Annual Report and Accounts

2020-21

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Statement of the Chief Executive's responsibilities as Accountable Officer of the LHB

The Welsh Ministers have directed that the Chief Executive should be the Accountable Officer to the 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 Welsh Government.

The Accountable Officer is required to confirm that, as far as he or she is aware, there is no relevant audit information of which the entity's auditors are unaware, and the Accountable Officer has taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the entity's auditors are aware of that information.

The Accountable Officer is required to confirm that the annual report and accounts as a whole is fair, balanced and understandable and that they take personal responsibility for the annual report and accounts and the judgments required for determining that it is fair, balanced and understandable.

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

Signed:

Jo Whitehead
Chief Executive and Accountable Officer **Dated: 10th June 2021**

Statement of Directors' responsibilities in respect of the accounts

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

In preparing those accounts, the directors are required to:

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

The Directors confirm that they have complied with the above requirements in preparing the accounts.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the authority and to enable them to ensure that the accounts comply with requirements outlined in the above mentioned direction by Welsh Ministers.

By Order of the Board, signed

Mark Polin	**Jo Whitehead**	**Sue Hill**
Chairman	**Chief Executive**	**Director of Finance**
10th June 2021	**10th June 2021**	**10th June 2021**

ANNEX – Annual Governance Statement

Contents

1. Introduction

1.1 This Annual Governance Statement covers a period of unprecedented challenge for the Betsi Cadwaladr University Health Board ('the Health Board'). The COVID-19 pandemic declared by the World Health Organization on 11.3.20 has presented a severe threat to population health and therefore created very significant pressures on a global scale. The Health Board has had to respond at pace to this major incident, in order to plan and provide services for COVID-19 patients whilst simultaneously seeking to minimise the impacts on other patients and prepare for a return to business as usual. Further detail on the Health Board's work with its partners on the multi-agency COVID-19 response and the associated temporary changes to governance arrangements is included in Section 2 of this Statement.

1.2 The Health Board was placed in special measures on 8.6.15, as a result of long-standing concerns regarding leadership, governance and progress. A improvement programme has been ongoing throughout the intervening years and on 24.11.20, the Minister for Health and Social Services announced in a written statement that the Health Board would be taken out of special measures with immediate effect and de-escalated to targeted intervention status. Further detail on improvements made, ongoing challenges and reports submitted is provided in section 4 of this Statement.

1.3 During the reporting period, there has been some changes to Board membership and key appointments have been made. Simon Dean's secondment to the role of Interim Chief Executive and Accountable Officer ended on 31.8.20, upon his return to Welsh Government. Gill Harris, Executive Director of Nursing & Midwifery and Deputy Chief Executive, took over as Acting Chief Executive and Accountable Office from 1.9.21, until I (Jo Whitehead) took up the substantive role of Chief Executive and Accountable Officer from 1.1.21. Two significant governance roles were appointed to during the reporting period, with Simon Evans-Evans commencing in the newly-created position of Interim Director of Governance on 28.9.20, and Louise Brereton commencing as substantive Board Secretary on 11.1.21. Further details on changes to Board membership are included at Appendix 1.

1.4 At the time of signing off this Statement and the annual accounts, the Health Board had not submitted a Board approved Integrated Medium Term Plan (IMTP) for 2020/23. In response to COVID-19, Integrated Medium Term Plan (IMTP) planning arrangements were paused across NHS Wales and quarterly Operating Frameworks were developed, which reflected the continued need to respond to COVID-19 and the potential for future peaks in COVID-19 demand. The Health Board's approach was to continually review its planning assumptions throughout the year, working with partners. An annual plan has been developed for 2021/22 and is refreshed quarterly. Moving beyond this, a 3 year IMTP will be developed for 2022/25 (a draft is expected by December 2021) in order to ensure that there is a clear direction on how services will change and develop to meet the needs of the population, and to align with A Healthier Wales: Our Plan for Health and Social Care. The Board has been working under an annual financial plan delivering a £40m deficit, but received strategic support from Welsh Government to cover the deficit, both in 2020/21 and for the subesquent three year period and has been able to report a small surplus of c£0.5m, equating to 0.03% of the Health Board's resource allocation.

1.5 During 2020/21 work continued to address the Health Board's corporate and collective responsibilities under the Well-being of Future Generations (Wales) Act 2015 (WFG) and the Social Services and Well-being (Wales) Act 2014 (SSWB). Terms of reference for Committees of the Board include standard wording relating to responsibilities under the Well-being of Future Generations Act, thus supporting the embedding of the legislation's requirements into the day to day business of the organisation. The North Wales Population Assessment Regional Plan and Area Plan developed under the SSWB Act and the four Public Services Boards' Well-being Assessments and Well-being Plans required under the WFG Act have been taken into account in the Health Board's own corporate strategies and plans.

1.6 *A Healthier Wales: Our Plan for Heath and Social Care*, sets out the long-term ambition of Welsh Government to bring health and social services together, and describes the importance of the role of the Regional Partnership Board in driving the development of models of health and social care at a local level, including primary and secondary care. In accordance with this, the Health Board has continued to work closely with the Regional Partnership Board, developing a shared approach to the transformation of services. Learning from the COVID-19 pandemic has however highlighted the need to focus on specific priority areas such as the mental health and well-being of our population.

2. Scope of Responsibility

2.1 The Board is accountable, via the Chairman, to the Minister for Health and Social Services for its governance, risk management and internal control. As Accountable Officer and 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 duties are carried out in accordance with the responsibilities assigned by the Accountable Officer of NHS Wales. Welsh Government issued confirmation on 18.12.20 of my Accountable Officer status effective from 1.1.21.

2.2 In discharging this responsibility I, together with the Board, am responsible for putting in place arrangements for the effective governance of the Health Board, facilitating the effective implementation of the functions of the Board, and the management of risk.

2.3 As referred to in the introduction to this Statement, at the time of preparing this Annual Governance Statement (May 2021) the Health Board and the NHS in Wales is continuing to face significant pressure in planning and providing services impacted by COVID-19, particularly in respect of planned care backlogs.

2.4 The response to COVID-19 has meant the whole organisation has had to work very differently both internally and with staff, partners and stakeholders and it has been necessary to revise the way the governance and operational framework is discharged. In recognition of this, Dr Andrew Goodall, Director General Health and Social Services / NHS Wales Chief Executive wrote to all NHS Chief Executives in Wales, with regard to 'COVID -19- Decision Making and Financial Guidance'. The letter recognised that organisations would be likely to make potentially difficult decisions at pace and without a firm evidence base or the support of key individuals which under normal operating circumstances would be available. Nevertheless, the organisation is still required to demonstrate that decision-making has been efficient. It will need to stand the test of scrutiny in respect of compliance with Managing Welsh Public Money and demonstrating Value for Money throughout the COVID-19 crisis as the organisation returns to more normal operating conditions.

2.5 To demonstrate this, the organisation has recorded how the effects of COVID-19 have impacted on any changes to normal decision making processes, for example through the use of a register recording any deviations from normal operating procedures. Where relevant these, and other actions taken, have been explained within this Annual Governance Statement. Dr Goodall's letter was followed up on 4.5.20 by a Welsh Government guidance note on 'Discharging Board Committee Responsibilities during COVID-19 response phase'.

2.6 A COVID-19 Gold Command structure was established, with a Health Emergency Control Centre, underpinned by a range of sub-groups and work streams led by Senior Responsible Officers covering key elements such as temporary hospitals, personal protective equipment (PPE), vaccination and Test Trace and Protect (TTP), communication, service delivery and service changes, governance and risk. Robust reporting and meetings arrangements were put in place, with weekly situation reports (SITREPS), and decision and risk log updates being scrutinised at Executive level. A Cabinet, chaired by the Health Board Chair, was also established to maintain oversight of COVID-19 developments and decision-making. The Cabinet met from 1.4.20 to 6.7.20, when it was stood down due to the improving position nationally. The Cabinet was reinvoked from 4.11.20 to 4.2.21 in response to the second wave (terms of reference are included at appendix 3 in paper 20.50 here: https://bcuhb.nhs.wales/about-us/health-board-meetings-and-members/health-board-meetings/health-board-meetings/agenda-bundle-health-board-14-5-20-public-v3-0/).

A north Wales Strategic Coordination Group (SCG) was established with senior emergency and public service partners, to oversee the response and associated planning at regional level. The Command structure was stood down on 22.6.20 (see section 14.5 onwards for further details).

2.7 Standing Orders were temporarily amended in accordance with national guidance. Mitigating steps were taken to maintain good governance. Committees and Advisory Groups, with the exception of the Quality, Safety and Experience Committee and Audit Committee, were stood down for April and May 2020. Full details of the temporary arrangements and rationale were set out in two 'maintaining good governance' papers approved by the Board on 15.4.20 (https://bcuhb.nhs.wales/about-us/health-board-meetings-and-members/health-board-meetings/health-board-meetings/maintaining-good-governance-covid-19-v2-0/) and 14.5.20 (https://bcuhb.nhs.wales/about-us/health-board-meetings-and-members/health-board-meetings/health-board-meetings/agenda-bundle-health-board-14-5-20-public-v3-0/).

Following the standing down of the Command structure , on 28.7.20 the Audit Committee approved on behalf of the Board a re-set of the governance arrangements as part of steps taken to move towards a return to business as usual here: https://bcuhb.nhs.wales/about-us/committees-and-advisory-groups/audit-committee/agenda-bundle-audit-committee-28-07-2020-v3/ (item 3.0, AC20.54).

See also section 14.5 onwards and section 21.

2.8 In approving the arrangements set out in the 'maintaining good governance' papers, the Board acknowledged that in 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 it has not therefore been possible to allow the public to attend meetings of the Board and committees in person from 26.3.20. As part of efforts to conduct business in an open and transparent manner during this time, the following actions were taken:

- Use of technology in order to hold virtual meetings, including the provision of Welsh / English translation. From May, Board meetings were recorded and made available to the public online, with subsequent meetings being live-streamed;
- Publication of agendas and papers as far in advance as possible with reference to Standing Orders;
- Increased use of verbal reporting captured in the meeting minutes;
- Provision for written questions to be taken from Independent Members 24 hours beforehand to assist with the flow and reduced time of meetings;
- As well as a live action log, a pending log was kept of actions not progressed during the crisis;
- Publication of a set of minutes from the meeting (a draft approved by the Chair) to the public website as soon as possible – ideally within 3 working days.

2.9 Assessments were made regarding decisions deemed to be time critical, that could not be held over until such time that it is possible to allow members of the public to attend meetings. In addition, increased use of Chair's action (supported by enhanced processes as set out in the maintaining good governance papers) has been necessary to avoid delays to essential business. Although at the time of writing, the COVID-19 situation has greatly improved, due in no small part to the success of the vaccination programme, it is still as yet unknown when face-to-face Board meetings will resume. It will be necessary to keep this under review.

2.10 The nature of the unprecedented emergency situation, and the need to make decisions at pace, resulted in a small number of errors relating to the provision of primary care services for mental health patients, inappropriate discharges from therapies waiting lists, and the incorrect reporting of deaths to Public Health Wales. These errors have been rectified; further details are included at Appendix 7.

3. Background Information

3.1 The Health Board had a revenue resource allocation of £1.810bn (after COVID-19 allocation) for 2020/21 and a workforce headcount of 19,006 (excluding bank staff) as at 31.3.21. Further details on finance and additional Welsh Government support are provided in section 6 and in the Remuneration Report.

3.2 The Health Board is responsible for improving the health and wellbeing of the population of North Wales. This encompasses prevention of ill health as well as treating illness and providing excellent healthcare services.

3.3 The Health Board provides primary, community and mental health services as well as acute hospital services for a population of over 670,000 people across the six counties of North Wales (Anglesey, Gwynedd, Conwy, Denbighshire, Flintshire and Wrexham).

3.4 The Health Board operates three main hospitals (Ysbyty Gwynedd in Bangor, Ysbyty Glan Clwyd in Bodelwyddan and Ysbyty Wrexham Maelor) along with a network of community hospitals, health centres, clinics, mental health units and community team bases.

3.5 The Health Board also coordinates the work of 98 General Practitioner (GP) practices including 13 managed practices, and NHS services provided by dentists, opticians and pharmacists in North Wales.

3.6 The clinical management of services is delivered by three Area Teams, a Mental Health and Learning Disabilities Division, and a single Secondary Care Division comprising three hospital site teams, all supported by the corporate departments.

4. Special Measures and Targeted Intervention

4.1 As referred to earlier, the Health Board was placed in special measures in June 2015. An improvement programme was underway throughout the intervening years, with notable successes and also areas of ongoing challenge acknowledged. This culminated in a written statement from the Minister for Health and Social Services on 24.11.20, announcing that the Health Board was removed from Special Measures with immediate effect and de-escalated to Targeted Intervention status.

4.2 The Health Board is very cognisant of the fact that its escalation status remains a very serious position for the organisation. As such, a comprehensive programme of work has been drawn together, spanning the next 18 months and beyond, designed to improve services for the benefit of patients and service users. A series of maturity matrices have been developed which taken together create a roadmap of improvement, underpinned by governance arrangements including a Targeted Intervention Steering Group, Executive Leads and link Independent Members. Engagement activity has already taken place, to ensure that the grass-roots of the organisation have co-designed their improvement activities. At the time of writing, preparations are in hand for the first in a series of self-assessments to benchmark the current position and measure progress going forward. This work will be independently assessed.

4.3 These maturity matrices cover each of the four Domains set out in the Improvement Framework issued by Welsh Government, as follows:

- Mental Health Service Management (adults and children);
- Strategy, Planning and Performance;
- Leadership (including Governance, Transformation, and Culture);
- Engagement.

The levels of organisational maturity achieved will be measured according to the following scale:

0 - No Progress
1 - Basic Level
2 - Early Progress
3 - Results
4 - Maturity
5 - Exemplar

The Health Board will work closely with Welsh Government throughout the improvement journey. This work will be subject to external scrutiny by Audit Wales and Healthcare Inspectorate Wales.

Further detail is available here:
https://gov.wales/sites/default/files/publications/2021-03/targeted-intervention-framework-betsi-cadwaladr-university-health-board.pdf

5. Health & Social Care Advisory Service (HASCAS) / Ockenden

5.1 In May 2018 the independent HASCAS published its thematic report into the care provided to patients on Tawel Fan ward at the Ablett Unit, Glan Clwyd Hospital prior to its closure in December 2013. In addition, the Health Board commissioned a governance review to be undertaken by Donna Ockenden and received the findings at its meeting in July 2018.

5.2 In response to the publication of these reports, in 2018 the Health Board established an Improvement Group and Stakeholder Group to support and scrutinise delivery of the improvement actions. These meetings have continued to meet with a central action tracker held for all recommendations with lead officers accountable for making progress against allocated actions and for reporting assurance.

5.3 During the last year, the decision was taken to stand down the Improvement Group and Stakeholder Group and the last meetings were held. The decision was taken that sufficient progress had been made and that the remaining actions requiring completion, and ongoing monitoring of the improvements already made, should become part of business as usual governance processes. All actions were mapped to appropriate substantive meetings in the governance structure, who will oversee progress of the remaining work. The central action tracker will be maintained to ensure organisation-wide oversight and a report, which is intended to be a final report, is scheduled for the Board's Quality, Safety and Experience Committee in January 2022.

6. Financial Position

6.1 The financial plan for 2020/21 was to deliver a deficit of £40m, based on delivering savings of £45m. The initial plan did not take into account the impact of COVID-19 and as requested by Welsh Government guidance, the plan was updated throughout the year, in line with the changes in the Health Board's operational response to the the emerging global COVID-19 pandemic. As alluded to elsewhere in this Statement, this significantly impacted upon operational plans for the year whilst the Health Board managed the response to the pandemic and clinical services were reconfigured to enable both patients to be treated, and staff to work safely.

6.2 The Health Board has received c£170m funding from Welsh Government, relating to COVID-19 expenditure, both across the existing health system and to support key COVID-19 programmes, including the three field hospitals commissioned in North Wales; the Test Trace and Protect programme and the COVID-19 vaccination programme.

6.3 In November 2020, the Minister for Health and Social Care announced a strategic support package for the Health Board of £51m in 2020/21 and a further £82m per year for the following three years, in order to provide cover for the deficit, improve performance and provide additional capacity and capability to support transformation of existing services.

6.4 The Health Board has reported a draft surplus of c £0.5m (0.03%) for the year against a total allocation of c £1,810m (subject to external audit).

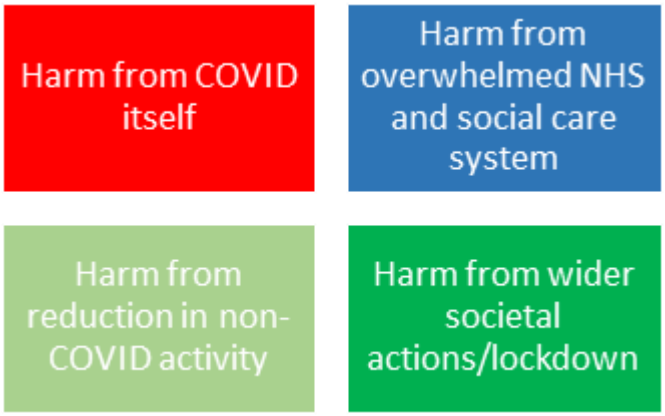
7. Integrated Medium Term Plan (IMTP) – Three Year Operational Plan

7.1 In response to COVID-19, IMTP planning arrangements were paused across NHS Wales and quarterly Operating Frameworks were developed which reflected the continued need to respond to COVID-19 and the potential for future peaks in COVID-19 demand. Our approach was to continually review our planning assumptions throughout the year, working with our partners.

7.2 The initial modelling of demand for the pandemic suggested an intense period of activity requiring significantly enhanced capacity; the emerging picture was that of a less intense, but prolonged period of activity with peaks which required surge capacity.

7.3 Significant effort was made in Q1 to develop surge plans, to flex critical care capacity to respond to the pressures of COVID-19 peak including temporary hospital capacity in non NHS settings. Our plans for Q2 and Q3/4 recognised that our system would need to plan progressively, through short planning cycles that maintained the flexibility and agility given the uncertainty around future COVID-19 demand, particularly as we monitored the impact of moving out of lock down.

7.4 As we moved into Q2 the focus of the plan was to ensure that we were able to deliver essential health services for our population and where possible recommence more routine care. The new framework and our plan reflected the need to consider 4 types of harm, and to seek to address each of them in a balanced way:



7.5 Our primary care services supported patients to access safe and effective care through triage and assessment through maximising the potential of digital technology. We promoted the availability of our services and communicated to the public about new models of care, access and self-care.

7.6 For our hospital services, we maintained a high state of readiness to respond in a timely way to COVID-19, fulfil our obligations to deliver 'essential services', and restart as many of our remaining services using the principles of harm reduction. A BCU wide risk stratification approach was applied to patients waiting to access outpatients or inpatients / day cases, to ensure that the highest priority patients were offered appointments at the soonest opportunity. In our mental health services, we prioritised improvements to primary care, rehabilitation, crisis care and psychological therapies service delivery.

7.7 We captured some learning from patient experiences in Q1 and Q2 with a view to using the information to help deliver improved care in Q3/4. Work to review lessons learnt identified many examples of innovation and good practice introduced which included:

- Introduction of a framework for improved integrated working between primary care and community services (adults, children's services, mental health and learning disabilities) within each cluster, and with Local Authority and third sector organisations;
- Use of patient triage, digital technology and improved access to information for communication and care including remote consultation - 'Attend Anywhere' and 'e-Consult';
- Strengthened staff engagement and support with Health & Wellbeing hubs facilitating workforce re-deployment strategies and supporting safe, agile and flexible working;
- Developing clinical networks and pathways of care, engaging with clinicians to drive improvement and embed good practice, e.g. same day emergency care and enhanced day case surgery.

7.8 The response of our staff, partners and the many volunteers who came forward to support us resulted in significant achievements in 2020/21, as summarised below:

- Maintaining essential services for our patients;
- Rapid establishment of the mass vaccination programme across North Wales;
- Rapid establishment of the Test, Trace, Protect service;
- Delivery of virtual consultation and the ability to allow staff to work more flexibly and to minimise the need for patients to visit sites;
- Delivering 'home first' services, discharge to assess pathways and support to care homes in partnership with local authorities and third sector organisations;
- Ensuring an effective response to COVID-19 demand on hospitals including the second peak of activity and managing local outbreaks with our partners;
- Commissioning of 3 temporary Enfys Hospitals in Llandudno, Deeside and Bangor, delivered high quality clinical facilities at speed and in conjunction with local authority and education partners;
- Establishment of a clinical advisory group facilitating rapid roll out of new technology and pathways of care;
- Removal from Special Measures and progression to Targeted Intervention escalation status, and achieving financial balance within the resources allocated by Welsh Government.

7.9 An annual plan has been developed for 2021/22 and is refreshed quarterly. Moving beyond this, we will develop a 3 year IMTP for 2022/25 (draft expected by December 2021) In order to ensure that there is a clear direction on how services will change and develop to meet the needs of the population, and to align with *A Healthier Wales.*

7.10 The Board recognised the importance of having an effective strategy and planning systems in place and a maturity matrix is being developed to support transition from the Board's Targeted Intervention status.

7.11 The development of an annual plan forms a key element of the Board Assurance Framework for 2021/22.

8. Emergency Preparedness

8.1 Betsi Cadwaladr University Health Board is categorised within the Civil Contingencies Act (2004) as a 'Category 1 Responder' and therefore required to meet the full legislated duties under the Act. In addition to these legal responsibilities, the Board must also meet the requirements set out within the NHS Wales Emergency Planning Core Guidance (April 2015). Furthermore, as best practice, the Health Board has adopted and conforms to the NHS England Core Standards for Emergency Preparedness and Resilience (EPRR). As a Category 1 Responder the organisation must plan and prepare for incidents and emergencies and adhere to the following duties:

- Assess the risk of emergencies occurring and use this to inform contingency planning;
- Put in place emergency plans;
- Put in place business continuity management arrangements;
- Put in place arrangements to make information available to the public about civil protection matters and maintain arrangements to warn, inform and advise the public in the event of an emergency;
- Share information with other local responders to enhance co-ordination;
- Co-operate with other local responders to enhance co-ordination and efficiency.

8.2 The Health Board has robust arrangements in place to ensure that the organisation can respond to the demands of an incident and meet the designated responsibilities as a category one responder, by providing a coordinated response that links the operational management, shares the resources required and supports the needs of the whole of the health and care community in North Wales.

8.3 The Health Board has a Major Emergency Plan supported by site specific and community and primary care incident plans that describe the response of the organisation to an emergency defined as a major incident. A complete review of the Major Emergency Plan and supporting site and community arrangements was undertaken during 2020 to incorporate lessons learnt from the first wave of the COVID-19 pandemic emergency. In addition, the Health Board has a suite of supporting plans to respond to a variety of incidents such as CBRNe and mass fatalities.

8.4 A governance structure provides oversight and coordination of the Health Board's emergency preparedness arrangements. This structure links into the North Wales Local Resilience Forum (LRF), which provides the coordinated planning and preparedness across all agencies involved in civil protection activities.

8.5 There is an annual programme of training and exercise to support staff who have specific roles within the Health Board's major emergency arrangements, providing command and control competencies in line with national occupational standards. There is bespoke training relating to pre-hospital medical response, in-hospital decontamination and emergency preparedness awareness. There was some disruption to the training and exercise schedule due to the ongoing emergency response to the pandemic, however, training packages for each of the levels of on call were updated and circulated to provide a background in the principles of EPRR and details of the Covid response structures. The delivery of training recommenced for Bronze and Silver on call in February 2021 and sessions were delivered weekly during February and March 2021. Exercises continued at a reduced level under the auspices of the LRF and representatives from the Health Board have taken part in a dual incident exercise (May 2020), shelter and evacuation exercise (November 2020), and mass fatalities workshop (January 2021). A 'Wales Gold Lite'

training session was also delivered in December 2020, with the majority of the members of the Gold on call rota in attendance.

8.6 The Business Continuity (BC) Policy underwent a formal review in November 2020. This was supported by a BC work programme which focused on ensuring plans in place for critical services, to enable recovery within tolerable timescales following a business disruption.

8.7 The Civil Contingencies Group (CCG) is the Board's internal forum which provides leadership relating to health emergency preparedness. A cycle of business has been developed, which demonstrates how the CCG provides assurance and governance relating to health preparedness as well as the coordination of specific health economy resilience. Throughout the emergency response, the CCG has met monthly to meet the additional demands of the organisation and to drive and deliver the EPRR workplan.

8.8 An annual resilience work programme supports the fulfilment of duties placed upon the Health Board through the Civil Contingencies Act (2004) and associated non legislative guidance. The work programme is reviewed at the CCG to ensure the duties are being met.

8.9 There is a Civil Contingencies Risk Register in place, along with individual divisional risk registers which provide a means of reporting and escalating risks.

8.10 Following the first wave of the COVID-19 health emergency, a debriefing programme was implemented across the COVID Command and Control structures to enable the organisation to reflect on the identification of lessons learnt and share good practice from the incident. The lessons learnt and recommendations identified were supported by the Executive Team and have been incorporated into the EPRR work programme.

9. Partnership Working

9.1 The Health Board has ensured during the course of the year that it works closely with partner organisations such as local authorities and the voluntary sector, to discuss and address health inequalities, promote community engagement and exploit joint working opportunities. The partner organisations include:

- Welsh Ambulance Services Trust;
- Public Health Wales;
- North Wales Community Health Council;
- Local Authorities (Anglesey, Gwynedd, Conwy, Denbighshire, Flintshire and Wrexham);
- Neighbouring NHS bodies in England and Wales;
- The Third Sector, including Community Voluntary Councils and local volunteers;
- The Charities Sector, including Tenovus, the Red Cross and Macmillan;
- Public Service Boards / Regional Leadership Board;
- Mid Wales Healthcare Collaborative;
- Police;
- Military.

9.2 In addition, the Health Board has a key working relationship with HMP Berwyn as a provider of healthcare services within the prison. The Health Board is responsible for meeting the health and wellbeing needs of those in HMP Berwyn. The aim is to contribute to a reduction in reoffending rates by improving the health and wellbeing of the individuals concerned.

9.3 Understandably, COVID-19 led to unprecedented collaboration with a wide range of partners in order to address challenges such as rapid construction of the three temporary hospitals and production of personal protective equipment (PPE). Key partners involved in the emergency response include Public Health Wales, local authorities, the military, care homes, academia, businesses and a wide range of volunteers from the communities served by the Health Board. As part of the multi-agency response, the Health Board is a member of the Strategic Coordination Group (SCG) and worked with strategic partners to launch Test, Trace, Protect (TTP). The scale of collaboration developed during the response to COVID-19 will aid in the transition and planning process as the Health Board progresses through the recovery phase. Audit Wales commented in its Structured Assessment 2020 that, throughout the pandemic, '*we have seen improvement in partnership working'.*

10. The Role of the Board

10.1 The role of the Board is to:

- Formulate strategy for the organisation within the overall policies and priorities of the Welsh Government, responsive to the health needs of the local population;
- Ensure accountability by holding the organisation to account for the delivery of the strategy and through seeking assurance that the systems of control are robust and reliable;
- Shape a positive culture for the Board and the organisation;
- Maintain high standards of corporate governance;
- Ensure effective financial stewardship.

10.2 The Board functions as a corporate decision making body. Executive Directors and Independent Members are full and equal members sharing corporate responsibility for all decisions of the Board. The Board is supported by the Board Secretary who acts as principal advisor on all aspects of governance within the Health Board.

10.3 The Health Board's stated purpose, vision, strategic goals, values and priorities are shown below. These are reflected within the Health Board's overarching Strategy: Living Healthier, Staying Well and planning framework, and work is ongoing to embed them across the organisation at all levels:

Our Purpose

- To improve health and provide excellent care.

Our Vision

- We will improve the health of the population, with a particular focus upon the most vulnerable in our society;
- We will do this by developing an integrated health service, which provides excellent care delivered in partnership with the public and other statutory and third sector organisations;
- We will develop our workforce so that it has the right skills and operates in a research-rich, learning culture.

Our strategic goals (as defined within the Health Board's Living Healthier, Staying Well Strategy – currently undergoing a refresh at the point of writing this Statement)

- Improve health and wellbeing for all and reduce health inequalities;
- Work in partnership to design and deliver more care closer to home;
- Improve the safety and outcomes of care to match the NHS's best;
- Respect individuals and maintain dignity and care;
- Listen to and learn from the experiences of individuals;
- Support, train and develop our staff to excel;
- Use resources wisely, transforming services through innovation and research.

10.4 Our purpose, vision and goals, together with its priorities, set out the aims of the Board. We have further work to do to translate these into specific objectives for improvement in population health and health services which we will include in our plans going forward.

Our Values

- Put citizens first;
- Work together;
- Value and respect each other;
- Learn and innovate;
- Communicate openly and honestly.

10.5 Our values guide the way the Board conducts its business and the way in which our staff engage with those who use our services and each other to deliver our strategic goals.

In respect of our priorities, those set out in the 2020/21 Annual Plan were as follows:

- Safe Unscheduled Care;
- Essential Services and Planned Care;
- Mental Health Services;
- Safe and Secure Environment;
- Effective Use of Resources.

Revised priorities listed within the draft Annual Plan for 2021-22 are as follows:

- COVID-19 response;
- Strengthen our wellbeing focus;
- Primary and community care;
- Recovering access to timely planned care pathways;
- Improved unscheduled care pathways;
- Integration and improvement of mental health services.

The priorities are supported by key deliverables/enablers:

- Making effective and sustainable use of resources;
- Transformation for improvement;
- Effective alignment of our people.

11. Board Composition

11.1 The Board has been constituted to comply with the Local Health Boards (Constitution, Membership and Procedures) (Wales) Regulations 2009, which are reflected in its Standing Orders.

11.2 The Board meets on a bi-monthly basis and consists of the Chair, ten Independent Members (IMs), three Associate Members, the Chief Executive and eight Executive Directors. The Board Secretary is in attendance as principal governance adviser. There has been an Independent Member vacancy since November 2020.

12. Board Effectiveness and Standards

12.1 In order to improve its effectiveness and meet aspirations for openness and accountability, the Board aims to be transparent about the decisions it makes and the way in which it operates. The majority of Board and Committee meetings are normally held in public, albeit the pandemic has necessitated different arrangements during 2020/21 (see section 2.8).

12.2 All Board Members have a responsibility to abide by the Nolan principles of public life and must adhere to the Code of Conduct for NHS Boards . A robust electronic system is in place for declarations of interests and gifts & hospitality.

12.3 Board Members are required to declare any interests at the beginning of Board meetings and complete a return annually, and whenever any changes to their circumstances occur. Board Members are also required to declare gifts and hospitality received or offered, in line with the set guidance. Declarations are recorded on the corporate register, which is available for public inspection via the Office of the Board Secretary. The Standards of Business Conduct Policy and electronic declaration system (launched in November 2016) have continued to mature.

12.4 In the interests of good governance, scrutiny and challenge, all Health Board Committees are chaired by an Independent Member.

12.5 The Board's annual cycle of business / work plan is regularly reviewed and updated as necessary on an ongoing basis. The cycle of business is available on the Board's website here: https://bcuhb.nhs.wales/about-us/governance-and-assurance/annual-plan-of-board-business/annual-plan-of-board-business/board-annual-cycle-of-business-sept-2020-pdf/

13. Board Development

13.1 Following a tendering exercise, The King's Fund was appointed to deliver a bespoke board development programme to build upon the work already undertaken in previous years. Unfortunately, due to the pandemic, the programme was paused during 2020-21, with only three sessions being held during the year. However, the Board has continued to hold board workshops and briefing sessions designed to deliver core training and to update members on key strategic or service issues. A further tendering exercise was undertaken towards the end of the financial year with a view to securing a further bespoke development programme for the Board, to commence early in the new financial year 2021/22.

14. Board and Committee Arrangements

14.1 The Health Board's Committee Business Management Group's (CBMG) role is to oversee effective communication between its committees. This avoids duplication and ensures that business is managed effectively and efficiently through the governance framework, meeting statutory requirements and taking account of emerging best practice. The CBMG meetings remain extant, however some were stood down during the course of the year in view of the pandemic.

The Board's committee structure for 2020/21 has remained stable (albeit with some meetings stood down and additional groups created as part of the pandemic response), comprising eight committees and two sub-committees, namely the:

- Audit Committee;
- Remuneration and Terms of Service Committee;
- Mental Health Act Committee with its Mental Health Act Power of Discharge Sub-Committee;
- Finance and Performance (F&P) Committee;
- Digital Information & Governance Committee (renamed from the Information Governance & Informatics Committee);
- Quality, Safety and Experience Committee;
- Strategy, Partnerships and Population Health Committee;
- Charitable Funds Committee, with its Charitable Funds Advisory Group Sub-Committee.

Committee / Sub-Committee Membership is detailed in Appendix 1.
Health Board members' attendance at Board meetings is detailed in Appendix 2.
Board and Committee meetings held throughout the year are detailed in Appendix 3.

14.2 A review was completed during the year of the quality governance structure in line with discussions held pre-COVID-19, including specific consideration of the Quality and Safety Group. This work was part of the Quality Governance Self-Assessment Action Plan from January 2020. The remit and purpose of the review was to further clarify the assurances required by the Quality, Safety and Experience (QSE) Committee in working to its delegated function and authority from the Board. This included rationalising the flow of information and reporting up into QSE Committee. The Groups which became operational from 01.10.20, as ratified by the QSE Committee in August 2020, are as follows:

- Patient Safety and Quality Group;
- Clinical Effectiveness Group;
- Patient and Carer Experience Group; and
- Strategic Occupational Health and Safety Group.

14.3 In addition to the Board's formal committees, the Health Board has three Advisory Groups, as illustrated in the structure diagram in Figure 1 below. These groups assist the Board in fulfilling its statutory duty to take account of representations from the community it serves and other key stakeholders. The three groups are the Stakeholder Reference Group (SRG), Healthcare Professionals Forum (HPF) and the Local Partnership Forum (LPF). Two of the Advisory Group Chairs are invited to attend the Board and committees as follows:

- Quality, Safety and Experience Committee – HPF Chair;
- Strategy, Partnerships and Population Health Committee – SRG Chair;
- Health Board – HPF and SRG Chairs as Associate Board Members.

14.4 Committee Chairs provide written assurance reports to the Board after each committee meeting, highlighting issues of significance and any key risks. These Chairs' reports are published with Health Board papers. Each Board Committee and Advisory Group is required to produce an annual report which is submitted to the Audit Committee, with an overarching assurance report then being prepared by the Audit Committee for the Board. The significant matters considered by the committees, and examples of actions taken during 2020/21 were as set out in section 14.10 onwards. These key issues feature as highlights in Committee Chairs' Assurance Reports. A fundamental review of the Board's Committee Structure has taken place during the year and is expected to conclude during Quarter 1 of 2021-22.

14.5 In addition to the formal Committee Structure, on 12.3.20, the Health Board initiated command and control structures following a Gold, Silver and Bronze (sub-regional) model. The Health Board also established a 'Cabinet' consisting of three independent members and three executive officers to oversee the response and enable timely decision-making and scrutiny. A further eleven work streams were set up within the command structure to address specific but significant challenges. By early April 2020 the Health Board had developed and agreed a COVID-19 strategy. This strategy helped to further shape and focus the work including the newly created work streams to help co-ordinate the required action. At this point, the Health Board also introduced a Covid Command Group within the pandemic response structure. This group enabled the whole Executive Team to have oversight of the totality of the COVID-19 response. The group enabled separation of oversight of the pandemic response to the Executive Team's 'business as usual', allowing greater time and focus on specific COVID-19 issues.

14.6 The revisions to the Health Board's governance and management arrangements supported rapid decision-making while maintaining necessary scrutiny. The structure was clear and successfully helped the Health Board respond to urgent and significant challenges. The Health Board developed COVID-19 daily situation (sitrep) reporting which included hospital admission numbers/trends including acute bed occupancy, critical care bed occupancy, delayed transfer of care, workforce capacity and sickness absence. On 15.4.20 the Board considered Welsh Government guidance on discharging Board committee responsibilities during COVID-19. In line with guidance, the Board approved temporary changes to its Standing Orders which included suspending its committees apart from the Audit Committee and the Quality and Safety Committee. The Health Board also reduced the breadth of agendas to focus on key risks and matters relating to COVID-19 and essential business. Revised standing orders appropriately detailed the alternative arrangements for those committees that had been 'stood down', identifying which committees would be responsible for considering key urgent items, making decisions and authorising expenditure (see sections 2.7 and 21).

14.7 At the same meeting in April 2020, the Board approved a revised approach to decision making. This required that, where possible, the full Board would retain decision making. If the full Board was not available, decision making operated with a quorum of three executives and three independent members that could be convened at speed to scrutinise and authorise decisions. 'Chair's Action' would be used as a last resort and would be recorded and ratified. During its pandemic response, the Health Board was required to use chair's action for a small number of decisions, for example in the approval of the field hospitals. Chair's actions were reported to the Board at its meetings on 14.5.20 and 23.7.20 in line with the Board approved 'Standard Operating Procedure on Chair's Action During COVID-19'. The Health Board also introduced decision logs into the command and control and work streams to provide evidence and justification for decisions being taken. The decision logs were routinely reported into the Command structure and were taken to board briefing meetings. The COVID-19 Command structure was stood down with effect from 22.6.20, and business as usual arrangements re-established.

14.8 However, with the arrival of a second wave of COVID-19, the Board further invoked the Cabinet meetings from November 2020. The revised Terms of Reference for the Cabinet were approved by Chair's action and reported to the November 2020 Board meeting in public session. To continue to strengthen transparency and reporting arrangements, a Chair's Assurance report was produced detailing the work of the Cabinet and will be reported to the Public Board Meeting in common with the approach for Committee Chairs Assurance Reports, with effect from March 2021. During this period the Chief Executive continued to deploy decision making through the established Executive Incident Management Team (EIMT). The EIMT initially met daily. COVID-19 daily situation (sitrep) reporting also continued. The EIMT reports formally to the Executive Team which continues to meet weekly.

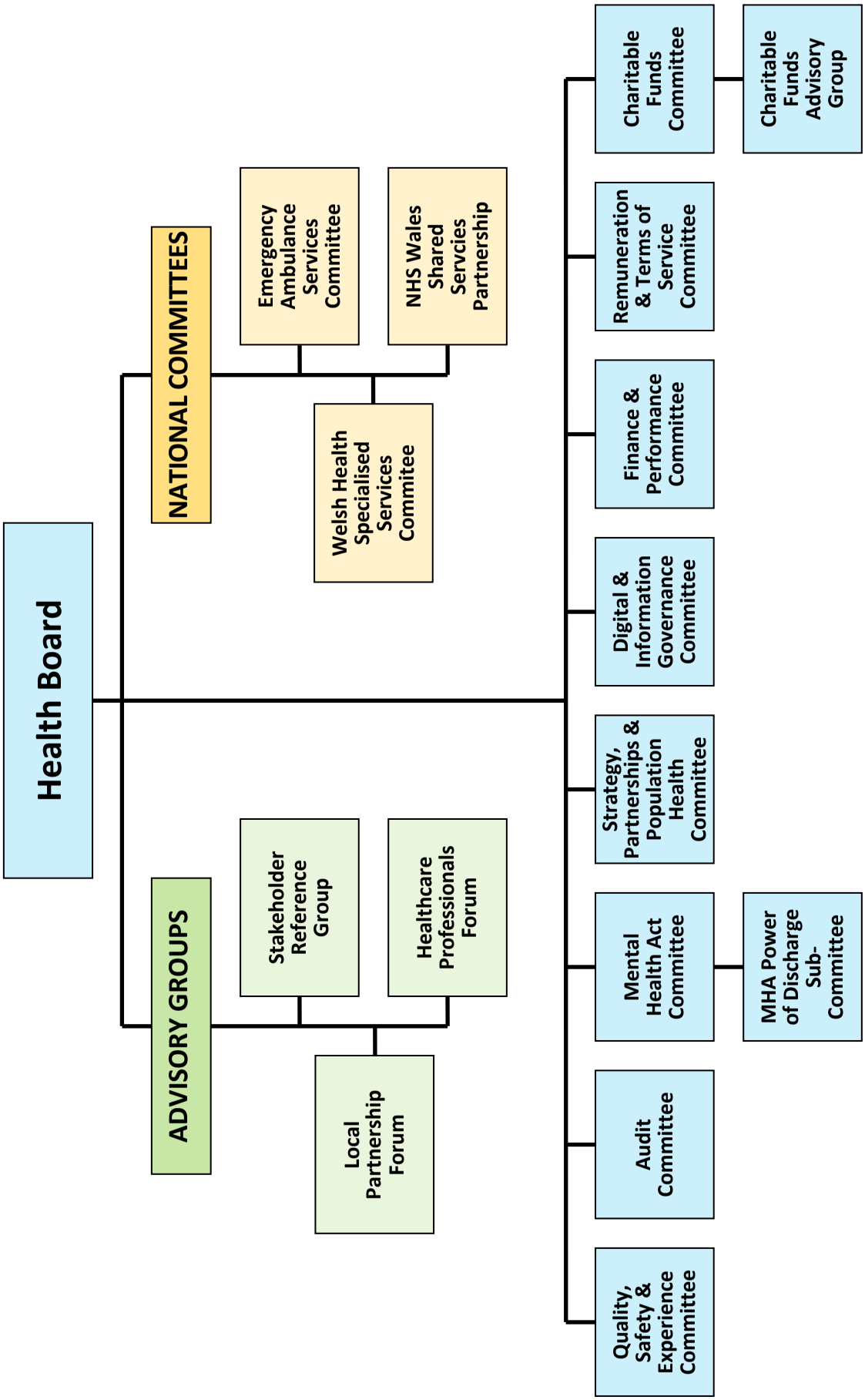
14.9 The EIMT structure continues to work within the Board approved Standing Orders and Standing Financial Instructions and refer appropriate decisions to the Board for approval and ratification. A Coronavirus Coordination Unit was also established which provides a mechanism for oversight and effective tracking of COVID-19 decision making. The purpose of the EIMT was agreed as below:

- Ensure executive oversight of key programmes of activity;
- Provide direction and support for actions taken or required at tactical and operational levels;
- Make and record key decisions based on clear risk assessment;

- Address issues escalated from tactical level and identify issues for escalation to Strategic Co-ordinating Group (SCG) or Board;
- Ensure clear, concise and timely briefing of Board and partners (through SCG).

This structure is still in place at the point of writing this Annual Governance Statement albeit with reduced frequency of meetings for the Cabinet and EIMT.

Figure 1: The Health Board's Committee and Advisory Group Structure



14.10 Audit Committee

The role and purpose of the Audit Committee is to advise and assure the Board and myself as Accountable Officer on whether effective arrangements are in place - through the design and operation of the Health Board's system of assurance - to support decision making. The arrangements must also be effective in securing the achievement of the organisation's objectives, in accordance with the standards of good governance determined for the NHS in Wales. Where appropriate, the Committee is responsible for advising on where, and how, the assurance framework may be further strengthened.

14.11 Key issues that have arisen during the year and which the Committee has dealt with are set out below:

- One of the most significant themes of Audit Committee meetings that took place during the year related to risks associated with COVID-19. The Committee noted the impact on committee business (business required as per the Standing Orders and Standing Financial Instructions) as well as the impact for auditors and their ability to execute their audit plans.
- A new Schedule of Financial Claims report is now received at each Audit Committee meeting. The report provides assurance of the processes in place for the oversight and approval of all claims settled over £50,000.
- A new committee breach log enables oversight of Standing Order breaches, for example those relating to the publication of Committee papers, where timeliness is not in accordance with Standing Orders; the report is received at each meeting of the Audit Committee.
- The TeamMate system continues to be utilised for the management of all Internal Audit and Audit Wales recommendations. The Audit Committee continues to hold Executives to account by requiring them to attend meetings to present evidence of implementation progress on key issues, for assurance purposes.
- The Audit Committee approved the Risk Management Strategy/Policy at the June meeting.
- An extraordinary meeting of the Audit Committee was held in July to discuss issues raised in the Auditor General Report on Refurbishment of Ysbyty Glan Clwyd (YGC). The report, and Audit Committee scrutiny, highlighted several areas for improvement. The Health Board and Welsh Government have since taken significant steps to strengthen their approaches to the management and approval of capital projects.
- The Audit Committee received the Legislation Assurance Framework in March and September and noted that a Task & Finish Group had been convened to assess the requirements of the socio-economic duty (provided for in powers under the Equality Act 2010) though the commencement of the duty had been postponed due to COVID-19 and would now come into force 31.3.21.
- The Audit Committee received and approved the Performance & Accountability Framework and agreed to review the impact and effectiveness in September 2021.
- The Audit Committee received and approved the structure/format of the Board Assurance Framework at the December meeting. The Corporate Risk Register was also received and reviewed at the December meeting.
- The Clinical Audit Plan was approved by the Audit Committee in December.

- In December, the Audit Committee also received the Ablett Redevelopment Report which had been prepared following concerns being expressed by Members of the Board as a result of being aware of a change in the project board's preferred option through media briefing associated with the nationally mandated, newly introduced pre-planning application process. The Audit Committee noted that whilst the policy had been followed, the Senior Responsible Officer (SRO) should have been an Executive Director. The Performance Audit Lead, Audit Wales noted that the report was a good example of internal management arrangements.

The Committee maintains an action log in order to track responses to issues identified during meetings.

Minutes and papers from the Committee meeting are available here (https://bcuhb.nhs.wales/about-us/committees-and-advisory-groups/audit-committee/).

14.12 Charitable Funds Committee

The purpose of the Health Board's Charitable Funds Committee is to make and monitor arrangements for the control and management of the Health Board's charitable funds. Awyr Las is the Health Board's umbrella charity for over 425 charitable funds that together support every ward, unit, department, specialty and community project right across the area of North Wales that is served by the Health Board. Awyr Las provides enhanced services over and above that which the NHS funds. Gifts from the public make a significant difference to the care and treatment that staff are able to provide.

14.13 Examples of some of the key issues that have arisen during the year and which the Committee has dealt with are set out below:

- The charity's Annual Report and Accounts for 2019/20 were approved by the Committee. It was noted that Awyr Las had income for the year ended the 31st March 2020 totalling £2.6m, expenditure was £2.5m, with a loss on investments of £0.3m, giving a net decrease in funds of £0.2m. Expenditure included grants worth £2.2m, which were given to research, training, equipment and improvement of healthcare environments.
- The Committee welcomed the establishment of a COVID-19 appeal and fund, to allow patients, supporters and the public to donate towards the specific needs arising from the pandemic. The Committee approved a COVID-19 grants process, to ensure that these donations could be accessed by services and departments across the Health Board.
- As a result of the COVID-19 pandemic, the Committee moved the approval of all charity grant applications to a virtual basis, outside of Committee meetings. This ensured that funding to help support staff and patients could be accessed on a timely basis, when it was most needed.
- The Committee approved the transfer of the charity's investment portfolio to Brewin Dolphin, who will act as the charity's Investment Managers following a robust tender process. The Committee took this opportunity to instigate a review and strengthening of the charity's Ethical Investment Policy, to ensure the charity is investing in a way that reflects the Health Board's values and ethos and does not run counter to its aims.

- The Committee closely monitored the performance of the charity's investment portfolio throughout the year, in light of the impact of the pandemic on financial markets. COVID-19 resulted in a significant fall in the stock market at the end of the 2019/20 financial year, leading to losses in the portfolio valuation. However, 2020/21 has seen a strong performance in the portfolio and the losses incurred last year have been more than regained.
- The Committee approved the revised Reserves Policy for the charity, which increased the target level of reserves by £77,000 to £2,888,000.

The Committee maintains an action log in order to track responses to issues identified during meetings.

Minutes and papers from the Committee meeting are available here (https://bcuhb.nhs.wales/about-us/committees-and-advisory-groups/charitable-funds-committee/).

14.14 Mental Health Act Committee (MHAC)

The purpose of Betsi Cadwaladr University Health Board's Mental Health Act Committee is to ensure that all the requirements of the Mental Health Act 1983 (as amended) are met by the Health Board.

Examples of some of the key issues that have arisen during the year and which the Committee has dealt with are set out below:

- Mental Health Act performance reports (*including compliance against legislative requirements and section activity)* were received and reviewed at each meeting.
- Healthcare Inspectorate Wales Monitoring information was received and reviewed at each meeting.
- As a result of partnership working with local authorities, the Probation Service and North Wales Police, data provided by the Criminal Justice Liaison Service demonstrated improvements in the appropriate use of section 136s.
- Concerns were expressed regarding weaknesses relating ot Deprivation of Liberty Safeguards applications. A bid has been submitted to Welsh Government for funding to create a training package and a Standard Operating Procedure has been produced, with a view to strengthening the process.
- The Committee was concerned about the lack of progress in relation to the availability of section 12(2) doctors. A Task and Finish Group was established, led by the Executive Director of Public Health (who is now designated as the Executive Lead for mental health & learning disabilities), to develop a detailed proposal on the next steps in addressing the availability issues.
- An issue was escalated to the Board concerning adequacy of out of hours cover by Child & Adolescent Mental Health Services (CAMHS) practitioners. The concerns related in particular to those under 15 years of age, and to ongoing recruitment difficulties and availability of CAMHS clinicians.
- The Committee was pleased to note that, throughout the pandemic, the work of the Associate Hospital Managers had continued via utilisation of virtual platforms.
- The terms of reference and reporting arrangements for both the Mental Health Act Committee and Power of Discharge Sub-Committee were reviewed as part of the Health Board's governance review.

The Committee maintains an action log in order to track responses to issues identified during meetings.

Minutes and papers from the Committee meeting are available here (https://bcuhb.nhs.wales/about-us/committees-and-advisory-groups/mental-health-act-committee/).

14.15 Finance and Performance Committee

The purpose of the Committee is to advise and assure the Board in discharging its responsibilities with regard to financial management, performance management & accountability, capital expenditure & working capital as well as workforce of health services.

During the COVID-19 pandemic the Committee continued to meet on a regular basis, with the exception of April and May. In response to organisational capacity and priorities the agendas for some of the meetings were streamlined and refocused, however the Committee maintained its primary focus on finance and performance matters.

During 2020-21 the Committee continued to receive a range of standing and regular items as per its cycle of business, together with other matters agreed through the agenda setting process with the Chair and Lead Executive. Key issues considered by the Committee in 2020-21 and the actions undertaken to monitor and mitigate the ensuing risks were as follows:

- In respect of finance, improved financial monitoring was developed in year as the finance report was revised and developed. The COVID-19 pandemic caused significant risk to the financial plan which included volatility around cost estimates of TTP, the vaccination programme and also temporary hospitals. The uncertainty of the provision of Welsh Government COVID-19 response funding necessitated additional reporting mechanisms to be put in place and dedicated COVID-19 expenditure reporting was included within the finance report.
- In addition to the above, the Health Board's savings programme was impacted and assurance was provided that progress against an action plan was being closely monitored. The Committee also instructed that that the performance funding provided by Welsh Government be reported separately within the finance report in order to ensure effective spend monitoring.
- In respect of performance, the Committee was well sighted on the impact of COVID-19 on waiting lists, planned care and unscheduled care performance; dedicated COVID-19 sections were introduced to the newly developed Quality and Performance (QaP) report in order to closely monitor these areas. Reports on planned care and unscheduled care were provided to each meeting to monitor progress and potential improvements.
- Transformational ways of working to improve services were considered by the Committee; the potential for a diagnostic and treatment centre (DTC) was discussed, which resulted in a Strategic Outline Case being prepared for the Board's consideration.
- Clinicians within services where activity was deteriorating were invited to attend a Committee meeting for a 'Ward to Board' discussion, with a view to bringing about improvements; the Committee also promoted the development of more effective primary care performance metrics.

- In respect of workforce matters, the Committee requested additional briefings during the year to augment detail provided within the QaP report, as quarterly workforce performance reporting was deferred due to Workforce & Organisational Development team members being redeployed to work on the pandemic response; prioritisation of the provision of staff COVID-19 testing and mental health support was also requested.
- The Committee's concerns regarding the pace of progress on the 2021/22 annual plan resulted in further Board workshops to ensure integration of the financial and operational elements of the plan.
- Concerns regarding the Corporate Risk Register were discussed, including the lack of alignment to the organisation's plan. A Board workshop session was scheduled to enable full Board discussion on the matter, as well as providing an opportunity to incorporate the impacts of COVID-19 into the corporate risks.

The Committee maintains an action log in order to track responses to issues identified during meetings.

Minutes and papers from the Committee meeting are available here (https://bcuhb.nhs.wales/about-us/committees-and-advisory-groups/finance-and-performance-committee/).

14.16 Quality, Safety and Experience Committee

14.16.1 The purpose of the Committee is to provide advice and assurance to the Board in discharging its functions and meeting its responsibilities with regard to quality, safety and patients and service user experience of health services.

14.16.2 During the COVID-19 pandemic the Committee has continued to meet on a regular basis, however, in response to organisational capacity and priorities the agendas for some of the meetings were streamlined and refocused. In addition, the attendance by Executive Team colleagues was afforded more flexibility to allow them to respond to operational requirements. During 2020-21 the Committee continued to receive a range of standing and regular items as per its cycle of business together with other matters agreed through the agenda setting process with the Chair and Lead Executive. These generally related to providing assurance against a current risk or issue, an all Wales issue requiring local consideration, providing scrutiny of an issue ahead of a forthcoming Health Board meeting, or maintaining a heightened focus on infection prevention and COVID-19 related matters.

14.16.3 A summary of key issues considered by the Committee in 2020-21 is as follows:-

- The Committee was well sighted on the impact of COVID-19 on waiting lists and as such established a new standing item on planned care, with the Interim Director of Planned Care attending each meeting to update members on the current position, risk stratification and plans to address the backlog and minimise harm.
- Infection prevention and health and safety updates to the Committee during the year were more focused in terms of the impact of the pandemic. They included reports on avoidable infections, cluster outbreaks of COVID-19 amongst staff, post infection reviews and estates issues. The Committee requested that lessons identified as part of the cluster investigations be disseminated as a matter of urgency across all areas of the Health Board, primary care and care homes. The Committee also confirmed its clear support for requiring the wearing of face coverings in healthcare settings.

- The Committee expressed ongoing concerns around the need to undertake robust investigations and rapid reviews of serious incidents, and the need to improve and be able to demonstrate organisational learning arising from incidents. An improved level of corporate oversight on incident reporting and a review of the investigation processes were progressed in-year.
- In terms of risk management, the Committee welcomed the development of the Board Assurance Framework and the refreshed Corporate Risk Register. The Committee had remaining concerns regarding clarity and consistency of scoring, together with a need to review the organisation's risk appetite. A suggestion was made by the Committee that this be considered at a Board workshop.
- An exception report considered by the Committee highlighted the current risks across the Mental Health and Learning Disabilities Division, including vacancies across the leadership team and the need to plan for the anticipated increase in demand in services. A subsequent report to the Committee demonstrated progress in a number of areas. The Committee continued to require the Division to report on a regular basis and to focus papers on key areas of concern, such as engagement with stakeholders and capacity.

14.16.4 The Committee was keen to ensure that action plans from future significant quality-related reports (such as the Holden report and HASCAS/Ockenden review reports) were appropriately tracked. As a result it was agreed to utilise the same governance framework and methodology as that used for Healthcare Inspectorate Wales actions. In addition the Committee would also receive clear close down reports when all actions are complete and proactive periodic follow up to ensure actions have been sustained.

14.16.5 The Committee received regular updates on vascular services and the associated external review. The Committee requested that once the review report had been received that a robust implementation plan with critical oversight would be essential.

The Committee maintains an action log in order to track responses to issues identified during meetings.

Minutes and papers from the Committee meetings are available here (https://bcuhb.nhs.wales/about-us/committees-and-advisory-groups/quality-safety-and-experience-committee/).

14.17 Strategy, Partnerships and Population Health Committee

The purpose of the Committee is to provide advice and assurance to the Board with regard to the development of the Health Board's strategies and plans for the delivery of high quality and safe services, consistent with the Board's overall strategic direction and any requirements and standards set for NHS bodies in Wales. The Committee does this by ensuring that strategic collaboration and effective partnership arrangements are in place to improve population health and reduce health inequalities.

During the reporting period, the Committee met on 5 occasions. A workshop was also held. Key issues dealt with by the Committee during the year are set out below:

- The Committee's prime focus was in regard to the development and monitoring of the annual plan. During the year the Committee requested that further evidence, supported by improved narrative, be included within delivery plan monitoring reports. This was in order to ensure an effective audit trail of agreed priorities which had been stood down due to non-delivery. In addition, the Committee sought greater clarity on the core priorities being developed, and reflected on the need for 'SMART' objectives with deliverable actions. Concerns were raised as the new reporting year approached on whether there would be adequate time to address accurate financial costings, especially in respect of financial assumptions, within the draft operational plan 2021/2. The Committee set a requirement for the planning process to be more streamlined and robust going forward, commencing earlier in the year and with a clear timetable.
- As regards emergency preparedness, the Committee requested further detail and reports on the COVID-19 pandemic major incident response and agreed in principle that capacity required strengthening within the Emergency Planning Resilience team.
- Regular monitoring of mitigating actions was introduced in respect of the EU Exit risk.
- The Committee received regular updates on Test, Trace and Protect (TTP).
- Regular reporting on Primary Care services was introduced into the cycle of business. During the year potential uncertainty regarding transformation funds was highlighted, including the risk of funding cessation. The Committee also sought to ensure that appropriate arrangements were developed for the reporting and monitoring of cluster plans.
- The Committee requested greater focus on mental health reporting going forward, to include partnership working.

The Committee maintains an action log in order to track responses to issues identified during meetings.

Minutes and papers from the Committee meeting are available here (https://bcuhb.nhs.wales/about-us/committees-and-advisory-groups/strategy-partnerships-and-population-health-committee/).

14.18 Remuneration and Terms of Service (R&TS) Committee

14.18.1 The purpose of the Committee is to provide:

- Advice to the Board on remuneration and terms of service for the Chief Executive, Executive Directors and other senior staff within the framework set by the Welsh Government;
- Assurance to the Board in relation to the Health Board's arrangements for the remuneration and terms of service, including contractual arrangements, for *all staff*, in accordance with the requirements and standards determined for the NHS in Wales; and
- To perform certain specific functions as delegated by the Board.

14.18.2 The Committee met on 5 occasions (including 1 extraordinary meeting) between 1.4.20 and 31.3.21, and was quorate each time. The meeting originally scheduled for April was stood down due to the need to prioritise pandemic response activity. Examples of some of the key items of business and issues that have arisen during the year, which the Committee has dealt with, are set out below.

- The R&TS Committee Annual Report 2019/20 and draft Remuneration & Staff Report 2019/20 –were approved for submission to the Audit Committee
- A range of papers covering Executive Team roles, recruitment, appointmentsacting/interim arrangements were considered and approved
- The Reserve Forces Training and Mobilisation All Wales Policy was noted
- The General Medical Council revalidation update 2020,the Nursing & Midwifery Council Registration, Revalidation and Fitness to Practice Annual Report 2019, Health and Care Professions Council and General Pharmaceutical Council for Wales Registration Report 2019/20 were noted
- Upholding Professional Standards in Wales updates were noted, with the Committee requesting enhancements to the reports in order to encompass primary care colleagues
- An update on GP managed practice staff harmonisation of pay and terms & conditions was noted
- Revised Committee terms of reference were approved, with the Committee taking the opportunity to strengthen scrutiny of members of the Performers List in primary care, whistleblowing and safe haven arrangements, and also to increase Executive/Director level attendance and expert finance input.
- Case management and professional standards review and process enhancements were noted
- An Annual Raising Concerns/Safe Haven Report 2018/19, Raising Concerns and Speak Out Safely reports were noted and supported
- A report on Managing the Primary Care Performers List in North Wales was noted
- Pay arrangements for employees and workers on ad hoc pay rates in primary care were approved
- An update on the Performance & Development Review of Executive Directors was considered, and the Committee has requested better assurance on objective setting going forward.

14.18.3 The robustness of the Committee's agenda planning arrangements were enhanced in year by the introduction in March 2021 of agenda setting meetings involving the Chair, Secretariat, Lead Director and Board Secretary.

The Committee maintains an action log in order to track responses to issues identified during meetings.

Minutes and papers from the Committee meetings are available here (https://bcuhb.nhs.wales/about-us/committees-and-advisory-groups/remuneration-and-terms-of-service-committee/).

14.19 Digital & Information Governance (IG) Committee

14.19.1 The purpose of the Committee is to advise and assure the Board in discharging its responsibilities with regard to the quality and integrity; safety and security and appropriate access and use of information to support health improvement and the provision of high quality healthcare.

14.19.2 The Committee met on 3 occasions between 1.4.20 and 31.3.21. The following key items of business were discussed:

- Progress against informatics operational plans - the Committee reviewed progress against the digital operational plans;it was recognised that the Health Board was broadly on track. Informatics assurance reports were reviewed regularly by the Committee. The Committee agreed to arrange a workshop in order for members to review the future purpose and content of the report.
- Continued progress on good information governance - information governance quarterly assurance reports were received by the Committee and were also reviewed to assess compliance with the Data Protection and Freedom of Information legislation.
- In June 2020 the Committee considered the relevance of the controls and actions in place, along with the consideration of the risk scores relating to the following Corporate Risk Register risks: CRR10a National Infrastructure and Product, CRR10b Informatics - Health Records and CRR10c Informatics infrastructure capacity, resource and demand. Actions to further mitigate risks which had been put on hold due to the COVID-19 pandemic were raised accordingly with the Risk Management Group.
- The Committee received regular updates from the NHS Wales Informatics Service (NWIS) regarding national updates and national digital initiatives
- Concerns were raised regarding the impact of the Blaenavon Data Centre issues on the Welsh Patient Administration System (WPAS) project. The Committee noted that a report would be presented to Executives by the Chief Information Officer and that NWIS had appointed a project support manager to work with the Health Boar on developing an implementation plan
- The Welsh Community Care Information System (WCCIS) – this continued to be a significant risk in respect of the implementation timeline, ongoing costs and service impacts associated with the national programme.
- The Committee noted and ratified the assurance provided within the Information Governance Annual Report 2019/20.
- The Committee noted the assurances provided within the Caldicott Outturn Report 2020 with regards to compliance with Caldicott Principles and planned improvement actions. A 5 star Caldicott Principles into Practice (CPIP) rating was achieved.
- The Committee reviewed and approved the Digital Strategy - Our Digital Future.
- The Committee reviewed progress on corporate level risks allocated to it for ongoing monitoring. The Committee discussed the 3 additional risks reopened in relation to national infrastructure, cyber security and non-delivery of the WCCIS project.

The Committee maintains an action log in order to track responses to issues identified during meetings.

Minutes and papers from the Committee meetings are available here (https://bcuhb.nhs.wales/about-us/committees-and-advisory-groups/digital-and-information-governance-committee/).

14.20 Advisory Groups

14.20.1 Items of business considered by the Board's Advisory Groups are detailed below. The Chair of each Group provides an Assurance Report to the Board after each meeting to highlight significant issues or advice. The Groups maintain an action log in order to track responses to issues identified during meetings.

14.20.2 Stakeholder Reference Group

The role of the Stakeholder Reference Group (SRG) is to provide:

- Continuous engagement and involvement in the determination of the Health Board's overall strategic direction;
- Provision of advice on specific service proposals prior to formal consultation; as well as
- Feedback on the impact of the Health Board operations on the communities it serves.

The SRG met on 4 occasions between 1.4.20 and 31.3.21. During the year the Group dealt with the the following key items of business:

- BCUHB planning updates
- Welsh Ambulance Services Trust – Long Term Strategic Direction
- Engagement with Stakeholders on development of Q2 Plan
- Third Sector Priorities / Alignment to BCU Plans
- Covid19 response linked to Q3/Q4 Plan and Winter Planning
- Digitally Enabled Clinical Strategy Engagement
- North Denbighshire Business Case
- Development of Diagnostic Treatment Centre (DTC) model
- Update on Mental Health and Learning Disability
- Primary Care update
- Vaccination Rollout
- Update on Digital Strategy engagement
- Targeted intervention and Maturity Matrices

Full details of the issues considered and discussed by the Group are documented within the agenda and minutes which are available on the Health Board's website and can be accessed here (https://bcuhb.nhs.wales/about-us/committees-and-advisory-groups/health-board-committees-and-advisory-groups1/stakeholder-reference-group-srg/).

14.20.3 Local Partnership Forum

The purpose of Betsi Cadwaladr University Health Board's Local Partnership Forum (LPF) is to:

- Consider national developments in NHS Wales workforce and organisational strategy and their implications for the board;
- Negotiate on matters subject to local determination;
- Ensure staff organisation representatives time off and facilities agreement provides reasonable paid time off to undertake their duties and that they are afforded appropriate facilities using A4C facilities agreement as a minimum standard;
- Establish a regular and formal dialogue between the Board's executive and the trade unions on matters relating to workforce and service issues;
- In addition the LPF can establish Local Partnership Forum sub groups to establish ongoing dialogue, communication and consultation on service and operational management issues. Where these sub-groups are developed they must report to the LPF as per the cycle of business.

Between 1.4.20 and 31.3.21, the LPF met on 3 occasions. Key items of business considered were:

- COVID-19 Pandemic Outbreak Management, including Test, Trace & Protect - Regular updates were provided describing the various measures the Health Board was taking – the regular touch-base meetings with trade union partners; infection control; TTP; staff-to-staff infections and how the Health Board intended to combat this; the increased use of epidemiology techniques; the reasoning surrounding the categorisation of staff to be vaccinated along with the current vaccination situation.
- The Flu Campaign - The Head of Occupational Health and Wellbeing provided details of the success and various improvements of the year's campaign.
- The Safe and Agile Working Programme - Numerous discussions took place regarding the problems and benefits brought about by the increase in staff working remotely.
- Finance - The Executive Director of Finance provided regular updates and clarifications.
- Special Measures - Updates were provided demonstrating actions taken with Welsh Government and local partners and the improving situation within the Health Board.
- Budget Strategy & Planning - The Executive Director of Planning and Performance provided regular updates which highlighted the challenges that COVID-19 had brought to the Health Board – the staffing of extra wards and temporary field hospitals and the solutions being put in place and the consequences. It was agreed that the positives that the pandemic had highlighted must be built upon.
- Raising Concerns / Safe haven Review and proposals - Various discussions took place regarding more effective ways of getting staff to discuss their anxieties.
- BCUnity BAME Staff Network - Information regarding the newly formed network was presented and discussed.
- Workforce Engagement - The Head of Organisational Development presented the findings of the NHS Staff Survey. Problems concerning the lack of adequate staff changing facilities were highlighted and brought to the attention of the Hospital Management Teams.

- Workforce Partnership Group - updates were discussed.
- Workforce Policy Group - discussion resulted in The Executive Director of Workforce & Organisational Development agreed to arrange a meeting with various trade unions small number of trade union colleagues, where they could discuss a more effective, speedier way of updating policies.
- EU Exit updates - regular updates were received regarding plans put in place to mitigate any effects EU Exit might have on the Health Board from both a staff and a medicines perspective.

Details of the issues considered and discussed by the Forum are documented within the minutes which are available here: (https://bcuhb.nhs.wales/about-us/committees-and-advisory-groups/health-board-committees-and-advisory-groups1/local-partnership-forum-lpf/).

14.20.4 Healthcare Professionals Forum

The purpose of the Healthcare Professionals Forum (HPF) is to facilitate engagement and debate amongst the wide range of clinical interests within the Health Board's area of activity, with the aim of reaching and presenting a cohesive and balanced professional perspective to inform the Health Board's decision making.

Between 1.4.20 and 31.3.21 the Forum met on 4 occasions. During the year the key items of business considered were:

- Corporate Planning – including updates on Annual Operational Plan / IMTP / 3 year plan.
- Quality Assurance update
- Clinical Services during Covid-19 and future of clinical pathways
- Diagnostic and Treatment Centres (DTCs)
- Digital Strategy
- Annual discussion with the Chief Executive.
- Membership.
- Chairs written updates.
- Members written updates.
- HPF Annual Report.
- Review and refresh of HPF terms of reference.
- Minutes of Quality, Safety & Experience Committee meetings.

Details of the issues considered and discussed by the Forum are documented within the minutes which are available here (https://bcuhb.nhs.wales/about-us/committees-and-advisory-groups/health-board-committees-and-advisory-groups1/healthcare-professionals-forum-hpf/).

14.20.5 National Committees

The Board also receives and considers regular summaries, copies of minutes or reports from the Welsh Health Specialised Services Committee (WHSSC), Emergency Ambulance Services Committee (EASC) and the NHS Wales Shared Services (NWSSP) Partnership Committee. These can be accessed via Health Board papers here (https://bcuhb.nhs.wales/about-us/health-board-meetings-and-members/health-board-meetings/).

15. The Purpose of the System of Internal Control

15.1 The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risks; it can therefore only provide reasonable and not absolute assurances of effectiveness.

15.2 The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Health Board's strategic goals and corporate objectives. This includes evaluating the likelihood of those risks being realised and the impact should they be realised, and the arrangements in place to manage them efficiently, effectively and economically. The pre-COVID-19 system of internal control as described in this Statement was in place for the year ended 31.3.20, however the Command structure established in response to the pandemic began planning revised governance arrangements from 12.3.20.

15.3 From April 2020, prioritisation of the pandemic response meant that it was necessary to agree temporary variations to normal systems. Revisions to governance arrangements such as standing down committees for April and May and departures from Standing Orders were agreed by the Board on 15.4.20 (https://bcuhb.nhs.wales/about-us/health-board-meetings-and-members/health-board-meetings/health-board-meetings/maintaining-good-governance-covid-19-v2-0/) and 14.5.20 (https://bcuhb.nhs.wales/about-us/health-board-meetings-and-members/health-board-meetings/health-board-meetings/agenda-bundle-health-board-14-5-20-public-v3-0/) (item6), and a temporary approach to risk management was published on 22.4.20. The system of internal control incorporating these revised elements has been in place since 15.4.20, and with some further revisions from 14.5.20 to 21.6.20. The COVID-19 Command structure was stood down with effect from 22.6.20, and business as usual arrangements re-established, thus reverting to the pre-COVID-19 system of internal control. With the advent of the second wave of COVID-19 the Board invoked the Cabinet meetings from November 2020. In respect of COVID-19, the Chief Executive deployed decision making through the Executive Incident Management Team (EIMT) as opposed to a formal Command Structure as had been established during the first wave. The EIMT reports formally to the Executive Team which continues to meet weekly. The EIMT structure continues to work within the Board approved Standing Orders and Standing Financial Instructions and refer appropriate decisions to the Board for approval and ratification.

15.4 In addition, the Health Board established the Financial Governance Cell, working in partnership with Internal Audit and Audit Wales, and undertook a self-assessment against the key principles of financial governance as set out in the Welsh Government Guidance of 30.3.20. The Health Board's Finance and Performance Committee received the key findings, including elements of good practice and learning opportunities.

15.5 The system of internal control has therefore undergone significant adaptation following the declaration of the COVID-19 pandemic, as described. These changes have continued and are likely to evolve throughout 2020/21.

16. Capacity to Handle Risk

16.1 The Health Board has a complex risk profile due to the diversity of services it provides, ranging from primary and community services through to acute hospitals, mental health services and prison healthcare. Furthermore, the Health Board covers a wide, culturally diverse geographic area, commissions services from NHS England, and experiences peaks in demand due to north Wales being a popular holiday destination.

16.2 The Lead Executive responsible for risk and assurance sits with the Deputy Chief Executive Officer/Executive Director of Nursing & Midwifery. The role of Senior Information Risk Owner is delegated to the Executive Director of Finance.

16.3 The Health Board has a risk management system in place to identify, assess, control and mitigate risks to the achievement of its operational and strategic objectives. The system includes a framework of processes which draw upon best practice and ISO 31000:2018, and are designed to support staff in identifying and managing emerging risks.The Health Board launched a new Risk Management Strategy and policy on 1.10.20. COVID-19 posed some challenges in terms of the smooth implementation of the new strategy, in that the progress of the associated risk management training programme was slowed down due to staff being redeployed to focus on the pandemic response.

16.4 The new Risk Management Strategy is written in a more reader-friendly style, to make it more accessible. It now incudes a Vision Statement for risk management as well as the risk appetite statement. The Strategy can be accessed here (https://bcuhb.nhs.wales/about-us/governance-and-assurance/corporate-risk-register/rm01-risk-management-strategy-and-policy-v5-1-pdf/). It is designed to promote a risk-aware culture and positive staff behaviours. It clarifies the move from a 5 to 3 tier risk management model. The Risk Management Information System (Datix) has been updated to reflect this change.

16.5 Two projects of note were undertaken over the last year, which have greatly shaped; informed and redefined the Health Board's risk management approach. These were a risk management training needs analysis, and a risk management gap analysis. These projects highlighted some areas for improvement which were subsequently strengthened. The Health Board`s Risk Management Strategy is reviewed and updated yearly to reflect any changes to executive portfolios and to keep abreast of emerging issues. Work is underway to develop a new approach involving the adoption of enterprise risk management (ERM) standards. ERM seeks to ensure that risk management links with the organisation'a objective setting, strategy design, and wider decision-making processes.

16.6 The Risk Management Group is chaired by the Deputy Chief Executive/Executive Director of Nursing & Midwifery. Throughout the pandemic, it has continued to seek to provide better advice, assurance and recommendations to the Executive Team on the appropriate escalation and management of risks.

16.7 Two externally facilitated Board Workshops took place in 2020, providing expert support to the Board in the design of its Board Assurance Framework (BAF). Development of a robust BAF will provide the Board with greater assurance on the effectiveness of its risk management arrangements.

16.8 In order to embed the Risk Management Strategy and good practice across the organisation, a series of bespoke risk management training sessions were delivered by an external specialist to 100 senior managers and staff during 2020. The corporate risk team also delivers its own training, and the aim is to deliver this to 1000 members of staff by 31.3.22. Furthermore, each Division is asked to adopt standard risk management procedures when implementing the Risk Management Strategy across their services.

16.9 In response to the pandemic, as a member of the Strategic Coordination Group (SCG), the Health Board has worked collaboratively with a wide range of multi-agency partners, in order to jointly manage the risks as they emerged. Simplified COVID-19 response risk management guidance was produced, to facilitate the timely identification, assessment, mitigation, management and escalation/de-escalation of COVID-19 risks. This guidance complied with the Civil Contingencies Act 2004 (as amended) as well as good practice guidance for Category 1 responders (see section 8). As the Health Board moves into the post-COVID-19 recovery phase, a level of uncertainty will remain and therefore the need for robust and integrated risk management arrangements will continue.

17. Board Assurance Framework

17.1 Following on from the previous work undertaken nationally between the All Wales Audit Committee Chairs and the Board Secretaries Network, it was deemed essential for the Health Board to have an effective system in place, in which identifying and managing risk is a continuous process.

17.2 As stated above, the revised Risk Management Strategy and Policy was implemented on the 1.10.20, and on 17.12.20, the Audit Committee approved the implementation of the revised Board Assurance Framework (BAF). The new design reflects work undertaken by the Board on the identification of its priority areas. It supports the effective management of the principal risks that could affect the Board's ability to achievef its agreed priorities. This has led to streamlining and re-design of the Corporate Risk Register (CRR), which now more effectively demonstrates how the Health Board is robustly mitigating and managing extreme risks to the achievement of its operational objectives.

17.3 Each principal risk (see section 18) has since been reviewed and updated to take account of any changes or completion of actions to support the mitigation of the risk and to reflect the impact of any further COVID-19 pandemic waves.

17.4 All Executive Directors are required to ensure the management of risk within their particular area of responsibility and this is explicit within the Risk Management Strategy. In addition, all staff are encouraged and empowered to use risk management processes as a mechanism to highlight areas they believe need to be improved. Where staff feel that raising issues may compromise them or may not be effective, they are encouraged to follow guidance on whistle blowing and raising concerns (the new Speak Out Safely process is being rolled out at the time of writing this Statement).

17.5 The implementation of the BAF and the revised Risk Management Strategy underlines the Health Board's commitment to placing effective risk management at the heart of everything it does while embedding a risk-based approach into its core business processes, objective setting, strategy design and better decision making. The design of both the new BAF and CRR emphasises their distinctive roles in underpinning the effective management of both strategic and operational risks respectively but also underlines their symbiotic relationship as both mechanisms have been designed to inform and feed off each other. This includes the evaluation, monitoring and review of progress, accountability and oversight of the principal risks and also the high level operational risks which could affect the achievement of the Health Board's agreed priorities. These are being monitored as part of an annual improvement plan with oversight by the Risk Management Group, and scrutiny and approval by the Executive Team.

17.6 During November 2020, once the principal risks had been agreed by the Executive Team, a series of meetings took place with all principal risk lead officers to populate each risk template. Support was provided by the corporate risk management team and each risk was quality assured and required Executive approval prior to inclusion in the resulting report.

17.7 A version of the report was presented and approved for submission to the Board by the Audit Committee on 17.12.20.Once the Board had formally ratified the implementation of the BAF, regular reviews of the principal risks commenced. These were undertaken by the Risk Management Group and the Executive Team, with oversight provided by the relevant Board Committee. Oversight of the system and process remains with the Audit Committee, which receives an update and copy of the full BAF twice a year.

17.8 The future management of the BAF formally transferred back to the Office of the Board Secretary from the corporate risk management team on 1.2.21. The risk management system and associated processes continue to be managed by the corporate risk team.

17.9 Risk appetite is defined as the amount and type of risk an organisation is able to take on in order to achieve its objectives. Risk capacity refers to the maximum amount of risk that an organisation is able to take on. These are underpinned by the Health Board`s risk capability and the maturity of its risk management culture. The Health Board`s risk appetite for individual risks will thus be different depending on its current performance, strategic objectives and risk maturity level. The risk appetite statement below sets out the amount and type of risks that the Health Board is able to take on in order to achieve its objectives and priority areas.

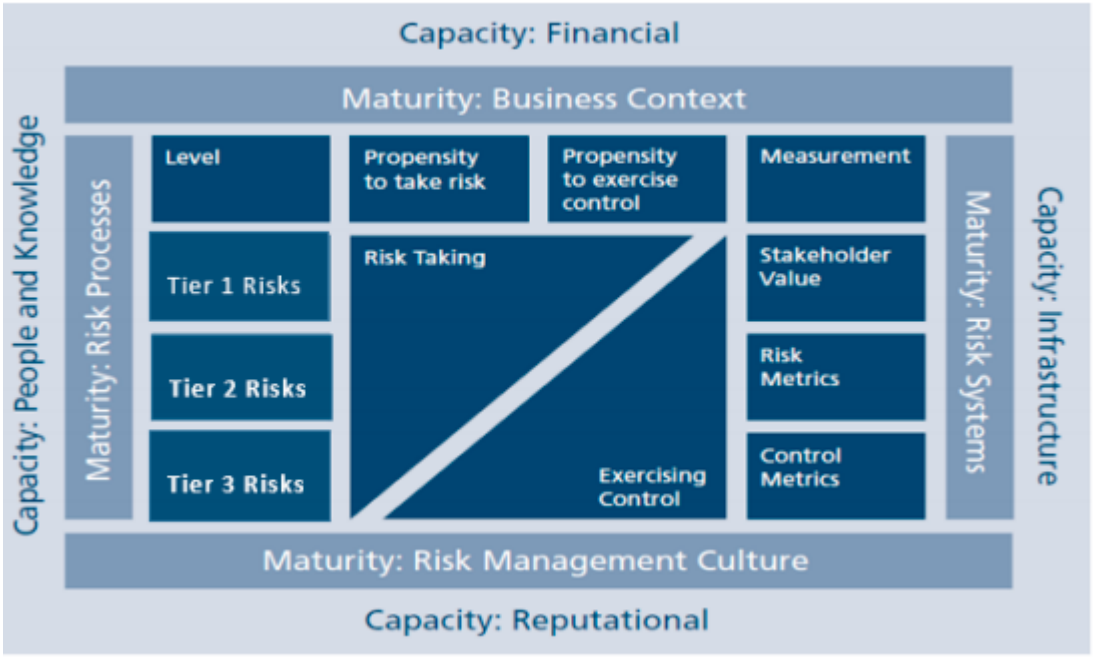
17.10 The Board accepts that there is an element of risk in every activity it undertakes and recognises that its risk appetite for any risk will change depending upon the individual risk and current performance. It also recognises that the transformation journey it has embarked on will involve taking on some transformation and project improvement risks which may sit outside its risk appetites. The Board is directly accountable for setting its risk appetites and risk culture. The Health Board will thus set two risk appetite statements as articulated below to demonstrate the various, often complex, risks it may take on or accept in order to achieve its objectives in priority areas. Its risk appetite statements will be measurable and shaped by three key determinants (the risk score, potential impact and type of risk); these will vary or change over time depending on the context, type and risk environment.

- *The first risk appetite statement: In order to achieve its objectives and priority areas as defined in its 3 Year Plan, the Health Board will be willing to accept safety, quality, regulation and compliance, public confidence, reputational and workforce risks which score from 1-8. The Health Board may be prepared to pursue risks which sit outside this risk appetite statement if the benefits for doing so outweigh inaction.*

- *The second risk appetite statement: The Health Board will be willing to accept finance, IM&T, projects, improvement and transformational risks which score from 1-12 in order to achieve its objectives and priority areas. The Health Board may be prepared to pursue risks which sit outside this risk appetite statement if the benefits for doing so outweigh inaction.*

17.11 The Health Board`s risk appetite statements align with its proactive, inclusive and enterprise-wide approach to risk management as well as its commitment to actively mitigate, control and manage risks which could compromise the achievement of its objectives in priority areas. However, as alluded to above, the Health Board realises that in some instances it may have to take on risks which sit outside its risk appetites in order to achieve its objectives and priority areas. It therefore recognises that agreement to pursue a risk outside the above risk appetites will be openly discussed at the appropriate governance meeting and a conscious decision made to do so based on the added value. Risk appetite and risk tolerance are at the heart of the Health Board`s operational and strategic agendas as the latter implies the amount of risk it can actually cope with. The following figure highlights the contexts within which the Health Board`s risk appetites have been set as it emphasises the importance of ensuring that any robust risk appetite must be measurable, underpinned by controls, organisational risk management culture and maturity.

Figure 2. Risk Appetite in context (IRM paper, 2011)



The Board recognises this is not a fixed concept and is in the process of refreshing the risk appetite statement at the time of writing

17.12 The Health Board involves its public stakeholders in managing risks that impact on them. With the advent of COVID-19, engagement of stakeholders has taken place through multi-agency partnership working and through the SCG, as mentioned earlier. Additionally the roles of the Stakeholder Reference Group and Regional Partnership Board are two significant elements of the governance structure that help to support arrangements for the management of risk facing the organisation(s) through collective dialogue.

17.13 A refreshed Risk Management Strategy and Policy, including the revised risk appetite statement referred to above, was being considered for approval at the point at which the annual accounts were also being considered for sign-off. Further detail on this will be provided in the 2021/22 Annual Governance Statement.

18. Principal Risks

18.1 The Health Board has identified a series of Board level risks which it refers to as 'principal risks' as set out in the Board Assurance Framework. In the absence of clearly articulated objectives, the Board has aligned its principal risks to the strategic priorities set out in the 2020-21 Annual Plan (see section 10.5). Further information on these risks is detailed in Appendix 5. At the time of writing this Statement, a remapping of the risks to the 6 updated strategic priorities as set out in the 2021-22 Annual Plan is taking place. Where a risk does not map directly to one of the priorities, it is linked instead to an 'enabler'.

18.2 The most significant risks the Health Board has faced during the year have been initially in relation to managing the pandemic, affecting its ability to carry out core functions. This has now manifested itself in a very significant risk relating to the delivery of timely access to planned care. This risk is being managed via a number of actions including, but not limited to, additional internal activity above the core being mobilised as part of the recovery plan. A business case is being developed for an orthopaedic modular ward and theatre on each site. Outsourcing of orthopaedic activity is being explored with the independent sector. Capacity planning is being undertaken to understand the clearance times for the over 52 week backlogs, as is a review of the Ophthalmology business case in light of Welsh Government Strategy in relation to cataract centres. Individual operational service risks have been captured as part of the Corporate Risk Register and have been linked to support the management of this significant risk.

18.3 As previously highlighted the need to plan and respond to the COVID-19 pandemic presented a number of challenges to the organisation. A number of new and emerging risks were identified. Whilst the organisation did have a major incident and business continuity plan in place, as required by the Civil Contingencies Act 2004, the scale and impact of the pandemic has been unprecedented. Significant action has been taken at a national and local level to prepare and respond to the likely impact on the organisation and population. This has also involved working in partnership on the multi-agency response as a key member of the Strategic Co-ordination Group. There does remain a level of uncertainty about the overall impact this will have on the immediate and longer term delivery of services by the organisation, although I am confident that all appropriate action is being taken.

19. Management of Key Risks

19.1 The Corporate Risk Register (https://bcuhb.nhs.wales/about-us/governance-and-assurance/corporate-risk-register/corporate-risk-register/21-12c-appendix-2-corporate-risk-register-report-pdf/) (CRR) was regularly reviewed by the Risk Management Group and Board Committees during the past year. As part of the Risk Management Strategy, there is a requirement to ensure mitigating actions and controls are in place to enable the Health Board to effectively manage each risk. All identified Corporate Risks and their associated controls and mitigating actions are scrutinised on a cyclical basis as part of the Board committees' cycles of business. In line with the Health Board's Risk Management Strategy, during the year the Health Board identified constraints on the Board's ability to focus on and address key issues, due to the significant number of risks listed on the CRR.

19.2 In response to this situation, the CRR was re-written in December 2020. Due diligence was undertaken and risks were revisited and reprioritised. Those deemed still to be significant were transferred onto the BAF. Those considered no longer relevant were closed down and archived with the agreement of the Audit Committee, ratified by the Board on 22.9.20. The new CRR focuses on highlighting the management of significant operational risks whilst the purpose of the BAF is to provide assurance on the management of principal risks to the achievement of the Health Board`s strategic objectives. Further details on the risks and actions taken in respect of the BAF and CRR are included in Appendix 6.

20. The Control Framework

20.1 As Accountable Officer, I have personal responsibility for the overall organisation, management and staffing of the Health Board. I am required to assure myself, and the Board, that the Health Board's executive and clinical management arrangements and overarching control framework are fit for purpose.

20.2 The control framework is designed to manage risk at a reasonable level rather than to eliminate all risk of failure to achieve strategic goals and corporate objectives (see also section 14). Governance and internal control of the organisation is an ongoing process designed to:

- Identify and prioritise risks to the achievement of the Health Board's purpose, vision, strategic goals and values;
- Evaluate the likelihood of these risks being realised and the impact, should they be realised;
- Manage these risks efficiently, effectively and economically.

20.3 The Board has agreed risk appetite statements referred to earlier in this document in section 17. Further details on compliance with corporate governance good practice is included in Section 23.

21. Standing Orders

21.1 The Health Board has agreed Standing Orders for the regulation of proceedings and business. The Standing Orders can be accessed here (https://bcuhb.nhs.wales/about-us/governance-and-assurance1/standing-orders-and-financial-instructions/).

21.2 The Standing Orders are designed to translate the statutory requirements set out in the Local Health Boards (Constitution, Membership and Procedures) (Wales) Regulations 2009 into day to day operating practice. Together with the adoption of a scheme of matters reserved to the Board, a scheme of delegation to officers and others and Standing Financial Instructions, they provide the regulatory framework for the business conduct of the Health Board and define its 'ways of working'. These documents, together with the Board Assurance Framework and Corporate Risk Register, and a range of policies and business standards agreed by the Board, make up the control framework within which the Board operates.

21.3 The Audit Committee routinely undertakes an annual review of the Standing Orders, as well as considering ad hoc amendments throughout the year to address matters such as Scheme of Reservation & Delegation responsibility changes due to the creation of new senior posts and Executive portfolio changes. Further information is available here (https://bcuhb.nhs.wales/about-us/committees-and-advisory-groups/audit-committee/). The Committee approves amendments on behalf of the Board, which then receives the changes made, for ratification. During the reporting period, the most significant event in respect of Standing Orders related to emergency changes in response to the pandemic, (see also section 2.7).

21.4 On 15.4.20 (https://bcuhb.nhs.wales/about-us/health-board-meetings-and-members/health-board-meetings/health-board-meetings/maintaining-good-governance-covid-19-v2-0/), the Board approved temporary variations to Standing Orders covering decision making (including an enhanced Chair's action procedure), financial management arrangements, Board meeting arrangements (including the temporary revocation of the rights of members of the public to be in attendance), and the standing down of some committees and officer groups. On 14.5.21 (https://bcuhb.nhs.wales/about-us/health-board-meetings-and-members/health-board-meetings/health-board-meetings/agenda-bundle-health-board-14-5-20-public-v3-0/),the Board approved additional variations covering an updated Chair's action proforma, the introduction of voting rights for nominated deputies of Executives, streamlined committee annual report requirements and terms of reference for a new COVID-19 Cabinet. On 27.8.20 (https://bcuhb.nhs.wales/about-us/committees-and-advisory-groups/audit-committee/agenda-bundle-audit-committee-28-07-2020-v3/) (item 3), the Audit Committee approved temporary variations (until 31.3.21) as set out in Welsh Health Circular 2020/011, covering arrangements relating to the tenure of Board members, the AGM date, SRG and HPF appointments and terms of office as well as changes to Welsh Health Specialised Services Committee and Emergency Ambulance Services Committee standing orders. Changes to the documents signed under seal process were also agreed at the same time, as well as a re-set of most of the changes agreed on 15.4.20 and 14.5.21.

21.5 In respect of Standing Financial Instructions (SFIs), a Conformance Report is provided at every Audit Committee meeting. The report highlights conformance with the SFIs in relation to:

- Procurement Procedures (Reporting of waivers of tenders and breaches of procurement requirements);
- Payroll Procedures (Reporting of overpayments of salaries and wages);
- Receivable and Payable Procedures (Reporting of aged balances over £10,000 and over 6 months old);
- Losses and Special Payments requirements (Reporting of losses, special payments, and write-off of balances owed to the Health Board).

21.6 During 2020/21 the key issues included in the conformance reports presented to the Audit Committee were, in accordance with 21.4 above, conformance with the Intermediary Legislation (IR35), conformance with procurement procedures, including purchase order (PO) conformance and tender/quotation process deviations, receivables and salary overpayments, payables and approval of losses and special payments. The Health Board continues to work to ensure that payments are made within the 30 day target period.

22. Audit Wales Reports

22.1 Audit Wales published the following reports and documents relating to the Health Board during 2020. The Health Board has formally responded to each of these and actions arising from recommendations are tracked using the Audit Tracker / TeamCentral with progress formally monitored by the Audit Committee. In addition the Audit Committee monitors those recommendations which are applicable to the Health Board but which may have arisen from All Wales reviews.

22.2 The following table lists the reports issued to the Health Board in 2020.

Report Title	Date report issued
Financial audit reports	
Audit of the 2019-20 Accountability Report and Financial Statements	June 2020
Audit of the 2019-20 Funds Held on Trust Accounts	December 2020
Performance audit reports	
Review of interim director appointment arrangements	March 2020
The Refurbishment of Ysbyty Glan Clwyd	July 2020
Effectiveness of Counter-Fraud Arrangements	September 2020
Continuing Healthcare management arrangements	December 2020
Structured Assessment 2020	December 2020
Other reports	
2020 Audit Plan	March 2020
Annual Audit Report 2019	December 2020

These publications are available here (https://www.audit.wales/publications).

23. Corporate Governance Code

23.1 For the NHS in Wales, governance is defined as "a system of accountability to citizens, service users, stakeholders and the wider community, within which healthcare organisations work, take decisions and lead their people to achieve their objectives." In simple terms this means the way in which NHS bodies ensure that they are doing the right things, in the right way, for the right people, in a manner that upholds the values set for the Welsh public sector.

23.2 The Health Board follows and is compliant with the principles and relevant aspects as described in HM Treasury Cabinet Office 'Corporate Governance in Central Government Departments: Code of Good Practice 2011' which are consistent with the 'Good Governance Guide' for NHS Wales Boards (second edition) issued by Welsh Government in 2017. In particular, the Board complies with the principles set out in relation to the role of the Board, Board composition, Board effectiveness and risk management. The Board Secretary, Deputy Board Secretary and Assistant Director of Corporate Governance have conducted a desk-top review to assess compliance during 2020/21 with the Cabinet Office Code of Good Practice. The outcome of the review was that there was deemed to be compliance with the code, and no areas of weakness requiring further action. The Code of Good Practice can be accessed here.
(https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/220645/corporate_governance_good_practice_july2011.pdf).

24. Quality Governance Arrangements

24.1 As part of the interim governance measures introduced by Welsh Government in response to the COVID-19 pandemic, an Annual Quality Statement (AQS) and Putting Things Right (PTR) Annual Report are not required for 2020/21. However, quality is at the heart of the Health Board's 2020/21 Annual Report and the statutory reporting requirements of the PTR Regulations are also detailed within the report.

24.2 The executive lead for quality (including quality governance) within the organisation is the Executive Director of Nursing and Midwifery, which complements the role of the Executive Medical Director and Executive Director of Therapies and Health Sciences. They are supported by the Associate Director of Quality Assurance and team. During the year, the Quality Assurance Team was strengthened by the appointment of a senior lead, two analysts and other specialist staff.

24.3 The quality governance structure beneath the Quality, Safety and Experience (QSE) Committee was strengthened by the introduction of a Patient Safety and Quality Group, Clinical Effectiveness Group and Patient and Carer Experience Group. These new executive led groups replace the previous Quality and Safety Group and allow for greater scrutiny and oversight of quality issues. The reporting templates from sub-groups and divisions have been improved. Governance structures in many of the divisions have also been strengthened during the year and aligned to the new corporate model, especially in Secondary Care and Mental Health and Learning Disability services. The governance teams in these divisions have been aligned under the Associate Director of Quality Assurance, strengthening the professional support and independence of these functions.

24.4 A new integrated quality dashboard is in pilot stage, with plans for organisation-wide rollout out in early 2021/22. This dashboard triangulates a range of measures across a range of data systems providing ward/team-to-Board visualisation of key indicators. This dashboard builds on the success of the harms dashboard is currently in place.

24.5 The Ward Accreditation programme continued during the year, providing assurance on how wards comply with the Health and Care Standards. In addition to formal accreditation visits, monthly audits are in place. Due to the COVID-19 pandemic, some activity was suspended or altered to accommodate necessary safety requirements. The programme was also extended to Emergency Departments during the year, with all three departments visited. In addition, work has commenced on developing a Community Nursing Accreditation framework which will be tested and rolled out in early 2021/22.

24.6 During the year, a new programme of quality governance reviews commenced, with a pilot taking place at Ysbyty Glan Clwyd. The reviews build on ward accreditation by assessing quality governance at a divisional or sub-divisional level against the Health and Care Standards, using elements of the self-assessment, data analysis and inspection methodologies in place across the UK. A plan is in place to roll out this programme across all divisions.

24.7 The QSE Committee has continued to receive updates against the Quality Governance Self-Assessment completed (and submitted to the Welsh Government) in January 2020. Audit Wales is conducting a review of quality governance in the Health Board during early 2021/22. We anticipate this review will provide a solid baseline and improvement priorities for 2021/22.

24.8 In addition to the above, the wider corporate governance review referred to earlier, incorporating the role of Board committees and sub-committees, will directly impact on the continued strengthening of quality governance arrangements.

24.9 Health and Care Standards (HCS)

24.10 The Health Board continues to work on compliance with the Health and Care Standards through the measures outlined above, such as the Ward Accreditation and Quality Governance Reviews which are mapped to the standards.

24.11 In addition, the strong working relationship with Healthcare Inspectorate Wales (HIW) has continued through monthly engagement meetings and ongoing dialogue. During the year a new central database was developed and launched. The database tracks all inspections and improvement plans, with evidence of improvement uploaded to provide assurance. Regular reports on the outcomes of HIW inspections are presented at the Patient Safety and Quality Group and QSE Committee.

24.12 Quality Improvement

24.13 The previous Quality Improvement Strategy (2017-2020) concluded at the end of March 2020 and the findings of an internal audit were to be used to shape the next iteration. Regrettably, due to the COVID-19 pandemic, work to develop a new strategy was put on hold to support the focus on front line clinical service delivery. At the time of writing, that work has recommenced and a new Quality Strategy will be developed early in 2021/22 underpinned by a Patient Safety Strategic Plan, a Patient and Carer Experience Strategic Plan and a Clinical Effectiveness Strategic Plan.

24.14 Quality improvement (QI) specialist capability is provided by the Nursing QI Team, Medical QI Team and Service Improvement Team. In addition, the organisation has a QI Hub (known as the BCUQI Hub) which provides a single point of access for staff training, support and guidance on improvement projects. The BCUQI Hub works closely with Improvement Cymru, the national quality improvement agency within NHS Wales, to deliver the Improvement in Practice staff training programme. During the year, a number of cohorts were trained in human factors as part of the commitment to embed this understanding and application in patient safety work.

25. Engaging With Stakeholders

25.1 The Health Board continues to maintain a focus on engagement to build and improve relationships with the public and work more closely with the Community Health Council. In previous years the impact of engagement activity has been measured using mechanisms that have included feedback from public and stakeholder surveys. The surveys have been a helpful tool in highlighting positive perceptions of the Health Board and healthcare services in addition to identifying areas for improvement. As a consequence of COVID-19 annual public perception and stakeholder surveys were not undertaken in 2020/21, however, the intention is to recommence this work in 2021/22.

25.2 By necessity a different approach to enagement was taken during 2020/21, the focus of engagement changed to meet the needs of Health Board's pandemic response. In addition the way in which engagement was undertaken shifted to an increase in online and survey work as many usual engagement activities were either not possible or curtailed. As an example, engagement was undertaken to gain a greater understanding of the public's experience of the pandemic/resultant restrictions, to identify areas of concern and opportunities for improvement. The *"Covid Conversations"* engagement programme involved a public survey and series of informal conversations with stakeholders to capture feedback regarding the Health Board's service changes, access to health care and the new ways of delivering services arising from the pandemic. The themes emerging from this work provided insights and information, which were shared with operational service leads and also identified areas for review and improvement including:

- Changes to health appointments;
- Impacts on health of postponed or cancelled appointments;
- Access to health services;
- Mental Health and wellbeing;
- Communications and access to information;
- Pharmacy services;
- Concerns and anxieties about COVID-19;
- Hospital visiting.

The key survey findings and the stakeholder conversations and insights are available on request.

25.3 Engagement was also undertaken to support the Test Trace Protect (TTP) programme to ensure information and key messages were appropriately targeted and disseminated. The Health Board Engagement Team has strong links with groups from the third sector and those representing specific communities including Portuguese, Polish, refugees, Gypsy Roma Traveller and LGBTQ. These relationships were particularly helpful in supporting engagement during the COVID-19 outbreaks in specific parts of North Wales, for example, Wrexham and Anglesey. Additionally, engagement with stakeholders has provided insight into the barriers that could prevent full participation in the TTP programme. As a result of engagement, advice has been provided regarding accessible information and resources to ensure that materials are offered in appropriate languages and alternative formats, for example, easy read.

25.4 Supporting the COVID-19 vaccination programme has also been an important focus of engagement activity. Given the fast pace of the vaccine roll out and the associated time constraints, engaging with harder to reach groups has proved challenging. To maximise impact and reduce duplication of effort, the Engagement Team has worked in partnership with local authorities, the third sector and Health Board operational service leads to identify and target at risk groups. The focus of this engagement has been to:

- Raise awareness of the health risks posed by COVID-19;
- Support awareness raising of the COVID-19 vaccination programme, its priorities and eligibility criteria;
- Encourage people who are eligible for the vaccine to protect themselves, their families and friends from COVID-19 in order to maximise reach to priority groups;
- Provide reassurance around the safety and efficacy of the COVID-19 vaccine;
- Identify barriers to access in order to continuously improve delivery of the programme.

25.5 Thoughout the course of 2020/21 Health Board has continued to work with a wide range of stakeholder groups and networks including carers' forums, ethnic minority communities including 'Race Equality First' and the 'North Wales Regional Equality Network' and learning disability forums such as 'Autistic UK'. Specific feedback was requested from organisations and service users focussing on a number of key themes, detailed below:

- Barriers to taking up the vaccine;
- Concerns regarding the the vaccine;
- Any additional information needed to provide reassurance.

Feedback was provided to the Health Board vaccination programme to help improve vaccine takeup.

25.6 Engaging on the Health Board's transformation and improvement programmes aligned to strategy remains a priority and engagement on significant service redesign and the developing clinical services plan will be integral going forward. In 2020/21 public and stakeholder engagement activity took place in respect of a number of transformation and improvement programmes including:

- Nuclear medicine: Virtual options appraisal sessions;
- Pharmacutical Needs Assessment: Public survey receiving 537 responses;
- End of Life Needs Assessment: Stakeholder sessions and engagement events;
- Video consultations: An engagement exercise to listen to views on the increased use of video consultations in primary care during the pandemic was carried out in November and December 2020. Two surveys were conducted, one public facing and one for practice staff. This work followed engagement in July 2020 to listen to public and patients about the impact of changes to health services during the first stage of the Covid-19 Pandemic;
- *Digital Health strategy:* Two phases of engagement relating to the development of *'Our Digital Future – Improving care through digital ways of working'* the digital strategy for the Health Board took place in the autumn and spring of 2020/22.

25.7 The Health Board has continued to build on existing relationships and establish new ones with community groups and partners. The Health Board routinely supports third sector networks and forums and collaborates on work spanning a number of issues. For example, in November a joint engagagement session with Ethnic Minorities and Youth Support Team Wales took place to explore how the Health Board and partners can improve communication, engagement and involvement with ethnic minority communities.

25.8 Staff Engagement

25.8.1 During the period 2020-2021 work has been ongoing to support engagement with both Health Board staff through a combination of both indirect and direct routes -indirectly through work supporting the organisation's wider workforce needs linked to the redeployment of clinical and non-clinical staff during the first wave of COVID-19. This work enabled staff who were shielding and/or unable to attend to their usual duties to find opportunities to work and stay engaged with the organisation through redeployment, for example to the Enfys hospitals, Track, Trace and Protect (TPP) and Community Testing Unit (CTU) programmes. Additional efforts in this period involved setting up, hosting and maintaining the on-boarding and deployment of public volunteers to support the changing nature of work required during the COVID-19 pandemic. This continued during the second wave when the focus shifted to on-boarding volunteers, retired health workers and existing staff to support the vaccination programme.

25.8.2 More direct engagement activity during this time included the National Staff Survey in the winter of 2020, team engagement activity through the BeProud Pioneer Programme, and supporting cohorts to complete management and leadership training. Staff development opportunities were maintained through the development and delivery of virtual sessions. Development of a new approach to supporting staff wellbeing got underway, the benefits of which will be more fully realised in 2021/22.

26.0 Raising Concerns/Speak Out Safely - A new Raising Concerns/Speak out Safely process for staff to raise concerns was developed during the latter part of 2020 and into early 2021. This has included the creation of new structures intended to help the organisation learn lessons and to support a more just and restorative culture. A Speak out Safely Guardian role and Raising Concerns multidisciplinary team (MDT) have been created to ensure that concerns are properly investigated and potential inhibitors to staff members' ability to speak out are addressed. An independent Speak out Safely platform – Work in Confidence – has been procured. This hosts anonymous two-way dialogue between staff members and the Guardian or member of the MDT. This additional level of support, when launched in May 2021, will help create conditions for an organisational culture that welcomes challenge, invites participation and takes seriously the ideas, comments and concerns of our staff.

27.0 NHS Staff Survey 2020 - Following the publication of *A Healthier Wales,* the creation of the draft Workforce & OD Strategy and the 2018 survey, there has been significant reflection and consensus building as to the purpose and subsequent approaches for future staff surveys across NHS Wales. As a result the 2020 NHS Staff Survey, launched on 4.11.20, was significantly different to previous staff surveys. The new approach entitled 'Our Reflections, Our Decisions, Our Future' was designed with fewer questions - 20 in total (down from 80 in the previous survey). The new approach was co-produced with key NHS partners across Wales, to facilitate feedback at team level and encourage those teams to make decisions locally on what improvements were required. Following the 2020 survey, the results dashboard was shared widely with divisions and services across the organisation, enabling teams to have conversations at a local level about their results and necessary improvements. More frequent surveys are planned for 2021, with an annual staff survey planned for the autumn.

28.0 Developing Healthier Working Relationships - In addition to the new approach to surveys, the national Staff Survey Project Group has been charged with implementing approaches which develop and build an in-house ongoing sustainable approach to measuring colleague experiences. The new approach will help develop the NHS Wales culture so that colleagues regularly give and receive feedback. The approach entitled 'Developing Healthy Working Relationships' was consulted on during the summer of 2020 and is due to be launched in 2021, and will focus on the development of working relationships at local/team level. The new 'Respect and Resolution Policy' will also support in providing a framework for individuals and teams to resolve conflict before any formal steps are implemented. This approach encourages open dialogue through, for example, 'cuppa conversations', resolution coaching and mediation.

28.2 Byddwch yn Falch / Be Proud -The team level surveys to improve staff engagement at local team level continues, with 16 teams having started the virtual programme from February and continuing into 2021/2022. The programme involves training team members (known as Pioneers) in the use of a variety of engagement tools to support team development and improvement plans.

28.3 Review of Staff Engagement - COVID-19 has had an impact on the way in which engagement activities such as staff recognition is carried out. Research has been undertaken over the past year to review a range of organisational approaches to engagement and consultation as we plan the way forward.

29. Other Control Framework Elements

29.1 Equality and Human Rights

Control measures are in place to ensure that the organisation's obligations under equality and human rights legislation are complied with.

- In January 2020 the Board approved the revised Strategic Equality Plan (SEP) and Objectives for the period 2020-2024. Following this, Covid -19 has further magnified inequalities for those with protected characteristics and socioeconomically disadvantaged groups, plans to deliver the SEP have been reviewed to reflect this.
- The equality and human rights policy framework is in place supported by a programme of training to raise awareness and build capacity in regards to the Public Sector Equality Duty (PSED) and to support staff to deliver on their responsibilities.
- Strengthening the embedding of the PSED and Socio-economic Duty (SED) requirements within the operation of the Health Board has been considered as part of the governance review.
- An Equality Accountability Framework has been developed this year to strengthen performance management of the SEP, for implementation during 2021/22.

Other measures include:

- An annual equality development session is facilitated for Board to ensure they are aware of their duty to have 'due regard' to the PSED and SED;
- The Annual Plan demonstrates how the Health Board meets the duties associated with equality and human rights and the arrangements for equality impact assessment (EqIA);
- The Workforce Strategy and policy development is informed by workforce equality information and EqIA;

- Equality and Human Rights Training is mandatory for all staff;
- A programme of EqIA training is facilitated alongside coaching support and guidance. Scrutiny of EqIA has been strengthened this year;
- Risks associated with compliance have been identified and included in the corporate risk register;
- The Equality and Human Rights Strategic Forum monitors compliance against the SEP;
- Progress is presented to the external Equality Stakeholder Reference Group. This group includes representation from members of the public with an interest in equality issues including the Community Health Council;
- Progress is reported to Welsh Government via the Advancing Equality Delivery Framework Measure.
- The Equality and Human Rights Annual Report is submitted to Board via the Strategy, Planning and Population Health Committee governance route; published and accessible to the public.

29.2 Pension Scheme

29.2.1 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 and regulations are complied with. This includes ensuring that deductions from salary, employer's contributions and payments in to the Scheme are in accordance with the Scheme rules, and that member Pension Scheme records are accurately updated in accordance with the timescales detailed in the Regulations.

29.3 Post Payment Verification

29.3.1 The aim of the Post Payment Verification (PPV) process is to ensure propriety of payments of public monies by the Health Board; this requires the PPV team to undertake probity checks on a continuous basis. This gives the necessary assurance to the Health Board that public monies have been expended appropriately and also provides assurance to contractors regarding their arrangements.

29.3.2 An adjusted three year rolling programme of Post Payment Verification visits for General Medical Services (GMS), General Pharmaceutical Services (GPS) and General Optical Services (GOS) was agreed, in accordance with NHS Wales agreed protocols. Due to the current climate, from 1.10.20 the PPV team has been concentrating solely on GMS scheduled for 2020-21. At the time of writing it has not as yet been confirmed when GOS and GPS visits will resume, due to the need to maintain staff and contractor safety given that these visits cannot be carried out remotely.

29.3.3 The NHS Wales Shared Services Partnership (NWSSP) applies risk analysis techniques and liaises with relevant Health Board colleagues, and depending on error rates found, undertakes re-visits or other appropriate action with the Health Board.

29.3.4 Regular updates against the agreed work plan and an Annual Report are received by the Audit Committee detailing the analysis. (See also section 14.15).

29.4 Carbon Reduction Delivery Plans

29.4.1 The organisation's resilience is based on having business continuity plans in place. Partnership agreements and information sharing with other public bodies are in place as part of continuous development of the Health Board's Carbon Reduction Strategy.

29.4.2 BCUHB ISO14001 Environmental Management System

The Health Board has a number of environmental aspects which, if not carefully managed and controlled, would have significant financial and environmental impacts. As part of its corporate commitment towards reducing these impacts, the Health Board has implemented and maintains a formal Environmental Management System (EMS), which is designed to achieve the following key principles:

- Sustainable development;
- Protection of the environment;
- Fulfilment of compliance obligations;
- Prevention of pollution;
- Continual improvement of the EMS to enhance environmental performance.

29.4.3 Effective environmental management will be achieved through the following processes:

- Promotion of the environmental policy to all relevant stake holders and interested parties;
- Identification of all significant environmental aspects and associated compliance obligations, including those resulting from legislation changes;
- Implementation of suitable and sufficient control procedures, covering normal, abnormal and emergency operating conditions;
- Establishing and monitoring key corporate objectives and targets, aimed at reducing environmental and financial impacts, in line with those specified by the Welsh Government;
- Provision of appropriate training to all relevant staff;
- Regular planned internal audits;
- Regular review of the effectiveness of the EMS by an Environmental Steering Group, chaired by a member of the Board.

29.4.4 The ISO 14001:2015 standard is now embedded throughout the organisation. Certification was achieved in May 2018. The ISO14001:2015 EMS has made the Health Board more aware of its responsibilities where its activities have a significant impact on the environment. This includes legal and regulatory accountabilities, and enables associated risks to be managed more efficiently.

29.4.5 Key EMS stakeholders have made the following commitments and changes:

- The key changes, the changes service providers need to make;
- Commitment and involvement in the EMS at all levels;
- Compliance with the Environmental Policy;
- Needs and expectations of interested parties;
- External and internal issues, compliance obligations and significant aspects;

- What each section of the standard means to their service/department;
- Performance, evaluation and monitoring.

29.4.6 ISO14001:2015 provides a framework to protect the environment and respond to changing environmental conditions in balance with socio-economic needs. ISO14001:2015 helps to achieve the intended outcomes of its EMS, which provide value for the environment, the Health Board and interested parties. Consistent with our Environmental Policy, the intended outcomes of the EMS include:

- Enhancement of environmental performance;
- Fulfilment of compliance obligations;
- Achievement of environmental objectives.

An assessment evidenced that the cornerstones of the system are in place, i.e. corporate and site specific aspects, objectives and targets plus environmental programmes in place across the sites. The internal audit programme that forms part of the EMS is on target. The audits are being carried out by the Health Board's environmental officers, who are qualified Institute of Environmental Management & Assessment (IEMA) lead auditors.

29.4.7 Waste Management

The Health Board continues to work in partnership with the Principle General Waste Contractor as its recyclable/domestic (clear bag) waste contractor to improve waste management within the Health Board and reduce its impacts on the environment, by diverting as much waste as possible from landfill. The recycling rate including waste diverted from landfill for the Health Board is approximately 97%; it is anticipated that recycling will continue to increase following measures that have been implemented to improve waste segregation. In conjunction with the Safe Clean Care Campaign to continually improve patient safety and reduce infections, spring clean events and autumn cleans took place in April 2020 and September 2020, during which furniture, electrical and metal waste were collected from 45 sites across the Health Board.

In respect of clinical waste due to the COVID-19 pandemic, NHS Wales' sole contractor for the collection and disposal of clinical waste cannot currently maintain its standard collection schedules under the current All Wales Contract, due to increasing volumes of waste being generated across its NHS customer base. This has resulted in a backlog of clinical waste stored at all hospital sites and clinics throughout the Health Board.

29.4.8 Welsh Government released consultation documents on proposals for draft legislation to encourage recycling and appropriate waste disposal from non-domestic premises. The legislation will:

- Require non domestic premises to present identified recyclable materials for collection separately;
- Ban certain separately collected recyclable materials from incineration and landfill;
- Ban the disposal of food waste to sewer from business premises;
- Make civil sanctions available for associated criminal offences.

The Health Board submitted its response to the consultation in December 2019 but has not as yet become legislation.

29.4.9 An implementation strategy to manage the Carbon Reduction Commitment (CRC) that was in place in previous years has now been phased out. It has been replaced by an increase on the climate change levy (CCL) which is applied directly to the utility bills.

29.4.10 A Corporate Carbon Action Plan has been developed in Welsh Government standard format. Implementation will be monitored and reported annually. Most items within the plan are dependent upon resource allocation from major capital development and annual discretionary capital allocations, which will vary year on year. The action plan progress will therefore be dependent upon corporate resource availability.

29.5 Local Counter Fraud Service

29.5.1 During 2020/21, the Local Counter Fraud team has undertaken a range of activities, leading to a number of benefits and outcomes. The Health Board has an Anti-Fraud, Bribery and Corruption Policy in place, approved by the Audit Committee and fit for purpose for 2020-21. The Anti-Fraud, Bribery and Corruption Policy is regularly publicised in electronic communications with staff and is available on the Health Board's web site.

29.5.2 The Local Counter Fraud team has commenced using fraud risk assessments as a live resource. Fraud risks have been integrated into the Health Board's general risk management framework, to ensure that these risks are appropriately managed and escalated as necessary. Fraud risks on the Corporate Risk Register are updated and reviewed on a regular basis. The Welsh NHS counter-fraud community both nationally and at a local level share all fraud alerts in real time (over the past year this has included scams and fraud alerts relating to the COVID-19 pandemic).

29.5.3 Those wishing to report fraud may do so anonymously via the NHS Counter Fraud Authority, Fraud and Corruption Reporting Line and online fraud reporting tool. Proactive fraud prevention activities are carried out throughout the year and reported both to the Audit Committee and Welsh Government. These include fraud awareness presentations/training, payslip messaging, sharing of alerts and use of successful fraud prosecutions as a deterrent – published via newsletter articles and social media communications.

29.5.4 As a result of this activity,up to Quarter 3 of 2020/21, financial recoveries of public money amounted to £14,000. This has been reported to the Audit Committee and Welsh Government.

29.6 Welsh Health Circulars (WHCs) and Ministerial Directions

29.6.1 A range of WHCs was published by Welsh Government during 2020/21 and have been centrally logged within the Health Board with a lead Executive Director being assigned to oversee implementation of any required action, as per the table in Appendix 4.

29.6. 2 All Independent Members (IMs) are provided with a copy of WHCs upon receipt and a copy is stored on the paperless software system. This allows IMs who are Committee Chairs to ensure that the Board or one of its Committees is also sighted on the content as appropriate. Welsh Government publish WHCs on their website (https://gov.wales/health-circulars).

29.6.3 Ministerial Directions are published by Welsh Government as part of their health and social care publications (https://gov.wales/publications?keywords=&field_policy_areas%5B43%5D=43). General Ministerial correspondence continues to be received and actioned by the Health Board with a logging and tracking system in place.

30 Data

30.1 Data Security

30.1.1 Lead responsibility for information governance in the Health Board transferred to the Deputy Chief Executive Officer in September 2019, with the Assistant Director of Information Governance and Assurance undertaking operational responsibility for the designated role of the Health Board's Data Protection Officer on behalf of the Chief Executive, in line with the Data Protection Act 2018. The role of Caldicott Guardian is delegated to the Executive Medical Director, with the Senior Associate Medical Director carrying operational responsibility. Operational responsibility for the role of the Senior Information Risk Owner transferred to the Executive Director of Finance on behalf of the Chief Executive, as noted in the revised Scheme of Reservation and Delegation ratified by the Board on 23.2.20.

30.1.2 The Health Board's information governance and cyber security status was regularly reviewed by the Digital and Information Governance Committee which has been in place since September 2019. There were no cyber security breaches in 2020/21. However, the Health Board responded to many alert notifications from the National Cyber Security Centre and other sources. The two most noteworthy related to our network monitoring software and Microsoft email servers. Proactive management of these risks mitigated potential malicious software attacks such as ransomware.

30.1.3 Assurance reporting to the Digital and Information Governance Committee on Data Protection compliance and practice (including mandatory training) and the Freedom of Information Act compliance continued throughout the year.

30.1.4 The Health Board undertook an annual self-assessment against the Caldicott C-PiP tool in July 2020. As alluded to earlier, the Health Board has now reached the Class 5 star rating with an increased score of 95%. This was as a result of improved compliance in a number of the standards.

30.1.5 In addition the Health Board has successfully completed and submitted the Welsh Information Governance Toolkit. The Toolkit is a self-assessment tool which enables the Health Board to measure its level of compliance against National Information Governance and legislative requirements. Scrutiny of the assessment is still to be agreed nationally, but the outcome of this year's assessment will form the basis of future information governance work programmes for 2021/22.

30.1.6 In line with the 2020/21 Internal Audit Plan a review of the Caldicott Principles into Practice (C-PIP) process was undertaken by Internal Audit. The objective was to review the Health Board's processes for completion of the C-PIP assessment and the collation of the appropriate evidence to support the assessed score in order to provide assurance to the Audit Committee that risks material to the objectives of the areas of coverage were appropriately managed.

The areas under the scope of the review for assurance were:

- A process exists for completion of the C-PIP assessment and maintenance of appropriate evidence; and
- The self-assessed scores are supported by the evidence and are appropriate.

In both areas the findings concluded there was appropriate processes in place for the submission of the assessment and the evidence supported the scores of the self-assessment. Substantial assurance was given with one minor recommendation and areas of good practice noted in the audit report.

30.1.7 The Health Board self-reported one data security breach that triggered referral to the Information Commissioner's Office and Welsh Government. This was in relation to patient information being sent to an incorrect address.

30.1.8 The above incident has been closed by the Information Commissioners Office (ICO) with no further action required by the ICO due to the immediate actions and improvements in place by the Health Board. The ICO made two recommendations which the Health Board has implemented. The Board did not incur any financial penalties during the year.

30.1.9 As part of the process to ensure lessons are learnt following incident investigation, the Information Governance Team has taken a number of steps, including:

- Notifying all the individuals/data subjects who have been affected by the incident and provided appropriate support where necessary;
- Since the breach the Health Board has introduced new procedures to prevent a reoccurrence;
- Compliance audits will be undertaken at the incident site and the other two main hospitals to ensure continuity and the same ways of working are being followed across all sites;
- Quarterly information governance bulletins highlighting lessons learnt are disseminated across the organisation and are available to staff on the intranet site;
- Staff have been reminded of the importance of reporting incidents on Datix (the Health Boards incident management system) to identify trends and to make improvements and also the need to externally report serious breaches to the ICO and Welsh Government within 72 hours of notification;
- The Information Governance Team regularly reviews the content and delivery of the information governance training package to ensure staff fully understand their responsibilities when dealing with personal information. A review of the training programme is currently underway and will include virtual training.

30.1.10 Revised working arrangements continue to be implemented to support the Health Board's response to the COVID-19 pandemic. These include the use of virtual clinics, telephone and video consultations and agile working from homes.

30.1.11 This year has seen a significant increase in the number of Data Protection Impact Assessments (DPIA) being undertaken in order to accommodate the new ways of working. The Information Governance Department continue to work with ICT colleagues to ensure that the appropriate scrutiny and due diligence checks are carried out in line with the Health Board's data protection obligations.

30.2 Data Quality

30.2.1 The Health Board makes every attempt to ensure the quality and robustness of its data, and has regular checks in place to assure the accuracy of information relied upon. However, the multiplicity of systems and data inputters across the organisation means that there is always the potential for variations in quality, and therefore always scope for improvement.

30.2.2 Completeness of patient demographic data from source (i.e. the patient and/or GP) remains a national challenge. This has been highlighted again by the pandemic, and will require policy intervention to ensure a shift in the value of this data.

30.2.3 Formal assurance to the Board on data quality is provided by the annual report of the Digital and Information Governance (DIG) Committee's annual report. The Committee receives assurance on compliance with key performance indicators in relation to the quality and effectiveness of information and information systems against which the Health Board's performance will be regularly assessed.

30.2.4 This year's DIG Committee annual report agreed a RAG status of Amber. Whilst the Committee received data quality information within regular assurance reports e.g. compliance with the timeframes for responding to requests for information, patch management and clinical coding performance, the Committee recognises that the complexity of opportunities for data issues required further work especially in the light of the impact of the pandemic.

30.2.5 The pandemic has impacted all aspects of health care and has highlighted the importance of high quality data more than ever. In particular:

- One of the key information systems implementations, the Welsh Patient Administration Systems (WPAS), was delayed due to a combination of COVID-19 and national data centre challenges. This has pushed back our hope for a single standardised administration system within this coming year. WPAS is the core patient information system for the organisation and underpins all other clinical and patient related information. Work continues with Digital Health and Care Wales (DHCW) to re-plan and implement a single WPAS as quickly as possible. Early indication of planning based on existing capacity in local and national teams that a single WPAS is unlikely before 2023.
- COVID-19 introduced a significant growth in the need for real time data for information that was previously not regularly used or processed – in particular the need to develop ways of collecting, processing, validating and reporting intelligence on specific covid related laboratory tests was very challenging but ultimately positive in creating a real focus on data and intelligence.
- The National Target for Compliance Audit has been postponed to 2021 to due to COVID-19. There was no external audit on electronically coded data during 2020.
- The introduction of the system to support Test, Trace and Protect (TTP)
- The introduction of WIS (the Welsh Immunisation System) across the Health Board has been a significant undertaking. This has included:
    - the training and support of hundreds of staff across primary & secondary care
    - hardware at several mass and local vaccination centres
    - central clinic and appointment letter generation, along with innovative online booking solutions and text reminders services.

- COVID -19 also highlighted existing data quality issues – such as limited data quality (e.g. incomplete data) on ethnicity, out of date addresses, landline and mobile numbers.
- There is a need for a policy shift towards regular checking of patient demographic details in primary and secondary care – both at registration and at regular intervals. Keeping this information up to date has significant benefits in terms of managing urgent referrals, and more recently, timely COVID-19 vaccination appointments.
- Real time data on patient flow requires a renewed focus as there is a clear need to be able to track patients and their location to a level of detail that that has not been essential to date i.e. knowing every precise location of each patient can help protect and staff and provide intelligence to better understand the spread of the disease or infection. This will have resource, process and technical implications for the organisation.
- The need for any Health Board's data to be accurate and up to date has always been well understood but the pandemic has highlighted how all stakeholders, such as general practice and care homes, need to re-consider their approach to data quality and the downstream effect of not holding up to date information about individuals.

31. Review of Effectiveness

31.1 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 Directors 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.

31.2 My review has also been informed by:

- Feedback from Welsh Government and the specific statements issued by the Minister for Health and Social Services;
- External inspections by Healthcare Inspectorate Wales;
- Delivery of audit plans and reports by external and internal auditors;
- Feedback from the Community Health Council;
- Feedback from statutory Commissioners;
- Feedback from staff, patients, service users and members of the public;
- Assurance provided by the Audit Committee and other Committees of the Board;
- Audit Wales Structured Assessment.

31.3 From the various sources of evidence, including the Audit Wales Structured Assessment 2020 finding that:

> *"Our structured assessment work considered the Health Board's ability to maintain sound governance arrangements while having to respond rapidly to the unprecedented challenges presented by the pandemic. We found that the Health Board maintained a good overall focus on governance, risk and quality during its response to the first phase of the pandemic."*

plus the reasonable assurance provided by Internal Audit (see section 32), overall I am satisfied with the effectiveness of the system of internal control. the Board and its committees demonstrate a level of rigour and challenge underpinned by key elements that support effectiveness, such as Independent Member Committee Chairs' Assurance reporting to the full Board, the co-ordinating work of the Committee Business Management Group and the outputs of the Audit Committee. However, as noted by Audit Wales and other sources of evidence, there is scope for further improvement to the system of internal control and governance arrangements. As such, colleagues are working to continuously improve the effectiveness of the Health Board's systems of governance in a number of ways through, for example:

- A review of governance structures being led by the Deputy Chief Executive and supported by the appointment of an Interim Director of Governance, focusing on Committee reporting and Groups reporting through accountable Executives;
- A facilitated and structured Board Development Programme aligned to collective and individual needs;
- Implementation of external review recommendations;
- Ongoing review of BCUHB wide policies and the agreement to purchase the associated Policy Datix Module to improvement the robustness of the overall management of the system;
- Integrated performance reporting and a revised accountability framework;
- Continued efforts to meet the expectations of the Targeted Intervention Improvement Framework (this having replaced the Special Measures Improvement Framework following de-escalation as referred to earlier in this Statement);
- Recommendations from internal audits;
- Ongoing work to improve the management of concerns and claims;
- A review of the Business Continuity Arrangements;
- Stakeholder engagement in the clinical strategy and plan development;
- Strengthening of the planning arrangements including an independent review of the function.

32. Internal Audit

32.1 Internal Audit provided me as Accountable Officer, and the Board through the Audit Committee, with a flow of assurance on the system of internal control. A programme of audit work was commissioned and delivered in accordance with public sector internal audit standards by the NHS Wales Shared Services Partnership. The scope of this work is agreed with the Audit Committee and is focused on significant risk areas and local improvement priorities. The Audit Committee also oversees the progress-tracking of management actions taken in response to internal audit recommendations.

32.2 The overall opinion by the Head of Internal Audit on governance, risk management and control is a function of this risk based audit programme and contributes to the picture of assurance available to the Board in reviewing effectiveness and supporting the drive for continuous improvement. The programme has been impacted by the need to respond to the COVID-19 pandemic with some audits deferred, cancelled or curtailed as the organisation responded to the pandemic. The Head of Internal Audit is satisfied that there has been sufficient internal audit coverage during the reporting period in order to provide the Head of Internal Audit Annual Opinion. 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 Committee. Audit work carried out during the year conforms with the requirements of the Public Sector Internal Audit Standards. In forming the Opinion the Head of Internal Audit has considered the impact of the audits that have not been fully completed.

32.3 The Head of Internal Audit has concluded:

''The scope of my opinion is confined to those areas examined in the risk based audit plan which has been agreed with senior management and approved by the Audit Committee. The Head of Internal Audit assessment should be interpreted in this context when reviewing the effectiveness of the system of internal control and be seen as an internal driver for continuous improvement. The Head of Internal Audit opinion on the overall adequacy and effectiveness of the organisation's framework of governance, risk management, and control is set out below.'

Reasonable Assurance	 - + Yellow	The Board can take **reasonable assurance** that arrangements to secure governance, risk management and internal control, within those areas under review, are suitably designed and applied effectively. Some matters require management attention in control design or compliance with low to moderate impact on residual risk exposure until resolved.

"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)."

32.4 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

- 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.

Detailed results have been aggregated to build a picture of assurance across the Health Board.

In reaching this opinion the Head of Internal Audit identified that a small majority of reviews during the year concluded positively with robust control arrangements operating in some areas. However, there were nine limited assurance reviews and action has been identified in a number of key areas.

From the reports issued during the year, three were allocated Substantial Assurance, nine were allocated Reasonable Assurance and nine were allocated Limited Assurance. No reports were allocated no assurance. Seven Assurance not applicable/Advisory reports were also issued.

32.5 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.

32.6 A summary of the scope and objectives of audits carried out is set out below.

Substantial Assurance (Green)

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

Review Title	Objective
Welsh Risk Pool Claims Management Standard (Draft)	To establish whether there is a robust control environment in place within the Health Board to manage and support claims reimbursements from the Welsh Risk Pool.
Caldicott Principles into Practice (C-PIP)	To review the Health Board's processes for completion of the C-PIP assessment and the collation of appropriate evidence to support the assessed score.
Environmental sustainability report	To assess the adequacy of management arrangements for the production of the Sustainability Report within the Annual Report.

Reasonable Assurance (Yellow)

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

Review Title	Objective
Risk Management – Corporate Risks and Board Assurance Framework (Draft)	To ensure the Health Board has an effective system in place in which identifying and managing risk is a continuous process.
Performance measure reporting to the Board – Accuracy of information (Draft)	To validate the reporting of a sample of Performance Measure (s) going back to source data to confirm the integrity, accuracy and controls in place.
Budgetary Control & Financial Reporting (Draft)	To assess the effectiveness key financial controls and compliance in accordance with Finance policies/procedures.
Annual Quality Statement	To review the consistency of information published within the AQS with organisational data previously reported to the Board and its Committees.
Patient Safety Notices/Alerts/ Medical Device Alerts/Field Safety Notices (Draft)	To review the process operated in the Health Board for the receipt of a sample of notices to ensure they are disseminated to the right people in a timely way.
Approved Clinicians and Section 12(2) approval - Governance	To establish whether, within the Health Board, there is robust control and governance arrangements in place to ensure that applications for approval and re-approval, meet the professional requirements to undertake the functions of an Approved Clinician and Section 12(2) Doctor.
HASCAS & Ockenden external reports – Recommendation progress and reporting (Draft – *based upon the review of eleven recommendations received to date*)	To review the evidence supporting the eleven recommendations noted as completed to the Health Board at its meeting of the 5th September 2019.
Capital Systems (Draft)	To evaluate the systems and controls in place within the Health Board, with a view to delivering reasonable assurance to the Audit Committee that risks material to the objectives of the areas of coverage are appropriately managed.
Ablett Unit	To evaluate the systems and controls in place within the Health Board, with a view to delivering assurance to the Audit Committee that risks material to the objectives of the areas of coverage are appropriately managed.

Limited Assurance (Amber)

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

Review Title	Objective
Security	To ensure the requirements set out in the Security Management Framework for NHS Trusts are being complied with.
Violence and Aggression – Obligatory responses to violence in healthcare (Draft)	To ensure robust arrangements are in place relating to Violence & Aggression.
Engagement of interim appointments	To review the Health Board's compliance with Standing Financial Instructions, procurement arrangements and pre-employment checks in respect of appointments made to interim senior roles.
Mental Health & Learning Disabilities Division – Governance arrangements	To review the governance arrangements in place for Mental Health and Learning Disabilities Division (MH&LD) in line with the previous internal audit review undertaken in February 2019 and follow-up on previous agreed management actions.
Delivery of Savings – Ysbyty Glan Clwyd Hospital	To establish whether there is a robust control environment in place within the Health Board to support the delivery of the Health Board savings plan.
Business Continuity - Informatics	To establish whether there is a robust control environment in place within the Health Board to ensure that effective business continuity measures are in place and comply with relevant policies, legislation, and best practice.
Roster Management	To ensure the Health Board was not paying for agency services it had not received due to a lack of internal control at ward level.
Control of Contractors	To evaluate the systems and controls in place within the Health Board, with a view to delivering reasonable assurance to the Audit Committee that risks material to the objectives of the areas of coverage are appropriately managed.
Statutory Compliance: Water Safety	To determine the adequacy of, and operational compliance with, the systems and procedures of the Health Board, taking account of relevant NHS and other supporting regulatory and procedural requirements, as appropriate.

No Assurance (Red)

No reviews were assigned a 'no assurance' opinion.

32.7 The audit results can be grouped by assurance domain as follows:

Assurance domain	Audit Count	Overall rating	Not rated	No assurance	Limited assurance	Reasonable assurance	Substantial assurance
Quality and Safety	3					● ● ●	
Corporate Governance, Risk and Regulatory Compliance	9		● ● ●		● ● ● ●	●	●
Financial Governance and Management*	9		●		●	● ■ ■	■ ■ ■ ■
Strategic Planning, Performance Management and Reporting	2		●			●	
Information Governance and Security	3		●		●		●
Operational Service and Functional Management	2		●			●	
Workforce Management	1				●		
Capital and Estates Management	5				● ●	● ●	●

Key to symbols:

● Audit undertaken within the annual Internal Audit plan including those issued as draft.

■ * This domain outcome also includes the six financial system audits undertaken through the audit of NWSSP as they include transactions processed on behalf of the Health Board.

32.8 The Head of Internal Audit acknowledges that over the past year, due to the impact of COVID-19, it has been more difficult than usual for NHS organisations to implement audit recommendations within agreed timescales. He concludes that

"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."

33. External Audit – Structured Assessment and Annual Audit Report

33.1 On behalf of the Auditor General for Wales, staff of Audit Wales conducted a Structured Assessment, as referred to earlier in this Statement. The Assessment covered five main areas relating to finance and performance; strategic vision; turnaround and transformation; governance arrangements; and workforce issues of recruitment, productivity and modernisation. The Board accepted the Structured Assessment recommendations and approved the associated management response at its meeting on 21.1.21. Audit Wales' key messages following its Structured Assessment were:

"The Health Board has maintained a good overall focus on governance, risk and quality during its response to the first phase of the pandemic. Whilst the Health Board's existing resilience plans didn't sufficiently meet the scale and complexity of the challenge posed by pandemic, the Board recognised these limitations early and took necessary action. This included introduction of command and control structures and work streams, and a Cabinet which consisted of three independent and three executive board members to support decision making and oversight.

"Throughout this time we have seen improvement in partnership working and stronger stakeholder communications, particularly in relation to the response to the pandemic. The Board has taken steps to conduct its business with transparency through webcasting its meetings and our observations of Board and committee meetings show that they are generally conducted well. However, the Board will need to ensure it that its approach to scrutiny balances the challenges which are necessary with what is also needed to foster cohesive and collective leadership and direction amongst Board members. The Health Board's senior management provided good leadership in response to the pandemic. However, given the challenging environment will continue, there is a need to ensure a resilient and cohesive executive team to effectively respond. The Health Board is continuing to review its governance arrangements with a focus on strengthening risk and quality assurance arrangements and is also maintaining its focus on quality and safety of services during the pandemic.

"The overall financial position remains exceedingly challenging. In 2019-20, the Health Board did not meet its financial duties and had a £38.7 million year-end deficit despite slightly over-delivering against its £35 million savings target. For 2020-21 the Health Board originally forecast a £40 million deficit, but there are significant risks that could lead to further deterioration. These risks include non delivery of savings and additional unfunded COVID-19 costs. The Health Board has continued to improve financial management arrangements and controls and has responded to most recommendations made as a result of recent externally commissioned financial reviews. Key financial controls set out in standing financial instructions, scheme of reservation and delegation and standing orders operated unchanged throughout the pandemic. But this meant that there was no realignment of financial authority to the command and control structure, and the Health Board should reflect on this should similar incident management arrangements be required in future. There are appropriate arrangements to monitor financial expenditure and financial compliance, however, for further reassurance, the Health Board is undertaking additional work led by a 'Financial Governance Cell' to review compliance during this period.

"Short-term planning approaches are helping to respond to immediate and complex challenges created by the pandemic, but performance recovery will need a longerterm and more strategic approach. During the pandemic the organisation has used capacity demand modelling to inform its quarterly plans and taken steps to secure sufficient workforce capacity to respond to a potential second COVID peak. It has introduced digitally enabled services is making some significant care pathway changes. The pandemic has demonstrated that the Health Board can deliver complex service change at pace. Organisational performance recovery may require further major service change for some specialties. This needs to be grounded in a longer-term clinical strategy, which has yet to be produced. The Health Board is setting up a strategy group to take this work forward. Engagement of key strategic partners including the Community Health Council will be essential and there is opportunity for the Health Board to capitalise on the change management successes of the last 6 months".

33.2 Progress continues to be monitored via the audit tracker tool. At its January meeting, the Board also formally received and noted the Audit Wales Annual Audit Report 2020. This year's audit work took place at a time when the Health Board was responding to the unprecedented and ongoing challenges presented by the COVID-19 pandemic. Given its impact, the Auditor General re-shaped planned work programmes by considering how to best assure the people of Wales that public funds were well managed. The impact of the crisis on both resilience and the future shape of public services was taken into account, ensuring that the work did not hamper the Health Board in tackling the crisis, whilst ensuring continued support for both scrutiny and learning.

33.3 The Auditor General for Wales' key messges as set out in the Annual Audit Report are detailed below. Further details of the full report can be accessed via the Audit Wales website (https://www.audit.wales/publication/review-public-services-boards):

*"**Audit of accounts** - I concluded that the Health Board's accounts were properly prepared and materially accurate, and my work did not identify any material weaknesses in the Health Board's internal controls (as relevant to my audit). I have therefore issued an unqualified opinion on their preparation. However, I placed an Emphasis of Matter paragraph in my report to draw attention to disclosures in the accounts relating to a Ministerial Direction to fund NHS clinician's pension tax liabilities in respect of the 2019-20 financial year. My opinion was not modified in respect of this matter. The Health Board did not achieve financial balance for the three-year period ending 31 March 2020 and so I have issued a qualified opinion on the regularity of the financial transactions within the Health Board's accounts. Alongside my audit opinion, I placed a substantive report on the Health Board's financial statements to highlight the failure to achieve financial balance and to have an approved three-year plan in place.*

***"Arrangements for securing efficiency, effectiveness and economy in the use of resources** - My programme of Performance Audit work has led me to draw the following conclusions:*

the Health Board maintained a good overall focus on governance, risk and quality during its response to the first phase of the pandemic;

reasonable financial arrangements were put in place to respond to COVID-19, and until the recent additional financial allocation announced in November, there were significant risks to the Health Board's financial position;

the Health Board's quarterly operational plans are helping it to respond to a range of complex service risks, but there is a need for a strategy to recover services to help ensure they provide sustainable capacity and improvements in productivity;

the Health Board demonstrates a commitment to counter-fraud, has suitable arrangements to support the prevention and detection of fraud and is able to respond appropriately where fraud occurs;

overall, I found that the interim appointments were made in accordance with SFIs but that the daily rate paid to the Interim Recovery Director was above most of the benchmark comparators;

the refurbishment of Ysbyty Glan Clwyd successfully removed the asbestos and created better facilities for patients, but there were several weaknesses in the governance and management of the project, which resulted in significant cost growth;

I found that weaknesses in governance and oversight have led to inefficiencies, variation and tensions in the management of continuing healthcare, but the Health Board has been developing an ambitious plan for improvement."

33.4 As reported in the last Annual Governance Statement, the Auditor General wrote to the Health Board on 19.3.20 to advise that Audit Wales had paused aspects of its work - site-based audits - in order to allow for prioritisation of the COVID-19 response. This continued to be the case in respect of site-based audits for the duration of the 2020-21 financial year.

34. Conclusion

34.1 As Accountable Officer, based on the review process outlined above, I have reviewed the relevant evidence and assurances in respect of internal control. Taking into account the evidence detailed in this Statement, together with feedback from Welsh Government including de-escalation from Special Measures into Targeted Intervention, from Audit Wales via their Structured Assessment and from Internal Audit's assurance assessment, I have concluded that overall, the effectiveness of the system of internal control is satisfactory, though some internal control/governance issues have been identified. These issues have been reported on in the preceding narrative which sets out the issues and the actions being taken.

34.2 The last twelve months have been difficult and challenging for the organisation. Reflecting upon the priority areas for improvement listed in the conclusion section of last year's Annual Governance Statement, I am satisfied that progress has been made as far as the circumstances of the pandemic have allowed (balancing the need to respond to COVID-19 against recovery, lessons learnt and opportunities for transformation, securing the lifting of special measures, performance in unscheduled care and on RTT, financial position, strategic and service planning capacity and capability, joint working with key strategic partners and continuing to apply the principles of best practice in public sector governance). However, there remain several key areas where there is further work to be done, and these contribute to the Health Board remaining on the Escalation Framework under Targeted Intervention arrangements.

34.3 In addition to progressing the work listed in section 31.3, and addressing the risks set out in section 19 of this Statement, the Health Board's key priority areas for improvement and focus in the year ahead will be:

- The ongoing COVID-19 response – the impacts of the pandemic on the NHS have been very significant and have resulted in serious challenges for the Health Board in terms of service recovery;
- Strengthening our well-being focus;
- Primary and community care;
- Re-introducing timely planned care pathways;
- Improving unscheduled care; and
- Integration and improvement of Mental Health Services.

In addressing these priority areas, the Health Board will continue to work jointly with key strategic partners, particularly via Public Services Boards and the Regional Partnership Board, and will uphold the principles of best practice in public sector governance.

34.4 As Accountable Officer, I am very clear on the improvements that need to be made at pace and the further work required to tackle the range of challenges facing the Health Board. I have confidence in the willingness and commitment of all staff within the organisation to strive to overcome the many challenges faced by the Health Board, in order to deliver success that translates into better performance and outcomes for patients.

34.5 This Annual Governance Statement has been developed in accordance with the Health Board's governance arrangements and was approved by the Audit Committee on behalf of the Board on 25.5.21. As the Accountable Officer, I am taking assurances on the accuracy of the Annual Governance Statement from the arrangements established by the Health Board.

34.6 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 which has presented a number of opportunities in addition the risks. The need to respond and 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:

Jo Whitehead
Chief Executive and Accountable Officer

Date:

Appendix 1 Board and Committee Membership 2020/21

A number of changes to Board membership, including interim and acting up arrangements, have occurred during 2020/21 and are reflected in the table below.

Name	Position	Area of expertise / representation role	Board Committee membership	Champion roles
Mark Polin	Chairman		• Chair of the Board • Chair Remuneration and Terms of Service Committee • Chair Finance and Performance Committee	
Lucy Reid	Independent Member Vice Chair	Community Primary Care & Mental Health	• Board Member • Chair Quality, Safety and Experience Committee • Chair Mental Health Act Committee • Member Remuneration and Terms of Service Committee *wef 22.6.20*	• Concerns
Lyn Meadows	Independent Member	Community	• Board Member • Acting Chair Strategy, Partnerships and Population Health Committee • Vice Chair Audit Committee • Vice Chair Quality, Safety and Experience Committee	• Nutrition • Cleaning, Hygiene and Infection Management
Cheryl Carlisle	Independent Member	Community	• Board member • Member Quality, Safety and Experience Committee • Member Mental Health Act Committee • Member Charitable Funds Committee	• Carers • Children and Young People
Medwyn Hughes	Independent Member	Local Authority	• Board Member • Chair Audit Committee • Vice Chair Remuneration and Terms of Service Committee • Member Digital & Information Governance Committee *wef 23.12.19*	• Patient and Public Involvement • Welsh language
Nichola Callow	Independent Member	University	• Board Member • Member Digital & Information Governance Committee • Member Strategy, Partnerships and Population Health	
Helen Wilkinson	Independent Member *to 23.11.20* (includes a period of voluntary leave of absence)	Third Sector	• Board Member • Vice Chair Strategy, Partnerships and Population Health Committee • Member Finance and Performance Committee • Member Charitable Funds Committee	• Veterans

Name	Position	Area of expertise / representation role	Board Committee membership	Champion roles
Jackie Hughes	Independent Member	Trade Union	• Board Member • Member Audit Committee • Member Remuneration and Terms of Service Committee • Member Quality, Safety and Experience Committee • Chair Charitable Funds Committee • Ex Officio Local Partnership Forum	• Violence and Aggression • Equality
John Cunliffe	Independent Member	Community	• Board Member • Chair Digital & Information Governance Committee • Vice Chair Finance and Performance Committee • Member Strategy, Partnerships and Population Health Committee	
Eifion Jones	Independent Member	Community	• Board member • Member Finance and Performance Committee • Member Mental Health Act Committee • Member Audit Committee	
Linda Tomos	Independent Member *wef 10.11.20*	Community	• Board member • Member Finance and Performance Committee • Member Strategy, Partnerships and Population Health Committee Member Audit Committee • Member Charitable Funds Committee	
Simon Dean	Interim Chief Executive *to 31.8.20*		• Board Member • In attendance Remuneration and Terms of Service Committee • In attendance Audit Committee (at least annually) • Joint Chair / Member, Local Partnership Forum • By invitation Finance and Performance Committee	

Name	Position	Area of expertise / representation role	Board Committee membership	Champion roles
Mrs Gill Harris	Acting Chief Executive *wef 1.9.20 to 31.12.20*		• As above except • In attendance Finance and Performance Committee *wef 17.9.20*	
	Executive Director Nursing and Midwifery / Deputy Chief Executive wef 1.4.20 to 31.8.20 & wef 1.1.21		• Board Member • Lead Director / In attendance Quality, Safety and Experience Committee • Member Local Partnership Forum • In attendance Mental Health Act Committee • In attendance Finance and Performance Committee *wef 17.9.20* • In attendance Audit Committee	
Jo Whitehead	Chief Executive *wef 4.1.21*		• Board Member • In attendance Remuneration and Terms of Service Committee • In attendance Audit Committee (at least annually) • Joint Chair / Member, Local Partnership Forum • In attendance, Finance and Performance Committee	
Debra Hickman	Acting Executive Director Nursing and Midwifery *wef 1.9.20 to 31.12.20*		• Board member • Lead Director / In attendance Quality, Safety and Experience Committee • Member Local Partnership Forum • In attendance Mental Health Act Committee	
Sue Hill	Executive Director of Finance (Acting to *31.12.20)*		• Board Member • In attendance Audit Committee • Lead Director / Member, Charitable Funds Committee • Lead Director / In attendance, Finance and Performance Committee • Member Local Partnership Forum • In attendance Digital and Information Governance Committee	

Name	Position	Area of expertise / representation role	Board Committee membership	Champion roles
Teresa Owen	Executive Director of Public Health Acting Deputy Chief Executive *wef 1.9.20* *to 31.12.20*		• Board Member • In attendance Quality, Safety and *Experience* Committee • In attendance Strategy, Partnerships and Population Health Committee • Lead Director / In attendance Mental Health Act Committee *wef 1.9.20*	
Sue Green	Executive Director of Workforce & Organisational Development (OD)		• Board Member • Lead Director/In attendance, Remuneration and Terms of Service Committee • In attendance Finance and Performance Committee • In attendance Strategy, Partnerships and Population Health Committee • Lead Director / Member, Local Partnership Forum • In attendance, Quality, Safety and Experience Committee	
Mark Wilkinson	Executive Director Planning and Performance		• Board Member • Lead Director / In attendance, Strategy, Partnerships and Population Health Committee • Member Charitable Funds Committee • In attendance Finance and Performance Committee • Lead Director / In attendance Stakeholder Reference Group	
David Fearnley	Executive Medical Director *to 30.9.20*		• Board member • In attendance Quality, Safety and Experience Committee • Lead Director / In attendance Digital and Information Governance Committee • In attendance Finance and Performance Committee • Member Charitable Funds Committee	

Name	Position	Area of expertise / representation role	Board Committee membership	Champion roles
Arpan Guha	Acting Executive Medical Director *wef 1.10.20*		• Board member • In attendance Quality, Safety and Experience Committee • In attendance Digital and Information Governance Committee • In attendance Finance and Performance Committee • Member Charitable Funds Committee • In attendance Remuneration & Terms of Service Committee • In attendance Strategy, Partnerships and Population Health Committee	
Chris Stockport	Executive Director Primary and Community Services		• Board member • In attendance, Quality, Safety and Experience Committee • In attendance Strategy, Partnerships and Population Health Committee • Lead Director / In attendance Digital and Information Governance Committee *wef 1.10.20*	
Adrian Thomas	Executive Director Therapies & Health Sciences		• Board member • Lead Director / In attendance Healthcare Professionals Forum • In attendance Quality, Safety and Experience Committee	
Louise Brereton	Board Secretary *wef 11.1.21*		• In attendance at Board • Lead Director / In attendance Audit Committee	
Dawn Sharp	Acting Board Secretary *wef 1.9.19 to 10.1.21 for remuneration purposes* (includes a period of sickness absence)		• In attendance at Board • Lead Director / In attendance Audit Committee	
Justine Parry	Acting Board Secretary *to 26.4.20* (covering Dawn Sharp's sickness absence)		• In attendance at Board • Lead Director / In attendance Audit Committee	

Name	Position	Area of expertise / representation role	Board Committee membership	Champion roles
Associate Board Members				
Andy Roach	Director of Mental Health and Learning Disabilities *to 30.11.20* (includes a period of sickness absence)		• Associate Board Member • Lead Director / In attendance Mental Health Act Committee • In attendance Quality, Safety and Experience Committee • Member Local Partnership Forum	
Lesley Singleton	Acting Director of Mental Health and Learning Disabilities *to 2.6.20* (covering Andy Roach's sickness absence)		• Associate Board Member • Lead Director / In attendance Mental Health Act Committee • In attendance Quality, Safety and Experience Committee • Member Local Partnership Forum	
Morwena Edwards	Associate Member	Director of Social Services, Gwynedd	• Associate Board Member	
Ffrancon Williams	Associate Member	Chair Stakeholder Reference Group	• Associate Board Member	
Gareth Evans	Associate Member	Chair Healthcare Professionals Forum	• Associate Board Member • In attendance Quality, Safety & Experience Committee	

Summary of new and interim appointments,and turnover at Board level:

- Simon Dean's secondment to the Health Board ended on 31.8.20
- Gill Harris became Acting Chief Executive 1.9.20-31.12.20
- Jo Whitehead was appointed substantive Chief Executive from 1.1.21.
- Lesley Singleton was Acting Director of Mental Health and Learning Disability until 1.6.20
- Andy Roach, Director of Mental Health and Learning Disability, left on 30.11.20 (this post is no longer designated an Associate Board Member)
- Debra Hickman was Acting Executive of Director of Nursing & Midwifery 1.9.20-31.12.20
- Teresa Owen was Acting Deputy Chief Executive 1.9.20-31.12.20
- David Fearnley, Executive Medical Director, left on 30.9.20
- Arpan Guha became Acting Executive Medical Director on 1.10.20
- Sue Hill was Acting Executive Director of Finance until 31.12.20, then substantively appointed from 1.1.21
- Linda Tomos commenced as a new Independent Member on 27.10.20
- Helen Wilkinson, Independent Member, left the organisation on 23.11.20
- There were two Acting Board Secretaries in the reporting period until 11.1.21, when Louise Brereton was substantively appointed.

On 23.3.20 the Welsh Government suspended all Ministerial Public Appointment campaigns with immediate effect. At the time of suspension, the Board was carrying one Independent Member vacancy. When the suspension was lifted, an Independent Member appointment to the vacancy was made on 10.11.20. At the time of writing the Health Board was carrying an Independent Member vacancy, with effect from 23.11.20. Action taken to ensure the Board remains quorate and stable during this time has included re-engaging the previous Vice-Chair as a Special Adviser until October 2020.

Appendix 2 BCUHB Health Board member attendance at Board Meetings 2020 /21
(the meetings listed are those that would have been held in public under normal circumstances, however public attendance was disrupted due to COVID-19 regulations – see section 2.8)

Y = Present A = Apologies P = Part attendance

		15.4.20	14.5.20	21.5.20	23.7.20	24.9.20	12.11.20	21.1.21	11.3.21	30.3.21
Mark Polin Chairman	Member	A	Y	Y	Y	Y	Y	Y	Y	Y
Nichola Callow Independent Member	Member	Y	Y	Y	A	Y	Y	Y	Y	A
Cheryl Carlisle Independent Member	Member	Y	Y	A	Y	Y	Y	Y	Y	Y
John Cunliffe Independent Member	Member	Y	Y	Y	Y	Y	Y	Y	Y	A
Medwyn Hughes Independent Member	Member	Y	Y	Y	Y	Y	Y	Y	Y	Y
Jackie Hughes Independent Member	Member	Y	Y	Y	Y	Y	Y	Y	Y	Y
Eifion Jones Independent Member	Member	Y	Y	Y	Y	Y	Y	A	Y	A
Lyn Meadows Independent Member	Member	Y	Y	Y	Y	Y	Y	Y	Y	Y
Lucy Reid Independent Member / Vice Chair	Member	Y	Y	Y	Y	A	Y	Y	Y	Y
Helen Wilkinson Independent Member *to 23.11.20*	Member	Y	Y	Y	Y	A	A			
Simon Dean Interim Chief Executive *to 31.8.20*	Member	Y	Y	Y	Y					
Jo Whitehead Chief Executive *wef 1.1.21*	Member							Y	Y	Y
Gill Harris Acting Chief Executive *wef 1.9.20 to 31.12.20*	Member					Y	Y			
Executive Director Nursing and Midwifery / Deputy Chief Executive	Member	Y	Y	Y	Y			P	Y	A

		15.4.20	14.5.20	21.5.20	23.7.20	24.9.20	12.11.20	21.1.21	11.3.21	30.3.21
Debra Hickman Acting Executive Director Nursing and Midwifery *wef 1.9.20 to 31.12.20*	Member					Y	Y			
Teresa Owen Executive Director Public Health in addition Deputy Chief Executive *wef 1.9.20 to 31.12.20*	Member	A	P	Y	Y	Y (& DCE)	Y (& DCE)	P	Y	Y
David Fearnley Executive Medical Director *to 30.9.20*	Member	A	Y	Y	Y	Y				
Arpan Guha Acting Executive Medical Director *wef 1.10.20*	Member					Designate Y	Y	Y	Y	Y
Sue Hill Executive Director Finance (Acting *to 31.12.20*)	Member	Y	Y	Y	A	Y	Y	A	Y	Y
Adrian Thomas Executive Director Therapies and Health Sciences	Member	Y	Y	Y	Y	Y	P	Y	Y	Y
Sue Green Executive Director of Workforce & OD	Member	Y	Y	Y	Y	Y	Y	Y	Y	Y
Chris Stockport Executive Director of Primary and Community Services	Member	Y	A	Y	Y	Y	Y	Y	Y	Y
Mark Wilkinson Executive Director Planning and Performance	Member	Y	Y	Y	Y	Y	Y	Y	Y	Y
Andy Roach Director Mental Health & Learning Disabilities *to 30.11.20*	In Attendance	A	A	A	A	A	A			
Lesley Singleton Acting Director Mental Health & Learning Disabilities *to 30.9.20*	In Attendance	Y	Y	A	A	A				
Justine Parry Acting Board Secretary *to 26.4.20*	In Attendance	Y								
Dawn Sharp Acting Board Secretary *to 10.1.21*	In Attendance	A	Y	Y	Y	Y	Y			
Louise Brereton Board Secretary *wef 11.1.21*	In Attendance							Y	Y	Y

		15.4.20	14.5.20	21.5.20	23.7.20	24.9.20	12.11.20	21.1.21	11.3.21	30.3.21
Morwena Edwards representing Directors Social Services	Associate Member	A	Y	Y	Y	A	Y	Y	A	A
Ffrancon Williams Chair of Stakeholder Reference Group	Associate Member	Y	Y	Y	Y	P	Y	Y	Y	A
Gareth Evans Chair of Healthcare Professionals Forum	Associate Member	Y	Y	Y	A	Y	Y	Y	Y	Y

Appendix 3 - Meetings of the Health Board and Committees 2020/21

(the meetings listed are those that would have been held in public under normal circumstances, however public attendance was disrupted due to COVID-19 regulations – see section 2.8)

Meeting	Date								
Health Board	**15.4.20**	**14.5.20**	**21.5.20**	**23.7.20**	**24.9.20**	**12.11.20**	**21.1.21**	**11.3.21**	**30.3.21**
Quality, Safety & Experience (QSE) Committee	**5.5.20**	**3.7.20**	**29.7.20**	**28.8.20**	**3.11.20**	**15.1.21**	**2.3.21**		
Finance & Performance (F&P) Committee	**4.6.20**	**16.7.20**	**27.8.20**	**30.9.20**	**29.10.20**	**21.12.20**	**28.1.21**	**25.2.21**	**25.3.21**
Strategy, Partnerships & Population Health (SPPH) Committee	**9.6.20**	**13.8.20**	**1.10.20**	**10.12.20**	**23.2.21**				
Remuneration and Terms of Service Committee	**15.6.20**	**20.7.20**	**7.8.20**	**6.10.20**	**1.2.21**				
Mental Health Act Committee	**19.10.20**	**8.12.20**	**12.3.21**						
Charitable Funds Committee	**25.6.20**	**10.9.20**	**8.12.20**	**9.3.21**					
Audit Committee	**29.6.20**	**28.7.20**	**17.9.20**	**17.12.20**	**18.3.21**				
Digital & Information Governance Committee	**19.6.20**	**25.9.20**	**26.3.21**						

Appendix 4 Welsh Health Circulars 2020/21

WHC No	Date Received	Description	Lead	Action taken
2020/				
005	30.9.20	Recording of Dementia Read Codes	Executive Director of Primary Care & Community Services	15.12.20 - Forwarded to Consultant Nurse for Dementia who stated that the requirements are already in place. This information has been shared with West MAS and Read Codes are included on all correspondence with GPs/Primary Care.
006	3.4.20	Covid-19 Response – Continuation of Immunisation Programmes – revised	Office of the Medical Director	15.10.20 – Executive Director of Primary and Community Care confirmed that this had been actioned.
008	30.4.20	Reuse of Medication in Care Homes and Hospices	Office of the Medical Director	WHC 008 (Reuse of medication in care homes and hospices) has been discussed in the COVID-19 Care Home Cell and a memorandum drafted to clarify how this should be applied in North Wales. A checklist has been developed, to be completed and included in the patient's notes in the event of any reuse.
009	21.5.20	The National Influenza Programme 2020 – 2021	Executive Director of Public Health	BCUHB Flu Plan 20-21 developed and taken through relevant groups and committees of the Health Board for approval and ratification. Flu vaccination performance data across North Wales is deemed to be excellent
011	9.7.21	Temporary Amendments to Model Standing Orders, Reservation and Delegation of Powers	Acting Board Secretary	The temporary changes were approved by the Audit Committee on 28.7.21 and ratified by the Board 24.9.21.
014	29.9.20	Ear Wax Management Primary Care and Community Pathway	Executive Director of Therapies & Health Sciences	A business case has been developed for further roll out of Primary Care Advanced Practice Audiology programme. This includes the implementation of the WHC for Ear Wax Management. This has been highlighted as a priority for 21/22 in the BCUHB draft Annual Plan submitted to WG at the end of March 21. Funding has been identified from the additional strategic financial support provided to the Health Board. Next steps will be final approval of the business case and agreement of an implementation plan.
015	14.9.20 and then reissued on 22.9.20	Policy on Single use and Reusable Laryngoscopes	Office of the Medical Director	This issue was picked up by the Infection Prevention and Control group.
016	21.12.20	Procedure for Performance Management, Removal or Suspension of NHS Chairs et al	Chairs, IMs and Associate Members	Information was circulated to the full Board on 22.12.20.

WHC No	Date Received	Description	Lead	Action taken
018	1.10.20	Last Man Standing	Executive Director of Primary Care & Community Services	Executive Director of Primary Care & Community Care confirmed that this has been actioned.
022	14.12.20	NHS Wales Annual Planning Framework 2021-22	Executive Director of Planning & Performance	The Board approved Plan was submitted to Welsh Government on 313.21 by the CEO's office.
023	23.12.20	EU Exit – Continuity of Medicine Supply at the End of the Transition Period	Office of the Medical Director	Noted and forwarded to the Office of the Medical Director.
024	22.12.20	Clinical Assessment of Covid-19 in the Community – Update December 2020	Executive Director of Primary Care & Community Services	This was all taken forward through the national working group and pathway and pulse oximeters, etc are being put in place.
025	22.12.20	2021-22 Health Board and Public Health Wales NHS Trust Allocations	Executive Director of Finance	The Health Board's financial plan has been updated to reflect the 2021-22 Health Board and Public Health Wales NHS Trust Allocations, and a draft Financial Plan was approved by the Board on 303.21.
2021/				
001	14.1.21	Consolidation Rules for Managing Cancer Waiting Times	Executive Director of Therapies & Health Sciences	New data collection and reporting systems have been put in place to meet reporting requirements in line with national timescales; implemented with effect from December 2020 as per the national requirement.
002	19.1.21	Board Champion Roles	Board Secretary	The Head of Corporate Affairs reviewed the WHC and highlighted necessary changes. The Chair will review this matter with Independent Member colleagues.
003	10.3.21	Senedd Election 2021	Board Secretary	10.3.21 - Information circulated to Board and to all staff via the Corporate Communications bulletin. Records updated accordingly.
004	19.2.21	Flu Vaccinations 2021-22	Executive Director of Public Health Wales	To be discussed and direction of travel agreed at the Strategic Immunisation Group 21.04.21
006	11.3.21	Senedd Election 2021 – Guidance for NHS Wales	Board Secretary	12.3.21. Information circulated to all staff via the Corporate Communications bulletin. Records updated accordingly.

WHC No	Date Received	Description	Lead	Action taken
007	11.3.21	6 weeks post-natal GP physical examination of child. HCWP (Healthy Child Wales Programme)	Executive Director of Primary Care & Community Services	There was no action required. This is guidance which has been sent directly to practices by Welsh Government. The Health Board is, however, currently working with colleagues to understand the ongoing level of compliance and what review processes (if any) are in place locally.
009	25.3.21	School Entry Hearing Screening Pathway	Executive Director of Primary Care & Community Services	28/3/21 – forwarded to the Assistant Area Director for Children (West) for action.

Appendix 5 – Principal Risks

The Health Board has identified the following principal risks to the achievement of its strategic objectives, which were agreed in 2020.

No	BAF Risk IDs	Title/Brief Description of risks
1	BAF20-01	Surge Plan / Winter Plan: There is a risk that the Health Board may not be able to deliver its Winter Plan.
2	BAF20-02	Emergency Care Review Recommendations: There is a risk that the Health Board may not be able to deliver safe effective care.
3	BAF20-03	Sustainable Key Health Services: There is a risk that the Health Board may not be able to deliver sustainable key population health services to the wider population of North Wales due to diminishing capacity to meet an ever-growing demand.
4	BAF20-04	Primary Care Sustainable Health Services: There is a risk that the Health Board may be unable to deliver high quality Primary Care Services to the local population.
5	BAF20-05	Timely Access to Planned Care: There is a risk that the Health Board may be unable to deliver timely access to Planned Care due a mismatch between demand and capacity and Covid-19, which could result in a significant backlog and potential clinical deterioration in some patient conditions.
6	BAF20-07	Effective Stakeholder Relationships: There is a risk that our relationships (internal and external) are ineffective.
7	BAF20-08	Safe and Effective Mental Health Service Delivery: There is a risk to the safe and effective delivery of MHLD services.
8	BAF20-09	Mental Health Leadership Model: There is a risk that the leadership model is ineffective and unstable.
9	BAF20-10	Mental Health Service Delivery During Pandemic Management: There is a risk that the safe and effective delivery of MHLD services. This could be due to the consequences of Covid-19.
10	BAF20-11	Infection Prevention and Control: There is a risk that patients will suffer harm due to healthcare associated infections.
11	BAF20-12	Listening and Learning: There is a risk that staff across the organisation do not feel that it is safe and/or worthwhile highlighting concerns.
12	BAF20-13	Workforce Optimisation: There is a risk that the Health Board Loses engagement and empowerment of its workforce.
13	BAF20-14	Security Services: There is a risk that the Health Board does not provide effective security services across the organisation.
14	BAF20-15	Health and Safety: There is a risk that the Health Board fails in its statutory to provide safe systems of delivery and work.
15	BAF20-16	Pandemic Exposure: There is a risk that staff, patients and visitors are exposed to Covid-19.

16	BAF20-17	Value Based Improvement Programme: There is a risk that the Health Board doesn`t understand and use its resources efficiently and effectively.
17	BAF20-18	Digital Estates and Assets: There is a risk that informatics cannot implement digital solutions.
18	BAF20-20	Estates and Assets Development: There is a risk that the Health Board does not systematically review and capitalise on the opportunity to develop its estates and assets.
19	BAF20-21	Workforce Optimisation: There is a risk that the Health Board attract or retain staff.
20	BAF20-25	Impact of Covid-19: Workforce Optimisation: There is a risk that the ongoing Covid-19 pandemic will lead to the Health Board being overwhelmed.
21	BAF20-26	Development of Annual Operational Plan 2021-22: There is a risk that the Health Board fails to deliver an approvable plan to the Welsh Government.
22	BAF20-27	Delivery of a Planned Annual Budget: There is a risk that the Health Board spends in excess of its planned annual budget.
23	BAF20-28	Estates and Assets: There is a risk that the Health Board fails to provide a safe and compliant built environment, equipment and digital landscape due to limitations due to limitations in capital funding.

Following the continual review of risks in line with the Risk Management Strategy, the following two risks currently on the BAF are being recommended by the relevant Executive Directors to the Board Committees for review, scrutiny and further recommendations to the Board for approval, closure and archiving:

- BAF20-01 - Surge Plan / Winter Plan (This risk will be closed and archived as the Winter Plan has now been delivered and any outstanding actions will be transferred to, continuously implemented, and managed via BAF20-02 - Emergency Care Review Recommendations).
- BAF20-26 - Development of Annual Operational Plan 2021-22 (This risk will be closed and archived as the proposal of the Operational Plan for 2021/22 have now been submitted to the Strategy, Partnership and Population Health Committee for approval).

In addition to the above and after review and scrutiny, the Board approved that the following BAF risks should be closed and archived and/or new ones identified, assessed and added as per their recommendations. For example, the Board recommended that BAF20-06 - Pandemic Management should be closed and archived and a new BAF20-25 - Impact of Covid-19 identified, assessed and added to replace it.

BAF Risk IDs	Title/Brief Description of risks	Recommendations
BAF20-06	Pandemic Management - There is a risk that the ongoing Covid-19 pandemic, through the second wave, could inhibit the Health Board`s ability to deliver timely access to high quality planned care to its patients.	This risk has been archived and a new BAF20-25 has been created.
BAF20-19	Estates and Assets **-** There is a risk that the Health Board does not understand its equipment, assets or digital landscape due to no clear leadership, oversight of agreed capital funding at the Board. This could impact on the Board's ability to implement safe and sustainable services through an appropriate refresh programme.	BAF20-19 has been archived and a new BAF20-28 has been created.
BAF20-22	Development of Integrated Medium Term Plan (IMTP) - There is a risk the Health Board fails to deliver an approvable IMTP to Welsh Government and remains in breach of its statutory duties whether due to inability to deliver financial balance or to present a plan that delivers key performance targets. This impacts on reputation, and reduces freedom to act.	BAF20-22 has been de-escalated and a new BAF20-26 created. This risk is now being managed at the Corporate Tier 2 Divisional Level
BAF20-23	EU Exit - There is a risk that the Health Board (HB) will fail to maintain a safe and effective healthcare service following the end of the EU Transition period on 31 December 2020.	BAF20-23 has been deescalated and is now being managed at the Corporate Tier 2 Divisional Level
BAF20-24	Impact of COVID - There is a risk that Health Board will be overwhelmed and unable carry out its core functions due to the spread and impact of Covid-19 in North Wales, which could lead to reduced staff able to work and increased demand on services (including acute, community, mental health and primary care). This could negatively affect the mass vaccination programme, quality of patient care, outcomes for patients and the Health Board's ability to deliver its plans and corporate priorities.	BAF20-24 has been archived and a new BAF20-25 created.

Appendix 6 – BAF and CRR risks

Following the re-write of the CRR, the following significant risks that featured on the old version of the register were escalated onto the BAF (although they have now been de-escalated and are being mitigated and managed through the CRR):

No	CRR Risk IDs	Title of Risks
1	CRR23	Asbestos Management and Control
2	CRR24	Contractor Management and Control
3	CRR25	Legionella Management and Control

The following risks which featured on the old version were closed (refreshed risks were captured on the new CRR):

No	CRR Risk IDs	Title of Risks
1	CRR01	Population Health
2	CRR02	Infection Prevention and Control
3	CRR03	Continuing Health Care
4	CRR05	Learning from Patient Experience
5	CRR06	Financial Stability
6	CRR09	Primary Care Sustainability
7	CRR10a	National Infrastructure and Products
8	CRR10b	Informatics - Health Records
9	CRR10c	Informatics infrastructure capacity, resource and demand
10	CRR11a	Unscheduled Care Access
11	CRR11b	Planned Care Access
12	CRR12	Estates and Environment
13	CRR13	Mental Health Services
14	CRR14	Staff Engagement
15	CRR15	Recruitment and Retention
16	CRR16	Safeguarding
17	CRR17	Development of Integrated Medium Term Plan
18	CRR18	EU Exit - Transition Arrangements
19	CRR20	Security Risk
20	CRR21	Health & Safety Leadership and Management
21	CRR22	Potential to compromise patient safety due to large backlog and lack of follow-up capacity
22	CRR23	Asbestos Management and Control
23	CRR24	Contractor Management and Control
24	CRR25	Legionella Management and Control
25	CRR26	Non-Compliance of Fire Safety Systems
26	CRR27	Risk to public health and safety arising from an outbreak of COVID-19 and demand outstripping organisational capacity
27	CRR28	Risk of infection from COVID-19 to staff and patients as a result of inadequate supply, quality or usage of PPE
28	CRR29	Timely access to care homes

The following 7 clinical and non-clinical risks which were initially agreed by the Audit Committee on 17.12.20 and included on the CRR are regularly reviewed and scrutinised:

No	CRR Risk IDs	Title of Risks
1	CRR20-01	Asbestos Management and Control.
2	CRR20-02	Contractor Management and Control.
3	CRR20-03	Legionella Management and Control.
4	CRR20-04	Non-Compliance of Fire Safety Systems.
5	CRR20-05	Timely access to care homes
6	CRR20-06	Informatics - Patient Records pan BCU.
7	CRR20-07	Informatics infrastructure capacity, resource and demand.

CRR20-08 was escalated via the RMG and recommended by the Executive Team for inclusion onto the CRR pending approval from the Audit Committee. The Quality, Safety and Experience Committee reviewed CRR20-09 - and rejected its inclusion on the CRR pending further work to reframe its focus. CRR20-10, approved during the last financial year, is at the time of writing in the process of de-escalation:

8	CRR20-08	Insufficient clinical capacity to meet demand may result in permanent vision loss in some patients.
9	CRR20-09	Patient care could be compromised due to no clinical Lead for Diabetes Speciality
10	CRR20-10	GP Out of Hours IT System

At the time of writing, the following 6 clinical, non-clinical and operational risks are progressing through the escalation process with the view to their inclusion on the CRR, subject to necessary committee approvals (timelines for submission to the relevant committee will run from June 2021 but specific dates are not confirmed at the time of writing):

- Risk ID 1875 - National Infrastructure and Products
- Risk ID 1976 - Nurse staffing (continuity of service may be compromised due to a diminishing nurse workforce)
- Risk ID 3347 - Inability to operate on cancer patients
- Risk ID 3613 - Non-delivery of WCCIS
- Risk ID 3659 - Cyber Security.

Appendix 7 – Errors during the early stages of the Covid-19 pandemic

On 13.3.20, the Minister for Health and Social Services announced that all non-essential hospital procedures would be cancelled due to the pandemic. There was no detailed implementation guidance available at that time. The Health Board responded by announcing on 19.3.20 that it was postponing non-urgent activity. Therapy Services then removed approximately 9,000 patients from their waiting lists. No patients undergoing active treatment were discharged. Welsh Government guidance subsequently issued on 7.4.20 clarified that the majority of these patients should have remained on the waiting list with a 'suspended' status. Corrective action was taken and all patients were reinstated onto updated waiting lists by 31.5.20.

Similarly, a misinterpretation of an instruction resulted in communications being issued from within the Mental Health and Learning Disability Division to GPs and patients, effectively cancelling primary care input for high numbers of service users. The error came to light on 16.4.21 and corrective actions were initiated in order to re-start primary care services for the patients. A letter of apology from the MHLD Division was sent to all GP practices on the 20th April, with further clarity in early May.

All teams worked to implement a robust process and ensure that all patients were contacted and reinstated to the PCMH service where appropriate. This was completed across all Areas by 2nd June 2020.

On 16.4.21, Public Health Wales (PHW) published data on deaths broken down to organisation level, and it came to light that deaths in the Health Board were not being consistently recorded within total PHW figures. Steps were taken to correct the position and a protocol for reporting deaths to PHW was put in place. The errors were reported to the Covid-19 Cabinet. The Cabinet was satisfied with the responses and corrective actions taken.

Remuneration Report 2020/21

Policies for the remuneration of staff and senior managers

Senior Managers are defined as those who have authority or responsibility for directing and controlling the major activities of the Health Board as a whole, this definition includes those employees and Independent Members who are regular attendees at Board meetings. The names and titles of Board members are disclosed in the salary table below.

From October 2004, the NHS Agenda for Change process was introduced to achieve consistency in contracts and terms and conditions across NHS Wales. An all-Wales contract is issued to all staff and managers (excluding directors) upon appointment. Reforms to the NHS Agenda for Change pay structure were agreed for the three years commencing 1st April 2018. As part of this, the value of the top pay points for Bands 2 to 8b were increased in 2020/21 by 1.67%

In addition, the Welsh Government announced in March 2021 a one off non-consolidated non-pensionable bonus payment of £735 for all directly employed NHS staff with at least one month's continuous service in the NHS in Wales between 17 March 2020 and 28 February 2021 for Local Health Boards or NHS Trusts.

NHS Wales has adopted the Living Wage. Therefore, the pay of staff below the Living Wage minimum figure is adjusted to meet the Living Wage hourly rate. For 2020/21, the pay of staff in Agenda for Change Band 1 (pay points 1 to 3) and Band 2 (pay points 1 to 2) was adjusted to meet the minimum hourly rate of £9.30 per hour.

Medical and dental staff are governed by medical and dental terms and conditions which apply across NHS Wales. These employees received a 2.8% uplift to basic pay for 2020/21.

The Health Board applies the NHS Wales policy on incremental progression for staff on Agenda for Change pay scales, which includes the operation of the Performance Appraisal Development Review process.

Directors are not part of this process and a very senior manager pay scale has been introduced by the Welsh Government. Pay awards are determined nationally and applied locally based upon instructions from Welsh Government. For 2020/21, a 2.0% consolidated increase was applied to all pay scales for individuals holding executive and senior posts. The Health Board does not operate a performance related pay system for very senior managers.

Independent Members are appointed for a term of up to four years (and can be appointed for a maximum of eight years). Independent Members receive nationally determined remuneration during their period of appointment.

The Remuneration and Terms of Service Committee

The Remuneration and Terms of Service Committee was established in January 2015. The Committee is designed to provide assurance and advice to the Board on remuneration and terms of service for the executive team and other senior staff as set out by Welsh Government. It also provides assurance on remuneration and terms of service arrangements for all staff and performs specific delegated functions. The Committee has been chaired by the Health Board Chair, Mr Mark Polin, since he joined the organisation in September 2018.

During the 2020/21 reporting period the Committee met on four occasions. These were meetings held in public, which were followed by a private section of the agenda when sensitive or confidential information was discussed. In addition, one extraordinary private meeting was convened.

The main business of the Committee during the year covered:

- The Committee's annual report for 2019/20
- An update of the Committee's terms of reference
- Consideration of current 'Upholding Professional Standards in Wales' cases.
- Primary Care Performers list updates
- Health Care Professionals' Council and General Pharmaceutical Council Wales Professional Registration Report 2019/20
- General Medical Council (GMC) and Nursing & Midwifery Council (NMC) Revalidation update 2020
- Matters pertaining to Executive recruitment, appointment, interim arrangements and remuneration
- Executive team objectives and performance assessment
- Draft annual Remuneration Report 2019/20
- Workforce policies
- Managed practices harmonisation of pay and terms & conditions
- Primary care pay uplifts
- Professional standards case management
- Annual raising concerns / Safe haven report 2018/19
- Raising concerns review

Chair	Mark Polin	Health Board Chair
Members	Lucy Reid	Health Board Vice-Chair
	Jacqueline Hughes	Independent Member
	Medwyn Hughes	Independent Member
In attendance	Simon Dean	Interim Chief Executive (to 31/08/20)
	Jo Whitehead	Chief Executive (from 01/01/21)
	Arpan Guha	Executive Medical Director (from 01/10/20)
	Louise Brereton	Board Secretary (from 11/01/21)
Lead Officer (in attendance)	Mrs Sue Green	Executive Director of Workforce and Organisational Development

Remuneration relationships

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. This information can be found in Note 9.6 to the Annual Accounts.

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 highest paid director post during 2020/21 was the Executive Medical Director, the same as in 2019/20. In 2020/21 ten employees received remuneration in excess of the highest-paid director (compared to fifteen employees in 2019/20).

Exit packages and severance payments

During 2020/21 the Health Board agreed one exit package payment for a very senior manager, details of which are included in the notes to the tables of remuneration below. Details of all severance payments agreed during the year can be found in Note 9.5 to the Annual Accounts.

Senior manager salary and pension disclosures and single total figure of remuneration

The total figures in the table below (the Single Total Figure of Remuneration) for each Senior Manager includes a figure for the in-year pension benefit, calculated using information supplied by the NHS Pensions Agency. The figure does not represent the actual amount paid to an individual during the year and reflects an accounting assessment of the increase in long term benefits adjusted for inflation. These figures can be influenced by many factors including changes to a person's salary, additional contributions made by individuals and underlying valuation factors on the scheme as a whole.

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 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 scheme or arrangement) and uses common market valuation factors for the start and end of the period.

	2020/21						2019/20					
Name and Role	Salary (bands of £5,000) **£'000**	Benefit in kind (to nearest £100) **£**	Pension benefit (to nearest £1,000) **£'000**	Other payments (bands of £5,000) **£**	**Total (bands of £5,000) £'000**	*Full year equivalent salary (if part year)* **£'000**	Salary (bands of £5,000) **£'000**	Benefit in kind (to nearest £100) **£**	Pension benefit (to nearest £1,000) **£'000**	Other payments (bands of £5,000) **£**	**Total (bands of £5,000) £'000**	*Full year equivalent salary (if part year)* **£'000**
Mr S Dean Interim Chief Executive 01/04/20 – 31/08/20 *(note 1)*	95-100	--	--	60-65	**160-165**	*215-220*	25-30	--	--	20-25	**50-55**	*210-215*
Miss Jo Whitehead Chief Executive 01/01/21 – 31/03/21	50-55	1,000	1	--	**55-60**	*210-215*						
Mrs G Harris Executive Director of Nursing and Midwifery & Deputy Chief Executive 01/04/20 – 31/08/20 and 01/01/21 – 31/03/21	110-115	--	*(note 2)*	--	**110-115**	*165-170*	160-165	--	*(note 2)*	--	**160-165**	--
Acting Chief Executive 01/09/20 – 31/12/20	65-70	--	*(note 2)*	--	**65-70**	*195-200*	--	--	--	--	**--**	--
Mrs D Hickman Acting Executive Director of Nursing and Midwifery 01/09/20 – 31/12/20	40-45	--	*(note 3)*	--	**40-45**	*130-135*						

	2020/21						2019/20					
Name and Role	Salary (bands of £5,000) **£'000**	Benefit in kind (to nearest £100) **£**	Pension benefit (to nearest £1,000) **£'000**	Other payments (bands of £5,000) **£**	**Total (bands of £5,000) £'000**	*Full year equivalent salary (if part year)* **£'000**	Salary (bands of £5,000) **£'000**	Benefit in kind (to nearest £100) **£**	Pension benefit (to nearest £1,000) **£'000**	Other payments (bands of £5,000) **£**	**Total (bands of £5,000) £'000**	*Full year equivalent salary (if part year)* **£'000**
Dr D Fearnley Executive Medical Director 01/04/20 – 30/09/20	110-115 *(note 4)*	--	51 *(note 5)*	--	**165-170**	*225-230*	150-155 *(note 4)*	4,000	*(note 6)*	--	**150-155**	*225-230*
Prof A Guha Acting Executive Medical Director 01/10/20 – 31/03/21	110-115 *(note 4)*	--	*(note 3)*	--	**110-115**	*225-230*						
Mr A Thomas Executive Director of Therapies and Health Sciences 01/04/20 – 31/03/21	105-110	--	30	--	**135-140**	--	105-110	--	22	--	**125-130**	--
Dr J C Stockport Executive Director of Primary Care and Community Services 01/04/20 – 31/03/21	140-145	6,000	*(note 2)*	--	**145-150**	--	135-140	3,500	*(note 2)*	--	**140-145**	--
Ms T Owen Executive Director of Public Health 01/04/20 – 31/03/21 Acting Deputy Chief Executive 01/09/20 – 31/12/20	130-135	--	67	--	**200-205**	--	125-130	--	28	--	**150-155**	--

	2020/21						2019/20					
Name and Role	Salary (bands of £5,000) **£'000**	Benefit in kind (to nearest £100) **£**	Pension benefit (to nearest £1,000) **£'000**	Other payments (bands of £5,000) **£**	**Total (bands of £5,000) £'000**	*Full year equivalent salary (if part year)* **£'000**	Salary (bands of £5,000) **£'000**	Benefit in kind (to nearest £100) **£**	Pension benefit (to nearest £1,000) **£'000**	Other payments (bands of £5,000) **£**	**Total (bands of £5,000) £'000**	*Full year equivalent salary (if part year)* **£'000**
Mrs S Hill Executive Director of Finance 01/04/20 – 31/03/21 (Acting into post 01/04/20 – 31/12/20)	140-145	--	39	--	**180-185**	--	125-130	--	*(note 7)*	--	**125-130**	*135-140*
Mr M Wilkinson Executive Director of Planning and Performance 01/04/20 – 31/03/21	140-145	--	49	--	**190-195**	--	135-140	--	109	--	**245-250**	--
Mrs S Green Executive Director of Workforce and Organisational Development 01/04/20 – 31/03/21	140-145	--	48	--	**190-195**	--	135-140	--	29	--	**165-170**	--
Mrs D Sharp Acting Board Secretary 01/04/20 – 10/01/21	85-90	--	*(note 8)*	--	**85-90**	*100-105*	50-55	--	*(note 8)*	--	**50-55**	*85-90*
Mrs L Jones Acting Board Secretary 01/04/20 – 03/04/20	0-5	--	*(note 9)*	--	**0-5**	*70-75*	20-25	--	*(note 9)*	--	**20-25**	*70-75*

	2020/21						2019/20					
Name and Role	Salary (bands of £5,000) **£'000**	Benefit in kind (to nearest £100) **£**	Pension benefit (to nearest £1,000) **£'000**	Other payments (bands of £5,000) **£**	**Total (bands of £5,000) £'000**	*Full year equivalent salary (if part year)* **£'000**	Salary (bands of £5,000) **£'000**	Benefit in kind (to nearest £100) **£**	Pension benefit (to nearest £1,000) **£'000**	Other payments (bands of £5,000) **£**	**Total (bands of £5,000) £'000**	*Full year equivalent salary (if part year)* **£'000**
Mrs J Parry Acting Board Secretary 01/04/20 – 27/04/20	5-10	100	*(note 10)*	--	**5-10**	*75-80*	10-15 *(note 11)*	400	*(note 10)*	--	**10-15**	*70-75*
Mrs A L Brereton Board Secretary 11/01/21 – 31/03/21	20-25	--	7	--	**25-30**	*100-105*						
Mr A Roach Associate Board Member Director of Mental Health and Learning Disability 01/04/20 – 30/11/20	50-55	--	28	30-35 *(note 12)*	**110-115**	*120-125*	115-120	--	47	--	**165-170**	--
Mrs L Singleton Acting Associate Board Member Director of Mental Health and Learning Disability 01/04/20 – 01/06/20	15-20	--	*(note 13)*	--	**15-20**	*90-95*	30-35	--	*(note 13)*	--	**30-35**	*85-90*
Mr G Doherty Chief Executive 01/04/19 – 09/02/20 *(note 14)*							180-185	--	*(note 2)*	--	**180-185**	*210-215*

	2020/21						2019/20					
Name and Role	Salary (bands of £5,000) **£'000**	Benefit in kind (to nearest £100) **£**	Pension benefit (to nearest £1,000) **£'000**	Other payments (bands of £5,000) **£**	**Total (bands of £5,000) £'000**	*Full year equivalent salary (if part year)* **£'000**	Salary (bands of £5,000) **£'000**	Benefit in kind (to nearest £100) **£**	Pension benefit (to nearest £1,000) **£'000**	Other payments (bands of £5,000) **£**	**Total (bands of £5,000) £'000**	*Full year equivalent salary (if part year)* **£'000**
Dr E Moore Executive Medical Director & Deputy Chief Executive 01/04/19 – 31/07/19							65-70	2,100	*(note 2)*	--	**65-70**	*195-200*
Ms D Carter Acting Executive Director of Nursing and Midwifery 01/04/19 – 31/08/19							50-55	--	*(note 2)*	--	**50-55**	*130-135*
Interim Director of Operations 17/10/19 – 31/03/20							60-65	--	*(note 2)*	--	**60-65**	*130-135*
Mr R Favager Executive Director of Finance 01/04/19 – 28/04/19 *(note 15)*							10-15	700	*(note 2)*	35-40	**45-50**	*145-150*
Mrs G Lewis-Parry Board Secretary 01/04/19 – 31/08/19		--		--			45-50	--	(24)	--	**20-25**	*100-105*
Mr M Polin Chairman 01/04/20 – 31/03/21	65-70	--	--	--	**65-70**	--	65-70	--	--	--	**65-70**	--

	2020/21						2019/20					
Name and Role	Salary (bands of £5,000) **£'000**	Benefit in kind (to nearest £100) **£**	Pension benefit (to nearest £1,000) **£'000**	Other payments (bands of £5,000) **£**	**Total** **(bands of £5,000)** **£'000**	*Full year equivalent salary (if part year)* **£'000**	Salary (bands of £5,000) **£'000**	Benefit in kind (to nearest £100) **£**	Pension benefit (to nearest £1,000) **£'000**	Other payments (bands of £5,000) **£**	**Total** **(bands of £5,000)** **£'000**	*Full year equivalent salary (if part year)* **£'000**
Ms L Reid Vice Chair 01/04/20 – 31/03/21 Independent Member 01/04/19 – 30/11/19	55-60 --	--	--	--	**55-60** **--**	--	15-20 10-15	--	--	--	**15-20** **10-15**	*55-60* *15-20*
Cllr C Carlisle Independent Member 01/04/20 – 31/03/21	15-20	--	--	--	**15-20**	--	15-20	--	--	--	**15-20**	--
Mr J Cunliffe Independent Member 01/04/20 – 31/03/21	15-20	--	--	--	**15-20**	--	15-20	--	--	--	**15-20**	--
Cllr R M Hughes Independent Member 01/04/20 – 31/03/21	15-20	--	--	--	**15-20**	--	15-20	--	--	--	**15-20**	--
Mrs L Meadows Independent Member 01/04/20 – 31/03/21	15-20	--	--	--	**15-20**	--	15-20	--	--	--	**15-20**	--
Ms H Wilkinson Independent Member 01/04/20 – 23/11/20 (includes a period of voluntary leave of absence)	5-10	--	--	--	**5-10**	*15-20*	15-20	--	--	--	**15-20**	--

	2020/21						2019/20					
Name and Role	Salary (bands of £5,000) **£'000**	Benefit in kind (to nearest £100) **£**	Pension benefit (to nearest £1,000) **£'000**	Other payments (bands of £5,000) **£**	**Total (bands of £5,000) £'000**	*Full year equivalent salary (if part year)* **£'000**	Salary (bands of £5,000) **£'000**	Benefit in kind (to nearest £100) **£**	Pension benefit (to nearest £1,000) **£'000**	Other payments (bands of £5,000) **£**	**Total (bands of £5,000) £'000**	*Full year equivalent salary (if part year)* **£'000**
Mr H E Jones Independent Member 01/04/20 – 31/03/21	15-20	--	--	--	**15-20**	--	10-15	--	--	--	**10-15**	*15-20*
Mrs E L Tomos Independent Member 27/10/20 – 31/03/21	5-10	--	--	--	**5-10**	*15-20*						
Ms J Hughes Independent Member 01/04/20 – 31/03/21	*(note 16)*	--	--	--	**--**	--	*(note 16)*	--	--	--	**--**	--
Prof N Callow Independent Member 01/04/20 – 31/03/21	*(note 17)*	--	--	--	**--**	--	*(note 17)*	--	--	--	**--**	--
Mr Ff Williams Associate Board Member 01/04/20 – 31/03/21	*(note 18)*	--	--	--	**--**	--	*(note 18)*	--	--	--	**--**	--
Mr G Evans Associate Board Member 01/04/20 – 31/03/21	*(note 19)*	--	--	--	**--**	--	*(note 19)*	--	--	--	**--**	--
Mrs M Edwards Associate Board Member 01/04/20 – 31/03/21	*(note 18)*	--	--	--	**--**	--	*(note 18)*	--	--	--	**--**	--

	2020/21						2019/20					
Name and Role	Salary (bands of £5,000) **£'000**	Benefit in kind (to nearest £100) **£**	Pension benefit (to nearest £1,000) **£'000**	Other payments (bands of £5,000) **£**	**Total** **(bands of £5,000)** **£'000**	*Full year equivalent salary (if part year)* **£'000**	Salary (bands of £5,000) **£'000**	Benefit in kind (to nearest £100) **£**	Pension benefit (to nearest £1,000) **£'000**	Other payments (bands of £5,000) **£**	**Total** **(bands of £5,000)** **£'000**	*Full year equivalent salary (if part year)* **£'000**
Mrs M W Jones Vice Chair 01/04/19 – 30/11/19							35-40	--	--	--	**35-40**	*55-60*

As a result of the recommendations from the independent financial review conducted by PricewaterhouseCoopers in June 2019, the Health Board implemented a financial recovery programme during 2019/20 and engaged an interim Recovery Director in July 2019, which was supported by funding from Welsh Government. The Recovery Director was in post until the 21st April 2020. The cost of the contract for the period falling in 2020/21 was £24,284 (2019/20: £353,450 plus expenses of £16,888). VAT was payable on the contract sums.

Notes

1. Mr S Dean was seconded from the Welsh Government as the Interim Chief Executive with effect from the 10th February 2020 to the 31st August 2020. During the period of secondment, Mr S Dean's substantive employers were the Welsh Government. Costs totalling £162,326 were incurred in 2020/21 in relation to the secondment. These included salary of £97,403 (of which £6,711 was back pay from 2019/20), pension costs of £21,314, National Insurance costs of £11,649, expenses of £4,906 and non-recoverable VAT of £27,054. (2019/20: costs of £50,495 in relation to the secondment, which included salary of £29,592, pension costs of £8,571, National Insurance costs of £3,917 and non-recoverable VAT of £8,415).

2. These employees chose not to be covered by the NHS pension arrangements in the prior year, as well as the current reporting year.

3. These employees chose not to be covered by the NHS pension arrangements during the current reporting year.

4. Dr D Fearnley and Prof A Guha's salaries include payment for their nationally awarded Clinical Excellence Awards.

5. Revised figures have been used for opening pension values due to an amendment to the Mental Health Officer (MHO) doubling calculation.

6. This employee commenced employment with the Health Board during 2019/20 and so prior year figures are not available to enable the in year pension benefit to be calculated.

7. During 2019/20 Mrs S Hill was the Acting Executive Director of Finance for the period 29th April 2019 to 31st March 2020. Outside of this period Mrs S Hill was employed by the Health Board in her substantive post and so it was not possible to calculate the element of pension benefits that relate solely to her role as Acting Executive Director of Finance in 2019/20.

8. Mrs D Sharp was the Acting Board Secretary for the period 1st September 2019 to 10th January 2021. Outside of this period Mrs D Sharp was employed by the Health Board in her substantive post and it has not been possible to calculate the element of pension benefits that relate solely to her role as Acting Board Secretary.

9. Mrs L Jones was the Acting Board Secretary for the period 18th December 2019 to 3rd April 2020. Outside of this period Mrs L Jones was employed by the Health Board in her substantive post and it has not been possible to calculate the element of pension benefits that relate solely to her role as Acting Board Secretary.

10. Mrs J Parry was the Acting Board Secretary for the period 6th February 2020 to 27th April 2020. Outside of this period Mrs J Parry was employed by the Health Board in her substantive post and it has not been possible to calculate the element of pension benefits that relate solely to her role as Acting Board Secretary.

11. During 2019/20 Mrs J Parry salary included £259 sacrificed in respect of the purchase of annual leave scheme.

12. Mr A Roach stepped down from his role as Director of Mental Health and Learning Disability on the 30th November 2020. Other remuneration reported for Mr A Roach relates to a contractual payment.

13. Mrs L Singleton was the Acting Director of Mental Health and Learning Disability for the period 20th November 2019 to 1st June 2020. At this date, the Executive Lead for Mental Health was confirmed as the Executive Medical Director. Mrs L Singleton continued as Acting Divisional Director of Mental Health and Learning Disability until 20th September 2020, at Divisional Director level not Board level. It has not been possible to calculate the element of pension benefits that relate solely to her role as Acting Director of Mental Health and Learning Disability.

14. By mutual agreement, on the 9th February 2020, Mr G Doherty stepped down from his role as Chief Executive of the Health Board and was seconded to an NHS organisation in England. During 2020/21, Mr G Doherty received remuneration totalling £117,554, plus a contractual payment of £48,405. The secondment ended in October 2020, at which point Mr G Doherty left the employment of the Health Board. Mr G Doherty's salary as Chief Executive for the period 1st April 2019 to 9th February 2020 is reported in the table above. In addition to this, during 2019/20 Mr G Doherty received remuneration totalling £29,592 relating to the secondment.

15. Mr R Favager stepped down from his role as Executive Director of Finance on the 28th April 2019 and was seconded to an NHS organisation in England. In addition to Mr R Favager's salary as Executive Director of Finance for the period 1st April 2019 to 28th April 2019, as reported in the table above, Mr R Favager received remuneration totalling £99,723 during the period of his secondment, of which £91,524 was recharged to the NHS organisation to which he was seconded. The secondment ended on the 31st December 2019, at which point Mr R Favager left the employment of the Health Board. Other remuneration reported for Mr R Favager relates to a payment in respect of lieu of notice. This amount was agreed by the Board and made in accordance with Welsh Government guidance. Mr R Favager's salary includes £76 sacrificed in respect of the Cycle2Work scheme.

16. Ms J Hughes is an employee of the Health Board and is an Independent Member drawn from a Trade Union background. Ms Hughes is not paid for her role as an Independent Member.

17. Professor N Callow is the University representative on the Board and is not paid by the Health Board.

18. Mr Williams and Mrs Edwards are not employees of, and are not paid by the Health Board.

19. Mr G Evans is an employee of the Health Board and is an Associate Board Member and Chair of the Healthcare Professional Forum. Mr G Evans is not paid for his role as an Associate Board Member.

	Real Increase In Accrued Pension (bands of £2,500) **£'000**	Real Increase In Lump Sum (bands of £2,500) **£'000**	Total accrued pension at 31 March 2021 (bands of £5,000) **£'000**	Lump sum related to accrued pension at 31 March 2021 (bands of £5,000) **£'000**	Cash Equivalent Transfer Value as at 31 March 2020 **£'000**	Cash Equivalent Transfer Value as at 31 March 2021 **£'000**	Real Increase in Cash Equivalent Transfer Value **£'000**	Notes
Mr S Dean Interim Chief Executive 01/04/20 – 31/08/20	--	--	--	--	--	--	--	*note 1*
Miss Jo Whitehead Chief Executive 01/01/21 – 31/03/21	0-2.5	--	10-15	--	123	154	(1)	
Mrs G Harris Executive Director of Nursing and Midwifery & Deputy Chief Executive 01/04/20 – 31/08/20 and 01/01/21 – 31/03/21 Acting Chief Executive 01/09/20 – 31/12/20	--	--	--	--	--	--	--	*note 2*
Mrs D Hickman Acting Executive Director of Nursing and Midwifery 01/09/20 – 31/12/20	--	--	--	--	--	--	--	*note 3*

	Real Increase In Accrued Pension (bands of £2,500) **£'000**	Real Increase In Lump Sum (bands of £2,500) **£'000**	Total accrued pension at 31 March 2021 (bands of £5,000) **£'000**	Lump sum related to accrued pension at 31 March 2021 (bands of £5,000) **£'000**	Cash Equivalent Transfer Value as at 31 March 2020 **£'000**	Cash Equivalent Transfer Value as at 31 March 2021 **£'000**	Real Increase in Cash Equivalent Transfer Value **£'000**	Notes
Dr D Fearnley Executive Medical Director 01/04/20 – 30/09/20	2.5-5.0	2.5-5.0	75-80	195-200	1,352	1,508	50	*note 4*
Prof A Guha Acting Executive Medical Director 01/10/20 – 31/03/21	--	--	--	--	--	--	--	*note 3*
Mr A Thomas Executive Director of Therapies and Health Sciences 01/04/20 – 31/03/21	0-2.5	0-2.5	50-55	125-130	1,010	1,082	41	
Dr J C Stockport Executive Director of Primary Care and Community Services 01/04/20 – 31/03/21	--	--	--	--	--	--	--	*note 2*
Ms T Owen Executive Director of Public Health 01/04/20 – 31/03/21	2.5-5.0	2.5-5.0	50-55	105-110	852	951	65	

	Real Increase In Accrued Pension (bands of £2,500) **£'000**	Real Increase In Lump Sum (bands of £2,500) **£'000**	Total accrued pension at 31 March 2021 (bands of £5,000) **£'000**	Lump sum related to accrued pension at 31 March 2021 (bands of £5,000) **£'000**	Cash Equivalent Transfer Value as at 31 March 2020 **£'000**	Cash Equivalent Transfer Value as at 31 March 2021 **£'000**	Real Increase in Cash Equivalent Transfer Value **£'000**	Notes
Mrs S Hill Executive Director of Finance 01/04/20 – 31/03/21 (Acting into post 01/04/20 – 31/12/20)	2.5-5.0	--	15-20	--	209	259	25	
Mr M Wilkinson Executive Director of Planning and Performance 01/04/20 – 31/03/21	2.5-5.0	0-2.5	65-70	155-160	1,262	1,363	59	
Mrs S Green Executive Director of Workforce and Organisational Development 01/04/20 – 31/03/21	2.5-5.0	0-2.5	25-30	35-40	347	406	32	
Mrs D Sharp Acting Board Secretary 01/04/20 – 10/01/21	--	--	--	--	--	--	--	*note 5*
Mrs L Jones Acting Board Secretary 01/04/20 – 03/04/20	--	--	--	--	--	--	--	*note 6*

	Real Increase In Accrued Pension (bands of £2,500) **£'000**	Real Increase In Lump Sum (bands of £2,500) **£'000**	Total accrued pension at 31 March 2021 (bands of £5,000) **£'000**	Lump sum related to accrued pension at 31 March 2021 (bands of £5,000) **£'000**	Cash Equivalent Transfer Value as at 31 March 2020 **£'000**	Cash Equivalent Transfer Value as at 31 March 2021 **£'000**	Real Increase in Cash Equivalent Transfer Value **£'000**	Notes
Mrs J Parry Acting Board Secretary 01/04/20 – 27/04/20	--	--	--	--	--	--	--	*note 7*
Mrs A L Brereton Board Secretary 11/01/21 – 31/03/21	0-2.5	--	10-15	--	86	110	2	
Mr A Roach Associate Board Member Director of Mental Health and Learning Disability 01/04/20 – 30/11/20	0-2.5	2.5-5.0	60-65	180-185	1,220	--	--	*note 8*
Mrs L Singleton Acting Associate Board Member Director of Mental Health and Learning Disability 01/04/20 – 01/06/20	--	--	--	--	--	--	--	*note 9*

Notes

1. These employees were not employed by an NHS organisation and so were not covered by the NHS pension arrangements.
2. These employees chose not to be covered by the NHS pension arrangements in the prior year, as well as the current reporting year.

3. These employees chose not to be covered by the NHS pension arrangements in the current reporting year.

4. Revised figures have been used for opening pension values due to an amendment to the Mental Health Officer (MHO) doubling calculation

5. Mrs D Sharp was the Acting Board Secretary for the period 1st September 2019 to 10th January 2021. Outside of this period Mrs D Sharp was employed by the Health Board in her substantive post and it has not been possible to calculate the element of pension benefits that relate solely to her role as Acting Board Secretary.

6. Mrs L Jones was the Acting Board Secretary for the period 18th December 2019 to 3rd April 2020. Outside of this period Mrs L Jones was employed by the Health Board in her substantive post and it has not been possible to calculate the element of pension benefits that relate solely to her role as Acting Board Secretary.

7. Mrs J Parry was the Acting Board Secretary for the period 6th February 2020 to 27th April 2020. Outside of this period Mrs J Parry was employed by the Health Board in her substantive post and it has not been possible to calculate the element of pension benefits that relate solely to her role as Acting Board Secretary.

8. Mr A Roach retired during 2020/21 and is in receipt of his pension.

9. Mrs L Singleton was the Acting Associate Board Member Director of Mental Health and Learning Disability for the period 20th November 2019 to 1st June 2020. At this date, the Executive Lead for Mental Health was confirmed as the Executive Medical Director. Mrs L Singleton continued as Acting Divisional Director of Mental Health and Learning Disability until 20th September 2020, at Divisional Director level not Board level. It has not been possible to calculate the element of pension benefits that relate solely to her role as Acting Director of Mental Health and Learning Disability.

Staff Report

The average number of full time equivalent (FTE) staff employed by the Health Board during 2020/21 is reported below.

Professional Group	Average FTE 2020/21
Professional, Scientific and Technical	734
Additional Clinical Services	3,292
Administrative and Clerical	3,065
Allied Health Professionals	949
Estates and Ancillary	1,296
Healthcare Scientists	250
Medical and Dental	1,561
Nursing and Midwifery Registered	5,029
Students	106
Total	**16,282**

The actual number of staff in post as at 31st March 2021 was 19,006 and the gender composition is provided in the table below.

Staff Composition	Female	Male	Total
Director	6	4	10
Manager (Band 8C and above)	116	84	200
Staff	15,198	3,598	18,796
Total	**15,320**	**3,686**	**19,006**

*For the purpose of this report manager is defined as a member of staff at Band 8c and above (or equivalent level for medical staff) based in a corporate function or operational Division with significant managerial and decision-making responsibilities affecting the whole organisation. Managers exclude the posts Nurse Consultant, Consultant Midwife and Clinical Scientist Consultant

The sickness absence data for 2020/21 is provided below:

	2019/20	2020/21
FTE Days lost (long term)*1	210,949	230,669
FTE Days lost (short term)*1	90,391	91,138
Total days lost	**301,340**	**321,808**
Average working days lost	12	12
Total staff employed in period (headcount)*2	18,104	19,261
Total staff employed in period with no absence (headcount)*2	5,416	8,136
Percentage staff with no sick leave	**32.65%**	**43.19%**

*1 - These figures are calculated on a Full Time Equivalent basis. Sickness absence is measured using calendar days on the Electronic Staff Record system, which includes all days from the start to end of a period of absence, including weekends or days when a member of staff would not have been rostered to work. Therefore the number of working days lost is lower than the days lost figure.
*2 - Average over 12 months

The overall percentage sickness absence in 2020/21 was 5.48% (2019/20, 5.30%). Factors such as social distancing, working from home, recording of shielding and self isolation leave as special leave have impacted on the percentage of staff without sick leave.

Equalities and human rights

Our Strategic Equality Plan (SEP) for the period 2020-2024 was agreed and published in March 2020. It is published on our website at https://bcuhb.nhs.wales/use-of-site/publication-scheme/class-five-our-policies-and-procedures/equality-and-human-rights/strategic-equality-plans/

At that time, it was our intention to focus on strengthening performance management of the SEP across all functions of the Health Board. However, as a result of the pandemic and the necessary focus on the Health Board's response to COVID-19, we have adopted a more responsive approach to equality issues as they have become apparent. It is well recognised that COVID-19 has further magnified inequalities for many people with protected characteristics and those who are socio-economically disadvantaged.

During the year we reviewed and communicated emerging evidence to inform a range of activity that has taken place. We have maintained engagement with communities, individuals and groups, our staff and experts to inform our equality work and have been grateful for the insight and support of so many as we work together across North Wales. Further detail on our progress is published in our Equality Annual Report 2020/21, available at https://bcuhb.nhs.wales/use-of-site/publication-scheme/class-five-our-policies-and-procedures/equality-and-human-rights/equality-and-human-rights/statutory-employment-reports-2019-20-commentary/annual-equality-report-2020-21/

Off payroll engagements and consultancy

The Health Board is required to disclose Off-payroll and Consultancy expenditure. The tables below outline the details of the Off Payroll Engagements that the Health Board has in place. It should be noted that HMRC introduced new rules in relation to compliance with tax regulations that took effect from 6th April 2017. These changes have widened the responsibilities of the Health Board in managing the Off Payroll engagements and most engagements will be subject to tax and National Insurance at source.

The Health Board has undertaken IR35 assessments for all relevant off-payroll engagements.

Number of existing engagements, for more than £245 per day and of over six months duration, as at 31 March 2021	**270**
Of which...	
Number that have existed for less than one year at time of reporting	90
Number that have existed for between one and two years at time of reporting	38
Number that have existed for between two and three years at time of reporting	32
Number that have existed for between three and four years at time of reporting	110
Number that have existed for four or more years at time of reporting	0

Number of new off-payroll engagements for more than £245 per day between 1 April 2020 and 31 March 2021	**95**
Of which...	
Number assessed as covered by IR35	82
Number assessed as not covered by IR35	13
Number engaged directly (via PSC contracted to the department) and are on the departmental payroll	0
Number of engagements reassessed for consistency / assurance purposes during the year	0
Number of engagements that saw a change to IR 35 status following the consistency review	0

Number of off-payroll engagements of board members and / or senior officials with significant financial responsibility, between 1 April 2020 and 31 March 2021	**2**
(Number of individuals that have been deemed "board members, and/or, senior officials with significant financial responsibility", during the financial year, including both off-payroll and on-payroll engagements)	33*

*The Board Members and Senior Officials who are deemed to be Senior Managers are those individuals whose salary details are disclosed on pages 4 to 21 of this report. The off-payroll engagements refer to the Interim Chief Executive and the Recovery Director.

During the year the Health Board incurred expenditure of £0.059m on external consultancy services.

Appendix 1 – Remuneration packages in excess of £100,000

The Public Services Staff Commission has issued guidance on the transparency of remuneration packages for Public Sector bodies in Wales. This requires that packages in excess of £100,000 are disclosed in bands of £5,000. The table below provides a summary of those receiving in excess of £100,000 with further detail provided in the second table.

Staff Group	Number of Remuneration Packages over £100,000
Chief Executive and Executive Board Members	11
Directors and other Senior Managers	31
Clinical Staff	540
Agency clinical staff (net of estimated commission)	62

£'000	Chief Executive & Board Members	Directors & other Senior Managers	Clinical Staff	Agency
100-105		8	32	7
105-110	2	12	48	5
110-115	1	1	42	4
115-120		5	32	2
120-125		1	39	2
125-130			31	6
130-135	1	1	43	1
135-140	1	1	29	5
140-145	3		29	2
145-150			34	
150-155			25	2
155-160		1	19	1
160-165			22	3
165-170	1	1	23	4
170-175			15	2
175-180	1		13	2
180-185			12	2
185-190			14	2
190-195			11	
195-200			7	1
200-205			4	1
205-210	1		5	
210-215			2	
215-220			2	
220-225			4	1
225-230				
230-235				2
235-240				
240-245			1	
245-250				
250-255			1	1
255-260				2
260-265				
265-270			1	
270-275				1
275-280				
280-285				
285-290				
290-295				
295-300				
300-305				
305-310				1
Total	11	31	540	62

Appendix 2 – Exit Packages and Severance Payments

Exit packages cost band (including any special payment element)	2020-21 Number of compulsory redundancies Whole numbers only	2020-21 Cost of compulsory redundancies £	2020-21 Number of other departures Whole numbers only	2020-21 Cost of other departures £	2020-21 Total number of exit packages Whole numbers only	2020-21 Total cost of exit packages £	2020-21 Number of departures where special payments have been made Whole numbers only	2020-21 Cost of special element included in exit packages £	2019-20 Total number of exit packages Whole numbers only	2019-20 Total cost of exit packages £
less than £10,000	0	0	0	0	**0**	**0**	0	0	1	7,608
£10,000 to £25,000	0	0	0	0	**0**	**0**	0	0	1	24,831
£25,000 to £50,000	0	0	0	0	**0**	**0**	0	0	3	126,446
£50,000 to £100,000	0	0	1	55,078	**1**	**55,078**	0	0	1	56,118
£100,000 to £150,000	0	0	0	0	**0**	**0**	0	0	0	0
£150,000 to £200,000	0	0	0	0	**0**	**0**	0	0	0	0
more than £200,000	0	0	0	0	**0**	**0**	0	0	1	0
Total	0	0	1	55,078	**1**	**55,078**	0	0	6	215,003

PART ONE – Performance Report

Performance Overview

Chief Executive's Introduction

I am delighted to introduce the Annual Report for the Betsi Cadwaladr University Health Board for 2020/21, having taken up my post as the organisation's new Chief Executive at the start of 2021.

I was born in Wrexham and so I am especially pleased to have the opportunity to return to North Wales and to contribute to the provision and development of high quality health services for members of our communities across the region.

Any reflection on the performance of the Health Board on 2020/21 must begin with reference to the Covid-19 pandemic, our response to this and the significant and ongoing impact that this has had on the delivery of health services.

My arrival in North Wales coincided with the second wave of the Covid-19 pandemic. I have therefore seen first hand some of the remarkable dedication of colleagues in caring for patients with Covid-19, whilst also maintaining essential services as far as possible for patients with other urgent treatment needs. I am also aware of the considerable planning and effort that went into the initial phase of the emergency response to the pandemic, and the multi-agency collaboration that took place with our partners in order to keep our population safe.

Our response to the Covid-19 pandemic has illustrated the capability that exists across the organisation in terms of the flexibility and innovation that colleagues brought to bear on a very uncertain and rapidly changing situation. We have learned quickly, from both our own experiences and those elsewhere, and this report outlines some of the ways that services have adapted to respond to the ongoing challenges presented by Covid-19.

Throughout the pandemic, the Health Board has been mindful of the four dimensions of potential harm arising from Covid-19:

- Direct harm caused by Covid-19
- Harms that would arise from an overwhelmed NHS and social care system
- Harm from reduction in non-Covid-19 healthcare activity
- Harm arising from wider societal actions and lockdown

Despite our best efforts, across North Wales lives have been lost and some patients are now experiencing long term effects from Covid-19. This includes members of our own staff, while other colleagues have lost family members and friends.

While we have avoided the care system becoming overwhelmed, the effects of reduced activity in other areas of healthcare have been significant. We continued to deliver urgent services, but there was a notable reduction in the number of patients being referred with suspected cancer during the first quarter of the year. Waiting lists for routine treatments have grown significantly as a result of the pausing of elective services and with the ongoing limitations on capacity. The full health impact of lockdown may take some time to emerge, but we will be vigilant in respect of any emerging trends, especially within our mental health and community services.

Since December 2020, we have overseen the very successful roll out of the vaccination programme in North Wales. This has been a very large and complex undertaking, made possible by the collaboration and support of many partners and the valued contribution of numerous volunteers. The progress of this programme provides us with hope that we can reduce the health effects of any further peaks in Covid-19 infection rates and minimise any future disruption to our wider health services.

In March 2020 the Welsh Government paused the Integrated Medium Term Plan (IMTP) process. In place of the IMTP, Quarterly Planning Frameworks have been issued by Welsh Government, with the Health Boards producing quarterly operational plans that address the priorities set out in these frameworks.

This means that the Health Board has still not been able to prepare an IMTP that would enable us to meet our usual performance targets while remaining within our financial allocation. However, in 2020/21, the Health Board has reported a surplus against its financial allocation for the year, although financial performance in previous years means that we have not met our statutory target to achieve breakeven over the three year period 1 April 2018 – 31 March 2021.

Another notable area of progress has been the announcement by the Minister for Health and Social Services that the Health Board was to be taken out of Special Measures and de-escalated to Targeted Intervention status. We still have a considerable way to go on our improvement journey, but this decision reflects both the progress that has been made to date on the areas that originally caused concern, and confidence that this progress will continue further.

Looking forwards, the Health Board faces a number of key challenges. We must continue our response to Covid-19 and its impact, including work to reinstate our planned care pathways and to begin to tackle the waiting list position. We will also be focusing on primary and community care services, improving unscheduled and emergency care and mental health services.

While the issues of capacity, waiting times and the ease with which patients can access our services while measures to counter the spread of coronavirus are still needed, it is also essential that we maintain focus on the quality of those services. This means that we need to be honest with ourselves about areas where we are not meeting the standards we should, and I am keen that we foster a culture of transparency and openness that will both help us to improve what we do, and strengthen the trust of our communities in the work of the Health Board.

As a part of this work, the Health Board has been working with our Trade Union partners on ‘Speak Out Safely’. This is a comprehensive programme to encourage and support employees to raise concerns and highlight issues that could reduce the safety and quality of our services.

In 2021/22 we will also be launching ‘Mewn Undod mae Nerth / Stronger Together’, a strategic plan to work with our staff, patients and partners to design a route map for the Health Board’s future organisation and system development. This aims to integrate our existing quality, performance and productivity improvement activities within a single cohesive framework.

A further aspect of quality that is important to me is the Welsh language. I believe that every individual has the right to receive care in the language of their choice and I am keen to build on the work that is already taking place across the Health Board to promote the use of Welsh. Since my return to North Wales I have started to take Welsh lessons and I hope that other colleagues will also choose to take advantage of the options that the Health Board's Welsh language team provide for learning or improving confidence in using the language.

I would like to close by expressing my thanks for the warm welcome that I have received as I have been visiting teams and departments across the Health Board. I am committed to driving forward improvements, but I believe it is important to approach this work with a sense of humility, listening to the insights of those who deliver, and those who receive, our services.

Jo Whitehead
Chief Executive

Areas of Responsibility

The Health Board is responsible for improving the health and wellbeing of a population of over 670,000 people across the six counties of North Wales (Anglesey, Gwynedd, Conwy, Denbighshire, Flintshire and Wrexham). This encompasses prevention of ill health as well as treating illness and providing excellent healthcare services.

The Health Board is responsible for the provision of primary, community and mental health as well as acute hospital services. It operates three main hospitals (Ysbyty Gwynedd in Bangor, Ysbyty Glan Clwyd in Bodelwyddan and Wrexham Maelor Hospital) along with a network of community hospitals, health centres, clinics, mental health units and community team bases, and also delivers prison health care services within HMP Berwyn, Wrexham. The Health Board coordinates the work of 98 GP practices, and NHS services provided by 89 dental practices, 74 optometry practices and opticians and 152 pharmacies in North Wales.

In 2020/21 the Health Board had a revenue income of £1.81 billion and employed approximately 19,006 people (15,716 whole time equivalents).

During 2020/21, the need to respond to the immediate demands of the global Covid-19 pandemic meant that the organisation's operational priorities had to be realigned. Integrated Medium Term Planning arrangements were paused across NHS Wales and quarterly Operating Frameworks were developed which reflected the continued need to respond to Covid-19 and the potential for future peaks in Covid-19 demand, whilst also maintaining other priority services. New services have had to be introduced including Test, Trace and Protect and, in the second half of the year, the mass Covid-19 vaccination programme for North Wales.

We are also continuing our work towards improving how we work to the sustainable development principle in our everyday business, to meet the spirit and the intent of the Well-being of Future Generations Act. The Act sets out duties for the Health Board with the other public sector bodies in Wales to contribute towards achieving seven national well-being goals, to broaden our outlook and to think longer term in doing so.

As well as improving health and delivering clinical and care services, the Health Board has a wider public sector duty to support national policy, for example in respect of matters such as promoting equality and human rights, the environment, sustainable development, the Welsh Language and in moving forward socio-economically disadvantaged groups.

To achieve our goals we work closely with partner organisations such as local authorities and the voluntary sector, to discuss and address health inequalities, promote community engagement and exploit joint working opportunities. The bodies include:

- Welsh Ambulance Services Trust;
- Public Health Wales;
- North Wales Community Health Council;
- Local Authorities (Anglesey, Gwynedd, Conwy, Denbighshire, Flintshire and Wrexham);
- Neighbouring NHS bodies in England and Wales;
- The Community Voluntary Councils;
- Partnership Service Boards / Regional Leadership Boards;
- Mid Wales Healthcare Collaborative.

Impact of Covid-19

The Covid-19 pandemic has had a major impact on the services delivered by the Health Board through the year.

The immediate priority was to ensure an effective response to Covid-19 demands on our health services across the region and to ensure those services would not be overwhelmed, so that we could continue to treat patients through both the initial and subsequent peaks in Covid-19 infections. However we also had to maintain other essential services for patients, redesign services to minimise the risk of the spread of infection and ensure that staff and patients were properly supported and protected.

At the start of the year, all non-urgent elective activity had already been paused in line with direction from Welsh Government. This was done so that our facilities could be reconfigured and staff redeployed to respond to large numbers of emergency admissions and to reduce the number of patients coming into our hospitals and clinic buildings to reduce the opportunity for transmission of the virus.

The physical reconfiguration included:

- expanding our critical care capacity,
- creating separate ward areas for patients with Covid-19,
- adjusting bed spacing on our wards where this was needed to comply with social distancing guidelines
- installing physical segregation measures and screens and
- introducing controlled access, one-way systems and segregation of patient flows.

Additional infection prevention and control measures were also introduced, with enhanced cleaning and disinfection regimes, restrictions on staff movement between different areas and much greater use of personal protective equipment by staff.

Although elective services were gradually restarted as infection levels continued to fall after the first wave of the pandemic, the pausing of services has had a significant impact on waiting times for planned treatment. Restrictions on planned activity had to be reinstated in late 2020 and early 2021 as the second wave of the pandemic spread across North Wales, and were still in place at the end of March 2021.

Many of the additional measures that have been introduced to protect against the risk of transmission of the virus need to continue on a sustained basis, and will remain in place as services reopen following the second wave. These measures limit the capacity of our services, for example due to wider bed spacing, fewer people being able to be in our clinical areas at any particular time and the increased time that needs to be allowed for changing PPE and cleaning between patients.

The way that many services are delivered have had to evolve rapidly, and new services have had to be introduced to respond to the pandemic. These changes have included much greater use of telephone, video and online systems to provide new ways for patients to contact services and to enable consultations to take place without the need for face to face contact.

Working with our partners, including local authorities and third sector organisations, we are delivering ‘home first’ services, discharge to assess pathways and support to care homes. We have set up the Test, Trace and Protect service for North Wales and are operating multiple Covid-19 testing stations, including mobile units that can be deployed to areas of high incidence. In December 2020 we launched the North Wales Covid-19 vaccination programme, which has been running at great pace since that time.

Partnership working was also central to the arrangements to create and equip three temporary field hospitals for North Wales, located in Bangor, Llandudno and Queensferry on Deeside. Although only one of these facilities was required to admit inpatients, they have also been used to provide temporary accommodation for services that needed to relocate as part of the general adjustments to services and to address social distancing requirements. Since late 2020 they have also played a key role as mass vaccination centres.

Primary and community care services

Our primary care contractors and service providers have faced significant challenges as a result of the Covid-19 pandemic. Many practice and clinic facilities offer limited opportunity for social distancing, and many of their patients were amongst the groups most vulnerable to the effects of Covid-19. They have therefore had to introduce new ways of working to restrict the number of patients attending in person.

GP practices

At the start of the pandemic, our 14 local GP Clusters (groups of local GP practices who work in cooperation and collaborate on service developments) developed and agreed contingency plans, which have continued to be reviewed to ensure response to support practices in the event of closure, loss of staffing due to illness and isolation and changes in demand.

These mitigation measures included arrangements for cross cover and resource sharing between practices. During the initial phase of the pandemic, Local Assessment Centres were established in some areas to provide a controlled environment within which to assess and treat suspected and positive Covid-19 patients, helping to protect individual practices from exposure to patients likely to be carrying the virus. Since then, practices have had opportunity to adapt their own premises and working practices to be able to provide services to these patients ‘in-house’.

Most of our practices have adopted, or extended, their IT and telephone system solutions, which has enabled many patients to receive timely and appropriate healthcare assessment and advice during the pandemic, without the need to visit practices in person, where this is clinically appropriate.

These digital technology solutions have also enabled communication between the members of our multidisciplinary teams in order to support patients.

The roll out of the ‘Consultant Connect’ programme to all GP practices is continuing. This provides practices with immediate access to telephone advice from NHS Consultants. As well as supporting primary care colleagues with urgent care issues, including Covid-19, this also enables better support to be provided via GP practices to patients whose elective care has been delayed.

This is one example of how primary care and GP Clusters have provided additional and enhanced services throughout the pandemic to support patients and mitigate the decrease in core services such as phlebotomy, diabetes care, minor illness services delivered by Advanced Nurse Practitioners (ANPs) and in-house physiotherapy services.

Pharmacy

Community Pharmacies in North Wales have continued to provide services throughout the Covid-19 pandemic and the national lockdowns.

The service has seen surges in dispensing activity, especially at the start of the pandemic period, and have had to introduce changes to the way they operate, including restrictions on the number of people allowed into a pharmacy at any time and alternative arrangements for submitting prescriptions and collecting dispensed medicines. Some pharmacies experienced significant staff absence for Covid-related reasons.

Although the vast majority of pharmacies remained open for their full hours, Welsh Government and the Health Board did allow flexibility on this, whereby pharmacies could operate behind closed doors, whilst remaining open for urgent requests, to enable them to catch up on dispensing activity at times of maximum demand.

It is recognised that, especially in the early stage of the pandemic, the combination of these factors did result in queues developing at some pharmacies on occasions, with patients having to wait to be supplied with their prescriptions. Most queues were relatively smooth, and patients did not have to wait long but, in some cases, staff were unable to maintain pace against the increased demand and wait times increased. These difficulties have become much less frequent as pharmacy staff and patients alike have become used to the new ways of operating.

To facilitate access to medicines for people who have been shielding and self-isolating owing to Covid-19, Welsh Government funded a scheme which included arranging deliveries or working with volunteers to ensure people were able to receive the medicines they needed.

Enhanced service provision reduced in March 2020, owing to a combination of a drop in demand and the need to address the rise in prescription numbers in that month. Service levels have since returned towards their long term position, although demand for some services, particularly those that serve temporary residents, remains lower. Many enhanced services have been made available via telehealth (Attend Anywhere and telephone), although demand for this has been comparatively low and most pharmacies have continued to provide services face to face.

Dentistry

Covid-19 has had a major impact on services provided by both general dental practitioners and the Health Board's Community Dental Service. Dental care involves close face to face contact, and many dental procedures are deemed to be aerosol generating, and thus present an increased risk of transmission of the SARs-Cov-2 virus that causes Covid-19.

As a result, dental practices had to cease most treatments in the initial phase of the pandemic, although most remained open to provide telephone consultations and advice, for prescribing and to provide simple, non-aerosol generating, emergency treatment. The Health Board established designated urgent dental centres that were equipped to treat patients requiring more significant emergency treatment.

Since July 2020, practices have been able to restore services on a staged basis, in line with guidance from the Chief Dental Officer for Wales. Practices in North Wales are now providing comprehensive dental services, although at reduced capacity to allow for enhanced infection control procedures including social distancing within practice premises, increased ventilation and fallow periods between patients to allow time for ventilation and cleaning.

This reduced capacity, following the initial pause on treatment, means that dental practices have faced a backlog of patients waiting to be seen, and so have had to prioritise patients according to clinical need, with routine check-ups waiting until patients needing active treatment have been seen.

The Health Board has commissioned, on a non-recurrent basis, additional capacity with High Street dentists to help meet the demand for urgent and emergency care. This will be in place until September 2021, when a further review will take place.

The Community Dental Service continues to provide a service to vulnerable people, but faces significant challenges to enhance the ventilation arrangements in its premises. These will need to be addressed in order to bring capacity back towards pre-pandemic levels.

Optometry

The pandemic has had a major impact on services provided by Community Optometrist Practices although they continued to offer urgent and emergency care under the Eye Health Examination Wales (EHEW) scheme throughout this period.

Initially, until the end of June 2020, routine eye examinations were paused, but patients could be seen for urgent ocular problems and also for practical assistance with matters such as breakages, repairs to spectacles and provision of replacement contact lenses.

Practices that were unable to stay open whether due to health, staffing or financial constraints, were able to direct patients to one of 15 “Emergency Practice Hubs” which were selected to provide coverage across North Wales. Any practice that was not an “Emergency Hub” could still provide services if they were able to do so, and many continued to look after their own regular patients during this period. In the first stages of the pandemic footfall was greatly reduced but towards the end of May numbers increased and the Emergency Hubs became busier.

From July 2020, routine eye examinations could recommence, and most practices reopened their doors under strict Covid-19 guidelines. These guidelines include patient distancing and enhanced cleaning of equipment between patients and limit capacity in all practices. There has been high demand for routine eye examinations and extended eyecare examinations (EHEW) following the pause in routine services, and practices have been asked to continue to prioritise urgent patients when necessary.

District nursing

In common with other services, our district nursing teams have had to adapt their ways of working to ensure that they can continue to provide services to our vulnerable patients in their own homes. Key changes have been to travel arrangements, as staff have been unable to travel with colleagues when making joint visits, and the use of additional PPE. This is especially challenging for staff who are working in the community and who have to find ways to safely put on and remove PPE before going into, and after leaving, patients’ homes, often in cold, wet or blustery weather. The dedication of staff has been illustrated by their willingness to work additional hours, postpone leave and even to move out of their homes to ensure that they could continue to deliver a 24 hour a day service and that patients continued to receive appropriate care.

The Tuag Adref / Homeward Bound service adjusted their working arrangements to coordinate all referrals through a single base. This enabled them to ensure that palliative care patients could still be cared for at home, and to provide increased support to avoid unnecessary admissions and facilitate early discharge from hospital, helping to reduce pressure on inpatient beds.

District nurses have also played a major role in the Covid-19 vaccination programme, acting as mobile vaccination teams to ensure that housebound and vulnerable individuals could be immunised.

Health visiting

The health visiting service is another that has adopted technology and adapted working practices to ensure that services could continue to be provided during the Covid-19 pandemic. Remote working, including community satellite hubs and virtual group work to reach all children and their families, was introduced.

Digital safeguarding spreadsheets and planners were developed to ensure service provision and governance based on need, and screening and risk assessments were carried out to identify high need and lower resilience families that continued to need face to face contact.

During the early stages of the pandemic the team worked from central hubs to ensure delivery of the Healthy Child Wales Programme by phone and using virtual platforms like 'Attend Anywhere' and Microsoft Teams although full 'face to face' delivery of the programme has since been reinstated.

Pre-school and school-based vaccinations have continued throughout the year.

Therapy services

The decision to pause non-essential services in March 2020 had a significant impact on therapy services with the redeployment of therapy staff and the reallocation of rehabilitation space to support hospital surge capacity. Some therapists moved to work in unfamiliar environments to support existing staff in critical care and on other wards. Other staff volunteered to work in the Test, Trace and Protect service and the temporary hospitals and, later in the year, to participate in the vaccination programme.

This had an inevitable impact on waiting times for non-essential therapy services and by August 2020 we had 4013 people, both adults and children, waiting longer than the 14 week access target for a first appointment, up from 35 before the pandemic.

To provide support to these patients, and those waiting for follow up care, therapy services were early adopters of digital solutions and were the first principal users of the Attend Anywhere digital platform within the Health Board.

These approaches, used alongside a gradual reopening of routine services following the first wave of the pandemic, meant that by the end of March 2021 the number of patients waiting for longer than 14 weeks for access to a therapy service had reduced to 1216.

The loss of access to space for rehabilitation services remained the key constraint for a full recovery in 2021, and a business plan to re-provide therapy space in the Wrexham area has been included in the Health Board's operational plan for 2021/22.

Rehabilitation remains a central component of the Health Board's recovery process and therapy staff are actively involved in programmes of work to support our population affected by the pandemic. These include both patients presenting with symptoms of Long Covid and patients who are experiencing long waiting times to access services such as orthopaedics.

Covid-19 testing and vaccination

Testing

Testing individuals for Covid-19 has been an essential part of the pandemic response, to identify individuals with the illness to help contain the spread of the virus, to help protect those we care for from the risk of infection and to reduce unnecessary staff absenteeism through unnecessary self-isolation.

Testing facilities have been rolled out across North Wales as the laboratory capacity within the national system to process samples has expanded. Processing of most samples in Wales is conducted under the auspices of Public Health Wales. Initially this was through their laboratories in Cardiff, with the necessary facilities being installed in North Wales from May 2020.

To improve ease of access for local residents, each of the six counties across North Wales now has at least one testing site, open seven-days-a-week. There are facilities available to drive in or come on foot. These include Regional Testing Sites, run as part of the UK government arrangements, and Community Testing Units, Local Testing Sites and Mobile Testing Units operated by the Health Board.

All test results are now turned around within 24 hours, with the average wait for a test result being within 3 hours. By the end of April 2021, approximately 793,000 Covid-19 tests had been carried out in North Wales, returning approximately 38,000 positive results.

PCR (Polymerase Chain Reaction) testing for Health Board staff with possible Covid-19 symptoms commenced in early March 2020 and has been the predominant method for testing symptomatic staff. In December 2020 the Health Board began to roll out Lateral Flow Tests for screening frontline staff without symptoms to identify asymptomatic carriers of the virus.

Immunisation

The Covid-19 vaccination programme in North Wales was launched in December 2020, following approval of the Pfizer vaccine for use in the UK. Planning for the programme had been underway in anticipation of this approval, which meant we were able to carry out vaccinations as quickly as supplies of the vaccines into North Wales would allow.

The programme has been delivered through a variety of routes – Hospital Vaccination Centres to enable early protection of frontline health and care staff, Mass Vaccination Centres to provide rapid vaccination of individuals using the Pfizer vaccine (whose handling requirements mean it has to be used quickly for large groups), and through all GP practices in North Wales. Mobile vaccination teams have carried out vaccinations for the housebound and in care homes, and additional vaccination sessions have been offered through community pharmacies and in Local Vaccination Centres, as vaccine supplies allow.

Invitations for vaccination were offered in accordance with the priority groupings established by the UK's Joint Committee on Vaccination and Immunisation. As at 31st March 2021, a total of 433,752 Covid-19 vaccinations have been given. 46% (322,394) of the North Wales population had received their first dose of the vaccine and 15% (111,358) had received their first and second doses.

The Health Board could not have achieved this rate of progress without the support and assistance of many individuals, including:

- Conwy and Flintshire County Councils and Bangor and Glyndwr Universities whose facilities have been the base for our mass vaccination centres
- our primary care contractors
- military services personnel
- local authority and North Wales Fire and Rescue staff who have assisted with the running of the vaccination centre booking telephone lines
- volunteer vaccinators and
- volunteers guiding and assisting those attending the vaccination centres.

With the second wave of the Covid-19 pandemic anticipated to occur during the winter of 2020/21, the year's annual 'flu vaccination campaign took on greater importance than ever, both to ensure that the more clinically vulnerable stayed as healthy as possible and to help reduce the usual seasonal pressures on our hospitals.

Flu vaccinations are delivered through GP practices, and in North Wales there is a strong track record of encouraging citizens to take up the offer of vaccination, with vaccination rates amongst the eligible groups typically amongst the highest in Wales, year on year. Vaccination rates increased considerably across Wales for 2020/21, with rates for the Health Board again exceeding the national figures:

	Clinical risk groups aged 6 mths to 64 years old 2019/20	Clinical risk groups aged 6 mths to 64 years old 2020/21	65 years and older 2019/20	65 years and older 2020/21
BCUHB	46.9%	54.2%	71.4%	78.2%
All Wales	44.1%	51.0%	69.4%	76.5%

Redesign of acute services to provide Covid-19 care

The emergence of Covid-19 presented significant challenges to our acute and hospital services

From experiences elsewhere we knew that we could expect to see large numbers of emergency admissions, with a significant proportion of acutely ill patients who would require respiratory support and critical care facilities.

It was also clear that some of these patients would experience slow recoveries that required extended hospital stays.

In addition, the high infectivity of the coronavirus mean that segregating patients with Covid-19 from the rest of the hospital, and limiting movement of staff between areas, would be essential in minimising the opportunities for the disease to spread.

Critical care and anaesthetics

From the outset our anaesthetic and critical care teams were heavily involved in preparing the response to the pandemic, including many aspects of training, additional equipment procurement and developing additional temporary critical care facilities.

Within each of our major hospitals, additional critical care beds were created by re-purposing the facilities and equipment in our operating suites and recovery areas. In Wrexham Maelor Hospital a new critical care unit has been developed by adapting an existing ward area. For the time being, the hospital's old intensive care unit has been retained and kept equipped to provide additional escalation capacity while the possibility of further waves of the pandemic remains.

The Health Board's usual establishment of 43 critical care beds was initially increased to a maximum of 65. In addition, further surge beds were identified on each of our acute hospital sites that could be stepped up according to clinical demand to provide patients with intensive care. These arrangements have provided sufficient capacity to meet all the demands during the first and second waves.

Critical care consultants moved to a 12 hours per day, seven days per week resident service and, together with the anaesthetic consultants, provided round the clock care flexing up and down to meet the demands of Covid-19.

Some of the temporary changes to working practices that were introduced are now being factored into longer term working models for the service going forward.

Temporary hospitals

To ensure that we had sufficient bed capacity for recovering patients, the Health Board, working with partner organisations including Bangor University, Conwy and Flintshire local authorities and the military, established three temporary hospitals. These were located in Canolfan Brailsford at Bangor University, Venue Cymru in Llandudno and Deeside Leisure Centre in Queensferry. At the suggestion of a member of the public, these were known as the Ysbytai Enfys (Rainbow Hospitals), acknowledging how the rainbow has become a symbol of thanks for the work of the NHS during the pandemic.

Together, the three hospitals had capacity to accept up to 850 patients, with the intention that they be used as step-down facilities for recovering patients who no longer needed respiratory support to release beds in the Health Board's three main hospitals. The scale of this response was in line with national modelling work predicting the demand from Covid 19.

As emergency admissions surged during the second wave of the pandemic, 45 beds in Ysbyty Enfys Deeside were brought into use to ease pressure on beds at Wrexham Maelor Hospital. It has not been necessary to admit patients to the other two hospitals, although they have continued to support the NHS response, principally in their role as mass vaccination centres.

Emergency Care

Following the first lockdown in March 2020, there was a significant initial reduction in the number of attendances and ambulance conveyances to the three Emergency Departments (ED) in North Wales. There was a then steady rise in numbers between May and September 2020, followed by a further fall between September and February 2021. The number of monthly attendances jumped by over 2000 during March 2021 but total attendances remained below pre-pandemic levels. There has also been a marked decrease in GP direct admissions during the year.

In response to the pandemic we introduced screening for all patients for Covid-19 before entering an ED, and any patients displaying potential Covid-19 symptoms were segregated. Separate red and green pathways were introduced to segregate patients, including within resuscitation rooms to allow patients requiring this level of care to be treated safely, regardless of their Covid-19 status.

Senior clinicians from each of the EDs worked with operational and nursing colleagues and engaged with primary care clusters and the Welsh Ambulance Service to identify alternative pathways across North Wales for emergency care and direct admission routes to help reduce the number of patients presenting to the EDs.

Arrangements varied across each hospital depending on the local site layout - examples included children and young people being directed straight to a children's ward or to a 'Children's ED' that had been set up within paediatric outpatients (although very seriously ill children were still treated in the main ED), the use of a 'Bone Shop' supported by the Trauma and Orthopaedic Team and the creation of 'Surgical ED' in a separate part of the hospital to cater for all patients of a surgical nature.

All teams rose to the challenge, with administrative staff who normally worked day time hours agreeing to change job roles and to include overnight shift patterns to set up reception services for the additional EDs. Retired Consultants returned to support our current clinical teams and surgical teams developed new skills as part of this change in working requirements. This collaborative work bred innovation, and the opportunities that have been identified to streamline and improve pathways will inform our recovery and future development plans.

At the start of the pandemic period our surgical teams worked with the EDs to implement and extend our same day emergency care (SDEC) services at each site, where patients are seen by senior surgeons soon after presenting at the hospital and given rapid access to diagnostics and treatment. This enables rapid assessment and management of those attending with suspected surgical emergencies, which evidence has shown reduces the number of patients requiring admission and leads to better outcomes for patients. Further development of these services is continuing with multi-disciplinary input from pharmacy and therapies staff and discharge 2 recover and assess teams.

Welsh Emergency Departments Frequent Attenders Network (WEDFAN) teams are multi-disciplinary teams that identify patients that make repeated visits to EDs and gather and share information about their presentation. They then develop intervention plans and work with the patients individually, alongside any services they engage with or may need to engage with to support the patients to get their needs met appropriately. This work both improves the lives of this group of vulnerable and complex patients and reduces a considerable burden on unscheduled care services. Outcomes from the project demonstrate reduced number and length of attendances and improved well-being for the patients. The team have maintained the service during the pandemic period.

For the 2020/21 winter period, when seasonal pressures were expected to coincide with an increase in Covid-19 prevalence, an interim Tactical and Operational structure was established to coordinate the response to increased emergency pressures across acute and area community services.

The virtual Tactical Control Centre (TCC) and command arrangements provided enhanced senior leadership, improved continuity between in and out of hours and strengthened accountability. This enabled the Health Board to use its capacity in the most effective and collaborative way over the winter period, ensuring patient safety and minimising the risk of harm during a period of very high demand.

Training and deployment of staff

Since the start of the pandemic there has been a requirement to re-deploy staff to areas of need throughout the Health Board, to support areas facing increased pressures and to help areas facing staff shortages as a result of colleagues needing to isolate or shield, or who were unwell.

Redeployment of clinical nursing and midwifery staff was managed by the operational divisions on a risk based approach. An additional Covid-19 expertise competency was added to the electronic staff record, which defined four categories (those staff with critical care and ventilation experience, those with non-invasive ventilation experience, general registrant and basic registrant) which enabled staff to be identified and redeployed according to existing experience, knowledge and skills.

During the second phase of the pandemic, deployment was managed on a risk based approach. Between October 2020 and March 2021 a Nurse Staffing Deployment Meeting was held twice a week, attended by Directors of Nursing, Workforce and other key staff to agree and allocate staff based on the Covid-19 Pandemic Staffing Levels red / amber / green rating definitions.

The redeployment of non-clinical staff involved a process which developed into a database portal, which supported the allocation of staff based on their existing experience, knowledge and skills.

Staff were offered development and training to ensure they were equipped for their re-deployment roles.

‘Back to the Floor’ training was offered by the Corporate Nursing Education Team from March to June 2020, and was accessed by a total of 2199 nursing, midwifery, healthcare assistant, allied health professional and administrative staff during this period. Many staff attended multiple sessions, depending on their own assessment of the knowledge and skills they identified would be required for their area of redeployment.

Critical care upskill training was developed by HEIW (Health Education and Improvement Wales) in conjunction with local universities and made available via their website.

A wide range of training and induction materials were made available online via the Health Board’s intranet. For the second phase of the pandemic, Back to the Floor sessions were filmed and made available to staff on the Corporate Nursing Education web pages.

Infection control measures and personal protective equipment (PPE)

Personal Protective Equipment (PPE)

At the start of the pandemic period, there were major concerns nationally regarding the UK's ability to source sufficient PPE to meet the significantly increased requirements to protect frontline workers.

As part of the Health Board's operational response, a series of work streams were established to meet the challenges of PPE provision, and the logistical challenges of ensuring distribution and adequate supply to clinical areas. These work streams covered communications, supply and demand, PPE logistics and operations, donations, clinical governance and risk, and responding to national guidance.

This work was coordinated by a dedicated steering group under the Executive leadership of the Deputy Chief Executive / Director of Nursing. The group met each week, and was responsible for assessment of the immediate need for PPE, ordering, distribution, storage, communications, and future forecasting of PPE requirements.

For the majority of PPE items, stocks were maintained at sufficient levels to meet demand though the first wave of the pandemic, with all PPE hubs receiving appropriate stock levels for their operational needs. There was, however, an initial national shortage of visors. In North Wales this was addressed through the generosity of community manufacturers, who produced and donated products to the Health Board.

Respirator masks were another item where the national position meant that close monitoring and careful management and distribution was required within the Health Board to ensure local stock levels remained sufficient. The national position on these items has now stabilised.

Regular communication took place across the organisation to ensure that staff were aware of the latest national guidance on the appropriate PPE required for differing clinical situations.

Training and guidance was provided to ensure that staff understood the correct way to put on, remove and dispose of PPE to ensure that this was done safely. A consultant anaesthetist based in Wrexham Maelor Hospital who had volunteered in the Ebola outbreak in Sierra Leone in 2015 produced an online video demonstrating the effective use of PPE, which attracted thousands of views.

The Health Board's Health and Safety Team lead the programme for fit-testing of respirator masks to ensure that each member of staff who requires this level of protection has been individually assessed and that the masks they use fit effectively and provide the necessary level of protection. Dedicated staff have been recruited to deliver the programme on an ongoing basis.

Estate redesign and physical adaptations

The Health Board's estate and facilities teams have played a major role in the response to the pandemic. As well as coordinating the work to create the field hospitals, they have carried out widespread alterations at a local level. These have included:

- access and egress controls on hospital sites to help manage patient flows on site - the number of access points into buildings and departments have been restricted, and one way systems introduced;
- installation of signage and floor markings to support social distancing;
- adaptations to clinical and non-clinical workspaces to support social distancing;
- installation of protective screens and partitioning;
- installation of additional gel and mask stations; and
- creation of segregation pods on the three acute sites.

Work on infrastructure has included alterations and improvements to oxygen flow and supplies at all three major acute hospitals.

Domestic services teams have worked closely with infection prevention and control staff, and have provided increased cleaning and decontamination.

Communication

Communication with the public has been a key element of our response to the pandemic. This has been needed to support public health messages to help promote behaviours that will assist with limiting the spread of infection, to explain changes to the way services are being delivered during the pandemic period and to advise patients how they can continue to access the care they require. Many members of staff have provided excellent interviews to various media channels to support key messages.

Throughout the pandemic we have worked with partners, including Welsh Government, Public Health Wales, local authorities and the third sector to ensure that our messages are timely, accurate, consistent and clear.

Multiple communication routes have been used, including the Health Board's social media channels, updates on our website, through local press and media and via stakeholders.

A daily report of media activity is sent to the Board each weekday and a full report of all communications activity and impact is distributed each Friday.

More recently, communication has focused on the roll out of the vaccination programme across North Wales, explaining how citizens are being prioritised and invited for vaccination, when they can expect to be called and when to contact the Health Board if they are concerned that they have not received and expected invitation. An individual with extensive communications experience was employed on a temporary basis to support the programme.

Data on progress is published regularly on our website and a weekly briefing is sent out to elected members and key partners. A broader briefing is also issued on a weekly basis by the Chair and Chief Executive to stakeholders and to the workforce.

Delivery of Non-Covid care and treatment

As has already been noted, the pandemic has had a considerable impact on health services for conditions unrelated to Covid-19. Many routine services were suspended to enable staff and facilities to be redeployed to ensure we had capacity to treat emergency admissions. We have also had to reduce the capacity of services as a result of the additional infection prevention measures needed to operate safely while the coronavirus continues to circulate in the population.

However, it has been essential that we continue to deliver health services for patients with conditions other than Covid-19 that require emergency care or where delaying treatment could have an adverse impact on a patient's eventual outcome.

Cancer

Throughout the pandemic our staff and services have strived to keep waiting times to a minimum for all patients referred as urgent or urgent, suspected cancer. They have worked hard to redesign clinical pathways, processes and physical spaces to enable us to see as many patients as we can as safely as possible.

Initially, the Covid-19 pandemic had a significant impact on the number of Urgent Suspected Cancer referrals the Health Board was receiving from our General Practices; in April 2020 the number was down to 37% of the monthly average for 2019. However, after a joint communications campaign by the Health Board and Welsh Government reminding of the importance of people with symptoms to still visit their GP, referral rates picked up quickly and were at pre-pandemic levels again by July 2020.

During 2020/21 the way waiting times for patients in Wales with cancer are monitored and reported changed. From December 2020 onwards, the previous 31 day and 62 day cancer treatment time targets have been replaced with the unified Suspected Cancer Pathway target.

This requires us to start a patient's treatment within 62 days of the first suspicion of cancer emerging, wherever that arose - for example it could be a GP referral for suspected cancer, an emergency admission to hospital, following an unexpected finding on a scan, from a screening programme, or during an outpatient review of a routine patient.

Our Cancer Services teams track all patients from the point of suspicion through to the start of treatment to ensure we treat as many as possible within 62 days. We receive daily feeds from our patient administration systems of all patients referred for an appointment or a scan with a suspicion of cancer, or any day case or inpatient procedure being carried out on a suspected cancer basis, so that we can track their pathways and alert specialty managers to any delays.

In December 2020, the first month of the new target, we were the best performing Health Board in Wales with 71.7% of patients with cancer treated within 62 days of suspicion.

There has been a marked increase in referrals into the cancer pathway towards the end of the year, with around 1,000 additional referrals across February and March 2021 when compared to the average monthly numbers prior to the pandemic period.

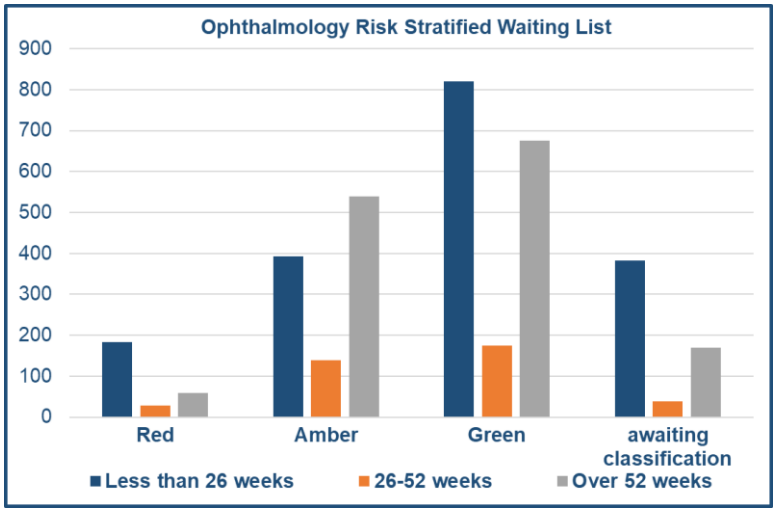
The number of patients subsequently diagnosed as requiring treatment for cancer also rose and in March 2021 we treated 463 patients in the month (around 120 more than average). Despite the very large number of referrals, at the year end our performance against the pathway was at 70%, again the best in Wales.

Eye care

At the start of the pandemic non-urgent eye care treatments were suspended, although we continued to treat emergency cases and to run clinics for age-related macular degeneration (AMD).

Some elective activity has since restarted, but the need to maintain distancing within our ophthalmology departments, which are of limited size, mean that the capacity of our services is significantly reduced. As a consequence, there has been a severe impact on waiting times. We have searched for external accommodation that could be used to provide additional facilities that would enable us to mitigate these limitations, but have not been able to identify any appropriate options.

Our ophthalmic clinicians carried out table top case reviews of all patients affected by the pause in activity to prioritise them for treatment once services recommenced. Patients have been categorised into red, amber and green groupings, with patients in the red group being those with the greatest risk of an irreversible effect on their vision if treatment is significantly delayed.



Our ophthalmology services have worked in partnership with primary care to introduce new care pathways for patients with diabetes and glaucoma which means they are reviewed in primary care and a report then sent to the clinician to identify the next treatment steps. Other measures that are being put in place that will help address waiting times within the service are increasing the number of clinic sessions that are being scheduled and the recruitment of an additional consultant to take up post during the first half of 2021/22.

Waiting lists and risk stratification

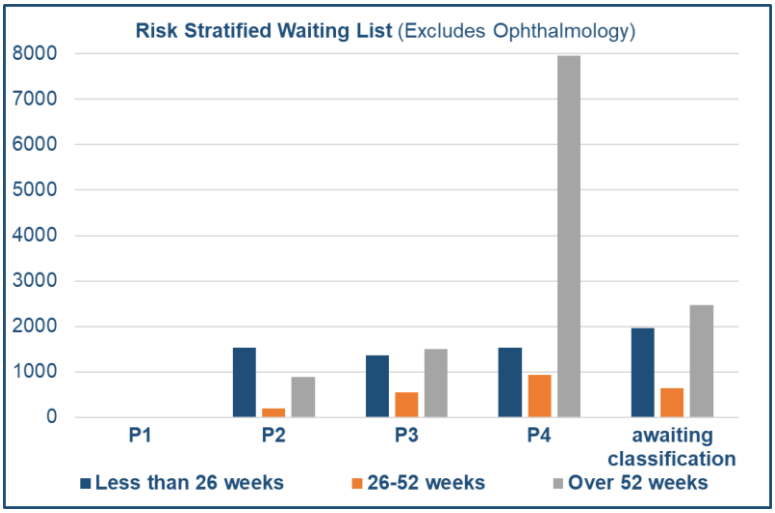
A referral to treatment (RTT) pathway covers the four stages of a patient will pass through after being referred to hospital treatment in the NHS in Wales. These are time spent waiting for any initial hospital appointments (outpatient - stage 1), tests, scans or other procedures that may be needed before being treated (diagnostics - stages 2 and 3) and then the wait for treatment to start (inpatient or daycase -stage 4).

The target is that at least 95% of patients should wait less than 26 weeks from referral to treatment. Urgent referrals take priority with any patient referred as urgent, or urgent suspect cancer, being put on a two-week outpatient pathway. The second stage of the pathway allows up to 8 weeks for a diagnostic test, however those on an urgent or urgent suspected cancer pathway would again be prioritised with a two week diagnostic pathway.

The Covid-19 pandemic has reduced our capacity to deliver planned care services within our hospitals and this has led to a significant increase in both the number of patients on our waiting lists and the length of time those patients are waiting for treatment. This has necessitated a new approach to monitoring and managing our waiting lists.

Along with all Health Boards in Wales and with support from Welsh Government and the Royal Colleges, the Risk Stratification model has been adopted, alongside the traditional RTT model. The Risk Stratification model is a clinically driven approach where each patient case on the waiting list is reviewed by a clinician and allocated a clinical risk value of between one (P1) and four (P4) based on the clinical consequences of waiting for treatment for different conditions.

The highest priority (P1) are those cases where treatment is needed to prevent loss of life or serious and irreversible harm. The lowest priority cases (P4) are those where the eventual outcome of surgery should not be affected by an extended delay, although we recognise that these lower priority patients may be experiencing adverse effects from their condition, such as pain or restrictions on their mobility, while they wait. As noted in the previous section, in ophthalmology three priority groups have been used.



At the end of March 2021, the number of patients waiting 36 weeks or more on a Referral to Treatment pathway was 51,433 (compared to 11,798 at the end of March 2020) and the number waiting over 52 weeks was 43,423 (compared to 3,113 at the end of March 2020). These figures illustrate both the impact of the Covid-19 on our planned care services, and the scale of the challenge in treating the numbers who are now waiting when the capacity of services is constrained by the ongoing measures needed to counter the threat from Covid-19.

Our therapy staff are providing support to patients who are experiencing long waiting times to access services such as orthopaedics. Although rehabilitation has been provided to recovering patients after illness, injury or surgery for a long time, the provision of therapy prior to planned surgery, now referred to as prehabilitation, is a relatively recent development which is being expanded in response to the situation created by the pandemic.

Prehabilitation is designed to ensure that patients are as fit as possible for surgery, especially in advance of major complex procedures that carry a higher risk of post-operative complications. Whilst every effort is made to prevent harm to patients, evidence indicates that 60% of patients who undergo major and / or complex surgery without prior prehabilitation training may suffer serious complications, and that 5-10% of those who suffer such complications may not survive.

We know that around 60% of patients aged over 60 do not regularly achieve the recommended levels of exercise, with an adverse effect on their underlying fitness. Prehabilitation is an evidence-based preventative medicine package of supervised high intensity exercise training, dietary optimisation and psychology intervention.

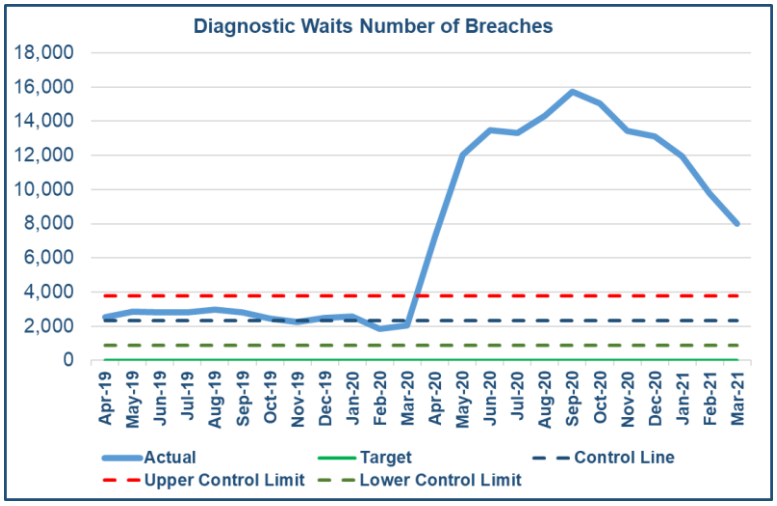
International studies show that prehabilitation halves the post-operative complication rate, reduces length of stay in hospital, reduces hospital readmission and has long-term health benefits. When first piloted in the Health Board in 2019, with four week long courses, patients reported that they felt empowered, healthier, stronger, more confident and better prepared for major surgery. Our outcome data reflected the international studies - the complication rate for participants was 51% lower than the non-prehabiltation group, with shorter lengths of stay in hospital.

Using prehabilitation packages while patients are waiting for surgery will help keep patients fit and active, improving mobility, and could help reduce day to day symptoms and pain levels. This should help reduce the stress and anxiety that can result from waiting a long time for treatment, and also ultimately improve treatment outcomes.

Diagnostics

During the first few months of the pandemic, as a result of capacity restrictions caused by infection control measures and social distancing and the pause of non-urgent activity, the number of patients waiting over 8 weeks for a diagnostic test rose rapidly, hitting to a peak of just over 15,700 by September 2020.

Since that time, as we have gradually restarted and extended services, we have made good progress in addressing this backlog. While we still have a considerable way to go, the number of patients whose waiting time exceeds the eight week target had been approximately halved, to just over 8,000 by the end of March 2021.



The largest number of delays are in endoscopy, cardiology and radiology, and reducing these is one of the areas of focus in the Health Board's Annual Plan for 2021/22.

Screening

In March 2020, at the start of the Covid-19 pandemic, Public Health Wales suspended all the national screening programmes (Breast, Cervical, Abdominal Aortic Aneurism, Bowel).

Each of the programmes were restarted between July and September 2020, although running at a lower capacity than before the pandemic.

This resulted in a reduction in the number of referrals into the Health Board from the screening services for suspected cancer, although numbers have increased throughout quarters 3 and 4 of 2020/21, and have continued to rise into 2021/22.

Outpatients

It was clear from an early stage of the pandemic that we would not be able to see patients in clinics in the same volumes as before the emergence of Covid-19, and that a new approach would be required. Our clinicians, managers and administrative support staff worked hard with IT colleagues to put in place the arrangements and infrastructure to enable our clinicians to hold virtual appointments, either by telephone or video, where it was appropriate to do so.

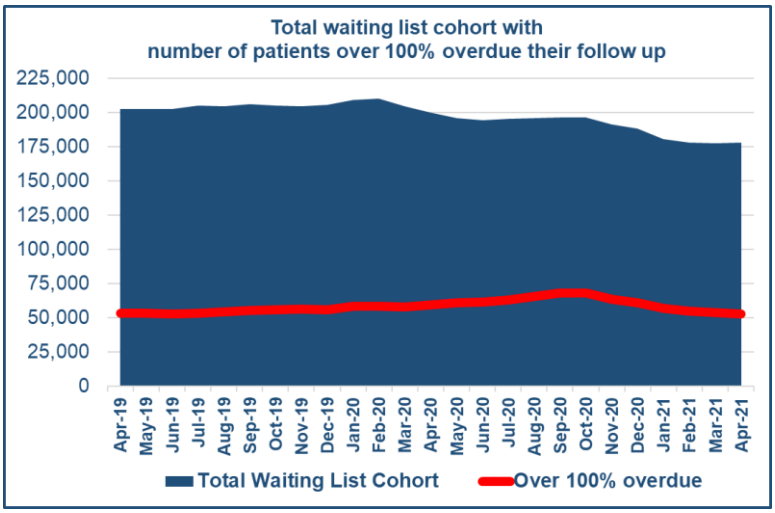
Many patients have welcomed these developments as they save them travelling, sometimes for significant distances, and then waiting in our outpatient departments to be seen. Having successfully proved this technology can be used to deliver safe and effective consultations, it is being rolled out further across our services.

We have also used similar technology to enable GPs to virtually 'connect' with consultants in secondary care to enable them to gain specialist advice and guidance, enabling more patients to be treated locally in GP practices, without the need to attend a hospital site.

We have undertaken a full review and validation of our waiting lists to ensure that we are only offering appointments to patients who still need, and wish, to be seen.

In addition, the pandemic has been a catalyst for modernising the outpatient follow up model. Where it is appropriate and clinically safe to do so, patients are now discharged from follow up with an option for either 'See on Symptom' (SoS) or 'Patient Initiated Follow Up' (PIFU). This allows patients to come back into the system without having to see their GP for a re-referral, rather than being routinely offered future follow up appointments.

As a result of these measures, the total number of patients waiting for follow up appointments has been reduced over the past year, while the number of patients who are more than 100% over their planned follow up due date has been consistently reduced over the last six months of 2020/21



Mental Health & Learning Disabilities Services

Rates of referral into Mental Health and Learning Disabilities Services were significantly reduced at the start of the pandemic and, although they rose through the year, were still below pre-pandemic levels at the end of the year.

All of the services provided by the division have had to adapt to ensure service users can still be supported, including providing one-to-one and groups sessions through virtual sessions using telephone, video and online technologies.

In March 2020 the services implemented a telephone assessment and follow up system across the areas.

To reduce face to face contact and the risk of infection transmission, tele-mental health is being used for online assessments, reviews and delivery of interventions.

Cognitive Behavioural Therapy is being delivered online via SilverCloud web-based software, with support through Consult Connect. There is now free public access to SilverCloud in Wales; this has been promoted through a social media campaign by the Health Board, resulting in 1295 referrals being made from North Wales. Where individuals are judged as not being appropriate to use the SilverCloud service they are signposted for additional support from Tan y Maen.

In addition, the Attend Anywhere web-based communication platform is being rolled out to enable video appointments to take place between patients and clinicians. The first phase of this was completed in October 2020, with further extension of this scheme being planned.

The Substance Misuse Services (SMS) is using Zoom to continue to provide some *Moving on in my Recovery Groups*.

However other options of interventions and assessment have been made available to enable individual preference and to avoid discrimination to individuals who do not have access to the necessary technology or who are unable to use it.

Prevention remains at the forefront of planning and service delivery and developments started prior to the pandemic to support this have been prioritised. This has included early intervention into psychosis, the ICAN project and work with Psychology to promote the stepped care initiative.

Our ICAN Work initiative is the first large scale individual placement support programme in Wales. This programme of work is being delivered in partnership with third sector partners CAIS and Rhyl City Strategy, Welsh Government and Bangor University. It focuses on supporting people with mild to moderate mental health needs by providing person-centred, specialist support to help individuals access or re-access employment opportunities following job loss or unemployment; or to support people to remain in work. This started as a nine month pilot project but was extended, through additional Welsh Government funding, to provide support to more people through the lockdown period.

Since May 2020 the ICAN Community Hub Partner - Tan y Maen in Blaenau Ffestiniog - has supported 330 people to access digital support during the lockdown period, mainly through the digital support app 'Daylio' which helps users track their wellbeing and to identify patterns and actions that are helpful to them.

The stepped care initiative aims to promote the delivery of efficient and effective psychological therapy and interventions in community mental health teams (CMHTs) and local primary mental health support services (LPMHSS), through provision of training to relevant staff, appropriate supervision, and consultation to aid practice standards and the use of robust outcome measures.

The division used learning from the first wave of the pandemic to develop its Covid-19 Clinical Pathway Winter Plan. This recognised that patients experiencing a mental disorder have greater needs than the general population and have higher comorbidity with physical health conditions. This potential source of increased demand for services was taken into consideration, and Covid-19 Clinical Pathway Groups were set up to deliver standard operational policies in line with recommendations from the Mental Health and Learning Disability Clinical Reference Group.

More recently, the division has supported the roll out of the Covid-19 vaccination programme to inpatients in mental health and learning disability services and assisting with the identification of service users in the community that may be difficult to contact.

It is recognised that the reduced referral rates and the impact of the pandemic and lock down mean that our mental health services may face increased demands over the coming months. The new methods of working and new technologies that have been introduced in response to the pandemic will be continued through the recovery phase in 2021/22 and beyond to provide accessible, effective and efficient means of delivering support to our service users.

Treating people as individuals

Our patients, carers, relatives and other service users have a diverse range of needs and meeting these is integral to achieving effective care outcomes and delivering a positive patient experience.

We have a mandatory responsibility to design and deliver care which takes account of all stated or implied needs which are important to individual patients, their carers, and loved ones, and to the health care professionals delivering care. However, the difficulties presented by the Covid-19 pandemic, and some of the measures we have had to take in response, have challenged our employees and volunteers to become increasingly innovative in identifying and meeting these needs. This has been especially important for people with sensory loss or cognitive impairments.

Feedback from our patients and other service users enables us to learn and innovate and clearly indicates that communicating openly and honestly contributes to safe, effective care, a positive experience, as well as a sense of being valued and respected.

However reduced face to face interaction and the additional barriers created by greater use of personal protective equipment which obscure facial expression have made communicating effectively more difficult. This risks creating greater difficulties for service users with sensory loss in accessing and participating in services on the same basis as other service users, and increasing the sense of isolation that this can cause.

The Health Board offers a number of initiatives to ensure that patients and other service users with sensory loss can still independently access and receive care of the same standard as other services users. These include

- collaboration with the Centre for Sign Sight and Sound to fund the Accessible Health Care Scheme (AHCS) which provides direct support in accessing our services;
- provision of British Sign Language interpretation under the national WITS (Wales Interpreter and Translation Service) scheme, including the provision of remote interpretation services;
- piloting of the use of clear masks to facilitate lip reading as part of a nationally evaluated project;
- development of our PALS (Patient Advice and Liaison Service) and Patient Champions programme; and
- development of an Accessible Health Care Toolkit which provides a guide to best practice.

The limitations on visiting which have been needed to help protect patients, and visitors, from the risk of Covid-19 infection have meant that inpatients have been less able to keep in touch with, and benefit from the support of, family and friends. This has been particularly difficult for our more vulnerable patients, including the elderly and those with dementia and cognitive impairment. To mitigate the effects of this we have supplied iPads and supported patients with video calling to friends and extended our letter to loved ones service.

Hospital and community teams, with additional support from specialist palliative care services, have worked closely together to support the palliative and end of life care needs of patients and families, including those affected by Covid-19. Key areas of focus have included advance care planning, support and guidance for families and carers, managing symptoms to support comfort, together with systems to ensure timely access to medications. A number of services also worked together to provide access to bereavement support. We recognise the impact of restrictions on visiting and contact for those receiving end of life care and their families and we have tried to enable visiting to take place where this could be arranged safely.

Putting things right

Under the National Health Service (Concerns, Complaints and Redress Arrangements) (Wales) Regulations 2011 (known as Putting Things Right or 'PTR') the Health Board is required to provide assurance and evidence to the organisation's community and stakeholders that we are continuing to deal with and learn from concerns.

During the year, the following concerns were recorded by the Health Board:

- Complaints 3887 received
- Incidents 34471 reported
- Claims 255 new clinical negligence and personal injury claims opened

The Covid-19 pandemic had an impact on the number of complaints and claims received and the number of incidents reported. During the first quarter of 2020/21 there was a significant drop in the numbers being recorded by the Health Board, since when there has been a steady increase back to pre-pandemic numbers.

Every complaint received is initially acknowledged and, subsequently, provided with a response that addresses the dissatisfaction that the complainant has expressed. There are a small number of these complaints where the failing is considered to be a breach of our duty of care. Any such case that has, or may have, caused actual harm is investigated robustly, to identify root causes or potential risks so that we can eliminate or mitigate the opportunity for any similar breach of care in the future.

Under the PTR regulations, where the Health Board is undertaking an investigation of a concern in accordance with Regulation 23 and it is determined that a qualifying liability exists or may exist, the Health Board must determine, in accordance with the provisions, whether or not an offer of redress should be made (described as a Regulation 26 response). If it is established that qualifying liability exists, then an offer of redress may be made by the Health Board (described locally as a Regulation 33 response).

For this report, the criteria above are used to define whether a concern is deemed well-founded: to consider or establish qualifying liability, it must first be agreed that that Health Board has breached its duty of care. Included in these concern responses will also be those concerns whereby the potential financial compensation may exceed the £25,000 limit. During 2020/21 the Health Board issued:

- Regulation 24 response: 1(in excess of financial limit)
- Regulation 26 responses: 6
- Regulation 33 responses: 3

During the year, the Health Board received 122 enquiries from the Public Service Ombudsman for Wales.

Complaints

Most complaints received are managed as 'early resolution', meaning that they are resolved within two days of receipt and to the satisfaction of the complainant. Those that have not been resolved within this timescale, or that are more complex, often with allegations of harm having been caused, have been managed under PTR.

It is recognised that complaints may bring a number of different aspects of care to our attention, and these are treated individually within our response. The substance of the concerns are categorised in relation to the principal subject, in accordance with Welsh Government reporting requirements, to support the identification of emerging themes and specific areas of concern which result in focussed improvement work.

The three subjects most frequently identified from complaints received during the year were:

- Communication issues (across all services)
- Clinical treatment/assessment (across all services)
- Appointments (mainly in relation to surgical services)

Communication is a broad theme and, at times, the range of problems encountered is complex. During the current Coivd-19 pandemic, a major problem encountered is families accessing information from clinical areas about their loved ones. This has been heightened by the restrictions on hospital visiting that had to be imposed to reduce the risks of spread of infection.

Actions that have been taken to improve issues around communication include:

- purchasing iPads for use in acute areas so that patients can have video calls with their relatives and carers during restricted visiting
- introducing a 'letters to loved ones' services whereby relatives and carers can send a message via phone, letter or email and it will be delivered to the patient
- development of a bereavement and liaison support service with the aim to listen, offer advice and support to families at such a difficult time
- production of procedural guidance and a 'readers panel' (with patient & carer involvement) for written information and
- developing information in a variety of formats to increase the choice for our patients with sensory loss and language requirements.

A new complaints process has been developed for the Health Board and the roll out of this was ongoing at the year end.

It is recognised that not every concern expressed is a complaint but may be a question, expression of opinion or enquiry. A focus of the new ways of working will be on early resolution of concerns such as access to services and waiting times for appointments and procedures, which is one of the themes that result in a large volume of complaints for the Health Board. As part of the new arrangements, the Health Board's Complaints Team is now working more closely with the Patient Advice and Liaison Service (PALS) to focus on first contact and early resolution of complaints and enquiries.

The Public Services Ombudsman for Wales (PSOW) has been returning an increasing number of cases to the Health Board with instruction that they are to be re-investigated under PTR to consider redress. A further aim of the revised complaints procedure is to also improve the robustness of the process for investigation, adjudication, and response in complex complaints and those that allege harm. This will, in part, address the issues found by PSOW.

Incidents

Most incidents that are reported are classed as 'negligible' in that no harm was caused to the patient by the event that occurred.

The three most common types of incident recorded on the Health Board's incident reporting system are:

- Pressure sore/decubitus ulcer
- Slips, trips, falls and collisions
- Abuse etc. of staff by patients

The Health Board has set up a strategic oversight group to scrutinise falls incidents. This brings together clinical, governance and corporate staff to analyse the information that we gather from these incidents, to identify any emerging themes and trends or hotspots and to make recommendations for improvements. A similar approach is being planned to address the issue of pressure sores, where currently local groups provide oversight.

Due to national changes to reporting arrangements because of the Covid-19 pandemic, the number of serious incidents reported to Welsh Government was limited to a small number of categories. Internal processes ensured all serious incidents were reviewed using a proportionate investigation approach.

The decrease in incident reporting that was noted during the first quarter of 2020/21 corresponded with the period of decreased bed occupancy and outpatient activity as elective services were paused at the start of the year as part of the preparations for the initial phase of the Covid-19 pandemic. This was not replicated for the further phases of the pandemic, during which incident reporting returned to, and has since remained, at pre-pandemic numbers.

During the year we have seen an increased number of incidents categorised as 'exposure to electricity, hazardous substance, infection, etc.' This has been due to the Covid-19 pandemic and the reporting of area outbreaks and individual cases of the virus (amongst both staff and patients). The Health Board has engaged with all Wales developments to adopt a standard approach to investigating these cases under the PTR regulations.

In 2020/21, five 'never events' have been reported. These are serious adverse incidents that our systems and processes should ensure are never able to happen. Three out of the five are in relation to wrong site surgery and a lack of or failure to use a LocSSIPs (Local Safety Standard for Invasive Procedures) is a common theme. Our approach to LocSSIPs and NatSSIPs (National Safety Standard for Invasive Procedures) is currently being re-designed to address the failings found during the investigation into these events. The Health Board is also working to develop a human factors approach to investigations, recognising the importance of the role of human behaviours when working in a highly complex and challenging system.

As with the complaints' procedure, the incident process has undergone a comprehensive review and implementation of a new incident management process is underway. Daily incident review meetings commenced in late 2020. These daily meetings are chaired by members of the Patient Safety and Experience Department and attended by service governance leads. Initially, the focus is on reviewing any major or catastrophic incidents reported in the previous 24 hours. The immediate Make it Safe response is reviewed and a decision is taken on the level of investigation (concise or comprehensive) required. Actions from these meetings are tracked, using the incident reporting system, through to conclusion. Further improvements to process and methodology will be implemented during 2021/22.

Claims

There was a reduction in claims activity for the majority of 2020 into 2021, with only March 2021, showing a return to pre-pandemic levels.

Although 255 cases have been opened, almost half of these are 'pending' with disclosure of records being requested. There are 92 cases that are currently active.

Surgery (secondary care) had the greatest number of cases for clinical negligence closed within the year, whilst Estates and Facilities was the speciality that had the highest number of cases for personal injury closed.

Actions and improvements made following investigation of clinical negligence claims and redress cases, and personal injury claims, include:

- Significant changes to the management and assessment of thromboprophylaxis, introducing a patient pathway and establishing training.
- Pathology services introduced a system to review complex and difficult microscopy slides on regular basis.
- Following a case of occupational stress, the Dignity at Work Policy was reviewed against the new All Wales Healthier Working Relationships Policy. All disciplinary letters have been updated and now include details of how to contact Occupational Health for emotional support. To ensure that disciplinary and grievance procedures are dealt with in a timely manner timescales are set at the start of the investigations and exception reports are now completed each month and shared with the Associate Director of Human Resources to monitor disciplinary hearings. 'A Step into Management' training is in place for managers to ensure they have the skills to deal with complex employment relations cases.

In early 2020, information to support learning from an adverse event within the Emergency Department in Ysbyty Glan Clwyd was requested. Despite several requests, insufficient information was provided. The Welsh Risk Pool Committee requested that the National Safety and Learning Team conduct a review to confirm that an effective governance system was in place within the department to ensure that any such events were managed appropriately, and that learning was shared and embedded into practice. Reimbursement of all claims and redress cases from the department was deferred until assurance had been provided.

The review and index event led to the department undertaking a complete assessment of the governance systems and processes in place and a complete overhaul and new initiative development. A system was designed using the Microsoft Teams application. An integrated governance map was drawn out and divided into teams, each stream with a lead clinician. The review by the national team found there is now substantial assurance that an effective and sustainable governance framework is in place in the Emergency Department.

Delivering in partnership

The Covid-19 pandemic has demonstrated the importance of the Health Board's partnerships and joint working with other organisations.

Through the year, we have collaborated with colleagues across other health bodies, local authorities, academic institutions, third sector organisations and the military, amongst others, to deliver an effective response to the challenges presented by Covid-19. The Health Board is a member of the North Wales Strategic Coordination Group which coordinates the cooperative working between statutory agencies across the region.

Some of these arrangements are described in greater detail elsewhere in this document, including the work to establish the field hospitals and the delivery of the vaccination programme.

We are immensely grateful to all of the organisations who have supported the Health Board over the past year, especially in relation to the response to the pandemic, the creation of the temporary hospitals and the delivery of the vaccination programme, by allowing us to make use of their premises and facilities, sharing their knowledge and expertise and providing staffing support.

Working with the Local Resilience Forums

The Health Board is categorised within the Civil Contingencies Act (2004) as a "Category 1 Responder" and is therefore required to meet the full legislated duties under the Act. In addition to these legal responsibilities, the Health Board must meet the requirements set out within the NHS Wales Emergency Planning Core Guidance (April 2015). Furthermore, as best practice, we have adopted and conform to the NHS England Core Standards for Emergency Preparedness and Resilience (EPRR).

A governance structure provides oversight and coordination of the Health Board's emergency preparedness arrangements. This structure links into the North Wales Resilience Forum, which provides the coordinated planning and preparedness across all agencies involved in civil protection activities.

On a national basis, the Resilience Team are part of the Emergency Planning Advisory Group, a Welsh Government led forum which brings health resilience managers and practitioners together to ensure consistency in preparedness and shared knowledge relating to response. Furthermore, the Board liaises with the NHS England resilience planning structure and a number of all-Wales specific working groups such as those relating to the management of mass casualties and the pre-hospital medical response to major incidents.

To support cross-border working, the Resilience Team also attend the Health Resilience Partnership Team Meetings in Cheshire and Merseyside and a representative from Cheshire is invited to attend the Health Board's Civil Contingencies Group to support cross-border working.

Local delivery of Test, Trace and Protect

We worked with the six local authorities in North Wales, Public Health Wales and Welsh Government on the introduction of Test, Trace and Protect in North Wales. Test, Trace and Protect is the Welsh Government strategy to enable us to resume our lives gradually and safely and involves:

- Testing people who have symptoms, while they self-isolate and request a test
- Tracing people who have been in contact with someone who has tested positive, asking them to self-isolate and
- Protecting the community, especially the most vulnerable.

Contact tracing is an essential part of the Test, Trace & Protect approach as it helps us to understand how the disease is passing from person to person and to reduce the number of people being exposed to Covid-19. It helps us to live with the virus as work continues to find more effective treatments and as the vaccination programme continues. Working with local authorities, Local Contact Tracing Teams have been established in each of the local authority areas.

Management plans for excess deaths

We anticipated a higher level of deaths occurring across North Wales as a result of the Covid-19 pandemic and put in place additional mortuary capacity at our acute hospital sites.

This included purchasing temporary storage units from a specialist supplier, which were located in Wrexham Maelor Hospital and Ysbyty Glan Clwyd, a unit on loan from the Mass Fatalities Group that was placed in Wrexham and further facilities provided by the Cabinet Office and Welsh Government which were based at Ysbyty Glan Clwyd, Ysbyty Gwynedd and Ysbyty Alltwen in Porthmadog.

Further facilities were also available in Wrexham and Mochdre which could have been brought into use had this been necessary.

Throughout the pandemic, the Health Board had regular meetings with funeral directors and the Local Resilience Forum and Mass Fatalities Group to monitor storage capacity and demand.

Supporting social care – ensuring safe discharge

During the pandemic, it became evident that the existing methodology for managing and monitoring Delayed Transfers of Care (DToC) out of our hospitals was no longer sufficient to ensure the safe and timely discharge of our patients in the continuing context of Covid-19. A new methodology was developed in partnership between Welsh Government and all the health boards and local authorities across Wales.

The new methodology is called Discharge to Recover then Assess (D2RA). This brings multiple agencies together, working in partnership to enables the timely discharge of patients from acute hospital beds into their own home or place of care in a swifter and safer manner, ensuring that all the right care packages and support required by social care colleagues are available.

This has enabled us to seek to ensure we have the capacity for those requiring urgent acute hospital care, whilst supporting recovery and minimising the risks for those who no longer need to be in an acute hospital bed.

Supporting nursing homes

During the early stages of the Covid-19 pandemic it was recognised that there was an increased risk for residents of care homes to be susceptible to the rapid spread of Covid-19. A robust partnership approach was taken to ensure our response and support to care homes was timely, effective, and consistent, focusing on the implementation of the key actions within the Welsh Government Single Care Home Action Plan.

Areas of joint working and support to care homes involving the Health Board, Public Health Wales and local authority colleagues have included Covid-19 testing, infection prevention and control, outbreak incident management and vaccination of staff and residents.

This work identified that many care homes and providers had only limited business continuity plans in place and were not equipped to effectively prevent or manage an infection outbreak. The Health Board is continuing to provide support to ensure better resilience in the future. It has also confirmed the importance of ‘eyes on’ quality visits to identify when more pro-active support is required, as well as assurance that safe, effective care is being provided.

Workforce management and Wellbeing

Ensuring safe staffing levels

At the outset of the pandemic, we recognised that staffing levels could be vulnerable to the impact of staff members having to shield, having to self-isolate or falling ill, and that this could coincide with increased emergency demands on our services.

Planning to address this was therefore an immediate priority for the Health Board. Workforce surge plans were put in place at the beginning of the pandemic and have been continuously revisited through the year.

As well as ensuring that we had appropriate numbers of staff available to deliver care, this work also included ensuring that our staff were kept safe in the work environment, and that they had appropriate training and understanding of the roles they were asked to take on as part of the pandemic response.

Provisions for safe staffing in the Covid-19 environment, including undertaking individual Covid-19 risk assessments, implementing measures to support social distancing, physical adaptations to the work environment and ensuring that staff were supplied with, and trained in the use of, appropriate personal protective equipment, were implemented and monitored in line with Welsh Government guidance.

Identifying and training staff to undertake new roles

The Health Board put in place a redeployment process to ensure that all staff who were required to suspend their normal duties to support the Covid-19 pandemic were redeployed in a controlled way, taking into account their skill base and any existing conditions that might need to be considered.

A programme of re-training was put in place specifically to support nursing and medical staff who were asked to work in clinical locations or specialities different to their usual role. This was the case for staff moving both to work in areas for patients with Covid-19 and for those moving to work in non-Covid-19 areas. This training was carried out at four levels, with individuals' training details recorded on the Electronic Staff Record system and then linked to an online redeployment portal that allowed staff to be utilised according to their skills in a timely and appropriate manner.

Training and use of retired staff

At the beginning of the pandemic, the Health Board received an overwhelming number of expressions of interest from retired staff, offering to support the response to the Covid-19 pandemic.

We were immensely grateful for these offers, and we were delighted to welcome back many colleagues who supported the Health Board in a number of ways. Over the year, they joined the Test Trace and Protect service in clinical advisor roles, nurses came back onto the nurse bank to work on our wards and some retired GPs supported in a number of roles across the community.

More recently, over 200 retired staff volunteered to assist with the roll out of the Covid-19 vaccination programme across North Wales, in roles ranging from vaccinators to traffic marshals across our Mass Vaccination Centres.

Training appropriate to the roles was again provided, through a mix of online and on site learning.

Wellbeing initiatives for staff

We have recognised that delivering care during the pandemic has brought placed additional pressures on our staff. In response, during 2020/21, the Health Board has provided a range of services to support staff mental health and wellbeing. These have included locally based services and ensuring that staff have access to national services such as Silver Cloud and the Health for Health Professionals support service.

To enhance the range of local support services available to our employees, which included counselling and support from the Health Board's Occupational Health and Wellbeing service (with over 5,000 contacts during 2020), an additional staff wellbeing support service (SWSS) was set up and led by the Health Board's Clinical Psychology service. This provided psychological support and interventions for staff working across the Health Board through a combination of drop-in, face to face and virtual sessions. During 2020 the service had over 2,300 contacts with staff.

During the last quarter of 2020/21, a multi-disciplinary Wellbeing Cell used our learning from the pandemic to further develop the overarching model for staff mental health support services. Improvements will be implemented during the first quarter of 2021/22, supported by an evaluation framework so we can assess their impact on supporting staff to stay well at work during the post pandemic recovery phase.

Risk assessments and shielding of staff

The Health Board has issued regular updates to all staff during the Covid-19 pandemic to provide details of current advice and support, including in relation to health and safety and shielding. The guidance is regularly updated in line with Welsh Government advice to ensure the safety of our staff and the patients we serve.

The national workforce risk assessment tool has been used for all staff to ensure their health and safety at work. This has included identifying where staff needed to shield or be supported to work from home or where adjustments were needed in the workplace to protect their safety and well-being.

The risk assessment tool was managed robustly in partnership with Trade Union colleagues, and expert advice was provided by Health and Safety, Occupational Health, and clinical colleagues to ensure that colleagues were deployed appropriately. The redeployment portal supported redeployment of staff where required, including shielding staff, ensuring that the majority of staff could continue working on adjusted / alternative duties.

Review of COVID-19 staff deaths

Tragically, four Health Board staff members have passed away with Covid-19 since the pandemic began in March 2020. Each death has been reviewed through internal and external investigations to establish whether there may be a link to work related activity and if further controls need to be implemented in the workplace.

The investigation process involves reviewing all contacts, activities, and risk assessments to ensure that the work environment is as safe as possible, and using the findings to identify any further lessons that could be learned.

To support this learning process, the Occupational Health and Safety Team undertook site social distancing visits and provided guidance documents with advice for staff on staying safe and keeping well.

The NHS and social care coronavirus life assurance scheme has been applied in each case where a member of staff passed away during the pandemic.

Role of Employee and Professional Advisory Groups

Several formal meetings were stood down during the pandemic. However, frequent meetings were held with our medical workforce to support the pandemic response. We also arranged weekly meetings with our Trade Union partners to discuss general and health and safety issues. Regular partnership meetings were re instigated in summer 2020, as well as continuing the more informal meetings.

Local Partnership Forum

The Local Partnership Forum met three times during the year, with one meeting cancelled during the pandemic. A key focus of the meeting was the pandemic response including the vaccination campaign, as well as receiving updates on a range of issues including corporate planning and the work of the subgroups.

Decision making and governance

The appended Annual Governance Statement (AGS) provides a comprehensive overview of the Health Board's internal governance arrangements, and an assessment of their effectiveness and the assurance that they provide.

The Board, supported by its committees, is accountable for the overall strategy and direction of the Health Board and for ensuring high standards of governance and financial stewardship. Detail on these Board and committee arrangements can be found in sections 10 - 14 of the Annual Governance Statement.

To enable the Health Board to respond quickly and effectively to the emerging pandemic, adjustments were made to the Health Board's management and governance arrangements in early 2020.

Within the Health Board, a command structure was introduced, coordinated by a Health Emergency Control Centre and supported by dedicated workstreams covering key aspects of the pandemic response effort. To facilitate partnership working between agencies, a regional Strategic Coordination Group was set up with our key public sector and emergency service partners.

A more detailed account of these changes can be found in the Annual Governance Statement. Section 2 describes the overall approach taken to maintain strong governance whilst allowing for rapid decision making via remote Board and committee meetings. Sections 9 and 25 provide further information on our partnership working and stakeholder engagement.

The Health Board's Emergency Planning arrangements have been outlined earlier in the performance report in the context of our work with the Local resilience Forum. Further information on this is available in section 8 of the Annual Governance Statement.

Section 7 of the AGS sets out our broader service planning arrangements and how these were adjusted as our experience of the impact of the pandemic progressed, and focus widened from the immediate response to the reinstatement of elective services.

Assurance on our governance arrangements is obtained from a number of sources. These include audit reports from internal and external auditors, feedback and reports from Health Inspectorate Wales, the Community Health Council and, crucially, feedback from patients and service users, staff and members of the public.

The Audit Wales Structured Assessment 2020 noted that "*Our structured assessment work considered the Health Board's ability to maintain sound governance arrangements while having to respond rapidly to the unprecedented challenges presented by the pandemic. We found that the Health Board maintained a good overall focus on governance, risk and quality during its response to the first phase of the pandemic*."

A full review of effectiveness and further information on feedback from auditors is provided in sections 31 - 33 of the Annual Governance Statement.

Conclusion and forward look

The last year has undoubtedly been the most challenging that the NHS has faced. In North Wales, responding to the pandemic has required us to adapt the way many of our services are delivered and to swiftly develop and implement new services such as Test Trace and Protect (TTP), the three temporary Enfys hospitals and a mass vaccination programme. We have also redeployed staff into other pressurised services, for example critical care, to increase their capacity to an unprecedented scale.

At the same time, many of our planned care services have been severely interrupted or stopped, delaying treatment for many thousands of patients. This has been the cause of significant concern for the organisation and our clinical teams.

However, the way our services have responded, with a range of genuine service improvements and innovations driven by the need to work differently due to the pandemic, coupled with the success of new services such as the vaccination programme, offer encouragement for the future.

There are many examples of different specialisms and localities working cooperatively to maintain, and in some cases extend, services. There has been a real receptiveness to working in new ways: we have embraced new digital technologies and strengthened our partnerships with local authorities and many other organisations.

Away from the pandemic, we have demonstrated sufficient progress to be taken out of 'special measures' and into 'targeted intervention', although we are clear that much work remains to be done to build a high-performing organisation.

Looking ahead, Covid-19 will remain as our most significant focus at least for the first half of 2021/22, even as we move into a service recovery phase. We face significant challenges restoring services in our hospitals and in primary care, mental health and community based services Delivering for the tens of thousands of people who are now waiting to receive care is one of our core priorities, alongside looking at enhanced pathways for urgent and emergency care, and re-engaging with our vital longer term work to improve population health.

Our plans for 2021/22 also include working in partnership with local government, primary care, and the third sector on reducing inequalities reduction and improving local population heath. We will also be engaging with our workforce, partners, and the wider communities of North Wales as we plan for the Health Board's future strategic development.

The digital legacy of Covid-19 will inform future change and will be reflected in the demand and capacity modelling assumptions and local solutions. As we continue to develop the benefits of digital technology we will work to make sure this does not have an adverse impact on health equalities.

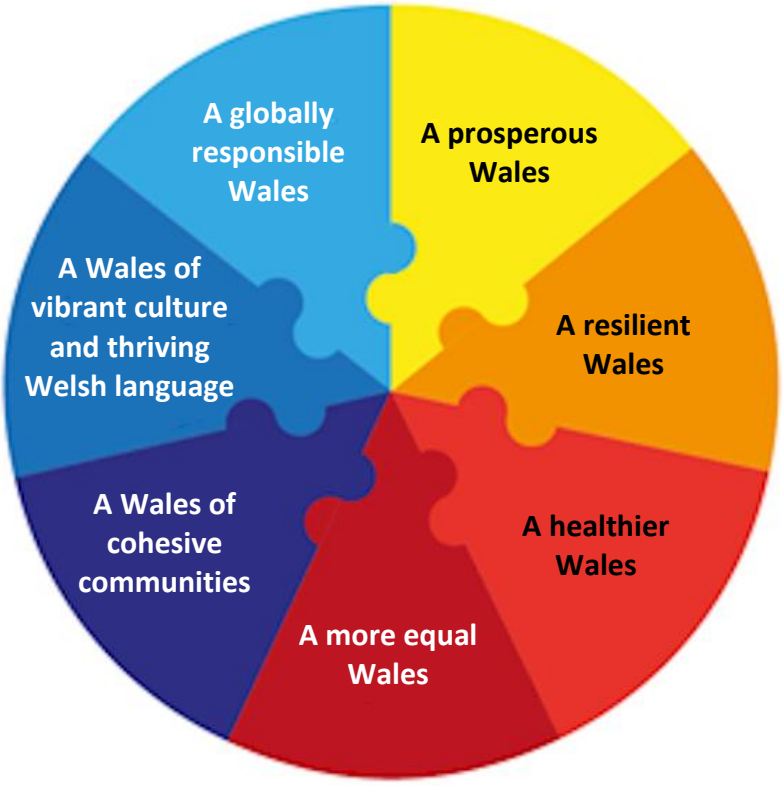
Further details of our plans can be found in the Health Board's Annual Plan for 2021/22 which is available on our website at here - https://bcuhb.nhs.wales/about-us/our-plans/

Looking further ahead, the Health Board is continuing to work with Bangor University on proposals to expand medical education in the region with the creation of a North Wales Medical and Medical Sciences School. We welcomed the announcement in September that the Minister for Health and Social Services was establishing a task and finish group to explore the proposals that we are putting forward.

Well-being of Future Generations (Wales) Act

The **Well-being of Future Generations (Wales) Act** gives us the opportunity to think differently and to give new emphasis to improving the well-being of both current and future generations.

The Well-being of Future Generations Act requires us to think more about the long-term, work better with people, communities and other organisations, seek to prevent problems and take a more joined-up approach. The Act puts in place seven well-being goals, and we need to maximise our contribution to all seven:



The Health Board, along with the other public bodies in Wales, is required to set and publish well-being objectives and to adopt the sustainable development principle. Sustainable development should be embedded within existing corporate processes and not treated as a separate exercise to the setting of objectives that guide the actions and decisions of the organisation.

In developing our long term strategy for health, well-being and healthcare (*Living Healthier, Staying Well* – published in March 2018), thousands of people contributed their time, their opinions and their feedback to help design the strategy together, and also to give us their views on our well-being objectives. As a result, we refreshed the Health Board's objectives and these are as set out below:

- To improve physical, emotional and mental health and well-being for all;
- To target our resources to those with the greatest needs and reduce inequalities;
- To support children to have the best start in life;
- To work in partnership to support people - individuals, families, carers, communities - to achieve their own well-being;
- To improve the safety and quality of all services;

- To respect people and their dignity;
- To listen to people and learn from their experiences.

In achieving these objectives we will

- Use resources wisely , transforming services through innovation and research;
- Support, train and develop our staff to excel.

The well-being objectives have been made explicit in the Board governance process and all reports made to the Board and to Committees must identify the contribution to the relevant goals. All initiatives must identify how they contribute to the well-being objectives and how they have used the five ways of working.

Adopting the five ways of working

There are five ways of working set out in the Act that support the Sustainable Development principle:

Moving forward, throughout the development of our Annual Plan we have sought to use the five ways of working to inform our decisions and help us prioritise the actions we will take to work towards our own well-being objectives and in turn, contribute to the seven national well-being goals.

Further work with partners has been taken forward through the formal partnership boards – the North Wales Regional Partnership Board and the four Public Services Boards (Gwynedd & Anglesey, Conwy & Denbighshire, Flintshire, and Wrexham).

Public Services Boards' Well-being Plans

Public Service Boards (PSBs) are promoted by Welsh Government as the key bodies collectively responsible for improving the well-being of communities across Wales.

By law, Public Service Boards'contributions to the achievement of the seven well-being goals must include:

- Assessing the state of economic, social, environmental and cultural well-being in their areas;
- Setting local objectives that are designed to maximise their contribution within their areas to achieving those goals;
- The taking of all reasonable steps by statutory members of boards (in exercising their functions) to meet those objectives.

It is therefore of significant strategic importance that Public Service Boards are able to deliver their contributions effectively and that the Health Board actively participates in their work to ensure that our strategies and strategic plans are aligned with, and support achievement of, local well-being objectives and delivery of local well-being plans.

During the year, we continued to work with our partners in the Public Service Boards to deliver against the identified priorities. However, the Covid-19 pandemic has had a considerable effect on public services and impacted on progress on the Public Service Board priorities.

Gwynedd and Anglesey PSB has two major well-being objectives:

- Communities which thrive and are prosperous in the long-term;
- Residents who are healthy and independent with a good quality of life.

Progress made in 2020/21 includes:

- Potential sites identified in Gwynedd and Anglesey for the development of innovative housing to low or neutral carbon standards, with viability studies underway;
- Schemes to promote the use of the Welsh Language have been actively explored;
- The development of an Integrated Health and Social Care Sub Group to establish collaborative working arrangements between health and care public sector partners, and to co-ordinate the work of the community transformation programme in accordance with the Welsh Government document 'A Healthier Wales (2018)';
- A vision statement to work towards mitigating the effects of climate change on the well-being of communities has been agreed.

In **Conwy and Denbighshire**, the PSB continue to work towards the identified priority areas as detailed in their Well-being Plan:

- Supporting good mental well-being for all ages;
- Supporting community empowerment;
- Supporting environmental resilience.

The Conwy and Denbighshire PSB paused most areas of work in 2020 due to the Covid-19 pandemic. However, the PSB took the opportunity to work in partnership with Wrexham Glyndwr University to review their purpose and how they can work effectively as a Board. They have also reviewed their priorities to ensure they remain relevant to the local community.

Moving forward, the PSB is keen to progress the Environmental Resilience priority, including relaunching the 'community green pledges' (a scheme to help communities to reduce their environmental impact) and the carbon reduction agenda. They have also identified new focus areas for digital inclusion and maximising green and blue spaces, which is hoped will support the recovery from the pandemic.

Areas of progress in 2020/21 include:

- Sub Group established to address mental well-being in farming / rural communities and children in educational settings;
- Provision of a Dementia Aware community led programme;
- Development of a social prescribing performance management framework;
- Supported two 'green projects' (through a Natural Resources Wales PSB grant) to promote sustainable travel via E-bikes in Colwyn Bay and community access to green spaces via a community woodland in Rhyl.

For their well-being plan, **Flintshire** PSB have set five priority areas:

- Community safety;
- Economy and skills;
- Environment;
- Resilient communities;
- Healthy and independent living.

And for **Wrexham** PSB, there were 15 objectives set out, reflecting locally identified needs:

- All people have opportunities to learn and develop throughout their lives;
- Children and young people are given a healthy start in life;
- People can live healthily, happily and independently in their old age;
- People have positive mental health;
- People are able to make healthy choices;
- Our town is vibrant and welcoming;
- There are good employment opportunities in Wrexham;
- There is a range of things to do in their spare time;
- The economy in rural areas is well supported and can thrive;
- All people have access to good quality, appropriate homes throughout their lives;
- People can easily travel around the county and beyond;
- The Welsh language is thriving;
- Tourism supports the local economy;
- The county borough is a safe place to be;
- Our communities are prepared for the future.

In June 2020, the **Wrexham and Flintshire** PSBs came together to produce an assessment on the impact of Covid-19 on communities. Work subsequently commenced on the development of a joint plan which will assist in moving from the recovery phase to building mechanisms to support, energise and empower communities, partners, stakeholders and citizens. This work is being co-created with Glyndwr University and Do Well, focusing on a systems leadership approach. The joint PSBs have agreed four cross cutting themes for the next eighteen months – children and young people, poverty and inequality, environment / carbon and mental health. Each of these themes is being led by a different PSB partner.

Review of Public Services Boards

In 2019, the Welsh Audit Office (WAO) undertook a review of the PSBs in Wales (www.audit.wales/publication/review-public-services-boards). The review looked at membership, terms of reference, frequency and focus of meetings, alignment with partnerships, resources and scrutiny arrangements.

The WAO review concluded that PSBs are unlikely to realise their potential unless they are given freedom to work more flexibly and think and act differently noting that:

- Public bodies have not taken the opportunity to effectively organise, resource and integrate the work of PSBs
- PSB's are not being consistently scrutinised or held to account
- Despite public bodies valuing PSBs there is no agreement on how their role should operate now or in the future

Each of the four PSBs have developed Action Plans in response to the findings from the review. The Action Plans have been received and reviewed by the Strategic Partnerships and Population Health Committee (SPPH).

Regular updates are given to the Strategy, Partnerships and Population Health Committee throughout the year. Fuller details can be found on the Public Service Boards webpages:

- **Gwynedd and Anglesey:** https://www.llesiantgwyneddamon.org/en/
- **Conwy and Denbighshire:** https://conwyanddenbighshirelsb.org.uk/
- **Flintshire:** https://www.flintshire.gov.uk/en/Resident/Council-and-Democracy/Flintshire-Public-Services-Board.aspx
- **Wrexham:** https://www.wrexhampsb.org/

The **Well-being of Future Generations (Wales) Act** requires each PSB to undertake a local well-being assessment every 5 years. All four PSBs will review and update their assessments in the 2021/22 financial year. The work will be informed by a programme of engagement in the coming months.

Regional Partnership Board (Part 9 Board)

The Regional Partnership Board (RPB) is established under the Social Services and Well-being Act to bring together Local Authorities, Health Boards and other partners to develop care and support for individuals and their carers.

Under the long-term national plan for health and social care, the role of the RPB has been re-emphasised and we have been working towards ensuring that we have shared values and priorities. The allocation of Transformation Funding from Welsh Government has enabled us to continue to implement the transformation programmes in the following areas:

- Community services
- Mental health
- Learning disabilities
- Children and young people

These priority areas are consistent with our well-being objectives and will enable us to take forward our contribution to these in partnership.

During the year, with our RPB partners we established the North Wales Research, Innovation and Improvement Hub (which reports to the Strategic Research and Innovation Partnership and the RPB). The Hub co-ordinates research, innovation and improvement activity on how health and social care services in North Wales can work better together. With RPB partners, we also signed the Regional Autism Agreement and approved the North Wales Dementia Strategy. Through the Regional Workforce Board, a Memorandum of Understanding was agreed between the Health Board and the six North Wales local authorities for the provision of health and social care services within care homes.

In 2020, Welsh Government asked RPBs to carry out a rapid review of the **Population Needs Assessment** that was originally published in 2017. The review summarises the available research about the impact of Covid-19 on people who receive care and support and changes to the way these services have been delivered. The RPB has used the information from the rapid review to inform its winter plans and recovery and reconstruction work. The conclusions from the review will be used as part of the population assessment update due to take place during 2021 and to be published in March 2022. The rapid review can be found on the RPB website: www.northwalescollaborative.wales/wp-content/uploads/2020/11/NW-Population-Assessment-Rapid-Review-2020-1.0.pdf

Welsh Language

Delivering services to patients and service users in their preferred language is a key factor in delivering high quality care, and is particularly important for our more vulnerable patients, children and older persons. In 2018, *The Welsh Language Standards No 7 Regulations* set out the standards that the NHS in Wales must meet in facilitating and promoting use of the Welsh Language, becoming operational in May 2019.

The Health Board's Welsh Language Services consists of four areas that support the organisation to address our patients' language needs to provide the best possible care and to meet these legislative requirements:

- Our Welsh Language Standards Compliance Team ensures that we have robust mechanisms in place to deliver legislative compliance under the Welsh Language (Wales) Measure 2011.
- Our Welsh Language Officers initiate projects and schemes that support services and divisions to be in a better position to provide care to our most vulnerable patients in their language of need, in line with the operational elements of 'More than just words', the Welsh Government's Strategic Framework for Welsh Language Services in Health, Social Services and Social Care
- Our dedicated Welsh Language Training Programme offers a variety of courses, tailored to service needs, to new and current staff by our in-house Welsh Language Tutor. Additional training support is provided by a Support Officer, funded by the Welsh Government's Work Welsh Scheme, who provides operational support once staff return to the workplace. Developing the workforce on a strategic level is essential to ensure we have the best possible skill mix within the organisation, and our Bilingual Skills Policy and Procedure, updated during 2019-2020, establishes our commitment to mainstreaming Welsh language requirements into our workforce planning and recruitment.
- The Translation Team ensures that the Health Board is able to provide information to patients in their preferred language, in accordance with the legislation. The team have also been developing their skills to provide simultaneous translation support to facilitate language preference in clinical and corporate settings.

In addition, all members of the Welsh Language Services team support activities to highlight the importance of, and promote the use of the language by all colleagues.

The onset of the Covid-19 pandemic has affected some elements within the service. Although there have been fewer opportunities for active face-to-face engagement, the team has directly supported the pandemic response through:

- Working on the establishment and delivery of the Care Home Testing Hub to ensure that the system was operating bilingually from the outset, meaning that users were able to discuss test results and concerns in the language of their choice.
- Ensuring that Health Board Covid-19 testing sites and mass vaccination centres offer a fully bilingual environment.
- Providing fast-paced translation services to respond to urgent translation request arising from the rapidly evolving situation, including daily briefings to staff and partners, press releases, and patient letters and information leaflets. An out of hours translation service was established for urgent communications.

Despite the restrictions and added pressures of the COVID-19 pandemic, the Health Board has continued to deliver services in Welsh at its acute and community hospitals, with the award-winning Language Choice Scheme remaining operational on hospital wards throughout north Wales. Orange 'Cymraeg' magnets are placed on white boards above patients' beds and on ward boards, allowing the workforce to plan services based on language choice, pairing Welsh speaking members of staff with Welsh speaking patients. The Scheme also facilitates planning on a broader scale, as multi-disciplinary teams attending to deliver care on wards can also utilise the orange magnets to plan language-appropriate care. Work is ongoing to digitise the scheme by placing the orange 'Cymraeg' logo on electronic whiteboards.

Following on from the success of the Health Board's previous Welsh Language Weeks in 2018 and 2019, a much more understated Virtual Welsh Language Week was held in October 2020. Services were moved online and the week's primary focus was consequently the dissemination of useful Welsh language-related information for staff.

In the same manner, work undertaken to highlight the importance of Welsh language as a skill within the health sector moved from a roadshow visiting various school and colleges in past years, to an online digital platform. A video seminar was developed in conjunction with *Coleg Cymraeg Cenedlaethol*, offering an alternative approach and accessibility of this vital message, reaching a wider variety of sources, including students studying nursing and medical degrees.

Another service area which has seen continuous demand is Welsh language training for staff. Due to Covid-19, training was moved online, with a greater focus on self-study with support from the Health Board Welsh Language Tutor. Online taster, intensive and fast-track courses have also been delivered at various levels throughout the year, and our Support Officer has transformed learning practices to provide that necessary online support bubble once staff return to the workplace.

Under the Welsh Language Standards, a full report on compliance is produced for each year, and these are published at https://bcuhb.nhs.wales/about-us/governance-and-assurance/welsh-language/

Signed:

Jo Whitehead
Chief Executive and Accountable Officer **Dated: 10th June 2021**

BETSI CADWALADR UNIVERSITY 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

Betsi Cadwaladr University Local Health Board was established on 1st October 2009 following implementation of the Welsh Government's One Wales National Reform Programme for the NHS in Wales and the merger of North Wales NHS Trust, North West Wales NHS Trust and the following six former Local Health Boards:

Anglesey Local Health Board
Conwy Local Health Board
Denbighshire Local Health Board
Flintshire Local Health Board
Gwynedd Local Health Board
Wrexham Local Health Board

The Health Board provides a full range of primary, community, mental health and acute hospital services to the population of North Wales from three main hospitals (Ysbyty Gwynedd in Bangor, Ysbyty Glan Clwyd in Bodelwyddan and Wrexham Maelor Hospital) along with a network of community hospitals, health centres, clinics, mental health units and community team bases. The Health Board also coordinates the work of GP practices and NHS services provided by dentists, opticians and pharmacists in North Wales.

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 Local Health Board which is funded by the Welsh Government. This funding is allocated on receipt directly to the General Fund in the Statement of Financial Position.

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

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

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

	Note	2020-21 £'000	2019-20 £'000
Expenditure on Primary Healthcare Services	3.1	**331,772**	322,503
Expenditure on healthcare from other providers	3.2	**398,786**	369,614
Expenditure on Hospital and Community Health Services	3.3	**1,230,631**	1,113,194
		1,961,189	1,805,311
Less: Miscellaneous Income	4	**(152,515)**	(144,574)
LHB net operating costs before interest and other gains and losses		**1,808,674**	1,660,737
Investment Revenue	5	**0**	0
Other (Gains) / Losses	6	**34**	(19)
Finance costs	7	**11**	50
Net operating costs for the financial year		**1,808,719**	**1,660,768**

Details of the Health Board's performance against its revenue and capital allocations over the last three financial periods are provided in Note 2 on page 26.

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

Other Comprehensive Net Expenditure

	2020-21 £'000	2019-20 £'000
Net (gain) / loss on revaluation of property, plant and equipment	**(9,116)**	(5,132)
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	**(9,116)**	(5,132)
Total comprehensive net expenditure for the year	**1,799,603**	1,655,636

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

Statement of Financial Position as at 31 March 2021

	Notes	31 March 2021 £'000	31 March 2020 £'000
Non-current assets			
Property, plant and equipment	11	**588,095**	575,257
Intangible assets	12	**848**	1,026
Trade and other receivables	15	**33,047**	51,496
Other financial assets	16	**0**	0
Total non-current assets		**621,990**	627,779
Current assets			
Inventories	14	**18,365**	17,402
Trade and other receivables	15	**77,254**	79,666
Other financial assets	16	**0**	0
Cash and cash equivalents	17	**3,242**	3,150
		98,861	100,218
Non-current assets classified as "Held for Sale"	11	**185**	0
Total current assets		**99,046**	100,218
Total assets		**721,036**	727,997
Current liabilities			
Trade and other payables	18	**(222,922)**	(143,633)
Other financial liabilities	19	**0**	0
Provisions	20	**(41,733)**	(46,846)
Total current liabilities		**(264,655)**	(190,479)
Net current assets/ (liabilities)		**(165,609)**	(90,261)
Non-current liabilities			
Trade and other payables	18	**(900)**	(958)
Other financial liabilities	19	**0**	0
Provisions	20	**(34,272)**	(51,349)
Total non-current liabilities		**(35,172)**	(52,307)
Total assets employed		**421,209**	485,211
Financed by :			
Taxpayers' equity			
General Fund		**288,642**	356,698
Revaluation reserve		**132,567**	128,513
Total taxpayers' equity		**421,209**	485,211

The Health Board has delegated authority for approval of the 2020-21 financial statements to the Audit Committee, which is a sub-committee of the Board. The financial statements on pages 2-7 were approved by the Committee on 10th June 2021 and signed on its behalf by:

Chief Executive and Accountable Officer: Jo Whitehead Date: 10th June 2021

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

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

	General Fund £000s	Revaluation Reserve £000s	Total Reserves £000s
Changes in taxpayers' equity for 2020-21			
Balance at 1 April 2020	356,698	128,513	**485,211**
Net operating cost for the year	(1,808,719)		**(1,808,719)**
Net gain/(loss) on revaluation of property, plant and equipment	0	9,116	**9,116**
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	5,062	(5,062)	**0**
Release of reserves to SoCNE	0	0	**0**
Transfers to/from LHBs	0	0	**0**
Total recognised income and expense for 2020-21	(1,803,657)	4,054	**(1,799,603)**
Net Welsh Government funding	1,701,908		**1,701,908**
Notional Welsh Government Funding	33,693		**33,693**
Balance at 31 March 2021	288,642	132,567	**421,209**
Included in Net Welsh Government Funding:			
Welsh Government Covid 19 Capital Funding	9,496		**9,496**
Welsh Government Covid 19 Revenue Funding	121,816		**121,816**

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

Transfers between reserves represents the balance held in the revaluation reserve for non-current assets disposed during the year (£142,000) and additional depreciation charged on assets that had been subject to an upward revaluation (£4,920,000).

Statement of Changes in Taxpayers' Equity
For the year ended 31 March 2020

	General Fund £000s	Revaluation Reserve £000s	Total Reserves £000s
Changes in taxpayers' equity for 2019-20			
Balance at 1 April 2019	402,323	128,076	**530,399**
Net operating cost for the year	(1,660,768)		**(1,660,768)**
Net gain/(loss) on revaluation of property, plant and equipment	0	5,132	**5,132**
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	4,695	(4,695)	**0**
Release of reserves to SoCNE	0	0	**0**
Transfers to/from LHBs	0	0	**0**
Total recognised income and expense for 2019-20	(1,656,073)	437	**(1,655,636)**
Net Welsh Government funding	1,578,821		**1,578,821**
Notional Welsh Government Funding	31,627		**31,627**
Balance at 31 March 2020	356,698	128,513	**485,211**

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

Transfers between reserves represents the balance held in the revaluation reserve for each non-current asset disposed during 2019-20.

Statement of Cash Flows for year ended 31 March 2021

	Notes	2020-21 £'000	2019-20 £'000
Cash Flows from operating activities			
Net operating cost for the financial year		**(1,808,719)**	(1,660,768)
Movements in Working Capital	27	**115,166**	6,739
Other cash flow adjustments	28	**55,545**	122,221
Provisions utilised	20	**(30,511)**	(22,472)
Net cash outflow from operating activities		**(1,668,519)**	(1,554,280)
Cash Flows from investing activities			
Purchase of property, plant and equipment		**(34,789)**	(26,353)
Proceeds from disposal of property, plant and equipment		**67**	57
Purchase of intangible assets		**(165)**	(658)
Proceeds from disposal of intangible assets		**0**	0
Payment for other financial assets		**0**	0
Proceeds from disposal of other financial assets		**0**	0
Payment for other assets		**0**	0
Proceeds from disposal of other assets		**0**	0
Net cash inflow/(outflow) from investing activities		**(34,887)**	(26,954)
Net cash inflow/(outflow) before financing		**(1,703,406)**	(1,581,234)
Cash Flows from financing activities			
Welsh Government funding (including capital)		**1,701,908**	1,578,821
Capital receipts surrendered		**0**	0
Capital grants received		**1,590**	1,591
Capital element of payments in respect of finance leases and on-SoFP PFI Schemes		**0**	0
Cash transferred (to)/ from other NHS bodies		**0**	0
Net financing		**1,703,498**	1,580,412
Net increase/(decrease) in cash and cash equivalents		**92**	(822)
Cash and cash equivalents (and bank overdrafts) at 1 April 2020		**3,150**	3,972
Cash and cash equivalents (and bank overdrafts) at 31 March 2021		**3,242**	3,150

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

Notes to the Accounts

1. Accounting policies

The Minister for Health and Social Services has directed that the financial statements of Local Health Boards (LHB) in Wales shall meet the accounting requirements of the NHS Wales Manual for Accounts. Consequently, the following financial statements have been prepared in accordance with the 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 1st 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. Whilst the LHB does not ordinarily permit the carry forward of annual leave from one period to another it is recognised that Covid-19 lockdowns combined with staffing levels across the service have significantly impacted on the ability to take annual leave during 2020-21.

Where employees have been unable to take their annual leave allocation within the 2020-21 leave year, carry forward of up to twenty days outstanding leave (pro rata for part time staff) has been permitted. Whilst up to 50% of this leave may be further carried forward to the 2022-23 leave year all carried forward annual leave must be used by the end of that leave year. 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 1st 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.

1.4.3. NEST Pension Scheme

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

1.5. Other expenses

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

1.6. Property, plant and equipment

1.6.1. Recognition

Property, plant and equipment is capitalised if:

● it is held for use in delivering services or for administrative purposes;

● it is probable that future economic benefits will flow to, or service potential will be supplied to, the NHS Wales organisation;

● it is expected to be used for more than one financial year;

● the cost of the item can be measured reliably; and

● the item has cost of at least £5,000; or

● Collectively, a number of items have a cost of at least £5,000 and individually have a cost of more than £250, where the assets are functionally interdependent, they had broadly simultaneous purchase dates, are anticipated to have simultaneous disposal dates and are under single managerial control; or

● Items form part of the initial equipping and setting-up cost of a new building, ward or unit, irrespective of their individual or collective cost.

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

1.6.2. Valuation

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

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

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

● Specialised buildings – depreciated replacement cost

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

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 LHB; where the cost of the asset can be measured reliably, and where the cost is at least £5,000.

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

● the technical feasibility of completing the intangible asset so that it will be available for use.

● the intention to complete the intangible asset and use it.

● the ability to use the intangible asset.

● how the intangible asset will generate probable future economic benefits.

● the availability of adequate technical, financial and other resources to complete the intangible asset and use it.

● the ability to measure reliably the expenditure attributable to the intangible asset during its development.

Measurement

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

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

1.8. Depreciation, amortisation and impairments

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

Otherwise, depreciation and amortisation are charged to write off the costs or valuation of property, plant and equipment and intangible non-current assets, less any residual value, over their estimated useful lives, in a manner that reflects the consumption of economic benefits or service potential of the assets. The estimated useful life of an asset is the period over which the LHB expects to obtain economic benefits or service potential from the asset. This is specific to the LHB 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 LHB 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 LHB's 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 LHB's net investment outstanding in respect of the leases.

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

1.12. Inventories

Whilst it is accounting convention for inventories to be valued at the lower of cost and net realisable value using the weighted average or "first-in first-out" cost formula, it should be recognised that the NHS is a special case in that inventories are not generally held for the intention of resale and indeed there is no market readily available where such items could be sold. Inventories are valued at cost and this is considered to be a reasonable approximation to fair value due to the high turnover of stocks. Work-in-progress comprises goods in intermediate stages of production. Partially completed contracts for patient services are not accounted for as work-in-progress.

1.13. Cash and cash equivalents

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

1.14. Provisions

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

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

Present obligations arising under onerous contracts are recognised and measured as a provision. An onerous contract is considered to exist where the LHB 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 LHB 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 2019-20 and 2020-21. 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 LHBs was to change the calculation basis for bad debt provisions 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 LHB becomes party to the financial instrument contract or, in the case of trade receivables, when the goods or services have been delivered. Financial assets are derecognised when the contractual rights have expired or the asset has been transferred.

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

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

1.16.1. Financial assets are initially recognised at fair value

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

1.16.2. Financial assets at fair value through SoCNE

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

1.16.3 Held to maturity investments

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

1.16.4. Available for sale financial assets

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

1.16.5. Loans and receivables

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

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

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

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

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

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

1.17. Financial liabilities

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

1.17.1. Financial liabilities are initially recognised at fair value

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

1.17.2. Financial liabilities at fair value through the SoCNE

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

1.17.3. Other financial liabilities

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

1.18. Value Added Tax (VAT)

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

1.19. Foreign currencies

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

1.20. Third party assets

Assets belonging to third parties (such as money held on behalf of patients) are not recognised in the accounts since the NHS Wales organisation has no beneficial interest in them. Details of third party assets are given in the Notes 31 to the accounts.

1.21. Losses and Special Payments

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

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

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

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

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

1.22. Pooled budgets

The LHB has entered into pooled budget arrangements with Local Authorities across North Wales. Under these arrangements funds are pooled in accordance with Section 33 of the NHS (Wales) Act 2006 for specific activities as detailed in Note 32 - Pooled budgets.

The LHB accounts for its share of the assets, liabilities, income and expenditure from these activities in accordance with each pooled budget's arrangements.

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 1st 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.

During 2020-21 the LHB made significant estimates of liabilities relating to the impact of Covid-19 pandemic, including:

● untaken annual leave at the end of the financial year (1.4.1 refers)

● the cost of the NHS Wales bonus payment scheme for health and social care staff

● costs relating to the decommissioning of Field Hospitals and Mass Vaccination Centres

● consequential losses arising from the LHBs use of leased premises as Field Hospitals and Mass Vaccination Centres.

Estimates in each of these four areas have been fully funded by Welsh Government through revenue resource allocations.

1.24.1. Provisions

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

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

1.24.2. Probable & Certain Cases – Accounting Treatment

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

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

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 -0.25%.

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

1.25 Private Finance Initiative (PFI) transactions

HM Treasury has determined that government bodies shall account for infrastructure PFI schemes where the government body controls the use of the infrastructure and the residual interest in the infrastructure at the end of the arrangement as service concession arrangements, following the principles of the requirements of IFRIC 12. The LHB 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 LHB's approach for each relevant class of asset in accordance with the principles of IAS 16.

1.25.3. PFI liability

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

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

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

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

1.25.4. Lifecycle replacement

Components of the asset replaced by the operator during the contract ('lifecycle replacement') are capitalised where they meet the LHB'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.

1.25.5. Assets contributed by the LHB to the operator for use in the scheme

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

1.25.6. Other assets contributed by the LHB to the operator

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

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

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

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 LHB, or a present obligation that is not recognised because it is not probable that a payment will be required to settle the obligation or the amount of the obligation cannot be measured sufficiently reliably. A contingent liability is disclosed unless the possibility of a payment is remote.

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

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

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

1.27. 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 1st 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 1st 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 1st April 2013, the LHB established that as it is the corporate trustee of the linked charity "Betsi Cadwaladr University Health Board and Other Related Charities", it is considered for accounting standards compliance to have control of the Charity as a subsidiary. It is therefore required to consolidate the results of the Charity within the statutory accounts of the LHB.

The determination of control is an accounting standard test of control and there has been no change to the operation of the Charity or its independence in its management of charitable funds.

However, the LHB has with the agreement of the Welsh Government adopted the IAS 27 (10) exemption to consolidate. Welsh Government as the ultimate parent of the Local Health Boards will disclose the Charitable Accounts of Local Health Boards in the Welsh Government Consolidated Accounts.

Details of the transactions with the Charity are included in Note 30 Related Party Transactions.

2. Financial Duties Performance

The National Health Service Finance (Wales) Act 2014 came into effect from 1st April 2014. The Act amended the financial duties of Local Health Boards under section 175 of the National Health Service (Wales) Act 2006. From 1st 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 reponsible, 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	2019-20	2020-21	**Total**
	£'000	£'000	£'000	**£'000**
Net operating costs for the year	1,532,531	1,660,768	1,808,719	**5,002,018**
Less general ophthalmic services expenditure and other non-cash limited expenditure	(645)	84	538	**(23)**
Less revenue consequences of bringing PFI schemes onto SoFP	0	0	0	**0**
Total operating expenses	1,531,886	1,660,852	1,809,257	**5,001,995**
Revenue Resource Allocation	1,490,607	1,622,156	1,809,747	**4,922,510**
Under /(over) spend against Allocation	(41,279)	(38,696)	490	**(79,485)**

Betsi Cadwaladr University LHB has not met its financial duty to break-even against its Revenue Resource Limit over the 3 years 2018-19 to 2020-21. The Health Board did not receive any additional cash-only support from Welsh Government during the year with cumulative strategic cash support remaining unchanged at £149.694 million.

The Minister for Health and Social Services announced on 6th July 2020 that once NHS Wales organisations that have previously been in deficit meet their three year break-even duty, they will no longer be required to repay any historic debt incurred prior to achieving the statutory duty. The Minister also announced that, with immediate effect, all strategic cash support provided to NHS Wales organisations would no longer be repayable.

Whilst changes to historic debt arrangements have not impacted on the Health Board during 2020-21 as the three year break-even duty was not achieved, the Health Board will no longer be required to repay the strategic cash support received from Welsh Government whilst it was in a deficit position.

2.2 Capital Resource Performance

	2018-19	2019-20	2020-21	**Total**
	£'000	£'000	£'000	**£'000**
Gross capital expenditure	50,869	25,714	35,587	**112,170**
Add: Losses on disposal of donated assets	0	0	0	**0**
Less NBV of property, plant and equipment and intangible assets disposed	(374)	(38)	(100)	**(512)**
Less capital grants received	0	0	(782)	**(782)**
Less donations received	(1,102)	(1,591)	(808)	**(3,501)**
Charge against Capital Resource Allocation	49,393	24,085	33,897	**107,375**
Capital Resource Allocation	49,408	24,109	33,958	**107,475**
(Over) / Underspend against Capital Resource Allocation	15	24	61	**100**

Betsi Cadwaladr University LHB has met its financial duty to break-even against its Capital Resource Limit over the 3 years 2018-19 to 2020-21

2.3 Duty to prepare a 3 year integrated plan

Due to the Covid-19 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.

Betsi Cadwaladr University LHB did not submit a 2019-22 integrated plan in accordance with the planning framework.

The Minister for Health and Social Services extant approval

Status	Not Approved
Date	Not applicable

Betsi Cadwaladr LHB has therefore not 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	**301,116**	329,268
Total number of non-NHS bills paid within target	**289,037**	313,739
Percentage of non-NHS bills paid within target	96.0%	95.3%

The LHB has met the target.

3. Analysis of gross operating costs

3.1 Expenditure on Primary Healthcare Services

	Cash limited	Non-cash limited	2020-21 Total	2019-20
	£'000	£'000	£'000	£'000
General Medical Services	144,643		**144,643**	136,403
Pharmaceutical Services	34,310	(6,835)	**27,475**	25,045
General Dental Services	32,992		**32,992**	35,540
General Ophthalmic Services	1,769	6,297	**8,066**	8,464
Other Primary Health Care expenditure	4,583		**4,583**	8,278
Prescribed drugs and appliances	114,013		**114,013**	108,773
Total	**332,310**	**(538)**	**331,772**	322,503

3.2 Expenditure on healthcare from other providers

	2020-21	2019-20
	£'000	£'000
Goods and services from other NHS Wales Health Boards	**5,363**	5,377
Goods and services from other NHS Wales Trusts	**10,402**	10,511
Goods and services from Health Education and Improvement Wales (HEIW)	**0**	0
Goods and services from other non Welsh NHS bodies	**66,743**	67,079
Goods and services from WHSSC / EASC	**189,594**	177,021
Local Authorities	**0**	0
Voluntary organisations	**8,826**	7,567
NHS Funded Nursing Care	**8,473**	7,515
Continuing Care	**106,173**	91,324
Private providers	**3,212**	3,220
Specific projects funded by the Welsh Government	**0**	0
Other	**0**	0
Total	**398,786**	369,614

Note 3.1 Expenditure on Primary Healthcare Services includes pay costs of £24,955,000 comprising:

	2020-21	2019-20
	£'000	£'000
General Medical Services	23,395	22,342
Pharmaceutical Services	83	0
General Dental Services	423	826
Other Primary Health Care Expenditure	1,054	1,019
	24,955	**24,187**

3.3 Expenditure on Hospital and Community Health Services

	2020-21 £'000	2019-20 £'000
Directors' costs	2,330	2,499
Operational Staff costs	880,195	782,814
Single lead employer Staff Trainee Cost	6,844	0
Collaborative Bank Staff Cost	0	0
Supplies and services - clinical	147,059	132,866
Supplies and services - general	58,143	45,528
Consultancy Services	59	2,651
Establishment	9,057	9,810
Transport	6,210	6,074
Premises	78,811	41,367
External Contractors	0	0
Depreciation	34,635	32,899
Amortisation	278	358
Fixed asset impairments and reversals (Property, plant & equipment)	(3,156)	48,712
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	388	398
Other auditors' remuneration	0	0
Losses, special payments and irrecoverable debts	5,225	2,796
Research and Development	519	370
Other operating expenses	4,034	4,052
Total	**1,230,631**	1,113,194

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

Increase/(decrease) in provision for future payments:	2020-21 £'000	2019-20 £'000
Clinical negligence;		
Secondary care	1,658	10,042
Primary care	0	0
Redress Secondary Care	68	140
Redress Primary Care	0	0
Personal injury	123	984
All other losses and special payments	3,019	417
Defence legal fees and other administrative costs	1,704	1,058
Gross increase/(decrease) in provision for future payments	**6,572**	**12,641**
Contribution to Welsh Risk Pool	0	0
Premium for other insurance arrangements	0	0
Irrecoverable debts	(314)	(360)
Less: income received/due from Welsh Risk Pool	(1,033)	(9,485)
Total	**5,225**	2,796

	2020-21 £	2019-20 £
Permanent injury included within personal injury:	171,000	571,000

Fixed asset impairments and reversals (Property, plant & equipment) in Note 3.3 includes a credit of £3,662,000 (2019-20 £2,541,000) in respect of the reversal of impairments charged to expenditure in previous periods. The value of impairment reversals is also reported in the Cost or valuation section of Note 11.1 Property, plant and equipment on page 39 of these accounts.

4. Miscellaneous Income

	2020-21 £'000	2019-20 £'000
Local Health Boards	4,927	5,681
Welsh Health Specialised Services Committee (WHSSC)/Emergency Ambulance Services Committee (EASC)	44,170	41,442
NHS Wales trusts	5,934	4,783
Health Education and Improvement Wales (HEIW)	15,443	14,533
Foundation Trusts	723	1,342
Other NHS England bodies	14,770	18,084
Other NHS Bodies	349	469
Local authorities	12,835	11,006
Welsh Government	8,899	7,954
Welsh Government Hosted bodies	0	0
Non NHS:		
Prescription charge income	24	42
Dental fee income	1,876	7,555
Private patient income	369	1,112
Overseas patients (non-reciprocal)	102	149
Injury Costs Recovery (ICR) Scheme	896	1,520
Other income from activities	10,706	11,031
Patient transport services	0	0
Education, training and research	4,709	5,532
Charitable and other contributions to expenditure	1,333	1,596
Receipt of NWSSP Covid centrally purchased assets	15,740	0
Receipt of Covid centrally purchased assets from other organisations	0	0
Receipt of donated assets	808	1,591
Receipt of Government granted assets	1,712	0
Non-patient care income generation schemes	260	294
NHS Wales Shared Services Partnership (NWSSP)	0	0
Deferred income released to revenue	90	82
Contingent rental income from finance leases	0	0
Rental income from operating leases	319	324
Other income:		
Provision of laundry, pathology, payroll services	106	127
Accommodation and catering charges	2,282	3,345
Mortuary fees	299	333
Staff payments for use of cars	1,073	1,167
Business Unit	0	0
Other	1,761	3,480
Total	**152,515**	144,574

Other income Includes;		
Staff recharges not included in other lines	716	1,231
Movement in Expected Credit Losses (ECLs) on invoiced income	(160)	513
Ad-Trac income	258	188
Sports Council for Wales	0	82
	0	0
	0	0
Total	**814**	2,014

Welsh Government Covid 19 income included in total above;.	58

Injury Cost Recovery (ICR) Scheme income

	2020-21 %	2019-20 %
To reflect expected rates of collection ICR income is subject to a provision for impairment of:	22.43	21.79

Covid-19 income sources

The Welsh Government line in the above note includes £58,000 of miscellaneous income relating to Covid-19. All other Covid-19 revenue income received from Welsh Government during 2020-21 was provided as part of the Revenue Resource Allocation (Note 34.2 page 72).

Receipt of Covid centrally purchased assets from other organisations (£930,000) and Receipt of Government granted assets (£782,000) relate to revenue and capital items provided to the Health Board by the Department of Health at no cost.

Receipt of NWSSP Covid centrally purchased assets relates to items of revenue equipment (£7,330,000) and consumables (£8,410,000) procured by NWSSP and provided to the Health Board at no cost.

Injury Cost Recovery (ICR) Scheme

Whilst Injury Cost Recovery (ICR) Scheme income is generally subject to a provision for impairment of 22.43% to reflect expected rates of collection, the Health Board has further increased the provision impairment rate on specific aged cases in order to reflect the additional risk of potential non-recovery.

5. Investment Revenue

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

6. Other gains and losses

	2020-21	2019-20
	£000	£000
Gain/(loss) on disposal of property, plant and equipment	(34)	22
Gain/(loss) on disposal of intangible assets	0	0
Gain/(loss) on disposal of assets held for sale	0	(3)
Gain/(loss) on disposal of financial assets	0	0
Change on foreign exchange	0	0
Change in fair value of financial assets at fair value through SoCNE	0	0
Change in fair value of financial liabilities at fair value through SoCNE	0	0
Recycling of gain/(loss) from equity on disposal of financial assets held for sale	0	0
Total	**(34)**	19

7. Finance costs

	2020-21	2019-20
	£000	£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	35	37
contingent finance cost	0	0
Interest on late payment of commercial debt	0	0
Other interest expense	0	0
Total interest expense	**35**	37
Provisions unwinding of discount	(24)	13
Other finance costs	0	0
Total	**11**	50

8. Operating leases

LHB as lessee

As at 31st March 2021 the Health Board had 1,501 operating lease agreements in place for the lease of 47 premises, 366 items of equipment and 1,088 vehicles.

Lease arrangements in respect of 1 premises, 105 items of equipment and 287 vehicles expired during the 2020-21 financial year.

Payments recognised as an expense	**2020-21**	2019-20
	£000	£000
Minimum lease payments	**5,690**	5,826
Contingent rents	**0**	0
Sub-lease payments	**0**	0
Total	**5,690**	5,826

Total future minimum lease payments		
Payable	**£000**	£000
Not later than one year	**5,282**	4,879
Between one and five years	**10,406**	7,941
After 5 years	**24,211**	23,928
Total	**39,899**	36,748

LHB as lessor

Rental revenue	**£000**	£000
Rent	**292**	282
Contingent rents	**0**	0
Total revenue rental	**292**	282

Total future minimum lease payments		
Receivable	**£000**	£000
Not later than one year	**292**	282
Between one and five years	**134**	160
After 5 years	**357**	421
Total	**783**	863

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	684,141	2,643	23,320	5,411	0	25,370	**740,885**	648,051
Social security costs	62,731	0	0	670	0	0	**63,401**	58,508
Employer contributions to NHS Pension Scheme	109,842	0	0	763	0	0	**110,605**	103,832
Other pension costs	421	0	0	0	0	0	**421**	397
Other employment benefits	0	0	0	0	0	0	**0**	0
Termination benefits	55	0	0	0	0	0	**55**	215
Total	857,190	2,643	23,320	6,844	0	25,370	**915,367**	811,003

Charged to capital	**843**	963
Charged to revenue	**914,524**	810,040
	915,367	811,003
Net movement in accrued employee benefits (untaken staff leave accrual included above)	19,585	4
Covid 19 Net movement in accrued employee benefits (untaken staff leave accrual included in above)	21,784	0

The "Other" staff column includes temporary and contract staff such as short-term direct engagement contracts, IR35 applicable staff, Out of Hours GPs and GMS Locum Doctors. Social Security costs relating to these groups of staff for the 2020-21 financial year are included within the Permanent Staff column of the above note.

The increase in accrued employee benefits reported above mainly relates to annual leave entitlements that employees were unable to take during 2020-21 due to the impact of the Covid-19 pandemic. Where employees were unable to take their full annual leave entitlement during their leave year, carry forwar d of up to twenty days (pro rata for part-time staff) was permitted. Further information is provided in Accounting Policy Note 1.4.1 Short-term employee benefits on page 9.

Employee costs in Note 9.1 include £20,778,000 in respect of the NHS and social care staff bonus payment announced by the Minister for Health and Social Services on 17th March 2021. This is a one-off non-consolidated non-pensionable payment of £735 plus employers social security costs and the apprenticeship levy.

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	2,980	15	70	0	0	0	**3,065**	3,088
Medical and dental	1,303	16	7	112	0	123	**1,561**	1,483
Nursing, midwifery registered	4,860	0	168	0	0	1	**5,029**	4,976
Professional, Scientific, and technical staff	717	12	5	0	0	0	**734**	620
Additional Clinical Services	3,291	0	1	0	0	0	**3,292**	3,242
Allied Health Professions	917	0	32	0	0	0	**949**	903
Healthcare Scientists	249	0	1	0	0	0	**250**	254
Estates and Ancilliary	1,293	0	3	0	0	0	**1,296**	1,164
Students	106	0	0	0	0	0	**106**	15
Total	**15,716**	**43**	**287**	**112**	**0**	**124**	**16,282**	15,745

9.3. Retirements due to ill-health

	2020-21	2019-20
Number	15	10
Estimated additional pension costs £	705,980	607,355

This note discloses the number and additional pension costs for individuals who retired early on ill-health grounds during the year. NHS Pensions has advised that there were 15 early retirements with an estimated additional pension cost of £705,980. These additional pension costs have been calculated on an average basis and will be borne by the NHS Pension Scheme.

9.4 Employee benefits

Employee benefits refer to non-pay benefits which are not attributable to individual employees, for example group membership of a club. The Health Board does not operate any employee benefit schemes.

9.5 Reporting of other compensation schemes - exit packages

Exit packages cost band (including any special payment element)	2020-21 Number of compulsory redundancies	2020-21 Number of other departures	2020-21 Total number of exit packages	2020-21 Number of departures where special payments have been made	2019-20 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	1
£10,000 to £25,000	0	0	0	0	1
£25,000 to £50,000	0	0	0	0	3
£50,000 to £100,000	0	1	1	0	1
£100,000 to £150,000	0	0	0	0	0
£150,000 to £200,000	0	0	0	0	0
more than £200,000	0	0	0	0	0
Total	**0**	**1**	**1**	**0**	6

Exit packages cost band (including any special payment element)	2020-21 Cost of compulsory redundancies	2020-21 Cost of other departures	2020-21 Total cost of exit packages	2020-21 Cost of special element included in exit packages	2019-20 Total cost of exit packages
	£'s	£'s	£'s	£'s	£'s
less than £10,000	0	0	0	0	7,608
£10,000 to £25,000	0	0	0	0	24,831
£25,000 to £50,000	0	0	0	0	126,446
£50,000 to £100,000	0	55,078	55,078	0	56,118
£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**	**55,078**	**55,078**	**0**	215,003

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	55,078	215,003
Total	**55,078**	215,003

This disclosure reports the number and value of exit packages taken by staff leaving the Health Board during the year.

Whilst the exit costs in this note are accounted for in full in the year of departure, the expenses associated with these departures may have been recognised either in part or full in a previous period. Total exit costs paid during 2020-21, the year of departure, were £55,078 (2019-20 £215,003).

The Health Board has paid all redundancy and other departure costs in accordance with the provisions of the NHS Voluntary Early Release Scheme (VERS). Additional costs relating to early retirements, including early retirements on grounds of redundancy for employees entitled to pension benefits, have been met by the Health Board and not by the NHS Pension Scheme.

Ill-health retirement costs are not included in these tables as they are met by the NHS Pension Scheme and further details are provided in Note 9.3.

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 Health Board in the financial year 2020-21 was £225,000 to £230,000 (2019-20, £225,000 to £230,000). This was 7.43 times (2019-20, 7.70 times) the median remuneration of the workforce, which was £30,615 (2019-20, £29,554).

The banded remuneration of the Chief Executive of the Health Board in the financial year 2020-21 was £210,000 to £215,000 (2019-20, £210,000 to £215,000). This was 6.94 times (2019-20, 7.19) the median remuneration of the workforce, which was £30,615 (2019-20, £29,554).

In 2020-21, 10 employees (2019-20, 15) received remuneration in excess of the highest-paid director. Remuneration for all staff ranged from £18,005 to £310,000 (2019-20, £17,652 to £295,000).

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.

The Remuneration Relationship has decreased in 2020-21 due to the highest-paid director remuneration remaining in the same banding, with the median remuneration of the workforce increasing by £1,061. This reflects the fact that all staff received an inflationary pay award and that many staff worked additional hours throughout the year, due to pressures arising from the COVID-19 pandemic.

An average 1.67% inflationary pay increase was received by staff covered by the Agenda for Change agreement. In addition, Medical Staff received an inflationary pay award of 2.8%.

9.7 Pension costs

PENSION COSTS

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

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

a) Accounting valuation

A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary's Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and is accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2021, is based on valuation data as 31 March 2020, updated to 31 March 2021 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

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

b) Full actuarial (funding) valuation

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

The latest actuarial valuation undertaken for the NHS Pension Scheme was completed as at 31 March 2016. The results of this valuation set the employer contribution rate payable from April 2019 to 20.6% of pensionable pay. The 2016 funding valuation was also expected to test the cost of the Scheme relative to the employer cost cap that was set following the 2012 valuation. In January 2019, the Government announced a pause to the cost control element of the 2016 valuations, due to the uncertainty around member benefits caused by the discrimination ruling relating to the McCloud case.

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.

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
NHS	**Number**	**£000**	Number	£000
Total bills paid	**5,195**	**317,540**	5,856	292,228
Total bills paid within target	**4,587**	**310,282**	5,420	290,210
Percentage of bills paid within target	**88.3%**	**97.7%**	92.6%	99.3%
Non-NHS				
Total bills paid	**301,116**	**710,788**	329,268	651,781
Total bills paid within target	**289,037**	**695,683**	313,739	634,803
Percentage of bills paid within target	**96.0%**	**97.9%**	95.3%	97.4%
Total				
Total bills paid	**306,311**	**1,028,328**	335,124	944,009
Total bills paid within target	**293,624**	**1,005,965**	319,159	925,013
Percentage of bills paid within target	**95.9%**	**97.8%**	95.2%	98.0%

During 2020-21 the Health Board paid 96.0% of non-NHS invoices by number within 30 days (2019-20 95.3%) and therefore achieved the Welsh Government performance measure.

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	**58**	476
Compensation paid to cover debt recovery costs under this legislation	**1595**	300
Total	**1653**	776

11.1 Property, plant and equipment

	Land £000	Buildings, excluding dwellings £000	Dwellings £000	Assets under construction & payments on account £000	Plant and machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
Cost or valuation at 1 April 2020	46,961	482,553	18,620	10,966	114,534	842	24,576	7,493	706,545
Indexation	(507)	14,042	542	0	0	0	0	0	14,077
Additions									
- purchased	0	0	0	19,953	12,269	0	1,611	69	33,902
- donated	0	95	0	0	708	0	0	0	803
- government granted	0	0	0	0	782	0	0	0	782
Transfer from/into other NHS bodies	0	0	0	0	0	0	0	0	0
Reclassifications	0	8,838	339	(12,525)	820	0	2,528	0	0
Revaluations	0	(3,651)	(11)	0	0	0	0	0	(3,662)
Reversal of impairments	0	3,651	11	0	0	0	0	0	3,662
Impairments	(506)	0	0	0	0	0	0	0	(506)
Reclassified as held for sale	(185)	(152)	0	0	0	0	0	0	(337)
Disposals	(15)	(64)	0	0	(4,686)	(10)	(159)	(6)	(4,940)
At 31 March 2021	45,748	505,312	19,501	18,394	124,427	832	28,556	7,556	750,326
Depreciation at 1 April 2020	0	43,111	1,561	0	69,177	646	13,609	3,184	131,288
Indexation	0	4,905	56	0	0	0	0	0	4,961
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	(3,651)	(11)	0	0	0	0	0	(3,662)
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	(152)	0	0	0	0	0	0	(152)
Disposals	0	(13)	0	0	(4,651)	(10)	(159)	(6)	(4,839)
Provided during the year	0	19,155	662	0	9,992	43	4,111	672	34,635
At 31 March 2021	0	63,355	2,268	0	74,518	679	17,561	3,850	162,231
Net book value at 1 April 2020	46,961	439,442	17,059	10,966	45,357	196	10,967	4,309	575,257
Net book value at 31 March 2021	45,748	441,957	17,233	18,394	49,909	153	10,995	3,706	588,095
Net book value at 31 March 2021 comprises :									
Purchased	45,748	434,379	17,233	18,394	44,253	153	10,957	3,349	574,466
Donated	0	6,676	0	0	4,941	0	38	356	12,011
Government Granted	0	902	0	0	715	0	0	1	1,618
At 31 March 2021	45,748	441,957	17,233	18,394	49,909	153	10,995	3,706	588,095
Asset financing :									
Owned	45,748	440,968	17,233	18,394	49,909	153	10,995	3,706	587,106
Held on finance lease	0	0	0	0	0	0	0	0	0
On-SoFP PFI contracts	0	989	0	0	0	0	0	0	989
PFI residual interests	0	0	0	0	0	0	0	0	0
At 31 March 2021	45,748	441,957	17,233	18,394	49,909	153	10,995	3,706	588,095

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

	£000
Freehold	500,026
Long Leasehold	4,912
Short Leasehold	0
	504,938

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

11.1 Property, plant and equipment

	Land £000	Buildings, excluding dwellings £000	Dwellings £000	Assets under construction & payments on account £000	Plant and machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
Cost or valuation at 1 April 2019	47,436	474,284	18,439	75,528	106,252	1,172	22,929	7,004	**753,044**
Indexation	(260)	9,391	365	0	0	0	0	0	**9,496**
Additions									
- purchased	0	0	0	15,638	4,803	39	2,427	539	**23,446**
- donated	0	642	0	0	891	0	12	0	**1,545**
- 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	68,846	13	(80,200)	9,036	0	1,878	427	**0**
Revaluations	(9)	(22,097)	(204)	0	0	0	0	0	**(22,310)**
Reversal of impairments	0	2,534	7	0	0	0	0	0	**2,541**
Impairments	(206)	(51,047)	0	0	0	0	0	0	**(51,253)**
Reclassified as held for sale	0	0	0	0	0	0	0	0	**0**
Disposals	0	0	0	0	(6,448)	(369)	(2,670)	(477)	**(9,964)**
At 31 March 2020	46,961	482,553	18,620	10,966	114,534	842	24,576	7,493	**706,545**
Depreciation at 1 April 2019	0	42,545	1,255	0	66,040	976	12,528	2,955	**126,299**
Indexation	0	3,139	32	0	0	0	0	0	**3,171**
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	(20,748)	(369)	0	0	0	0	0	**(21,117)**
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	(6,448)	(369)	(2,670)	(477)	**(9,964)**
Provided during the year	0	18,175	643	0	9,585	39	3,751	706	**32,899**
At 31 March 2020	0	43,111	1,561	0	69,177	646	13,609	3,184	**131,288**
Net book value at 1 April 2019	47,436	431,739	17,184	75,528	40,212	196	10,401	4,049	**626,745**
Net book value at 31 March 2020	46,961	439,442	17,059	10,966	45,357	196	10,967	4,309	**575,257**
Net book value at 31 March 2020 comprises :									
Purchased	46,961	431,875	17,059	10,966	39,971	196	10,898	3,887	**561,813**
Donated	0	6,668	0	0	5,386	0	69	418	**12,541**
Government Granted	0	899	0	0	0	0	0	4	**903**
At 31 March 2020	46,961	439,442	17,059	10,966	45,357	196	10,967	4,309	**575,257**
Asset financing :									
Owned	46,961	438,415	17,059	10,966	45,357	196	10,967	4,309	**574,230**
Held on finance lease	0	0	0	0	0	0	0	0	**0**
On-SoFP PFI contracts	0	1,027	0	0	0	0	0	0	**1,027**
PFI residual interests	0	0	0	0	0	0	0	0	**0**
At 31 March 2020	46,961	439,442	17,059	10,966	45,357	196	10,967	4,309	**575,257**

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

	£000
Freehold	**498,665**
Long Leasehold	**4,797**
Short Leasehold	**0**
	503,462

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

11. Property, plant and equipment (continued)

Disclosures:

(i) Donated Assets

Donated tangible asset additions during 2020-21 included schemes funded by:

- Betsi Cadwaladr University Health Board and Other Related Charities - £480,000
- Other hospital based voluntary bodies - £323,000
- Department of Health - £782,000

(ii) Valuations

The Health Board's land and buildings were revalued by the Valuation Office Agency with an effective date of 1st April 2017. The valuation was prepared in accordance with the terms of the Royal Institute of Chartered Surveyors' Valuation Standards, 6th edition.

The Health Board is required to apply the revaluation model set out in IAS 16 and value its capital assets to fair value, which 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

Property, plant and equipment is depreciated using the following asset lives:

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

(iv) Compensation

The Health Board did not receive any compensation from third parties for assets impaired, lost or given up during the year.

(v) Write Downs

There were no write downs of capital assets during the year.

(vi) Open Market Value

The Health Board does not hold any property where the value is considered to be materially different from its open market value.

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

The balance of £185,000 on Note 11.2 non-current assets held for sale at 31st March 2021 relates to Flint Community Hospital. The Health Board did not hold any non-current assets for sale at 31st March 2020.

11. Property, plant and equipment

11.2 Non-current assets held for sale

	Land	Buildings, including dwelling	Other property, plant and equipment	Intangible assets	Other assets	Total
	£000	£000	£000	£000	£000	£000
Balance brought forward 1 April 2020	0	0	0	0	0	**0**
Plus assets classified as held for sale in the year	185	0	0	0	0	**185**
Revaluation	0	0	0	0	0	**0**
Less assets sold in the year	0	0	0	0	0	**0**
Add reversal of impairment of assets held for sale	0	0	0	0	0	**0**
Less impairment of assets held for sale	0	0	0	0	0	**0**
Less assets no longer classified as held for sale, for reasons other than disposal by sale	0	0	0	0	0	**0**
Balance carried forward 31 March 2021	185	0	0	0	0	**185**
Balance brought forward 1 April 2019	38	0	0	0	0	**38**
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	(38)	0	0	0	0	**(38)**
Add reversal of impairment of assets held for sale	0	0	0	0	0	**0**
Less impairment of assets held for sale	0	0	0	0	0	**0**
Less assets no longer classified as held for sale, for reasons other than disposal by sale	0	0	0	0	0	**0**
Balance carried forward 31 March 2020	0	0	0	0	0	**0**

The non-current assets held for sale balance of £185,000 as at 31st March 2021 relates to Flint Community Hospital which will be disposed during 2021-22.

12. Intangible non-current assets

2020-21

	Software (purchased)	Software (internally generated)	Licences and trademarks	Patents	Development expenditure- internally generated	Carbon Reduction Commitments	Total
	£000	£000	£000	£000	£000	£000	£000
Cost or valuation at 1 April 2020	**4,236**	**0**	**0**	**0**	**0**	**0**	**4,236**
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	95	0	0	0	0	0	95
Additions- internally generated	0	0	0	0	0	0	0
Additions- donated	5	0	0	0	0	0	5
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	(22)	0	0	0	0	0	(22)
Gross cost at 31 March 2021	**4,314**	**0**	**0**	**0**	**0**	**0**	**4,314**
Amortisation at 1 April 2020	**3,210**	**0**	**0**	**0**	**0**	**0**	**3,210**
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	278	0	0	0	0	0	278
Reclassified as held for sale	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0
Disposals	(22)	0	0	0	0	0	(22)
Amortisation at 31 March 2021	**3,466**	**0**	**0**	**0**	**0**	**0**	**3,466**
Net book value at 1 April 2020	**1,026**	**0**	**0**	**0**	**0**	**0**	**1,026**
Net book value at 31 March 2021	**848**	**0**	**0**	**0**	**0**	**0**	**848**
At 31 March 2021							
Purchased	805	0	0	0	0	0	805
Donated	43	0	0	0	0	0	43
Government Granted	0	0	0	0	0	0	0
Internally generated	0	0	0	0	0	0	0
Total at 31 March 2021	**848**	**0**	**0**	**0**	**0**	**0**	**848**

12. Intangible non-current assets
2019-20

	Software (purchased)	Software (internally generated)	Licences and trademarks	Patents	Development expenditure- internally generated	Carbon Reduction Commitments	Total
	£000	£000	£000	£000	£000	£000	£000
Cost or valuation at 1 April 2019	3,881	0	0	0	0	0	**3,881**
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	677	0	0	0	0	0	**677**
Additions- internally generated	0	0	0	0	0	0	**0**
Additions- donated	46	0	0	0	0	0	**46**
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	(368)	0	0	0	0	0	**(368)**
Gross cost at 31 March 2020	**4,236**	**0**	**0**	**0**	**0**	**0**	**4,236**
Amortisation at 1 April 2019	3,220	0	0	0	0	0	**3,220**
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	358	0	0	0	0	0	**358**
Reclassified as held for sale	0	0	0	0	0	0	**0**
Transfers	0	0	0	0	0	0	**0**
Disposals	(368)	0	0	0	0	0	**(368)**
Amortisation at 31 March 2020	**3,210**	**0**	**0**	**0**	**0**	**0**	**3,210**
Net book value at 1 April 2019	**661**	**0**	**0**	**0**	**0**	**0**	**661**
Net book value at 31 March 2020	**1,026**	**0**	**0**	**0**	**0**	**0**	**1,026**
At 31 March 2020							
Purchased	972	0	0	0	0	0	**972**
Donated	54	0	0	0	0	0	**54**
Government Granted	0	0	0	0	0	0	**0**
Internally generated	0	0	0	0	0	0	**0**
Total at 31 March 2020	**1,026**	**0**	**0**	**0**	**0**	**0**	**1,026**

Additional Disclosures re Intangible Assets

Explanatory Notes: Note 12 Intangible non-current assets

(i) Software intangible assets are amortised over a standard life of five years, subject to an annual review by the relevant department. The Health Board does not hold any intangible non-current assets where the useful lives are considered to be indefinite;

(ii) The gross carrying amount of fully depreciated intangible assets still in use as at 31st March 2021 was £2,971,000 (31st March 2020 £2,830,000).

(iii) Donated intangible asset additions of £5,000 during 2020-21 were funded by Betsi Cadwaladr University Health Board and Other Related Charities.

13 . Impairments

	2020-21 Property, plant & equipment £000	2020-21 Intangible assets £000	2019-20 Property, plant & equipment £000	2019-20 Intangible assets £000
Impairments arising from :				
Loss or damage from normal operations	0	0	0	0
Abandonment in the course of construction	0	0	0	0
Over specification of assets (Gold Plating)	0	0	0	0
Loss as a result of a catastrophe	0	0	0	0
Unforeseen obsolescence	0	0	0	0
Changes in market price	506	0	51,253	0
Others (specify)	0	0	0	0
Reversal of Impairments	(3,662)	0	(2,541)	0
Total of all impairments	(3,156)	0	48,712	0
Analysis of impairments charged to reserves in year :				
Charged to the Statement of Comprehensive Net Expenditure	(3,156)	0	48,712	0
Charged to Revaluation Reserve	0	0	0	0
	(3,156)	0	48,712	0

Impairments charged to the Statement of Comprehensive Net Expenditure during 2020-21 were conducted by the District Valuer in accordance with the requirements of IFRS.

Analysis of impairments during 2020-21	**£000**
Impairment on revaluation of Flint Community Hospital transferred to Assets Held for Sale as due for disposal	82
Impact of 2% decrease in indexation on land during 2020-21	424
Reversal of impairments previously charged to SoCNE due to 3% increase in indexation on buildings and dwellings	(3,662)
	(3,156)

14.1 Inventories

	31 March 2021	31 March 2020
	£000	£000
Drugs	8,472	7,850
Consumables	9,664	9,277
Energy	213	245
Work in progress	0	0
Other	16	30
Total	**18,365**	17,402
Of which held at realisable value	0	0

14.2 Inventories recognised in expenses

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

Welsh Government requires additional disclosures to be made in Note 14.2 where an NHS organisation purchase inventories for resale. The Health Board does not routinely sell inventories to third parties and is not therefore required to complete this note.

Covid 19 stock

In the context of a challenging global market for Personal Protective Equipment (PPE) and other consumables, Welsh Government established the NHS Wales Support Services Partnership (NWSSP) as a centralised response team to oversee national requirements during the Covid-19 pandemic.

NWSSP provided the Health Board with a significant quantity of consumables stock at nil cost, the value of which has been included in Note 4 Miscellaneous Income with corresponding expenditure in the Supplies and services - clinical line of Note 3.3 Expenditure on Hospital and Community Health Services. Further information is provided in a footnote to Note 4 on page 30.

As at 31st March 2021, the Health Board held £443,000 of PPE stock which is included in the consumables stock figure of Note 14.1. This included stock held in the Health Board's existing hospitals as well as three Field Hospitals, Mass Vaccination Centres and Covid-19 hub stores.

15. Trade and other Receivables

Current	**31 March 2021 £000**	31 March 2020 £000
Welsh Government	**2,628**	6,999
WHSSC / EASC	**4,688**	2,051
Welsh Health Boards	**769**	594
Welsh NHS Trusts	**2,953**	1,983
Health Education and Improvement Wales (HEIW)	**462**	66
Non - Welsh Trusts	**0**	0
Other NHS	**2,341**	4,330
2019-20 Scheme Pays - Welsh Government Reimbursement	**0**	0
Welsh Risk Pool Claim reimbursement		
NHS Wales Secondary Health Sector	**45,827**	47,596
NHS Wales Primary Sector FLS Reimbursement	**3**	0
NHS Wales Redress	**414**	481
Other	**0**	0
Local Authorities	**7,953**	5,331
Capital debtors - Tangible	**0**	0
Capital debtors - Intangible	**0**	0
Other debtors	**6,820**	7,436
Provision for irrecoverable debts	**(2,237)**	(3,024)
Pension Prepayments NHS Pensions	**0**	0
Pension Prepayments NEST	**0**	0
Other prepayments	**3,288**	3,663
Other accrued income	**1,345**	2,160
Sub total	**77,254**	79,666
Non-current		
Welsh Government	**0**	0
WHSSC / EASC	**0**	0
Welsh Health Boards	**0**	0
Welsh NHS Trusts	**0**	0
Health Education and Improvement Wales (HEIW)	**0**	0
Non - Welsh Trusts	**0**	0
Other NHS	**0**	0
2019-20 Scheme Pays - Welsh Government Reimbursement	**0**	0
Welsh Risk Pool Claim reimbursement;		
NHS Wales Secondary Health Sector	**30,522**	48,507
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	**(288)**	(371)
Pension Prepayments NHS Pensions	**0**	0
Pension Prepayments NEST	**0**	0
Other prepayments	**56**	685
Other accrued income	**2,757**	2,675
Sub total	**33,047**	51,496
Total	**110,301**	131,162

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	**1,019**	1,978
By three to six months	**1,154**	693
By more than six months	**1,593**	1,172
	3,766	3,843

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

Balance at 1 April 2020	**(2,249)**	(5,121)
Transfer to other NHS Wales body	**0**	0
Amount written off during the year	**174**	34
Amount recovered during the year	**0**	0
(Increase) / decrease in receivables impaired	**(450)**	2,838
Bad debts recovered during year	**0**	0
Balance at 31 March 2021	**(2,525)**	(2,249)

In determining whether a debt is impaired consideration is given to both the age of the debt and the results of actions taken to recover the debt, including reference to credit agencies. The balance as at 31st March 2021 includes £1,022,000 in respect of non invoiced receivables (2019-20 £1,146,000). Prior year figures have not been restated.

Receivables VAT

Trade receivables	**1,973**	1,049
Other	**0**	0
Total	**1,973**	1,049

16. Other Financial Assets

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

17. Cash and cash equivalents

	2020-21	2019-20
	£000	£000
Balance at 1 April 2020	**3,150**	3,972
Net change in cash and cash equivalent balances	**92**	(822)
Balance at 31 March 2021	**3,242**	3,150
Made up of:		
Cash held at GBS	**3,180**	3,050
Commercial banks	**0**	0
Cash in hand	**62**	100
Cash and cash equivalents as in Statement of Financial Position	**3,242**	3,150
Bank overdraft - GBS	**0**	0
Bank overdraft - Commercial banks	**0**	0
Cash and cash equivalents as in Statement of Cash Flows	**3,242**	3,150

The cash and cash equivalents balance as at 31st March 2021 comprised funding for revenue expenditure of £744,000 (2019-20 £1,452,000) and funding for capital projects of £2,498,000 (2019-20 £1,698,000).

In response to additional disclosure requirements in accounting standard IAS7 - Statement of Cash Flows the changes in liabilities arising from financing activities during 2020-21 were as follows:

Lease liabilities	£	0
PFI liabilities	£	376,000

These movements relate to cash payments made during the year.

No comparative information is required by IAS7 in 2020-21.

18. Trade and other payables

Current	**31 March 2021 £000**	31 March 2020 £000
Welsh Government	**19**	65
WHSSC / EASC	**3,101**	470
Welsh Health Boards	**86**	485
Welsh NHS Trusts	**2,326**	3,262
Health Education and Improvement Wales (HEIW)	**0**	4
Other NHS	**16,277**	17,799
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	**1,603**	3,094
NI contributions payable to HMRC	**9,837**	5,380
Non-NHS payables - Revenue	**18,612**	27,694
Local Authorities	**22,050**	25,900
Capital payables- Tangible	**5,816**	5,118
Capital payables- Intangible	**0**	65
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	**57**	55
Pensions: staff	**0**	0
Non NHS Accruals	**153,369**	61,776
Deferred Income:		
Deferred Income brought forward	**1,922**	1,507
Deferred Income Additions	**(19)**	497
Transfer to / from current/non current deferred income	**0**	0
Released to SoCNE	**(90)**	(82)
Other creditors	**1,967**	1,850
PFI assets –deferred credits	**0**	0
Payments on account	**(14,011)**	(11,306)
Sub Total	**222,922**	143,633
Non-current		
Welsh Government	**0**	0
WHSSC / EASC	**0**	0
Welsh Health Boards	**0**	0
Welsh NHS Trusts	**0**	0
Health Education and Improvement Wales (HEIW)	**0**	0
Other NHS	**0**	0
Taxation and social security payable / refunds	**0**	0
Refunds of taxation by HMRC	**0**	0
VAT payable to HMRC	**0**	0
Other taxes payable to HMRC	**0**	0
NI contributions payable to HMRC	**0**	0
Non-NHS payables - Revenue	**0**	0
Local Authorities	**0**	0
Capital payables- Tangible	**0**	0
Capital payables- Intangible	**0**	0
Overdraft	**0**	0
Rentals due under operating leases	**0**	0
Obligations under finance leases, HP contracts	**0**	0
Imputed finance lease element of on SoFP PFI contracts	**900**	958
Pensions: staff	**0**	0
Non NHS Accruals	**0**	0
Deferred Income :		
Deferred Income brought forward	**0**	0
Deferred Income Additions	**0**	0
Transfer to / from current/non current deferred income	**0**	0
Released to SoCNE	**0**	0
Other creditors	**0**	0
PFI assets –deferred credits	**0**	0
Payments on account	**0**	0
Sub Total	**900**	958
Total	**223,822**	144,591

It is intended to pay all invoices within the 30 day period directed by the Welsh Government (further information in Note 10 on page 38).

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	**121**	117
Between two and five years	**129**	125
In five years or more	**650**	716
Sub-total	**900**	958

19. Other financial liabilities

	Current		**Non-current**	
Financial liabilities	**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
Total	**0**	0	**0**	0

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
Current	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Clinical negligence:-									
Secondary care	37,234	(11,774)	(1,236)	3,062	21,050	(15,909)	(4,056)	0	28,371
Primary care	0	0	0	0	0	0	0	0	0
Redress Secondary care	284	0	(86)	0	456	(295)	(93)	0	266
Redress Primary care	0	0	0	0	0	0	0	0	0
Personal injury	838	0	0	369	431	(644)	(523)	0	471
All other losses and special payments	1	0	(1,325)	0	3,027	(628)	(8)	0	1,067
Defence legal fees and other administration	1,215	0	0	251	1,435	(1,026)	(463)		1,412
Pensions relating to former directors	0			0	0	0	0	0	0
Pensions relating to other staff	155			155	0	(155)	0	0	155
2019-20 Scheme Pays - Reimbursement	0			0	0	0	0	0	0
Restructuring	0			0	0	0	0	0	0
Other	7,119		0	0	5,616	(1,860)	(884)		9,991
Total	46,846	(11,774)	(2,647)	3,837	32,015	(20,517)	(6,027)	0	41,733
Non Current									
Clinical negligence:-									
Secondary care	46,408	(9,566)	(403)	(3,062)	9,901	(9,665)	(4,192)	0	29,421
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	4,056	0	0	(369)	226	0	(11)	(22)	3,880
All other losses and special payments	0	0	0	0	0	0	0	0	0
Defence legal fees and other administration	648	0	0	(251)	782	(329)	(50)		800
Pensions relating to former directors	0			0	0	0	0	0	0
Pensions relating to other staff	237			(155)	93	0	(2)	(2)	171
2019-20 Scheme Pays - Reimbursement	0			0	0	0	0	0	0
Restructuring	0			0	0	0	0	0	0
Other	0		0	0	0	0	0		0
Total	51,349	(9,566)	(403)	(3,837)	11,002	(9,994)	(4,255)	(24)	34,272
TOTAL									
Clinical negligence:-									
Secondary care	83,642	(21,340)	(1,639)	0	30,951	(25,574)	(8,248)	0	57,792
Primary care	0	0	0	0	0	0	0	0	0
Redress Secondary care	284	0	(86)	0	456	(295)	(93)	0	266
Redress Primary care	0	0	0	0	0	0	0	0	0
Personal injury	4,894	0	0	0	657	(644)	(534)	(22)	4,351
All other losses and special payments	1	0	(1,325)	0	3,027	(628)	(8)	0	1,067
Defence legal fees and other administration	1,863	0	0	0	2,217	(1,355)	(513)		2,212
Pensions relating to former directors	0			0	0	0	0	0	0
Pensions relating to other staff	392			0	93	(155)	(2)	(2)	326
2019-20 Scheme Pays - Reimbursement	0			0	0	0	0	0	0
Restructuring	0			0	0	0	0	0	0
Other	7,119		0	0	5,616	(1,860)	(884)		9,991
Total	98,195	(21,340)	(3,050)	0	43,017	(30,511)	(10,282)	(24)	76,005

Expected timing of cash flows:

	In year to 31 March 2022	Between 1 April 2022 31 March 2026	Thereafter	Total £000
Clinical negligence:-				
Secondary care	28,371	29,421	0	57,792
Primary care	0	0	0	0
Redress Secondary care	266	0	0	266
Redress Primary care	0	0	0	0
Personal injury	471	1,182	2,698	4,351
All other losses and special payments	1,067	0	0	1,067
Defence legal fees and other administration	1,412	800	0	2,212
Pensions relating to former directors	0	0	0	0
Pensions relating to other staff	155	163	8	326
2019-20 Scheme Pays - Reimbursement	0	0	0	0
Restructuring	0	0	0	0
Other	9,991	0	0	9,991
Total	41,733	31,566	2,706	76,005

Provisions included within the "Other" categories above relate to:	**£'000**
Continuing Healthcare claims subject to further review	7,128
Holiday pay entitlements on overtime and additional hours	2,166
Staff regrading appeals and pay arrears	453
Relocation expenses	192
GP managed practices premises costs	52
Total	9,991

The provision for Continuing Healthcare claims is based on estimates from the claims which have been processed up to the balance sheet date. This is subject to a significant degree of sensitivity and is dependent on the percentage of claims which are deemed eligible along with the average settlement rate.

The "All other losses and special payments" total of £1,067,000 includes a provision of £947,000 in respect of consequential losses relating to the Health Board's occupancy of leased premises as Field Hospitals / Mass Vaccination Centres during the Covid-19 pandemic.

The expected timing of cashflows is based on best available information for each individual provision as at 31st March 2021 and may be subject to changes in future periods.

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
Current	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Clinical negligence:-									
Secondary care	27,180	(10,459)	105	16,432	21,634	(11,401)	(6,257)	0	**37,234**
Primary care	0	0	0	0	0	0	0	0	**0**
Redress Secondary care	502	0	0	0	358	(358)	(218)	0	**284**
Redress Primary care	0	0	0	0	0	0	0	0	**0**
Personal injury	1,588	0	0	310	718	(1,497)	(281)	0	**838**
All other losses and special payments	19	0	0	0	436	(435)	(19)	0	**1**
Defence legal fees and other administration	1,157	0	0	169	1,137	(773)	(475)		**1,215**
Pensions relating to former directors	0			0	0	0	0	0	**0**
Pensions relating to other staff	153			157	0	(155)	0	0	**155**
2019-20 Scheme Pays - Reimbursement	0			0	0	0	0	0	**0**
Restructuring	0			0	0	0	0	0	**0**
Other	9,053		0	0	3,279	(4,280)	(933)		**7,119**
Total	**39,652**	**(10,459)**	**105**	**17,068**	**27,562**	**(18,899)**	**(8,183)**	**0**	**46,846**
Non Current									
Clinical negligence:-									
Secondary care	65,927	(1,968)	(4,950)	(16,432)	9,160	(3,261)	(2,068)	0	**46,408**
Primary care	0	0	0	0	0	0	0	0	**0**
Redress Secondary care	0	0	0	0	0	0	0	0	**0**
Redress Primary care	0	0	0	0	0	0	0	0	**0**
Personal injury	3,814	0	0	(310)	547	(7)	0	12	**4,056**
All other losses and special payments	0	0	0	0	0	0	0	0	**0**
Defence legal fees and other administration	726	0	0	(169)	461	(305)	(65)		**648**
Pensions relating to former directors	0			0	0	0	0	0	**0**
Pensions relating to other staff	313			(157)	81	0	(1)	1	**237**
2019-20 Scheme Pays - Reimbursement	0			0	0	0	0	0	**0**
Restructuring	0			0	0	0	0	0	**0**
Other	0		0	0	0	0	0		**0**
Total	**70,780**	**(1,968)**	**(4,950)**	**(17,068)**	**10,249**	**(3,573)**	**(2,134)**	**13**	**51,349**
TOTAL									
Clinical negligence:-									
Secondary care	93,107	(12,427)	(4,845)	0	30,794	(14,662)	(8,325)	0	**83,642**
Primary care	0	0	0	0	0	0	0	0	**0**
Redress Secondary care	502	0	0	0	358	(358)	(218)	0	**284**
Redress Primary care	0	0	0	0	0	0	0	0	**0**
Personal injury	5,402	0	0	0	1,265	(1,504)	(281)	12	**4,894**
All other losses and special payments	19	0	0	0	436	(435)	(19)	0	**1**
Defence legal fees and other administration	1,883	0	0	0	1,598	(1,078)	(540)		**1,863**
Pensions relating to former directors	0			0	0	0	0	0	**0**
Pensions relating to other staff	466			0	81	(155)	(1)	1	**392**
2019-20 Scheme Pays - Reimbursement	0			0	0	0	0	0	**0**
Restructuring	0			0	0	0	0	0	**0**
Other	9,053		0	0	3,279	(4,280)	(933)		**7,119**
Total	**110,432**	**(12,427)**	**(4,845)**	**0**	**37,811**	**(22,472)**	**(10,317)**	**13**	**98,195**

21. Contingencies

21.1 Contingent liabilities

Provisions have not been made in these accounts for the following amounts :	**2020-21 £'000**	2019-20 £'000
Legal claims for alleged medical or employer negligence:-		
Secondary care	**169,143**	126,695
Primary care	**0**	31
Redress Secondary care	**0**	0
Redress Primary care	**0**	0
Doubtful debts	**0**	0
Equal Pay costs	**0**	0
Defence costs	**2,124**	2,284
Continuing Health Care costs	**25**	439
Other	**3,003**	0
Total value of disputed claims	**174,295**	129,449
Amounts (recovered) in the event of claims being successful	**(170,915)**	(125,022)
Net contingent liability	**3,380**	4,427

In accordance with IAS37, the Health Board is required to disclose details of claims made against it where the financial liability, if any, cannot yet be determined. The contingent liabilities included in Note 21.1 relate to legal claims for alleged negligence (net of amounts recoverable from the Welsh Risk Pool in the event of claims being successful), Continuing Health Care costs and Pensions tax annual allowance - Scheme Pays arrangements 2019-20 (net of amounts recoverable from Welsh Government).

Pensions tax annual allowance – Scheme Pays arrangements 2019-20

In accordance with a Ministerial Direction issued on 18th 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 Betsi Cadwaladr University LHB, 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 31st March 2022 to opt for this scheme and the ability to make changes up to 31st 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 31st March 2021, the existence of an unquantified contingent liability is instead disclosed.

Contingent liabilities of £3,003,000 relating to Scheme Pays are included in the Other line of Note 21.1 with a corresponding value in the Amounts(recovered) in the event of claims being successful line.

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	353	6,797
Letters of Comfort	0	0
Total	**353**	**6,797**

The 2020-21 balance for remote contingent liabilities relates to 11 litigation claims (2019-20 2 claims). In the event of these claims bein successful £124,000 (2019-20 £6,747,000) would be recoverable from the Welsh Risk Pool.

21.3 Contingent assets

	2020-21	2019-20
	£'000	£'000
The Health Board did not hold any contingent assets at the balance sheet date	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	3,524	10,299
Intangible assets	271	0
Total	**3,795**	10,299

Capital commitments as at 31 March 2021 related to the following schemes:

Patient Administration Systems (PAS)
Substance Misuse - Holyhead, Anglesey
Substance Misuse - Shotton, Flintshire
North Denbighshire Community Hospital, Rhyl
Emergency Department Clinical Information Management Solutions (EDCIMS)
Central Denbighshire (Ruthin and Denbigh Hospitals) Primary Care Centre
Wrexham Continuity Programme

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23. Losses and special payments

Losses and special payments are charged to the Statement of Comprehensive Net Expenditure in accordance with IFRS but are recorded in the losses and special payments register when payment is made. Therefore this note is prepared on a cash basis.

Gross loss to the Exchequer

Number of cases and associated amounts paid out or written-off during the financial year:

	Amounts paid out during period to 31 March 2021	
	Number	£
Clinical negligence	155	25,658,819
Personal injury	56	643,750
All other losses and special payments	491	627,906
Total	702	26,930,474

Analysis of cases which exceed £300,000 and all other cases:

Cases where cumulative amount exceeds £300,000	Number	Case type	Amounts paid out in year	Cumulative amount
			£	£
	02RT9PI0004	Personal Injury	28,793	411,367
	03RT8PI0015	Personal Injury	23,047	350,034
	04RT9PI0001	Personal Injury	19,224	309,689
	06RT9MN0022	Clinical Negligence	135,000	2,485,000
	09RT8MN0015	Clinical Negligence	0	5,675,000
	09RT8MN0039	Clinical Negligence	0	1,153,000
	10RT9MN0034	Clinical Negligence	705,000	765,000
	117A1MN0019	Clinical Negligence	847,304	998,304
	117A1MN0038	Clinical Negligence	0	306,000
	117A1MN0052	Clinical Negligence	135,000	3,136,037
	11RT8MN0019	Clinical Negligence	457,800	457,800
	127A1MN0023	Clinical Negligence	30,000	807,500
	127A1MN0030	Clinical Negligence	6,513,797	7,633,797
	127A1MN0103	Clinical Negligence	175,000	335,000
	127A1MN0107	Clinical Negligence	200,000	330,000
	147A1MN0009	Clinical Negligence	290,000	657,500
	147A1MN0038	Clinical Negligence	0	373,297
	147A1MN0064	Clinical Negligence	0	2,695,000
	147A1MN0215	Clinical Negligence	4,884,953	5,345,297
	157A1MN0023	Clinical Negligence	2,436,346	2,877,013
	157A1MN0101	Clinical Negligence	376,261	386,261
	157A1MN0149	Clinical Negligence	0	350,600
	157A1MN0205	Clinical Negligence	0	371,500
	157A1MN0273	Clinical Negligence	1,410,700	1,465,988
	167A1MN0103	Clinical Negligence	0	1,035,541
	177A1MN0018	Clinical Negligence	0	417,500
	177A1MN0043	Clinical Negligence	0	851,758
	177A1MN0090	Clinical Negligence	0	1,380,000
	177A1MN0274	Clinical Negligence	345,000	375,000
	177A1MN0276	Clinical Negligence	1,030,000	1,030,000
	177A1PI0025	Personal Injury	4,664	624,961
	177A1PI0068	Personal Injury	38,038	305,693
			0	0
			0	0
			0	0
			0	0
			0	0
			0	0
			0	0
Sub-total	**32**		**20,085,927**	**45,696,437**
All other cases	670		6,844,547	14,968,674
Total cases	**702**		**26,930,474**	**60,665,111**

24. Finance leases

24.1 Finance leases obligations (as lessee)

The Health Board did not hold any finance lease obligations as a lessee at the balance sheet date.

Amounts payable under finance leases:

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

24.1 Finance leases obligations (as lessee) continued

Amounts payable under finance leases:

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

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

24.2 Finance leases obligations (as lessor) continued

The Health Board did not hold any finance lease receivables as a lessor at the balance sheet date.

Amounts receivable under finance leases:

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

25. Private Finance Initiative contracts

25.1 PFI schemes off-Statement of Financial Position

The Health Board did not have any PFI Schemes that were deemed to be off-statement of financial position at the balance sheet date.

Commitments under off-SoFP PFI contracts	**Off-SoFP PFI contracts**	Off-SoFP PFI contracts
	31 March 2021	31 March 2020
	£000	£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**
	989

Contract start date: 1 September 2004
Contract end date: 1 September 2034

The Conwy & Denbighshire NHS Trust (a legacy organisation of the Health Board) contracted with Fresenius Medical Care to build and equip a Renal Diabetic Unit at Glan Clwyd Hospital under PFI contract arrangements. Whilst Fresenius continue to have defined responsibilities for the maintenance of the Unit, the Health Board is responsible for the delivery of all clinical care and other support costs.

Total obligations for on-Statement of Financial Position PFI contracts due:

	On SoFP PFI Capital element	**On SoFP PFI Imputed interest**	**On SoFP PFI Service charges**
	31 March 2021	**31 March 2021**	**31 March 2021**
	£000	**£000**	**£000**
Total payments due within one year	**57**	**33**	**390**
Total payments due between 1 and 5 years	**250**	**112**	**1,709**
Total payments due thereafter	**650**	**110**	**4,899**
Total future payments in relation to PFI contracts	**957**	**255**	**6,998**

	On SoFP PFI Capital element	On SoFP PFI Imputed interest	On SoFP PFI Service charges
	31 March 2020	31 March 2020	31 March 2020
	£000	£000	£000
Total payments due within one year	55	35	364
Total payments due between 1 and 5 years	242	120	1,598
Total payments due thereafter	716	135	5,193
Total future payments in relation to PFI contracts	1,013	290	7,155

	31 March 2021
	£000
Total present value of obligations for on-SoFP PFI contracts	**6,549**

25.3 Charges to expenditure	2020-21	2019-20
	£000	£000
Service charges for On Statement of Financial Position PFI contracts (excl interest costs)	376	351
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	376	351

The LHB is committed to the following annual charges

PFI scheme expiry date:	31 March 2021 £000	31 March 2020 £000
Not later than one year	0	0
Later than one year, not later than five years	0	0
Later than five years	376	351
Total	376	351

The estimated annual payments in future years will vary from those which the Health Board 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	1	0
Number of PFI contracts which individually have a total commitment > £500m	0	0

PFI Contract	On / Off-statement of financial position
Number of PFI contracts which individually have a total commitment > £500m	0

PFI Contract	
	On

25.5 The Health Board did not have any Public Private Partnerships during the year

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 Health Board 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 Health Board 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 Health Board in undertaking its activities.

Currency risk

The Health Board is principally a domestic organisation with the great majority of transactions, assets and liabilities being in the United Kingdom and sterling based. The Health Board does not have any overseas operations. The Health Board therefore has low exposure to currency rate fluctuations.

Interest rate risk

Health Boards are not permitted to borrow and the Health Board therefore has low exposure to interest rate fluctuations.

Credit risk

Because the majority of the Health Board's funding derives from funds voted by the Welsh Government the Health Board has low exposure to credit risk.

Liquidity risk

The Health Board 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 Health Board is not, therefore, exposed to significant liquidity risks.

27. Movements in working capital

	2020-21 £000	2019-20 £000
(Increase)/decrease in inventories	**(963)**	(1,325)
(Increase)/decrease in trade and other receivables - non-current	**18,449**	17,867
(Increase)/decrease in trade and other receivables - current	**2,412**	(13,263)
Increase/(decrease) in trade and other payables - non-current	**(58)**	(55)
Increase/(decrease) in trade and other payables - current	**79,289**	2,218
Total	**99,129**	5,442
Adjustment for accrual movements in fixed assets - creditors	**(633)**	1,297
Adjustment for accrual movements in fixed assets - debtors	**0**	0
Other adjustments	**16,670**	0
	115,166	6,739

28. Other cash flow adjustments

	2020-21 £000	2019-20 £000
Depreciation	**34,635**	32,899
Amortisation	**278**	358
(Gains)/Loss on Disposal	**34**	(19)
Impairments and reversals	**(3,156)**	48,712
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	**(15,740)**	0
Donated assets received credited to revenue but non-cash	**(808)**	(1,591)
Government Grant assets received credited to revenue but non-cash	**(1,712)**	0
Non-cash movements in provisions	**8,321**	10,235
Other movements	**33,693**	31,627
Total	**55,545**	122,221

Other movements of £33,693,000 in Note 28 Other cash flow adjustments (2019-20 £31,627,000) relate to notional expenditure for additional staff employer pension contributions. Further information is provided in Note 34.1 on page 71

Other adjustments of £16,670,000 in Note 27 Movements in working capital include Covid centrally purchased assets provided to the Health Board at no cost by NWSSP (£15,740,000) and DHSC (£930,000).

29. Events after the Reporting Period

Field Hospitals / Mass Vaccination Centres

In March 2021 the Health Board announced that the three Field Hospitals at Ysbyty Enfys Deeside, Ysbyty Enfys Llandudno and Ysbyty Enfys Bangor would continue to be used as Mass Vaccination Centres into the 2021-22 financial year. Decommissioning at Bangor is currently planned to commence from 31st May 2021 with decommissioning at Llandudno and Deeside taking place from 31st July 2021. Once these sites have been returned to their owners the vaccination programme will continue to be provided through the Health Board's network of Local Vaccination Centres.

The estimated costs of decommissioning these sites along with consequential losses arising from their occupancy have been recognised in full in the 2020-21 annual accounts and funded by Welsh Government (Note 34.2 on page 72).

Covid-19 consequential losses approvals

The Health Board has incurred consequential losses with third parties as a result of its occupancy of premises as Field Hospitals and Mass Vaccination Centres during the Covid-19 pandemic. These losses, including remaining amounts expected to be paid during 2021-22 have been fully recognised in the 2020-21 annual accounts. The Chief Executive NHS Wales approved payment of losses totalling £101,000 to two parties during May 2021.

Financial statements authorised for issue date

These financial statements were authorised for issue by the Chief Executive and Accountable Officer on 15th June 2021 the date they were certified by the Auditor General for Wales.

30. Related Party Transactions

The Welsh Government is regarded as a related party of the Health Board. During the year the Health Board had a significant number of material transactions with either the Welsh Government or with other entities for which the Welsh Government is regarded as the parent body, namely:

Health Bodies and Welsh Government	Expenditure with related party £000	Income from related party £000	Amounts owed to related party £000	Amounts due from related party £000
Welsh Government	197	1,714,589	19	2,628
Aneurin Bevan LHB	81	566	17	462
Cardiff & Vale University LHB	2,412	243	1,566	141
Cwm Taf Morgannwg LHB	137	36	14	(11)
Health Education and Improvement Wales (HEIW)	0	15,520	0	462
Hywel Dda LHB	5,012	236	0	1
Powys LHB	481	3,603	31	114
Public Health Wales NHS Trust	5,375	4,161	184	821
Swansea Bay University LHB	214	362	9	62
Velindre NHS Trust	35,669	4,775	2,121	2,029
Welsh Ambulance Services NHS Trust	5,827	389	84	103
Welsh Risk Pool	0	0	0	76,766
WHSSC / EASC	189,601	44,248	3,101	4,688
Total	**245,006**	**1,788,728**	**7,146**	**88,266**

Other Organisations	Expenditure with related party £000	Income from related party £000	Amounts owed to related party £000	Amounts due from related party £000
Conwy County Borough Council	9,948	1,619	4,870	644
Denbighshire County Council	9,096	4,110	3,494	2,104
Flintshire County Council	17,302	2,715	6,477	1,322
Gwynedd County Council	11,120	1,571	2,329	653
Isle of Anglesey Council	6,416	1,440	2,806	475
Wrexham County Borough Council	9,159	3,912	2,040	2,730
Other Welsh Local Authorities (Including Police & Crime Commissioners and Fire Authorities)	462	292	34	25
Total	**63,503**	**15,659**	**22,050**	**7,953**

Charitable Funds

The Health Board is corporate trustee of the Betsi Cadwaladr University Health Board Charity and Other Related Charities (registered charity number 1138976). All voting members of the Health Board can act as corporate trustees of the charity. Operational responsibility for the administration of the charity is delegated to a Charitable Funds Committee.

The Health Board received revenue and capital grants totalling £1,818,000 from the charitable fund during the year (2019-20 £2,184,000).

30. Related Party Transactions (Continued)

All Board Members are required to submit an annual Declaration of Interests covering the following seven areas:

- Interest in a company which may compete for an NHS contract to supply goods and services to Betsi Cadwaladr University Local Health Board
- Any self-beneficial interest in a private care home, hostel or independent health care provider
- Any relevant outside employment, including self employment, whilst employed by the Health Board
- Interest in the Pharmaceutical Industry or Allied Commercial Sector
- Personal links to, or relationships with, individuals in local or national government / AMs / MPs
- Councillorships, Directorships or any other relevant position
- Any other matters to declare (including issues relating to personal relationships and maintaining clear professional boundari es)

Declarations are also required where an individual Board member does not have any interests to declare.

The following tables details all interests declared by Board Members during the 2020-21 financial year including any material transactions with related parties.

Name	Details of positions held during the financial year (or part thereof)	Dates positions held	Declarations made
Directors / Executive Directors			
S Dean	Interim Chief Executive	01.04.20 - 31.08.20	Seconded civil servant employed by Welsh Government.
Prof A Guha	Interim Executive Medical Director	21.09.20 - 31.03.21	Chair or the Wirral Asian Association, that promotes the culture and heritage of people of Asian heritage. The Charity also works for the community at large. Sits on a number of key committees at Health Technology Assessment Wales, All Wales Medical Strategy Group and Health Education and Improvement Wales.
L Singleton	Acting Associate Board Member Director of Mental Health & Learning Disabilities	01.04.20 - 01.06.20	Husband is the owner of Gwynedd Forklifts and GFL Access.
D Sharp	Acting Board Secretary	01.04.20 - 10.01.21	Partner is employed by Mold Town Council as Town Clerk and Financial Officer.
A Thomas	Executive Director of Therapies and Health Sciences	01.04.20 - 31.03.21	Spouse is employed by Boots UK as an Accuracy Checking Technician. Son is employed by the Health Board.
Independent Members			
M Polin OBE QPM	Chair	01.04.20 - 31.03.21	Spouse is employed by the Health Board as a Health Visitor.
L J Reid	Independent Member and Vice Chair	01.04.20 - 31.03.21	Committee Chair for the Primary Care Appeals Service of NHS Resolution. Employed by regulatory body, Care Quality Commission as a Special Advisor. Justice of the Peace for HMCTS, North Wales Central. Director of Anakrisis Ltd which provides specialist training and advisory services to NHS England Married to a GP in Denbighshire.
Prof N Callow	Independent Member	01.04.20 - 31.03.21	Pro Vice-Chancellor Learning and Teaching and Head of College of Human Sciences, Bangor University
Cllr C Carlisle	Independent Member	01.04.20 - 31.03.21	County Councillor, Conwy County Borough Council. Cabinet Member for Children, Families and Safeguarding, Conwy County Borough Council. Member of the Child Adoption Panel, Conwy County Borough Council.
J Cunliffe	Independent Member	01.04.20 - 31.03.21	Director of Abernet Ltd. Member of the Joint Audit Committee, North Wales Police and Crime Commissioner.
J F Hughes	Independent Member	01.04.20 - 31.03.21	One daughter is employed by the Designed to Smile service in the Health Board. One daughter is employed by District Nursing teams in the Health Board. One daughter is employed by WRVS based in Ysbyty Gwynedd.
Cllr R Medwyn Hughes	Independent Member	01.04.20 - 31.03.21	Director of Meditel Limited. Local Authority member, Gwynedd County Council. Member of the Care Scrutiny Committee and the Audit and Governance Committee at Gwynedd County Council. Bangor City Councillor.
H E Jones	Independent Member	01.04.20 - 31.03.21	Member of Gwynedd Pension Board. Justice of the Peace for North West Wales bench. Member of Adra (Tai) Cyfyngedig/Housing
L Meadows	Independent Member	01.04.20 - 31.03.21	Trustee of Wirral Hospice St John's, in a voluntary capacity.
L Tomos CBE	Independent Member	22.10.20 - 31.03.21	Trustee and Board Member, Books Council of Wales
H Wilkinson	Independent Member	01.04.20 - 23.11.20	Chief Executive, Denbighshire Voluntary Services Council. Wales Committee Member of the National Lottery Community Fund.
Associate Board Members			
M Edwards	Associate Board Member	01.04.20 - 31.03.21	Corporate Director and Statutory Director of Social Services at Gwynedd Council. Lead Director for ADSS Cymru on the Welsh Language. Member of the Welsh Language Partnership Board. Chair of the Regional Integrated Commissioning Board. Member of the Regional Partnership Board.
G Evans	Associate Board Member	01.04.20 - 31.03.21	Member of the Welsh Therapy Advisory Committee (WTAC). Member of the National Joint Professional Advisory Committee. Spouse is employed by the Health Board.
Ff Williams	Associate Board Member	01.04.20 - 31.03.21	Chief Executive of Adra (Tai) Cyfyngedig/Housing Association.

No other Health Board members who served during the 2020-21 financial year disclosed any related party interests.

Material transactions between the Health Board and related parties during 2020-21 were as follows (unless already reported on page 66).	Expenditure with related party £000	Income from related party £000	Amounts owed to related party £000	Amounts due from related party £000
Adra	2	0	0	0
Bangor University	1,052	791	227	259
Boots the Chemist	3,491	0	0	0
Denbighshire Voluntary Services Council	45	0	0	0
Gwynedd Forklifts	1	0	0	0

31. Third Party assets

As at 31st March 2021, the Health Board held £225,031 cash at bank and in hand on behalf of third parties (31st March 2020 £272,827) comprising:

	2020-21	2019-20
	£	£
Monies held on behalf of patients - savings accounts	70,313	98,396
Monies held on behalf of patients - current accounts and cash in hand	118,918	113,350
Deposits for staff residential accommodation	35,800	45,900
Monies held on behalf of Glan Clwyd Hospital League of Friends	0	15,181
	225,031	272,827

These balances have been excluded from the Cash and Cash Equivalents figure reported in Note 17 of these Accounts.

The Health Board also holds a quantity of consignment stock that remains the property of suppliers until it is used and is therefore considered as a third party asset. The value of consignment stock as at 31st March 2021 was £2,731,248 (2019-20 £2,857,997).

32. Pooled budgets

The Health Board has entered into five pooled budget arrangements which are governed by the NHS (Wales) Act 2006:

- North East Wales Community Equipment Service - hosted by Flintshire County Council
- Denbighshire Community Equipment Service - hosted by Denbighshire County Council
- Denbighshire Health and Social Care Support Workers Service - hosted by Denbighshire County Council
- Bryn-y-Neuadd Community Equipment Store - hosted by Betsi Cadwaladr University Local Health Board
- North Wales Older People Accommodation Pooled Budget - hosted by Denbighshire County Council

The financial arrangements for each of these five agreements are subject to partner organisations normal annual auditing requirements with each host body being responsible for the audit of the accounts of individual arrangements in accordance with their statutory audit requirements.

Memorandum notes on pages 74-76 of these accounts provide details of the joint income and expenditure transactions for each of these arrangements.

Integrated Care Fund

The Intermediate Care Fund (ICF) was established in 2014 to support initiatives which prevent unnecessary hospital admission, inappropriate admission to residential care and delayed discharges from hospital. From 1st April 2017 this fund was rebranded as the Integrated Care Fund to better reflect an expanded scope.

Regional Partnership Boards (RPBs) lead on the planning, allocations, monitoring and Welsh Government reporting of the funds across health services, social services, housing and third independent sector to ensure delivery which maximises outcomes for the use of the resource. This delivery mechanism provides assurance that the objectives for the use of this fund are met as outlined in Welsh Government guidance.

The RPBs have further established Programme Boards to monitor measurable performance outcomes and financial returns using results based accountability (outcome) methodologies. Linked with this RPB structure the Health Board's Area Directors have also established ICF/ISB Lead Groups at a local health economy level to ensure that the decisions, interventions and investments are delivered at a local level. These ISBs include representation from the health sector, local authorities, ambulance and fire services and voluntary bodies.

Total ICF funding, including Winter Planning Allocations, allocated through the North Wales Regional Partnership Boards for 2020-21 was £25.8m (2019-20 £26.10m) of revenue funding plus ICF capital grant funding of £9.4m (2019-20 £8.20m). These funding flows are managed through the Health Board's Statement of Comprehensive Net Expenditure and reported in Note 3.3 Expenditure on Hospital and Community Health Services and Note 4 Miscellaneous Income.

33. Operating segments

Accounting standard IFRS 8 defines an operating segment as a component of an entity:

1. That engages in activities from which it may earn revenue and incur expenses (including internally);
2. Whose operating results are regularly reviewed by the Chief Operating Decision Maker to make decisions about resource allocation to the segment and assesses its performance;
3. For which discrete information is available.

The Health Board's Operational Management Structure reports on an Area-based and Site-based divisional approach with each of the individual functions being responsible for their own services and performance within devolved management structures. Four of the Health Board's functions are considered to represent operating segments under the accounting standard with their performance being reported at monthly Board meetings.

Information on divisions which do not exceed the reporting thresholds has also been disclosed in the following table in order to provide additional details of the Health Board's activities during the year.

Area Teams - Operating Costs less Miscellaneous Income	**2020-21**	**2019-20**
	£'000	**£'000**
Area Teams *	720,381	637,320
Commissioner Contracts *	215,606	205,188
Provider Income	(16,811)	(20,755)
Total Area Teams	**919,176**	**821,753**
Secondary Care - Operating Costs less Miscellaneous Income		
Secondary Care - District Hospital Services *	350,097	332,145
North Wales Hospital Services	108,176	102,539
Womens Services	42,075	39,126
Total Secondary Care	**500,348**	**473,810**
Mental Health & Learning Disabilities	**139,040**	**126,630**
Corporate Functions and Other Expenditure *	**185,982**	**126,636**
6.3% Staff employer pension contributions notional expenditure (See Note 34.1)	**33,693**	**31,627**
Depreciation, Impairments and Finance Costs	**32,574**	**82,006**
Donated/Granted Capital Income	**(1,590)**	**(1,591)**
(Profit)/Loss on disposal of capital assets	**34**	**(19)**
Operating Costs sub-total	**1,809,257**	**1,660,852**
Revenue Resource Limit	**1,809,747**	**1,622,156**
Under/(over) spend against Revenue Resource Limit	**490**	**(38,696)**

* Operating segments which meet the standard criteria for reporting as per par 1.425 of the Welsh Government Manual for Accounts 2020-21.

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 1st April 2020 to 31st 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 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
Statement of Comprehensive Net Expenditure for the year ended 31 March 2021	**£000**
Expenditure on Primary Healthcare Services	**907**
Expenditure on healthcare from other providers	**5**
Expenditure on Hospital and Community Health Services	**32,781**
Statement of Changes in Taxpayers' Equity For the year ended 31 March 2021	
Net operating cost for the year	**33,693**
Notional Welsh Government Funding	**33,693**
Statement of Cash Flows for year ended 31 March 2021	
Net operating cost for the financial year	**33,693**
Other cash flow adjustments	**33,693**
2.1 Revenue Resource Performance	
Revenue Resource Allocation	**33,693**
3. Analysis of gross operating costs	
3.1 Expenditure on Primary Healthcare Services	
General Medical Services	**845**
Pharmaceutical Services	**4**
General Dental Services	**17**
Other Primary Health Care expenditure	**41**
3.2 Expenditure on healthcare from other providers	
Continuing Care	**5**
3.3 Expenditure on Hospital and Community Health Services	
Directors' costs	**68**
Staff costs	**32,713**
9.1 Employee costs	
Permanent Staff	
Employer contributions to NHS Pension Scheme	**33,693**
Charged to capital	**0**
Charged to revenue	**33,693**
18. Trade and other payables	
Current	
Pensions: staff	**0**
28. Other cash flow adjustments	
Other movements	**33,693**

34. Other Information (continued)

34.2. Other (continued)

Welsh Government Covid 19 Funding

	2020-21 £000
Capital	
Capital Funding Field Hospitals	18
Capital Funding Equipment & Works	9,478
Capital Funding other (Specify)	0
Welsh Government Covid 19 Capital Funding	**9,496**
Revenue	
Sustainability Funding	66,100
C-19 Pay Costs Q1 (Future Quarters covered by SF)	5,379
Field Hospital (Set Up Costs, Decommissioning & Consequential losses)	23,819
PPE (including All Wales Equipment via NWSSP)	5,581
TTP- Testing & Sampling - Pay & Non Pay	1,570
TTP - NHS & LA Tracing - Pay & Non Pay	6,251
Vaccination - Extended Flu Programme	1,097
Vaccination - COVID-19	5,544
Bonus Payment	20,778
Annual Leave Accrual - Increase due to Covid	20,200
Urgent & Emergency Care	4,078
Support for Adult Social Care Providers	5,663
Hospices	0
Independent Health Sector	0
Mental Health	1,176
Other Primary Care	2,038
Other	3,792
Welsh Government Covid 19 Revenue Funding	**173,066**

The Health Board received £58,000 of Welsh Government Covid-19 Revenue funding as miscellaneous income, which is included in Note 4 on page 30. All other income detailed above was received through the Health Board's Revenue and Capital Resource Allocations.

Additional Covid-19 funding of £17,452,000 was received in the form of capital assets, minor equipment and consumables provided to the Health Board at no cost as follows:

£ 8,410,000 consumables provided by NWSSP
£ 7,330,000 revenue equipment provided by NWSSP
£ 930,000 revenue equipment provided by the Department of Health
£ 782,000 capital equipment provided by the Department of Health

This funding is included in Note 4 Miscellaneous Income on page 30 with matching expenditure for revenue items in Note 3.3 Expenditure on Hospital and Community Health Services and for capital items in Note 11.1 Property, plant and equipment.

34. Other Information (continued)

34.3 Implemention of IFRS 16 Leases

HM Treasury agreed with the Financial Reporting Advisory Board (FRAB), to defer the implementation of IFRS 16 Leases until 1st April 2022, due to 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.

The Health Board expects that the introduction of IFRS 16 will have a significant impact and this will be worked through for disclosure in the 2021-22 financial statements.

Note 15 Receivables past their due date but not impaired

The Receivables past their due date but not impaired footnote to Note 15 analyses outstanding unimpaired invoices at the balance sheet date by age category. All invoices generated by the Health Board are subject to thirty day payment terms and any invoices which were thirty days old, or less, at the balance sheet date are therefore excluded from this footnote.

The total value of outstanding invoices included in Note 15 as at 31st March 2021 was £10,985,000 (31st March 2020 £13,020,000) of which £5,955,000 (31st March 2020 £7,534,000) had not yet passed their due date and were therefore excluded from the calculation. Of the remaining balance £1,264,000 (31st March 2020 £1,643,000) of invoices had been either partly or fully impaired resulting in a remaining balance of £3,766,000 which were past their due date but not impaired (31st March 2020 £3,843,000).

Welsh Government Joint Escalation and Intervention Arrangements

Under the Welsh Government's Joint Escalation and Intervention Arrangements, officials meet with Audit Wales and Healthcare Inspectorate Wales twice a year to discuss the overall position of each Health Board and NHS Trust in respect of quality, service performance and financial management. A wide range of information and intelligence is considered to identify any issues and inform the assessment which has four escalation levels:

Routine arrangements
Enhanced monitoring
Targeted intervention
Special measures

Following a special tripartite meeting in November 2020, the Minister for Health and Social Services received advice from the Chief Executive of NHS Wales that the escalation status of Betsi Cadwaladr University Health Board should change. On the 24th November 2020, the Minister issued a written statement announcing that the Health Board would come out of special measures with immediate effect and would move to Targeted Intervention status.

On 3rd March 2021 the Minister published a Targeted Intervention framework for the Health Board detailing requirements in four key areas: mental health, strategy, planning and performance, leadership and engagement. These areas align with the recommendations from the tripartite meeting held in November 2020 and a maturity matrix approach has been agreed to track and evidence improvement with a number of actions already planned or underway.

The Minister reiterated that targeted intervention remains a heightened level of escalation that will require significant action on the part of the Health Board, and this will be accompanied by a level of continued oversight from Welsh Government officials.

Copies of the Minister for Health and Social Services full statements are available on the Welsh Government website at:

www.gov.wales/betsi-cadwaladr-university-health-board-taken-out-special-measures
https://gov.wales/written-statement-targeted-intervention-framework-betsi-cadwaladr-university-health-board

34. Other Information (continued)

Memorandum Note - Note 32 - Pooled Budgets

North East Wales Community Equipment Service Memorandum Accounts 2020-21

The North East Wales Pool is hosted by Flintshire County Council and the formal partnership agreement commenced on 8th July 2009. A memorandum of account has been produced by Flintshire County Council, as shown below:

	2020-21	2019-20
Pooled Budget contributions	**£ 000**	**£ 000**
Flintshire County Council	302	300
Wrexham County Borough Council	287	285
Betsi Cadwaladr University Local Health Board	424	419
Other	153	226
Total Pooled Budget contributions for the year	**1,166**	**1,230**
Expenditure		
Equipment Purchases	362	416
Operating Expenditure	713	793
Non Operating Expenditure	0	0
Total Expenditure for the year	**1,075**	**1,209**
Net Surplus/(Deficit) on the Pooled Budget for the Year	**91**	**21**

Denbighshire Community Equipment Service Memorandum Accounts 2020-21

The Denbighshire Pool is hosted by Denbighshire County Council. The initial three year partnership agreement commenced on 1st April 2009 and ended on 31st March 2012.

The second partnership agreement commenced on 1st April 2012 and ran until 31st March 2015. For 2015-16 onwards it was decided to revert to one year agreements.

A memorandum of account has been produced by Denbighshire County Council which is shown below:

	2020-21	2019-20
Pooled budget contributions	**£ 000**	**£ 000**
Denbighshire County Council	219	219
Betsi Cadwaladr University Local Health Board (Core)	138	138
Betsi Cadwaladr University Local Health Board (Bed Service)	51	51
Other - HEC / CHC / Intermediate Care	205	116
Total Pooled Budget contributions for the year	**613**	**524**
Expenditure		
Equipment purchases (Core and CHC)	140	122
Operating Expenditure	442	420
Total Expenditure for the year	**582**	**542**
Net Surplus/(Deficit) on the Pooled Budget for the Year	**31**	**(18)**
Cumulative net Surplus/(Deficit) on the Pooled Budget	**46**	**15**

34. Other Information (continued)

Memorandum Note - Note 32 - Pooled Budgets

Denbighshire Health and Social Care Support Workers Service Memorandum Accounts 2020-21

The Denbighshire Health and Social Care Support Workers Service Pool is hosted by Denbighshire County Council. A memorandum account for the pooled budget arrangement is provided below.

	2020-21	2019-20
Pooled Budget contributions	**£ 000**	**£ 000**
Denbighshire County Council	50	50
Betsi Cadwaladr University Local Health Board	50	50
ICF Grant Allocation	53	51
ICF Grant Allocation - from slippage	0	3
Total Pooled Budget contributions for the year	**153**	**154**
Expenditure		
Employee Expenses	145	140
Other Operating Expenditure	12	15
Total Expenditure for the year	**157**	**155**
Net Surplus/(Deficit) on the Pooled Budget for the Year	**(4)**	**(1)**
Cumulative net Surplus/(Deficit) on the Pooled Budget	**42**	**46**

Bryn-y-Neuadd Community Equipment Store Memorandum Accounts 2020-21

The Bryn-y-Neuadd Community Equipment Store Pool is hosted by Betsi Cadwaladr University Local Health Board in partnership with Ynys Mon Council, Conwy County Borough Council and Gwynedd County Council. A memorandum account for the pooled budget arrangement is provided below.

	2020-21	2019-20
Contributions	**£ 000**	**£ 000**
Ynys Mon County Council	156	156
Conwy County Council	183	183
Gwynedd County Council	196	196
Betsi Cadwaladr University Local Health Board	484	484
Special Orders	90	90
Total Pooled Budget Contributions	**1,109**	**1,109**
Expenditure		
Operating Expenses	743	607
Equipment Purchases (incl. Special Orders)	366	519
Total Expenditure	**1,109**	**1,126**
Net Surplus/(Deficit) on the Pooled Budget for year	**0**	**(17)**
Cumulative Net Surplus/(Deficit) on the Pooled Budget	**(93)**	**(93)**

34. Other Information (continued)

Memorandum Note - Note 32 - Pooled Budgets

North Wales Older People Accommodation Pooled Budget Memorandum Accounts 2020-21

Under regulation 19(1) of the Partnership Arrangements (Wales) Regulations 2015, a pooled budget arrangement has been agreed between North Wales local authorities and the Betsi Cadwaladr University Local Health Board in relation to the provision of care home accommodation for older people.

The arrangement came into effect on 1st April 2019. Denbighshire County Council is acting as host authority during the initial term of the agreement (2019/20 to 2021/22). The transactions relating to Betsi Cadwaladr University Local Health Board are included in Note 3.3 Expenditure on Hospital and Community Health Services within the Statement of Comprehensive Net Expenditure.

Income and expenditure for these pooled budget arrangements for the year ending 31st March 2021 is shown below. Payments in respect of the contributions for Quarter 4 2020-21 will be made in arrears during 2021-22 in accordance with the Partnership Agreement:

	2020-21	2019-20
Contributions	**£ 000**	**£ 000**
Denbighshire County Council	8,626	9,041
Conwy County Borough Council	13,106	13,417
Flintshire County Council	9,397	8,916
Wrexham County Borough Council	12,203	11,059
Gwynedd Council	8,641	7,839
Isle of Anglesey County Council	5,049	5,075
Betsi Cadwaladr University Local Health Board	36,013	38,556
Total Pooled Budget Contributions	**93,035**	**93,903**
Expenditure		
Care Home Costs	93,035	93,903
Total Expenditure for the year	**93,035**	**93,903**
Net Surplus/(Deficit) on the Pooled Budget for the Year	**0**	**0**

THE NATIONAL HEALTH SERVICE IN WALES ACCOUNTS DIRECTION GIVEN BY WELSH MINISTERS IN ACCORDANCE WITH SCHEDULE 9 SECTION 178 PARA 3(1) OF THE NATIONAL HEALTH SERVICE (WALES) ACT 2006 (C.42) AND WITH THE APPROVAL OF TREASURY

LOCAL HEALTH BOARDS

1. Welsh Ministers direct that an account shall be prepared for the financial year ended 31 March 2011 and subsequent financial years in respect of the Local Health Boards (LHB)1, in the form specified in paragraphs [2] to [7] below.

BASIS OF PREPARATION

2. The account of the LHB shall comply with:

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

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

FORM AND CONTENT

3. The account of the LHB for the year ended 31 March 2011 and subsequent years shall comprise a statement of comprehensive net expenditure, a statement of financial position, a statement of cash flows and a statement of changes in taxpayers' equity as long as these statements are required by the FReM and applied by the Welsh Assembly Government, including such notes as are necessary to ensure a proper understanding of the accounts.

4. For the financial year ended 31 March 2011 and subsequent years, the account of the LHB shall give a true and fair view of the state of affairs as at the end of the financial year and the operating costs, changes in taxpayers' equity and cash flows during the year.

5. The account shall be signed and dated by the Chief Executive of the LHB.

MISCELLANEOUS

6. The direction shall be reproduced as an appendix to the published accounts.

7. The notes to the accounts shall, inter alia, include details of the accounting policies adopted.

Signed by the authority of Welsh Ministers

Signed : Chris Hurst Dated :

1. Please see regulation 3 of the 2009 No.1559 (W.154); NATIONAL HEALTH SERVICE, WALES; The Local Health Boards (Transfer of Staff, Property, Rights and Liabilities) (Wales) Order 2009.

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 Betsi Cadwaladr University 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 Betsi Cadwaladr University 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.

Qualified opinion on regularity

In my opinion, except for the irregular expenditure of £79.485 million explained in the paragraph below, in all material respects, 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.

Basis for qualified opinion on regularity

The Health Board has breached its resource limit by spending £79.485 million over the £4,922 million that it was authorised to spend in the three-year period 2018-19 to 2020-21. This spend constitutes irregular expenditure. Further detail is set out in the attached Report.

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 – Clinicians' pension tax liabilities

I draw attention to Note 21 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 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;
- the information given in the Performance Report for the financial year for which the financial statements are prepared is consistent with the financial statements and the Performance Report has 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 or the Governance Statement.

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 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, 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, including obtaining and reviewing supporting documentation relating to Betsi Cadwaladr University Health Board's policies and procedures 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 the following areas: revenue recognition, posting of unusual journals and accounting estimates; and

- Obtaining an understanding of Betsi Cadwaladr University Local Health Board's framework of authority as well as other legal and regulatory frameworks that the 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 the 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;
- enquiring of management, the Audit Committee and legal advisors about actual and potential litigation and claims;
- reading minutes of meetings of those charged with governance 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 Betsi Cadwaladr University 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. 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.

Adrian Crompton

Auditor General for Wales

15 June 2021

24 Cathedral Road

Cardiff

CF11 9LJ

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 Betsi Cadwaladr University Health Board's (the Board's) financial statements. I am reporting on these financial statements for the year ended 31 March 2021 to draw attention to three key matters for my audit. These are the failure against the first financial duty and consequential qualification of my 'regularity' opinion, the failure of the second financial duty, and the implications of the ministerial direction on senior clinicians' pensions. I have not qualified my 'true and fair' opinion in respect of any of these matters.

Financial duties

Local Health Boards (LHBs) are required to meet two statutory financial duties – known as the first and second financial duties.

For 2020-21 Betsi Cadwaladr University Health Board failed to meet both the first and the second financial duty.

Failure of the first financial duty

The **first financial duty** gives additional flexibility to LHBs by allowing them to balance their income with their expenditure over a three-year rolling period. The three-year period being measured under this duty this year is 2018-19 to 2020-21.

As shown in Note 2.1 to the Financial Statements, the LHB did not manage its revenue expenditure within its resource allocation over this three-year period, exceeding its cumulative revenue resource limit of £4,922 million by £79.485 million.

Where an LHB does not balance its books over a rolling three-year period, any expenditure over the resource allocation (i.e. spending limit) for those three years exceeds the LHB's authority to spend and is therefore 'irregular'. In such circumstances, I am required to qualify my 'regularity opinion' irrespective of the value of the excess spend.

Failure of the second financial duty

The **second financial duty** requires LHBs to prepare and have approved by the Welsh Ministers a rolling three-year integrated medium-term plan. This duty is an essential foundation to the delivery of sustainable quality health services. An LHB will be deemed to have met this duty for 2020-21 if it submitted a 2019-20 to 2021-22 plan approved by its Board to the Welsh Ministers who then approved it by the 30 June 2019. This duty is unchanged from last year because due to the pandemic, the duty to prepare a new three-year plan for the period 2020-21 to 2022-23 was paused, leaving the previous year's duty in place.

As shown in Note 2.3 to the Financial Statements, the LHB did not meet its second financial duty to have an approved three-year integrated medium-term plan in place for the period 2019-20 to 2021-22.

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