Annual Report and Accounts

2019-20

- **Statement of the Chief Executive's responsibilities as Accountable Officer of the LHB**
- **Statement of Directors' responsibilities in respect of the accounts**
- **Annual Governance Statement**
- **Remuneration Report**
- **Annual Accounts 2019-20**
- **The Certificate and independent auditor's report of the Auditor General for Wales to the Senedd**
- **Report of the Auditor General to the Senedd**

Statement of the Chief Executive's Responsibilities as Accountable Officer

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 issues by Welsh Government.

The accountable officer is required to confirm that, as far as 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 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 judgements 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.

Date: 29th June 2020 Simon Dean - Interim Chief Executive

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 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 the requirements outlined in the above mentioned direction by Welsh ministers.

By order of the board, signed:

Chair	Mark Polin	Date: 29th June 2020
Interim Chief Executive	Simon Dean	Date: 29th June 2020
Acting Executive Director of Finance	Sue Hill	Date: 29th June 2020

ANNEX – Annual Governance Statement

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 has remained in special measures since June 2015, with leadership and governance, finance, performance and planning continuing to be on-going challenges. All special measures improvement framework expectations are subject to robust Welsh Government oversight, scrutiny and support arrangements. 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 turnover of Board members and key appointments have been made. In February 2020, Gary Doherty the Chief Executive and Accountable Officer left the organisation and I (Simon Dean) became Interim Chief Executive and Accountable Officer. In July 2019, Gill Harris, Executive Director of Nursing & Midwifery, also commenced in the role of Deputy Chief Executive, with key responsibilities for strengthening governance through reviews of the committee structure, the approach to risk management and the development of the Clinical and Quality strategies. Further details on changes to Board membership are included at Appendix 1.

1.4 In 2019/20 the Health Board breached its statutory duty to produce an Integrated Medium Term Plan (IMTP). Further information on planning is included in Section 7. The Board has been working to a deficit Interim Financial Plan, and has breached its statutory duty to achieve financial balance; further information is included in Section 6.

1.5 During 2019/20 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. See also Section 14.17. The regional Population Assessment 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 shared approaches to transformation of services.

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 Interim Chief Executive of the Board, I have responsibility for maintaining appropriate governance structures and procedures as well as a sound system of internal control that supports the achievement of the organisation's policies, aims and objectives, whilst safeguarding the public funds and the organisation's assets for which I am personally responsible. These are carried out in accordance with the responsibilities assigned by the Accountable Officer of NHS Wales. Welsh Government issued confirmation of my Accountable Officer status on 30.3.20.

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 (June 2020) the Health Board and the NHS in Wales is facing unprecedented and increasing pressure in planning and providing services to meet the needs of those who are affected by COVID-19, whilst also seeking to maintain essential services and planning to resume other activity where this has been impacted.

2.4 The required 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 and will stand the test of scrutiny with respect to compliance with Managing Welsh Public Money and demonstrating Value for Money after the COVID-19 crisis has abated and the organisation returns to more normal operating conditions.

2.5 To demonstrate this, the organisation is recording 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 has been established, with a Health Emergency Control Centre, underpinned by a range of work streams led by Senior Responsible Officers covering key elements such as temporary hospitals, personal protective equipment (PPE), governance and risk. Robust reporting and meetings arrangements are 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, has also been established to maintain oversight of developments and decision-making (terms of reference are included at appendix 3 in paper 20.50 here.)

2.7 Standing Orders have been temporarily amended, and mitigating steps taken to maintain good governance, in accordance with national guidance. Committees and Advisory Groups, with the exception of the Quality, Safety & Experience Committee and Audit Committee, were stood down for April and May. At the time of writing, consideration is being given, as part of wider recovery plans to run 'business as usual' arrangements alongside COVID-19 arrangements, to stepping down the Command structure and resuming Committee/Group meetings with effect from June 2020. Full details of the new arrangements and rationale are set out in two 'maintaining good governance' papers approved by the Board on 15.4.20 and 14.5.20.

2.8 In approving the arrangements set out in the 'maintaining good governance' papers, the Board acknowledges that in these unprecedented times, there are limitations on Boards and Committees being able to physically meet where this is not necessary and can be achieved by other means. In accordance with the Public Bodies (Admissions to Meetings) Act 1960 the organisation is required to meet in public. As a result of the public health risk linked to the pandemic the UK and Welsh Government stopped public gatherings of more than two people and it is therefore not 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
- Publication of agendas and papers as far in advance as possible – ideally 7 days in advance of the meeting.
- 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 will be kept of actions that will not be progressed during the crisis
- Publish 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.
- The Board meeting of 21.5.20 was recorded and made available to the public online.

2.9 Assessments are made regarding decisions that are time critical and cannot be held over until 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. As the duration of the pandemic and the subsequent measures to be taken are not yet known it will be necessary to keep this under review and consider other approaches to make meetings more accessible to the public.

3. Background Information

3.1 The Health Board had a revenue resource allocation of £1.6bn for 2019/20 and a workforce headcount of 18,241 as at 31.3.20. Further details are provided within 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 103 General Practitioner (GP) practices including 16 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

4.1 Due to increasing concerns about the organisation's governance, and also maternity and mental health services, the Health Board was placed in special measures in June 2015. Since then an ongoing organisation-wide programme of work to strengthen governance has been in place. During this time, maternity services and also GP out of hours were stepped down as special measures concerns. However, other special measures concerns have arisen and been added into improvement plans and reporting, including finance and performance. Throughout 2019 and into early 2020 until the COVID-19 pandemic was declared, Welsh Government continued to hold regular meetings and discussions with the Health Board in respect of special measures, scrutinising and challenging in order to drive improvements in performance and delivery.

4.2 A Special Measures Improvement Framework (SMIF) Task & Finish (T&F) Group advises and assures the Board on the effectiveness of the arrangements in place to respond to the expectations within the SMIF (Group meetings were paused following the declaration of the pandemic, but at the time of writing, consideration is being given to the need to return to business as usual, when the ongoing impacts of the COVID-19 response on special measures areas will need to be assessed). The Group membership comprises key directors and Independent Members, and is personally chaired by the Health Board Chair.

4.3 Despite improvement in some important areas throughout the special measures process, significant challenges have remained, particularly in terms of leadership & governance, finance, performance and planning. A revised special measures improvement framework was received from Welsh Government, together with the accompanying Minister's statement of 14.11.19, acknowledging improvements to date and further work required.

4.4 A draft overview report, providing a position statement at December 2019, was submitted to Welsh Government. The report was written following a self-assessment conducted by the Executive Leads, as measured against the expectations within part A of the revised framework. This covered:

- Area 1: Leadership and Improvement Capability
- Area 2: Strategic Vision and Change
- Area 3: Operational Performance
- Area 4: Finance and Use of Resources

Further detail is available at item 20.9.2 here.

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 on July 2018. Following the publication of the reports, governance arrangements were put in place to oversee the implementation of recommendations made.

5.2 The Improvement Group established in August 2018 routinely meets bi-monthly (though has been paused since the COVID-19 pandemic was declared). The Group's membership includes the operational leads that are assigned to each recommendation. Of the 35 recommendations from both HASCAS & Ockenden reports, 19 have been closed, and work continues to progress the remaining recommendations to completion. In addition, monthly one-to-one meetings were established with operational leads to review and monitor progress and address any areas of support to address challenges or risks.

5.3 The Stakeholder Group held its first meeting in October 2018 and meets quarterly to provide oversight and scrutiny of the actions and work being undertaken to progress recommendations. The Group has received a number of presentations from operational leads on specific areas of work undertaken to progress recommendations. Stakeholders have also individually been actively engaged with some of the work on recommendations they expressed an interest in supporting.

5.4 Based on the limited number of recommendations reviewed to date, with a number still to review, Internal Audit gave reasonable assurance on recommendation progress and reporting. Progress continues to be regularly and closely monitored via the Committee Structure and Board. Reports feed up to the QSE Committee from the Improvement Group, and then onwards to the Board. Further information is available at item QS20.23 here.

6. Financial Position

6.1 The initial plan for the year was set at a £35m deficit. The Health Board implemented a recovery programme with the aim of driving performance towards the control total of a £25m deficit. This was not achieved and the overspend for the year was £38.7m because the additional savings required to reduce the deficit were not achieved. There were also significant overspends in Primary Care drugs and in Secondary Care, which were offset by underspends in Primary Care and Contracts.

6.2 During 2019/20 the Health Board progressed the external financial review conducted by PricewaterhouseCoopers (PWC), which began in March 2019 and was supported by Welsh Government. As recommended in that review, an experienced interim Recovery Director was appointed to advise and support on the Health Board's financial recovery and efficiency programme. The appointment was for 9 months and based on a contractual arrangement. As part of the increased grip and control introduced as a result, a Financial Recovery Group was established, reporting into the Finance and Performance Committee, to provide assurance on the progress of the recovery to the Board.

6.3 During March 2020, as with other NHS organisations, the Health Board had to urgently respond to the emerging global COVID-19 pandemic which has continued into 2020/21. This will significantly impact upon operational plans for the year whilst the Health Board manages the response to the pandemic and clinical services are reconfigured to enable both patients to be treated and staff to work safely.

6.4 The financial plan for 2020/21 is to deliver a deficit of £40m after delivery savings of £45m. The plan does not take into account the COVID-19 pandemic and therefore it is recognised that there is significant uncertainty around the forecast operational and financial performance for the year.

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

7.1 The Health Board does not as yet have an approved IMTP, therefore does not fulfil its statutory duty in this respect, but has developed a Three Year Outlook and 2019/20 Annual Plan which was noted as an interim plan by the Board in March 2019.

7.2. The Board (and relevant committees) has received regular updates throughout 2019. In July an updated Three Year Outlook and 2019/20 Annual Plan (including the financial plan) was presented to Board subject to the Finance and Performance Committee's support of the underpinning planning profiles around referral to treatment times (RTT) including diagnostics, and Unscheduled Care.

7.3. The Board received a refreshed plan in November which included proposed changes to the plan. The risks associated with RTT / diagnostics were highlighted, including the work on-going to secure the plan, working closely with the support of Welsh Government.

7.4 In respect of a general assessment of progress against the interim Annual Operating Plan, it is acknowledged that it has been a very challenging year in terms of delivery of the plan and falling short in some areas. However, a number of achievements have been made across a range of services during the year.

7.5 As part of Improving Health and Reducing Health Inequalities, the Health Board introduced the Tier 2 (Adult) Obesity service and increased opportunities through stabilising the Help me Quit in Hospital. The 'I Can' campaign and 'Let's get moving North Wales' partnerships were developed. We worked with partners to develop initiatives which target food poverty, housing and homelessness and collaborated to develop a network of social prescribing programmes. Wrexham Maelor Hospital is the first in Wales to offer same day discharge hip replacement surgery and supporting more care closer to home.

7.6 Doctors in training have ranked Ysbyty Gwynedd's Emergency Department as one of the best places to train in the UK. Results from the recent National Training Survey by the General Medical Council shows over 85% of doctors in training are pleased with the quality of clinical supervision, experience, and the teaching they receive at the Emergency Department.

7.7 The 'Same Day Emergency Care' commenced in Ysbyty Glan Clwyd. This has been developed as an ambulatory emergency unit that will see, treat and discharge patients on the same day. Many of these patients would previously have stayed in hospital for several days. The initiative also reduces non-admitted breaches, hospital admissions and helps to prevent overcrowding in the Emergency Department.

7.8 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*, a digitally enabled clinical strategy is being developed for the Health Board with staff, public and partner organisations, and must cover everything from population wellbeing to highly specialised healthcare to accompany the IMTP for 2021/24 and beyond.

7.9 We propose an ambitious plan for North Wales to become an exemplar for digitally enabled health. This will require extensive partnership working across and beyond the region, sharing approaches and joining pathways. Building on a digital platform will enable us to focus on better outcomes by adopting effective and person centred care.

7.10 Welsh Government wrote to the Executive Director of Planning and Performance on 19.3.20 to advise that, whilst noting that the Health Board had been unable to submit an IMTP or Annual Plan 2020.21, it had been decided to pause both the IMTP and annual planning process to allow focus on immediate COVID-19 actions.

8. Emergency Preparedness

8.1 The Health Board is categorised as a Category 1 responder within the Civil Contingencies Act (2004) and as a result is required to have certain arrangements in place. The Health Board has in place:

- A Major Emergency Plan and underpinning site or incident specific plans that describe the response of the organisation to an emergency defined as a major incident;
- A governance structure that 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;
- A programme of exercises and training to support staff who have specific roles within the Health Board's major emergency arrangements, delivering command and control competencies in line with National Occupational Standards, bespoke training relating to pre-hospital medical response, in-hospital decontamination and emergency preparedness awareness;
- A Business Continuity Policy and major programme of work focused on developing a Business Continuity Management System for critical services, to enable recovery within tolerable timescales following a business disruption
- A Civil Contingencies Group, which 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 Civil Contingencies Group, provides assurance and governance relating to health preparedness as well as the coordination of specific health economy resilience;
- An assurance process that includes internal audit carrying out annual audits of the business continuity management system and Civil Contingencies arrangements aligned with the Emergency Preparedness, Resilience and Response Guidance and Framework;
- A Civil Contingencies Risk Register along with individual divisional risk registers which provide a method for reporting and escalating risks;
- A resilience work programme that builds upon established organisational resilience arrangements and ensures the delivery of duties placed upon the Health Board through the Civil Contingencies Act (2004) and associated non legislative guidance. A Business Continuity Manager was appointed in November 2019, supporting the Head of Emergency Preparedness and Resilience who was appointed at the end of the 2018/19 reporting period.

8.2 Clearly, the declaration of COVID-19 as a pandemic and major public health emergency towards the end of 2019/20 has and continues to test the Health Board's emergency preparedness and provide a rich source of learning. The Health Board has in place a Major Incident Plan that takes full account of the requirements of the Welsh Government Guidance to NHS Wales and all associated guidance. It has been necessary to draw upon this Plan in responding to COVID-19. See also section 9.3.

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.

9.2 In addition, the Health Board has key working relationships with HMP Berwyn as a provider of healthcare services within the prison. The Health Board has responsibility for meeting the health and wellbeing needs of the population at HMP Berwyn. Embedded into the service design and operational parameters is the concept of a comprehensive and fully integrated offer, available to all, with access based on clinical need. Services within HMP Berwyn have been configured to support early identification and diagnosis, and a reduction in reoffending rates through health and wellbeing improvement, with services reflecting those delivered in the community in terms of access and standards of care.

9.3 Understandably, COVID-19 has 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 more recently has 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 we move into the recovery phase.

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 and values are shown below. These are reflected within the 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

- 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 set out the long term 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.

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), four Associate Members (the Director of Mental Health and Learning Disabilities became an Associate Member in June 2016), 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 December 2019.

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 routinely held in public.

12.2 All Board Members have a responsibility to abide by the Nolan principles of public life and Executive Directors must adhere to the NHS Code of Conduct (Disciplinary Rules and Standards of Behaviour). 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. 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. In November 2016, a new Standards of Business Conduct Policy and electronic declaration system were introduced and this has 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.

12.6 Whilst the Health Board remains in special measures, as detailed in section 33 of this Statement, the Wales Audit Office concluded in its 2019 Structured Assessment that, whilst some aspects still needed to be strengthened, governance arrangements were '*generally improving'.*

13. Board Development

13.1 Following a tendering exercise 'The Kings Fund' was appointed to deliver a bespoke board development programme to build upon the work already undertaken in previous years. The programme to date has included a series of development activities to support Board Members individually and the Board collectively in discharging core functions and effective decision-making in accordance with the principles of good governance. During 2019-20, 7 sessions were delivered.

13.2 In addition to the externally facilitated sessions there have been 10 whole Board Workshops or Briefings designed to deliver core training and to update members on key strategic or service issues. Board development sessions are paused at the time of writing due to COVID-19.

14. Board and Committee Arrangements

14.1 The Health Board's Committee Business Management Group (CBMG) has continued 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.

14.2 The Board's committee structure for 2019-20 has remained predominantly stable, 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.

14.3 A Savings Programme Group reporting to the F&P Committee was also in operation for part of the year until July 2019, to monitor, manage and report on the development and delivery of the Health Board's Savings Programme. As the organisation sought to move from turnaround towards transformation, an Interim Recovery Director was appointed to oversee a financial recovery programme and associated groups. This work was stood down in March 2020; the Interim Recovery Director subsequently left the organisation and colleagues in the Interim Programme Management Office (PMO) have been re-deployed to support the COVID-19 response.

14.4 The Strategic Occupational Health and Safety Group has been established in-year and reports to the Quality, Safety & Experience Committee on the delivery of the Occupational Health and Safety Improvement Plan under the leadership of the Executive Director of Workforce and Organisational Development.

14.5 The Health Board has three Advisory Groups, as illustrated in the structure diagram in Figure 1 below, to assist it in performing 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.

14.6 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.

14.7 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.

14.8 Each Board Committee and Advisory Group is required to produce an annual report which is normally submitted to the Audit Committee, with an overarching assurance report then being prepared by the Audit Committee for the Board. For 2019-20 the impact of the COVID-19 pandemic meant that a decision was taken that the only Committees required to produce an annual report were the Quality, Safety & Experience Committee and the Audit Committee. Other committee related arrangements were also revised due to COVID-19, as described in other sections of this Statement and in accordance with Welsh Government guidance (see section 2).

14.9 The significant matters considered by the committees, and examples of actions taken during 2019/20 were as follows from section 14.14 onwards. These key issues feature as highlights in Committee Chairs' Assurance Reports.

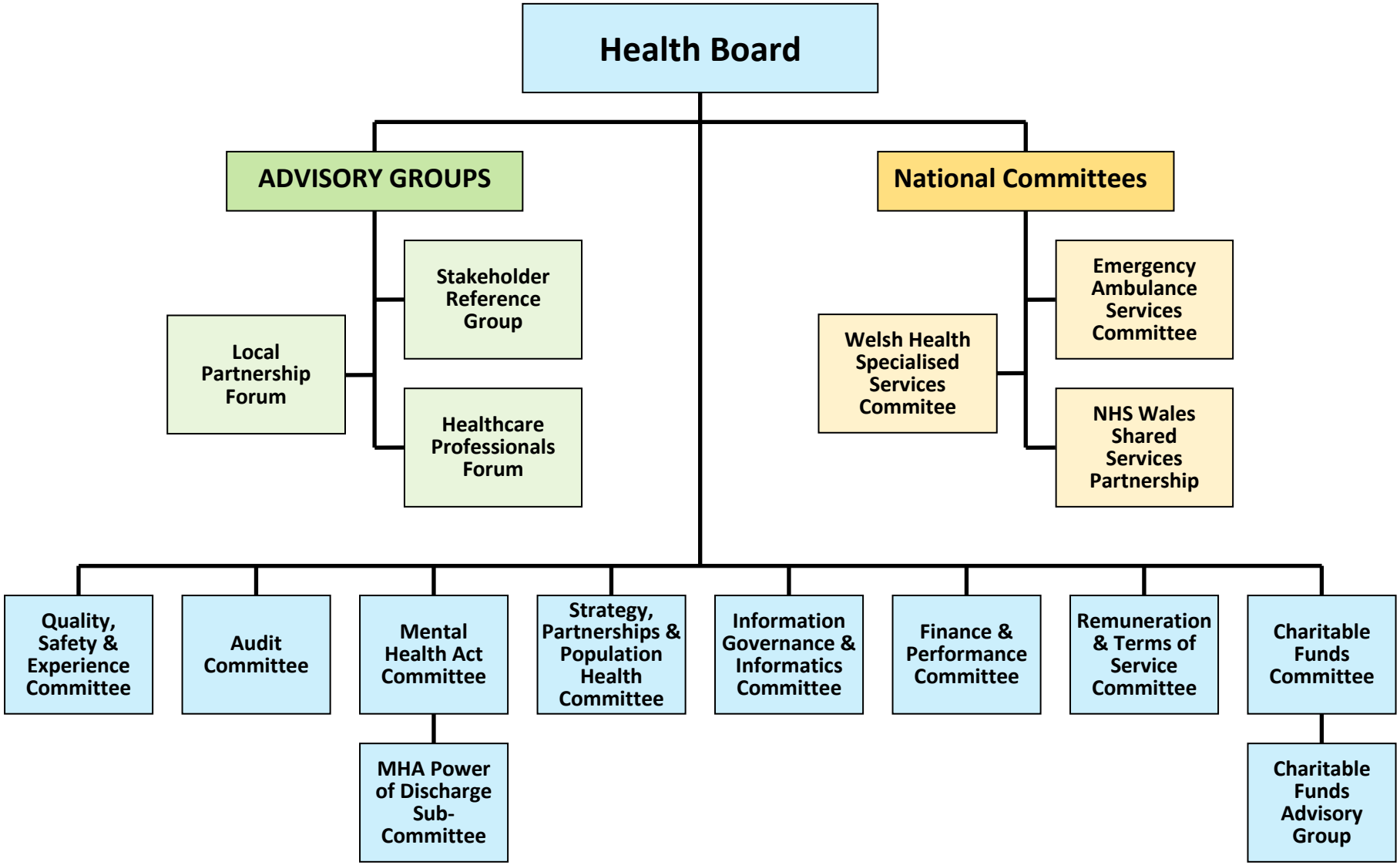

Figure 1: The Health Board's Committee and Advisory Group Structure

14.14 Audit Committee

The role and purpose of the Committee is to advise and assure the Board and the Accountable Officer on whether effective arrangements are in place - through the design and operation of the Health Board's system of assurance - to support them in their decision taking and in discharging their accountabilities for 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 will advise the Board and the Accountable Officer on where, and how, its assurance framework may be strengthened and developed further.

14.15 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 TeamMate system is now fully embedded with all Internal Audit and WAO recommendations being managed and reported via the system. This has reduced administration and improved the efficiency of the process from report receipt to recommendation closure. Though there were some issues as to the quality of the progress updates and ensuring that there is satisfactory evidence provided to justify closure of recommendations, this has been rigorously addressed via training provided by the Office of the Board Secretary. The Committee subsequently noted an improvement in quality at the December meeting and continues to hold Executives to account by requiring them to attend meetings to present evidence of progress on key issues, for assurance purposes.
- Risk Management (RM) Strategy: Following discussion at December 2019 Audit Committee, the revised RM strategy was approved via Chair's Action. However, due to the COVID-19 pandemic, the implementation of the revised RM strategy was recommended to be deferred at March 2020 Audit Committee. Members subsequently recommended to the Board that the Board rescind approval and approve the continuation of the current RM strategy, with the existing five tier risk register, until such time as the Audit Committee recommend to the Board, approval of an updated Strategy. The current Strategy will now remain extant until September 2020- see Section 16 of this Statement for further detail.
- Accountability Framework, Corporate Risk & Assurance Framework (CRAF) and Board Assurance Framework (BAF): The BAF was discussed at the May 2019 workshop. It was agreed that the revised BAF would be aligned to the Annual Plan and presented to the March Audit Committee. However, the planning process has been suspended due to COVID-19. Work will recommence once normal business is resumed. In the interim, the CRAF arrangements will be extended in line with the extension to the RM Strategy.
- Dental Data: General Dental Service is a key primary care service commissioned by the Health Board for its residents. Following a query at the September 2019 committee meeting as to the omission of dental data from the Post Payment Verification Progress Report, the Assistant Director of North Wales Dental Services and the Dental Contracts Manager attended the December Audit Committee to provide Members with an overview of the service and the assurance processes in place with regard to the management of primary care dental service contractors. Members noted that whilst there was independent oversight from the NHS Business Services Authority (NHSBSA), there was limited BCUHB / internal oversight of the risk management processes. Members agreed for future reports on Dental Services to be received bi-annualy to ensure sufficient assurance and Board oversight.

- Welsh Risk Pool (WRP) costs: In December, Members were informed of an additional cost required to offset the Health Board's share of the additional contribution to WRP. This was originally estimated at £1.8m, though revised to £733,000.
- Clinical Audit – Members considered and approved the Clinical Audit Policy. The Clinical Audit Plan that was being developed in conjunction with the policy has been deferred to September 2020 to enable the inclusion of any updates to the national audits and/or additional tier two audits as agreed.
- Legislation Assurance Framework (LAF): Committee Members noted the continued development of the LAF. Work undertaken between the All Wales Audit Committee Chairs and Board Secretaries Network previously acknowledged that it was essential that Boards had an effective system in place in which identifying and managing risk was a continuous thought process for the Board in order to satisfy the Audit Committee that risks were being managed well. It was acknowledged that the approach in Wales would be to produce three distinct products (whilst acknowledging the need for local variation), namely:
    - A narrative BAF document
    - The Assurance Framework map
    - The Corporate Risk Register
- Part B of the Assurance map comprises the Legislation Assurance Framework (LAF). NHS bodies in Wales must operate within the law in relation to all aspects of their business. The Health Board has developed a system to capture compliance and assurance information on a centralised register and management system. The Audit Committee reviews the LAF bi-annually. The system provides the Board with an oversight of legislative obligations/liabilities, the assurance level, the impact of non-compliance and the control measures in place for each.
- An initial review of Estates & Facilities legislation has been undertaken with the Director of Estates and a baseline of assurance completed. This is a substantial piece of work involving a self-assessment covering approximately 100 pieces of legislation.

Minutes and papers from the Committee meeting are available here.

14.16 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 umbrella charity for over 420 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.

14.17 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 Committee welcomed the work being done on developing business plans for the four strategic priority fundraising campaigns; Cancer Care, Older People, Younger People and Mental Health Support. These fundraising campaigns will consider all five of the ways of working within the Wellbeing of Future Generations Act.

- The Committee approved the development of a business case for the establishment of a staff lottery. This will provide the charity with undesignated funds to support innovative strategic projects, which may not otherwise attract significant charitable support. The business case will be developed in conjunction with Trade Union representatives and include measures to limit the number of entries by individuals, in line with gambling recommendations.
- The Committee agreed to update the Charitable Funds Advisory Group (CFAG) under new approved Terms of Reference. It was agreed to strengthen the membership of the CFAG to ensure that all Health Board divisions are involved, broadening the knowledge and understanding of the Group, so enhancing decision making. In addition, Board members will attend CFAG meetings on a rotational basis for advice, support and information.
- It was noted that Awyr Las had received £2.0m during 2018/19 with total donations and fundraising income received amounting to £1,950,000. 4,819 donations were received and grants worth £1.7m were given to research, training, equipment and improvement of hospital environments.
- The Committee approved the revised Reserves Policy for the charity, which reduced the target level of reserves to £2,811,000.

Minutes and papers from the Committee meeting are available here.

14.18 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:

- Concerns were expressed at the pressure placed on practitioners across all sites relating to the increasing number of requests for Deprivation of Liberty assessments. It was acknowledged that plans were in place to increase the number of Best Interest Assessors [BIA], however recruitment to these specialist posts are an ongoing challenge.
- North Wales Police (NWP) Forensic Medical Examiners (FMEs) are no longer employed in the custody suites, which on occasions is placing Consultants and other medical staff under considerable pressure due to the number of requests for fitness to plead and other assessments. Discussions are continuing with NWP and the Mental Health and Learning Disability Division (MHLD).
- Concerns were expressed around Medical and Nursing staff having the appropriate skills and training to deal with S136 for under 18s within adults units. There has been improved engagement between Child & Adolescent Mental Health Services (CAMHS) and Adult services, which has resulted in a reduction in the time a young person remains under assessment.

- In relation to CAMHS members acknowledged the work being undertaken regarding capacity and demand management, due to staff retention issues. Members noted that the Welsh Government Delivery Unit expected to conclude their Demand and Capacity work early in 2019, which it was hoped will help address challenges in delivering the Mental Health Measure in CAMHS. The reasons for missing the targets centered around increased demand in CAMHS referrals and a reduction in capacity due to sickness, maternity leave and vacancies impacting on the sustainable delivery of targets and driving down performance. Whilst feedback from a two-day visit from Welsh Government to consider Together 4 Children and Young People was awaited, there was concern about internal and external communications.
- The crisis pathway for young people in distress and Out of Hours access to the emergency bed has been addressed jointly by CAMHS and Children's Services, with both services working to ensure that any young person requiring admission is accommodated in the most appropriate environment.

Minutes and papers from the Committee meeting are available here.

14.19 Finance and Performance Committee

The purpose of the Committee is to advise and assure the Board in discharging its responsibilities with regard to its current and forecast financial position and performance and delivery. This includes the Board's Capital Programme, Informatics and Information Governance, Communications and Technology Programmes and Workforce matters.

The Committee met on 11 occasions between 1.4.19 and 31.3.20. 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.

- Monthly scrutiny of the Finance Report, resulting in challenge as regards variances eg Secondary Care and Mental Health.
- Savings agenda and the establishment of a Savings Programme Group to provide enhanced scrutiny
- Scrutiny of PricewaterhouseCooper (PwC) financial review recommendations and progress
- Monitoring and scrutiny of Financial Recovery Group work and Interim Recovery Director monthly reports
- Shaped the Financial Plan 2019/20 and monitored risks to its delivery
- Considered risks relating to delivery of the savings programme, RTT, Orthopaedics capacity, and escalated a concern regarding Continuing Healthcare risks and expenditure monitoring
- Monthly scrutiny of the Integrated Quality and Performance Report – with additional specific briefings requested to address areas of concern and under-performance.
- Assessment of corporate risks assigned to the Committee, escalating/increasing rating as appropriate eg financial sustainability; estates & environment
- Requested the attendance of the Chief Executive at all F&P Committee meetings with effect from July 2019, and welcomed observation by Welsh Government and Wales Audit Office representatives
- Planned care and unscheduled care performance deterioration.

Minutes and papers from the Committee meeting are available here.

14.20 Quality, Safety and Experience Committee

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.

The Committee received a range of standing and regular items as per its cycle of business. The agenda setting process also allows for flexibility to bring ad-hoc papers to the Committee. Usually these relate to providing assurance against a current risk or issue, an all Wales issue requiring local consideration, or to ensure governance and scrutiny of an issue ahead of a forthcoming Health Board meeting. A summary of such reports in 2019-20 is as follows:-

- A comprehensive response to the recommendations arising from the Welsh Government's Review of maternity services at Cwm Taf. Of the 70 recommendations, 6 were rated as ongoing improvement required. The actions would be monitored by the QSE Committee and a briefing provided to the Board;
- An update on the management of risk for the handover of patients between the Ambulance Service and the Emergency Departments. Measures being taken included a regular review of corridor congestion within the Emergency Department and handover delays.
- The Medicines Management Report identified key risks being managed by the service. The lack of pharmacy support for Mental Health services in the East was discussed and the plans to address this. There was also discussion around the implications for patients of recent changes to repeat prescribing services in community pharmacy.
- An inspection report of HMP Berwyn's health services undertaken by HM Inspectorate for Prisons and Healthcare Inspectorate Wales. The findings were positive overall but identified the main area for improvement as dental services. This service has been constrained by estates issues that have resulted in difficulties in being able to provide additional dental services resulting in long waiting times for prisoners.
- The Committee received an update on an extraordinary meeting of the Local Partnership Forum to discuss nurse rota changes and there was a commitment to move forward in partnership with the changes.
- An update was provided on a joint venture between Welsh Ambulance Services Trust (WAST) and the Health Board to develop the advanced paramedics multi-disciplinary team working programme. This is operational across 5 cluster areas and initial reports of its impact are very positive;
- The Health Board's response to HIW's Thematic review of Children's Services was received, providing details of how the Health Board will be implementing learning arising from the findings;
- The externally commissioned follow up Infection Control and Prevention Report by Jan Stevens was received and highlighted significant improvements across the Health Board as part of the Safe Clean Care work.
- Monitoring of HASCAS / Ockenden recommendations with end of year position that 19 of the 35 recommendations have been closed, with 14 of the remaining open ones being assessed as 'green' and 2 reporting as 'amber'. See section 5 of this Statement for further information.
- An update report on dementia services which demonstrated significant progress in improving dementia support for patients and detailed the work of the Dementia Strategy Group.

- The Committee were sighted on significant waiting times for psychological therapy services and were informed that a review had been identified as a key piece of work as part of the annual plan. Following this review, a Task and Finish Group would oversee the implementation of the recommendations with progress to be monitored by the QSE Committee.
- The Self Assessment of Quality Governance Arrangements was formally received and the Committee would receive an action plan at the next meeting to monitor progress;

Minutes and papers from the Committee meetings are available here.

14.21 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.

The Committee met on 6 occasions, plus held 3 workshops, between 1.4.19 and 31.3.20. Examples of some of the key issues that have arisen during the year and which the Committee has dealt with are set out below:

- Monitoring progress of the annual operating plan and Three Year Outlook
- Review of the Committee's allocated corporate register risks
- Public Services Board and Regional Partnership Board updates
- Strategy development eg Integrated Research and Innovation; Third Sector; Digitally Enabled Clinical Strategy
- Service transformation projects progress – in Mental Health services, a risk to sustainability of improvements at project end was identified, and a project evaluation was commissioned in mitigation.
- Civil Contingencies and Business Continuity
- Staff and public engagement
- University health board status triennial review progress
- EU Exit – the Committee decided to review the position at each meeting in light of the political situation
- Public health eg healthy weight; smoking cessation; adverse childhood experiences

Minutes and papers from the Committee meeting are available here.

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

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 and listed as within the terms of reference.

The Committee met on 7 occasions (including 2 extraordinary) between 1.4.19 and 31.3.20, and was quorate each time. 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.

Discussed in public:

- The Committee approved a revised approval process for Workforce & Organisational Development policies.
- Audit Committee feedback on the R&TS Committee Annual Report, which led to amendments to the R&TS terms of reference, already approved by the Board in July 2019 (references to ex-officio trade union partners and the addition of responsibility for oversight of revalidation).
- The Committee discussed the need to be sighted on objective setting and performance appraisal of very senior managers. It was agreed to amend the second and third bullet points in section 3.1.1 of the terms of reference, to read *'be sighted on the objectives set by the Chief Executive for his immediate team, confirm that all Directors have had objectives set, and that appropriate and timely performance reviews have taken place'.*
- Senior leadership structure – acute care
- Health Care Professions Council (HCPC) and General Pharmaceutical Council Wales (GPhC) Professional Registration Report 2018/19
- General Medical Council (GMC) Revalidation Update 2019
- Review Body on Doctors' & Dentists Remuneration Report
- Upholding Professional Standards in Wales (UPSW) – enhancements to the current management process were agreed
- Pay uplift for GPs employed as clinical leads in Health Board managed practices to retain parity with consultant colleagues.

Discussed in private due to person identifiable content:

- Upholding Professional Standards in Wales cases – restrictions or suspensions more than six months in duration.
- Pay protection progress report; executive portfolios and acting/interim arrangements; national pay rates for the Single Integrated Clinical Assessment and Triage Service
- Executive level remuneration
- Realignment of specific corporate functions
- Staff terms and conditions of employment
- Details regarding a collective grievance
- Executive and Director changes, pay and terms and conditions
- Executive team objectives and performance assessment
- Senior job descriptions

- A secondment proposal
- Pay and remuneration arrangements for a clinical staff group
- Scheme of Reservation and Delegation – clarification of responsibilities of senior staff

Minutes and papers from the Committee meetings are available here.

14.23 Digital & Information Governance (IG) Committee

The purpose of the Committee (formerly the Information Governance and Informatics Committee and re-named at its September 2019 meeting in line with refreshed terms of reference) 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. The Committee met on four occasions during the reporting period.

The Committee met on 4 occasions between 1.4.19 and 31.3.20. The following key items of business were discussed:

- Digital Operational plan – quarterly update including National Infected Blood Inquiry update
- NWIS update report
- Information Governance - quarterly assurance report (KPI, lessons learned and compliance report)
- Strategy reviews
- Informatics – Operational Planning
- Annual IG and Caldicott Report Reviews
- Integrated Quality Performance monitoring report – relevant dimensions
- Approval of Committee terms of reference
- Approval of Cycle of Business
- Agreement and review of corporate risks assigned to the Committee
- Endorsement of annual reports 2018/2019
- Review performance against the Board Approved plan 2019/20
- Policies – approval of national and local and compliance with national policy and development of organisational policy)
- Improvement Group Updates
- Digital nursing
- Change Management Policy
- Wales Audit Office Clinical Coding
- Transformation Fund allocation and planning for future Transformation fund opportunities
- Information Commissioner's Office Follow up Data Protection Audit Report
- Matters discussed in private including Police Requests for Medical Statements

Minutes and papers from the Committee meetings are available here.

14.24 Advisory Groups

14.24.1 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.

14.24.2 Stakeholder Reference Group

The role of the Stakeholder Reference Group 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 1.4.19 and 31.3.20. During the year the Group dealt with the the following key items of business:

- Corporate Planning update, incorporating Estate Strategy
- Update on Workforce Strategy
- Reducing reliance on temporary staff
- Engagement Strategy update
- Third Sector Strategy update
- Services Strategy update
- Stroke Services
- Orthopaedics Services
- Eye Care Services
- Mental Health Update
- Clinical Services Strategy
- Development of Strategic Equality Plan
- Third Sector Strategy update
- Well-Being of Future Generations Act update
- Primary Care update
- Orthopaedic Business Case – Consultation and Engagement
- Planning Update – Annual Plan and Digitally Enabled Clinical Strategy
- Update on Well North Wales Programme
- Planning update
- Ophthalmology Business Case
- Urology Services Business Case

Details of the issues considered and discussed by the Group are documented within the minutes which are available here.

14.24.3 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 1.4.19 and 31.3.20, the LPF met on 5 occasions including 1 extraordinary meeting. Key items of business considered were:

- Corporate Planning including Annual Operating Plan
- Finance
- Prevention and Control of Infection
- Job Evaluation
- Special Measures
- Workforce & Organisational Development
- Annual Quality Statement 2018/2019
- Corporate Risk Assurance Framework
- Cycle of Business
- Health and Safety Improvement
- Integrated Quality and Performance Report IQPR)
- Nurse Staffing Act
- Organisational Change Policy
- Staff Health and Wellbeing
- Staff Flu Vaccination Programme
- Staff survey
- Welsh Language Standards
- Workforce Engagement
- Workforce Issues within the IQPR
- Workforce Metrics Report
- Workforce Partnership Group
- Workforce Policies and Procedures Working Group

- Workforce Report
- Estate and Facilities – Review of Weekly to Monthly Pay for Staff
- Reimbursement of Travel
- Welsh Union Learning Fund – Proposal to set up a steering group.
- Workforce Issues within the IQPR
- Workforce Working Longer and Sickness Absence Review Group
- LPF Annual Report 2018/19 and Cycle of Business 2019/2020
- Integrated Quality and Performance Report
- Annual Audit Report
- Welsh Partnership Forum Minutes
- Strategic Occupational Health & Safety Group Minutes

Details of the issues considered and discussed by the Forum are documented within the minutes which are available here.

14.24.4 Healthcare Professionals Forum

The purpose of the Healthcare Professionals Forum 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 1.4.19 and 31.3.20 the Forum met on 3 occasions. During the year the key items of business considered were:

- Corporate Planning – including updates on AOP/IMTP/3 year plan
- Performance
- Annual Quality Statement
- Public Health
- Quality and Improvement (QI) Hub
- Workforce & Organisational Development update
- Annual discussion with CEO
- Membership
- Chairs written updates
- Members written updates
- Review of minutes and actions
- Committee Annual Report
- Review and refresh of HPF terms of reference
- Minutes of Quality, Safety & Experience Committee meetings
- Minutes of Professional Advisory Group meetings
- Team Briefing Updates

Details of the issues considered and discussed by the Forum are documented within the minutes which are available here.

14.24.5 National Committees

14.24.6 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.

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 and 14.5.20, and a temporary approach to risk management was published on 22.4.20 (see Appendix 5). 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 from that date and up to the date of sign off of the accounts.

15.4 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 as appropriate throughout 2020/21.

16. Capacity to Handle Risk

16.1 The Health Board has a challenging risk profile due to the diversity of services provided, ranging from primary and community services through to acute hospitals, mental health services and support prison health services. In addition, the Health Board has a wide geographical spread, cultural diversity and significant provision of services from England. It also has to be capable of dealing with peaks in demand as a result of North Wales being a holiday destination of choice for many.

16.2 Lead responsibility for risk and assurance transferred to the Deputy Chief Executive Officer in September 2019, with the role of the Board's Senior Information Risk Owner now delegated to the Executive Director of Finance.

16.3 The Health Board has in place a structure to identify, assess and control its risks. During 2019 the current Risk Management Strategy was agreed by the Board to be extended for use until the end of September 2020 whilst the Corporate Risk Team focused on a complete revision of the strategy and processes based on the feedback received from previous Board Workshops, expert review and from internal audit findings. The current strategy can be accessed here.

16.4 A full review of all identified risks has continued throughout the year including ensure the risk are relevant and appropriate in line with current legislation and standards, that mitigating controls are appropriate and that those risks which have now been mitigated and achieving the target risk score have been appropriately approved for closure. This is all in line with the anticipation of the revised strategy format. Risk Management training has also continued to be delivered across the Health Board. The primary aim of the risk management team is to continue to provide the Health Board with a competent advice and support service for the development of effective systems and arrangements to help embed the Board's approach to risk management at all levels.

16.5 The Risk Management Strategy continues to be reviewed and updated yearly and following changes made to executive portfolios during 2019, the Health Board has further explored its approach to risk management, discussed in detail its risk appetite, objective setting in the context of a 3 year plan, the calibration of risks and opportunities to improve reporting mechanisms. This is all in line with the anticipation of the move to the adoption of the new Enterprise Risk Management model to improve ownership and to fully embed risk management into decision making processes as part of the updates to the revised Risk Management Strategy.

16.6 In April 2019 the Health Board held its first meeting of the newly formed Risk Management Group, reporting into the Executive Team, initially chaired by the Chief Executive and then the Deputy Chief Executive from July 2019. The Group has been established to oversee the implementation of the Risk Management Strategy, to drive through consistency and coordination of improvements in risk management practices and to seek assurance on the effectiveness of risk management systems and processes. The Group also seeks assurances from the Health and Safety Group and the Quality and Safety Group ensuring there is evidence of learning from patient and staff experience.

16.7 Risk Management procedures, guidance and the training plan continue to be implemented across the Health Board to fully support embedding risk management, alongside each divisional area adopting the standard model risk management process and escalation plan. This has been supported by independent expert facilitation to ensure best practice and at Board level with a programme of work in place during 2019 and beyond.

16.8 Whilst the Risk Management Strategy sets out the management arrangements for all levels of risks that could have an impact on the organisation and therefore need monitoring and escalation / or de-escalation where appropriate, a simplified COVID-19 Response Guidance on Risk Management was approved and put in place (Appendix 5). This included the requirements under the Civil Contingencies Act 2004 (as amended) (CCA) and Good practice guidance for Category 1 responders individually and as part of a Local Resilience "Community". This impacted not only on the need for dynamic management of risk, but also importantly upon "risk appetite" and the duty under the European Commission for Human Rights (ECHR).

16.9 Further guidance and training has also been provided to ensure that all appropriate COVID-19 related risks were captured and reported through to the agreed Command, Control and Co-ordination Framework. Two COVID-19 related risks were escalated to the Corporate Risk Register:

- CRR27– Risk to public health and safety arising from an outbreak of COVID-19 and demand outstripping organisational capacity.
- CRR28 - Risk of infection from COVID-19 to staff and patients as a result of inadequate supply, quality or usage of PPE.

Risk CRR28 was subsequently recommended for a reduced risk and de-esclation, and a risk relating to delayed access to care home placements due to the need to protect vulnerable communities from the virus, was recommended for escalation onto the Corporate Risk Register.

16.10 As previously highlighted the need to plan and respond to the COVID-19 pandemic presented a number of challenges to the organisation. 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.

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

17. Corporate Risk and Assurance Framework

17.1 The Board has continued with its previous approach to the management of risk adopting the 5 tier framework, details of which are included within the Risk Management Strategy. Guidance, procedures and training have been revised throughout the year. .

17.2 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.

17.3 The Board has continued to use an integrated Corporate Risk and Assurance Framework (CRAF) approach which combines the former Board Assurance Framework (BAF) document and the Corporate Risk Register.

17.4 During 2019 the Board continued to review the CRAF in this format. Each risk on the CRAF has now been further refined and is presented to the Board as a risk on page. This includes a visual representation depicting the movement of the risk scoring over a defined period, in addition to the respective assurance reporting arrangements and links to the Special Measures Improvement Framework.

17.5 Throughout this period further work has been undertaken to develop and refine the CRAF and to produce an assurance map based on an All Wales approach. The Board recognised the importance of having an effective system in place in which identifying and managing risk is a continuous thought process in order to satisfy the Audit Committee that risks are being managed well. The Audit Committee has previsouly agreed that there should be three distinct products (acknowledging that there would be local variation), namely:

- A narrative BAF document;
- The Assurance framework map;
- The Corporate Risk Register (using the current risk on a page template)

17.6 The Assurance Framework map had previously been populated following input from Leads with the key deliverables aligned to the objectives emanating from the Health Board's three year plan. During the course of the year further work was undertaken to develop the organisation's risk and assurance framework. A Board Workshop on Risk Management was held in July. This session was externally facilitated. In September 2019 the Risk Management Portfolio transferred from the Board Secretary's Portfolio to the Deputy Chief Executive. The November 2019 Board noted that the organisation was moving towards an Enterprise Risk Management Model (ERM) in order to better manage risk which would be supported by a clear governance structure via Committees. It was acknowledged that there would be challenges in order to establish systems and as a consequent the Board approved the extension of the existing Risk Management Strategy until September 2020.

17.7 Following the initial project to centralise a register and management system for the Legislative Assurance Framework within the Health Board, work continued to assess the level of compliance alongside the likelihood and impact of non-compliance, with regular reporting to the Audit Committee. Members were supportive of this development and progress being made.

17.8 The intention for the revised Strategy was to move from a five tier risk management model to three tiers. In order to further strengthen risk management arrangements an Executive led Risk Group was established during the year. As a result of COVID-19, the Board moved into a Command and Control Structure during March 2020. The structure was supported by a number of worksteams with a Senior Responsible Officer assigned to each. Initially a programme management approach was adopted with each workstream and command structure maintaining a dynamic risk register. This process has since been refined with a transition to Datix for the management of risks and the Risk and Governance Workstream reviewing all risks and reporting to Gold Command.

17.9 The Health Board's current risk appetite statement set out below describes the risks it is prepared to accept or tolerate in the pursuit of its strategic goals.

> *"The Health Board recognises that its long term sustainability depends upon the delivery of its strategic goals and its relationships with its patients, the public and strategic partners. The Health Board will not accept risks that materially impact on quality and safety or regulatory compliance. The Health Board takes a cautious view regarding the risks it is prepared to take in terms of financial control, preferring 'safe delivery options' with a low degree of inherent risk.*
>
> *"However the Health Board has greater appetite to pursue innovation. The Health Board is willing to challenge current working practices to take opportunities where positive gains can be anticipated, within the constraints of the regulatory environment."*

17.10 In defining the existing risk appetite, the Board adopted a maturity matrix for risk scoring which includes elements relating to quality and safety, regulatory compliance, finance and innovation. The Board recognises this is not a fixed concept and refreshed the risk appetite statement during the year, which will be relaunched in 2020.

17.11 The Health Board involves its public stakeholders in managing risks that impact on them. This is achieved through public engagement as an integral part of the delivering the *Living Healthier, Staying Well* strategy. 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.

18. Principal Risks

18.1 The Health Board has determined nine principal risks (agreed in 2015) to achieving its strategic goals:

1: Failure to maintain the quality of patient services.
2: Failure to maintain financial sustainability.
3: Failure to manage operational performance.
4: Failure to sustain an engaged and effective workforce.
5: Failure to develop coherent strategic plans.
6: Failure to deliver the benefits of strategic partnerships.
7: Failure to engage with patients and reconnect with the wider public.
8: Failure to reduce inequalities in health outcomes.
9: Failure to embed effective leadership and governance arrangements.

*Please also refer to section 16 for newly identified COVID-19 risks.

19. Key Risks

19.1 The Corporate Risk Register was regularly reviewed and takes account of the areas in special measures as detailed below. 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 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 that there still remained a limit on the ability of the Board to focus on and address the key issues. The Board agreed to further disaggregate CRR10 Informatics into three key components: CRR10a National Infrastructure and Products, CRR10b Informatics - Health Records and CRR10c Informatics Infrastructure Capacity, Resource and Demand.

19.2 In November 2019 and January 2020 the Quality, Safety and Experience Committee approved the escalation of six new risks linked to the Health Board's health and safety management arrangements and the impact this could have on the Health Board's ability to maintain safe and effective healthcare services. A comprehensive improvement plan has been put in place which will be regularly monitored by the Strategic Occupational Health and Safety Group. The Committee also approved the escalation of a risk with regards to the potential to comprise patient safety due to a large backlog and lack of follow-up capacity.

19.3 The Health Board also agreed to deescalate one risk for management at Tier 2 Directorate Level. This was CRR19 Discontinued RTT, relating to the Countess of Chester Hospital's decision to cease elective procedures for patients from Wales from 1st April 2019. The Health Board also agreed to the closure of CRR07 Capital Systems, both deescalation and closure of risks was undertaken following submission of significant evidence, improvements and assurance provided to the Finance and Performance Committee.

19.4 The Health Board has also embedded risk management into future planning processes by aligning the Corporate Risk Profile to the emerging Three Year Outlook and 2020/21 Annual Plan.

19.5 Clinical risks are included within the overall risk management systems and processes which includes escalation and de-escalation in a consistent and standard reporting regime with Datix. This is in line with the Risk Management Strategy and supporting procedures. Examples of clinical risks include CRR02 – Infection Prevention, CRR05 – Learning from Patient Experience and CRR13 – Mental Health. More recently, the affects of the National COVID-19 Pandemic has created potential governance, financial, clinical and patient safety risks. Please also refer to section 16 regarding newly identified COVID-19 risks. Further details on all the Health Board's risk are available here.

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;
- Managing these risks efficiently, effectively and economically.

20.3 The Board has agreed a risk appetite statement 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.

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 Corporate Risk and Assurance Framework (incorporating the 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. 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 and the Scheme of Reservation & Delegation was the ratification on 7.11.19 of the national Model Standing Orders (personalised for local Health Board purposes) as per item 19.159 here. Further related changes were ratified at the Board meeting of 23.1.20. See also section 2.7 regarding emergency changes to Standing Orders, approved by the Board in response to COVID-19.

21.4 A Conformance Report is provided at every Audit Committee meeting. The report highlights conformance with the Standing Financial Instructions, 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).

21.5 During 2019/20 the key issues included in the conformance reports presented to the Audit Committee were, in accordance with 21.4 above, procurement, payables, receivables, payroll and salary overpayments, approval of losses and special payments, a new procedure for addressing intermediaries legislation (IR35) and procurement requirements for engaging interims.

21.6 The report also highlighted that Single Tender and Single Quote Waivers have decreased in 2019/20. The implementation of better controls through the new electronic waiver system has allowed for greater transparency and scrutiny. Retrospective waivers are being monitored and reported.

21.7 The value and volume of salary overpayments are monitored on a monthly basis to identify opportunities to reduce the risk of avoidable overpayments. The Health Board continues to work to ensure that payments are made within the 30 day target period.

22. External Audit

22.1 Wales Audit Office published the following reports and documents relating to the Health Board during 2019. 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 2019.

Report Title	Date report issued
Financial audit reports	
Expenditure on Agency Staff by NHS Wales	Jan 2019
Audit of Financial Statements Report	May 2019
Opinion on the Financial Statements	June 2019
Audit of the Charity Financial Statements Report	Oct 2019
Opinion on the Charity Financial Statements	Oct 2019
Performance audit reports	
Clinical Coding Follow-up Review	May 2019
Integrated Care Fund	July 2019
Operating Theatres Review	Aug 2019
Integrated Care Fund – North Wales Regional Partnership Board	Sep 2019
Implementing the Well-Being of Future Generations Act	Oct 2019
ICT Asset Management Review*	Nov 2019
Structured Assessment 2019	Dec 2019
Other reports	
2019 Audit Plan	Feb 2019
Annual Audit Report 2018	Feb 2019

*due to the inclusion of sensitive information, the report was received and reviewed in the private session of the Committee

These publications are available here.

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 and Assistant Director of Corporate Governance have conducted a desk-top review to confirm compliance during 2019/20 with the Cabinet Office Code of Good Practice.The Code of Good Practice can be accessed here.

24. Quality and Governance Arrangements

24.1 In July 2019 the Health Board published its Annual Quality Statement (AQS) 2018/19 which brought together a summary of how the organisation had been working over the past year to improve the quality of all the services it plans and provides, and to share good practice. The report can be found here.

24.2 At the time of writing, the drafting of the AQS for 2019/20 is well underway. The report will demonstrate the continued efforts around improving the quality of services and the experience of patients in line with the Health and Care Standards 2015, together with partnership working and strategic forward planning. In addition, the report will include a section in relation to COVID-19 which will evidence the Health Boards management approach and any susbsequent learning.

24.3 The Executive lead for Quality and Safety 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 Science.

24.4 The Quality and Safety Group (QSG) oversees the implementation of the Quality Improvement Strategy and associated delivery plans. It impacts positively on overall governance and controls by routinely monitoring clinical risk, escalating and de-escalating as necessary. The group seeks assurance from its established sub-groups, ensuring the triangulation of assurances and evidence of learning from patient experience. Each clinical divison provides a monthly assurance report to the QSG for consideration and identification of Health Board wide themes and trends, as well as providing assurance about the risks which are being managed in the various services. External audit is also used to identify risks and issues that impact on quality. For example, as noted in section 14 of this Statement, the Audit Committee meeting in March 2019 was presented with the findings of a review of the management of the Outpatients backlog, and a number of issues around data quality and the effective integration of systems and management of clinical risk were identified. This matter was escalated to the Board for resolution.

24.5 At the time of writing, the most recent Annual Report on Putting Things Right (PTR) was presented to the Board in July 2019 and can be accessed here.

24.6 The concerns function is within the portfolio of the Executive Director of Nursing & Midwifery and the Assistant Director of Patient Safety and Experience is responsible for the leadership of the Putting Things Right (PTR) regulations. A fey focus of the function is to support and strengthen the triangulation of themes and the ability of the Health Board to learn from concerns, complaints and incidents in order to reduce repetition and harm. The total number of open complaints have reduced significantly and the Health Board is seeing an improvement in the timeliness of complaint responses. The Health Board also saw a significiant reduction in the number of open incident invesigations and a noticeable improvement in the timeliness of completion.

24.7 However, in terms of operational departments' adherence to national requirements, the time taken to respond to concerns is not yet achieving national targets therefore further work is required on this aspect and reviews are underway to improve processes. In order to achieve this, implementation of a Delivery Plan has commenced which includes a clear departmental purpose supported by a review of structures and processes. This will be strengthened by placing an emphasis on engagement, business continuity and future development. Most importantly, it will improve the quality of patient safety and experience and provide assurance.

24.8 The Board receives regular update reports on PTR through the Integrated Quality and Performance Report, which reflects the Health Board's performance against key Welsh Government and local targets. Additional assurance is provided through reporting to the Quality, Safety and Experience Committee on matters including compliance with PTR policy, emerging trends and themes and lessons for learning.

24.9 Principles for remedy are covered in the PTR disclosures made in the Annual Quality Statement, available here.

24.10 The Health Board has launched its Patient Advice and Liaison Service (PALS) across all three localities during the year. The service is improving the advice and support available to patients, and the improved collection of patient feedback. The teams are based at each main hospital with regular outreach to mental health units, community hospitals and clinics.

24.11 As alluded to in sections 16 to 19 in this Statement, the Health Board's risk management systems have been developed to consider all risk, including clinical risks, which are identified and assessed using a generic methodology of identifying what the risk is, what could cause the risk to be realised and what or who could be impacted upon. These risks are then recorded in the Integrated Risk Management System (Datix) with the information being utilised for management reviews and escalation within the organisation as appropriate. The clinical risk management process is led jointly by the Executive Medical Director and the Executive Director of Nursing and Midwifery.

25 Engaging With Stakeholders

25.1 The Health Board continues to maintain a focus on engagement in order to build and improve relationships with the public and work more closely with the Community Health Council. The impact of engagement activity is being measured via a number of mechanisms including feedback from public and stakeholder surveys. To monitor progress against this priority, three public perception surveys have been undertaken - the first in November 2017, a second in November 2018, and a third in November 2019. The purpose of the surveys is to:

- help provide a baseline of information about levels of trust and confidence in the Health Board;
- identify and monitor any changes in attitudes towards the Health Board;
- provide a measurement tool to establish whether designated continuous engagement activity is impacting on how the general public view the Health Board so that weaknesses can be identified and feedback acted upon to alter the approach as necessary.

25.2 The third perception survey undertaken at the end of 2019 highlighted a number of positive findings:

- Current levels of engagement with Health Board services remain high with most of the public having used local NHS services within the last 6 months (86%)
- Of these, 9% have attended a consultation event or engagement activity, up slightly on the previous years and indicating that in the region of 60,000 people have engaged with the Health Board beyond using the medical services
- Respondents continue to have a good understanding of the role the Health Board has in delivering local health services.

25.3 The survey however also indicated a number of areas for improvement:

- Increasingly people feel that they are unable to influence or have a say in the health priorities and decisions taken
- While concern about the future of local NHS services remained steady between years 1 and 2, over the last year it has increased significantly. The number of people saying they do not feel positive has increased from 52% to 63%
- On a scale of 1 – 10 (1 is zero, ten is lots), the average score for respondents' opportunity to influence or have a say in the health priorities and decisions for their local area is 2.8, notably lower than the average score of 3.16 achieved last year
- Overall, the average score for how good the respondents think their local NHS is at listening to local people is 4.0, down from 4.3 last year
- Of primary importance to a notable number of respondents is the issue of access to their GPs and the lack of appointments
- A higher proportion of the public (32%) recall hearing something about BCUHB in the last month than they did in either of the previous years (22%)
- 307 respondents commented on what they had heard, with over half the comments focusing on negative aspects of the management of the Health Board. The majority of these have heard something, either about the changes to nursing rotas /contracts and/or the cost of external consultants, in particular, the Recovery Director
- This year, 57% say that they speak positively about the local NHS, down from 63% in year 2.

25.4 To supplement the findings from the public survey, three stakeholder surveys have also been undertaken. The first was completed in late 2017, the second a year later and the third at the end of 2019. A number of key senior stakeholders from local authorities, the third sector, social housing and other health organisations were asked about their perceptions of the Health Board. The main objectives were to:

- Provide the Health Board with a better understanding of how relationships with stakeholders have changed over the last year, and
- Identify ways the Health Board can help to build these relationships going forward

25.5 The third stakeholder survey indicated that, on the whole, respondents were positive about the working relationship they have with the Health Board - perceiving that it had improved or at least remained the same as last year. Feedback suggested an increased level of positivity from stakeholders in relation to service delivery. There was recognition that the Health Board still faces challenges, but a keenness to continue joint working in order to deliver better services.

25.6 As expected, stakeholder surveys have highlighted some challenges in working with the Health Board. It is felt that middle management does not have enough authority to make relatively simple decisions in meetings. This is attributed to the perceived hierarchical governance approach the Health Board takes to its decision making. This can cause frustration on both sides in meetings and can hinder progress on dealing with relatively minor practical matters. Other areas raised include the pace of change and development in the Health Board, issues relating to finance, funding and long term planning / sustainability and a need for better understanding of partners and collaborative working.

25.7 Engaging on the transformation and improvement programmes aligned to the Three Year Outlook is a priority, and subject to the COVID-19 pause on planning, engagement on significant service redesign and the developing clinical services strategy will be integral going forward. During the past year, a comprehensive range of public and stakeholder engagement activity took place in respect of nuclear medicine, dental services, orthopaedics, mental health and maternity services.

25.8 The Health Board has continued to build on existing relationships and establish new ones with community groups and partners. In particular the Health Board routinely supports third sector networks and forums and collaborates on work spanning a number of issues. These include engagement with Syrian refugee groups, membership of the North Wales Police Race Group, Veterans/ Armed Forces liaison and linking in with older people's networks and learning disabilities groups.

25.9 Over the summer Health Board representatives attended the National Eisteddfod in Llanrwst, enabling staff and departments to promote their services, support national campaigns and show the Health Board's human side. The focus was on engaging on the range of primary care services on offer in communities and arranged for representatives from community pharmacy, dentistry, wellbeing and mental health to attend. The Health Board also used the opportunity to promote recruitment and careers opportunities. Health Board representatives also attended the Denbigh and Flint, Merioneth and Anglesey shows during August 2019. In addition, as referred to in section 9, engagement and partnership has been at the forefront of the Health Board's response to COVID-19 in 2020. Engagement with the Community Health Council has also been maintained throughout the pandemic.

25.10 <u>Staff Engagement</u>

25.10.1 The implementation plan attached to the Staff Engagement Strategy has been fully delivered, with work continuing to embed the processes that have been introduced as part of the plan. The newly developed Workforce and Organisational Development Strategy 2019/22 encompasses staff engagement and the improvements required. The Workforce Objectives include staff engagement as an integral theme which runs through all the objectives. Monitoring progress against the strategy is through the Workforce Improvement Group.

25.10.2 In respect of the Staff Survey 2018 improvement plans, several have been enacted since the overarching organisational improvement plan was approved by the Board in March 2019. All Divisions have developed their own local improvement plans. The feedback process to staff follows a 'You Said, We Did' approach, which is a supportive mechanism focused on cascading key messages on achievements out to the organisation.

25.10.3 ByddwchynFalch/BeProud is an engagement tool adopted by the Health Board to ensure continuous staff feedback which provides a measure of staff engagement on an ongoing basis. Following a procurement process, the Go Engage tool developed by Wrightington, Wigan and Leigh NHS Foundation Trust was obtained. It was rebranded for BCUHB as 'ByddwchynFalch/BeProud' in order to maintain consistency with the 'Proud of' theme adopted as part of the staff engagement strategy.

25.10.4 The tool has two strands:

- Organisational level quarterly pulse surveys of 25% of the organisation
- Team level surveys to improve engagement at local team/departmental level. Champions from each team, known as Pioneers, are trained in the use of a variety of engagement tools to support team development and improvement plans

25.10.5 The tool offers:

- A simple way to understand the science behind staff engagement in terms of cause and effect
- Clear practical recommendations to improve staff engagement
- Regular trend analysis – not a once a year/two years snapshot in time.
- Ability to act quickly on data, two week turnaround from close of survey to presentation of results

25.10.6 The questions within the 'ByddwchynFalch/BeProud' survey have been cross-referenced to those within the NHS Wales Staff Survey. This will enable tracking of improvements at an organisational as well as team level. The Staff Friends and Family Test is widely used within NHS England as a benchmark; these two questions will be used locally as a key organisational pulse check on a quarterly basis via the 'ByddwchynFalch/BeProud' quarterly survey along with qualitative comments form staff. The measurements are:

1. Percentage of staff likely to recommend BCUHB to friends and family if they needed care or treatment.
2. Percentage of staff likely to recommend BCUHB to friends and family as a place to work.

25.10.7 The first pulse survey was launched in April 2019 to a random sample of staff, with outcomes published in September 2019. The second survey was launched in February 2020. Actions identified will be embedded within staff survey improvement plans to align actions and provide a consistent monitoring framework. It is envisaged that further quarterly pulse surveys will take place in the latter half of 2020 and into the Spring of 2021.

26. Health and Care Standards for Wales: Governance, Leadership and Accountability

26.1 The Health and Care Standards launched in April 2015 confirmed that effective governance, leadership and accountability was essential for the sustainable delivery of safe, effective person centred care and as such was an integral part of all the Health and Care Standards.

26.2 The Health Board has been continuously self-assessing and using the learning from this, and in addition, monitoring has been undertaken by HIW, WAO and Welsh Government as an integral part of the Special Measures Improvement Framework.

26.3 A Joint Review was undertaken by HIW and WAO "*An Overview of Governance Arrangements BCUHB – A Summary of Progress*" published in June 2017. In addition to this Welsh Government commissioned Deloitte to undertake a Financial Governance Review, published in February 2018 which included examining leadership, governance and accountability across the organisation.

26.4 As part of special measures arrangements the Minister has issued a series of statements indicating progress as referred to elsewhere in this Statement.

27. The Health and Care Standards (HCS): Revised Framework

27.1 The Health Board continues to embed the Health and Care standards as part of the ongoing quality work to support routine reporting and monitoring. The monthly ward to Board audits have been replaced by a revised monthly audit (launched April 2019). The revised audit has been developed in an electronic format to complement and support the recently implemented Ward Accredation programme. The audit questions have been mapped against the HCS as well as the themes from within the Ward Accredation framework.

27.2 The 'HARMS' Dashboard continues to evolve and is in the process of significant devlopment following its launch in October 2017. Particular development has taken place in relation to the view for the wards following an upgrade to the data warehouse. The dashboard supports the implementation of the Quality Improvement Strategy (QIS) and is an integeral element of the Ward Accredation programme. The combination of the dashboard and the Ward Accredation programme continues to promote a move towards establishing standards and building on the culture of continuous improvement, with the aim of being able to reduce variation and harm. The 'HARMS' dashboard is also a key enabler for the Health Board to support the work of the:

1. Safe Clean Care Programme (to reduce infection rates);
2. Hosptial Acquired Pressure Ulcer (HAPU) collaborative;
3. Inpatient Falls collaborative;
4. Medicines management collaborative.

27.3 Healthcare Inspectorate Wales (HIW) recommendations following inspections/reports are mapped against HCS and are reported to the Quality, Safety and Experience Committee on a quarterly basis and Quality and Safety Group bi monthly. The summary information provides a high level view of those actions that are considered as outstanding i.e. beyond the completion date determined by the Health Board. Work continues with the Community Health Council (CHC), to map to, and integrate, HCS related questions asked by the CHC during their unannounced inspections.

27.4 The Health Board is working to capture HIW inspections and recommendations via an information system which will allow for more focused work around themes for learning and provide a more integrated approach for assurance and reporting purposes.

27. On 12.12.19, the Health Board received a letter from the Chief Nursing Officer and Deputy Chief Medical Officer requesting comments in relation to the current effectiveness of the Health and Care Standards, in particular whether they remain fit for purpose or whether there is a need for a wholesale review at this time.

27.6 The Health & Care Standards are key to improving the quality of services and the Health Board has been working in partnership with Healthcare Inspectorate Wales to ensure themes around learning and to aid the sharing of good practice. By mapping the standards to the Ward Accreditation criertia, this ensures consistency.

28. Quality Improvement Strategy (QIS)

28.1 The BCUHB Quality Improvement Strategy (2017 to 2020) focused on five aims:

1. No avoidable deaths;
2. Safe: continuously seek out and reduce patient harm;
3. Effective: Achieve the highest level of reliability for clinical care;
4. Caring: Deliver what matters most: work in partnership with patients, carers and families to meet all their needs and actively improve their health;
5. Deliver innovative and integrated care close to home which supports and improves health, wellbeing and independent living.

28.2 The QIS states the intention to report progress on its implementation within the Annual Quality Statement. However, an Internal Audit report (March 2020) gave only limited assurance on this, therefore it is acknowledged that there is further work to be done to enhance progress reporting as part of the development of a refreshed QIS.

28.3 The QIS for 2020-2023 is in progress. A review has been undertaken in relation to progress against the five aims set out in the QIS for 2017-2020. A plan for engagement and implementation going forward for the next three years is underway. However, in view of COVID-19, this work has been paused and the timeline will be revised.

28.4 The leadership of both the Patient Safety Team and Patient Experience Team have been revised to provide a single lead for the Health Board in each area with strengthened teams.

28.5 The Health Board has continued to use its Real Time Feedback system which allows patienrs, carers and visitors to hare their feedback. In response to the themes and trends noted in feedback, the Patient Experience Team have developed a customer care training programme that is being held on a monthly basis for all Health Board staff.

28.6 Significant work has been undertaken to further develop the triangulation of information from the refreshed leadership walkabouts programme and a number of different sources. The evidence from all of these sources provides opportunities to prospectively evidence compliance with health and care standards and priority objectives to support this triangulation.

28.7 Further work is required across the Health Board through governance arrangements to evidence local triangulation and implementation of improvement to demonstrate lessons learned.

29. Other Control Framework Elements

29.1 <u>Equality and Human Rights</u>

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

A substantial review of the health boards equality objectives and Strategic Equality Plan (SEP) has been undertaken this year. 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. The committee structure has been reviewed and accountability and communication strengthened.

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
- The Living Healthier Staying Well strategy sets out the commitment to promoting equality and human rights in all Health Board functions
- The Annual Plan demonstrates how the Health Board meets the duties associated equality and human rights and the arrangements for equality impact assessment (EqIA)
- Opportunities have been identified to build delivery of the SEP into planning and service delivery mechanisms and the system for improvement
- 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
- 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
- In respect of the Welsh Language Standards Regulations 2018 under the Welsh Language (Wales) Measure 2011, a notice of regulatory compliance was placed on the Health Board in November 2018, in the form of standards. The Health Board is working to these standards and compliance is monitored through reporting to the Strategy, Partnerships & Population Health Committee.

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 Post Payment Verification 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, General Pharmaceutical Services and General Optical Services has been agreed, in accordance with NHS Wales agreed protocols.

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, 4th bullet point).

29.4 Carbon Reduction Delivery Plans

29.4.1 The organisation's resilience is based on having business continuity plans in place. BCUHB has partnership agreements and information sharing with other public bodies and 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 has now been implemented and embedded throughout BCUHB certification was achieved April 2018. The ISO14001 EMS has proven to make BCUHB more aware of their environmental responsibilities that have a significant impact on the environment, including legal and regulatory accountabilities, and enables associated risks to be managed more efficiently. The Environment Officers have successfully completed Lead Auditor transitions training, and are now IEMA/IRCA & CQI certified.

29.4.5 Members of the Environmental Management Steering Group have engaged in implementing the 2015 version of the standard by highlighting:

- 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, BCUHB itself and interested parties. Consistent with BCUHB's Environmental Policy, the intended outcomes of the EMS include:

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

The assessment evidenced that the cornerstones of the system are in place, i.e. Corporate and site specific aspects & impacts, objectives & targets plus environmental Programmes in place across the sites. The Internal Audit Programme is on target and internal audits are being carried out effectively.

29.4.7 Waste Management

The Health Board continues to work in partnership with Seven Ways Environmental Services 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 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 Safe Clean Care Campaign to continually improve patient safety and reduce infections, Spring clean events and Autumn cleans took place in April 2019 and October 2019, during which furniture, electrical and metal waste were collected from 45 sites across 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.

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 on 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 The Audit Committee receives regular Local Counter Fraud Progress Reports, on a quarterly basis, and an Annual Report of Local Counter Fraud work which has been undertaken during the financial year. This collectively provides a summary briefing of the work which has been undertaken by Local Counter Fraud Services Team, during the year and details the main outcomes in-year, including both the number of Criminal and Disciplinary sanctions, as well as the financial recoveries which have been secured.

29.5.2 The Chair of the Audit Committee holds quarterly bilateral private meetings with the Head of Local Counter Fraud Services, to ensure that there is a clear understanding of current issues and risks, as recommended in the NHS Wales Audit Committee Handbook. This adds to the assurance for the Health Board and results in an efficient performance of the Audit Committee when dealing with Counter Fraud matters.

29.5.3 During 2019/20, the Local Counter Fraud team has undertaken a range of activities, leading to the outcomes and benefits realised as set out below:

- Regular Fraud Awareness presentations are delivered to Health Board Staff at Staff Induction training sessions, through the Step into Management Programme training courses as well as to ad-hoc groups as and when required. The Fraud Awareness presentations include information on how to report Fraud, Bribery and Corruption.
- Fraud Awareness presentations are delivered to Health Board Executive and Non-Executive Board Members as and when new appointments are made to the Board.
- The Health Board has an Anti-Fraud, Bribery and Corruption Policy in place which has been approved by the Audit Committee and which is publicised in the electronic staff newsletter and is available on the Health Board's web site.
- Those who wish to report fraud may do so anonymously via the NHS Protect Fraud and Corruption Reporting Line.
- Local Counter Fraud messages are included in the staff payslips.
- Fraud Deterrence Activities involving the publication of media reports relating to successful cases on Counter Fraud activities are regularly published in the Health Board's electronic staff newsletter and reported both to the Audit Committee and Welsh Government.
- Fraud Prevention Activities involving actions undertaken to directly change procedures identified as being at risk to fraud or actions to implement a structured Prevention Process are regularly carried out throughout the year and reported both to the Audit Committee and Welsh Government.
- The Local Counter Fraud team have reported to the Audit Committee work which has been undertaken, up to Quarter 3 of 2019/20, which has resulted in financial recoveries of public money amounting to £283,058 which has been reported to Welsh Government.

29.6 Welsh Health Circulars (WHCs) and Ministerial Directions

29.6.1 A range of WHCs was published by Welsh Government during 2019-20 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.

29.6.3 Ministerial Directions are published by Welsh Government as part of their health and social care publications. General Ministerial correspondence continues to be received and actioned by the Health Board with a logging and tracking system in place. A key Ministerial Direction received and disseminated during this reporting period was that regarding the NHS Pension Tax Proposal 2019 to 2020. The Health Board wrote to each of its affected consultants and senior managers individually, to advise them of the national guidance and options.

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 the designated role of the Health Board's Data Protection Officer in line with the Data Protection Act 2018. . The Senior Associate Medical Director is the Health Board's appointed Caldicott Guardian and the role of the Senior Information Risk Owner transferred to the Executive Finance Director as noted in the revised Scheme of Reservation and Delegation ratified by the Board on 23.1.20.

30.1.2 The Health Board's information governance and cyber security status was regularly reviewed by the the Information Governance and Informatics Committee which later became the Digital and Information Governance Committee following a re-naming which canme into effect at its September 2019 meeting.

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 has undertaken an annual self-assessment against the Caldicott C-PiP tool. This has demonstrated that the Health Board has maintained a Class 4 star rating with a compliance of 90% still achieved against the tool.

30.1.5 During the year the Health Board also completed a pilot baseline assessment against the National Information Governance Toolkit which will help to strengthen assurance and reporting arrangements across Wales. Scrutiny of the assessment is yet to be agreed nationally, but the outcome of the baseline assessment will form the basis of future information governance work programmes.

30.1.6 The Health Board also took part in the Information Commissioner's Office (ICO) follow up audit in July 2019 to confirm progress made to address the recommendations from the original audit which took placed in June 2018. This follow up audit still focussed on the on three main areas:

1. Governance and Accountability
2. Records Management and
3. Requests for Personal Information.

The ICO noted some outstanding actions existed, but meaningful progress was being made with remaining actions in place to mitigate the risk of non-compliance. Areas of improvements were noted and included a comprehensive set of public awareness materials to inform individuals about fair processing and their rights; development of a formal QA and redaction procedure for subject access requests; the introduction of enhanced information governance training for information asset owners and the production of staff awareness materials realating to the handling of verbal requests.

30.1.7 The Health Board self-reported 6 data security breaches that triggered referral to the Information Commissioner's Office and Welsh Government. These were:

- One in relation to the loss of a personal file;
- One in relation to the loss of records;
- One in relation to continued inappropriate access to systems by a staff member;
- One in relation to a theft of records;
- One in relation to information sent to an incorrect address;
- One in relation to a record being left at another patient's address.

30.1.8 All of the incidents have been closed by the Information Commissioners Office. Three required no further action from the Information Commissioners Office due to the immediate actions and improvements in place at the Health Board. The Information Commissioner provided recommendations for two of the incidents along with a request for a copy of the final investigation report in relation to the continued inappropriate access. The Information Commissioner's Office are not pursuing any further action in relation to these 3 incidents. 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 individuals/data subjects who have been affected by the incident and provided appropriate support where necessary;
- Completion of home working risk assessments, which have also been included in the mandatory training face to face sessions to further raise staff awareness:
- 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 have increased the number of additional training sessions held in community locations and acute sites to continue to improve staff awareness..
- Staff reminded to send information electronically where possible and to encrypt/password protect the information.

30.1.10 Towards to end of the year, significant revised working arrangements were implemented to support the Health Board's response to the COVID-19 Pandemic. These included the use of Virtual Clinics, telephone and Skype consultations and agile working from homes. A simplified data protection impact assessment was developed to ensure compliance with the Data Protection Act remained and was auditable.

30.2 <u>Data Quality</u>

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, as exemplified in section 24.3 of this Statement.

30.2.2 During 2019/20 the Health Board implemented upgrades to the Welsh Patient Administration System (WPAS) at both Glan Clwyd and Wrexham Maelor hospitals. The implementation project in Ysbyty Gwynedd is also well underway, but has been affected by the COVID-19 pandemic. Having in place a single WPAS across North Wales remains a key objectve for the organisation.

30.2.3 As the Health Board begins to standardise onto one Patient Administration System, with the potential for one way of working, real time data quality dashboards have been rolled out to support operational staff to take ownership of errors. This will support the standardisation agenda, and is being used to proactively ensure the quality of data as part of the Ysbyty Gwynedd WPAS project. The organisation has successfully implemented a number of live cloud based dashboards providing real time access to data in innovative and engaging formats. These include the Emergency Department Floor plans and Live ward occupancy, available via whiteboard, PC and mobile device.

30.2.4 The last 12 months have seen a continued focus on addressing the backlog in clinical coding against the revised targets. The department achieved the taget several times during the year. Sustainability has been adversely affected by the COVID-19 pandemic.

30.2.5 The monthly Integrated Quality and Performance Report presented to the Board and its committees during 2019-20 includes data on both performance against the health board's Annual plan and the national delivery framework indicators for the year as well as demonstrating the reported performance in the current and previous period. Where available this data has been benchmarked with Welsh Government published data. During 2019/20 the red-amber-green(RAG) rating of the current period's reported performance was changed to align to the Board intended levels of performance included in the Annual Plan. This assists the Board in scrutinising area where variance is greater than would be expected and also enables contributors to the report to highlight any data quality issues in their exception reports.

30.2.6 Throughout 2019-20 the Annual Plan Monitoring Report has been presented to the Quality, Safety & Experience, Finance & Performance, Strategy, Planning & Population Health, Digital & Information Governance Committees and the Board to reflect the monthly progress on actions within the Annual Plan. Executive leads for each action have RAG-rated the progress providing narrative to explain any Red rated actions. To support data quality requirements, quarterly random sampling of the actions took place with additional evidence provided to support the rating attributed to the action and consistency check ratings between executive leads. In the final third of the year narratives were also required for Amber rated actions to provide added assurance that corrective action was in place to improve the likelihood of year end delivery.

30.2.7 During 2019-20 additional in-year indicators were introduced. These were issued following impact assessments undertaken via NWIS and with definitions as to data collection and extraction methodology. It is recognised that some of the data quality of these new indicators is not at the same level as previous indicators, with the data having been manually collated and sitting outside of established data management systems. These indicators have been the focus of internal work to improve data quality and also the subject of national discussion both within the specific service and via the All Wales Performance Managers Group.

30.2.8 Overall, the Board is satisfied that data quality is sufficiently accurate to be able to identify patterns or trends in performance. Continuous improvement as regards data quality remains an ongoing process, the Information Department has established a data quality team within their function. CHKS provide the Health Board with data quality reports. Where there are known data quality issues these are included in the reports for the sub-committees and data quality is included in the risk register of the performance directorate.

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
- WAO Structured Assessment;

31.3 From the various sources of evidence, including the WAO Structured Assessment 2019 finding that '*notable aspects of governance and internal control include…developing board assurance arrangements, risk management and clinical audit programme and processes'* plus the reasonable assurance provided by Internal Audit (see section 32.3), overall I am satisfied with the effectiveness of the system of internal control. As observed by WAO, the Board and its committees demonstrate *'improving rigour and challenge'*, underpinned by key elements that support effectiveness, such as independent member committee chairs' assurance reporting to the full Board, the coordinating work of the Committee Business Management Group and the outputs of the Audit Committee. However, as noted by WAO 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 Board Secretary, 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 new intranet and internet arrangements

- integrated performance reporting and a revised accountability framework
- continued efforts to meet the expectations of the Special Measures Improvement Framework
- recommendations from internal audits
- ongoing work to improve the management of concerns and claims;

See also section 29.6 regarding WHCs acted upon during the reporting period.

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. As a result of the COVID-19 pandemic and the response to it from the Health Board, Internal Audit has not been able to complete its audit programme in full. However, it has undertaken sufficient audit work during the year to be able to give an overall opinion in line with the requirements of the Public Sector Internal Audit Standards.

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.''

 **-** **+** 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.

Particular focus should be placed on the agreed response to any *limited* or *no-assurance* reports issued during the year and the significance of the recommendations made.

32.4 Basis for Forming the Opinion

In reaching the opinion the Head of Internal Audit has applied both professional judgement and the Audit & Assurance "*Supporting criteria for the overall opinion*" guidance produced by the Director of Audit & Assurance and shared with key stakeholders.

The Head of Internal Audit has concluded *reasonable assurance* can be reported for the Corporate Governance, Risk Management and Regulatory Compliance; Financial Governance & Management; Information Governance & Security; Operational Service and Functional Management and Capital & Estates Management domains; but only *limited assurance* can be reported for the Strategic Planning, Performance Management & Reporting; Quality & Safety; and Workforce Management domains.

It should be noted that twelve reviews were deferred from the plan this year which could have a positive/negative impact on the specific domain assurance rating.

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

- An assessment of the range of individual opinions arising from risk-based audit assignments contained within the Internal Audit plan that have been reported to the Audit Committee throughout the year. 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; and
- Other assurance reviews which impact on the Head of Internal Audit opinion including audit work performed at other organisations.

As stated above these detailed results have been aggregated to build a picture of assurance across the eight key assurance domains around which the risk-based Internal Audit plan is framed. Where there is insufficient evidence to draw a firm conclusion the assurance domain is not rated.

In addition, the Head of Internal Audit has considered residual risk exposure across those assignments where limited or no assurance was reported. Further, a number of 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. Where changes were made to the audit plan then the reasons were presented to the Audit Committee for consideration and approval. Notwithstanding that the opinion is restricted to those areas which were subject to audit review, the Head of Internal Audit has considered the impact of changes made to the plan when forming their overall opinion.

A summary of the findings in each of the domains is set out below. Each domain heading has been colour coded to show the overall assurance for that domain. Red denotes no assurance, amber is limited assurance, yellow is reasonable assurance and green is substantial assurance.

Corporate Governance, Risk Management and Regulatory Compliance (Yellow - reasonable assurance)

- Our reviews relating to Welsh Risk Pool Claims Management Standard, Health and Safety, Compliance with Standing Financial Instructions – Procuring goods and services: Estates – GRAMMS and Compliance with Standing Financial Instructions – Procuring goods and services: Therapies – Therapy Manager recorded reasonable assurance, where some compliance issues with expected controls were identified.
- Adroddiad Archwilio Mewnol Terfynol - Mesur y Gymraeg (Cymru) 2011/Welsh Language (Wales) Measure 2011 - Nid yw strategaeth sgiliau dwyieithog y Bwrdd Iechyd yn cydymffurfio a swyddi hynny a nodir fel Cymraeg hanfodol/ The Health Board Bi-lingual skills strategy is not being complied with for those posts stipulated as Welsh essential – limited assurance.

Strategic Planning, Performance Management & Reporting (Amber - limited assurance)

- The review of Partnership governance - Section 33 Agreements identified a lack of assurance reported through the management and Committee structure regarding the performance of each Section 33 agreement. In addition, the Health Board was not compliant with the Statutory Instrument where it is the host partner – limited assurance.
- Performance measure reporting to the Board – Accuracy of information review was deferred from the plan, following agreement of the scope with the Audit Committee to analyse the accuracy of RTT activity reporting to the Board.

Financial Governance and Management (Yellow - reasonable assurance)

- The review of Budget setting - Ysbyty Wrexham Maelor Hospital identified that the Health Board had robust governance arrangements in place for the setting of the 2019/20 budgets, however in reviewing the costing of vacancies, backing documentation had not been retained and was not available for review, therefore we could not confirm that the budget strategy requirements had been met – reasonable assurance.
- Salary overpayments – We identified that the implemented procedure has not been consulted upon and that overpayments were increasing due, in part, to late submission of staff leavers forms for processing – limited assurance.
- Our work on the Delivery of savings against identified schemes at Ysbyty Glan Clwyd is currently in progress but we have not been able to conclude this audit at the date of issuing this opinion. We will issue our report and findings as part of the 2020/21 audit programme.
- Audit work had been planned to look at Health Board-wide management of delivery savings plans however the scope of the Internal Audit work would have covered similar ground to that being undertaken by Price Waterhouse Coopers (PwC) and as such was deferred to avoid potential duplication. PwC commenced work at the Health Board on the 1st April 2019 and continued supporting the Health Board savings programme up to the 5th July 2019. PwC issued two reports, the *Review of Expenditure (Grip and Control)* on the 26th April 2019 [twenty-two recommendations] and *Financial Baseline Review* issued on 15th May 2019 [32 recommendations].

Quality & Safety
(Amber - limited assurance)

- Our review of Safeguarding Follow-up recorded substantial assurance where all recommendations, at the time of our review, had been implemented.
- The review of the Annual Quality Statement and HASCAS & Ockenden external reports – Recommendation progress and reporting (based upon the review of three recommendations received to date) both recorded reasonable assurance.
- Quality Impact Assessment review identified that some Project Initiation Documents (PIDs) had not been completed in accordance with the procedure made available to us and we could not identify effective reporting with subsequent scrutiny possible Improvement Groups over PIDs for assurance reporting to the Finance Recovery Group – limited assurance.
- Decontamination review identified a lack of reporting of issues of significance for escalation from the Local Infection Prevention Groups (LIPGs) as well as identifying several meetings have been cancelled within the governance and reporting arrangements. The Decontamination Department demonstrated a planned approach with the self-audit tool, however we found the self-audit tools were not routinely discussed at the LIPGs; evidence of self-audit tool being completed within two departments was not provided and no questions within the self-audit tool ascertaining whether the chemicals have been assessed correctly – limited assurance.
- Deprivation of Liberty Safeguards (DoLS) – The review identified a lack of local operational procedure clarifying expectations of wards/departments as the Managing Authority; there is insufficient Best Interest Assessors exposing the Health Board to risk of financial penalties from non-compliance with the requirements of DoLS Legislation. In addition DoLS applications were sometimes incomplete and the reporting of breaches was not evident – limited assurance.
- Quality Improvement Strategy - We were unable to confirm that the Strategy has delivered its intended actions over the three years as there was no underpinning plan stating what the Health Board intended to do. Limited reporting on progress was evident and Welcome Boards across some wards are not being maintained – limited assurance.

Information Governance & Security
(Yellow - reasonable assurance)

- GDPR – Follow-up of the Information Commissioners Office (ICO) review identified robust control over the action plan with clear timelines for implementation – limited evidence of regular reporting to Committee on progress – reasonable assurance.
- Cyber security review identified a draft cyber security policy requires approval and a lack of evidenced assurance reporting through the Committee structure to the Board - reasonable assurance.

Operational Service and Functional Management
(Yellow - reasonable assurance)

- Non-emergency patient transport service (NEPTS) review identified there was a lack of performance management in relation to contract monitoring of NEPTS. In addition, the introduction of an all-Wales NEPTS contract, by WAST, had slipped – reasonable assurance.

- Managed General Practitioner Practices review identified opportunities to enhance the governance and performance scrutiny arrangements around managed practices, recognising the Health Board is planning to manage all practices under a managed practice unit – reasonable assurance.
- Joint follow-up with Conwy County Borough Council Internal Audit Service: Conwy Community Mental Health Team (CMHT) – this review was limited to solely reviewing the evidence provided by officers in the Mental Health and Learning Disabilities Services Division to address specific findings/recommendations made by Conwy Internal Audit Services report on Conwy CMHT. We noted progress had been made across all recommendations bar one. We believe that the only way to address the original recommendations by the Council auditors is to develop a formal Section 33 agreement between both partners – assurance not applicable.
- Ysbyty Gwynedd Emergency Department Patient Monitors – The review identified that governance arrangements and transparency in recording decisions require improvement at Ysbyty Gwynedd – assurance not applicable.

Workforce Management
(Amber - limited assurance)

- NHS Wales staff survey – delivering the findings review identified that there was no overarching scrutiny of divisional delivery plans as reported to Committee and a lack of evidence in Mental Health & Learning Disabilities (MHLD) and Secondary Care Ysbyty Gwynedd that respective governance arrangements routinely reviewed the staff survey. It has not been possible to definitively state that the progress reported against each delivery plan, for some, address the actions due to limited specific/measurable actions – limited assurance.
- Recruitment – Medical and Dental staff review identified data quality and completion of set fields is poor; this needs addressing for the Health Board to have meaningful data. The length of time taken from submission of an establishment control request to completion of pre-employment checks takes an average of 104 days; the ability of services/divisions to provide services is undermined by the lengthy recruitment process and could impact efforts to reduce locum/agency costs. The review of TRAC data notes the period between advert closing and shortlisting dates can add significant delay; it is unclear why closing date and shortlisting stage takes this amount of time as recruiting managers will know in advance the closing date and have adequate time to arrange to shortlist - limited assurance.
- Roster management – Our work on roster management is currently in progress but we have not been able to conclude this audit at the date of issuing this opinion. We will issue our report and findings as part of the 2020/21 audit programme.

Capital & Estates Management
(Yellow - reasonable assurance)

- The review of the Carbon Reduction Commitment Order received substantial assurance and noted full compliance with expected controls.
- The environmental sustainability review noted that the Health Board's overarching sustainability strategy requires developing and that relevant and accurate information is included in the report – reasonable assurance.
- Statutory Compliance: Fire Safety review identified that the Strategic Occupational Health & Safety Group has been re-established coupled with the pro-active steps taken to re-energise the health and safety agenda within and across the Health Board. Reporting and assurance from directorates/ divisions must however improve to provide assurance to the Executive and Board – reasonable assurance.

- Ysbyty Gwynedd Emergency Department review identified regular reporting of project progress was evident however the project was delayed and issues around snagging were identified – reasonable assurance.
- North Denbighshire Community Hospital review identified that project board meetings have not met monthly and contracts require sign-off – reasonable assurance.
- Substance Misuse Action Funds review identified some issues around Project Board compliance and timeliness of one planning application - reasonable assurance.
- Ysbyty Glan Clwyd Redevelopment - Operation of the Pain/Gain Mechanism and Ysbyty Glan Clwyd Open Book Pain/Gain reviews identified some control issues for management consideration – both reviews were reasonable assurance.

32.5 In light of Covid-19, Audit & Assurance Services has committed to ensuring it focuses on priority risk areas, business critical systems, and the provision of assurance to management across the medium term and in the operational year ahead. As in any given year, its Plan will be kept under review and may be subject to change to ensure it remains fit for purpose. The function is particularly mindful of the level of uncertainty that currently exists with regards to the COVID-19 pandemic. At this stage, it is not clear how the pandemic will affect the delivery of the Plan over the coming year. To this end the need for flexibility, and a revisit of the focus and timing of the proposed work will be necessary, at some point during the year.

33. External Audit

33.1 On behalf of the Auditor General for Wales, staff of the Wales Audit Office (WAO – now 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 23.1.20. The WAO's main conclusion following its Structured Assessment was:

> *''Our overall conclusion from the 2019 structured assessment work is that the Health Board is still grappling with many of the key challenges we identified in last year's structured assessment. There is evidence of improvements in respect of some important quality metrics as well as a commitment and action to address long-standing problems with finance and key aspects of performance. However, much of the latter is geared towards short-term solutions which are not yet securing the scale of improvement needed. The need to develop a vision and strategy that deliver clinical services which are both financially and clinically sustainable is now more pressing than ever. This needs to be taken forward as part of a Health-Board-wide approach that is focused on continuous improvement and service transformation''.*

33.2 Progress continues to be monitored via the audit tracker tool. The Board requested an update against the recommendations in due course. At its January meeting, the Board also formally received and noted. the WAO Annual Audit Report 2019

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:

"Audit of the Accountability Report and Financial Statements:

- *I have 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 relevant to my audit of the accounts. I have therefore issued an unqualified opinion on their preparation.*
- *However, in issuing this unqualified opinion, I have brought some issues to the attention of officers and the Audit Committee. We recognised the significant achievement in preparing the accounts by the submission date and that the Health Board had improved some of its accounting practices since the previous year, although there remained scope for further improvement.*
- *The Health Board did not achieve financial balance for the three-year period ending 31 March 2019 and so I have issued a qualified opinion on the regularity of the financial transactions within its 2018-19 accounts.*
- *Alongside my audit opinion, I placed a substantive report on the Health Board's financial statements to highlight its failure to achieve financial balance and also its failure to have an approved three-year plan in place.*

Arrangements for securing efficiency, effectiveness and economy in the use of resources:

- *My 2019 structured assessment work at the Health Board has found that:*
- *while long-term quality performance trends are positive, the Health Board's financial position remains of significant concern and challenges persist in respect of performance of services.*
- *there remains a pressing need to develop a vision and strategic plan for health services in north Wales that is both clinically and financially sustainable.*
- *while there is evidence of actions in respect of turnaround and transformation, these have yet to secure the required improvements. There is a need to balance short-term actions to control costs with longer-term service improvement and modernisation plans.*
- *governance arrangements are generally improving but there is a need to strengthen aspects of the senior management structure and ensure that Board working remains cohesive and constructive.*
- *workforce management arrangements are clearly strengthening, but there remain long-standing challenges in relation to recruitment, productivity and modernisation."*

33.4 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.

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 Special Measures, from Wales Audit Office (now 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. For the period before my appintment as Accountable Officer, I have taken assurance from information upon which I was sighted by virtue of my role as Deputy Chief Executive of NHS Wales.

34.2 The last twelve months have been difficult and challenging for the organisation. Whilst there is evidence of progress being made in some areas, there remain several key areas which contribute to the Health Board remaining in special measures.

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:

- Balancing the need to respond to the COVID-19 pandemic against recovery and the need to run business as usual in parallel
- Lessons learnt from the health emergency and opportunities for transformation
- Ongoing efforts aimed at securing the lifting of special measures;
- Improved performance in unscheduled care and on RTT;
- Improved financial position
- Increased strategic and service planning capacity and capability;
- Continuing joint working with key strategic partners, particularly via Public Services Boards and the Regional Partnership Board;
- The Health Board will continue to apply 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.

34.6 This Annual Governance Statement has been developed in accordance with the Health Board's governance arrangements and was approved by the Audit Committee on 29.7.20. 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 2020/21 and beyond. I will ensure our Governance Framework considers and responds to this need.

Signed:

Simon Dean
Interim Chief Executive and Accountable Officer

Date: 29th June 2020

Appendix 1 Board and Committee Membership 2019/20

A number of changes to Board membership, including interim and acting up arrangements, have occurred during 2019/20 and are reflected in the table below.

Name	Position	Area of expertise / representation role	Board Committee membership and record of attendance (%)	Champion roles
Mr Mark Polin	Chairman		• Chair of the Board • Chair Remuneration and Terms of Service Committee (100%) • Chair Finance and Performance Committee (100%)	
Mrs Marian Wyn Jones	Vice Chair *to 30.11.19*	Community Primary Care & Mental Health	• Board Member • Chair Strategy, Partnerships and Population Health Committee *to 30.11.19* (100%) • Chair Mental Health Act Committee *to 30.11.19* (100%) • Member Remuneration and Terms of Service Committee *to 30.11.19* (75%)	• Public and Patient Involvement • Older People • Safeguarding / Adults at risk
Mrs Lucy Reid	Independent Member Vice Chair *wef 3.12.19*	Community Primary Care & Mental Health	• Board Member • Audit Committee *to 22.12.19* (100%) • Chair Quality, Safety and Experience Committee (100%) • Member Digital & Information Governance Committee *to 22.12.19* (100%) • Chair Mental Health Act Committee *wef 23.12.19* (100%)	• Concerns
Mrs Lyn Meadows	Independent Member	Community	• Board Member • Member *wef 2.10.19*, Acting Chair *wef 23.12.19* Strategy, Partnerships and Population Health Committee (100%) • Vice Chair Audit Committee *wef 23.12.19* (100%) • Vice Chair Quality, Safety and Experience Committee *wef 23.12.19* (83%) • Member Finance and Performance Committee *to 2.10.19* (100%) • Member Mental Health Act Committee *to 22.12.19* (100%) • Member Charitable Funds Committee *to 22.12.19* (100%)	• Nutrition • Cleaning, Hygiene and Infection Management
Clllr Cheryl Carlisle	Independent Member	Community	• Board member • Member Quality, Safety and Experience Committee (80%) • Member Mental Health Act Committee (66%) • Member Charitable Funds Committee *wef 23.12.19* • Member Digital & Information Governance Committee *to 22.12.19* (25%)	• Carers • Children and Young People
Cllr Medwyn Hughes	Independent Member	Local Authority	• Board Member • Chair Audit Committee (100%) • Vice Chair Remuneration and Terms of Service Committee (100%) • Member Digital & Information Governance Committee *wef 23.12.19* (0%) • Member Strategy, Partnerships and Population Health Committee *to 23.12.19* (80%)	• Patient and Public Involvement • Welsh language

Name	Position	Area of expertise / representation role	Board Committee membership and record of attendance (%)	Champion roles
Prof Nichola Callow	Independent Member *wef 5.6.19*	University	• Board Member • Member Digital & Information Governance Committee (66%) • Member Strategy, Partnerships and Population Health wef 23.12.19 (100%)	
Ms Helen Wilkinson	Independent Member	Third Sector	• Board Member • Vice Chair Strategy, Partnerships and Population Health Committee (66%) • Member Finance and Performance Committee (81%) • Member Charitable Funds Committee (66%)	• Veterans
Mrs Jackie Hughes	Independent Member	Trade Union	• Board Member • Member Audit Committee (75%) • Member Remuneration and Terms of Service Committee (100%) • Vice Chair *to 22.12.19*, Member *wef 23.12.19* Quality, Safety and Experience Committee (83%) • Chair Charitable Funds Committee (100%) • Ex Officio Local Partnership Forum	• Violence and Aggression • Equality
Mr John Cunliffe	Independent Member	Community	• Board Member • Chair Digital & Information Governance Committee (100%) • Vice Chair Finance and Performance Committee (90%) • Member Strategy, Partnerships and Population Health Committee wef 23.12.19 (100%) • Vice Chair Audit Committee to 22.12.19 (66%)	
Mr Eifion Jones	Independent Member *wef 5.8.19*	Community	• Board member • Member Finance and Performance Committee (57%) • Member Mental Health Act Committee *wef 2.10.19* (100%) • Member Audit Committee *wef 23.12.19* (100%)	
Mr Gary Doherty	Chief Executive *to 7.2.20*		• 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 *wef July 2019*	
Mr Simon Dean	Interim Chief Executive *wef 10.2.20*		• 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	
Mr Russell Favager	Executive Director of Finance *to 28.4.19*		• Board Member • In attendance Audit Committee • Lead Director / Member, Charitable Funds Committee • Lead Director / In attendance, Finance and Performance Committee • Member Local Partnership Forum	

Name	Position	Area of expertise / representation role	Board Committee membership and record of attendance (%)	Champion roles
Ms Sue Hill	Acting Executive Director of Finance *wef 29.4.20*		• Board Member • In attendance Audit Committee • Lead Director / Member, Charitable Funds Committee • Lead Director / In attendance, Finance and Performance Committee • Member Local Partnership Forum	
Miss Teresa Owen	Executive Director of Public Health		• Board Member • In attendance Quality, Safety and Experience Committee • In attendance Strategy, Partnerships and Population Health Committee	
Mrs 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	
Mr 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	
Dr Evan Moore	Executive Medical Director *to 31.7.19*		• Board member • In attendance Quality, Safety and Experience Committee • Lead Director / In attendance - • In attendance Finance and Performance Committee	
Dr David Fearnley	Executive Medical Director *wef 1.8.19*		• 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 *wef 4.9.19*	
Dr 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	
Mrs Gill Harris	Executive Director Nursing and Midwifery / Deputy Chief Executive wef 1.7.19		• Board member • Lead Director / In attendance Quality, Safety and Experience Committee • Member Local Partnership Forum • In attendance Mental Health Act Committee • By invitation Finance and Performance Committee • In attendance Audit Committee *wef 23.1.20* • Member Charitable Funds Committee *to 3.9.19*	

Name	Position	Area of expertise / representation role	Board Committee membership and record of attendance (%)	Champion roles
Mrs Deborah Carter	Acting Executive Director Nursing and Midwifery *1.4.19-31.8.19*		• Board member • Lead Director / In attendance Quality, Safety and Experience Committee • Member Local Partnership Forum • In attendance Mental Health Act Committee • Member Charitable Funds Committee • By invitation Finance and Performance Committee	
Mr Adrian Thomas	Executive Director Therapies & Health Sciences		• Board member • Lead Director / In attendance Healthcare Professionals Forum • In attendance Quality, Safety and Experience Committee	
Mrs Grace Lewis-Parry	Board Secretary *to 31.8.19*		• In attendance at Board • Lead Director / In attendance Audit Committee • In attendance Digital and Information Governance Committee	
Ms Dawn Sharp	Acting Board Secretary *wef 1.9.19*		• In attendance at Board • Lead Director / In attendance Audit Committee	
Mrs Liz Jones	Acting Board Secretary *18.12.19-5.2.20*		• In attendance at Board • Lead Director / In attendance Audit Committee	
Mrs Justine Parry	Acting Board Secretary *6.2.20-27.4.20*		• In attendance at Board • Lead Director / In attendance Audit Committee	
Associate Board Members				
Mr Andy Roach	Director of Mental Health and Learning Disabilities		• Associate Board Member • Lead Director / In attendance Mental Health Act Committee • In attendance Quality, Safety and Experience Committee • Member Local Partnership Forum	
Mrs Lesley Singleton	Acting Director of Mental Health and Learning Disabilities *wef 6.11.19*		• Associate Board Member • Lead Director / In attendance Mental Health Act Committee • In attendance Quality, Safety and Experience Committee • Member Local Partnership Forum	
Mrs Morwena Edwards	Associate Member	Director of Social Services, Gwynedd	• Associate Board Member	
Mr Ffrancon Williams	Associate Member	Chair Stakeholder Reference Group	• Associate Board Member	
Mr Gareth Evans	Associate Member	Chair Healthcare Professionals Forum	• Associate Board Member • In attendance Quality, Safety & Experience Committee	

- Summary of new and interim appointments: The appointment of an Interim Executive Director of Finance was announced in April 2019, a new Independent Member (University representative) in June 2019, the commencement of the Deputy Chief Executive role in July 2019, an Acting Director of Nursing & Midwifery until August 2019, a new Executive Medical Director in August 2019, a new Independent Member with financial expertise in August 2019, three Acting Board Secretaries between September 2019 and April 2020, an Acting Director of Mental Health & Learning Disabilities from November 2019, an existing Independent Member becoming the new Vice-Chair in December 2019 and Simon Dean joining the organisation as Interim Chief Executive in February 2020.

- On 23 March 2020 the Welsh Government suspended all Ministerial Public Appointment campaigns with immediate effect. At the time of this suspension the Health Board was carrying an Independent Member vacancy. 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. The intention is to recommence campaigns in September 2020, however this is being kept under review as the public health response to COVID-19 develops.

Appendix 2 BCUHB Health Board member attendance at Board Meetings held in public 2019 /20

Y = Present A = Apologies P = Part attendance

		2.5.19	25.7.19 & AGM	5.9.19	7.11.19	23.1.20	26.3.20 CNX
Mr Mark Polin Chairman	Member	P	Y	Y	Y	Y	
Cllr Cheryl Carlisle Independent Member	Member	P	Y	Y	Y	Y	
Mr John Cunliffe Independent Member	Member	Y	Y	Y	Y	A	
Mrs Marian Wyn Jones Independent Member / Vice Chair	Member	Y	Y	Y	A		
Cllr Medwyn Hughes Independent Member	Member	A	Y	Y	Y	Y	
Prof Nichola Callow Independent Member	Member		A	Y	Y	Y	
Mrs Jackie Hughes Independent Member	Member	Y	Y	Y	Y	Y	
Mrs Lyn Meadows Independent Member	Member	A	Y	Y	Y	Y	
Ms Helen Wilkinson Independent Member	Member	Y	Y	Y	Y	Y	
Mrs Lucy Reid Independent Member / Vice Chair	Member	Y	Y	A	Y	Y	
Mr Eifion Jones Independent Member	Member			Y	Y	Y	
Mr G Doherty Chief Executive	Member	P	Y	Y	Y	A	
Mr Simon Dean Interim Chief Executive	Member						
Dr Evan Moore Executive Medical Director	Member	Y	Y				
Dr David Fearnley Executive Medical Director	Member			Y	Y	Y	
Ms Sue Hill Acting Executive Director Finance	Member	Y	Y	Y	Y	Y	
Miss Teresa Owen Executive Director Public Health	Member	P	Y	Y	Y	Y	
Mrs Gill Harris Executive Director Nursing and Midwifery / Deputy Chief Executive	Member	A		Y	A	Y	
Mrs Deborah Carter Acting Executive Director Nursing and Midwifery	Member	Y	Y				
Mr Adrian Thomas Executive Director Therapies and Health Sciences	Member	A	Y	Y	Y	P	
Mrs Sue Green Executive Director of Workforce & OD	Member	Y	Y	A		Y	
Dr Chris Stockport Executive Director of Primary and Community Services	Member	Y	Y	Y	A	A	
Mr Mark Wilkinson Executive Director Planning and Performance	Member	Y	Y	Y	Y	Y	

		2.5.19	25.7.19 & AGM	5.9.19	7.11.19	23.1.20	26.3.20 CNX
Mr Andy Roach Director Mental Health & Learning Disabilities	In Attendance	Y	A	Y	A	A	
Mrs Lesley Singleton Acting Director Mental Health & Learning Disabilities	In attendance					Y	
Mrs Grace Lewis-Parry Board Secretary	In Attendance	Y	Y				
Ms Dawn Sharp Acting Board Secretary	In Attendance			Y	Y	A	
Mrs Liz Jones Acting Board Secretary	In Attendance					Y	
Mrs Justine Parry Acting Board Secretary	In Attendance						
Mrs Morwena Edwards representing Directors Social Services	Associate Member	A	Y	Y	Y	Y	
Mr Ffrancon Williams Chair of Stakeholder Reference Group	Associate Member	Y	A	Y	Y	Y	
Mr Gareth Evans Chair of Healthcare Professionals Forum	Associate Member	Y	A	Y	Y	Y	

Appendix 3 Meetings of the Health Board and Committees held in public 2019-20:

Meeting	Date											
Health Board	**2.5.19**	**25.7.19 & AGM**	**5.9.19**	**7.11.19**	**23.1.20**	***26.3.20 CNX***						
Quality, Safety & Experience (QSE) Committee	**21.5.19**	**16.7.19**	**24.9.19**	**19.11.19**	**28.1.20**	**17.3.20**						
Finance & Performance (F&P) Committee	**24.4.19**	**23.5.19**	**25.6.19**	**29.7.19**	**22.8.19**	**30.9.19**	**24.10.19**	**4.12.19**	**19.12.19**	**23.1.20**	**27.2.20**	***24.3.20 CNX***
Strategy, Partnerships & Population Health (SPPH) Committee	**2.4.19**	**4.7.19**	**3.9.19**	**1.10.19**	**3.12.19**	**5.3.20**						
Remuneration and Terms of Service Committee	**9.4.19**	**13.5.19**	**29.8.19**	**4.11.19**	**21.1.20**							
Mental Health Act Committee	**29.3.19**	**28.6.19**	**27.9.19**	**20.12.19**	***27.3.20 CNX***							
Charitable Funds Committee	**20.6.19**	**4.10.19**	**10.12.19**	**10.3.20**								
Audit Committee	**30.5.19**	**12.9.19**	**12.12.19**	**19.3.20**								
Digital & Information Governance Committee (formally IGIC)	**9.5.19**	**29.9.19**	**21.11.19**	**13.2.20**								

Appendix 4 Welsh Health Circulars

WHC	Date Received	Description	Lead	Action taken
WHC 006	9.5.19	NHS Wales National Clinical Audit and Outcome Review Plan	Office of the Medical Director	Addressed by the Executive Medical Director, with reporting to the Audit Committee
WHC 012	9.4.19	Implementation of OBS Cymru (Obstetric Bleeding Strategy for Wales), a management strategy for Postpartum Haemorrhage (PPH), in Maternity Services	Associate Director of Quality Assurance	The Women's Directorate confirmed that the Maternity Service in North Wales is fully compliant with all the Standards detailed in WHC 012. The OBS Cymru approach to Postpartum Haemorrhage is embedded into routine practice in all Areas within BCUHB following the cessation of the National project on 31/3/19. The local Site data and clinical outcomes in relation to postpartum haemorrhage and its effective management is continuing to be collected, monitored and reviewed by the North Wales Intrapartum Forum which reports directly to the Women's QSE Committee and Service Board which are held monthly.
WHC 013	12.4.19	Monthly Monitoring Returns Guidance & Templates	Executive Director of Finance	The Health Board used the guidance and templates to submit monthly Monitoring Returns to Welsh Government (WG) each month and had regular discussions both internally and with WG regarding the submissions. The Monitoring Returns are the evidence of following the guidance.
WHC 014	12.4.19	Welsh NHS Disputed Debts Guidance	Executive Director of Finance	The Health Board follows the guidance which is an update on previous guidance. All disputes are monitored by WG through the formal submission of the Monitoring Returns.
WHC 015	16.4.19	The National Influenza Immunisation Programme 2019-2020	Executive Director of Public Health	This WHC has been considered by the Flu Group that reports directly to the Strategic Immunisation Group in BCUHB and this forms part of a cycle of activity to implement an effective Health Board Flu vaccination campaign. A Health Board Flu plan and 2 action plans for the public and staff sectors were produced to ensure all elements of the WHC are implemented to maximise uptake. Regular meetings are held throughout the year to plan, implement and monitor the campaign, action plan and uptake data. This is a forum where issues can be raised and escalated if required, to rectify the problem. During the campaign vaccine uptake data is reported to the Quality and Safety Group for scrutiny. An array of documentation was developed once the WHC was published to underpin clinical activities and governance arrangements such as Patient Group Directions, template action plans, Flu bulletin and guidance documents to support managers and immunisers. Immunisation training provided by BCUHB to immunisers throughout the year addresses the points and priorities set out in the WHC and includes top tips to maximise uptake. We held a multi - agency debrief in February 2020 to ensure we have the opportunity to engage with colleagues and learn lessons from the many sectors involved in the Flu vaccination campaign, including primary care, Local Authorities to help form the plan for next year and develop new strands of work.

WHC	Date Received	Description	Lead	Action taken
WHC 016	30.4.19	European Parliamentary Elections 2019	Board Secretary	Guidance circulated to Board and made available to staff.
WHC 017	7.5.19	Living with persistent pain in Wales	Executive Director of Primary Care & Community Services	Addressed via the Pain Management Service
WHC 018	6.6.19	Augmentative and Alternative (ACC)Pathway	Executive Director of Therapies & Health Sciences	Further to receipt of the WHC in June 2019 it was discussed in appropriate meetings and enacted within the organisation. Funding was provided and this has been distributed to meet population and demographic needs. Due to population needs, demographics and existing service skill mix across the Health Board, the allocation has been re-profiled.
WHC 019	9.7.19	AMR & HCAI IMPROVEMENT GOALS FOR 2019-20	Associate Director of Quality Assurance	The Health Board monitors trajectories on a weekly and monthly basis and report these to the Quality & Safety Group in terms of performance. Performance is also monitored via deep dives and post infection reviews.
WHC 020	17.6.20	Changes to the Human Papillomavirus (HPV) immunisation programme from the academic school year starting September 2019.	Executive Director of Primary Care & Community Services	The Health Board has commenced the vaccination of boys are per instructions in the WHC, offering the HPV vaccine during the spring term in January – March of the academic year. Dates are set following negotiation with the secondary schools. Boys have been offered the vaccine at the same immunisation session as the girls and most of the secondary schools had completed their HPV session prior to COVID–19 and the schools closing. Therefore the HPV vaccination scheme has currently been suspended due to COVID but the cancelled sessions will recommence once lockdown measures are relaxed. The vaccine is in stock ready to recommence the few remaining schools. For older females up to the age of 25 years, there have been a number of queries from Primary Care regarding opportunistic vaccination as they can now be vaccinated irrespective of previous immunisation status. Information on the HPV WHC was discussed during immunisation training in 2019 to raise awareness and maximise uptake.

WHC	Date Received	Description	Lead	Action taken
WHC 021	24.7.19	The Role of the Community Dental Service and Services for Vulnerable People	Executive Director of Primary Care & Community Services	An oral health needs assessment has been developed and will need updating on a regular basis. The North Wales Oral Health Strategy Group and MCNs meet regularly and the establishment of further MCNs e.g. Restorative Dentistry are proposed. Input to Primary Care Clusters is being progressed with the Local Dental Committee. A strategic document 'Services for Smiles' describes: the services provided by community dental services with emphasis on vulnerable groups as well as intermediate care; involvement in a range of training; oral health promotion initiatives and epidemiology. The need to maintain or enhance investment in the service to support delivery of WHC (2019) 021 is recognised. The potential of the service to improve access to specialist dental services is recognised as is the potential of the CDS/PDS model. A survey of the training and qualifications of primary care dentists has been conducted. The results are being considered in the development of specialty support for North Wales. As requested by Welsh Government, the development of Consultant posts in Paediatric Dentistry and SCD remain on the agenda. Shared Care between services is developing at pace.
WHC 022	4.10.19	Implementation of PROMPT standards in Maternity services in Wales	Executive Director of Public Health	Being taken forward in Maternity Services on behalf of the Executive Director of Public Health
WHC 023	30.7.19	Update of Guidance on Clearance and Management of Healthcare Workers Living with a Blood-borne Virus (BBV)	Executive Director of Workforce & OD	A protocol has been developed, reflecting the recommendations made in the WHC.

WHC	Date Received	Description	Lead	Action taken
WHC 024	1.8.19	Pertussis – occupational vaccination of healthcare workers	Executive Director of Workforce & OD	The Health Board commenced the Pertussis vaccination campaign on the 11th November 2019, offering the vaccine to Priority Group 1 staff, as identified in the WHC. Due to limited resources relating to delivering the staff flu campaign we started the campaign by distributing posters and communications to the relevant Area management and senior clinicians to promote the importance of having the vaccine and advertising how staff could access the vaccine. Initially Priority Group 1 staff groups were encouraged to attend the Occupational Health Departments either by appointment, or to advertised drop in sessions which were run 3 times a week across all 3 OH sites. In January weekly visits commenced to the 3 hospital sites, to the ward/clinical areas included in the WHC, to offer the vaccination. The total number of staff who were initially identified as being in Priority Group 1, was initially scoped at around 500. The total number of pertussis vaccines given to date is 185 and also 6 staff declared that they had received a pertussis containing vaccine in the last 5 years. This equates to a 38% uptake of the vaccination in this group. The pertussis vaccination campaign has been suspended since March when the Covid situation took priority. This position will be re-visted during summer 2020 once a Risk Assessment has been undertaken on delivery, and dependent on how the situation and resource pressures on the OH service progress with Covid-related activity.
WHC 026	21.8.19	Nationally Standardised Adult Inpatient Assessment and Core Risk Assessments	Associate Director of Quality Assurance	An extension has been granted to December 2020. (The Health Board is in the process of re starting the procurement for both documents with a plan to roll out the risk assessment booklet from Sept 2020; no confirmed date as yet for the adult inpatient assessment)
WHC 027	12.9.19	Model Standing Orders, Reservation and Delegation of Powers – Local Health Boards, NHS Trusts, Welsh Health Specialised Services Committee and the Emergency Ambulances Services Committee	Interim Board Secretary	Revised Model adopted by the Board on 7th November 2019.
WHC 028	26.9.19	The Consolidated Rules for Cancer Waiting Times	Executive Director of Therapies & Health Sciences	Guidance reviewed with the multidisciplinary team (MDT) co-ordinators who are responsible for recording and reporting cancer waiting times. Summary of changes to previous guidance agreed and circulated. All changes implemented with effect from December 1st as per the guidance.

WHC	Date Received	Description	Lead	Action taken
WHC 029	20.9.19	NHS Planning Framework 2020-23	Executive Director of Planning & Performance	Document was disseminated widely on 23rd September as part of planning work in support of the development of our Annual Operational Plan for 2020/21. This was supported by our own planning principles and timetable including key deliverables identified locally. Planning has been paused across NHS Wales due to Covid-19. NHS Wales Covid-19 operating framework developed for Quarter 1. 2020 Quarter 1 Plan developed and submitted to WG by 18th May in response to operating framework. Planning timetable / arrangements for development of Quarter 2 plan established, led by planning work stream. Quarter 2 plan to be developed by 30th June 2020.
WHC 030	20.9.19	National Integrated Medium Term Plan (IMTP) and NHS Planning Framework 2020-23	Executive Director of Planning & Performance	Document disseminated widely as part of planning work above, to support good practice as our health community planning continues to evolve and mature.
WHC 031	19.9.19	The Department of Culture, Media and Sport (DCMS) guidance for UK departments on mitigation options for risks to data flows	Executive Director of Nursing & Midwifery	All systems have been added to the Asset Register, whereby they have undergone a full review to ascertain the data flows and data storage locations. Work is still currently ongoing to contact suppliers whereby the data storage and flows will have an impact once we leave the EU. To bridge the gap we will be sending and identified suppliers with updated Standard contractual clauses to ensure that any identified risks are mitigated.
WHC 032	20.9.19	Sensory Loss Communication Needs Hand out/Guidance	Executive Director of Nursing & Midwifery	Being addressed on behalf of the Executive Director of Nursing & Midwifery.
WHC 035	6.11.19	General Election 2019	Executive Director of Workforce & OD	The Health Board's Corporate Communications function staff were made aware of these guidelines and the approach to handling media enquiries and in scheduling social media activity was in line with the guidance.
WHC 036	8.11.19	General Election 2019	Executive Director of Workforce & OD	As above
WHC 037	28.11.19	Influenza Vaccines 2020-2021	Executive Medical Director	Being addressed as part of business as usual.

WHC	Date Received	Description	Lead	Action taken
WHC 038	12.12.19	Guidance for the provision of continence containment products for adults in Wales	Executive Director of Nursing & Midwifery	WHC 038 was shared with the Continence Team and other relevant groups for feedback to ensure that key points were referenced in the draft BCU guideline for the Eligibility and Supply of Incontinence Pads (Adults).
WHC 039	8.1.20	Good working practice principles for the use of Chaperones during Intimate Examinations or Procedures within NHS Wales	Executive Director of Nursing & Midwifery	The Health Board has a best practice chaperone guidance document for adults and children. It is currently being reviewed in line with the request. Any changes will be consulted on in line with the Policy review process.
WHC 040	3.1.20	2020-21 Health Board and Public Health Wales NHS Trust Allocations	Interim Executive Director of Finance	The Health Board used the information to help set the 2020/21 budget and financial plan. This can be evidenced in the budget setting papers.
WHC 041	19.12.19	Changes to the infant pneumococcal conjugate vaccine (PCV) immunisation schedule	Office of the Medical Director	Being addressed as part of business as usual.
WHC 042	23.12.19	Consultation re Annual Quality Statement 2019-20	Executive Director of Nursing & Midwifery	WG has revised the deadline to 30.9.20.
2020:				
WHC 003	4.3.20	Value Based Health Care Programme - Data Requirements	Office of the Medical Director	Being addressed on behalf of the Executive Medical Director
WHC 006	31.3.20	COVID-19 Response - Continuation of immunisation programmes	Office of the Medical Director	Forwarded to the Office of the Executive Medical Director – see revision below

WHC	Date Received	Description	Lead	Action taken
WHC 006 Revised	3.4.20	COVID-19 Response - Continuation of immunisation programmes - revised	Office of the Medical Director	Being addressed as part of business as usual
WHC 008	30.4.20	Reuse of medication in care homes and hospices	Office of the Medical Director	This has been discussed in the COVID-19 Care Home Cell and a memorandum drafted to clarify how this should be applied in North Wales. There is a checklist to be completed and included in the patient's notes in the event of any reuse has been developed and will be circulated shortly with the memorandum.*The NACORP guidance informs the BCU Clinical Audit Programme. During the Covid19 pandemic, some national audits were stood down and staff were redeployed. We are now recommencing delivery of the clinical audit programme in its entirety where applicable to our services.

Appendix 5

RISK MANAGEMENT DURING COVID-19 OUTBREAK

Issued by: Matthew Joyes, Acting Associate Director of Quality Assurance and Assistant Director of Patient Safety and Experience

Document review

Version number	Date of review	Reviewer name	Changes made
0.01	21/04/2020	David Tita	Original document from David Tita inputted onto template, inserted version control/page number
0.02	21/04/2020	Glesni Driver	Suggested changes throughout document
0.03	21/04/2020	Justine Parry	Minor changes
0.04	22/04/2020	Justine Parry	Updated version from Justine Parry with changes to v0.03
0.05	22/04/2020	Matthew Joyes	Response to queries from Justine Parry
0.06	22/04/2020	Justine Parry	Response from Matthew Joyes agreed by Justine Parry
1.00	22/04/2020	Gold Command	

1. INTRODUCTION

The identification, recording, response and oversight of risks is essential to the effective running of our services. Due to the changes made within the Health Board to respond to the COVID-19 outbreak, the way that risk is managed may also change in some areas. This document outlines those changes.

The Health Board has set a clear commitment that the effective management of risk is a key part of its day-to-day business and its response to COVID-19. Additionally, the Health Board has a single risk register on the Datix system, where all risks must continue to be recorded.

REQUIREMENTS UNDER THE CIVIL CONTINGENCIES ACT 2004 (as amended)

2. RECORDING RISK: CLINICAL AND CORPORATE SERVICES

Clinical and corporate services must continue to manage risks as normal. It is accepted that many of the governance meetings normally held have been stood down or changed, and therefore managers must ensure that risks within their area of responsibility are identified, recorded on Datix, managed and reported to senior leaders outside of any cancelled meetings.

3. RECORDING RISK: COVID-10 COMMAND AND CONTROL STRUCTURES

In response to the COVID-19 outbreak, emergency command and control measures are in place to provide clear decision making across the Health Board. This includes a COVID-19 Gold Commander, supported by the Health Board's Health Emergency Control Centre (HECC), which includes a HECC Commander (Gold) and HECC Silver function throughout the week.

Each health economy (east, central and west) has a Local Control Centre that provides tactical co-ordination across primary, community and secondary care services in that locality. A Senior Responsible Officer (SRO) leads these Control Centres. Mental Health and Learning Disability also has a separate Control Centre and SRO. The Control Centres and SROs are accountable to the HECC and then to the COVID-19 Gold Commander.

A number of Workstreams have also been established across the Health Board to provide tactical co-ordination in relation to specialist areas of work such as Facilities and Estates, Clinical Pathways, etc. These Workstreams are led by an SRO who is an executive-level director. The workstreams and SROs are accountable to the COVID-19 Gold Commander.

A new field has been added to Datix to capture whether a risk is linked to COVID-19, and if so, to which Control Centre or Workstream it is aligned.

It is accepted that Control Centres and Workstreams will be dynamically identifying, recording and responding to risks in a fast changing environment. As such, Control Centres and Workstreams are allowed to maintain a local risk log to capture these dynamic risks, and a copy of the Risk Log template as attached at Appendix 1. This template is in use by all Control Centres and Workstreams as part of their Risk, Action, Issue and Decision Logs. Each Control Centre SRO and Workstream SRO will be responsible for determining when a risk on the risk log should be added to the Datix risk register. It is essential that all significant risks are captured on the Datix risk register, as this is the only source of data for reporting on risks to the Health Board. The Corporate Risk Team can support Control Centres and SROs with queries in relation to Datix.

4. ESCALATION OF RISKS

Risks not related to COVID-19 need to be escalated through the normal governance and management process. Where governance meetings have been cancelled, risks should be escalated through the management structure, which will ensure risks are escalated from services to divisional level, to executive level and ultimately the Health Board.

Risks related to COVID-19 should be escalated through the command and control structures outlined earlier, i.e. from Control Centres to either the relevant Workstream or to the HECC, and then to COVID-19 Gold Command. It is the responsibility of COVID-19 Gold Command to escalate risks to the Health Board, either directly or through the daily report.

Executive level Directors must continue to recommend risks for the Health Board's Corporate Risk Register as appropriate.

5. REPORTING AND OVERSIGHT OF RISKS

All corporate and clinical services must continue to have oversight of their risks, and if governance meetings have been cancelled, then they must ensure managers provide direct oversight. Equally, all Control Centres and Workstreams must have oversight of their own risks and discuss them at their meetings.

The Corporate Risk Team will send each Control Centre and Workstream a weekly report via email of all risks aligned to their area of responsibility. The SROs for each Control Centre and Workstream should then liaise with the risk owners to provide support as needed.

To access the risk management intranet site please click here. This includes guidance on risk management.

For further information, please contact the Corporate Risk Team – click here for contact details. The Team can provide training to clinical and corporate services, Control Centres and Workstreams.

APPENDIX 1 – risk log template

Remuneration Report 2019/20

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 2019/20 by 1.7% In addition, Medical Staff received an inflationary pay award of 2.5%.

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 2019/20 the pay of staff in Agenda for Change Bands 1 and 2 on pay points 1 to 5 was adjusted to meet the minimum hourly rate of £9.00 per hour.

Medical and dental staff are governed by medical and dental terms and conditions which apply across NHS Wales.

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. 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 2019/20 reporting period the Committee met on seven occasions. Five were meetings held in public, which were followed by a private section of the agenda when sensitive or confidential information was discussed. In addition, two extraordinary private meetings were convened.

The main business of the Committee during the year covered:

- A revised approval process for Workforce & Organisational Development policies.
- The Committee's annual report for 2018/19
- An update of the Committee's terms of reference
- Consideration of current 'Upholding Professional Standards in Wales' cases.
- Health Care Professionals' Council and General Pharmaceutical Council Wales Professional Registration Report 2018/19
- General Medical Council (GMC) Revalidation update 2019
- Review Body on Doctors' & Dentists Remuneration Report
- Pay protection reports
- Matters pertaining to Executive and Director remuneration and portfolios
- Senior leadership structures and interim arrangements
- National pay rates for identified groups of staff
- A collective grievance
- Executive team objectives and performance assessment.

Chair	Mr Mark Polin	Health Board Chair
Members	Mrs Marian Wyn Jones	Health Board Vice-Chair (until 30/11/19)
	Mrs Jacqueline Hughes	Independent Member
	Cllr Medwyn Hughes	Independent Member
In attendance	Mr Gary Doherty	Chief Executive (until 09/02/20)
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 highest paid director post during 2019/20 was the Executive Medical Director. In 2018/19 it was the Chief Executive. In 2019/20 fifteen employees received remuneration in excess of the highest-paid director (compared to eleven employees in 2018/19).

Exit packages and severance payments

During 2019/20 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 influence 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.

	2019/20						2018/19					
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 G Doherty Chief Executive 01/04/19 – 09/02/20 *(note 1)*	180-185	--	*(note 2)*	--	**180-185**	*210-215*	205-210	--	*(note 2)*	--	**205-210**	--
Mr S Dean Interim Chief Executive 10/02/20 – 31/03/20 *(note 1)*	25-30	--	--	20-25	**50-55**	*210-215*	--	--	--	--	--	--
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*	195-200	5,200	*(note 2)*	--	**200-205**	--
Dr D Fearnley Executive Medical Director 01/08/19 – 31/03/20	150-155 (note 3)	4,000	*(note 4)*	--	**150-155**	*225-230*	--	--	--	--	--	--
Mrs G Harris Executive Director of Nursing and Midwifery & Deputy Chief Executive 01/04/19 – 31/03/20	160-165	--	*(note 2)*	--	**160-165**	--	150-155	--	*(note 2)*	--	**150-155**	--

	2019/20						2018/19					
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 D Carter Acting Executive Director of Nursing and Midwifery 01/04/19 – 31/08/19	50-55	--	*(note 5)*	--	**50-55**	*130-135*	0-5	--	*(note 5)*	--	**0-5**	*125-130*
Interim Director of Operations 17/10/19 – 31/03/20	60-65	--	*(note 5)*	--	**60-65**	*130-135*	--	--	--	--	**--**	--
Mr A Thomas Executive Director of Therapies and Health Sciences 01/04/19 – 31/03/20	105-110	--	22	--	**125-130**	--	100-105	--	16	--	**115-120**	--
Dr J C Stockport Executive Director of Primary Care and Community Services 01/04/19 – 31/03/20	135-140	3,500	*(note 2)*	--	**140-145**	--	65-70	3,000	*(note 2)*	0-5 *(note 6)*	**70-75**	*135-140*
Ms T Owen Executive Director of Public Health 01/04/19 – 31/03/20	125-130	--	28	--	**150-155**	--	120-125	--	22	--	**145-150**	--

	2019/20						2018/19					
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 R Favager Executive Director of Finance 01/04/19 – 28/04/19 *(note 6)*	10-15	700	*(note 2)*	35-40	**45-50**	*145-150*	145-150	11,100	*(note 2)*	--	**155-160**	--
Mrs S Hill Acting Executive Director of Finance 29/04/19 – 31/03/20	125-130	--	*(note 8)*	--	**125-130**	*135-140*	--	--	--	--	--	--
Mr M Wilkinson Executive Director of Planning and Performance 01/04/19 – 31/03/20	135-140	--	109	--	**245-250**	--	50-55	--	*(note 4)*	--	**50-55**	*135-140*
Mrs S Green Executive Director of Workforce and Organisational Development 01/04/19 – 31/03/20	135-140	--	29	--	**165-170**	--	125-130	--	*(note 4)*	--	**125-130**	--
Mrs G Lewis-Parry Board Secretary 01/04/19 – 31/08/19	45-50	--	(24)	--	**20-25**	*100-105*	95-100	--	(30)	--	**65-70**	--

	2019/20						2018/19					
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 D Sharp Acting Board Secretary 01/09/19 – 31/03/20	50-55	--	*(note 9)*	--	**50-55**	*85-90*	--	--	--	--	--	--
Mrs L Jones Acting Board Secretary 18/12/19 – 31/03/20	20-25	--	*(note 10)*	--	**20-25**	*70-75*	--	--	--	--	--	--
Mrs J Parry Acting Board Secretary 06/02/20 – 31/03/20	10-15 *(note 11)*	400	*(note 12)*	--	**10-15**	*70-75*	--	--	--	--	--	--
Mr A Roach Associate Board Member Director of Mental Health and Learning Disability 01/04/19 – 31/03/20	115-120	--	47	--	**165-170**	--	115-120	--	39	--	**155-160**	--
Mrs L Singleton Acting Associate Board Member Director of Mental Health and Learning Disability 20/11/19 – 31/03/20	30-35	--	*(note 13)*	--	**30-35**	*85-90*	--	--	--	--	--	--

	2019/20						2018/19					
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 M Olsen Chief Operating Officer (to 30/06/18)							75-80 *(note 14)*	--	210 *(note 14)*	--	**285-290**	*145-150*
Mr G Lang Executive Director of Strategy (to 13/05/18)							10-15	--	*(note 2)*	--	**10-15**	*125 - 130*
Mrs S Baxter Acting Executive Director of Strategy (14/05/18 – 18/11/18)							50-55 *(note 15)*	--	*(note 15)*	--	**50-55**	*100-105*
Mr M Polin OBE QPM Chairman 01/04/19 – 31/03/20	65-70	--	--	--	**65-70**	--	40-45	--	--	--	**40-45**	*65-70*
Mrs M W Jones Vice Chair 01/04/19 – 30/11/19	35-40	--	--	--	**35-40**	*55-60*	45-5	--	--	--	**45-50**	*55-60*
Independent Member (to 31/05/18)	--	--	--	--	**--**	--	0-5	--	--	--	**0-5**	*15-20*

	2019/20						2018/19					
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 Independent Member 01/04/19 – 30/11/19	10-15	--	--	--	**10-15**	*15-20*	5-10	--	--	--	**5-10**	*15-20*
Vice Chair 01/12/19 – 31/03/20	15-20	--	--	--	**15-20**	*55-60*	--	--	--	--	**--**	--
Cllr C Carlisle Independent Member 01/04/19 – 31/03/20	15-20	--	--	--	**15-20**	--	15-20	--	--	--	**15-20**	--
Mr J Cunliffe Independent Member 01/04/19 – 31/03/20	15-20	--	--	--	**15-20**	--	15-20	--	--	--	**15-20**	--
Cllr R M Hughes Independent Member 01/04/19 – 31/03/20	15-20	--	--	--	**15-20**	--	15-20	--	--	--	**15-20**	--
Mrs L Meadows Independent Member 01/04/19 – 31/03/20	15-20	--	--	--	**15-20**	--	15-20	--	--	--	**15-20**	--
Ms H Wilkinson Independent Member 01/04/19 – 31/03/20	15-20	--	--	--	**15-20**	--	5-10	--	--	--	**5-10**	*15-20*
Mr H Jones Independent Member 05/08/19 – 31/03/20	10-15	--	--	--	**10-15**	*15-20*	--	--	--	-	--	--

	2019/20						2018/19					
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 J Hughes Independent Member and Trades Union Representative 01/04/19 – 31/03/20	*(note 16)*	--	--	--	**--**	--	*(note 16)*	--	--	--	**--**	--
Prof N Callow Independent Member and University Representative 05/06/19 – 31/03/20	*(note 17)*	--	--	--	**--**	--	--	--	--	--	**--**	--
Mr Ff Williams Associate Board Member & Chair, Stakeholder Reference Group 01/04/19 – 31/03/20	*(note 18)*	--	--	--	**--**	--	*(note 18)*	--	--	--	**--**	--
Mr G Evans Associate Board Member & Chair, Healthcare Professional Forum 01/04/19 – 31/03/20	*(note 18)*	--	--	--	**--**	--	*(note 18)*	--	--	--	**--**	--

	2019/20						2018/19					
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 Edwards Associate Board Member and Director of Social Services 01/04/19 – 31/03/20	*(note 18)*	--	--	--	**--**	--	*(note 18)*	--	--	--	**--**	--
Dr P Higson OBE Chairman (to 31/08/18)							25-30	--	--	--	**25-30**	*65-70*
Mrs M Hanson Vice Chair (to 31/05/18)							5-10	--	--	--	**5-10**	*55-60*
Mrs B Russell Williams Independent Member (to 05/03/19)							10-15	--	--	--	**10-15**	--
Mr C Stradling Independent Member (to 31/08/18)							5-10	--	--	--	**5-10**	*15-20*
Prof J Rycroft-Malone Independent Member and University Representative (to 31/03/19)							*(note 17)*	--	--	--	**--**	--

	2019/20						2018/19					
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 N Stubbins Associate Board Member and Director of Social Services (to 31/05/18)							*(note 18)*	--	--	--	--	--

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 the year and engaged an interim Recovery Director in July 2019, which was supported by funding by Welsh Government. The cost of the Recovery Director's contract for the nine months to 31 March 2020 was £353,450 plus expenses of £16,888 (VAT was payable on the contract sums).

Notes

1. 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. In addition to Mr G Doherty's salary as Chief Executive for the period 1st April 2019 to 9th February 2020, as reported in the table above, Mr G Doherty received remuneration totalling £29,592 during the period of his secondment to the 31st March 2020. The secondment ends in 2020/21.

   Mr S Dean was seconded from the Welsh Government as the Interim Chief Executive with effect from the 10th February 2020. During the period of secondment Mr S Dean's substantive employers were the Welsh Government. Costs totalling £50,495 were incurred 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. Dr D Fearnley's salary includes payment for his nationally awarded Bronze Clinical Excellence Award.

4. These employees commenced employment with the Health Board during the year and so prior year figures are not available to enable the in year pension benefit to be calculated.

5. Mrs D Carter was the Acting Executive Director of Nursing and Midwifery for the period 1st April 2019 to 31st August 2019 (and from the 18th March 2018 in the prior year) and the Interim Director of Operations for the period 17th October 2019 to 31st March 2020. Outside of this period Mrs D Carter 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 Executive Director of Nursing and Midwifery and Interim Director of Operations.

6. Other remuneration for Dr JC Stockport in 2018/19 relates to earnings from a separate medical role.

7. 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.

8. 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 it has not been possible to calculate the element of pension benefits that relate solely to her role as Acting Executive Director of Finance.

9. Mrs D Sharp was the Acting Board Secretary for the period 1st September 2019 to 31st March 2020. 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.

10. Mrs L Jones was the Acting Board Secretary for the period 18th December 2019 to 31st March 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.

11. Mrs J Parry salary includes £259 sacrificed in respect of the purchase of annual leave scheme.

12. Mrs J Parry was the Acting Board Secretary for the period 6th February 2020 to 31st March 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.

13. Mrs L Singleton was the Acting Associate Board Member Director of Mental Health and Learning Disability for the period 20th November 2019 to 31st March 2020. Outside of this period Mrs L Singleton 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 Associate Board Member Director of Mental Health and Learning Disability.

14. The salary reported for Ms M Olsen includes £39,922 in respect of contractual entitlements. Pension benefit relates to payment of a contribution to the NHS Pensions Agency towards the employees' pension. These amounts were both agreed by the Board and made in accordance with Welsh Government guidance.

15. Ms S Baxter was the Acting Executive Director of Strategy for the period 14th May 2018 to 18th November 2018. Outside of this period Ms Baxter 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 Executive Director of Strategy. Ms S Baxter's salary includes £342 sacrificed in respect of home technology.

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 (previously Professor J Rycroft-Malone) is the University representative on the Board and is not paid by the Health Board.

18. Mr Williams, Mr Evans and Mrs Edwards (and previously Mrs Stubbins) are not employees of, and are not paid by the Health Board.

	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 2020 (bands of £5,000) **£'000**	Lump sum related to accrued pension at 31 March 2020 (bands of £5,000) **£'000**	Cash Equivalent Transfer Value as at 31 March 2019 **£'000**	Cash Equivalent Transfer Value as at 31 March 2020 **£'000**	Real Increase in Cash Equivalent Transfer Value **£'000**	Notes
Mr G Doherty Chief Executive 01/04/19 – 09/02/20	--	--	--	--	--	--	--	*note 1*
Mr S Dean Interim Chief Executive 10/02/20 – 31/03/20	--	--	--	--	--	--	--	*note 2*
Dr E Moore Executive Medical Director & Deputy Chief Executive 01/04/19 – 31/07/19	--	--	--	--	--	--	--	*note 1*
Dr D Fearnley Executive Medical Director 01/08/19 – 31/03/20	--	--	70-75	195-200	--	1,403	--	*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 2020 (bands of £5,000) **£'000**	Lump sum related to accrued pension at 31 March 2020 (bands of £5,000) **£'000**	Cash Equivalent Transfer Value as at 31 March 2019 **£'000**	Cash Equivalent Transfer Value as at 31 March 2020 **£'000**	Real Increase in Cash Equivalent Transfer Value **£'000**	Notes
Mrs G Harris Executive Director of Nursing and Midwifery & Deputy Chief Executive 01/04/19 – 31/03/20	--	--	--	--	--	--	--	*note 1*
Ms D Carter Acting Executive Director of Nursing and Midwifery 01/04/19 – 31/08/19 Interim Director of Operations 17/10/19 – 31/03/20	--	--	60-65	185-190	--	1,437	--	*note 4*
Mr A Thomas Executive Director of Therapies and Health Sciences 01/04/19 – 31/03/20	0-2.5	(0-2.5)	45-50	120-125	940	1,010	33	

	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 2020 (bands of £5,000) **£'000**	Lump sum related to accrued pension at 31 March 2020 (bands of £5,000) **£'000**	Cash Equivalent Transfer Value as at 31 March 2019 **£'000**	Cash Equivalent Transfer Value as at 31 March 2020 **£'000**	Real Increase in Cash Equivalent Transfer Value **£'000**	Notes
Dr J C Stockport Executive Director of Primary Care and Community Services 01/04/19 – 31/03/20	--	--	--	--	--	--	--	*note 1*
Ms T Owen Executive Director of Public Health 01/04/19 – 31/03/20	0-2.5	(0-2.5)	45-50	100-105	787	852	29	
Mr R Favager Executive Director of Finance 01/04/19 – 28/04/19	--	--	--	--	--	--	--	*note 1*
Mrs S Hill Acting Executive Director of Finance 29/04/19 – 31/03/20	--	--	15-20	--	--	209	--	*note 5*

	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 2020 (bands of £5,000) **£'000**	Lump sum related to accrued pension at 31 March 2020 (bands of £5,000) **£'000**	Cash Equivalent Transfer Value as at 31 March 2019 **£'000**	Cash Equivalent Transfer Value as at 31 March 2020 **£'000**	Real Increase in Cash Equivalent Transfer Value **£'000**	Notes
Mr M Wilkinson Executive Director of Planning and Performance 01/04/19 – 31/03/20	5.0-7.5	7.5-10.0	60-65	150-155	1,101	1,262	114	
Mrs S Green Executive Director of Workforce and Organisational Development 01/04/19 – 31/03/20	0-2.5	0-2.5	20-25	30-35	305	347	21	
Mrs G Lewis-Parry Board Secretary 01/04/19 – 31/08/19	--	--	--	--	--	--	--	*note 6*
Mrs D Sharp Acting Board Secretary 01/09/19 – 31/03/20	--	--	--	--	--	--	--	*note 7*

	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 2020 (bands of £5,000) **£'000**	Lump sum related to accrued pension at 31 March 2020 (bands of £5,000) **£'000**	Cash Equivalent Transfer Value as at 31 March 2019 **£'000**	Cash Equivalent Transfer Value as at 31 March 2020 **£'000**	Real Increase in Cash Equivalent Transfer Value **£'000**	Notes
Mrs L Jones Acting Board Secretary 18/12/19 – 31/03/20	--	--	--	--	--	--	--	*note 8*
Mrs J Parry Acting Board Secretary 06/02/20 – 31/03/20	--	--	--	--	--	--	--	*note 9*
Mr A Roach Associate Board Member Director of Mental Health and Learning Disability 01/04/19 – 31/03/20	2.5-5.0	7.5-10.0	55-60	170-175	1,109	1,220	67	
Mrs L Singleton Acting Associate Board Member Director of Mental Health and Learning Disability 20/11/19 – 31/03/20	--	--	--	--	--	--	--	*note 10*

Notes

1. These employees chose not to be covered by the NHS pension arrangements in the prior year, as well as the current reporting year.
2. These employees were not employed by an NHS organisation and so were not covered by the NHS pension arrangements.
3. These employees 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.
4. Mrs D Carter was the Acting Executive Director of Nursing and Midwifery for the period 1st April 2019 to 31st August 2019 and the Interim Director of Operations for the period 17th October 2019 to 31st March 2020. Outside of this period Mrs D Carter 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 Executive Director of Nursing and Midwifery and Interim Director of Operations.
5. 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 it has not been possible to calculate the element of pension benefits that relate solely to her role as Acting Executive Director of Finance.
6. Mrs G Lewis-Parry retired from her role as Board Secretary during 2019/20 and is in receipt of her pension.
7. Mrs D Sharp was the Acting Board Secretary for the period 1st September 2019 to 31st March 2020. 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.
8. Mrs L Jones was the Acting Board Secretary for the period 18th December 2019 to 31st March 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.
9. Mrs J Parry was the Acting Board Secretary for the period 6th February 2020 to 31st March 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.
10. Mrs L Singleton was the Acting Associate Board Member Director of Mental Health and Learning Disability for the period 20th November 2019 to 31st March 2020. Outside of this period Mrs L Singleton 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 Associate Board Member Director of Mental Health and Learning Disability.

Staff Report

The average number of full time equivalent (FTE) staff employed by the Health Board during 2019/20 is reported below.

Professional Group	Average FTE 2019/20
Professional, Scientific and Technical	620
Additional Clinical Services	3,242
Administrative and Clerical	3,088
Allied Health Professionals	903
Estates and Ancillary	1,164
Healthcare Scientists	254
Medical and Dental	1,483
Nursing and Midwifery Registered	4,976
Students	15
Total	**15,745**

The actual number of staff in post during 2019/20 was 18,241 and the gender composition is provided in the table below.

Staff Composition	Female	Male	Total
Director	6	7	13
Manager (Band 8C and above)	111	83	194
Staff	14,599	3,435	18,034
Total	**14,716**	**3,525**	**18,241**

*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 2019/20 is provided below:

	2018/19	2019/20
FTE Days lost (long term)*[1]	198,399	210,949
FTE Days lost (short term)*[1]	81,511	90,391
Total days lost	**279,911**	**301,340**
Average working days lost	11	12
Total staff employed in period (headcount)*[2]	17,880	18,104
Total staff employed in period with no absence (headcount)*[2]	5,642	5,416
Percentage staff with no sick leave	**34.29%**	**32.65%**

*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 2019/20 was 5.30% (2018/19, 4.99%).

Equalities and human rights

The Health Board is committed to advancing equality of opportunity and contributing to a more equal North Wales. We understand that taking account of the protected characteristics found amongst us all, it can have a profound impact on health and well-being outcomes for the people we serve. To meet the requirements of the Equality Act 2010 (Statutory Duties) (Wales) Regulations 2011 and the Public Sector Equality Duty, BCUHB seek to ensure that equality is properly considered within the organisation and influences decision making at all levels. A substantial review of our equality objectives and Strategic Equality Plan (SEP) has been undertaken this year, we have drawn on evidence from a range of sources including the Equality and Human Rights Commission research 'Is Wales Fairer?'. We have gathered and analysed relevant information and maintained engagement with communities, individuals and experts to inform our priorities and objective-setting.

The strong commitment to promoting equality and human rights is published within our long-term strategy for health, Living Healthier, Staying Well (LHSW) and Operational Plan. We have worked to identify opportunities to build delivery of the SEP into our planning and service delivery mechanisms and are supporting our health communities across North Wales in this regard. The strategic priorities are also supported by our Workforce Strategy, which identifies what the workforce needs to look and feel like and how it needs to operate as we strive to be a fair and inclusive employer, committed to tackling inequality. A number of initiatives have been progressed this year to increase employment opportunities for people from protected characteristic groups, and to better support people during their employment. Our equality and human rights work has received further recognition and, following an external assessment, we have been awarded Disability Confident Leadership status under the government's scheme to promote good practice in attracting, recruiting and retaining disabled people in the workplace. This recognised the work BCUHB is doing to ensure that disabled people are treated fairly when applying to work for us, and are supported throughout their employment. The Health Board has, for the second year, also been ranked the best Welsh health employer by the lesbian, gay, bi and trans equality charity Stonewall, in its Top 100 Employers list for 2020.

We continue to drive forward the equality agenda with pace and recognise the Welsh Government's commitment to further strengthening equality and rights protections for the people of Wales commencing with the Socio-economic Duty in April 2020. Further information is published and can be accessed via the equality internet pages.

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 2020	**154**
Of which...	
Number that have existed for less than one year at time of reporting	22
Number that have existed for between one and two years at time of reporting	30
Number that have existed for between two and three years at time of reporting	102
Number that have existed for between three and four years at time of reporting	0
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 and that will last for longer than six months, or that reached six months in duration between 1 April 2019 and 31 March 2020	**22**
Of which...	
Number assessed as covered by IR35	17
Number assessed as not covered by IR35	5
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 2019 and 31 March 2020	**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)	34*

*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 £2.651m 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	13
Directors and other Senior Managers	21
Clinical Staff	521
Agency clinical staff (net of estimated commission)	35

£'000	Chief Executive & Board Members	Directors & other Senior Managers	Clinical Staff	Agency
100-105		6	40	1
105-110	1	5	46	2
110-115		1	43	1
115-120	1	3	36	3
120-125		2	35	4
125-130	1		47	2
130-135	1	2	33	
135-140	4		37	5
140-145	1		37	1
145-150			22	
150-155	1		21	1
155-160		1	27	
160-165	1		17	1
165-170			16	1
170-175			9	2
175-180			8	
180-185		1	8	
185-190			14	1
190-195	1		4	
195-200			6	
200-205			2	
205-210			1	4
210-215	1		1	
215-220			1	
220-225			1	
225-230			1	1
230-235				
235-240			1	
240-245			2	1
245-250				1
250-255			2	
255-260			1	
260-265				
265-270				2
270-275				
275-280				
280-285			1	
285-290			1	
290-295				1
Total	**13**	**21**	**521**	**35**

Appendix 2 – Exit Packages and Severance Payments

Exit packages cost band (including any special payment element)	2019-20 Number of compulsory redundancies Whole numbers only	2019-20 Cost of compulsory redundancies £	2019-20 Number of other departures Whole numbers only	2019-20 Cost of other departures £	2019-20 Total number of exit packages Whole numbers only	2019-20 Total cost of exit packages £	2019-20 Number of departures where special payments have been made Whole numbers only	2019-20 Cost of special element included in exit packages £	2018-19 Total number of exit packages Whole numbers only	2018-19 Total cost of exit packages £
less than £10,000	0	0	1	7,608	**1**	**7,608**	0	0	2	10,108
£10,000 to £25,000	0	0	1	24,831	**1**	**24,831**	0	0	0	0
£25,000 to £50,000	0	0	3	126,446	**3**	**126,446**	0	0	0	0
£50,000 to £100,000	0	0	1	56,118	**1**	**56,118**	0	0	0	0
£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	209,701
Total	0	0	6	215,003	**6**	**215,003**	0	0	3	219,809

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 H M Treasury, directed.

Statutory background

Betsi Cadwaladr University Local Health Board was established on 1 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
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 2019-20. 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 2020

	Note	2019-20 £'000	2018-19 £'000
Expenditure on Primary Healthcare Services	3.1	**322,503**	309,336
Expenditure on healthcare from other providers	3.2	**369,614**	361,107
Expenditure on Hospital and Community Health Services	3.3	**1,113,194**	1,004,720
		1,805,311	1,675,163
Less: Miscellaneous Income	4	**(144,574)**	(142,518)
LHB net operating costs before interest and other gains and losses		**1,660,737**	1,532,645
Investment Revenue	5	**0**	0
Other (Gains) / Losses	6	**(19)**	(158)
Finance costs	7	**50**	44
Net operating costs for the financial year		**1,660,768**	**1,532,531**

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 25.

The notes on pages 8 to 70 form part of these accounts.

Other Comprehensive Net Expenditure

	2019-20 £'000	2018-19 £'000
Net (gain) / loss on revaluation of property, plant and equipment	**(5,132)**	(1,164)
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 Boundar	**0**	0
Reclassification adjustment on disposal of available for sale financial asset	**0**	0
Other comprehensive net expenditure for the year	**(5,132)**	(1,164)
Total comprehensive net expenditure for the year	**1,655,636**	1,531,367

The notes on pages 8 to 70 form part of these accounts.

Statement of Financial Position as at 31 March 2020

	Notes	31 March 2020 £'000	31 March 2019 £'000
Non-current assets			
Property, plant and equipment	11	**575,257**	626,745
Intangible assets	12	**1,026**	661
Trade and other receivables	15	**51,496**	69,363
Other financial assets	16	**0**	0
Total non-current assets		**627,779**	696,769
Current assets			
Inventories	14	**17,402**	16,077
Trade and other receivables	15	**79,666**	66,403
Other financial assets	16	**0**	0
Cash and cash equivalents	17	**3,150**	3,972
		100,218	86,452
Non-current assets classified as "Held for Sale"	11	**0**	38
Total current assets		**100,218**	86,490
Total assets		**727,997**	783,259
Current liabilities			
Trade and other payables	18	**(143,633)**	(141,415)
Other financial liabilities	19	**0**	0
Provisions	20	**(46,846)**	(39,652)
Total current liabilities		**(190,479)**	(181,067)
Net current assets/ (liabilities)		**(90,261)**	(94,577)
Non-current liabilities			
Trade and other payables	18	**(958)**	(1,013)
Other financial liabilities	19	**0**	0
Provisions	20	**(51,349)**	(70,780)
Total non-current liabilities		**(52,307)**	(71,793)
Total assets employed		**485,211**	530,399
Financed by :			
Taxpayers' equity			
General Fund		**356,698**	402,323
Revaluation reserve		**128,513**	128,076
Total taxpayers' equity		**485,211**	530,399

The Health Board has delegated authority for approval of the 2019-20 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 29 June 2020 and signed on its behalf by:

Interim Chief Executive and Accountable Officer Simon Dean Date: 29 June 2020

The notes on pages 8 to 70 form part of these accounts.

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 70 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 Changes in Taxpayers' Equity
For the year ended 31 March 2019

	General Fund £000s	Revaluation Reserve £000s	Total Reserves £000s
Changes in taxpayers' equity for 2018-19			
Balance at 31 March 2018	393,676	131,734	**525,410**
Adjustment for Implementation of IFRS 9	(1,371)	0	**(1,371)**
Balance at 1 April 2018	392,305	131,734	**524,039**
Net operating cost for the year	(1,532,531)		**(1,532,531)**
Net gain/(loss) on revaluation of property, plant and equipment	0	1,164	**1,164**
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	4,822	(4,822)	**0**
Release of reserves to SoCNE	0	0	**0**
Transfers to/from LHBs	0	0	**0**
Total recognised income and expense for 2018-19	(1,527,709)	(3,658)	**(1,531,367)**
Net Welsh Government funding	1,537,727		**1,537,727**
Balance at 31 March 2019	402,323	128,076	**530,399**

The notes on pages 8 to 70 form part of these accounts.

Transfers between reserves represents the balance held in the revaluation reserve for each non-current asset disposed during 2018-19.

Statement of Cash Flows for year ended 31 March 2020

	Notes	2019-20 £'000	2018-19 £'000
Cash Flows from operating activities			
Net operating cost for the financial year		**(1,660,768)**	(1,532,531)
Movements in Working Capital	27	**6,739**	(16,010)
Other cash flow adjustments	28	**122,221**	94,187
Provisions utilised	20	**(22,472)**	(26,935)
Net cash outflow from operating activities		**(1,554,280)**	(1,481,289)
Cash Flows from investing activities			
Purchase of property, plant and equipment		**(26,353)**	(55,847)
Proceeds from disposal of property, plant and equipment		**57**	532
Purchase of intangible assets		**(658)**	(357)
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		**(26,954)**	(55,672)
Net cash inflow/(outflow) before financing		**(1,581,234)**	(1,536,961)
Cash Flows from financing activities			
Welsh Government funding (including capital)		**1,578,821**	1,537,727
Capital receipts surrendered		**0**	0
Capital grants received		**1,591**	1,102
Capital element of payments in respect of finance leases and on-SoFP		**0**	0
Cash transferred (to)/ from other NHS bodies		**0**	0
Net financing		**1,580,412**	1,538,829
Net increase/(decrease) in cash and cash equivalents		**(822)**	1,868
Cash and cash equivalents (and bank overdrafts) at 1 April 2019		**3,972**	2,104
Cash and cash equivalents (and bank overdrafts) at 31 March 2020		**3,150**	3,972

The notes on pages 8 to 70 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 2019-20 Manual for Accounts. The accounting policies contained in that manual follow the 2019-20 Financial Reporting Manual (FReM), which applies European Union adopted IFRS and Interpretations in effect for accounting periods commencing on or after 1 January 2019, except for IFRS 16 Leases, which is deferred until 1 April 2021; 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 Local Health Boards (LHBs) are allocations (Welsh Government funding) from the Welsh Government within an approved cash limit, which is credited to the General Fund of the LHB. Welsh Government funding is recognised in the financial period in which the cash is received.

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

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

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

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

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

Only non-NHS income may be deferred.

1.4. Employee benefits

1.4.1. Short-term employee benefits

Salaries, wages and employment-related payments are recognised in the period in which the service is received from employees. The LHB does not ordinarily permit the carry forward of annual leave from one period to another and requires staff to take annual leave as it falls due unless the leave year differs from the accounting period. This requirement was however relaxed at the end of the 2019-20 financial year for members of staff who were unable to take annual leave due to operational requirements resulting from the Covid-19 pandemic. Where employees are permitted to carry forward leave into the following period the associated cost is fully recognised in the financial statements.

1.4.2. Retirement benefit costs

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

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

As an organisation within the full funding scope, the joint (in NHS England and NHS Wales) transitional arrangement operated in 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, LHBs are required to account for **their staff** employer contributions of 20.68% in full and on a gross basis, in the 2019-20 annual accounts. Payments made on their behalf by Welsh Government are accounted for on a notional basis. For detailed information see Note 34 - Other Information 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 LHB 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 LHB'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 LHB;

● 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. LHBs have applied these new valuation requirements from 1 April 2009.

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

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

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

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

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

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

Assets which were most recently held for their service potential but are surplus should be valued at current value in existing use, if there are restrictions on the LHB or the asset which would prevent access to the market at the reporting date. If the LHB 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, LHBs 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 salewithin 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 LHB 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 LHB 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 2019-20. The WRP is hosted by Velindre NHS Trust.

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

The FLS is a state backed scheme to provide clinical negligence General Medical Practice Indemnity (GMPI) for providers of GMP services in Wales. In March 2019, the Minister issued a Direction to Velindre NHS Trust to enable Legal and Risk Services to operate the Scheme. The GMPI is underpinned by new secondary legislation, The NHS (Clinical Negligence Scheme) (Wales) Regulations 2019 which came into force on 1 April 2019.

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

1.15. Financial Instruments

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

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

1.16. Financial assets

Financial assets are recognised on the SoFP when the 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 LHB has no beneficial interest in them. Details of third party assets are provided in Note 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 its own risks (with insurance premiums then being included as normal revenue expenditure). However, Note 23 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 accross 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.

Clinical negligence and personal injury claims (Notes 20 and 21)

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.

Continuing healthcare costs (Notes 20 and 21)

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

Primary care services including prescribed drugs and appliances (Note 18)

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

1.24.1. Provisions

The 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 LHB, the full cost is recognised in year and matched to income (less a £25K excess) via a WRPS debtor, until reimbursement has been received from the WRPS Committee.

1.24.2. Probable & Certain Cases – Accounting Treatment

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

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

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

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

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

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

IFRS 14 Regulatory Deferral Accounts Not EU-endorsed.*
Applies to first time adopters of IFRS after 1 January 2016. Therefore not applicable.

IFRS 16 Leases is to be effective from 1st April 2021.

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

1.29. Accounting standards issued that have been adopted early

During 2019-20 there have been no accounting standards that have been adopted early. All early adoption of accounting standards will be led by HM Treasury.

1.30. Charities

Following Treasury's agreement to apply IAS 27 to NHS Charities from 1 April 2013, the LHB has 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 1 April 2014. The Act amended the financial duties of Local Health Boards under section 175 of the National Health Service (Wales) Act 2006. From 1 April 2014 section 175 of the National Health Service (Wales) Act places two financial duties on Local Health Boards:

- A duty under section 175 (1) to secure that its expenditure does not exceed the aggregate of the funding allotted to it over a period of 3 financial years
- A duty under section 175 (2A) to prepare a plan in accordance with planning directions issued by the Welsh Ministers, to secure compliance with the duty under section 175 (1) while improving the health of the people for whom it is 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			
	2017-18	2018-19	2019-20	**Total**
	£'000	£'000	£'000	**£'000**
Net operating costs for the year	1,492,291	1,532,531	1,660,768	**4,685,590**
Less general ophthalmic services expenditure and other non-cash limited expenditure	(158)	(645)	84	**(719)**
Less revenue consequences of bringing PFI schemes onto SoFP	0	0	0	**0**
Total operating expenses	1,492,133	1,531,886	1,660,852	**4,684,871**
Revenue Resource Allocation	1,453,295	1,490,607	1,622,156	**4,566,058**
Under /(over) spend against Allocation	(38,838)	(41,279)	(38,696)	**(118,813)**

Betsi Cadwaladr University LHB has not met its financial duty to break-even against its Revenue Resource Limit over the 3 years 2017-18 to 2019-20.

The Health Board received £35.000 million repayable cash-only support during 2019-20 with the accumulated cash-only support provided to the Health Board by the Welsh Government as at 31 March 2020 being £149.694 million. This support has been provided to assist the Health Board with ensuring payments to staff and suppliers. There is no interest payable on cash-only support.

Consideration of repayment of this cash assistance will be informed through on-going consideration of the Health Board's future Integrated Medium Term Plan submissions. The Health Board did not receive any repayable brokerage during the year.

2.2 Capital Resource Performance

	2017-18	2018-19	2019-20	**Total**
	£'000	£'000	£'000	**£'000**
Gross capital expenditure	74,858	50,869	25,714	**151,441**
Add: Losses on disposal of donated assets	0	0	0	**0**
Less NBV of property, plant and equipment and intangible assets disposed	(553)	(374)	(38)	**(965)**
Less capital grants received	0	0	0	**0**
Less donations received	(909)	(1,102)	(1,591)	**(3,602)**
Charge against Capital Resource Allocation	73,396	49,393	24,085	**146,874**
Capital Resource Allocation	73,398	49,408	24,109	**146,915**
(Over) / Underspend against Capital Resource Allocation	2	15	24	**41**

Betsi Cadwaladr University LHB has met its financial duty to break-even against its Capital Resource Limit over the 3 years 2017-18 to 2019-20.

2.3 Duty to prepare a 3 year plan

The NHS Wales Planning Framework for the period 2019-20 to 2021-22 issued to Health Boards placed a requirement upon them to prepare and submit Integrated Medium Term Plans to the Welsh Government.

The Health Board was placed in Special Measures in June 2015 and in agreement with Welsh Government did not submit a three year plan during the 2019-20 financial year.

An Annual Operating Plan was submitted to Welsh Government for 2019-20 and the Health Board has agreed with Welsh Government that it will develop a further plan for 2020-21 which responds to the special measures framework and key areas for improvement.

The Minister for Health and Social Services approval

Status	**Not submitted**
Date	**Not applicable**

The LHB has not therefore met its statutory duty to have an approved financial plan for the period 2019-20 to 2021-22.

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:

	2019-20	2018-19
Total number of non-NHS bills paid	**329,268**	318,118
Total number of non-NHS bills paid within target	**313,739**	302,089
Percentage of non-NHS bills paid within target	95.3%	95.0%

The LHB has met the target.

3. Analysis of gross operating costs

3.1 Expenditure on Primary Healthcare Services

	Cash limited	Non-cash limited	2019-20 Total	2018-19
	£'000	£'000	£'000	£'000
General Medical Services	136,403		**136,403**	129,579
Pharmaceutical Services	31,728	(6,683)	**25,045**	24,948
General Dental Services	35,540		**35,540**	34,433
General Ophthalmic Services	1,865	6,599	**8,464**	8,112
Other Primary Health Care expenditure	8,278		**8,278**	10,153
Prescribed drugs and appliances	108,773		**108,773**	102,111
Total	**322,587**	**(84)**	**322,503**	309,336

3.2 Expenditure on healthcare from other providers

	2019-20	2018-19
	£'000	£'000
Goods and services from other NHS Wales Health Boards	**5,377**	4,987
Goods and services from other NHS Wales Trusts	**10,511**	9,589
Goods and services from Health Education and Improvement Wales (HEIW)	**0**	0
Goods and services from other non Welsh NHS bodies	**67,079**	63,864
Goods and services from WHSSC / EASC	**177,021**	166,319
Local Authorities	**0**	0
Voluntary organisations	**7,567**	8,011
NHS Funded Nursing Care	**7,515**	7,239
Continuing Care	**91,324**	99,032
Private providers	**3,220**	2,066
Specific projects funded by the Welsh Government	**0**	0
Other	**0**	0
Total	**369,614**	**361,107**

Note 3.1 Expenditure on Primary Healthcare Services includes pay costs of £24,187,000 comprising:

	2019-20	2018-19
	£'000	£'000
General Medical Services - GP Out of Hours	7,449	6,808
General Medical Services - Including GP managed practices	14,893	12,094
General Dental Services	826	667
Other Primary Health Care Expenditure	1,019	1,122
	24,187	20,691

3.3 Expenditure on Hospital and Community Health Services

	2019-20 £'000	2018-19 £'000
Directors' costs	2,499	2,101
Staff costs	782,814	719,809
Supplies and services - clinical	132,866	128,422
Supplies and services - general	45,528	33,612
Consultancy Services	2,651	2,367
Establishment	9,810	10,540
Transport	6,074	5,914
Premises	41,367	37,108
External Contractors	0	0
Depreciation	32,899	31,132
Amortisation	358	454
Fixed asset impairments and reversals (Property, plant & equipment)	48,712	23,604
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	35
Audit fees	398	418
Other auditors' remuneration	0	0
Losses, special payments and irrecoverable debts	2,796	4,262
Research and Development	370	558
Other operating expenses	4,052	4,384
Total	**1,113,194**	1,004,720

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

Increase/(decrease) in provision for future payments:	2019-20 £'000	Reclassified 2018-19 £'000
Clinical negligence;		
Secondary care	10,042	25,764
Primary care	0	0
Redress Secondary Care	140	1,077
Redress Primary Care	0	0
Personal injury	984	1,524
All other losses and special payments	417	284
Defence legal fees and other administrative costs	1,058	1,166
Gross increase/(decrease) in provision for future payments	**12,641**	**29,815**
Contribution to Welsh Risk Pool	0	0
Premium for other insurance arrangements	0	0
Irrecoverable debts	(360)	95
Less: income received/due from Welsh Risk Pool	(9,485)	(25,648)
Total	**2,796**	**4,262**

	2019-20 £	2018-19 £
Permanent injury included within personal injury:	571,000	883,000

Fixed asset impairments and reversals (Property, plant & equipment) in Note 3.3 includes a credit of £2,541,000 (2018-19 £1,257,000) 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 38 of these accounts.

4. Miscellaneous Income

	2019-20 £'000	2018-19 £'000
Local Health Boards	**5,681**	5,657
Welsh Health Specialised Services Committee (WHSSC)/Emergency Ambulance Services Committee (EASC)	**41,442**	40,451
NHS Wales trusts	**4,783**	5,762
Health Education and Improvement Wales (HEIW)	**14,533**	2,779
Foundation Trusts	**1,342**	1,022
Other NHS England bodies	**18,084**	15,679
Other NHS Bodies	**469**	0
Local authorities	**11,006**	10,804
Welsh Government	**7,954**	8,761
Welsh Government Hosted bodies	**0**	0
Non NHS:		
Prescription charge income	**42**	49
Dental fee income	**7,555**	7,645
Private patient income	**1,112**	911
Overseas patients (non-reciprocal)	**149**	104
Injury Costs Recovery (ICR) Scheme	**1,520**	1,667
Other income from activities	**11,031**	12,758
Patient transport services	**0**	0
Education, training and research	**5,532**	16,468
Charitable and other contributions to expenditure	**1,596**	1,711
Receipt of donated assets	**1,591**	1,102
Receipt of Government granted assets	**0**	0
Non-patient care income generation schemes	**294**	335
NHS Wales Shared Services Partnership (NWSSP)	**0**	0
Deferred income released to revenue	**82**	9
Contingent rental income from finance leases	**0**	0
Rental income from operating leases	**324**	483
Other income:		
Provision of laundry, pathology, payroll services	**127**	128
Accommodation and catering charges	**3,345**	3,195
Mortuary fees	**333**	378
Staff payments for use of cars	**1,167**	1,135
Business Unit	**0**	0
Other	**3,480**	3,525
Total	**144,574**	142,518

Other income Includes;		
Staff recharges not included in other lines	**1,231**	1,521
Reduction in Expected Credit Losses (ECLs) on invoiced income	**513**	230
Ad-Trac income	**188**	136
Sports Council for Wales	**82**	0
Total	**2,014**	**1,887**

Injury Cost Recovery (ICR) Scheme income

	2019-20 %	2018-19 %
To reflect expected rates of collection ICR income is subject to a provision for impairment of:	21.79	21.89

Whilst Injury Cost Recovery (ICR) Scheme income is generally subject to a provision for impairment of 21.79% 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.

The "Other NHS Bodies" line includes income generated from English NHS Trusts, NHS Scotland and NHS Northern Ireland. The equivalent figure for 2018-19 of £518,000 is included within the "Other NHS England bodies" line as prior year figures have not been reanalysed within the note.

Income generted from English NHS Foundation Trusts is disclosed in the specific line of the note.

5. Investment Revenue

	2019-20	2018-19
	£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

	2019-20	2018-19
	£000	£000
Gain/(loss) on disposal of property, plant and equipment	22	158
Gain/(loss) on disposal of intangible assets	0	0
Gain/(loss) on disposal of assets held for sale	(3)	0
Gain/(loss) on disposal of financial assets	0	0
Change on foreign exchange	0	0
Change in fair value of financial assets at fair value through SoCNE	0	0
Change in fair value of financial liabilities at fair value through SoCNE	0	0
Recycling of gain/(loss) from equity on disposal of financial assets held for sale	0	0
Total	**19**	158

7. Finance costs

	2019-20	2018-19
	£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	37	39
contingent finance cost	0	0
Interest on late payment of commercial debt	0	1
Other interest expense	0	0
Total interest expense	**37**	40
Provisions unwinding of discount	13	4
Other finance costs	0	0
Total	**50**	44

8. Operating leases

LHB as lessee

As at 31 March 2020 the Health Board had 1,668 operating leases agreements in place for the leases of 47 premises, 282 arrangements in respect of equipment and 1,339 in respect of vehicles.

Lease arrangements in respect of 12 premises, 130 items of equipment and 325 vehicle expired during the 2019-20 financial year.

Payments recognised as an expense	**2019-20**	2018-19
	£000	£000
Minimum lease payments	**5,826**	5,141
Contingent rents	**0**	0
Sub-lease payments	**0**	0
Total	**5,826**	5,141

Total future minimum lease payments		
Payable	**£000**	£000
Not later than one year	**4,879**	4,975
Between one and five years	**7,941**	7,939
After 5 years	**23,928**	22,202
Total	**36,748**	35,116

LHB as lessor

Rental revenue	**£000**	£000
Rent	**282**	275
Contingent rents	**0**	0
Total revenue rental	**282**	275

Total future minimum lease payments		
Receivable	**£000**	£000
Not later than one year	**282**	275
Between one and five years	**160**	153
After 5 years	**421**	426
Total	**863**	854

9. Employee benefits and staff numbers

9.1 Employee costs

	Permanent Staff	Staff on Inward Secondment	Agency Staff	Other	Total	2018-19
	£000	£000	£000	£000	£000	£000
Salaries and wages	600,164	2,355	26,873	18,659	**648,051**	618,505
Social security costs	58,508	0	0	0	**58,508**	55,809
Employer contributions to NHS Pension Scheme	103,832	0	0	0	**103,832**	69,493
Other pension costs	397	0	0	0	**397**	209
Other employment benefits	0	0	0	0	**0**	0
Termination benefits	215	0	0	0	**215**	220
Total	763,116	2,355	26,873	18,659	**811,003**	744,236
Charged to capital					**963**	872
Charged to revenue					**810,040**	743,364
					811,003	744,236
Net movement in accrued employee benefits (untaken staff leave accrual included above)					4	96

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 2019-20 financial year are included within the Permanent Staff column of the above note.

9.2 Average number of employees

	Permanent Staff	Staff on Inward Secondment	Agency Staff	Other	Total	2018-19
	Number	Number	Number		Number	Number
Administrative, clerical and board members	3,008	10	70	0	**3,088**	2,918
Medical and dental	1,330	14	29	110	**1,483**	1,437
Nursing, midwifery registered	4,783	1	192	0	**4,976**	4,967
Professional, Scientific, and technical staff	598	13	9	0	**620**	438
Additional Clinical Services	3,242	0	0	0	**3,242**	3,312
Allied Health Professions	864	0	39	0	**903**	880
Healthcare Scientists	252	0	2	0	**254**	274
Estates and Ancilliary	1,163	0	1	0	**1,164**	1,240
Students	15	0	0	0	**15**	15
Total	**15,255**	**38**	**342**	**110**	**15,745**	15,481

9.3. Retirements due to ill-health

	2019-20	2018-19
Number	10	15
Estimated additional pension costs £	607,355	872,585

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 10 early retirements with an estimated additional pension cost of £607,355. 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)	2019-20 Number of compulsory redundancies	2019-20 Number of other departures	2019-20 Total number of exit packages	2019-20 Number of departures where special payments have been made	2018-19 Total number of exit packages
	Whole numbers only	Whole numbers only	Whole numbers only	Whole numbers only	Whole numbers only
less than £10,000	0	1	1	0	2
£10,000 to £25,000	0	1	1	0	0
£25,000 to £50,000	0	3	3	0	0
£50,000 to £100,000	0	1	1	0	0
£100,000 to £150,000	0	0	0	0	0
£150,000 to £200,000	0	0	0	0	0
more than £200,000	0	0	0	0	1
Total	**0**	**6**	**6**	**0**	3

Exit packages cost band (including any special payment element)	2019-20 Cost of compulsory redundancies	2019-20 Cost of other departures	2019-20 Total cost of exit packages	2019-20 Cost of special element included in exit packages	2018-19 Total cost of exit packages
	£'s	£'s	£'s	£'s	£'s
less than £10,000	0	7,608	7,608	0	10,108
£10,000 to £25,000	0	24,831	24,831	0	0
£25,000 to £50,000	0	126,446	126,446	0	0
£50,000 to £100,000	0	56,118	56,118	0	0
£100,000 to £150,000	0	0	0	0	0
£150,000 to £200,000	0	0	0	0	0
more than £200,000	0	0	0	0	209,701
Total	**0**	**215,003**	**215,003**	**0**	219,809

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 2019 -20, the year of departure, were £215,003 (2018-19 £219,809).

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 Retirements due to ill-health.

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 2019-20 was £225,000 to £230,000 (2018-19, £205,000 to £210,000). This was 7.70 times (2018-19, 7.16 times) the median remuneration of the workforce, which was £29,554 (2018-19, £28,963).

The banded remuneration of the Chief Executive of the Health Board in the financial year 2019-20 was £210,000 to £215,000 (2018-19, £205,000 to £210,000). This was 7.19 times (2018-19, 7.16) the median remuneration of the workforce, which was £29,554, (2018-19, £28,963).

In 2019-20, 15 (2018-19, 11) employees received remuneration in excess of the highest-paid director. Remuneration for all staff ranged from £17,652 to £295,000 (2018-19, £17,460 to £345,000).

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 increased in 2019-20 due to the highest-paid director no longer being the Chief Executive and that director receiving additional remuneration in respect of their medical experience. Excluding this post, the Remuneration Relationship for the Chief Executive has only increased marginally in 2019-20. This reflects the fact that all staff received an inflationary pay award, so increasing the median remuneration and also increasing the remuneration of the Chief Executive.

An average 1.7% inflationary pay increase was received by staff covered by the Agenda for Change agreement. In addition, Medical Staff received an inflationary pay award of 2.5%.

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 2020, is based on valuation data as 31 March 2019, updated to 31 March 2020 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%, and the Scheme Regulations were amended accordingly.

The 2016 funding valuation was also expected to test the cost of the Scheme relative to the employer cost cap set following the 2012 valuation. Following a judgment from the Court of Appeal in December 2018 Government announced a pause to that part of the valuation process pending conclusion of the continuing legal process.

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 £6,136 and £50,000 for the 2019-20 tax year (2018-19 £6,032 and £46,350).

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.

	2019-20	**2019-20**	2018-19	2018-19
NHS	**Number**	**£000**	Number	£000
Total bills paid	**5,856**	**292,228**	6,209	275,136
Total bills paid within target	**5,420**	**290,210**	5,641	271,903
Percentage of bills paid within target	**92.6%**	**99.3%**	90.9%	98.8%
Non-NHS				
Total bills paid	**329,268**	**651,781**	318,118	612,506
Total bills paid within target	**313,739**	**634,803**	302,089	599,486
Percentage of bills paid within target	**95.3%**	**97.4%**	95.0%	97.9%
Total				
Total bills paid	**335,124**	**944,009**	324,327	887,642
Total bills paid within target	**319,159**	**925,013**	307,730	871,389
Percentage of bills paid within target	**95.2%**	**98.0%**	94.9%	98.2%

During 2019-20 the Health Board paid 95.3% of non-NHS invoices by number within 30 days (2018-19 95.0%) and therefore achieved the Welsh Government performance measure.

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

	2019-20	2018-19
	£	£
Amounts included within finance costs (note 7) from claims made under this legislation	**476**	811
Compensation paid to cover debt recovery costs under this legislation	**300**	694
Total	**776**	1505

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

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 2018	46,294	435,660	18,234	105,527	104,727	1,127	20,714	7,059	**739,342**
Indexation	926	4,357	182	0	0	0	0	0	**5,465**
Additions									
- purchased	0	0	0	41,236	5,781	54	1,945	395	**49,411**
- donated	0	232	0	0	854	0	6	10	**1,102**
- 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	63,683	23	(71,235)	4,310	127	2,548	544	**0**
Revaluations	(412)	(5,632)	(4)	0	0	0	0	0	**(6,048)**
Reversal of impairments	408	845	4	0	0	0	0	0	**1,257**
Impairments	0	(24,861)	0	0	0	0	0	0	**(24,861)**
Reclassified as held for sale	220	0	0	0	0	0	0	0	**220**
Disposals	0	0	0	0	(9,420)	(136)	(2,284)	(1,004)	**(12,844)**
At 31 March 2019	47,436	474,284	18,439	75,528	106,252	1,172	22,929	7,004	**753,044**
Depreciation at 1 April 2018	0	26,717	620	0	66,758	1,085	11,261	3,317	**109,758**
Indexation	0	1,113	10	0	0	0	0	0	**1,123**
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	(2,866)	(4)	0	0	0	0	0	**(2,870)**
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	(9,420)	(136)	(2,284)	(1,004)	**(12,844)**
Provided during the year	0	17,581	629	0	8,702	27	3,551	642	**31,132**
At 31 March 2019	0	42,545	1,255	0	66,040	976	12,528	2,955	**126,299**
Net book value at 1 April 2018	46,294	408,943	17,614	105,527	37,969	42	9,453	3,742	**629,584**
Net book value at 31 March 2019	47,436	431,739	17,184	75,528	40,212	196	10,401	4,049	**626,745**
Net book value at 31 March 2019 comprises :									
Purchased	47,436	424,699	17,184	75,528	34,470	196	10,282	3,549	**613,344**
Donated	0	6,140	0	0	5,742	0	119	492	**12,493**
Government Granted	0	900	0	0	0	0	0	8	**908**
At 31 March 2019	47,436	431,739	17,184	75,528	40,212	196	10,401	4,049	**626,745**
Asset financing :									
Owned	47,436	430,786	17,184	75,528	40,212	196	10,401	4,049	**625,792**
Held on finance lease	0	0	0	0	0	0	0	0	**0**
On-SoFP PFI contracts	0	953	0	0	0	0	0	0	**953**
PFI residual interests	0	0	0	0	0	0	0	0	**0**
At 31 March 2019	47,436	431,739	17,184	75,528	40,212	196	10,401	4,049	**626,745**

The net book value of land, buildings and dwellings at 31 March 2019 comprises :

	£000
Freehold	**491,427**
Long Leasehold	**4,932**
Short Leasehold	**0**
	496,359

11. Property, plant and equipment (continued)

Disclosures:

(i) Donated Assets

Donated asset additions during 2019-20 included schemes funded by:

- Betsi Cadwaladr University Health Board and Other Related Charities - £588,000
- Other hospital based voluntary bodies - £1,003,000

(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 £38,000 on Note 11.2 non-current assets held for sale at 1 April 2019 related to grazing land at Abergele Hospital which was disposed during the year. The Health Board did not hold any non-current assets for sale at 31 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 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**
Balance brought forward 1 April 2018	593	74	0	0	0	**667**
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	(300)	(74)	0	0	0	**(374)**
Add reversal of impairment of assets held for sale	0	0	0	0	0	**0**
Less impairment of assets held for sale	(35)	0	0	0	0	**(35)**
Less assets no longer classified as held for sale, for reasons other than disposal by sale	(220)	0	0	0	0	**(220)**
Balance carried forward 31 March 2019	38	0	0	0	0	**38**

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**

12. Intangible non-current assets
2018-19

	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 2018	3,570	0	0	0	0	0	**3,570**
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	357	0	0	0	0	0	**357**
Additions- internally generated	0	0	0	0	0	0	**0**
Additions- donated	0	0	0	0	0	0	**0**
Additions- government granted	0	0	0	0	0	0	**0**
Reclassified as held for sale	0	0	0	0	0	0	**0**
Transfers	0	0	0	0	0	0	**0**
Disposals	(46)	0	0	0	0	0	**(46)**
Gross cost at 31 March 2019	**3,881**	**0**	**0**	**0**	**0**	**0**	**3,881**
Amortisation at 1 April 2018	2,812	0	0	0	0	0	**2,812**
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	454	0	0	0	0	0	**454**
Reclassified as held for sale	0	0	0	0	0	0	**0**
Transfers	0	0	0	0	0	0	**0**
Disposals	(46)	0	0	0	0	0	**(46)**
Amortisation at 31 March 2019	**3,220**	**0**	**0**	**0**	**0**	**0**	**3,220**
Net book value at 1 April 2018	**758**	**0**	**0**	**0**	**0**	**0**	**758**
Net book value at 31 March 2019	**661**	**0**	**0**	**0**	**0**	**0**	**661**
At 31 March 2019							
Purchased	585	0	0	0	0	0	**585**
Donated	76	0	0	0	0	0	**76**
Government Granted	0	0	0	0	0	0	**0**
Internally generated	0	0	0	0	0	0	**0**
Total at 31 March 2019	**661**	**0**	**0**	**0**	**0**	**0**	**661**

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 31 March 2020 was £2,830,000 (31 March 2019 £2,010,000).

13 . Impairments

	2019-20 Property, plant & equipment £000	2019-20 Intangible assets £000	2018-19 Property, plant & equipment £000	2018-19 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	51,253	0	24,896	0
Others (specify)	0	0	0	0
Reversal of Impairments	(2,541)	0	(1,257)	0
Total of all impairments	**48,712**	**0**	23,639	0
Analysis of impairments charged to reserves in year :				
Charged to the Statement of Comprehensive Net Expenditure	48,712	0	23,639	0
Charged to Revaluation Reserve	0	0	0	0
	48,712	**0**	23,639	0

Impairments charged to the Statement of Comprehensive Net Expenditure during 2019-20 were conducted by the District Valuer in accordance with the requirements of IFRS.

Analysis of impairments during 2019-20	**£000**
Glan Clwyd Hospital Redevelopment	41,915
Ysbyty Gwynedd Emergency Department	5,830
The Elms, Wrexham	967
	48,712

14.1 Inventories

	31 March 2020 £000	31 March 2019 £000
Drugs	7,850	6,060
Consumables	9,277	9,741
Energy	245	255
Work in progress	0	0
Other	30	21
Total	**17,402**	16,077
Of which held at realisable value	0	0

14.2 Inventories recognised in expenses

	31 March 2020 £000	31 March 2019 £000
Inventories recognised as an expense in the period	0	0
Write-down of inventories (including losses)	0	212
Reversal of write-downs that reduced the expense	0	0
Total	**0**	**212**

The Welsh Government's Manual for Accounts requires additional disclosures in Note 14.2 where NHS organisations purchase inventories for resale. The Health Board does not routinely sell inventories to third parties and this note has not, therefore, been completed for the 2019-20 financial year.

15. Trade and other Receivables

Current	31 March 2020 £000	Reclassified 31 March 2019 £000
Welsh Government	**6,999**	7,122
WHSSC / EASC	**2,051**	349
Welsh Health Boards	**594**	733
Welsh NHS Trusts	**1,983**	2,095
Health Education and Improvement Wales (HEIW)	**66**	152
Non - Welsh Trusts	**0**	0
Other NHS	**4,330**	6,519
Welsh Risk Pool Claim reimbursement		
NHS Wales Secondary Health Sector	**47,596**	35,717
NHS Wales Primary Sector FLS Reimbursement	**0**	0
NHS Wales Redress	**481**	633
Other	**0**	0
Local Authorities	**5,331**	4,748
Capital debtors - Tangible	**0**	0
Capital debtors - Intangible	**0**	0
Other debtors	**7,436**	7,200
Provision for irrecoverable debts	**(3,024)**	(5,753)
Pension Prepayments NHS Pensions	**0**	0
Other prepayments	**3,663**	5,009
Other accrued income	**2,160**	1,879
Sub total	**79,666**	66,403
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
Welsh Risk Pool Claim reimbursement;		
NHS Wales Secondary Health Sector	**48,507**	66,330
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	**(371)**	(360)
Pension Prepayments NHS Pensions	**0**	0
Other prepayments	**685**	1,050
Other accrued income	**2,675**	2,343
Sub total	**51,496**	69,363
Total	**131,162**	135,766

15. Trade and other Receivables (continued)

Receivables past their due date but not impaired	31 March 2020 £000	31 March 2019 £000
By up to three months	**1,978**	1,725
By three to six months	**693**	652
By more than six months	**1,172**	1,083
	3,843	3,460

Expected Credit Losses (ECL) / Provision for impairment of receivables		
Balance at 31 March 2019		(1,840)
Adjustment for Implementation of IFRS 9		(1,371)
Balance at 1 April 2019	**(5,121)**	(3,211)
Transfer to other NHS Wales body	**0**	0
Amount written off during the year	**34**	22
Amount recovered during the year	**0**	(1)
(Increase) / decrease in receivables impaired	**2,838**	(1,931)
Bad debts recovered during year	**0**	0
Balance at 31 March 2020	**(2,249)**	(5,121)

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

Receivables VAT

Trade receivables	**1,049**	1,294
Other	**0**	0
Total	**1,049**	1,294

16. Other Financial Assets

	Current		Non-current	
	31 March 2020	31 March 2019	**31 March 2020**	31 March 2019
	£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)	**0**	0	**0**	0
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

	2019-20	2018-19
	£000	£000
Balance at 1 April 2019	**3,972**	2,104
Net change in cash and cash equivalent balances	**(822)**	1,868
Balance at 31 March 2020	**3,150**	3,972
Made up of:		
Cash held at GBS	**3,050**	3,743
Commercial banks	**0**	0
Cash in hand	**100**	229
Current Investments	**0**	0
Cash and cash equivalents as in Statement of Financial Position	**3,150**	3,972
Bank overdraft - GBS	**0**	0
Bank overdraft - Commercial banks	**0**	0
Cash and cash equivalents as in Statement of Cash Flows	**3,150**	3,972

The cash and cash equivalents balance as at 31 March 2020 comprised funding for revenue expenditure of £1,452,000 (2018-19 £307,000) and funding for capital projects of £1,698,000 (2018-19 £3,665,000).

In response to additional disclosure requirements in accounting standard IAS7 - Statement of Cash Flows the changes in liabilities arising from financing activities during 2019-20 were as follows:

Lease liabilities	£	0
PFI liabilities	£	351,000

These movements relate to cash payments made during the year.

No comparative information is required by IAS7 in 2019-20.

18. Trade and other payables

Current	31 March 2020 £000	Reclassified 31 March 2019 £000
Welsh Government	65	7
WHSSC / EASC	470	3,835
Welsh Health Boards	485	653
Welsh NHS Trusts	3,262	1,912
Health Education and Improvement Wales (HEIW)	4	0
Other NHS	17,799	16,395
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	3,094	6,802
NI contributions payable to HMRC	5,380	8,562
Non-NHS payables - Revenue	27,694	27,841
Local Authorities	25,900	22,219
Capital payables- Tangible	5,118	6,480
Capital payables- Intangible	65	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	55	54
Pensions: staff	0	0
Non NHS Accruals	61,776	54,266
Deferred Income:		
Deferred Income brought forward	1,507	2,011
Deferred Income Additions	497	(494)
Transfer to / from current/non current deferred income	0	0
Released to SoCNE	(82)	(10)
Other creditors	1,850	2,074
PFI assets –deferred credits	0	0
Payments on account	(11,306)	(11,192)
Sub Total	**143,633**	141,415
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	958	1,013
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	**958**	1,013
Total	**144,591**	142,428

It is intended to pay all invoices within the 30 day period directed by the Welsh Government (further information in Note 10 on page 37).
Current accruals as at 31 March 2020 include £4,392,000 following reclassification of a category of payables (2018-19 equivalent £2,926,000).

18. Trade and other payables (continued).

Amounts falling due more than one year are expected to be settled as follows:	**31 March 2020 £000**	31 March 2019 £000
Between one and two years	**117**	113
Between two and five years	**125**	121
In five years or more	**716**	779
Sub-total	**958**	1,013

19. Other financial liabilities

	Current		**Non-current**	
Financial liabilities	**31 March 2,020 £000**	31 March 2,019 £000	**31 March 2,020 £000**	31 March 2,019 £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

Reclassified

	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**
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**
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**
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**

Expected timing of cash flows:

	In year to 31 March 2021	Between 1 April 2021 31 March 2025	Thereafter	Total
				£000
Clinical negligence:-				
Secondary care	37,234	46,408	0	**83,642**
Primary care	0	0	0	**0**
Redress Secondary care	284	0	0	**284**
Redress Primary care	0	0	0	**0**
Personal injury	838	1,196	2,860	**4,894**
All other losses and special payments	1	0	0	**1**
Defence legal fees and other administration	1,215	648	0	**1,863**
Pensions relating to former directors	0	0	0	**0**
Pensions relating to other staff	155	215	22	**392**
Restructuring	0	0	0	**0**
Other	7,119	0	0	**7,119**
Total	**46,846**	**48,467**	**2,882**	**98,195**

Provisions included within the "Other" categories above relate to:	**£'000**
Continuing Healthcare claims subject to further review	4,702
Holiday pay entitlement - overtime and additional hours	1,975
Staff regrading appeals and pay arrears	300
Relocation expenses	120
GP managed practices premises costs	22
Total	**7,119**

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 expected timing of cashflows is based on best available information for each individual provision as at 31 March 2020 and may be subject to changes in future periods.

20. Provisions (continued)

	At 1 April 2018	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 2019
Current	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Clinical negligence:-									
Secondary care	28,236	(19,907)	0	(6,420)	52,300	(20,400)	(6,629)	0	**27,180**
Primary care	0	0	0	0	0	0	0	0	**0**
Redress Secondary care	0	0	0	0	1,077	(575)	0	0	**502**
Redress Primary care	0	0	0	0	0	0	0	0	**0**
Personal injury	1,292	0	0	(367)	2,172	(864)	(648)	3	**1,588**
All other losses and special payments	49	0	0	0	304	(314)	(20)	0	**19**
Defence legal fees and other administration	1,081	0	0	(39)	1,664	(1,051)	(498)		**1,157**
Pensions relating to former directors	0			0	0	0	0	0	**0**
Pensions relating to other staff	151			76	78	(153)	0	1	**153**
Restructuring	0			0	0	0	0	0	**0**
Other	2,306		0	0	10,540	(3,578)	(215)		**9,053**
Total	**33,115**	**(19,907)**	**0**	**(6,750)**	**68,135**	**(26,935)**	**(8,010)**	**4**	**39,652**
Non Current									
Clinical negligence:-									
Secondary care	59,507	0	0	6,420	0	0	0	0	**65,927**
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	3,447	0	0	367	0	0	0	0	**3,814**
All other losses and special payments	0	0	0	0	0	0	0	0	**0**
Defence legal fees and other administration	687	0	0	39	0	0	0		**726**
Pensions relating to former directors	0			0	0	0	0	0	**0**
Pensions relating to other staff	389			(76)	0	0	0	0	**313**
Restructuring	0			0	0	0	0	0	**0**
Other	0		0	0	0	0	0		**0**
Total	**64,030**	**0**	**0**	**6,750**	**0**	**0**	**0**	**0**	**70,780**
TOTAL									
Clinical negligence:-									
Secondary care	87,743	(19,907)	0	0	52,300	(20,400)	(6,629)	0	**93,107**
Primary care	0	0	0	0	0	0	0	0	**0**
Redress Secondary care	0	0	0	0	1,077	(575)	0	0	**502**
Redress Primary care	0	0	0	0	0	0	0	0	**0**
Personal injury	4,739	0	0	0	2,172	(864)	(648)	3	**5,402**
All other losses and special payments	49	0	0	0	304	(314)	(20)	0	**19**
Defence legal fees and other administration	1,768	0	0	0	1,664	(1,051)	(498)		**1,883**
Pensions relating to former directors	0			0	0	0	0	0	**0**
Pensions relating to other staff	540			0	78	(153)	0	1	**466**
Restructuring	0			0	0	0	0	0	**0**
Other	2,306		0	0	10,540	(3,578)	(215)		**9,053**
Total	**97,145**	**(19,907)**	**0**	**0**	**68,135**	**(26,935)**	**(8,010)**	**4**	**110,432**

21. Contingencies

21.1 Contingent liabilities

	2019-20 £'000	Reclassified 2018-19 £'000
Provisions have not been made in these accounts for the following amounts :		
Legal claims for alleged medical or employer negligence:-		
Secondary care	**126,695**	108,369
Primary care	**31**	0
Redress Secondary care	**0**	0
Redress Primary care	**0**	0
Doubtful debts	**0**	0
Equal Pay costs	**0**	0
Defence costs	**2,284**	2,273
Continuing Health Care costs	**439**	828
Other	**0**	0
Total value of disputed claims	**129,449**	111,470
Amounts (recovered) in the event of claims being successful	**(125,022)**	(105,871)
Net contingent liability	**4,427**	5,599

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) and Continuing Health Care costs.

Pensions tax annual allowance – Scheme Pays arrangements 2019-20

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

- clinical staff who are members of the NHS Pension Scheme and who, as a result of work undertaken in the 2019-20 tax year, face a tax charge on the growth of their NHS pension benefits, may opt to have this charge paid by the NHS Pension Scheme, with their pension reduced on retirement;
- Betsi Cadwaladr University Local Health Board will then pay them a corresponding amount on retirement, ensuring that they are fully compensated for the effect of the deduction.

This scheme will be fully funded by the Welsh Government with no net cost to Betsi Cadwaladr University Local Health Board.

Clinical staff have until 31 July 2021 to opt for this scheme and the ability to make changes up to 31 July 2024.

Using information provided by the Government Actuaries Department and the NHS Business Services Authority, a national 'average discounted value per nomination' (calculated at £3,345) could be used by NHS bodies to estimate a local provision by multiplying it by the number of staff expected to take up the offer.

At the date of approval of these accounts, there was no evidence of take-up of the scheme by the Health Board's clinical staff in 2019-20 and no information was available to enable a reasonable assessment of future take up to be made. As no reliable estimate can therefore be made to support the creation of a provision at 31 March 2020, the existence of an unquantified contingent liability is instead disclosed.

21.2 Remote Contingent liabilities

	2019-20	2018-19
	£'000	£'000
Please disclose the values of the following categories of remote contingent liabilities :		
Guarantees	0	0
Indemnities	6,797	6,875
Letters of Comfort	0	0
Total	**6,797**	**6,875**

The 2019-20 balance for remote contingent liabilities relates to 2 litigation claims (2018-19 5 claims). In the event of these claims being successful £6,747,000 (2018-19 £6,754,000) would be recoverable from the Welsh Risk Pool.

21.3 Contingent assets

	2019-20	2018-19
	£'000	£'000
The Health Board does not hold any contingent assets	0	0
	0	0
	0	0
Total	**0**	0

22. Capital commitments

Contracted capital commitments at 31 March	2019-20	2018-19
	£'000	£'000
Property, plant and equipment	10,299	12,168
Intangible assets	0	0
Total	**10,299**	12,168

Capital commitments as at 31 March 2020 related to the following schemes:

Patient Administration Systems (PAS)
Substance Misuse - Holyhead, Anglesey
Substance Misuse - Shotton, Flintshire
North Denbighshire Community Hospital, Rhyl
Ablett Unit - Glan Clwyd Hospital
Orthopaedic Services
Computerised Tomography (CT) Scanner, Glan Clwyd Hospital
Emergency Department Clinical Information Management Solutions (EDCIMS)
Ruthin Primary Care Centre

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 2020	
	Number	**£**
Clinical negligence	185	14,913,633
Personal injury	54	1,496,992
All other losses and special payments	142	435,588
Total	381	16,846,213

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	28,304	382,574
	03RT8PI0015	Personal Injury	22,649	326,987
	04RT9MN0023	Clinical Negligence	0	2,100,000
	06RT9MN0022	Clinical Negligence	1,850,000	2,350,000
	08RT7MN0008	Clinical Negligence	0	5,025,000
	08RT7MN0020	Clinical Negligence	5,000	735,000
	09RT8MN0015	Clinical Negligence	100,000	5,675,000
	09RT8MN0039	Clinical Negligence	0	1,153,000
	10RT9MN0033	Clinical Negligence	10,000	3,033,194
	117A1MN0038	Clinical Negligence	306,000	306,000
	117A1MN0052	Clinical Negligence	2,498,131	3,001,037
	127A1MN0023	Clinical Negligence	468,798	777,500
	127A1MN0030	Clinical Negligence	120,000	1,120,000
	127A1MN0031	Clinical Negligence	20,000	965,000
	147A1MN0009	Clinical Negligence	280,000	367,500
	147A1MN0038	Clinical Negligence	373,297	373,297
	147A1MN0064	Clinical Negligence	20,000	2,695,000
	147A1MN0179	Clinical Negligence	340,411	340,411
	147A1MN0215	Clinical Negligence	125,000	460,345
	157A1MN0023	Clinical Negligence	0	440,667
	157A1MN0049	Clinical Negligence	108,615	361,857
	157A1MN0092	Clinical Negligence	0	404,580
	157A1MN0149	Clinical Negligence	350,600	350,600
	157A1MN0205	Clinical Negligence	296,500	371,500
	167A1MN0009	Clinical Negligence	0	301,000
	167A1MN0029	Clinical Negligence	40,000	636,795
	167A1MN0103	Clinical Negligence	0	1,035,541
	177A1MN0018	Clinical Negligence	417,500	417,500
	177A1MN0043	Clinical Negligence	851,758	851,758
	177A1MN0090	Clinical Negligence	1,285,000	1,380,000
	177A1PI0025	Personal Injury	620,298	620,298
Sub-total			**10,537,859**	**38,358,939**
All other cases			6,308,354	16,181,814
Total cases			**16,846,213**	**54,540,753**

24. Finance leases

24.1 Finance leases obligations (as lessee)

The Health Board does not have any finance lease obligations as a lessee.

Amounts payable under finance leases:

Land	**31 March 2020 £000**	31 March 2019 £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) continue

Amounts payable under finance leases:

Buildings	**31 March 2020**	31 March 2019
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 2020**	31 March 2019
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 does not have any finance lease receivables as a lessor.

Amounts receivable under finance leases:

	31 March 2020	31 March 2019
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 does not have any PFI schemes which are deemed to be off-statement of financial position

Commitments under off-SoFP PFI contracts	**Off-SoFP PFI contracts**	Off-SoFP PFI contracts
	31 March 2020	31 March 2019
	£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	**£000**
Capital value of scheme included in Fixed Assets Note 11	**1,027**

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

Total obligations for on-Statement of Financial Position PFI contracts due:

	On SoFP PFI Capital element 31 March 2020 £000	**On SoFP PFI Imputed interest 31 March 2020 £000**	**On SoFP PFI Service charges 31 March 2020 £000**
Total payments due within one year	**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**

	On SoFP PFI Capital element 31 March 2019 £000	On SoFP PFI Imputed interest 31 March 2019 £000	On SoFP PFI Service charges 31 March 2019 £000
Total payments due within one year	54	37	341
Total payments due between 1 and 5 years	233	128	1,496
Total payments due thereafter	780	162	5,460
Total future payments in relation to PFI contracts	1,067	327	7,297
Total present value of obligations for on-SoFP PFI contracts	**6,838**		

25.3 Charges to expenditure	2019-20	2018-19
	£000	£000
Service charges for On Statement of Financial Position PFI contracts (excl interest costs)	351	328
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	351	328

The LHB is committed to the following annual charges

PFI scheme expiry date:	31 March 2020 £000	31 March 2019 £000
Not later than one year	0	0
Later than one year, not later than five years	0	0
Later than five years	351	328
Total	351	328

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

Not applicable

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

	2019-20 £000	2018-19 £000
(Increase)/decrease in inventories	(1,325)	(887)
(Increase)/decrease in trade and other receivables - non-current	17,867	(6,488)
(Increase)/decrease in trade and other receivables - current	(13,263)	(11,613)
Increase/(decrease) in trade and other payables - non-current	(55)	(54)
Increase/(decrease) in trade and other payables - current	2,218	(931)
Total	**5,442**	(19,973)
Adjustment for accrual movements in fixed assets - creditors	1,297	5,334
Adjustment for accrual movements in fixed assets - debtors	0	0
Other adjustments	0	(1,371)
	6,739	(16,010)

28. Other cash flow adjustments

	2019-20 £000	2018-19 £000
Depreciation	32,899	31,132
Amortisation	358	454
(Gains)/Loss on Disposal	(19)	(158)
Impairments and reversals	48,712	23,639
Release of PFI deferred credits	0	0
Donated assets received credited to revenue but non-cash	(1,591)	(1,102)
Government Grant assets received credited to revenue but non-cash	0	0
Non-cash movements in provisions	10,235	40,222
Other movements	31,627	0
Total	**122,221**	94,187

Other movements of £31,627,000 in Note 28 Other cash flow adjustments relate to notional expenditure for additional staff employer pension contributions. Further information is provided in Note 34.1 on page 69

29. Events after the Reporting Period

Covid-19 Pandemic

The need to plan and respond to the Covid-19 pandemic has impacted significantly on the Health Board, wider NHS and society as a whole. This has required a dynamic response which has presented a number of opportunities in addition to risks. The need to respond and recover from the pandemic will be with the Health Board and wider society throughout 2020-21 and beyond and the Health Board's Governance Framework will need to consider and respond to this need on an on-going basis.

The Health Board plans to incur additional expenditure during 2020-21 as it establishes three field hospitals and increases bed capacity within acute, community and continuing healthcare sectors. The Health Board is also forecasting that it will not deliver its original planned level of savings during the financial year as a result of the focused response to the pandemic.

Whilst an accurate forecast of the full financial impact of the pandemic cannot be made at this stage details will be reported to Welsh Government on an ongoing basis during 2020-21 and will be subject to formal monitoring and review processes.

Additional expenditure of £1,152,000 specifically related to the pandemic was incurred during 2019-20 and all costs incurred up to 31st March 2020 have been included within these financial statements. Further details are provided in Note 34 on page 70d.

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	76	1,590,499	65	6,999
Aneurin Bevan LHB	44	953	13	67
Cardiff & Vale University LHB	706	604	107	175
Cwm Taf Morgannwg LHB	188	115	43	60
Health Education and Improvement Wales (HEIW)	4	14,726	4	66
Hywel Dda LHB	4,838	338	223	40
Powys LHB	573	3,515	91	186
Public Health Wales NHS Trust	5,344	3,540	1,282	165
Swansea Bay University LHB	186	288	8	66
Velindre NHS Trust	21,808	3,655	1,905	1,697
Welsh Ambulance Services NHS Trust	5,584	384	75	121
Welsh Risk Pool	0	0	0	96,584
WHSSC / EASC	177,042	41,927	470	2,051
Total	**216,393**	**1,660,544**	**4,286**	**108,277**

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	9,197	1,518	5,525	625
Denbighshire County Council	8,830	2,439	3,360	1,171
Flintshire County Council	12,783	2,001	4,910	1,204
Gwynedd County Council	11,176	1,177	4,479	365
Isle of Anglesey Council	5,989	1,322	2,522	224
Wrexham County Borough Council	12,310	4,160	5,003	1,711
Other Welsh Local Authorities (Including Police & Crime Commissioners and Fire Authorities)	769	320	97	16
Total	**61,054**	**12,937**	**25,896**	**5,316**

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 £2,184,000 from the charitable fund during the year (2018-19 £2,113,000).

30. Related Party Transactions (Continued)

All Board Members are required to submit an annual Declaration of Interests covering the following seven areas:

A: Interest in a company which may compete for an NHS contract to supply goods and services to Betsi Cadwaladr University Local Health Board
B: Any self-beneficial interest in a private care home, hostel or independent health care provider
C: Any relevant outside employment, including self employment, whilst employed by the Health Board
D: Interest in the Pharmaceutical Industry or Allied Commercial Sector
E: Personal links to, or relationships with, individuals in local or national government / AMs / MPs
F: Councillorships, Directorships or any other relevant position
G: Any other matters to declare (including issues relating to personal relationships and maintaining clear professional boundaries)

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 2019-20 financial year including any material transactions with related parties. Full details of individual Board Members declarations are provided in Note 34 Other Information.

Name	Details of positions held during the financial year (or part thereof)	Dates positions held	Declarations made
Directors / Executive Directors			
Mr G Doherty	Chief Executive	01.04.19 - 09.02.20	G
Mr S Dean	Interim Chief Executive	10.02.20 - 31.03.20	G
Mr A Thomas	Executive Director of Therapies and Health Sciences	01.04.19 - 31.03.20	G
Mrs L Singleton	Acting Associate Board Member Director of Mental Health and Learning Disabilities	01.11.19 - 31.03.20	A
Independent Members			
Mr M Polin OBE QPM	Chair	01.04.19 - 31.03.20	G
Mrs M W Jones	Independent Member and Vice Chair	01.04.19 - 30.11.19	F, G
Mrs L Reid	Independent Member and Vice Chair (01.12.19 - 31.03.20)	01.04.19 - 31.03.20	C
Cllr C Carlisle	Independent Member	01.04.19 - 31.03.20	F, G
Mr J Cuncliffe	Independent Member	01.04.19 - 31.03.20	F, G
Prof N Callow	Independent Member (University Representative)	05.06.19 - 31.03.20	G
Mrs J F Hughes	Independent Member (Trades Union Representative)	01.04.19 - 31.03.20	G
Cllr R Medwyn Hughes	Independent Member (Local Authority Representative)	01.04.19 - 31.03.20	C, E, F
Mr H E Jones	Independent Member	05.08.19 - 31.03.20	G
Mrs L Meadows	Independent Member	01.04.19 - 31.03.20	G
Mrs H Wilkinson	Independent Member	01.04.19 - 31.03.20	C
Associate Board Members			
Mrs M Edwards	Associate Board Member - Director of Social Services	01.04.19 - 31.03.20	G
Mr G Evans	Associate Board Member - Chair - Healthcare Professionals Forum	01.04.19 - 31.03.20	F, G
Mr Ff Williams	Associate Board Member - Chair - Stakeholder Reference Group	01.04.19 - 31.03.20	A, F

No other Health Board members who served during the 2019-20 financial year disclosed any related party interests.

Material transactions between the Health Board and related parties during 2019-20 were as follows (unless already reported on page 65):	Expenditure with related party £000	Income from related party £000	Amounts owed to related party £000	Amounts due from related party £000
Adra (formerly Cartrefi Cymunedol Gwynedd)	(2)	0	0	0
Bangor University	793	953	359	207
Boots the Chemist	5,765	0	0	0
Denbighshire Voluntary Services Council	3	0	0	0
Health Education England	0	185	0	0

31. Third Party assets

As at 31 March 2020, the Health Board held £272,827 cash at bank and in hand on behalf of third parties (31 March 2019 £254,441) comprising:

	2019-20	2018-19
	£	£
Monies held on behalf of patients - savings accounts	98,396	98,198
Monies held on behalf of patients - current accounts and cash in hand	113,350	85,143
Deposits for staff residential accommodation	45,900	71,100
Monies held on behalf of Glan Clwyd Hospital League of Friends	15,181	0
	272,827	254,441

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 31 March 2020 was £2,857,997.

As this is the first year that consignment stock has been recorded alongside the main stock count, prior year figures for 2018-19 are not available.

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 page 70-70b 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 1 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 2019-20 was £26.10m (2018-19 £13.40m) of revenue funding plus ICF capital grant funding of £8.20m (2018-19 £7.06m). 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. Three 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	**2019-20**	**2018-19**
	£'000	**£'000**
Area Teams *	637,320	608,693
Commissioner Contracts *	205,188	188,136
Provider Income	(20,755)	(19,339)
Total Area Teams	**821,753**	**777,490**
Secondary Care - Operating Costs less Miscellaneous Income		
Secondary Care - District Hospital Services *	332,145	319,440
North Wales Hospital Services	102,539	101,821
Womens Services	39,126	38,211
Total Secondary Care	**473,810**	**459,472**
Mental Health & Learning Disabilities	**126,630**	**121,261**
Corporate Functions and Other Expenditure	**126,636**	**119,660**
6.3% Staff employer pension contributions notional expenditure (See Note 34.1)	**31,627**	**0**
Depreciation, Impairments and Finance Costs	**82,006**	**55,263**
Donated/Granted Capital Income	**(1,591)**	**(1,102)**
(Profit)/Loss on disposal of capital assets	**(19)**	**(158)**
Operating Costs sub-total	**1,660,852**	**1,531,886**
Revenue Resource Limit	**1,622,156**	**1,490,607**
Under/(over) spend against Revenue Resource Limit	**(38,696)**	**(41,279)**

* Operating segments which meet the standard criteria for reporting as per par 1.406 of the Welsh Government Manual for Accounts 2019-20.

34. Other Information

34.1. 6.3% Staff Employer Pension Contributions - Notional Element

The value of notional transactions is based on estimated costs for the twelve month period 1 April 2019 to 31 March 2020. This has been calculated from actual Welsh Government expenditure for the 6.3% staff employer pension contributions between April 2019 and February 2020 alongside Health Board data for March 2020.

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:

Statement of Comprehensive Net Expenditure for the year ended 31 March 2020		**£'000**
Expenditure on Primary Healthcare Services	**2019-20**	894
Expenditure on healthcare from other providers	**2019-20**	15
Expenditure on Hospital and Community Health Services	**2019-20**	30,718

Statement of Changes in Taxpayers' Equity For the year ended 31 March 2020		
Net operating cost for the year	**Balance at 31 March 2020**	31,627
Notional Welsh Government Funding	**Balance at 31 March 2020**	31,627

Statement of Cash Flows for year ended 31 March 2020		
Net operating cost for the financial year	**2019-20**	31,627
Other cash flow adjustments	**2019-20**	31,627

2.1 Revenue Resource Performance		
Revenue Resource Allocation	**2019-20**	31,627

3. Analysis of gross operating costs		
3.1 Expenditure on Primary Healthcare Services		
General Medical Services	**2019-20**	894
3.2 Expenditure on healthcare from other providers		
Continuing Care	**2019-20**	15
3.3 Expenditure on Hospital and Community Health Services		
Directors' costs	**2019-20**	71
Staff costs	**2019-20**	30,647

9.1 Employee costs		
Permanent Staff		
Employer contributions to NHS Pension Scheme	**2019-20**	31,627
Charged to capital	**2019-20**	0
Charged to revenue	**2019-20**	31,627

18. Trade and other payables		
Current		
Pensions: staff	**Balance at 31 March 2020**	0

28. Other cash flow adjustments		
Other movements	**2019-20**	31,627

34. Other Information (continued)

Memorandum Note - Note 32 - Pooled Budgets

North East Wales Community Equipment Service Memorandum Accounts 2019-20

The North East Wales Pool is hosted by Flintshire County Council and the formal partnership agreement commenced on 8 July 2009. A memorandum of account has been produced by Flintshire County Council, as shown below:

	2019-20	2018-19
Pooled Budget contributions	**£ 000**	**£ 000**
Flintshire County Council	300	295
Wrexham County Borough Council	285	281
Betsi Cadwaladr University Local Health Board	419	411
Other	226	181
Total Pooled Budget contributions for the year	**1,230**	**1,168**
Expenditure		
Equipment Purchases	416	468
Operating Expenditure	793	608
Non Operating Expenditure	0	0
Total Expenditure for the year	**1,209**	**1,076**
Net Surplus/(Deficit) on the Pooled Budget for the Year	**21**	**92**

Denbighshire Community Equipment Service Memorandum Accounts 2019-20

The Denbighshire Pool is hosted by Denbighshire County Council. The initial three year partnership agreement commenced on 1 April 2009 and ended on 31st March 2012.

The second partnership agreement commenced on 1 April 2012 and ran until 31 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:

	2019-20	2018-19
Pooled budget contributions	**£ 000**	**£ 000**
Denbighshire County Council	219	220
Betsi Cadwaladr University Local Health Board (Core)	138	138
Betsi Cadwaladr University Local Health Board (Bed Service)	51	51
Other - HEC / CHC / Intermediate Care	116	139
Total Pooled Budget contributions for the year	**524**	**548**
Expenditure		
Equipment purchases (Core and CHC)	122	120
Operating Expenditure	420	415
Change of computer system from DICES to ELMS	0	0
Total Expenditure for the year	**542**	**535**
Net Surplus/(Deficit) on the Pooled Budget for the Year	**(18)**	**13**
Cumulative net Surplus/(Deficit) on the Pooled Budget	**15**	**33**

34. Other Information (continued)

Memorandum Note - Note 32 - Pooled Budgets

Denbighshire Health and Social Care Support Workers Service - Memorandum Accounts 2019-20

The Denbighshire Health and Social Care Support Workers Service Pool is hosted by Denbighshire County Council who have produced a memorandum account for the 2019-20 financial year as shown below:

	2019-20	2018-19
Pooled Budget contributions	**£ 000**	**£ 000**
Denbighshire County Council	50	50
Betsi Cadwaladr University Local Health Board	50	50
Betsi Cadwaladr University Local Health Board - Primary Care 3 x 30 hour posts	0	29
ICF Grant Allocation	51	52
ICF Grant Allocation - from slippage	3	24
Total Pooled Budget contributions for the year	**154**	**205**
Expenditure		
Employee Expenses	140	187
Other Operating Expenditure	15	18
Total Expenditure for the year	**155**	**205**
Net Surplus/(Deficit) on the Pooled Budget for the Year	**(1)**	**0**
Cumulative net Surplus/(Deficit) on the Pooled Budget	**46**	**47**

Bryn-y-Neuadd Community Equipment Store Memorandum Accounts 2019-20

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. This is the first year that a memorandum account for this arrangement has been separately disclosed within the Health Board's annual accounts.

	2019-20	2018-19
Contributions	**£ 000**	**£ 000**
Ynys Mon County Council	156	154
Conwy County Council	183	181
Gwynedd County Council	196	193
Betsi Cadwaladr University Local Health Board	484	472
Special Orders	90	90
Total Pooled Budget Contributions	**1,109**	**1,090**
Expenditure		
Operating Expenses	607	613
Equipment Purchases (incl. Special Orders)	519	499
Total Expenditure	**1,126**	**1,112**
Net Surplus/(Deficit) on the Pooled Budget for year	**(17)**	**(22)**
Cumulative Net Surplus/(Deficit) on the Pooled Budget	**(93)**	**(76)**

34. Other Information (continued)

Memorandum Note - Note 32 - Pooled Budgets

North Wales Older People Accommodation Pooled Budget

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 2020 is shown below. Payments in respect of the contributions for Quarter 4 2019-20 will be made in arrears during 2020-21 in accordance with the Partnership Agreement:

	2019-20
Contributions	**£ 000**
Denbighshire County Council	9,041
Conwy County Borough Council	13,417
Flintshire County Council	8,916
Wrexham County Borough Council	11,059
Gwynedd Council	7,839
Isle of Anglesey County Council	5,075
Betsi Cadwaladr University Local Health Board	38,556
Total Pooled Budget Contributions	**93,903**
Expenditure	
Care Home Costs	93,903
Total Expenditure for the year	**93,903**
Net Surplus/(Deficit) on the Pooled Budget for the Year	**0**

34. Other Information (continued)

Continuing Healthcare Cost uncertainties

Whilst liabilities for continuing healthcare costs continue to be a significant financial issue for the Health Board, significant progress has been made in the processing of claims dating back to 1 April 2003. The Health Board had 100 remaining claims for consideration and settlement as at 31 March 2020.

Betsi Cadwaladr University LHB is responsible for post 1 April 2003 costs and the financial statements include the following amounts relating to those uncertain continuing healthcare costs:

Note 20 - Provisions sets out the £2,286,000 provision made for probable continuing care costs relating to 84 claims received for Phases 2-7 and £2,416,000 in respect of other continuing care provisions;

Note 21.1 - Contingent liabilities sets out the £439,000 contingent liability for possible continuing care costs relating to 16 claims received.

Special Measures

The Welsh Government Minister for Health and Social Services took the decision to place the Health Board into Special Measures on 8 June 2015. As part of this action the Minister appointed a team to provide support for improvement in the following key areas:

Governance and Leadership
Mental Health Services
Maternity Services at Ysbyty Glan Clwyd
GP and Primary Care Services

Under the Joint Escalation and Intervention Arrangements, the Welsh Government meets with the Wales Audit Office and Healthcare Inspectorate Wales twice a year to discuss the overall position of the Health Board in respect of quality, service performance and financial management. A wide range of information and intelligence is considered to identify any issues and to inform the assessment.

The Minister for Health and Social Services, Vaughan Gething AM, confirmed in a written statement on 14 November 2019 that maternity and GP out of hours services had been stepped down as special measures concerns and recognised that progress had also been made in the areas of primary care and infection control.

The Minister outlined a clear set of immediate expectations in the following areas where the Health Board now needs to demonstrate progress in order to move down the escalation levels:

Planning
Unscheduled and planned care performance
Financial management

He also confirmed the importance of the Health Board sustaining progress it has already made in the areas of adult mental health services and quality measures as acknowledged in previous tripartite discussions.

The full written statement is available on the Welsh Government website at www.gov.wales/written-statement-betsi-cadwaladr-uhb-improvement-framework.

Whilst a further special tripartite meeting was scheduled for Spring 2020, Dr Andrew Goodall, NHS Wales Chief Executive advised on 20 March 2020 that due to on-going priorities relating to the COVID-19 pandemic Welsh Government would be stepping down special measures interaction and discussions until later in the year.

34. Other Information (continued)

Note 15 Expected Credit Losses (ECL) / Provision for impairment of receivables footnote

The Expected Credit Losses (ECL) / Provision for impairment of receivables footnote on page 48 provides an analysis of movements in the provision for irrecoverable debts balance during the year relating to invoiced income. The Health Board also holds provisions for irrecoverable debts in respect of non-invoiced income (including the Injury Cost Recovery (ICR) Scheme) which are outside the scope of IFRS9 and therefore not included within the footnote.

As at 31 March 2020 the balance of provisions on non-invoiced income was £1,146,000 (31 March 2019 £992,000) which represents the difference between the closing balance in the footnote of £2,249,000 (31 March 2019 £5,121,000) and the provision for irrecoverable debts lines in Note 15 of £3,395,000 (31 March 2019 £6,113,000).

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 31 March 2020 was £13,020,000 (31 March 2019 £14,595,000) of which £7,534,000 (31 March 2019 £6,239,000) had not yet passed their due date and were therefore excluded from the calculation. Of the remaining balance £1,643,000 (31 March 2019 £4,896,000) of invoices had been either partly or fully impaired resulting in a remaining balance of £3,843,000 which were past their due date but not impaired (31 March 2019 £3,460,000).

Covid-19 Pandemic

The Covid-19 pandemic presented a number of challenges to the Health Board during March 2020 with directly linked additional costs of £1,152,000 being incurred during the month. These costs included additional pay expenditure of £430,000 and non-pay expenditure of £722,000. Non-pay costs related to both clinical and non-clinical expenditure including medical and surgical equipment, bedding and laundry, protective clothing, drugs, premises costs and provisions for catering.

The Health Board held Covid-19 specific stocks of Personal Protective Equipment (PPE) valued at £57,000 as at 31st March 2020 and these are included in Note 14.1 Inventories on page 46. Welsh Government also provided additional resource funding of £11,000 during March 2020 for the printing of Community COVID Assessment Pathway Packs.

The additional costs that the Health Board incurred during March 2020 were partly mitigated by actions announced by the Minister for Health and Social Services on 13th March 2020 including the suspension of non-urgent outpatient appointments, surgical admissions and procedures.

The focused response to Covid-19 during March 2020 also meant that additional work by the Health Board to reduce waiting lists which included outsourcing activity to other providers could not be completed as originally planned. The financial recovery programme was also stepped down during the month.

The financial impact of the Covid-19 pandemic on the Health Board's financial performance during 2019-20 was reported to Welsh Government through the monthly monitoring return process in April 2020.

Implementation of IFRS16 Leases

HM Treasury agreed with the Financial Reporting Advisory Board (FRAB), to defer the implementation of IFRS 16 *Leases* until 1 April 2021, because of the circumstances caused by Covid-19. To ease the pressure on NHS Wales Finance Departments the IFRS 16 detailed impact statement has been removed by the Welsh Government Health and Social Services Group,Finance Department.

The Health Board expects that the introduction of IFRS16 will have a significant impact and this will be worked through for disclosure in the 2020-21 financial statements.

34. Other Information (continued)

As detailed in Note 30 Related Party Transaction, Board Members are required to make an annual Declaration of Interests, including nil returns where applicable. The following table provides details of all declarations of interest made during the 2019-20 financial year.

Name	Details of positions held during the financial year	Declaration	Details of interest declared
Directors/Executive Directors			
Mr G Doherty	Chief Executive	G	Spouse is employed by Health Education England.
Mr S Dean	Interim Chief Executive	G	Seconded civil servant employed by Welsh Government.
Mr A Thomas	Executive Director of Therapies and Health Sciences	G	Spouse is employed by Boots UK as an Accuracy Checking Technician.
Mrs L Singleton	Acting Associate Board Member Director of Mental Health and Learning Disabilities	A	Spouse is the owner of Gwynedd Forklifts and GFL Access.
Independent Board Members			
Mr M Polin OBE QPM	Chair	G	Spouse is employed by the Health Board.
Mrs M W Jones	Independent Member and Vice Chair	F, G	Chair of Council, Bangor University. Vice Chair of Arts Council Wales. Trustee of Kyffin Williams Trust. Trustee of Canolfan Gerdd William Mathias.
Mrs L Reid	Independent Member and Vice Chair (01.12.19 - 31.03.20)	C	Committee Chair for the Primary Care Appeals Service of NHS Resolution. Magistrate for the North Wales Criminal Bench Director of Anakrisis Ltd which provides specialist training and advisory services to NHS England, NHS Improvement and the Care Quality Commission
Cllr C Carlisle	Independent Member	F, G	County Councillor, Conwy Council. Deputy Chair, Clwyd West Conservatives. School Governor, Ysgol Bryn Elian. Member of the Conwy and Denbighshire Adoption Panel
Mr J Cuncliffe	Independent Member	F, G	Director of Abernet Ltd. Member of the Joint Audit Committee, North Wales Police and Crime Commissioner. Spouse is employed by the Health Board.
Prof N Callow	Independent Member (University Representative)	G	Dean of the College of Human Sciences at Bangor University
Mrs J F Hughes	Independent Member (Trades Union Representative)	G	Three children are employed, or volunteer, within the Health Board. Chair of the Welsh Council of the Society and College of Radiographers
Cllr R Medwyn Hughes	Independent Member (Local Authority Representative)	C, E, F	Director of Meditel Limited. Local Authority member, Gwynedd County Council. Member of the Care Scrutiny Committee and the Audit and Governance Committee. Bangor City Councillor. Chair of the Friends of the William Mathias Centre
Mr H E Jones	Independent Member	G	Member of Gwynedd Pension Board. Member of Gwynedd County Council Standards Committee. Justice of the Peace for North West Wales bench. Member of Adra (formerly Cartrefi Cymunedol Gwynedd). Member of Glas Cymru.
Mrs L Meadows	Independent Member	G	Trustee of Wirral Hospice St John's.
Mrs H Wilkinson	Independent Member	C	Chief Executive, Denbighshire Voluntary Services Council. Wales Committee Member of the National Lottery Community Fund.
Associate Board Members			
Mrs M Edwards	Associate Board Member - Director of Social Services	G	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.
Mr G Evans	Associate Board Member - Chair - Healthcare Professionals Forum	F, G	Member of the Welsh Therapy Advisory Committee (WTAC). Spouse is employed by the Health Board.
Mr Ff Williams	Associate Board Member - Chair - Stakeholder Reference Group	A, F	Chief Executive of Adra (formerly Cartrefi Cymunedol Gwynedd), a housing association based in Gwynedd but which operates across the whole of North Wales.

The Certificate and independent auditor's report of the Auditor General for Wales to the Senedd

Report on the audit of the financial statements

Opinion

I certify that I have audited the financial statements of Betsi Cadwaladr University Health Board for the year ended 31 March 2020 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 HM Treasury's Financial Reporting Manual based on International Financial Reporting Standards (IFRSs).

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 2020 and of its net operating costs for the year then ended; and
- have been properly prepared in accordance with the National Health Service (Wales) Act 2006 and directions made there under by Welsh Ministers.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)). 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 opinion.

Emphasis of matter

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, instructing her to fund NHS Clinicians' pension tax liabilities incurred by NHS Wales bodies in respect of the 2019-20 financial year. The Health Board has disclosed the existence of a contingent liability at 31 March 2020, and my opinion is not modified in respect of this matter.

Conclusions relating to going concern

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Chief Executive has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the board's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Chief Executive is responsible for the other information in the annual report and accounts. The other information comprises the information included in the annual report other than the financial statements and my auditor's report thereon. 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.

In connection with my audit of the financial statements, my responsibility is to read the other information to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies, I consider the implications for my report.

Qualified opinion on regularity

In my opinion, except for the irregular expenditure of £118.813 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 £118.813 million over the £4,566 million that it was authorised to spend in the three-year period 2017-18 to 2019-20. This spend constitutes irregular expenditure. Further detail is set out in the attached Report.

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.

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 Annual Governance Statement.

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

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

Report

Please see my Report below.

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.

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.

Adrian Crompton
Auditor General for Wales
2 July 2020

24 Cathedral Road
Cardiff
CF11 9LJ

Report of the Auditor General to the Senedd

Introduction

Local Health Board (LHBs) are required to meet two statutory financial duties – known as the first and second financial duties.

For 2019-20 Betsi Cadwaladr University Health Board (the LHB) failed to meet both the first and the second financial duty and so I have decided to issue a narrative report to explain the position.

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 fourth three-year period under this duty is 2017-18 to 2019-20, and so it is measured this year for the fourth time.

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 £4,566 million by £118.813 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 2019-20 if it submitted a 2019-20 to 2021-22 plan approved by its Board to the Welsh Ministers who then approved it by the 30th June 2019.

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.

Following the LHB being placed in Special Measures in June 2015, the LHB were not in a position to submit a three-year integrated medium-term plan for 2019-2022. Instead the LHB has operated, in agreement with the Welsh Government, under annual planning arrangements. The LHB's Annual Operating Plan for 2019-20, which identified a planned annual deficit of £35 million, was approved by its Board in March 2019. However, the LHB's eventual deficit for 2019-20 was £38.7 million.

Adrian Crompton
Auditor General for Wales
2 July 2020