Hywel Dda University Health Board

Accountability Report 2017/2018

Bwrdd Iechyd Prifysgol Hywel Dda
University Health Board

GIG CYMRU NHS WALES

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Bwrdd Iechyd Prifysgol Hywel Dda University Health Board

Annual Governance Statement 2017-2018

Scope of Responsibility

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

The Hywel Dda University Health Board (the UHB) recognises that the function of governance is to ensure that an organisation fulfils its overall purpose, achieves its intended outcomes for citizens and service users and operates in an effective, efficient and ethical manner. In recognising that governance is a wide-ranging term encompassing concepts such as leadership, stewardship, accountability, scrutiny, challenge, ethical behaviours, values and controls, the essence of Hywel Dda is reflected in its Values and Behaviours Framework, which represents how we do things and the behaviours expected of those working for the UHB.

As illustrated above, the personal values are: Dignity, Respect and Fairness, Integrity, Openness and Honesty; Caring, Kindness and Compassion. In addition to the personal values, there are three statements that represent the organisational values: working together to be the best we can be; striving to develop and deliver excellent services; and putting people at the heart of what we do. These values are also integral to the essence of the UHB.

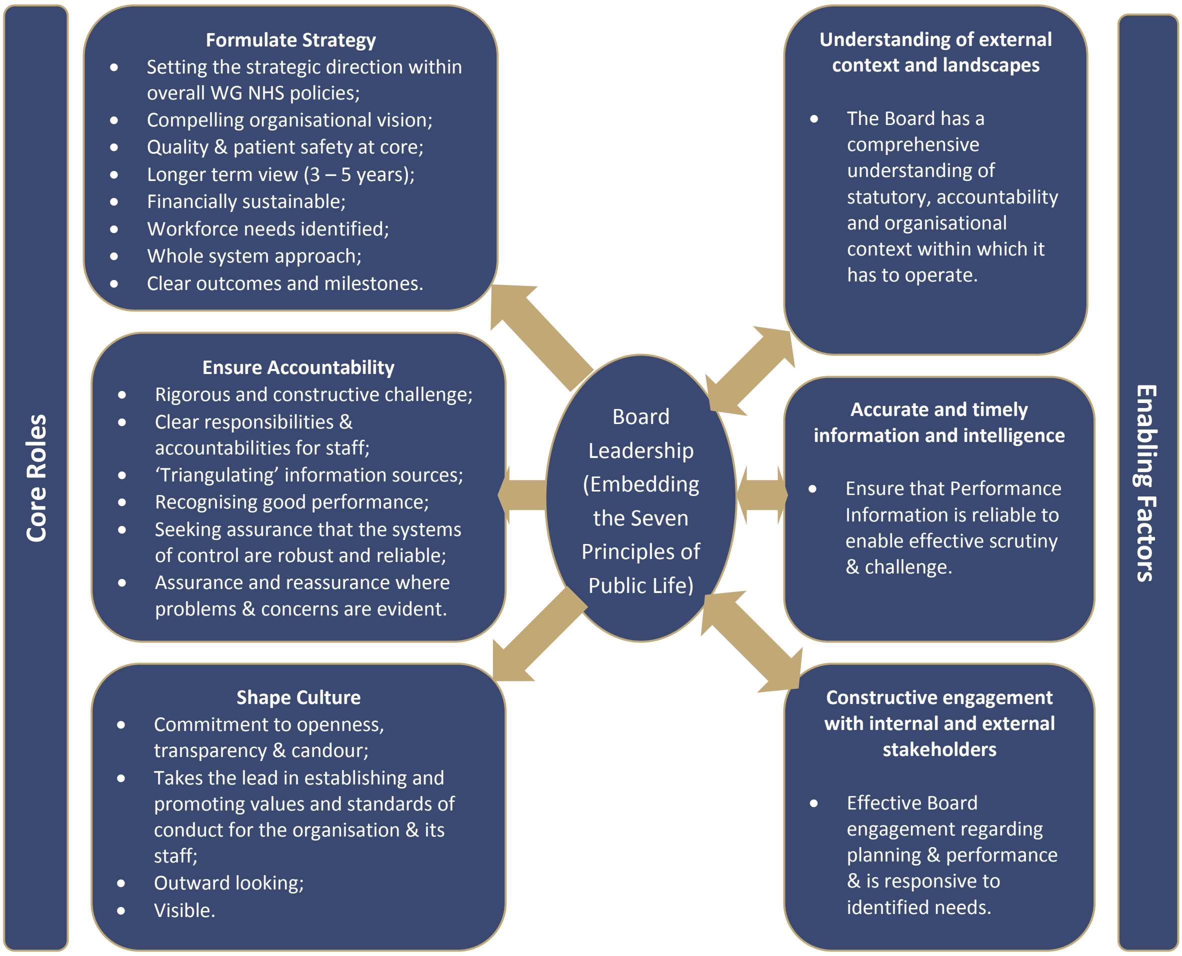
During the year, a video, featuring various members of staff discussing their experience of the Hywel Dda Organisational Values and Behaviours, was presented at a meeting of the Board. This demonstrated that the organisational values and behaviours are being embedded in all we do, define who we are and what we stand for, creating positive experiences and defining the culture of Hywel Dda, and that our values are not just words on a page. Whilst recognising that it is difficult to identify tangible improvements from introduction of the Values and Behaviours Framework, the UHB has retained/achieved the Corporate Health Standard at Gold and Platinum level, has seen staff sickness absence rates reduce significantly and staff survey results improve over previous years.

The Board is responsible for maintaining appropriate governance arrangements to ensure that it is operating effectively and delivering safe, high quality care. It also recognises the need to govern the organisation effectively and in doing so build public and stakeholder confidence. This is of particular relevance in light of the challenges we face as an organisation and the decisions that were taken when considering the outcomes from both the Transforming Mental Health Services and the Transforming Clinical Services programmes of work. It has therefore been imperative that a robust governance structure has been enacted around the delivery of these major pieces of work during this year, in order to ensure openness and transparency regarding our future plans.

The UHB has remained at the "Targeted Intervention" level of the Welsh Government's Enhanced Monitoring under the NHS Wales Escalation Framework arrangements throughout the year, with no further escalation. During the year the UHB has, with the support provided from the Welsh Government (WG), been working very hard to continue with the improvements commenced the previous year. Whilst the UHB has delivered on a range of difficult areas during some particularly pressured operational periods and some areas of progress have been identified, the UHB's financial position has been a dominant factor throughout the year.

All Board members share corporate responsibility for formulating strategy, ensuring accountability, monitoring performance and shaping culture, together with ensuring that the Board operates as effectively as possible. The Board, which comprises individuals from a range of backgrounds, disciplines and areas of expertise, has during the year provided leadership and direction, ensuring that sound governance arrangements are in place.

Taking the above principles into account, the principal role of the Board during the year has been to exercise leadership, direction and control as shown in the following figure:



The Board has an open culture with its meetings held in public and the meeting papers, as well as those of its committees, are available on the UHB's website. The Board has a strong and independent non-executive element and no individual or group dominates its decision making process. The Board considers that each of its non-executive member is independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement. There is a clear division of responsibility in that the roles of the Chair and CEO are separate.

Board and Committee Membership

The Board has been constituted to comply with the Local Health Boards (Constitution, Membership and Procedures) (Wales) Regulations 2009. In addition to responsibilities and accountabilities set out in the terms and conditions of appointment, Board members also fulfil a number of Champion roles where they act as ambassadors for these matters. This year, the Board has experienced turnover of Independent Members, with a proactive approach and effective management of the situation being taken by the Chair. There have also been a number of changes within the Executive Team, which by year end was at full complement. Board and Committee Membership and Champion roles during 2017-2018 were as follows, reflecting the changes during the year due to the departure and subsequent appointment of both Independent and Executive Board Members:

Table 1

NAME	POSITION	AREA OF EXPERTISE REPRESENTATION ROLE	BOARD COMMITTEE MEMBERSHIP/ATTENDANCE	ATTENDANCE AT MEETINGS 2017/2018	CHAMPION ROLES
Bernardine Rees	Chair		• (Chair) Board • (Chair) Remuneration & Terms of Service Committee	8/8 4/5	• Unscheduled Care
Judith Hardisty	Vice Chair	Mental Health Primary Care & Community Services	• (Vice Chair) Board • Quality & Safety Experience Assurance Committee • (Chair) Mental Health Legislation Assurance Committee • Audit & Risk Assurance Committee • (Chair) Primary Care Applications Committee • Business Planning & Performance Assurance Committee	7/8 4/6 4/4 1/1 5/6 6/6	• Carers
Julie James	Independent Member	Third Sector	• Board • Quality Safety & Experience Assurance Committee • (Vice-Chair) Audit & Risk Assurance Committee • Charitable Funds Committee • Remuneration & Terms of Service Committee • (Vice-Chair) Primary Care Applications Committee • Business Planning & Performance Assurance Committee	7/8 3/6 9/9 2/4 3/5 5/6 4/6	• NHS (Concerns; Complaints and Redress Arrangements) (Wales)

NAME	POSITION	AREA OF EXPERTISE REPRESENTATION ROLE	BOARD COMMITTEE MEMBERSHIP/ATTENDANCE	ATTENDANCE AT MEETINGS 2017/2018	CHAMPION ROLES
Mike Ponton (21.02.2018)	Independent Member	Community	• Board • (Chair) Business Planning & Performance Assurance Committee • Audit & Risk Assurance Committee • Quality Safety & Experience Assurance Committee • Remuneration & Terms of Service Committee • Primary Care Applications Committee	5/7 5/5 7/8 4/6 3/4 4/6	• Children & Young People's Services • Armed Forces & Veterans
Professor John Gammon	Independent Member	University	• Board • (Chair) Quality Safety & Experience Assurance Committee • (Chair) University Partnership Board • Mental Health Legislation Assurance Committee • Business Planning & Performance Assurance Committee • Remuneration & Terms of Service Committee	7/8 6/6 4/4 2/4 3/4 3/3	
Don Thomas (31.10.2017)	Independent Member	Finance	• Board • Audit & Risk Assurance Committee • Remuneration & Terms of Service Committee	4/5 5/5 1/2	
David Powell	Independent Member	Information, Communications & Technology	• Board • Audit & Risk Assurance Committee • (Vice-Chair/Chair from 21.02.2018) Business Planning & Performance Assurance Committee • (Chair) Charitable Funds Committee • Primary Care Applications Committee • Remuneration & Terms of Service Committee • Quality, Safety and Experience Assurance Committee	8/8 9/9 6/6 3/3 5/6 2/2 1/1	
Simon Hancock	Independent Member	Local Authority	• Board • ARAC • (Vice-Chair) Charitable Funds Committee • Business Planning & Performance Assurance Committee • Mental Health Legislation Assurance Committee • University Partnership Board	8/8 4/9 4/4 6/6 3/4 3/4	• Older People • Equalities & Diversity • Flu • Emergency Planning • Armed Forces & Veterans wef 01.03.2018

NAME	POSITION	AREA OF EXPERTISE REPRESENTATION ROLE	BOARD COMMITTEE MEMBERSHIP/ATTENDANCE	ATTENDANCE AT MEETINGS 2017/2018	CHAMPION ROLES
Adam Morgan	Independent Member	Trade Union	• Board • Charitable Funds Committee • (Vice-Chair) Quality Safety & Experience Assurance Committee • Mental Health Legislation Assurance Committee • University Partnership Board	5/8 4/4 6/6 3/4 1/4	
Delyth Raynsford	Independent Member	Community	• Board • (Vice-Chair) Mental Health Legislation Assurance Committee • (Vice-Chair) Charitable Funds • University Partnership Board • Quality Safety & Experience Assurance Committee	8/8 3/4 3/4 4/4 6/6	• Welsh Language • Cleaning, Hygiene and Infection Management • Children, Young People & Maternity Services • Nutrition & Hydration
Mike Lewis	Independent Member	Finance	• Board • Audit & Risk Assurance Committee • Business Planning & Performance Assurance Committee • Charitable Funds Committee • Mental Health Legislation Assurance Committee	3/3 3/3 3/3 2/2 0/1	
Paul Newman	Independent Member	Community	• Board • (Chair) Audit & Risk Assurance Committee • Business Planning & Performance Assurance Committee • Remuneration & Terms of Service Committee • Mental Health Legislation Assurance Committee • Quality Safety & Experience Assurance Committee	6/8 9/9 3/3 3/3 2/3 3/3	
Steve Moore	Chief Executive Officer		• Board • Remuneration & Terms of Service Committee	8/8 5/5	• Time to Change Wales Mental Health
Joe Teape	Deputy Chief Executive Officer/ Director of Operations		• Board • Business Planning & Performance Assurance Committee • Quality Safety & Experience Assurance Committee • Mental Health Legislation Assurance Committee • Charitable Funds Committee	8/8 6/6 5/6 3/4 4/4	• Delayed Transfers of Care • Sustainable Development • Security

NAME	POSITION	AREA OF EXPERTISE REPRESENTATION ROLE	BOARD COMMITTEE MEMBERSHIP/ATTENDANCE	ATTENDANCE AT MEETINGS 2017/2018	CHAMPION ROLES
Karen Miles	Executive Director of Planning, Performance & Commissioning		• Board • Business Planning & Performance Assurance Committee • Quality Safety & Experience Assurance Committee • University Partnership Board	7/8 6/6 5/6 1/4	
Stephen Forster	Executive Director of Finance		• Board • Audit & Risk Assurance Committee • Business Planning & Performance Assurance Committee • NHS Wales Shared Services Partnership • Charitable Funds Committee • Quality Safety & Experience Assurance Committee	8/8 8/9 6/6 5/5 4/4 2/6	
Mandy Davies (until 18.06.2017)	Interim Executive Director of Nursing, Quality & Patient Experience		• Board • Business Planning & Performance Assurance Committee • Quality Safety & Experience Assurance Committee	2/2 1/1 5/6	• Children & Young People's Services • Violence & Aggression
Mandy Rayani (from 19.06.2017)	Executive Director of Nursing, Quality & Patient Experience		• Board • Business Planning & Performance Assurance Committee • Quality Safety & Experience Assurance Committee • University Partnership Board	5/5 5/5 5/5 3/3	• Violence & Aggression
Jill Paterson (from 18.01.2018)	Director of Primary, Community and Long Term Care Previously Director of Commissioning, Primary Care, Therapies & Health Sciences		• Board • Business Planning & Performance Assurance Committee • Quality Safety & Experience Assurance Committee • Primary Care Applications Committee • University Partnership Board	8/8 6/6 6/6 6/6 3/4	
Lisa Gostling	Executive Director of Workforce & Organisational Development		• Board • Business Planning & Performance Assurance Committee • Quality Safety & Experience Assurance Committee • Staff Partnership Forum • Remuneration & Terms of	8/8 6/6 5/6 6/6 5/5	

NAME	POSITION	AREA OF EXPERTISE REPRESENTATION ROLE	BOARD COMMITTEE MEMBERSHIP/ATTENDANCE	ATTENDANCE AT MEETINGS 2017/2018	CHAMPION ROLES
			Service Committee • University Partnership Board	 4/4	
Ros Jervis (from 17.07.2017)	Executive Director of Public Health Representative		• Board • Business Planning & Performance Assurance Committee • Quality Safety & Experience Assurance Committee • University Partnership Board	5/5 4/4 4/4 1/3	• Emergency Planning
Sarah Jennings	Director of Governance, Communications & Engagement up to 31.12.2017 Director of Partnership & Corporate Services from 01.01.2018		• Board • University Partnership Board • Quality Safety & Experience Assurance Committee • Business Planning & Performance Assurance Committee • Audit & Risk Assurance Committee • Charitable Funds Committee • Stakeholder Reference Group	6/8 4/4 5/6 6/6 8/9 4/4 3/3	• Public Patient Involvement
Joanne Wilson	Board Secretary		• Board • Audit & Risk Assurance Committee • Remuneration & Terms of Service Committee	8/8 9/9 4/5	
Phil Kloer	Executive Medical Director & Director of Clinical Strategy		• Board • University Partnership Board • Quality Safety & Experience Assurance Committee • Business Planning & Performance Assurance Committee	7/8 4/4 6/6 6/6	• Patient Information
Alison Shakeshaft (from 01.01.2018)	Executive Director of Therapies & Health Sciences		• Board • University Partnership Board	2/2 1/1	
Andrew Carruthers (from 26.06.2017)	Turnaround Director		• Board • Business Planning & Performance Assurance Committee	5/5 5/5	
Libby Ryan-Davies	Transformation Director		• Board	7/8	
In line with Standing Orders and approved Terms of Reference on some occasions appropriately briefed deputies (for Executive Directors) have counted towards quorum and attendance at Board and its Committees.					

At a local level, Health Boards in Wales must agree Standing Orders for the regulation of proceedings and business. They are designed to translate the statutory requirements set out in the LHB (Constitution, Membership and Procedures) (Wales) Regulations 2009 into day to day operating practice, and, 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 UHB and define - its 'ways of working'. These documents, together with the range of corporate policies set by the Board make up the Governance Framework.

The following table outlines dates of Board and Committee meetings held during 2017/2018, with all meetings being quorate:

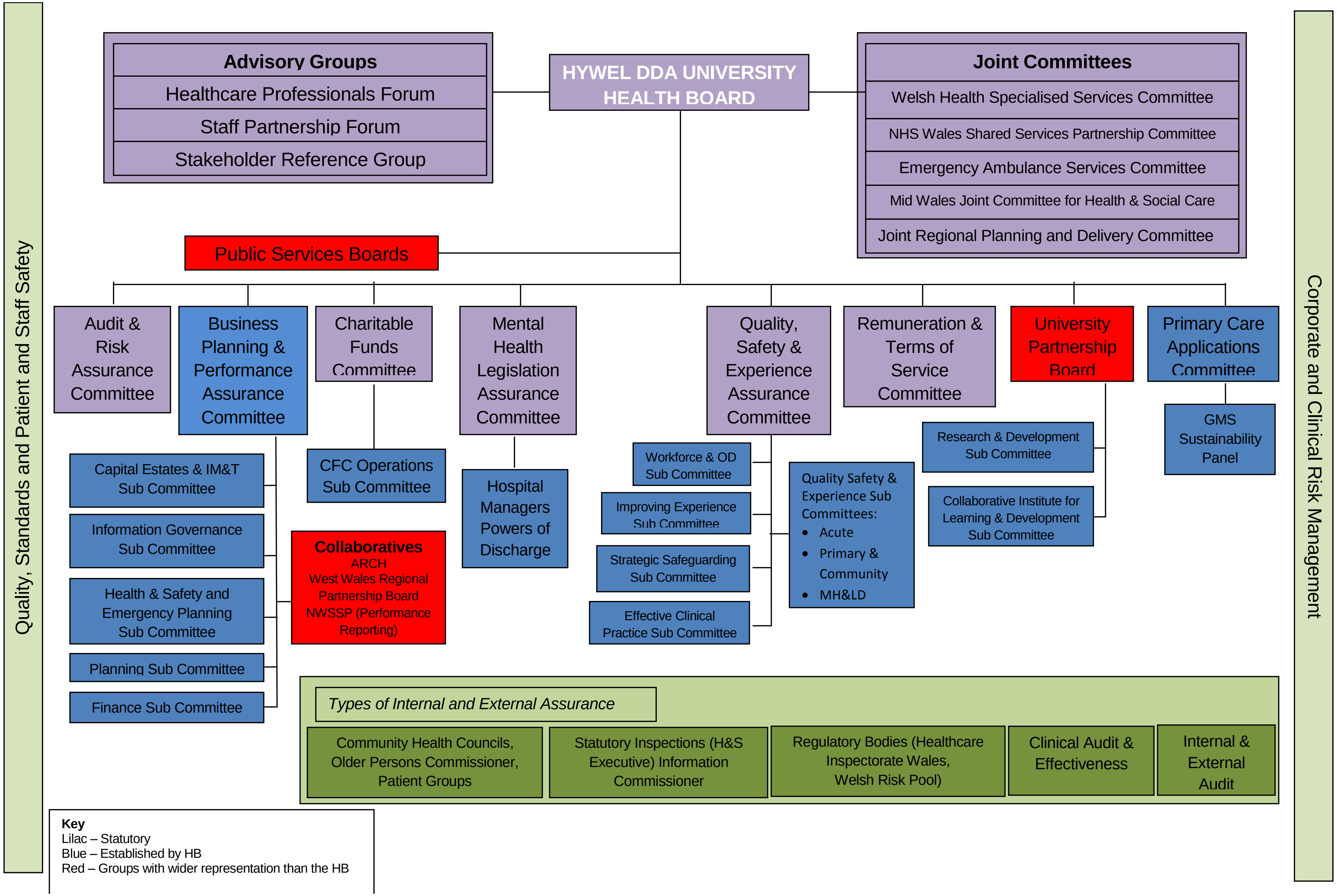
Table 2

	Dates of Meeting											
Meeting	**April 2017**	**May 2017**	**June 2017**	**July 2017**	**Aug 2017**	**Sep 2017**	**Oct 2017**	**Nov 2017**	**Dec 2017**	**Jan 2018**	**Feb 2018**	**March 2018**
Board		**25.05.17**	**01.06.17** **22.06.17**	**27.07.17**		**28.09.17**		**21.11.17**		**25.01.18**		**29.03.18**
Audit & Risk Assurance		**02.05.17 (2 meetings)**	**01.06.17**	**06.07.17**		**05.09.17**		**07.11.17 (2 meetings)**		**09.01.18**		**06.03.18**
Charitable Funds			**15.06.17**			**25.09.17**			**05.12.17**			**15.03.18**
Quality, Safety & Experience Assurance		**16.05.17**	**20.06.17**		**15.08.17**		**17.10.17**		**12.12.17**		**20.02.18**	
Mental Health Legislation Assurance			**08.06.17**			**12.09.17**			**07.12.17**			**08.03.18**
Business Planning Performance Assurance	**25.04.17**		**27.06.17**		**22.08.17**		**24.10.17**		**19.12.17**		**27.02.18**	
Primary Care Applications	**10.04.17**			**18.07.17**		**19.09.17**		**02.11.17**		**23.01.18**		**27.03.18**
University Partnership Board		**10.05.17**			**08.08.17**			**16.11.17**			**06.02.18**	
Remuneration & Terms of Service			**12.06.17**		**23.08.17**				**18.12.17**		**13.02.18**	**15.03.18**

The Board and its Committees

The Committees of the Board, chaired by Independent Members, have key roles in relation to the Governance and Assurance Framework. On behalf of the Board they provide scrutiny, development discussions, assessment of current risks and performance monitoring in relation to a wide spectrum of the UHB's functions and its roles and responsibilities. Recognising the potential loss of individual knowledge and experience by the departure of two Independent Members who also chaired committees, the position was proactively managed by ensuring the appointment of new chairs prior to the departure of the outgoing chairs. This allowed a period of handover thus minimising the impact on the quality and effectiveness of the meetings of these committees. Each of the main committees of the Board is supported by an underpinning sub-committee structure reflecting the remit of its roles and responsibilities.

The committees have met regularly during the year with update reports outlining key risks and highlighting areas of development being provided to the Board to contribute to its assessment of assurance and provide scrutiny against the delivery of objectives. Towards the end of the year, enhancements have been made to these reports; in addition to outlining key risks or concerns, the action that has been requested to address any issues has also been included, with clear timelines for completion. The committees as well as reporting to the Board, also work together on behalf of the Board to ensure, where required, that cross reporting and consideration takes place and assurance and advice is provided to the Board and the wider organisation. The interoperability between committees and cross referral of any concerns has been strengthened during the year by the introduction of a decision tracker which logs any matters that need referring and the resulting outcomes. The Wales Audit Office (WAO) Structured Assessment 2017 acknowledged that the Board's administration and conduct continues to be effective, providing effective scrutiny and challenge. The Board recognises, however that there are remaining opportunities to further improve the operation of some of its committees and is committed to ensuring that this work continues. Our system of Governance and Accountability during the year is therefore demonstrated in the following diagram:



Quality, Standards and Patient and Staff Safety
Advisory Groups
Healthcare Professionals Forum
Staff Partnership Forum
Stakeholder Reference Group
HYWEL DDA UNIVERSITY HEALTH BOARD
Joint Committees
Welsh Health Specialised Services Committee
NHS Wales Shared Services Partnership Committee
Emergency Ambulance Services Committee
Mid Wales Joint Committee for Health & Social Care
Joint Regional Planning and Delivery Committee
Public Services Boards
Audit & Risk Assurance Committee
Business Planning & Performance Assurance Committee
Charitable Funds Committee
Mental Health Legislation Assurance Committee
Quality, Safety & Experience Assurance Committee
Remuneration & Terms of Service Committee
University Partnership Board
Primary Care Applications Committee
Capital Estates & IM&T Sub Committee
Information Governance Sub Committee
Health & Safety and Emergency Planning Sub Committee
Planning Sub Committee
Finance Sub Committee
CFC Operations Sub Committee
Collaboratives
ARCH
West Wales Regional Partnership Board
NWSSP (Performance Reporting)
Hospital Managers Powers of Discharge
Workforce & OD Sub Committee
Improving Experience Sub Committee
Strategic Safeguarding Sub Committee
Effective Clinical Practice Sub Committee
Quality Safety & Experience Sub Committees:
• Acute
• Primary & Community
• MH&LD
Research & Development Sub Committee
Collaborative Institute for Learning & Development Sub Committee
GMS Sustainability Panel
Types of Internal and External Assurance
Community Health Councils, Older Persons Commissioner, Patient Groups
Statutory Inspections (H&S Executive) Information Commissioner
Regulatory Bodies (Healthcare Inspectorate Wales, Welsh Risk Pool)
Clinical Audit & Effectiveness
Internal & External Audit
Key
Lilac – Statutory
Blue – Established by HB
Red – Groups with wider representation than the HB
Corporate and Clinical Risk Management

The Board

In governing the business of the organisation, all Executive Directors and Independent Members are collectively and corporately accountable for the UHB's performance. This is fundamental to the Board's role in pursuing performance and ensuring that the interests of patients are central and creates a culture supporting open dialogue. The Board strives to ensure that ethical standards are integral to its governance arrangements and form part of its culture and behaviour. This is reflected by the increased focus on ethics, equality and diversity and the UHB is committed to being honest and improving values and behaviours, demonstrated by its adoption of the Values and Behaviours Framework. As in previous years, the Board continues to hold its meetings across the three Counties with a focus on local as well as wider UHB issues. There is a Public Forum section of the meeting at which the Chair takes questions submitted in advance. It is planned that this will be replaced for the forthcoming year with a short questions and answers session at the end of each Board meeting. The presentation of patient and staff stories at the start of each Board meeting demonstrates that there is a clear patient and staff centred focus by the Board. In recognising that leadership is fundamental in the creation of a culture that supports and promotes safety and wellbeing for patients and colleagues, this approach has been strengthened during the year through the introduction of patient safety walkabouts with which all Board members are engaged. It has also been agreed that in order to increase the reach of the work of the Board, trialling of webcasting of its meeting will commence during 2018/2019. The WAO's 2017 Structured Assessment concluded that the Board has continued its work to define its assurance requirements which continue to evolve and that overall Board effectiveness is generally sound in that it provides effective scrutiny and challenge.

The Board, in working to a planned programme of work, adapted as necessary to respond to emerging events and circumstances has, during the year, discussed and considered, amongst other items, the following areas of UHB activity:

UHB Wide Issues (Approval)	• Approved the Draft Operational Plan for 2017/2018; • Approved the Committees' Annual Reports and the Governance, Leadership and Accountability Report; • Approved the Annual Quality Statement, Accountability Report, Annual Governance Statement, Annual Accounts, Letter of Representation and WAO ISA 260 for submission to WG; • Approved the Annual Report for 2016/2017; • Approved the contents of the Board Assurance Framework based on the UHB's strategic objectives and approved updates to existing risks and new principal risks for inclusion; • Approved the interim budget for 2018/2019 to enable Month 1 2018/2019 reports to be produced at the end of April 2018: • Approved the Action Plan emanating from the Royal College of Paediatrics and Child Health Neonatal Report; • Approved various elements of the plans for Transforming Mental Health Services, including completion of Stage 1 of the consultation process (pre-consultation engagement and options development), commencement of Stage 2 of the consultation process (formal consultation) and the Transforming Mental Health Project plan inclusive of Consultation Scope, Consultation Plan, and Public Consultation documents; • Approved various elements of the Transforming Clinical Services (TCS) Strategic Programme, including the governance arrangements for Programme Groups and Committees/Sub-committees and the programme communication and engagement plan, including the approach and methods proposed; • Approved progression to Phase 2 of the TCS programme;

	• Approved in principle the updated Major Incident Plan and Civil Contingencies Strategy 2017/2018, subject to review by the Business Planning & Performance Assurance Committee and the Health, Safety and Emergency Planning Sub-Committee; • Approved the proposed response to the WG's White Paper 'Services Fit for the Future, Quality and Governance in Health and Care in Wales'; • Approved the proposals for a comprehensive Board Development Programme, taking into account that this also responded positively to the recommendations made in the external financial governance review commissioned by WG; • Approved the management response to the external financial governance review; • Approved the Risk Management Framework; • Approved and recommended that the business case for Women's & Children's Services Phase 2, be submitted to WG; • Approved the Partnership Governance Framework; • Approved the proposal for introducing Board Patient Safety Walkabouts; • Agreed to give delegated authority to the Finance Sub-Committee to make a recommendation to the Board in respect of changing the predicted year end deficit position; • Approved the recommendations of the Paediatric Care Task & Finish Group; • Approved the change in the deficit forecast to £69.6m in the Month 9 Monitoring Returns in the light of the change in income assumptions; • Approved the alignment of the Transforming Mental Health programme with 'Transforming Clinical Services' as part of implementation to maximise opportunities to integrate and best meet the needs of the population. • Approved the revised version of the UHB's Standing Orders and Standing Financial Instructions; • Approved the proposed year-end deficit figure of £62.5m further to discussion at the March 2018 Board; • Approved recommendations relating to the establishment of the Major Trauma Network.
UHB Wide Issues (Endorsement)	• Endorsed the progress made and the work undertaken by the Primary Care Clusters and supported the opportunities for future development; • Endorsed the actions being taken in response to the Improving Experience Report – Listening and Responding to Feedback; • Endorsed the Director of Public Health's Annual Report, giving public support to the importance of prevention and mental wellbeing promotion for the population of the UHB; • Endorsed the Register of Sealing's as appropriate; • Acknowledged the key findings from the HIW Annual Report 2016/2017, the actions being taken forward to deliver on these findings and the assurance mechanisms in place to oversee implementation and monitoring of the identified actions; • Supported the content of the Primary Care Annual Report 2016/2017 and the brief insight provided into services delivered; • Acknowledged the information in the Medical Revalidation and Appraisal Annual Report 2016/2017; • Supported the approach being taken to ensure that the requirements of the Nurse Staffing Levels (Wales) Act 2016 are embedded into the UHB's governance infrastructures; • Acknowledged the UHB's continued commitment to working in collaboration as a statutory member of the three Public Service Boards within Hywel Dda

	and in particular the proactive work to support engagement and consultation activities;
	• Endorsed the actions proposed in the UHB Influenza Plan for 2017/2018 to increase vaccination uptake rates in eligible population groups across the Hywel Dda area;
	• Supported the implementation of the Care Home of Choice Policy;
	• Supported the contents of the WAO Annual Report 2017;
	• Supported the Primary Care Vision report and endorsed the vision outlined therein;
	• Endorsed, in-principle, the regional approach to:
	   ◦ Pooled funds for adult care home placements;
	   ◦ Pooled funds for Integrated Family Support Services;
	   ◦ Reviewing community equipment stores.
	• Noted the update on the Financial Plan for 2018/2019, in particular the challenge presented by the requirement to reduce expenditure before funded inflation;
	• Discussed the approach to savings delivery in particular the need to achieve breakeven in each and every Directorate;
	• Endorsed the Strategic Partnership Plans for the Carmarthenshire, Ceredigion and Pembrokeshire PSB Well-being Plans respectively and the West Wales Area Plan;.
	• Supported the Outline Business Case for the New Velindre Cancer Centre.

Focus on Pembrokeshire Issues	• Acknowledged the progress in relation to services provided within Pembrokeshire, including development of the Tenby Unscheduled Care Nurse Led Walk-in Service and the South Pembrokeshire Hospital Review and supported ongoing service changes to ensure sustainable healthcare services for the future; • Approved the Pembrokeshire Learning Disability Strategy 2017-2022; • Approved and recommended that the business case for the refurbishment of Ward 10 at Withybush General Hospital, be submitted to WG, noting that there are no revenue costs associated with this scheme; • Supported the plans and initiatives identified which will strengthen services and provide integration on all levels, across organisations and between individual services in improving the health and wellbeing of the population of Pembrokeshire.
Focus on Ceredigion issues	• Acknowledged the particular challenges faced in the delivery of services across Ceredigion, and supported the plans and initiatives identified which will strengthen services and provide integration on all levels, across organisations and between individual services; • Agreed to the reintroduction of MDT selected elective colorectal cancer surgery at BGH, subject to certain requirements being met and that monitoring following the reintroduction demonstrates acceptable outcomes.
Focus on Carmarthenshire Issues	• Acknowledged the actions taken by Carmarthenshire's Integrated Community Services to support and contribute to the sustainability of the UHB and the wider Health & Social Care system; • Noted the progress being made on the Llanelli Wellness Village; • Discussed the risk to Medical Recruitment at Glangwili General Hospital and the actions being taken in mitigation.

Board Development Programme
As the scope of corporate governance has increased in recent years, Boards now play an essential role in implementing high performance organisation principles and practices as part of their corporate governance responsibilities. An effective Board Development Programme is therefore critical in enabling the Board to move towards the wider model of corporate governance which incorporates:

- Monitoring the performance of the organisation and the senior management team;
- Setting organisational goals and developing strategies for their achievement;
- Being responsive to changing demands, including the prediction and management of risk.

A local Board Development Programme, tailored to meet the needs of the organisation and both its Independent and Executive Director Board Members is therefore paramount in pursuing the above objective. In response, the Board approved a comprehensive Board Development Programme designed to provide ongoing development support to the Board. The programme, whilst building on and complementing the development previously delivered by Academi Wales, aims to provide an ongoing shared learning forum which stimulates discussion and thinking on the way Hywel Dda organises and enacts its business. It has involved separate sessions held initially for Independent Members and Executive Directors based on facilitated discussions to provide a foundation for continued learning and development, with the majority of the programme being delivered in-house with support from Academi Wales. This focuses on key development areas that once completed will provide members with the enhanced knowledge, skills and behaviours for them to improve their individual and collective performance.

The Board Development Programme also took into account and responded positively to the recommendations made in the external financial governance review commissioned by the WG and the Board has been working with the NHS Wales Finance Academy to deliver development sessions on financial governance. The Board will continue its working with Academi Wales, focussing on both areas specific to Hywel Dda and the Academi's programme for High Performing Organisations. In addition, on an individual basis, members will be able to access the All Wales Governance and Board Leadership Programme of Events delivered by Academi Wales, choosing those sessions that best meet their requirements.

The above programme has been supported by Board Members participation in the UHB's Board Seminars which have been held on a regular basis during the year. The Board Seminars have provided the Board with an opportunity to receive and discuss subjects/topics which provide additional sources of information and intelligence as part of its assurance framework. This in turn assists with the Board's ability in adequately assessing organisational performance and the quality and safety of services, with sessions held over the year having featured:

- Training session delivered by the Consultation Institute on the legal requirements and good practice guidance in respect of service change and transformation;
- Equalities training on the Board's statutory duties in relation to equalities legislation;
- Discussion involving GP colleagues on the work undertaken by Primary Care Clusters;
- Turnaround Programme;
- Overview of the General Data Protection Regulations which come into effect in May 2018;
- Discussion on the Board's formal response to the WG's White Paper "Services Fit for the Future, Quality and Governance in Health and Care in Wales";
- Welsh Language Training, with active Board participation in a practical lesson;
- Update on the Board's financial position, debating the turnaround process, savings schemes and variances;
- Presentation on Quality Improvement from Dr Aiden Fowler, Director 1000 Lives Improvement;

- Presentation on Transforming Clinical Services and work undertaken to date;
- Presentation on Transforming Mental Health Services and an update on the public consultation;
- Briefing from Welsh Health Specialised Services Committee, highlighting key commissioning issues;
- Presentation on the Board directed review of Paediatric Services;
- Electronic Board Training;
- Presentation on procurement, outlining the principal legal sources of procurement rules and compliance with procurement law;
- Presentation on Medicines Management;
- Presentation on the Zero Based Review, commissioned by the WG;
- Detailed discussion on the Integrated Medium Term Plan/Annual Operating Plan;
- Population Health – A presentation was made to the Board focussing on understanding the population health principles and putting these into practice in Hywel Dda.

Audit & Risk Assurance Committee (ARAC)

The Audit & Risk Assurance Committee is an important Committee of the Board in relation to this Annual Governance Statement. On behalf of the Board, it keeps under review the design and adequacy of the UHB's governance and assurance arrangements and its system of internal control. The Committee, through its in-year reporting, has regularly kept the Board informed about the results of its reviews of assurances together with any exceptional issues that arose. In supporting the Board by critically reviewing governance and assurance processes on which reliance is placed, during 2017/2018 key issues considered by the Committee and on which it has specifically commented in relation to the overall governance of the organisation have been:

- The Committee's concerns regarding the financial position. Whilst the Committee was assured that the financial reporting and financial controls were robust, the Committee did regularly escalate its concerns regarding the UHB's financial position to the Board. At the start of the year the Committee expressed concerns regarding the timescales to complete the Directorate by Directorate review of budgets and the setting out of the savings plans. Noting the forecast deficit of £58.9 million at the end of May, the Committee remained concerned at the end of the first quarter, highlighting that managing the financial position would become more challenging as the year progressed and that the importance of effectively managing the financial position was paramount;
- The Head of Internal Audit Opinion and other opinions on the adequacy of disclosure statements for 2017-2018, including the overall adequacy and effectiveness of the organisation's risk management, control and governance processes;
- Discussed and approved for recommendation to the Board, the UHB's Annual Quality Statement, Annual Accountability Report incorporating the Annual Governance Statement, Audited Financial Statements and Auditor General's Opinion;
- The review of the Board's Standing Orders, Standing Financial Instructions and the Committee's own Terms of Reference and recommendation for approval to the Board;
- Consideration of the Board Assurance Framework at regular intervals;
- WAO performance and financial audit reports, the UHB's management responses and monitoring delivering of action plans. The Committee has expressed concern regarding the pace of implementation of recommendations for a number of reports and in some instances, the standard of management responses;
- Specific concerns expressed and highlighted to the Board in respect of the process for Single Tender Actions;
- The UHB's "Targeted Intervention" status being a standing agenda item at each meeting with regular updates being received;

- Any Internal Audit reports receiving less than reasonable assurance rating or if any specific area of concern were identified and were subject to increased scrutiny, in order that suitable assurances could be obtained;
- The capacity of the clinical audit function, the clinical audit plan and lack of outcome measures and follow up;
- Concern expressed regarding the lack of pace in implementing the recommendations from the external review of governance arrangements;
- The lack of pace to implement job planning further to the NHS Consultant Contract Follow Up Review;
- The fragility of Radiology Services and the infrastructure supporting the service.

In enacting its responsibilities, the ARAC is very clear on its role in seeking assurances, with the assurance function being defined as:

- Reviewing reliable sources of assurance and being satisfied with the course of action;
- An evaluated opinion, based on evidence gained from review – tends to be based on independent validation, both internal and external.

The Committee is therefore a key source of assurance to the Board that the organisation has effective controls in place to manage the significant risks to achieving its strategic objectives and that controls are operating effectively.

During the year, having considered and recommended to the Board approval of the Risk Management Framework, the Committee's Terms of Reference were reviewed and amended in relation to its role regarding risk management. Effective risk management requires a reporting and review structure to ensure that risks are effectively identified and assesses and that appropriate controls are in place. The Committee is responsible for overseeing risk management processes across the organisation and has a particular focus on seeking assurance that effective systems are in place to manage risk and that the UHB has an effective framework of internal controls that addresses principal risks. The Committee is responsible for monitoring the assurance environment and challenging the build-up of assurance on the management of key risks across the year, ensuring that the Internal Audit Plan is based on providing assurance that controls are in place and can be relied on and reviewing the internal audit plan in year as the risk profiles change. The ARAC has received bi-annual reports from Board level committees, providing assurance that risks are being managed appropriately and that the risk management framework and process is effective.

This year, in addition to its scheduled programme of work, resulting from the challenges faced by the UHB, the ARAC convened an extraordinary meeting in order to ensure that due diligence is enacted to scrutiny and governance of the organisation. Members sought assurance and challenged accountable officers on the pace of addressing outstanding recommendations arising from Wales Audit Office reports. At the specific request of the Chair of ARAC, Executive Directors were in attendance to discuss their management responses to outstanding recommendations with each response reviewed in detail and a collective evaluation of whether adequate progress had been made.

At its September meeting, the Committee was provided with a further update of the financial performance to the 31st July, noting that the UHB had an increase of £1.823m above the planned deficit and the importance of effectively managing the financial position. These concerns remained prevalent at the mid-point of the year with Members noting that whilst savings plan delivery was positive in some areas, cost pressure containment was the key issue and delivery of the planned deficit position, including delivery of the financial contingency plan was highlighted to the Board. In addition to delivery of the planned deficit position, also highlighted to the Board at its meeting in January 2018 was the UHB's position relating to cash which has the potential to expose the organisation to further financial risk.

It has been recognised in the past that the Committee needed to strengthen its arrangements for receiving assurances on Clinical Audit. During the year, in seeking assurance on the overall plan, its fitness for purpose and its delivery, the Committee received a comprehensive report on the "Review of Effectiveness of Clinical Audit". This provided the Committee with assurances that the UHB has a prioritised annual clinical audit plan which is linked with key objectives and focused on important areas of concern/risk, quality improvement and wastage reduction. It was however noted by ARAC that the Clinical Audit Department continues to face resource challenges which impact on compliance with the National Clinical Audit and Outcome Review Plan and the ability to improve the audit cycle.

The Committee has closely monitored the enhanced escalation status of the UHB during the year with the Joint Escalation & Intervention Arrangements being a standing agenda item for its meetings and the Chief Executive requested to provide an update on the position on a regular basis. The UHB's position has remained as that of "targeted intervention" status during the year, primarily as a result of the underlying financial position and performance challenges that the UHB faces. Although the organisation remains at this targeted intervention level and there is positive recognition of the UHB's improved performance, it was challenged to maintain and continue with performance whilst also reducing the financial deficit. The Committee has welcomed the assurance during the year and the good engagement with WG recognising the incremental gains and challenges ahead.

Concern was expressed from the offset regarding the increasing volume and value of Single Tender Actions (STA's) received by the Committee. Consistent with the previous year's assertion that ARAC would continue with its close monitoring of the application of STA's, the process was reviewed during the year in order to provide improved support to decision making. The Wales Audit Office guidance document "Ensuring value for money in the use of single tender actions" was considered as part of this. The Committee received assurances that where there had been queries regarding particular STA's, these were referred back to lead officers.

A report presented to ARAC following a 'look back' exercise relating to a specific consultancy service procured through a STA caused concern as it identified a number of system weaknesses in which the UHB had not been consistent in the application of its own procedures. As a consequence, further amendments to both the STA process and the procurement of any future consultancy services, to provide improved robustness and governance have been enacted. This again, provides enhanced scrutiny and reinforces the controls in place.

All audit recommendations are tracked in one place with a detailed audit tracker being periodically considered by the ARAC. In its Annual Audit Report 2017 WAO recognised that the UHB is making steady progress in addressing previous issues identified and that it has effective arrangements in place to track audit recommendations. The ARAC has a key role to play in supporting the application of good governance principles in decision making and is well placed to understand the risks to good governance faced by UHB, such as risks arising from external factors, e.g. legislative changes or risks arising from changes or initiatives within the organisation.

The ARAC, in accordance with best governance practice, has undertaken a self-assessment and evaluation of its own performance and operation. In response to the requirement for continual improvement of the self-assessment process, the questionnaire answered by members included enhancements regarding the work of Internal Audit, External Audit and Counter Fraud, with members also being asked to consider their individual understanding, role and contribution to the Committee. Members were constructive in their responses, commenting on processes and procedures, with areas for development being identified.

This suggested the need to continue with a risk based approach to agenda setting to cover off the key areas of Committee business in order to provide assurance to the Board on the management of key risks throughout the year. The key relationship between ARAC, Quality, Safety & Experience Committee (QSEAC) and the Business Planning & Performance Assurance Committee (BPPAC) should be considered as part of the review of their respective Terms of Reference, and the arrangement whereby the Lead Directors for both QSEAC and BPPAC are invited to attend ARAC at least annually to receive assurance that they are effectively discharging their Terms of Reference should continue. Development of each Committees Decision Tracker into an overall Board and Committees Decision Tracker should further assist with this.

In keeping with the UHB's commitment to openness and transparency, the ARAC papers continue to be available on our public facing website. A detailed update report, presented by the Chair of ARAC (this year with a mid-year turnover of Chair) is provided to each Board meeting alongside an independent report of progress against the Committee's work programme and associated business. Link for further information Audit and Risk Assurance Committee.

Business Planning and Performance Assurance Committee (BPPAC)
Working to Board approved Terms of Reference, amended during the year as outlined below, the Committee has provided one of the internal control mechanisms for providing assurance and where appropriate, highlighting risks to the Board.

The Committee had originally been formed by combining two committees, the Integrated Governance Committee and Strategy & Planning Committee. Although much progress had been made, the Terms of Reference as they stood presented significant challenges, and were becoming too wide-ranging to manage within the current format. The external review of financial governance highlighted concerns around a lack of clarity regarding financial discussions whilst it was also felt that BPPAC needed to provide more focus on integrated governance. As a result, during the year, two new BPPAC sub-Committees were established, these being Finance and Planning, in order to provide the degree of scrutiny necessary, given the on-going financial challenge and continuing work on the Integrated Medium Term Plan (IMTP). These Sub-Committees considered more detailed discussions of topics relating to each of their areas, with BPPAC undertaking high level discussions before reporting to Board. The Terms of Reference for BPPAC were mapped against each of its Sub-Committees, cross-referencing with other committees, to ensure coverage of tasks whilst avoiding unnecessary duplication. These changes have contributed positively to BPPAC's effectiveness, and provided greater scrutiny with the following being some of the matters focused upon by the committee during the year.

- Financial and Turnaround Programme – Updates on the forecast financial position, concerns around the risks associated with achievement of the forecast year-end deficit and continued concerns that the UHB is overspent in comparison to the forecast deficit and is not delivering as projected on savings plans. Discussions were held on the principle reasons necessitating the change to the forecast financial position. With reference to Turnaround, whilst BPPAC can be assured by the processes in place, further progress is required;
- Consideration of the UHB's Draft Operational Plan 2018/2019;
- Approval/extension of Information Governance Policies and Corporate Written Control Documentation;
- Discretionary Capital Programme – monitoring of the utilisation of available funding, receiving progress reports on developments and determining priroities from identifed pressures in terms of risk, statutory compliance, patient safety and experience, operational efficiency and reputational issues. It was noted in particular that the capital allocation will remain insufficient to provide BPPAC with full assurance on the

management of infrastructure and backlog risks and in addition to this, there are constraints regarding the availability from the All Wales Capital Allocation;

- Performance information - through the Integrated Performance Assurance Report (IPAR) with the revised IPAR format and Dashboards resulting in a significantly improved document, with particular focus on Key Deliverable areas;
- Approval of Together for Health Delivery Plans for formal submission to WG;
- Ongoing concerns around cancer services tertiary centre capacity;
- Operational risk registers and principal risks on the Board Assurance Framework;
- Updates on Mid Wales Healthcare Collaborative, with the Committee noting the areas of work being progressed and achievements being made, including the proposed establishment of a Mid Wales Joint Committee for Health & Social Care (MWJC) and discussions regarding the Centre for Excellence in Rural Health and Social Care;
- A Regional Collaboration for Health (ARCH) - ARCH is a significant part of the UHB's future strategy and therefore a key item of business for BPPAC to monitor in terms of delivery. Members were informed that the processes around ARCH may become more formalised, in which case reporting and decisions would be at Public Board level;
- Primary Care Resilience, Sustainability & Strategy – Attention was particularly drawn to the challenges facing General Medical Services in terms of sustainability;
- Board Assurance Framework - detailed discussions around the Board Assurance Framework (BAF) took place;
- Medicines Transcription and Electronic Discharge (MTeD) Status – a status update report was received, which set out the UHB's current position;
- Information Governance Sub-Committee – the Information Governance (IG) Team is undertaking a 'mapping and gapping' exercise to address the requirements of the new Data Protection Act and General Data Protection Regulations (GDPR);
- Approval of the Major Incident Plan;
- Risks around the lack of 24 hour Emergency Medical Retrieval and Transfer Service (EMRTS).

The detail of those matters on which BPPAC has briefed the Board regarding internal control matters during the year are included in the regular update reports, the minutes of the meetings and the Annual Report to the Board, all of which can be accessed through the following link on the UHB's website: Business Planning and Performance Assurance Committee.

Quality, Safety and Experience Committee (QSEAC)
In discharging its role, the Committee has overseen and monitored activities in accordance with its Terms of Reference with some of the key highlights in the reports to Board including the following:

- Consideration of the Assurance, Safety & Improvement Dashboard, which provides an overview of the incidents, complaints and claims across the UHB;
- Recommendation of approval of the Annual Quality Statement by the Board;
- Any non-compliance with National Patient Safety Alerts and recognition of the associated risks;
- Glangwilli General Hospital (GGH) Medical Position **–** an update on the GGH Medical position advising that a report had been presented to the Executive Team regarding the fragile nature of the services in GGH as well as the challenges facing nursing and therapy staff;
- Pressure Damage & Management of Pressure Damage Incidents in the Community - consideration of a report which explained the work and the actions being taken forward to manage the increase trend of pressure damage within the community in a more proactive manner;

- Sustaining Quality Adult Mental Health Services – following an earlier report which highlighted areas of concern, a safety report was received from Adult Mental Health Services. A Task & Finish Group had been established to consider options for sustainable adult mental health services and the Committee requested further updates/monitoring through its sub-committee structure;
- Paediatric Services - noted and considered the update on several issues relating to paediatric services and took assurances from the reports presented;
- Fundamentals of Care (FOC) 2016 Annual Audit Report – the Committee accepted the audit findings as an assurance that the care delivered within the UHB continues to achieve a high level of satisfaction amongst patients, whilst also identifying areas of improvement;
- Monitoring and Reporting Arrangements for Board to Floor Walkabouts –an updated Dashboard, including patient experience reporting is presented. This process aligns with the original pilot of the 1,000 Lives campaign, with the creation of a culture that supports and promotes the safety of patients and staff, and also highlights the work of the UHB's Independent Members;
- Clinical Audit – in considering the clinical audit position, concerns were raised around the UHB's ability to contribute to national clinical audit;
- Thematic Review of Level 4 & 5 Patient Safety Incidents – a review to identify whether there were any particular themes or trends that emerged from the data held on the Datix Risk Management System highlighted numerous themes including a lack of communication, policies not being adhered to and inaccuracies with record keeping. It was agreed that in order for the UHB to learn from these recurring themes, analysis would be conducted with the results reported back to the Committee;
- Safeguarding Issues – all Health Boards were tasked with reviewing their governance arrangements regarding safeguarding issues to mitigate the issues occurring elsewhere. After considering the recommendations, the Committee was assured that the UHB has processes and procedures in place to support good governance;
- Parameters for the Review of Hywel Dda University Health Board's Stroke Services – the lack of therapy support was identified as a concern with additional therapy resources required, with this being escalated to the Executive Team for prioritisation as part of the 2018-2019 planning cycle;
- The continued shortage of Deprivation of Liberty (DoLS) Medical Assessors;
- Point of ligature work impacting upon bed availability and consequently on patient care plans.

As highlighted by WAO in the 2017 Structured Assessment, it is recognised that the functioning of QSEAC and its sub-committees needs to change. Work has already commenced to reconfigure the sub-committee structure with the aim of improving the assurance flows to the Committee and as a Board, at the close of this year, we recognise that this remains as work in progress.

The detail of those matters on which QSEAC has briefed the Board regarding internal control matters during the year are included in the regular update reports and Annual Report to the Board, all of which can be accessed on the UHB's website. Further information on the detailed work undertaken by QSEAC focusing on patient care and outcomes can also be found in the Annual Quality Statement and/or by accessing the following link in the UHB's website: www.wales.nhs.uk/sitesplus/862/page/72049.

Mental Health Legislation Assurance Committee (MHLAC)
Working to its remit in respect of its provision of assurance to the Board, the following represent some of the key issues which the Committee highlighted during the year:

- Quarterly Performance Reporting on the Mental Health Act 1983, providing assurance on compliance and if necessary, action to be undertaken. One area of concern during the year was the continued high number of Mental Health Act assessments and detentions being undertaken;

- Update reports from the Hospital Managers Power of Discharge Sub-Committee;
- Update on progress made in implementing action plans following Health Inspectorate Wales (HIW) announced and unannounced inspection visits with the Committee continuing to monitor any issues relating to HIW visits where those matters relate to legislation;
- Assurance Provision for People Placed out of County – there are occasions where the UHB is not able to meet the complex needs of an individual and specialist care must be commissioned to meet this need. The commissioning team has been developing a revised operational policy for all commissioned healthcare placements;
- Assurance on active and maintained registers of people who require aftercare in accordance with the Section 117 Policy between the UHB and its Local Authority Partners. (The duty on health and social services to provide aftercare services to certain patients who have been detained under the Mental Health Act);
- Patient and Carer Stories on experiences of receiving mental health care;
- Mental Health Programme Group Updates.

Primary Care Applications Committee (PCAC)
The purpose of this Committee is to determine the Primary Care contractual matters on behalf of the UHB, and in accordance with the appropriate NHS regulations. During 2017/2018 the Committee has met bi-monthly and has discussed matters relating to GP branch closures, opening hours and border change applications, Community Pharmacy opening hours and ownership applications and dental contractual changes and the issuing of remedial and breech notices. Furthermore it has been a useful forum for discussing primary care estates developments and priorities as well as broader GP sustainability issues. During the year, the Board was informed of the following key matters:

- Update on General Medical Services (GMS) Sustainability and Future Vision for a Sustainable Future Service;
- GMS Dashboard – An Equitable Approach & Process in Managing Matters of Sustainability - the development of a GMS dashboard as a standard reporting approach to provide assurances to the Board, Board level Committees and GP Practices, in order that informed decisions can be made, areas of good practice can be identified and also any areas of concern;
- Temporary List Closures Updates;
- Updates on GMS Practices and those practices receiving support from the UHB, including stabilising General Medical Services at specific practices;
- Change to General Dental Practice Opening Hours - following a number of applications made requesting changes to Practice opening hours and further to a subsequent audit to review the contractual opening hours of the Dental Practices within the UHB, all Contractors were written to confirming their contractual hours and stipulating any future changes to Practice openings must receive UHB approval;
- General Dental Service Reform Programme;
- Evolving Primary Care Service Model in the Gwendraeth Valley – the content of the paper, with particular reference to the emerging workforce and service delivery model, will be used to inform the Primary Care vision for the future as part of the Transforming Clinical Services Programme. The Committee supported the next steps for developing a wider fully costed model to achieve this through timely, proactive and prudent primary care service delivery;
- Primary Care Standard Operating Procedures (SOP) – developed due to the number of contractual changes which have occurred over recent years.

Charitable Funds Committee (CFC)
The Charitable Funds Committee is charged with providing assurance to the Board in its role as corporate trustees of the charitable funds held and administered by the UHB. It makes

and monitors arrangements for the control and management of the Board's Charitable Funds within the budget, priorities and spending criteria determined by the Board and consistent with the legislative framework. In discharging its duties, matters highlighted to the Board included the following:

- Integrated Hywel Dda Health Charities Performance Report providing updates on the charity's financial performance and position;
- Updates on funding requests;
- Investment Advisor Tender Presentation and Training – an update was provided on the transfer of the Charitable Funds portfolio resulting from the appointment of different Investment Advisers following a tender exercise;
- Governance of Charitable Funds within the Operations Directorate - further to the Committee's agreement to disestablish the previous five Sub-Committees, the Terms of Reference was approved for a new Charitable Funds Sub-Committee, with an effective start date of 1st April 2017. It was also agreed that there should be a review in six months' time and in light of the review, Committee Members were assured that the Charitable Funds Operations Sub-Committee is fulfilling its Terms of Reference;
- Charitable Funds Operations Sub-Committee Update Report - acknowledged the notable increase in the volume of requests for charitable funds, particularly for IT equipment, due potentially to an increased awareness of the availability of charitable funding. For all requests, a co-ordinated approach is being undertaken with individual departments to establish the patient benefit and charitable nature of the request prior to approval;
- Charitable Funds Story – regular updates to the Board on how the use of charitable funds was utilised for patients and staff;
- Expenditure and Commitments Requiring Approval, including the Provision of a Dedicated 6 Bedded Escalation Area for the Bronglais General Hospital Site and Updates on the Withybush Hospital Chemotherapy Day Unit and Ward 10 Developments.

University Partnership Board (UPB)
The University Partnership Board is a formal partnership arrangement between the UHB and its University partners. It is a creative hub that drives and monitors developments in the three domains of Research and Innovation, Workforce and Organisational Development and Collaborative Partnerships, and provides assurance to the Board. Matters considered and reported to the Board during the year have included:

- Concerns regarding how the UHB pays for apprenticeships with the introduction of the Apprenticeships Levy which came into force in April 2017, with no All Wales approach in place in regard to an agreed pay rate for apprenticeships. The UHB has over 100 apprentices currently in training, however it needs to be clear on its aspirations from the apprenticeship programme;
- Updates on the Swansea City Deal/Institute of Life Science – Way Forward and Role of Universities;
- Updates from the Research & Development Sub-Committee;
- Updates from the Collaborative Institute Sub-Committee;
- Presentation from Health Education and Improvement Wales (HEIW) on the scope and vision of HEIW and how best the UHB could form links;
- Annual Review of Hywel Dda University Partnership Board Strategy, including the positive developments made during Year 1, discussion of Year 2 of Strategy and UPB Workplan & University Partnership Board Status Submission;
- The success of the inaugural Research & Innovative Practice Conference.

Stakeholder Reference Group (SRG)
The Group is formed from a range of partner organisations from across the UHB's area and engages with and has involvement in the UHB's strategic direction, advises on service improvement proposals and provides feedback to the Board on the impact of its operations

on the communities it serves. Members, having previously recognised the importance of being able to work in co-production, to engage and to convey messages to the public agreed to continue with the themed workshops to alternate with meetings, which had been introduced the previous year.

At its meetings and workshops held during the year, the SRG focused on the following areas:

- Population Health Focus – members were advised that all UHB activity should be evidence based, aiming for a positive change for everyone across the system by adopting a whole system approach. The challenge for the organisation will be changing the mind set of people;
- Major Trauma – SRG members were advised of the consultation asking for views on the establishment of a major trauma network and one major trauma centre for South Wales and the UHB will need to consider the impact on its services and within the developing clinical services strategy;
- Transforming Mental Health Services – members received a presentation and were advised of the progress of the Transforming Mental Health programme and the early findings of the consultation analysis. The Transforming Mental Health programme conducted a 12 week consultation and sources of information for analysis ranged from online and paper questionnaires, drop in events, workshops run by Hwylus, Facebook live event, letters, public meetings, meetings with staff and an alternative consultation questionnaire;
- Pooled Budgets – members were informed that one of the key drivers for the West Wales Regional Partnership Board is to consider delivering service integration and pooled funds to support the delivery of Part 9 of the Social Services and Wellbeing (Wales) Act 2014. A number of workshops are being planned to work through the issues to take forward this agenda;
- Transforming Clinical Services Workshop – a representation of almost 40 stakeholders worked through a SWOT (Strengths, Weaknesses, Opportunities and Threats) analysis as part of the options development process. This demonstrates the UHB's commitment to jointly and openly co-produce any service change as it is not a requirement of pre-consultation options development to undertake this activity;
- Thoracic Surgery Services Engagement – members were advised that the Welsh Health Specialised Services Committee (WHSCC) is looking at the future shape of thoracic surgery services in South Wales, with a decision required on whether one or two units are needed.

Local Partnership Forum (LPF)

The Forum is responsible for engaging with staff organisations on key issues facing the UHB and met regularly during the year. It provides the formal mechanism through which the UHB works together with Trade Unions and professional bodies to improve health services for the population it serves. It is the Forum where key stakeholders engage with each other to inform debate and seek to agree local priorities on workforce and health service issues. During the year, the reports received by the forum and significant strategic issues discussed included:

- Updates on the Llanelli Wellness Village Developments;
- Updates on Transforming Clinical Services, with it being noted that the UHB has been working closely with the Consultation Institute to ensure that best practice was being followed;
- Updates on Transforming Mental Health Services with it being noted that a significant number of responses had been received and a large number of staff had attended stakeholder sessions;
- Updates from the work of the BPPAC;
- The UHB's latest financial position, including revisions to the forecast deficit and highlighting cost pressures;

- Turnaround updates – as it was questioned by the Forum whether Turnaround was actually working, it was suggested that members could be provided with more detail on the progress made since its enactment. Members were informed that whilst there were many opportunities to improve performance, assurance was provided that there was threat to our workforce. There was a determination to maintain the focus on safety and quality and to demonstrate leadership in keeping the agenda to hand;
- Employment policies updates - reviewing and approving a number of policies;
- Implementation of paperless pay slips;
- Update on Auto Allocation of Student Nurses;
- Approval of the First Hand Account template designed to assist with providing first-hand accounts to the investigative process, aligned with Putting Things Right guidance, which should improve the UHB's performance in this respect;
- Updates on the Paediatrics, Neonates and Maternity Project;
- Update on and approval of, the recommended changes to the staff restaurant single tier prices;
- Regular updates on staff benefits;
- Updates on Nurse and Bank Agency;
- Update on security at hospital sites;
- Pensions automatic enrolment overview;
- Presentation on the UHB becoming a compassionate employer.

Healthcare Professionals' Forum (HPF)
In accordance with its Terms of Reference, the Forum should comprise of representatives from a range of clinical and healthcare professions within the UHB and across primary care practitioners with the remit to provide advice to the Board on all professional and clinical issues it considers appropriate. It is one of the key Forums used to share early service change plans, providing an opportunity to shape the way the UHB delivers its services. As I wrote last year, having previously lapsed, the Forum was about to be reconvened from the first quarter of this current year and has met four times during this period.

Although revised Terms of Reference were agreed the main purpose remains unchanged as outlined above. It was also acknowledged that through its breadth of different professions within its membership, the Forum should help the UHB keep on track with its strategic objectives, and it was particularly timely that it was being invigorated given the current consultation and engagement taking place with the Transforming Mental Health Services (TMHS) and Transforming Clinical Services Strategy (TCSS) programmes. Not unexpectedly, therefore, the main crux of the Forum's attention during this year has been on these two issues, with detailed progress reports being received at each of its meetings.

Members acknowledged that a whole system change is required if the UHB is to resolve its annual financial deficit, as this affects its ability to invest in high value initiatives which in turn affects the ability to improve services. The responsibility of engaging with their attendant professional groups to ensure that the importance of providing feedback was also acknowledged by members, as without this, it was recognised that ill-informed conclusions could be made in regard to the status of current services and future service delivery.

The wide variety of senior clinicians, from all professional groups, that were invited and attended the Options Development Workshops, was welcomed by the Forum. The HPF was pleased to observe that a variety of Staff Drop-In events and Stakeholder Events had been planned and that staff throughout the UHB had been offered opportunities to attend these events and offer their views. The Forum also reported that it was pleased with the extent of clinical and professional engagement to date and was also satisfied that it had been involved at an early stage in the options development and had been given every opportunity to contribute to key groups and workshops providing clinical and professional views and opinion.

With reference to Transformation of Mental Health Services (TMS), the Forum recognised that the requirement is for a model fit for the future which will be sustainable for patients, their families and the workforce involved. This model will have to provide a whole spectrum of care for very different types of patients, recognising that one of the challenges for the UHB will be in sustaining in-patient care given recent investments in community services, making this a more attractive sector for staff to work within. There was support from HPF members that, in the planning of services, general health and mental health should not be thought of separately and welcomed the fact that 'Transformation of Services' is not considering mental health as a separate entity and that it is now being presented in documents as part of the overall transformational programme. Members acknowledge that whereas TMS is at a more progressed stage in terms of progress towards implementation, it supports the continued focus of keeping both general health transformation and mental health transformation in mind, utilising any opportunities for the sharing of resources and working together.

Other issues discussed by the HPF included the UHB's recruitment campaign. Members endorsed the amount of work that had been put to this by the Workforce Resource Team and their intensive efforts to find new, innovative and creative ways of recruiting, acknowledging that the recent campaigns added value and that successful recruitment to some posts had been achieved. However, it was also recognised that longer term solutions are required for the challenges faced by the UHB in regard to the recruitment and retention of clinicians, and that this needs to come about within the transformation of services.

Another of the topics which featured on the HPF's agenda during the year was the consultation on major trauma. A presentation on Turnaround was also received, with the HPF recognising the need for Turnaround and asking to be kept updated on progress with the various themes and projects on-going. I am confident that with the reinvigorated membership representing the views of the respective professions, the forum will continue to contribute effectively to the work of the UHB during these challenging times.

Other Committees of the Board

In addition to the above, the Welsh Health Specialised Services Committee (WHSSC) (Wales) Regulations 2009 (SI 2009 No. 3097) made provision for the constitution of a 'Joint Committee'. This Committee comprises all the Welsh Local Health Boards and is a Committee of each Board, with Hywel Dda University Health Board being represented by the Chief Executive. The UHB also has representation on the NHS Wales Shared Services Partnership Committee which is considered as a Sub-Committee of the Board, at which the UHB is represented by the Director of Finance or a nominated deputy. The establishment of the Emergency Ambulances Services Committee at which the UHB is represented by the Chief Executive is also a Joint Committee of the Board. The Lead Officers and/or Chairs from the joint Committees, NWIS and NWSSP have all attended a public Board meeting or a Board Seminar meeting to discuss progress made and to assure the Board the governance arrangements are being discharged.

Further to correspondence received from the Cabinet Secretary requiring Abertawe Bro Morganwwg University Health Board (ABMUHB) and Hywel Dda University Health Board (HDdUHB) to establish a Joint Committee by the end of May 2017, in order to support and clarify clinical service decisions across the region, the Joint Regional and Planning Delivery Committee (JRPDC) was formed. The requirement was in recognition of the urgency and significance of the need for effective joint working arrangements between both organisations.

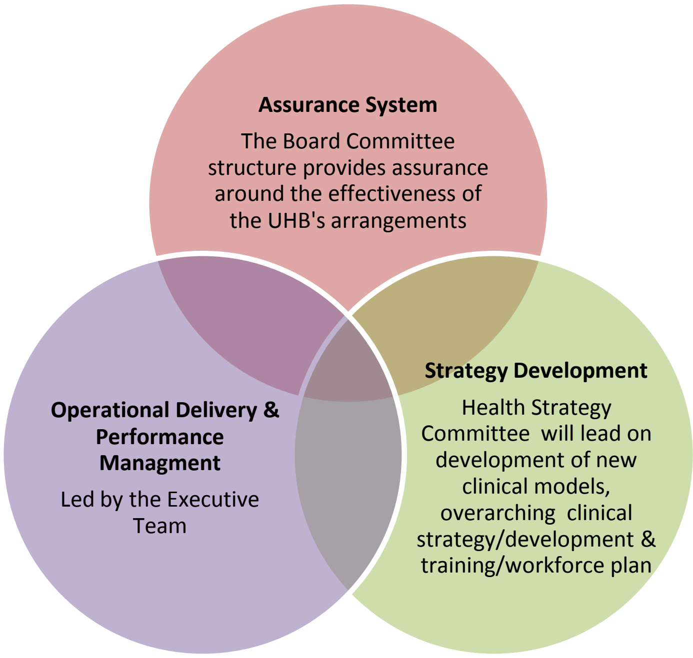
The Committee has a key role to drive forward at pace a range of projects that have been identified by partner organisations as priorities for joint working to deliver Ministerial objectives especially those relating to the NHS Outcomes Framework as well as alignment to the more strategic ARCH Programme Board and that of the Service Transformation Programme. A further role for the JRPDC will be to consider and prioritise the regional projects included within the agreed programme, approving Project Initiation Documents

(PIDs) and Business Cases, and identifying and agreeing any further projects to be included in the work programme. The JRPDC will ensure projects deliver against their outcomes, timescales, quality measures and programme benefits, as identified in PIDs and or Business Cases.

Reflecting in year changes which saw the disestablishment of the previous Mid Wales Healthcare Collaborative (MWHC) at the end of its term, the Mid Wales Joint Committee for Health & Social Care (MWJC) was formed as a Committee of the Board. Extensive work was undertaken with partner organisations to consult on the successor arrangements for the MWHC, cumulating in a transition process and handover arrangements to transition into the Mid Wales Joint Committee for Health & Social Care. Terms of Reference and an Operating Framework which sought to both reflect the changes in the requirements of NHS bodies for collaborative and regional working and build upon the strengths and successes of the MWHC arrangements, have been agreed. A draft handover statement was presented to the new Shadow Mid Wales Joint Committee meeting in March 2018. This included a position statement on the progress against achievement of the recommendations of the Mid Wales Healthcare Study and provide the new Shadow Joint Committee with a summary of the most significant issues and matters that require their attention and on-going support.

Governance & Accountability

In accordance with good governance practice, the UHB's Standing Orders and Standing Financial Instructions were reviewed and updated during the year to account for any local amendments before being presented to the ARAC for comment prior to onward submission for approval to the Board. The Terms of Reference for the UHB's Committees (including the Advisory Committees) were also reviewed as part of this process. In recognising that the function of governance is to ensure that an organisation fulfils its overall purpose, achieves its intended outcomes for citizens and service users, operating in an effective, efficient and ethical manner, the Board's governance arrangements are focused on the following three elements:



Although as Chief Executive I retain accountability, the Scheme of Delegation reflects the responsibilities and accountabilities delegated to Executive Directors for the delivery of the UHB's objectives, whilst ensuring that high standards of public accountability, probity and performance are maintained. The structure of the Executive Team has been strengthened during the year, taking it to its full complement with the appointment of the Director of Therapies and Health Sciences and the substantive appointment of the Director of Primary, Community and Long Term Care, with the revised portfolios ensuring that focus remains on capacity, balance and appropriateness. During the year, as a result of the WG's white paper 'Services Fit for the Future – Quality & Governance in Health Care in Wales' changes were made to the roles and responsibilities for the Director of Governance, Communications and Engagement and those of the Board Secretary. In recognition of the importance of partnership working and to make sure we are working in line with the requirements of the Wellbeing of Future Generations (Wales) Act, the first role became the Director of Partnerships and Corporate Services, whilst the role of the Board Secretary remains independent, preserving the role as principal advisor to the Board. A new post of Turnaround Director to lead on our Turnaround process was also created during the year.

In line with these changes, further amendments were also made to the Scheme of Delegation, providing increased clarity in respect of Executive portfolios. However, this does not preclude Executive Directors from working collaboratively together, as the WAO's Structured Assessment 2017 report identified there remained a need for greater integrated working between directors and as a collective leadership team. This provides the stability and expertise required in order for the Board to execute its duties effectively and means each member being clear about what their role is and the role of the other members. The Board's Committee structure, the roles of the Committees and Advisory Groups, their relationship with the Board and a clear scheme of delegation means that we can demonstrate "Knowing Who Does What and Why", in that we have clarity and unanimity about everyone's role and how it fits into the bigger picture.

This principle is not limited to operating within the boundaries of the UHB as it also means being clear about how it relates to its partners and stakeholders, how it fits into the wider picture and being clear about how the various arms of WG fit into the picture. To reflect these principles the Board approved a Partnership Governance Framework & Toolkit which will assist the organisation in identifying and understanding the risks associated with partnerships, and provide the evidence required should the UHB wish to end its relationship with a partner. The UHB is required to adhere to a wide range of legislation but there are two specific pieces of partnership legislation, i)The Well-being of Future Generations (Wales) Act 2015 and ii) The Social Services and Well-being (Wales) Act 2014, which have a statutory requirement for collaboration in the development and implementation of a joint strategic plans. The Board formally endorsed the four strategic plans; the Public Service Board Well-being Plans of each local authority (PSB), and the West Wales Area Plan developed by the West Wales Regional Partnership Board, addressing the requirements of these two statutory obligations.

One of the underpinning principles recognised by the Board is that governance is about vision, strategy, leadership, probity and ethics as well as assurance and transparency, and should provide confidence to all stakeholders, not only to the regulators, in the delivery of objectives. The UHB regularly circulates its Stakeholder Briefing which informs both the organisation and the wider community, in particular partner organisations, of current developments and progress made across a range of subjects. These can be found on the UHB's website on the following link: http://www.wales.nhs.uk/sitesplus/862/page/67271. This sharing of information is further enhanced by the UHB's use of a range of social media channels.

The governance structure of the UHB accords with the WG's Governance E-Manual and Citizen Centred Governance Principles in that the seven principles together with their key objectives, provide the regulatory framework for the business conduct of the UHB and define its 'ways of working'. These arrangements support the principles included in HM Treasury's "Corporate Governance in Central Government Departments: Code of good practice 2011".

Governance in Primary Care
The main medium for governance in primary care is the Primary Care Applications Committee, as referred to earlier in this statement. Other elements of governance are enacted through a number of committees/forums within the Primary & Community Care governance framework, (without being formal committees/sub-committees of the Board) with some of the main channels being as follows:

Primary Care Governance
This Forum considers the Primary Care Risk Register, performance exception reports, HIW Inspection reports and action plans at its bi-monthly meetings with these being signed off by this Committee. It is recognised within Primary Care that effective risk management is integral to the achievement of all the UHB's objectives. The Primary Care risk register highlights the current and ongoing risks in Primary Care and mitigation, actions and progress are monitored and updated bi-monthly. A monthly Primary Care Concerns meeting is also held where open concerns are discussed, as well as timescales and lessons learned or any further action to be taken. Practices are encouraged to use Datix – the UHB's incident reporting system to report incidents which occur in Primary Care and which may occur in the patient's journey into Secondary Care. The Complaints and Incidents Management 'Putting Things Right' (PTR) Facilitator liaises with practices on Putting Things Right Regulations and where it has been identified in an Ombudsman report that a practice may need further support in adhering to the PTR guidance. Practices follow this guidance when dealing with complaints and incidents and all have their own complaints procedures. The Quality and Outcomes Framework contains an annual review of complaints within the practice. All complaints concerning Primary Care received into the central hub are screened by the Quality Manager to ascertain whether it is a matter for the practice to investigate the concern or whether the UHB needs to investigate. Case studies, action plans and lessons learned are also fed into the Improving Experience Sub-Committee and in some cases the Primary Care Performers Issues Group.

3 Counties Primary and Community Quality, Safety and Experience Sub-Committee
Any issues related to governance including performance dashboards, exception reports and risk registers are presented at this Sub-Committee. Where the issues relate to information technology (IT) or delivery of the primary care elements of the IMTP, these issues are discussed at the BPPAC, especially if it involves collaborative work with both primary and secondary care to resolve some of the IT and governance issues.

Primary Care Performance Group & Performance Issues Group
These two Groups meet on a bi-monthly basis to review dashboards and discuss primary care performance and exceptions across all the contractor groups. The Performance Issues Group will review any issues which have been identified from a number of sources including General Medical Council, General Dental Council, complaints and incidents, Ombudsman reports, whistle-blowing relating to the performance of GP's, Dentists, Pharmacists and Optometrists in line with the relevant Performers List regulations and contracts. This Group makes decisions on whether there is sufficient information to warrant commissioning an investigation which will in turn inform the decision regarding whether a screening panel is required or if the matter was of a more serious nature – whether a reference panel needs to be called. The Group monitors any ongoing conditions that a performer may be working to which have been imposed by the UHB or by the relevant governing body.

Clinical Governance Primary Care Self- Assessment Tool (CGPSAT)
This Tool is designed to encourage GP practices to reflect and assess the governance systems they have in place in order to facilitate safe and effective clinical practice, and can be mapped to Health and Care Standards in Wales. The CGPSAT may act as an assurance to the UHB and to other bodies, such as the General Medical Council, Community Health Councils and HIW that such systems are in place and effective or, if not, that the practice is planning to introduce or improve such systems. The CGPSAT is now part of the Quality and

Outcomes Framework (QOF) and the UHB will be monitoring practices that have completed levels of self-assessment, areas for improvement and areas identified, to be incorporated into the practice plan for development.

Information Governance (IG) Toolkit
The IG Toolkit is included in QOF. Following on from the relaxation of QOF indictors for 2017-2018, the recommendation from the Information Governance Commissioner and NWIS is that Practices are advised to continue to complete the Information Governance Toolkit in preparation for the forthcoming General Data Protection Regulations (GDPR) and Data Protection Bill which will require practices to have a number of measures in place to comply with this new legislation scheduled to come into force in May 2018.

Community Pharmacy Contractual and Performance Monitoring
The Community Pharmacy Dashboard monitors activity and performance. The main monitoring for Community Pharmacy is via the on-line toolkits, submission of audits, and level of complaints. Pharmacies have to complete an annual on-line Clinical Governance Self-Assessment Toolkit and an Information Security & Management System (ISMS) Toolkit by 31st March and are monitored as to whether it's been completed from the beginning of April by the NHS Wales Informatics Service. In the last 6 months, Post Payment Verification (PPV) have commenced visits to pharmacies for a specific enhanced service, however only a small number have been undertaken so far. The Shared Services Partnership has indicated that they will be stepping up their PPV visits to Community Pharmacies over the coming year, with a particular focus on Medication Usage Reviews.

There is a robust system of prescribing monitoring in the UHB and issues are discussed at the GP Prescribing Leads Group where peer review also takes place. Medicines Management Technicians work with Practices across the three counties to address certain areas of work and ensure that equity and quality is maintained across the whole of the UHB with representatives from each practice attending this meeting. Medicines Management are also linked in to cluster work with some clusters appointing Cluster Pharmacists.

Dental Services
A Dental Planning, Performance and Delivery Forum ensures that there is a robust process in place for the planning, delivery and monitoring of dental services performance across the whole of the UHB, and has delegated responsibility for approval of policy, procedure and strategy. Dental Contractual and Performance Monitoring is undertaken at bi-monthly Dental Performance and Quality meetings whilst a Dental Quality and Safety Group oversees clinical governance in dentistry provided in salaried and contracted services across primary and secondary services, for which the UHB has responsibility. Further support is provided from the Dental Quality and Safety Group which integrates its work with the UHB's wider Clinical Governance structures with its work including ensuring that there is a robust system of reporting and addressing clinical risks/incidents and this is undertaken in accordance with the UHB's overarching policies and procedures.

Optometry Performance
Optometry performance is shown as part of the monthly primary care performance report and currently demonstrates the number of Eye Health Examination Wales (EHEW) Accredited Practices and EHEW activity across the months.

Post Payment Verification (PPV)
PPV is a process, contracted out to NWSSP Primary Care Services, which provides the UHB with the assurance that practices are appropriately claiming for enhanced service activity. The PPV team will visit every GP practice on a 3 year rolling programme and audit a selection of the claims submitted in the past 3 years; any claiming errors found will result in a recovery from that practice following authorisation from the UHB. If the claiming errors amount to 10% or more of the claims made, a revisit is organised to that practice, within the

next 12 months, to look at all claims for that particular enhanced service for the 3 years and a further recovery of monies is made if appropriate.

The PPV team at NWSSP review specific services for Community Pharmacy, Medicine Use Reviews and Influenza Vaccinations. A selection of on-line claims is chosen and visits made to pharmacies to verify supporting documentation, including patient consent. A report of each visit is sent to the UHB for review and confirmation of any action to be taken. This is usually in the form of a recovery for any unverified claims and whether a pharmacy should be listed for a follow-up visit earlier than it next scheduled 3 yearly one based on the error rate identified.

During the PPV visits, a Duty of Care audit is also undertaken of the pharmacies process for accepting, storing and disposal of retuned waste medicines, to measure compliance with Waste Regulations.

Future Vision

The Board has supported the vision for a future model for Primary care services within Hywel Dda as a result of current and growing pressures on these services. Primary care is the foundation of health services, delivering over 6 million episodes of care for our population every year. The current focus will be on developing a solution for core contractor services that will fit and align with a wider integrated system, focusing initially on General Medical Services (GMS) and community pharmacies. This will be a step forward in transforming community and primary healthcare and discussions are already underway with GMS contractors, the Local Medical Committee and Royal College of GPs. It is anticipated that there will be 3 phases (design, implementation and review) over the next 2 years and the programme will be aligned and consistent to the Transforming Clinical Services programme.

The purpose of the system of internal control:

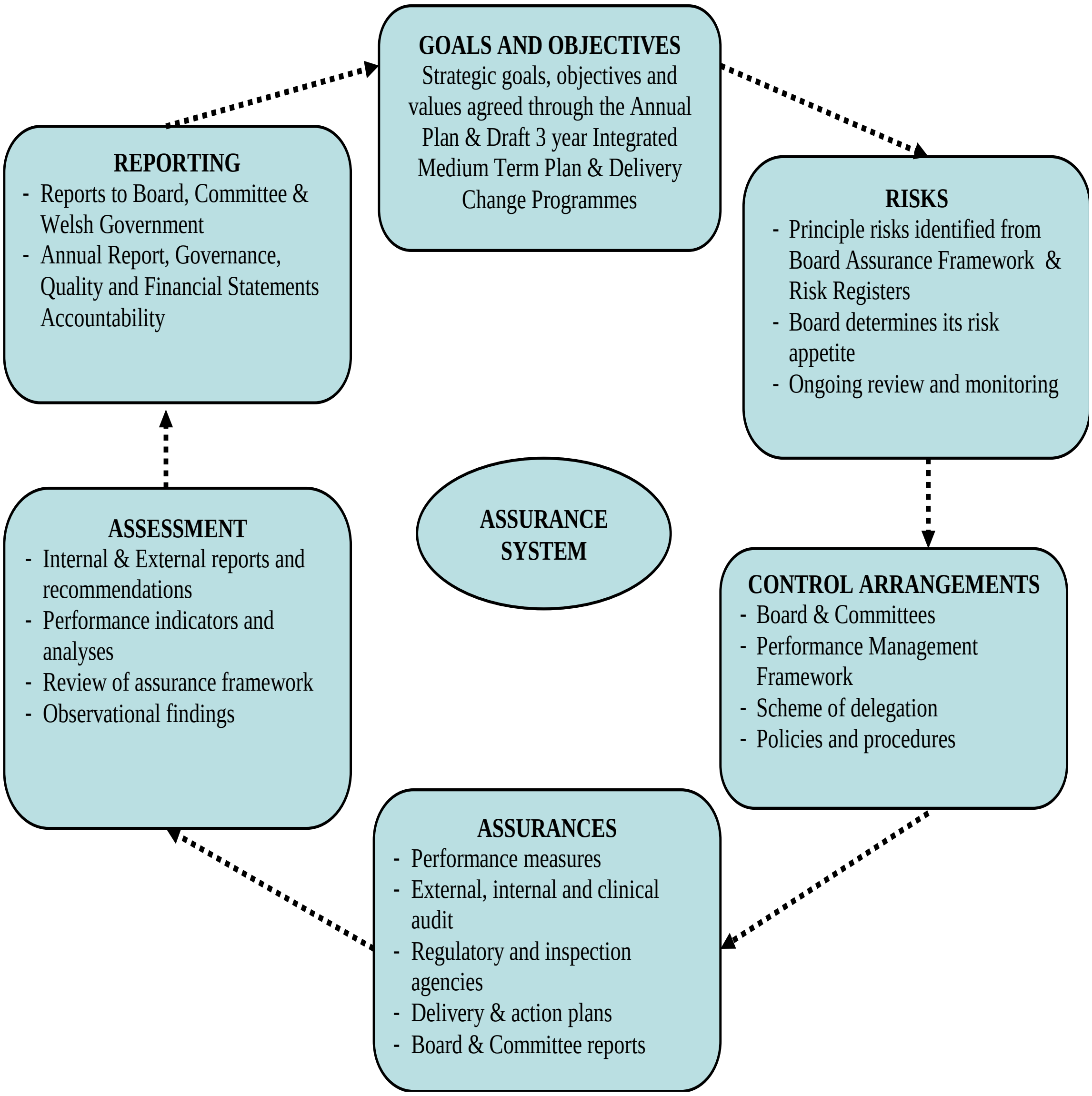
The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risks; it can therefore only provide reasonable and not absolute assurances of effectiveness.

The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place for the year ended 31 March 2018 and up to the date of approval of the annual report and accounts.

The Board is accountable for maintaining a sound system of internal control that supports the achievement of the organisation's objectives. It has been supported in this role by the work of the main Committees, each of which provides regular reports to the Board, underpinned by a Sub-Committee structure, as shown on page 14 of this statement. The system of internal control is based on a framework of regular management information, administrative procedures including the segregation of duties and a system of delegation and accountability.

The UHB recognises that scrutiny has a pivotal role in promoting improvement, efficiency and collaboration across the whole range of its activities and in holding those responsible for delivering services to account. The role of scrutiny is increasingly important at this time when the UHB is continuing to respond to the challenge of its targeted intervention status whilst also driving forward its programmes for Transforming Clinical Services and Transforming Mental Health Services. The responsibility for maintaining internal control and risk management systems rests with management.

The Board therefore draws on assurances from a number of different sources in order to demonstrate that the system of internal control has been in place, as shown below:



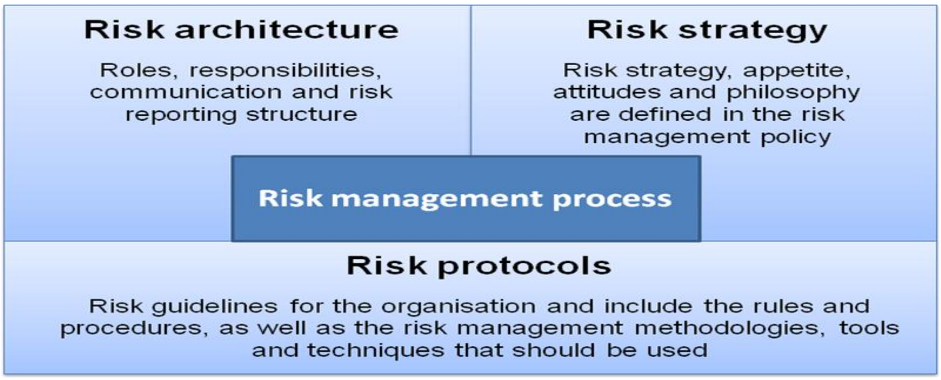
Combined, these provide the body of evidence required to support the continuous assessment of the effectiveness of the management of risk and internal control and that internal control has been in place for the year ended 31st March 2018.

Capacity to handle risk
The UHB acknowledges that delivery of healthcare services carries inherent risk. During the year risk management throughout the organisation has been further strengthened. We have introduced a Board approved Risk Management Framework which sets out the components that provide the foundation and organisational arrangements for supporting risk management processes, with our Risk Management Strategy & Policy being an integral element of the Framework. We recognise that an effective Risk Management Framework, including our Risk Management Strategy & Policy, is an essential component of successful clinical and corporate governance. We believe that by approaching the control of risk in a strategic and organised manner, risk factors can be reduced to an acceptable and manageable level. This should result in better quality and safer care for patients and residents, and a reduction in unnecessary expenditure. By adopting a risk management approach, statutory obligations can be identified and fulfilled in a positive way, rather than as a means of avoiding litigation and prosecution. Risk management is important to the successful delivery of the UHB's services. We operate an effective risk management system that identifies and assesses risks, decides

on appropriate responses and then provides assurance that the responses are effective. At the UHB we understand the implications of risks taken by management in pursuit of improved outcomes in addition to the potential impact of risk-taking on and by its local communities, partner organisations and other stakeholders.

Risk Management Framework
The Risk Management Framework aims to clearly set out the components that provide the foundation and organisational arrangements for supporting risk management processes in the UHB. It seeks to clarify roles and responsibilities and reduce duplication, particularly in respect of assurance committees by setting out the individual responsibilities and communication lines whilst also outlining other components which make up the Risk Management Framework.

The scope of the Framework is the risk architecture, strategy and protocols. The risk architecture sets out the roles and responsibilities of the individuals and committees that support the risk management process. The risk strategy should set out the objectives that risk management activities are seeking to achieve, and the risk protocols describe the procedures by which the strategy will be implemented and risks are managed. This is built around and supports the risk management process.



The Framework assists with addressing the comment from WAO in the previous year's Structured Assessment that sub-committee assurance and risk focus required strengthening and that risks should be driving their agendas. It primarily focuses on the risk architecture and provides the mandate for embedding risk reporting within the UHB, that is, the roles, responsibilities, communication and risk reporting arrangements that support the risk management process, by clearly setting out roles and responsibilities of both individuals and committees in one document.

It does not replace the current Risk Management Strategy as the Strategy is a separate however is an essential component of the Framework.

Risk Management Strategy and Policy
We work to a Board approved Risk Management Strategy and Policy which:

- Provides a Framework for managing risk both across the organisation and in working with partners/stakeholders, consistent with best practice and WG guidelines;
- Outlines the UHB's risk management objectives, our approach to and appetite for risk and approach to risk management;
- Clearly defines risk management roles and responsibilities at each level of the organisation;
- Details the risk management processes and tools in place, including reference to the risk register, risk reporting arrangements, frequency of risk activities and available guidelines;
- Is underpinned by a Risk Management Procedure;
- Includes a clear policy statement.

Policy Statement
Hywel Dda University Health Board Hospital (UHB) is committed to delivering the highest level of safety for all of its patients, staff and visitors. The complexity of healthcare and the ever-growing demands to meet health care needs, means, that there will always be an element of risk in providing high quality, safe health care services. The management of risks is a key factor in achieving the provision of the highest quality care to our patients; of equal importance is the legal duty to control any potential risk to staff and the general public as well as safeguarding the assets of the organisation. The UHB recognises effective risk management is a key component of corporate and clinical governance and is integral to the delivery of its objectives in service provision to the citizens of the health community. There will be a holistic approach to risk management across the UHB which embraces financial, clinical and non-clinical risks in which all parts of the organisation are involved through the integrated governance framework. The mission of the UHB supports the effective management of risk and the role of the individual. This requires all staff to recognise that there is a responsibility to be involved in the identification and reduction of risks. The UHB will seek to ensure that risks, untoward incidents and mistakes are identified quickly and acted upon in a positive and constructive manner so that any lessons learnt can be shared. This will ensure the continued improvement in the quality of care and the achievement of the UHB objectives. The commitment of the UHB is therefore to: a) Minimise harm to patients, colleagues or visitors to a level as low as reasonably practicable; b) Protect everything of value to the UHB (such as high standards of patient care, reputation, community relations, assets and resources); c) Maximise opportunity by adapting and remaining resilient to changing circumstances or events; d) Assist with managing and prioritising the business/activities of the UHB through using risk information to underpin strategy, decision-making and the allocation of resources; e) To ensure that there is no unlawful or undesirable discrimination, whether direct, indirect or by way of victimisation, against its service users, carers, visitors, existing employees contractors and partners or those wishing to seek employment, or other association with the organisation.

Risk Management Procedure

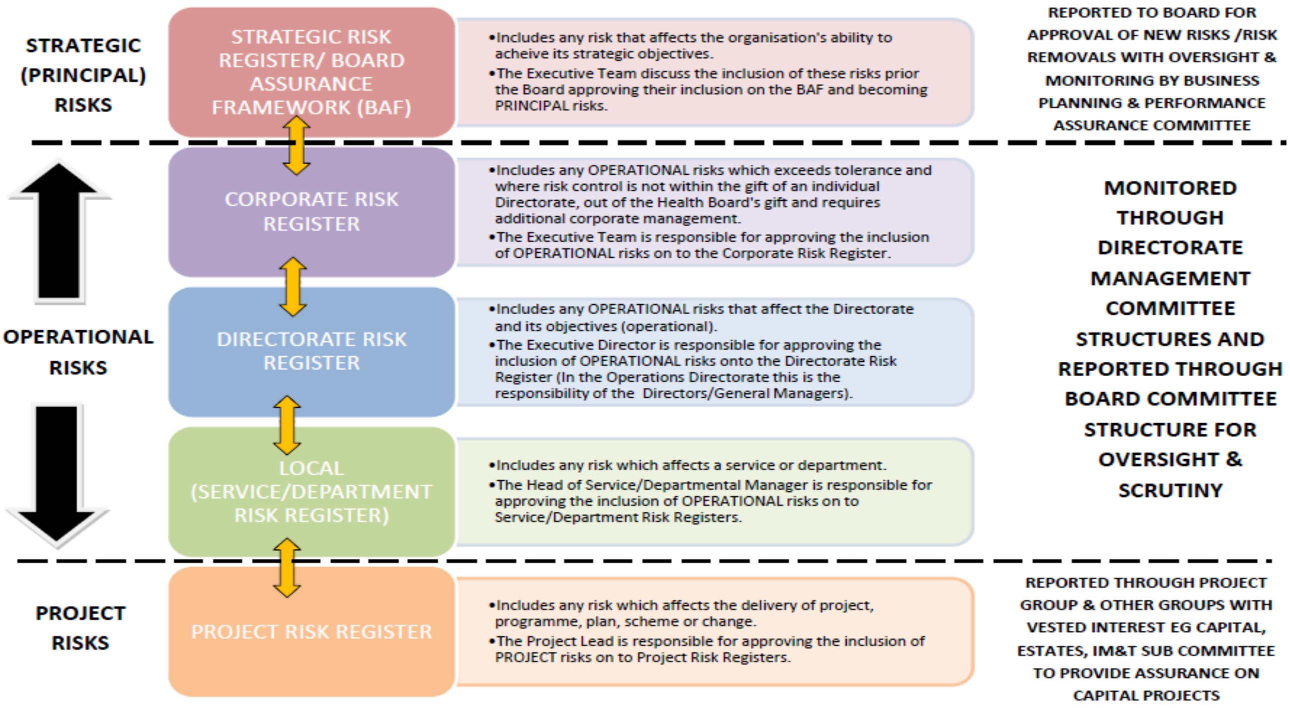
- Provides the Framework giving detailed guidance on the risk assessment process to be undertaken across the whole organisation in order to populate the UHB's risk register in a consistent manner;
- The 5x5 risk scoring matrix used by the UHB enables a consistent approach to scoring risks as it enables risks to be scored by analysing the potential impacts of a risk by likelihood of these occurring. This allows risks to be ranked in level of importance to assist the UHB with decision-making. Risks scored using the 5 x 5 matrix will result in the following risk scores;

Risk Score	Level of risk
15-25	Extreme
8-12	High
4-6	Moderate
1-3	Low

- Includes the processes of risk analysis and evaluation and makes it clear that the level of detail in a risk assessment should be proportionate to the risk;
- Risk management requires participation, commitment and collaboration from all staff and the process starts with the systematic identification of risks throughout the organisation, documented on risk registers;
- Executive Directors and Senior Managers are also responsible for ensuring that staff understand and apply both the UHB's Strategy and Procedure in relation to risk management.

Risk Register
The UHB manages risk within a framework that devolves responsibility and accountability throughout the organisation, as demonstrated below:

Risk Registers



- The Board's Corporate Risk Register (CRR) is populated from the highest operational risks identified from across the UHB's services and corporate functions, with the Board being fully sighted on these risks. Operational risks should meet the following criteria for inclusion onto the CRR:
  The risk exceeds tolerance level (risk score of 15 or more for 6 months or more) and:
  a) Risk control is not within the directorate's influence. This could be for a variety of reasons such as the risk requiring an enterprise-wide approach in its management (i.e. the involvement of other directorates) or it is beyond its resources to manage, or;
  b) Risk control is not within the UHB's influence (i.e. the UHB does not have direct control over the management of the cause of the risk but will be affected by its impact if the risk does materialise).

  In addition, the Board are advised of any significant new/emerging risks, which it considers is outside of the influence of an individual directorate or the UHB to manage;
- The CRR is reviewed monthly by the Executive Team, who has a pivotal role as a second line of defence, to determine risk management strategies for the more challenging risks that threaten the UHB's operations. It is also their role to agree that a risk has been managed to an acceptable level, balancing priorities, resources and the risk to the UHB, and recommend this course of action to the Board. The Board must be provided with assurance that everything that can be done, has been done to reduce the risk and that there are effective plans and controls in place to manage the situation should the risk materialise. This will help limit damage, control loss and contain costs for the UHB;
- Operational risks are reported through the Board and Sub-Committee structure for formal monitoring and scrutiny to provide assurance to the Board that risks are being managed effectively by Directorates. All risks identified within the risk registers should

be aligned to a Committee, Sub-Committee or Group, who are responsible for gaining assurance on the management of the risks, challenging the pace of delivery of planned actions and gaining an understanding of any new or emerging risks that may affect the UHB achieving its operational objectives.

Risk Appetite

The UHB considers that risk appetite is about managing the organisation and is only useful if it is clear and can be implemented across the organisation and is not about developing a statement to be filed in a report or included in a strategy. The Board's risk appetite continues to be aligned to a thematic approach.

The UHB's overarching risk appetite outlines its approach to risk in relation to four key areas of the business: quality, finances, performance and reputation.

Risk Appetite Statement

The core aim of the UHB is to ensure that it delivers high quality, sustainable services to patients. In doing so, the Board recognises that it is not possible to eliminate all the potential risks which are inherent in the oversight of healthcare providers and is willing to accept a certain degree of risk where it is considered to be in the best interests of patients.

The Board has considered the level of risk that it is prepared to tolerate in relation to key aspects of the business. The following paragraphs set out its attitude to risk in respect of four key domains.

1. **Quality**

The Board is accountable for ensuring the quality and safety of the services it provides to patients. In setting clear expectations on quality through the planning guidance and holding to account for poor performance where the quality of service to patients is severely compromised, the UHB have a low appetite for risk. Decision making authority is held by senior management, either clinical or non-clinical, as appropriate. The UHB's corporate risk register will continue to reflect material risks that may prevent the organisation in fulfilling its role to deliver clinical services which meet set/recognised standards/Health Inspectorate Wales' Standards for Healthcare.

2. Finances

The Board has a low appetite to financial risk in respect of the statutory financial duties, i.e. delivery of the "break even" duty, maintaining expenditure within the allocated resource limit and full adherence to internal expenditure and financial controls, including the demonstration of value for money in spending decisions.

However, in recognition of the service and workforce challenges in addition to the financial environment in which we are operating and conditional upon maintaining delivery of quality services and compliance with the WG's NHS Planning Framework our risk appetite will increase in that we are willing to consider all potential delivery options that ensure the delivery of sustainable, high quality services.

The Board is prepared to support investments for return and minimise the possibility of financial loss by managing associated risks to a tolerable level. Value and benefits will be considered and resources allocated in order to capitalise on opportunities.

3. **Performance**

Our performance and delivery function is currently operating in a complex environment that recognises very challenging economic conditions, changing demographics with intense political and regulatory scrutiny.

However, the continued delivery of high quality healthcare services, working towards service sustainability, requires some moderate risk to be accepted where this results in better healthcare services for patients. Decision making authority is generally held by senior management with innovations in practice avoided unless really necessary.

Our oversight methodology and process, underpinned by a risk-based escalation rating, subject to regular review, determines how the performance and delivery function engages with the WG, including the deployment of intervention and development strategies as required.

4. **Public Confidence/Reputation**

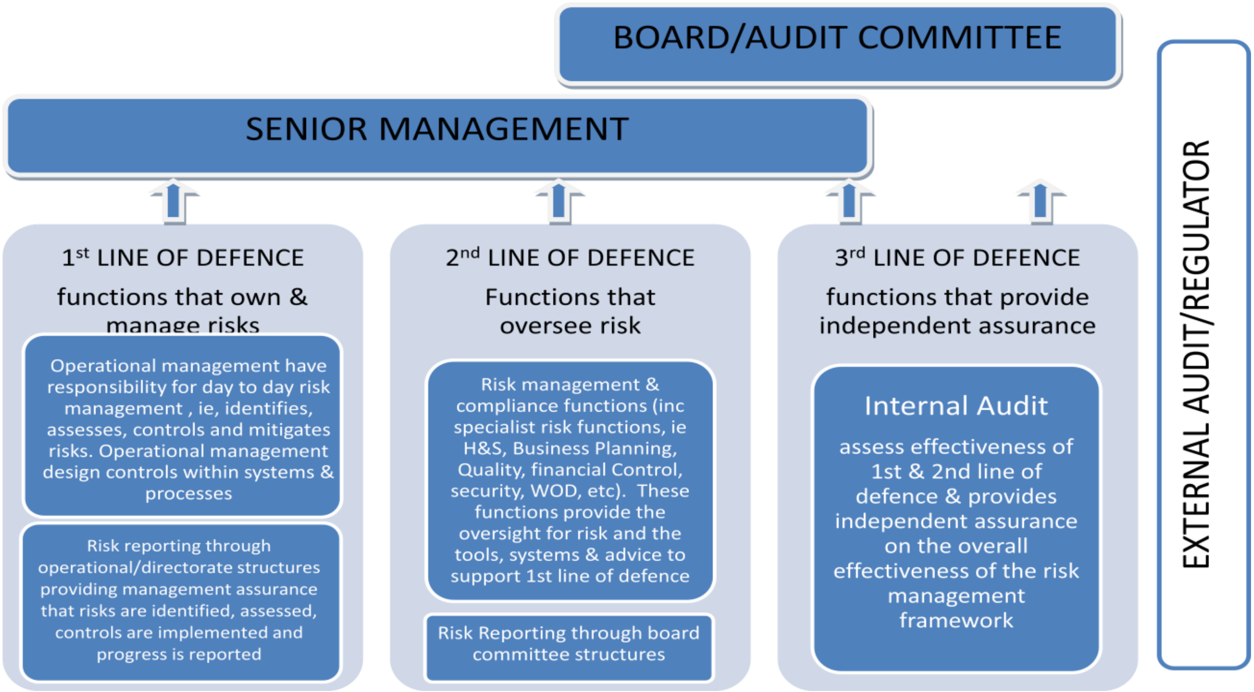
The Board has a moderate risk appetite for actions and decisions that whilst taken in the interests of ensuring quality and sustainability of the UHB and its patients, may affect the reputation of the

Board and its employees. The tolerance for risk taking will be limited to those events where there is little chance of any significant repercussion for the Board should there be a failure. Such actions and decisions will be subject to a rigorous risk assessment and will be signed off by a member of the Executive Team.

The above statement flows into more specific risk appetites for categories of risk, directed by key drivers which are detailed in the Risk Management Strategy & Policy.

Management of Risk

The UHB operates a 'Three Lines of Defence' model that outlines the principles for the roles, responsibilities and accountabilities for risk management as shown below:



Members of the Board recognise that risk management is an integral part of good management practice and to be most effective should become part of the UHB's culture. The Board is therefore committed to ensuring that risk management forms an integral part of its philosophy, practice and planning rather than viewed or practiced as a separate programme and that responsibility for implementation is accepted at all levels of the organisation. The UHB recognises that success will depend upon the commitment of staff at all levels, and the development of a culture of openness within a learning environment will be an important factor.

The UHB is committed to the principle that risk must be managed, and to ensure:

- Compliance with statutory legislation;
- All sources and consequences of risk are identified;
- Risks are assessed and either eliminated or minimised;
- Information concerning risk is shared with staff across the UHB;
- Damage and injuries are reduced, and people's health and well-being is optimised;
- Resources diverted away from patient care to fund risk reduction are minimised;
- Lessons are learnt from incidents, complaints and claims in order to share best practice and prevent reoccurrence;
- Assurance is provided to the Board that risk management and internal control activities are proportionate, aligned, comprehensive embedded and dynamic;

- That it supports decision-making through risk-based information.

The UHB regularly seeks assurance through its Committee reporting structure that the following disciplines are in place:

- High quality services are delivered efficiently and effectively;
- Risk management and internal control activities are proportionate to the level of risk within the organisation, aligned to other business activities, comprehensive, systematic and structured, embedded within business procedures and protocols and dynamic, iterative and responsive to change;
- Equality Impact Assessment is carried out in accordance with legislation and the UHB's Equality Impact Assessment Policy;
- Performance is regularly and rigorously monitored with effective measures implemented to tackle poor performance;
- Compliance with laws and regulations;
- Information used by the UHB is relevant, accurate, reliable and timely;
- Financial resources are safeguarded by being managed efficiently and effectively;
- Human and other resources are appropriately managed and safeguarded.

Effective risk management requires a reporting and review structure to ensure that risks are effectively identified and assessed and that appropriate controls and responses are in place.

The implementation of the Risk Management Framework has provided a clear pathway for ensuring that all identified risks are monitored through Board & Committee Structure, with an overview demonstrated in the figure below:

BOARD

- Overall responsibility for risk management
- Approve framework and strategy for risk
- Determine its risk appetite to underpin strategy, decision making and the allocation of resources, and ensure the right focus on risk management and reporting within the organisation
- Setting the Health Boards tolerance for risk and deciding what level of risk is acceptable
- Agreeing strategic objectives and associated risks for inclusion in the Board Assurance Framework
- Reviewing the principal risks set out in the Assurance Framework, and those risks

ARAC

- Seek assurance on the effectiveness of the risk management processes & framework of internal control
- Recommending Board approval of the Risk Management Framework & Strategy
- Agreeing internal and external audit plans to gain assurances on the controls in place

BOARD COMMITTEES (eg QSEAC)

- Seek assurance on the management of operational risks relating to patient safety & quality exceeding tolerance for over 6 months (reported through Sub-Committee reports)
- Provide assurance to the Board that risks are being managed effectively & report areas of significant concern, ie, where risk appetite is exceeded.
- Provide half yearly reports to ARAC on the effectiveness of the risk management process and management of quality and safety risks
- Identity through discussions any new/emerging risks & ensure these are assessed by management
- Signpost any risks out of its remit to the appropriate UHB

EXECUTIVE TEAM

- Agrees risks for inclusion on Corporate Risk Register
- Develop risk management strategies for the more challenging risks that threaten the UHB's operations.
- Use corporate risk register to inform meeting agenda

SUB-COMMITTEES

- Scrutinise risk registers within their remit
- Gain assurance that the risks are being appropriately managed, effective controls are in place and planned additional controls are being implemented
- Identity through discussions new risks emerging risks & ensure these are assessed by management
- Provide assurance to parent Committee that risks are being managed effectively and report risks which have exceeded

Reporting to provide

assurance

DIRECTORATE RISK MANAGEMENT

- Identifies, assesses and controls risks
- Prepares & keeps up to date directorate risk register
- Monitors & reviews directorate risk register, including the controls and management action
- Use directorate risk register to inform decision-making and allocation

Board Assurance Framework
The Board Assurance Framework is the key source of evidence that links strategic objectives to risks and assurances, and is the main tool that the Board should use in discharging its overall responsibility for internal control. The Board Assurance Framework sets out the strategic objectives, identifies risks in relation to each strategic objective and maps out both the key controls that should be in place to manage those objectives and confirm the Board has gained sufficient assurance about the effectiveness of these controls. It simplifies Board reporting and the prioritisation of Board and Committee agendas, actions plans, and in turn enabling more effective performance management.

The Board Assurance Framework has been submitted to the Board at regular intervals during the year. It is reviewed prior to the Board meeting by the Executive Team as it has responsibility to discuss and consider any amendments, to ensure there is appropriate scrutiny and challenge of the principal risks before it is submitted to the Board for approval. The BPPAC as the principal Committee is responsible for gaining assurance that the risks are being managed and the controls in place are effective.

There were 34 principal risks on the Board Assurance Framework presented to the Board on 29th March 2018. Further information on the risks and current controls is detailed in Appendix 1. The full Board Assurance Framework presented to Board in March 2018 can be viewed via the following link:
http://www.wales.nhs.uk/sitesplus/documents/862/Item%204.7%20Board%20Assurance%20Framework.pdf

Feedback from Wales Audit Office Structured Assessment for 2017 commented that the UHB's Board Assurance Framework continues to evolve and compares well with other health bodies. In its Comparative Review of NHS Board Assurance Frameworks, Wales Audit Office observed that the UHB has developed its approach in a way that separates risk management and Board assurance requirements. This was recognised as helping us to gain both a top down, longer term perspective on risks to corporate objectives in addition to a bottom up approach providing assurance on the management of operational risks.

During 2018/2019 the UHB's Risk Management Strategy and Policy, including its risk appetite and tolerance will be reviewed, to ensure it continues to reflect the amount of risk the organisation is prepared to accept. The UHB has been developing the risk module on Datix during 2017/2018 and currently has approximately 88% of existing risks inputted into the system. The remaining 12% of risks not entered are under review by Directorates and may be permanently removed. Datix will enable quicker reporting of risk information to committees and enable stronger oversight of risks both by committees and corporate functions within the UHB. During 2018/2019, we are planning to develop the reporting tools for users in order they can fully utilise the system and also to develop our own quality assurance and auditing processes.

Working with Partners/Stakeholders
As an organisation, we recognise that although delivering services through partners can bring significant benefits and innovation, there is less direct control than if delivering them alone. An environment where services and projects are increasingly being delivered through partner organisations puts a premium on successful risk management. It is essential that partnership agreements are underpinned by robust governance arrangements including appropriate reporting mechanisms and that the UHB has a clear approach, including its associated risk appetite, to partnership working.

Unclear governance arrangements in public services can create risk. Increasingly, public services are delivered through subsidiaries, partners or contractors and the sheer diversity of governance arrangements that exist within and between bodies that operate at arm's-length increases the inherent risks associated with them. If differences in perception and understanding are not recognised, then associated risks are often not properly assessed and are not well managed. Whilst recognising the diversity and dynamism of service delivery, it is essential that governance expectations are clearly and consistently understood by the UHB and those who provide services on its behalf.

As the UHB continues to work increasingly in partnership to deliver its strategic aims, objectives and priorities, it is essential that partnership arrangements are underpinned by robust governance arrangements, including appropriate reporting mechanisms, in order that the Board has a clear approach to its partnership work. It is recognised that whilst partnerships can deliver benefits, they can also bring with them risks. Given that the UHB will remain accountable for the care for which it is responsible, it is essential that such partnerships are underpinned by robust governance arrangements which link back into partner organisations. If such arrangements are not in place, governance arrangements can become diluted, and the Board will not receive the assurances it requires regarding the quality, safety and efficacy of services delivered. This is particularly important where partnerships are focused on some of our most vulnerable patient groups, and where there needs to be both a trust and confidence in the arrangements in place.

At its meeting in September 2017, the Board approved its Partnership Governance Framework and Toolkit, the first of its kind in Wales and Public Services Boards and Local Authorities have expressed an interest in adapting and adopting it for their use. It sets out key principles such as how to capture the costs and benefits of engaging in different forms of partnerships, how to monitor and mitigate the risks associated with working across a wide variety of partners, and how to measure their performance. This is a partnership governance Framework, based on a Toolkit approach providing guidance and support to all those involved in partnership working in conjunction with key stakeholders, to adopt a consistent approach for the governance of partnerships, and to ensure on-going consideration of each partnership's effectiveness.

The purpose of the Partnership Governance Framework is to ensure that any joint working arrangements which can potentially bring a level of service, financial or reputational risk to the organisation, are evaluated, assessed and recorded, enabling appropriate performance management and risk control measures to be put in place. Where possible, all existing partnerships and collaborations that the UHB is aware of, have been mapped to the UHB's internal governance structure in terms of its assurance, operational and strategic arms, and identified on the Governance Wiring Diagram. This ensures that any decisions or directions of travel that are being proposed in partnership can be tracked and agreed through the UHB's existing governance arrangements.

It is recognised that effective risk management is essential for successful partnerships and the framework ensures that the UHB's existing risk management arrangements will be used both when reviewing an existing partnership or seeking to establish a new partnership, in managing the risks of working within the partnership. Regular review of partnership risks will enable an understanding of both the risks to the Partnership objectives, their impact on the UHB's objectives and its reputation, feeding the partnership risk registers and inclusion on the UHB's risk register as appropriate.

I referred earlier in this statement to the role of the PSB's and it is important to note that the PSB Well-being Plans represent the additional value that can be delivered through working innovatively and collaboratively as partners. Their development has created a significant opportunity to reframe the focus and understanding of health and well-being not just on the absence of disease or the treatment of illness; the PSB Well-being Plans will help to re-orientate the focus on the wider determinants of health.

Each PSB is establishing a governance structure to drive forward the delivery of the PSB Well-being Plans and a number of new sub-groups will be established. This will require a review and updating of the partnership governance arrangements for the UHB, and it will also be critical to ensure appropriate senior officer input into the sub-groups in order to fulfil our statutory responsibility to work collaboratively on partnership well-being priorities. Governance arrangements for the delivery of the West Wales Area Plan will also include the use of thematic/project groups to drive forward the actions which have been committed. It will also be important to ensure that the shared commitments within the Area Plan are fully reflected in the UHB's Annual Plan and work with the Planning Team to ensure that this is achieved.

The first ever 'Inspiring Research and Innovative Practice Conference', organised by the UHB and its 3 partner universities Aberystwyth University, Swansea University and University of Wales Trinity Saint David, celebrated how working together has led to improved patient experience and better health outcomes was held in July 2017. It also provided the perfect opportunity for colleagues from across the health and education sectors to meet and share ideas as part of their ongoing professional development. The conference enabled the UHB and its partners to demonstrate the work underway in shaping and driving the development of its workforce and delivering healthcare services in a rural context. Looking ahead, the 4 partners, known as the University Partnership Board (UPB), will continue its work to identify creative solutions and development opportunities to drive research, education and innovation in health improvement.

Projects and Strategic Policy Decisions
It is explicit within the Risk Management Strategy and Policy that all discrete/significant projects or strategic policy decisions within the UHB must be risk assessed using the agreed Risk Management Procedure. This requirement is re-iterated in the Risk Management Framework. Each Project Manager within the UHB must undertake risk assessments of their designated projects at the beginning of the project with each project required to have a separate risk register. The management of the project's risk register must be a standing agenda item at all Project Board (or equivalent) meetings, where risks must be reviewed and updated as appropriate.

Where the UHB is involved in projects which are managed through third parties who utilise a different project methodology, a clear protocol will be established which identifies how risks held in the project format or system will be escalated to the risk register. There may be projects that require formal project methodology which is fully documented within a Project Initiation Document, detailing all project risks which are known and are included in any associated Business Case. A formal project approach using or based upon a recognised project methodology will reduce the associated risks within a project.

Emergency Preparedness
The UHB has a well-established Major Incident Plan that is reviewed and ratified by the Board on an annual basis. The Major Incident Plan meets the requirements of all relevant guidance and has been consulted upon by partner agencies and assurance reviewed by the WG's Health Resilience Branch. This Plan, together with our other associated emergency plans, detail our response to a variety of situations and how we meet the statutory duties and compliance with the Civil Contingencies Act 2004.

Within the Act, the UHB is classified as a Category One responder to emergencies. This means that in partnership with the Local Authorities, Emergency Services, Natural Resources Wales and other Health Bodies, including Public Health Wales, we are the first line of response in any emergency affecting our population. In order to prepare for such events, local risks are assessed and used to inform emergency planning.

We currently have 11 Executive/Senior Level Staff who have completed Exercise Wales Gold Command Training and 59 Hospital Managers/Senior Nurses who have completed Silver Level Training for Health.

The UHB is also represented on the multi-agency Dyfed Powys Local Resilience Forum, (LRF), which includes a Severe Weather Group as part of its structure. The Severe Weather Group has undertaken a robust risk assessment process based on the National Risk Assessment which identifies risks across our community and rates them according to a number of factors to give a risk score (low, medium, high, very high) and a preparedness rating. The Severe Weather Group focuses on responses to Flooding, Severe Winter Weather, Heat Wave and Drought events and the effects of climate change underpins this work. The Dyfed Powys LRF Severe Weather Arrangements Plan was first developed in 2011 and is now reviewed on a biennial basis. The group also publishes a Community Risk Register – https://www.dyfed-powys.police.uk/media/1159/dplrfcrrv10en.pdf - which highlights the effects of climate change and informs the public about the potential risks we face and encourages them to be better prepared. We discharge our roles in terms of the management of any prospective issues which could arise through climate change, working with partners from all agencies through this group. As part of the LRF we also work as a core partner to train and exercise staff to ensure preparedness for emergency situations.
During 2017/2018, key achievements include:

- Major review of our Major Incident response arrangements, referencing the new Mass Casualty Incident Arrangements for NHS Wales;
- Delivery of bespoke major Incident training package to silver/tactical level for hospital managers with responsibility for running a Hospital Co-ordination Centre;
- Significant progress on Business Continuity Planning development and review across the UHB;
- Planning for, and delivering, as part of an All Wales NHS Training Group:
- Exercise Nightingale – NHS Wales table top exercise which considered how NHS Wales would manage its tactical response to a multi-sited, mass casualty incident;
- Health Prepared Wales 2017 - Symposium which provided an opportunity to share lessons identified with colleagues involved in the health response to recent UK atrocities (Westminster, London Bridge and Manchester attacks);
- Further development and facilitation of trained Medical Emergency Response Incident Team capability. The UHB currently has 28 trained MERIT Nurses with another 12 scheduled to participate this year.

A leading role in providing assurance over the adequacy of controls across a range of risks is played by Internal Audit. The relationship between risk management and Internal Audit is an important one, with Internal Audit's role being to evaluate the controls and testing their efficiency and effectiveness, which is undertaken through the Internal Audit programme of work. Assurance can also be obtained from management or from other assurance functions in place. The systems in place and activities undertaken during the year have ensured our capacity to handle risk and achievement of our main aims of risk management which are:

The risk profile of the UHB is constantly changing, with the key risks that emerge and which can impact on the achievement of objectives including strategic, operational, and financial and compliance risks. Previously, in March 2017, the Executive Team collectively agreed the content of the operational Corporate Risk Register based on the criteria that the risk exceeds the tolerance level of scoring 15 and over for 6 months or more and:

a. Risk control is not within a Directorate's power to manage. This could be for a variety of reasons such as the risk requires an enterprise-wide approach in its management (i.e. the involvement of other Directorates) or it is beyond its resources to manage, or;
b. Risk control is not within the UHB's ability to manage (i.e. the UHB does not have direct control over the management of the cause of the risk but will be affected if the risk materialises).

As at 31st March 2018, the risk profile of operational risks on the Corporate Risk Register, together with the management of those risks, is reflected in Appendix 2.

The Board has reviewed the key risks to which the organisation is exposed, together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board is of the view that there is a formal on-going process for identifying, evaluating and managing its significant risks that have been in place during the year ended 31st March 2018 and up to the date of approval of the annual report and financial statements.

The control framework

We are committed to putting quality at the heart of our services, providing the right care, in the right place at the right time and in the right way. Our Transforming Clinical Services (TCS) programme is a critical programme of work in making sure that we are able to deliver services that are Safe, Sustainable, Accessible and Kind. Redesigning the healthcare system to reflect current need and future sustainability requires strong leadership and empowerment of front line staff in order to constantly deliver the highest standards of care. We recognise that we are working through a complex system of interwoven parts covering many different aspects which are not limited to health and care services but include those that encompass the wider determinants of health, including housing, education, transport and other important public services. Our strategy is to strengthen the resilience and quality of these services, grow the integration between health, social care and other key statutory and third sector organisations.

In order to strengthen the assurance provided to the Board, an Integrated Performance Assurance Report has been developed, which examines and considers the latest performance data, achievements, challenges and needs. Supplementary Dashboards have also been developed for a number of performance indicators, including referral to treatment targets, unscheduled care, cancer, stroke and diagnostics and therapies. A quality Dashboard is also being developed to support the QSEAC, which includes data for healthcare acquired infections, concerns, incidents, delayed follow-ups, hand hygiene and patient satisfaction.

In recognition that the governance of quality can be improved if Board members periodically step outside of the Boardroom to gain first-hand knowledge of the staff and patient experience, we have recently commenced a programme of regular patient safety walkabouts. The purpose of these are twofold; firstly it allows front line colleagues the opportunity to "say how it is", to raise patient safety/quality issues and to share ideas for improvement. Secondly, a walkabout is a way of leaders staying in touch and be connected with all corners of acute, community, mental health and primary care services. A report is provided to the area visited and feedback is delivered at each Board meeting. As part of the Board Development Programme for the forthcoming year, a workshop is scheduled at which feedback from the visits and sharing experiences will inform collective cultural learning.

To accord with the core values for the NHS in Wales, designed to support good governance and the achievement of high standards of care (as included in the NHS e-governance manual), the UHB places significant emphasis on:

- Prioritising quality and safety;
- Improvement being integrated with everyday working;
- Focusing on prevention, health improvement and inequality;
- Partnership working;
- Investing in our staff.

As a Board, we recognise that failure to deliver the fundamentals of care can have a significant impact and that the Board has a key role in safeguarding quality. In order to give appropriate scrutiny to the key facets of quality, i.e. effectiveness, patient safety, timeliness of care and patient experience, a Health and Care Standards Fundamentals of Care Audit was undertaken in a selection of areas across the UHB to highlight the findings in relation to key areas of practice. There were 3 elements to the audit: patient survey, staff survey and operational questions referring to patients' records, medication charts, food charts and fluid charts. The subsequent report to Board identified where focused development work was undertaken, where there are continued and sustained outcomes and recognition of any areas of concern and action plans to address these in the coming period. The report provided assurance to the Board that the care delivered within the UHB continues to achieve a high level of satisfaction amongst patients whilst also identifying areas for improvement. Detailed information on what we do to ensure that all our services are meeting local needs and reaching high standards is included in our Annual Quality Statement.

At the UHB, corporate governance is regarded as the way in which we are governed and controlled to achieve our objectives and the effectiveness of these arrangements can impact on how well these are met. The control environment provides the Framework for ensuring effective scrutiny of the organisation's progress towards achieving these objectives within a tolerable degree of risk, whilst risk management provides the resilience.

In accordance with current guidelines appertaining to the Corporate Governance Code and its application to public bodies in Wales, the UHB has undertaken an assessment of its compliance with the Code. The UHB is satisfied that it is complying with the main principles of, and is conducting its business in an open and transparent manner in line with the Code. The outcome of the assessment has been reported to the Board via the ARAC. Although the UHB through its scrutiny and review processes continue to identify areas for improvement, the assessment against the Corporate Governance Code was clear in that the organisation has complied with and has not identified any departures from the Code during the year.

As referred to above, the report on the results of the Health & Care Standards Fundamentals of Care Annual Audit exercise is based on the themes and standards integral to the Standards. The UHB uses the Health & Care Standards for Wales as its Framework for gaining assurance on its ability to fulfil its aims and objectives for the delivery of safe, high quality health services. To be consistent with WG guidance that the focus should be on the embedding of the standards throughout the work of the UHB in the delivery of services, the following processes are in place, with assurance reports being provided to the Board or its Sub-Committees as appropriate:

- Self-assessment, tested through mechanism such as internal and clinical audit;
- Participation in peer review exercises;
- Consideration of and responding to external reviews from inspection and regulatory bodies such as Healthcare Inspectorate Wales;
- Acting on feedback from bodies such as Community Health Councils.

Further evidence of embedding the standards is that all Board and Committee papers have to demonstrate alignment with the relevant standard/s. This process has been subject to independent internal assurance by the organisation's Head of Internal Audit who has commented that the compilation of the standards triangulate with the Fundamentals of Care audit.

We have again undertaken a self-assessment against the Governance, Leadership and Accountability Standard (GLA), which was presented to the Board for discussion and subsequent approval. The standard sets out expectations for working within a legal and regulatory framework for health bodies and asks a serious of questions to assess the organisation's current position in terms of the following areas:

- Having a defined structure in which accountabilities, roles, responsibilities and values are clear and which upholds the standards of behaviour expected of its staff;
- Having a system of governance which supports successful delivery of its objectives and partnership working. The organisation will provide leadership and direction so that it delivers effective, high quality and evidenced based services, meets patient needs at pace, with staff that are effective and appropriately trained to meet the needs of patients and carers;
- Ensuring that effective systems and processes are in place to assure the organisation, service, patients, service users, carers, regulators and other stakeholders, that the organisation is providing high quality, evidenced based treatment and care through the principles of prudent healthcare and services that are patient and citizen focused.

The UHB's self-assessment considered all the questions as set out in the WG's supporting guidance in relation to the standard criteria and the entire assessment can be found within the June 2018 Extraordinary Board meeting by clicking on the following link - Hywel Dda Board Papers.

The Governance Leadership and Accountability Standard has been completed in terms of the UHB's current position. The self-assessment both identifies areas where progress continues to be made with some areas of good practice highlighted, and any other spheres where it is felt that further development is required.

Other control framework elements
Within the UHB, the following control measures are in place to ensure that all the organisation's obligations under equality, diversity and human rights legislation are complied with. The UHB practices a person-centred approach to service delivery with co-production and prudent health care at the forefront of the way in which we plan, develop and deliver services. During 2017/2018, this has been further enhanced by our work towards meeting the duties of the Social Services and Well-being (Wales) Act 2014 and the Well-being of Future Generations (Wales) Act 2015. The principles of equality, diversity and human rights are embedded in the guidance to the Board on our approach to service planning and reporting mechanisms, enabling robust scrutiny of proposals, performance and actions. An integrated Impact Assessment Tool has been developed to be used in conjunction with our Equality Impact Assessment Tool, enabling equality considerations to be embedded into the core mechanisms of the UHB. Integrated Impact Assessment (including equality considerations) forms part of the gateway process for service design, strategies, plans and policies. Our Written Controls Document Policy includes an explanatory section around Equality Impact Assessment and further information and guidance is available on our intranet and internet websites for staff and public consumption. Equality Impact Assessments for policies are published on our website and Board papers are published for public scrutiny. This ensures that due regard is given to equality, diversity and human rights considerations during the development and review of all UHB policies and the scrutiny of policies in relation to local impact on the adoption of policies developed and reviewed on an All Wales basis.

Equality and Diversity training is mandatory for all staff – 'Treat me Fairly' the Equality e-learning package is available to all staff as part of the Core Skills Framework, uptake is monitored and is increasing incrementally. Comprehensive information on equality, diversity and human rights (including links to external advisory bodies/organisations) is available to staff and the public on our dedicated intranet and internet web pages. During 2017/2018, we have strengthened our reporting mechanisms in relation to equality and diversity. Progress on the UHB's stated Equality Objectives is reported to and scrutinised by the following group/committees prior to presentation at Board and subsequent publication in our Annual Equality Report:-

- Workforce and Organisational Development Sub-Committee;
- Improving Experience Committee Sub-Committee;
- Local Partnership Forum;
- BPPAC.

These groups/committees constitute wide representation across all functions, facilitating action directly targeted at improving staff and patient experience. The UHB has completed its first year of its refreshed Strategic Equality Plan and Objectives 2016–2020 and the Strategic Equality Plan Annual Report 2018 (reporting on the year April 2016 – March 2017) was presented to Board in March 2018 prior to publication.

During 2017/2018 our Transforming Mental Health Services programme was submitted to the Consultation Institute for scrutiny and attained best practice commendation.

As an employer with staff entitled to membership of the NHS Pension Scheme, control measures are in place to ensure all employer obligations contained within the Scheme regulations are complied with. This includes ensuring that deductions from salary, 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. The UHB would confirm that it acts strictly in compliance with the regulations and instructions laid down by the NHS Pensions Scheme and that control measures are in place with regard to all employer obligations. This includes the deduction from salary for employees, employer contributions and the payment of monies. Records are accurately updated both by local submission (Pensions On-Line) and also from the interface with the Electronic Staff Record (ESR). Any error records reported by the NHS Pension Scheme which arise are dealt with in a timely manner in accordance with Data Cleanse requirements.

In terms of carbon reduction plan, the UHB has focused on small scale efficiency improvement including changing small heating supplies from gas to LPG, trialling an electric maintenance vehicle and using smart metering to focus on utility use and identify reduction actions. Schemes under development and refurbishment are having feasibilities and assessments to ensure that lower carbon technologies are used where possible e.g. solar PV panels on car ports at the Cardigan Integrated Health Centre and using LPG instead of oil at Minaeron. Wider feasibilities are also underway to inform our forthcoming expenditure on infrastructure improvement, taking into account the Transforming Clinical Services agenda. These include a Solar PV feasibility for all properties and an in depth optimum heat strategy for Glangwili Hospital, focusing on a 5 year decarbonisation plan including a move away from the use of Heavy Fuel Oil.

Integrated Medium Term Plans (IMTP)
The NHS Finance (Wales) Act 2014 requires each UHB to prepare a plan which sets out the Board's strategy for complying with the three year financial duty to breakeven. The UHB acknowledges that it is not in a position to submit a 3 year IMTP given the current inability to evidence financial balance together with the current status of the Transforming Clinical Services and Turnaround Programmes. Instead the UHB will submit an Annual Plan for 2018/2019 concentrating on Finance, Performance and Turnaround; whilst also meeting the requirements of the NHS Planning Framework 2018/2021 (WHC/2017/047 NHS Planning Framework 2018/2021). To this end a formal accountability letter was submitted to WG supporting this understanding. As it has failed in its duty to have an approved three year IMTP in place for each submission in the period 2014/2015 to 2017/2018, the UHB has been in breach of this statutory duty throughout this time.

For the period 2017/2018, WG wrote to the UHB on 3rd November 2016 following bi-lateral meetings on 2nd November 2016. At this time it was indicated that the UHB would benefit from more time to produce an approvable IMTP by extending this to March 2019, given the need to develop our clinical services strategy. In the meantime, instead of a 3 year IMTP for 2017/2018, the UHB has agreed with WG to develop an Annual Plan which sets out our intentions for 2017/2018 including quality, delivery, workforce and financial dimensions. This in turn would act as a precursor to the development of the full IMTP for 2019/2020 three year planning round. The deliverables and actions for 2017/2018 were agreed with the WG, as well as clear milestones for how critical planning components were to be developed or strengthened during the year. Considerable progress has been made against key elements of the annual and enabling plans for 2017/2018. This included the over achievement of the Referral to Treatment Target with an outcome of 1594 against a target of 1700. However, there were other areas where the UHB did not obtain the targeted outcomes. Detailed information can be obtained within the BPPAC papers http://www.wales.nhs.uk/sitesplus/862/page/83830 and in the performance section of the annual report. Throughout, quarterly updates on the 2017/2018 Annual Plan, focused on actions to improve the UHB's position and complement our performance whilst improving quality and safety, were scrutinised by both the BPPAC and the QSEAC. As part of the report each plan was RAG (risk) rated for the quarter, as well as the change from the previous quarter to provide the BPPAC with a level of assurance that actions were being met and that plans were being delivered. Whilst the Committee was reassured by the level of detail provided in the update report, it was suggested that a more focused approach would be required and a revised format might be beneficial for the forthcoming financial year. With reference to financial performance the UHB agreed a financial control total with WG of a deficit position of £58.9m within the annual plan. At its meeting on January 25th 2018 the Board subsequently approved a revised deficit forecast to £69.6m in view of the UHB's deteriorating financial position. The control total of £58.9m was not achieved with the UHB final year end position being a £69.4m deficit.

At its meeting in March 2018, the UHB was asked to note the current status of a draft interim Annual Plan 2018/2019 and approve its submission to WG in accordance with the NHS Wales Planning Framework 2018/2021, albeit strictly, this guidance applies to 3 Year Plans. Given that the revised Annual Plan does not fulfil its statutory duty to demonstrate financial balance, and further discussion is required with WG on the resulting NHS Outcomes (Tier 1) performance assumptions, the Board cannot formally approve the Plan and the status thereof remains a 'draft interim work-in-progress'. On this basis, the Annual Plan has been recommended for consideration 'In Committee' as discussion between Board and WG regarding finance and associated performance assumptions is on-going.

The WHC for the Planning Framework also states that "WG will work closely with those organisations that do not currently have an approved plan, to identify clear key deliverables and work towards the ambition of achieving an approved IMTP". We can confirm that we are working closely with WG and have established a planning cycle for 2018/2019. This will be further informed by the outcome of the Transforming Clinical Services Strategy and is aiming for an approvable IMTP in due course, subject to discussion with WG regarding the transitional plans and the zero-based review which show the journey we will need to take in the bridging years.

Whilst significant work has already been undertaken to develop our performance targets, for the 2018/2019 Annual Plan we have included 4 scenarios for our performance ambition which were the subject of Board discussion and a separate annex to the Annual Plan. However, at this stage the RTT targets cannot be finalised. This will need to be the subject of further discussion and agreement as early as possible in 2018/2019, and is one of the main reasons, in addition to agreement of the financial plan, that underpins the status of the plan as being 'draft interim work-in-progress'.

At its meeting in March 2018, the "In Committee Board" was asked to note a revised draft of the 2018/2019 Annual Plan for submission to WG, noting that the Plan is not financially balanced and therefore cannot be formally approved by the Board.

At its meeting on the 29th March 2018 the Board considered the Financial Plan for 2018/2019. Whilst the interim plan was agreed, the Board requested further detail on the savings target delivery. A subsequent paper providing further detail was considered at its meeting on 19th April at which the Board approved the savings element of the interim Financial Plan 2018/2019 as the basis for delivery in year. Therefore the UHB will breach its statutory duty in this respect for 2018/2019.

Ministerial Directions
A number of Ministerial Directions were issued during the year, this information being available by accessing the following links:
http://gov.wales/legislation/subordinate/nonsi/nhswales/2017/?lang=en

A schedule of the directions, 11, outlining the actions required and the UHB's response to implementing these was presented to the ARAC as an integral element of the suite of documents evidencing governance of the organisation for the year. From this work it was evidenced that the UHB was not impeded by any significant issues in implementing the actions required.

Information Governance
The UHB has a range of responsibilities in relation to the appropriate use and access to the information it holds including confidential patient and staff information. These responsibilities are guided by legislation with the Medical Director acting as the designated Caldicott

Guardian and the Director of Planning, Performance and Commissioning the Senior Information Risk Owner (SIRO). Information Asset Owners (IAOs) are in place for all service areas and information assets held by the UHB and a programme of compiling a full asset register for the UHB is underway and due to be completed by June 2018.

The UHB has responsibilities in relation to Freedom of Information, Data Protection, Subject Access Requests and the appropriate processing and sharing of personal identifiable information. The UHB is currently working towards compliance with the General Data Protection Regulations which will come into force from May 2018 and the draft Data Protection Bill. This work continues to strengthen the arrangements in place to ensure that information is protected and managed in line with relevant legislation and the UHB's duty of care to staff and patients.

The UHB has adopted and implemented a robust procedure for managing Information Governance Incidents across the organisation that ensures incidents are reported in line with statutory requirements and lessons are learnt to improve future practice.

The UHB has had contact with the Information Commissioner's Office (the ICO) in relation to 9 incidents during the year. The incidents fell into three broad categories:

- Breach of patient confidentiality/S.55 offence by an individual under the Data Protection Act;
- Loss of information sent by post or information sent to another individual in error;
- Destruction of data due to a system error.

For all those cases closed by the ICO, the ICO have been satisfied with the preventative and follow up action taken by the UHB and no fines or enforcement notices have been issued.

The National Intelligent Integrated Audit Solution (NIIAS) that audits staff access to patient records has been fully implemented within the UHB with an associated training programme for staff and procedures for managing any inappropriate access to records. 900 staff have received training this year from the Information Governance Team through the NIIAS programme.

In addition to the above training, global e-mail, "Hywel Dda Today", group training sessions, Information Governance 'Drop In' sessions and a Data Protection Week have all been used to disseminate information to staff around the importance of confidentiality, appropriate access to patient records and ensuring information is shared in an appropriate way. This is in addition to the mandatory Information Governance training module that all staff are required to complete every 2 years. The UHB has worked hard to increase the level of completed Information Governance mandatory training across the organisation with a 20% improvement rate seen this year. The continuance of this work will form a key part of the Information Governance Team's work for 2018/2019.

The UHB has refreshed its Information Governance Framework in light of the upcoming General Data Protection Regulations and its strengthened governance arrangements. The UHB has undertaken a full review of its position against the Information Governance Toolkit and the Caldicott Principles into Practice Assessment with an updated action plan ready for 2018/2019 to target areas that require improvement. The Information Governance Sub-Committee and its reporting groups provide oversight, advice and assurance to both BPPAC and the Board with regard to Information Governance.

Data Quality and Information

The UHB has continued with improving the quality of our data which informs our decisions, performance assessments and reporting and which also informs some of the internal/ external reviews undertaken. Nevertheless, the Wales Audit Office 2018 have stated that "Data quality arrangements have improved but the UHB needs to increase the pace of improvement particularly in engaging the information asset owners in the data quality assurance process", we are therefore concentrating during 2018/2019 in improving the network of Information Asset Owners, and highlighting their responsibility to improve data quality within the UHB, and the impact that poor quality data has on patient care.

Review of effectiveness

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

Internal Audit

Internal Audit provide me, as Accountable Officer, and the Board through the ARAC, with a flow of assurance on the system of internal control. I have commissioned a programme of audit work which has been delivered in accordance with Public Sector Internal Audit Standards by the NHS Wales Shared Services Partnership. The scope of this work is agreed with the ARAC and is focussed on significant risk areas and local improvement priorities.

The overall opinion by the Head of Internal Audit on governance, risk management and control is a function of this risk based audit programme and contributes to the picture of assurance available to the Board in reviewing effectiveness and supporting our drive for continuous improvement.

The Head of Internal Audit has concluded for 2017/2018:

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

The revised All Wales Framework for expressing the overall audit opinion identifies that there are 8 assurance domains all of equal standing. The rating of each assurance domain is based on the audit work performed in that area and takes account of the relative significance of the issues identified.

In reaching this opinion the Head of Internal Audit has identified that the Board can take reasonable assurance that arrangements to secure governance, risk management and internal control, within those areas under review, are suitably designed and applied effectively. Some matters require management attention in control design or compliance with low to moderate impact on residual risk exposure until resolved.

In reaching this opinion the Head of Internal Audit has considered all the domains, with these being rated for assurance as follows:

Domain	Assurance
Corporate governance, risk and regulatory compliance	Substantial
Strategic planning, performance management and reporting	Reasonable
Financial governance and management	Reasonable
Clinical governance, quality and safety	Reasonable
Information governance and IT security	Limited
Operational service and functional management	Reasonable
Workforce management	Reasonable
Capital and estates management	Reasonable

Thus overall a reasonable assurance rating is given to the UHB.

Internal Audit is aware of the plans and actions put in place by the UHB in response to their recommendations, and will follow these up in the 2018/2019 year to ensure they have been enacted.

The role of Internal Audit is to provide the Board with an objective assessment of the extent to which the systems and controls to manage our risks are adequate and are operating effectively, based on the work undertaken. The work of the Internal Audit service is informed by an analysis of the risks to which the UHB is exposed with an annual plan based on this analysis. It has to be recognised that many of the reviews were directed at high risk areas, and the overarching opinion therefore needs to be read in that context. Whilst acknowledging the Head of Internal Audit Opinion, it should be noted that 84% of the Internal Audit reports achieved a rating of substantial or reasonable with 13% of the reports receiving a limited or no assurance rating, with 3% of reports where a rating was not applicable. See table below:

Internal Audit Assurance Rating	2017/2018	
	No.	%
Substantial	10	32
Reasonable	16	52
Limited	4	13
No assurance	0	0
Rating Not Applicable	1	03
Total	31	100

Similarly for Capital and PFI it should be noted that 57% of the audit reports achieved a rating of substantial or reasonable assurance no reports received a limited rating and a rating was not applicable for 43% of reports. See table below:

Capital and PFI Audit Assurance Rating	2017/2018	
	No.	%
Substantial	0	0
Reasonable	4	57
Limited	0	0
No Assurance	0	0
Rating Not Applicable	3	43
Total	7	100

During the year internal audit issued the following audit reports with a conclusion of limited assurance:

Subject	**Issue**	**Action**
Clinical Governance, Quality and Safety		
Discharge Processes February 2018	Limited training is available to frontline staff on the management of patient discharge and transfer. Lack of consistent EDD recording in patient notes. Lack of consistent EDD recording in patient notes. Discharge summary letters were found to be unsatisfactory. No monitoring mechanism in place within the UHB to ensure that discharge summary letters are appropriate and are issued in a timely manner.	All the recommendations have been agreed by management. A follow up has been included in the Internal Audit plan for 2018/2019.
Information Governance & Security Domain		
Disposal and Procurement of IT Equipment July 2017	Inability to fund and deliver priority services and developments as IT infrastructure replacements and upgrades. Lack of adequate organisational processes to facilitate asset tracking. Policies not being reviewed within pre agreed timescales, carrying the risk of the documents containing outdated information.	The following recommendations are outstanding: R1 - invest in the sustainability of its infrastructure and secondly, in the revenue resource it assigns to IM&T development. R2 - explore options to collect and collate the information necessary to produce an acceptable IT asset register. R3 - Agreed timescales for review of policies should be adhered to.

Subject	Issue	Action
		Progress on the above is being made in accordance with the agreed management action plan. This will be subject to a follow-up review in 2018/2019.
PC/Laptop Security Arrangements August 2017	Responsibilities in relation to the stewardship and loss of IT equipment not clearly communicated to staff and managers. No clear communication strategy for relaying responsibilities. Risk of conflict between corporate and local use of IT; Inherent lack of security and poor standards of control; and Risk of theft or sabotage. Failure to complete previously agreed actions for follow up incident INFOGOV22.	Progress on the above is being made in accordance with the agreed management action plan. This will be subject to a follow-up review in 2018/2019. .
Freedom of Information January 2018	Incorrect information may be published on intranet & internet FOI pages, which could lead to FOI requests being made to employees who have left the UHB. Lack of transparency from Disclosure Log not being maintained Freedom of Information Policy out of date. Lack of contingency arrangements when FOI Officer is not in office Lack of FOI training & awareness sessions. Failure to comply with timescales.	All the recommendations have been agreed by management and are being implemented in accordance with the timescales agreed in the management action plan. A follow up has been included in the Internal Audit plan for 2018/2019.
Internal Audit will undertake follow up reviews of all limited audits within the first quarter of 2018/2019. Implementation of recommendations is being monitored by the relevant UHB committee and tracked via the UHB's audit tracking mechanisms.		

The ARAC has received progress reports against delivery of the NHS Wales Shared Services Partnership Internal Audit and Capital (Specialised Services) plans at each meeting, with individual assignment reports also being received. The findings of their work are reported to management, and action plans are agreed to address any identified weaknesses. The assessment on adequacy and application of internal control measures can range from 'No Assurance' through to 'Substantial Assurance'. Where appropriate, Executive Directors or other Officers of the UHB have been requested to attend in order to be held to account and to provide assurance that remedial action is being taken. A schedule tracking the implementation of all agreed audit recommendations is also provided to the Committee.

In addition to the above, the ARAC has also received for assurance, a number of Internal Audit Reports appertaining to those functions delivered on its behalf by the NWSSP and which have been approved by the Velindre NHS Trust's Audit & Risk Assurance Committee, as the host authority for the service.

Wales Audit Office (WAO)
As the UHB's appointed external auditor, WAO is responsible for scrutinising the UHB's financial systems and processes, performance management, key risk areas and the Internal Audit function. The Wales Audit Office undertake financial and performance audit work specific to the UHB with all individual audit reviews being considered by the Audit Committee with additional assurances sought from Executive Directors and Senior Managers as appropriate. The WAO also provides information on the Auditor General's programme of national value for money examinations which impact on the UHB, with best practice being shared.

During the year, WAO undertook its annual Structured Assessment review of the UHB which examined the arrangements to support good governance and the efficient, effective and economical use of resources. In addition to reviewing the UHB's financial management arrangements, the progress made in addressing key issues identified in previous year's structured assessment was also scrutinised.

The overall conclusion was that the UHB continues to face financial challenges and although there have been a number of improvements in strategic planning, stakeholder engagement and informatics, increasing maturity at an operational level is required to support its governance and performance arrangements. In reviewing the corporate governance and Board assurance arrangements, it was concluded that the UHB has continued its work to define its assurance requirements and strategic plans are progressing, but operational structures and performance management arrangements need to be further developed.

The work undertaken as part of Structured Assessment contributed towards the WAO Annual Audit Report 2017. The key findings and conclusions emanating from both the assessment and the report are summarised as follows:

- Although savings performance in 2017-2018 looks more promising, historical overspends against resource limits means that the UHB is forecast to have an increasing cumulative deficit by March 2018; previous arrangements for planning and delivering savings have neither been effective or sustainable, but there are signs of improvement since the introduction of the turnaround process with opportunity to increase the focus on service transformation, improving value, efficiency and reducing waste;
- While arrangements to monitor and scrutinise savings are being strengthened, they are not yet sufficiently embedded and there remains more work to do at an operational level;
- Board assurance arrangements continue to evolve and plans are in place to improve the effectiveness of committees, although overall Board effectiveness is generally sound;
- The organisational structure of the UHB is maturing but performance management arrangements need strengthening at an operational level;
- Risk Management arrangements continue to strengthen however more work needs to be done at an operational level;
- The UHB is making steady progress in addressing the issues identified in the previous year's structured assessment, with effective arrangements in place to track audit recommendations;
- Performance audit work has identified opportunities to secure better use of resources in a number of key areas.

The Board did not disagree with any of the content of the WAO Annual Report and I can confirm that progress has already been made in some of the areas outlined above. A detailed management response was prepared in response to the recommendations made by Wales Audit Office with implementation of these being tracked through the ARAC. The management response can be viewed on the UHB's website and can be found on the following link: http://www.wales.nhs.uk/sitesplus/862/page/95468

Other sources of External/Independent Assurance

Healthcare Inspectorate Wales (HIW)

The Board is provided with independent and objective assurance on the quality, safety and effectiveness of the services it delivers through reviews undertaken by and reported on by HIW. Any unannounced hospital inspections and any special themed reviews undertaken during the year would have been reported to the QSEAC and any matters for concern escalated accordingly. The outcomes of any such reviews and any emanating improvement plans are discussed with any lessons learnt shared throughout the UHB. During 2017/2018 HIW Inspection activity focussed mainly on Mental Health and Learning Disabilities services however there were inspections at Bronglais General Hospital (BGH), which reviewed maternity services and surgical services, as well as a community ward in Pembrokeshire.

In respect of inspection activity across the UHB's mental health and learning disabilities units, two were follow up inspections. It was acknowledged by HIW that on one, although there was further work required, the service was changing with new ways of working in place, and implementation of recommendations was on track. With reference to the second, although some improvements had been made, HIW were still concerned that the service was not consistently safe and effective at all times. The service has subsequently reported to the Mental Health Quality, Safety and Experience Sub-Committee that all recommendations have been implemented.

In May 2017, HIW also undertook an unannounced inspection of Cwm Seren, Low Secure Unit (LSU) and Psychiatric Intensive Care Unit (PICU). Overall HIW found that the UHB provided patient centred, effective care for patients; however there were concerns in respect of the environment and the safety of both patients and staff. The service has subsequently reported to the Mental Health Quality, Safety and Experience Sub-Committee that 6 out of the 11 recommendations have been implemented, whilst the remaining 5 are expected to be implemented by July 2018.

During 2017/2018, HIW and Care Inspectorate Wales (CIW) undertook a joint thematic review focussing on community adult mental health services (people between the ages of 18-65), looking at Community Mental Health Teams (CMHTs), with an inspection visit to one CMHT in each Health Board area. As part of this joint review, an announced visit was made of South Pembrokeshire Community Mental Health Team (CMHT). This found that whilst service users provided positive feedback of their experience of the service, there was evidence that the service was not fully compliant with all Health and Care Standards (2015) and Local Authority Social Services Quality Standards (2015). Some concerns raised in relation to Medicines Management were immediately addressed and the service is continuing to implement all recommendations resulting from this report by August 2018.

Following a visit to Gwenllian Ward, which is a combined midwifery and consultant led ward, in BGH, overall HIW reported that the ward provided safe and effective care, which met with the Health and Care Standards (April 2015). There were a few areas of improvement, only two of which remain outstanding and should be implemented by May 2018, following refurbishment works and procurement of an ultrasound scanner. Surgical services, including Ceredig ward and Day Surgery Unit theatres in BGH were also visited. Overall, although there were some concerns which have now been resolved, HIW found that patients needing trauma and orthopaedic surgery received safe care. A number of recommendations were made which are being progressed by the Service.

An unannounced inspection was undertaken at Sunderland Ward, South Pembrokeshire Hospital, with HIW reporting that whilst the ward was generally well maintained, the UHB must take action to address some environmental issues to promote a safe environment. Areas of concern were identified in respect of Medicines Management, which have been addressed, whilst improvement was identified regarding some areas of record keeping and aspects of audit processes and senior management support to the ward. The service has reported to the Community and Primary Care Quality, Safety and Experience Sub-Committee that all recommendations should be implemented by July 2018.

A Report is submitted to each meeting of the QSEAC which details the HIW activity undertaken within the UHB. This includes any inspections of acute hospitals and mental health and learning disabilities facilities, GP and Dental practices and any incidents involving Ionising radiation (IR(ME)R). The Committee is informed of any immediate assurance letters received by the UHB and formally receive the final reports of all HIW inspections, including the improvement plans, and delegate the monitoring of implementation of the recommendations through its Sub-Committee structure.

In July 2017, HIW issued its Annual Report 2016/2017, which was a summary of the activity that it carried out between 1st April 2016 and 31st March 2017. During the year, HIW had undertaken 24 inspections across the UHB's settings. The key messages emanating from the inspections was that the inspections undertaken generally indicated that the care provided to patients was kind, compassionate and effective, being delivered by committed and enthusiastic staff although the work also highlighted some issues which may require further action. It was also stated by HIW that overall the UHB had been responsive to any matters raised and the quality and timeliness of its responses had been satisfactory.

The HIW Annual Report 2016/2017 for Hywel Dda can be accessed via the HIW Website - http://hiw.org.uk/reports/localhealthboardstrusts/hywelddareports/?lang=en.

Audit & Review Tracker

Audits and reviews play an important independent role in providing the Board with assurance on internal controls and that systems and processes are sufficiently comprehensive and operating effectively. Therefore it is essential that recommendations from audits and reviews, both internal and external, are implemented in a timely way.

The UHB continues to develop its Audit and Review Tracker which logs and tracks the progress of all external audits, reviews and inspections undertaken by an external organisation on the services that are provided by the UHB. The tracker is intended to ensure that:

- All external reports received by the UHB are received and logged in a central repository;
- It details where reports have been formally received by the UHB;
- Clarity is provided by the lead Executive Director and lead officer for each report;
- Updates on progress are provided and reported periodically to the ARAC.

Throughout 2017/2018, the UHB strengthened the reporting and monitoring of action plans at committee and sub-committees. Guidance was developed to ensure that committee work plans included frequency of monitoring improvement plans and that exceptions are reported to parent committees. There is evidence that although monitoring of improvement plans has improved this does not always equate to recommendations being implemented within agreed timescales. To address this, a monthly report is now presented to the Executive Team reporting where implementation dates have been exceeded.

In the Annual Audit Letter 2017, WAO reported that that the UHB has robust arrangements in place to keep track of WAO recommendations as well as those made by other audit and inspection bodies, including HIW and the Delivery Unit.

Further work in 2018/2019, will include additional embedding of committee and sub-committee monitoring process and documentation by proactively monitoring what is presented, picking up areas of improvement direct with officers, ensuring exception reporting to parent committees is undertaken and developing an escalation process for non/poor reporting.

Performance Management Assurance Framework (PMAF)

The UHB's Performance Assurance Framework complements other key elements of the Board's governance and assurance arrangements, particularly risk management, and provides a method for triangulation of data from different sources to give assurance that risks reported are escalated consistently and appropriately. The PMAF is an iterative document and has been developed beyond performance monitoring reporting and management arrangements to embrace wider health system activities. The measures specified within the PMAF underpin the Board's aims, and strategic objectives. The Board is presented at each of its meetings with an Integrated Performance Assurance Report (IPAR) that provides it with assurance on the most recent outturn position for key deliverable areas with these reports clearly highlighting where improvements are needed. This year, the IPAR has been reconfigured to be more concise with a greater focus on performance management, with supplementary dashboards already developed for a number of areas and an expectation that by the end of this year, dashboards for the majority of performance indicators will have been developed. A quality dashboard is also being developed to support QSEAC and includes data for healthcare acquired infections, concerns, incidents, delayed follow-ups, hand hygiene and patient satisfaction.

The revised IPAR has the structure to ensure a more robust, integrated approach to quality, safety, performance and finance.

Legislative Assurance Framework (LAF)

In the continuous development of the organisation's Assurance Framework and in recognising that the legal obligations of the UHB are wide ranging and complex, a LAF has been developed. It provides the Board with assurance of compliance on those matters that present the highest risk in terms of likelihood and impact of non-compliance and is a central record that captures the following three categories:

- Details of all licensed and accredited functions, responsible individuals and inspection/review activity;
- Activities subject to regulation and inspection scrutiny;
- Other key pieces of legislation subject to scrutiny and sub-ordinate legislation.

The Framework is reviewed annually by the ARAC with it noted that the areas detailed below are where the UHB was unable to provide assurance of compliance or where system improvements had been identified by Internal Audit:

- Blood Sciences at Bronglais General Hospital, Glangwili General Hospital and Prince Philip Hospital are not currently accredited. Assessments have taken place in March 2018 with further evidence submitted following the inspection. This will be assessed by UKAS and a decision will then be made if accreditation will be granted.
- Histopathology across the UHB area is not currently registered. An All Wales project concluded earlier this year with recommendation to support regional working in the West as part of the ARCH portfolio with a Strategic Outline case for a Regional Cellular Pathology service being developed.
- Regulatory Reform (Fire Safety) Order – The Internal Audit report carried out in May 2017 found limited assurance in respect of fire precautions. The report found 14 recommendations to which the UHB is currently in the process of implementing to provide assurance of compliance with legislation and best practice.
- Freedom of information Act 2000 - the Internal Audit carried out in December 2017 resulted in a limited assurance rating. Seven recommendations from the Internal Audit

have been completed. Two recommendations remain outstanding and are due to be completed by May 2018.

- The Control of Pollution (Oil Storage) (Wales) Regulations 2016. Surveys were undertaken in February 2017 and January 2018 by external specialist contractor to determine level of compliance. High priority recommendations & remedial actions to address non compliance resulting from surveys addressed in February and March 2018. Remainder to be addressed throughout 2018/1209. Ongoing routine compliance inspections undertaken in house.

Review of economy, efficiency and effectiveness on the use of resources

It was recognised in the WAO structured assessment that the UHB faces significant financial pressures and although the approach to planning and delivering savings is strengthening, this is not yet helping us to recover our deficit financial position. It was also stated that although savings performance for 2017/2018 looked more promising, historical overspends against resource limits meant that that UHB was forecast to have an increasing cumulative deficit nearing £140 million by the end of the year. Although previous arrangements for planning and delivering savings have been neither effective nor sustainable, there have been signs of improvement since the introduction of our turnaround process. The WAO Structured Assessment 2017 has recognised that the introduction of the Transformation Programme, along with the appointment of the Turnaround Director has improved the focus on transformational change to place the UHB on an improved financial footing.

This has been the best year so far in delivery of gross savings before cost pressures (£29m including accountancy gains) due to the extra focus provided by the Turnaround work programme. However, this has only partly translated to the bottom line, with local cost pressures offsetting bottom line delivery and the overall deficit increased compared to the original 2017/2018 plan.

Therefore, despite intense scrutiny and challenge, the UHB's 2017/2018 year-end financial position is that of £69.4m deficit. This means we have not achieved our statutory breakeven duty this year.

Driving down the deficit will mean difficult choices. It is recognised that whilst a top down savings planning process, such as that employed in previous years, can support the organisation in its efforts, it has not delivered breakeven against the plan in 2017/2018. For 2018/2019, the financial plan has to be driven by Directorates focussing on balancing their budgets, turning a narrative of cost pressures and reasons for financial non delivery into one of financial ownership, opportunities and savings.

Targeted Intervention (TI)

The UHB's status was escalated during 2016/2017 from enhanced monitoring to Targeted Intervention which is the third level in the NHS Wales Escalation and Intervention Framework. This means the WG and external review bodies will consider whether to take and co-ordinate action in liaison with the NHS body to strengthen its capability and capacity in order to drive improvement. We acknowledged at that time the change as one intended to support us and as an opportunity to accelerate our improvement trajectory and since that time we have welcomed the support that we have been receiving.

The Turnaround programme was established in April last year, to provide a robust process for the delivery of savings schemes, the total value has improved and work to further improve our position is progressing. Under the management of the Turnaround Director the team is currently working with Directorates on a range of areas, including continuing healthcare, dementia patients' pathway, operational effectiveness, outpatient redesign, theatres and patient communication. We think the majority of future savings will be released through standardising our services and making our systems and processes more efficient and we will strengthen our approach based on lessons learnt. We need the help of everyone working for the UHB to stamp out waste, streamline our ways of working, and think very carefully about how we spend our money — this last point is critical for every budget holder and the Board acknowledge and appreciate the efforts of staff working hard to achieve the savings needed.

As I referred to in my statement of last year, the Board, in conjunction with the WG, agreed to an independent financial governance review to be undertaken by Deloitte LLP. This Review was commissioned by WG (the Owner) as part of TI and was structured around four key areas set out in the scope of requirements – Board monitoring, management processes, Board approval and performance management. The report was discussed in detail at the September 2017 Board meeting with the UHB developing an action plan in response to the recommendations contained within. Regular oversight of implementation of recommendations has been undertaken by the ARAC with assurance that by the end of May 2018 there will only be one outstanding action. The Executive Summary of the report is available on line on the following link: Item 09ii External Financial Governance Review.

In addition the WG commissioned a zero based review of the UHB's cost base in light of its ongoing financial challenges. Deloitte LLP worked jointly with both WG and the UHB on the evidence base underpinning the review. The purpose of the review was to allow WG to understand the potential impact of the UHB's current configuration and resources that limits our ability to produce an approved IMTP and also to assist the UHB in indentifying and considering impact and potential efficiencies. These include sustaining services on four hospital sites, the challenging environment and its impact on recruitment and retention, an older and frailer population, and our current resource allocation. The report also included areas of suggested efficiency for the UHB to address which are being considered through the Turnaround Programme. The final document has been formally accepted by WG, with any discussion/action resulting from the review being addressed through the TI meetings. The report can be viewed from the following link:
http://www.wales.nhs.uk/sitesplus/documents/862/Item%202.6%20Report%20of%20the%20Chief%20Executive1.pdf

As I finalise my statement for the past year, it has been confirmed by the Welsh Government that the review partially confirms the view that the UHB faces a unique set of healthcare challenges that have contributed to the consistent deficits incurred by the Board and its predecessor organisations. The review findings were that two factors, demographics and scale, generated excess costs that were unavoidable to the Board, but that the other two factors, remoteness and efficiency, did not generate excess costs for the Board.

In response to these findings the Cabinet Secretary has approved the release of £27 million additional recurrent funding to the UHB. This is intending to place us on a fair funding basis by funding the excess costs identified in the review and provides a sound footing for the Board to develop and transform services. At the same time WG has made it very clear that there is an expectation that as a Board we will focus on the costs that are within our control to manage and deliver on the efficiencies identified in the review.

Members of the Executive Team and I meet with the Chief Executive NHS Wales and members of his senior team in WG, on a monthly basis. Meetings continue to review progress against the issues which raised our escalation level to TI with the most recent meeting taking place in March 2018. The Board recognises the significance of this level of escalation and its implications and is continuing to work with WG colleagues to address the long standing challenges we have been facing and see the escalation process as a helpful support mechanism to make progress. Our financial position has constantly dominated the conversation at the TI meetings over the last year, with workforce issues also being a significant cause for concern. All agreed actions are subject to tracking for monitoring purposes.

Our Transforming Clinical Services programme is a critical programme of work in making sure we are able to deliver services that are Safe, Sustainable, Accessible and Kind. We are now approaching Phase 2 of our Transforming Clinical Services (TCS) consultation, having already engaged with a significant number of staff and stakeholders. Our TCS programme is clinically led and is a once in a lifetime opportunity for our health service and community to work together to design an NHS which is fit for our generation and beyond. It has been acknowledged for some time across the UK that health care services are challenged like never before with significant change needed. This has been recognised in the recently published 'Parliamentary Review of Health & Social Care' and the WG has given a public commitment to publishing a Long Term Plan (LTP) for Health and Social Care in Wales by late Spring. Any future strategy of the UHB will need to integrate with the Long Term when developed.

Conclusion
As I stated in the 2016 Annual Governance Statement, the escalation from enhanced monitoring to TI status by the WG, in recognition of the fact that we have been facing a number of long standing challenges that require a more strategic solution, continue to provide a significant opportunity for the Board. We continue to meet regularly with WG to discuss progress on our escalated status and during the year worked with WG to identify, agree and fund additional support to accelerate the changes required to de-escalate.

The UHB formally launched its Turnaround Programme in April 2017 and one element of the support mentioned above was the appointment of a Turnaround Director who took up post at the end of June 2017. The Turnaround Director is supported by a small team of subject matter experts within the UHB covering areas like Quality and Safety, Workforce, Finance, Procurement, Professional Medical, Nursing and Therapies, and Service improvement. The Turnaround programme has been organised around 3 key areas of activity:

1) The Corporate Savings Plans;
2) The Holding to Account process where delivery of directorate savings plans is performance managed and tracked on a fortnightly basis;
3) The 60 Day Cycle process which uses rapid improvement methodology to drive savings against themes that are pan organisation in nature. They also provide a more creative space for new savings ideas and plans to be developed.

In 2017/2018 the above programme strengthened governance within the UHB in relation to savings plan delivery. This is evidenced by the UHB saving £29 million including accountancy gains against its £32 million savings target for the year – the highest level of in year savings it has have achieved. Feedback within the organisation indicates that the programme has ensured increased engagement with the need for and process of delivering savings, as well as encouraged operational parts of the organisation to work closer with such areas as medicines management and procurement ensuring those corporate savings plans have been more successful in delivery terms. Medicines Management exceeded its stretch savings target of £4 million in 2017/2018 with savings of £4.3 million achieved. Another area of significant progress was seen in the area of workforce variable pay, which saw a £9 million reduction in spend in 2017/2018 (£48m) compared with 2016/2017 (£57m).

In setting the financial plan for 2018/2019 and associated savings plan, the need for delivering in-year savings and in-year improvement in budgetary management performance is simplified and clarified. The savings requirement for each directorate is capped at 7% and delivery will be very transparent through bottom line financial performance. The savings plans identified so far cover the full target with no current gap, albeit there is some delivery risk as would be expected at this point in the year. The Turnaround Programme approach will continue and has been strengthened for the year ahead with the Chief Executive joining the Turnaround Director in the week 3 Holding to Account Meetings for the Directorates assessed as being the highest risk in terms of delivery. They will also be joined by the Director of Finance and Director of Operations ensuring a far more integrated approach to accountability around financial delivery. In May 2018, the new Performance Management Framework, which integrates the Turnaround accountability process into it, will be shared with the Board. This will generally strengthen the rounded performance management approach by the Executive Team towards the Directorates.

Despite the challenges seen towards the end of the year, we are on track to achieve a number of targets and to exceed our targets on improving our referral to treatment times. It is the best performance in years and reflects a 75% reduction in the number of people waiting more than 26 weeks between referral and treatment since our high peak in 2015, changing the lives of many residents and the efforts of staff in making this difference has to be recognised. The revised Performance Management Framework we have introduced will assist with strengthening grip in 2018/2019.

Whilst the last twelve months have continued to be difficult and challenging for the organisation, stability has been obtained in some areas with progress continuing in a number of other areas. However, the organisation recognises that this is not good enough and that there is a need to take further steps in 2018/2019 to begin to drive down the deficit year on year. This is consistent with messaging from WG in both the TI and Annual Plan feedback meetings. We continue to meet regularly with WG colleagues to review progress against the issues which raised our escalation level to Targeted Intervention. Accepting the deficit position is disappointment, a further more detailed discussion of the challenges and efficiencies needed was held in a Public Board meeting on 19 April. The Board recognised, and is discussing with WG, the longstanding challenges we face.

As I referred to above, given the long standing concerns around structural, demographic and geographical issues and further to the zero based review of potential excess costs arising from the current configuration of our healthcare services at Hywel Dda, the Cabinet Secretary very recently approved the release of £27 million additional recurrent funding to the UHB. The funding of the excess costs identified will provide a firmer footing for the Board to develop and transform services whilst also enabling us to focus on managing those costs that are within our control to manage and work towards an improved financial position.

This coming year is about hard choices and sustainable services; the authority and accountability for delivery will sit with the Directorates and Triumvirate teams, with the Executive Team driving delivery and holding to account. I would like to thank all the staff who participated, for their involvement, insight and expertise which has really helped to develop our clinically-led transformation programme so far. As mentioned earlier, our Transformation Programme has continued at pace this year and at its meeting on the 19th April, 2018, the Board approved:

- Completion of Stage 1 of the consultation process (pre-consultation engagement and options development);
- Commencement of Stage 2 of the consultation process (formal consultation) for a period of 12 weeks commencing 19th April 2018;
- The Transforming Clinical Services, “Our BIG NHS Change” Project plan.

This is a key milestone in the work of the Transforming Clinical Service programme as we have now reached formal consultation, which is called Hywel Dda – Our Big NHS Change. Collaboration is key facet of the TCS Programme, this being collaboration with all appropriate stakeholders including the public, in a co-production approach to the development and potential change of how services may be delivered. We are presenting proposals to the public for the future provision of health and care services which we think are safe, sustainable, accessible and kind, offering an improvement to what is currently provided. The 12 week consultation will involve a number of events for staff and the public, as well as an awareness raising campaign.

We must stress that no decisions have been made by the Board; we want to hear what people think of our options and consider any new ideas. We will be listening to all views, which will be independently analysed and a report will then be submitted to full Board, hopefully in September 2018, for a decision to be made on how to proceed. As with everything else we still have to continue to meet the day to day challenges of operational delivery during the whole process.

The behaviour and culture of the Board are key determinants of the Board's performance. As previously mentioned, this year saw a number of changes to the Executive Team, which by year end was at full complement. Executive Team development is therefore important in order to capitalise on the opportunities this creates. Independent Members and Executive Directors must constructively challenge each other in respect of risk to enable the UHB to maximise its opportunities and manage any threats to the achievement of its purpose, aims and objectives. The Board should have it in mind that it is the first line regulator on behalf of the public, and should be confident at all times that they understand and are alerted to any significant failures in controls or gaps in assurance.

We are committed to exhibiting best practice in all aspects of corporate governance and recognises that as a body entrusted with public funds, we have a particular duty to observe the highest standards of corporate governance at all times. The Board is provided with regular and timely information on the overall financial performance of the organisation, together with other information such as performance, workforce and quality and safety. Formal agendas, papers and reports are supplied to members in a timely manner, prior to Board meetings. The Board's agenda includes regular items for consideration of risk and control and receives reports thereon from the executive and the ARAC. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception.

As Accountable Officer and based on the review process outlined above I have reviewed the relevant evidence and assurances in respect of internal control enacted during 2017/2018. The Board and its Executive Directors are fully accountable in respect of the system of internal control. The Board has had in place during the year a system of providing assurance aligned to support delivery of both the policy aims and corporate objectives of the organisation. As highlighted earlier in this statement overall Board and Committee effectiveness is generally sound contributing to an effective internal control system.

My review confirms that although there have been some internal control issues which have been identified during the year with remedial action taken to address these, the Board has a generally sound system of internal control that supports the achievement of its policies, aims and objectives and that no significant internal control or governance issues have been identified.

Signed by

Steve Moore
Chief Executive:

Date:

Appendix 1 – Board Assurance Framework Risks

Risk Description	Current Mitigation	Risk Score
Strategic Objective 1 – To encourage and support people to make healthier choices for themselves and their children and reduce the number of people who engage in risk taking behaviours		
There is a risk that the UHB will not be able to enact the transformation of sexual health services. This is due to outdated and inadequate accommodation at Pond Street to provide a modern sexual health services. This could impact on the UHB's ability to recruit to vacant posts within the service and deter patients from accessing the service.	• A review of accommodation was undertaken, options identified and confirmed sites in Aberystwyth and Carmarthen will be progressed through the Sexual Health Service Modernisation Group. • Service continually reviews their actions to ensure best possible patient experience can be provided within the current environment. • Strong clinical leadership and commitment by sexual health team demonstrated in their response to referrals - local and out of area.	12
Strategic Objective 2 – To reduce overweight and obesity in our local population		
There is a risk that the UHB will not deliver on the minimum standards of the All Wales Obesity Pathway. Currently no service provision for children and at level 2 and 3. This may impact on our ability to mitigate the increasing overweight/obesity prevalence in the Hywel Dda population. Not turning the curve on overweight/obesity prevalence will lead to continuing increase in related morbidity and pressure on planned and unscheduled care services.	• Level 3 - A limited MDT specialist service is provided for overweight/obese adult patients with high complexity and specific MSK conditions provided in Carmarthen. • Limited Level 3 Dietetic led (groups and 1:1) interventions being delivered. • Business case for Level 3 obesity service for adults agreed in principal to support HDUHB Strategic Objectives but currently not funded. • Level 2 - 'Foodwise' training delivered to professional groups. • National Exercise on Referral Scheme (NERS) provided for overweight/obese individuals through GP referral. • Prevention action (nutrition, physical activity, emotional health) delivered to all children through Healthy School's Schemes. • Promotion of '10 Steps to a healthy weight' evidenced-based messages for parents/carers and children through appropriate settings. • Psychology-led patient groups have been implemented • A protocol driven specialist weight	12

Risk Description	Current Mitigation	Risk Score
	management MDT clinic is being trialled across the UHB. • 'Don't Judge Me – Tackling Weight Discrimination' in health care campaign run in October 2017.	
Strategic Objective 3 – To improve the prevention, detection and management of cardiovascular disease in the local population		
There is a risk that the Heart Disease and Stroke Delivery Plans will not be fully implemented across the UHB. This is caused by a variety of reasons including resources, staffing levels, facilities. This means that Cardiovascular disease prevention, management and treatment would not improve leading to no reduction in morbidity and mortality.	• Some elements of Plans are monitored as Tier 1 targets. • Board and WG approved Delivery Plans in Place for both. • Stroke Delivery Group monitors Stroke Delivery Plan. • Annual Reporting to WG. • Exceptions reports on Tier 1 targets are monitored and scrutinised by BPPAC and Board via Performance Report. • Snap data for Stroke nationally audited. • Regular discussions on performance with WG. • National audits in heart disease. • Quality Indicators Group addresses harm and variations. • Risk Registers for Stroke and Cardiology Services. • SO3 Stroke Group in place to monitor delivery of strategic objective.	15
There is a risk that the fragility and capacity of primary care services to meet this enhanced target, as this is higher than that required in QOF, may limit the UHB's ability to meet the objective. This means that this target will not be met and patients will have undiagnosed and untreated hypertension (blood pressure). This will impact on ability to meet the target and patients will not have this risk factor for CVD managed appropriately.	• Locality managers working with primary care to deliver QOF targets. • Plans in place for each GP Cluster. • QOF visits to primary care. • Stroke Delivery Plan & Heart Disease Delivery Plan contains prevention targets. • Stroke Delivery Plan monitored at Stroke Delivery Group.	15
There is a risk that the fragility and capacity of primary care services to meet this enhanced target, as this is higher than that required in QOF, may limit the UHB's ability to meet the objective. This means that this target will not be met and patients will have undiagnosed and untreated AF. This will impact on ability to meet the target and patients will not have this risk factor for CVD managed.	• Locality managers working with primary care to deliver QOF targets. • Plans in place for each GP Cluster. • QOF visits to primary care. • Stroke Delivery Plan & Heart Disease Delivery Plan contains prevention targets. • QOF visits to primary care, primary care pharmacists working with practices.	15

Risk Description	Current Mitigation	Risk Score
Strategic Objective 4 – To increase survival rates for cancer through screening, earlier diagnosis faster access to treatment and improved survivorship programmes		
There is a risk that low public awareness and engagement in screening programmes will lead to late detection of cancer and increased burden of disease in the Hywel Dda area. There are limited resources for developing local approaches to screening programmes. In addition, low awareness about risk factors for cancer and about early symptoms of cancer may result in patients not seeking medical care early and presenting with cancer late, when the cancer is advanced and more difficult to treat. This could lead to increased rates of late diagnosis of cancer, increased use of primary and secondary care services.	• Established links with Public Health Wales Screening programme. • Experience of projects to increase cancer screening within hard to reach groups. • Access to national campaigns. GP awareness of screening programmes is high. • Annual screening reports are produced by Public Health Wales for DPH to share with relevant partners. • Screening Engagement Team established within Public Health Wales. • Identified consultant in Public Health who links with Public Health Wales on screening matters.	12
The word Survivorship* appears in the strategic objective descriptor. This is a new phrase for use in Wales. There is a risk that people may not fully understand this new terminology and that this could lead to a delay in making progression in relation to this area of work which straddles various elements of UHB and partner organisation activity. *Following discussion with various partner organisations (including 3rd sector) a more appropriate term has been agreed - "Living with and Beyond Cancer". There is a risk that the Board's strategic objectives of delivering faster access to treatment will be compromised by local capacity pressures in key specialties. This is due to a combination of recruitment/retention challenges and fragile service models in key specialties. This could lead to delays and increased waiting times for definitive treatment.	The UHB Public Health Team have undertaken a scoping review on survivorship services. Although rehabilitation, psycho-social support, treatment and health improvement services are available in Hywel Dda for cancer survivors, they have not been formally named under a common umbrella "survivorship programme" or "Living with and Beyond Cancer".	9
There is a risk that the Board's strategic objectives of delivering faster access to treatment will be compromised by tertiary centre capacity pressures for specialist oncology (radiotherapy) services. This is due to significant recruitment/retention challenges experienced by the South West Wales Cancer Centre (SWWCC) based at ABM UHB. This could lead to delays and increased waiting times for definitive oncological treatment.	• Daily monitoring of patient pathways by Cancer Services Team and escalation of identified delays to ABM UHB. • Continuing recruitment efforts undertaken by ABM UHB to address capacity shortfalls including appointment of locum staff and agreement of additional sessions for existing staff wherever possible. • Monthly joint Director of Operations discussions between Hywel Dda UHB and ABM UHB.	12

Risk Description	Current Mitigation	Risk Score
There is a risk that the Board's strategic objectives of delivering faster access to treatment will be compromised by tertiary centre capacity pressures for specialist thoracic surgical services. This is due to insufficient service capacity to appropriately meet current demand. This could lead to delays and increased waiting times for definitive treatment.	• Daily monitoring of patient pathways by Cancer Services Team and escalation of identified delays to ABM UHB. • Escalation of capacity concerns to ABM UHB and Welsh Health Specialised Services Committee (WHSSC) as commissioners of thoracic surgery service. • ABMUHB has provided ad hoc additional capacity in an attempt to reduce pathway delays.	16
There is a risk that the Board's strategic objectives of delivering faster access to treatment will be compromised by local capacity pressures in key specialties. This is due to a combination of recruitment/retention challenges and fragile service models in key specialties. This could lead to delays and increased waiting times for definitive treatment.	• Daily monitoring of patient pathways by Cancer Services Team and escalation of identified delays to Service Managers. • Weekly review and prioritisation of potential capacity pressures via Cancer Services Watchtower meeting with Service Managers. • Ongoing recruitment plans in place in key 'at risk' specialties. • Current review and assessment of service model options in key 'at risk' specialties.	16
Strategic Objective 5 – To improve the early identification and management of patients with diabetes, improve long term wellbeing and reduce complications by December 2019		
There is a risk that pre-diabetic and type 1 and 2 diabetic patients will not be able access a structured self- management programme as outlined in the Local and National Diabetes Action Plan. This is caused by a lack of Diabetes Specialist nurses, Dieticians and education co-ordinators/trainers across the UHB. This will impact the ability deliver the objective, patient's quality of life, increased access to primary and secondary care services. The cardiovascular risk screening programme to support prediabetes and prevention work is at risk if the Health Board Occupational Health service is unable to provide the staff to undertake the assessments.	• Education Programme for Patients (EPP) single point of referral for type 2 diabetes education for the UHB. • EPP responsible for organisation all Xpert training programmes. • Introduced lay led Diabetes Self management Programme for patients deemed suitable. • Foodwise for Life programme introduced across the whole UHB in 2017/2018. • Pocketmedic digital films for type 2 diabetes can be accessed by public via an All Wales link. • Completion of Type 1 Diabetes digital information films and gestational diabetes films to be launched October 2016 - These films are all now accessible and two new films in progress. One for advice on admission, discharge, XPERT education and another for support on what to do when coming in for a procedure in	16

Risk Description	Current Mitigation	Risk Score
	hospital.	
There is a risk that diabetic patients will not have timely access to secondary care services. This is caused by a lack of capacity by secondary care staff if primary care do not increase their diabetes care in the community including the increase in injectable therapies. This will lead to increased risk of complications associated with diabetic care, not meeting the strategic objective, increased burden on secondary care services through increased admissions, length of stay, more complex care required leading to increased stays and care.	• Primary care members of Diabetes Planning and Delivery Group • Diabetes Local Enhanced Service (LES) available. This will be replaced by Direct Enhanced Service (DES) provision from April 2018. • Provision of MERIT courses for GP and nursing staff to take up injectables in primary care.	20
There is a continued risk of an increase in amputations in Diabetes patients (increased numbers identified from 2014 to 2015). This is caused by a lack of a clear pathway for foot care including Podiatrists and links to vascular services. This could lead to an impact on quality of life, increased access to primary and secondary care services.	• SBAR created to raise awareness of problem and plan solution. • Links made with vascular service in ABMU Consultant attended diabetes update day job descriptions completed for new podiatry service starting in Carmarthenshire pathway in place. • Education Programme for Patients (EPP) have implemented a 'Putting Feet First' which a 2 hour self-management session. • Additional podiatrists have been recently been appointed and are in post across Hywel Dda.	16
Strategic Objective 6 – To improve support for people with established respiratory illness reduce acute exacerbations and the need for hospital based care		
There is a risk that people with an established respiratory illness will not be able access a self-management programme (this includes access to Chronic Obstructive Pulmonary Disease (COPD) Self-management for Life (SM4L), COPD+ and Pulmonary rehabilitation) and respiratory specialist nurse review post discharge as outlined in the Local and National Respiratory Action Plan. This is caused by a lack of Respiratory Specialist Nurses, Physiotherapists, Occupational Therapists and education co-ordinators/trainers across the UHB. This will impact the ability deliver the objective, patient's quality of life, increase access to primary and secondary care services.	• Pocketmedic films on prescription for COPD and introduction to exercise and pulmonary rehab. • COPD+ commenced in the community for people newly diagnosed with COPD. This programme has been implemented across Hywel Dda. • Links made with NERS for ongoing exercise for life. • Working with British Lung Foundation (BLF) Wales to promote ongoing peer support via Breathe Easy Groups. • Pilot to assess the impact of using telemedicine to support pulmonary rehab in Ceredigion.	12
There is a risk that not every person who smokes that is admitted to hospital will receive smoking cessation advice. This is caused by a lack of awareness of secondary care smoking cessation services and sufficient smoking cessation advisors in secondary care.	• Part time smoking cessation officers employed across all four district general hospitals. • Lead for Smoking Cessation Officers in post to implement this objective.	6

Risk Description	Current Mitigation	Risk Score
	• All Wales database created to capture all smoking cessation information. This is being trialled in C&V UHB and HDUHB. • Part-time smoking cessation officers in place in secondary care. Further funding received via cancer services to increased hours for cessation services in Pembrokeshire and Carmarthenshire.	
Strategic Objective 7 – To improve the mental health and wellbeing of our local population through improved promotion, prevention and timely access to appropriate interventions		
There is a risk that the UHB will deliver an ineffective service to people with a learning disability (LD). This is caused by the extent of outdated and unfit for purpose LD services. This could lead to an impact of poor outcomes for people with learning disability, poor inspection reports from regulators and reputational damage for the UHB.	• Established learning disability programme group. • External assurance visits & progression of recommendations on the improvement plans. • LD Health care bundles. • LD service dashboard to monitor performance across operational and QS&PE indicators. • New Head of Learning Disabilities Services appointed and additional service capacity incorporated. • Medical lead for LD in post. • Strengthened management structure in LD in place.	12
There is a risk that the UHB will not be able to improve the mental health and well-being of the population. This is caused by the extent of capacity and workforce challenges facing the service. This could lead to an impact on the loss of allocated training posts, unsustainability of on-call medical rotas, insufficient therapy staff to delivery psychological interventions and resulting failure to meet UHB targets.	• Strong links with Deanery/Universities for trainees and graduates to enhance training experience. • National MH Programme Lead employed by the UHB. • Medical Staff Committee (MSC) to monitor workforce organisational demands and raise any resulting professional issues. • Postgraduate training programme. Up to date job planning and appraisals. • Collapse medical on-call rotas from 4 to 3. • Monitoring of performance against waiting times targets via monthly performance reports and Directorate dashboard. • Monitoring vacancy rates via monthly report to Directorate dashboard. • Monitored at MH QSE Sub-Committee bi-monthly. • MHLD Workforce Report to WOD	12

Risk Description	Current Mitigation	Risk Score
	Sub-Committee when issues arise. • Workforce medical representative has and will continue to attend MSC to discuss issues raised. .	
There is a risk that UHB will not be able to improve the mental health and well-being of the population. This is caused by limitations posed by poor care environments particularly at in-patient areas. The likely impacts poor inspection reports from regulators, poor outcomes for people with learning disability, reputational damage, poor patient safety and experience.	• Discretionary capital priorities meeting with Assistant Director of Operations. • Existing transforming Mental Health and Learning Disabilities programmes. • External Assurance visits from regulators. • Monitor environmental risks at Mental Health Quality, Safety & Experience (MH QSE) Sub-Committee. • Improved representation at the Estates Operational Group. • Points of Ligature Plan in place to address outstanding issues.	16
There is a risk that the UHB will not be able to improve the mental health and well-being of the population. This is caused by the limited financial capital resource available to support the transformation programme. This could lead to damaged stakeholder confidence and cause consequential harm to the reputation of the organisation.	• Directorate Business Planning & Performance Assurance Group and Performance Dashboard. • Monthly meetings with management accounts to agree financial forecasting. • Exception reporting to Capital, Estates and IM&T Sub-Committee. • Transforming Mental Health Group.	16
There is a risk of adults with Attention Deficit Hyperactivity Disorder (ADHD) do not have access to appropriate interventions and treatment within the UHB. This is caused by a lack of designated resource for ADHD services which could impact on timely diagnosis and treatment of patients and cause reputational harm to organisation.	• Service currently available for individuals up to age 18 years. • Diagnostic service in place for those clients who are known to secondary mental health services. • Joint Mental Health (MH) and Paediatrics Steering Group to plan a service model for ADHD. • MH Quality, Safety & Experience (QSE) Sub-Committee monitor complaints and incidents.	16
Strategic Objective 8 – To improve early detection and care of frail people accessing our services including those with dementia specifically aimed at maintaining wellbeing and independence		
There is a risk that people with dementia are not accessing timely diagnosis and as a consequence not reliably accessing the right care at the right time – diagnostic rate is 37.2% of projected prevalence. This is caused by low rates of primary care referral to memory services for diagnosis as well as limited	• The All Wales e-learning dementia module is in place. • Dementia friendly initiatives in place such as: - Butterfly scheme across the acute hospitals.	16

Risk Description	Current Mitigation	Risk Score
availability of ongoing support. This could lead to an impact on people with dementia lose skills more rapidly as a result of not accessing the right care and people that would benefit from timely medication fail to access. This increases care costs for both the UHB and Local Authority.	- Kings Fund dementia environmental audit process used to inform the development of a dementia friendly environment on the wards. - Person centred care planning focussing on the person's strengths. - "This is me" activity programme. - Monitoring/auditing care through "Fundamentals of Care", "Trusted to Care" and "Dignity and Essential Care". - Acute Hospital Mental health Liaison Team. - A frailty work stream is established as part of the unscheduled care programme. This group has been redefined as Frailty Expert Group to reflect change of relationship with USC. Group to focus on development of standards and guidance. Dementia screening and pathway will be a component of the frailty pathway in community and acute hospitals. - Shared Care agreement for prescribing in place to support primary care prescribing.	
There is a risk that people with a recent change in functional skills will not have that change identified and considered in supporting diagnosis and/or appropriate care planning. This is caused by the current service provision being unable to meet the needs of an increasing aging population. This could lead to an impact on: • Elderly people may have late diagnosis of serious conditions due to atypical presentation. • People admitted to hospital who are vulnerable to loss of function may acquire long term disability as a result of care not being designed to support them to retain life skills.	• Community In-reach Teams in place at each Acute Hospital to support early assessment of people who are at risk. • Cluster plans include schemes that identify people who are at risk. • Reablement services are in place in all counties. • An Advanced Nurse Practitioner for Frailty has been appointed in both Pembrokeshire and Ceredigion. • Person centred care planning focussing on the person's strengths. • "This is me" programme. • Monitoring/auditing care through "Fundamentals of Care", "Trusted to Care" and "Dignity and Essential Care". • Funded Acute Hospital Mental Health Liaison Team.	16
Strategic Objective 9 – To improve the productivity and quality of our services using the principles of prudent health care and the opportunities to innovate and work with partners		

Risk Description	Current Mitigation	Risk Score
There is a risk that the UHB will not deliver the agreed performance and cost savings of £32m as detailed in Annual Plan 2017/2018 to help it deliver its statutory financial duties whilst improving the health of population that the UHB serves. This is caused by variable pay, which continues to be a major challenge particularly in respect of medical staffing, and the delivery of savings targets which are critical to potential de-escalation and intervention by WG. This will lead to an impact on the UHB's ability to deliver its statutory duties and appropriate care, escalated intervention by WG and adverse publicity/reduction in stakeholder confidence.	• Clarity of expectations is detailed in Annual Plan and financial budget setting for 2017/2018. • Turnaround Programme has been initiated targeting key savings areas and Directorates - launched on 28 April 2017. • Opportunities schedule for efficiencies is in advanced development and will be rolled out in May 2017. • Service Improvement/ Transformation Programme is targeting acute efficiencies. • CEO leading the savings identification process through regular meetings with Savings Plan leads.	20
Strategic Objective 10 – To deliver, as a minimum requirement, Outcome and Delivery Framework Targets, and specifically eradicate undue travel and unnecessary waiting times		
There is a risk that Tier 1 targets will not be fully delivered in 2017/2018 due to insufficient permanent & temporary levels of clinical staffing (allied health professionals, nursing and medical) to meet demand across the whole secondary care service within current financial resources over the lifetime of the present IMTP. In addition to the specific detrimental effects to patients the risk could give rise to wider impacts which include the increasing fragility of services, adverse publicity/reduction in stakeholder confidence, WG intervention, closer scrutiny by regulators and a reduction in the allocation of future training posts by the Deanery.	• Continuous recruitment programmes both national and international are ongoing in addition to bespoke recruitment campaigns. • Medical rotas used by services, including use of locum/agency staff through agreed frameworks such as Medacs when deemed essential. • Service workforce plans in challenged areas developed to look ahead and control risk including nursing plans produced by Heads of Nursing and plans to recruit to core trainee numbers. • Workforce Plans reported to Board. • Escalation procedures in place which include movement of patients between sites when necessary. • Integrated Performance Reviews with Executive Team & service areas held for all operational service areas every two months. • Workforce risks monitored by WOD Sub-Committee (bi-monthly). • Triumvirate Teams in place to increase local accountability and ensure risks are managed on a daily basis across the UHB services. • Directorate QSE Sub- Committees	20

Risk Description	Current Mitigation	Risk Score
	(bi-monthly).	
There is a risk that sub-optimal patient flow processes will prevent the delivery of Tier 1 targets. This is caused by poor condition and functional inadequacies of available clinical and support service environments which do not offer the capacity and flexibility necessary to respond to changing demands and pressures. This is exacerbated by inadequate levels of capital available to support the estate and equipment replacement demands, in particular diagnostics, to allow it to be kept abreast of clinical requirements. This could lead to an impact not only on delayed care for patients but also to the ability to recruit to vacant clinical posts and also restricts the ability to modernise and develop services.	• Capital prioritisation process based on risk in place. • Capital Prioritisation Group (bi-monthly). • Emerging Estates and IM&T Strategies. • Medical Devices Group. • Clear prioritisation of capital is actively taking place through Operational Business Team processes. • Establishment of control group for medical equipment to identify risks.	16
There is a risk that Tier 1 targets related to the timely treatment of tertiary services will not be fully met due to the level of tertiary service capacity that is available to support the UHB's clinical service specialties upon which it depends on for specialist treatment. Apart from the direct effects on cancer, cardiology, neurology and other patient care groups, this could lead to adverse publicity/ reduction in stakeholder confidence, WG intervention and closer scrutiny by regulators.	• The service is in continuous discussion with its tertiary service providers about the level of service provided across the specialties including dialogue with WHSSC where appropriate, specifically oncology, cardiovascular, dermatology, vascular. • Weekly attendance of Cancer Services Management Team at ABM UHB patient tracking meeting. • Ongoing peer reviews and associated action plans to improve performance in cancer services. Cancer pathway reviews in progress (Lung, Upper GI and Head and Neck). • All Wales collaboratives in pathology, surgery and stroke. • ARCH x 5 programmes of work established to address long term challenges. Includes current active joint work in relation to vascular services, stroke services, oncology, ophthalmology, orthopaedics and pathology. • Revitalised programme of work has been established to refocus on regional working opportunities during quarter 1 of 2017/2018	16
There is a risk that Tier 1 targets may not be met. This is caused by the organisation's continued inability to balance to manage rising demand and acuity of patients specifically the impact of unscheduled care activity on planned care and stroke services. This could lead to adverse publicity/reduction in	• Plan of work continues to be progressed through the Unscheduled Care Group, planned care programmes, monthly stroke meetings, improvement groups for theatres orthopaedics, eye care, outpatients and improvements are	20

Risk Description	Current Mitigation	Risk Score
stakeholder confidence and external interventions will prevail if the organisation fails to manage its follow-ups and waiting lists, and patients will invariably suffer along the way.	being made and evidenced. • Comprehensive daily management and escalation systems are in place across the Operational Directorate of the UHB to manage the unscheduled care system risks on a daily basis. • 111 Go live and project in Carmarthenshire to be rolled out across the UHB. • Operational Business oversight of all performance issues.	
There is risk that the UHB will not have Board and Executive Team stability and capacity to steer it through targeted intervention and secure sound financial footing for the organisation. This is caused by changes to the Board composition already in train plus raised uncertainty generated by the increased escalation status of the UHB. This could lead to an impact on ability of the UHB to deliver its statutory duties and appropriate care, increased escalated intervention by WG and adverse publicity/reduction in stakeholder confidence.	• Executive Structure has been reviewed and will fully meet the Local Health Boards (Constitution, Membership and Procedures) (Wales) Regulations 2009. • Executive Director structure in place and appointed to (except Director of Primary, Community and Long Term Care. • Supporting management structure under Executive Directors to deputise and carry out portfolio work. • Planned recruitment programme undertaken for Independent Members which will ensure new Independent Members will commence by April 2017 and shadow running from March 2017. • Buddying system between IMs and new IMs. • Board OD Programme for Executive Directors & Independent Members. • Executive Team development plan and programme in place. • Independent Member development programme in place. • Induction programmes in place for Independent Members & Executive Directors.	4
There is a risk that the UHB may not be realising the full benefits of integrated working across the primary, community, mental health & learning disabilities and secondary care systems. This is caused by not taking an organisation-wide approach when designing/planning improvements across systems/services in the UHB. This could have an impact on the UHB's ability to manage patient demand and capacity in the most optimum way.	• Plan of work continues to be progressed through the unscheduled care group focussing on whole system change. • Planned care group locally as well as outpatients group are starting to address elective pathways involving primary care. • Localities/clusters have made good progress within counties on ad hoc basis utilising funding opportunities through Integrated	16

Risk Description	Current Mitigation	Risk Score
	Care Fund (ICF). • Transforming Clinical Services programme established across whole system. • Operational Business Meeting in place including all operational services within the UHB.	
There is a risk that the UHB will not be able to maintain and address the backlog maintenance and develop its estate, medical equipment and IM&T infrastructure, that is safe and fit for purpose or to address its agreed strategic priorities, in a planned and consistent way and at pace. This is caused by insufficient capital, both from the All Wales Capital Programme and Discretionary Capital allocation. This could have an impact on delivery of strategic objectives, service improvement/development & delivery of day to day patient care.	• Prioritisation process in place via new governance structure. • Planned programme of replacement in place for IT and Estates in line with the prioritisation programme. • BPPAC and Capital Estates & IM&T Sub-Committee (with IM membership and wide stakeholder engagement in prioritisation process. • Capital Audit Tracker in place to track implementation of audit recommendations. • Monitoring returns to WG include Capital Resource Limit. • Capital Review Meetings with WG meetings continue to be held bi-monthly to discuss and monitor the Capital Programme. • Retention of a medical equipment capital contingency to manage urgent issues of repair or replacement. • Preparation of priority lists for equipment, Estates and IM&T in the event of notification of additional capital funds from WG i.e. in year slippage.	16
There is a risk that the UHB will not have a WG approved Integrated Medium Term Plan (IMTP) for 2019/2022 as required by the National Health Service Finance (Wales) Act 2014. This is caused by the UHB not being able to meet the requirements of WHC 044 (16) NHS Planning Framework 2017/2020 and not being able to produce a strategy that is able to provide high quality and sustainable services to the population of Hywel Dda within the allocated funding. This could have an impact on the UHB meeting its statutory duty, being subject to progressive escalation measures by WG and adverse publicity/reduction in stakeholder confidence.	• Annual Plan 2017/2018 agreed and monitored at Board, BPPAC & ARAC (bi-monthly). Delivery will be supported by the Turnaround Programme which will ensure savings delivery. • WG Escalation meetings (monthly) as part of WG targeted interventions. • Regionally provided services, ARCH Programme Management Board which includes all Health Boards & University Partners. • WG agreement that the UHB will submit a one year operational plan for 2018/2019 which will set out shorter term action, with development of a full IMTP for	10

Risk Description	Current Mitigation	Risk Score
	2019/2022 by March 2019.	
There is a risk that if the UHB does not achieve financial stability in 2017/2018 it may compromise future financial support from WG which may be required to help deliver future clinical service plans. This risk would be caused by not having a sound financial plan in place to address increasing service pressures, increasing variable pay and non-pay. This could lead to an impact on UHB meeting its statutory financial duty, being unable to deliver safe and effective clinical services within its current financial situation, being subject to progressive escalation measures by WG and adverse publicity/reduction in stakeholder confidence.	• Financial monitoring returns (monthly) reported to Board & BPPAC (alternate months). • 2017/18 Annual Plan has been discussed at In-Committee Board and Board OD Session. • Turnaround Programme. • Service Improvement/ Transformation Programme.	15
There is a risk that the UHB will be unable to accurately record and report improvements/reductions in waiting times and unnecessary travel when patient activity is moved from secondary care to community and primary care. This is caused by not having an integrated information system that can effectively track the shift of patient activity from secondary care to community and primary care. This could lead to an impact on the UHB's ability to understand whether its plans are effective to deliver NHS Outcomes Framework and take appropriate action in the most appropriate care setting and as timely as possible.	• Secondary Care Performance Report reported to Board & BPPAC (bi-monthly). • NHS Outcome Framework reporting and the data to support this is secondary care focused. When the UHB wants to shift care settings, it becomes more difficult as the primary care system is an effective clinical system for GMS but not one that can help in-patient administration, and integrated reporting terms. The community system is a national system and is not planned for roll-out in HDUHB until late 2018 at the earliest. • With external consultancy, workarounds the UHB is using are: a) a "modelling" tool that can help to show the impact of delivery care differently in different care settings. b) Continuing to integrate data into our reporting wherever possible. c) using the transformation work programme to develop new pathways to which we can support by new data/ information developments.	12
There is a risk that the Transforming Clinical Service (TCS) programme and resulting formal consultation does not meet the agreed timescales (September 2018). This could lead to a delay in delivering a clinical strategy for the UHB, which is a key deliverable of our current escalation level to WG and could result in adverse publicity/reduction in stakeholder confidence.	The TCS programme has allocated significant resource to ensure the delivery of the programme in the agreed timescale. This includes: • Leadership of a Clinical Director. • Dedicated Transformation Director in place to drive the programme. • Dedicated external expertise (Capita), alongside dedicated internal Hywel Dda UHB Clinical and Management capacity. • Dedicated Programme	12

Risk Description	Current Mitigation	Risk Score
	Management team which utilises industry standard project and programme management techniques (PRINCE 2; Managing Successful Programmes), with appropriate programme management documentation (PID, TOR, Risk Register etc.) developed to record, manage and quality assure the process. • Appropriate programme management structure manages and quality assures the process with a task and finish Design Steering Group, Options Development Group both supported by Enabling Groups to provide key information and data to aid in decision making. Criteria setting and divorced Options scoring groups and an overall Design Steering Group provide strategic direction and assurance.	

Key for the Assurance RAG Rating:

	No assurance
	Significant assurance
	Full assurance

Appendix 2 - Corporate Risk Register

Quality and Safety (Workforce) - There are 8 risks that have an impact on quality and safety of patients due to current workforce issues. Recruitment of permanent and temporary clinical staffing (allied health professionals, medical and nursing) continues to present a significant operational risk to the UHB resulting in continued fragility of day to day service provision, difficulties in managing demand and patient flows, making it challenging to implement any service reconfiguration/improvements, undertake waiting list initiatives, and delivery of the NHS Outcomes Framework (Tier 1 targets).

Risk Ref	Risk Description	Existing Control Measures Currently in Place	Current Risk Score
154	Lack of substantive middle grade doctors in A&E.	Ongoing recruitment and interviews in place via NHS jobs and international recruitment. Weekly meeting with A&E Consultants to review rota strength and gaps and align with Emergency Nurse Practitioner (ENP) cover. All funded posts are with Medacs Agency for interim appointments. Weekly meeting with medical staffing, Medacs and recruitment to fill the vacancies and follow through each candidate to expedite the process.	16
117	Lack of Registered Nurses leading to unsafe staffing levels in Emergency Departments.	Daily Review of situation by the Nurse in Charge and or Senior Nurse Manager. Pressures escalated at patient flow meetings. Nurse staffing and skill mix reviewed on a daily basis by lead nurse. SBAR completed and presented to Executive team.	20
166	Lack of capacity in district nursing to effectively treat and manage ambulant patients with leg ulcers.	County teams have established leg ulcer clinics to accommodate ambulatory patients. These clinics are manned by community nursing staff on a rotational basis. There is currently no dedicated nursing resource/specialist tissue viability resource/and in some areas no dedicated venue for clinics/clubs.	16
91	Lack of staff awareness of the statutory duties in relation to safeguarding children and adults.	Level 2 e-Learning Safeguarding Children and Level 1 e-learning Adults training is included in staff induction, this is recorded on ESR. Bespoke training by the safeguarding teams is available and is being	16

Risk Ref	Risk Description	Existing Control Measures Currently in Place	Current Risk Score
		delivered on request, or in areas where a risk has been identified. Safeguarding Policies and strategy available on intranet and are updated in line with WG guidance. Staff training competencies for safeguarding is in the process of being added to ESR for each ward/service area this is being undertaken by Workforce and Occupational Development (OD), guidance on which level of training is required by which staff member is being given by the Safeguarding corporate teams and relevant service managers within the Directorates/Service areas. Study leave allowance is built into rosters to allow release of staff for training, although this is risk assessed and is dependent on service requirements currently. OD are currently undertaking a complete training needs' analysis across all areas, identifying which services require which level training for children's and adult safeguarding, this will be identified as per staff group on ESR, once confident that the correct staff are mapped against training requirement. ESR will be the main monitoring system for Training compliance.	
4	Shortage in clinical workforce to deliver against the current model of General Practice	Strong locality structure with clinical leadership and a willingness to develop models collaboratively. Locum availability is available from Shared Services Partnership. Business continuity plans held by each GP practice. 7 pillars risk assessment process established and refreshed bi-monthly. Primary Care Support Unit developed with capability of providing limited clinical support and expertise to develop new models and roles. Recruitment campaign including adverts, videos, conferences, social	16

Risk Ref	Risk Description	Existing Control Measures Currently in Place	Current Risk Score
		media, central contact. Contractor and Workforce team support to enable the practices to review their workforce, skill mix and model for delivery. Pathfinder collaboration support to enable the development of federations, collaborative and mergers. Merger support agreement and funding to enable practices to merge. Workload and Access Steering Group in place to develop support to improve management of clinical time. Telephone consultation support pilot commenced. Clinical fellows appointments with the Swansea Medical Schools. Physicians Associates currently being piloted in North Ceredigion. Big Proactive Care Events established to share best practice and promoted networking.	
108	Lack of theatre resource, cardiologist, physiologist, nursing and radiologist leading to long waiting times for cardiac pacing and the disruption to scheduled services.	Emergency Patients are doubly listed with AMBU to ensure that they access the first available bed. GGH Consultants x 2 who undertake pacing frequently undertake additional pacing sessions, as and when access to theatres and staffing allow (outside of job plan). Daily site update of all patients awaiting procedure/transfer to ABMU. Additional pacing lists being undertaken in GGH to reduce delays for the UHB.	16
137	Fragile Dermatology services due to insufficient staffing levels	Referral triage by AMBU (Abertawe Bro Morgannwg University) consultants. Current skill mix of team is enabling timely care of patients. 2 speciality doctors acting up as Consultants. Training is in place and ongoing to upskill nursing teams within Dermatology sub-specialities (skin lesions and systemic).	15

Risk Ref	Risk Description	Existing Control Measures Currently in Place	Current Risk Score
178	Staffing levels below recommended levels for stroke care giving rise to avoidable harm to patients.	Stroke mortality review completed. September 2016 Action plan completed to address concerns raised October 2016. Dietetic reviewed recommended and completed December 2016. Site triumvirate accountable for completion mortality action plan led by site. Oversight of Action Plan led by site General Manager. Deputy Chief Medical Officer and UHB Medical Director assurance that relevant actions are being implemented. Control group in place to oversee all 4 stroke/coding reviews (Chaired by Director of Nursing/Deputy Chief Executive Officer).	15

Quality and Safety (Equipment) – Nine risks have been identified from issues relating to not being able to replace or upgrade equipment which can lead to impact on the quality and safety of patients. Equipment is funded through the All Wales Capital Programme and the Discretionary Capital Programme, however demand is over and above current funding and it would take a number of years to be able to fully address the equipment backlog. As at end of March 2018, there is an estimated equipment backlog of £40.4m. Further work to detail out of support schedules for the next 3 to 5 years to support equipment funding prioritisation and the management of UHB risks is being progressed.

Risk Ref	Risk Description	Existing Control Measures Currently in Place	Current Risk Score
172	Severe disruption to patient services in particular oncology and haematology caused by inadequate air handling units.	Regular servicing and monitoring to maintain highest level of assurance possible with current units.	20
198 **(New)**	Lack of proper bariatric storage facilities within the mortuary body store could generate bad publicity.	Bariatric patients will be transferred to the GGH facility. Plans are in place for contracted undertaker to move bariatric patients to GGH as appropriate at cost. In the case of super-bariatric patients, a plan to cool down the existing store room is in place.	16

Risk Ref	Risk Description	Existing Control Measures Currently in Place	Current Risk Score
115	Deterioration of radiology image quality and failure to meet Royal College of Radiologists (RCR) guidelines caused by existing equipment nearing end of life and the Interventional Room (IR) needing replacement at GGH giving rise to avoidable patient harm	Annual review of equipment. Quality assurance programme in place. Costing of replacement equipment is being identified. Examples are: Standard mobile x-ray unit £30k, General x-ray room £200k + enabling works, CT scanner £800k + enabling works, MRI scanner £1m + enabling works, Ultrasound scanner £80k.	20
126	Delayed access to MRI/CT and Ultrasound could lead to inability to meet 8 week diagnostic standard and 7 day Urgent Suspected Cancer target.	Monthly monitoring of activity, demand. Weekly review of all patients on Cancer Pathway. Prioritisation of referrals based on clinical risk and discharge dependant investigations.	20
138	Inability to provide a modern radiology service due to the loss of interventional radiology facilities at GGH.	Preventative maintenance contract in place but limited in scope given dearth of spares available. Transfer of patients to PPH with complex interventional needs.	20
200 **(New)**	Lack of standardised procurement, storage and maintenance of dynamic pressure mattresses.	A formal action plan has been developed. Immediate action on condition/safety of stock in patient environments.	16
199 **(New)**	Poor reliability of endoscopy washer disinfectors caused giving rise to avoidable delay with provision of care.	Contingency plan to be implemented when endoscopy washers are out of action. Daily checks by Hospital Sterilisation and Decontamination Unit (HSDU) staff help with failure prediction. Ongoing monitoring of each cycle. Recording of each cycle failure, which forms part of the Quality Management System Key Performance Indicators (KPIs). Failed endoscopy washer standard operating procedures (SOPs) in place, which are routinely audited. Weekly preventative maintenance checks are carried out by qualified	16

Risk Ref	Risk Description	Existing Control Measures Currently in Place	Current Risk Score
		estates staff and these pick up imminent failures, which are addressed when least likely to impact on productive time. Quarterly maintenance is carried out by qualified third party service providers, which assists in preventing unforeseeable breakdowns. Each endoscope reprocessing record is checked by HSDU staff prior to dispatch for use.	
50	Poor reliability of sterilisers leading to delays in the supply of sterilized equipment to theatres with impact on RTT/waiting times.	Contingency plan to be implemented if necessary, when sterilizers are out of action. Daily checks by Hospital Sterilisation and Decontamination Unit (HSDU) staff help with failure prediction. Ongoing monitoring of each cycle. Recording of each cycle failure, which forms part of the quality Management System KPIs. Failed Sterilizer cycle Standard Operating Procedures (SOPs) in place, which are routinely audited. Weekly preventative maintenance checks are carried out by qualified estates staff and these pick up imminent failures, which are addressed when least likely to impact on productive time. Quarterly maintenance is carried out by qualified estates staff, which assists in preventing unforeseeable breakdowns. Each item unloaded from the sterilizer is checked by HSDU staff prior to dispatch to the customer, which helps pinpoint loads that might be returned before they arrive at theatres. Time steam and temperature indicators are added to each instrument set, which the users check for conformity prior to use of instruments on the patient. Instruments are sent to the Surgical Materials Testing Laboratory (SMTL)	16

Risk Ref	Risk Description	Existing Control Measures Currently in Place	Current Risk Score
		for quarterly Endotoxin testing. Trained estates staff are available to attend to first line steriliser faults/ failures during the working day and out of hours. Where available, the Estates department now keep a stock of essential spare parts for the steriliser.	
206 **(New)**	Lack of suitable Medical Grade network installation to export essential monitoring of patients on telemetry.	List of patients on telemetry held on Coronary Care Unit (CCU) and reviewed. Prompt escalation to senior nurse/site managers of issues to co-ordinate urgent medical review of patients. Nurse staffing and skill mix reviewed daily by lead nurse to address additional resources required. Increased observations of patients. Liaise with Electrical and Biomedical Medical Engineering (EBME) to secure additional portable monitoring for those at highest risk.	16
185	Inefficient and ineffective freezers in Blood Transfusion Department GGH could delay the provision of care to patients.	Temperature mapping.	16

Quality and Safety (External Providers) – The following risks are associated with referring patients to tertiary centres for further treatment or fragile domiciliary services within the Hywel Dda area to support patients requiring a package of care following discharge.

Risk Ref	Risk Description	Existing Control Measures Currently in Place	Current Risk Score
57	Delay in transfers to tertiary centre for those requiring urgent cardiac investigations, treatment and surgery could result in avoidable harm.	Medical and nursing staff review patients daily and update the referral database as appropriate. Bi-monthly operational meeting with Abertawe Bro Morgannwg (ABMU) to improve flow. Daily telephone call Coronary Care Unit (CCU) to review all patients awaiting transfer. All patients are risk scored by the	16

		cardiac team in ABMU. ABMU sends a daily update which details number of patients waiting, length of wait, capacity in ABMU. Continuous review of patients waiting for ABMU list validated and escalation process in place.	
134	Fragile domiciliary care provision within the Hywel Dda footprint and neighbouring counties leading to further de-conditioning of patients.	Investment in joint equipment stores to promote patients' independence and safe moving and handling. Weekly meetings held in acute hospital site and links with neighbouring Counties established. Weekly Delayed Transfers of Care meetings in all acute hospital sites. Fast track arrangements in place. Interim beds in place.	16
9	Sustainability of Oncology services across Hywel Dda with resulting delays in care provision.	UHB service is mainly delivered by visiting consultants from SWWCC. UHB has reviewed an updated its Service Level Agreement with ABM UHB for provision of visiting oncology sessions. UHB approved Oncology service strategy in 2015 to restructure service delivery utilising technology and new ways of working to minimise patient travel. However, significant vacancies remain within the SWWCC with resultant impact an pressure on service delivery across Hywel Dda.	16

Quality and Safety (Legislation/Inspection) – The following risks have been identified in this category.

Risk Ref	Risk Description	Existing Control Measures Currently in Place	Current Risk Score
171	Non-compliance with national standards could lead to disruption of services to patients, contamination of aseptic products and increased costs.	Remedial work has been completed on all three sites (BGH, GGH and WGH Hospitals). This will ensure that the units comply with national standards in the short term. The improvement notice requires full replacement of the GGH site by August 2017 (confirmation is being	16

Risk Ref	Risk Description	Existing Control Measures Currently in Place	Current Risk Score
		sought on an extension to this date). The risk has increased due to delays in identification of a suitable site for the new unit. SOPS, monitoring on-going audit and Quality Control with regular input of Quality Assurance/Quality Control lead. Additional 0.5 Whole Time Equivalent (WTE) Assistant Technical Officer approved for all sites to enable the UHB to remain compliant with Medicines and Healthcare Products Regulating Agency (MHRA) standards.	
173	Non-compliance with Good Manufacturing Standards which could result in disruption to patient services in particular oncology and haematology.	Maintaining standards in close liaison with the All Wales Quality Assurance Pharmacist. Regular monitoring and review of air sampling.	16

Quality and Safety (Estates/Infrastructure) – These risks emanate from current issues with the existing estate as they do not offer the capacity and flexibility necessary to respond to changing demands and pressures.

Risk Ref	Risk Description	Existing Control Measures Currently in Place	Current Risk Score
98	Ineffective and inefficient pathology buildings. Inability to provide pathology service and reliable of a reliable quality.	Space allocation of working environment undertaken 2014. Health & Safety assessment completed for staff working areas. Specialist tests are procured outside of the UHB but these take longer to process.	20
54	Compromised privacy and dignity of patients receiving care at BGH Chemotherapy Day Unit at BGH.	Curtains are used to provide some privacy to screen the patients from the waiting area. Scheduling of patients has been reviewed and the existing appointment system amended. An Environmental Risk Assessment has been undertaken with infection control and Health and Safety in collaboration with the Welsh Cancer Network.	16
59	Avoidable suicide attempts by	Clinical/Risk assessment on an individual patient basis. Welsh Applied	15

Risk Ref	Risk Description	Existing Control Measures Currently in Place	Current Risk Score
	patients in mental health services.	Risk Research Network (WARRN) and Skills based Training on Risk Manager (STORM). Discretionary capital bids for all the areas that make up the circa £2million as above, will be prepared and submitted also £32million was granted. New funding released by WG need to be progressed in order to increase the level of psychological intervention to adult and older adult inpatient wards and 5 psychology assistants have commenced in post to provide this enhanced service. Programme of works developed and commenced against the 2017/2018 WG allocation of funding that ensures the best products to mitigate ligature risk are sourced and installed.	
155	GGH estate infrastructure is increasingly not fit for purpose in terms of functional suitability and standards.	Essential infrastructure maintenance continues to be undertaken as part of the annual Capital Programme. A Development Plan is currently being progressed to ensure that any works undertaken do not have a negative impact on any future development of the site. An Estates Baseline Strategy has been prepared in the absence of an agreed Clinical Strategy. Options for the relocation of non-clinical services from the GGH site have been drafted by the Estates Team. Appointment of Project Manager to assist in the development and delivery of a Programme Business Case (PBC) for a major infrastructure and investment scheme for 4 acute hospitals.	15

Quality and Safety (General) - The following risks have been identified in this category.

Risk Ref	Risk Description	Existing Control Measures Currently in Place	Current Risk Score
203	Current sustainability challenges in the Primary Care provision in the	Ensure that there is clinical representation on the task group to	16

Risk Ref	Risk Description	Existing Control Measures Currently in Place	Current Risk Score
(New)	Llanelli and Gwendraeth areas.	provide input when allocation decisions are being made and advise the group on the current sustainability problems facing primary care in the Llanelli and Lower Gwendraeth areas. Provide guidance and advice on the most appropriate locations for placing families in terms of their healthcare requirements.	
204 **(New)**	Non-compliance with guidelines for implementation of Pulmonary Rehabilitation.	Referral process in place, this includes identifying appropriate patients on the waiting list. Strategic objective for UHB. Training of relevant support staff completed. Suitable patients for vital capacity pulmonary rehabilitation programme identified and assessments completed.	16
34	Medication Errors.	Medicines management policies, specifically relating to drug administration, in place. Nursing and Midwifery Council (NMC) Medication guidelines; Medicines Management Group and Medicines Event Review Sub-Group in place; Medication Management issues a regular agenda item at Senior Nursing and Midwifery Team meeting; Senior Nurse Medicine Management post in situ to lead this work stream. UHB Drug Administration Policy revised and issued mid 2015. Pharmacy-led, All Wales audits of medication prescribing/administration policy key indicators being undertaken monthly (medication safety audit).	15
123	Non-compliance with mandatory National Clinical Audits outlined by WG.	All national audits are co-ordinated by the Clinical Audit Department. Clinical audit teams provide as much support as possible to achieve compliance. Clinical Audit updates provided to Effective Clinical Practice Sub-Committee. Compliance with national clinical audit	15

Risk Ref	Risk Description	Existing Control Measures Currently in Place	Current Risk Score
		participation is monitored by the Clinical Audit Department.	
23	Lack of contracted units of dental activity (UDAs) leading to patient delays in accessing NHS dental care.	Robust contract management processes in place to ensure currently contracted activity delivers or that contractual sanction are imposed. Capacity review undertaken per locality to enable the identification of areas with highest need for new activity. Capacity and demand review undertaken and presented to the Board highlighting scale of additional resources required dependent on available funding. Routine access service available for patients without a high street dentist but requiring a whole course of treatment. Urgent access dental services available for patients requiring urgent care but without access to a high street dentist. Community Dental Service available for patients with special needs or unable to use high street dental services due to their individual needs.	15
15	Delays in discharge planning within inpatient areas and the availability of core community capacity resulting in avoidable de-conditioning of patients with associated loss of independency.	Investment in community service resources from Integrated Care Fund allocation to facilitate timely discharge. Weekly meetings held in all acute hospital sites with community staff and social care to improve patient flow. Fast track arrangements in place to deliver fast track discharges when required. Interim beds in place to facilitate rapid discharge to assess. Re-designed daily work list analysed and actions taken. Weekly scrutiny of Continuing Health Care (CHC) eligibility & Quality Assurance Panels.	16

Financial – The following operational risks have been raised as they could potentially have an adverse impact on the UHB financial position.

Risk Ref	Risk Description	Existing Control Measures Currently in Place	Current Risk Score
144	Lack adequate arrangements and process for private patient work.	Short term measures included in a paper put to the Executive Team in February 2017 have been enacted and include; suspension of selected elective private work; prior authorisation by the Clinical Director (Scheduled Care) ahead of any day case or outpatient private work that can still be provided without adverse affect on referral to treatment (RTT) and waiting times.	16
157	HMRC changes to GP OOH doctors within tax and NI deduction.	Hywel Dda has commissioned Deloitte's to provide advice. Links have also been made with other Health Boards in Wales in order to ensure that a consistent approach is being adopted. Deloitte's are providing Tax advice to the UHB on this issue. The HMRC requested further details from Health Boards by 1st February 2017. Following various discussions between HMRC, Health Boards and Deloitte's HMRC are about to commence local fact finding visits at each Health Board.	20

Information Technology/Information Governance – The below risks are relate to the current operational issues associated with the IT systems within the UHB. Further work is underway to detail 'out of support' equipment schedules to determine capital funding priorities for the next 3 to 5 years.

Risk Ref	Risk Description	Existing Control Measures Currently in Place	Current Risk Score
192	Insufficient capacity of Current Citrix XenApp service to deliver applications, eg, Myrddin, email, WCP, to end users.	Monitor capacity and highlight any perceived issues that occur.	20
44	An outage or damage to equipment to the Data Centre at GGH.	24x7x365 maintenance contract in place, any failure would be rectified with best endeavours but there is no guarantee of this.	20
187	Cyber security attack leading to inability to access key patient information systems.	ICT have a number of technical measures in place to protect our systems against attack.	20

Risk Ref	Risk Description	Existing Control Measures Currently in Place	Current Risk Score
		Paper submitted to the Board outlining resources required to undertake required IT and Cyber Security work.	
160	Compromised data extraction due to a lack of development support for the Mental Health Patient Administration Service.	None.	20
186	System failure caused by the aging servers.	None.	20
190	BGH network failure caused by only one core network switch being in place.	24x7x365 maintenance contract in place, any failure would be rectified within 4 hours (part delivery allowing).	16
191	GGH network failure caused by the two core switches being end of life.	24x7x365 maintenance contract in place, any failure would be rectified within 4 hours (part delivery allowing).	16
201 **(New)**	Failure of applications and data as 90 servers are hardware end of life and a further 119 which are software end of life.	None.	16
88	Crash/general paging could become unavailable at WGH.	None.	16
193	An outage or damage to equipment to the Data Centre at WGH.	24x7x365 maintenance contract in place, any failure would be rectified with best endeavours.	16
194	Crash/general paging could become unavailable at BGH.	None.	16
197	An outage or damage to equipment in the Server Room at BGH.	None.	15

Statutory – The UHB continues to work towards meeting the requirements of the General Data Protection Regulations (GDPR), which will supersede the Data Protection Act 1998, by May 2018. It will introduce tougher fines for non-compliance and breaches and gives people more say in what organisations can do with their data.

Risk Ref	Risk Description	Existing Control Measures Currently in Place	Current Risk Score
189	Failure to meet the requirements of the General Data Protection Regulations (GDPR) by May 2018.	Head of Information Governance and Information Governance Team now in place. This has enabled more resources to be put into improving data protection and information governance standards. Policies and procedures already in	16

Risk Ref	Risk Description	Existing Control Measures Currently in Place	Current Risk Score
		place and a mandatory staff training module and a number of new developments such as the National Intelligent Integrated Audit Solution (NIIAS) monitoring and training programmes. Scrutiny of the IG agenda through the IGSC which allows reporting up to Board level. GDPR project plan in place and regularly reviewed through IGSC. Information Asset Owners (IAOs) and GDPR Project Group in place and meeting on a quarterly basis to oversee project plan and information asset audit/development of IAOs across the organisation.	

Business objectives/projects – The following three risks have been identified in this category.

Risk Ref	Risk Description	Existing Control Measures Currently in Place	Current Risk Score
202 **(New)**	Delays in commissioning of services provided by External Providers.	Planning procedures and Financial Contracting processes in place, via historical Long Term Agreements. Monthly Financial Monitoring against contracts. Integrated Medium Term Plan (IMTP) process in place. CEO attendance at Welsh Health Specialised Services Committee (WHSSC) and Emergency Ambulance Services Committee (EASC) Joint Committees, with decisions reported into the Board. Joint Regional & Delivery Forum established with a joint work programme in place between ABMU (Abertawe Bro Morgannwg) Health Board and the UHB.	16
210 **(New)**	Inability to determine what demand for future individualised packages of care will be for MHLD patients as a result of savings targets impacting on Community	All contracts to remain in place pending the full Cost Improvement Plan with risks being developed and escalated.	15

Risk Ref	Risk Description	Existing Control Measures Currently in Place	Current Risk Score
	Healthcare budgets.		
162	Increasing pressure on Discretionary Capital due to the funding of UHB backlog pressures.	The UHB is progressing with business case process within the constraints of DCP (Discretionary Capital Programme) available. The UHB acknowledges recent notification from WG that there will be significant pressures on the All Wales Capital Programme in 2018/2019 which will impact on its ability to progress business case development within required timescales. The prioritisation of capital in 2018/2019 will require further prioritisation via established Capital Planning Groups and Committees and the Executive Team.	15

Business Continuity – Many of the risks identified in the above categories can result in increasing fragility of services and can threaten the continuity of delivering safe and effective services within the UHB. The likelihood of a pandemic flu is extremely high on the national risk register therefore the UHB must ensure that it is prepared for such an occurrence.

Risk Ref	Risk Description	Existing Control Measures Currently in Place	Current Risk Score
167	Inability to maintain routine and emergency service provision across the UHB in the event of a severe pandemic event, e.g. Pandemic Flu.	UHB Pandemic Influenza Response Framework and associated plans. Local Resilience Forum (LRF) multi-agency plans for managing pandemic influenza. Quality assurance process via national & local exercise programmes. Access to national counter measures stockpile. WG Pandemic Influenza Guidance. Risks under review to be redrafted.	16

Hywel Dda University Health Board

Directors Report

2017/2018

GIG CYMRU
NHS WALES

Bwrdd Iechyd Prifysgol Hywel Dda
University Health Board

The Directors' Report

The following tables contain:

Table 1 Detailed information in relation to the composition of the Board and including Executive Directors, Independent Members, Advisory Board Members and who have authority or responsibility for directing or controlling the major activities of Hywel Dda University Health Board during the financial year 2017/2018.

Table 2 Details of company directorships and other significant interests held by members of the Board which may conflict with the responsibilities as Board members.

Table 3 Details relating to membership of the Board level assurance committees and the Audit and Risk Assurance Committee.

Table 1

Name	Date Appointed	Appointment Term	Position on Board/Board Champion
Bernardine Rees	01.07.2014	31.07.2018	Chairman
Adam Morgan	01.04.2016	31.03.2022	Independent Member
David Powell	01.12.2011	30.11.2019	Independent Member
Don Thomas	01.10.2009	30.09.2017	Independent Member
John Gammon (Professor)	31.07.2014	31.07.2021	Independent Member
Judith Hardisty	01.04.2016 (Independent Member) 16.01.2017 (Vice Chairman)	31.03.2020	Vice Chairman
Julie James	01.05.2010	30.04.2018	Independent Member
Mike Ponton	01.06.2012	31.03.2018	Independent Member
Cllr Simon Hancock	01.08.2013	30.09.2019	Independent Member
Delyth Raynsford	01.04.2017	31.03.2020	Independent Member
Paul Newman	01.04.2017	31.03.2019	Independent Member
Mike Lewis	01.10.2017	30.09.2019	Independent Member
Steve Moore	05.01.2015		Chief Executive
Joe Teape	07.09.2015		Deputy Chief Executive/Director of Operations
Karen Miles	16.09.2009		Executive Director of Planning, Performance & Commissioning
Lisa Gostling	09.01.2015		Executive Director of Workforce & OD
Philip Kloer	01.10.2011		Executive Medical Director/Director of Clinical Strategy

Name	Date Appointed	Appointment Term	Position on Board/Board Champion
Stephen Forster	01.01.2017	08.05.2017	Interim Executive Director of Finance
Stephen Forster	09.05.2017		Executive Director of Finance
Mandy Davies	01.07.2016	18.06.2017	Interim Executive Director of Nursing Quality & Patient Experience
Mandy Rayani	19.06.2017		Executive Director of Nursing Quality & Patient Experience
Alison Shakeshaft	01.01.2018		Executive Director of Therapies & Health Science
Ros Jervis	17.07.2017		Executive Director of Public Health
Jill Paterson	01.05.2016	18.01.2018	Interim Director of Commissioning, Primary Care, Therapies & Health Science
Jill Paterson	19.01.2018		Director of Commissioning, Primary Care, Therapies & Health Science
Joanne Wilson	11.12.2015		Board Secretary
Sarah Jennings	01.06.2010	31.12.2017	Director of Governance, Communications & Engagement
Sarah Jennings	01.01.2018		Director of Partnership and Corporate Services
Libby Ryan-Davies	12.09.2016	11.09.2018	Transformation Director
Andrew Carruthers	26.06.2017	25.06.2019	Turnaround Director
Jake Morgan	01.11.2014	28.02.2018	Associate Member
Jonathan Griffiths	01.03.2018		Associate Member
Hilary Jones	19.06.2017		Associate Member
Kerry Donovan	01.09.2017		Associate Member

Table 2

Name	Position on Board	Directorships held (inc non executive held in private companies/plc	Ownership/ part ownership of private companies or consultancies likely or possibly seeking to do business with NHS	Majority or controlling shareholding in an organisation likely or possibly seeking to do business with the NHS	Position of authority in a charity/ voluntary body in the field of health and social care	Connection with a voluntary or other body contracting for NHS Services	Member of any other public bodies including those unconnected with the health service	Interests relating to spouse/partner or close family member that may relate to the conduct of NHS business
Bernardine Rees	Chairman	No	No	No	No	No	No	Husband is Independent member of Shalom House, Pembrokeshire
Judith Hardisty	Vice Chair	No	No	No	No	No	Assessor for the Corporate Health Standard under auspices of a2 Consultancy who are instructed by Welsh Government Board Member of Academi Wales	No
Adam Morgan	Independent Member	No	No	No	No	No	No	No
Don Thomas	Independent Member	Welsh Lamb & Beef Producers Ltd (Managing Director) Quality Welsh Food Certification Ltd (Executive	No	No	No	Castell Howell Foods Ltd. Celtic Pride Ltd		No

Name	Position on Board	Directorships held (inc non executive held in private companies/plc	Ownership/ part ownership of private companies or consultancies likely or possibly seeking to do business with NHS	Majority or controlling shareholding in an organisation likely or possibly seeking to do business with the NHS	Position of authority in a charity/ voluntary body in the field of health and social care	Connection with a voluntary or other body contracting for NHS Services	Member of any other public bodies including those unconnected with the health service	Interests relating to spouse/partner or close family member that may relate to the conduct of NHS business
		Director) Farm Assured Welsh Livestock Ltd (Executive Director) Welsh Agricultural Org Soc Ltd (Managing Director) Welsh Farmers Ltd (Non-Executive Director) Chair of Quality Welsh Foods Certification Ltd Director of Celtic Pride Ltd (an associated company of Castell Howell Foods Ltd) Director & Company Secretary of						

Name	Position on Board	Directorships held (inc non executive held in private companies/plc	Ownership/ part ownership of private companies or consultancies likely or possibly seeking to do business with NHS	Majority or controlling shareholding in an organisation likely or possibly seeking to do business with the NHS	Position of authority in a charity/ voluntary body in the field of health and social care	Connection with a voluntary or other body contracting for NHS Services	Member of any other public bodies including those unconnected with the health service	Interests relating to spouse/partner or close family member that may relate to the conduct of NHS business
		Welsh Meat Ltd Director & Company Secretary of Welsh Livestock Ltd Director of Iechyd Da (Gwledig) Ltd Member of Advisory Board of School of Management & Business, Aberystwyth University Director of Aberystwyth Animal Health Laboratory Ltd						
David Powell	Independent Member	No	Independent Consultant providing IT consultancy services to English NHS organisations (Autumn Leaf)	No	No	No	No	Sister works in Cardiology Department, PPH, Llanelli

Name	Position on Board	Directorships held (inc non executive held in private companies/plc	Ownership/ part ownership of private companies or consultancies likely or possibly seeking to do business with NHS	Majority or controlling shareholding in an organisation likely or possibly seeking to do business with the NHS	Position of authority in a charity/ voluntary body in the field of health and social care	Connection with a voluntary or other body contracting for NHS Services	Member of any other public bodies including those unconnected with the health service	Interests relating to spouse/partner or close family member that may relate to the conduct of NHS business
								Son works as a General Manager in a London Hospital
John Gammon (Professor)	Independent Member	No	No	No	No	No	No	No
Mike Ponton	Independent Member BPPAC Chairman	No	No	No	No	No	No	No
Delyth Raynsford	Independent Member	No	No	No	No	No	No	No
Paul Newman	Independent Member	Bexmoor Ltd Penman Properties ltd Copper Court Ltd Vivian Court (Swansea) Ltd Llys Felin Newydd Management Compan Ltd Rivalsot Ltd	No	No	No	No	No	No

Name	Position on Board	Directorships held (inc non executive held in private companies/plc	Ownership/ part ownership of private companies or consultancies likely or possibly seeking to do business with NHS	Majority or controlling shareholding in an organisation likely or possibly seeking to do business with the NHS	Position of authority in a charity/ voluntary body in the field of health and social care	Connection with a voluntary or other body contracting for NHS Services	Member of any other public bodies including those unconnected with the health service	Interests relating to spouse/partner or close family member that may relate to the conduct of NHS business
		Maysmouth Ltd Flowlong Ltd Lonpark Ltd Leepgold Ltd Magnetrade Ltd						
Mike Lewis	Independent Member	No	No	No	Chairman of "To Russia With Love", a registered charity whose beneficiaries are exclusively in former soviet countries	No	Independent Member, South Wales Police Audit Committee Independent Member, South Wales Police Ethics Committee Independent Member, City & County of Swansea Standards Committee Senior Assessor with the College of Policing	Wife works for Cwm Taf University Health Board, but has no connection with Hywel Dda Son is on the Scientist Training Programme in Radiotherapy Physics based at Singleton Hospital and has accepted a role as a Clinical Scientist at Velindre NHS Trust with effect from September 2018
Simon	Independent Member (Local	No	No	No	Treasurer, Neyland	No	Cabinet Member, Pembrokeshire County	Brother employed at Argyle Surgery,

Name	Position on Board	Directorships held (inc non executive held in private companies/plc	Ownership/ part ownership of private companies or consultancies likely or possibly seeking to do business with NHS	Majority or controlling shareholding in an organisation likely or possibly seeking to do business with the NHS	Position of authority in a charity/ voluntary body in the field of health and social care	Connection with a voluntary or other body contracting for NHS Services	Member of any other public bodies including those unconnected with the health service	Interests relating to spouse/partner or close family member that may relate to the conduct of NHS business
Hancock	Authority)				Age Concern		Council Magistrate, Pembrokeshire-Ceredigion Bench Member of the Court of Swansea University Chair of the West Wales Care & Repair Agency Mayor of Neyland	Pembroke Dock Sister-in-law: GP in Newport (Retired) Niece: Nurse, Withybush Hospital
Julie James	Independent Member	No	No	No	No	No	Health Assessor for the WG Health and Wellbeing at Work Corporate Standard Independent Member Audit Committee Local Democracy Boundary Commission Wales Trustee of the National Botanic Garden of Wales Member of Court Swansea University	No

Name	Position on Board	Directorships held (inc non executive held in private companies/plc	Ownership/ part ownership of private companies or consultancies likely or possibly seeking to do business with NHS	Majority or controlling shareholding in an organisation likely or possibly seeking to do business with the NHS	Position of authority in a charity/ voluntary body in the field of health and social care	Connection with a voluntary or other body contracting for NHS Services	Member of any other public bodies including those unconnected with the health service	Interests relating to spouse/partner or close family member that may relate to the conduct of NHS business
							Member of Pembrokeshire Coast National Park Authority (from 01.06.2017) Member of Court University of Luton Non-Executive Director of WG Dept for Education and Local Government Corporate Governance Committee Trustee of Brecon Beacons Trust External Voting Member of Carmarthenshire County Council Audit Committee (from 08.06.2016) Member of Carmarthenshire County Council's Standards Committee (from 13.12.2017	

Name	Position on Board	Directorships held (inc non executive held in private companies/plc	Ownership/ part ownership of private companies or consultancies likely or possibly seeking to do business with NHS	Majority or controlling shareholding in an organisation likely or possibly seeking to do business with the NHS	Position of authority in a charity/ voluntary body in the field of health and social care	Connection with a voluntary or other body contracting for NHS Services	Member of any other public bodies including those unconnected with the health service	Interests relating to spouse/partner or close family member that may relate to the conduct of NHS business
Steve Moore	Chief Executive	No	No	No	No	No	No	Wife is an employee of the North, East & West Devon Clinical Commissioning Group
Joe Teape	Deputy Chief Executive/ Director of Operations	No	No	No	No	No	Chartered Institute of Public Finance Accountancy Healthcare Financial Management Association	
Stephen Forster	Executive Director of Finance	No	No	No	No	No		Wife works for Aberystwyth University as a Lecturer/Tutor
Jill Paterson	Director of Primary, Community and Long Term Care	No	No	No	No	No	No	Sister is a nurse in Day Theatres (Withybush Hospital) Brother-in-law is employed by Public Health Wales
Karen Miles	Executive Director of Planning, Performance & Commissioning	No	No	No	No	No	No	Brother is an Associate Professor, Swansea University Medical School and CEO, Moleculomics

Name	Position on Board	Directorships held (inc non executive held in private companies/plc	Ownership/ part ownership of private companies or consultancies likely or possibly seeking to do business with NHS	Majority or controlling shareholding in an organisation likely or possibly seeking to do business with the NHS	Position of authority in a charity/ voluntary body in the field of health and social care	Connection with a voluntary or other body contracting for NHS Services	Member of any other public bodies including those unconnected with the health service	Interests relating to spouse/partner or close family member that may relate to the conduct of NHS business
								Sister is a Development officer for Centre for Excellence in Rural Health & Social Care Sister in law is an Associate Professor in Information Systems, University of Wales Trinity Saint David
Lisa Gostling	Executive Director of Workforce & OD	No	No	No	No	No	No	No
Mandy Davies	Interim Executive Director of Nursing, Quality & Patient Experience	No	No	No	No	No	No	No
Mandy Rayani	Executive Director of Nursing, Quality & Patient Experience	No	No	No	No	No	No	Husband is lead for Morgannwg LMC and an observer on Dyfed-Powys LMC. He is a GP and clinical lead for ABMU out of hours service

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Philip Kloer	Executive Medical Director/ Director of Clinical Strategy	No	No	No	No	No	Member of Council of St John, Carmarthen	No
Joanne Wilson	Board Secretary	No	No	No	No	No	No	Husband is employed by UHB
Andrew Carruthers	Turnaround Director	No	No	No	No	No	No	No
Alison Shakeshaft	Executive Director of Therapies & Health Sciences	No	No	No	No	No	No	No
Ros Jervis	Executive Director of Public Health	No	No	No	No	No	No, however I have Fellowship Membership of the Faculty of Public Health	Sister is a Clinical Director for Nouvita Ltd, a provider (private) of mental health and residential care based in Hertford. The company receives commissions by NHS England A sister-in-law is a Senior Staff Nurse in Intensive Care at Jersey General

Name	Position on Board	Directorships held (inc non executive held in private companies/plc	Ownership/ part ownership of private companies or consultancies likely or possibly seeking to do business with NHS	Majority or controlling shareholding in an organisation likely or possibly seeking to do business with the NHS	Position of authority in a charity/ voluntary body in the field of health and social care	Connection with a voluntary or other body contracting for NHS Services	Member of any other public bodies including those unconnected with the health service	Interests relating to spouse/partner or close family member that may relate to the conduct of NHS business
								Hospital, Health and Social Services (not NHS) Another sister-in-law is a Non-Executive Director (NED) for Barnet Enfield and Haringey Mental Health NHS Trust. She is also a NED for First Community Health and Care (a Community Interest Company) Another sister-in-law is the Practice Manager for a GP practice – The Croft Medical Centre, Chelmsley Wood, Birmingham
Sarah Jennings	Director of Partnership and Corporate Services	No	No	No	No	No	No	No
Libby Ryan –	Transformation	No	No	No	No	No	No	Estranged sister, Dr

Name	Position on Board	Directorships held (inc non executive held in private companies/plc	Ownership/ part ownership of private companies or consultancies likely or possibly seeking to do business with NHS	Majority or controlling shareholding in an organisation likely or possibly seeking to do business with the NHS	Position of authority in a charity/ voluntary body in the field of health and social care	Connection with a voluntary or other body contracting for NHS Services	Member of any other public bodies including those unconnected with the health service	Interests relating to spouse/partner or close family member that may relate to the conduct of NHS business
Davies	Director							Tracey Ryan-Davies is clinical Neuro-Psychologist with a private practice
Jake Morgan	Associated Board Member	No	No	No	No	No	No	No
Jonathan Griffiths	Associated Board Member							
Kerry Donovan	Associated Board Member	No	No	No	No	No	No	No
Hilary Jones	Associated Board Member	No	No	No	Chief Executive of Bro Myrddin Housing Association	Chief Executive of Bro Myrddin Housing Association	No	No
*** For champion areas and committee membership please see the Annual Governance Statement ***								

Table 3

The membership of the Audit and Risk Assurance Committee (ARAC) during 2017/2018, providing the required expertise was as follows:

Mr Don Thomas	Independent Member – Finance	Chair of the ARAC up to 31.10.2017
Mr Paul Newman	Independent Member – Community	Chair of the ARAC with effect from 01.11.2017
Mrs Julie James	Independent Member – Third Sector	Vice-Chair of the ARAC
Mr David Powell	Independent Member – Information Technology	Member of the ARAC
Mr Mike Lewis	Independent Member – Finance	Member of the ARAC with effect from 01.10.2017
Cllr Simon Hancock	Independent Member – Local Authority	Member of the ARAC
Mr Mike Ponton	Independent Member – Community	Member of the ARAC up to 21.02.2018
Mrs Judith Hardisty	Independent Member, Vice Chair, UHB	Member of the ARAC with effect from 06.03.2018

Full details relating to the role and work of the ARAC can be found in the Committee's annual report which is available on Hywel Dda University Health Board's website.

Information Governance
Information relating to personal data related incidents and how information is managed and controlled is contained with the Annual Governance Statement (see page 52).

Environmental, Social and Community Issues
We take pride in running our healthcare services responsibly as part of the wider West Wales community. We work hard to reduce our impact on the environment, to encourage staff to make healthy lifestyle choices and to strengthen our relationships with local people. Our strategic approach to sustainability ensures that we not only look at ways to reduce fixed costs such as energy, water and waste, but we also embed efficiency principles within our processes for procuring goods and services. In terms of social and community matters, we work hard to:

- Help staff to consider different forms of transport to get to work, including more active options and those that reduce congestion as well as local air and noise pollution.
- Reduce, reuse and recycle: we continue to cut our carbon emissions, reduce the amount of waste sent to landfill sites and our energy costs, and recycle our resources wherever possible. In terms of carbon reduction we have focused on small scale efficiency improvement including changing small heating supplies from gas to LPG, trialling an electric maintenance vehicle and using smart metering to focus on utility use and identify reduction actions. We firmly believe that every little bit helps and our plans to make significant financial efficiencies in 2018/2019 includes a strong environmental sustainability strand.
- Build closer relationships with our communities including running a series of recruitment drives offering employment opportunities across the three counties, hosting regular engagement events on and offline, and reframing our approach to developing services through an unambiguous move to co-designing new delivery models with our population.
- Collaborate with all appropriate stakeholders including the public, on our Transforming Clinical Services Programme, in a co-production approach to the development and potential change of how services may be delivered. We are presenting proposals to the public for the future provision of health and care services which we think are safe, sustainable, accessible and kind, offering an improvement to what is currently provided. The 12 week consultation will involve a number of events for staff and the public, as well as an awareness raising campaign.
- Make a positive contribution to the work of Public Service Boards in each of our three local authority areas to improve the economic, social, environmental and cultural wellbeing of local people. This has resulted in UHB commitment to actions within each of our three PSB Well-being Plans which by working collaboratively, will seek to achieve improvements in environmental, social and community resilience.
- Develop collaborative arrangements with partner organisations including the police, fire and rescue services, schools and universities, and the voluntary and third sector to support greater integration across the services that people need from us, and in doing so improve efficiency, reduce duplication and enhance the experience of each person.
- Continue to embed local leadership across our acute hospitals and within community settings to ensure that our frontline have the support they need to do the best they can.
- Reinforce our organisational values so that our staff are clear on what is expected of them and have a robust framework to provide them with greater resilience against pressure.
- Promote the excellent work and ‘extra mile efforts’ of our staff – as well as our friends in the community – through social media and other channels, so that people who go the extra mile are rightly recognised for their contributions.
- Employ cutting-edge, cost-effective technology to help communicate and engage with everyone who interacts with, or has an interest in, our services.

Information relating to Sickness Absence Data is contained within the Remuneration & Staff Report.

Where the UHB undertakes activities that are not funded directly by the WG the UHB receives income to cover its costs. Further detail of income receive is published in the UHB's Annual Accounts, within note 4 miscellaneous income.

The UHB confirms it has complied with cost allocation and the charging requirements set out in HM Treasury guidance during the year.

Remote Contingent Liabilities

Remote contingent liabilities are those liabilities which due to the unlikelihood of a resultant charge against the UHB are therefore not recognised as an expense nor as a contingent liability. Detailed below are the remote contingent liabilities as at 31st March 2018:

	2017-2018	2016-2017
	£000's	£000's
Guarantees	0	0
Indemnities*	266	126
Letters of Comfort	0	0
Total	266	126

* Indemnities include clinical negligence and personal injury claims against the UHB.

Regularity of Expenditure

As a result of pressures on public spending, the UHB has had to meet considerable new cost pressures and increase in demand for high quality patient services, within a period of restricted growth in funding. This has resulted in the need to deliver significant cost and efficiency savings to offset unfunded cost pressures to work towards achieving its financial duty, which is break even over a three year period. Given the scale of the challenge and despite delivering its highest level of savings ever at £29m in year, the Health Board has been unable to deliver the surplus required in 2017/18 to deliver a balance over 3 years of the financial Duty. The expenditure of £150.242m which it has incurred in excess of its resource limit over that period is deemed to be irregular. The UHB will continue to identify efficiency and cost reduction measures in order to mitigate against future cost and service pressures and to re-establish financial balance in due course.

Hywel Dda University Health Board

Remuneration and Staff Report

2017/2018

GIG CYMRU
NHS WALES

Bwrdd Iechyd Prifysgol
Hywel Dda
University Health Board

Remuneration and Staff Report

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

The banded remuneration of the highest-paid Director in the UHB in the financial year 2017/2018 was £175,000 - £180,000 (2016/2017, £170,000 - £175,000). This was 7 times (2016/2017, 7 times) the median remuneration of the workforce, which was £26,624 (2016/2017, £26,483).

In 2017/2018, 39 (2016/2017, 35) employees received remuneration in excess of the highest-paid Director. Remuneration for staff ranged from £15,404 to £295,365 (2016/2017, £15,251 to £308,550). The staff who received remuneration greater than the highest paid Director are all medical & dental who have assumed additional responsibilities to their standard job plan commitments as part of their medical managerial roles, necessitating extra payment.

	2017/2018	2016/2017
Band of Highest paid Director's Total Remuneration £000	175 - 180	170 – 175
Median Total Remuneration £000	27	26
Ratio	7 times	7 times

- As disclosed in the Health Board's Annual Accounts Note 9.6

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

The membership of the Remuneration & Terms of Services Committee (RTSC) is as follows:

Mrs Bernardine Rees, OBE	Chair	Chair of RTSC
Mr Don Thomas Up to 31st October 2017	Independent Member – Finance & Chair of Audit and Risk Assurance Committee	Vice Chair of RTSC
Mr Paul Newman Wef 1st November 2017	Independent Member – Community & Chair of Audit & Risk Assurance Committee	Vice Chair of RTSC
Mrs Julie James	Independent Member – Community	Member of RTSC
Mr Mike Ponton Up to 21st February 2018	Independent Member – Community	Member of RTSC
Mr David Powell Wef 21st February 2018	Independent Member – Information Technology	Member of RTSC
Professor John Gammon Wef 1st December 2017	Independent Member – University Partnership	Member of RTSC

Statement on Remuneration Policy

The remuneration of Senior Managers who are paid on the Very Senior Managers Pay Scale is determined by WG, and the UHB pays in accordance with these regulations. For the purpose of clarity these posts are posts which operate at Board level and hold either statutory or non-statutory positions. In accordance with the regulations the UHB is able to award incremental uplift within the pay scale and should an increase be considered outside the range a job description is submitted to WG for job evaluation. There are clear guidelines in place with regards to the awarding of additional increments and during the year there have not been any additional payments agreed. No changes to pay have been considered by the Committee outside these arrangements. The UHB does not have a system for performance related pay for its Very Senior Managers.

In addition to Very Senior Managers the UHB has a number of employment policies which ensure that pay levels are fairly and objectively reviewed for all other staff. There is an All Wales Pay Progression Policy which from 1st April 2016 links staff performance through their pay scale and also a local UHB Policy for the re-evaluation of a post which requires individuals and their managers to submit a revised job description for job matching by matching panels comprised of management and staff representatives. The Agenda for Change job matching process is utilised and all results are recorded on the Job Evaluation system. For medical and dental staff the UHB complies with medical & dental terms and conditions which apply to medical remuneration.

The UHB supports the development of its workforce and ensures opportunities are provided for career progression.

The only severance payment policy in place within the UHB is the All Wales Voluntary Early Release Scheme which is utilised to support organisational change and services undertake a robust evaluation of their service and submit evidence that this scheme is value for money and financial savings are secured from the service as a result of the change.

Name of Manager	Role	Salary (£) Bands of £5k)	Date of contract	Expiration Date	Notice period	Compensation for early termination	Awards made within year
Steve Moore	Chief Executive	175-180	05/01/2015	n/a	3 months	n/a	None
Joseph Teape	Deputy Chief Executive/ Director of Operations	145-150	07/09/2015	n/a	3 months	n/a	£8,000 awarded 01/04/2017 to support accommodation costs linked with relocation
Mandy Davies	Interim Executive Director of Nursing, Quality and Patient Experience	125-130	27/06/2016	18/06/2017	3 months	n/a	None
Mandy Rayani	Executive Director of Nursing, Quality & Patient Experience	125-130	19/06/2017	n/a	3 months	n/a	None
Karen Miles	Executive Director of Planning, Performance & Commissioning	125-130	01/01/2017	n/a	3 months	n/a	None
Stephen Forster	Executive Interim Director of Finance	125-130	01/01/2017	08/05/2017	3 months	n/a	None
Stephen Forster	Executive Director of Finance	125-130	09/05/2017	n/a	3 months	n/a	None
Lisa Gostling	Executive Director of Workforce & OD	115-120	09/01/2015	n/a	3 months	n/a	None
Jill Paterson	Interim Director Commissioning, Primary Care & Therapies & Health Sciences	110-115	01/05/2016	18/01/2018	3 months	n/a	None

Name of Manager	Role	Salary (£) Bands of £5k)	Date of contract	Expiration Date	Notice period	Compensation for early termination	Awards made within year
Jill Paterson	Director of Primary, Community & Long Term Care	110-115	19/01/2018	n/a	3 months	n/a	None
Sarah Jennings	Director of Governance, Communication & Engagement	100-105	15/10/2015	31/12/2017	3 months	n/a	None
Sarah Jennings	Director of Partnership & Corporate Services	100-105	01/01/2018	n/a	3 months	n/a	None
Philip Kloer	Executive Medical Director	155-160	25/06/2015	n/a	3 months	n/a	None
Alison Shakeshaft	Executive Director of Therapies & Health Sciences	95-99	01/01/2018	n/a	3 months	n/a	None
Ros Jervis	Executive Director of Public Health	110-115	17/07/2017	n/a	3 months	n/a	None
Libby Ryan-Davies	Transformation Director	100-105	12/09/2016	11/09/2018	3 months	n/a	None
Andrew Carruthers	Turnaround Director	115-120	26/06/2017	25/06/2019	3 months	n/a	None

Name of Manager	Role	Salary (£) Bands of £5k)	Date of contract	Expiration Date	Notice period	Compensation for early termination	Awards made within year
Joanne Wilson	Board Secretary	90-95	01/01/2017	n/a	3 months	n/a	None

The UHB can confirm that it has not made any payment to past Directors as detailed within the guidance.

Annually the RTSC receives a summary report of Executive Director Performance objectives and then periodically receives an update on performance against those agreed objectives. In support of the summarised feedback completed performance appraisal documents are also available for Committee scrutiny. No external comparison is made regarding performance.

No elements of remuneration are subject to continuous performance outcomes. There is no performance related pay for Very Senior Managers.

The UHB issues All Wales Executive Director contracts which determine the terms and conditions for all Very Senior Managers. The UHB has not deviated from this. In rare circumstances where interim arrangements are to be put in place a decision is made by the Committee with regards to the length of the interim post, whilst substantive appointments can be made.

Any termination payments would be discussed and agreed by the Committee in advance and where appropriate WG approval would be made.   During the 2017/2018 year, no termination payments were made nor were there any Voluntary Early Release payments made to individuals not connected with Senior Managers posts.

Senior Manager previous post holders:

Name of Manager	Role	Salary (£) Bands of £5k)	Date of Contract	Expiration Date	Notice Period	Compensation for Early Termination	Awards Made Within Year
Nil							

Pension Benefit Disclosure

Name and title	Real increase in pension at age 60 (bands of £2,500) £000	Real increase in pension lump sum at aged 60 (bands of £2,500) £000	Total accrued pension at age 60 at 31 March 2018 (bands of £5,000) £000	Lump sum at age 60 related to accrued pension at 31 March 2018 (bands of £5,000) £000	Cash Equivalent Transfer Value at 31 March 2018 £000	Cash Equivalent Transfer Value at 31 March 2017 £000	Real increase in Cash Equivalent Transfer Value £000	Employer's contribution to stakeholder pension £000
Mr S Moore, Chief Executive	0 – 2.5	0 – 2.5	45 – 50	120 – 125	784	713	63	0
Mr J Teape, Deputy Chief Executive/ Director of Operations*	0	0	0	0	0	0	0	0
Mrs M Davies, Interim Executive Director of Nursing, Quality and Patient Experience (to 18/06/2017)	0	0	35 – 40	110 – 115	774	877	0	0
Mrs M Rayani, Executive Director of Nursing, Quality & Patient Experience (from 19/06/2017)	0 – 2.5	0 – 2.5	45 – 50	140 – 145	927	851	52	0
Mrs K Miles, Executive Director of Finance, Director of Planning, Performance and Commissioning	0 – 2.5	0 – 2.5	50 – 55	150 – 155	1,008	916	83	0
Mr S Forster, Interim Executive Director of Finance (to 08/05/2017), Executive Director of Finance (from 09/05/2017)	10 – 12.5	35 – 37.5	45 – 50	140 – 145	949	656	286	0

Name and title	Real increase in pension at age 60 (bands of £2,500) £000	Real increase in pension lump sum at aged 60 (bands of £2,500) £000	Total accrued pension at age 60 at 31 March 2018 (bands of £5,000) £000	Lump sum at age 60 related to accrued pension at 31 March 2018 (bands of £5,000) £000	Cash Equivalent Transfer Value at 31 March 2018 £000	Cash Equivalent Transfer Value at 31 March 2017 £000	Real increase in Cash Equivalent Transfer Value £000	Employer's contribution to stakeholder pension £000
Mrs L Gostling, Executive Director of Workforce and Organisational Development	0 – 2.5	0 – 2.5	35 – 40	95 – 100	635	568	62	0
Miss J Paterson, Interim Director of Commissioning, Primary Care, Therapies and Health Sciences (to 18/01/2018), Director of Primary, Community and Long Term Care (from 19/01/2018)	0 – 2.5	25 – 5	35 – 40	110 – 115	878	794	76	0
Mrs S L Jennings, Director of Governance, Communications and Engagement	0 – 2.5	0	30 – 35	0	390	364	23	0
Dr P Kloer, Executive Medical Director	2.5 – 5	0 – 2.5	40 – 45	105 – 110	701	635	60	0
Mrs E R Ryan-Davies, Transformation Director	0 – 2.5	0	30 – 35	70 – 75	423	380	39	0

Name and title	Real increase in pension at age 60 (bands of £2,500) £000	Real increase in pension lump sum at aged 60 (bands of £2,500) £000	Total accrued pension at age 60 at 31 March 2018 (bands of £5,000) £000	Lump sum at age 60 related to accrued pension at 31 March 2018 (bands of £5,000) £000	Cash Equivalent Transfer Value at 31 March 2018 £000	Cash Equivalent Transfer Value at 31 March 2017 £000	Real increase in Cash Equivalent Transfer Value £000	Employer's contribution to stakeholder pension £000
Mr A Carruthers, Turnaround Director (from 26/06/2017)	2.5 – 5	2.5 – 5	25 – 30	55 – 60	305	257	35	0
Mrs J Wilson, Board Secretary	0 – 2.5	0 – 2.5	20 – 25	45 – 50	256	222	32	0
Miss A Shakeshaft, Executive Director of Therapies and Health Science	0 – 2.5	0	40 - 45	100 - 105	730	661	15	0
Mrs R Jervis, Executive Director of Public Health (from 17/07/2017)	0 – 2.5	2.5 - 5	20- 25	40 – 45	300	248	35	0
* Mr J Teape chose not to be covered by the NHS pension arrangements during the reporting year								

Severance Payments
There have been no exit packages paid to senior staff during 2017-2018.

Single Total Remuneration
The amount of pension benefits for the year which contributes to the single total figure is calculated similar to the method used to derive pension values for tax purposes, and is based on information received from the NHS BSA Pensions Agency. The value of pension benefit is calculated as follows: (real increase in pension x20) + (the real increase in any lump sum) – (contributions made by member).

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

2017-2018

Name	Salary (Bands of £5k)	Bonus Payments	Benefits in Kind (£000)	Pension Benefits (£000)	Total (Bands of £5k)
Executive Members and Directors					
Mr S Moore	175 – 180	0	0	40	215 – 220
Mr J Teape	145 – 150	0	8.0	0	150 – 155
Mrs M Davies (to 18/06/2017)	25 - 30	0	0	0	25 - 30
Mrs M Rayani (from 19/06/2017)	95 – 100	0	0	4	100 – 105
Mrs K Miles	125 – 130	0	0	23	145 – 150
Mr S P Forster	125 – 130	0	0	263	385 – 390
Mrs L Gostling	115 – 120	0	0	31	145 – 150
Miss J Paterson	110 – 115	0	7.6	23	140 – 145
Mrs S L Jennings	100 – 105	0	0	0	100 – 105
Dr P Kloer	155 – 160	0	0	44	200 – 205
Mrs E R Ryan-Davies	100 – 105	0	0	14	115 – 120
Mr A Carruthers (from 26/06/2017)	85 – 90	0	0	52	135 – 140
Mrs J Wilson	90 – 95	0	0	22	110 – 115
Miss A Shakeshaft (from 01/01/2018)	20 – 25	0	0	9	30 – 35
Mrs R Jervis (from 17/07/2017)	75 – 80	0	0	44	120 - 125
Independent Members					

Name	Salary (Bands of £5k)	Bonus Payments	Benefits in Kind (£000)	Pension Benefits (£000)	Total (Bands of £5k)
Mrs B Rees, Chair	55 – 60	0	0	0	55 – 60
Mrs J Hardisty, Vice Chair	45 – 50	0	0	0	45 – 50
Mr D K Thomas (to 30/09/2017)	5 – 10	0	0	0	5 – 10
Mr M Lewis (shadow Independent from 01/09/2017, commenced in post on 01/10/2017)	5 – 10	0	0	0	5 – 10
Mr M Ponton	10 – 15	0	0	0	10 – 15
Mr P Newman (from 01/04/2017)	10 – 15	0	0	0	10 – 15
Professor J Gammon	10 – 15	0	0	0	10 – 15
Mrs J James	10 – 15	0	0	0	10 – 15
Mr D S Powell	10 – 15	0	0	0	10 – 15
Cllr S Hancock	10 – 15	0	0	0	10 – 15
Mrs D E Raynsford	10 – 15	0	0	0	10 – 15
Mr A Morgan	5 – 10	0	0	0	5 – 10

2016-2017

Name	Salary (Bands of £5k)	Bonus Payments	Benefits in Kind (£000)	Pension Benefits (£000)	Total (Bands of £5k)
Executive Members and Directors					
Mr S Moore	170 – 175	0	0	45	220 – 225
Mr J Teape	140 – 145	0	0	0	140 – 145
Mrs C A Oakley (to 08/07/2016)	30 – 35	0	0	5	35 – 40
Mrs M Davies (from 25/06/2016)	95 – 100	0	0	220	315 – 320
Mrs K Miles	120 – 125	0	0	18	140 – 145
Mr S P Forster (from 01/01/2017)	30 – 35	0	0	24	55 – 60
Mrs L Gostling	110 – 115	0	0	27	140 – 145
Ms K Davies (to 30/04/2016)	35 – 40	0	0	43	75 – 80
Miss J Paterson (from 01/05/2016)	100 – 105	0	7.0	112	215 – 220
Dr P Kloer	150 – 155	0	0	30	185 – 190
Miss T Owen (to 31/12/2016)	80 – 85	0	0	27	105 – 110
Mrs S L Jennings	100 – 105	0	0	52	155 – 160
Mrs E R Ryan-Davies (from 12/09/2016)	50 - 55	0	0	66	120 – 125
Mrs J Wilson	85 - 90	0	0	21	110 – 115
Independent Members					
Mrs B Rees, Chair	55 – 60	0	0	0	55 – 60
Mrs S M James, Vice Chair (to 31/07/2016)	15 – 20	0	0	0	15 – 20
Mrs J Hardisty, Independent Member (from 01/04/2016), Interim Vice Chair (from 01/08/2016), Vice Chair (from 16/01/2017)	35 – 40	0	0	0	35 – 40
Mr D K Thomas	10 – 15	0	0	0	10 – 15
Mr M Ponton	10 – 15	0	0	0	10 – 15
Mrs M Rees Hughes (to 31/03/17)	10 – 15	0	0	0	10 – 15

Name	Salary (Bands of £5k)	Bonus Payments	Benefits in Kind (£000)	Pension Benefits (£000)	Total (Bands of £5k)
Professor J Gammon	10 – 15	0	0	0	10 – 15
Mrs J James	10 – 15	0	0	0	10 – 15
Mr DS Powell	10 – 15	0	0	0	10 – 15
Cllr S Hancock	10 – 15	0	0	0	10 – 15
Mrs D E Raynsford (shadow Independent from 01/02/2017, commenced in post in 01/04/2017)	0 - 5	0	0	0	0 – 5
Mr A Morgan (from 01/04/2016)	0-5	0	0	0	0-5

Staff Composition

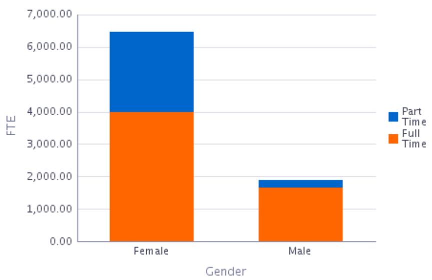
	Female		Male		Total	
	FTE	Headcount	FTE	Headcount	FTE	Headcount
Executive Team*	**9.00**	**9**	**5.00**	**5**	**14.00**	**14**
Chairman and Independent Members	N/A In line with Public Appointments	**4**	N/A In line with Public Appointments	**7**	N/A In line with Public Appointments	**11**
Total		**13**		**12**		**25**

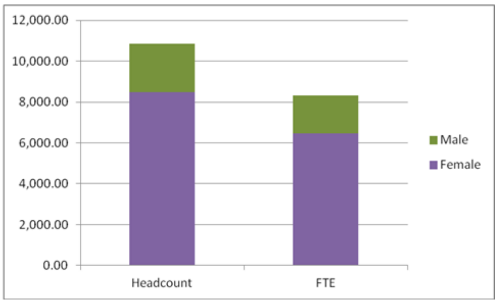
* The Executive Team consists of 9 Executive Directors who are voting members of the Board. In addition there are 4 additional Directors and the Board Secretary (all non-voting) who are members of the Executive Team and who also attend Board meetings. Two of these posts are fixed term contracts.

	Female		Male		Total	
	FTE	Headcount	FTE	Headcount	FTE	Headcount
Additional Professional Scientific and Technical	**203.67**	**235**	**89.16**	**106**	**292.83**	**341**
Additional Clinical Services	**1,380.83**	**2,108**	**320.50**	**400**	**1,701.33**	**2,508**
Administrative and Clerical	**1,270.18**	**1,507**	**257.59**	**276**	**1,527.77**	**1,783**
Allied Health Professionals	**425.58**	**495**	**95.16**	**105**	**520.74**	**600**
Estates and Ancillary	**372.48**	**636**	**419.26**	**556**	**791.74**	**1,192**
Healthcare Scientists	**89.85**	**100**	**62.80**	**63**	**152.65**	**163**
Medical and Dental	**236.79**	**360**	**412.73**	**610**	**649.52**	**970**
Nursing and Midwifery Registered	**2,451.33**	**3,020**	**222.09**	**247**	**2,673.42**	**3,267**
Students	**15.00**	**15**	**0.00**	**0**	**15.00**	**15**
Grand Total	**6,447.71**	**8,478**	**1,880.29**	**2,364**	**8,328.00**	**10,842**

	Female		Male		Total	
Senior Managers	FTE	Headcount	FTE	Headcount	FTE	Headcount
Band 8a	**39.96**	**41**	**20.00**	**20**	**59.95**	**61**
Band 8b	**23.00**	**23**	**22.00**	**22**	**45.00**	**45**
Band 8c	**12.39**	**13**	**6.00**	**6**	**18.39**	**19**
Band 8d	**9.00**	**9**	**4.53**	**5**	**13.53**	**14**
Band 9	**1.00**	**1**	**4.85**	**5**	**5.85**	**6**
Grand Total	**85.35**	**87**	**57.38**	**58**	**142.73**	**145**

The above can be demonstrated pictorially as follows:





At the end of March 2018 the UHB employed 10,842 staff including bank staff this equated to 8,328 Full Time Equivalent (FTE), 78% of the workforce was female and 22% male. The staff covered a wide range of professional, technical and support staff groups. Over 50% were within the Nursing and Midwifery and Additional Clinical Services staff groups. Senior Manager (Band 8a and above) were 1.3% of the workforce - 60% of these were Female and 40% Male. The Board does not have any issue with its staff composition.

Sickness Absence Data

	2017-2018	2016-2017
Days lost (long term)	**104,117**	**121,998**
Days lost (short term)	**44,793**	**53,474**
Total days lost	**148,910**	**175,472**
Total FTE as at 31 March	**8,328.00**	**7,939.54**
Average working days lost	**11.08**	**11.74**
Total staff employed as at 31 March (headcount)	**10,842**	**10,488**
Total staff employed in period with no absence (headcount)	**3,609**	**2,968**
Percentage of staff with no sick leave	**37.20%**	**33.60%**

The percentage and total number of staff without absence in the year has been sourced from the standard ESR Business Intelligence (BI) report. With regard to the reporting in relation to the percentage of staff with 'no sickness', the standard BI report excludes new entrants and also bank and locum assignments. Therefore, the number of staff who have had a whole year with no sickness absence is being divided into a smaller number than the total headcount at the end of the year.

The main reasons for long term sickness absence are anxiety/stress/depression followed by musculoskeletal problems. For short term sickness absence the most prevalent is colds/flu and gastrointestinal problems as second, closely followed by asthma and headaches/migraine.

Managers are provided with Directorate sickness absence metrics on a monthly basis which highlight the sickness absence rates for their areas split by department along with reasons for absence, days lost and cost.

We provide sickness absence training workshops for managers along with bite-size training sessions and undertake a comprehensive audit programme to assess compliance with the All Wales Sickness Absence Policy that includes an action plan provided to the manager which is further monitored.

We have both an in-house Occupational Health Service with a Consultant Occupational Health Physician and a Staff Psychological Well-being Service that staff are able to self-refer to.

Staff Policies
The majority of key employment policies are developed on an All Wales basis and then ratified locally by the Workforce & Organisational Development Sub-Committee (W&OD-SC). These policies are developed in partnership with Trade Unions and are approved though the WG Partnership Forum Business Committee. Equality Impact Assessments are produced, recorded, and made available for All Wales policies by a sub-group of the Partnership Forum.

Other employment policies are developed and reviewed through the Employment Policy Review group that is chaired by a senior member of the Workforce & OD Directorate. The group membership consists of managers, Trade Union representatives and specialist advisors such as those with specialist knowledge of equality and diversity and data protection. Local policies are produced in partnership with Trade Union colleagues and are issued for general consultation. Equality Impact assessments are developed by a sub-group of the Policy Review group that includes a specialist advisor for equality and diversity.

Local policies are subject to formal sign off through both the UHB's Partnership Forum and the W&OD-SC. The UHB's employment policies can be found - http://www.wales.nhs.uk/sitesplus/862/page/62308.

The UHB's Equality and Diversity policy sets out the UHB's commitment with the key points detailed below:
- Ensure that individuals are recruited, promoted and trained on objective criteria based upon the aptitude and abilities of the individual concerned.
- Treat staff, potential staff and the public we serve fairly, with dignity and respect and will support staff if they feel they are being unfairly treated.
- Ensure that all our procedures and policies are non-discriminatory and are adhered to by all our employees.
- Where appropriate, take positive action to promote equality of opportunity in relation to recruitment, retention, promotion, training, benefits and all terms and conditions of employment.
- Value the diversity of the people and communities we serve and commit to ensuring that health care services, facilities and resources are accessible and responsive to the needs of all individuals and groups within all our local communities.
- Strive to achieve a climate of equality for all current and future employees and will ensure that we value and fully utilise the skills of our entire workforce whilst providing the highest standards of services.
- Work towards the elimination of discriminatory attitudes and practices in the working environment and in the way services are commissioned and delivered.
- The UHB is committed to implementing the policy in a way which meets the equality and diversity needs of staff in line with the Equality Act 2010. It is the responsibility of managers and staff to ensure that they implement this policy/procedure in a manner that meets the needs of people from diverse groups. It is always best to check with individual staff what their needs are, but needs may include providing information in an accessible format, considering mobility issues, being aware of sensitive/cultural issues. Managers will remain sensitive to the specific requirements of staff members with disabilities when handling issues of capability, ensuring compliance with the provisions of the Act.
- It is expected that all staff will be mindful of the provisions of the Equality and Diversity Policy when enacting any other employment policy.

The objectives for committing the UHB to equality issues are as follows:
- To promote respect and dignity as everyone's right, whether staff or patient.
- To recruit, develop and retain a workforce that is able to deliver high quality services that are fair, accessible, appropriate and responsive to the diverse needs of different individuals and groups.

- To demonstrate that the UHB values and respects the diversity of the people who work within its services.
- To achieve a representative leadership reflecting the diversity of our wider society.
- To ensure that the learning and development environments are non-discriminatory and promote understanding and skills to meet the needs of all staff members.
- To work towards a workforce profile that reflects that of the population we serve.
- To provide a quality of service to the community that recognises, understands and respects the diversity of its make-up.
- To support all members of our local communities in applying for employment within the organisation.
- To ensure that procedures and the working environment encourage staff to report incidents of discrimination or harassment and that staff are confident that complaints will be dealt with efficiently and effectively. To avoid the cost of discrimination in terms of staff well-being, morale and reputation.

Expenditure on Consultancy
Consultancy services are a provision for management to receive objective advice and assistance relating to strategy, structure, management or operations of an organisation in pursuant of its purposes and objectives. During the year the UHB spent £993,000 on consultancy services.

Transforming Clinical Services	£653,598
Legal / Redress Claims Advice	£136,911
VAT / PAYE Advice	£46,612
HR Advice	£25,349
Estates Advice	£23,798
Other Service Reviews	£107,315

Tax Assurance for Off-Payroll Appointees
In response to the Government's review of the tax arrangements of public sector appointees, which highlighted the possibility for artificial arrangements to enable tax avoidance, WG has taken a zero tolerance approach and produced a policy that has been communicated and implemented across the WG. Tax assurance evidence has been sought and scrutinised to ensure it is sufficient from all off-payroll appointees.

Details of these off-payroll arrangements will be published on the UHB's website http://www.wales.nhs.uk/sitesplus/862/page/89388 following publication of the Annual Report.

Exit Packages

Redundancy and other departure costs have been paid in accordance with the provisions of the NHS Voluntary Early Release Scheme (VERS). The exit costs detailed below are accounted for in full in the year of departure on a cash basis as specified in EPN 380 Annex 13C. Where the UHB has agreed early retirements, the additional costs are met by the UHB and not by the NHS pension scheme. Ill-health retirement costs are met by the NHS pension scheme and are not included in the table below.

This disclosure reports the number and value of exit packages taken by staff leaving in the year. Note: the expense associated with these departures may have been recognised in part or in full in a previous period.

The UHB receives a full business case in respect of each application supported by the line manager. The Directors of Finance & Workforce & OD approve all applications prior to them being processed. Any payments over an agreed threshold are also submitted to WG for approval prior to UHB approval. Details of exit packages and severance payments are as follows:

	2017-2018	2017-2018	2017-2018	2017-2018	2016-2017
Exit packages cost band (including any special payment element)	**Number of compulsory redundancies**	**Number of other departures**	**Total number of exit packages**	**Number of departures where special payments have been made**	**Total number of exit packages**
	Number	**Number**	**Number**	**Number**	**Number**
less than £10,000	0	0	0	0	0
£10,000 to £25,000	0	0	0	0	0
£25,000 to £50,000	0	0	0	0	0
£50,000 to £100,000	0	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	0
Total	0	0	0	0	0

	2017-2018	2017-2018	2017-2018	2017-2018	2016-2017
Exit packages cost band (including any special payment element)	**Cost of compulsory redundancies**	**Cost of other departures**	**Total cost of exit packages**	**Cost of special element included in exit packages**	**Total cost of exit packages**
	£'s	**£'s**	**£'s**	**£'s**	**£'s**
less than £10,000	0	0	0	0	0
£10,000 to £25,000	0	0	0	0	0
£25,000 to £50,000	0	0	0	0	0
£50,000 to £100,000	0	76,203	76,203	0	0
£100,000 to £150,000	0	0	0	0	0
£150,000 to £200,000	0	0	0	0	0
more than £200,000	0	0	0	0	0
Total	0	0	0	0	0

Hywel Dda University Health Board

Statement of Accountable Officer's Responsibilities

2017/2018

GIG CYMRU
NHS WALES
Bwrdd Iechyd Prifysgol Hywel Dda
University Health Board

Statement of the Chief Executive's Responsibilities as Accountability Officer of Hywel Dda University Health Board

The Welsh Ministers have directed that the Chief Executive should be the Accountable Officer to Hywel Dda University Health Board.

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

To the best of my knowledge and belief, I can confirm that there is no relevant audit information of which Hywel Dda University Health Board's auditors are unaware and I have taken all steps that ought to have been taken to make myself aware of any relevant audit information and established that the auditors are aware of that information.

I can confirm that the annual report and accounts as a whole is fair, balanced and understandable and I take personal responsibility for the annual report and accounts and the judgements required for determining that 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 30 May 2018 .... Chief Executive

Steve Moore

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 Hywel Dda University Health Board and of the income and expenditure of the Hywel Dda University Health Board for that period.

In preparing those accounts, the Directors are required to:

- Apply on a consistent basis accounting principles laid down by the Welsh Ministers with the approval of the Treasury

- Make judgements and estimates which are responsible and prudent

- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the account

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

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

By Order of the Board
Signed on behalf of:

The Chairman: .... Dated: 30 May 2018
Bernardine Rees

Chief Executive: .... Dated: 30 May 2018
Steve Moore

Director of Finance: .... Dated: 30 May 2018
Stephen Forster

HYWEL DDA UNIVERSITY LOCAL HEALTH BOARD

FOREWORD

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

Statutory background

The Local Health Board was established on 1st June 2009 and became operational on 1st October 2009 and comprises the former organisations of Hywel Dda NHS Trust and Carmarthenshire, Ceredigion and Pembrokeshire Local Health Boards.

Performance Management and Financial Results

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

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

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

Statement of Comprehensive Net Expenditure
for the year ended 31 March 2018

	Note	2017-18 £'000	2016-17 £'000
Expenditure on Primary Healthcare Services	3.1	**183,962**	172,928
Expenditure on healthcare from other providers	3.2	**197,462**	188,980
Expenditure on Hospital and Community Health Services	3.3	**506,430**	500,923
		887,854	862,831
Less: Miscellaneous Income	4	**(54,345)**	(52,934)
LHB net operating costs before interest and other gains and losses		**833,509**	809,897
Investment Revenue	5	**0**	0
Other (Gains) / Losses	6	**(11)**	(10)
Finance costs	7	**3**	8
Net operating costs for the financial year		**833,501**	809,895

See note 2 on page 20 for details of performance against Revenue and Capital allocations.

The notes on pages 8 to 63 form part of these accounts

Other Comprehensive Net Expenditure

	2017-18	2016-17
	£'000	£'000
Net gain / (loss) on revaluation of property, plant and equipment	**14,435**	533
Net gain / (loss) on revaluation of intangibles	**0**	0
Net gain / (loss) on revaluation of available for sale financial assets	**0**	0
(Gain) / loss on other reserves	**0**	0
Impairment and reversals	**(1,053)**	(131)
Release of Reserves to Statement of Comprehensive Net Expenditure	**0**	0
Other comprehensive net expenditure for the year	**13,382**	402
Total comprehensive net expenditure for the year	**820,119**	809,493

Statement of Financial Position as at 31 March 2018

	Notes	**31 March 2018 £'000**	31 March 2017 £'000
Non-current assets			
Property, plant and equipment	11	**254,395**	239,314
Intangible assets	12	**1,045**	1,168
Trade and other receivables	15	**14,697**	23,585
Other financial assets	16	**0**	0
Total non-current assets		**270,137**	264,067
Current assets			
Inventories	14	**7,875**	8,076
Trade and other receivables	15	**39,598**	27,851
Other financial assets	16	**305**	229
Cash and cash equivalents	17	**1,528**	1,212
		49,306	37,368
Non-current assets classified as "Held for Sale"	11	**0**	205
Total current assets		**49,306**	37,573
Total assets		**319,443**	301,640
Current liabilities			
Trade and other payables	18	**(95,090)**	(84,965)
Other financial liabilities	19	**0**	0
Provisions	20	**(27,764)**	(19,015)
Total current liabilities		**(122,854)**	(103,980)
Net current assets/ (liabilities)		**(73,548)**	(66,407)
Non-current liabilities			
Trade and other payables	18	**0**	0
Other financial liabilities	19	**0**	0
Provisions	20	**(14,971)**	(23,957)
Total non-current liabilities		**(14,971)**	(23,957)
Total assets employed		**181,618**	173,703
Financed by :			
Taxpayers' equity			
General Fund		**154,822**	157,520
Revaluation reserve		**26,796**	16,183
Total taxpayers' equity		**181,618**	173,703

The financial statements on pages 2 to 7 were approved by the Board on 31st May 2018 and signed on its behalf by:

Chief Executive Steve Moore Date 30th May 2018

The notes on pages 8 to 63 form part of these accounts

Statement of Changes in Taxpayers' Equity
For the year ended 31 March 2018

	General Fund £000s	Revaluation Reserve £000s	Total Reserves £000s
Changes in taxpayers' equity for 2017-18			
Balance at 1 April 2017	157,520	16,183	**173,703**
Net operating cost for the year	(833,501)		**(833,501)**
Net gain/(loss) on revaluation of property, plant and equipment	0	14,435	**14,435**
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	(1,053)	**(1,053)**
Movements in other reserves	0	0	**0**
Transfers between reserves	2,769	(2,769)	**0**
Release of reserves to SoCNE	0	0	**0**
Transfers to/from LHBs	0	0	**0**
Total recognised income and expense for 2017-18	(830,732)	10,613	**(820,119)**
Net Welsh Government funding	828,034		**828,034**
Balance at 31 March 2018	154,822	26,796	**181,618**

The notes on pages 8 to 63 form part of these accounts

Statement of Changes in Taxpayers' Equity
For the year ended 31 March 2017

	General Fund £000s	Revaluation Reserve £000s	Total Reserves £000s
Changes in taxpayers' equity for 2016-17			
Balance at 1 April 2016	160,953	16,838	**177,791**
Net operating cost for the year	(809,895)		**(809,895)**
Net gain/(loss) on revaluation of property, plant and equipment	0	533	**533**
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	(131)	**(131)**
Movements in other reserves	0	0	**0**
Transfers between reserves	1,057	(1,057)	**0**
Release of reserves to SoCNE	0	0	**0**
Transfers to/from LHBs	0	0	**0**
Total recognised income and expense for 2016-17	(808,838)	(655)	**(809,493)**
Net Welsh Government funding	805,405		**805,405**
Balance at 31 March 2017	157,520	16,183	**173,703**

The notes on pages 8 to 63 form part of these accounts

Statement of Cash Flows for year ended 31 March 2018

		2017-18	2016-17
		£'000	£'000
Cash Flows from operating activities	notes		
Net operating cost for the financial year		**(833,501)**	(809,895)
Movements in Working Capital	27	**6,595**	(11,907)
Other cash flow adjustments	28	**24,150**	37,264
Provisions utilised	20	**(8,194)**	(5,059)
Net cash outflow from operating activities		**(810,950)**	(789,597)
Cash Flows from investing activities			
Purchase of property, plant and equipment		**(17,373)**	(17,644)
Proceeds from disposal of property, plant and equipment		**276**	268
Purchase of intangible assets		**(229)**	(535)
Proceeds from disposal of intangible assets		**0**	0
Payment for other financial assets		**(365)**	(199)
Proceeds from disposal of other financial assets		**289**	294
Payment for other assets		**0**	0
Proceeds from disposal of other assets		**0**	0
Net cash inflow/(outflow) from investing activities		**(17,402)**	(17,816)
Net cash inflow/(outflow) before financing		**(828,352)**	(807,413)
Cash Flows from financing activities			
Welsh Government funding (including capital)		**828,034**	805,405
Capital receipts surrendered		**0**	0
Capital grants received		**634**	1,168
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		**828,668**	806,573
Net increase/(decrease) in cash and cash equivalents		**316**	(840)
Cash and cash equivalents (and bank overdrafts) at 1 April 2017		**1,212**	2,052
Cash and cash equivalents (and bank overdrafts) at 31 March 2018		**1,528**	1,212

The notes on pages 8 to 63 form part of these accounts

Notes to the Accounts

1. Accounting policies
The Cabinet Secretary 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 2017-18 Manual for Accounts. The accounting policies contained in that manual follow the European Union version of the International Financial Reporting Standards to the extent that they are meaningful and appropriate to the NHS, as determined by HM Treasury, which is advised by the Financial Reporting Advisory Board. 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 Local Health Board. 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.

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

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.

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 LHBs 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.

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
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.

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

● Land and non-specialised buildings – market value for existing use
● Specialised buildings – depreciated replacement cost

HM Treasury has adopted a standard approach to depreciated replacement cost valuations based on modern equivalent assets and, where it would meet the location requirements of the service being provided, an alternative site can be valued. NHS Wales bodies 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.

From 2015-16, the LHB must comply with IFRS 13 Fair Value Measurement 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.

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 entity 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.

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, NHS bodies are required to get all All Wales Capital Schemes that are completed in a financial year revalued 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

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

Intangible assets acquired separately are initially recognised at fair value. Software that is integral to the operating of hardware, for example an operating system, is capitalised as part of the relevant item of property, plant and equipment. Software that is not integral to the operation of hardware, for example application software, is capitalised as an intangible asset. Expenditure on research is not capitalised: it is recognised as an operating expense in the period in which it is incurred. Internally-generated assets are recognised if, and only if, all of the following have been demonstrated:
● the technical feasibility of completing the intangible asset so that it will be available for use
● the intention to complete the intangible asset and use it
● the ability to use the intangible asset
● how the intangible asset will generate probable future economic benefits
● the availability of adequate technical, financial and other resources to complete the intangible asset and use it
● the ability to measure reliably the expenditure attributable to the intangible asset during its development

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

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

1.8 Depreciation, amortisation and impairments
Freehold land, assets under construction and assets held for sale are not depreciated.

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

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

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

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

1.10 Non-current assets held for sale
Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met when the sale is highly probable, the asset is available for immediate sale in its present condition and management is committed to the sale, which is expected to qualify for recognition as a completed sale within one year from the date of classification. Non-current assets held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell. Fair value is open market value including alternative uses.

The profit or loss arising on disposal of an asset is the difference between the sale proceeds and the carrying amount and is recognised in the Statement of Comprehensive Net Expenditure. 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 Local Health Board 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 Statement of Comprehensive Net Expenditure.

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 Local Health Board as lessor
Amounts due from lessees under finance leases are recorded as receivables at the amount of the LHB 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 first-in first-out cost formula, it should be recognised that the NHS is a special case in that inventories are not generally held for the intention of resale and indeed there is no market readily available where such items could be sold. Inventories are valued at cost and this is considered to be a reasonable approximation to fair value due to the high turnover of stocks. Work-in-progress comprises goods in intermediate stages of production. Partially completed contracts for patient services are not accounted for as work-in-progress.

1.13 Cash and cash equivalents

Cash is cash in hand and deposits with any financial institution repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in 3 months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value. In the Statement of Cash flows, 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 (WRP) 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 not implemented in 2017-18. The WRP is hosted by Velindre NHS Trust.

1.15 Financial assets

Financial assets are recognised on the Statement of Financial Position 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.

1.15.1 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.

1.15.2 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.

1.15.3 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.

1.15.4 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.

1.15.5 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 Statement of Financial Position 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 Statement of Comprehensive Net Expenditure and the carrying amount of the asset is reduced directly, or through a provision for 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 Statement of Comprehensive Net Expenditure 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.

1.16 Financial liabilities
Financial liabilities are recognised on the Statement of Financial Position 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.

1.16.1 Financial liabilities are initially recognised at fair value
Financial liabilities are classified as either financial liabilities at fair value through the Statement of Comprehensive Net Expenditure or other financial liabilities.

1.16.2 Financial liabilities at fair value through the Statement of Comprehensive Net Expenditure
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.

1.16.3 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.

1.17 Value Added Tax
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.

1.18 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 Statement of Comprehensive Net Expenditure. At the Statement of Financial Position date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the reporting date.

1.19 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 given in Note 29 to the accounts.

1.20 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 LHBs not been bearing their own risks (with insurance premiums then being included as normal revenue expenditure). However, the note on losses and special payments is compiled directly from the losses register which is prepared on a cash basis.

The LHB accounts for all losses and special payments gross (including assistance from the WRP). The LHB accrues or provides for the best estimate of future payouts 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 below 50%, the liability is disclosed as a contingent liability.

1.21 Pooled budget

The LHB has entered into pooled budgets with Local Authorities. Under the arrangements funds are pooled in accordance with section 33 of the NHS (Wales) Act 2006 for specific activities defined in Note 32.

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

1.22 Critical Accounting Judgements and key sources of estimation uncertainty
In the application of the LHB's 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.

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

a. Provision for clinical negligence and personal injury claims are arrived at based on advice received from Welsh Health Legal Services and the LHB's own legal advisors. Given the nature of such claims, figures could be subject to significant change in future periods. The potential financial effect of such uncertainty is minimised by the cost recognised by the LHB is capped at £0.025m per case with the excess reclaimed from the Welsh Risk Pool. An associated Welsh Risk Pool debtor is separately identified in the debtors note.

b. The LHB includes a provision for retrospective claims for continuing healthcare funding. The estimated provision is based upon an assessment of the likelihood of claims meeting criteria for continuing healthcare and the actual costs incurred by individuals in care homes. The provision is based on information made available to the LHB at the time of these accounts and could be subject to significant change as outcomes are determined.

c. As in prior years due to the relatively short timescale available to prepare the annual accounts, the primary care expenditure disclosed contains a number of estimates where the value of actual liabilities was not available prior to the date of the accounts submission, the main areas being:
GMS Enhanced Services
GMS Quality and Outcomes Framework
Prescribing
Dental
Pharmacy

d. The LHB provides for potential bad debts both as a result of specific disputes and based on an assessment of the ability to collect for non NHS debtors, this is separately identified in the debtor note and any movement in the expenditure note. In addition where there is sufficient doubt on recoverability of NHS debt the LHB recognise a credit note provision which is netted off NHS debtors in the balance sheet and written back against income.

1.24 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'.

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

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 LHBs approach for each relevant class of asset in accordance with the principles of IAS 16.

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 Statement of Comprehensive Net Expenditure.

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 Statement of Comprehensive Net Expenditure.

Lifecycle replacement
Components of the asset replaced by the operator during the contract ('lifecycle replacement') are capitalised where they meet the LHBs 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.

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 LHBs Statement of Financial Position.

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.

1.25 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.

1.26 Carbon Reduction Commitment Scheme
Carbon Reduction Commitment Scheme allowances are accounted for as government grant funded intangible assets if they are not realised within twelve months and otherwise as current assets. The asset should be measured initially at cost. Scheme assets in respect of allowances shall be valued at fair value where there is evidence of an active market.

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 9 Financial Instruments
IFRS14 Regulatory Deferral Accounts
IFRS15 Revenue from contracts with customers
IFRS 16 Leases

1.29 Accounting standards issued that have been adopted early
During 2017-18 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 the LHB is the corporate trustee of the linked NHS Charity (Hywel Dda Health Charities), it is considered for accounting standards compliance to have control of Hywel Dda Health Charities as a subsidiary and therefore is required to consolidate the results off Hywel dda Health Charities within the statutory accounts of the LHB. The determination of control is an accounting standards test of control and there has been no change to the operation of Hywel Dda Health Charities 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 consolidate/disclose the Charitable Accounts of Local Health Boards in the Welsh Government Consolidated Accounts. Details of the transactions with the charity are included in the related parties' notes.

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			
	2015-16	2016-17	2017-18	**Total**
	£'000	£'000	£'000	**£'000**
Net operating costs for the year	758,261	809,895	**833,501**	**2,401,657**
Less general ophthalmic services expenditure and other non-cash limited expenditure	(155)	1,086	**1,956**	**2,887**
Less revenue consequences of bringing PFI schemes onto SoFP	0	0	**0**	**0**
Total operating expenses	758,106	810,981	**835,457**	**2,404,544**
Revenue Resource Allocation	726,907	761,368	**766,027**	**2,254,302**
Under /(over) spend against Allocation	(31,199)	(49,613)	**(69,430)**	**(150,242)**

Hywel Dda UHB has not met its financial duty to break-even against its Revenue Resource Limit over the 3 years 2015-16 to 2017-18.

The Health Board did not receive any repayable brokerage during the year.

The Health Board received £60.828 million repayable cash only support in 2017-18. The accumulated cash only support provided to the Health Board by the Welsh Government is £129.664 million as at 31 March 2018. The cash only support is provided to assist the Health Board with ensuring payments to staff and suppliers, there is no interest payable on cash only support. Repayment of this cash assistance will be in accordance with the Health Board's future Integrated Medium Term Plan submissions.

On 23 May 2018, the Cabinet Secretary announced additional funding for the Health Board of £27m for 2018/19. This additional funding will be provided on an ongoing annual basis to recognise the unique set of healthcare challenges that have contributed to the consistent deficits incurred by the Board and its predecessor organisations. These challenges relate to the relative age and demography of the population it serves, alongside the impact of scale.

2.2 Capital Resource Performance

	2015-16	2016-17	2017-18	**Total**
	£'000	£'000	£'000	**£'000**
Gross capital expenditure	13,959	18,970	**18,474**	**51,403**
Add: Losses on disposal of donated assets	0	0	**0**	**0**
Less NBV of property, plant and equipment and intangible assets disposed	(63)	(258)	**(265)**	**(586)**
Less capital grants received	(9)	(9)	**(11)**	**(29)**
Less donations received	(677)	(1,159)	**(623)**	**(2,459)**
Charge against Capital Resource Allocation	13,210	17,544	**17,575**	**48,329**
Capital Resource Allocation	13,238	17,574	**17,613**	**48,425**
(Over) / Underspend against Capital Resource Allocation	28	30	**38**	**96**

The LHB met its financial duty to break-even against its Capital Resource Limit over the 3 years 2015-16 to 2017-18.

2.3 Duty to prepare a 3 year plan

The NHS Wales Planning Framework for the period 2017-18 to 2019-20 issued to LHBs placed a requirement upon them to prepare and submit Integrated Medium Term Plans to the Welsh Government.

Given the Health Board's financial position, it did not submit an Integrated Medium Term Plan for the period 2017-18 to 2019-20 as required by the NHS Wales Planning Framework.

In the absence of an IMTP, the Health Board has developed an annual plan. This annual plan was submitted to Welsh Government by the Board on 31st March 2017.

The statutory financial duty under section 175 (2A) of the National Health Services (Wales) Act 2006 was therefore not met.

	2017-18 to 2019-20
The Cabinet Secretary for Health and Social Services approval status	Not Approved

The LHB has therefore not met its statutory duty to have an approved financial plan for the period 2017-18 to 2019-20.

The LHB Integrated Medium Term Plan was not approved in 2016-17

3. Analysis of gross operating costs

3.1 Expenditure on Primary Healthcare Services

	Cash limited	Non-cash limited	2017-18 Total	2016-17
	£'000	£'000	£'000	£'000
General Medical Services	69,407		69,407	60,901
Pharmaceutical Services	19,138	(5,784)	13,354	14,074
General Dental Services	20,002		20,002	18,854
General Ophthalmic Services	1,155	3,828	4,983	4,969
Other Primary Health Care expenditure	4,806		4,806	4,416
Prescribed drugs and appliances	71,410		71,410	69,714
Total	**185,918**	**(1,956)**	**183,962**	172,928

Staff Costs of £4,930k paid by the Health Board are included in General Medical Services
In 2016/17 General Medical Services includes a rates rebate of £3,703k for financial years 2010/11 to 2015/16.

3.2 Expenditure on healthcare from other providers

	2017-18	2016-17
	£'000	£'000
Goods and services from other NHS Wales Health Boards	**38,946**	38,283
Goods and services from other NHS Wales Trusts	**6,878**	5,568
Goods and services from other non Welsh NHS bodies	**3,000**	2,592
Goods and services from WHSSC / EASC	**79,714**	77,625
Local Authorities	**9,179**	9,879
Voluntary organisations	**1,819**	1,828
NHS Funded Nursing Care	**3,744**	3,126
Continuing Care	**47,599**	45,499
Private providers	**6,430**	4,448
Specific projects funded by the Welsh Government	**0**	0
Other	**153**	132
Total	**197,462**	188,980

NHS Funded Nursing Care Supreme Court Ruling

During the 2017/18 financial year the Supreme Court delivered its ruling over the responsibility for the costs of nurses delivering care in nursing homes.
Following the outcome of the Supreme Court ruling the Health Board accrued £1.181 million expenditure within its financial position for the 2017/18 financial year and this liability is included within the accrued expenditure line of Note 18 - Accruals.

Expenditure with Local Authorities in Note 3.2 includes expenditure on pooled budgets as reported in note 32.

3.3 Expenditure on Hospital and Community Health Services

	2017-18 £'000	2016-17 £'000
Directors' costs	2,212	1,775
Staff costs	385,248	376,405
Supplies and services - clinical	67,363	67,483
Supplies and services - general	5,672	5,236
Consultancy Services	993	525
Establishment	8,357	8,069
Transport	1,245	1,387
Premises	13,653	16,803
External Contractors	1,646	2,570
Depreciation	15,347	14,552
Amortisation	352	358
Fixed asset impairments and reversals (Property, plant & equipment)	1,139	2,413
Fixed asset impairments and reversals (Intangible assets)	0	0
Impairments & reversals of financial assets	0	0
Impairments & reversals of non-current assets held for sale	0	0
Audit fees	387	408
Other auditors' remuneration	0	0
Losses, special payments and irrecoverable debts	1,648	1,763
Research and Development	0	0
Other operating expenses	1,168	1,176
Total	506,430	500,923

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

	2017-18	2016-17
Increase/(decrease) in provision for future payments:	£'000	£'000
Clinical negligence	5,289	19,381
Personal injury	(207)	956
All other losses and special payments	337	424
Defence legal fees and other administrative costs	267	592
Gross increase/(decrease) in provision for future payments	5,686	21,353
Contribution to Welsh Risk Pool	0	0
Premium for other insurance arrangements	0	0
Irrecoverable debts	38	149
Less: income received/due from Welsh Risk Pool	(4,076)	(19,739)
Total	1,648	1,763

Personal injury includes £143k (2016-17 £166k) in respect of permanent injury benefits.
Clinical Redress arising during the year was £225k, 93 cases (2016-17 £240k, 83 cases)

4. Miscellaneous Income

		2017-18	2016-17
		£'000	£'000
Local Health Boards		18,103	17,675
WHSSC /EASC		2,071	2,254
NHS trusts		3,206	2,629
Other NHS England bodies		4,503	4,389
Foundation Trusts		0	0
Local authorities		4,954	4,922
Welsh Government		1,706	1,703
Non NHS:			
Prescription charge income		6	8
Dental fee income		3,240	3,263
Private patient income		97	149
Overseas patients (non-reciprocal)		349	175
Injury Costs Recovery (ICR) Scheme		1,129	1,096
Other income from activities		556	528
Patient transport services		0	0
Education, training and research		8,087	8,068
Charitable and other contributions to expenditure		833	424
Receipt of donated assets		623	1,159
Receipt of Government granted assets		11	9
Non-patient care income generation schemes		399	397
NWSSP		0	0
Deferred income released to revenue		371	289
Contingent rental income from finance leases		0	0
Rental income from operating leases		0	0
Other income:			
	Provision of laundry, pathology, payroll services	78	73
	Accommodation and catering charges	1,688	1,619
	Mortuary fees	164	133
	Staff payments for use of cars	251	321
	Business Unit	0	0
	Other	1,920	1,651
Total		**54,345**	52,934

Injury Cost Recovery (ICR) Scheme income is subject to a provision for impairment of 22.84% (2016-17, 22.94%) re personal injury claims.

5. Investment Revenue

	2017-18	2016-17
	£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

	2017-18	2016-17
	£000	£000
Gain/(loss) on disposal of property, plant and equipment	11	10
Gain/(loss) on disposal of intangible assets	0	0
Gain/(loss) on disposal of assets held for sale	0	0
Gain/(loss) on disposal of financial assets	0	0
Change on foreign exchange	0	0
Change in fair value of financial assets at fair value through SoCNE	0	0
Change in fair value of financial liabilities at fair value through SoCNE	0	0
Recycling of gain/(loss) from equity on disposal of financial assets held for sale	0	0
Total	11	10

7. Finance costs

	2017-18	2016-17
	£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	0	0
contingent finance cost	0	0
Interest on late payment of commercial debt	0	0
Other interest expense	0	0
Total interest expense	0	0
Provisions unwinding of discount	3	8
Other finance costs	0	0
Total	3	8

8. Operating leases

LHB as lessee

The Provider arm of the Local Health Board has several operating lease arrangements in place, which include:

- leases for vehicles
- leases for smaller medical and surgical items which are valued at less than £5,000 each
- at the end of the primary lease period these items are returned to the lessor

Payments recognised as an expense	**2017-18**	2016-17
	£000	£000
Minimum lease payments	**1,663**	1,719
Contingent rents	**0**	0
Sub-lease payments	**0**	0
Total	**1,663**	1,719

Total future minimum lease payments		
Payable	**£000**	£000
Not later than one year	**611**	426
Between one and five years	**297**	332
After 5 years	**0**	0
Total	**908**	758

LHB as lessor

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

Total future minimum lease payments		
Receivable	**£000**	£000
Not later than one year	**0**	0
Between one and five years	**0**	0
After 5 years	**0**	0
Total	**0**	0

9. Employee benefits and staff numbers

9.1 Employee costs	Permanent Staff	Staff on Inward Secondment	Agency Staff	Other	Total	2016-17
	£000	£000	£000	£000	£000	£000
Salaries and wages	305,221	2,881	16,732	7,338	**332,172**	325,596
Social security costs	29,255	0	0	822	**30,077**	27,425
Employer contributions to NHS Pension Scheme	36,568	0	0	109	**36,677**	34,265
Other pension costs	38	0	0	0	**38**	29
Other employment benefits	0	0	0	0	**0**	0
Termination benefits	0	0	0	0	**0**	0
Total	371,082	2,881	16,732	8,269	**398,964**	387,315
Charged to capital					**388**	337
Charged to revenue					**398,576**	386,978
					398,964	387,315
Net movement in accrued employee benefits (untaken staff leave accrual included above)					7	4

Other includes Medacs and StaffFlow recruited staff paid through the Health Board's payroll.

9.2 Average number of employees

	Permanent Staff	Staff on Inward Secondment	Agency Staff	Other	Total	2016-17
	Number	Number	Number		Number	Number
Administrative, clerical and board members	1,486	9	3	0	**1,498**	1,392
Medical and dental	642	18	11	62	**733**	739
Nursing, midwifery registered	2,656	2	202	0	**2,860**	2,856
Professional, Scientific, and technical staff	281	0	0	0	**281**	268
Additional Clinical Services	1,672	0	3	0	**1,675**	1,638
Allied Health Professions	515	0	0	16	**531**	514
Healthcare Scientists	153	0	4	0	**157**	157
Estates and Ancilliary	793	0	0	0	**793**	792
Students	16	0	0	0	**16**	12
Total	**8,214**	**29**	**223**	**78**	**8,544**	8,368

9.3. Retirements due to ill-health

During 2017-18 there were 13 early retirements from the LHB agreed on the grounds of ill-health (17 in 2016-17 - £694,656) The estimated additional pension costs of these ill-health retirements (calculated on an average basis and borne by the NHS Pension Scheme) will be £597,853

9.4 Employee benefits

The LHB does not have an employee benefit scheme.

Included in permanent staff in **Note 9.2** above there are 522 who are on Fixed Term Temporary contracts of which 261 are Medical and Dental.

9.5 Reporting of other compensation schemes - exit packages

Exit packages cost band (including any special payment element)	2017-18 Number of compulsory redundancies Whole numbers only	2017-18 Number of other departures Whole numbers only	2017-18 Total number of exit packages Whole numbers only	2017-18 Number of departures where special payments have been made Whole numbers only	2016-17 Total number of exit packages Whole numbers only
less than £10,000	0	0	0	0	0
£10,000 to £25,000	0	0	0	0	0
£25,000 to £50,000	0	0	0	0	0
£50,000 to £100,000	0	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	0
Total	**0**	**1**	**1**	**0**	**0**

Exit packages cost band (including any special payment element)	2017-18 Cost of compulsory redundancies £'s	2017-18 Cost of other departures £'s	2017-18 Total cost of exit packages £'s	2017-18 Cost of special element included in exit packages £'s	2016-17 Total cost of exit packages £'s
less than £10,000	0	0	0	0	0
£10,000 to £25,000	0	0	0	0	0
£25,000 to £50,000	0	0	0	0	0
£50,000 to £100,000	0	76,203	76,203	0	0
£100,000 to £150,000	0	0	0	0	0
£150,000 to £200,000	0	0	0	0	0
more than £200,000	0	0	0	0	0
Total	**0**	**76,203**	**76,203**	**0**	**0**

9.6 Remuneration Relationship

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

The banded remuneration of the highest-paid director in the LHB in the financial year 2017-18 was £175,000 - £180,000 (2016-17, £170,000 - £175,000). This was 7 times (2016-17, 7) the median remuneration of the workforce, which was £26,624 (2016-17, £26,483).

In 2017-18, 39 (2016-17, 35) employees received remuneration in excess of the highest-paid director. Remuneration for staff ranged from £15,404 to £295,365 (2016-17 £15,251 to £308,550).

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

Overtime payments are included for the calculation of both elements of the relationship.

9.7 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 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 2018, is based on valuation data as 31 March 2017, updated to 31 March 2018 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 last published actuarial valuation undertaken for the NHS Pension Scheme was completed for the year ending 31 March 2012. The Scheme Regulations allow for the level of contribution rates to be changed by the Secretary of State for Health, with the consent of HM Treasury, and consideration of the advice of the Scheme Actuary and employee and employer representatives as deemed appropriate.

The next actuarial valuation is to be carried out as at 31 March 2016 and is currently being prepared. The direction assumptions are published by HM Treasury which are used to complete the valuation calculations, from which the final valuation report can be signed off by the scheme actuary. This will set the employer contribution rate payable from April 2019 and will consider the cost of the Scheme relative to the employer cost cap. There are provisions in the Public Service Pension Act 2013 to adjust member benefits or contribution rates if the cost of the Scheme changes by more than 2% of pay. Subject to this ‘employer cost cap’ assessment, any required revisions to member benefits or contribution rates will be determined by the Secretary of State for Health after consultation with the relevant stakeholders.

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 2% of a jobholder's qualifying earnings, for employers whose legal duties have started. The employer must pay at least 1% of this. The legal minimum level of contribution level is due to increase to 8% in April 2019.

The earnings band used to calculate minimum contributions under existing legislation is called qualifying earnings. Qualifying earnings are currently those between £5,876 and £45,000 for the 2017-18 tax year (2016-17 £5,824 and £43,000).

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

10. Public Sector Payment Policy - Measure of Compliance

10.1 Prompt payment code - measure of compliance

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

	2017-18	2017-18	2016-17	2016-17
NHS	**Number**	**£000**	Number	£000
Total bills paid	**3,908**	**219,791**	3,660	210,675
Total bills paid within target	**3,504**	**217,250**	3,392	209,125
Percentage of bills paid within target	**89.7%**	**98.8%**	92.7%	99.3%
Non-NHS				
Total bills paid	**177,339**	**315,875**	190,123	315,566
Total bills paid within target	**170,221**	**305,520**	169,482	285,505
Percentage of bills paid within target	**96.0%**	**96.7%**	89.1%	90.5%
Total				
Total bills paid	**181,247**	**535,666**	193,783	526,241
Total bills paid within target	**173,725**	**522,770**	172,874	494,630
Percentage of bills paid within target	**95.8%**	**97.6%**	89.2%	94.0%

The Health Board has met its target of paying 95% of the number of non-NHS invocies within 30 days of delivery.

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

	2017-18	2016-17
	£	£
Amounts included within finance costs (note 7) from claims made under this legislation	**0**	0
Compensation paid to cover debt recovery costs under this legislation	**0**	0
Total	**0**	0

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 2017	25,285	200,937	8,120	9,244	65,631	245	19,811	5,593	**334,866**
Indexation	0	0	0	0	0	0	0	0	**0**
Additions									
- purchased	0	1,711	0	10,217	2,510	0	2,983	190	**17,611**
- donated	0	204	0	0	376	0	5	38	**623**
- government granted	0	0	0	0	0	0	11	0	**11**
Transfer from/into other NHS bodies	0	0	0	0	0	0	0	0	**0**
Reclassifications	842	3,746	0	(4,577)	(11)	0	0	0	**0**
Revaluations	657	397	(538)	0	0	0	0	0	**516**
Reversal of impairments	5	(4,857)	47	0	0	0	0	0	**(4,805)**
Impairments	(1,128)	(6,017)	(135)	(4,113)	0	0	0	0	**(11,393)**
Reclassified as held for sale	0	(8)	0	0	0	0	0	0	**(8)**
Disposals	0	0	0	0	(3,490)	0	0	0	**(3,490)**
At 31 March 2018	25,661	196,113	7,494	10,771	65,016	245	22,810	5,821	**333,931**
Depreciation at 1 April 2017	0	26,411	1,547	0	50,170	243	13,240	3,941	**95,552**
Indexation	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	0	0	0	0	0	0	0	**0**
Revaluations	0	(12,391)	(1,528)	0	0	0	0	0	**(13,919)**
Reversal of impairments	0	(12,250)	4	0	0	0	0	0	**(12,246)**
Impairments	0	(1,764)	(19)	0	0	0	0	0	**(1,783)**
Reclassified as held for sale	0	0	0	0	0	0	0	0	**0**
Disposals	0	0	0	0	(3,415)	0	0	0	**(3,415)**
Provided during the year	0	7,505	339	0	5,067	1	1,852	583	**15,347**
At 31 March 2018	0	7,511	343	0	51,822	244	15,092	4,524	**79,536**
Net book value at 1 April 2017	25,285	174,526	6,573	9,244	15,461	2	6,571	1,652	**239,314**
Net book value at 31 March 2018	25,661	188,602	7,151	10,771	13,194	1	7,718	1,297	**254,395**
Net book value at 31 March 2018 comprises :									
Purchased	25,411	185,355	7,151	10,771	12,053	1	7,604	1,139	**249,485**
Donated	250	3,247	0	0	1,141	0	73	153	**4,864**
Government Granted	0	0	0	0	0	0	41	5	**46**
At 31 March 2018	25,661	188,602	7,151	10,771	13,194	1	7,718	1,297	**254,395**
Asset financing :									
Owned	25,661	188,602	7,151	10,771	13,194	1	7,718	1,297	**254,395**
Held on finance lease	0	0	0	0	0	0	0	0	**0**
On-SoFP PFI contracts	0	0	0	0	0	0	0	0	**0**
PFI residual interests	0	0	0	0	0	0	0	0	**0**
At 31 March 2018	25,661	188,602	7,151	10,771	13,194	1	7,718	1,297	**254,395**

The net book value of land, buildings and dwellings at 31 March 2018 comprises :

	£000
Freehold	**219,602**
Long Leasehold	**1,812**
Short Leasehold	**0**
	221,414

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

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 2016	24,588	198,806	8,120	5,717	62,763	256	15,706	5,334	**321,290**
Indexation	533	0	0	0	0	0	0	0	**533**
Additions									
- purchased	0	2,475	0	6,356	4,296	0	4,035	121	**17,283**
- donated	0	102	0	420	422	0	61	138	**1,143**
- government granted	0	0	0	0	0	0	9	0	**9**
Transfer from/into other NHS bodies	0	0	0	0	0	0	0	0	**0**
Reclassifications	0	3,215	0	(3,220)	5	0	0	0	**0**
Revaluations	0	0	0	0	0	0	0	0	**0**
Reversal of impairments	413	0	0	0	0	0	0	0	**413**
Impairments	(44)	(3,661)	0	(29)	0	0	0	0	**(3,734)**
Reclassified as held for sale	(205)	0	0	0	0	0	0	0	**(205)**
Disposals	0	0	0	0	(1,855)	(11)	0	0	**(1,866)**
At 31 March 2017	25,285	200,937	8,120	9,244	65,631	245	19,811	5,593	**334,866**
Depreciation at 1 April 2016	0	20,058	1,210	0	47,004	253	11,757	3,361	**83,643**
Indexation	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	0	0	0	0	0	0	0	**0**
Revaluations	0	0	0	0	0	0	0	0	**0**
Reversal of impairments	0	0	0	0	0	0	0	0	**0**
Impairments	0	(777)	0	0	0	0	0	0	**(777)**
Reclassified as held for sale	0	0	0	0	0	0	0	0	**0**
Disposals	0	0	0	0	(1,855)	(11)	0	0	**(1,866)**
Provided during the year	0	7,130	337	0	5,021	1	1,483	580	**14,552**
At 31 March 2017	0	26,411	1,547	0	50,170	243	13,240	3,941	**95,552**
Net book value at 1 April 2016	24,588	178,748	6,910	5,717	15,759	3	3,949	1,973	**237,647**
Net book value at 31 March 2017	25,285	174,526	6,573	9,244	15,461	2	6,571	1,652	**239,314**
Net book value at 31 March 2017 comprises :									
Purchased	25,026	170,816	6,573	8,824	14,338	2	6,423	1,501	**233,503**
Donated	259	3,638	0	420	1,116	0	105	143	**5,681**
Government Granted	0	72	0	0	7	0	43	8	**130**
At 31 March 2017	25,285	174,526	6,573	9,244	15,461	2	6,571	1,652	**239,314**
Asset financing :									
Owned	25,285	174,526	6,573	9,244	15,461	2	6,571	1,652	**239,314**
Held on finance lease	0	0	0	0	0	0	0	0	**0**
On-SoFP PFI contracts	0	0	0	0	0	0	0	0	**0**
PFI residual interests	0	0	0	0	0	0	0	0	**0**
At 31 March 2017	25,285	174,526	6,573	9,244	15,461	2	6,571	1,652	**239,314**

The net book value of land, buildings and dwellings at 31 March 2017 comprises :

	£000
Freehold	**204,953**
Long Leasehold	**1,431**
Short Leasehold	**0**
	206,384

11. Property, plant and equipment (continued)

i) Acquistions shown as donated assets within Note 11 were bought using monies donated by the public into the Charitable Funds, and contributions from League of Friends and other charities.

During 2017-18 fixed assets puchased to the following value were funded by the following:

Hywel Dda General Fund Charity (1147863) Plant and Machinery	£ 232,422
Hywel Dda General Fund Charity (1147863) Furniture and Fittings	£ 37,845
Hywel Dda General Fund Charity (1147863) Assets Under Construction	£ 158,834
Hywel Dda General Fund Charity (1147863) Information Technology	£ 3,675
League of Friends Contributions	£ 189,801
Total Donated Assets	**£ 622,577**

Other disclosures

i) The LHB is not carrying any temporary idle assets.
ii) Gross carrying amount of all fully depreciated assets still in use as at 31 March 2018 is £52,965,000.

IFRS 13 - Fair value measurement

As at 31 March 2018, the Health Board does not hold any fixed assets at fair value as defined by IFRS 13.

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 2017	205	0	0	0	0	**205**
Plus assets classified as held for sale in the year	8	0	0	0	0	**8**
Revaluation	0	0	0	0	0	**0**
Less assets sold in the year	(190)	0	0	0	0	**(190)**
Add reversal of impairment of assets held for sale	0	0	0	0	0	**0**
Less impairment of assets held for sale	(23)	0	0	0	0	**(23)**
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 2018	0	0	0	0	0	**0**
Balance brought forward 1 April 2016	57	201	0	0	0	**258**
Plus assets classified as held for sale in the year	205	0	0	0	0	**205**
Revaluation	0	0	0	0	0	**0**
Less assets sold in the year	(57)	(201)	0	0	0	**(258)**
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 2017	205	0	0	0	0	**205**

Assets reclassified as Held for Sale and sold in the year relate to the disposal of the Bryntirion site.
The value of the site was impaired in year to fair value less costs of sale.

12. Intangible non-current assets

	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 2017	2,319	0	79	0	0	0	**2,398**
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	229	0	0	0	0	0	229
Additions- internally generated	0	0	0	0	0	0	0
Additions- donated	0	0	0	0	0	0	0
Additions- government granted	0	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0
Gross cost at 31 March 2018	**2,548**	**0**	**79**	**0**	**0**	**0**	**2,627**
Amortisation at 1 April 2017	1,172	0	58	0	0	0	**1,230**
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	339	0	13	0	0	0	352
Reclassified as held for sale	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0
Amortisation at 31 March 2018	**1,511**	**0**	**71**	**0**	**0**	**0**	**1,582**
Net book value at 1 April 2017	**1,147**	**0**	**21**	**0**	**0**	**0**	**1,168**
Net book value at 31 March 2018	**1,037**	**0**	**8**	**0**	**0**	**0**	**1,045**
At 31 March 2018							
Purchased	1,026	0	8	0	0	0	1,034
Donated	10	0	0	0	0	0	10
Government Granted	1	0	0	0	0	0	1
Internally generated	0	0	0	0	0	0	0
Total at 31 March 2018	**1,037**	**0**	**8**	**0**	**0**	**0**	**1,045**

12. Intangible non-current assets

	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 2016	1,784	0	79	0	0	0	**1,863**
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	519	0	0	0	0	0	**519**
Additions- internally generated	0	0	0	0	0	0	**0**
Additions- donated	16	0	0	0	0	0	**16**
Additions- government granted	0	0	0	0	0	0	**0**
Reclassified as held for sale	0	0	0	0	0	0	**0**
Transfers	0	0	0	0	0	0	**0**
Disposals	0	0	0	0	0	0	**0**
Gross cost at 31 March 2017	**2,319**	**0**	**79**	**0**	**0**	**0**	**2,398**
Amortisation at 1 April 2016	827	0	45	0	0	0	**872**
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	345	0	13	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	0	0	0	0	0	0	**0**
Amortisation at 31 March 2017	**1,172**	**0**	**58**	**0**	**0**	**0**	**1,230**
Net book value at 1 April 2016	**957**	**0**	**34**	**0**	**0**	**0**	**991**
Net book value at 31 March 2017	**1,147**	**0**	**21**	**0**	**0**	**0**	**1,168**
At 31 March 2017							
Purchased	0	0	0	0	0	0	**0**
Donated	0	0	0	0	0	0	**0**
Government Granted	0	0	0	0	0	0	**0**
Internally generated	0	0	0	0	0	0	**0**
Total at 31 March 2017	**0**	**0**	**0**	**0**	**0**	**0**	**0**

Additional disclosures re Intangible Assets

Computer Software & Licences are capitalised at their purchased price.

Computer Software & Licences are not indexed as IT assets are not subject to indexation.

The assets are amortised monthly over their expected life.

The gross carrying amount of fully amortised intangible assets still in use as at 31 March 2018 was £761,000.

13 . Impairments

	2017-18 Property, plant & equipment £000	2017-18 Intangible assets £000	2016-17 Property, plant & equipment £000	2016-17 Intangible assets £000
Impairments arising from :				
Loss or damage from normal operations	0	0	0	0
Abandonment in the course of construction	0	0	0	0
Over specification of assets (Gold Plating)	0	0	0	0
Loss as a result of a catastrophe	0	0	0	0
Unforeseen obsolescence	0	0	0	0
Changes in market price	0	0	0	0
Others (specify)	(9,633)	0	2,544	0
Reversal of impairments	7,441	0	0	0
Total of all impairments	**(2,192)**	0	**2,544**	0

Analysis of impairments charged to reserves in year :

	2017-18 Property, plant & equipment £000	2017-18 Intangible assets £000	2016-17 Property, plant & equipment £000	2016-17 Intangible assets £000
Charged to the Statement of Comprehensive Net Expenditure	(1,139)	0	2,413	0
Charged to Revaluation Reserve	(1,053)	0	131	0
	(2,192)	0	**2,544**	0

Other impairments above are made up of the following:
- 5-yearly revaluation exercise - £9,610,000
- Impairment of assets held for sale - £23,000

14.1 Inventories

	31 March 2018 £000	31 March 2017 £000
Drugs	3,531	3,324
Consumables	4,153	4,601
Energy	191	151
Work in progress	0	0
Other	0	0
Total	7,875	8,076
Of which held at realisable value	0	0

14.2 Inventories recognised in expenses

	31 March 2018 £000	31 March 2017 £000
Inventories recognised as an expense in the period	0	0
Write-down of inventories (including losses)	0	0
Reversal of write-downs that reduced the expense	0	0
Total	0	0

15. Trade and other Receivables

Current	31 March 2018 £000	31 March 2017 £000
Welsh Government	1,222	340
WHSSC / EASC	450	275
Welsh Health Boards	1,183	921
Welsh NHS Trusts	404	230
Non - Welsh Trusts	2	36
Other NHS	618	608
Welsh Risk Pool	27,639	18,052
Local Authorities	2,010	765
Capital debtors	0	0
Other debtors	5,299	5,118
Provision for irrecoverable debts	(872)	(834)
Pension Prepayments	0	0
Other prepayments	1,643	2,340
Other accrued income	0	0
Sub total	39,598	27,851
Non-current		
Welsh Government	0	0
WHSSC / EASC	0	0
Welsh Health Boards	0	0
Welsh NHS Trusts	0	0
Non - Welsh Trusts	0	0
Other NHS	0	0
Welsh Risk Pool	14,697	23,585
Local Authorities	0	0
Capital debtors	0	0
Other debtors	0	0
Provision for irrecoverable debts	0	0
Pension Prepayments	0	0
Other prepayments	0	0
Other accrued income	0	0
Sub total	14,697	23,585
Total	54,295	51,436

Receivables past their due date but not impaired

By up to three months	339	261
By three to six months	71	49
By more than six months	68	62
	478	372

Provision for impairment of receivables

Balance at 1 April	(834)	(685)
Transfer to other NHS Wales body	0	0
Amount written off during the year	5	35
Amount recovered during the year	0	0
(Increase) / decrease in receivables impaired	(43)	(184)
Bad debts recovered during year	0	0
Balance at 31 March	(872)	(834)

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

Receivables VAT

Trade receivables	613	855
Other	0	0
Total	613	855

16. Other Financial Assets

	Current		Non-current	
	31 March 2018 £000	31 March 2017 £000	**31 March 2018 £000**	31 March 2017 £000
Financial assets				
Shares and equity type investments				
Held to maturity investments at amortised costs	**0**	0	**0**	0
At fair value through SOCNE	**0**	0	**0**	0
Available for sale at FV	**0**	0	**0**	0
Deposits	**0**	0	**0**	0
Loans	**0**	0	**0**	0
Derivatives	**0**	0	**0**	0
Other (Specify)				
Held to maturity investments at amortised costs	**0**	0	**0**	0
At fair value through SOCNE	**305**	229	**0**	0
Available for sale at FV	**0**	0	**0**	0
Total	**305**	**229**	**0**	**0**

17. Cash and cash equivalents

	2017-18 £000	2016-17 £000
Balance at 1 April	**1,212**	2,052
Net change in cash and cash equivalent balances	**316**	(840)
Balance at 31 March	**1,528**	1,212
Made up of:		
Cash held at GBS	**1,708**	845
Commercial banks	**(202)**	345
Cash in hand	**22**	22
Current Investments	**0**	0
Cash and cash equivalents as in Statement of Financial Position	**1,528**	1,212
Bank overdraft - GBS	**0**	0
Bank overdraft - Commercial banks	**0**	0
Cash and cash equivalents as in Statement of Cash Flows	**1,528**	1,212

18. Trade and other payables

Current	**31 March 2018 £000**	31 March 2017 £000
Welsh Government	**1**	0
WHSSC / EASC	**133**	346
Welsh Health Boards	**1,318**	2,408
Welsh NHS Trusts	**790**	1,004
Other NHS	**10,151**	8,805
Taxation and social security payable / refunds	**3,784**	3,368
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	**4,550**	4,192
Non-NHS creditors	**4,283**	10,528
Local Authorities	**6,064**	6,241
Capital Creditors	**5,276**	4,404
Overdraft	**0**	0
Rentals due under operating leases	**0**	0
Obligations under finance leases, HP contracts	**0**	0
Imputed finance lease element of on SoFP PFI contracts	**0**	0
Pensions: staff	**0**	0
Accruals	**51,084**	37,177
Deferred Income:		
Deferred Income brought forward	**385**	299
Deferred Income Additions	**385**	375
Transfer to / from current/non current deferred income	**0**	0
Released to SoCNE	**(371)**	(289)
Other creditors	**7,257**	6,107
PFI assets –deferred credits	**0**	0
Payments on account	**0**	0
Total	**95,090**	84,965

Non-current		
Welsh Government	**0**	0
WHSSC / EASC	**0**	0
Welsh Health Boards	**0**	0
Welsh NHS Trusts	**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 creditors	**0**	0
Local Authorities	**0**	0
Capital Creditors	**0**	0
Overdraft	**0**	0
Rentals due under operating leases	**0**	0
Obligations under finance leases, HP contracts	**0**	0
Imputed finance lease element of on SoFP PFI contracts	**0**	0
Pensions: staff	**0**	0
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
Total	**0**	0

It is intended to pay all invoices within the 30 day period directed by the Welsh Government.

19. Other financial liabilities

	Current		Non-current	
Financial liabilities	**31 March 2018**	31 March 2017	**31 March 2018**	31 March 2017
	£000	£000	**£000**	£000
Financial Guarantees:				
At amortised cost	**0**	0	**0**	0
At fair value through SoCNE	**0**	0	**0**	0
Derivatives at fair value through SoCNE	**0**	0	**0**	0
Other:				
At amortised cost	**0**	0	**0**	0
At fair value through SoCNE	**0**	0	**0**	0
Total	**0**	0	**0**	0

20. Provisions

	At 1 April 2017	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 2018
Current	£000	£000	£000	£000	£000	£000	£000	£000	£000
Clinical negligence	14,119	0	0	9,206	8,723	(5,802)	(3,960)	0	22,286
Personal injury	4,131	0	0	0	356	(628)	(563)	3	3,299
All other losses and special payments	0	0	0	0	340	(337)	(3)	0	0
Defence legal fees and other administration	495	0	0	134	597	(268)	(413)		545
Pensions relating to former directors	0			0	0	0	0	0	0
Pensions relating to other staff	53			0	14	(21)	0	0	46
Restructuring	0			0	0	0	0	0	0
Other	217		0	0	2,289	(883)	(35)		1,588
Total	19,015	0	0	9,340	12,319	(7,939)	(4,974)	3	27,764
Non Current									
Clinical negligence	23,525	0	0	(9,206)	1,011	(231)	(485)	0	14,614
Personal injury	0	0	0	0	0	0	0	0	0
All other losses and special payments	0	0	0	0	0	0	0	0	0
Defence legal fees and other administration	432	0	0	(134)	84	(24)	(1)		357
Pensions relating to former directors	0			0	0	0	0	0	0
Pensions relating to other staff	0			0	0	0	0	0	0
Restructuring	0			0	0	0	0	0	0
Other	0		0	0	0	0	0		0
Total	23,957	0	0	(9,340)	1,095	(255)	(486)	0	14,971
TOTAL									
Clinical negligence	37,644	0	0	0	9,734	(6,033)	(4,445)	0	36,900
Personal injury	4,131	0	0	0	356	(628)	(563)	3	3,299
All other losses and special payments	0	0	0	0	340	(337)	(3)	0	0
Defence legal fees and other administration	927	0	0	0	681	(292)	(414)		902
Pensions relating to former directors	0			0	0	0	0	0	0
Pensions relating to other staff	53			0	14	(21)	0	0	46
Restructuring	0			0	0	0	0	0	0
Other	217		0	0	2,289	(883)	(35)		1,588
Total	42,972	0	0	0	13,414	(8,194)	(5,460)	3	42,735

Expected timing of cash flows:

	In year to 31 March 2019	Between 1 April 2019 31 March 2023	Thereafter	Total £000
Clinical negligence	22,286	14,614	0	36,900
Personal injury	3,299	0	0	3,299
All other losses and special payments	0	0	0	0
Defence legal fees and other administration	545	357	0	902
Pensions relating to former directors	0	0	0	0
Pensions relating to other staff	46	0	0	46
Restructuring	0	0	0	0
Other	1,588	0	0	1,588
Total	27,764	14,971	0	42,735

20. Provisions (continued)

	At 1 April 2016	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 2017
Current	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Clinical negligence	5,607	0	0	8,315	7,431	(3,880)	(3,354)	0	**14,119**
Personal injury	3,474	0	0	0	1,330	(307)	(374)	8	**4,131**
All other losses and special payments	0	0	0	0	424	(424)	0	0	**0**
Defence legal fees and other administration	323	0	0	102	763	(272)	(421)		**495**
Pensions relating to former directors	0			0	0	0	0	0	**0**
Pensions relating to other staff	59			0	15	(21)	0	0	**53**
Restructuring	0			0	0	0	0	0	**0**
Other	502		0	0	79	(28)	(336)		**217**
Total	**9,965**	**0**	**0**	**8,417**	**10,042**	**(4,932)**	**(4,485)**	**8**	**19,015**
Non Current									
Clinical negligence	16,588	0	0	(8,315)	15,607	(52)	(303)	0	**23,525**
Personal injury	0	0	0	0	0	0	0	0	**0**
All other losses and special payments	0	0	0	0	0	0	0	0	**0**
Defence legal fees and other administration	359	0	0	(102)	262	(75)	(12)		**432**
Pensions relating to former directors	0			0	0	0	0	0	**0**
Pensions relating to other staff	0			0	0	0	0	0	**0**
Restructuring	0			0	0	0	0	0	**0**
Other	0		0	0	0	0	0		**0**
Total	**16,947**	**0**	**0**	**(8,417)**	**15,869**	**(127)**	**(315)**	**0**	**23,957**
TOTAL									
Clinical negligence	22,195	0	0	0	23,038	(3,932)	(3,657)	0	**37,644**
Personal injury	3,474	0	0	0	1,330	(307)	(374)	8	**4,131**
All other losses and special payments	0	0	0	0	424	(424)	0	0	**0**
Defence legal fees and other administration	682	0	0	0	1,025	(347)	(433)		**927**
Pensions relating to former directors	0			0	0	0	0	0	**0**
Pensions relating to other staff	59			0	15	(21)	0	0	**53**
Restructuring	0			0	0	0	0	0	**0**
Other	502		0	0	79	(28)	(336)		**217**
Total	**26,912**	**0**	**0**	**0**	**25,911**	**(5,059)**	**(4,800)**	**8**	**42,972**

21. Contingencies

21.1 Contingent liabilities

	2017-18	2016-17
Provisions have not been made in these accounts for the following amounts :	£'000	£'000
Legal claims for alleged medical or employer negligence	53,939	43,862
Doubtful debts	0	0
Equal Pay costs	0	0
Defence costs	1,655	1,727
Continuing Health Care costs	13,600	5,527
Other	0	0
Total value of disputed claims	69,194	51,116
Amounts recovered in the event of claims being successful	51,750	41,400
Net contingent liability	17,444	9,716

21.2 Remote Contingent liabilities

	2017-18	2016-17
	£'000	£'000
Guarantees	**0**	0
Indemnities	**266**	126
Letters of Comfort	**0**	0
Total	**266**	**126**

21.3 Contingent assets

	2017-18	2016-17
	£'000	£'000
	0	0
	0	0
	0	0
Total	**0**	0

22. Capital commitments

Contracted capital commitments at 31 March	**2017-18**	2016-17
	£'000	£'000
Property, plant and equipment	**16,100**	6,049
Intangible assets	**0**	0
Total	**16,100**	6,049

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 2018		Approved to write-off to 31 March 2018	
	Number	£	Number	£
Clinical negligence	58	6,032,254	41	7,102,335
Personal injury	35	628,307	8	421,877
All other losses and special payments	161	336,571	157	338,855
Total	254	6,997,132	206	7,863,067

Analysis of cases which exceed £300,000 and all other cases

Cases exceeding £300,000	Case type	Amounts paid out in year £	Cumulative amount £	Approved to write-off in year £
06RR6MN0026	Medical Negligence	0	665,465	665,465
08RR6MN0003	Medical Negligence	103,000	578,000	578,000
09RYNMN0061	Medical Negligence	530,000	630,000	0
11RYNMN0062	Medical Negligence	87,500	437,500	437,500
12RYNMN0006	Medical Negligence	575,000	575,000	575,000
12RYNMN0077	Medical Negligence	0	315,021	0
13RYNMN0025	Medical Negligence	23,500	927,500	927,500
13RYNMN0032	Medical Negligence	40,000	330,000	0
13RYNMN0074	Medical Negligence	389,000	819,000	0
14RYNMN0069	Medical Negligence	530,000	530,000	0
14RYNMN0105	Medical Negligence	775,000	850,000	0
15RYNMN0026	Medical Negligence	272,698	362,698	0
98RVAMN0009	Medical Negligence	0	1,454,194	1,454,194
Sub-total		**3,325,698**	**8,474,378**	**4,637,659**
All other cases		3,671,434	8,504,173	3,225,408
Total cases		**6,997,132**	**16,978,551**	**7,863,067**

24. Finance leases

24.1 Finance leases obligations (as lessee)

The Local Health Board as at 31st March 2018 had no finance lease contract obligations.

Amounts payable under finance leases:

Land	**31 March 2018 £000**	31 March 2017 £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 2018**	31 March 2017
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 2018**	31 March 2017
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 Local Health Board has no finance leases receivable as a lessor.

Amounts receivable under finance leases:

	31 March 2018	31 March 2017
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
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 Local Health Board has no PFI operational schemes deemed to be off-Statement of Financial Position

Commitments under off-SoFP PFI contracts	**Off-SoFP PFI contracts**	Off-SoFP PFI contracts
	31 March 2018	31 March 2017
	£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

The Local Health Board has no PFI operational schemes deemed to be on-Statement of Financial Position

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

	On SoFP PFI Capital element 31 March 2018 £000	**On SoFP PFI Imputed interest 31 March 2018 £000**	**On SoFP PFI Service charges 31 March 2018 £000**
Total payments due within one year	**0**	**0**	**0**
Total payments due between 1 and 5 years	**0**	**0**	**0**
Total payments due thereafter	**0**	**0**	**0**
Total future payments in relation to PFI contracts	**0**	**0**	**0**

	On SoFP PFI Capital element 31 March 2017 £000	On SoFP PFI Imputed interest 31 March 2017 £000	On SoFP PFI Service charges 31 March 2017 £000
Total payments due within one year	0	0	0
Total payments due between 1 and 5 years	0	0	0
Total payments due thereafter	0	0	0
Total future payments in relation to PFI contracts	0	0	0
Total present value of obligations for on-SoFP PFI contracts	**0**		

25.3 Charges to expenditure

	2017-18	2016-17
	£000	£000
Service charges for On Statement of Financial Position PFI contracts (excl interest costs)	0	0
Total expense for Off Statement of Financial Position PFI contracts	0	0
The total charged in the year to expenditure in respect of PFI contracts	0	0

The LHB is committed to the following annual charges

	31 March 2018	31 March 2017
PFI scheme expiry date:	£000	£000
Not later than one year	0	0
Later than one year, not later than five years	0	0
Later than five years	0	0
Total	0	0

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

25.4 Number of PFI contracts

	Number of on SoFP PFI contracts	Number of off SoFP PFI contracts
Number of PFI contracts	0	0
Number of PFI contracts which individually have a total commitment > £500m	0	0

PFI Contract	On / Off-statement of financial position
Number of PFI contracts which individually have a total commitment > £500m	0

PFI Contract

26. Financial risk management

Financial reporting standard IFRS 7 requires disclosure of the role that financial instruments have had during the period in creating or changing the risks a body faces in undertaking its activities. The LHB is not exposed to the degree of financial risk faced by business entities. Also financial instruments play a much more limited role in creating or changing risk than would be typical of listed companies, to which these standards mainly apply. The LHB has limited powers to invest and financial assets and liabilities are generated by day-to-day operational activities rather than being held to change the risks facing the LHB in undertaking its activities.

Currency risk
The LHB is principally a domestic organisation with the great majority of transactions, assets and liabilities being in the UK and Sterling based. The LHB has no overseas operations. The LHB therefore has low exposure to currency rate fluctuations.

Interest rate risk
LHBs are not permitted to borrow. The LHB therefore has low exposure to interest rate fluctuations

Credit risk
Because the majority of the LHB's funding derives from funds voted by the Welsh Government the LHB has low exposure to credit risk.

Liquidity risk
The LHB is required to operate within cash limits set by the Welsh Government for the financial year and draws down funds from the Welsh Government as the requirement arises. The LHB is not, therefore, exposed to significant liquidity risks.

27. Movements in working capital

	2017-18 £000	2016-17 £000
(Increase)/decrease in inventories	**201**	14
(Increase)/decrease in trade and other receivables - non-current	**8,888**	(6,921)
(Increase)/decrease in trade and other receivables - current	**(11,747)**	(9,899)
Increase/(decrease) in trade and other payables - non-current	**0**	0
Increase/(decrease) in trade and other payables - current	**10,125**	5,690
Total	**7,467**	(11,116)
Adjustment for accrual movements in fixed assets - creditors	**(872)**	(791)
Adjustment for accrual movements in fixed assets - debtors	**0**	0
Other adjustments	**0**	0
	6,595	(11,907)

28. Other cash flow adjustments

	2017-18 £000	2016-17 £000
Depreciation	**15,347**	14,552
Amortisation	**352**	358
(Gains)/Loss on Disposal	**(11)**	(10)
Impairments and reversals	**1,139**	2,413
Release of PFI deferred credits	**0**	0
Donated assets received credited to revenue but non-cash	**(623)**	(1,159)
Government Grant assets received credited to revenue but non-cash	**(11)**	(9)
Non-cash movements in provisions	**7,957**	21,119
Total	**24,150**	37,264

29. Third Party assets

The LHB held £1,178,113 cash at bank and in hand at 31 March 2018 (31 March 2017, £1,068,197) which relates to monies held by the LHB on behalf of patients. Cash held in Patient's Investment Accounts amounted to £664,921 at 31 March 2018 (31 March 2017, £673,484). This has been excluded from the Cash and Cash equivalents figure reported in the Accounts.

30. Events after the Reporting Period

There are no events after the reporting period.

31. Related Party Transactions

Total value of transactions with Board members and key senior staff in 2017-18

	Payments to related party £000	Receipts from related party £000	Amounts owed to related party £000	Amounts due from related party £000
Aberystwyth University	21	5	0	0
Castell Howell Food Ltd	278	0	16	0
Carmarthenshire County Council	15,556	4,004	1,179	878
National Botanic Garden of Wales	4	0	0	0
Pembrokeshire County Council	11,374	3,191	2,225	1,015
Swansea City and County Council	59	0	0	0
Swansea University	592	58	52	0

The Welsh Government is regarded as a related party. During the year the Local Health Board has had a significant number of material transactions with the Welsh Government and with other entities for which the Welsh Government is regarded as the parent body, namely:

	Payments to related party £000	Receipts from related party £000	Amounts owed to related party £000	Amounts due from related party £000
Welsh Government	1	836,674	0	1,222
Welsh Health Specialised Services Committee (WHSSC)	79,409	2,071	133	450
Abertawe Bromorgannwg Local Health Board	35,135	4,229	894	35
Aneurin Bevan Local Health Board	748	654	30	279
Betsi Cadwaladr Local Health Board	646	4,443	95	128
Cardiff and Vale Local Health Board	5,773	559	114	436
Cwm Taf Local Health Board	432	497	60	42
Powys Local Health Board	564	7,721	126	263
Welsh Risk Pool	0	0	0	5,603
Public Health Wales	1,949	2,023	44	94
Velindre NHS Trust	10,392	2,021	742	324
Welsh Ambulance Services NHS Trust	3,007	182	4	25

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

Name	Details	Interests
Judith Hardisty	Vice Chair	Health Assessor for the WG Health and Wellbeing at Work Corporate Standard
Julie James	Independent Member	Member of Court Swansea University
		Non-Executive Director of WG's Dept for Education and Local Government & Communities
		Health Assessor for the WG Health and Wellbeing at Work Corporate Standard
		External Voting Member of Carmarthenshire County Council Audit Committee
		Non-Exec Director of WG Dept for Education and Local Government Corporate Governance Committee
		External Voting Member of Carmarthenshire County Council Audit Committee (from 08/06/2016)
		Member of Carmarthenshire County Council’s Standards Committee (from 13/12/2017)
		Trustee of the National Botanic Garden of Wales
Don Thomas	Independent Member	Castell Howell Foods Ltd
	(until 31/10/17)	Member of Advisory Board of School of Management and Business
Simon Hancock	Independent Member	Cabinet Member Pembrokeshire County Council
		Member of the Court of Swansea University
Mike Lewis	Independent Member	City & County of Swansea Standards Committee

32. Pooled budgets

The Health Board has entered into a pooled budget with Ceredigion County Council on the 1st April 2009. Under the arrangement funds are pooled under section 33 of the NHS (Wales) Act 2006 for the provision of an integrated community joint equipment store. The pool is hosted by Ceredigion County Council and a memorandum note to the final accounts will provide details of the joint income and expenditure. The financial operation of the pool is governed by a pooled budget agreement between Ceredigion County Council and the Health Board. Payments for services provided by Ceredigion County Council in the sum of £306,000 are accounted for as expenditure in the accounts of the Health Board. The Health Board accounts for its share of the assets, liabilities, income and expenditure arising from the activities of the pooled budget, identified in accordance with the pooled budget agreement.

The Health Board has entered into a pooled budget with Carmarthenshire County Council on the 1st October 2009. Under the arrangement funds are pooled under section 33 of the NHS (Wales) Act 2006 for the provision of an integrated community joint equipment store. The pool is hosted by Carmarthenshire County Council and a memorandum note to the final accounts will provide details of the joint income and expenditure. The financial operation of the pool is governed by a pooled budget agreement between Carmarthenshire County Council and the Health Board. Payments for services provided by Carmarthenshire County Council in the sum of £381,960 are accounted for as expenditure in the accounts of the Health Board. The Health Board accounts for its share of the assets, liabilities, income and expenditure arising from the activities of the pooled budget, identified in accordance with the pooled budget agreement.

The Health Board has entered into an agreement with Carmarthenshire County Council on the 31st March 2011 under section 33 of the NHS (Wales) Act 2006 for the provision of Carmarthenshire Community Health and Social Care services. The section 33 agreement itself will initially only provide the framework for taking forward future schedules and therefore references all community based health, social care (adults & children) and related housing and public protection services so that if any future developments are considered a separate agreement will not have to be prepared. There are currently no pooled budgets related to this agreement.

The Health Board has entered into an agreement with Pembrokeshire County Council on the 31st March 2011 under section 33 of the NHS (Wales) Act 2006 for the provision of an integrated community joint equipment store and from 1st October 2012 the agreement has operated as a pooled fund. The pool is hosted by Pembrokeshire County Council and a memorandum note to the final accounts will provide details of the joint income and expenditure. The financial operation of the pool is governed by a pooled budget agreement between Pembrokeshire County Council and the Health Board. The Health Board accounts for its share of the assets, liabilities, income and expenditure arising from the activities of the pooled budget, identified in accordance with the pooled budget agreement and the sum of £382,972 has been accounted for as expenditure in the accounts of the Health Board.

33. Operating segments

The Hywel Dda University Local Health Board has identified the organisations full Board as the Chief Operating Decision Maker (CODM) under IFRS 8. Only the full Board can allocate resources to the various services. The organisation is constituted as an integrated Local Health Board with seamless service delivery. The management and reporting for the operations of the Local Health Board to the CODM is through Acute Care and Counties. Whilst these may be seen as segments they each provide the same spectrum of integrated services and therefore the Local Health Board has aggregated them into one healthcare segment as provided for under IFRS 8. The Local Health Board has no non healthcare activities.

34. Other Information

IFRS 9

IFRS 9 Financial Instruments is effective from the 1st January 2018 and will be applicable for public sector reporting as adapted in the Financial Reporting Manual (FReM) for the 2018/19 financial year.

Initial application impacts for the 2018/19 accounts will be recognised in opening retained earnings, as mandated by the FReM.

The principal impact of IFRS9 adoption will be to change the calculation basis for bad debt provisions, changing from an incurred loss basis to a lifetime expected credit loss basis. The FreM mandates the application of the simplified approach to impairment under the standard, requiring for short and long term receivables the recognition of a loss allowance for an amount equal to lifetime expected credit losses.

The impact of adopting IFRS9 in 2018/19 is not expected to have a material impact. Disclosure and presentation requirements of IFRS9 will be applied as required by the FReM and in accordance with the principles of streamlining and materiality.

IFRS15

IFRS 15 Revenue from Contracts with Customers is effective from the 1st January 2018 and will be applicable for public sector reporting as adapted in the Financial Reporting Manual (FReM) for the 2018/19 financial year.

The NHS Wales Technical Accountants Group and the Welsh Government (as a Relevant Authority) are considering the detail of application of IFRS15 for Local Health Boards and NHS Trusts in Wales.

Final application guidance will be issued in the NHS Wales Manuals for Accounts for 2018/19.

Any initial application impacts arising for the 2018/19 accounts will be recognised in opening retained earnings, as mandated by the FReM.

No material impacts are anticipated as a consequence of IFRS15 becoming effective in the FreM for 2018/19.

THE NATIONAL HEALTH SERVICE IN WALES ACCOUNTS DIRECTION GIVEN BY WELSH MINISTERS IN ACCORDANCE WITH SCHEDULE 9 SECTION 178 PARA 3(1) OF THE NATIONAL HEALTH SERVICE (WALES) ACT 2006 (C.42) AND WITH THE APPROVAL OF TREASURY

LOCAL HEALTH BOARDS

1. Welsh Ministers direct that an account shall be prepared for the financial year ended 31 March 2011 and subsequent financial years in respect of the Local Health Boards (LHB)1, in the form specified in paragraphs [2] to [7] below.

BASIS OF PREPARATION

2. The account of the LHB shall comply with:

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

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

FORM AND CONTENT

3. The account of the LHB for the year ended 31 March 2011 and subsequent years shall comprise a statement of comprehensive net expenditure, a statement of financial position, a statement of cash flows and a statement of changes in taxpayers' equity as long as these statements are required by the FReM and applied by the Welsh Assembly Government, including such notes as are necessary to ensure a proper understanding of the accounts.

4. For the financial year ended 31 March 2011 and subsequent years, the account of the LHB shall give a true and fair view of the state of affairs as at the end of the financial year and the operating costs, changes in taxpayers' equity and cash flows during the year.

5. The account shall be signed and dated by the Chief Executive of the LHB.

MISCELLANEOUS

6. The direction shall be reproduced as an appendix to the published accounts.

7. The notes to the accounts shall, inter alia, include details of the accounting policies adopted.

Signed by the authority of Welsh Ministers

Signed : Chris Hurst Dated :

1. Please see regulation 3 of the 2009 No.1559 (W.154); NATIONAL HEALTH SERVICE, WALES; The Local Health Boards (Transfer of Staff, Property, Rights and Liabilities) (Wales) Order 2009

THE NATIONAL HEALTH SERVICE IN WALES ACCOUNTS DIRECTION GIVEN BY WELSH MINISTERS IN ACCORDANCE WITH SCHEDULE 9 SECTION 178 PARA 3(1) OF THE NATIONAL HEALTH SERVICE (WALES) ACT 2006 (C.42) AND WITH THE APPROVAL OF TREASURY

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5. The account shall be signed and dated by the Chief Executive of the LHB.

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

Report on the audit of the financial statements

Opinion

I certify that I have audited the financial statements of Hywel Dda University Health Board for the year ended 31 March 2018 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 Tax Payers 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 Hywel Dda University Health Board as at 31 March 2018 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.

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 £150.242 million explained in the paragraph below, in all material respects, the expenditure and income have been applied to the purposes intended by the National Assembly for Wales 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 £150.242 million over the £2,254.302 million that it was authorised to spend in the three-year period 2015-16 to 2017-18. 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 Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and the Governance Statement has been prepared in accordance with Welsh Ministers' guidance; and
- the information given in the Performance Report for the financial year for which the financial statements are prepared is consistent with the financial statements and the Performance Report has been prepared in accordance with Welsh Ministers' guidance.

Matters on which I report by exception

In the light of the knowledge and understanding of the Board and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance Report.

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 of the Auditor General to the National Assembly for Wales

Introduction

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

For 2017-18 Hywel Dda University Local 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 second three-year period under this duty is 2015-16 to 2017-18, and so it is measured this year for the second 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 £2,254.302 million by £150.242 million. The LHB, therefore, did not meet its first financial duty.

Where an LHB does not balance its books over a rolling three-year period, any expenditure over the resource allocation (ie 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 2017-18 if it submitted a 2017-18 to 2019-20 plan approved by its Board to the Welsh Ministers who then approved it by 30 June 2017.

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 2017-18 to 2019-20.

Following the LHB being placed in Targeted Intervention in September 2016, it was not in a position to submit a three-year Integrated Medium Term Plan for 2017-20. Instead the LHB has operated, in agreement with Welsh Government, under annual planning arrangements. The LHB's Annual Operating Plan for 2017-18, which identified a planned annual deficit of £58.9 million, was approved by its Board in March 2017. However, the LHB's eventual deficit for 2017-18 was £69.43 million.

Zero based review of Hywel Dda UHB health care services

The Cabinet Secretary for Health and Social Services' announcement of 23 May 2018 indicates that factors relating to demographics and scale contributing to the Health Board's financial position were outside its control. He has awarded additional annual recurring funding of £27 million to recognise this. The reporting of the Health Board's financial out-turn in Note 2.1 needs to be considered alongside this announcement.

Huw Vaughan Thomas
Auditor General for Wales
13 June 2018