing<sup>4</sup> performed well until September. But then timeliness sharply declined when demand increased (as set out in **paragraph 1.14**), with an average of just 30% of tests turned around within one calendar day at the end of October. Performance has since improved and was running at 98%.
- Lighthouse Lab turnaround times for tests kits, either via the organisation portal for care homes, or for home-testing, within one calendar day has been low at around 30% and has been consistently since August albeit a slight improvement for portal tests during November. Note that the expected turnaround time for this cohort is also three calendar days. Although performance was around 50% during the summer period, almost all results are now being turned around within three calendar days.

1.16 When considering the points above, it is worth recognising the logistical challenges associated with transporting swabs from some geographically isolated sampling locations to labs in Wales and in England can contribute to longer turnaround times. The timeliness of home test kits is also reliant on swabs being posted back to the labs in a timely manner. The volume of testing in the UK and in Wales is also high in comparison with other countries with similar case numbers. However, these challenges need to be overcome as success of the TTP programme is critically dependent on timeliness of test results. As a result, a Lighthouse Lab was opened in Newport in October, and a consolidation centre opened in Cardiff in January to enable faster transportation.

1.17 The frequency of in-hospital testing has improved since the start of the pandemic but needs to be strengthened further. Hospital outbreaks of COVID-19 have clearly been a risk which could have been reduced through effective testing regimes, both before and on admission, as well as more frequent testing during a patient's hospital stay.

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4 This includes regional drive-through, mobile, and local walk-in test centres supported by Lighthouse Labs.

- 1.18 PHW figures show that compared to the first wave of the pandemic, hospitals have been testing proportionately more patients on admission<sup>5</sup>, increasing from 24% in the first wave to 54% in October, but there remains considerable room for improvement. Data on the [PHW website](#) provides further detail and indicates that levels of testing has varied significantly across Wales, with Hywel Dda University Health Board testing approximately 24% of patients in October compared to 64% in Betsi Cadwaladr University Health Board. Variation between health boards narrowed during November, with all health boards more recently testing between 50-60% of all admissions, with the exception of Cardiff and Vale which has been at a lower rate of around 40%. Once tested on admission however there has been no regular testing during a patient's hospital stay unless patients have developed symptoms. This has been with the exception of patients discharged to care homes, which has required patients to have had two negative test results before being discharged.
- 1.19 The levels of risk have varied in different areas of Wales because of different prevalence of disease in the communities, However, it has been clear that once an in-hospital outbreak occurs, spread of COVID-19 as a result of hospital transmission has placed a significant burden on hospital capacity and resulted in very poor outcomes for patients.
- 1.20 The number of people who have got COVID-19 in hospital has been relatively low across Wales (approximately 8% of all cases during the week commencing 8 February) but there had been an increasing number of outbreaks over recent months. It is important that testing regimes within hospital settings are designed to meet this challenge and reduce the risk of hospital acquired coronavirus infections.

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5 PHW figures exclude confirmed positive cases and elective patients who are tested prior to admission.

## What factors are affecting testing?

- 1.21 The Lighthouse Lab arrangements have created some challenges for Wales given that the UK Government make the decisions about the use of lab capacity. Up until October, regions in Wales were not sighted on the Lighthouse Lab capacity available to them in their retrospective areas. During that time, increased demand in other parts of the UK as well as decisions made by the UK Government impacted on the availability of testing across Wales. This included:
- the decision to cap the number of tests available during September to manage demand through the Lighthouse Labs, resulted in reduced slots available and underuse of test centres which meant not everyone who needed a test could get one.
  - the decision by the Lighthouse Labs to hold back on analysing swabs from the regular programme of asymptomatic care home testing which resulted in those swabs no longer being valid for analysis.
  - the setting up of the UK Government's portal for booking tests which directed residents to the geographically nearest testing site with available capacity. This resulted in English residents travelling into Wales for tests, sometimes into areas that were in local lockdown, reducing the number of tests available for Welsh residents. It also resulted in Welsh residents being offered tests in other parts of the UK.
- 1.22 All regions now have access to the Lighthouse Lab capacity available to them on a daily basis, and for the week ahead to enable capacity to be deployed to the right areas. Mileage restrictions have also now been placed on tests booked through the UK Government portal to minimise the flow across countries, as well as the flagging-up of local restrictions to stop travel into lockdown areas. Where there have been community outbreaks, regions have also been able to take some control of the booking arrangements to ring-fence privately run sampling capacity to local communities where appropriate, although this has been reliant on health board's having alternative booking systems in place.
- 1.23 Current service performance management data focuses on the time from which a sample is taken to the time when the result is reported. Information on the testing capacity is also available, as is the extent that the capacity has been utilised. This operational information is useful to manage what are a complex set of services that are provided by distributed test site and lab units. However, there has been no information on the number of people that try to get a test but are unable to get one. This, if available, would give a picture on unmet demand.

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- 1.24 Similarly, no information is reported on the time taken from when people identify the symptoms to the time when they have a test. This would be important to establish delays in accessing tests, particularly at times of high demand, as well as understanding population behaviours and potentially 'soft' barriers that are delaying people going for tests. This could include for example a person showing a symptom of the disease but not going for a test until their symptoms exacerbate. This information is captured as part of the contact tracing process but has not been reported.
- 1.25 Since the early part of December the Welsh Government, with the regional partners, have been utilising rapid testing. This includes the Lateral Flow Device, which gives results within 30-40 minutes. This was used in the recent pilot in Merthyr Tydfil and Lower Cynon, to understand the rate of infection. Rapid testing is now providing some significant benefits, for example, testing care home visitors, emergency department patients and key workers to enable rapid decisions and action to be taken. It is also providing benefits by reducing the elapsed time for contacts to be traced and told to isolate, as the rapid results enable the positive cases to inform their contacts immediately.
- 1.26 However, the rapid tests have come with some challenges, as they are not as accurate as the swab tests analysed through the labs. Until recently, people who returned a positive lateral flow test were advised to have an additional swab test to confirm the positive result and for their details to then be added to the contact tracing system. This had the potential to create additional demand on the testing system when applied to asymptomatic populations. The level of 'false positives' to date, however, has been very low and the decision has since been taken to directly record the rapid test result on the contact tracing system to enable tracing. There remains a risk, however, that some people who have the virus get a 'false negative' result and inadvertently infect more people. It should be noted that the risk of 'false negative' results also applies to lab-based tests as well as rapid lateral flow tests.

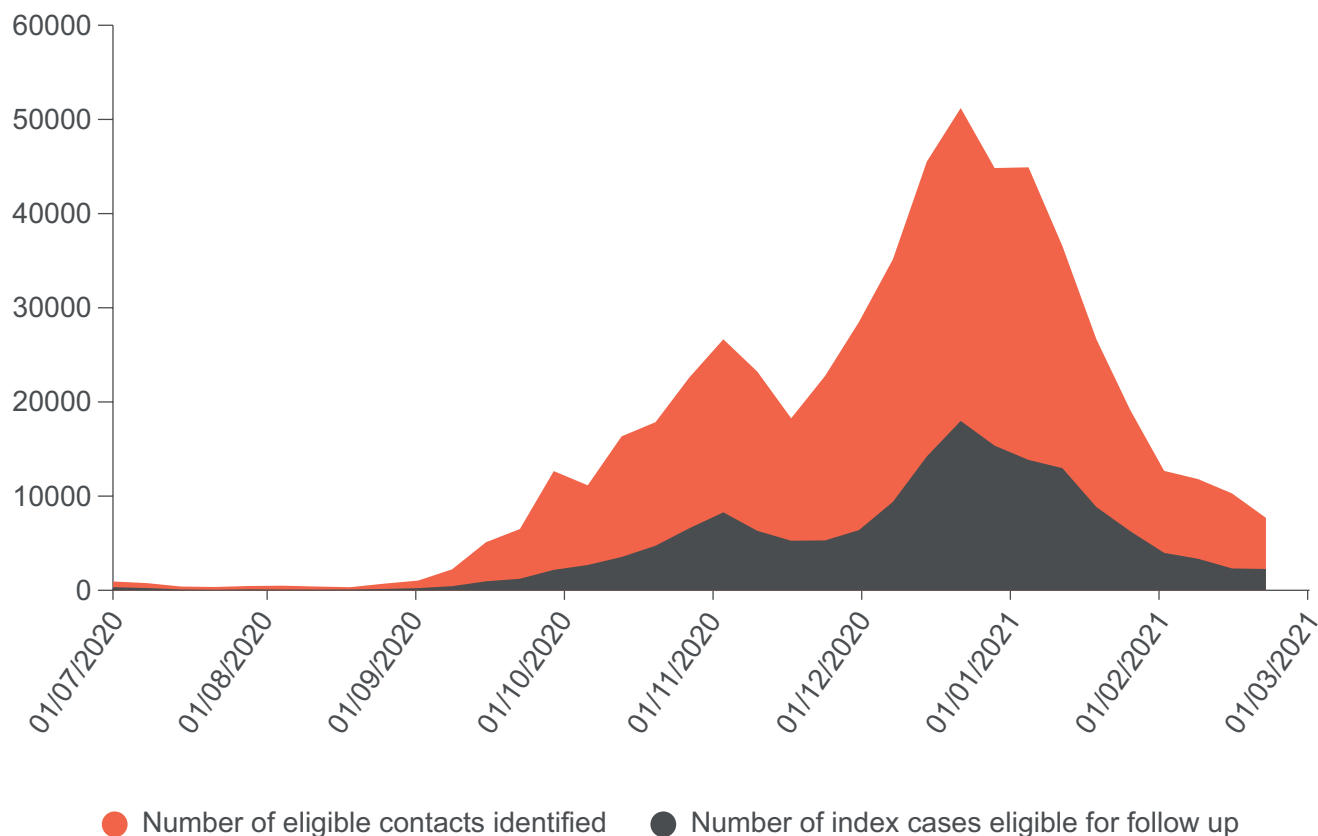
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## How good is contact tracing?

- 1.27 It is internationally recognised that contact tracing is a well-established mechanism to control the spread of infectious disease. It involves contacting and providing advice to people who have tested positive, finding out who their close contacts have been, and reaching those close contacts to advise them on what they need to do. Contact tracers try to build trust to find out who people have been in contact with, especially where they may be reluctant to admit they have broken the rules. Tracers also play a key role in advising people of the importance of self-isolating, and to flag up with wider public and third sector services where additional support may be needed.
- 1.28 While some small-scale public health control and outbreak tracing arrangements were in place prior to the pandemic, the pace at which new tracing services have been introduced, as well as the scale of them, has been significant. This has included:
- development of all-Wales processes, guidance and scripts;
  - the procurement, development and rollout of an IT system within a six-week period; and
  - the local recruitment and training of a workforce which, by December 2020, was 2,400 strong.
- 1.29 The scale of these contact tracing arrangements has never been seen in Wales before. This was enabled by strong and effective partnership working within and across local authorities and health board regions.
- 1.30 Irrespective of the scale of the tracing service introduced, the challenge presented by the pandemic has been immense. Contact tracing services in Wales have generally performed well but the timeliness of tracing activity has seen some deterioration at periods of high demand, when services have needed to respond to increasing infection rates during the autumn and winter. **Exhibit 6** shows the significant weekly growth in the numbers of eligible<sup>6</sup> cases and their contacts that need to be traced by the service.

6 An eligible index (positive) case is one that requires contact. There may be instances where the case is not eligible, for example they are an inpatient in a hospital (and therefore all contacts are known and informed through internal processes), or it may be a repeat or duplicated test.

### Exhibit 6 – all-Wales number of eligible cases needing to be contacted up to 21 February 2021

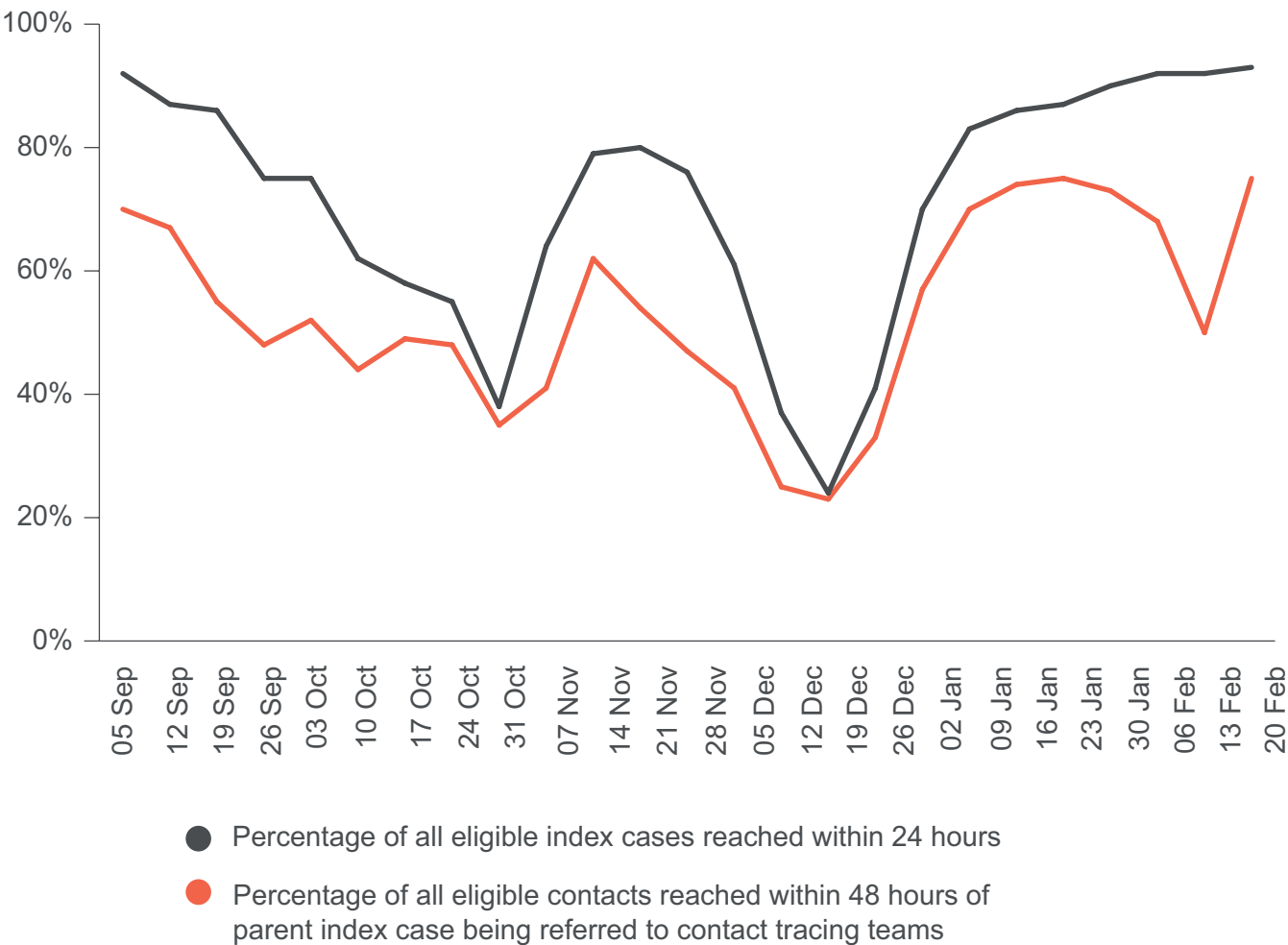


Source: Welsh Government

- 1.31 At the beginning of September tracing teams were reaching most positive 'index' cases in 24 hours. The time taken to reach index cases is measured from when their details are uploaded into the digital tracing system to the time tracers successfully make contact. For close contacts, the clock starts both when a close contact is identified by a positive case, and also from the point when the related index case was referred onto the contact tracing system. The clock stops when successful contact has been made. Whilst index cases know they have tested positive and should self-isolate, their close contacts may have the virus and be unaware of it. Therefore, the longer it takes to reach contacts, the more likely they are to unwittingly spread the virus. **Exhibit 7** shows how the timeliness of tracing activity can deteriorate when demand on contact tracing teams increases. At 19 December, 24% of all eligible index cases were reached within 24 hours, compared with 93% at 20 February. Also, at 19 December, only 23% of all eligible contact cases were reached within 48 hours of the index case being reported to the tracing teams, compared with 75% at 20 February.



Exhibit 7 – all-Wales timeliness of contact tracing (within 24 and 48 hours) up to 21 February 2021



Source: Welsh Government

1.32 Even though the TTP system has been contacting a high proportion of both positive index cases and their close contacts, a small proportion of people have not been reached at all. This has been for a number of reasons which includes incorrect contact details or a reluctance of contacts to respond to the call. At 20 February, 625 index cases (0.4%) and 21,482 close contacts (5%) had not been reached at all. It is important to note that only people going through the TTP system will have been traced, Members of the public who have reported symptoms through other means, such as the **ZOE symptom app** or tested positive by undertaking a private test will not have been traced.

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## What factors are affecting contact tracing?

- 1.33 The capacity within tracing teams has been a key determinant of their ability to reach positive cases and their close contacts. At the start of the TTP programme in June, the Welsh Government made £45 million available for health boards and local authorities to set up contact tracing teams across Wales. Plans were developed to manage peaks and troughs in demand for contact tracing with a flexible workforce that included staff redeployed from other services which had closed down because of the pandemic.
- 1.34 Over the summer, some staff returned to their main job when services started operating again, and health boards and local authorities started recruiting new staff to boost their tracing capacity. In November, the Welsh Government provided an additional £15.7 million to nearly double the tracing workforce in Wales from 1,800 to 3,100. By December 2020, there were 2,400 people<sup>7</sup> working in tracing teams.
- 1.35 Recruiting new staff, including bilingual staff, into local tracing teams at the same time as redeployed staff were returning to their normal job resulted in a greater degree of churn than expected for some teams and created some gaps in tracing skills and experience. New staff can take longer to process tracing cases. We are also aware that introducing new staff in some regions created problems such as data entry errors by inexperienced staff. There was also a heavy reliance on the existing expertise of public health protection and environmental health specialists who needed to deal with the more complex outbreaks, alongside their wider work supporting the application of social distancing measures in various settings.
- 1.36 Effective training has therefore been an important part of the work to build the capacity of contact tracing teams. In the Cardiff and Vale region there has been a dedicated tracing trainer whilst in other regions training has been provided by an existing member of the contact tracing team alongside their existing tracing duties.
- 1.37 It is important to note that whilst training of new contact tracing staff is clearly important, each local and regional team will have been working within an operating framework that was developed by PHW, who also wrote the 'scripts' for contact tracing teams.

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<sup>7</sup> Full time equivalents.

- 1.38 A positive feature of the way contact tracing has operated in Wales is the concept of 'mutual aid' where caseload work has been shared between regions if one region has been experiencing particular pressures due to rapid rises in positive cases. This mutual aid played a part in the management of the early outbreak in Anglesey and more latterly when case numbers rose sharply in the Cwm Taf Morgannwg area. The Welsh Government has also set up a new all-Wales 'surge' team which, along with mutual aid arrangements, has been used to manage peaks and troughs in demand for tracing activity. It is also been conducting an efficiency review of tracing across Wales to ensure best performance.
- 1.39 Within each region there has also been a central contact tracing team which includes specialist staff drawn from NHS and local authority partners to help deal with the more complex issues such as contact tracing within care homes and hospital settings. More detailed contact tracing to understand the exact source of the transmission has also taken place as capacity has allowed. This has required the reshaping of the work of public protection, the wider cohort of environmental health officers and local authority health and safety teams to work with businesses and communities found to be at the source of the outbreak, and apply enforcement notices where relevant.
- 1.40 The tracing workforce in Wales has increased rapidly, but during December, tracing teams struggled to meet demand from the surge in infection rates. To meet the demand, some teams temporarily prioritised cases to be traced and asked people who had tested positive to speak to close contacts themselves.
- 1.41 Since 9 June, all tracing teams have used the same digital Customer Relationship Management (CRM) information system. NWIS procured the CRM system and negotiated a software licensing contract where the number of users could be scaled up or down, which helped to control costs. The CRM system links to the Welsh laboratory information system and updates every 30 minutes with new positive cases. The system allocates positive cases to the tracing team where they live. Tracing teams then record information about positive cases and their contacts in the CRM system. Information can be extracted from the CRM system to gauge how well contact tracing is performing and to understand the spread of the virus.

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- 1.42 Contact tracing teams have encountered some practical challenges since the launch of the CRM system. For example, one region reported that system functionality resulted in 'shadow lists' on the system where some positive cases were recorded but were not visible in the tracing queue. These types of issues are, however, quickly resolved. Concerns, however, have remained with the unreliability of the telephony system, which supports calls from the CRM system. This is resulting in contact tracers, for example, not being able to make calls when they need to because of connectivity issues.
- 1.43 Some tracing teams have also reported that the batch processing of lab results and the subsequent upload of positive cases onto the CRM created a peak of cases to follow up. Whilst this was to be expected, the uploads particularly at the end of the day made it difficult for tracing teams to meet timeliness targets, as many cases would not have been followed up until the next working day.
- 1.44 The quality of the information coming from the system has depended on the accuracy of information entered by contact tracing teams. It has also relied on having skilled data analysts to extract the information and use it in meaningful ways, but at the time of our review some regions lacked data analyst capacity.
- 1.45 There have been other practical challenges that contact tracing teams have encountered as the pandemic has progressed. There have been outbreaks in commercial work settings where many employees did not speak English. There have also been incidences of contact details being incorrectly recorded either deliberately or because the systems for recording information were rudimentary (ie handwritten details with associated problems with legibility).
- 1.46 All of these challenges have been worked through with lessons learnt and shared as part of the ongoing evolution of the TTP programme. These challenges have also been worked through quickly, reflecting the ability of the service to respond to issues and where relevant make changes to working processes or policies, at pace.

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## What is being done to support people who need to self-isolate?

- 1.47 Despite the positive recent news about vaccine development and roll out, Wales still finds itself in a position where cases of COVID-19 are circulating widely. It is therefore absolutely vital for people to self-isolate if they have tested positive for the virus, or if they are a contact of somebody who has tested positive.
- 1.48 However, for many people self-isolation has brought numerous practical, financial and well-being challenges. The 'protect' element of TTP has been about providing the necessary support and information to those who need to self-isolate.
- 1.49 Whilst the initial Prevention and Response Plans<sup>8</sup> at a regional level lacked detail on what would be done to support people to self-isolate, our work has found that numerous initiatives have been in place to provide such support. Typically, these have been collaborative initiatives at a regional and local level involving public sector bodies and various agencies from the voluntary sector, often supported by community volunteers. These services have looked to provide practical help such as food shopping, medicines collection and wider support for those at risk of loneliness and social isolation. Work has also been undertaken to provide support to specific population groups such as university students and tourists travelling into Wales during periods when lockdown restrictions are lifted so they are aware of local measures that are in place and where to go to for support.
- 1.50 In response to the financial challenge associated with self-isolation, from 1 November, people on low incomes in Wales have been able to apply for a £500 payment if they have tested positive for COVID-19 or told to self-isolate. A similar scheme has been available to social care workers as a top-up payment to their statutory sick pay. Self-isolation payments have recently been extended to some parents and carers on low incomes who have had to look after children who are self-isolating. Local authorities received just under 20,000 applications between November and January 2021 with around 50% of those eligible for payment. The scheme was being reviewed at the end of January, but there was clear recognition that there remained a need to financially support those in most financial need to allow them to comply with self-isolation requirements.

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8 The Welsh Government required health boards, local authorities, and their partners to submit the plans setting out how they would limit the spread of the virus in their region.

- 1.51 The peaks in community virus transmission which have followed periods of lockdown raise questions about the extent to which the public have been willing to observe the necessary social distancing. PHW's weekly 'How are we doing in Wales' provides a good summary of how people in the community are feeling, their opinion on policy, and the extent they understand and follow COVID-19 guidance and legislation. This survey showed compliance with the Welsh Government's restrictions was falling amongst respondents. It is not clear to what extent a failure to comply with self-isolation requirements associated with contact tracing has contributed to rises in community transmission. So far, limited information exists to understand the scale of any non-compliance with self-isolation requirements or indeed the reasons for it. PHW has been conducting two pieces of research to understand whether people are self-isolating after being contacted by tracers.
- 1.52 Clearer information on the level of need for 'protect' services and how well existing services have been meeting that need, would help with the identification and targeting of resources at both a regional and national level. Nevertheless, there is now good information on the range of support services that have been introduced across Wales, often through partnership working. On 16 December, Welsh Government published a review of the support arrangements for non-shielding vulnerable groups. As well as identifying support activity, the report also identified lessons learnt, including early engagement with local authorities on shielding guidance, mental health support, more support for digital inclusion, and the long-term benefits of maintaining the momentum that has built up around volunteering. Welsh Government is undertaking an additional survey of local authority protect teams and has established a 'Protect Leads' group. These are focused on understanding the nature of protect requests arising, improving the range of support provided and sharing practice and learning.
- 1.53 As the TTP programme developed in response to the pandemic, national oversight arrangements have tended to focus much more strongly on the testing and tracing components of the programme. There has been less national oversight of what is needed by way of support for people to self-isolate and an absence of information to know whether those services are effectively influencing public behaviour.

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- 1.54 Self-isolation for people who test positive, and their close contacts, will continue to be a key part of the approach to keeping the spread of the virus in check whilst vaccination programmes are rolled out during 2021. Ensuring that the 'protect' element of TTP gets the focus it needs will therefore be crucial if the programme is going to eventually help us get on top of the virus.
- 1.55 There is good practice to build upon and adopt more widely, such as the self-isolation helpline that was launched in the Cwm Taf Morgannwg region in November 2020. The helpline is a partnership venture between the Health Board, local authorities in the area, PHW, the Regional Partnership Board and the voluntary sector. It provides help and advice for people who are asked to self-isolate and was set up following analysis of intelligence from the regional TTP programme that showed there was considerable confusion about self-isolation and what support was available, leading to non-compliance with measures to control the spread of COVID-19.
- 1.56 Other important activities are also underway such as work the Welsh Government is undertaking with the Welsh Local Government Association (WLGA) to develop a monitoring framework that maintains a clearer overview of support needs of people who are required to self-isolate. Welsh Government officials have also been working with NWIS to improve the information captured in the CRM system about people who need help to self-isolate.

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# Looking ahead: key challenges and opportunities

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## Having better information to improve efficiency and evaluate the impact of TTP

- 2.1 The performance in one part of the TTP system will determine how effective other parts of the system are. For instance, quick turnaround times for testing are necessary for contact tracing to be effective. Similarly, the ability of contact tracing teams to reach the right people quickly will help identify those who need to self-isolate before they spread the virus further. While there is information about how well different parts of the TTP programme have been working, there has been no performance information that looks at the whole programme, from the moment someone requests a test to the point their contacts are traced, to demonstrate how quickly it is identifying and isolating infected people. Such information could be a powerful tool to help know what is needed to enhance the efficiency and effectiveness of the overall programme.

## Ensuring testing activities are fit for purpose and meet increasing demand

- 2.2 Notwithstanding some of the challenges set out earlier in the report, testing and tracing arrangements have responded reasonably well to the challenges posed by the virus. However, testing and tracing capacity will need to continue to respond to demand in 2021. Tests need to be easy to access and results must be returned quickly to help control the spread of the virus. There is also a considerable risk that if people think it is hard to get a test, or fast results, they may not bother to get tested.
- 2.3 As highlighted in **paragraph 1.25**, at the time of our review, the Welsh Government had started using new testing technologies such as lateral flow devices and the Lumira DX test. The tests provide quick results and can support large scale testing of asymptomatic populations or screening for health and social care staff. As the demand for these rapid tests increase across both the public and private sectors, the Welsh Government will need to think clearly about which sectors have priority as part of the roll-out, taking into account the known limitations with the accuracy of these tests,

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- 2.4 Testing arrangements within hospital settings is also an area that needs some consideration. Although testing in hospitals has improved since the first peak, hospital patients typically only get tested at the point of admission unless they develop symptoms. To minimise the spread of the virus from patients who may have tested negative at the point of admission but then go on to develop symptoms, there are opportunities to expand the frequency of testing within hospitals as well as ensuring that infection control regimes are as effective as they can be.

## Creating a skilled, resilient workforce to deliver TTP

- 2.5 As with other parts of the public sector, many staff involved in overseeing and delivering TTP have been under considerable pressure for several months. We heard that many staff have been working long hours with limited opportunities to take leave. Organisations have put some measures in place to ensure resilience including recruiting or redeploying additional staff, reallocating work, and putting weekend rotas in place. But there is still considerable pressure on many staff, including those in leadership and specialist roles. Public bodies are also managing competing demands on their workforce associated with the wider impact of the pandemic, the COVID-19 vaccination programme, and the ongoing consequences of Brexit<sup>9</sup>. Irrespective of how quickly the general public can be vaccinated against COVID-19 it is a reasonable assumption that TTP services will be needed at least until the middle of this year and most probably longer. Many new staff have only been recruited until 31 March to align with the current funding availability. It is important that a commitment to fund services into 2021-22 is made as soon as possible to enable staff to be retained and the workforce to remain stable.
- 2.6 Some staff, including officials leading TTP, have been redeployed and adapted quickly and successfully to new roles outside their previous area of expertise. There may be opportunities to move more staff from other areas to support TTP. There are a number of difficult to recruit to roles and specialists in PHW and some regional teams are looking at how they can increase colleagues' skills to deliver non-specialist work. There are opportunities to look more broadly at which tasks can only be done by public health protection and environmental health specialists, and which can be done by other officials. There could also be opportunities to reduce specialist attendance at meetings by providing guidance outside meetings or identifying areas where non-specialist support is 'good enough'.

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9 [Our letter on preparations for the end of Brexit](#) describes some of the workforce pressures associated with Brexit.

## Influencing the public to follow public health protection guidance and requirements

- 2.7 It is crucial that people who test positive or are told to self-isolate by TTP services follow the rules to avoid infecting anyone else. We found local, regional, and national examples of approaches to influence public behaviour. But without information on whether people are self-isolating it has been difficult to judge the success of this aspect of TTP. Even if effective, TTP is only part of the response to limiting the spread of COVID-19. Since April, the Office for National Statistics has worked with partners to test and survey a sample<sup>10</sup> of people living in the UK to understand more about COVID-19. In October, the survey showed that only 34% of people who tested positive for COVID-19 reported any symptoms. These results would suggest that a significant number of people with the virus would not go through TTP at all. It is therefore essential that the population understand and comply with wider measures to prevent infection.
- 2.8 Many of the professionals we spoke to told us influencing public behaviour has been a huge challenge, particularly as the public grow weary of the pandemic and restrictions on their everyday lives. We also heard that the public have been confused by changing rules, especially when the rules differ across the UK nations. Local intelligence shows that people who do not follow the rules fall into various age groups and are from various backgrounds, in different parts of Wales. Health boards, local authorities, PHW and the Welsh Government have been trying to influence public behaviour in various ways, but getting people to do the right thing remains a considerable challenge. There is a further risk that once people receive their vaccination against COVID-19, they will think there is less need to comply with social distancing and other measures to control the spread of the virus.

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<sup>10</sup> From October the sample was 150,000 people.

## Applying the learning from the TTP programme to other programmes and future ways of working

- 2.9 Although COVID-19 has presented unprecedented challenges, the pandemic has also provoked significant positivity in the way in which public and third sector organisations have responded. These are evident throughout the TTP programme.
- 2.10 The scale and challenge of the pandemic has brought organisations together with a common goal of limiting the spread of the virus and protecting the population of Wales. True partnership has been displayed with organisations sharing skills and resources to put teams in place to deliver the TTP agenda, and staff redeployed across a whole spectrum of activities regardless of the organisation in which they may normally work. The concept of mutual aid between different organisations and across different parts of Wales has provided much needed support to parts of the system that may be under increased pressure and sharing the load across Wales as a whole, regardless of organisational and geographical boundaries.
- 2.11 Processes have been put in place in a matter of days, which in normal times, would have taken months or years. New roles have also been created, with new staff recruited, onboarded, and trained within weeks. A single once-for-Wales IT solution was procured, developed, and implemented within six weeks, enabling organisations to connect to each other and provide a single source of information. It is worth contrasting this with what has typically happened in the past with IT solutions taking years to develop and then implement, with public sector bodies frequently using different versions of the system which struggle to connect to each other.
- 2.12 The TTP programme has clearly demonstrated that the public service has the ability to work well across organisational and professional boundaries, and to work at pace to get things done. As the attention moves on to different responses to the pandemic, such as the current vaccination rollout programme, and then ultimately, the recovery and resetting of services once the significant peaks in the pandemic start to reside, it is important that the positive learning from the TTP programme is captured and used to shape the way that public sector organisations work together and tackle challenges in the future.

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# Appendices

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## 1 Sampling and testing analysis pathway for Wales (as at December 2020)

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# 1 Sampling and testing analysis pathway for Wales (as at December 2020)

Who can have the test?	Where are the samples taken?	Where are the samples analysed?	
		Lighthouse Labs	Welsh NHS labs
Symptomatic residents in the community	Regional drive-through testing unit	Most samples	Some samples
Symptomatic residents in hotspot or outbreak areas (including care homes)	Mobile testing unit	Most samples	Some samples
Symptomatic residents in the community	Local walk-in unit	Most samples	Some samples
Symptomatic residents in the community	Home testing kits	All samples	
Symptomatic care home residents and staff	Care home test from the UK government portal	All samples	
Asymptomatic care home staff tested on a weekly basis	Satellite units	Most samples	Some samples
Hospital inpatients	Hospitals		All samples
Hospital outpatients	Community testing unit		All samples
Key workers <sup>11</sup>	Community testing unit		All samples

11 A list of key workers are set out at [gov.wales/coronavirus-critical-key-workers-test-eligibility](https://gov.wales/coronavirus-critical-key-workers-test-eligibility). Some key workers may access the testing pathway by presenting as a symptomatic resident in the community.



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# **Procuring and Supplying PPE for the COVID-19 Pandemic**

Report of the Auditor General for Wales

April 2021

Evans, Caroline  
06/08/2021 08:16:14



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Mae bodogfen hon hefyd ar gael yn Gymraeg.

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# Key messages

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## Context

- 1 This report looks at the procurement and supply of Personal Protective Equipment (PPE) during the COVID-19 pandemic. PPE is essential for protecting those who get close to infected people. It can also prevent people spreading the virus amongst each other and to those they are caring for.
- 2 Our report focuses on the national efforts to supply health and social care in Wales. These efforts have been led by the Welsh Government, working with partners in the NHS Wales Shared Services Partnership (Shared Services) and local government. Shared Services has taken on an expanded role in securing PPE for the whole health and social care sector. **Appendix 1** describes our audit approach and methods.
- 3 We have not reviewed arrangements for local procurement of PPE by NHS and local government bodies, nor the logistical arrangements in place locally to distribute PPE directly to frontline staff. We have, however, reflected evidence collected by professional bodies about the views of front-line staff. In carrying out this work, we have been mindful of the work by the National Audit Office (NAO) in England on the supply and procurement of PPE. Where possible, we have sought to align our scope, albeit in a devolved context.

## Overall conclusion

- 4 In collaboration with other public services, Shared Services overcame early challenges to provide health and care bodies with the PPE required by guidance without running out of stock at a national level. It is now in a far stronger position, with stockpiles of most PPE equipment and orders in train for those that are below 24 weeks. Some frontline staff have reported that they experienced shortages of PPE and some felt they should have had a higher level of PPE than required by guidance. The Welsh Government and Shared Services put in place good arrangements overall to procure PPE that helped manage risks and avoid some of the issues reported on in England. However, Shared Services did not publish contract award notices for all its PPE contracts within 30 days of them being let.

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## Key findings

- 5 The challenge facing the NHS and social care at the start of the pandemic was stark. The stockpile developed for a flu pandemic was inadequate for a coronavirus. Global supply chains had fragmented as countries competed for scarce supplies and some imposed export controls.
- 6 Public services across Wales responded in an increasingly collaborative way. Shared Services took on an expanded role in supplying PPE to the wider NHS, including independent contractors in primary care (GPs, dentists, pharmacies and optometrists). Shared Services then worked closely with local government to understand demand in social care and then took on an increasing role supplying PPE. Shared Services now supplies almost all social care PPE needs. We recognise the huge individual and collective effort involved in the work to source and supply PPE to frontline staff.
- 7 Shared Services data shows that, nationally, stocks did not run out although stocks of some items got very low. At times, Wales drew on mutual aid from other countries but ultimately gave out significantly more than it received. The health and care system is now in a much better position, with buffer stocks of most PPE items in place and orders due on key items where stocks are below target.
- 8 Surveys carried out by the Royal College of Nursing and British Medical Association suggest confidence in the supply of PPE grew shortly after the start of the pandemic, but concerns remain. While we cannot be sure how representative these views are, some frontline staff reported shortages of specific items of PPE, with a small minority saying at times they had none at all. In some cases, staff concerns relate to the fact that they want a higher level of PPE than required under the guidance.
- 9 A range of bodies were involved in sourcing PPE globally and in responding to, and working with, local manufacturers. In contrast to the position described by the NAO in England, we saw no evidence of a priority being given to potential suppliers depending on who referred them.
- 10 Overall, Shared Services developed good arrangements to rapidly buy PPE, while balancing the urgent need to get supplies for frontline staff with the need to manage significant financial governance risks in an area of rapidly growing expenditure. These risks included dealing with new suppliers, having to make large advance payments and significant quantities of fraudulent and poor-quality equipment being offered.

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- 11 Time pressure meant due diligence could not always be carried out to the level it would outside of a pandemic in a normal competitive tendering process. But, for each contract we reviewed, we found evidence of key due diligence checks. And while costs were generally higher than before the pandemic, we saw evidence of Shared Services negotiating prices down.
- 12 However, Shared Services did not meet the requirements under emergency procurement rules to publish contract award notices within 30 days. Shared Services told us that its staff needed to prioritise sourcing PPE and that there were other administrative reasons for delays.
- 13 Shared Services' plan for PPE ran until March 2021. There are now some key decisions to make about the future strategy for PPE, including the size and nature of the stockpile going forwards and the role of Welsh manufacturers.



**Procuring and supplying PPE in these times has been far from business as usual. The challenges, risks and pressures have been higher, and a huge individual and collective response has been needed.**

**NHS Shared Services, working with others, has responded well to develop and maintain the national stock and to supply health and care bodies. However, despite competing pressures, Shared Services should have moved more quickly to publish details about the contracts it let.**

**While the overall picture painted by my report is relatively positive given the difficult circumstances, we cannot ignore the views expressed by some of those on the frontline about their own experience. There are also lessons for the Welsh Government and Shared Services to learn – about preparing for a future pandemic as well as addressing some current challenges.**

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**Adrian Crompton**  
Auditor General for Wales



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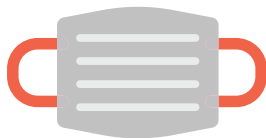
## Key facts

**630 million**

the number of items of PPE issued by Shared Services between 9 March 2020 and 7 February 2021

**Less than 2**

the lowest number of days' worth of national stock of visors, Type IIR face masks and surgical gowns at points during April 2020



**£8 million**

the annual amount NHS Wales would typically spend on PPE before the pandemic



**Over £300 million**

the total amount expected to be spent on PPE for Wales during 2020-21

**£880 million**

our estimate of how much the Welsh Government has received so far through the Barnett formula as a result of spending on PPE in England

**24**

the number of weeks' worth of PPE stock Shared Services currently aims to hold



**67**

the number of suppliers Shared Services has contracted with to supply the NHS and social care with PPE since the start of the pandemic



# Key roles and responsibilities

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**Appendix 2** sets out the main organisations and groups involved in the national supply and procurement of PPE. At a higher-level, the key roles are:

**Welsh Government** – provides a lead on the pandemic response and policy, including liaison with the UK Government, and funds PPE



**Shared Services** – responsible for procuring and supplying PPE to hospitals, took on an expanded role for procuring and supplying primary care and social care



**Public Health Wales** – responsible for developing and issuing, with other UK countries, the infection prevention and control guidance that determines what PPE is needed and in what circumstances



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# Recommendations

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## Recommendations

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### Preparedness for future pandemics

- R1** As part of a wider lessons learnt approach, the Welsh Government should work with other UK countries where possible to update plans for a pandemic stockpile to ensure that it is sufficiently flexible to meet the demands of a pandemic from different types of viruses.
- R2** In updating its own plans for responding to a future pandemic, the Welsh Government should collaborate with other public bodies to articulate a set of pan-public sector governance arrangements for planning, procuring and supplying PPE so that these do not need to be developed from scratch.
- R3** Shared Services should work with NHS and social care bodies to maintain an up-to date stock management information system that provides timely data on local and national stocks of PPE that can be quickly drawn upon in a future pandemic to support projections of demand and availability as well as providing a robust source of information for briefing stakeholders.

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## Recommendations

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### Procurement strategy for PPE

- R4** In updating the strategic approach to PPE, Shared Services and the Welsh Government should work together to develop a clear direction in terms of:
- a return to competitive procurement and an end to emergency exemptions.
  - fuller consideration of the wider criteria usually applied to procurement, such as sustainable development and policies on modern slavery.
  - the intentions and aspirations in relation to the domestic PPE market, including the balance between the potential benefits of resilience through local production capacity against the potentially increased costs compared to international manufacturers.
  - the size and nature of the pandemic stockpile it intends to hold, considering the benefits and costs of holding and maintaining stock and the timing of purchases given the ongoing disruptions to the PPE market.

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## Recommendations

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### Transparency

- R5** To increase confidence in stocks and supplies at the national level, Shared Services should work with the Welsh Government to publish details of the amount of stock it holds of each item alongside the regular publication of data on the numbers of items issued.
- R6** Shared Services should: check that it has published contract award notices for all contracts where it is required to do so; review those that it has published to ensure they are accurate; and ensure that it publishes contract award notices within the required timeframe for future contracts.
- R7** The Welsh Government should review whether the Sell2Wales site needs updating to allow bodies to publish retrospective contract award notices more efficiently without relying on suppliers to sign-up.
- R8** Given public interest in the awarding of PPE contracts and to promote confidence in the procurement system, the Welsh Government and Shared Services should publish details of the contracts awarded under emergency exemptions in a single place that is easy to access.

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# The supply of PPE



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- 1.1 This part of the report covers the supply of PPE. In particular, it looks at the extended role that Shared Services took on for supplying hospitals, primary care and the whole social care sector. It covers the supply of PPE to those bodies in health and to the local government stores that distribute to social care. We did not look at local processes within hospitals or in local government for getting PPE to frontline staff. We have, however, reflected evidence collected by professional bodies about the views of front-line staff.

### **UK-wide arrangements for an influenza pandemic proved inadequate for the demands of dealing with the coronavirus and the Welsh Government quickly decided to secure its own PPE supplies through Shared Services**

- 1.2 The Welsh Government and other nations of the UK have long-standing plans for an influenza pandemic. These included a 2011 Influenza Pandemic Preparedness Strategy, agreed by all four UK nations. Following the swine flu outbreak in 2009, the UK Government and Welsh Government developed and maintained a national stockpile in preparation for an influenza pandemic.
- 1.3 In addition to medicines and other countermeasures, the Pandemic Influenza Preparedness Programme (PIPP) held a stock of PPE, based on estimates of need for an influenza pandemic. The PIPP involved a physical stockpile of items, stored in South Wales, plus UK-wide contracts in place for additional stock to take the PIPP to 15 weeks of supply if required. However, due to a lack of supply in the global market, these 'just-in-time' contracts did not deliver as fully as expected with none of the FFP3 respirators being received. To mitigate some of these issues, equipment that was close to, or past, its expiry date was tested and had its expiry date extended.
- 1.4 The Welsh Government quickly realised that the PIPP would not be adequate for a coronavirus pandemic. The PPE would need to be used at a faster rate to deal with the specific demands of COVID-19. Some items – notably gloves and aprons – were below the estimated requirement for a flu pandemic and would not last as long as needed for COVID-19. Surgical gowns were not held in the PIPP stockpile.<sup>1</sup> These items proved to be critical for hospital staff treating COVID-19 patients. The NAO's report on the supply of PPE confirms the inadequacy of the UK stockpile for the demands of a coronavirus.

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1 As reported by the NAO, the UK Government's scientific advisors had recommended in 2019 that gowns and visors be added to the stockpile, but the UK Government was still deciding which gowns to procure when the pandemic started.

- 1.5 The Welsh Government initially anticipated there would be a UK Government led approach to find additional supplies. However, this arrangement proved challenging in practice. The global market was fragmented, countries around the world were competing for scarce supply and some imposed export controls. The NAO has set out the challenges the UK Government faced just to secure PPE supplies for England.
- 1.6 The Welsh Government decided in late March 2020 that it would continue to work with the other UK administrations, where possible, but would procure and supply PPE for itself. We consider the work to procure PPE for Wales in **Part 2**.

### **The Welsh Government established effective arrangements for coordinating the supply effort although it took time to develop collaboration between health and social care**

- 1.7 A small team of Welsh Government officials coordinated the PPE supply effort, working very closely with Shared Services. Daily meetings during the early stages of the pandemic discussed issues such as stock levels, likely demand, distribution of available stock and procurement of new supplies. Shared Services took day-to-day charge of delivery and collated information for Welsh Government officials to brief senior colleagues and ministers, and to respond to wider scrutiny.
- 1.8 The Welsh Government established two key groups to oversee PPE arrangements and provide a formal framework for joint working specifically on PPE:
- a 'health counter-measures group' started meeting on 12 February 2020 to secure and deploy PPE supplies in line with ministerial policy and public health guidance. The group included Welsh Government officials responsible for health and social care, Shared Services and Public Health Wales. It reported to the Planning and Response Group, which was set up in March to coordinate the overall health and social care response to the pandemic and chaired by a senior Welsh Government official. The Welsh Government suspended the health counter-measures group on 1 June 2020 once it judged the emergency phase had passed.
  - an 'executive leads group' met from late April 2020 and brought together a senior officer from the Welsh Government, Shared Services, each health board, Velindre University NHS Trust, Welsh Ambulance Services NHS Trust and Public Health Wales to exchange information on local issues and the national response. Before formalising this group, there was already extensive communication between senior NHS executives and Welsh Government officials through other mechanisms.

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- 1.9 During March 2020, joint working was not as developed between Shared Services, local government and the social care sector. Shared Services' core work is to supply services delivered directly by health boards and trusts, and it had not previously been responsible for supplying independent primary care contractors and social care. The Welsh Government wrote to local authorities on 19 March 2020 stating that social care providers could obtain PPE from Shared Services for the treatment of symptomatic residents if they were unable to secure it from other sources.
- 1.10 The Welsh Local Government Association (WLGA) and the Welsh Government set up a working group on COVID-19 procurement, bringing together local government procurement leads and the Welsh Government's National Procurement Service. This group met daily from 23 March 2020 to the end of June 2020 when the meetings then became less frequent. The Planning and Response Group had a social care sub-group where representatives from the WLGA and social care organisations could raise issues about PPE supply. However, the WLGA told us that local authorities did not feel sufficiently involved in a collective health and social care response until 9 April, when Shared Services joined the procurement group.
- 1.11 Nonetheless, people we interviewed reported that collaboration and partnership working was much stronger than it had been during normal times. This collaboration was helped by already having a single public body responsible for supplying PPE to much of the NHS and existing networks and relationships between the Welsh Government, NHS bodies and local government. The position in Wales contrasts with the position in England. The NAO reported that prior to the pandemic many more organisations were involved and there was more distance between the government and the agencies responsible for procurement, supply and stock management, much of which was contracted to the private sector.

### **Public health guidance determined what PPE was needed and formed the basis of efforts to work out how much PPE would be required by health and social care**

#### **Guidance**

- 1.12 Before the first UK case, public health authorities across the UK were working out PPE requirements. In January 2020, the four nations agreed that COVID-19 should be classified a High Consequence Infectious Disease (HCID). Guidance issued on 10 January 2020 set out infection controls, including the isolation of COVID-19 patients and use of PPE.

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- 1.13 After reviewing emerging information, including the fatality rate, the virus was declassified from an HCID on 19 March 2020. As a result, the guidance changed from advising that anybody entering the room of an isolating patient wear a gown, long gloves, respirator masks (FFP3) and eye protection to tailoring the guidance to the setting, whether the patient was known or likely to have COVID-19 and what procedures were being undertaken.
- 1.14 The core infection prevention and control guidance are issued jointly by all four UK nations, although individual nations issue supplementary guidance where there are differences. Those developing the guidance, including representatives from Public Health Wales, have access to expert advice<sup>2</sup>. In its July 2020 report, the Senedd Health, Social Care and Sport Committee reported some early uncertainty among providers about the guidance, notably in social care. It noted that updated guidance issued on 2 April 2020 had provided greater clarity.
- 1.15 **Exhibit 1** sets out the PPE requirements at the time of drafting this report. Overall, there have been over 30 changes to the guidance since it was first issued in January 2020. One key change came on 10 April 2020 when the guidance was updated to reflect that non-symptomatic patients could be contagious. The updated guidance provided more detailed information about what PPE should be worn by health and social care staff when treating all patients, not just confirmed or suspected COVID-19 patients. On 21 August 2020, the guidance was updated to include a COVID-19 risk pathway to support returning services.
- 1.16 On 17 April 2020, Public Health England issued separate guidance to allow for the re-use of PPE in the case of acute shortages until confirmation of adequate re-supply. The same day, Wales' Chief Medical Officer shared the English guidance with NHS and social care bodies in Wales but noted that he did not envisage re-use being needed in Wales. On 27 April, the Public Health England guidance on re-use of PPE was incorporated into the jointly issued UK infection prevention and control guidance.
- 1.17 By 3 May, the separate Public Health England guidance on re-use included a note from Public Health Wales (and the public health agencies of Scotland and Northern Ireland) stating that single use PPE should not be reused, and that reusable PPE should only be reprocessed in line with manufacturer instructions. This note was never included in the UK infection prevention and control guidance. The re-use section of the UK guidance was removed in August 2020.

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2 Including from the Scientific Advisory Group on Emergencies (SAGE) and the New and Emerging Respiratory Virus Threats Advisory Group (NERVTAG).

**Exhibit 1: PPE used to manage COVID-19**

Type of PPE	Further detail
	<p><b>Aprons</b></p> <p>A single-use apron is used when providing direct care within two metres.</p>
	<p><b>Body bags</b></p> <p>Used by those managing the human remains of COVID-19-related deaths.</p>
	<p><b>Clinical waste bags</b></p> <p>Used across all health and care settings, at all times and for all patients or individuals, for the safe disposal of used PPE.</p>
	<p><b>Eye or face protectors</b></p> <p>These visors or safety spectacles are used during aerosol generating procedures and otherwise if blood and/or body fluid contamination to the eyes or face is likely.</p>
	<p><b>Face masks</b></p> <p>Non-fluid-resistant face masks (Type II masks) are used by health and care workers when entering a hospital or care setting.</p> <p>Fluid-resistant face masks (Type IIR masks), are used when delivering direct care within two metres of a suspected or confirmed COVID-19 case</p>
	<p><b>Gloves</b></p> <p>Worn during patient contact where there is a risk of exposure to body fluid.</p>

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Type of PPE		Further detail
	Gowns or coveralls	Used (during aerosol generating procedures and otherwise) to withstand penetration by blood and/or body fluids when an apron provides inadequate cover for the task.
	Hand hygiene	The use of alcohol-based hand rub is part of hand hygiene in all health and care settings, at all times and for all patients or individuals.
	Respirator masks	<p>Respirator masks are used to prevent inhalation of small airborne particles during an aerosol generating procedure.</p> <p>Respirator masks are known as a filtering face piece (FFP) mask. There are three categories of FFP mask (FFP1, FFP2, FFP3).</p> <p>FFP3 masks should be worn when performing an AGP. Workers should first be fit-tested for an FFP3 mask to ensure an adequate seal.</p> <p>In some circumstances FFP2 masks can be used as a safe alternative to FFP3 masks.</p>

Note: An aerosol generating procedure is a medical procedure that can result in the release of airborne particles (aerosols) from the respiratory tract.

Source: Based on NAO analysis of official guidance reported on page 15 in [The supply of personal protective equipment \(PPE\) during the COVID-19 pandemic](#), November 2020

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## Modelling

- 1.18 Initially, Shared Services worked with NHS bodies to obtain information on local stocks and estimate short-term demand. Each health board had its own systems for projecting demand and managing stocks. Local authorities came together to try to work out the demand for care homes and domiciliary care, but this proved difficult and early estimates of demand quickly grew as guidance on the use of PPE changed.
- 1.19 The Welsh Government secured support from a military logistics team. The team reported on 2 April 2020 recommending central modelling of demand. With help from the NHS Wales Finance Delivery Unit, Shared Services started to develop its working model, drawing on the rate of items being issued. This proved challenging as guidance and policy were changing during the first few weeks, for example to expand the scope of provision to optometrists and dentists. The analysts found it difficult to obtain reliable information on the number of primary care providers, staff and treatment sessions, the principal drivers of demand. Information on social care was also incomplete, especially for the large number of independent providers commissioned by local authorities. Shared Services obtained feedback and tested assumptions with NHS bodies. The WLGA and local authorities were involved in developing the demand model for social care.
- 1.20 Shared Services hired Deloitte in late April 2020 to review the modelling and suggest further improvements. Deloitte helped to develop a more detailed and formal supply and demand model, adding reporting functionality that Shared Services did not have the capacity to deliver and helping Shared Services staff develop their modelling skills. The model developed iteratively, with the final model (model 1) largely ready by late May with some further refinement in June. Shared Services, working with Deloitte, developed a second version (model 2) to incorporate the planned return of routine health services from August 2020. This resulted in an increase in projected demand that informed the PPE Winter Plan (**paragraph 1.36**) and stockpiling to carry health and social care through the winter.
- 1.21 The models were an important planning tool. Actual PPE distribution by Shared Services differed considerably from the projections for some items. In general, Shared Services issued to the NHS more stock than projected by model 1, but less stock than projected by model 2. However, this varied considerably by product. For example, Shared Services has issued more aprons than anticipated but fewer FFP3 respirators. In social care, the number of items issued was well below those projected under both models through to the end of 2020.

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- 1.22 Shared Services highlighted a number of reasons for the variations in healthcare. The models are based on assumptions about the scale of activity and interaction with patients or residents, based on a reasonable worst-case scenario. Many routine face-to-face services that had been expected to resume from August 2020 did not do so as the second wave took hold, or they were replaced by remote consultations using video technology. Shared Services also identified increased staff sickness levels in health boards, and staff not using PPE in accordance with guidance, as factors.
- 1.23 In social care, the WLGA told us that some providers continued to use their established PPE suppliers to maintain contractual relationships, even after PPE funded by the Welsh Government was available. It is also possible that demand is less than expected due to staff re-using PPE that was intended for single use or using items for longer than recommended. In addition, we are aware of differences in policy between local authority areas. Some go beyond the guidance, for example requiring social care staff to wear visors where the client is not a confirmed or suspected COVID-19 case. Such departures from guidance impact on the amount of PPE required.

**Shared Services responded quickly to meet increased demand for PPE, though stocks of some items were very low at times before the position stabilised from late April 2020**

- 1.24 From mid-March 2020, Shared Services took on new staff to meet the operational and logistical challenges. At the time of drafting, it had hired 94 new members of staff and expanded its vehicle fleet, hiring 44 extra vehicles, to support deliveries. It expanded its use of existing warehouses, including a large warehouse that it had procured in January 2019 to store equipment in the event of a no-deal Brexit. Shared Services also secured additional logistical capacity by contracting with Welsh hauliers and securing around 10,000 cubic metres of storage space from the private sector, paying only for the space actually used.
- 1.25 The military logistics team supporting the Welsh Government (**paragraph 1.19**) identified in its 2 April 2020 report that national and regional storage distribution capacity was fit for purpose and there was sufficient capacity to meet demand. The military would not need to replace existing supply chain provision but could usefully support local stores to manage supplies effectively and step in if workforce resilience failed. The military did subsequently assist local stores, but Shared Services were able to handle logistics nationally, with the military assisting on occasions with urgent requirements, such as unloading gowns from a plane at Cardiff Airport.

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1.26 Shared Services initially distributed stock from the PIPP stockpile on a 'push' basis, issuing standard packs of available stock to providers based on a broad estimate of their needs. The PIPP stockpile made a substantial contribution to PPE provision during March and April 2020, but this varied by product (**Exhibit 2**). As noted in **paragraph 1.4** the PIPP stockpile did not contain all of the items needed for a coronavirus pandemic.

**Exhibit 2: quantity of Items in the PIPP stockpile in March 2020 and how long it lasted**

Product category	Units in stock at the outset (1 March 2020)	How long it lasted (weeks from 9 March 2020) <sup>1</sup>
Aprons	9,129,800	6.0
Eye protectors	3,144,000	10.0 <sup>2</sup>
Type IIR masks	4,906,000	5.5
FFP3 respirators	870,000	10.9
Gloves (singles)	4,814,000	1.5
Hand sanitiser	37,326	4.3

Notes:

- 1 The length of time the stock lasted is based on actual distribution of stock by Shared Services to health and social care providers. Actual consumption by users may be different.
- 2 The PIPP stockpile included a type of safety glasses, procured by the UK Government, that were found by the Health and Safety Executive to not meet the required standards for splash protection. The Medicines and Healthcare products Regulatory Agency issued a safety alert for these products in May and around 25,000 glasses were subsequently destroyed by Shared Services.

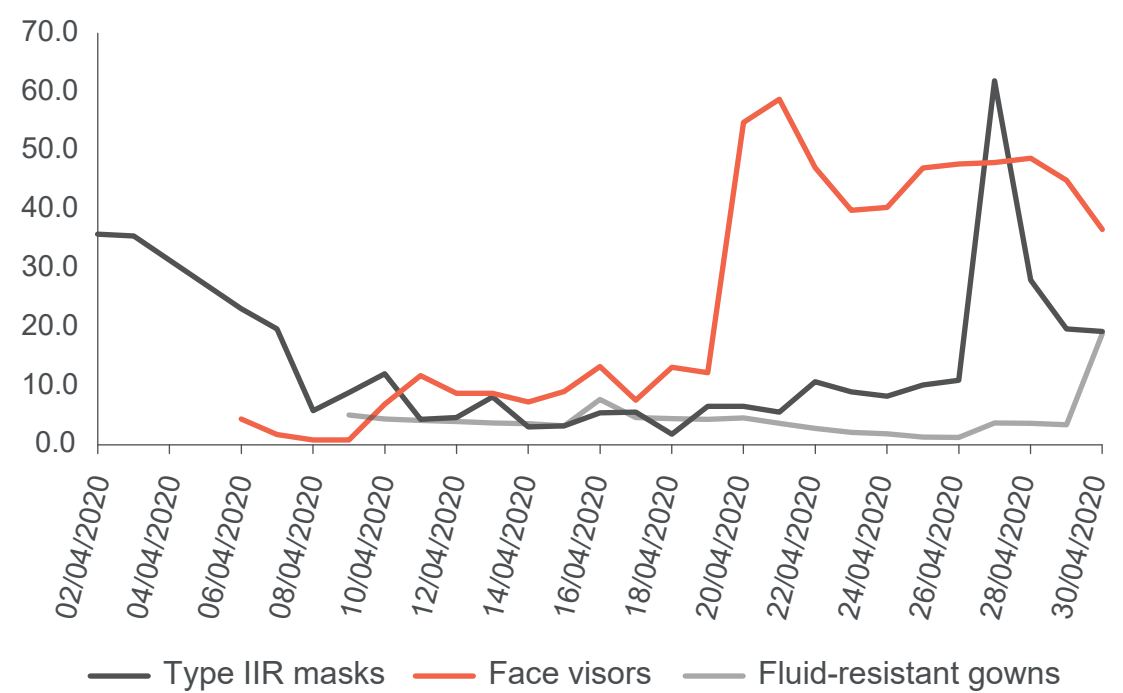
Source: Audit Wales analysis of Shared Services data

1.27 PIPP stock levels declined as items were drawn down and deliveries from other sources were limited by supply shortages. Meanwhile, demand increased rapidly as Shared Services started to supply the independent primary health care and social care sectors as well as hospitals.

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1.28 Pressures were particularly acute in April (**Exhibit 3**). There was less than a week’s supply of Type IIR masks, face visors and fluid-resistant gowns in Shared Services’ stock for much of the month. Type IIR masks almost ran out on 16 April, with stocks coming through on the day as part of mutual aid from Scotland and then as an order from China arrived. Supplies of fluid-resistant gowns were in perilously low supply, with less than two days of stock available at some points. Shared Services relied on an emergency delivery of fluid-resistant gowns around 20 April 2020 from England, and urgent action was taken to identify stocks held in local stores and hospitals. Shared Services did not have a comprehensive view of stocks held at local stores until the StockWatch system was established (**paragraph 1.41**).

**Exhibit 3: days of Shared Services stock available for Type IIR Masks, face visors and fluid-resistant gowns, April 2020**



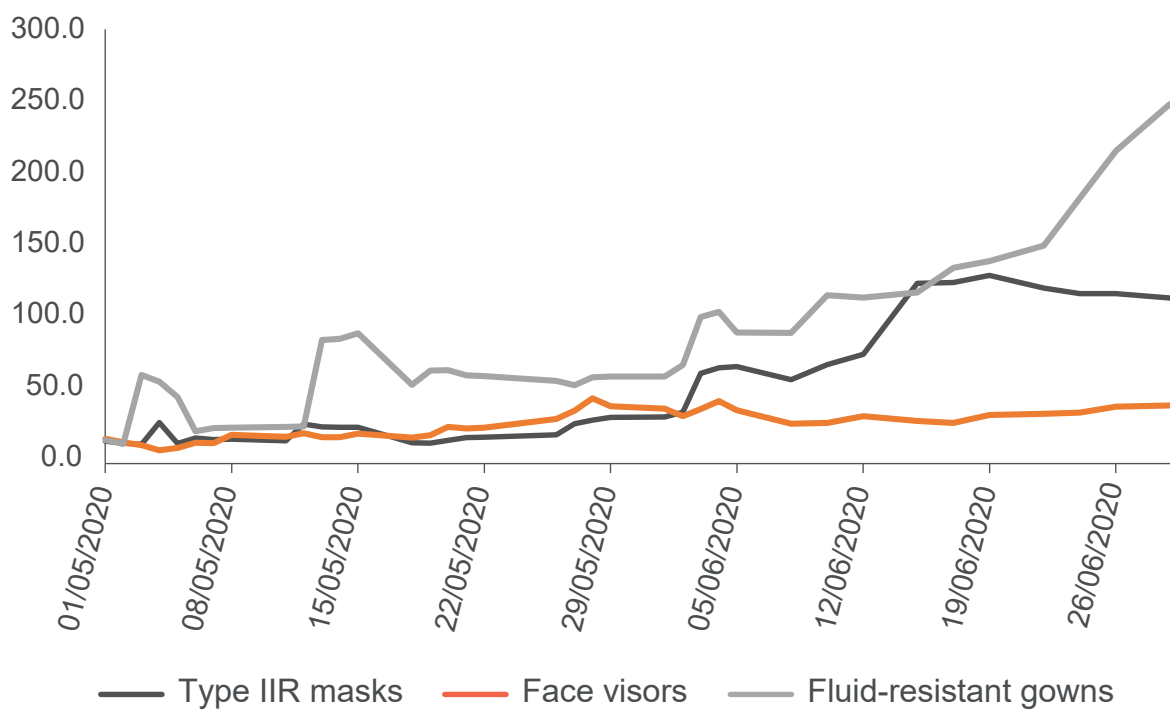
Note: days of Shared Services’ stock remaining calculated using an average of previous 28-day issues. Lowest point for Type IIR Masks was 1.8 days on 18 April, for Face Visors was 0.8 days on 8 April, and for Fluid-Resistant Gowns was 1.2 on 26 April.

Source: Audit Wales analysis of Shared Services data

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1.29 The situation gradually improved in late April 2020 and through May and June as stock from new suppliers started to be delivered (**Exhibit 4**). A delivery of 200,000 fluid-resistant gowns from Cambodia on 27 April (see case study in **Exhibit 10, page 39**), followed by larger deliveries from China in early May, enabled the Welsh Government to provide mutual aid to the other UK nations. Wales has ultimately provided more PPE items than it received<sup>3</sup>. The position on most items was stable by the end of May, with more than 14 days’ worth of supply in central stocks for all items except gloves. By 20 July, following a delivery of gloves, there were more than 14 days’ of supply for each item and all categories were classified as ‘green’ on Shared Services’ risk rating system.

**Exhibit 4: days of Shared Services stock available for Type IIR masks, face visors and fluid-resistant gowns, May to June 2020**



Note: days of Shared Services stock remaining calculated using an average of previous 28-day issues.

Source: Audit Wales analysis of Shared Services data

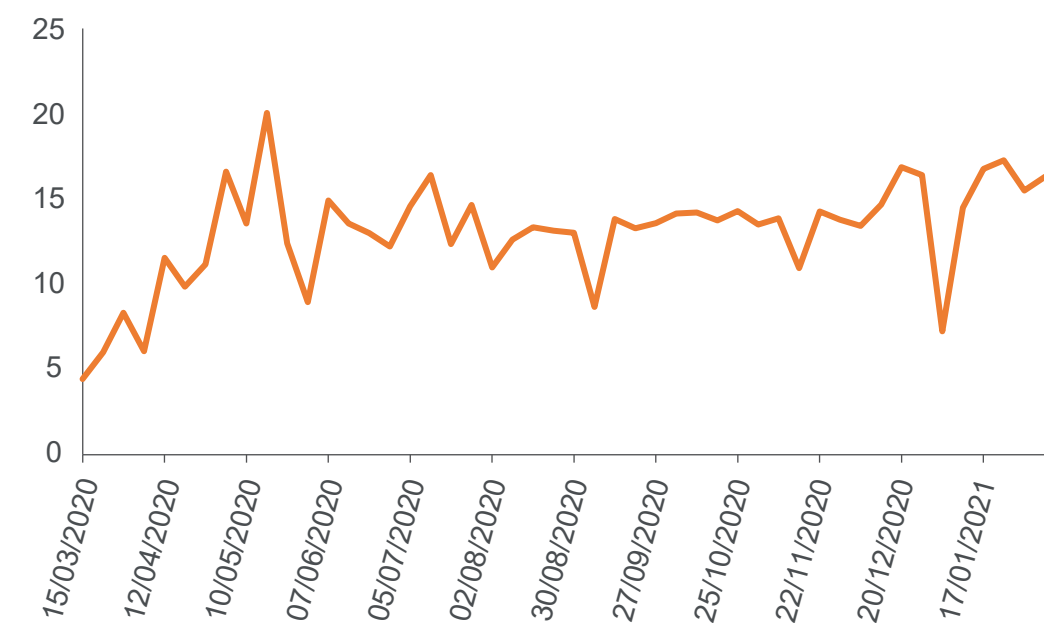
3 Shared Services reports that, since the start of April 2020, it has issued 13.8 million items of mutual aid to other UK nations and received 1.4 million items on request from Scotland and Northern Ireland. In addition, it has received around 3.3 million items from the UK Government to replenish the PIPP stocks. Shared Services also entered into contracts to provide £37.5 million of PPE for other UK nations (**paragraph 2.42**).

- 1.30 Shared Services has gradually shifted to a 'pull' system of supply. Rather than standard packages or deliveries based on available stock, providers can specify what they need. This shift happened relatively quickly for NHS providers, in August for local government and in September for primary care. The 'pull system' means Shared Services has a better understanding of demand and providers are better able to get what they need and avoid having an oversupply that they need to store locally.
- 1.31 Shared Services' stock data shows that it did not run out of stock for any item of PPE during the pandemic. We have not sought to check the levels of local stocks nor whether PPE was reused locally. Shared Services told us that NHS bodies were always kept supplied with sufficient stock to meet the requirements of the guidance. The minutes of the executive leads group (**paragraph 1.8**) showed that no NHS body reported that it had run out of PPE. The minutes reflect the concerns about low stocks detailed above and that at times there was mutual aid between health boards.
- 1.32 The Senedd Health, Social Care and Sport Committee highlighted the significant difficulties that the social care sector faced in meeting PPE requirements in the early stages. Notes from the local government working group on procurement (**paragraph 1.10**) confirm this picture. The group expressed serious concerns about the developing situation in late March 2020 and early April, including concerns about a lack of information on the availability of stock, the clarity of guidance and very low stocks of key items including hand sanitiser and masks.
- 1.33 By 6 April 2020, the group felt that the sector was in a crisis. At this stage, Shared Services was only responsible for supplying social care providers with PPE where they were unable to secure their own. Councils and private care homes were primarily securing PPE for themselves individually or as part of regional arrangements. However, the Welsh Government tasked Shared Services with supplying social care more widely and supplies started to increase. These were essential in maintaining a basic level of supply.

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- 1.34 The situation improved, with the group reporting that by 7 May 2020 around two-thirds of the social care sector’s needs were being met by Shared Services. The WLGA and Shared Services adopted a service level agreement on 1 September 2020 under which Shared Services would make weekly deliveries to local stores based on councils’ estimated requirements. The change from Shared Services acting as a supplier of last resort to supplying most of social care’s needs was not formally communicated to social care until 12 October. However, a shift in policy towards supplying social care providers’ needs on demand occurred much earlier, in April 2020, and was communicated informally to providers through the WLGA and local authorities. While some independent providers preferred to maintain contracts with existing PPE suppliers, it appears that most needs are now being met by Shared Services.
- 1.35 Between 9 March 2020 and 2 February 2021, Shared Services distributed around 630 million items of PPE to health and social care. **Exhibit 5** shows that the amount distributed ramped up between March and June before becoming more stable. Over the period April 2020 to January 2021 around half of the PPE issued by Shared Services was for social care.

**Exhibit 5: weekly distribution of PPE items by Shared Services, 9 March 2020 to 7 February 2021 (millions of items)**



Source: Welsh Government, Weekly Personal Protective Equipment issues: up to 7 February 2021, released 11 February 2021

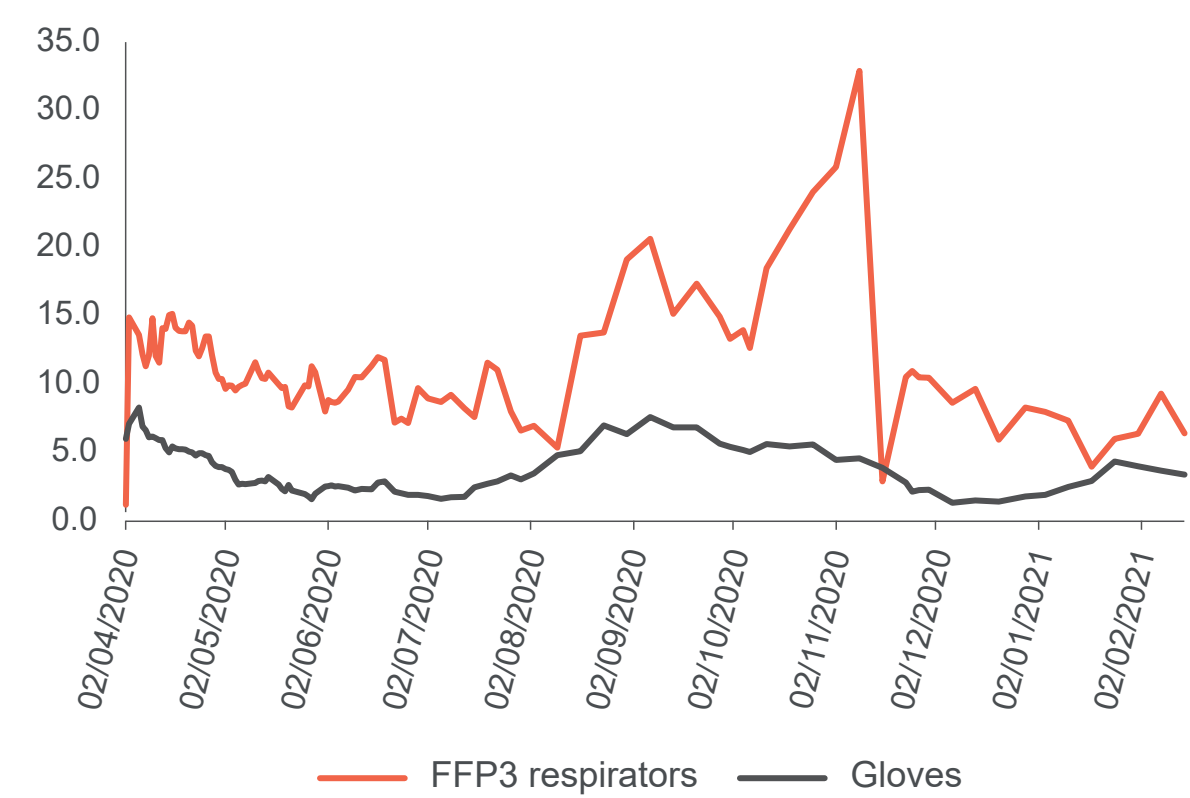


## Shared Services has built up a buffer of PPE stock but the goal of 24-weeks' worth has not been met for all items

- 1.36 In July 2020, the Senedd Health, Social Care and Sport Committee recommended that the Welsh Government publish a strategy for securing a resilient PPE supply, including a plan for stockpiling. The Welsh Government accepted the recommendation. Shared Services' Winter Plan for PPE, agreed by the Welsh Government, involved building up a 24-week buffer of key items. Shared Services and the Welsh Government are in the process of reviewing the Plan and the 24-week target (**paragraph 2.46**).
- 1.37 For most items Shared Services was able to build up a 24-week buffer. For some items Shared Services' data shows several years of stock, although this may reflect the way that future demand is calculated<sup>4</sup>. **Appendix 3** sets out in detail the position on levels of stock issued and held nationally (excluding local stocks).
- 1.38 However, for some items there has never been a 24-week buffer. Through the second wave of the pandemic some stocks have declined significantly – in particular, FFP3 respirators and nitrile gloves (**Exhibit 6**). These two items have proved difficult to source.
- 1.39 In the case of nitrile gloves there are very few manufacturers, mostly located in Malaysia where the rubber needed to make them is grown. Shared Services reported that the state of emergency declared in Malaysia in January 2021 due to COVID-19 has hampered recent supplies. For FFP3 respirators, the issue is with a particular brand of mask which clinicians' favour. Shared Services told us that the manufacturer had refocused its efforts on FFP2 respirators, which had contributed to a global shortage and slippage in expected delivery dates.
- 1.40 At the time of drafting, Shared Services was awaiting delivery of large orders of FFP3 respirators and gloves. Shared Services calculates that these deliveries will take stock levels of these items to over 24 weeks. In the meantime, Shared Services has procured small amounts of these items to keep supply stable. However, the WLGA told us that while gloves are available, there is a shortage of specific sizes.

4 We have projected how long stock will last based on a combination of modelled and actual draw down over the previous 28 days. For some items, such as body bags, stock is sent out in a batch that lasts for several weeks. By basing the projections on recent supply, it can look like the stock will last longer than is the case and these projections then change when the next batch is sent out.

**Exhibit 6: weeks of Shared Services’ stocks of FFP3 respirators and nitrile gloves held, 2 April 2020 to 8 February 2021**



Note: weeks of Shared Services’ stock remaining calculated using an average of previous 28-day issues. The lowest point for FFP3 respirators was 1.2 weeks on 2 April and for gloves was 1.3 weeks on 7 December.

Source: Audit Wales analysis of Shared Services data

1.41 Systems for monitoring stock have improved over time. Shared Services’ systems came under strain as stocks arrived from the PIPP stockpile, new purchases and as mutual aid, sometimes unexpectedly. The volume of stock and activity was far higher than before the pandemic. In response to the report of the military logistics team (**paragraph 1.25**), Shared Services introduced a StockWatch system for local stores to report weekly on their stock holdings for each item. However, Shared Services told us that local authorities do not always report information on a timely basis.

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1.42 The WLGA told us that some councils question the value of StockWatch for social care. Local authorities' joint equipment stores hold minimal stocks of PPE, with most of it being sent to providers as soon as it arrives. StockWatch does not record stocks held by social care providers and is not integrated with local authorities' stock management systems. Notwithstanding these issues, Shared Services considers the information from StockWatch is valuable in helping it supply PPE to social care.

### **Confidence in the supply of PPE seemed to increase following the initial response but there remain concerns about specific items and some equality issues**

#### **Staff and social care providers' views**

- 1.43 The Senedd Health, Social Care and Sport Committee heard evidence from representative groups and noted 'the fears and concerns of frontline staff about the availability of appropriate PPE' during the initial response. We invited organisations that gave evidence to the Committee to provide any updates for us to consider. We received further Wales-only survey evidence from the Royal College of Nursing (RCN), who surveyed nurses working in health and social care, and the British Medical Association (BMA). As the participants were self-selecting, rather than a random sample, we cannot know how representative these experiences are of the whole NHS and social care workforce.
- 1.44 While the overall number of respondents fell significantly, the RCN data suggested some improvement between April and May 2020 in the percentage who said they had sufficient supplies of different types of PPE. However, a significant minority of respondents still identified concerns, particularly in response to questions about FFP3 respirators and gowns in the context of high-risk procedures, such as aerosol generating procedures (**Exhibit 7**). Staff perceptions of PPE may have reflected their experiences of distribution within local sites rather than the national picture on stock levels.

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**Exhibit 7: RCN survey respondents who said they had sufficient supplies of each type of PPE, April and May 2020**

PPE Type	April	May
Eye protection	52%	85%
Type IIR masks	46%	80%
Apron	90%	96%
Gloves	94%	96%
FFP3 respirators	63%	79%
Long-sleeved gowns	57%	67%

Note: the RCN received 875 and 292 responses from Wales in April and May respectively. The RCN only asked respondents about FFP3 respirators and gowns within the context of high-risk procedures, such as aerosol generating procedures.

Source: RCN member surveys

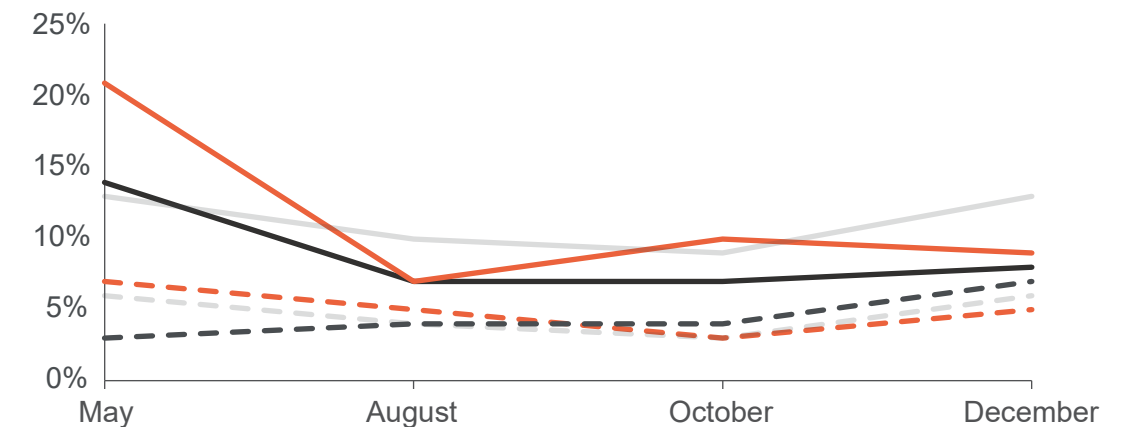
- 1.45 The BMA asked its survey respondents to identify areas of concern from a list of different issues. Those identifying PPE shortages as a concern dropped from 38% to 13% between May and December 2020<sup>5</sup>. However, when asked about specific types of PPE, BMA respondents’ perceptions of PPE levels is mixed.
- 1.46 For several items, very few or no respondents said there was no supply at all (**Exhibit 8**). However, the proportion highlighting shortages increased for most items in December 2020. Concerns about shortages of gloves in December 2020 may reflect the fact that these have been challenging to source (**paragraph 1.38**). However, it is unclear why there would be an increase in concerns about supply of fluid-repellent (Type IIR) masks, eye protection and aprons given the levels of national stock of these items at the time. In its report (**paragraph 1.25**), the military said that some perceptions of supply could be due to a lack of sight of available stocks.

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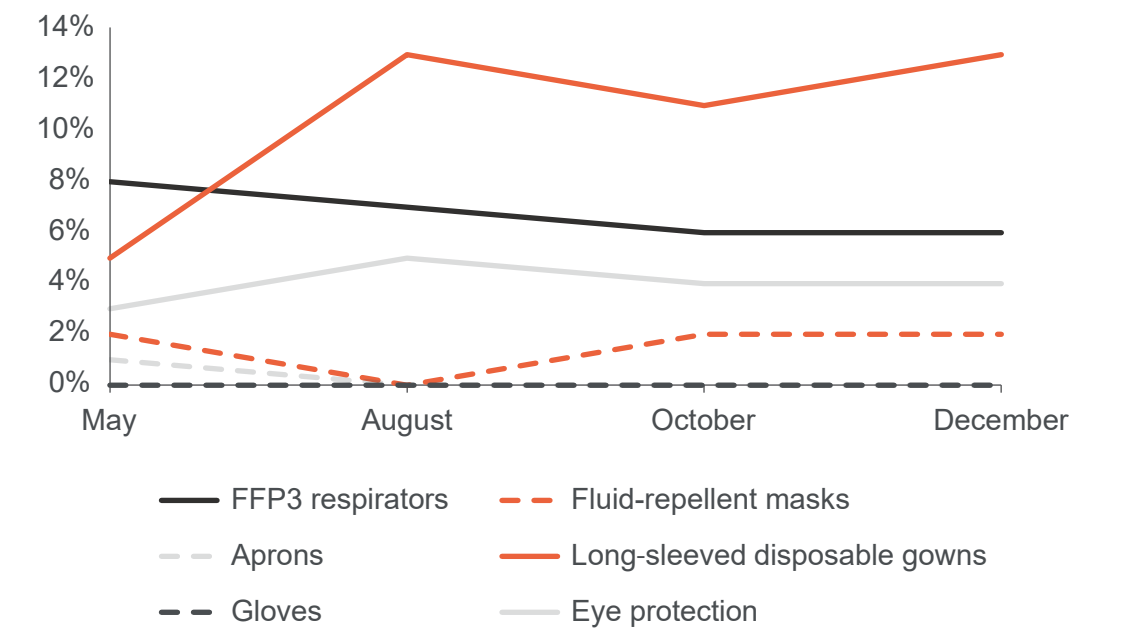
5 The question asked respondents to choose from a list of possible concerns over the next few months. They were able to choose as many options as they wanted, including ‘PPE shortages’.

Exhibit 8: BMA survey respondents who said they had shortages or no supply of each type of PPE, May to December 2020

Shortages



No supply at all



Note: response numbers varied between 463 in May, 258 in August, 492 in October, and 505 in December. The survey asked: ‘Over the last two weeks, have you had adequate NHS supplies or shortages of the following PPE?’. Respondents could answer ‘adequate’, ‘shortages’, ‘no supply at all’, ‘don’t know’, or ‘not relevant’. In some cases, the ‘not relevant’ response was as high as 27% and was consistently around 25% for those responding to the questions on FFP3 respirators and long-sleeved gowns.

Source: BMA COVID-19 PPE surveys

- 1.47 A key concern of staff reflected in the BMA survey has been the availability of FFP3 respirators and long-sleeved disposable gowns. These items are required by the guidance for higher risk aerosol generating procedures. It is hard to be sure to what extent staff concerns are about a lack of supply of required PPE or the guidance itself. The RCN and BMA survey findings in relation to FFP3 respirators and gowns also reflect wider concerns with the level of PPE required by the guidance. The BMA has expressed concern about revisions to guidance around gowns and FFP3 respirators when COVID-19 was downgraded from a High Consequence Infectious Disease in March 2020 (**paragraphs 1.12-1.13**).
- 1.48 In its February 2021 survey<sup>6</sup>, the BMA found that just 37% (166 of 488) of respondents in Wales said they are currently provided with adequate PPE for non-aerosol generating procedures, while 44% said they did not feel it was adequate. In response to a question about what PPE would help them to feel safe in non-aerosol generating procedures, 88% said FFP3 respirators would help, while 45% said that long-sleeved disposable gowns would help. Neither of these items are required by guidance for non-aerosol generating procedures.
- 1.49 Evidence provided by the WLGA records some deep concerns that social care workers felt their PPE was inadequate. The contemporaneous notes of meetings of heads of procurement (**paragraph 1.10**) in the middle of May 2020 record that social care staff felt unprotected with 'just a flimsy apron over street clothes'. Again, these concerns seem to reflect concerns with the nature of PPE required by guidance rather than the level of supply. Care Inspectorate Wales' surveys show social care providers' views improving during April 2020. In the first two weeks 11% of care home providers and 18% of domiciliary care providers said they had insufficient PPE. By the second half of April those figures fell to 5% and 8% respectively.
- 1.50 We are also aware that some health and care staff had concerns about the quality of some certified PPE. These were few in number relative to the overall volume of PPE supplied by Shared Services. The safety glasses that were held in the PIPP stockpile were unpopular, in part because they needed to be manually assembled, and were subsequently withdrawn for other reasons (see note to **Exhibit 2**). There were also complaints from staff about skin irritation caused by face masks, but these did not indicate non-compliance with product safety standards. There was also an isolated issue with a batch of nitrile gloves that were prone to tearing when putting on. These were mislabelled as nitrile gloves and were a vinyl mix that had not been ordered. Shared Services reported the issue to the Medical and Healthcare products Regulation Authority, and the contractor replaced the batch of 16 million gloves with the correct specification.

6 The BMA provided us with early sight of part of its February 2021 survey, but we had not seen the full dataset at the time of drafting.

## Equality

- 1.51 Staff and representative groups have raised the issue of feeling inadequately protected due to PPE generally being designed for generic male physiques. This issue has been identified as a concern long before the start of the pandemic. Early in the pandemic, an issue was identified with the fit of a particular type of mask. Cardiff and Vale University Health Board identified a method to improve the fit and reduce fit-test failures. It shared a video across NHS Wales to help improve the fit of the masks for a wider range of healthcare staff. The use of fit test machines also lowered failure rates.
- 1.52 The Welsh Government and Shared Services are aware of these concerns about the fit of PPE for certain groups. They told us that there are several manufacturers, including a manufacturer in Wales, developing products with potential to offer a more bespoke fit for different face and body types. However, as far as they are aware these items are yet to secure full certification.
- 1.53 Equality concerns have also been raised by groups who have identified that being unable to see a carer's face is to the detriment of some care. The use of clear face masks has been suggested. However, the leading design purchased by the UK Government, on behalf of all UK nations, is not yet certified as PPE so can only be used where a user has undertaken a risk assessment and in line with Health Safety Executive guidance.

## Cases and deaths

- 1.54 There have been several COVID-19 outbreaks in Welsh hospitals<sup>7</sup>, but we do not have evidence to establish a casual link between these outbreaks and PPE. Some health boards have reviewed the factors contributing to individual outbreaks, including potential links to staff compliance with PPE. Further work would be needed to fully understand any role that PPE, as part of overall infection prevention and control measures, may have played.

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7 Public Health Wales publishes data on the number of 'probably' and 'definite' cases of hospital transmission on its [COVID-19 data website](#).

- 1.55 Many health and care staff have contracted COVID-19, and sadly some of those people have died. There is published Office for National Statistics data<sup>8</sup> on cases and deaths generally and the Health and Safety Executive has provided us with data on notifications it has received<sup>9</sup>. However, there are various limitations noted with the data in both cases and care needs to be taken when interpreting the findings. We do not have hard evidence that any of these cases or deaths were caused by occupational exposure, or more specifically by a shortage of suitable PPE.
- 1.56 We did not examine these issues and any possible root causes in more detail as part of our work. The Welsh Government has emphasised to us that NHS Wales has well-established processes to ensure that staff and patient deaths are appropriately reported, fully investigated and where appropriate referred to the coroner. It is from these processes that it and NHS Wales will gain evidence on any potential systemic failures, including in the supply or use of PPE, that have resulted in work-related deaths from COVID-19. In its February 2021 report, the UK Public Accounts Committee recommended that the UK Government carry out a review into whether there are any links between PPE shortages and staff infections and deaths.

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8 Office for National Statistics data shows that 23 social care workers and 34 NHS workers died of COVID-19 in Wales between 9 March and 28 December 2020. The analysis does not prove conclusively that rates of death involving COVID-19 are necessarily caused by differences in occupational exposure. Office for National Statistics, Deaths involving the coronavirus (COVID-19) among health and social care workers in England and Wales, deaths registered between 9 March and 28 December 2020, released 28 January 2021.

9 Under the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013 (RIDDOR), employers have a duty to report to the Health and Safety Executive (HSE) cases where a worker has been diagnosed as having COVID-19 and there is reasonable evidence to suggest that it was caused by occupational exposure for whatever reason. Of 1,696 notifications for Wales between 10 April 2020 and 9 January 2021, 1,156 related to human health and social work activities. Among the 1,696 were 11 fatal notifications, of which seven related to human health and social work. The HSE has made clear in its Technical summary of data on Coronavirus (COVID-19) disease reports that there are a number of limitations that should be kept in mind when considering this data and its accuracy.





# Procurement of PPE

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02

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- 2.1 This part of the report examines the work led by Shared Services to procure PPE. In March 2020, the Welsh Government chose to adopt the UK Cabinet Office's Procurement Policy Note 01/20<sup>10</sup>. The Policy Note permits, under regulation 32(2)(c) of the Public Contract Regulations 2015, procurement of goods, services and works without competition or advertising so long as there are genuine reasons for extreme urgency. This meant Welsh public services were able to procure PPE without going through the usual competitive processes. The Welsh Government also adopted Procurement Policy Note 02/20<sup>11</sup>, allowing advance payments where a value for money case is made. Any payments up front exceeding 25% of the contract value require Welsh Government approval.
- 2.2 During March 2020 and through April, Shared Services undertook its own procurement of PPE as did local government bodies for social care. At this point, the procurement was 'at risk' with no guarantee of any UK Government funding cover. In mid-June 2020, the UK Government confirmed to the Welsh Government that it would get funding to procure PPE via the Barnett formula<sup>12</sup>.

### **Public services worked together in an increasingly collaborative way to identify and respond to potential PPE suppliers**

- 2.3 In the early days of the pandemic, many local organisations came forwards with offers to supply PPE. The Welsh Government appointed Life Sciences Hub Wales (LSHW) in a facilitation role to collate all offers of support to health and social care and identify appropriate businesses who could potentially supply items on NHS Wales' critical products list.
- 2.4 LSHW established an online portal for industry to upload offers of support. Using guidance provided by Shared Services' Surgical Materials Testing Laboratory (SMTL) and the National Procurement Service (NPS), LSHW reviewed submissions from suppliers wanting to sell PPE and other products and services. These reviews included ensuring conformity with quality requirements and some standard business checks. Qualified offers of products were forwarded to Shared Services to progress offers into the procurement process.
- 2.5 LSHW also received, and directed to NHS Wales organisations, enquiries relating to donations of other products and services. Enquiries relating to field hospitals, the production of wearable products, and volunteering by healthcare workers and the general public were referred by LSHW to the appropriate bodies.

10 UK Government Cabinet Office, Procurement Policy Note - Responding to COVID-19, Information Note PPN 01/20, March 2020

11 UK Government Cabinet Office, Procurement Policy Note - Supplier relief due to coronavirus (COVID-19), Action Note PPN 02/20, March 2020

12 The Barnett Formula determines how decisions to increase or reduce spending in England result in changes to the budgets of the devolved administrations.

2.6 As at 26 October 2020, LSHW had managed 2,285 enquiries, referring 556 to the NHS, Welsh Government and other relevant organisations (**Exhibit 9**). Three-quarters of enquiries triaged but not progressed by LSHW were for reasons such as incomplete documentation received, failure to pass initial due diligence, and products and processes falling out of scope and not on the critical products list.

**Exhibit 9: offers of products and services in response to COVID-19 referred by Life Sciences Hub Wales**

Product type	Organisation receiving referral	Number of referrals
Infection control (including PPE) and medical devices	Shared Services	226
Digital solutions	Welsh Government Digital Health Cell	165
Point of care and testing	Public Health Wales	22
Other	Industry Wales, Welsh Government and others	143
<b>Total</b>		<b>556</b>

Source: Life Sciences Hub Wales

2.7 The Critical Equipment Requirement Engineering Team (CERET), established by the Welsh Government in March 2020, works closely with Welsh manufacturers who indicated that they could potentially expand into manufacturing PPE with some support. CERET worked with Business Wales to invite expressions of interest, with Business Wales reporting the following results:

- over 30 companies have repurposed their production lines to provide hand sanitiser
- 25 companies have repurposed their production lines to make face visors
- there are now 9 companies who have invested in machinery to produce clinical grade face masks and face coverings, five of these companies can now mass produce although they are yet to win contracts to supply the NHS (**paragraph 2.48**)

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- 2.8 Shared Services faced the challenge of fragmented global supply chains, due to countries imposing export restrictions and huge demand as the pandemic took hold across the world. Many existing suppliers were unable to supply PPE in the volume and at the pace required. Shared Services therefore had to source PPE using their network of contacts, through suppliers getting in touch themselves and through other referrals. In some cases, Shared Services told us they had to work with agents who had the right contacts with the key manufacturers. In at least one case, this meant sourcing products directly from a factory that was supplying the global companies that Shared Services had been unable to source PPE from.
- 2.9 Shared Services and the Welsh Government report that they have never had an equivalent to the twin-track 'high priority lane' approach to identifying potential suppliers described by the NAO in its report on government procurement in England during the COVID-19 pandemic. In our review of procurement documentation, we found no evidence of such an approach or of suppliers getting preferential treatment because of the person referring them.
- 2.10 Shared Services and LSHW told us that referrals from politicians were subject to the same process, scrutiny and prioritisation as any other contacts. In our sample testing we did not see reference to any referrals being from politicians. We found one example where one of the directors of a supplier was known to a member of the group set up by Shared Services to scrutinise requests for orders to be raised. This was appropriately declared in the advice for decision makers.

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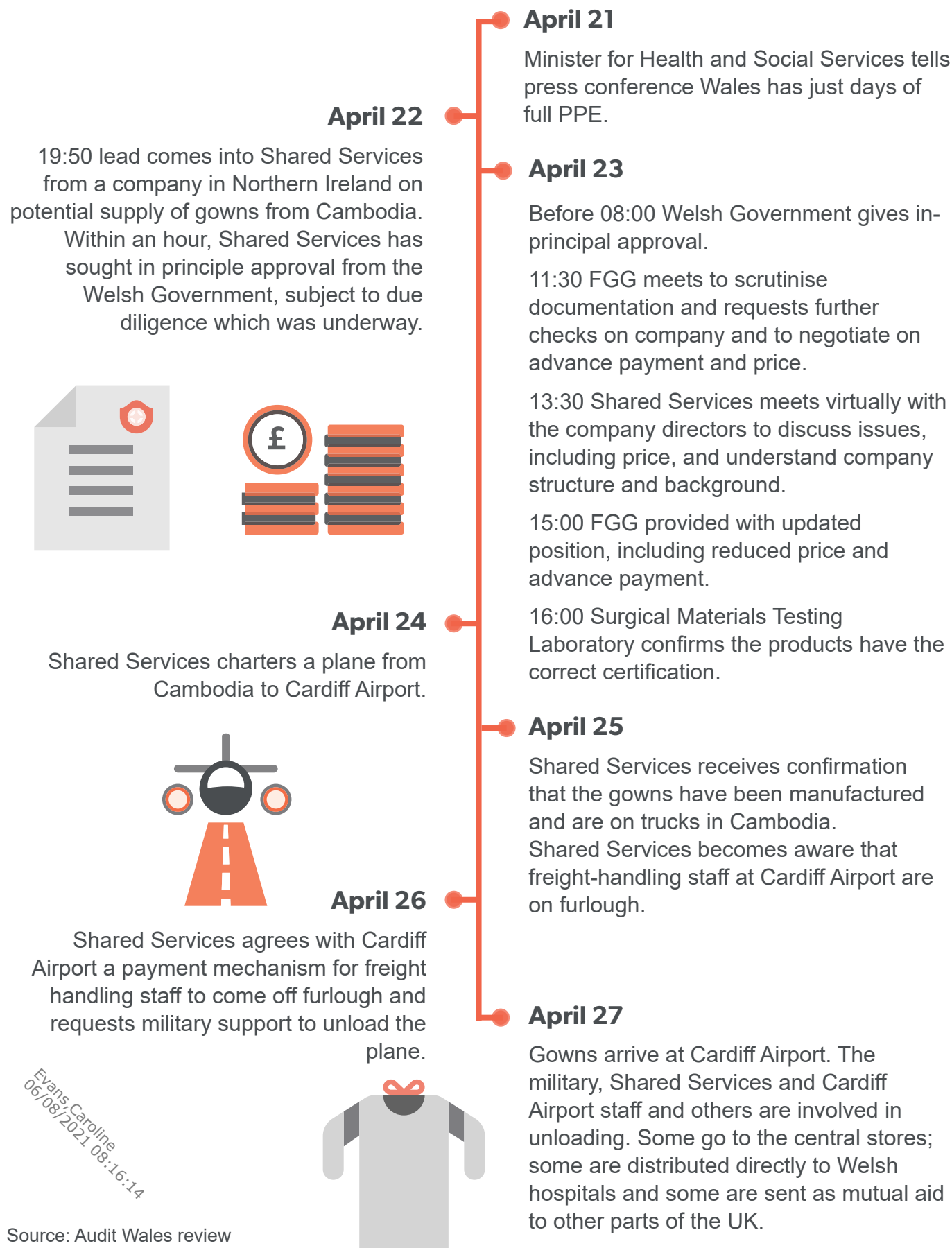
**Overall, the Welsh Government and Shared Services developed good arrangements to manage the risks involved in procuring PPE in a fragmented market but did not publish details of all contracts on time**

### **Timeliness risks**

- 2.11 The challenging situation with stocks, especially in the early weeks of the pandemic (**paragraphs 1.27 to 1.29**), meant that Shared Services was under significant pressure to procure PPE very quickly. While recognising the importance of timely decision making, the Welsh Government set out in a 30 March 2020 letter to NHS bodies that it still expected good governance around spending decisions. The letter recognised the need to adapt arrangements on an interim basis and included guidance on financial management and reporting, including expectations related to being clear on delegating authority for decision making and recording decisions and the supporting rationale.
- 2.12 To speed up decision making, the Board of Velindre University NHS Trust agreed changes to its own and Shared Services' schemes of delegation. On 18 March 2020, these were amended to allow the Chair and Managing Director of Shared Services to authorise expenditure up-to £2 million (up from £100,000), with the limit increased to £5 million on 30 March 2020. All approvals over these limits needed to go through the Board of Velindre University NHS Trust. In addition, the requirement for Welsh Government approval for expenditure over £1 million has stayed in place throughout.
- 2.13 Overall, the arrangements enabled Shared Services to make swift decisions and supply PPE quickly. We understand this was achieved within the pre-existing staff capacity. We recognise that this placed significant pressure on individuals involved, who have been working late at night and in the early hours of the morning to deal with suppliers overseas and to take calls from worried frontline staff. We saw evidence of the Board of Velindre University NHS Trust and the Welsh Government responding promptly to turn around approvals and avoid delays. **Exhibit 10** provides a case study showing the rapid timescales and collaboration involved in procuring PPE.

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## Exhibit 10: timeline of procurement and supply of surgical gowns from Cambodia, April 2020



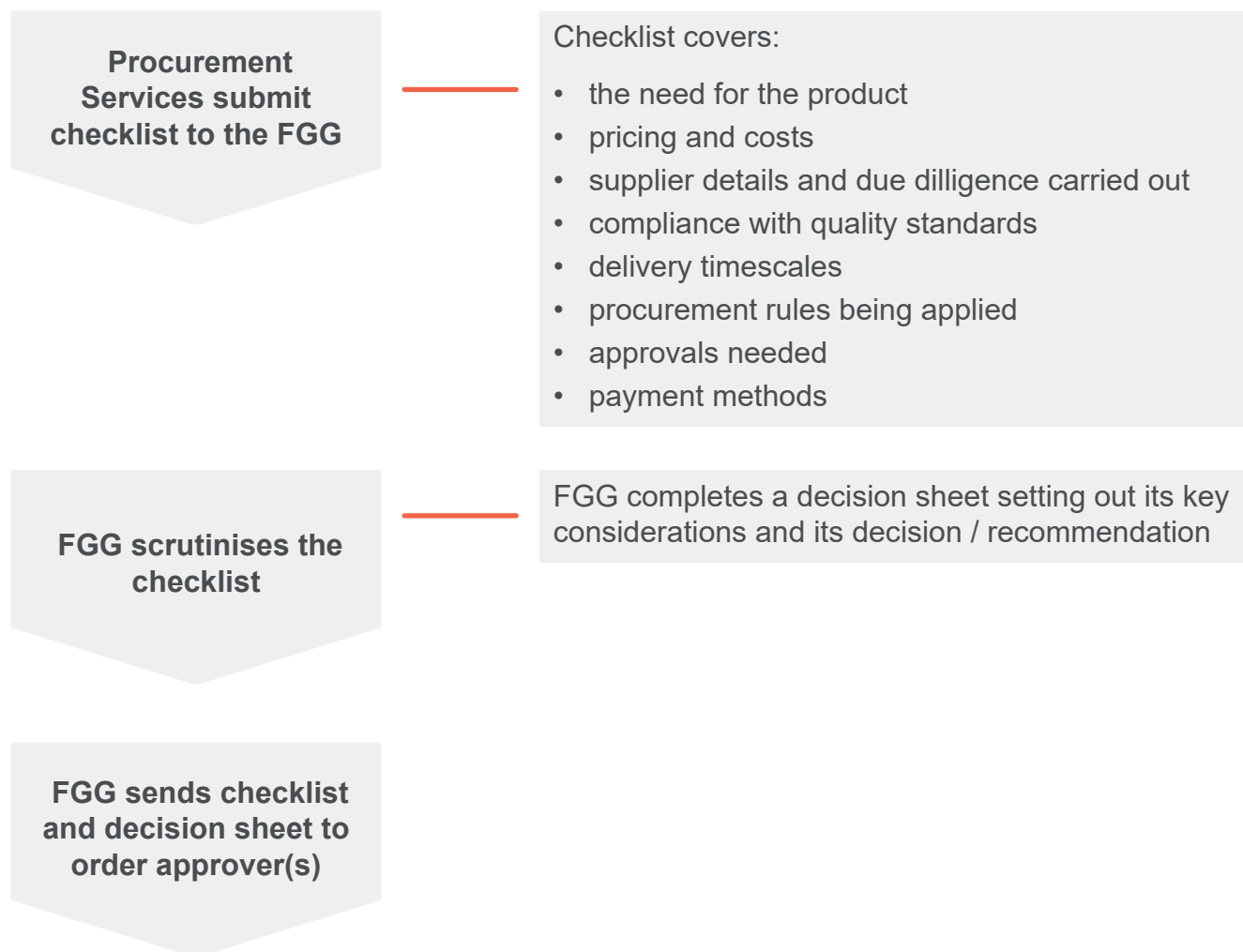
## Financial risks

- 2.14 Seeking to urgently procure scarce PPE in a fragmented and highly competitive global market posed significant financial risks. Many of the companies offering PPE were either new or had recently expanded into PPE and had limited track records. There were significant risks of fraudulent activity. And there were novel financial requirements, most notably a requirement from many companies for payment in advance.
- 2.15 Shared Services set up a new cross-profession Finance Governance Group (FGG) in early April 2020 to manage risks while enabling rapid decision making related to COVID-19 procurement. **Appendix 2** sets out the membership of the FGG which also included members of the Board of Velindre University NHS Trust. FGG meetings consider potential contracts for PPE that either or both:
- a need Welsh Government support for the advance payment because it is 25% or more of the value of the contract (**paragraph 2.1**).
  - b need formal approval from the Board of Velindre University NHS Trust.

The group's role is to ensure appropriate scrutiny and checks before requests for orders to be raised are sent for approval (**Exhibit 11**).

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## Exhibit 11: role of the Finance Governance Group in the contract approval process



Source: Audit Wales review

2.16 We reviewed the checks put in place on a sample of 16 contracts let by Shared Services. Our sample included the larger/more risky contracts reviewed by the FGG as well as some smaller contracts not covered (**Appendix 1**). We found that in all cases there was a documented evidence trail, picking out the key issues and risks and how they would be managed. All the decisions we reviewed had been made in line with the required processes, and the subsequent approvals of the orders were in line with Shared Services' scheme of delegation and Welsh Government requirements.

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- 2.17 The pressure of securing PPE meant due diligence could not always be carried out to the level it would outside of a pandemic in a normal competitive tendering process. However, for each contract we reviewed, we found evidence of key due diligence checks being carried out. These included background checks on the companies involved. In some cases, the companies looked like they were entirely new to the PPE market. However, further exploration showed that they had a sister company or were part of a group with experience in the PPE market. In other cases, the companies were new, but the Directors involved had credible direct access to PPE manufacturers.
- 2.18 Our findings on approvals confirm those of an internal audit review of Shared Services' financial governance, including PPE and other COVID-19 related expenditure, reported in October 2020. It found that the procedures around background checks, approvals and recording of decisions that the Welsh Government and NHS had put in place were complied with in all cases. It also noted that there were improvements to the financial governance arrangements and quality of documentation over the period.
- 2.19 The FGG monitors orders that involve advance payments to ensure the products are received. Nine orders reviewed by the FGG had advance payments made through an 'escrow' account. Shared Services and Welsh Government told us that this approach was used for large volume contracts or with new higher risk suppliers. The arrangements meant that the suppliers could see that the funding was in place but could not draw down the money until the goods were received and checked.
- 2.20 Shared Services cancelled four orders involving advance payments that had been reviewed by the FGG. Two of these advance payments had been made through an 'escrow' account. Refunds were received in full for three orders and for one order the advance payment was transferred to another order with the same supplier.
- 2.21 Despite the urgency, there was not a blanket approach of buying PPE whatever the cost. Inevitably, in what was in effect a seller's market, prices were higher (**paragraph 2.44**). We saw an example where Shared Services recorded that it had prioritised a slightly more expensive provider over a cheaper one, because it could supply more quickly. Nonetheless, we saw examples where Shared Services negotiated down the price. For one order, a unit glove cost negotiated to two-thirds of a unit cost offered by a different supplier avoided expenditure of £6.5 million. Shared Services also avoided costs by negotiating transport of PPE freight by sea and not air for some orders.

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- 2.22 Benchmarking data presented to the FGG, including historic data and data from other parts of the UK, set parameters for what Shared Services was willing to pay. Shared Services did not proceed with one contract where it had later been able to source the same PPE at a lower price.
- 2.23 As at the end of December 2020 the FGG had reviewed 43 proposed contracts, nearly all of which related to PPE. There were a further four contracts which were entered into in late March and very early April 2020 before the FGG was established. There were also a further four contracts that should have been, but were not, subject to review by the FGG. Shared Services Internal Audit reported that appropriate authorisation was in place for each contract order. Some of the contracts considered did not proceed or were subsequently cancelled.
- 2.24 As of January 2021, a total of 37 orders related to PPE that had either been through FGG or should have been<sup>13</sup>, had been delivered, or were expected to be delivered. Of those 37 orders, 16 were with existing suppliers and 21 with companies new to Shared Services. Around half of the orders with new suppliers came from companies new to the PPE market, six of which were with the same new supplier.

### Quality risks

- 2.25 There were widespread concerns, particularly at the start of the pandemic, that there were unscrupulous traders offering bogus PPE. PPE must meet strict certification standards. Shared Services Procurement Services worked closely with the SMTL, based in Bridgend, to test the quality of PPE. For some orders, this meant verifying that the certification provided was authentic. We understand that SMTL identified 37 fraudulent certificates being offered by potential suppliers. In some cases, SMTL carried out tests on a sample of the product. SMTL also worked closely with domestic manufacturers to help them secure certification.
- 2.26 As noted in **paragraph 2.19**, Shared Services had protection from losing advance payment where the PPE was not certified as described. There were two examples where proposed orders presented to the FGG were not proceeded with because the PPE did not meet the quality requirements. Other than the isolated example of mislabelled gloves (**paragraph 1.50**), we saw no evidence of examples, like those described by the NAO in England, where PPE was purchased centrally that was not deemed fit for purpose.

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<sup>13</sup> These 37 include the four orders let before the FGG started to meet. We chose to analyse this sub-set of 37 orders rather than all orders as they comprise most of the expenditure on PPE and exclude many smaller, lower risk contracts.

2.27 Contemporaneous notes kept by the WLGA record that local government bodies had purchased some PPE with fraudulent certificates in the early stages of the pandemic and that some of this had probably been used by frontline staff. These purchases were outside of the quality checking process put in place by Shared Services. We have not sought to verify the volume and nature of these purchases nor how local government bodies managed the risks.

### Transparency risks

2.28 In the absence of transparent competition, public bodies can maintain public confidence by openly reporting details of contracts let under emergency powers. The Cabinet Office's Procurement Policy Note (**paragraph 2.1**) sets out that a contract award notice should be published within 30 days of a direct contract being awarded. In Wales, contract awards above the relevant thresholds set out in the UK Public Contracts Regulations 2015 are published on the Welsh Government's Sell2Wales website. Before the end of the Brexit Transition Period, Sell2Wales automatically published award notices to the online version of the Official Journal of the European Union (Tenders Electronic Daily). Sell2Wales now publishes them on the Find a Tender Service, the new UK e-notification service.

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2.29 All 16 of the contracts covered in our sample testing of expenditure were direct awards due to extreme urgency. Shared Services has published full contract award notices for nine. Of the remaining seven:

- five contracts involved the same intermediary. For four of these, Shared Services published contract award notices covering the fees of the agents for a range of services but not the separate contract for the PPE items. Shared Services told us the contracts were with non-EU manufacturers and therefore it did not need to publish a contract award notice. We could find no such exemption in the relevant regulations or guidance. For one of the contracts, Shared Services published a contract award notice, but it was drafted as though the intermediary had provided the PPE and did not refer to the separate contract Shared Services had agreed with the manufacturer.
- for one contract, Shared Services published a different type of notification - a Voluntary Ex-Ante Transparency Notice (VEAT)<sup>14</sup> - but not a full contract award notification. Shared Services told us that because it published a VEAT, it did not need to publish a full contract award notice. We could find no such exemption in the relevant regulations or guidance.
- the final contract involved air travel sourced through the military and English NHS. Shared Services told us it did not need to publish a notification for this contract.

2.30 Of the nine full contract award notices published in our sample, none were published within 30 days of awarding the contract. On reviewing them, we found several had incorrect dates for the date the contract was awarded. Shared Services is rectifying these errors. For two contracts in our sample, Shared Services published VEATs within 30-days of letting the contract, although this is not a requirement for VEATs which are normally published in advance of letting a contract.

2.31 Shared Services told us that its staff have been stretched and needed to focus on the priority of securing PPE for frontline staff. Shared Services told us it was therefore not able to prioritise publishing contract award notices. Shared Services also told us that publication of contract award notices was delayed for some orders because of difficulties getting suppliers to register on Sell2Wales.

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14 This was a Voluntary Ex-Ante Transparency Notice (VEAT), which is used to give advance notice of the intention to let a contract. However, the VEAT in this case was published after the contract was let.

2.32 There has been regular reporting and scrutiny of COVID-19 expenditure within Shared Services' governance framework. Shared Services published the Internal Audit report on its website as part of audit committee papers. However, in our view it could build public trust in the procurement process in Wales by making the details of its contracts for PPE easy to access. We think there is merit in maximum transparency and collating information that is not commercially confidential into a single place. It would be very difficult for the public or those interested to get an overview of PPE contracts from the Sell2Wales website without already having in-depth knowledge.

### Ethical risks

2.33 All public bodies are expected to observe Welsh Government guidance on ethical supply chains in procurement. The guidance includes reference to ensuring that supply chains do not involve modern human slavery. No change was made to this guidance during the pandemic. The Welsh Government told us that the expectation remained, while recognising that the context of a pandemic may limit what was practically possible.

2.34 The WLGA's notes of the meetings with Welsh Government and Shared Services show that on multiple occasions, local government representatives raised concerns and queries about how to manage the risks of there being slavery and unethical employment practices in the manufacturing of PPE for Wales.

2.35 In our review of Shared Services documentation for PPE to the NHS, we saw no specific references to ethical employment practices in the consideration of risks. The Internal Audit review of Shared Services' financial governance arrangements (**paragraph 2.18**) considered ethical supply. It found that 'there were no issues/ concerns identified with the companies at the time of purchasing, but due to the urgency of the pandemic and the need to secure equipment; this was not a primary consideration when determining which supplier to use'.

### The Welsh Government expects to spend over £300 million on PPE for health and social care in 2020-21

2.36 Normally, NHS Wales would expect to spend around £8 million a year on PPE. We do not have figures for social care as much of the spend would have been by private care homes. The arrangements for funding PPE expenditure, especially in social care, have changed during the pandemic (**Box 1**).

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### Box 1: arrangements for funding PPE

The Welsh Government currently funds the provision of COVID-related PPE required by national guidance for healthcare and social care settings. This commitment extends to all secondary care and primary care settings including GP surgeries, dentists, optometrists and pharmacies. NHS bodies continue to fund their 'business-as-usual' PPE requirements on the basis that these are broadly in line with previous expenditure.

Initially, Shared Services would only supply social care for staff working with suspected or confirmed cases of COVID-19. Local authorities could claim the additional costs of PPE back from the Welsh Government through the Hardship Fund, set up to support local government during the COVID-19 pandemic. Since mid-April 2020, Shared Services has increasingly been meeting the needs of social care (residential care and domiciliary care) in both the public and independent sectors. Shared Services agreed a service level agreement with the WLGA, which runs from September 2020 to August 2021.

- 2.37 Shared Services expects to spend an additional £286 million on PPE, primarily for health and social care, in 2020-21. Shared Services placed orders of PPE with 18 suppliers in 2019. During the period March 2020 to February 2021, Shared Services has bought PPE from 67 suppliers, of which 51 are new suppliers. The £286 million projected spend on PPE by Shared Services, which is funded by the Welsh Government, includes:
- £186 million for PPE distributed to health and social care bodies; and
  - £99 million for PPE which is held in stock or expected for delivery by the end of March 2021.

- 2.38 At the end of January 2021, Shared Services was expecting to spend an additional £7.8 million on COVID-related operational expenditure in the 2020-21 financial year, with £5.6 million (72%) of this related to PPE. **Exhibit 12** shows that almost £3.2 million of the additional PPE-related spend is on staff costs, and £1.6 million is on transportation costs.

**Exhibit 12: forecast additional PPE-related operational costs being incurred by Shared Services in 2020-21**

	£ million
Staff costs	3.2
Transportation costs	1.6
Storage and security costs	0.6
Other PPE related costs	0.2
<b>Total</b>	<b>5.6</b>

Source: Shared Services

2.39 The Welsh Government agreed initially to fund local government expenditure on PPE as part of the wider Hardship Fund, set up to support local government through the pandemic. It is difficult to identify exactly how much PPE the Welsh Government has funded through this mechanism. The Welsh Government has provided data for Hardship Fund claims submitted up to October 2020.

2.40 Councils have received around £10 million for PPE claims although that may include some non-PPE items such as cleaning product, and around £0.5 million for associated costs such as transporting and storing PPE. The Welsh Government has also provided around £39 million<sup>15</sup> to cover the general increased costs of social care for providers, including the costs of PPE. The Welsh Government is unable to separate out the PPE elements of the general cost pressure expenditure.

2.41 Combining the Shared Services spending on PPE for health and care, operational costs and the funding for social care through the Hardship Fund takes the total funded by Welsh Government to over £300 million. We estimate that the Welsh Government has received around £880 million so far through the Barnett formula due to spending on PPE in England, although the Welsh Government is yet to confirm the final figure with HM Treasury.

2.42 In addition to the spend on PPE for Wales set out above, as of the end of January 2021 Shared Services had spent £37.5 million on PPE procured on behalf of other parts of the UK (**Exhibit 13**). Shared Services recoup the expenditure by invoicing the relevant administration.

<sup>15</sup> This is in addition to other Hardship Fund support for social care, such as funding additional staff costs.



**Exhibit 13: procurement of PPE on behalf of other UK nations for which expenditure is recouped, to the end of January 2021**

	£ million
England	28.3
Scotland	4.8
Northern Ireland	4.4
<b>Total</b>	<b>37.5</b>

Note: this expenditure is separate from mutual aid that was provided on request to other UK nations to meet urgent requirements (paragraph 1.29).

Source: Shared Services

**The cost of PPE items has been significantly higher than before the pandemic but has fallen since the first wave**

- 2.43 Intense global competition for scarce PPE resources drove up prices significantly, to a peak in April 2020. As the market adjusted, the prices paid by Shared Services fell over time. Procurement Services have shared an analysis of prices they paid for Type IIR masks, FFP3 respirators and nitrile gloves at the start of the pandemic and how they fell over time.
- 2.44 **Exhibit 14** shows how the unit cost of Type IIR masks, FFP3 respirators, nitrile gloves and fluid-resistant gowns rose sharply at the beginning of the pandemic before falling back to more normal levels towards the end of 2020. The largest increase was for gloves, which cost 800% of the average pre-pandemic price at the peak. Generally, across the period of the pandemic, Shared Services has procured higher volumes of PPE items at the lower prices. In the case of Type IIR masks, Shared Services' most recent contracts are for a cheaper unit price than before the pandemic.

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**Exhibit 14: examples of unit costs paid by Shared Services for Type IIR masks, FFP3 respirators, nitrile gloves and fluid-resistant gowns in November 2019 and during the pandemic in 2020**

Type of PPE	Date	Unit price, £ <sup>1</sup>	Volume purchased (for orders during the pandemic) <sup>2</sup>
<b>Type IIR masks</b>	Nov 2019	Range: 0.14 – 0.24 Average: 0.24	-
	Apr 2020	0.73	1,200,000
	Apr 2020	0.60	750,000
	Apr 2020	0.47	40,000,000
	Apr 2020	0.40	44,000,000
	May 2020	0.35	65,000,000
	June 2020	0.20	65,000,000
	Oct 2020	0.05	76,000,000
<b>FFP3 respirators</b>	Nov 2019	Range: 2.42 – 5.38 Average: 4.80	-
	Apr 2020	6.49	500,000
	June 2020	4.76	1,800,000
	Oct 2020	5.50	2,000,000
<b>Nitrile gloves</b>	Nov 2019	Range: 0.02 – 0.19 Average: 0.03	-
	Apr 2020	0.25	100,000,000
	Apr 2020	0.15	10,000,000
	May 2020	0.135	144,000,000
	Oct 2020	0.095	100,000,000
	Nov 2020	0.08	182,000,000

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Type of PPE	Date	Unit price, £ <sup>1</sup>	Volume purchased (for orders during the pandemic) <sup>2</sup>
Fluid-resistant gowns	Nov 2019	Range: 0.42 – 2.23	-
		Average: 1.41	
	Apr 2020	4.50	400,000
	May 2020	2.50	3,000,000

Notes:

- 1 Pre-pandemic prices are a weighted average of multiple different types of products which fall under the category. For example, there were 17 different lines under ‘nitrile gloves’ in November 2019. It is likely that the mix of products purchased during the pandemic differs from the position pre-pandemic.
- 2 The volume of items procured may not reconcile to the data on stocks and issues because some items were due to be delivered in batches, with some batches yet to be received. Also, for some orders, Shared Services was procuring additional items for other UK governments.
- 3 The unit prices and volumes of nitrile gloves are per individual glove.

Source: Shared Services

2.45 There has been significant media attention on the fees associated with intermediaries and agents involved in the procurement of PPE in England. We understand that where Shared Services engaged with agents, the agent’s fee was absorbed into the unit price for the items, under an arrangement between the agent and the manufacturer. As such Shared Services does not know how much profit was made by the agent. In one case, the fees for the agents were capped at a specific percentage of the unit price. These fees covered overheads, administration, staffing costs, land transport, due diligence checks, in-country inspections, escrow account fees and profit.

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## There are some key decisions to make as part of the future procurement strategy for PPE, including on the involvement of domestic manufacturers

- 2.46 Shared Services' Winter Plan for PPE ran to the end of March 2021. There are some significant issues for the Welsh Government to consider for future procurement, including the size and nature of any future stockpile and the involvement of Welsh manufacturers. Shared Services is working with the Welsh Government to extend the key principles of the Winter PPE Plan (**paragraph 1.36**) into 2021-22. An interim position is being developed which is likely to reduce the 24-week target stock holding for most PPE items to reflect the reducing risk from the end of the EU transition period. A longer-term strategic plan will be developed during summer 2021.
- 2.47 Of the 67 suppliers that we referred to in **paragraph 2.37**, 13 were Welsh manufacturers and there were also several Welsh-based distributors involved in securing PPE. Other Welsh manufacturers have supplied local bodies with donations of PPE, for example of hand sanitiser and visors.
- 2.48 Welsh Government officials involved in the CERET worked closely with manufacturers to help them build capacity and get certification for some of the more complex PPE items. However, the time taken in preparations meant that the potential suppliers could not capitalise on relatively high prices in spring and summer 2020 when Shared Services was ramping up orders for its Winter Plan, and when the Welsh suppliers would have been reasonably price-competitive. In its report, the NAO highlighted the challenge of developing the domestic PPE market given the large amount of PPE stockpiled in England, which limits the potential size of the market for some items.
- 2.49 The Senedd Health, Social Care and Sport Committee's report encouraged the Welsh Government to consider the options for supporting local businesses that wish to continue making PPE. The Welsh Government is re-shaping its overall approach to procurement, with a view to having a greater focus on the local economic benefits and the foundational economy. In our view, the Welsh Government now needs to give a clear steer to public services and manufacturers as to its intentions for the domestic PPE market.

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- 2.50 Under the normal approach to procurement, public services can compare the merits of different bidders using a range of criteria to demonstrate 'value' in the round. The more expensive option may offer additional benefits in terms of innovation or and wider policy goals, such as sustainable development in line with the Well-being of Future Generations (Wales) Act 2015. The issues highlighted in **paragraphs 2.33 to 2.35** around ethical supply chains are also relevant in this context.
- 2.51 There are also some decisions to make about the size and nature of the stockpile that will be held in case of a future pandemic. The current goal of a 24-week buffer is significantly larger than the stockpile previously held for a flu pandemic. Holding a stockpile involves costs in warehousing, staff to manage the stock and possible waste as some items may go past their useable date. If there is to be a significant stockpile, there will be questions to resolve about the timing of procurement and whether it can be built up when prices are back to normal rather than at a time of still high international demand.

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# Appendices

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- 1 Audit approach and methods
- 2 Organisations and groups involved in the procurement and supply of PPE
- 3 Shared Services PPE stocks during the pandemic

# 1 Audit approach and methods

## Audit approach

The scope of our work took in the procurement and supply of PPE for all public services. However, in practice, our primary focus was on the NHS and social care and the national procurement led by the Welsh Government and NHS Wales Shared Services Partnership (Shared Services). While recognising that there has been local procurement and distribution of PPE, this was not a significant focus of our work.

To inform our work, we reviewed evidence submitted to the Senedd Health, Social Care and Sport Committee in spring/summer 2020. The Committee covered PPE in its July 2020 report, Inquiry into the impact of the Covid-19 outbreak, and its management, on health and social care in Wales: Report 1.

We also reviewed two reports by the NAO that covered the procurement and supply of PPE in England.

- Investigation into government procurement during the COVID-19 pandemic, November 2020,
- The supply of personal protective equipment (PPE) during the COVID-19 pandemic, November 2020.

Building on these reports, the UK Parliament's Public Accounts Committee published its own report in February 2021, COVID-19: Government procurement and supply of Personal Protective Equipment.

We have explored similar issues in our work. We have discussed PPE procurement and supply with the NAO and with counterparts at Audit Scotland and the Northern Ireland Audit Office.

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## Audit methods

We used a range of methods:

- **Document review:** we reviewed pre-pandemic planning documents, strategic plans, papers considered by NHS boards and committees, guidance documents including on PPE use in different settings and on procurement, and relevant Internal Audit reports including:
  - in October 2020, the NHS Wales Audit and Assurance Services (part of Shared Services) reported on Shared Services' financial governance arrangements during the COVID-19 pandemic. The review covered COVID-19 related expenditure, including but not limited to PPE, between March and July 2020. Part 2 of our report covers some similar issues for PPE specifically.
  - in December 2020, the Welsh Government's Internal Audit Services reported on Welsh Government strategy and governance arrangements for PPE. The auditors recorded a 'reasonable assurance' rating, noting their view that the arrangements were operating effectively for oversight of PPE. The report recommended that officials conduct a 'lessons learned' exercise, collate a timeline of key events and make some minor administrative changes.
- **Semi-structured interviews:** we interviewed officials involved in the planning and procurement of PPE across Shared Services, the Welsh Government, and the Welsh Local Government Association.
- **Data analysis:** we reviewed available data on the distribution of PPE items in Wales, NHS Wales expenditure, the price of items of PPE and the levels of stock held and distributed. The more centralised approach to monitoring and reporting for the NHS means data on healthcare has been more readily available than data on social care.
- **Staff surveys:** we analysed survey data provided by bodies representing medical, and nursing staff (Royal College of Nursing and British Medical Association). As the participants were self-selecting, rather than a random sample, we cannot know how representative these experiences are of the whole NHS and social care workforce.
- **Procurement testing:** we reviewed a sample of 16 PPE-related contracts, checking for compliance against expected procedures and looking for broader consideration of risks to value for money. We selected a mix of larger value and smaller value contracts that were not part of the normal supply chain (**Exhibit 15**). Our sample covered 71% of the value of these contracts at the end of November 2020, which included purchases on behalf of other UK countries.

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- **Site visit:** in November 2020, we visited the warehouse where a significant proportion of the PPE buffer stock is held. We carried out a health and safety risk assessment in advance. Audit Wales and NHS Wales staff wore face coverings and maintained social distancing.
- **Wider engagement:** we wrote to organisations that supplied evidence related to PPE as part of the Senedd Health, Social Care and Sport Committee inquiry in spring/summer 2020. We invited them to share any new evidence or issues of concern. We wrote to 21 organisations and received 6 responses. In some cases, we followed up those responses through further dialogue.

**Exhibit 15: details of contracts covered in our procurement sample testing**

Sample number	PPE item procured	Anticipated contract value at end of November 2020
1	Type IIR masks	£23,400,000
2	Type IIR masks	£21,150,000
3	Nitrile gloves	£19,440,000
4	Type IIR masks	£18,000,000
5	Nitrile gloves	£14,497,960
6	Type IIR masks	£14,483,220
7	Type IIR masks	£12,432,205
8	FFP3 respirators	£11,143,934
9	FFP3 respirators	£9,500,000
10	FFP3 respirators	£12,100,000
11	Fluid-resistant gowns	£6,019,355
12	Fluid-resistant gowns	£1,720,000
13	Fluid-resistant gowns	£1,008,000
14	Type IIR masks	£890,000
15	Air freight charges	£655,000
16	Air freight charges	£248,259



## 2 Organisations and groups involved in the procurement and supply of PPE

Beyond the Welsh Government as a whole, we refer in this report to various organisations or groups involved in the national procurement and supply of PPE. **Exhibit 16** provides an overview but is not exhaustive. Other organisations or groups have had input at different times for specific purposes.

**Exhibit 16: organisations and other key groups involved in the national procurement and supply of PPE for health and social care**

Organisation	Description
NHS Wales Shared Services Partnership (Shared Services)	<p>Shared Services provides professional, technical and administrative services on behalf of other NHS bodies, which include procurement services and the Surgical Materials Testing Laboratory.</p> <p>The Shared Services Partnership Committee sets the Shared Services policy for NHS Wales, monitors the performance and supports the strategic development of Shared Services and its services.</p>
Public Health Wales	<p>Public Health Wales NHS Trust aims to protect and improve health and well-being and reduce health inequalities. It has worked alongside the public health agencies of the other UK nations to develop and issue infection prevention and control guidance, which includes the use of PPE.</p>
Velindre University NHS Trust	<p>Shared Services is hosted by Velindre University NHS Trust via a formal agreement, signed by each statutory organisation in NHS Wales. As a hosted organisation, Shared Services operates under the legal framework of Velindre University NHS Trust.</p>
Finance Governance Group (FGG)	<p>Shared Services set up the FGG to scrutinise and manage risks related to COVID-19 procurement.</p> <p>The FGG involves different parts of Shared Services along with members of the Velindre University NHS Trust Board. Shared Services representatives are from procurement, audit and assurance, finance and corporate services, legal and risk services and counter fraud.</p>

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Organisation	Description
Surgical Materials Testing Laboratory (SMTL)	The Surgical Materials Testing Laboratory is part of Shared Services and provides testing and technical services in support of NHS Wales procurement.
Life Sciences Hub Wales (LSHW)	An organisation formed in 2014 that brings together members in the Life Sciences sector to collaborate on solutions. A framework document between the Welsh Government and LSHW sets out the governance and accountability arrangements, and LSHW receive an annual remit from the Welsh Government.
National Procurement Service (NPS)	Part of the Welsh Government, promoting Welsh public sector procurement collaboration and managing a number of collaborative procurement frameworks for a range of goods and services.
Critical Equipment Requirement Engineering Team (CERET)	Established by the Welsh Government in March 2020, bringing together colleagues from across Welsh Government, the NHS, SMTL, LSHW and Industry Wales to support the procurement of PPE for healthcare settings.
Welsh Local Government Association (WLGA)	The WLGA coordinated social care responses and procurement between the 22 local authorities and liaised with Shared Services, the National Procurement Service and the wider Welsh Government.

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### 3 Shared Services PPE stocks during the pandemic

**Exhibit 17: volume and number of weeks of items held in stock at 7 February 2021, highest and lowest points**

PPE item		Weeks of stock at 7 February 2021	Highest number of weeks	Lowest number of weeks
Aprons	Weeks	37.8	47.8	2.4
	Date		30 Nov 2020	5 May 2020
Body bags	Weeks	384.8	5,733.8	2.2
	Date		30 Jul 2020	14 Apr 2020
Eye protector	Weeks	601.9	205.557.3	0.1
	Date		9 Jul 2020	11 May 2020
Face visor	Weeks	19.3	55.6	0.1
	Date		7 Sept 2020	8 Apr 2020
FFP2 respirator	Weeks	97.0	1,496.6	12.3
	Date		12 May 2020	27 Jul 2020
FFP3 respirator	Weeks	9.3	32.9	1.4
	Date		9 Nov 2020	2 Apr 2020
Fit test kits & spares	Weeks	667.6	2,729.4	0.2
	Date		4 Jan 2021	6 Apr 2020
Gloves	Weeks	3.7	7.6	1.3
	Date		7 Sept 2020	7 Dec 2020
Gloves (cuffed)	Weeks	26.8	71.5	0.8
	Date		18 Jan 2021	7 Apr 2020
Gowns (fluid-resistant)	Weeks	116.3	145.9	0.2
	Date		17 Aug 2020	25 Apr 2020

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PPE item		Weeks of stock at 7 February 2021	Highest number of weeks	Lowest number of weeks
Gowns (other)	Weeks	3.3	44.8	0.6
	Date		22 Jun 2020	26 Apr 2020
Hand sanitiser	Weeks	79.1	127.1	1.6
	Date		18 Jan 2021	15 Apr 2020
Hand wipes	Weeks	11.4	83.2	5.7
	Date		4 Jan 2021	31 Aug 2020
Type I & type II masks	Weeks	85.3	147.2	0.3
	Date		30 Nov 2020	7 Apr 2020
Type IIR masks	Weeks	50.5	116.0	0.2
	Date		18 Jan 2021	7 Apr 2020
Respirator hoods	Weeks	Analysis not possible due to limited issuing		
	Date			
Respirator filters	Weeks	Analysis not possible due to limited issuing		
	Date			

Note: one unit of gloves are reported as pack, which vary in size, and hand sanitiser as a bottle, varying in volume.

Source: Audit Wales analysis of Shared Services data

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**Exhibit 18: total units of PPE issued up to 7 February 2021**

<b>PPE Item</b>	<b>Units</b>
Aprons	113,770,625
Body bags	11,316
Eye protector	1,627,000
Face visor	5,167,736
FFP2 respirator	126,036
FFP3 respirator	2,823,373
Fit test kits and spares	5,965
Gloves	337,469,340
Gloves (cuffed)	1,306,900
Gowns (fluid-resistant)	2,000,584
Gowns (other)	643,990
Hand sanitiser	391,514
Hand wipes	20,135,400
Type I & type II masks	1,174,150
Type IIR masks	143,238,551
Respirator hoods	102
Respirator filters	22,176
<b>Total</b>	<b>629,914,758</b>

Note: one unit of gloves are reported as pack, which vary in size, and hand sanitiser as a bottle, varying in volume.

Source: Welsh Government, Weekly Personal Protective Equipment issues: up to 7 February 2021, released 11 February 2021

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<b>AUDIT, RISK AND ASSURANCE COMMITTEE</b>		<b>Date of Meeting: 08 June 2021</b>
<b>Subject:</b>	<b>Counter Fraud Annual Report 2020/21</b>	
<b>Approved and Presented by:</b>	Director of Finance and IT / Matthew Evans Head of Counter Fraud	
<b>Prepared by:</b>	Head of Counter Fraud	
<b>Other Committees and meetings considered at:</b>		

**PURPOSE:**

The purpose of this report is to provide the Audit Risk & Assurance Committee with the Annual Report outlining counter fraud activity in 2020/21.

**RECOMMENDATION(S):**

It is recommended that the Audit Risk & Assurance Committee receive the report for discussion and information the content of this update report.

<b>Ratification</b>	<b>Discussion</b>	<b>Information</b>
	<b>X</b>	

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

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

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**GIG**  
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Powys Teaching  
Health Board

# **Powys Teaching Health Board**

## **Counter Fraud Annual Report 2020/21**

**Matthew Evans**  
**Head of Counter Fraud Services**

**June 2021**

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# Introduction

This report has been written in accordance with the provisions of the Fraud, Bribery and Corruption Standards for NHS Wales Bodies (the Standards) which require Local Counter Fraud Specialists (LCFS) to provide a written annual report reflecting the counter fraud, bribery and corruption (economic crime) work undertaken during the financial year.

The Counter Fraud Work Plan for 2020/21 was approved by the Audit Committee and identified a total resource of 228 days for the year. This was a reduced allocation from the SLA agreed provision of 245 days. The reduction accounted for a loss of resource with an LCFS absent from role at start of year. This absence impacted the available resource beyond initial anticipation; once recruitment process was completed with a new member of staff joining the team on 01 August 2020 the impact to SLA agreed resource was 84 days. The Counter Fraud Team delivered 184 days of counter fraud work with activity at Powys THB supplemented by unallocated new resource from within the Swansea Bay UHB Counter Fraud Team. The total cost for the provision of local counter fraud services for the year was £42,160. The costs are calculated based on number of staffing days delivered in year and counter fraud activity.

For ease of reference and in line with the Work Plan, this report is structured under Strategic Areas of Counter Fraud activity of Strategic Governance, Inform & Involve, Prevent & Deter and Hold to Account.

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# Work carried out against the requirements

## Strategic Governance

The Standards require each health body to produce a written work plan outlining the LCFS' projected duties for the year. The 2020/21 work plan, agreed by both the Director of Finance and Audit Committee, took due account of the work required to ensure consistent and effective implementation and delivery of the Fraud, Bribery and Corruption Standards for NHS Bodies (Wales). It was designed to ensure a holistic approach to counter fraud work within the Health Board, with flexibility to allow high risk work to be undertaken urgently.

Progress against the plan has been monitored during meetings with the Director and Interim Director of Finance, with update reports produced and presented to the Audit Committee in line with its agreed work programme.

The LCFS Team continue to attend meetings organised by the NHS Counter Fraud Service (CFS) Wales. These meetings provide an invaluable opportunity to share information and identify emerging risks, themes and areas of best practice with NHS Counter Fraud colleagues across Wales. They have also been utilised by the NHS Counter Fraud Authority Training Delivery Leads to deliver key skills development sessions, refreshing fundamental operational skills and providing information and training on any relevant new economic crime matters or legislation. During 2020/21 these have included sessions on:

- New NHS Functional Standards including Qualitative Assessment updates
- Training on using the new Case Management System Clue3
- FPU – guidance on calculating savings circulated by CFA
- Crown Prosecution Service Updates – advice from offices other than Cardiff, any issues or concerns with CPS
- Impact of Covid 19 on Counter Fraud activity
- Audit Wales report on Effectiveness of Counter Fraud Measures and response
- National Proactive Work – Pharmacy Fraud main focus for CFS Wales using data analytics in liaison with Audit Wales

As part of the quality assurance process, NHS organisations in Wales are required to complete a self-review of their progress in implementing the Standards. From 2021/22 NHS Wales will introduce Government Functional Standards on Counter Fraud to replace NHS Counter Fraud Authority's (NHS CFA) 'NHS Counter Fraud Standards (Wales)'. A self review against the incoming Standards has therefore been undertaken. The review utilises a traffic light system with being graded as red, amber or green (RAG).

The following areas have been highlighted as requiring improvement as part of the self-review process:

- **NHS Requirement 3** – Fraud bribery and corruption risk assessment. This is something that has been worked on in 2020/21 in preparation. This is a developing area across NHS Wales and England. Further guidance and assistance from NHS CFA on aligning this work to Government Counter Fraud Profession fraud risk assessment methodology is anticipated in 2021/22 which will subsequently be adopted and implemented within the Health Board.
- **NHS Requirement 6** – Outcome based metrics. Introduction of formal KPIs with targets set at beginning of year is completely new. Consistency across NHS Wales will be key for this. KPIs are useful for measuring performance and pushing for improvement becoming purely target driven may have a negative impact on work overall. A balance with consistent application will be key for this new standard.
- **NHS Requirement 8** – Reporting Identified Loss. A new case management system to be introduced on 1<sup>st</sup> April 2021 will assist in meeting this new standard. Consistency across NHS Wales in the form of calculation formula has been agreed to identify and report losses.
- **NHS Requirement 10** - Undertake detection activity. Whilst work has been completed in this area particularly around analysing and sharing information and intelligence on emerging and existing fraud risks the combination of shift of focus towards dealing with pandemic and a drop in available resource has meant not enough work has been completed to proactively detect fraud in year to achieve a Green rating. The Amber rating represents maintaining a similar rating to that of comparable NHS Standards for the 2020/21 review. The Counter Fraud work plan for 2021/22 contains activity aimed at increasing this rating. A full time return to partners in this area, such as PPV, successful recruitment of a new LCFS and general 'normalisation' of NHS roles will aid in achievement and completion of this planned activity for 2021/22.

Improvement activity for these areas has been included within the 2021/22 Counter Fraud Work Plan.

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## Inform and Involve

Work undertaken in this area is designed to raise awareness of the risks of fraud, bribery and corruption within the NHS, and their consequences. Developing a strong anti-economic crime culture within the organisation underpins all other work undertaken and is closely linked to the creation of a strong deterrent effect.

The Team has undertaken 14 virtually delivered counter fraud awareness sessions, attended by more than 82 staff members from a range of departments and disciplines. This is a sharp decrease in both numbers of sessions and staff attending. The service saw difficulties in the early part of this year with sessions cancelled because of the pandemic. An adjustment in year to virtually delivered sessions ensured some provision was available but attendance numbers were reduced. The Counter Fraud now deliver a session as part of Health Board Induction Programme. The Team has delivered 3 sessions to 30 new staff members. The aims of both the induction and general awareness sessions are to deliver message in respect of:

- The effects of economic crime within the NHS, giving examples of high-risk areas and real-life cases that have successfully been prosecuted.
- The measures put in place within the NHS to combat economic crime, including a summary of the roles of the NHS Counter Fraud Authority, CFS Wales and the LCFS.
- Key Health Board documents, including the Counter Fraud Policy and Response Plan, Policy for NHS Staff to Raise Concerns, and Standards of Behaviour Policy
- How staff are able to report any suspicions or concerns which they may have.

The Health Board also has its own dedicated counter fraud intranet page, which is a key tool in raising economic crime awareness amongst staff. The pages were revised in year to update and refresh available information. The content of the page provides staff with information on the following important areas:

- What is Fraud?
- What is Bribery?
- The Role of the LCFS
- Examples of Economic Crime within the NHS
- Information on accessing training and awareness presentations
- How to Report Concerns

The Counter Fraud Team have produced 4 Counter Fraud Newsletters which contained articles on proven cases of NHS fraud, designed to deter economic crime and promote awareness amongst Powys THB staff and primary care contractors.

The Counter Fraud Team took part in International Fraud Awareness Week in November 2020 alongside NHS and public sector partners. During this event the Team produced

refreshed literature based around available resources issued from Counter Fraud Service Wales and NHS Counter Fraud Authority. The Team also created content such as 'Ethical Dilemmas' which posed fraud risk-based situations asking staff what they would do in those circumstances, a special edition Newsletter and a counter fraud leaflet. The event was run virtually with resources disseminated to staff on multi-platform basis throughout the week.

A payslip message was also used during the year to highlight to staff the need for them to check their payslips on a regular basis, and to report any overpayments or errors.

An all staff survey was undertaken in 2020/21 to evaluate fraud, bribery and corruption awareness levels amongst staff. Whilst responses received exhibited good overall awareness of fraud, bribery and corruption policies, reporting lines, identification and expected behaviours there is some concern around the number of replies received which indicates poor reach and cut through of counter fraud communications. A review of the Counter Fraud Communications Strategy has been included in the 2021/22 work plan to seek to address this issue.

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## Prevent and Deter

A key principle in preventing and deterring economic crime is the design, implementation and subsequent review or 'fraud-proofing' of relevant policies and procedures. This process is intended to minimise the opportunity for economic crime to occur, by identifying and addressing potential risks or loopholes, and implementing measures to increase their resilience to such activities. There is no such thing as a completely fraud-proof policy, procedure or process; however, a commitment to fraud-proofing reduces risk, and minimises the potential for misinterpretation or for a fraudster to use lack of clarity as a defence. It is also an opportunity to deter fraud, as well as abuse that falls short of actual fraud. As such during 2019/20, activity in this area has focussed on the review of the following key documents:

- Standing Financial Instructions
- Petty Cash
- Losses and Special Payments
- Creditor Payments
- Requisitioning Goods and Services
- Purchasing Cards
- Web Quotations and Tendering

The LCFS Team continue to meet and share information with key stakeholders and colleagues in order to ensure that a holistic approach to preventing and deterring economic crime is taken. During 2019/20 this has included:

- NWSSP Audit & Assurance
- NWSSP Procurement Services
- NWSSP Payroll
- NWSSP Recruitment
- Dyfed Powys Police
- Powys County Council

Where credible information is received regarding a potential fraud threat, it is important that this is promptly and appropriately disseminated within the Health Board (and beyond where necessary) in order to reduce the risk to the organisation. To that end, 42 fraud alerts have been issued during 2020/21, designed to ensure that key staff are kept up to date on developments and fraud risks both locally and nationally covering areas.

A proactive exercise was completed in 2020/21 which covers Agencies, Nurse Bank and substantive recruitment. Verification of pre-employment checks undertaken by agencies by NHS Organisations was raised as a risk area by NHS Counter Fraud Authority in 2019/20 who established there was an over reliance on the contract terms which state that it is the responsibility of the Agency to undertake pre-employment checks. The undertaking of an

exercise was also recommended by the NHS Counter Fraud Authority Quality Assurance Inspectors following a proactive risk management exercise earlier this year.

Verification of pre-employment checks for substantive and Nurse Bank staff will cover recruitment completed in 2019. A review of Internal Audit findings in relation to Covid recruitment will be undertaken to assess requirement for proactive fraud detection work around that intake. The exercise identified risks that were fed back into the relevant Health Board Officers for consideration and action.

The Counter Fraud Team have commenced a series of risk assessments throughout 2020/21. The assessment process undertaken aligns to the Health Board's Risk Assessment procedure. This will feed into work to develop a formal organisational fraud risk profile into 2021/22.

The Health Board's participation in the 2020 iteration of the National Fraud Initiative (NFI) commenced in 2020/21. All required data was submitted to the NFI and necessary Privacy Notices issued. The matched data sets have been released and work is underway in line with NFI timetable to complete assessment of those matches.

The Counter Fraud Team have been kept informed of fraud threats to the NHS from COVID-19 via updates issued by NHS Counter Fraud Authority. The Team have updated key stakeholders in these emerging threat areas throughout the year. The fraud threats were in general found to be previously known fraud threats with adjusted approaches to align to COVID-19. Post event assurance around COVID-19 activity within the NHS is planned by NHS Counter Fraud Authority in 2021/22 and NHS Wales is expected to take part in national proactive exercises in this area.

The LCFS attended the Controlled Drugs Local Intelligence Network meetings throughout the year to discuss issues arising relating to controlled drugs; the network isn't Health Board specific being linked to Controlled Drugs Accountable Officer for the area instead. Attendance of other parties, such as Police, is resulting in establishment of good links outside the Health Board

Evans, Caroline  
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## Hold to Account

The Counter Fraud, Bribery and Corruption Policy & Response Plan sets out the Health Board's zero-tolerance attitude toward economic crime, its commitment to the rigorous investigation of all reports received, and the consistent application of all appropriate sanctions, focussing on the use of parallel processes where relevant. This includes:

- Criminal prosecution
- Civil action
- Internal disciplinary action
- External disciplinary or regulatory action by a relevant body.

As such, a key aspect of effective counter fraud work is the thorough, impartial and professional investigation of economic crime suspicions as they arise. All investigations must be undertaken in line with the requirements of relevant legislation, as well as the guidance contained within the NHS Counter Fraud Manual, in order to ensure that all of the above sanctions remain available throughout.

At the commencement of the 2020/21 year, the Team were dealing with 14 live criminal investigations. 8 contacts raising concerns of potential fraud, bribery or corruption were received during the course of the year, 3 of which resulted in the commencement of a formal investigation. 11 cases were closed during the course of the year. The Counter Fraud Team is investigating 6 cases which will be carried forward into 2021/22.

1 criminal sanction has been imposed during the year, a police Adult Community Resolution Order for an offence of fraud by false representation, contrary to Section 2 Fraud Act 2006.

In addition to the above, liaison with relevant managers and Workforce & Organisational Development colleagues on cases involving Health Board staff has resulted in 1 internal disciplinary sanctions being imposed and 1 professional disciplinary being imposed.

The NHS Counter Fraud Service Wales are currently managing 1 case on behalf of the Health Board relating to finalisation of Proceeds of Crime Act recovery for a previous conviction. The LCFS continues to monitor progress and provide assistance where necessary, and update reports are received by the Director of Finance.

Evans, Caroline  
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# Appendices

## Appendix 1 – Counter Fraud Activity

Area of activity	Days used
Inform & Involve	29
Prevent & Deter	57
Hold to Account	63
Strategic Governance	35
<b>Total days used</b>	<b>184</b>

## Appendix 2 – Counter Fraud Costs

Costs have been calculated based on actual days delivered in year. This differs from the SLA agreed amount due to the staff absence resulting in a loss of resource of 1 FTE for the year.

Cost	£
Proactive costs (based on staffing days delivered in year)	27726
Reactive costs (based on staffing days delivered in year)	14434
<b>Total costs</b>	<b>42160</b>

Evans, Caroline  
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# Appendix 3 – Case Information Overview

Case Information	Number
Cases carried forward from 2020/21	14
Referrals Received during the period	8
Cases Opened during the period	3
Cases Closed during period	11
Cases Ongoing	6
Number of new fraud risk assessments recorded in line with the organisations risk management policy	0
Number of risk assessments reviewed in line with the organisations risk management policy	5

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# Appendix 4 - Sanction Information Overview

Sanction Imposed	Number
Disciplinary	2
Civil	0
Criminal	1

Redress Imposed	Amount £
Fraud Recovery	£0

Evans, Caroline  
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**Agenda item: 3.4a**

<b>AUDIT, RISK AND ASSURANCE COMMITTEE</b>		<b>Date of Meeting: 08 June 2021</b>
<b>Subject:</b>	<b>Post Payment Verification Annual Report – 1<sup>st</sup> October 2020 to 31<sup>st</sup> March 2021</b>	
<b>Approved and Presented by:</b>	Director of Finance/All Wales Post Payment Verification Manager	
<b>Prepared by:</b>	All Wales Post Payment Verification Manager	
<b>Other Committees and meetings considered at:</b>	n/a	

**PURPOSE:**

This report highlights the narrative on how practices have been performing over the current PPV cycle, and two previous visits. It also demonstrates the overall performance of the HB against the national averages. Post Payment Verification of claims from General Medical Services (GMS), General Ophthalmic Services (GOS) and General Pharmaceutical Services (GPS) are undertaken as a part of an annual plan by NHS Wales Shared Services Partnership (NWSSP).

**RECOMMENDATION(S):**

The Audit, Risk and Assurance Committee is asked to NOTE the Post Payment Verification Annual Report.

<b>Approval/Ratification/Decision</b>	<b>Discussion</b>	<b>Information</b>
<b>X</b>	✓	✓

Evans, Caroline  
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## EXECUTIVE SUMMARY:

The report details specific risks as outliers in a traffic light system, but provides the narrative for what PPV, Primary Care, Finance and Counter Fraud consider the best approach to support practices in improving.

Due to Covid-19 we are unsure to when 'normal' PPV visits will begin again for General Ophthalmic and Pharmacy Services.

There are no options included in this report. The report is for information/Assurance and members are asked to note the contents.

## DETAILED BACKGROUND AND ASSESSMENT:

This year, 2020-2021, we have faced major challenges associated with the COVID-19 pandemic. To effectively respond to challenges identified within Primary Care, Welsh Government primary care chief officers, in collaboration with associated clinical directors within the service, agreed that Post Payment Verification (PPV) processes would be stood down. This decision was taken to protect our front-line services, to maintain colleagues' safety and to remove any pressure on primary care contractors and their teams during unprecedented times.

A review of opportunities and a recovery plan was considered during this time, to return with an acceptable level of PPV, which would continue to provide Health Boards with reasonable assurance that public monies are being appropriately claimed. PPV reinstatement was 1<sup>st</sup> October 2020, which was agreed by General Practitioners Committee (GPC) Wales and Welsh Government.

The paper is being produced for the Committee to review for information purposes and discussion.

PPV provides assurance in all contractor disciplines, except for General Dental Services. At certain times throughout COVID-19, cash flow to medical and ophthalmic contractors has been maintained based on historical claiming patterns, due to submission of claims for various enhanced services being suspended.

NWSSP reviewed how it was able to reinstate an agreed level of PPV within both the Ophthalmic, Pharmaceutical and Medical disciplines along with the Clinical Waste Audit.

Evans, Caroline  
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Pre COVID, the visit plan previously run on a 3-year cycle for GMS 2020-2021 and was agreed by Health Board Audit Committees. Following review of the All-Wales visit plan, NWSSP reinstated remote access PPV arrangements within the GMS discipline. It was agreed that resources be focused to clear all planned GMS routine and revisits due for 2020-2021 by 1<sup>st</sup> April 2021. These visits would be completed remotely and would not be intrusive or place additional requirements on local front-line service provision. Remote access verification would take place based on a sample of claims submitted from April 2019 - March 2020, due to the sudden decrease of claims from the point of lockdown in March 2020. NWSSP is, however, allowed a postponement of visits until April 2021, due to the COVID-19 vaccination programme and the additional pressure that contractors were under.

It has been agreed by General Practitioner Committee Wales and Heads of Primary Care that PPV can proceed with the planned GMS visits during the 2021-2022 financial year as part of the PPV three-yearly cycle, utilising 2019-2020 claim data from April 2021.

### **General Ophthalmic Services (GOS)**

Pre COVID-19, the visit plan for GOS 2020-2021 was agreed by Health Board Audit Committees. However, ophthalmic practices have been unable to remain open to the public for certain periods and it is a service where PPV teams do not have the ability to undertake reviews via remote access now. NWSSP has been providing data to Welsh Government regarding the opening hours and claims for GOS. We are also undertaking the GOS patient letter programme across Wales to provide elements of assurance to our Health Boards.

### **Pharmacy Services:**

Due to COVID-19, the Medicines Use Review (MUR) service was stopped in March 2020.

### **NEXT STEPS:**

In June 2021, NWSSP is gathering requirements to introduce a pilot for two new service checks by PPV, which are the Quality and Safety Scheme and the Collaborative Working Scheme.

Evans, Caroline  
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We have representatives from every Health Board in Wales and have set up a newly reformed GMS working Group. First meeting held March 10th. This is to keep communications open and transparent between PPV and Health Boards whilst also collaboratively working to review specifications and ensure standardised approach for PPV remote access samples.
We are continuing to become an All Wales service. This will guarantee a more robust PPV team and ensure business continuity.
We are beginning to develop a video recorded guide for PPV to aid contractors and equip them with useful information in a simplified format/update FAQ documents.
To use technology to continue one-on-one training requirements from practices that request this as this was previously undertaken in person in the practice premises.
All PPV audit reports are sent to the Director of Primary Care for information purposes and for feedback.
To explore the opportunity of restarting PPV training events/Roadshows to Practice Managers across Wales, utilising technology to host these events as opposed to 'in-person' presentations.
We have re-established our quarterly meeting with PPV, Primary Care, Counter Fraud and finance. The idea behind this being that we can decide on appropriate actions from the appropriate division for all the practices in Amber and Red.
For General Ophthalmic Services, when we were reinstated in October 2020, we launched a recently successful pilot where we utilise trend analysis data to write out to patients to ensure they are receiving the services that have been claimed in their names. We are also piloting a remote access visit via Teams.
PPV will begin looking at 2 New services checks for Pharmacy which are the Collaborative working Scheme and the Quality and Safety Scheme. A visit to a pharmacy is planned at the beginning of June to establish requirements.

Angela  
06/06/2021 08:16:14

## GMS

	Health Board		
	2018/2019	2019/2020	2020/2021
Number of practices visited	7	8	8
Amount of claims sampled	1,928	4134	3191
Claim errors identified	64	203	1077
Average claim error rate	3.32%	9.27%	19.09%
Recovery amount	£2,214.69	£4,075.37	£15,864.18

All Wales		
2018/2019	2019/2020	2020/2021
216	145	132
93,772	107335	59847
7,585	9699	7926
8.09%	9.04%	13.24%
£223,105.62	£161,817.08	£148,276.88

N.B.

It is important to note that 2 of the visits were revisits and the error rate was extremely high, which has caused the average to increase.

Evans, Caroline  
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**Powys Teaching Health Board**  
**GMS PPV Progress Report: October 2020 to March 2021**

	0-4%	Low risk
	5-9%	Medium risk
	10%+	High risk

UHB Claim error % Ave	33.75%
Wales claim error % Ave	
Oct 2020 to Mar 2021 recovery amount	£15,864.18

**GMS PPV Routine Visits - October 2020 to March 2021**

Visit 1					Visit 2				Visit 3					
Practice code	Visit date	Visit type	Claim error %	Recovery	Visit date	Visit type	Claim error %	Recovery	Visit date	Visit type	Sample size	Claim errors	Claim error %	Recovery
Practice 1	Oct-15	Routine	1.46%	£142.78	Oct-18	Routine	0.00%	£0.00	Nov-20	Routine	243	4	1.65%	£191.20
Practice 2	Jan-18	Routine	2.11%	£472.04	Oct-19	REVISIT	2.50%	£739.83	Nov-20	Routine	267	17	6.37%	£892.19
Practice 3	Sep-15	Routine	1.96%	£195.82	Aug-17	Routine	0.88%	£116.13	Nov-20	Routine	203	13	6.40%	£336.25
Practice 4	Aug-16	REVISIT	5.68%	£812.17	Oct-17	Routine	0.00%	£0.00	Nov-20	Routine	199	1	0.50%	£110.00
Practice 5	Sep-16	REVISIT	10.71%	£482.49	Jul-18	Routine	5.85%	£605.80	Oct-20	Routine	197	17	8.63%	£796.50
Practice 6	May-14	Routine	0.00%	£0.00	May-17	Routine	0.30%	£44.29	Nov-20	Routine	Visit file in progress			
Practice 7	Aug-18	REVISIT	15.79%	£531.54	Oct-19	Routine	0.00%	£0.00	Oct-20	Routine	268	0	0.00%	£0.00

**GMS PPV Revisits - October 2020 to March 2021**

Visit 1					Visit 2				Visit 3					
Practice code	Visit date	Visit type	Claim error %	Recovery	Visit date	Visit type	Claim error %	Recovery	Visit date	Visit type	Sample size	Claim errors	Claim error %	Recovery
Practice 8	Feb-18	REVISIT	4.51%	£2,139.80	Sep-19	Routine	3.07%	£442.27	Jan-21	REVISIT	11	8	72.73%	£200.00
Practice 9	Oct-17	REVISIT	2.87%	£715.77	Jul-19	Routine	18.89%	£686.16	Feb-21	REVISIT	Visit file in progress			
Practice 10	Feb-16	REVISIT	2.15%	£137.70	Jan-19	Routine	7.41%	£437.97	Dec-20	REVISIT	1803	1017	56.41%	£13,338.04

Evans, Caroline  
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**AGENDA ITEM: 3.4b**

<b>AUDIT, RISK &amp; ASSURANCE COMMITTEE</b>		<b>DATE OF MEETING: 8 June 2021</b>
<b>Subject :</b>	<b>POST PAYMENT VERIFICATION (PPV) WORK PLAN 2021-22</b>	
<b>Approved and Presented by:</b>	All Wales Post Payment Verification Manager	
<b>Prepared by:</b>	All Wales Post Payment Verification Manager	
<b>Considered by Executive Committee on:</b>	n/a	
<b>Other Committees and meetings considered at:</b>	n/a	

**PURPOSE:**

The report is being presented to the Audit, Risk and Assurance Committee of Powys Teaching Health Board for NOTE, but also any feedback and questions that may need answering to ensure full assurance is given by Post Payment Verification (PPV) on the services provided on behalf of the HB.

**RECOMMENDATION(S):**

It is recommended that the Audit, Risk and Assurance Committee NOTE the visit plan for PPV for 2021-22.

<b>Approval/Ratification/Decision</b>	<b>Discussion</b>	<b>Information</b>
<b>x</b>	<b>✓</b>	<b>x</b>

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

<b>Strategic Objectives:</b>	1. Provide Early Help and Support	
	2. Tackle the Big Four	
	3. Enable Joined up Care	

	4. Develop Workforce Futures	
	5. Promote Innovative Environments	
	6. Put Digital First	
	7. Transforming in Partnership	
Health and Care Standards:	1. Staying Healthy	
	2. Safe Care	
	3. Effective Care	
	4. Dignified Care	
	5. Timely Care	
	6. Individual Care	
	7. Staff and Resources	
	8. Governance, Leadership & Accountability	✓

### EXECUTIVE SUMMARY:

The purpose of a PPV visit to contractors is to ensure that claims submitted by contractors in respect of Services provided are correct and in accordance with the Statement of Financial Entitlement (SFE) and service specifications set by WG and HBs.

### DETAILED BACKGROUND AND ASSESSMENT:

The aim of these reports is to summarise the work undertaken by the Post Payment Verification (PPV) department in accordance to the Welsh Government (WG) directions in respect of General Medical Services (GMS), General Ophthalmic Services (GOS) and General Pharmaceutical Services (GPS).

The aim of the PPV process is to ensure propriety of payments of public monies by the HBs. The probity checks conducted during a PPV visit will provide reasonable assurance to HBs that public money has been spent appropriately by contractors making accurate claim submissions, contractors internal protocols are clinically sound, and services are being claimed for in accordance to clinical specifications. The data within the report highlights the history of practices, the percentage of errors they may have incurred during the PPV process and any follow up action taken to negate the risks.

### NEXT STEPS:

The visit plan for the upcoming year will only include General Medical Services (GMS) as we are not able to provide PPV to General Ophthalmic Services (GOS) and General Pharmaceutical Services (GPS) as yet, due to Covid-19.

### PPV visits required 2021/22

Locality	Practice Code	Surgery Name	Type of Visit	Reason for visit	Notes
Powys	W96001	Montgomery Medical Practice	Revisit	Routine triggered a revisit	
Powys	W96002	Pengorof Surgery	Revisit	Routine triggered a revisit	
Powys	W96004	Wylcwm Street Surgery	Revisit	Routine triggered a revisit	
Powys	W96006	Rhayader Group Practice	Revisit	Routine triggered a revisit	
Powys	W96009	Caereinion Medical Practice	Revisit	Routine triggered a revisit	
Powys	W96010	Welshpool Medical Centre	Potential Revisit	Potential revisit (routine triggered a revisit)	The routine visit is still open. There is potential of a revisit, if so the revisit will be undertaken before the next routine visit is required. (Awaiting HB to respond to queries before routine can be closed).
Powys	W96011	Iechyd Bro Ddyfi /Dyfi Valley Health	Routine	Health Board requested Routine visit (bookded in 4th to 7th May 2021)	Practice received revisit in December 2020. HB have now requested a Routine visit to be undertaken.
Powys	W96012	Llanfyllin Group Practice	Routine	Require a routine visit (would normally require a routine visit in financial year Qtr 2 2021/22)	
Powys	W96013	Llandrindod Wells Medical Centre	Routine	Require a routine visit (would normally require a routine visit in financial year Qtr 2 2021/22)	
Powys	W96015	Newtown Medical Practice	Potential Revisit	The routine visit has been started but is on hold (awaiting backing from HB). Potential of revisit when visit is completed.	North PPV team undertaken visit. On hold until backing received by HB. Potential of revisit once routine visit has been completed.
Powys	W96016	War Memorial Health Centre, Crickhowell	Routine	Require a routine visit (would normally require a routine visit in financial year Qtr 1 2021/22)	

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GIG  
CYMRU  
NHS  
WALES

Bwrdd Iechyd  
Addysgu Powys  
Powys Teaching  
Health Board

## **AUDIT, RISK & ASSURANCE COMMITTEE PROGRAMME OF BUSINESS 2021-22**

The purpose of the Audit, Risk and Assurance Committee is to support the Board and Accounting Officer by reviewing the comprehensiveness and reliability of assurances on governance, risk management, the control environment and the integrity of financial statements and the annual report.

This Annual Programme of Business has been developed with due regard to guidance set out in HM Treasury's Audit and Risk Assurance Committee Handbook (March 2016), to enable the Audit, Risk and Assurance Committee to: -

- fulfil its Terms of Reference as agreed by the Board;
- seek assurance and provide scrutiny on behalf of the Board, in relation to the delivery of the key elements of the health boards internal and external audit, counter fraud and PPV arrangements (second and third lines of defence);
- seek assurance that governance, risk and assurance arrangements are in place and working well;
- seek assurance in relation to the preparation and audit of the Annual Accounts;
- ensure compliance with key statutory, national and best practice audit and assurance requirements and reporting arrangements.

Evans, Caroline  
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MATTER TO BE CONSIDERED BY COMMITTEE	EXEC LEAD	SCHEDULED COMMITTEE DATES 2021-2022						
		29 April	08 June	12 July	14 Sept	16 Nov	20 Jan	22 March
Governance & Assurance:								
Approach to 2021-22 Annual Accounts	DF&IT							✓
Annual Accountability Report 2020-21	BS	✓	✓					
Annual Accounts 2020-21, including Letter of Representation	DF&IT	✓	✓					
Annual Governance Programme Reporting	BS	✓		✓		✓		✓
Application of Single Tender Waiver	DF&IT	✓	✓	✓	✓	✓	✓	✓
Audit of COVID-19 Governance Arrangements	BS	✓						
Audit Recommendation Tracking	BS	✓		✓	✓	✓	✓	✓
Charitable Funds Annual Report and Accounts 2020-21	DF&IT					✓		
Losses and Special Payments Annual Report 2020-21	DF&IT		✓					
Losses and Special Payments Update report	DF&IT			✓			✓	
Policies Delegated from the Board for Review and Approval	BS/ DF&IT	As and when identified						
Register of Interests	BS				✓			
Review of Standing Orders	BS					✓		
Internal & Capital Audit:								
Head of Internal Audit Opinion 2020-21	HoIA	✓						
Internal Audit Progress Report 2021-22	HoIA	✓	✓	✓	✓	✓	✓	✓
Internal Audit Review Reports	HoIA	In line with Internal Audit Plan 2021-22						
Internal Audit Plan 2022-23	HoIA							✓
External Audit:								
External Audit Annual Report 2021	EAO						✓	

MATTER TO BE CONSIDERED BY COMMITTEE	EXEC LEAD	SCHEDULED COMMITTEE DATES 2021-2022						
		29 April	08 June	12 July	14 Sept	16 Nov	20 Jan	22 March
External Audit of Financial Statements 2020-21	EAO		✓					
External Audit Plan 2022	EAO						✓	
External Audit Progress Report 2021-22	EAO	✓	✓	✓	✓	✓	✓	✓
External Audit Review Reports	EAO	In line with External Audit Plan 2021-22						
External Audit Structured Assessment	EAO					✓		
<b>Anti-Fraud Culture:</b>								
<b>Bribery Policy</b>	HoLCF		✓					
Counter Fraud Annual Report 2020-21	HoLCF		✓					
Counter Fraud Update	HoLCF			✓			✓	
Counter Fraud Workplan 2022-23	HoLCF							✓
Post Payment Verification Annual Report 2020-21	PPVO		✓					
Post Payment Verification Workplan 2021-22	PPVO		✓					
<b>Committee Requirements as set out in Standing Orders</b>								
Annual Review of Committee Terms of Reference 2021-22	BS		✓					
Development of Committee Annual Programme of Business	BS	✓						
Review of Committee Programme of Business	BS		✓	✓	✓	✓	✓	✓
<b>Audit, Risk and Assurance Committee Members to meet Independently with:</b>								
External Audit Team						✓		
Internal Audit Team					✓			✓

MATTER TO BE CONSIDERED BY COMMITTEE	EXEC LEAD	SCHEDULED COMMITTEE DATES 2021-2022						
		29 April	08 June	12 July	14 Sept	16 Nov	20 Jan	22 March
Local Counter Fraud Team				✓			✓	
Post Payment Verification			✓					

KEY:

BS: Board Secretary  
DF&IT: Director of Finance and IT  
HoIA: Head of Internal Audit  
HoLCF: Head of Local Counter Fraud  
EAO: External Audit Officer  
PPVO: Post Payment Verification Officer

Evans, Caroline  
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# **An overview of Quality Governance Arrangements at Cwm Taf Morgannwg University Health Board: A summary of progress made against recommendations**

May 2021

Evans, Caroline  
06/08/2021 08:16:14

The Auditor General has prepared this report under section 61 of the Public Audit (Wales) Act 2004, and in accordance with section 145 of the Government of Wales Act 1998. The work has been undertaken jointly with Healthcare Inspectorate Wales.

Healthcare Inspectorate Wales is the independent inspectorate and regulator of healthcare in Wales. We inspect NHS services, and regulate independent healthcare providers against a range of standards, policies, guidance and regulations to highlight areas requiring improvement.

This document has been prepared as part of work performed in accordance with statutory functions.

In the event of receiving a request for information to which this document may be relevant, attention is drawn to the Code of Practice issued under section 45 of the Freedom of Information Act 2000.

The section 45 code sets out the practice in the handling of requests that is expected of public authorities, including consultation with relevant third parties. In relation to this document, the Auditor General for Wales and Audit Wales are relevant third parties. Any enquiries regarding disclosure or re-use of this document should be sent to Audit Wales at [infoofficer@audit.wales](mailto:infoofficer@audit.wales).

We welcome correspondence and telephone calls in Welsh and English. Corresponding in Welsh will not lead to delay. Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg. Ni fydd gohebu yn Gymraeg yn arwain at oedi.

Evans Caroline  
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# Introduction and background

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- 1 Cwm Taf Morgannwg University Health Board (the Health Board) provides primary, community, and hospital services to the populations of Merthyr Tydfil, Rhondda Cynon Taf and Bridgend.
- 2 In November 2019, Healthcare Inspectorate Wales (HIW) and Audit Wales (AW) undertook a joint review of quality governance and risk management arrangements within the Health Board. This work followed a report by the Royal College of Obstetricians and Gynaecologists and the Royal College of Midwives which identified a number of serious concerns and service failings with maternity services. The Royal Colleges' report threw into sharp focus the concerns we had previously articulated about the Health Board's quality governance and risk management arrangements. As a result of the Royal Colleges' report, in April 2019 the Health Board's maternity services were placed into special measures and the organisation was escalated to the status of 'targeted intervention' within the NHS Wales escalation and intervention framework<sup>1</sup>.
- 3 Our November 2019 Joint Review<sup>2</sup> found a number of fundamental weaknesses in the Health Board's governance arrangements in respect of quality of care and patient safety. We made 14 recommendations for improving risk management, the handling of incidents claims and complaints (concerns), patient safety and organisational culture. The Health Board fully accepted the findings and began to respond to the report's recommendations.
- 4 Since our review there have been changes to the senior leadership team within the Health Board. This includes a new Health Board Chief Executive who was appointed in September 2020, taking over from the interim appointment made in June 2019, following the departure of the previous Chief Executive. There have also been some changes to other key executive roles including the appointment of a substantive Director for People, Interim Executive Director of Therapies and Health Sciences, Interim Director of Planning and Performance and Interim Chief Operating Officer.

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1 [The NHS Escalation and Intervention Arrangements](#)

2 [A joint review of quality governance arrangements at Cwm Taf Morgannwg University Health Board](#)

Evans, Caroline  
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- 5 In addition, the Health Board has implemented a new operating model, creating three Integrated Locality Groups (ILGs) based around the geographical areas of Merthyr Tydfil and Cynon Valley, Rhondda, Taff Ely and Bridgend. The ILGs are clinically led and managerially supported to strengthen clinical leadership and to ensure a focus on quality and safety. ILGs and their Clinical Service Groups (CSGs) are responsible for delivering acute, primary, community and mental health services to meet the needs of their local communities.
- 6 This report provides a progress update against the original 14 recommendations made in our report. We have been mindful of the impact that the COVID-19 pandemic (the pandemic) has had on the ability of the Health Board to respond to the recommendations, however, given the fundamental deficiencies identified in 2019 we felt it was important to establish and assess what progress the Health Board has made. We undertook similar evidence gathering activities as in our previous review. The pandemic meant that our work was undertaken remotely given the ongoing requirements for social distancing and the suspension of our onsite audit and inspection work at the time of fieldwork.

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# Main conclusions

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- 7 The Health Board is making good progress to address the recommendations that we made in 2019, particularly when taking account of the challenges it has faced in responding to the pandemic. This has impeded progress on improvements in some areas, meaning some actions haven't progressed as quickly as the Health Board originally intended.
- 8 The Health Board has made progress at a strategic level, ensuring a greater focus on quality, patient safety and risk. Through its Quality and Patient Safety Governance Framework it has defined what high-quality care is, aligning this framework to its new operating model. However, the pandemic has impacted on the development of the Health Board's Quality Strategy and further work is needed in this area. Since completing our fieldwork, the Health Board has indicated its intention to integrate the Quality Strategy into the Health Boards Integrated Health and Care Strategy which is being developed. The Health Board has also indicated its intent to align the Patient Experience Strategy to the overall Health Boards Engagement strategy. These strategies are due for completion by Autumn 2021.
- 9 Accountability and responsibility for quality and safety is now clearer. Leadership of quality and patient safety has been strengthened with collective responsibility being shared amongst the four clinical executive directors. The Quality and Patient Safety Governance Framework defines responsibilities at an operational level through to the executive level. In addition, resources have been strengthened through the introduction of new roles to support quality and patient safety, within both the nursing management team as well as the office of the Medical Director.
- 10 The Health Board has improved its organisational scrutiny of quality and patient safety. Work has been undertaken to improve flows of assurance from service to Board which are now clearer and supported by improvements in the quality of information presented to the Quality and Safety committee. Independent members are now more supported in their scrutiny role through ongoing development and induction, and there is more focus on gathering and learning from patient experience.

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- 11 Quality and safety are now a key focus of regular day to day business in terms of meetings at an operational and executive level. However, the suspension of some of the governance frameworks due to the pandemic means that more work is needed to fully embed these arrangements across the Health Board and ensure they are operating effectively.
- 12 Arrangements for the identification and management of risk have been strengthened. There has been significant work undertaken throughout the Health Board to implement the new risk management strategy, and this is now in place and operating. Processes for managing, identifying, and mitigating risk have improved. Operationally, ILGs have made an effective contribution to this by reviewing risks in their areas to ensure that an accurate and up to date picture of risks is now being presented. Despite early progress, further work is needed to ensure that the highest rated CSG risks are appropriately escalated to the ILG risk registers.
- 13 The management of incidents, concerns and complaints has been improved. Oversight and governance of Datix<sup>3</sup> is improving, with evidence that the information within the system is now being used more effectively both at an executive and operational level. Some challenges remain with the interrogation of data within the current system, but this should be assisted by the planned implementation of the new Once for Wales system in July 2021. Work to improve the management of complaints and incidents continues with additional resources now in place to support the concerns and complaints teams, and investment in ILG resources. While these resources are helping to address the significant backlog in responding to complaints and incidents, progress on this has slowed as a result of the Health Board's response to the pandemic and there is more for the Health Board to do to ensure it fully captures the learning from complaints and incidents.
- 14 Positive steps have been taken by the Health Board to improve organisational culture and learning. The Health Board launched its Values and Behaviours Framework in October 2020. Whilst it is too early to assess the impact of this framework, there are encouraging signs from its implementation and roll out. The framework was co-produced with a range of stakeholders including staff, stakeholders, and the local community. Whilst plans are in place to strengthen the Health Board's processes for organisational learning e.g., the establishment of the Shared Listening and Learning forum, this is an area that will require continued focus and attention to ensure that improvement is sustained.

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3 Datix is a web-based system that is used to manage incident reporting, risk registers, complaints and safety alerts.

- 15 In conclusion, against the backdrop of the pandemic, much work has been done by the Health Board to address the issues we raised in 2019. We noted considerable commitment, drive, and enthusiasm from the staff we interviewed, and a clear desire to get things right. This energy needs to be sustained to ensure that the work completed so far is built upon and embedded.
- 16 Notwithstanding the good progress we have recognised through our follow up, there is still work to do in each of the areas where we made recommendations in 2019. As such, each of the recommendations should remain open. We will continue to monitor the Health Board's actions against the issues identified in this report and agree the timing of any further follow up work as part of our routine engagement with the Health Board.
- 17 More detailed information about progress against the individual recommendations made in 2019 is set out in the following sections of the report.

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# Recommendations

## Recommendations to improve the strategic focus on quality, patient safety and risk

Recommendation made in November 2019	A summary of progress made by April 2021
R1 The Health Board must agree organisational quality priorities and outcomes to support quality and patient safety. This should be reflected within an updated version of the Health Board’s Quality Strategy.	<p><b>The Health Board has defined what high-quality care means but its ambition to agree quality priorities, set out in a quality strategy, has been significantly delayed due to the pressures of the pandemic.</b> In 2019, we found that the Health Board had not articulated organisational quality priorities. The Health Board’s Quality and Patient Safety Governance Framework (Quality Governance Framework) implemented in June 2020 defines high quality care as care that is safe, timely, effective, efficient, equitable and patient-centred. These domains provide the framework against which organisational quality priorities can be identified, and their success measured.</p> <p>During 2020, the Health Board planned to develop a Three-year Quality Priority Strategy in partnership with the local community, staff, and other key stakeholders. The Health Board appointed an Associate Medical Director with responsibility for quality improvement to take forward development of the strategy with engagement and coproduction with the three ILGs. However, progress has been delayed significantly given the availability of locality teams and re-deployment of staff to respond to the pandemic. Nonetheless, it is important that progress is now made on developing the Quality Priority Strategy. Since completing our fieldwork, the Health Board has indicated its intention to integrate the Quality Strategy into the Health Boards Integrated Health and Care Strategy which is due to be published by Autumn 2021.</p>

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## Recommendation made in November 2019

R2 The Health Board needs to take a strategic and planned approach to improve risk management across the breadth of its services. This must ensure that all key strategies and frameworks are reviewed, updated and aligned to reflect the latest governance arrangements, specifically;

- a The Board Assurance Framework (BAF) reflects the objectives set out in the current IMTP and the Health Board's quality priorities.
- b 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.

## A summary of progress made by April 2021

**The Health Board has made good progress in this area through the introduction of the new risk management strategy which reflects the new operating model and has good alignment with the Quality Governance Framework.**

**The Board Assurance Framework (BAF) used by the Health Board is continuing to evolve to reflect the new operating model and strategic objectives.**

In January 2020, the Board approved the new Board Assurance Framework. This was seen as an interim step prior to undertaking the significant work needed on the Health Board's processes for managing and identifying risk, agreeing the Health Boards risk appetite, and agreeing the principal risks.

During 2020, the Health Board took the first step towards updating the current BAF by undertaking a comprehensive review of its risk management approach. In September 2020, the Health Board agreed the key threats and principal risks that would affect the achievement of their strategic objectives and gained formal agreement from the Board of its current risk appetite. In November 2020, the Board received the new organisational risk register following a large-scale review of risks by the ILGs and the corporate departments. Work to define the mitigating actions and to identify the controls and sources of assurance is ongoing. Once complete, the Health Board intends to produce a more detailed Board Assurance Framework. The Health Board has also articulated its intention, by the end of 2021, to develop a Board Assurance Report (BAR), which will detail the principal risks rather than the operational risks as currently defined in the risk register.

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## Recommendation made in November 2019

- c The quality and patient safety governance framework must support the priorities set out in the Quality Strategy and align to the values and behaviours framework.
- d Terms of reference for the relevant committees, including the Audit Committee, QSRC<sup>4</sup> and CBM<sup>5</sup>, reflect the latest governance arrangements cited within the relevant strategies and frameworks.

## A summary of progress made by April 2021

### **There has been a comprehensive review of the Health Board's risk management approach since our 2019 review.**

The revised risk management strategy and Risk Management policy were agreed by the Board in January 2021, after significant work by the Health Board to fundamentally review its approach and reflect the new locality based operational model. The new strategy clearly sets out the risk management process from service to board as described in the Quality, Patient Safety and Governance Framework, as well as articulating the intended plans for the Board Assurance Report process. The risk assessment Procedure was also reviewed and approved by the Management Board in January 2021 which further supports the risk approach and process within the Health Board.

### **Significant progress has been made on developing and implementing the Quality Governance Framework, however, more work remains to fully embed it within the organisation.**

Since our review there have been many iterations of the framework with the latest version setting out the structures and processes that need to be in place operationally and strategically within the Health Board. The framework clearly defines high quality care (see progress against recommendation 1) and aligns to the organisation's Values and Behaviours. During the pandemic it has been easier to operationalise the Quality Governance Framework at an organisation and ILG level, but work to embed the governance structures within the CSGs which sit beneath the ILGs is ongoing.

**Terms of references for relevant committees have all been updated to reflect the new scheme of delegation and operating framework.** In January 2021, the terms of reference and Health Board scheme of delegation were revised to reflect the updated risk management arrangements. The Health Board took the opportunity to update and revise the terms of reference for each committee following changes to the governance framework after our 2019 review. These will now be subject to an annual review as part of the ongoing governance processes and is captured in the cycles of business for Board Committees.

4 In December 2019 the Quality, Safety and Risk Committee became the Quality and Safety Committee, and the Audit Committee became the Audit and Risk Committee.

5 Clinical Business Meetings were stood down following the introduction of the new operating mode introduced in April 2020.

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## Recommendations for leadership of quality and patient safety

### Recommendation made in November 2019

R3 Ensure there is collective responsibility for quality and patient safety across the executive team and clearly defined roles for professional leads:

- a Strengthening of the role of the Medical Director and Clinical Directors in relation to quality and patient safety.
- b Clarify the roles, responsibilities, accountability, and governance in relation to quality and patient safety within the directorates.
- c Ensure there is sufficient capacity and support, at corporate and directorate level, dedicated to quality and patient safety.

### A summary of progress made by April 2021

**The Health Board has taken steps to strengthen responsibilities in relation to quality and patient safety both across the executive team and within its ILGs.**

**Collective responsibility for Quality and Safety is now shared by the four clinical executive directors.**

The Medical Director, the Executive Nurse Director, the Executive Director of Therapies and Health Sciences and the Director of Public Health have specific responsibilities for quality and safety, as well as professional leadership across their respective disciplines, with the Executive Director of Nursing acting as executive lead. This is clearly set out in the Health Board's Quality Governance Framework. The capacity of the clinical executive directors has been reduced for a number of years because of the challenge of recruiting a substantive Director of Therapies and Health Sciences. Since our last review, the Health Board did recruit substantively, however, this post became vacant once more. This post is now filled permanently by the Executive Director of Therapies and Health Sciences from Cardiff and Vale University Health Board who works across both Health Boards, the Health Board is also recruiting a full time Clinical Director for Allied Health Professionals (AHPs) to ensure professional leadership and capacity.

**The Health Board has clarified the roles and responsibilities for quality and patient safety within the new ILGs and CSGs.** The Quality Governance Framework aligns to the operating model that was introduced in April 2020. Responsibilities at an operational level for quality and patient safety are defined by the Quality governance Framework, which sets out the process and structure for the ILGs and their respective CSGs. The new operating model is helping to improve the focus on quality. For instance, ILGs are held to account by the Director of Operations, Nurse Director, Medical Director and Chief Executive for the delivery of high-quality patient centred care in line with the Quality Governance Framework.

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**Recommendation made in  
November 2019****A summary of progress made by April 2021**

**The Health Board has invested in additional capacity to support quality and patient safety at a corporate and ILG level.** The Health Board has invested in new roles to support quality and patient safety. Within the nursing management team, new posts include an Assistant Director for Nursing and Peoples Experience, Deputy Executive Director of Nursing, a Head of Corporate Nursing, and a Senior Nurse for Professional Standards and Quality Assurance. The Medical Director has also established several new roles for Associate Medical Directors to lead on development of the quality strategy and clinical audit. The Health Board has also recently established a Quality Improvement team and appointed an Associate Medical Director for Quality Improvement and the Director of Improvement started in post in April 2021. The Health Board is also in the process of establishing the systems and infrastructure to support the Health Board's improvement work. Newly appointed Nurse Directors are in place for each of the three ILGs, and they are responsible for supporting quality governance, which is a shared responsibility across the three ILG senior leaders. In addition, each ILG also has a Head of Quality and Safety in place to support the quality governance agenda. Their role is to support the work of quality and patient safety within the ILGs, linking with the central Patient Care and Safety Team and the Assistant Director for Quality, Safety and Safeguarding. Over the past few months ILGs locally have also started to recruit additional governance staff to address their capacity issues as there are differences in the team sizes across the ILGs. The Bridgend and Merthyr Cynon ILG also have a new appointed Head of Midwifery for their respective obstetric units under the leadership of our Director of Midwifery who commenced in post in Jan 2020.

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# Recommendations for organisational scrutiny of quality and patient safety

Recommendation made in November 2019	A summary of progress made by April 2021
<p>R4 The roles and function of the QSRC need to be reviewed to ensure that it is fit for purpose and reflects the Quality Strategy, Quality and Patient Safety governance framework and key corporate [organisational] risks for quality and patient safety. This should include the following:</p> <ul style="list-style-type: none"><li>a Implement the sub-groups to support QSRC must be completed ensuring there is sufficient support (administratively and corporately) to enable these groups to function effectively.</li><li>b Improvements to the content, analysis, clarity, and transparency of information presented to QSRC.</li></ul>	<p><b>Although some aspects of this recommendation have been superseded, there has been good progress with establishing the new governance framework and reporting.</b></p> <p><b>Plans for implementing subgroups to support the Quality, Safety and Risk Committee<sup>6</sup> were stood down following a revision to the Patient and Safety Governance Framework, therefore this element of the recommendation is superseded.</b> The Quality and Patient Safety Governance Framework has evolved in response to the new operating model introduced in April 2020. Quality governance arrangements have been established within each ILG and each ILG reports on quality and patient safety matters directly to the Quality and Safety Committee.</p> <p><b>The quality of information presented to the Quality and Safety Committee for assurance and scrutiny is improving.</b> The Committee routinely receives quality and patient safety reports from each ILG and an organisation wide Patient Safety Quality report. These reports cover all service settings including acute, primary and community and mental health services. They also include a set of overarching Health Board wide quality metrics. The reports contain information across a wide range of quality indicators and enable scrutiny of patient experience across all three ILGs in a standard template which enables comparisons. The content covers all service areas, and ILGs are encouraged to flag areas of incidents, claims and complaints (concerns), and risks, and there is appropriate narrative to provide assurance. Reports are delivered by the ILG</p>

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6 This committee was replaced in December 2019 with the Quality and Safety Committee.

## Recommendation made in November 2019

## A summary of progress made by April 2021

- c Focus should be given to ensure the Quality and Patient Safety Governance Framework is used to improve oversight of quality and patient safety across the whole organisation, including Bridgend services. This should be accompanied by the necessary resource for its timely implementation, internal communications, and training.

teams themselves, which enables oversight and scrutiny from independent members. Our observations of Board and Quality and Safety committee meetings found appropriate levels of scrutiny and challenge with candid responses from officers. The improvements to the quality reports are positive and include the use of trend information but fall short of setting targets or thresholds where further work or escalation may occur, for instance if pressure ulcer occurrence in one ILG area goes higher than expected. There is an ambition to move to live dashboards to improve analysis and data interrogation and discussions have started to move this forward by the end of 2021. Plans have also been developed by the Nursing Directorate to introduce a 'focus on' section in the Health Board Quality and Safety report to address issues requiring greater interrogation and triangulation, and this will be presented to the next Q&S Committee in July 2021.

- R5 Independent members must be appropriately supported to meet their responsibilities through the provision of an adequate induction programme and ongoing development so they can effectively scrutinise the information presented to them.

**Independent Members receive appropriate support through the provision of an induction programme and ongoing development to support them in their scrutiny role.** Our 2019 review identified opportunities to improve induction and development programmes for Independent Members (IMs) to support their work and effectiveness. Since then, the Health Board has introduced a more structured induction programme for IMs, which compliments the Welsh Government's all Wales induction process. Local support for IMs is provided by the corporate governance team. During 2020, all IMs received an appraisal with the Chair of the Health Board and the Director of Governance. Training needs were identified, and Personal Development Plans (PDPs) recorded. A programme of external evaluation and observations of Independent Members (IMs) has taken place with feedback given on their performance. There has also been work on engagement and relationships, team building, coaching, direction-setting, scrutiny and the relationship between the Board and its committees. The initial external evaluation of this work has shown positive improvements in areas such as scrutiny of information, and improved relationships between board members.

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Recommendation made in November 2019	A summary of progress made by April 2021
<p>R6 There needs to be sufficient focus and resources given to gathering, analysing, monitoring, and learning from patient experience across the Health Board. This must include use of real-time patient feedback.</p>	<p><b>The Health Board has instigated several improvements related to this recommendation, to improve how it learns from patient experience. However, the pandemic response has impeded its ability to further progress and embed these improvements.</b> In response to our review in 2019, the Health Board began the development of a comprehensive three-year Patient Experience Strategy, however, its completion and implementation has been impeded by the pandemic response, and we have not received an update on its progress and a completion date from the Health Board in this regard. Attention will be needed to complete this strategy which underpins the Health Board’s approach to patient experience.</p> <p>The Health Board has implemented a Shared Listening and Learning Forum, and its inaugural meeting was held on 17 February 2021. The forum has been established as part of the Health Board’s framework for listening to and learning from incidents and patient or staff concerns and experiences, and to promote and support a learning culture. We reviewed the forum’s draft Terms of Reference, which appear appropriate. It is chaired by the Executive Director of Nursing and will meet quarterly, reporting directly to the Management Board. It is, however, too early for us to judge the forum’s effectiveness, and the impact it has made on patient experience and learning.</p> <p>Patient stories now form a regular part of the Board and sub-committee meetings, which was not always the case previously. The patient stories provide an opportunity for Board members to gain an insight into the experiences of individuals using the Health Board’s services.</p> <p>A consequence of the pandemic has been the curtailment of executive and independent board member’s patient safety walkabouts, which includes visiting ward and patient areas. However, there are plans to resume the programme of visits in due course when safe to do so.</p>

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**Recommendation made in  
November 2019****A summary of progress made by April 2021**

The ILGs have introduced dedicated leads to manage patient feedback, concerns, and incidents. This has improved reporting to the Quality and Safety committee, as well as the local ILG Quality, Safety and Patient Experience meetings. We saw evidence that themes and trends are identified, but there is recognition more could be done to share and embed learning across the ILGs.

The Health Board implemented a Friends and Family Test (FFT) tool across the organisation to collect and report real-time patient feedback. It was piloted in early 2020 and subsequently rolled out across the Health Board. However, this was halted due to the pandemic and in April 2021 the Health Board are implementing the new national 'Civica' patient experience feedback monitoring system. There is a commitment to ensuring patient feedback is captured, and the impact of this should be seen soon.

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## Recommendation made in November 2019

R7 There needs to be improved visibility and oversight of clinical audit and improvement activities across directorates and at corporate level. This includes identification of outliers and maximising opportunities for sharing good practice and learning.

## A summary of progress made by April 2021

**Good progress has been made by the Health Board in addressing visibility and oversight of clinical audit, but it could be better targeted to areas of organisational risk.** In December 2019, the Health Board approved additional funding to strengthen the Clinical Audit and Quality Informatics Department's ability to monitor compliance with participation, and to improve the quality of data used for all national audits. The additional funding has increased staffing with the appointment of a Deputy Assistant Medical Director for Clinical Audit, a dedicated clinical audit manager to lead on compliance with the national audit programme, a Quality Informatics Manager with responsibility for improving clinical data in Health Board systems and a Deputy Head and Lead Nurse for Clinical Effectiveness. The additional resources are helping the Health Board to utilise the audit findings to inform quality improvement initiatives and service redesign, such as establishing major trauma centres at the Princess of Wales and Prince Charles Hospitals in partnership with the ILGs.

Oversight of the clinical audit programme is improving at a strategic level. The Audit and Risk Committee has received the clinical audit forward plan, and in February 2021 it also received, for the first time, a quarterly update report outlining progress of the plan. As part of its forward work plan the Quality and Safety committee plans to receive quarterly updates on the clinical audit plan. We would expect these updates to identify outcomes from the audit, actions being taken to share learning and to provide the committee with a source of assurance on the quality and safety of care being delivered. There is also the opportunity for clinical audit to be targeted to areas of organisational risk such as the impact on patients of Emergency Department overcrowding.

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## Recommendations to improve the arrangements for quality and patient safety at directorate level

### Recommendation made in November 2019

R8 The Health Board needs to clarify accountabilities and responsibilities for quality and patient safety within directorates. This must include a review of the Heads of Nursing role in relation to site management and quality and patient safety.

### A summary of progress made by April 2021

**The Health Board has made progress in clarifying the accountabilities and responsibilities for quality and patient safety across ILGs and within the CSGs, but more work is needed to ensure these improvements are embedded.** Accountability and responsibility for quality and patient safety has been strengthened across the ILGs with the introduction of appropriate directives within accountability letters issued by the Chief Executive to the Director of Operations. The letters emphasise the need for quality and patient centred care, and appropriately highlight that ILGs and CSGs are accountable for delivering high quality services in line with the quality framework, and that high-quality clinical leadership, supported by strong service management is critical.

The Health Board has taken steps to strengthen clinical leadership across the organisation with a greater emphasis on quality and safety. This includes reviewing the accountability and responsibility of the Heads of Nursing roles within each ILG in relation to site management and quality and safety. In 2019 we found that the Head of Nursing was assuming responsibility for several non-clinical and estates related issues. In addition, because of taking over responsibility for the Bridgend County Borough Council, only two of three acute sites had a substantive Head of Nursing in post (Merthyr and Cynon and Rhondda and Taff Ely) and there were disparities in their responsibilities. However, since the implementation of three ILGs, a Head of Nursing role is now in place for the Bridgend locality. Accountabilities and responsibilities for this role are now clearly defined and are consistent across each ILG. In addition, there has been further recruitment to support quality and safety with the appointment of a Head of Nursing, a deputy Head of Nursing and a dedicated Head of Quality and Safety for each ILG.

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**Recommendation made in  
November 2019****A summary of progress made by April 2021**

Each ILG holds Patient Safety and Experience meetings, chaired by the ILG Nurse Director to provide assurance. This is a positive development albeit one that is continuing to develop, and our observations found that more coverage is needed in certain areas such as Infection, Prevention and Control. However, the Quality Governance Framework does not clearly articulate the quality governance arrangements for the CSGs that sit below each ILG. It has not been possible for some governance meetings to take place at CSG level due to the demand on clinical resources during the pandemic. Internal Audit's recent audit of Community and Adult Mental Health Services also found that the governance arrangements within the CSG were not clear with a lack of clarity about how they operate and function. This is an area that requires strengthening. In addition, whilst accountability and responsibility of the Heads of Nursing is clearly articulated, there appears to be an over-reliance on the Heads of Nursing to represent an overall clinical perspective during key quality and safety meetings, with limited input from medical teams. Due to the pandemic, the Health Board has had to delay its work on the clinical leadership and management development programme. This has impeded progress in terms of further embedding the quality and safety agenda within CSGs. This issue requires attention to ensure that responsibilities in relation to quality and safety are jointly demonstrated by both nursing and medical staff. Some of the formal quality and governance mechanisms established by the Quality Governance Framework were temporarily stood down during recent pandemic outbreaks and have recently been re-established, it therefore has been difficult to fully review the processes. Whilst the Health Board has taken steps to address this recommendation, these improvements remain at an early stage and still need attention to ensure they are being embedded across the organisation.

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## Recommendation made in November 2019

## A summary of progress made by April 2021

R9 The form and function of the directorate governance committees and CBMs must be reviewed to ensure there is:

- a Clear remit, appropriate membership, and frequency of these meetings.
- b Sufficient focus, analysis, and scrutiny of information in relation to quality and patient safety issues and actions.
- c Clarity of the role and decision-making powers of the CBMs.

**Governance arrangements at an operational level have been strengthened. Since our 2019 review CBMs have been removed following the introduction of the new operating model. This recommendation is therefore superseded.** As stated previously, in April 2020 the Health Board made significant changes to the way it organises and manages its business, most notably establishing the three clinically led ILGs. The CBM process has been replaced.

Routine executive oversight of the ILGs is now maintained through the Integrated Locality Group performance reviews between the ILG triumvirate and the Executive Director of Operations. The Medical Director, Director of Planning & Performance, Director of Finance and Executive Director of Nursing also attend depending on their availability. These meetings are supported by the ILG business partners for quality and safety, workforce, planning and finance.

Consistency of these meetings is ensured with a template slide pack covering information on quality, complaints and incidents, risks, finance, sickness absence and performance. These meetings are an improvement on the CBMs with a clear remit and sufficient focus on information across quality and safety issues. The Group ILG Directors are also formal members of the Management Board<sup>7</sup> (MB) enabling them to escalate issues and concerns.

At the time of our follow-up work, minutes and actions from Integrated Locality Group Performance reviews were not formally shared within the MB meetings, and there is a need to strengthen arrangements for MB oversight of issues raised at ILG level, and action taken in response as this would improve the clarity of decision making. However due to the pandemic several of the planned Integrated Locality Group Performance review meetings were stood down and were restarted in March 2021 following the Health Board moving out of the emergency pandemic response phase. Therefore, more time is needed to fully realise the benefits of this process.

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<sup>7</sup> The Management Board is the executive team responsible for service delivery, which meets bimonthly to discuss operational delivery across the Health Board.



# Recommendations to improve the identification and management of risk

Recommendation made in November 2019	A summary of progress made by April 2021
R10 The Health Board must ensure there are clear and comprehensive risk management systems at directorate and corporate level, including the review and population of risk registers. This should include clarity around the escalation of risks and responsibilities at directorate and corporate level for risk registers. This must be reflected in the risk strategy.	<p><b>The Health Board has made good progress in addressing the serious concerns we identified in relation to risk management arrangements and has invested in dedicated support for governance and risk.</b></p> <p>Since our 2019 review, the Health Board has reviewed its risk management systems and aligned them to the new operating model. This has been a root and branch review looking at arrangements from service to board. To ensure clarity, the Health Board has implemented a new Risk Management Strategy approved at Board in January 2021.</p> <p>Corporate support for Risk Management has been improved through the appointment of an Assistant Director of Governance and Risk. This post supports the executive directors, ILGs and the Heads of Quality and Patient Safety to ensure a consistent approach to describing and scoring risks, compiling risk registers, and identifying mitigation actions. This has facilitated an increased focus on risk and driven the improvements that have been delivered.</p> <p>There has been a Health Board wide review of risks at a corporate, ILG and CSG level. This was a large piece of work undertaken at a time of considerable service pressures and is to be commended. The product of this work was the revised organisational risk register, which was presented to the Board in November 2020. This is a significant improvement since the previous risk register, however there is recognition within the Health Board that more work is needed to improve the mitigations and actions as described. Also, some aspects of the CSG risk registers are still being updated to ensure they are accurately reflected within the Integrated Locality Group registers.</p>

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Recommendation made in November 2019	A summary of progress made by April 2021
	<p>The Risk Management Strategy sets out a clear route from service to board, showing the process for escalating risks through the ILG management tiers within the new operating model based upon risk score. Whilst there is evidence that risks are de-escalated where appropriate to do so, there is still more work to do in relation to where risks scoring less than eight are captured. At the time of our follow-up work, the Health Board had prioritised the capture of risks scoring nine and above on the Datix system given the ongoing response to the pandemic. However, where ILGs, CSGs or corporate teams identify risks that score 1-8, these are captured on local risk registers and not the Datix system. The Health Board acknowledges the risks of maintaining parallel systems and of the need to ensure clarity regarding the process for de-escalation. Internal Audit’s recent assessment<sup>8</sup> of one CSG found evidence that not all risks are escalated appropriately, again demonstrating the need to ensure that the improvements made at ILG level are still to be embedded across the CSGs.</p>

# Recommendations to improve the management of incidents, concerns, and complaints

Recommendation made in November 2019	A summary of progress made by April 2021
R11 The oversight and governance of DATIX must be improved so that it is used as an effective management and learning tool. This should also include triangulation of information in relation to concerns, at a directorate or corporate level, and formal mechanisms to identify and share learning.	<p><b>Oversight and governance of DATIX is improving with more use made of information at corporate and ILG levels within the organisation. Further work is needed on strengthening organisational learning from incidents, claims and complaints (concerns).</b> There is now clarity as to where the ILG Datix teams sits within the Health Board’s structure, reporting through the Health and Safety team to the executive Director for People. The Health Board has indicated that these new accountability arrangements will be reviewed over the next three to six months.</p> <p>There is now a renewed focus on ensuring that quality and patient safety is a priority. Mechanisms to improve oversight and scrutiny at an executive team level are in place. The Executive Director of Nursing and the Assistant Director of Quality, Safety and Safeguarding chair a short weekly meeting to review the previous week’s complaints and incidents in conjunction with the quality metrics for nurse staffing levels. At the beginning of December 2020, a report to the weekly executive Director-led Patient Safety weekly meeting identified that more than 600 incidents had occurred within the prior six months that were yet to be allocated for investigation. The Health Board is working to address this backlog of investigations and completion of the appropriate fields within the Datix system, prioritising these based on the severity of harm. Whilst the Health Board has informed us that since our work it has developed investigation and serious incident trackers to enhance monitoring in relation to incident management, more work is required to ensure that opportunities are taken for identifying early learning following incidents.</p> <p>Use of Datix has improved, although there are some issues with the access to information at the Integrated Locality Level which is affecting their ability to produce localised reports. This is being addressed by the Datix team but does required a considerable amount of work. The Health Board will be implementing the Once for Wales system In July 2021.</p>

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**Recommendation made in  
November 2019****A summary of progress made by April 2021**

Information provided by the Health Board indicated that it was not able to accurately identify staff who could investigate incidents and undertake root cause analysis. Additionally, the Welsh Risk Pool (WRP) recently expressed concerns over the time being taken by the Health Board to complete timely Learning from Events Reports (LFER) in line with WRP reimbursement procedures. This has been a challenging area for the Health Board due to the high numbers of legacy and maternity cases and the WRP has expressed concerns around the quality and timeliness of information submitted by the Health Board. In response, further work and progress has been made, and a task force established with weekly progress meetings with a commitment made by the Health Board to submit all LFER by the 31 March 2021. We have also been informed that since February 2021 the Health Board has developed and launched its own root cause analysis module, which has enabled accurate tracking and monitoring of attendance.

The Assistant Director of Quality, Safety and Safeguarding holds biweekly meetings with the ILG Heads of Quality and Patient Safety with the aim of ensuring that appropriate actions are taken in response to complaints and incidents. Within the ILGs the monthly Quality and Patient Experience Meetings also scrutinises information from Datix to look at trends and analysis. All three ILGS have identified that analytical capacity is a barrier to using this data effectively and are recruiting to analytical support posts as a consequence. The ILGs have also identified that there is further work to do in addressing training needs for staff in relation to DATIX and ensuring that the right people have access to the system. The January 2021 report to the Quality and Safety committee provided reassurance that feedback from incident reporting through DATIX was improving, however there is further work required to improve the quality of feedback provided to the reporter.

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**Recommendation made in  
November 2019****A summary of progress made by April 2021**

As noted earlier in the report, the Health Board has also established a Shared Listening and Learning forum which reports to the management board. Part of the forum's remit is to oversee the Health Board's framework for listening and learning from quality and patient/staff related concerns and experiences. In addition, it champions a patient and staff safety culture and facilitates learning and sharing good practice. The forum's inaugural meeting was held in February 2021 with all ILGs presenting themes, issues and learning from incidents, claims and complaints (concerns). Whilst this is a positive development, it is too early to assess the effectiveness of this forum.

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## Recommendation made in November 2019

R12 The Health Board must ensure staff receive appropriate training in the investigation and management of concerns. In addition, directorate staff need to be empowered to take ownership of concerns and take forward improvement actions and learning.

## A summary of progress made by April 2021

**Whilst the Health Board has made progress with addressing this recommendation, oversight of training corporately, and within each ILG, requires further attention.** Our 2019 review identified the need to improve the oversight and management of concerns. This included the operational processes for investigating and learning from concerns. Training on concerns management has been prioritised and has been provided across the Health Board for relevant individuals delegated with the responsibility for managing the concerns process. In addition, the Health Board's concerns policy was also reviewed and approved by the Board in August 2020. Training requirements for managing concerns are identified within the policy. Whilst at the time of our work ILGs were not able to accurately report on the proportion of their staff who have received training to investigate concerns, incidents or undertake root cause analysis, we have been informed that since February 2021 the Health Board has developed and launched its own root cause analysis module enabling it to track who has received this training.

There now appears to be consistency of approach and clearer accountability in relation to concerns management across each ILG, with concerns managed within the relevant CSG before gaining ILG approval, and subsequent submission to the corporate concerns team for final response approval. We saw examples of this within quality and safety and experience groups across the ILGs, where there was evidence that staff at local level are taking greater ownership and responsibility for a concern, and for implementation of improvements where required. To further strengthen concerns management processes, recent recruitment has increased the size of locality and corporate concerns teams.

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# Recommendations for organisational culture and learning

Recommendation made in November 2019	A summary of progress made by April 2021
R13 The Health Board must ensure the timely development of a Values and Behaviours Framework with a clear engagement programme for its implementation.	<p><b>The Health Board has made good progress in developing and rolling out its Values and Behaviours Framework, although it has needed to adjust the implementation timescales because of the pandemic.</b></p> <p>At the time of our 2019 report, the Health Board was launching a programme of work to develop a Values and Behaviours framework for the organisation. Listening events were held with staff, patients, and service users between November 2019 and February 2020 to help identify the issues that such a framework would need to address. The outbreak of the pandemic meant further work on the Values and Behaviours Framework was delayed until June 2020. However, when the work resumed the Health Board was able to take account of staff experiences of responding to the pandemic and gather baseline information about staff well-being. In total the Health Board collected around 6,445 pieces of feedback from staff, stakeholders and the local community which informed the framework.</p> <p>To inform the development of its Values and Behaviours Framework, the Health Board undertook a series of listening events, engaging with approximately 8,000 people, including patients and staff. External consultants were appointed to support this work and to develop the engagement methodology. The work appears to have had a positive impact on the development of the framework and in planning for the Patient Experience Strategy. The Health Board formally launched the Framework on World Values Day, 15 October 2020. There was a live interactive session with a keynote presentation from Professor Michael West on compassionate leadership in the NHS. More than 2,000 staff participated in the event. The framework was also publicised on the Health Board’s intranet and social media channels.</p>

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## Recommendation made in November 2019

### A summary of progress made by April 2021

A detailed implementation plan is in place to embed the Values and Behaviours, and this is monitored by the People and Culture Committee. Staff whom we interviewed were generally positive about the Values and Behaviours Framework. The Health Board recognises that it will take time to fully embed the Values and Behaviours across the organisation and to enhance employee experience.

To help embed them, the Health Board is revising its leadership programmes to incorporate the values and behaviours. The Values and Behaviours are reflected in key Health Board documents, and they are visible on its website. They are also reflected in the Terms of Reference for the ILGs.

R14 The Health Board must develop a stronger approach to organisational learning which takes account of all opportunities presented through concerns, clinical audit, patient and staff feedback, external reviews and learning from work undertaken in the Princess of Wales hospital.

**The Health Board has started to develop a stronger approach to organisational learning, although the pandemic has impeded progress against this recommendation.** In 2019, we found a lack of formal processes to identify and share learning for improvement across the organisation to support the delivery of safe and effective care. Additionally, in 2019, the NHS Wales Delivery Unit also raised concerns about the management and learning from serious incidents and never events.

We have highlighted the Health Board's current position regarding learning and improvement in response to concerns and patient and staff feedback (R12). Progress has been made in strengthening the overall responsibility and management of clinical and serious incidents across the Health Board. A clinically-led Serious Incident team has been established, alongside a more robust process for the management of incidents, and learning resulting from them. Supporting this, the Health Board has implemented a Serious Incident Tool kit. This tool has reportedly assisted with consistency in managing incidents and supported sharing learning. The Serious Incident team undertakes a monthly clinical audit and super audit (quarterly) in collaboration with the Patient Care and Safety Team. The findings and actions for learning from these audits are reported through the locality Quality, Safety and Executive groups, and into the Quality and Safety Committee.

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**Recommendation made in  
November 2019****A summary of progress made by April 2021**

The Health Board is also establishing an improvement function called 'Improvement CTM', which will bring together learning from audit activity and concerns. Improvement CTM is expected to empower the Health Board's workforce to take responsibility for implementing continuous improvement through organisational learning. This is still early in its implementation and therefore too early to assess its effectiveness.

It was widely reflected to us that tackling the issue of improving organisational learning has been a challenge for the Health Board because of the pandemic response. Whilst there is some evidence of a stronger approach being taken to organisational learning, we have limited evidence at this time to be assured that learning is being effectively disseminated to all areas of the organisation and frontline staff. Minutes and observations found evidence of learning being shared within CSG and ILG quality and safety meetings. However, there is a need to strengthen overall arrangements for sharing learning across the ILGs. The Health Board is aware of this and hopes this will improve, particularly with the Heads of Quality and safety now in post across all ILGs.

Our observations of CSG and ILG quality and safety meetings found that external activity such as HIW inspections are being regularly discussed to ensure that action is taken to address recommendations, and learning is disseminated across CSGs and the Health Board. The previously mentioned Shared Listening and Learning forum will also focus on the learning and dissemination of findings and recommendations from external reviews, audits, and inspections. However, there is limited evidence to demonstrate that wider learning beyond the clinical area being inspected is shared effectively across all other clinical areas and with staff, particularly with those on the front line who are responsible for day-to-day care of patients.

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**Recommendation made in  
November 2019****A summary of progress made by April 2021**

Assurances are given to the Quality and Safety Committee about learning from incidents, but the reports do not provide examples of the learning and how it is being applied or shared more widely across the organisation. This is an aspect that needs to be strengthened.

Our previous review found that opportunities for learning following the Bridgend transfer in relation to undertaking FFTs had not been taken. In 2019, staff within Princess of Wales Hospital felt there had been little consideration of the benefits for patients and staff through the use of FFT, and its use for real-time patient feedback. However, since our review, the Health Board has embraced this learning and implemented the FFT throughout each site.

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# **Welsh Health Specialised Services Committee Governance Arrangements**

Report of the Auditor General for Wales

May 2021

Evans, Caroline  
06/08/2021 08:16:14

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Mae bodogfen hon hefyd ar gael yn Gymraeg.

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Since the previous reviews in 2015, governance, management and planning arrangements have improved, but the impact of COVID-19 will now require a clear strategy to recover services and there would still be benefits in reviewing the wider governance arrangements for specialised services in line with the commitments within **A Healthier Wales**.

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# Summary report

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## Background

- 1 The Welsh Health Specialised Services Committee (WHSSC) is a joint committee of each local health board in Wales, established under the Welsh Health Specialised Services Committee (Wales) Directions 2009 (2009/35). The remit of the Joint Committee is to enable the seven health boards in Wales to make collective decisions on the review, planning, procurement, and performance monitoring of agreed specialised and tertiary services.
- 2 The Joint Committee is hosted by Cwm Taf Morgannwg University Health Board and is responsible for the joint planning and commissioning of specialised services on behalf of local health boards in Wales. WHSSC is made up of, and funded by, the seven local health boards with an overall annual budget of £680 million with the financial contributions determined by population need. Some health boards in Wales provide specialised services. In particular, Cardiff and Vale and Swansea Bay University Health Boards receive significant funding for the services that they provide.
- 3 On a day-to-day basis, the Joint Committee delegates operational responsibility for commissioning to Welsh Health Specialised Services (WHSS) Officers, through the management team (**Exhibit 1**) and supported by six multidisciplinary commissioning teams. These teams commission specialised services, including:
  - Cancer and Blood
  - Cardiac
  - Mental Health and Vulnerable Groups
  - Neurosciences and long-term conditions
  - Renal
  - Women's and children's

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## Exhibit 1: WHSS management structure



Source: Welsh Health Specialised Services Standing Orders

- 4 In 2015, two separate reviews highlighted issues with WHSSC's governance arrangements. The Good Governance Institute highlighted concerns relating to decision making and conflicts of interest, and identified the need to improve senior level clinical input as well as the need to create a more independent organisation that is free to make strong and sometimes unpopular (to some) decisions in the best interest of the people of Wales. In the same year, Healthcare Inspectorate Wales (HIW) conducted a review of clinical governance at WHSSC. That review found that WHSSC was beginning to strengthen its clinical governance arrangements but needed to strengthen its approach for monitoring service quality and also improve clinical engagement.
- 5 Time has now passed since these reviews. Considering the increasing service and financial pressures, and the potentially changing landscape of national collaborative commissioning and NHS Executive as set out in A Healthier Wales, the Auditor General felt it was timely to review WHSSC's governance arrangements. This report considers the extent to which there are effective governance arrangements and whether the planning approach effectively supports the commissioning of specialised services for the population of Wales. Given the impact of COVID-19 on the capacity and productivity of services, we have also highlighted some specific challenges which relate to recovery.
- 6 Much of our review was carried out between March and June 2020, but as a result of the pandemic, we paused aspects of the review, restarting in July with a survey to all health boards and concluding the fieldwork in October. The delivery of our work included interviews with WHSS officers and WHSSC independent members, observations of Joint Committee and sub-committee meetings, questionnaires of health board chief executives and chairs and a review of documentation.



## Key findings

- 7 Overall, we found **since the previous reviews in 2015, governance, management and planning arrangements have improved, but the impact of COVID-19 will now require a clear strategy to recover services and there would still be benefits in reviewing the wider governance arrangements for specialised services in line with the commitments within A Healthier Wales.**

### **Governance arrangements have improved but decision making is likely to become more challenging as a result of COVID-19**

- 8 Our work has found improvements in the overall governance arrangements in WHSSC since 2015. WHSSC is formed of a mix of independent members, health board chief executives, and WHSS officers who work in collaboration to lead specialised services commissioning on behalf of the population of Wales. There are benefits to this system of governance which provides partners with the opportunity to collaborate on service developments. In general, we found that the Joint Committee operates well and there is normally a healthy working relationship between Joint Committee members. There are, however, occasions when this has become more challenging, such as discussions around new service models for major trauma and thoracic surgery. This tends to occur when new services are commissioned from providers who are Joint Committee members. This can present a risk of conflict of interest but the negative impact of this has been reduced through the introduction of a new majority voting system. These conflict-of-interest issues will remain a live risk, particularly when considering post-pandemic service recovery.
- 9 The agenda of the Joint Committee meetings appears appropriate and proportionate. However, our observations highlighted opportunities to increase the attention given to finance, performance, and quality reporting at Joint Committee. We also identified a need to review the independent member recruitment arrangements and the level of remuneration that they receive to help deal with the challenges of independent member turnover.

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- 10 The Joint Committee's sub-committees and groups are well-chaired and administered, although there is a need to strengthen the Integrated Governance Committee to ensure it discharges its terms of reference. WHSSC is hosted by Cwm Taf Morgannwg University Health Board which provides administrative support such as ICT, HR, Facilities, and Communications. WHSSC also forms part of the governance and accountability framework of the Health Board via the Audit and Risk Committee and requirement for financial disclosure in annual reports and accounts. Work is ongoing to strengthen the role and function of the Health Board's Audit and Risk Committee in respect of its hosted statutory joint committees.
- 11 WHSSC has developed good risk management processes using a corporate risk assurance framework. The risks are regularly scrutinised at corporate and Joint Committee levels with a specific arrangement to capture COVID-19 risks since the onset of the pandemic. Likewise, performance management arrangements provide a good foundation, adopting a tiered model for service escalation and appropriate operational monitoring. WHSSC has adapted these arrangements as a result of the pandemic but may need to become more robust in future to ensure specialised services minimise the risk of harm as a result of delays in treatment.
- 12 After an initially slow response, WHSSC has responded to the recommendations made in 2015 relating to the need to strengthen quality assurance arrangements. In 2019, WHSSC established a Quality Assurance Team, which is embedding well and is now taking steps to update its quality assurance framework.

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**Planning arrangements provide a good foundation but there is a need for a clear strategy to respond to the challenges presented by COVID-19**

- 13 Annual planning arrangements are generally effective. Year on year, development and approval of the Integrated Commissioning Plan has become timelier and there are clear formal arrangements for the identification and prioritisation of emerging specialised care services and treatments. Welsh Government officials told us of the additional capacity and capability they received from WHSSC planning officers to help drive through review of health board and trust quarterly plans during the first wave of the pandemic. This provides a good indication of the expertise within the team. Information to support planning and commissioning is improving and this is supported by a performance information system which continues to develop. Delivery of existing commissioned service plans is well managed, but elapsed time for the introduction of new services such as new service models for major trauma and thoracic surgery in South Wales has been slow. This is not within the sole remit of WHSSC but indicates the need for wider 'end to end' programme management at regional levels.
- 14 Financial planning arrangements are sufficiently robust and linked appropriately to the Integrated Commissioning Plan. COVID-19 has significantly reduced access to some specialised services, and recovery will have some significant financial consequences. There is a need to understand the financial consequences resulting from the pandemic in terms of service recovery. Value-based commissioning approaches are improving, but to maximise recovery with finite resources, this now needs to become more ambitious and more strongly linked to patient outcomes, prioritisation, and decommissioning (where there isn't good evidence that services/interventions are leading to improved outcomes).
- 15 COVID-19 has delayed specialised services strategy development and will no doubt continue to impact on the timeline for the development of the strategy. Specialised service officers can start to shape a strategy that focusses on the impacts of COVID-19 alongside advances in technological, therapeutic and policy developments. Strategy renewal is more crucial than ever and will need to be shaped around the changing risks and opportunities for specialised services taking consideration of the issues and opportunities identified in this report.

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## Future arrangements for commissioning specialised services

- 16 **A Healthier Wales**, the Welsh Government's plan for health and social care in Wales, signalled an intention to review a range of hosted national functions, including WHSSC, with the aim of consolidating national activity and clarifying governance and accountability. Whilst the governance arrangements for WHSSC have continued to evolve positively in the main, there would still be benefits in the Welsh Government including WHSSC in the planned review of national hosted functions. In looking at potential future governance and accountability arrangements for specialised services, it should be recognised that the current collaborative commissioning model has strengths in that it creates a collective and jointly owned approach to the planning and delivery of specialist services. However, it also has some inbuilt risks that see individual Joint Committee members having to balance all-Wales needs with those of their population and the individual NHS bodies they lead.



The Welsh Health Specialised Services Committee (WHSSC) commissions around £680 million of specialised services on behalf of the population of Wales and is a vital component of the Welsh healthcare system. Given this level of responsibility and investment, I'm encouraged by the progress WHSSC has made to improve its governance, management, and planning arrangements over recent years.

An immediate challenge for WHSSC is to develop a clear strategy to address the challenges associated with recovering specialised services following the Covid-19 pandemic. My report also shows that there is still a need to take a more fundamental look at the model for commissioning specialised services, in line with the commitment set out in the Welsh Government's NHS Plan 'A Healthier Wales'. It is important that this commitment is taken forward and I hope that the findings set out in this report can helpfully inform that debate.

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**Adrian Crompton**  
Auditor General for Wales



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# Recommendations

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17 Recommendations arising from this audit are detailed in **Exhibits 2 and 3**.

## **Exhibit 2: recommendations for the Welsh Health Specialised Services Committee**

### **Recommendations**

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#### **Quality governance and management**

- R1 Increase the focus on quality at the Joint Committee.** This should ensure effective focus and discussion on the pace of improvement for those services in escalation and driving quality and outcome improvements for patients.

#### **Programme management**

- R2 Implement clear programme management arrangements for the introduction of new commissioned services.** This should include clear and explicit milestones which are set from concept through to completion (ie early in the development through to post-implementation benefits analysis). Progress reporting against those milestones should then form part of reporting into the joint committee.

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## Recommendations

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### Recovery planning

- R3** In the short to medium term, the impact of COVID-19 presents a number of challenges. WHSSC should undertake a review and report analysis on:
- a the backlog of waits for specialised services, how these will be managed whilst reducing patient harm.
  - b potential impact and cost of managing hidden demand. That being patients that did not present to primary or secondary care during the pandemic, with conditions potentially worsening.
  - c the financial consequences of services that were commissioned and under-delivered as a result of COVID-19, including the under-delivery of services commissioned from England. This should be used to inform contract negotiation.

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## Recommendations

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### Specialised services strategy

**R4** The current specialised services strategy was approved in 2012. WHSSC should **develop and approve a new strategy during 2021**. This should:

- a embrace new therapeutic and technological innovations, drive value, consider best practice commissioning models in place elsewhere, and drive a short, medium, and long-term approach for post-pandemic recovery.
- b be informed by a review of the extent of the wider services already commissioned by WHSSC, by developing a value-based service assessment to better inform commissioning intent and options for driving value and where necessary decommissioning. The review should assess services:
  - which do not demonstrate clinical efficacy or patient outcome (stop);
  - which should no longer be considered specialised and therefore could transfer to become core services of health boards (transfer);
  - where alternative interventions provide better outcome for the investment (change);
  - currently commissioned, which should continue (continue).

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### Exhibit 3: Recommendations for the Welsh Government

#### Recommendations

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##### Independent member recruitment

- R5** Review the options to recruit and retain WHSSC independent members. This should include considering measures to expand the range of NHS bodies that WHSSC members can be drawn from, and remuneration for undertaking the role.

##### Sub-regional and regional programme management

- R6** This is linked to **Recommendation 2** made to WHSSC in this report. When new regional or sub-regional specialised services are planned which are not the sole responsibility of WHSSC, ensure that effective multi-partner programme management arrangements are in place from concept through to completion (ie early in the development through to post-implementation benefits analysis).

##### Future governance and accountability arrangements for specialised services

- R7** **A Healthier Wales** included a commitment to review the WHSSC arrangements along with other national hosted and specialist advisory functions. COVID-19 has contributed to delays in taking forward that action. It is recommended that the Welsh Government set a revised timescale for the action and use the findings of this report to inform any further work looking at governance and accountability arrangements for commissioning specialised services as part of a wider consolidation of current national activity.

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# Main report

## Governance and assurance

- 18 Our review has examined WHSSC's governance and assurance arrangements, such as the way the Joint Committee and its sub-committees conduct business, systems for managing performance and risk, and arrangements to ensure probity and propriety. We found that **governance arrangements have improved but decision making is likely to become more challenging as a result of COVID-19.**

## Conducting business effectively

- 19 We looked at the clarity of governance structures, decision-making arrangements and conduct at the Joint Committee and its sub-committees. We found that **committee arrangements have improved, although challenges around conflicts of interest remain and there is a need for stronger focus on quality, finance, and performance at Joint Committee meetings.**

**The Joint Committee is well administered with a healthy relationship between members. However, there is scope for greater scrutiny of service quality and routine finance and performance reports, and an opportunity to look afresh at independent member recruitment arrangements**

- 20 The Joint Committee is made up of 15 voting members and three associate members. The voting members include the chief executives of the seven health boards, four independent members (three of whom are drawn from health boards), including the Chair (a Ministerial appointment) and Vice Chair, and four WHSS officers. In October 2020, a new Chair was appointed, taking over from the Interim Chair who had been in post for a little over three years. WHSSC is expecting turnover of independent members in the coming months which will present both capacity and recruitment challenges. It was reported that recruiting independent members is difficult, especially since the pool from which they can be recruited is limited to health boards only. Consideration should be given to widening the recruitment pool to include all NHS Wales organisations, not just health boards. In addition, there is no additional remuneration for independent members of WHSSC, which makes the position less attractive. Thought, therefore, should be given to whether the current remuneration arrangements reflect the commitment expected of independent members of WHSSC.

- 21 We observed the Joint Committee both before and during the pandemic. Meetings were well attended and the relationship between members was respectful with a healthy level of challenge. Due to the pandemic, WHSSC moved to holding virtual meetings from March 2020. At this time, the Joint Committee's agenda had a COVID-19 focus with updates on commissioning independent hospitals, which the WHSS team was responsible for, risk management and delivering specialised services during the pandemic. WHSS officers fed back that the revised arrangements improved meeting efficiency and engagement and created better approaches for responding to questions. Moving forward, we would encourage WHSSC to review and consider the advantages of retaining these arrangements.
- 22 Those we interviewed were positive about the Joint Committee, indicating that it had matured in the past one to two years. Generally, it was felt the Joint Committee works effectively, is open and transparent, that chief executives are supportive of each other, and that roles and responsibilities are clear. Our observations at Joint Committee indicated a tendency to focus on new service modelling which resulted in a south Wales focus in meetings. We also saw limited discussion about the performance of commissioned services. Despite good systems for quality assurance at an operational level within WHSSC, there is a lack of sufficient oversight at Joint Committee. These need to be strengthened as part of a focus on service recovery.

**Decision making arrangements have improved, but conflicts of interest remain a risk**

- 23 WHSSC commissions specialised health services for Wales as a whole. Whilst membership of the Joint Committee is drawn from existing health boards, the members are supposed to be independent. However, decision-making for some members poses a potential conflict of interest. This is because the larger Welsh health boards are substantial providers of specialised services, especially in south Wales. Those we spoke to reported that there can be some tensions around negotiations, citing the major trauma centre and thoracic surgery, and potential to draw attention on these specific issues at committee meetings at the expense of wider aspects of the agenda.

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- 24 As a result of previous challenges in decision making, WHSSC's voting arrangements changed from 100% agreement required to a two-thirds majority vote in accordance with a Ministerial direction dated 12 November 2018. This was subsequently reflected in an amendment to WHSSC's standing orders. The new voting system is more pragmatic and ensures quicker decision-making, but this was introduced relatively recently, so WHSSC should keep this new arrangement under review. The governance arrangements mean that chief executives and independent members take part in votes on commissioning services from their own health board. As a result, the previous interim Chair of WHSSC reinforced the need to act on behalf of the all-Wales position when making decisions. Moving forward, the difficulties presented by the pandemic are likely to be challenging. When acting on behalf of 'all-Wales' and to minimise patient harm as a result of delays in receiving specialised care, shifts in investment may be necessary. This again may increase the risk of conflicts of interest if chief executive members are required to vote on diverting investments from their own health boards.

#### **Flows of assurance between the Joint Committee and individual health boards are variable**

- 25 As the Joint Committee commissions specialised services on behalf of the seven health boards, we would expect to see clear lines of assurance from the Joint Committee to individual Boards. On reviewing health board papers<sup>1</sup> we found that as a minimum all seven health boards had approved their own standing orders, which set out their responsibilities regarding WHSSC, and WHSSC's standing orders. All health boards report WHSSC's assurance reports and minutes of the Joint Committee meetings (or provide a link to the minutes).
- 26 However, health board minutes show some variability in the extent of discussions of WHSSC services. For example, the programme business case approval for major trauma and thoracic surgery prompted extensive papers and good discussion at health boards. But at other times WHSSC papers were just noted with limited discussion. We found that Board level oversight of quality and escalated specialised services appears limited, but we note that this is something WHSS officers are working to improve through their engagement work with health boards across Wales.

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1 For each health board, we reviewed its Board papers and papers for its quality and safety, finance and performance meetings.

**WHSSC's hosting arrangements function largely as intended, albeit there are occasional operational challenges and an opportunity to strengthen the governance role of the host health board's Audit and Risk Committee**

- 27 WHSSC is hosted by Cwm Taf Morgannwg University Health Board which provides administrative support such as ICT, HR, Facilities and Communications. WHSSC employees have a contract of employment with Cwm Taf Morgannwg University Health Board and WHSSC's Managing Director has a line of accountability to its Chief Executive. Interviewees indicated that in general these arrangements operated sufficiently, but there were some concerns expressed about Cwm Taf Morgannwg University Health Board's capacity to support WHSSC, particularly in relation to HR and ICT support services. In addition, it was noted that Cwm Taf Morgannwg University Health Board is a provider of specialised services commissioned by WHSSC, which could provide further conflicts of interest over and above the inherent provider/commissioner tension at Joint Committee.
- 28 A hosting agreement exists between WHSSC and the seven Welsh health boards which includes provision for Cwm Taf Morgannwg University Health Board's Audit and Risk Committee to assist in the discharge of WHSSC's governance and assurance responsibilities. However, the existing hosting agreement has limited detail on how these arrangements should work, and the degree of scrutiny of WHSSC business at the committee can be fairly limited. Hosted organisations are considered at Part 2 of Audit and Risk Committee meetings. Cwm Taf Morgannwg University Health Board is working to clarify the assurance requirements of the hosted bodies<sup>2</sup> through developing an assurance framework. The new framework aims to define the role, function, responsibilities and accountabilities of the Audit and Risk Committee, the host, the all-Wales statutory joint committees and the directors involved. We understand that this work is ongoing and will require further engagement across all bodies affected.

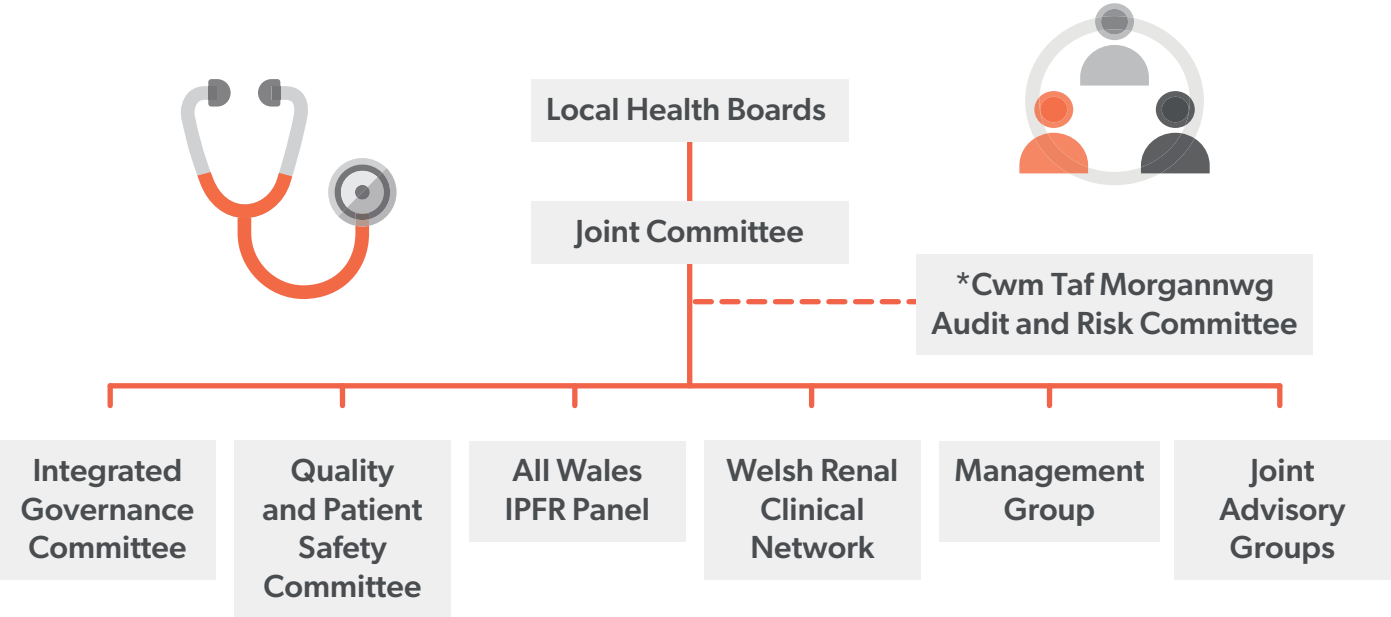
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2 Cwm Taf Morgannwg University Health Board is also the host for the Emergency Ambulance Services Committee (EASC) and the NHS National Imaging Academy.

**WHSSC’s sub-committees and groups generally operate well, although there is a need to ensure that all aspects within terms of reference are appropriately covered**

29 WHSSC is required through its standing orders to have committees responsible for quality and safety, and audit. As identified earlier, the Audit and Risk Committee is facilitated through hosting arrangements. However, the Joint Committee is also supported by a range of its own sub-committees and groups (**Exhibit 4**). Some provide scrutiny and receive assurances, while others are more focussed on delivery and decision making. The Quality and Patient Safety Committee, forms part of WHSSC’s own committee and group structure. The Joint Committee also has three advisory groups, which at the time of our fieldwork were under review.

**Exhibit 4: WHSSC Governance Structure<sup>3</sup>**



\* Functions as both the Health Board’s Audit and Risk Committee and WHSSC’s Audit Committee.

Source: WHSSC

3 See section 2.3 of the [2019/20 WHSSC Annual Governance Statement](#) for more information on the arrangements for Cwm Taf Morgannwg’s Audit and Risk Committee and Quality and Patient Safety Committee in relation to WHSCC governance.

- 30 Most of our observations took place prior to the pandemic. Generally, we found that the meetings had a clear agenda, were well administered with formal procedures observed as expected, such as declarations of interest and review of previous minutes. Meeting papers were clearly written with a templated cover report detailing the purpose of the paper such as for approval, noting and assurance. The sub-committees have an up-to-date work programme and terms of reference.
- 31 WHSSC's Quality and Patient Safety Committee effectively scrutinises assurance reports from all of its commissioning teams on escalated services, service risks, quality visits, inspections and any incidents or concerns. The committee also receives reports on concerns, serious incidents, ombudsman reports, clinical policy review and COVID-19. WHSS officers are also aiming to improve the flow of information between WHSSC and the quality and safety committees of health boards.
- 32 During 2019-20, the Integrated Governance Committee met infrequently, leaving a six-month gap between the October 2019 and April 2020 meetings. However, the number of meetings was still in line with the committee's terms of reference and, since April 2020, the frequency of meetings has increased. Our work indicates that there needs to be greater clarity on the role and function of this committee. At present, part of the Integrated Governance Committee's remit is to maintain oversight of the work of the Quality and Patient Safety Committee, Audit and Risk Committee, and the Welsh Renal Network. The Integrated Governance Committee is also responsible for scrutinising delivery and performance of the Integrated Commissioning Plan. Whilst there was good oversight of the plan's development by the committee, we found that with the exception of a routine report on escalated services, there was no evidence of wider scrutiny of delivery against the plan.
- 33 Our observations found that Management Group, an officer-level group which makes recommendations to the Joint Committee, is well chaired, and in general papers are well discussed. But, as with Joint Committee, we saw a need for better discussion of performance, finance, and service quality and patient safety.

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## Systems of assurance

- 34 We examined whether the Joint Committee has an effective system of internal controls to support assurance systems. We found that **in recent years there has been notable strengthening of systems of assurance, but there is scope to strengthen them further.**

### Arrangements to promote probity and propriety are in place

- 35 WHSSC's governance and accountability framework was last fully reviewed in September 2019. This version reflects the amended voting arrangements and includes:
- Standing Orders
  - Memorandum of Agreement
  - Hosting Agreement
  - Joint Committee Business Framework
- 36 To help ensure probity and propriety, WHSSC maintains registers for declarations of interest and gifts, hospitality, and sponsorship. The registers are appropriately updated, with records available on the WHSSC website and declared within the Annual Governance Statement.
- 37 WHSSC keeps an internal audit recommendation tracker, which is clearly formatted and reviewed at each Audit and Risk Committee meeting. There were no external audit recommendations on the tracker when we conducted our review, but we are told that historically recommendations have been listed on the tracker and they were scrutinised in the same way as they were for the host. We would particularly expect the recommendations made in this review to appear on the tracker and be subjected to scrutiny.
- 38 WHSSC also monitored progress against the 2015 Good Governance Institute and HIW reviews. WHSSC developed a governance action plan and most actions are closed. The Integrated Governance Committee received six-monthly updates on the outstanding actions, the last of which was in March 2019.

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**Good risk management processes are in place, with risks regularly scrutinised at corporate and Joint Committee level, and systems in place to capture risks arising from COVID-19**

- 39 WHSSC has a Corporate Risk Assurance Framework (CRAF) which identifies high-level risks to commissioned services. Each of the commissioning teams has a risk register. Risks rated 15 or above after controls are put in place are escalated to the CRAF. The Joint Committee has sight of the CRAF twice a year and it is reviewed regularly by the sub-committees and the Corporate Directors Group Board. The CRAF is clearly presented and includes the information we would expect to see on a corporate risk register including a lead director and assuring committee for each risk.
- 40 WHSSC has recently updated its integrated risk management framework including reviewing existing risk registers, developing a new risk register template, and training staff. The framework sets out accountabilities, responsibilities, and the organisation's risk appetite. WHSSC is seeking further improvements to tighten escalation and de-escalation processes and by introducing an electronic risk management system. It hopes to roll out new risk processes in spring 2021.
- 41 During the pandemic, a separate risk assessment and register was completed to assess how essential specialised services were impacted by COVID-19. The assessment is a live document which is updated as providers supplied more information. The Joint Committee continues to review both the COVID-19 risk register and the CRAF.

**WHSSC is taking necessary action to strengthen its performance management arrangements but will need to consider how these are adapted to monitor and manage the post-pandemic recovery of services**

- 42 WHSSC predominantly monitors a service's performance through national key performance indicators. The measures are set out in contracts and service specifications. Underperformance is managed through WHSSC's escalation framework, which has four levels of escalation, with level four being the highest. The WHSS team holds regular Service Level Agreement (SLA) meetings with Welsh providers, and at least an annual contract meeting with English providers. Escalated services are subject to enhanced performance management arrangements until significant improvement can be demonstrated to allow de-escalation.

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- 43 During the height of the pandemic, WHSSC stood down SLA monitoring in line with the Welsh Government's practice. At this point only essential specialised services were being delivered. During this time, the WHSS team found it difficult to engage with both Welsh and English providers who were heavily focussed on the pandemic. Pragmatically, to overcome this they adopted a direct monitoring system, reviewing available performance data and challenging providers on the findings. WHSSC is still 'direct monitoring' services and is sharing information with the Welsh Government. Where the WHSS team has been able to proactively engage with providers they have been able to negotiate the continuation of some services. WHSSC reported that despite the pandemic, escalation arrangements continued to work well, and it has helped to highlight differences in activity and productivity between different providers.
- 44 The pandemic has also highlighted the need to review performance management arrangements and metrics. For example, performance against referral to treatment (RTT) waiting times was often used to determine escalation levels<sup>4</sup>. But in the current climate where RTT waiting times have risen across the NHS, it is difficult to differentiate risk of harm or patient outcome when so many patients are delayed and waiting. As a result, WHSSC is currently in the process of reviewing each service in escalation to see if it is still relevant. WHSSC does not currently have an overarching Performance Management Framework, although it has developed a performance analysis system called 'MAIR' (My Analytics and Information Reports). However, the team is developing a Commissioning Assurance Framework. The framework will set out a new performance assurance process alongside more outcome focussed performance measures. It also proposes an annual meeting between WHSSC executives and health board executives to understand commissioner priorities to feed into the Integrated Commissioning Plan development process. It is hoped the new framework will be launched alongside the refreshed Integrated Commissioning Plan. This is a positive development as monitoring services as they recover from the pandemic will need a different approach. Reviewing data on patient outcomes and harm will need to be an important part of these developing arrangements.
- 45 WHSSC's integrated performance dashboard is presented to the Corporate Directors Group Board and Management Group monthly, and to the Joint Committee bi-monthly. While there is discussion and challenge at commissioning team meetings, as stated earlier, we observed little scrutiny of this report at Joint Committee. The existing reports do not have a breadth of measures, reporting mainly on waiting times and RTT performance and there is opportunity to refresh these as part of post-pandemic recovery and the new Commissioner Performance Assurance Framework.

4 The escalation framework works on a four-tier basis with level four being the highest level of escalation. Services can be escalated for performance and/or quality issues.

## **WHSSC is driving quality improvement through its Quality Assurance Team and quality assurance framework**

- 46 In 2015, the Good Governance Institute and HIW made several recommendations related to quality governance. Since these reviews, WHSSC has made good progress in improving quality governance. The Joint Committee has senior clinical representation, the Director of Nursing and Quality Assurance is a member of the Joint Committee and the Medical Director attends the meeting. At an operational level, each of the six multidisciplinary commissioning teams has an associate medical director for clinical advice and guidance.
- 47 A Quality Assurance team, led by the Director of Nursing and Quality Assurance, was established in 2019. The team is responsible for monitoring and learning from quality and patient experience to help improve commissioned services. Specifically, this includes managing and responding to complaints, near misses, serious incidents and never events. The team is also part of the multidisciplinary commissioning teams and is involved in planning and quality assuring commissioned services. In addition, WHSSC has updated its Quality Assurance Framework which was agreed in 2014 and will form part of the new Commissioning Assurance Framework.
- 48 To share intelligence and reduce duplication, the Quality Assurance team maintains good relationships with providers and regulators. For example, the team holds quarterly meetings with the quality leads at provider health boards to review a range of quality measures and information. They also use intelligence from regulators, clinical audit, and the National Collaborative Commissioning Unit (mental health services) to feed into planning and monitoring of services. There is a different system for English providers. NHS England has a quality assurance portal, which WHSSC accesses. Information on the portal is detailed and benchmarked against similar NHS England providers. WHSSC plans to replicate this approach for Swansea and Cardiff and Vale University Health Boards.

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## Strategic planning

- 49 Our work examined whether WHSSC has a clear and robust approach to strategic and financial planning. As a result of the pandemic, the specialised services environment has changed, with some services, particularly surgical, stopping or significantly curtailed. Our review found that **planning arrangements provide a good foundation but there is need for a clear strategy to respond to the challenges presented by COVID-19.**

### **Annual planning arrangements are generally effective, but recovery of services will be challenging**

- 50 WHSSC currently undertakes planning each year culminating in a rolling three-year Integrated Commissioning Plan. This plan is agreed annually and has become increasingly timely and mature in recent years. There are clear stages of development and engagement with health boards as part of the approval process, prior to formal ratification/approval at the WHSSC Joint Committee. There is also a clear process and accountability for different stages of preparation and approval and, if necessary, consultation with relevant stakeholders.
- 51 WHSSC consults key stakeholders and the public on new commissioning policies, service specifications and revised commissioning policies where there are material changes to the service. There are good examples of this in relation to major trauma and thoracic surgery with the relevant community health councils actively engaging in stakeholder feedback and analysis. Community health council feedback informs both WHSSC planning and the relevant health boards whose population may be affected by proposed service changes.
- 52 The extent that health boards incorporate specialised services within their own integrated medium-term plans is variable across Wales. For example, Powys Teaching Health Board and Hywel Dda University Health Board rely more significantly on externally commissioned specialised services and we see these featuring in their plans more so than in the plans of the health boards that are specialised service providers.

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- 53 Our work indicates that WHSSC has sufficient capacity and capability to support planning. That capacity and capability was drawn upon in 2020 to help support the Welsh Government's NHS Planning Team's review of health boards' quarterly plans, using their knowledge and experience of complex service planning. WHSSC's planning arrangements include significant contribution from each of the specialised services commissioning teams, clinical impact advisory group and WHSSC Management Group. Clinical advice helps to shape specialised services and WHSSC intends to increase the level of internal 'consultant-level' expertise further.
- 54 WHSSC has adopted a continuous approach for identifying and evaluating new research, treatments and using NICE<sup>5</sup> guidance to shape commissioned services. This 'horizon scanning' is supported by a consistent and transparent prioritisation process (**Exhibit 5**) to help ensure that investment decisions are affordable, offer value for money and are supported by convincing evidence of safety and effectiveness. The robustness of the approach helps to secure agreement of new proposals at the Joint Committee.

#### Exhibit 5 – key principles of the prioritisation process adopted by WHSSC

- Scoring and ranking of interventions by the WHSSC Prioritisation Panel is carried out using formal and agreed methodology
- The prioritisation process is intended not to duplicate work already completed (for example by NICE)
- There must be appropriate and timely engagement with NHS Wales as part of the process
- There are clear and agreed scoring criteria and voting technology is utilised during assessment. The criteria include:
  - Strength of clinical evidence
  - Patient benefit
  - Economic assessment
  - Burden of disease (severity of condition and also impact on the population)
  - Reducing inequalities of access



Source: Audit Wales fieldwork

5 National Institute for Health and Care Excellence <https://www.nice.org.uk/>

- 55 COVID-19 has significantly affected the delivery of specialised services across Wales and England. After the first wave of the pandemic, we understand that variation in service productivity between providers was increasing, with some providers able to restart specialised services earlier and with greater degrees of success than others. This creates a commissioning challenge as WHSSC looks to develop post-pandemic recovery plans on behalf of the population of Wales.

**Information to support planning and commissioning is improving and will need to adapt to the challenges brought about by the pandemic**

- 56 WHSSC's development of My Analytics and Information Reports (MAIR) in 2018-19 was a notable improvement on previous arrangements. WHSSC has worked closely with health board teams to ensure that health boards now have access to the comprehensive information sets now available. Reports can be tailored by health board or provider, by specialty and point of delivery. Results can also be made available using a variety of visualisation tools including maps, charts, tables, and pathways. This has enabled health boards to gain a deeper understanding of their demand patterns for specialised services and compare their own access rates to other health boards and inform areas for targeted review.
- 57 Plans for further development of MAIR include:
- Producing performance management dashboards and heat mapping
  - Improving the timeliness of performance reporting
  - Exploring how quality and outcomes data can be incorporated
  - Improving the familiarisation of health boards with the variety of WHSSC's contracts by the production of deep dive reports.
- 58 Commissioning and contracting services can only be effective if there is robust information to inform operational and strategic decisions. Our work has identified that prior to the COVID-19 pandemic, there was a good track record of analysis of demand and capacity of services both in Wales and England. This will become even more important post-pandemic, to help provide options for recovering service performance and reducing risk of harm as a result of delays in access to care.

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### **Delivery of Integrated Commissioning Plans is effective, but development and implementation of new services can be slow**

- 59 For services that are already commissioned and being delivered, the necessary arrangements are in place to ensure they are resourced and being delivered as intended, with arrangements to escalate matters should there be any concerns.
- 60 Commissioning of new services from first consideration through to the launch of new services can, however, be a lengthy process, particularly for services provided in Wales. For example, the major trauma network in south Wales was launched in September 2020, after having been originally identified as necessary back in 2013, although WHSSC's involvement only commenced in 2018-19. Similarly, the improvements to thoracic surgery services, identified as necessary by the Royal College of Surgeons report in 2016, are not expected to go live until 2024, and this is subject to a capital business case requiring Welsh Government funding.
- 61 Whilst introduction of new services is by no means simple, there has been protracted debate on where the new developments mentioned above should be housed, although the statutory engagement and consultation process, which is integral to this, can consume considerable time. The roll out of such schemes is not the sole domain of WHSSC and depends upon the wider architecture that supports regional service development within the NHS in Wales. There is scope, however, to strengthen end-to-end programme management of such schemes to improve timeliness of service development. The pandemic has created a common sense of urgency amongst providers. This momentum needs to be maintained to identify and rapidly develop or reshape services to accelerate recovery.

### **Financial planning arrangements are sufficiently robust and linked appropriately to the Integrated Commissioning Plan but will need to ensure value for money as services restart and aim to recover**

- 62 Financial planning is an integral element of the Integrated Commissioning Plan. Health boards are fully engaged in discussions on costs and projected cost growth for the coming financial year during planning and agreement stages, prior to ratification of the plan. Cost growth is explicitly defined in the plan and justified through the agreed process for horizon scanning and prioritisation. Financial planning has two distinct elements:
- determining overall specialised services costs and the apportionment of these costs to health boards; and
  - contracting and commissioning health boards and trusts in relation to provision of specialised services.

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- 63 These are managed through financial risk-sharing agreements. These agreements set out who pays for what in relation to the provision and receipt of services. The risk sharing agreements are based on a financial formula and this is used both as part of planning and at the year-end to look at variance in activity against plan and determine distribution of under and overspends. There are different models for risk sharing designed to suit different types of commissioned services. For most services, planning is based on actual utilisation and a two-year average of activity. This is designed to smooth some peaks and troughs but also create incentive for efficiency. Highly specialised services which are not utilised often are funded using a population-based formula which is designed to provide continuity of income. This is to ensure services are sustainable, but also to protect against peaks of extreme costs when services are required.
- 64 Our review of health board expenditure on specialised services for the period 2014-15 to 2020-21<sup>6</sup> indicates the overall costs have increased above inflation. We understand that this is typical when new specialised therapies and treatments are developed and adopted into commissioning agreements.
- 65 In the short to medium term, however, the impact of COVID-19 on finances presents a number of challenges, including:
- payments to providers have continued in Wales and England albeit recent negotiations have resulted in rebates/reductions where there is under-delivery by providers;
  - lack of service delivery during the pandemic has created a backlog of waits for some specialised services; and
  - lack of patients presenting to primary and secondary care with symptoms during the pandemic may mean that there is greater hidden demand, and that conditions may have exacerbated, requiring more costly intervention downstream.
- 66 The Joint Committee should seek to understand the short and medium term financial impacts of COVID-19 to determine what this means for service recovery plans.

6 2019-20 data is taken from the Month 12 Health Board expenditure on Welsh Health Specialised Services. 2020-21 costs are based on forecast expenditure budgeted within the 2020-21 integrated commissioning plan. We acknowledge that 2019-20 data is currently unaudited, and 2020-21 data is subject to significant variation as a result of the COVID-19 outbreak.



**Value-based commissioning approaches are improving, but to maximise recovery with finite resources, this now needs more strongly to link to patient outcomes, prioritisation, and de-commissioning**

- 67 Prudent and value-based care is a core aspect of the 2020-2023 Integrated Commissioning Plan. This focussed on increasing the value achieved through improvement, innovation, use of best practice and eliminating waste. The value-based commissioning approach adopted by WHSSC is logical and methodical. This includes identifying commissioning opportunities, refining these, and engaging the WHSSC Management Group members and wider teams. WHSSC has developed thematic areas for value-based commissioning. Some of these will be easier to achieve than others and some may need to be pursued over a multi-year period. The areas include procurement, efficiency, service rationalisation, disinvestment, and assessing access criteria.
- 68 While COVID-19 has changed the position significantly, the extent of the original value-based commissioning savings for 2020-21 was around £2.75 million. Overall, our review has identified that WHSSC's value-based approach is developing and there is opportunity to exploit this further. In doing so, we expect there will need to be a clear and strong focus on collecting patient outcome information to inform the development of opportunities to reduce waste and maximise the benefit of investment in specialised care. For example, there remains greater opportunity to assess services:
- which do not demonstrate clinical efficacy or patient outcome (**stop**);
  - which should no longer be considered specialised and therefore could transfer to become core services of health boards (**transfer**);
  - where alternative interventions provide better outcome for the investment (**change**);
  - currently commissioned, which should continue (**continue**).

**COVID-19 has delayed the development of a new specialised services strategy, but this now provides the opportunity to shape the direction to focus on recovery, value and to exploit new technology and ways of working**

- 69 A key function of commissioning relates to planning of services to meet population need. The specialised services strategy provides a framework for commissioning services, but the current version is dated 2012. Senior specialised services officers had intended to refresh the strategy in 2020, but this has been delayed by the pandemic. However, this gives specialised service officers the opportunity to shape the strategy to focus on COVID-19 recovery arrangements alongside routine technological, therapeutic and policy developments.

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## Future arrangements for commissioning specialised services

- 70 Our review, in examining both WHSSC's governance and planning arrangements indicates that **there would still be merit in reviewing the future arrangements for commissioning specialised services in line with the commitments of A Healthier Wales.**
- 71 **A Healthier Wales**, the Welsh Government's plan for health and social care in Wales signalled an intention to create a national executive to strengthen national leadership and strategic direction across a range of areas. Linked to this, **A Healthier Wales** signalled an intention to review a range of hosted national functions, including WHSSC, with the aim of consolidating national activity and clarifying governance and accountability.
- 72 Whilst the findings in this report show that the governance arrangements for WHSSC have continued to evolve positively in the main, they do also point to a need still to undertake the wider review signalled within **A Healthier Wales**. The current collaborative commissioning model has strengths in that it creates a collective and jointly owned approach to the planning and delivery of specialist services. However, it also has some inbuilt risks that sees individual Joint Committee members having to balance all-Wales needs with those of their population and the individual NHS bodies they lead.
- 73 The Good Governance Institute's report in 2015 questioned the hosting arrangements for WHSSC, suggesting that a more national model might be appropriate. WHSSC's hosting arrangements have remained unchanged since that report and our work has shown that in respect of WHSSC's governance, the use of the hosting health board's Audit and Risk Committee needs to be reviewed to ensure there is sufficient depth of debate and scrutiny (see **paragraphs 27 and 28 above**).

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# At Your Discretion

Local Government Discretionary Services

April 2021



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Mae'r ddogfen hon hefyd ar gael yn Gymraeg

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## Financial pressures led to councils reducing spend and cutting services, but the pandemic has highlighted the importance and relevance of local government in serving and protecting people and communities

- 1 Councils have a duty to provide a range of services to their communities. These include education services; children's safeguarding and social care; adult social care; waste collection; planning and housing services; road maintenance; and library services. Councils also provide services at their discretion and can also decide the level at which these services are provided. For example, town centre Wi-Fi and renting bikes. However, in the last decade, councils have struggled to maintain their full range of services in the face of financial pressures. And austerity has required councils to take tough decisions on which services to safeguard and which ones to reduce, change or no longer provide.
- 2 Determining the relative importance and value of council services when deciding on where to make cuts is not easy. Often the debate starts with a focus on determining whether a service is 'statutory' or 'discretionary'. But many council services cannot be easily defined in this way. For instance, councils provide a range of 'discretionary' services some of which are extensions of 'statutory' activity whilst other services have developed over time to become longstanding, highly valued and central to the work of the council.
- 3 Defining services as 'statutory' or 'discretionary' is therefore unhelpful as much of what a council provides is viewed by many – citizens we surveyed, staff of public service partners and stakeholders we interviewed – as 'essential'. Services that:
  - keep people healthy, well and safe;
  - support businesses to flourish and thrive;
  - protect and enhance our environment; and
  - help people to learn, develop and improve.
- 4 Councils mostly have established processes to review and evaluate how to provide services with decisions on changes in provision, introduction of savings targets and options to outsource taken by cabinet or full council. However, the quality and depth of information that is presented to members is not always wide-ranging and sometimes lacks sufficient detail. For example, evaluating the impact of service changes on the Welsh language or on people with protected characteristics, clarifying the legal basis for a service or how it contributes to wider council responsibilities are not always captured.

- 5 Our analysis of financial data published by the Welsh Government shows that, overall, councils have sought to protect services that help the most vulnerable when setting budgets. Services that protect and safeguard adults and children and help keep vulnerable people safe. Similarly, activities focussed on the upkeep of the environment, whilst seeing spending falling in the last decade, have not been cut as deeply as others.
- 6 The services where the biggest reductions have been mostly felt are mostly 'pay as you use' leisure, recreation and cultural services or regulatory services like development control, building control and trading standards. Despite helping to protect us and enhance our wellbeing, these areas have generally borne the brunt of budget cuts.
- 7 Because some 'universal discretionary' services, which are available to everyone irrespective of need, are reducing or being stopped, there is a growing group of citizens and council taxpayers who do not directly receive, or feel they benefit from, the work of their council. This presents a real challenge for councils in the future – to remain relevant to all their citizens.
- 8 Overall, our survey found that people do not feel their council adequately involves them when identifying which services to change, reduce or stop. This is a missed opportunity for councils. Our research shows there is great potential for people to help their local council to provide services and, in some cases, to take over running services. If they want to realise this potential, councils must improve when and how they involve people when considering options and making decisions.
- 9 In spite of cutting back on what they provide, demand for 'essential' council services continues to rise. This is in part a natural outcome of a decade of financial constraints. But it is also a reflection of demographic change and councils having to increasingly help people with complex needs. The most deprived individuals and areas now have multiple and very complex needs and addressing these challenges is very difficult. There are no quick fixes or simple solutions. It requires councils to work in partnership with a wide range of public bodies to jointly deliver sustained and targeted action.
- 10 Despite prioritising services targeted at helping to protect the most vulnerable and pursuing new ways of working to reduce spend and grow capacity, councils are increasingly struggling to manage within available resources. Our research shows that councils will have to make some very difficult choices when setting budgets and determining which services to prioritise and protect over others in the next few years.

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- 11 Added to this, councils have also been in the frontline responding to the pandemic. COVID-19 has fundamentally changed the communities in which we live, and work, and people's expectations of local government are similarly changing. Whilst the Welsh Government provided the national leadership in responding to COVID-19, at the local level it has been driven by councils. The pandemic required everyone to find new ways of working, coping and communicating, and it has been no different for councils. Local government has stepped up to ensure essential services continue to be provided and has identified new, often innovative, ways of helping businesses and keeping people safe. In many ways, COVID-19 has helped reinforce the importance, impact and flexibility of local government.
- 12 The Local Government and Elections (Wales) Act 2021 presents opportunities to refresh the role of local government through its reforms of electoral arrangements and public participation, and the introduction of a general power of competence. There are some good examples of how councils are taking this opportunity to reset their role, especially in England. A number have embarked on ambitious programmes of change taking bold decisions to address long standing problems.

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# Key Facts

Councils in Wales are responsible for over **1,450** functions, activities and services

2019

In 2019-20 councils spent in real terms roughly **£8.3 billion** on services

Demand for council services continues to rise



Children looked after by councils at the year-end increased from 5,660 in 2016 to 7,170 in 2020, an increase of **26.7%**

Adults suspected of being at risk of abuse or neglect (safeguarding) have risen by **27%** from 11,761 in 2016-17 to 14,938 in 2018-19

In the last decade council spending on services has fallen by **7.9%**

Homeless households in priority need have increased by **40%**, rising from 22,260 in 2015-16 to 31,170 in 2018-19

In the last 100 years average life expectancy has risen by 24 years to 79.4 for men and by 23 years to 83.1 for women

Poverty amongst people of pensionable age has risen from **14%** in 2009-2012, to **19%** in 2015-2018

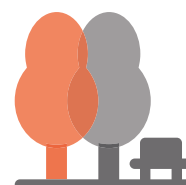
Roughly **one in four** people in Wales lives in poverty



The proportion of the Welsh population over the age of 75 is projected to increase by **29.3%** to 378,100 by 2028 and those aged over 65 by **16.3%** to 758,600

People sleeping rough have risen from 240 in 2015-16 to 405 in 2019-20, a rise of **68.7%**

Households housed temporarily rose by **24.2%** between 2015-16 and 2019-20



# 1 Defining whether a service is discretionary or statutory can be complicated and does not reflect the important work of councils

- 1.1 Councils are bound by many statutory duties. Their functions are set out in numerous Acts of Parliament and Acts of the Senedd. Many of these functions have associated legal duties, statutory guidance and codes of practice. A review of local government statutory duties in England by the UK government in 2011, found councils provide up to 1,439<sup>1</sup> functions, activities and services that are deemed both 'statutory' and 'non-statutory'<sup>2</sup>.
- 1.2 The most frequently used definitions consider 'discretionary' services to be those that a council has the power, but is not obliged, to provide, and 'statutory' services as those a council must provide. Whilst these definitions appear at face value to be clear-cut, they oversimplify and mask some important issues.
- 1.3 As well as the legal requirements, defining the extent to which a service is statutory or discretionary is dependent on the choices made by each council about the level of services it wants to deliver, how it wants to provide these services and whether to charge. Whilst additions to statutory services are often above the level or standard that a council has a duty to provide, they can be large scale and well-established activities.
- 1.4 Consequently, people frequently regard some discretionary services as part of the mainstream activities of their council. They are seen as essential, not an add on or optional because they are available to all of us. These services may not have the same priority in corporate plans and often receive less protection from budget cuts, but they matter because they are services that we all receive. Because usage is not rationed on the basis of need, targeted at the most vulnerable or provided as a safety net', these services may represent the only regular and visible contact many people have with their council.

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1 [gov.uk: Data Set on Statutory Duties Placed on Local Government](https://www.gov.uk/data-set-on-statutory-duties-placed-on-local-government)

2 No similar collation of the legal duties placed on Welsh councils that clearly defines, or helps explain, what constitutes a 'statutory' or 'discretionary' service has been undertaken.

- 1.5 Having to provide a statutory service is also different to how and at what level you provide it, which can be at a council's discretion. For instance, whilst there is a statutory requirement for a council to have a Scrutiny function, the council has discretion over what level of function it provides for. Importantly, if a council does not perform certain functions, it may leave itself open to legal challenge – whether the function is laid down in statute or not. For example, Human Resources functions may not all be statutory activities, but their removal could have significant legal implications for a council.
- 1.6 Discretionary services can be critical to the delivery of statutory functions, and without them some statutory activity could be overwhelmed. For instance, leisure, sports and recreation services play an important role in reducing demand on health services. Aids and adaptations and the provision of community equipment help reduce demand on residential care.
- 1.7 Furthermore, there is a risk that solely using a legal framework to define local government's priorities diminishes local democratic choice and may reduce councils to simply becoming an administrative function on behalf of the Welsh and UK governments. Ensuring services reflect local priorities is essential, and a fundamental strength of the local democratic mandate. When a council makes a policy choice to provide a service to meet the needs of its citizens, it is not helpful to view it as an 'add on' or 'nice to have' – it is what the council has deemed as necessary to provide for people in that area to enhance their wellbeing.
- 1.8 Given the above, 'Statutory' (required by the law) and 'Discretionary' (choose to provide) are unhelpful in solely determining service priorities because separating them out in a meaningful way is impossible. Consequently, we believe that 'essential' may be a better way to define and estimate the value and priority of a service to a council's work –  
**Exhibit 1.**

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## Exhibit 1 – councils provide essential services that help people, communities and businesses across Wales

### Keep people healthy, well and safe

Help for homeless people; protecting children in need; stopping vulnerable adults from being abused; and providing environmental health services to manage and maintain hygiene, safety and food quality standards.



### Support businesses to flourish and thrive

Tourism, events and activities; economic development programmes; provision of public transport; business loans, grants and support; and provision of buildings and workshops to trade and work from.



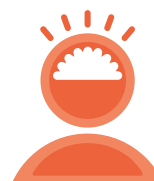
### Protect and enhance our environment

Planning, development and building control; recycling and waste collection; schemes to improve and protect the environment and control pollution; provision of cycle ways and footpaths; and green energy grants and projects.



### Help people to learn, develop and improve

Education services for children and adults; training schemes and apprenticeship programmes.



Source: Audit Wales

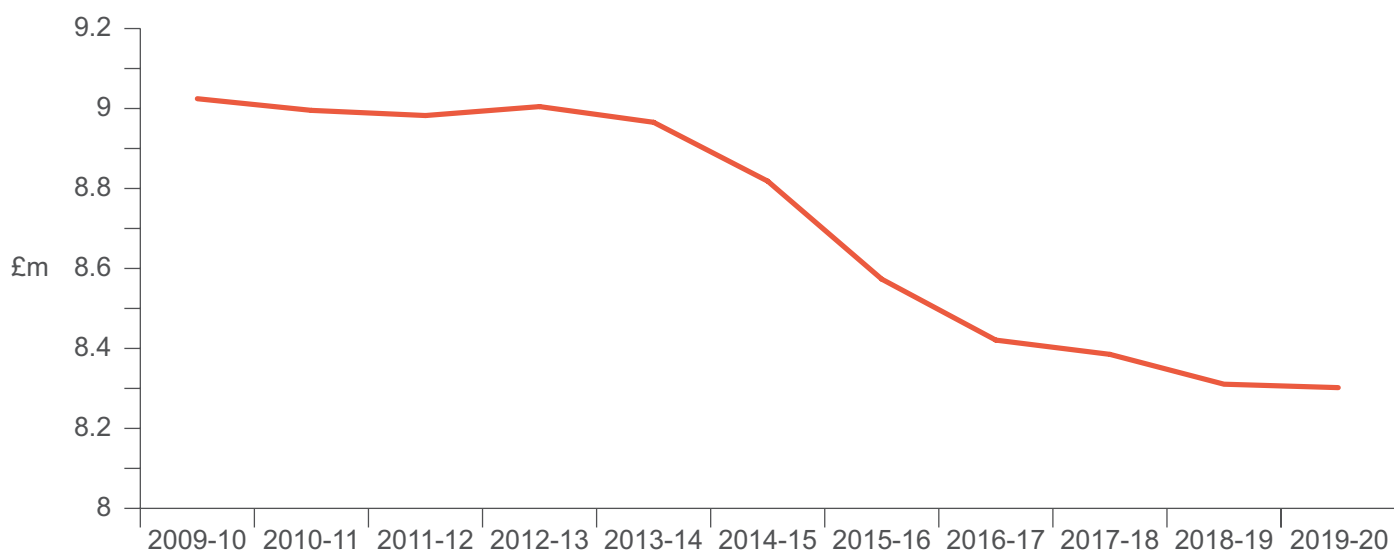
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## 2 Despite providing essential services that people depend on, councils have had to make difficult choices on what to protect in responding to over a decade of austerity

- 2.1 Revenue outturn expenditure data summarises the breakdown of spending by services. The most recent data published by StatsWales is for 2019-20 and shows that, after adjusting for inflation, councils' gross revenue expenditure was roughly £8.3 billion on services<sup>3</sup>. Education and social care account for over half of all council expenditure. Since 2009-10, council spending in real terms has fallen by 7.9% – **Exhibit 2**.

### Exhibit 2 – real-terms change in gross revenue expenditure by councils between 2009-10 and 2019-20

Council expenditure in real terms has fallen by £0.720 billion in the last ten years.



Source: StatsWales, Welsh Government, LGFS0016 (with the deflator effect calculated from the UK Government [Quarterly National Accounts](#) published in September 2020) and findings of the Audit Wales survey of citizens March 2020

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- 3 Gross Revenue Expenditure is the total cost of providing services before deducting any income and represents total spending (ie from non-ring-fenced and ring-fenced funding sources) [statswales.gov.wales: catalogue of local government finance revenue outturn expenditure summary by service](https://statswales.gov.wales/catalogue-of-local-government-finance/revenue-outturn-expenditure-summary-by-service).

- 2.2 The Local Government Finance Settlement determines how much of the public funding in Wales will be given to each council. This funding is known as the Revenue Support Grant (RSG – which is a non-hypothecated grant that can be spent on whatever a council chooses). A council also receives non-domestic rates (NDR) which is pooled and redistributed based on each council's resident population using a needs-based formula<sup>4</sup>.
- 2.3 Other council funding is raised locally in the form of council tax – which is set by each council as part of its annual budget setting process. In addition, councils are able to apply for additional funding through Welsh Government grant programmes and also raise money through fees and charges for services and goods.
- 2.4 In the last decade, the level of funding councils receive in the revenue settlement marginally fell in real terms<sup>5</sup> from £5.9 billion in 2009-10 to £5.8 billion in 2019-20, but there has been a change in where the money comes from. The amount raised from Council Tax has risen in real terms from £1.257 billion in 2009-10 to £1.628 billion in 2019-20 and NDR from just under a billion (£0.965) to just over a billion (£1.079). On the other hand, RSG has fallen in real terms from £3.741 billion to £3.229 billion in the same timescale<sup>6</sup>.
- 2.5 Proportionally, RSG as a source of funding now accounts for just half of expenditure and council tax has grown to cover a third. This means that citizens are directly paying more for council services through local council tax than ten years ago.
- 2.6 To understand how councils' funding choices reflect the services most used by citizens, we have plotted the real-term change in revenue expenditure between 2009-10 and 2019-20 and the findings of our citizen survey. This allows us to identify the link between spend priorities and how frequently people use different services – **Exhibit 3** below. Our analysis highlights that:
- a services that protect the most vulnerable in society have generally received more protection in budgets despite being less frequently used by citizens. These are the 'safety net' services – social care and housing – that are there to aid us if our circumstances or situation change and we need help.

4 A joint Welsh Government and council working group (the Distribution Subgroup) is responsible for ensuring the formula is reviewed regularly.

5 The change in council spending after correcting for the effect of inflation.

6 StatsWales, Welsh Government, LGFS0004 (with the deflator effect calculated from the UK Government Quarterly National Accounts published in September 2020).

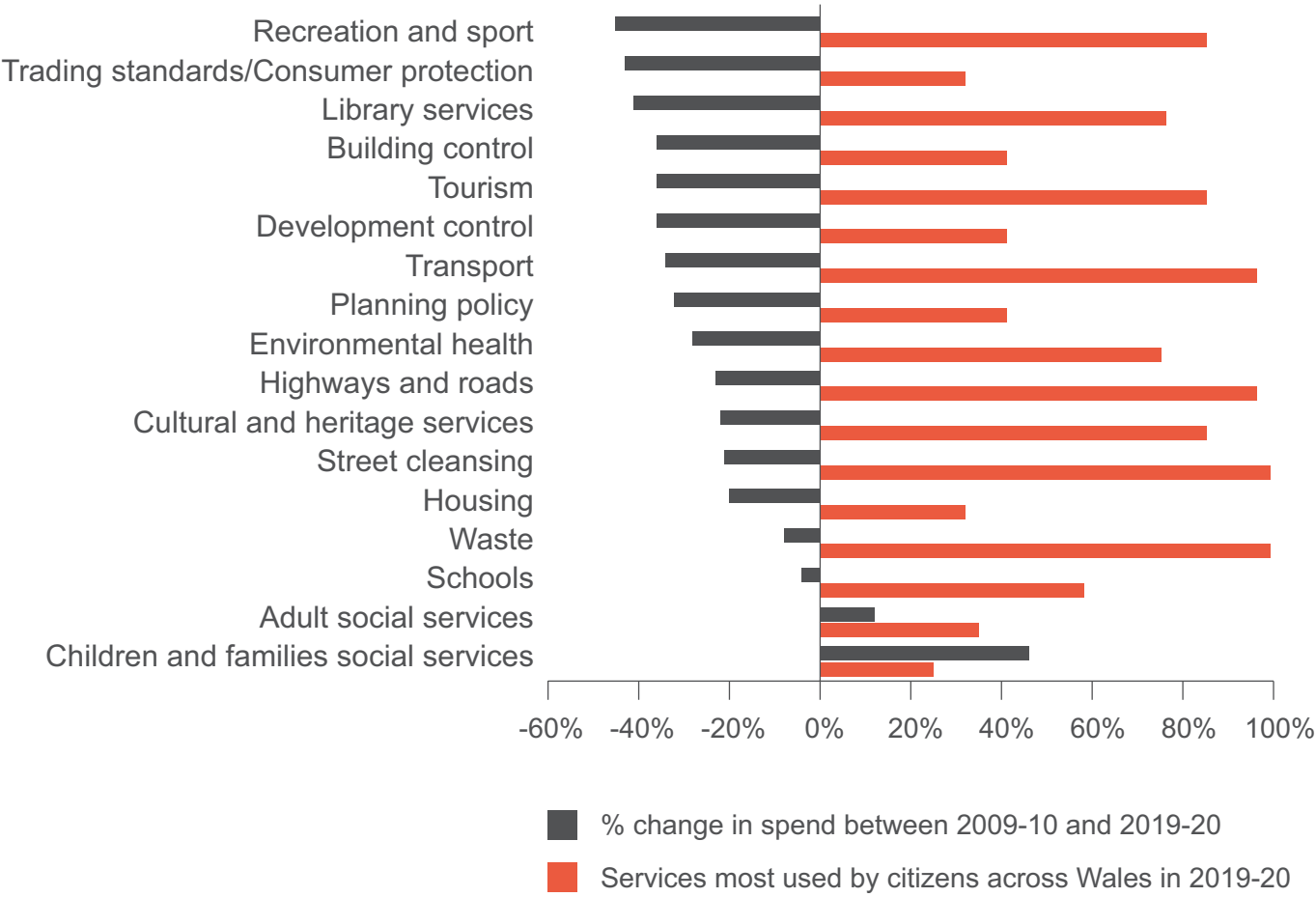
- b activities focussed on the upkeep of the environment and infrastructure like waste collection, recycling, street cleansing, transport and roads are the services most frequently used by citizens. Whilst spending has fallen in the last decade, these services have not been cut as deeply as others.
- c pay as you use recreation and cultural services – leisure centres, swimming pools, museums, arts venues and theatres are well used and highly valued. These are often discretionary services which offer high social value, maintain personal wellbeing and play an important preventative role. Despite this, they have all seen large cuts in funding.
- d regulatory services like development and building control and trading standards – even though they play an important role in protecting us and enhancing our wellbeing, these are generally services that people receive indirectly, such as food inspections, or use when they need them, and have a long history of people paying to use them. These services have seen a sharp fall in spending.

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**Exhibit 3 – percentage change in revenue service expenditure in real terms between 2009-10 and 2019-20 compared with the council services most frequently used by citizens**

Councils have protected spending on service areas such as adult and children’s social care where they have significant statutory responsibilities, but the amount they spend on some other areas has fallen sharply.



Source: StatsWales, Welsh Government, LGFS0016 (with the deflator effect calculated from the UK Government Quarterly National Accounts published in September 2020) and findings of the Audit Wales survey of citizens March 2020

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- 2.7 All respondents to our survey were also asked to think about the three most important services that should still be available in ten years' time. The most valued service by a considerable margin was waste management including refuse collection, recycling and street cleaning. Two in three people placed this in their top three services – although younger people place less value on this than those aged over 35. Education (38%) and leisure services (36%) were the next most mentioned services, followed by adult social care (30%) and transport and travel (30%).

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### 3 Service review processes help councils make tough choices but do not always draw on all key data

- 3.1 Reviewing where to make savings and which services to prioritise and protect usually follows a two-stage process. A detailed stage one review that draws together key data and information which concludes with recommendations (which itself is mostly undertaken in one of two ways) and a stage two approval process with formal ratification by cabinet or full council. **Exhibit 4** summarises the most common approaches we identified.

#### Exhibit 4 – most councils have established processes for reviewing services and identifying options to deliver them in the future

**Working groups** undertaking strategic reviews which are used to consider options for defined services, assets, budgets, activity, etc. These can be solely officer working groups, members groups or a mix of the two.

Information considered within working groups is mostly dealt with in private and not made publicly available. Consequently, it is not possible to see how comprehensive the analysis and information used by working groups to evaluate services, options are and agree a course of action

**Scrutiny committee** reviews focussing on the potential impact of budget proposals on services which are conducted through the scrutiny committee system and held in public. Positively, some authorities also undertake cross cutting scrutiny reviews which allow elected members with the opportunity to 'jointly' review potential changes to services in the round.

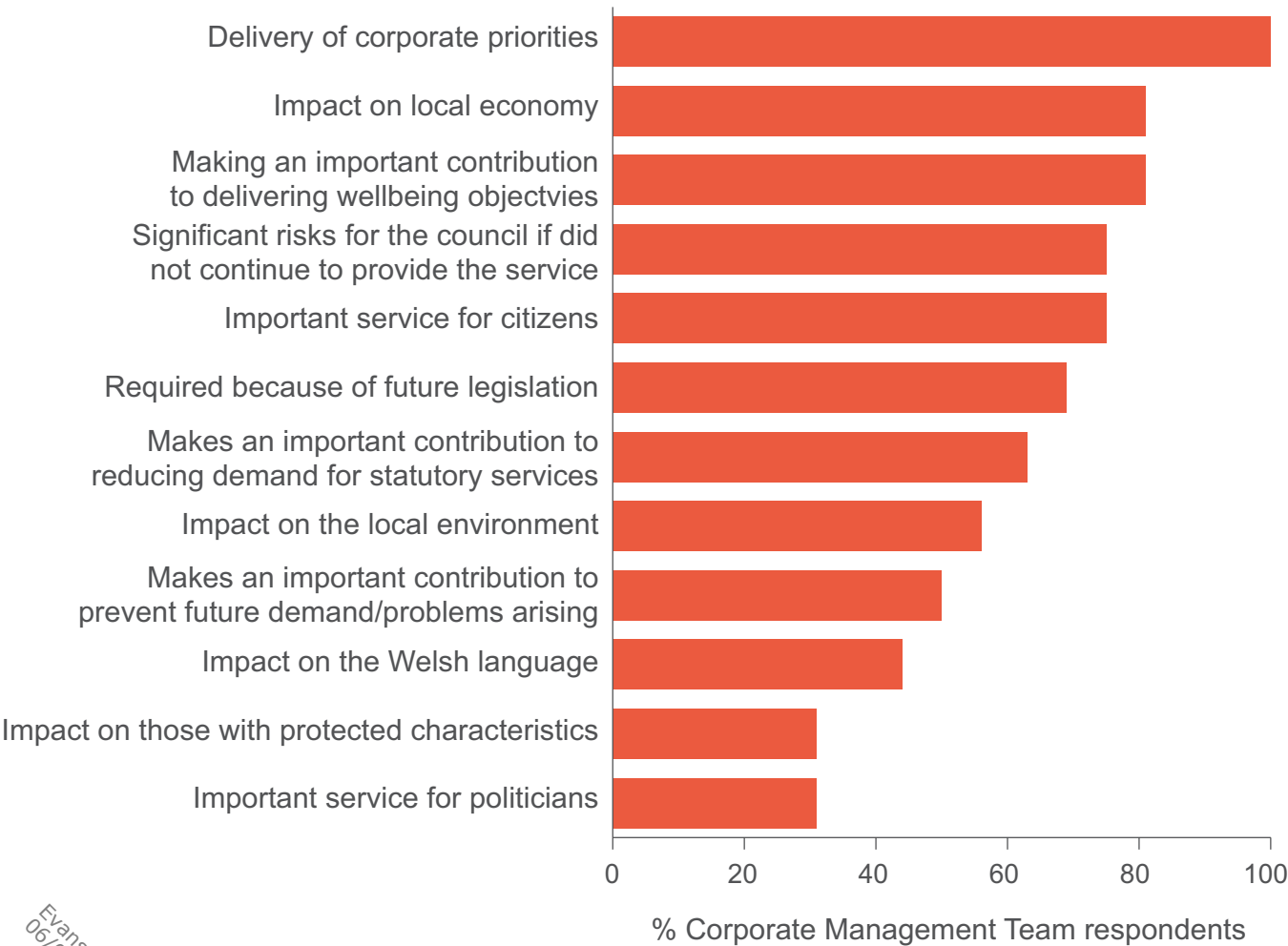
Approval of recommendations from reviews by Cabinet and/or Full Council

Source: Audit Wales review of cabinet and scrutiny papers in all 22 councils

3.2 We found that the quality and depth of information that is presented to members to inform discussions and support decision making is not always comprehensive, lacking detail in key areas. **Exhibit 5** summarises the criteria most frequently used by councils to determine how they prioritise services and shows that key, often statutory responsibilities, are being overlooked when agreeing funding priorities – for example, provision of services in Welsh and the impact on people with protected characteristics.

**Exhibit 5 – the views of Corporate Management Teams on the criteria used to prioritise budget choices**

The services with the least alignment with corporate priorities are often put up as the ones to take most cuts regardless of whether they are statutory or discretionary.



Source: Audit Wales, Survey of Corporate Management Teams, April 2020

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- 3.3 Overall, councils give greater priority to those services that directly contribute to the delivery of corporate priorities and wellbeing objectives, are important for the local economy and/or are considered high risk if they were not provided. However, less consideration and priority are given to wider equality issues – Welsh language and the needs of people with protected characteristics – and services which can help manage, reduce and/or prevent demand. We conclude that there is more for councils to do to ensure they draw on as wide a range of evidence as possible when determining which services to prioritise and protect when setting budgets. And this is especially salient with the introduction of the new Socio-economic Duty on 31 March 2021<sup>7</sup>.
- 3.4 The findings of our national surveys highlight that Corporate Management Teams and Elected Members disagree on whether or not they have identified and mapped the statutory basis of services to help determine which services to prioritise in the future. Almost 80% of Elected Members responding to our survey claim that their council agreed which discretionary services to provide in the future, whereas just 44% of the Corporate Management Team members who responded felt they had completed such an exercise.
- 3.5 Councils regularly use impact assessments to identify the potential effect of ceasing a discretionary service on statutory functions or corporate priorities. For example, we found good approaches in Gwynedd Council and Bridgend County Borough Council, which clearly identify the negative impact that cutting a discretionary service may have on statutory services. Similarly, Denbighshire County Council has identified the legal basis of different services, which is used to help shape alternative models of delivery.
- 3.6 However, such approaches are not universal. Our review of scrutiny, cabinet and council papers found that the information used by elected members to decide whether to cease providing, or reduce a service, can lack detail. For instance, the legal basis for a service is not always included, how services contribute to the delivery of wider priorities can be brushed over and the impact on wider responsibilities not captured.

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7 The Socio-economic Duty requires specified public bodies, when making strategic decisions such as deciding priorities and setting objectives, to consider how their decisions might help reduce the inequalities associated with socio-economic disadvantage.

- 3.7 We found that whilst cabinet and scrutiny papers are publicly available, they do not always include the full detail of information considered by working groups when reviewing services. This can make it difficult for citizens to understand why their council safeguards and protects a service over others. This is especially important with regard to 'visible' services which, as we note above, have been subject to significant reductions in funding. These are highly valued by citizens because they are universal, widely available and not solely focussed on meeting the needs of a small proportion of the population. They also represent for many people the only council service that they directly receive or benefit from.

### **Citizens are willing to get involved in helping shape and run services, but councils are neither effectively nor consistently involving them in decisions**

- 3.8 Given how important local services are to citizens it is essential that councils consider the views of citizens when they make changes to these services. In addition, under the Well-being of Future Generations (Wales) Act 2015, councils must involve people in the decisions that will potentially impact on their future wellbeing. In particular, councils should ensure that their involvement work both considers and reflects the different groups within their community.
- 3.9 Our survey results indicate a clear difference of opinion between citizens and councils on the extent to which citizens are involved in council decisions. Most members of Corporate Management Teams (90%) and elected members (73%) believe that they involve citizens in the decision to stop providing a service on all or most occasions. However, our survey found that citizens are not as widely consulted as they should be, and that councils are not involving all the different groups within their area.
- 3.10 Priority setting in councils does not always effectively involve local people. We see few examples of councils involving communities in deciding future priorities. Just 18% of citizens stated that they had been consulted about potential changes to services during the last three years, and only half of these were subsequently updated on the decisions made.
- 3.11 Likewise, only 10% of residents stated that they were asked about how services should be designed in the future. Levels of involvement vary according to where a person lives and how old they are. We found that younger people (35 and under) and those with a disability were significantly less likely to say they had been consulted. Almost half of survey respondents (47%) would also 'definitely' campaign to stop the council closing a local service or amenity, and a further 39% said they 'might' campaign.

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- 3.12 People want to see change. The vast majority of respondents (90%) to our survey agree that councils should explore new ways of providing discretionary services by working in partnership with other organisations and local people. As well as involving citizens in decisions about future service provision, there are therefore opportunities for councils to involve citizens in shaping and running services themselves.
- 3.13 In addition, recent research by Nesta shows that those councils that foster connected, caring communities will reap future dividends by helping communities solve problems together. Nesta finds that given the tools and the opportunity, local people can change the things they believe need changing in their community better than anyone else<sup>8</sup>.
- 3.14 When asked whether citizens should get involved in helping councils run services, we found that most survey respondents (two in three) agreed that they should do so. Almost all of those who agreed (85%) are also willing to provide day-to-day support to a family member. Around three in four (72%) would participate in developing services in their local area, and nearly two in three (64%) would help set up a service or amenities to help local residents.
- 3.15 In terms of volunteering, just over half of those surveyed expressed a wish to be involved in these activities. Support was the strongest when volunteering to provide day-to-day support for someone who is not a relative (58%); helping councils deliver local services (56%); and volunteering to help run local services such as parks and community centres (53%). However, only a third of people expressed support to apply for, and take over, the management of services from the council.
- 3.16 Younger people (35 and under) are significantly more likely to want to be involved in developing and running services. Older people (over 65) are significantly less likely to want to be engaged, and those aged 36 to 65 the least likely to provide day-to-day support and volunteer. Overall, those living in urban authority areas are more likely to volunteer to help the council deliver local services (64%) compared with rural (59%) and semi-rural (53%). They are also more likely to 'work to apply to take over and manage services' (41%) compared with 37% and 32% respectively.
- 3.17 It is clear that there is great potential for people to help their local council to provide services, and in some cases to take over running some services. If they want to realise this potential, councils must improve how they involve people in making decisions on services. Only then will councils fully understand which services people value and how willing people are to help deliver these services.

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8 [www.nesta.org.uk/project-updates/](http://www.nesta.org.uk/project-updates/)

## 4 Councils are not confident that they can continue to deliver all their services in the face of rising and complex demand

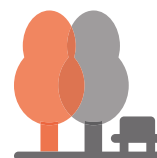
- 4.1 Demand for some essential services is continuing to rise. **Exhibit 6**, below, illustrates the changes in demand for services that protect and help vulnerable people.

### Exhibit 6 – acute demand for council services continues to rise

Households eligible for homelessness assistance and in priority need have increased by **40%**, rising from 22,260 in 2015-16 to 31,170 in 2018-19.



People sleeping rough have risen from 240 in 2015-16 to 405 in 2019-20, a rise of **68.7%**.



Households accommodated temporarily rose by **24.2%** between the first quarter of 2015-16 and the fourth quarter of 2019-20, rising from 1,872 households to 2,325.



Adults suspected of being at risk of abuse or neglect (safeguarding) have risen by **27%** from 11,761 in 2016-17 to 14,938 in 2018-19.



Children looked after by councils at the year-end increased from 5,660 in 2016 to 7,170 in 2020, an increase of **26.7%**.



Source: StatsWales – [homelessness](#); [people sleeping rough](#); [people housed temporarily](#); [adults at risk of neglect and/or abuse](#); and [looked after children](#) – and Audit Wales calculations of percentage change



- 4.2 Rising need has been driven in part by the financial constraints on local government after a decade of reductions in public expenditure. Whilst cuts have undoubtedly been significant, they can disguise two key factors which are of greater concern; demographic change and increasingly complex needs.
- 4.3 Overall, life expectancy has increased significantly. In 1920, the average life expectancy in England and Wales was 55.6 years for men and 60 years for women<sup>9</sup>. By 2020 this has risen to 79.4 years for men and 83.1 years for women<sup>10</sup>. The proportion of the Welsh population over the age of 75 is projected to increase by 29.3% to 378,100 by 2028 and those aged over 65 by 16.3% to 758,600<sup>11</sup>.
- 4.4 On top of this, high demand for council services is also a reflection of the relative levels of poverty within a society. Wales has some of the poorest people in the United Kingdom. Recent research published by the Joseph Rowntree Foundation<sup>12</sup> found that:
- a roughly one in four people in Wales live in poverty. Whilst child poverty has fallen from 33% in 2009-2012, to 28% in 2015-2018, poverty amongst people of pensionable age has risen from 14% in 2009-2012, to 19% in 2015-2018.
  - b in-work poverty in Wales (defined as the proportion of workers who are in poverty) stands at 14%, higher than all other nations and regions in the UK other than London (17%).
  - c in the first quarter of 2020, Wales had the lowest median hourly pay, compared to all other nations and regions, at £10.73.
  - d under-employment – restrictions in the number of hours people can work – is a problem for workers in poverty as it makes it very difficult to escape in-work poverty. Roughly 10% of workers in Wales are underemployed.

9 Office for National Statistics, How has life expectancy changed over time?, September 2015.

10 Office for National Statistics, National life tables – life expectancy in the UK: 2017 to 2019, September 2020.

11 Welsh Government, National population projections: 2018-based, June 2020.

12 Joseph Rowntree Foundation, Poverty in Wales 2020, November 2020. Poverty is when a person's resources are well below their minimum needs. Measuring poverty accurately is difficult, with most measures providing only a partial view. The main poverty indicator used is when someone lives in a household whose income is less than 60% of median income.

- 4.5 As the demographics of Wales change, the needs of its people are also changing, which in turn affects the nature of the services they require. For instance, more and more people are now living with a chronic or long-term condition, a disease which is likely to require ongoing treatment and medication for many years, even decades. And lifestyle diseases, such as obesity, smoking and excessive alcohol remain stubbornly hard to tackle. The most deprived individuals increasingly present to services with multiple challenges of increasing complexity. And such inequalities continue to put huge pressure on public services.
- 4.6 A decade of reductions in public finances required councils to cut budgets, become ever more efficient, reduce staff and generate new income. However, despite prioritising services targeted at helping to protect the most vulnerable and pursuing new ways of working to reduce spend and increase capacity, councils are increasingly finding it difficult to manage with reduced funding. Senior local government managers predict this will be seen quite sharply in the near future with the possibility of some services stopping and ceasing to be available. **Exhibit 7** summarises the findings of our survey of council corporate management team members and identifies which services are most at risk.

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**Exhibit 7 – council corporate management team members’ views on which services are most at risk of ceasing to be provided**

In the next two years, if funding pressures continue, councils may cease offering key services that citizens value.

High Risk Funding gaps in 2020-21	Moderate Risk Funding gaps in 2022-23	Some Risk Funding gaps in 2024-25	Less Risk Funding gaps in 2025+
Provision/ maintenance public toilets  Road safety and traffic calming measures  Provision/ maintenance of community facilities  Regulate private rented sector	Culture, heritage and tourism  Community development  Youth work  Adult education  Housing support  Private sector renewal  Economic development  Business support  Emergency planning  Parks and Public Open Space  Development Control  Libraries	Public transport  Environmental schemes  Children’s social care services  Schools and Education services	Maintaining roads  Street cleaning  Waste collection  Adult social care  Cemetery, crematorium and mortuary services  Recycling  Leisure and recreation services  Building Control  Homelessness  Street lighting  Environmental Health  Car parks

Source: Audit Wales, Survey of Corporate Management Team members, April 2020

- 4.7 **Exhibit 7** shows that some of the services which are most imminently at risk are some of those which contribute to the environment of a town or community, its infrastructure or those which help keep us safe. These are services that are universally available and benefit all of us, with access and usage not based on assessing and ranking people's needs.
- 4.8 The key message from our research is that the more visible and personal council services are, the more relevance they have for people. In particular, councils have a higher public value and are seen as more relevant to communities when they:
- a continue to provide high use universal services, in particular visible services such as waste collection, road repairs and recycling.
  - b communicate effectively, encourage feedback and promote involvement. We found that people are generally more positive about their council when they feel well-informed, listened to and engaged in decision making.
  - c collaborate with other public sector bodies, citizens and the voluntary sector to deliver and maintain services.
- 4.9 To date, councils have focussed on several approaches to manage reductions in funding to protect frontline and essential services. Whilst the options taken are many and varied, and there is no one 'right approach', from our review of working papers and reports they mostly cover five broad strands of activity – **Exhibit 8**.

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**Exhibit 8 – councils have sought to reduce spend and safeguard services by changing how they provide them and encouraging people to do more for themselves.**

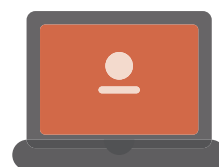
**Operating efficiencies**

Shared services, strategic commissioning and reducing back office functions to save money to reinvest in frontline high demand services.



**Channel shift and becoming digital by default**

Reduce high cost channels (face to face and telephony) shifting to 'digital by default' with customer contact centres, hubs and portals, 24/7 online access and a consistent approach to accessing information and services.



**Make money to spend money**

Using council resources to leverage in additional revenue through new income generation schemes, commercialisation and maximising charges for services.



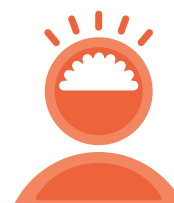
**Empower people**

Encouraging self-sufficiency, strengthening the resilience and capacity of local communities to do more for themselves and rely less on councils.



**Introduce alternative models of delivery**

Working with the third sector, town and community councils and others to find more cost-effective ways of delivering services, maintaining and managing assets through social enterprises, co-operatives and community asset transfers.



Source: Audit Wales

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- 4.10 We know that councils have had to make tough choices on which services to protect, and where to reduce expenditure. None of this is easy and prioritising services for the most vulnerable in society is absolutely the right thing to do. Several people we spoke to, however, fear that ranking and prioritising services, viewing some as more important than others, is making councils less relevant to some in the communities that they serve.
- 4.11 Increasingly, there are larger groups of citizens and council taxpayers who do not directly receive, or feel that they benefit from, the services provided by their council because universal services have reduced or gone. And, as these universal services become less visible and available, councils are increasingly having less day-to-day engagement with their citizens, which diminishes their significance and value.
- 4.12 A number of people we have interviewed are concerned that councils are gradually being marginalised and the positive impact of their work on citizens risks becoming ever more diluted. The fear is that it could help create a negative perception of the value of local government – especially amongst younger people who will not have benefited from the broader and more accessible range of services their parents did. As seen from our survey results, there is a growing view amongst some citizens we surveyed that nothing good happens in their communities and they are not optimistic about the future. It is clear that rising demand requires a different response going forward.

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## 5 COVID-19 offers an opportunity to reevaluate and reset the role and value of local government

- 5.1 COVID-19 has altered people's lives in both enormous and small ways. And it has been no different for the councils in Wales that serve them. Local government has been a key part of the front-line of Wales' response to the COVID-19 crisis. Councils have had to respond in ways that 12 months ago were unthinkable; to deal with problems that were unknown; and mostly not planned for. Home schooling, digital assessments of need, online planning committee meetings, remote and home-based working have changed how public services operate and how people interact with them.
- 5.2 The pandemic has made us all rethink what is important and question what we want in the future; both those who use council services but also those who provide them. Returning to how we used to do things is not enough. Put simply, what do we want from local government?

### **COVID-19 has demonstrated the importance of councils as key leaders in our communities who provide essential services and a safety net for people across Wales**

- 5.3 COVID-19 has fundamentally changed the communities in which we live, and work, and people's expectations of local government are changing as a result. The Welsh Government provided the national leadership in responding to the pandemic, but at the local level it has been driven by councils who are providing that vital community leadership role. As the level of government closest to citizens, councils developed and implemented innovative solutions in response to the challenges of COVID-19. Just as the virus has forced everyone to find new ways of working, coping and communicating, it has also highlighted the importance, impact and flexibility of local government.
- 5.4 Councils provided local leadership and support to communities throughout the country. They proved how responsive and agile they are in the face of the crisis. They found new ways of maintaining services and new, creative, ways of delivering them. When the full impact of COVID-19 struck, councils stepped up to support their communities, helping homeless people living on the streets into accommodation, protecting the vulnerable and distributing grants to help keep the high street afloat and local businesses alive. Responding to the pandemic showed how relevant and important councils are for local people.

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- 5.5 For instance, early on in the COVID-19 pandemic, Pembrokeshire County Council refocused the work of their community hubs. Council social services, Pembrokeshire Association of Voluntary Services and local volunteer groups come together to co-ordinate statutory and non-statutory services to support and safeguard very vulnerable people.
- 5.6 Likewise, Cardiff Council went to great lengths to contact everyone on their vulnerable people list, including knocking on doors, messages on local radio and via letters. The council used volunteers to deliver easy-read format leaflets about the support that was available for residents in the city. Through its efforts to actively engage with these vulnerable people, Cardiff Council are now in a better position to understand their needs and prevent problems and unnecessary demand for services at a later date.
- 5.7 However, councils have also had to contend with a heavy financial burden in dealing with COVID-19. In October, Audit Wales reported that the 22 councils have seen a combined loss of about £325 million in the first six months of the pandemic. Costs have increased by £165 million, where education and social services are the biggest drivers.
- 5.8 But income levels have fallen by £160 million, with drops in leisure and cultural services causing the biggest impact. The Welsh Local Government Association estimates that, collectively, councils were losing roughly £30 million pounds every month when they were forced to close many of their non-essential services to help limit the spread of the disease.
- 5.9 To date, additional funding provided by the Welsh Government has covered these extra costs and loss of income. However, the financial challenges arising from the pandemic are numerous, and go well beyond the more immediate and obvious costs of responding to the crisis. The future sustainability of the sector is an ongoing challenge.
- 5.10 As well as the financial burden, some council services, in particular social care, have been operating under huge levels of stress, struggling to cope with the impact of the pandemic on very vulnerable people. Other services, like waste and refuse collection, libraries and leisure services, have had to adapt their opening times, delivery methods and safety measures, and have had to be flexible as government guidelines on levels of lockdown have changed with surges in infection rates.
- 5.11 Overall, councils have shown an ability and willingness to embrace the challenges they face and accept the need to innovate by adapting and changing in response to the pandemic. Councils have shown that they are able to develop novel and quick solutions to complex problems. Internal processes, decision making structures and staff working arrangements were all placed under stress but were able to flex to get the job done. Responding to the pandemic showed us what councils could do to help address the challenges of the crisis.



- 5.12 Looking forward, what can councils learn and adapt from their response to the pandemic to rebuild after COVID-19?

**Councils need to build on their response to COVID-19 and take the opportunity to transform the way they provide services and interact with communities**

- 5.13 Those we interviewed and surveyed recognise that it is not enough to aim for a return to the pre-pandemic status quo. Councils need to take the opportunity to refresh, reevaluate and reset what they do and to learn from the pandemic to build a better future. Moving forward, the challenge is to mainstream this learning and use it to refine, adapt and deliver further improvements – to become truly transformational and use the impact of the pandemic as an impetus for positive change. Put simply, they need to define a better ‘new normal’ for the future.
- 5.14 For the past decade or so, councils have spoken about the need for transformation; to fundamentally challenge what they do and how they do it. As noted above, COVID-19 has accelerated the focus on transformation, and councils have sought to develop, adopt and adapt new ways of working. The response of local government to the pandemic highlighted the potential of what could be done. Learning from the positive innovations and making some of the changes in response to COVID-19 ‘business-as-usual’ is fundamental to the future transformation of local government.
- 5.15 There are some good examples where Welsh councils are transforming the way they deliver some services. Monmouthshire County Council refocussed its ‘Our Monmouthshire’ platform to provide support to communities during the COVID-19 crisis and beyond. It is a new and effective way of connecting communities to help reduce loneliness and social isolation. Similarly, Cardiff Council is integrating services in local service hubs across the city. The hubs are adapting to the new ways of working that arose out of necessity during lockdown, with more focus on new ways of communicating with the public, use of new technology, integrating teams, and using volunteers to support some services.
- 5.16 Examples such as these highlight how councils in Wales are using the pandemic to refresh their role and take opportunities to try new approaches. However, is this resulting in truly transformational change?

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- 5.17 In short, despite COVID-19 encouraging new ways of thinking it is too early to see this 'new transformation' take root. This is particularly so given the resurgence of the virus and the consequent ebb and flow between response and recovery. Our assessment is that recovery planning primarily focuses on the council and its working practices, systems and processes with an aim to 'get the council back on its feet', re-establish learning and continuing to support local businesses. As we look to the medium and longer term though, opportunities for wider public service transformation, growing the green economy and addressing longstanding community challenges need to be taken, otherwise much of the good work in responding to COVID-19 will be lost.
- 5.18 Our research outside of Wales has identified that some councils are very ambitious and are already using the pandemic to support and accelerate change. In particular, they are being more outward focussed, taking the opportunity to refocus on the communities they represent and the people they serve.
- 5.19 The London Borough of Hounslow's recovery plan brings together four months of work with a range of organisations, businesses, voluntary and community groups, academics and residents. One Hounslow Forward Together sets out the major interventions the Council is undertaking based around four themes – renewing local economies, empowering local residents, tackling local inequalities and reimagining local places. Lockdown shone a light on poverty for Hounslow.
- 5.20 Overcrowded housing meant that more people were likely to catch the disease and more likely to die from it, due to the inequalities of deprivation, poverty and poor health. Hardest hit were members of the black and ethnic minority community. Lockdown also changed the environment, bringing cleaner air and allowed residents to experience what a greener London could be like. The importance of access to green space, creating safe and pleasant walking and cycling routes to improve people's health and tackling climate change is now seen as essential. The plan sets out six key principles for all public bodies in Hounslow to use in recovering from COVID-19:
- a Work as one
  - b Act local
  - c Champion the borough
  - d Focus on prevention
  - e Support communities
  - f Use evidence

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- 5.21 The Preston Model<sup>13</sup> is rethinking the City Council's role in community involvement through its Community Wealth Building<sup>14</sup>. Community Wealth Building, which started before the pandemic, is now seen as critical in offering an opportunity for local people to take back control and ensure that the benefits of local growth are invested in their local areas. Preston City Council, key anchor institutions and private partners are implementing the principles of Community Wealth Building within Preston and the wider Lancashire area. Working collectively significantly increases spending power and assets and will result in a significantly greater impact on the future wellbeing of the city.
- 5.22 The response of councils to COVID-19 showed the work of local government at its best:
- a leading their communities and standing shoulder-to-shoulder with citizens, partners and businesses;
  - b safeguarding vulnerable people and protecting jobs and services; and
  - c delivering essential services and finding novel and innovative ways of maintaining the safety net for people at speed and pace.
- 5.23 The Local Government and Elections (Wales) Act<sup>15</sup> introduces further changes to the local government landscape. In particular, a general power of competence for councils and town and community councils, reforming public participation in local democracy, a new framework for regional working and a new self-assessment system for performance and governance. Councils need to take these opportunities to be bold and re-frame their role in communities, maximising their value and relevance to the people they serve.
- 5.24 Whilst there is, therefore, broad agreement that COVID-19 can accelerate change in local government and wider public services, to be truly transformational will require leaders to challenge well established and longstanding practices and to address some fundamental issues that have previously held progress back. Widespread and sustained cultural change is needed in public services to realise the full potential of these kinds of opportunities.
- 5.25 A major risk for councils is that too much of their activity remains invisible to citizens. Many council services make both direct and indirect contributions to people's lives without necessarily being recognised for doing so. Communicating and engaging with citizens is vitally important in promoting a much better understanding of councils' contribution.

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13 See: [What is the Preston Model?](#)

14 See: [What is Community Wealth Building?](#)

15 [Senedd Cymru: Local Government and Elections \(Wales\) Act 2021](#)

5.26 It is clear that the future of local government and public sector partners' communications does not look anything like it has in the past. Smart technology allows residents to choose how, when and what information they receive, and councils need to respond to this by being defter and more targeted or they will lose significant opportunities for meaningful engagement, diminishing their relevance and their credibility. Ultimately, councils need to be demonstrably relevant to all in their community otherwise citizens may question their purpose and value. And if councils do not communicate a positive and aspirational vision for the future of their local area and all their communities, who will?

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## Appendix 1 – Study methodology

We examined how councils have defined their services and sought to protect essential services when dealing with reductions in funding. We focussed on how councils define services, the systems and processes they have used to review services and how robust and comprehensive these are.

We have reviewed a wide range of documents and media, including Welsh Government policy, statutory guidance and legislation; all 22 councils' cabinet and scrutiny papers since January 2018; data published by StatsWales and the Office for National Statistics; and other relevant research and guidance from government, councils, CIPFA, and research bodies.

We commissioned a detailed telephone survey with 842 people from all 22 council areas in Wales. We completed an online survey with all elected members and received 263 responses from all 22 councils. We also surveyed all 22 Corporate Management Teams and received replies from 44 individual officers. We had responses from all 22 councils in Wales. We undertook a range of interviews with national bodies including APSE, the Joseph Rowntree Foundation, NESTA, the Local Government Network and others.

We confirmed the scope of our work to councils and, in advance of publication, we invited comments on our draft report, or relevant extracts, from named councils and the Welsh Government.

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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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<b>Report status:</b>	Final
<b>Draft report issued:</b>	April 2021
<b>Final report issued:</b>	June 2021
<b>Author:</b>	Helen Higgs, Head of Internal Audit
<b>Lead Executive:</b>	Rani Mallison (Board Secretary)
<b>Audit &amp; Risk Assurance Committee:</b>	April 2021/June 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 <b>Reasonable Assurance</b> that arrangements to secure governance, risk management and internal control, within those areas under review, are suitably designed and applied effectively. Some matters require management attention in control design or compliance with low to moderate impact on residual risk exposure until resolved.
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### 1.3 Delivery of the Audit Plan

Due to the considerable impact of COVID-19 on the health board, the internal audit plan has needed to be agile and responsive to ensure that key developing risks are covered. As a result of this approach, and with the support of officers and independent members across the health board, the plan has been delivered substantially in accordance with the agreed schedule and changes required during the year, as approved by the Audit & Risk 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"> <li>• Freedom of Information (FoI) follow up</li> <li>• Access to primary care – GP contract.</li> <li>• Capital Systems.</li> </ul>	<ul style="list-style-type: none"> <li>• Health &amp; Safety follow up.</li> <li>• Generic follow up of 'limited' assurance reports.</li> <li>• Progress against regional plans.</li> <li>• Safeguarding during Covid-19.</li> <li>• Digital solutions.</li> <li>• Winter pressures and flow management.</li> <li>• Grievance policy</li> </ul>
Limited Assurance	Advisory & Non-Opinion
<ul style="list-style-type: none"> <li>• Partnership governance – programmes interface.</li> <li>• Fire safety.</li> <li>• Llandrindod Wells project.</li> </ul>	<ul style="list-style-type: none"> <li>• Covid-19 governance review.</li> <li>• Annual Quality Statement.</li> <li>• Mass vaccinations programme.</li> <li>• IM&amp;T control and risk assessment.</li> <li>• Advanced Practice Framework.</li> <li>• Environmental sustainability.</li> </ul>
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**.

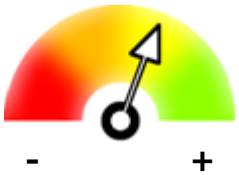
The individual conclusions arising from detailed audits undertaken during the year have been summarised by the assurance ratings received. The aggregation of audit results gives a better picture of assurance to the Board and also provides a rational basis for drawing an overall audit opinion. However, 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 <b>reasonable assurance</b> that arrangements to secure governance, risk management and internal control, within those areas under review, are suitably designed and applied effectively. Some matters require management attention in control design or compliance with low to moderate impact on residual risk exposure until resolved.
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This opinion will need to be reflected within the Annual Governance Statement along with confirmation of action planned to address the issues raised. Particular focus should be placed on the agreed response to any Limited Assurance 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 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 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 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"> <li>Action(s) within the Q3/4 Winter Protection Plan are dependent on implementation of this recommendation.</li> <li>Delivery of the Board's agreed Strategic Priorities are dependent on implementation of this recommendation.</li> <li>High risk to patient or staff safety / wellbeing identified.</li> <li>Prioritised Compliance with legal requirement / statutory duty identified.</li> </ul>	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"> <li>Action(s) within the Q3/4 Winter Protection are not supported by implementation of this recommendation.</li> <li>Low risk to patient or staff safety / wellbeing identified.</li> <li>Compliance with legal requirement / statutory duty identified.</li> </ul>	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"> <li>Action(s) within the Q3/4 Winter Protection are not supported by implementation of this recommendation.</li> <li>No risk to patient or staff safety / wellbeing identified.</li> <li>No legal / compliance issues identified.</li> </ul>	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

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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:

<b>Audit</b>	<b>Opinion</b>	<b>Comments</b>
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	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:

<b>Audit</b>	<b>Opinion</b>	<b>Comments</b>
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:

<b>Audit</b>	<b>Opinion</b>	<b>Comments</b>
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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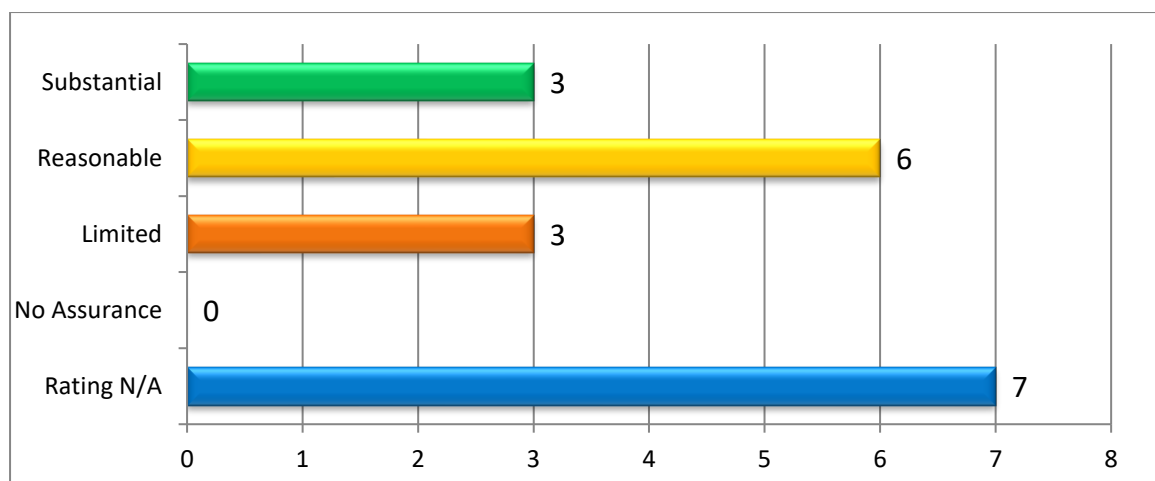
## 5. RISK-BASED AUDIT ASSIGNMENTS

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).
Implementation of Digital Solutions	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.
Winter Pressures and Flow Management	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.
Safeguarding during Covid-19	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.

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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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<b>ATTRIBUTE STANDARDS:</b>	
<b>1000 Purpose, authority and responsibility</b>	Internal Audit arrangements are derived ultimately from the NHS organisation's Standing Orders and Financial Instructions. These arrangements are embodied in the Internal Audit Charter adopted by the Audit Committee on an annual basis.
<b>1100 Independence and objectivity</b>	Appropriate structures and reporting arrangements are in place. Internal Audit does not have any management responsibilities. Internal audit staff are required to declare any conflicts of interests. The Head of Internal Audit has direct access to the Chief Executive and Audit Committee chair.
<b>1200 Proficiency and due professional care</b>	Staff are aware of the Public Sector Internal Audit Standards and Code of Ethics. Appropriate staff are allocated to assignments based on knowledge and experience. Training and Development exist for all staff. The Head of Internal Audit is a professionally qualified.
<b>1300 Quality assurance and improvement programme</b>	Head of Internal Audit undertakes quality reviews of assignments and reports as set out in internal procedures. Internal quality monitoring against standards is performed by the Head of Internal Audit and Director of Audit & Assurance. Audit Wales complete an annual assessment. An EQA was undertaken in 2018.
<b>PERFORMANCE STANDARDS:</b>	
<b>2000 Managing the internal audit activity</b>	The Internal Audit activity is managed through the NHS Wales Shared Services Partnership. The audit service delivery plan forms part of the NWSSP integrated medium term plan. A risk-based strategic and annual operational plan is developed for the organisation. The operational plan gives detail of specific assignments and sets out overall resource requirement. The audit strategy and annual plan is approved by Audit 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.
<b>2100 Nature of work</b>	The risk-based plan is developed and assignments performed in a way that allows for evaluation and improvement of governance, risk management and control processes, using a systematic and disciplined approach.
<b>2200 Engagement planning</b>	The Audit Quality Manual guides the planning of audit assignments which include the agreement of an audit brief with management covering scope, objectives, timing and resource allocation.
<b>2300 Performing the engagement</b>	The Audit Quality Manual guides the performance of each audit assignment and each report is quality reviewed before issue.
<b>2400 Communicating results</b>	<p>Assignment reports are issued at draft and final stages. The report includes the assignment scope, objectives, conclusions and improvement actions agreed with management. An audit progress report is presented at each meeting of the Audit Committee.</p> <p>An annual report and opinion is produced for the Audit Committee giving assurance on the adequacy and effectiveness of the organisation's framework of governance, risk management and control.</p>
<b>2500 Monitoring progress</b>	An internal follow-up process is maintained by management to monitor progress with implementation of agreed management actions. This is reported to the Audit Committee. In addition audit reports are followed-up by Internal Audit on a selective basis as part of the operational plan.
<b>2600 Communicating the acceptance of risks</b>	If Internal Audit considers that a level of inappropriate risk is being accepted by management, it would be discussed and will be escalated to Board level for resolution.

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## **AUDIT RESULTS GROUPED BY ASSURANCE DOMAIN**

<b>Assurance domain</b>	<b>Reviews Deferred</b>	<b>Overall rating</b>	<b>Not rated</b>	<b>No assurance</b>	<b>Limited assurance</b>	<b>Reasonable assurance</b>	<b>Substantial assurance</b>
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.			● Digital solutions.	● Freedom of Information (FoI) follow up.
Operational Service and Functional Management  Total outputs - 2	● Theatres utilisation					● Winter pressures and flow management.	● 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**

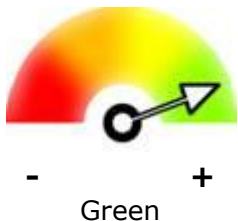

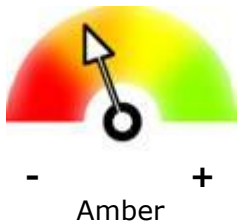
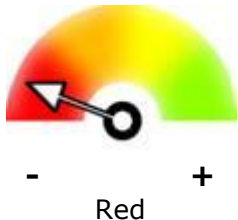
<b>Indicator Reported to NWSSP Audit Committee</b>	<b>Status</b>	<b>Actual</b>	<b>Target</b>	<b>Red</b>	<b>Amber</b>	<b>Green</b>
Operational Audit Plan agreed for 2020/21	<b>G</b>	<i>March 2020</i>	<i>By 30 June</i>	<i>Not agreed</i>	<i>Draft plan</i>	<i>Final plan</i>
Total assignments reported against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

Correct at 31/05/21

Key: v = percentage variance from target performance

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## 2020/21 Audit Assurance Ratings

RATING	INDICATOR	DEFINITION
Substantial Assurance		The Board can take <b>substantial assurance</b> 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 <b>low impact on residual risk</b> exposure.
Reasonable Assurance		The Board can take <b>reasonable assurance</b> that arrangements to secure governance, risk management and internal control, within those areas under review, are suitably designed and applied effectively. Some matters require management attention in control design or compliance with <b>low to moderate impact on residual risk</b> exposure until resolved.
Limited Assurance		The Board can take <b>limited assurance</b> 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 <b>moderate impact on residual risk</b> exposure until resolved.
No Assurance		The Board has <b>no assurance</b> 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 <b>high impact on residual risk</b> exposure until resolved.

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## 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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Partneriaeth  
Cydwasaethau  
Gwasanaethau Archwilio a Sicrwydd  
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