

# Hywel Dda University Health Board

## Accountability Report 2016/2017



GIG  
CYMRU  
NHS  
WALES

Bwrdd Iechyd Prifysgol  
Hywel Dda  
University Health Board

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## Corporate Governance Report 2016/2017



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## Annual Governance Statement 2016/2017



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## Annual Governance Statement 2016-2017

### Scope of Responsibility

The Board is accountable for Governance, Risk Management and Internal Control. As Chief Executive Officer (CEO) 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 governance is at the heart of public services and underpins how resources are managed, how decisions are made, how services are delivered and the impact they have, now and in the future. Governance infuses how organisations are led and needs to be robust, proportionate and dynamic, and avoid being over bureaucratic. Effective governance involves sufficient consideration of arrangements for oversight and strikes the right balance between autonomy and intervention and clarity around how governance arrangements operate in practice, contribute to increased transparency and public accountability. At Hywel Dda, we strive to achieve a consistent and shared understanding of, and commitment to, standards of ethics and conduct to be observed by all those involved in public service delivery – this is the essence of Hywel Dda.

In my closing observations included in the Annual Governance Statement for the 2015/2016 financial year, I commented that it was becoming evident that there would be fresh challenges for the Board during 2016/2017. This has undoubtedly been the case and this Annual Governance Statement for the current year covers a period of unprecedented challenges for the Hywel Dda University Health Board (the UHB).

The UHB was already subject to Welsh Government Enhanced Monitoring under the NHS Wales Escalation Framework arrangements and in October 2016, this was escalated to "Targeted Intervention" in recognition of the fact that we have been facing a number of long standing challenges that require more a more strategic solution. The change in our escalation status with Welsh Government is both a reminder of these challenges and, I strongly believe, part of the process to finally resolve them. For us in Hywel Dda, the status of targeted intervention means that we are receiving support from the Welsh Government to help us develop an approved three year business plan (Integrated Medium Term Plan) and return to a sound financial footing. The UHB has welcomed this support and is looking forward to working in partnership with the Welsh Government to provide a more concentrated and strengthened approach to putting the organisation on a sound financial footing, with an approved Integrated Medium Term Plan.

We have unique challenges in Hywel Dda, providing healthcare to a large geographical area, mainly rural but with urban pockets and with significant workforce challenges. During the year the UHB has been working very hard to make improvements, not just by ensuring prudent use of our finances but also in improving our workforce position, in tandem with being wholly committed to making improvements to the services provided to patients where they are most needed. I am therefore pleased to be able to report that our performance across a number of Tier 1 targets in 2016/2017 has held or improved on the previous year. Progress has been made during the year to better understand the scale of the financial issue and to stabilise the position as much as possible and there is now a commitment from the UHB and the Welsh government to work together to tackle this. The Board is confident that with the additional support, we have an opportunity to provide the organisation and the patients we serve with the assurance that we have a sustainable plan and financial position for the future.

In all of this, our staff continue to rise to the challenge, consistently providing patient centred care and working with the Board on improvements and innovation and for this we are hugely grateful to them. We have a rich and diverse team that make up our Hywel Dda family with our professions

represented by staff from here in Britain, the European Union and across the world and all make a lasting contribution to the delivery of our services and their efforts are sincerely appreciated.

In support of governance principles, one of the key pieces of work progressed during 2016/2017 was the implementation of our Values and Behaviours Framework which was approved by the Board in July 2016. Designed by Staff for Staff, we launched our organisational values which will shape the future delivery of services across the UHB. As an organisation I feel it is important that we have a set of behaviours that we are all aligned to and will benefit from. These values represent how we do things and the behaviours expected of those working for the UHB.



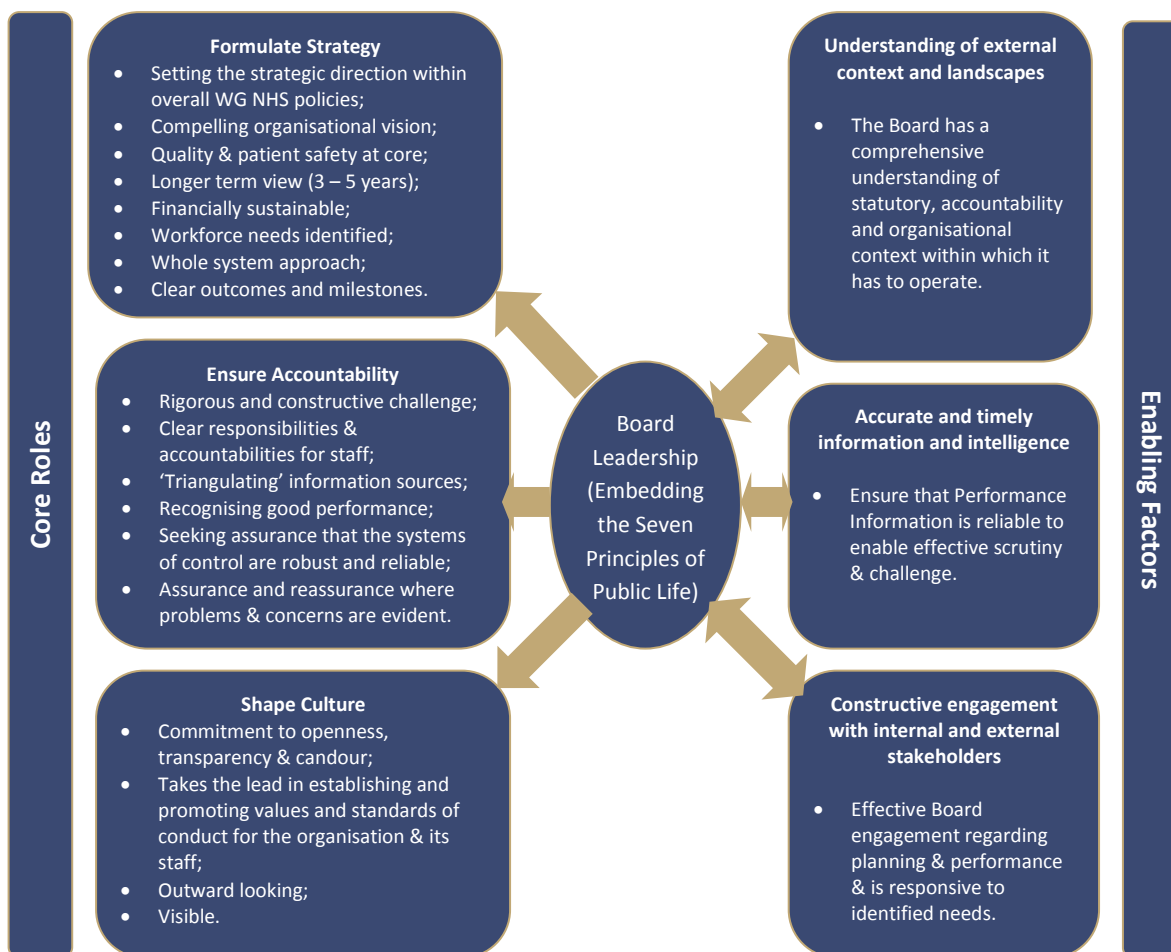
As illustrated above, the personal values are: Dignity, Respect and Fairness, Integrity, Openness and Honesty; Caring, Kindness and Compassion. In addition to the personal values, there are three statements that represent the organisation values: working together to be the best we can be; striving to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

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.

In the course of the previous year the Board reviewed and restructured the way it was organised. Those changes brought more focus to vital areas such as quality and performance, devolved responsibility to leadership teams and increased clinical involvement in all that we do. Within this context and building on the foundations that were previously set, the Board has been considering this year on how it can ensure that it has the strongest possible focus at Executive level, this also reflecting one of the issues highlighted in the escalation to targeted intervention and in previous Wales Audit Office Structured Assessment reports. As it was felt that the organisation must build its capacity and capability to ensure appropriate and manageable focus in key areas to support the Board's positive intentions, it was clear that a review of Executive portfolios was necessary to ensure balance and appropriateness. The structure of the Executive Team has therefore been strengthened during the year, ensuring we have the capacity to address the challenging agenda ahead. It also ensures due regard to the regulatory requirements set out in the Local Health Boards (Constitution, Membership and Procedures) (Wales) Regulations 2009.

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 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 members 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 terms and conditions of appointment, Board members also fulfil a number of Champion roles where they act as ambassadors for these matters. Board and Committee Membership and Champion roles during 2016-2017 were as follows and reflect a number of changes during the year due to the departure of both Independent and Executive Board Members:

NAME	POSITION	AREA OF EXPERTISE REPRESENTATION ROLE	BOARD COMMITTEE MEMBERSHIP/ATTENDANCE	ATTENDANCE AT MEETINGS 2016/2017	CHAMPION ROLES
Bernardine Rees	Chair		<ul style="list-style-type: none"> <li>(Chair) Board</li> <li>(Chair) Remuneration &amp; Terms of Service Committee</li> </ul>	7/7 5/6	<ul style="list-style-type: none"> <li>Carers</li> </ul>
Sian- Marie James (until 31.07.2016)	Vice Chair	Mental Health Primary Care & Community Services	<ul style="list-style-type: none"> <li>(Vice Chair) Board</li> <li>Quality &amp; Safety Experience Assurance Committee</li> <li>(Chair) Mental Health Legislation Assurance Committee</li> </ul>	3/3 2/2  1/1	

NAME	POSITION	AREA OF EXPERTISE REPRESENTATION ROLE	BOARD COMMITTEE MEMBERSHIP/ATTENDANCE	ATTENDANCE AT MEETINGS 2016/2017	CHAMPION ROLES
			<ul style="list-style-type: none"> <li>Charitable Funds Committee</li> <li>Audit &amp; Risk Assurance Committee</li> <li>University Partnership Board</li> <li>(Chair) Primary Care Applications Committee</li> <li>Business Planning Performance Assurance Committee</li> </ul>	<p>0/1</p> <p>3/5</p> <p>2/2</p> <p>2/2</p> <p>1/2</p>	
Judith Hardisty (from 01.08.2016)	Interim Vice Chair	Mental Health Primary Care & Community Services	<ul style="list-style-type: none"> <li>Vice Chair) Board</li> <li>Quality &amp; Safety Experience Assurance Committee</li> <li>(Chair) Mental Health Legislation Assurance Committee</li> <li>Audit &amp; Risk Assurance Committee</li> <li>University Partnership Board</li> <li>(Chair) Primary Care Applications Committee</li> <li>Business Planning &amp; Performance Assurance Committee</li> </ul>	<p>2/2</p> <p>3/3</p> <p>2/2</p> <p>N/A</p> <p>2/3</p> <p>3/3</p> <p>3/3</p>	
Judith Hardisty (from 16.01.2017)	Vice Chair	Mental Health Primary Care & Community Services	<ul style="list-style-type: none"> <li>(Vice Chair) Board</li> <li>Quality &amp; Safety Experience Assurance Committee</li> <li>(Chair) Mental Health Legislation Assurance Committee</li> <li>Audit &amp; Risk Assurance Committee</li> <li>(Chair) Primary Care Applications Committee</li> <li>Business Planning &amp; Performance Assurance Committee</li> </ul>	<p>2/2</p> <p>0/1</p> <p>1/1</p> <p>N/A</p> <p>1/1</p> <p>1/1</p>	
Julie James	Independent Member	Third Sector	<ul style="list-style-type: none"> <li>Board</li> <li>Quality Safety &amp; Experience Assurance Committee</li> <li>Audit &amp; Risk Assurance Committee</li> <li>Charitable Funds Committee</li> <li>Remuneration &amp; Terms of Service Committee</li> <li>Primary Care Applications Committee</li> <li>Business Planning &amp; Performance Assurance Committee</li> </ul>	<p>7/7</p> <p>6/6</p> <p>9/13</p> <p>3/5</p> <p>5/6</p> <p>5/6</p> <p>5/6</p>	<ul style="list-style-type: none"> <li>Concerns</li> </ul>
Mike Ponton	Independent Member	Community	<ul style="list-style-type: none"> <li>Board</li> <li>(Chair) Business Planning &amp; Performance Assurance Committee</li> <li>Audit &amp; Risk Assurance Committee</li> </ul>	<p>5/7</p> <p>6/6</p> <p>7/13</p>	<ul style="list-style-type: none"> <li>Children &amp; Young People's Services</li> <li>Armed Forces &amp; Veterans</li> </ul>

NAME	POSITION	AREA OF EXPERTISE REPRESENTATION ROLE	BOARD COMMITTEE MEMBERSHIP/ATTENDANCE	ATTENDANCE AT MEETINGS 2016/2017	CHAMPION ROLES
			<ul style="list-style-type: none"> <li>Quality Safety &amp; Experience Assurance Committee</li> <li>Remuneration &amp; Terms of Service Committee</li> <li>Primary Care Applications Committee</li> </ul>	5/6 5/6 3/6	
John Gammon	Independent Member	University	<ul style="list-style-type: none"> <li>Board</li> <li>Quality Safety &amp; Experience Assurance Committee</li> <li>(Chair) University Partnership Board</li> <li>Mental Health Legislation Assurance Committee</li> <li>Business Planning &amp; Performance Assurance Committee</li> </ul>	6/7 5/6 3/4 3/4 1/5	
Don Thomas	Independent Member	Finance	<ul style="list-style-type: none"> <li>Board</li> <li>Audit &amp; Risk Assurance Committee</li> <li>Remuneration &amp; Terms of Service Committee</li> </ul>	6/7 13/13 6/6	
Judith Hardisty (until 31.07.2016)	Independent Member		<ul style="list-style-type: none"> <li>Board</li> <li>Business Planning &amp; Performance Assurance Committee</li> <li>Quality, Safety &amp; Experience Assurance Committee</li> <li>University Partnership Board</li> </ul>	3/3 2/2 1/2 N/A	<ul style="list-style-type: none"> <li>Emergency Planning</li> </ul>
David Powell	Independent Member	Information, Communications & technology	<ul style="list-style-type: none"> <li>Board</li> <li>Audit &amp; Risk Assurance Committee</li> <li>Business Planning &amp; Performance Assurance Committee</li> <li>Charitable Funds Committee</li> <li>Primary Care Applications Committee</li> </ul>	7/7 11/13 6/6 5/5 5/6	
Margaret Rees-Hughes	Independent Member	Community	<ul style="list-style-type: none"> <li>Board</li> <li>Mental Health Legislation Assurance Committee</li> <li>Audit &amp; Risk Assurance Committee</li> <li>Business Planning &amp; Performance Assurance Committee</li> <li>(Chair) Quality Safety &amp; Experience Assurance Committee</li> <li>Charitable Funds Committee</li> </ul>	6/7 4/4 10/13 6/6 5/6 3/5	<ul style="list-style-type: none"> <li>Cleaning Hygiene &amp; Infection Management</li> <li>Welsh Language</li> <li>Unscheduled Care</li> </ul>
Simon Hancock	Independent Member	Local Authority	<ul style="list-style-type: none"> <li>Board</li> <li>Charitable Funds Committee</li> <li>Business Planning &amp; Performance Assurance Committee</li> </ul>	4/7 5/5 4/6	<ul style="list-style-type: none"> <li>Older People</li> <li>Equalities &amp; Diversity related legislation</li> </ul>



NAME	POSITION	AREA OF EXPERTISE REPRESENTATION ROLE	BOARD COMMITTEE MEMBERSHIP/ATTENDANCE	ATTENDANCE AT MEETINGS 2016/2017	CHAMPION ROLES
			<ul style="list-style-type: none"> <li>Audit &amp; Risk Assurance Committee</li> <li>University Partnership Board</li> </ul>	9/13 1/4	
Adam Morgan	Independent Member	Trade Union	<ul style="list-style-type: none"> <li>Board</li> <li>Charitable Funds Committee</li> <li>Quality Safety &amp; Experience Assurance Committee</li> <li>Mental Health Legislation Assurance Committee</li> </ul>	5/7 5/5 4/6 4/4	
Paula Martyn	Associate Member	(Chair) Stakeholder Reference Group	Board	4/7	N/A
Jake Morgan	Associate Member	Director of Social Services	Board	3/7	N/A
Phil Parry (until 30/06/2016)	Associate Member	Chair (Healthcare Professionals Forum)	Board	0/2	N/A
Steve Moore	Chief Executive Officer		Board	7/7	<ul style="list-style-type: none"> <li>Time to Change Wales Mental Health</li> </ul>
Joe Teape	Deputy Chief Executive Officer/ Director of Operations		<ul style="list-style-type: none"> <li>Board</li> <li>Mental Health Legislation Assurance Committee</li> <li>Audit &amp; Risk Assurance Committee</li> <li>Quality Safety &amp; Experience Assurance Committee</li> <li>Business Planning &amp; Performance Assurance Committee</li> </ul>	7/7 1/4 10/13 5/6 6/6	<ul style="list-style-type: none"> <li>Delayed Transfers of Care</li> <li>Sustainable Development</li> <li>Security</li> </ul>
Karen Miles (until 31.12.2016)	Director of Finance, Planning & Performance		<ul style="list-style-type: none"> <li>Board</li> <li>Business Planning &amp; Performance Assurance Committee</li> <li>NHS Wales Shared Services Partnership</li> <li>Charitable Funds Committee</li> <li>Quality Safety &amp; Experience Assurance Committee</li> <li>Audit &amp; Risk Assurance Committee</li> </ul>	5/5 4/4 2/2 4/4 5/5 10/10	N/A
Karen Miles (from 01.01.2017)	Director of Planning, Performance & Commissioning		<ul style="list-style-type: none"> <li>Board</li> <li>Business Planning &amp; Performance Assurance Committee</li> <li>Quality Safety &amp; Experience Assurance Committee</li> </ul>	2/2 2/2	
Stephen Forster (from 01.01.2017)	Interim Director of Finance		<ul style="list-style-type: none"> <li>Board</li> <li>Business Planning &amp; Performance Assurance Committee</li> <li>NHS Wales Shared Services Partnership</li> </ul>	2/2 1/1	

NAME	POSITION	AREA OF EXPERTISE REPRESENTATION ROLE	BOARD COMMITTEE MEMBERSHIP/ATTENDANCE	ATTENDANCE AT MEETINGS 2016/2017	CHAMPION ROLES
			<ul style="list-style-type: none"> <li>Charitable Funds Committee</li> <li>Quality Safety &amp; Experience Assurance Committee</li> <li>Audit &amp; Risk Assurance Committee</li> <li>Charitable Funds Committee</li> </ul>	<p>1/1</p> <p>0/1</p> <p>2/3</p>	
Caroline Oakley (until 30.06.2016)	Director of Nursing, Quality & Patient Experience		<ul style="list-style-type: none"> <li>Board</li> <li>University Partnership Board</li> <li>Business Planning &amp; Performance Assurance Committee</li> <li>Quality Safety &amp; Experience Assurance Committee</li> </ul>	<p>2/2</p> <p>0/1</p> <p>2/2</p> <p>2/2</p>	<ul style="list-style-type: none"> <li>Children &amp; Young People's Services</li> <li>Violence &amp; Aggression</li> </ul>
Mandy Davies (from 01.07.2016)	Interim Director of Nursing, Quality & Patient Experience		<ul style="list-style-type: none"> <li>Board</li> <li>University Partnership Board</li> <li>Business Planning &amp; Performance Assurance Committee</li> <li>Quality Safety &amp; Experience Assurance Committee</li> </ul>	<p>5/5</p> <p>1/3</p> <p>4/4</p> <p>5/5</p>	<ul style="list-style-type: none"> <li>Children &amp; Young People's Services</li> <li>Violence &amp; Aggression</li> </ul>
Kathryn Davies (until 30.04.2016)	Director of Commissioning, Primary Care, Therapies & Health Scientists		<ul style="list-style-type: none"> <li>Board</li> <li>University Partnership Board</li> <li>Quality Safety &amp; Experience Assurance Committee</li> <li>Business Planning &amp; Performance Assurance Committee</li> <li>Primary Care Applications Committee</li> <li>Welsh Health Specialised Services Committee</li> <li>Emergency Ambulance Services Committee</li> </ul>	<p>N/A</p> <p>1/1</p> <p>0/1</p> <p>0/1</p>	
Jill Paterson (from 01.05.2016)	Interim Director of Commissioning, Primary Care, Therapies & Health Scientists		<ul style="list-style-type: none"> <li>Board</li> <li>University Partnership Board</li> <li>Quality Safety &amp; Experience Assurance Committee</li> <li>Business Planning &amp; Performance Assurance Committee</li> <li>Primary Care Applications Committee</li> <li>Welsh Health Specialised Services Committee</li> <li>Emergency Ambulance Services Committee</li> </ul>	<p>7/7</p> <p>3/3</p> <p>5/5</p> <p>5/6</p> <p>6/6</p> <p>3/3</p> <p>2/2</p>	
Lisa Gostling	Director of Workforce & Organisational Development		<ul style="list-style-type: none"> <li>Board</li> <li>University Partnership Board</li> <li>Quality Safety &amp; Experience Assurance</li> </ul>	<p>7/7</p> <p>4/6</p>	N/A

NAME	POSITION	AREA OF EXPERTISE REPRESENTATION ROLE	BOARD COMMITTEE MEMBERSHIP/ATTENDANCE	ATTENDANCE AT MEETINGS 2016/2017	CHAMPION ROLES
			<ul style="list-style-type: none"> <li>Committee</li> <li>Business Planning &amp; Performance Assurance Committee</li> <li>Staff Partnership Forum</li> <li>Remuneration &amp; Terms of Service Committee</li> </ul>	5/6 5/5 6/6	
Teresa Owen (until 31.12.2016)	Director of Public Health		<ul style="list-style-type: none"> <li>Board</li> <li>University Partnership Board</li> <li>Quality Safety &amp; Experience Assurance Committee</li> <li>Business Planning &amp; Performance Assurance Committee</li> </ul>	5/5 4/5 4/5	<ul style="list-style-type: none"> <li>Emergency Planning</li> </ul>
Public Health Consultants (shared) From 01.01.2017)	Director of Public Health Representative		<ul style="list-style-type: none"> <li>Board</li> <li>Business Planning &amp; Performance Assurance Committee</li> </ul>	2/2 1/1	
Sarah Jennings	Director of Governance, Communications & Engagement		<ul style="list-style-type: none"> <li>Board</li> <li>University Partnership Board</li> <li>Quality Safety &amp; Experience Assurance Committee</li> <li>Business Planning &amp; Performance Assurance Committee</li> <li>Audit &amp; Risk Assurance Committee</li> <li>Stakeholder Reference Group</li> <li>Charitable Funds Committee</li> </ul>	5/7 4/4 6/6 5/6 8/13 1/3 5/5	<ul style="list-style-type: none"> <li>Public Patient Involvement</li> </ul>
Joanne Wilson	Board Secretary		<ul style="list-style-type: none"> <li>Board</li> <li>Audit &amp; Risk Assurance Committee</li> </ul>	7/7 13/13	N/A
Phil Kloer	Medical Director & Director of Clinical Strategy		<ul style="list-style-type: none"> <li>Board</li> <li>University Partnership Board</li> <li>Quality Safety &amp; Experience Assurance Committee</li> <li>Business Planning &amp; Performance Assurance Committee</li> </ul>	6/7 3/4 6/6 6/6	<ul style="list-style-type: none"> <li>Caldicott</li> </ul>

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 University Health Board and define - its 'ways of working'. These documents, together with the range of corporate policies set by the Board make up the Governance Framework.

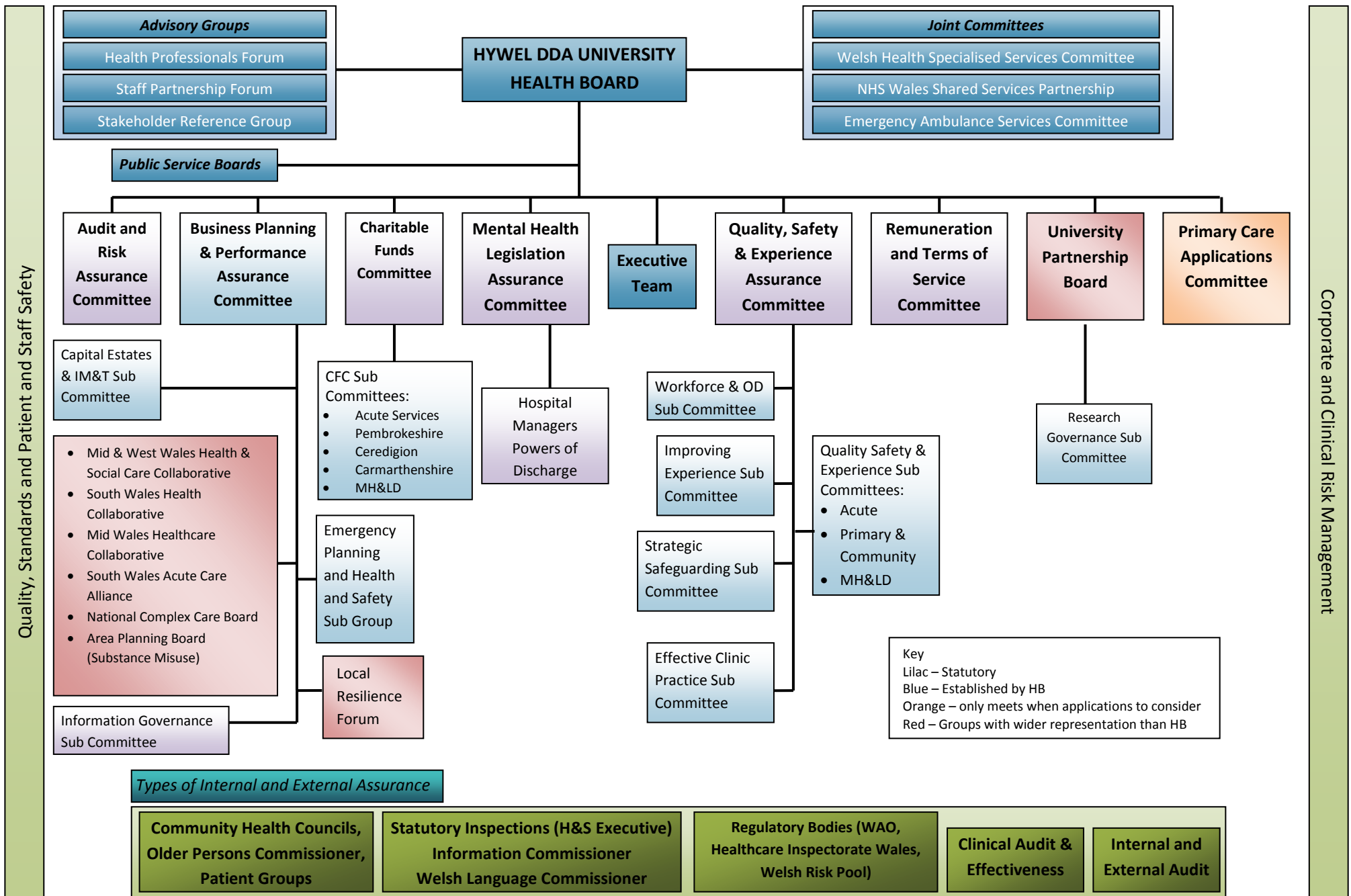
The following table outlines dates of Board and Committee meetings held during 2016/2017, with all meetings being quorate:

Meeting	Dates of Meeting									
Board	01.06.16	02.06.16	21.7.16	22.9.16		24.11.16	26.01.17	30.03.17		
Audit & Risk Assurance	12.04.16	10.05.16 (2 meetings)	01.06.16	07.07.16	09.08.16	07.09.16	11.10.16 (2 meetings)	06.12.16	16.01.17	14.02.17 (2 meetings)
Charitable Funds			16.06.16			15.09.16	25.10.16 (Extraordinary)	29.11.16		09.03.17
Quality, Safety & Experience Assurance	19.04.16	21.06.16	16.08.16	18.10.16		13.12.16	21.02.17			
Mental Health Legislation Assurance			09.06.16	07.09.16			01.12.16	02.03.17		
Business Planning Performance Assurance	26.05.16	28.06.16	23.08.16	25.10.16			10.01.17	28.02.17		
Primary Care Applications	05.04.16	07.06.16		06.09.16		31.10.16		12.12.16	07.02.17	
University Partnership Board	04.04.16		28.07.16			03.11.16		17.01.17		
Remuneration & Terms of Service	28.04.16		18.08.16	21.09.16		20.12.16	16.01.17	23.02.17		

### 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. 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. 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 Wales Audit Office (WAO) Structured Assessment 2016 acknowledged that the Board and its committees are generally operating effectively with evidence of on-going improvements to management and performance information and scrutiny of this information. The Board recognises that there are remaining opportunities to further strengthen operation of the 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:



## 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. The Board continues to hold its meetings across the three Counties with a focus on local as well as wider UHB issues, where the relevant Hospital Directors present the local issues report. There is a Public Forum prior to the agenda set meeting at which the Chair takes questions submitted in advance. 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. This will be further developed in the new financial year through the introduction of an evidence based ward to board reporting process. The WAO's 2016 Structured Assessment concluded that the Board has significantly strengthened its assurance arrangements and Board meetings continue to operate effectively with all formal procedural requirements met.

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:

<p>UHB Wide Issues (Approval)</p>	<ul style="list-style-type: none"> <li>• Approved the Draft Operational Plan for 2016/2017;</li> <li>• Approved a number of recommendations in order to enhance the access to primary care services for the population;</li> <li>• Approved the Committees' Annual Reports and the Governance and Accountability Module;</li> <li>• Approved the Annual Quality Statement, Accountability Report, Annual Governance Statement, Annual Accounts, Letter of Representation and WAO ISA 260 for submission to Welsh Government;</li> <li>• Delegated final approval of the Framework for Dealing with the Mistreatment of Staff on Social Media, to the Workforce &amp; Organisational Development Sub-Committee;</li> <li>• Approved the contents of the Board Assurance Framework based on the UHB's strategic objectives and approved new principal risks for inclusion;</li> <li>• Approved the UHB's University Partnership Board Strategy;</li> <li>• Approved the revised Executive Director membership and voting arrangements on the Board;</li> <li>• Agreed implementation of the interim option for Withybush General Hospital Paediatric Ambulatory Care Unit (WGH PACU);</li> <li>• Agreed a course of action to ensure that the UHB is prepared for the implementation of the Nurse Staffing Levels (Wales) Act 2016;</li> <li>• Approved the establishment of a Task &amp; Finish Group and its plan to address the recommendations of the report on the Review of Nurse Staffing levels and Skill Mix in the Emergency Departments of the UHB;</li> <li>• Standing Orders, Standing Financial Instructions and Scheme of Delegation;</li> <li>• Accepted and agreed the Neonatal Report of the Royal College of Paediatrics and Child Health;</li> <li>• Approved the interim budget for 2017/2018 to enable Month 1 2017/2018 reports to be produced at the end of April 2017;</li> <li>• Approved the Well-being Objectives and the Well-Being Statement in order that these can be formally published to fulfil the statutory obligations under the <i>Well-Being of Future Generations (Wales) Act 2015</i>.</li> </ul>
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<p>UHB Wide Issues (Endorsement)</p>	<ul style="list-style-type: none"> <li>• Endorsed the progress in implementing the Royal College of Paediatrics &amp; Child Health Action Plan;</li> <li>• Endorsed the approach to the consultation phase of the Transforming Mental Health Services Programme;</li> <li>• Endorsed the Health Protection Function arrangements for the UHB;</li> <li>• Endorsed the introduction of the Values and Behaviours Framework;</li> <li>• Discussed, at an early stage with continued discussions in the year, the concern to achieving forecasted year-end position and endorsed further actions to control the position;</li> <li>• Ratified the in year change to the forecast year-end deficit position and remedial actions proposed by the Audit &amp; Risk Assurance Committee;</li> <li>• At each meeting, the Board discussed and noted the Integrated Performance Report, requesting further actions as deemed necessary;</li> <li>• Supported the review of the UHB's Strategic Objectives;</li> <li>• Supported the content of and endorsed the approaches in, the report on Community Resilience;</li> <li>• Endorsed the work being undertaken to improve the quality and scope of local services in the UHB's Therapies and Health Sciences Annual Report and Forward Plan;</li> <li>• Supported progress with the '111' project, in particular the contingency arrangement, project risk planning and mitigations in place to support the initiative;</li> <li>• Endorsed the contents of the Winter Preparedness 2016/2017 report;</li> <li>• Endorsed the Register of Sealings as appropriate;</li> <li>• Supported the content of the Wales Audit Office Annual Audit Report and Structured Assessment Report 2016;</li> <li>• Endorsed the approach being taken to prepare a Clinical Services Strategy;</li> <li>• Supported and agreed the A Regional Collaborative for Health (ARCH) Portfolio Delivery Plan;</li> <li>• Supported the proposed model for the development of a walk-in nurse led unscheduled care service for Tenby Hospital and the opportunities and benefits it affords to a more integrated primary and community care model;</li> <li>• Accepted the Health &amp; Care Standards Fundamentals of Care (2016) Audit findings presented 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;</li> <li>• Supported the current position in relation to progress made on meeting the requirements of the Nurse Staffing levels (Wales) Act and was assured that the UHB will be compliant with the requirements of Section 25A of the Act from April 2017.</li> </ul>
<p>Focus on Pembrokeshire Issues</p>	<ul style="list-style-type: none"> <li>• Supported the ongoing service changes to ensure sustainable integrated healthcare services for the future, including the direction of travel for future developments in Primary Care and Community Services;</li> <li>• Acknowledged the contribution made by all the fundraisers involved in raising funds for the new Haematology and Oncology Day Unit at Withybush Hospital, the first of a number of on-going developments at Withybush;</li> <li>• Received assurance that despite the challenges in securing permanent medical and nursing staff in both primary and secondary care, in order to support current and future healthcare services, safe services have been maintained throughout.</li> </ul>
<p>Focus on Ceredigion</p>	<ul style="list-style-type: none"> <li>• Received a presentation from local community pharmacists outlining the work undertaken and both the challenges and opportunities that are present;</li> </ul>

issues	<ul style="list-style-type: none"> <li>• Supported the plans and initiatives identified which will strengthen services and provide integration on all levels, across organisations and between individual services;</li> <li>• Supported the work of the Mid Wales Healthcare Collaborative, noting the fact that it was being reviewed as it was initially set up for a period of two years, with a report to be submitted to Welsh Government with legacy options for ministerial consideration;</li> <li>• Supported the work undertaken on both the Cylch Caron and Cardigan Integrated Care projects;</li> <li>• 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.</li> </ul>
Focus on Carmarthenshire Issues	<ul style="list-style-type: none"> <li>• Acknowledged that Carmarthenshire has considered the key requirements of the Social Services and Wellbeing (Wales) Act and as such, prevention, integration and a person centred approach is evident in the planning and provision of care.</li> </ul>

### **Board Development Programme**

During the year, the Board has continued to participate in the ongoing Board Development Programme facilitated by Academi Wales, which has clear aims and expected learning outcomes. This year has focused on Academi Wales working with the Executive Team. We are also working with other organisations to support team development for Executive and clinical teams and have our respective in-house programmes for Independent Members and Executive Directors. Next year, in view of changes to the membership of the Independent Members of the Board, it is intended to repeat the original Board Development Programme in addition to any new initiatives.

The above programme has been supported by locally designed initiatives and development sessions, with Board Members participating in the UHB's Board Development Sessions and Board Seminars, both of which have been held on a regular basis during the year. The combination of Board Organisational Development (OD) sessions and Board Seminars has 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. In terms of governance, one session featured the Board's assessment of the Governance, Leadership and Accountability Standard. Other sessions held over the year have featured:

- The Board's Operational Plan;
- Presentation on Five Ways to Wellbeing;
- Participatory Engagement;
- Presentation from the Emergency Ambulance Services Committee;
- Presentation on the Forward Plan Update for Therapies & Health Sciences;
- Presentation and discussion on the Clinical Services Strategy;
- Refresher training on Board Members' roles as Trustees of Charitable Funds;
- Refresher training on Adults & Children's Safeguarding;
- Risk Management & Board Assurance Framework;
- Presentation from the Wales Deanery;
- Committee Operation and Terms of Reference;
- Escalation Status and Targeted Intervention with Dr Andrew Goodall;
- Turnaround Programme;
- Two full day sessions on Transforming Clinical Services;
- Prevent – Anti Terrorism;



- Presentation by NWSSP.

### **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. In supporting the Board by critically reviewing governance and assurance processes on which reliance is placed, during 2016/2017 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 including the financial handling plan. An extraordinary meeting was convened in September 2016 with the specific remit of providing detailed scrutiny on the current financial position with interpretation of the position including an analysis and explanation of variances against plan at month one and beyond, understanding the budget setting process and understanding the foreseeable and unforeseeable slippages against the budget. The financial year end trajectory based on actions undertaken and planned, together with options for recovery were also discussed, with the Committee agreeing that the financial forecast would need to change in view of the discussions;
- The Head of Internal Audit Opinion and other opinions on the adequacy of disclosure statements for 2016-2017, 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 Governance Statement, Audited Financial Statements and Auditor General's Opinion;
- The review of the Board's Standing Orders, Standing Financial Instructions, Scheme of Delegation and the Committee's own Terms of Reference and recommended for approval to the Board;
- Attendance by NHS Wales Shared Services Partnership to provide assurance that issues identified within the Accounts Payable Function were being rectified;
- The Board's risk register, at regular intervals, with particular reference to reviewing high scoring risks remaining at the same level for six months or more with Executive Directors being held to account via discussions;
- 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 increasing number of Single Tender Actions ;
- The Committee's concerns regarding the UHB's escalation from "Enhanced Monitoring" to "Targeted Intervention" status, with it being agreed that this would be a standing agenda item for future meetings and requested the Chief Executive provide an update on the position at each meeting.
- 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 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. In a period of rapid change where far-reaching decisions have to be made, it is vital that risk management is at the heart of the process. We have continued to make progress in moving to a position where it can be used effectively to help achieve our objectives and improve decision making, as is demonstrated by the scrutiny of the Board Assurance Framework by the Committee. Supporting and encouraging the

effectiveness of risk management is a valuable role provided by the ARAC and its members' understanding of what risk management can and should be doing has raised the profile of risk management across the organisation. By monitoring the performance of risk management and any obstacles to improvement, the ARAC has helped to ensure the adoption of good practice across the organisation. In reviewing the UHB's key risks it has sought assurance that the actions being undertaken are having an effect and questions from the ARAC have assisted with ensuring that the appropriate action has been taken.

This year, in addition to its scheduled programme of work, resulting from the challenges faced by the UHB, the ARAC has convened for a number of extraordinary meetings in order to ensure that due diligence is enacted to scrutiny and governance of the organisation. As already referred to above, an extraordinary meeting was held in September 2016 to discuss the financial position. At this meeting Wales Audit Office observed that it was clear that everyone had a full understanding of the financial position and it was reassuring to see the programme of work that had been undertaken and the options presented. A further extraordinary meeting was held in January 2017, in view of the deteriorating financial position, at which concern was expressed around the lack of controls applied to the authorisation process committing to and reviewing of locum and agency expenditure. Assurance was received from the Executive Team that due to the fragility of services, the high cost locums were essential to ensure continuity of service delivery and safety, quality and access targets in service areas. Assurance was also forthcoming that the Executive Team are developing a comprehensive and defined control process to be quickly embedded in the organisation and that the UHB will be implementing this improved system from the start of the new financial year to strengthen the controls in place.

The ARAC held three extraordinary meetings, specific to scrutiny of the risk registers, in July and October 2016 and February 2017, whereby the Committee scrutinised the risks included in the Corporate Risk Register that had remained as extreme risks for six months or longer. At the specific request of the ARAC Chair, Executive Directors and Lead Officers were in attendance to discuss these high level risks. A variety of risks were reviewed in detail and during the meetings there was collective evaluation of whether adequate controls and mitigation were evident to manage the extreme risks identified from the respective portfolios. Although Members recognised that progress had been made, the Committee agreed that further progress needed to be continued, with specific actions requested at each of the meetings. It is expected that Business, Planning & Performance (BPPAC) will provide assurance to ARAC on this process in future.

An extraordinary meeting of ARAC was also held in April 2016 to seek assurance and to challenge accountable Executive Directors and lead officers on the pace of addressing outstanding recommendations from WAO reports. As a result of this session, letters were issued to lead officers clearly outlining the expectations required in the pace of addressing the implementation of recommendations and improved responses to WAO reports, with the ARAC providing on-going scrutiny where insufficient progress is being made or assurances are not being received. All audit recommendations are tracked in one place with a detailed audit tracker being periodically considered by the ARAC. In its Annual Audit Report 2016 WAO commented that the UHB continues to strengthen tracking of its audit recommendations to ensure that all external and internal audit recommendations are tracked in one place with some suggestions made as to how this could be further strengthened.

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 Audit & Risk Assurance Committee, in accordance with best governance practice, has undertaken a self assessment and evaluation of its own performance and operation, with members being constructive in their

responses, commenting on processes and procedures, with areas for development being identified. It was concurred that the relationship between ARAC, QSEAC and BPPAC is an important one as it continues to build closer working relationships between the Executive Directors and Independent Members. The feedback also identified that members feel that it is a mature Committee and recognising that two of its long standing members would be leaving the organisation shortly, the Committee challenged itself to commence succession planning in terms of sharing their knowledge, skills and lessons learnt. In conclusion, it was concurred that the assessment demonstrated that the Committee is effective in its performance and that the Board can take assurance from this.

In keeping with the UHB's commitment to openness and transparency, the ARAC papers continue to be available on our public facing website. The ARAC also provides a detailed update report to each Board meeting alongside an independent report of progress against the Committee's work programme and associated business. Please click on link for further information [Audit and Risk Assurance Committee](#).

### **Business Planning and Performance Assurance Committee (BPPAC)**

Working to Board approved Terms of Reference, the Committee has provided one of the internal control mechanisms for providing assurance and where appropriate, highlighting risks to the Board. During the year, at the Board's request it has focused on planning, undertaking rigorous scrutiny on this area. The following are some of the matters focused upon during the year:

- Financial Position – monitoring of the financial handling plan introduced to mitigate the increasing deficit and variable pay costs impacting on the deficit position and adjustment of the forecast year-end deficit to £51.815 million;
- Recommended the UHB's Draft Operational Plan 2016/2017 to Board for approval ,with assurance that it will be actively and effectively used to provide assurance around the delivery of the Integrated Medium Term Plan and the Operational Plan;
- Pressures on and the performance of Unscheduled Care and the impact on Scheduled Care and specialties under pressure;
- 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 priorities from identified pressures in terms of risk, statutory compliance, patient safety and experience, operational efficiency and reputational issues;
- Performance information - through the Integrated Performance Assurance Report, with particular focus on Key Patient Flow;
- Approval of Together for Health Delivery Plans for formal submission to Welsh Government;
- Concerns regarding delays in cancer treatment resulting from tertiary capacity issues;
- Tenby Business Case – whilst Committee endorsed the model, it was agreed that further clarification regarding potential benefits and cost savings would be required prior to Board approval;
- Operational risk registers and principal risks on the Board Assurance Framework;
- Updates on Mid Wales Healthcare Collaborative- the Committee supported the work undertaken, noting the achievements that were being made and the good engagement with stakeholders.

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;
- The outline of a patient story to the Board in each update report;
- Any non compliance with National Patient Safety Alerts and recognition of the associated risks;
- Visibility of the work of the Strategic Safeguarding Sub-Committee, requesting that a Board Seminar session be held to further discuss the issue;
- Recognition of the importance of utilising risk registers as a dynamic risk register tool and QSEAC will commence using the quality and safety risk register to plan its agendas.
- Paediatric Services – as part of the Board’s decision to reduce on a temporary basis the opening hours of then Paediatric Ambulatory Care Unit at Withybush General Hospital, QSEAC was asked to consider the system risk and the mitigation associated with the change in service;
- The Committee’s concerns regarding the outcome for a number of incidents reported on Datix are recorded as ‘no lessons learnt’, with it being agreed that this option be removed from the system.

In addressing some of the comments previously highlighted by WAO, in the 2016 Structured Assessment it is recognised that there is evidence of some improvements in reporting of quality governance and scrutiny and as a Board 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. In the forthcoming year, it is planned that there will be increased clinician involvement, including site visits. 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: [Quality, Safety and Experience Assurance Committee](#).

### **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 addressed during the year was the significant delays in waiting for opinions from Second Opinion Appointed Doctors;
- Update reports from the Hospital Managers Power of Discharge sub-committee;
- Update on progress made in implementing action plans following HIW announced and unannounced inspection visits with concerns raised regarding conveyance of patients;
- Approval of the joint Section 117 Policy ( the duty on health and social services to provide aftercare services to certain patients who have been detained under the Mental Health Act) between the UHB and its Local Authority partners following earlier concerns raised regarding delays in its agreement;
- The success of the Social Worker Intervention in Self Harm pilot study, a joint venture between the UHB and Swansea university, providing an early intervention with people presenting with thoughts of self harm or suicide;

- Patient Stories on experiences of receiving mental health care.

### **Primary Care Applications Committee (PCAC)**

The Primary Care Applications Committee determines Primary Care contractual matters on behalf of the UHB and in accordance with NHS regulations. During the year, the Board was informed of the following key matters:

- Allocation of Premises Improvement grant 2016/2017;
- Approval of branch surgery closure in accordance with the approved operating procedure for such closures;
- Updates on GMS Practices and those practices receiving support from the UHB;
- Contract variations, including contractual activity change in General Dental Services.
- A review of PCAC's Terms of Reference, including clarifying its role in considering contractual matters and that financial matters are discussed by BPPAC or the Executive Team.

### **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:

- Updates on the performance of the charity's investments;
- Committee's awareness of the need to manage expectations and safeguard the UHB's reputation in terms of charitable funds;
- Fundholder updates for the Charitable Funds Sub-Committees;
- Updates on funding requests;
- Progress on the appointment of Investment Advisers following a tender exercise.
- Updates on the fundraising plan 2017/2018 and the 3 year work plan for Hywel Dda Health Charities.

### **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:

- Recommendation to the Board to approve the University Partnership Board Strategy;
- Updates from the Research & Development Sub-Committee;
- Update on the establishment of a Collaborative Institute for Learning & Development;
- Establishment of a 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. Meetings were convened on a regular basis with a review of the Group's Terms of Reference undertaken during the year. Changes were recommended to the membership in order to obtain fuller representation from a wider range of stakeholders and ensure robust representation at its meetings. This would hopefully address concerns regarding a lack of attendance from some of its members, at the meetings. There was consensus amongst members of the value of being part of the SRG, enabling issues to be raised, exchange of ideas with diverse individuals and provide feedback that makes change happen. Members recognised the importance of being able to work in co-production, to

engage and to convey messages to the public and agreed to trial themed workshops to alternate with meetings for the year, following which an evaluation will be undertaken.

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

- Social Care and Well-being (Wales) Act – members were informed that implementation of the Act on local authorities will have a direct impact on services provided by the NHS and other organisations;
- The Integrated Medium Term Plan – the SRG supported the work undertaken, recognising the challenges faced by the UHB including rurality, workforce costs, unscheduled care and the resources required to cover four hospital sites. A further workshop considered stakeholders involvement in developing and progressing the plan;
- Workshop on the Future Generations and Well Being Act regional engagement plan;
- Primary Care – SRG members are supportive of the work being undertaken within Primary Care, acknowledging the challenges faced by the UHB in maintaining services and recruitment of GPs within the area;
- Transforming Mental Health Services – members were advised of the systematic analysis, including feedback from multi stakeholders, staff and service users, undertaken of all of the options and the next steps to be taken. The pre-consultation engagement work for the Transforming Mental Health Services strategy has been recognised by the Consultation Institute as an example of best practice. The Institute said that this level of engagement work has not been carried out anywhere else in Wales or England;
- An update on the challenges facing the UHB in light of Targeted Intervention.

### **Local Partnership Forum**

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, significant strategic issues discussed included the UHB's Values and Behaviour's Framework, Withybush General Hospital Transfer of Services Project, Approval of Employment Policies, Process for Nursing Staff Agency Bookings, the IMTP and Clinical Services Strategy. The Forum was also provided with and discussed on a regular basis, the position regarding Glangwili General Hospital car parking, the financial position in detail, updates on Paediatrics, Neonates & Maternity Services.

### **Healthcare Professionals' Forum**

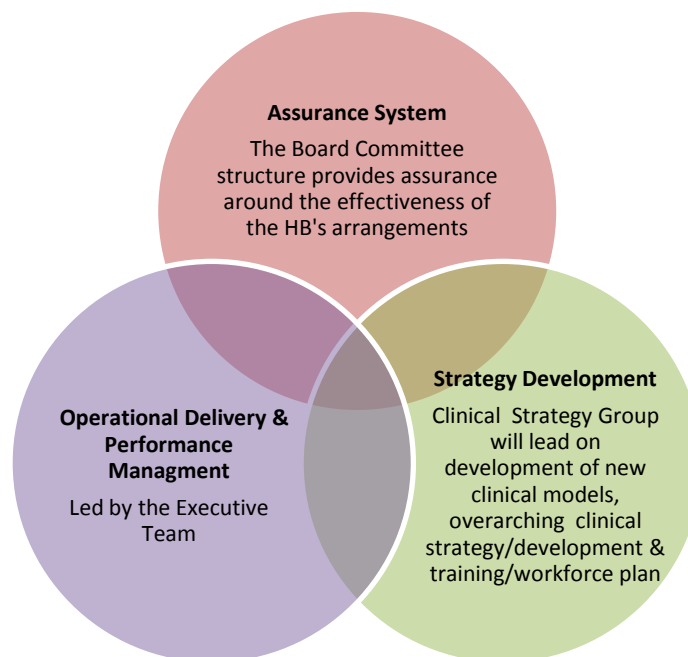
In accordance with its Terms of Reference, the Forum should comprise of representatives from a range of clinical and healthcare professions within the UHB and across primary care practitioners with the remit to provide advice to the Board on all professional and clinical issues it considers appropriate. 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. It is disappointing to report that as a result of membership difficulties, the Forum has not met during the year. This was recognised by the Board towards the end of last year as a matter requiring an invigorated approach, to ensure that the forum plays its full part in supporting the Board at a time of increasing challenge. Although it has taken longer than originally anticipated to resolve matters, following a process that has asked for nominations or expressions of interest, a renewed membership has been established and the forum will be convened in May 2017. I am confident that with the reinvigorated membership representing the views of the respective professions, that in going forward, the forum will contribute effectively to the work of the UHB.

### 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 sub-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 Chief Executive's Project Manager. 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.

### 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 Audit & Risk Assurance Committee 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. Effective Boards regularly reflect on their effectiveness and the robustness of their governance arrangements and at its March 2017 meeting the Board was advised of new high level governance arrangements, 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. As referred to earlier, the structure of the Executive Team has been strengthened during the year, with the revised portfolios ensuring that focus remains on capacity, balance and appropriateness.

In line with these changes, amendments were also made to the Scheme of Delegation, providing increased clarity in respect of Executive portfolios. 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 Welsh Government fit into the picture. We are currently undertaking a mapping exercise of our existing partnerships and collaborations with the aim of identifying our significant partnerships and that the infrastructure underpinning these is streamlined and purposeful. It also involves ensuring that all such partnerships/collaborations contribute beneficially to meeting the UHB's objectives and that any risks are identified and managed.

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 Welsh Government'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**

**Primary Care Applications Committee:** The purpose of the Committee is to determine Primary Care contractual matters on behalf of the UHB, and in accordance with the appropriate NHS regulations. During 2016/2017 the Committee met on six occasions and discussed matters relating to GP Practice Branch closures, boundary changes, list closures, practice mergers, practices moving premises, GP partnership to single handed contract holders, pharmacy opening hours changes and dental contractor changes. Furthermore it has been a useful forum for discussing primary care estates developments and priorities as well as broader GP sustainability issues.

**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 Business Planning and Performance Assurance Committee, especially if it involves collaborative work with both primary and secondary care to resolve some of the information technology and governance issues.

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.

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 other bodies such as the UHB, the General Medical Council and Community Health Councils 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.

It is recognised within Primary Care that effective risk management is integral to the achievement of all UHB's objectives. The Primary Care risk register highlights the current and ongoing risks in Primary Care and actions and progress are monitored and updated bi-monthly; it demonstrates that robust mitigation plans are in place wherever possible and highlights to the UHB where there are risks but where currently no further action can be taken. The risk register is on the agenda for the bi-monthly Primary Care Group and the 3 Counties Primary and Community Care Quality and Safety Group. Primary care performance issues are monitored and discussed at bi-monthly Performance Issues Group meetings and the recommended actions put in place. A joint Primary and Secondary care performance issues report is also produced annually and taken to the Board. A bi-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.

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. Representatives from each practice attend this meeting. Medicines Management are also linked in to cluster work with some clusters appointing Cluster Pharmacists.

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 the 31<sup>st</sup> March. Pharmacies are monitored as to whether it's been completed by NHS Wales Informatics Service, who provide updates from the beginning of April.

Dental Contractual and Performance Monitoring: Contract reviews, Quality Assurance system returns, Community Dental Service and Health Inspectorate Wales visits all feed into the Primary & Community Care Quality, Safety & Experience Sub Committee and Performers Issues Group. The BSA quarterly exception reports provide performance information and Tier 1 target information is captured quarterly.

**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.

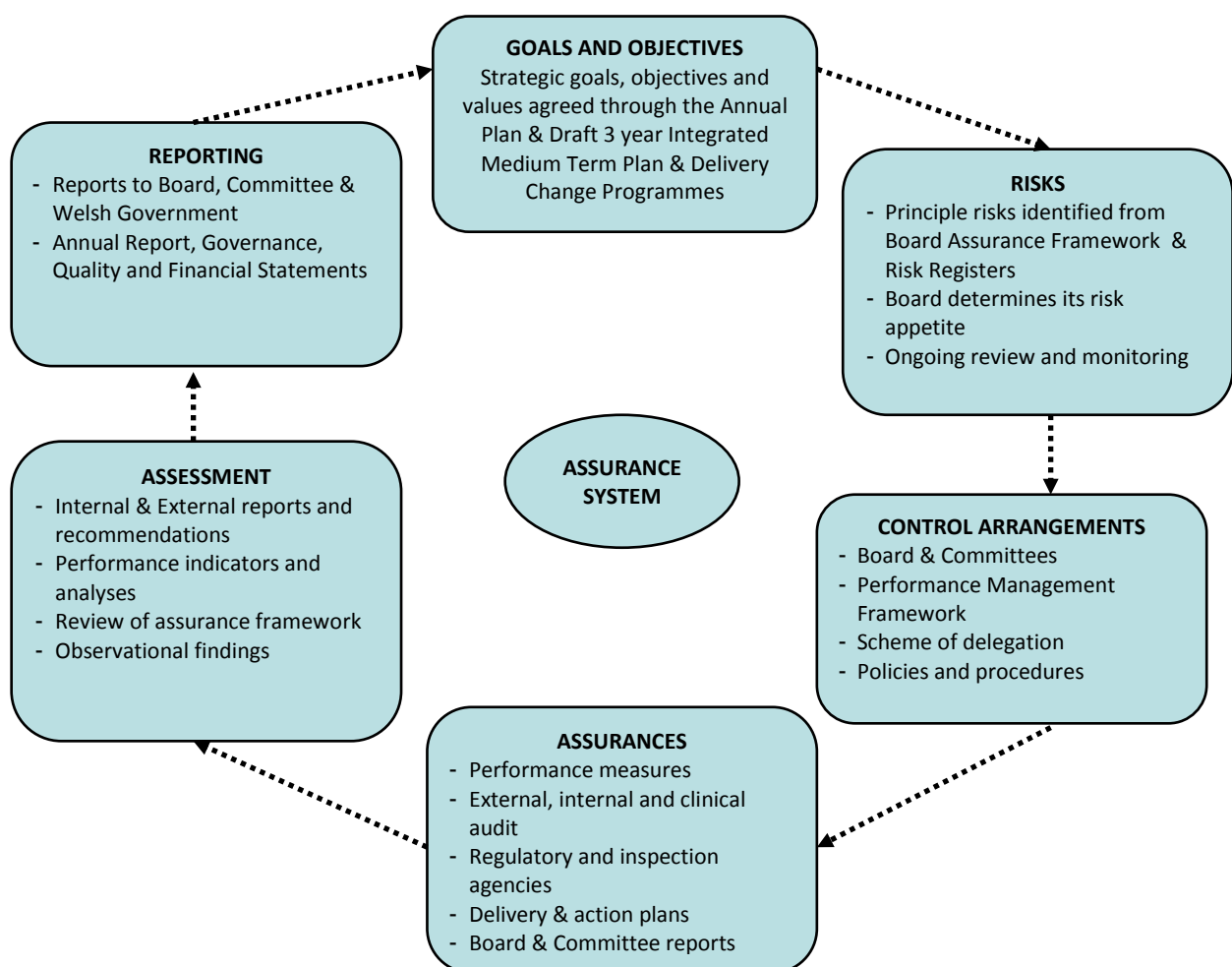
The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the policies, aims and objectives, to evaluate the

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 2017 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 12 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 & 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 responding to the challenge of its targeted intervention status whilst continuously seeking to maintain and improve service delivery in response to rising public expectations. 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 31<sup>st</sup> March, 2017.

### **Capacity to handle risk**

The UHB acknowledges that delivery of healthcare services carries inherent risk. 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 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 Welsh Government 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 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.

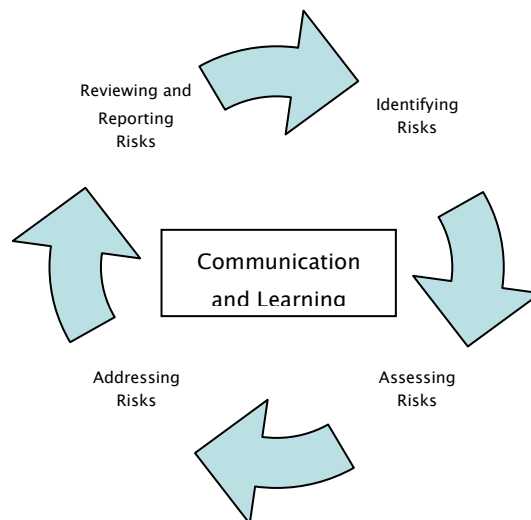
The commitment of the UHB is therefore to:

- 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;
- 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 Management Process



### Risk Register

The UHB manages risk within a framework that devolves responsibility and accountability throughout the organisation, discharged through a Services, County/Community and Directorate (Executive Directors' portfolio) structure. This ensures:

- Operational Risk Registers are developed at service delivery level within Services, County/Community and support directorates/areas of service managed strategically across the UHB. These are populated, reviewed and monitored within each service/county/support directorate structure through individual Senior Management Team arrangements;
- All Executive Directors take responsibility for risk identification, management and mitigation within their areas of work and practice, in line with the management and accountability arrangements of the UHB;

- The Board’s Corporate Risk Register 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. The Corporate Risk Register has been further refined to enable the Board to focus on the significant operational risks where risks are over tolerance, and not wholly within the gift of an individual Directorate, or even the UHB. The Executive Directors are responsible for putting forward the risks that the Board should be aware of and these will be reported to Board on a quarterly basis going forward;
- 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;
- An effective risk management system should also ensure that assurance is obtained over whether responses put in place to manage and control identified risks, are effective. The Audit and Risk Assurance Committee has undertaken detailed scrutiny of those risks scoring 15+ for over six months and requested assurances that these are being appropriately managed and mitigated. Executive Directors/Risk Leads were required to be present to explain and discuss the rationale for the scoring of risk, in particular those in the high or extreme category;
- Support and training has been offered to risk leads throughout 2016/2017 and a refresh/update session on Risk Management and Board Assurance Framework was provided to the Board in March 2017.

### **Risk Appetite**

After previously concurring 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 is 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 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 Welsh Government'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 Welsh Government, 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**

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.

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.

### **Board Assurance Framework**

During 2016/17, the UHB significantly strengthened its board assurance arrangements by developing a Board Assurance Framework. This was recommended by Wales Audit Office and the External Governance review undertaken in 2015/2016. 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 every Board since September 2016. It is reviewed prior to each Board meeting by the Executive Team before it is submitted to the Board for approval. The Audit and Risk Assurance Committee also reviews two objectives on the Board Assurance Framework at each meeting. The Business Planning and Performance Assurance Committee 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 31<sup>st</sup> March 2017. Further information on the risks and current controls is detailed in Appendix 1. The full Board Assurance Framework presented to Board in March 2017 can be viewed via the following link <http://www.wales.nhs.uk/sitesplus/documents/862/Item17.BoardSBARReportBAF.pdf>.

Feedback from Wales Audit Office Structured Assessment for 2016 commented that the UHB had significantly strengthened its assurance arrangements with an agreed board assurance framework and assurance map although there remained opportunities to strengthen reporting of corporate risks. It was recognised that the Board had rightly developed their risk management arrangements and board assurance mapping in a way which recognises that they two separate tools, mutually complementary and allow both a top down perspective on assurance a well as a bottom up approach. It was also reported by Wales Audit Office that the Board and its committees were generally operating effectively with management and performance information and scrutiny continually being strengthened. However, it was also commented that the framework for risk and assurance needs to be strengthened at a sub-committee level and the UHB is examining ways of providing additional support to take this forward.

During 2017/2018, the UHB will continue to improve the UHB risk maturity by continuing to embed risk management throughout the organisation by weaving it through other business processes such as strategic planning. This will help to improve decision-making and the prioritisation of resources within the UHB. 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. This will be supported by the development of a suite of procedures/guidance for staff on various aspects of risk management and also supplemented by a programme of training for staff via the Manager's Passport training programmes. The UHB is also planning to develop the risk module on Datix in 2017/2018 to facilitate the collection and communication of risk information across the organisation.

### **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. The governance arrangements between the UHB and its partners are being established in such a way that help build effective relationships, foster trust, provide clarity, support accountability, incentivise improvement and mitigate risk.

The UHB is currently developing its Partnership Governance Framework which will determine the preferred approach regarding ownership of risk, shared risk and the impact of risk upon the UHB, and the exploration and agreement of its approach regarding assurance. It is intended that this Framework will ensure a consistent approach is undertaken to putting effective arrangements in place for the governance of partnerships, and to ensure on-going consideration of each partnership's effectiveness. The Framework will set 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.

In preparation for this, at its March 2017 meeting, the Board was presented with a paper indicating the proposed approach to developing a Partnership Governance Framework for Hywel Dda. As the amount of time required to be spent with our key partners to ensure their engagement in the Framework cannot be underestimated, it is anticipated that the Partnership Governance Framework will be presented to the Board for approval in September 2017.

It is recognised that effective risk management is essential for successful partnerships and it is proposed 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. A risk register will be established for each significant partnership which will be updated on a regular basis. These risk registers will be reviewed regularly in liaison with the UHB's Lead Director or representative on the Partnership, through which any issues can be raised and feedback received. 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.



## **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. 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**

Hywel Dda University Health Board 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 Welsh Government'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. Further detail on the Incident Plan can be found in the Annual Report.

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 12 Executive/Senior Level Staff who have completed Exercise Wales Gold Command Training and 16 Hospital Managers/Senior Nurses who have completed Silver Level Training for Health with another 26 scheduled to attend.

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 - <http://www.dyfed-powys.police.uk/en/what-we-do/civil-contingencies> - 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 2016/2017, key achievements include:

- Participation in the Exercise Red Kite programme which involved a live major incident exercise and a number of associated table top exercises. The Exercise Red Kite was part of the 'Cervantes' Home Office Counter Terrorist Exercise programme. During the

28th and 29th of June 2016, exercise play took place at multiple locations across South & West Wales. The scenario of events was developed to reflect the threat of a multi-site, Marauding Terrorist Firearms Attack (MTFA). On the 28th June 2016, at a fictional public event in Carmarthenshire, live-play was undertaken at an MTFA incident by emergency service responders and the military. Supporting this scene of operations were command and control structures, working alongside and interacting with other LRF's, the Welsh Government and Central Government Cabinet Office Briefing Room (COBR). The UHB participated at strategic, tactical and operational levels during this incident and activated the Hospital Co-ordination Centre at Glangwili Hospital as part of its response;

- Participation in Exercise Cygnus – tier 1 Pandemic Influenza exercise;
- Delivery of bespoke major Incident training package to silver level for hospital managers with responsibility for running a Hospital Co-ordination Centre;
- Further development of trained Medical Emergency Response Incident Team to contribute to All Wales capability;
- Participation in development and testing of All-Wales mass casualty response arrangements;
- Review and further development of the UHB's Business Continuity arrangements.

A leading role in providing assurance over the adequacy of controls across a range of risks is played by Internal Audit, whilst 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. 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 31<sup>st</sup> March 2017, 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 31<sup>st</sup> March 2017 and up to the date of approval of the annual report and financial statements.

### **The control framework**

At Hywel Dda University Health Board 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. Meeting the rising demand for care, particularly from people with complex needs or long term conditions is a major challenge. 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. 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.

Quality is also reliant on having strong, underpinning structures within the UHB. The revised governance arrangements currently being developed, based around the three elements of Assurance, Operational Performance Management and Strategy will provide a robust foundation to support the quality agenda.

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.

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. From a quality perspective, however, a Health and Care Standards Fundamentals of Care Audit was undertaken in 131 areas across the UHB to highlight the findings in relation to key areas of practice. There were three 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.

At the UHB, corporate governance is regarded as the way in which we are governed and controlled to achieve our objectives. The control environment makes an organisation reliable in achieving these objectives within a tolerable degree of risk it is the glue which holds the UHB together in pursuit of its objectives while 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 Audit and Risk Assurance Committee. 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 Welsh Government 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 series 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 Welsh Government's supporting guidance in relation to the standard criteria and the entire assessment can be found within the June 2017 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**

Control measures are in place to ensure that all the organisation's obligations under equality, diversity and human rights legislation are complied with. 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. 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. Work towards fulfilling the duties of the Well-being of Future Generations (Wales) Act 2015 and the Social Services and Wellbeing (Wales) Act 2014 is underpinned by the principles of equality. An integrated Impact Assessment Tool which will further embed equality considerations into the core mechanisms of the UHB will be rolled out in May 2017. Equality Impact assessment 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 websites 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. Progress on the UHB's stated Equality Objectives is reported to the Improving Experience Sub Committee which in turn reports to Board through the Quality, Safety and Experience Assurance Committee structure. These groups constitute wide representation across all functions, facilitating action directly targeted at improving staff and patient experience. A refreshed Strategic Equality Plan and Objectives was approved by the Board in March 2016. The Strategic Equality Plan Annual Report 2017 (reporting on the year April 2015 – March 2016) was presented to Improving Experience Sub Committee in November 2016 and to Board in January 2017 prior to publication by 31 March 2017.

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.

The organisation has undertaken risk assessments and Carbon Reduction Delivery Plans are in place in accordance with emergency preparedness and civil contingency requirements as based on UKCIP 2009 weather projections to ensure that the organisation's obligation under the climate change Act and the Adaptation Reporting requirements are complied with. The UHB has continued to deliver on energy and transport projects that work towards reducing our carbon footprint. The Energy Performance Contract is in year 2 and carbon saving targets and performance continues to improve. The focus this year has been to develop a Phase II Energy & Carbon saving project to target a further circa 650 tonnes of Carbon reduction. A business case has been developed and this is with Welsh Government pending approval to proceed. In addition the UHB is proposing to introduce energy and carbon savings schemes on the back of large scale infrastructure projects. Examples of this may include PV Panel installation as part of a wider roof replacement scheme. This is at an early stage of planning and is a future objective.

### Integrated Medium Term Plans

The NHS Finance (Wales) Act 2014 requires each Health Board to prepare a plan which sets out the Board's strategy for complying with the three year financial duty to breakeven. The UHB Plan cannot yet evidence financial balance and the plan must therefore be considered in terms of the strategic direction it signals and as an interim position pending further work locally and with Welsh Government to bridge the financial gap. As it has failed in its duty to have an approved three year IMTP in place for the period 2014-2015 to 2016-2017, the UHB has been in breach of this statutory duty.

During 2016/2017 in the absence of a Welsh Government approved IMTP, the UHB, as advised by the Welsh Government, worked to a Board approved Operational Plan. The Operational Plan for 2016/2017 in the main was drawn from the Interim Integrated Medium Term Plan 2016/2017 to 2018/2019 already approved by the Board in March 2016 in terms of our ten strategic objectives, albeit as 'interim' as this was unapproved by Welsh Government. Interim status was in recognition of the fact that the Plan did not fulfil the statutory requirement to produce a financially balanced plan over the three year period in line with section 175 of the National Health Service (Wales) Act and the NHS Planning Framework. The deliverables and actions for 2016/2017 were agreed with the Welsh Government, as well as clear milestones for how critical IMTP components were to be developed or strengthened during the year. With the exception of the financial position, our performance across all key targets in 2016/2017 has held or improved on the previous year, as shown below:

UHB Targets	2016/17 Performance
RTT %<26 weeks	Improved
RTT >36 weeks	Improved
Diagnostics >8 weeks	Held
Delayed follow ups	Improved
A&E <4hrs	Improved
A&E 12hr waits	Improved
Ambulance Cat A Calls	Improved
Ambulance handover delays	Improved
Cancer – USC	Improved
Cancer – NUSC	Held

Stroke - Direct Access to Stroke Unit	Improved
Stroke – CT in <12hrs	Held
Stroke – Assessed by Stroke Consultant	Held
Stroke – Thrombolysis	Held
DTOCs – non MH	Improved
DTOCs - MH	Improved
MH – assessments undertaken within 28 days	Improved
MH – interventions started within 28 days	Improved
CO2 Validated Quit Rates	Improved

In particular, significant improvement was achieved with our RTT > 36 week which was reduced from 4059 to 2666. This was in addition to performance in a number of areas achieving the best improvement trajectory across Wales.

The Welsh Government requested that the UHB develop a one year Annual Plan for 2017/2018 rather than a 3 year Integrated Medium Term Plan. Given the need to develop our Clinical Services Strategy, it was agreed with the Welsh Government, that we could not realistically be in a position to produce an approvable Integrated Medium Term Plan by March 2017. It was therefore agreed that the UHB develop an Annual Plan which sets out our intentions for 2017/2018, however works within Welsh Government Planning Guidance. To this end, the UHB was required to submit a Board approved Annual Plan to Welsh Government by the 31<sup>st</sup> March 2017.

The Welsh Government asked the Board to set out its intentions for 2017/2018 including quality, delivery, workforce and financial dimensions and that these must show progress from 2016/2017 in key performance areas, and how we intend to address any significant quality and sustainability risks. There are number of areas in which we have to demonstrate actions/milestones which we are taking to secure both the 2017/2018 Annual Plan and a 2018/2019 Integrated Medium Term Plan in order to produce confidence namely:

- Demand and capacity planning (including capability and capacity);
- Improvement in data analysis to support planning and delivery;
- Strengthening the Service Improvement team;
- Increasing the Programme Management resource;
- Building communications and engagement capacity;
- OD and leadership development, including clinicians.

The Planning Framework sets out a prescribed format for Integrated Medium Term Plans to follow and the UHB has adopted this structure for the Annual Plan as this will also help form the basis for the planning cycle for the Integrated Medium Term Plan 2018/2019. The previously agreed Strategic Objectives remain at the core of the Annual Plan and will also be at the centre of the IMTP. The status of this Plan therefore remains as work-in-progress pending further work with Welsh Government colleagues.

Last year we commenced work on the planning cycle for the IMTP 2018/2019 to 2020/2021 with the clear intent that sufficient improvement is demonstrated, including evidence based plans that will allow the Board for the first time to develop an approvable Plan for the next 3 year cycle. The key role and importance of our staff and the continued progress of initiatives to strengthen recruitment and retention remains central to the achievement of our Plan for 2017/2018 and future years.

The Board at its March 2017 meeting approved the 2017/18 Annual Plan for submission to the Welsh Government as an interim plan reflecting the fact that it does not satisfy out statutory duty for financial break even. This plan was discussed alongside a revised Budget Setting Strategy and Turnaround plan which the Board agreed could be usefully incorporated into a single document. The Board agreed these will be incorporated into our final Annual Plan for approval at its meeting in May 2017. For clarity, at the time of signing of the accounts and this Annual Governance Statement the Health Board has agreed the Annual Plan as its interim plan and formally approved both the Budget Setting Strategy and Turnaround Process - these decisions were recorded at its March 2017 meeting

### **Ministerial Directions**

A number of Ministerial Directions were given during the year, this information being available by accessing the following links:

<http://gov.wales/legislation/subordinate/nonsi/nhswales/2016/?lang=en>

<http://gov.wales/legislation/subordinate/nonsi/nhswales/2017/?lang=en>

A schedule of the directions 10 outlining the actions required and the UHB's response to implementing these was presented to the Audit Committee 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 information. These responsibilities are guided by legislation with the Medical Director being the designated Caldicott Guardian and the Director of Planning, Performance and Commissioning the Senior Information Risk Owner. Information Asset Owners (IAOs) are in place for key information assets held by the UHB and the programme of assigning IAOs will continue through 2017/2018.

The UHB also has responsibilities in relation to Freedom of Information, Data Protection, Subject Access Requests and the appropriate processing and sharing of personal identifiable information. The arrangements in place to ensure that information is managed in line with relevant legislation have been strengthened this year by establishing an Information Governance Team to drive forward the Information Governance agenda.

The UHB has had contact with the Information Commissioner's Office (the ICO) in relation to three incidents during the year. Details of which are given below:

- Incident relating to a breach of Section 55 of the Data Protection Act relating to the unauthorised access of a large number of patient records by a staff member. The UHB undertook its own internal investigation into the matter and self-reported the incident to the ICO. The ICO has now concluded their investigation with no further action identified that is required to be taken by the UHB, with the individual fined and dismissed from the service;
- Incident relating to a complaint made by an ex-employee of the UHB in October 2010 that another staff member had accessed their medical records without their consent. This complaint was investigated by the UHB at that time and the outcome of the investigation was 'inconclusive'. The individual concerned was not in agreement with this outcome and so made a complaint to the ICO in October 2016. The UHB provided relevant information to the ICO and is awaiting further feedback in relation to this investigation;
- Incident relating to a breach of staff information held in relation to their radiation dose badges. The UHB has an agreement with Velindre NHS Trust who has a contract with an external supplier to hold the database containing staff information in relation to their dose meter badges. This database was hacked in October 2016 and information



relating to 250 UHB staff was compromised. This has affected Health Boards across Wales and a full investigation into the matter is being undertaken by Velindre NHS Trust. All staff affected have been written to and informed of the breach. The incident was self-reported by the UHB to the ICO in March 2017.

The UHB has continued to identify, manage and control data security risk. During the year we have introduced the Secure File Sharing Portal to ensure the secure transfer of Personal Identifiable Information (PII) to users outside of the NHS Wales network and continue to monitor e-mail usage through our Mail Marshall filter system. The National Intelligent Integrated Audit Solution (NIIAS) that audits staff access to patient records has been implemented within the UHB with an associated training programme for staff and procedures for managing any inappropriate access to records.

Work continues to map the UHB's information assets to identify any associated risks and ensure that clear governance arrangements are in place for any PII that is being shared outside of the organisation. The UHB has developed a programme of work to prepare to meet the new General Data Protection Regulations (GDPR) which will replace the current Data Protection Act from May 2018. This work programme will be implemented in 2017/2018.

In addition, global e-mail, "Hywel Dda Today", staff training sessions, Information Governance 'Drop In' sessions 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 two years.

In terms of the Information Governance Framework, the UHB has and will continue to refresh our position against the Information Governance Toolkit with a further assessment already undertaken against the Caldicott Principles into Practice Assessment. The Information Governance Committee provides oversight, advice and assurance to both BPPAC and the Board with regard to Information Governance.

### **Data Quality and Information**

The UHB has continued with enacting measures for improving the quality of our data which informs our performance assessments and reporting and which also informs some of the internal/external reviews undertaken. Nevertheless, the lack of availability of robust data and informatics service is a continual barrier and the WAO Structured Assessment commented that whilst progress has been made on addressing the data quality arrangements, the pace of addressing these needs to be accelerated and data analytic capacity remains a concern.

### **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 Audit and Risk Assurance Committee with 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 Audit Committee 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 2016-2017:**

<b>Reasonable assurance</b>	 <p style="text-align: center;">-                      + Yellow</p>	<p>The Board can take <b>reasonable assurance</b> that arrangements to secure governance, risk management and internal control, within those areas under review, are suitably designed and applied effectively. Some matters require management attention in control design or compliance with <b>low to moderate impact on residual risk</b> exposure until resolved.</p>
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The revised All Wales framework for expressing the overall audit opinion identifies that there are eight 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	Reasonable
Financial governance and management	Reasonable
Clinical governance, quality and safety	Reasonable
Operational service and functional management	Reasonable
Capital and estates management	Reasonable
Information governance and IT security	Reasonable
Workforce management	Reasonable
Strategic planning, performance management and reporting	Limited

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 2017/2018 year to ensure they have been enacted.

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 79% of the Internal Audit reports achieved a rating of substantial or reasonable with 21% of the reports receiving a limited or no assurance rating. See table below:

Internal Audit Assurance Rating	2016/17	
	No.	%
Substantial	10	36
Reasonable	12	43
Limited	6	21
No Assurance	0	
Rating Not Applicable	0	0
<b>Total</b>	<b>28</b>	<b>100</b>

Similarly for Capital and PFI it should be noted that 50% of the audit reports achieved a rating of substantial or reasonable assurance, with 17% receiving a limited rating with a further 33% where a rating was not applicable. See table below:

Capital (Specialised Services) Audit Assurance Rating	2016/17	
	No.	%
Substantial	1	17
Reasonable	2	33
Limited	1	17
No Assurance	0	
Rating Not Applicable	2	33
<b>Total</b>	<b>6</b>	<b>100</b>

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

Subject	Issue	Action
<b>Financial Governance &amp; Management</b>		
Consultant Services January 2017	<p>Internal Audit observed no suggestion or evidence that identified reference to the consultancy thresholds set out in the UHB's SFI's.</p> <p>Sample testing identified that only 4 of the 10 consultancy services/ external contractors, chosen for testing, had gone through the appropriate procurement process.</p> <p>The appropriate authorisation channels should be followed for Single Tender Actions, including review by the Audit &amp; Risk Assurance Committee, prior to the contract being awarded.</p>	<p>The consultancy thresholds detailed in the UHB's SFI's should be adhered to at all times. Staff should be reminded of these thresholds and the requirements to comply with them.</p> <p>Staff should be reminded of the appropriate procurement process to be followed for all ordering of goods and services as well as authorisation of Single Tender Actions. Consideration should be given to imposing penalties on staff who fail to comply with the UHB's procedures.</p>

Subject	Issue	Action
<b>Corporate Governance, risk and regulatory compliance</b>		
Single Tender Actions March 2017	The use of limited timescales as a rationale excessively used.	Financial procedure to be amended to ensure time limited STAs are only allowed in exceptional circumstances.
Governance of Wales for Africa projects March 2017	No formal governance framework established for the project, including lack of a Memorandum of Understanding (MoU) between the respective parties. This contributed to no standardised policies and procedures being adhered to in conjunction with authorisation for annual leave and reimbursement of expenses.	All the recommendations have been agreed by management. Any future similar projects will be underpinned by an MoU with specific requirements, including an Executive Lead to provide regular reports to the Board.
Intermediate Care Fund March 2017	Issues relating to Terms of Reference for various operational groups and improvement needed on the accountability and reporting arrangements. ICF projects relating to the Health Board should demonstrate effective links to the overall strategy and objectives of the organisation prior to being approved.	The Health Board is currently drafting its management response.
<b>Information Governance &amp; Security Domain</b>		
IM&T Security Policies & Procedures	Some policies and procedures are out of date or do not reflect current practices or statutory requirements. Staff not aware or not having access to most recent documents. Policies not being reviewed within timescales.	All recommendations were agreed and have been incorporated for action into the Information Governance work plan for 2017/18.
<b>Strategic Planning, Performance Management and Reporting</b>		
Homecare Services Follow Up February 2017	<p>Follow up report in respect of progress of the 10 recommendations identified in the May 2016 report.</p> <p>One recommendation in respect of agreements being in place with homecare providers to ensure the medicines they provide are quality assured, appropriate for their intended use and available for continuing care has been fully implemented. The nine other recommendations have been</p>	<p>Actions in respect of the following remain ongoing;</p> <ul style="list-style-type: none"> <li>• Standardised information for patients,</li> <li>• Review of medicines pathway,</li> <li>• review to test robust communication,</li> <li>• Development of homecare team,</li> <li>• Clinical review of all prescriptions by a pharmacist,</li> </ul>

Subject	Issue	Action
	partially implemented and actions remain ongoing.	<ul style="list-style-type: none"> <li>• Review of SLAs,</li> <li>• Documented and approved processes and procedures,</li> <li>• Development of business plan</li> <li>• Agree a standard risk assessment for all services</li> </ul>
<b>Capital and Estates Management</b>		
Fire Precautions	Current policy out of date and needs to be reviewed to include reference to other key fire related policies and recognition of organisational changes. No fire defence plan in place for Glangwili Hospital and several overdue fire risk assessments. Unclear reporting arrangements to provide assurance for the Board.	The Health Board is currently drafting its management response.
Internal Audit will undertake follow up reviews of all limited audits within the first quarter of 2017/2018. Implementation of recommendations is being monitored by the relevant UHB committee.		

The Audit & Risk Assurance Committee 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 Audit & Risk Assurance Committee 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 although the UHB is laying some sound foundations to secure its future and the pace of change is increasing, it remains in a very challenging financial position with considerable work to do across a range of important areas. In reviewing the corporate governance and board assurance arrangements, it was concluded that the UHB has strengthened its governance arrangements with the foundations being implemented to address the ongoing planning and delivery challenges.

The work undertaken as part of Structured Assessment contributed towards the WAO Annual Audit Report 2016. The key findings and conclusions emanating from both the assessment and the report are summarised as follows:

- Overall the UHB has a broadly sound approach to in-year financial management but it continues to struggle to establish a sustainable financial position and financial breakeven was not achieved in either 2015/2016 or 2017/2018. A key challenge for the UHB is to develop a detailed Clinical Services Strategy which will aid its ability to establish a longer term balanced financial plan;
- The UHB has significantly strengthened its assurance arrangements with an agreed board assurance framework and assurance map;
- The Board and its committees are generally operating effectively with evidence of continual improvement to management and performance information and scrutiny of this information;
- There is good interoperability between committees and between committees and the Board, with escalation of issues and matters for Board attention;
- The Board is laying some sound foundations to deliver service modernisation and change. The organisational change programme will strengthen strategic planning focus, source additional capacity and expertise from external organisations while also building internal capacity and capability. However, it has some work to do including addressing critical capacity gaps and agreeing a clinical services strategy;
- The performance audit work, whilst identifying some good areas of practice and positive developments, also identified a number of improvement opportunities.

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 Audit and Risk Assurance Committee. The management response can be viewed on the UHB's website and can be found on the following link: [Item 13 WAO Structured Assessment 2016 Update](#)

## **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 through the appropriate committee and any matters for concern escalated accordingly. The outcomes of any such reviews and any emanating action plans are discussed in the most appropriate forum with any lessons learnt shared throughout the UHB. During 2016/2017 HIW inspection activity focussed mainly on mental health and learning disabilities services. There were particular concerns raised by HIW in respect of learning disabilities units and additional meetings were requested with the UHB to gain further assurances. Improvement plans have been developed and are being implemented by the UHB.

A follow-up of the Unannounced Hospital Inspection of Unscheduled Care in Bronglais General Hospital in September 2016 was also undertaken by HIW, who advised that they were disappointed with the progress that had been made since the previous inspection in August 2015. In order to improve the pace of delivery of the improvement plans developed in response to HIW inspections, a new group, to be chaired by the Director of Nursing, Quality and Patient Experience will be established in 2017/2018 to review progress and gain assurances that recommendations have been implemented.

A Report is submitted to each meeting of the Quality, Safety and Experience Assurance Committee 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 are 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 August 2016, HIW issued its Annual Report 2015-2016, which was a summary of the activity that it carried out between 1<sup>st</sup> April 2015 and 31<sup>st</sup> March 2016. During the year, HIW had undertaken 26 inspections across the UHB's settings, with a number of themes emerging through their work. Included in the themes from unscheduled care (A&E) hospital visits was that the UHB demonstrated that it fostered a culture of learning and encouraged personal and professional integrity and that staff were clear and knowledgeable about their particular roles and responsibilities. With the exception of NHS Dental Practice Inspections, where HIW were not always assured that work was undertaken/in progress in a robust and timely manner to address areas where improvement was required, this assurance was present for Hospital, General Practice and Mental Health Services Inspections.

## **Other review and assurance mechanisms**

### **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 any external audit, review and inspection 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 on the lead executive director and lead officer for each report;
- Updates on progress are provided and reported periodically to the Audit & Risk Assurance Committee.

Following feedback from the Structured Assessment 2016, the UHB will be strengthening the Audit and Review Tracker by implementing the following recommendations:

- Improving the clarity of audit recommendation tracking by including information in the summary of how many recommendations are overdue;
- Ensure that reports from the Delivery Unit are subject to its governance and assurance arrangements.

The UHB will also be strengthening the reporting and monitoring of action plans at committee and sub-committees. Guidance will be developed to ensure that committee work-plans will include frequency of monitoring action plans and that exceptions are reported to parent committees.

### **Performance Assurance Framework (PAF)**

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 PAF is an iterative document and is being developed beyond current performance monitoring reporting and management arrangements to embrace wider health system activities. The measures specified within the PAF underpin the Board's aims, and strategic objectives. The Board is presented at each of its meetings with an Integrated Performance Assurance Report that provides it with assurance on the most recent outturn position for key deliverable areas.

There are formal performance management meetings with the Executive Team, chaired by the Chief Executive, at which performance is both monitored and challenged. The outcomes of these meetings assist with understanding and challenging performance which is off trajectory and assess risks to future delivery, and agree remedial action plans with milestones for recovery. This process is further supported by the enhanced scrutiny that, as requested by the Board, the Business, Planning and Performance Assurance Committee has been applying to those areas of service that are off trajectory.

### **Legislative Assurance Framework**

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 legislative assurance framework 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.

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

It was recognised in the WAO structured assessment that the UHB's financial management arrangements are generally satisfactory and that financial reporting arrangements provide robust information for Board decision making. The UHB has a clear framework of roles and responsibilities with appropriate control activities and processes in place regarding the effective operation of in-year financial controls to ensure appropriate stewardship.

However, despite intense scrutiny and challenge, financial performance has been deteriorating mainly as a result of the struggle to reduce variable pay and the UHB's 2016-2017 year-end financial position is that of £49.613m deficit. This means we have not achieved our statutory breakeven duty this year. Although we continue to improve financial planning, the lack of a detailed clinical services strategy is hampering our ability to establish longer term balanced financial plans.

The Board recently agreed to voluntarily move into a period of financial turnaround, the purpose of which is to provide momentum around the delivery of safe cost savings and productivity improvements. This is necessary in order to ensure a sustainable base for our long term financial standing whilst continuously improving services for the population we serve. We are therefore implementing a turnaround programme with internal governance arrangements and establishing a turnaround team and a set of revised processes to provide momentum and relentless focus on addressing our financial position, ensuring that our performance and financial position meets Welsh Government requirements, and also planning for the forthcoming year. The Board is quite clear that quality, safety and safeguarding the organisation's values will remain at the heart of its approach to turnaround.



## **Targeted Intervention**

As a Board we know the nature of the challenges we face and have been clear that we cannot solve them alone. We therefore acknowledged the move from enhanced monitoring to targeted intervention as one intended to support us and as an opportunity to accelerate our improvement trajectory and welcome the support that we are now receiving.

The UHB has regular escalation meetings with the Welsh Government at which updates on progress are discussed together with specific issues running alongside. The meetings have covered actions we are taking in relation to the development of the clinical and transformation strategies, organisational issues such as how we are strengthening leadership and executive team development and the need for specialist analytical input to understand the underlying financial drivers faced by the organisation.

The February Board Seminar was attended by Dr Andrew Goodall, Director General Health and Social Services/NHS Wales Chief Executive. This provided an important opportunity for Dr Goodall to discuss the implications of escalation with the whole Board and was very much welcomed. Despite our escalation status, the Board's grip and understanding of our financial and performance challenges is strong, this being recognised in the WAO Structured Assessment.

I am grateful for the time and support afforded to us by Cwm Taf Health Board in addressing some of the escalation issues and, learning from their experience, we believe that whilst we must continue on our transformation agenda we will need a far greater emphasis on in year turnaround during 2017/2018.

We currently have a great deal of clinical buy-in to our emerging Clinical Services Strategy and to the principles we established to shape our thinking. Although significant work remains including open discussions with our population, I am optimistic that we will be in a position to have an endorsed medium term plan in place for our 2018/2019 IMTP submission which will secure local services for a long time.

The Board, in conjunction with the Welsh Government, has also agreed to an independent financial governance review to be undertaken by Deloitte LLP. This will be structured around the four key requirements of management processes, Board approval, performance management and Board monitoring.

## **Conclusion**

The escalation from enhanced monitoring to targeted intervention status by the Welsh Government, in recognition of the fact that we have been facing a number of long standing challenges that require a more strategic solution, provides a significant opportunity for the Board. The challenges we face remain largely the same as the themes we described in the 2016 Annual Governance Statement. With the support of the Board, as Accountable Officer, I am determined they will be resolved. In addition to maintaining focus on performance delivery, two key issues we face are our ability to bring the various threads of transforming our clinical services into a clear and deliverable integrated plan whilst also developing a detailed medium term finance strategy designed to return us to a sound financial footing. Work to develop our Integrated Medium Term Plan, setting out a clear, coherent and achievable clinical and transforming strategy is now accelerating, alongside our relentless focus on improving quality, reducing waiting times and improving access.

The Board and all our staff have faced these challenges as an opportunity for us to deliver real improvement. We are making good progress in addressing many long-standing issues and I am confident that the changes we are making will ensure we can continue to provide high quality healthcare and improve the health and wellbeing of the people we serve across Hywel Dda in the years to come. To fulfil my role as Accountable Officer, a programme of work to strengthen governance arrangements is ongoing, building on actions already

underway following the previous external governance review and other external reports. The necessary follow up actions have been progressed with triangulation of information between the reports from various sources.

We continue to meet regularly with Welsh Government to discuss progress on our escalated status and we have successfully secured funding support in relation to programme management, data analytics and service improvement, development of our clinical services strategy and planned engagement work. We will continue to discuss additional areas of support, including organisational and leadership development and our recruitment capacity in the coming months.

During the year we separated the Director of Finance, Planning and Performance post into two separate Directorates to enable a strong focus on operational financial management and strategic financial planning and to strengthen our strategic and operational planning function. In addition to establishing a Director of Primary, Community & Long Term Care, as a non-voting Board Member, working to the Deputy CEO/Director of Operations, we will also be reinstating the role of Director of Therapies and Health Sciences early in the new financial year as these are key members of our workforce. We have introduced a new management structure with clear leadership in our four main hospitals, with a triumvirate at each site of a Hospital Director, General Manager and Lead Nurse, providing more locally focused management that is helping us to reconnect with local communities and partners.

Our Transformation Programme is underway and we want everyone to play their part in designing how we will deliver our services in the future so they are the best they can be for our population. A Transformation Group is in place, made up of staff from across our health and social care system, to work together and to build a shared vision and plan for our out of hospital services. There are various ways to get involved and there will be some specific programmes focused on redesigning out-patient services, transforming theatres and unscheduled care provision across our sites. We are endeavouring to ensure there is integration between Turnaround, Transformation and the Integrated Medium Term Plan (IMTP). These individual processes will feed into each other without duplication, allowing seamless development and delivery over the short, medium and long term. Integration and coordination is necessary in order to ensure a transformed UHB. Turnaround is a necessary step towards Transformation, and it is vital to ensure that all activities provide impetus in the same direction towards an approved IMTP.

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 2016-2017. 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. Whilst the last twelve months have been difficult and challenging for the organisation, some stability has been obtained, with progress already being made in a number of areas.

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: 1<sup>st</sup> June 2017

## Appendix 1 – Board Assurance Framework Risks

Risk Description	Current Mitigation	Assurance RAG Rating
<b>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</b>		
There is risk that the UHB will be unable to deliver the service improvement in reducing prevalence in smoking, drinking, obesity and sexual health. This is caused by the lack of agreed UHB clinical leadership in these programmes. This will lead to a lack of clinical influence to drive delivery of the objective and increased access to primary and secondary services.	<ul style="list-style-type: none"> <li>• Clinical allies have been identified for smoking, drinking &amp; sexual health however this is not recognised within any job plans and attendance at meetings is restricted as no payments are available.</li> <li>• Lead officers identified within public health team &amp; established links to relevant services.</li> </ul>	
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.	<ul style="list-style-type: none"> <li>• A review of accommodation currently being has been undertaken with an initial plan discussed at Executive Team on 29/11/2016. Options have been identified and will be progressed through the Sexual Health Service Modernisation Group in 2017.</li> <li>• Service continually reviews their actions to ensure best possible patient experience can be provided within the current environment.</li> <li>• Strong clinical leadership and commitment by sexual health team demonstrated in their response to referrals - local and out of area.</li> </ul>	
<b>Strategic Objective 2 – To reduce overweight and obesity in our local population</b>		
There is risk that UHB will be unable to deliver service improvement to address obesity and deliver the All Wales Obesity Pathway. This is caused by the lack of agreed UHB clinical leadership to drive delivery of the objective, and lack of investment to meet the increasing patient need and morbidity. This could lead to increased demand on primary and secondary services.	<ul style="list-style-type: none"> <li>• Agreed all Wales Obesity Pathway in place describing optimal service in preventing overweight and services to tackle obesity and its co-morbidities.</li> <li>• Lead officers identified within public health, dietetics and psychology teams with established links to relevant services.</li> <li>• Investment being made in early years and primary prevention. Limited Level 3 service operational.</li> <li>• Funding SBARs submitted for Level 2 and 3 Services for 2017/2018 funding.</li> <li>• Some engagement in tackling obesity and service improvement exists from key clinicians. Clinical allies have been identified however strategic objective leadership is not recognised within job plans.</li> </ul>	
<b>Strategic Objective 3 – To improve the prevention, detection and management of cardiovascular disease in the local population</b>		
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	<ul style="list-style-type: none"> <li>• Some elements of Plans are monitored as Tier 1 targets.</li> <li>• Board and WG approved Delivery Plans in Place for both.</li> <li>• Stroke Delivery Group monitors Stroke Delivery Plan.</li> <li>• Annual Reporting to WG.</li> <li>• Exceptions reports on Tier 1 targets are monitored and scrutinised by BPPAC and Board via</li> </ul>	

Risk Description	Current Mitigation	Assurance RAG Rating
leading to no reduction in morbidity and mortality.	Performance Report. <ul style="list-style-type: none"> <li>• Snap data for Stroke nationally audited.</li> <li>• Regular discussions on performance with WG.</li> <li>• National audits in heart disease.</li> <li>• Quality Indicators Group addresses harm and variations.</li> <li>• Risk Registers for Stroke and Cardiology Services.</li> </ul>	
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.	<ul style="list-style-type: none"> <li>• Locality managers working with primary care to deliver QOF targets.</li> <li>• Plans in place for each GP Cluster.</li> <li>• QOF visits to primary care.</li> <li>• Stroke Delivery Plan &amp; Heart Disease Delivery Plan contain prevention targets.</li> <li>• Stroke Delivery Plan monitored at Stroke Delivery Group.</li> </ul>	
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.	<ul style="list-style-type: none"> <li>• Locality managers working with primary care to deliver QOF targets.</li> <li>• Plans in place for each GP Cluster.</li> <li>• QOF visits to primary care.</li> <li>• Stroke Delivery Plan &amp; Heart Disease Delivery Plan contains prevention targets.</li> <li>• QOF visits to primary care, primary care pharmacists working with practices.</li> </ul>	
<b>Strategic Objective 4 – To increase survival rates for cancer through screening, earlier diagnosis faster access to treatment and improved survivorship programmes</b>		
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 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.	<ul style="list-style-type: none"> <li>• Established links with Public Health Wales Screening programme.</li> <li>• Experience of projects to increase cancer screening within hard to reach groups.</li> <li>• Access to national campaigns. GP awareness of screening programmes is high.</li> <li>• Annual screening reports are produced by Public Health Wales for DPH to share with relevant partners.</li> <li>• Screening Engagement Team established within Public Health Wales.</li> <li>• Identified consultant in Public Health who links with PHW on screening matters.</li> </ul>	
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	<ul style="list-style-type: none"> <li>• HDUHB 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</li> </ul>	

Risk Description	Current Mitigation	Assurance RAG Rating
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.	Dda for cancer survivors, they have not been formally named under a common umbrella "survivorship programme".	
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.	<ul style="list-style-type: none"> <li>• Daily monitoring of patient pathways by Cancer Services Team and escalation of identified delays to Service Managers.</li> <li>• Weekly review and prioritisation of potential capacity pressures via Cancer Services Watchtower meeting with Service Managers.</li> <li>• Ongoing recruitment plans in place in key 'at risk' specialties.</li> <li>• Current review and assessment of service model options in key 'at risk' specialties.</li> </ul>	
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.	<ul style="list-style-type: none"> <li>• Daily monitoring of patient pathways by Cancer Services Team and escalation of identified delays to ABM UHB.</li> <li>• 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.</li> <li>• Monthly joint Director of Operations discussions between Hywel Dda UHB and ABM UHB.</li> </ul>	
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.	<ul style="list-style-type: none"> <li>• Daily monitoring of patient pathways by Cancer Services Team and escalation of identified delays to ABM UHB.</li> <li>• Escalation of capacity concerns to ABM UHB and Welsh Health Specialised Services Committee (WHSSC) as commissioners of thoracic surgery service.</li> </ul>	
<b>Strategic Objective 5 – To improve the early identification and management of patients with diabetes, improve long term wellbeing and reduce complications by December 2019</b>		
There is a risk that pre-diabetic and type1 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	<ul style="list-style-type: none"> <li>• Education Programme for Patients (EPP) single point of referral for type 2 diabetes education for the UHB.</li> <li>• EPP responsible for organisation all Xpert training programmes</li> <li>• Introduced lay led Diabetes Self management Programme for patients deemed suitable.</li> <li>• Foodwise for Life programme introduced in North Ceredigion.</li> <li>• Pocketmedic digital films available on prescription for type 2 diabetes - Number of films accessed from December 2016 to February 2017 is 102.</li> <li>• Completion of Type 1 Diabetes digital information films and gestational diabetes films to be launched</li> </ul>	

Risk Description	Current Mitigation	Assurance RAG Rating
programme to support pre-diabetes and prevention work is at risk if the UHB's Occupational Health service is unable to provide the staff to undertake the assessments.	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 hospital.	
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.	<ul style="list-style-type: none"> <li>• SBAR created to raise awareness of problem and plan solution.</li> <li>• Links made with vascular service in ABMU Consultant attended diabetes update day job descriptions completed for new podiatry service starting in Carmarthenshire draft pathway completed.</li> <li>• Education Programme for Patients (EPP) have implemented a 'Putting Feet First' which a 2 hour self management session.</li> </ul>	
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.	<ul style="list-style-type: none"> <li>• Primary care members of Diabetes Planning and Delivery Group.</li> <li>• Diabetes Local Enhanced Service (LES) available.</li> <li>• Provision of MERIT Course for GP and nursing staff to take up injectables in primary care - 2 MERIT Courses in 2015/2016 also running BSC and MSC modules (2015/2016 15 people completed).</li> </ul>	
<b>Strategic Objective 6 – To improve support for people with established respiratory illness reduce acute exacerbations and the need for hospital based care</b>		
There is a risk that people with an established respiratory illness will not be able access a self management programme (this includes access to 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.	<ul style="list-style-type: none"> <li>• Pocketmedic films on prescription for COPD and introduction to exercise and Pulmonary rehab.</li> <li>• COPD+ commenced in the community for people newly diagnosed with COPD.</li> <li>• Links made with NERS for ongoing exercise for life.</li> <li>• Working with British Lung Foundation (BLF) Wales to promote ongoing peer support via Breathe Easy Groups.</li> <li>• Working with BLF Wales to ensure people get self management plans and they use them.</li> <li>• Pilot to assess the impact of using telemedicine to support pulmonary rehab in Ceredigion to commence.</li> </ul>	
There is a risk that not every person who smokes that is admitted to hospital will receive	<ul style="list-style-type: none"> <li>• Part time smoking cessation officers employed across all four district general hospitals.</li> </ul>	

Risk Description	Current Mitigation	Assurance RAG Rating
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.		
<b>Strategic Objective 7 – To improve the mental health and wellbeing of our local population through improved promotion, prevention and timely access to appropriate interventions</b>		
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.	<ul style="list-style-type: none"> <li>Established learning disability programme group.</li> <li>External assurance visits &amp; progression of recommendations on the improvement plans.</li> <li>Learning Disabilities Health care bundles.</li> <li>Learning Disabilities service dashboard to monitor performance across operational and QS&amp;PE indicators.</li> <li>New Head of Learning Disabilities Services appointed and additional service capacity incorporated.</li> </ul>	
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 HB targets.	<ul style="list-style-type: none"> <li>Strong links with Deanery/Universities for trainees and graduates to enhance training experience.</li> <li>National MH Programme Lead employed by UHB.</li> <li>Medical Staff Committee (MSC) to monitor workforce organisational demands and raise any resulting professional issues.</li> <li>Postgraduate training programme. Up to date job planning and appraisals.</li> <li>Collapse medical on-call rotas from 4 to 3.</li> <li>Monitoring of performance against waiting times targets via monthly performance reports and Directorate dashboard.</li> <li>Monitoring vacancy rates via monthly report to Directorate dashboard.</li> <li>Monitored at MH QSE Sub Committee bi-monthly.</li> <li>MHLD Workforce Report to WOD Sub Committee when issues arise.</li> <li>Work force medical representative has and will continue to attend MSC to discuss issues raised.</li> <li>The MSC lead attends the Business Planning &amp; Performance Group in order to feedback and update on medical issues.</li> </ul>	
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.	<ul style="list-style-type: none"> <li>Discretionary capital priorities meeting with Assistant Director of Operations.</li> <li>Existing transforming Mental Health and Learning Disabilities programmes.</li> <li>External Assurance visits from regulators.</li> <li>Monitor environmental risks at Mental Health Quality, Safety &amp; Experience (MH QSE) Sub Committee.</li> </ul>	
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	<ul style="list-style-type: none"> <li>Directorate Business Planning &amp; Performance Assurance Group and performance dashboard.</li> <li>Monthly meetings with management accounts to</li> </ul>	



Risk Description	Current Mitigation	Assurance RAG Rating
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.	<ul style="list-style-type: none"> <li>agree financial forecasting.</li> <li>• Exception reporting to IM&amp;T Sub Committee.</li> <li>• Transforming Mental Health Group.</li> </ul>	
There is a risk of adults with Attention deficit hyperactivity disorder (ADHD) do not 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.	<ul style="list-style-type: none"> <li>• Service currently available for individuals up to age 18 years.</li> <li>• Diagnostic service in place for those clients who are known to secondary mental health services.</li> <li>• Joint Mental Health (MH) and Paediatrics Steering Group to plan a service model for ADHD.</li> <li>• MH Quality, Safety &amp; Experience (QSE) Sub Committee monitor complaints and incidents.</li> </ul>	
<b>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</b>		
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 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.	<ul style="list-style-type: none"> <li>• The All Wales e-learning dementia module is in place.</li> <li>• Dementia friendly initiatives in place such as: <ul style="list-style-type: none"> <li>- Butterfly scheme across the acute hospitals.</li> <li>- Kings Fund dementia environmental audit process used to inform the development of a dementia friendly environment on the wards.</li> <li>- Person centred care planning focussing on the person's strengths.</li> <li>- "This is me" activity programme.</li> <li>- Monitoring/auditing care through "Fundamentals of Care", "Trusted to Care" and "Dignity and Essential Care".</li> <li>- Funded Acute Hospital Mental health Liaison Team.</li> <li>- A frailty work stream is being established as part of the unscheduled care programme. Dementia screening and pathway will be a component of the frailty pathway in community and acute hospitals.</li> <li>- Shared Care agreement for prescribing in place to support primary care prescribing.</li> </ul> </li> </ul>	
<p>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.</p> <p>This could lead to an impact on</p> <ul style="list-style-type: none"> <li>• Elderly people may have late diagnosis of serious conditions due to atypical</li> </ul>	<ul style="list-style-type: none"> <li>• Community In-reach Teams in place at each Acute Hospital to support early assessment of people who are at risk.</li> <li>• Cluster plans include schemes that identify people who are at risk.</li> <li>• Reablement services are in place in all Counties.</li> <li>• An Advanced Nurse Practitioner for Frailty has been appointed in Pembrokeshire.</li> <li>• Person centred care planning focussing on the person's strengths.</li> <li>• "This is me" programme.</li> <li>• Monitoring/auditing care through "Fundamentals of Care", "Trusted to Care" and "Dignity and Essential</li> </ul>	

Risk Description	Current Mitigation	Assurance RAG Rating
<p>presentation.</p> <ul style="list-style-type: none"> <li>• 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.</li> </ul>	<p>Care".</p> <ul style="list-style-type: none"> <li>• Funded Acute Hospital Mental Health Liaison Team.</li> <li>• A clear UHB workstream being established reporting to unscheduled care programme to accelerate the pace of development.</li> </ul>	
<p><b>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</b></p>		
<p>There is a risk that the UHB will not deliver the agreed performance and cost savings of £29.4m to realise the quality, innovation, productivity, prudent (QIPP) healthcare agenda that the Board has agreed to help it deliver its statutory financial duties whilst improving the health of population that the UHB serves. This is caused by variable pay spend over and above the planned savings. This will lead to an impact on the UHB's ability to deliver its statutory duties and appropriate care, escalated intervention by Welsh Government and adverse publicity/reduction in stakeholder confidence.</p>	<ul style="list-style-type: none"> <li>• Action taken to reduce high cost agency staff.</li> <li>• Variable pay controls in place and monitored at WOD Sub-Committee.</li> <li>• Monitoring delivery of the Handling Plan at Board, BPPAC &amp; ARAC.</li> <li>• QIPP Group monitors QIPP programme savings plans (bi-weekly)</li> <li>• Additional staff resource put in place to focus specifically on variable pay and building on the work undertaken over the past year.</li> </ul>	
<p><b>Strategic Objective 10 – To deliver, as a minimum requirement, Outcome and Delivery Framework Targets, and specifically eradicate undue travel and unnecessary waiting times</b></p>		
<p>There is a risk that Tier 1 targets will not be fully delivered in 2016/2017 due to insufficient permanent &amp; 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, Welsh Government intervention, closer scrutiny by regulators and a reduction in the allocation of future training posts by the Deanery.</p>	<ul style="list-style-type: none"> <li>• Continuous recruitment programmes both national and international are ongoing in addition to bespoke recruitment campaigns.</li> <li>• Medical rotas used by services, including use of locum/agency staff through agreed frameworks such as Medacs when deemed essential.</li> <li>• Service workforce plans.</li> <li>• Workforce Plans reported to Board.</li> <li>• Escalation procedures in place which include movement of patients between sites when necessary.</li> <li>• Integrated Performance Reviews with Executive Team &amp; service areas (monthly)</li> <li>• Workforce risks monitored by WOD Sub Committee. (bi-monthly)</li> <li>• Development of Triumvirate Teams to increase local accountability.</li> <li>• Directorate QSE Sub Committees (bi-monthly).</li> <li>• Revised authorisation process for high cost agency staff.</li> </ul>	
<p>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</p>	<ul style="list-style-type: none"> <li>• Capital prioritisation process based on risk in place.</li> <li>• Capital Prioritisation Group (bi-monthly).</li> <li>• Emerging Estates and IM&amp;T Strategies.</li> <li>• Medical Devices Group.</li> </ul>	

Risk Description	Current Mitigation	Assurance RAG Rating
<p>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.</p>		
<p>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 affects on cancer, cardiology, neurology and other patient case groups, this could lead to adverse publicity/reduction in stakeholder confidence, Welsh Government intervention and closer scrutiny by regulators.</p>	<ul style="list-style-type: none"> <li>• The service is in continuous discussion with its tertiary service providers about the level of service provided across the specialties, specifically oncology, cardiovascular, dermatology.</li> <li>• Weekly attendance of Cancer Services. Management Team at ABM UHB patient tracking meeting.</li> <li>• Cancer pathway reviews in progress (Lung, Upper GI and Head and Neck).</li> <li>• Work undertaken with Radiology/Pathology teams to streamline diagnostic referral mechanisms.</li> <li>• Agreement of '100 Day' Improvement Plan to address capacity deficits in key high risk specialties.</li> <li>• Provision of additional USC clinic capacity in Urology, Colorectal and Dermatology.</li> <li>• All Wales collaboratives in pathology, surgery and stroke.</li> <li>• ARCH x5 programmes of work established to address long term challenges.</li> </ul>	
<p>There is a risk that Tier 1 targets may not be met.</p> <p>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.</p> <p>This could have lead to adverse publicity/reduction in 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.</p>	<ul style="list-style-type: none"> <li>• Plan of work continues to be progressed through the unscheduled care group, planned care programmes, monthly stroke meetings, improvement groups for theatres (just commenced) orthopaedics (commence in December), eye care (ongoing), outpatients (ongoing) and marginal gains are being made.</li> <li>• Winter Plans for 2016/2017 agreed by Board.</li> </ul>	
<p>There is a risk that the UHB may not be realising the full benefits of integrated working across the primary, community, mental health</p>	<ul style="list-style-type: none"> <li>• Plan of work continues to be progressed through the unscheduled care group focussing on whole system change.</li> <li>• Planned care group locally as well as outpatients</li> </ul>	

Risk Description	Current Mitigation	Assurance RAG Rating
<p>&amp; 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.</p>	<p>group is starting to address elective pathways involving primary care.</p> <ul style="list-style-type: none"> <li>Localities/clusters have made good progress within counties on ad hoc basis utilising funding opportunities through Integrated Care Fund (ICF).</li> </ul>	
<p>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&amp;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.</p> <p>This is caused by insufficient capital, both from the all Wales Capital Programme and Discretionary Capital allocation.</p> <p>This could have an impact on delivery of strategic objectives, service improvement/development &amp; delivery of day to day patient care.</p>	<ul style="list-style-type: none"> <li>Prioritisation process in place via new governance structure.</li> <li>Planned programme of replacement in place for IT and Estates in line with the prioritisation programme.</li> <li>Business Planning &amp; Performance Committee and Capital Estates &amp; IM&amp;T Sub Committee (with IM membership and wide stakeholder engagement in prioritisation process.</li> <li>Capital Audit Tracker in place to track implementation of audit recommendations.</li> <li>Monitoring returns to WG include Capital Resource Limit.</li> <li>Capital Review Meetings with Welsh Government meetings continue to be held bi-monthly to discuss and monitor the Capital Programme.</li> <li>Retention of a medical equipment capital contingency to manage urgent issues of repair or replacement.</li> <li>Preparation of priority lists for equipment, Estates and IM&amp;T in the event of notification of additional capital funds from Welsh Government i.e. in year slippage.</li> <li>Investigating the potential for 'Charitable' funding rather than Discretionary Capital Programme as appropriate.</li> <li>Communication with Welsh Government via Planning Framework and IMTP.</li> <li>Scoping meetings held with Welsh Government for IM&amp;T and Ward Refurbishment Programme Business Cases</li> <li>Review of out of service medical equipment completed.</li> <li>Senior Responsible Officers in place to manage programme/project delivery.</li> <li>Welsh Government increased capital allocation to £7.5m per annum recurring.</li> <li>Aligning replacement equipment to large All Wales Capital schemes so does not impact on discretionary capital within UHB.</li> </ul>	
<p>There is a risk that the UHB will not have a Welsh Government (WG) approved Integrated Medium Term Plan (IMTP) for 2018/2021 as required by the National Health Service Finance (Wales) Act 2014.</p> <p>This is caused by the UHB not being able to</p>	<ul style="list-style-type: none"> <li>Handling Plan agreed and monitored at Board, BPPAC &amp; Audit and Risk Assurance Committee (ARAC) (bi-monthly).</li> <li>WG Escalation meetings (monthly) as part of WG targeted interventions.</li> <li>Regionally provided services, ARCH Programme Management Board which includes all Health Boards &amp; University Partners.</li> </ul>	

Risk Description	Current Mitigation	Assurance RAG Rating	
<p>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.</p> <p>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.</p>	<ul style="list-style-type: none"> <li>WG agreement that the UHB will submit a one year operational plan for 2017/2018 which will set out shorter term action, with development of a full IMTP for 2018/2019 by Mar18.</li> </ul>		
<p>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.</p> <p>This is caused by changes to the Board composition already on train plus raised uncertainty generated by the increased escalation status of the UHB.</p> <p>This could lead to an impact on ability of the UHB to deliver its statutory duties and appropriate care, increased escalated intervention by Welsh Government and adverse publicity/reduction in stakeholder confidence.</p>	<ul style="list-style-type: none"> <li>Executive Structure has been reviewed and will fully meet the Local Health Boards (Constitution, Membership and Procedures) (Wales) Regulations 2009.</li> <li>Interim Executive Director structure in place.</li> <li>Supporting management structure under Executive Directors to deputise and carry out portfolio work.</li> <li>Planned recruitment programme undertaken for Independent Members which will ensure new Independent Members will commence by April 2017 and shadow running from March 2017.</li> <li>Extension of tenure of Independent Member leading to one Independent Member vacancy on the Board.</li> <li>Buddying system between IMs and new IMs.</li> <li>Board OD Programme for Executive Directors and Independent Members.</li> <li>Executive Team development plan and programme.</li> <li>Independent Member development programme in place.</li> <li>Induction programmes in place for Independent Members &amp; Executive Directors.</li> </ul>		
<p>There is a risk that if the UHB does not achieve financial stability in 2017/2018 it may compromise future financial support from Welsh Government 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.</p>	<ul style="list-style-type: none"> <li>Financial monitoring returns (monthly) reported to Board &amp; BPPAC (alternate months)</li> <li>2017/2018 Annual Plan has been discussed at In-Committee Board and Board OD Session.</li> </ul>		

Risk Description	Current Mitigation	Assurance RAG Rating
<p>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.</p> <p>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 Tier 1 targets and take appropriate action in the most appropriate care setting and as timely as possible.</p>	<ul style="list-style-type: none"> <li>• Secondary Care Performance Report reported to Board &amp; BPPAC (bi-monthly).</li> <li>• 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 national system is not planned for roll-out in the UHB until late 2018 at the earliest.</li> <li>• With external consultancy, workarounds the UHB is using are: <ul style="list-style-type: none"> <li>a) A "modelling" tool that can help to show the impact of delivery care differently in different care settings.</li> <li>b) Continuing to integrate data into our reporting wherever possible.</li> <li>c) Using the transformation work programme to develop new pathways to which we can support by new data/ information developments.</li> </ul> </li> </ul>	

## Appendix 2 - Corporate Risk Register

Description	Existing Controls Measures currently in place
<b>All risks scoring 20</b>	
<b>Central Operations</b>	
<p>There is a risk of: Significant short and long term service disruption effecting all departments, services, wards, secretaries, etc across the UHB and with the inability to deliver the daily core activities for outpatient, inpatient and day case attendances and support all hospital localities within acute, MHL and the community. Caused by: Poor estates facilities within the Health Records service with insufficient storage capacity for patient records and the lack of investment in electronic systems to deliver a sustainable future.</p>	<ul style="list-style-type: none"> <li>• Annual weeding and destruction programme agreed and facilitated accordingly across the UHB.</li> <li>• Electronic clinic systems including: <ul style="list-style-type: none"> <li>PACS (radiology).</li> <li>LIMS (Pathology).</li> <li>WCCG/HERS.</li> <li>CANIS (Cancer).</li> <li>Diabetes 3.</li> <li>Selma.</li> <li>Myrddin.</li> <li>Secretarial systems/shared drives (Clinic Letters).</li> </ul> </li> <li>• Agreed and approved UHB's strategies, policies and procedures (approved August 2015).</li> <li>• Datix incident reporting is utilised within the Health Records service so we can identify any themes or trends around staff injury or impact on service delivery through lack of storage capacity.</li> <li>• Health &amp; Safety inspections.</li> <li>• Staff Meetings and Team Brief.</li> </ul>
<b>Mental Health &amp; Learning Disabilities</b>	
<p>There is a risk of: Avoidable detriment to the quality of patient care due to sustained pressures on patient flow through adult inpatient services. Caused by: Increasing demands on acute services and inefficient clinical pathways.</p>	<ul style="list-style-type: none"> <li>• Daily conference calls to manage patient flow across the service.</li> <li>• Weekly Delayed Transfers of Care (DTC) meeting to ensure a focus on people who could be discharged to other settings.</li> <li>• Use of out of area beds, waiting areas in wards are used to host people where necessary until a bed is available.</li> </ul>
<b>Public Health</b>	
<p>There is a risk to: The resident population of Hywel Dda UHB of an increasing burden of disease (e.g. Cancer, Diabetes, Heart Disease, Stroke and other conditions which are amenable to change). This could be caused by a limited investment in prevention and public health activity.</p>	<ul style="list-style-type: none"> <li>• Public Health Directorate work plan is in place.</li> <li>• Support to Primary Care clusters is ongoing as part of Public Health work plan.</li> <li>• The Public Health team work with a range of partners and work fits with various county work-plans.</li> <li>• The Public Health team support Together for Health (T4H) delivery plans across UHB.</li> <li>• Annual contributions are made to the IMTP to ensure disease prevention and health promotion features and the investment requirements are detailed.</li> <li>• Detailed business cases are produced.</li> <li>• Grant opportunities are explored and discussed by team.</li> <li>• Ongoing discussions with Public Health Wales to ensure investment by Public Health Wales in local Health Improvement Service.</li> </ul>
<p>There is a risk of: Not providing overweight/obesity management services for adults or children in line with standards within the All-Wales Obesity Pathway.</p>	<ul style="list-style-type: none"> <li>• Limited MDT specialist service for overweight/obese patients with high complexity and specific Musculoskeletal conditions provided in Carmarthen.</li> <li>• Limited Level 3 Dietetic led (groups and 1:1) interventions being delivered.</li> </ul>

	<ul style="list-style-type: none"> <li>• Level 2 'Food wise' training delivered to professional groups.</li> <li>• Exercise on Referral (NERS) provided for overweight/obese individuals through GP referral.</li> <li>• Action plan developed for Level 3 services.</li> </ul>
<b>Scheduled Care</b>	
There is a risk of: Lack of timely care to patients leading to avoidable harm. This is caused by: Complex dermatology patients and single handed dermatology consultant leaving organisation.	<ul style="list-style-type: none"> <li>• UHB is outsourcing Referral to Treatment (RTT) dermatology patients.</li> <li>• Consultant extended working days with UHB to cover Urgent Suspected Cancer (USC) and grading.</li> </ul>
<b>Unscheduled Care (Cross site &amp; Pathway risks)</b>	
There is a risk of: Avoidable harm to patients, avoidable detriment to the quality of patient care and delays in A&E pathway. This is caused by: Lack of Registered Nurses leading to unsafe staffing levels in Emergency Departments.	<ul style="list-style-type: none"> <li>• Daily Review of situation by Nurse in Charge/Senior Nurse Manager (SNM).</li> <li>• Pressures escalated at patient flow meetings.</li> <li>• Nurse staffing and skill mix reviewed on a daily basis by lead nurse.</li> <li>• SBAR completed and presented to Executive team.</li> </ul>
There is a risk of: Avoidable harm to patients and non compliance with legislation. Avoidable detriment to business objectives. This is caused by: ineffective and inefficient pathology buildings.	<ul style="list-style-type: none"> <li>• Space allocation of working environment undertaken 2014. Health &amp; Safety assessment completed for staff working areas.</li> </ul>
There is a risk of: Avoidable harm to patients and avoidable detriment to the quality of patient care due to deterioration of radiology image quality and failure to meet Royal College of Radiologists (RCR) guidelines. Unable to ensure accurate reporting and diagnosis. This is caused by: existing equipment nearing end of life and requiring replacement and interventional room.	<ul style="list-style-type: none"> <li>• Equipment due for replacement highlighted to Capital Programme Board and prioritised along with bids from other services.</li> <li>• Annual review of equipment.</li> <li>• Quality assurance programme in place.</li> </ul>
There is a risk of: Delayed access to MR/CT, USS and not meeting 8 week diagnostic standard and 7 day USC target. This is caused by: increased demand for CT/MR & ultrasound which exceeds current capacity and staffing to deliver.	<ul style="list-style-type: none"> <li>• Monthly monitoring of activity and demand.</li> <li>• Weekly review of all patients on Cancer Pathway.</li> <li>• Prioritisation of referrals based on clinical risk and discharge dependant investigations.</li> </ul>
There is a risk of: Being unable to provide a modern radiology service due to the loss of interventional radiology facilities. This is caused by: Poor quality and conditions of existing buildings and infrastructure. Limited buildings with no scope to extend due to footprint, space available and design.	<ul style="list-style-type: none"> <li>• Preventative maintenance contract in place.</li> <li>• Transfer of patients to PPH if unit breaks down.</li> </ul>
There is a risk of: Significant patient harm due to long waiting times for cardiac pacing. This is caused by: Lack of theatre resource, cardiologist & radiologist availability.	<ul style="list-style-type: none"> <li>• Emergency Patients are doubly listed with AMBU to ensure that they access the first available bed.</li> <li>• Consultants x2 who undertake pacing frequently undertake additional pacing sessions as an when access to theatres allow (outside of job plan).</li> <li>• Daily site update of all patients awaiting procedure/transfer ABMU.</li> </ul>
There is a risk of: Increased mortality, poorer standards of care, and avoidable harm to patients. This is caused by: Stroke nurse staffing, therapy and medical staffing are significantly below RCP recommended levels for stroke care. Current staffing levels are unable to provide 7 day therapy and stroke consultant review for stroke patients.	<ul style="list-style-type: none"> <li>• Stroke care standards are monitored through the Royal College of Physicians RCP Sentinel Stroke National Audit Programme SSNAP, Welsh Governments Quality Improvement Measures QIMs and RCP Organisational Audit programme.</li> <li>• Performance reports are analysed monthly by the UHB Stroke Steering Group and any actions monitored through this group.</li> <li>• Active recruitment for all vacancies.</li> </ul>



	<ul style="list-style-type: none"> <li>• Allied Health Professional leads allocate staff to ensure staffing is as equitable and safe as possible.</li> <li>• Each hospital site has reviewed current staffing levels and identified deficits.</li> </ul>
There is a risk of: Delayed treatment leading to avoidable harm to patients and poor quality of A&E care. This is caused by: Lack of substantive middle grade doctors, leading to a lack of senior decision making and delays in treatment.	<ul style="list-style-type: none"> <li>• Ongoing recruitment and interviews in place.</li> <li>• Weekly meeting with A&amp;E Consultants to review rota strength and gaps and align with ENP cover.</li> <li>• All funded posts are with Medacs Agency for interim appointments.</li> </ul>
<b>All risks scoring 16</b>	
<b>3 Counties Community Service</b>	
There is a risk that patients' dependency and loss of function will increase. This is caused by blocks and delays in discharge planning within inpatient areas.	<ul style="list-style-type: none"> <li>• Improvement of community service resources from Intermediate Care Fund allocation to facilitate timely discharge.</li> <li>• Weekly meetings held in all acute hospital sites with community staff and social care to improve patient flow.</li> <li>• Fast track arrangements in place to deliver fast track discharges when required.</li> <li>• Interim beds in place to facilitate rapid discharge to assess.</li> <li>• Re-designed daily work list analysed and actions taken.</li> </ul>
There is a risk that the full implementation of Care Closer to Home will not be achieved. This is caused by a funding shortfall through delivery plan process and varying resource base across the three Counties.	<ul style="list-style-type: none"> <li>• Individual pathways in place. 24 hour nursing provision individual professional practice guidelines and outcome frameworks in place.</li> <li>• Ensure improved links between acute and community services.</li> <li>• Seasonal planning/action plans in place.</li> <li>• Identify specific areas that require a consistent approach.</li> <li>• Designing appropriate services based on information from the Health &amp; Social Care Needs Assessment (Collaborative work).</li> <li>• Ongoing scrutiny of part allocation to ensure performance indicators reflect positive utilisation of limited allocation.</li> <li>• Monthly return to Welsh Government of Key Performance Indicators.</li> <li>• Investments realised through IMTP.</li> </ul>
There is a risk of: A period of uncertainty. This is caused by the process of scoping and plans to introduce the Community Resource Team Model of service across Health & Social Care involving a redesign of existing services including Reablement and Nursing.	<ul style="list-style-type: none"> <li>• Scoping of the existing services.</li> <li>• Period of notice extending to coincide with launch of Community Resource Team model in December 2015.</li> <li>• Review of Models of Understanding and Service Level Agreements.</li> <li>• Link with the Regional collaborative.</li> </ul>
<b>Cancer Services</b>	
There is a significant risk to: Privacy and dignity of patients receiving care at BGH Chemotherapy Day Unit. This is caused by inadequacies of unit design and layout. Particular concerns regarding proximity of patients to each other and location of unit as thoroughfare to Physiotherapy Department.	<ul style="list-style-type: none"> <li>• Curtains are used to provide some privacy to screen the patients from the waiting area.</li> <li>• Scheduling of patients has been reviewed and the existing appointment system amended.</li> <li>• Environmental Risk assessment has been undertaken with infection control and health and safety in collaboration with the Welsh Cancer Network.</li> </ul>
<b>Commissioning, Primary Care, Therapies &amp; Health Sciences</b>	
There is a risk that: GP practices could no longer deliver some or all services to patients registered. This is caused by a shortage in clinical workforce to deliver against the current model of General Practice.	<ul style="list-style-type: none"> <li>• Strong locality structure with clinical leadership and a willingness to develop models collaboratively.</li> <li>• Locum availability is available from Shared Services Partnership.</li> <li>• Business continuity plans held by each GP practice.</li> <li>• 7 pillars risk assessment process established and refreshed bi-monthly.</li> </ul>

	<ul style="list-style-type: none"> <li>• Primary Care Support Unit developed with capability of providing limited clinical support and expertise to develop new models and roles.</li> <li>• Recruitment campaign including adverts, videos, conferences, social media, central contact.</li> <li>• Contractor and Workforce team support to enable the practices to review their workforce, skill mix and model for delivery.</li> <li>• Pathfinder collaboration support to enable the development of federations, collaborative and mergers.</li> <li>• Merger support agreement and funding to enable practices to merge.</li> <li>• Workload and access steering group in place to develop support to improve management of clinical time.</li> <li>• Telephone consultation support pilot commenced.</li> <li>• Clinical fellows appointments with the Swansea Medical Schools.</li> <li>• Physicians Associates currently being piloted in North Ceredigion.</li> <li>• Big Proactive Care Events established to share best practice and promoted networking.</li> </ul>
<b>Finance</b>	
<p>There is a risk that: Continued operational problems in delivering adequate payment systems within NHS Wales Shared Services will result in continued duplicate &amp; incorrect payments with no confidence that all incorrect/duplicates are recovered, delayed payments, lost invoices, suppliers placing UHB on HOLD, loss of reputation, failed PSPP target, in excess of £3m of invoices on hold.</p>	<ul style="list-style-type: none"> <li>• Additional control measures have been implemented both within procurement and financial accounting in order to attempt to mitigate the current issues. The issue has been escalated to the Audit &amp; Risk Assurance Committee (ARAC) who require regular updates.</li> </ul>
<b>Nursing Quality and Patient Experience</b>	
<p>There is a risk that: Staff will be unaware of their statutory duties in relation to safeguarding children and adults. This is caused by difficulty within the UHB system to monitor staff compliance with mandatory safeguarding children/adult training.</p>	<ul style="list-style-type: none"> <li>• Level 2 eLearning Safeguarding Children and Adults training is Included in staff induction, this is recorded on ESR (Electronic Staff Record).</li> <li>• Bespoke training available on request.</li> <li>• Safeguarding Policies and strategy available on intranet.</li> <li>• Staff training compliance captured on dashboard and reported to Strategic Safeguarding Committee (SSC), this is a short term solution until confident with ESR correctly monitoring compliance.</li> <li>• Staff training needs analysis in each ward area/directorate is being undertaken by Workforce and OD following identification by service managers and guidance from Safeguarding teams and service managers.</li> <li>• 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.</li> <li>• Staff training compliance monitored via ESR.</li> </ul>
<b>Public Health</b>	
<p>There is a risk that: Children and their families will not receive their full entitlement to the requirements of the Welsh Government Healthy Child Wales Programme from 1st October 2016. This is caused by insufficient funded Health Visitors (a current deficit of 11.65 wte HVs) posts to deliver on the new requirements.</p>	<ul style="list-style-type: none"> <li>• Internally a HCWP Implementation Group has been established to prepare for the new programme requirements and is leading the training of existing staff.</li> <li>• The UHB is a pilot site for the National HV Acuity Tool which will be implemented to support the assessment of individual need and any service prioritisation which will need to take place.</li> <li>• UHB HV senior colleagues attend All Wales HV Forum to</li> </ul>

	input into the development of National guidance for the new programme.
There is a risk that: Children are not receiving vision screening at age 4-5 years in line with WHC 011-15 and the UHB will report a breach in performance requirements to WG. This is caused by the School Nursing service not having the staff resources and capacity to undertake the work.	<ul style="list-style-type: none"> <li>• Children's Public Health and Partnership's Team are working with the wider UHB Eye Care Group to review screening requirements.</li> <li>• The impact of the lack of resource available to implement the School Nursing element of the vision screening pathway was highlighted as part of the budget setting process. However it should be noted that other Directorates in the UHB also have a role in implementing the pathway outlined in the WHC.</li> </ul>
<b>Scheduled Care</b>	
There is a risk of: Harm to patients on follow up waiting lists who have exceeded their follow up date. This is caused by: High numbers on the follow up lists and lack of capacity to see these patients in clinic.	<ul style="list-style-type: none"> <li>• The programme of work underway within the UHB is focussing on a number of key stages: Urology and cancer.</li> <li>• Admin validation - cleaning up the waiting lists and removing obvious duplicate entries or patients that have been seen and the pathway not closed.</li> <li>• Engaging Clinical Leads for each speciality in the prioritisation of their patients and the identification of those most at risk of harm.</li> <li>• Speciality Service Delivery Manager (SDM) and clinical lead have identified patients on their follow up list who might be at risk.</li> </ul>
There is a risk of: There is a potential risk of avoidable harm to patients' sight. This is caused by: Glaucoma and Age related Macular Degeneration (AMD) patients not receiving timely care.	<ul style="list-style-type: none"> <li>• 12 step action programme led by Executive eye board to improve patient access to follow ups and AMD.</li> <li>• Transfer of patients to community Optometrist.</li> <li>• Capacity and Demand Training.</li> <li>• Clinical validation; establishing consultant capacity through waiting list sessions to validate clinical notes and take a decision on the need for treatment.</li> </ul>
<b>Unscheduled Care (Cross site &amp; Pathway risks)</b>	
There is a risk of: Avoidable delay in the provision of Neurological care with damaging effects on patients' welfare. This is caused by: a lack of Neurology Consultant service for all sites for outpatients and no inpatient service for Prince Phillip Hospital (PPH), Bronglais General Hospital (BGH) and Withybush General Hospital (WGH).	<ul style="list-style-type: none"> <li>• Telemedicine facilities in use by visiting Consultants to reach inpatients and outpatients in BGH.</li> <li>• Existing pathway for Neurology inpatient beds available via ABMU.</li> <li>• Tertiary Centre available for emergency opinion and transfer.</li> </ul>
<b>Unscheduled Care - Bronglais Hospital Site</b>	
The risk is: Patients having poorer outcomes due to the time spent in A&E awaiting an inpatient bed leading to delays in treatment when A&E is full. Which is caused by: Inpatient beds not available to meet A&E admissions	<ul style="list-style-type: none"> <li>• Temporary utilisation of staff policy.</li> <li>• Nurse Bank system.</li> <li>• Review of patients admitted to surged areas to ensure patient acuity and dependency is monitored and controlled.</li> <li>• Surge beds continue.</li> <li>• Daily review of the use of surge beds via patient flow meetings to facilitate step down of beds.</li> <li>• Sustained attention on timely discharge.</li> <li>• Escalation of discharge delays.</li> <li>• Staffing position continues to be monitored on a daily basis in accordance with safe staffing principles.</li> <li>• Additional bed capacity opened in BGH (Y Banwy BGH = 12) and GGH (Cadog GGH = 8 Aug 2016).</li> </ul>
<b>Unscheduled Care - Glangwili Hospital Site</b>	
There is a risk of: Avoidable harm to patients and detriment to quality of care with patients having poorer outcomes due to the time spent in A&E	<ul style="list-style-type: none"> <li>• Review of patients admitted to surged areas to ensure patient acuity and dependency is monitored and controlled.</li> <li>• Surge beds continue.</li> </ul>

<p>awaiting an inpatient bed, leading to delays in treatment when A&amp;E is full. Which is caused by: a lack of inpatient beds available to meet A&amp;E admissions</p>	<ul style="list-style-type: none"> <li>• Daily review of the use of surge beds via patient flow meetings to facilitate step down of beds.</li> <li>• Discharge lounge to take patients who are being discharged.</li> <li>• Escalation of discharge delays.</li> <li>• Staffing position continues to be monitored on a daily basis in accordance with safe staffing principles.</li> <li>• Additional bed capacity opened in GGH Cadog ward now at 18 beds.</li> </ul>
<p>There is a risk of: Avoidable harm to patients, a delay in receiving nursing care and adverse outcomes on CCU. This is caused by: inefficient and unsafe Registered Nurse staffing levels and high vacancy factor.</p>	<ul style="list-style-type: none"> <li>• Daily Review of situation by Nurse in Charge / Senior Nurse Manager (SNM).</li> <li>• Pressures escalated at patient flow meetings.</li> <li>• Nurse staffing and skill mix reviewed on a daily basis by lead nurse.</li> <li>• Cancellation of procedures if safe Registered Nurse staffing is not available.</li> </ul>
<p>There is a risk of: Avoidable harm to patients, avoidable delay to the provision of care and compromised quality of care due to a lack of middle grade medical doctors at Glangwili. This is caused by: a lack of middle grade doctors.</p>	<ul style="list-style-type: none"> <li>• Weekly meeting with SDM Medicine, Medical Staffing, Medacs Agency and other HB Rota Co-ordinators to review recruitment process, identify gaps.</li> <li>• Monthly recruitment and medical staffing meeting focus on permanent recruitment.</li> <li>• All funded posts actively being recruited to and reviewed to improve attractiveness.</li> </ul>
<p><b>Unscheduled Care - Prince Philip Hospital Site</b></p>	
<p>There is a risk of: Compromised quality of care and risk of patient clinical deterioration. Which is caused by: Insufficient bed capacity for the PPH unscheduled Care System.</p>	<ul style="list-style-type: none"> <li>• Three times daily Bed Management meetings followed by UHB conference call which monitors.</li> <li>• Daily management of medically fit list to escalate any delays through site triumvirate teams to county directors.</li> <li>• Escalation process in place where demand exceeds capacity through to Senior Managers and Consultants to enable action to be taken to address the underlying cause. Executive involvement when at Level 4.</li> <li>• Unscheduled Care Programme in place with detailed site specific unscheduled care plans, progress reported monthly via Unscheduled Care Programme Board.</li> <li>• Delivery Unit (DU) undertaking regular 90 day review of performance and forms part of the membership of the Unscheduled Care Programme Board.</li> <li>• Weekly Review of all Patients with a LOS&gt;10 days.</li> <li>• Daily alerts to all department heads Bed escalation control.</li> </ul>
<p><b>Unscheduled Care - Witybush Hospital Site</b></p>	
<p>The risk is: Patients having poorer outcomes due to the time spent in A&amp;E awaiting an inpatient bed leading to delays in treatment when A&amp;E is full. Caused by: Inpatient beds not available to meet A&amp;E admissions, especially in the morning due to later in the day discharges and reduced bed capacity due to medically fit patients awaiting discharge.</p>	<ul style="list-style-type: none"> <li>• Temporary utilisation of staff policy.</li> <li>• Nurse Bank system.</li> <li>• Review of patients admitted to surged areas to ensure patient acuity and dependency is monitored and controlled.</li> <li>• Surge beds continue.</li> <li>• Daily review of the use of surge beds via patient flow meetings to facilitate step down of beds.</li> <li>• Sustained attention on timely discharge.</li> <li>• Escalation of discharge delays.</li> <li>• Staffing position continues to be monitored on a daily basis in accordance with safe staffing principles.</li> </ul>
<p>The risk is: Insufficient nurses on shift to provide safe nursing care. Which is caused by: High vacancy rates, recruitment &amp; retention, sickness &amp; absence, increase in patient acuity &amp; dependency and limited availability of nurse bank.</p>	<ul style="list-style-type: none"> <li>• Daily review of nurse staffing levels/ skill mix and reallocation of staff.</li> <li>• Dependency &amp; Acuity review by Senior Nurse Manager.</li> <li>• Review of non-essential study leave.</li> <li>• Senior Nurse (8a) 7 Day working model.</li> </ul>

	<ul style="list-style-type: none"> <li>• Redeployment policy &amp; Flexible use of staff.</li> <li>• Workforce group established to monitor and expedite recruitment position.</li> <li>• Escalation process to expedite any delays in lead in times with shared services.</li> <li>• Nurse bank now open on a Saturday morning.</li> <li>• Daily staffing matrix in place to identify gaps and cover.</li> </ul>
<b>All risks scoring 15</b>	
<b>Cancer Services</b>	
There is a risk to the: Sustainability of Oncology services across Hywel Dda. This is caused by a lack of Consultant Oncologists and inability of ABM UHB hosted South West Wales Cancer Centre (SWWCC) to recruit into the vacant posts.	<ul style="list-style-type: none"> <li>• UHB service is mainly delivered by visiting consultants from SWWCC.</li> <li>• UHB has reviewed an updated its SLA with ABM UHB for provision of visiting oncology sessions.</li> <li>• UHB approved Oncology service strategy in 2015 to restructure service delivery utilising technology and new ways of working to minimise patient travel.</li> <li>• However, significant vacancies remain within SWWCC with resultant impact an pressure on service delivery across Hywel Dda.</li> </ul>
<b>Central Operations</b>	
There is a risk of: Loss of ISO accreditation, which is essential to the viability of the 4 HSDU reprocessing units. This is caused by ongoing non-compliance with decontamination standard and guidance documents e.g. BS EN ISO 285, BS EN ISO 15883 and WHTM 0101.	<ul style="list-style-type: none"> <li>• Service level agreement in place between estates and HSDU, which is reviewed annually (but is rarely adhered to).</li> <li>• Maintenance and validation schedules in place (which is rarely adhered to).</li> <li>• HSDU maintenance and calibration register in place, which is routinely monitored.</li> <li>• HSDU staff inform Estates when testing and validation is due.</li> </ul>
There is a risk of: Ongoing infection transmission arising from possible prior contamination of supplementary instrumentation. This is caused by the inability to mark individual instruments to enable them to be tracked through the decontamination processes.	<ul style="list-style-type: none"> <li>• Supplementary instruments are colour coded to allow the surgical speciality to be identified.</li> <li>• Where the same supplementary is used for the same procedure, these have been added to the relevant instrument sets.</li> <li>• Stock of supplementary instruments within theatres have been reduced and continue to be monitored with the aim of reducing further.</li> </ul>
There is a risk of: Corporate manslaughter prosecution for failure to meet the duty of care regarding driver documentation checks. Caused by: HDUHB not complying with its duty of care to ensure all drivers (including those driving their own vehicles for business travel) have a valid licence, MOT and insurance for their vehicles.	<ul style="list-style-type: none"> <li>• Departments responsible for internal fleet services required to undertaken licence checks for all drivers.</li> <li>• Central Transport Unit (CTU) responsible for checking all licences for those drivers making use of pool car scheme.</li> <li>• Lease car team (Finance) responsible for checking all licences for those drivers making use of lease vehicles.</li> <li>• Disclaimer on E-expenses system informing staff they must have valid licence, MOT and insurance documentation to drive for business. Disclaimer is signed after the journey have been made.</li> </ul>
<b>Commissioning, Primary Care, Therapies &amp; Health Sciences</b>	
There is a risk that: Patients cannot access routine NHS dental care. This is caused by a lack of contracted units of dental activity (UDAs).	<ul style="list-style-type: none"> <li>• Robust contract management processes in place to ensure currently contracted activity delivers or that contractual sanction are imposed.</li> <li>• Capacity review undertaken per locality to enable the identification of areas with highest need for new activity.</li> <li>• Capacity and demand review undertaken and presented to the Board highlighting scale of additional resources required dependent on available funding.</li> <li>• Routine access service available for patients without a high</li> </ul>

	<p>street dentist but requiring a whole course of treatment.</p> <ul style="list-style-type: none"> <li>• Urgent access dental services available for patients requiring urgent care but without access to a high street dentist.</li> <li>• Community Dental Service available for patients with special needs or unable to use high street dental services due to their individual needs.</li> </ul>
<b>Finance</b>	
<p>There is a risk that: HMRC, currently querying on an All-Wales basis the operation of the OOH scheme, may rule that payments should be made net of tax and NI. This review has been ongoing for sometime and it unclear when or if the HMRC will make a ruling against all Health Boards at exceptionally significant cost. There is also a risk to the stability of the OOH should HMRC deem the GPs who provide the service be treated as employees.</p>	<ul style="list-style-type: none"> <li>• Hywel Dda has commissioned Deloitte to provide advice.</li> <li>• Links have also been made with other Health Boards in Wales in order to ensure that a consistent approach is being adopted.</li> </ul>
<b>Mental Health &amp; Learning Disabilities</b>	
<p>There is a risk of: Avoidable suicide attempts by patients. Caused by: The Directorate having inpatient units that are not compliant with Points of Ligature (POL) standards with variation in compliance across the service. Insufficient capital funds to undertake this work.</p>	<ul style="list-style-type: none"> <li>• Clinical/Risk assessment on an individual patient basis (WARRN/STORM).</li> </ul>
<b>Nursing Quality and Patient Experience</b>	
<p>There is a risk that: Prescribed medications could be omitted; or they could be administered at the wrong dose/via the wrong route/to the wrong patient/at the wrong time. This would be caused by medication administration errors (including omissions) due to distractions/ reduced concentration; knowledge or skills gaps; system s failings.</p>	<ul style="list-style-type: none"> <li>• Medicines management policies, specifically relating to drug administration, in place. Nursing &amp; Midwifery Council (NMC) guidelines; Medicines Management Group and Medicines Event Review Sub Group in place; Senior Nurse Medicine management post in situ.</li> <li>• UHB Drug Administration Policy revised and issued mid 2015.</li> </ul>
<p>The organisation is not compliant with its contribution to all of the Welsh Government National Clinical Audits and its reputation with the public and with Welsh Government may be compromised; as opportunities to improve standards of care may not be realised or evidenced.</p>	<ul style="list-style-type: none"> <li>• All national audits are co-ordinated by the Clinical Audit Department.</li> <li>• Variable compliance across the 4 acute sites is recognised.</li> <li>• Clinical audit teams provide as much support as possible to achieve compliance.</li> <li>• Clinical Audit updates provided to Effective Clinical Audit Committee.</li> </ul>
<b>Public Health</b>	
<p>There is a risk of: Increased smoking related illness and death. This is caused by not achieving the following tier 1 targets: 5% smoking cessation target. Percent who smoke during pregnancy.</p>	<ul style="list-style-type: none"> <li>• Monthly activity reports from Smoking Cessation Services.</li> <li>• Data shared with Board, Business Planning and Performance Assurance Committee.</li> <li>• Quarterly performance reporting to Welsh Government (Tobacco Policy Unit).</li> <li>• Performance reviewed bimonthly at Public Health Leadership Performance &amp; Activity Meetings.</li> <li>• Assessment against NICE guidance 26 (2010) 48 (2013).</li> </ul>
<b>Unscheduled Care (Cross site &amp; Pathway risks)</b>	
<p>There is a risk of: Delay in transfers to tertiary centre for patients requiring urgent cardiac investigations, treatment and surgery. This is caused by: Prolonged waits for cardiac transfers to Morriston.</p>	<ul style="list-style-type: none"> <li>• Medical staff review patients daily and update the referral database as appropriate.</li> <li>• Bi-monthly operational meeting with ABMU to improve flow.</li> <li>• Daily conference call (CCU) to review all patients awaiting transfer.</li> </ul>

	<ul style="list-style-type: none"> <li>• All patients are risk scored by cardiac team in Abertawe Bro Morgannwg (ABMU).</li> <li>• Cardiac transfer /repatriation information from ABMU which details number of patients waiting, length of wait, capacity in ABMU.</li> </ul>
<b>Unscheduled Care - Witybush Hospital Site</b>	
<p>There is a risk of: Compromised patient care and delays in A&amp;E pathway. Caused by: Unsafe Registered Nurse staffing levels in Emergency Departments. Baseline staffing levels not meeting NICE guidelines. Vacancies within registered nurse establishments.</p>	<ul style="list-style-type: none"> <li>• Daily Review of situation by Nurse in Charge / Senior Nurse Manager (SNM).</li> <li>• Pressures escalated at patient flow meetings.</li> <li>• Nurse staffing and skill mix reviewed on a daily basis by lead nurse.</li> </ul>

# Hywel Dda University Health Board

## Directors Report 2016/2017



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 2016/2017.
- 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	31.03.2018	Independent Member
David Powell	01.12.2011	30.04.2018	Independent Member
Don Thomas	01.10.2009	30.09.2017	Independent Member
John Gammon (Professor)	31.07.2014	31.07.2017	Independent Member
Judith Hardisty	01.04.2016	31.03.2018	Independent Member
Judith Hardisty	16.01.2017	31.03.2020	Vice Chairman
Julie James	01.05.2010	30.04.2018	Independent Member
Margaret Rees-Hughes	01.10.2009	31.03.2017	Independent Member
Mike Ponton	01.06.2012	31.03.2018	Independent Member
Cllr Simon Hancock	01.08.2013	31.07.2017	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		Director of Finance, Planning & Performance
Lisa Gostling	09.01.2015		Director of Workforce & OD
Philip Kloer	01.10.2011		Medical Director/Director of Clinical Strategy
Sarah Jennings	01.06.2010		Director of Governance, Communications & Engagement
Joanne Wilson	01.12.2014		Board Secretary

<b>Name</b>	<b>Date Appointed</b>	<b>Appointment Term</b>	<b>Position on Board/Board Champion</b>
<b>Jill Paterson</b>	01.05.2016		Interim Director of Commissioning, Primary Care, Therapies & Health Science
<b>Stephen Forster</b>	01.01.2017		Interim Director of Finance
<b>Mandy Davies</b>	01.07.2016		Interim Director of Nursing Quality & Patient Experience
<b>Jake Morgan</b>	01.11.2014		Associate Member
<b>Paula Martyn</b>	01.06.2014	28.02.2017	Associate Member
<b>Phil Parry</b>	01.06.2014	30.06.2016	Associate Member
<b>Caroline Oakley</b>	01.10.2009	30.06.2016	Director of Nursing, Quality and Patient Experience
<b>Kathryn Davies</b>	01.03.2010	30.04.2017	Director of Commissioning, Primary Care & Therapies & Health Scientists
<b>Teresa Owen</b>	03.09.2012	31.12.2016	Director Public Health
<b>Sian-Marie James</b>	03.10.2011	31.07.2017	Vice Chairman

**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
<b>Bernardine Rees</b>	Chairman	No	No	No	No	No	No	Husband is Independent member of Shalom House, Pembrokeshire
<b>Judith Hardisty</b>	Vice Chair	No	No	No	No	No	Lay Reviewer for HIW  Assessor for the Corporate Health Standard – Welsh Government initiative	No
<b>Adam Morgan</b>	Independent Member	No	No	No	No	No	No	No
<b>Don Thomas</b>	Independent Member	Welsh Lamb & Beef Producers Ltd (Managing Director)  Quality Welsh Food  Certification Ltd (Executive Director)  Farm Assured Welsh Livestock Ltd (Executive Director)	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
		<p>Welsh Agricultural Org Soc Ltd (Managing Director)</p> <p>Welsh Farmers Ltd (Non Executive Director)</p> <p>Chair of Quality Welsh Foods Certification Ltd</p> <p>Director of Celtic Pride Ltd (an associated company of Castell Howell Foods Ltd)</p> <p>Director &amp; Company Secretary of Welsh Meat Ltd</p> <p>Director &amp; Company Secretary of Welsh Livestock Ltd</p> <p>Director of Iechyd</p>						

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
		Da (Gwledig) Ltd  Member of Advisory Board of School of Mgmt & Business, Aberystwyth University  Director of Aberystwyth Animal Health Laboratory Ltd						
<b>David Powell</b>	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  Son works as a General Manager in a London Hospital
<b>John Gammon (Professor)</b>	Independent Member	No	No	No	No	No	No	No
<b>Margaret Rees-Hughes</b>	Independent Member	No	No	No	No	Member of the Patient Participation Group at Bridge Street Surgery, Penygroes	No	Son works in the Oncology Department at Singleton Hospital, ABMU LHB
<b>Mike Ponton</b>	Independent	No	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
	Member BPPAC Chairman							
<b>Simon Hancock</b>	Independent Member (Local Authority)	No	No	No	Treasurer, Neyland Age Concern	No	Cabinet Member, Pembrokeshire County Council  Magistrate, Pembrokeshire-Ceredigion Bench  Board Member, Care Council for Wales	Brother employed at Argyle Surgery, Pembroke Dock  Sister-in-law: GP in Newport (Retired)  Niece: Nurse, Withybush Hospital
<b>Julie James</b>	Independent Member	No	No	No	No	Member of the Marie Curie Cancer Care Advisory Board for Wales	Trustee, Brecon Beacons Trust  Health Assessor for the WG Health and Wellbeing at Work Corporate Standard  Independent Member Audit Committee  Local Delivery Boundary Commission Wales  Trustee of the National Botanical Garden of Wales  Member of Court	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
							<p>Swansea University</p> <p>Member of Court University of Luton</p> <p>Non-Exec Director of WG Dept for Education and Local Government Corporate Governance Committee</p> <p>Non-Exec Director of Local Government Public Service Programme Board</p> <p>External Voting Member of Carmarthenshire County Council Audit Committee (from 08.06.2016)</p>	
<b>Steve Moore</b>	Chief Executive	No	No	No	No	No	No	Wife is an employee of the North, East & West Devon Clinical Commissioning Group
<b>Joe Teape</b>	Deputy Chief Executive/ Director of Operations	No	No	No	No	No	Chartered Institute of Public Finance Accountancy Healthcare Financial Management Association	Wife is a Director of a Dental practice in Newquay and Partner in Dental Nurses Training Company. No connection with Welsh NHS (Newquay)

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
								Dental Centre and West of England Dental Nurse Training)
<b>Stephen Forster</b>	Interim Director of Finance	No	No	No	No	No		Wife works for Aberystwyth University as a Lecturer/Tutor
<b>Jill Paterson</b>	Interim Director of Commissioning, Primary Care, Therapies & Health Science	No	No	No	No	No	No	Sister is a nurse in Day Theatres (Withybush Hospital)  Brother-in-law is employed by Public Health Wales
<b>Karen Miles</b>	Director of Planning, Performance & Commissioning	No	No	No	No	No	No	Brother is a Senior Lecturer, Swansea Medical School & Postgrad Research  Sister-in-law serves on R&D Committee, Lampeter University
<b>Lisa Gostling</b>	Director of Workforce & OD	No	No	No	No	No	No	No
<b>Mandy Davies</b>	Interim Director of Nursing, Quality & Patient Experience	No	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
<b>Philip Kloer</b>	Medical Director/ Director of Clinical Strategy	No	No	No	No	No	Member of Council of St John, Carmarthen	No
<b>Joanne Wilson</b>	Board Secretary	No	No	No	No	No	No	Husband is employed by Health Board (IT)
<b>Sarah Jennings</b>	Director of Governance, Communications & Engagement	No	No	No	No	No	No	No
<b>Libby Ryan – Davies</b>	Transformation Director	No	No	No	No	No	No	Estranged sister, Dr Tracey Ryan-Davies is clinical Neuro-Psychologist with a private practice.
<b>Paula Martyn</b> <b>Associated Board Member</b>	Associated Board Member	No	No	No	No	Independent advisor to Care Forum Wales a professional body which supports the independent sector	Associate Director (Chair of Stakeholder Reference Group) with Cardiff & Vale UHB	No
<b>Jake Morgan</b>	Associated Board Member							No
<b>Kathryn Davies</b>	Director of Commissioning, Therapies & Health Science	Non-Executive Board Member (Independent) for Football	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
	until 30.04.2017	Association of Wales (FAW) – unpaid						
<b>Caroline Oakley</b>	Director of Nursing, Quality & Patient Experience until 30.06.2016	No	No	No	Undertaking voluntary work with Dyfed Powys Crime & Police Commissioner on a panel reviewing complaints	No	No	Husband is an employee of Hywel Dda Health Board in the Physiotherapy Department at South Pembrokeshire Hospital
<b>Teresa Owen</b>	Public Health Director until 31.12.16	No	No	No	No	No	No	No
<b>Sian-Marie James</b>	Vice Chairman until 31.07.2016	No	No	No	No but a Member of the National Association for Crohn's & Colitis (NACC)	No	No but Chair for the South West Wales Branch of the Chartered Institute of Legal Executives	Daughter remains a Bank Healthcare Support Worker but resides in Ireland.  Brother is Chair of the Abertawe Bro Morgannwg University Health Board's Cancer Patient Forum and a Member of Welsh Government's National Strategic Advisory Group: Patient Forum
* For champion areas and committee membership please see the Annual Governance Statement *								

**Table 3**

The membership of the Committee remained unchanged during 2016/17, providing stability and expertise and was as follows:

Mr Don Thomas	Independent Member – Finance	Chair of the Audit and Risk Assurance Committee
Mrs Julie James	Independent Member – Third Sector	Vice-Chair of the Audit and Risk Assurance Committee
Mr David Powell	Independent Member – Information Technology	Member of the Audit and Risk Assurance Committee
Mrs Margaret Rees-Hughes	Independent Member – Community	Member of the Audit and Risk Assurance Committee
Cllr Simon Hancock	Independent Member – Local Authority	Member of the Audit and Risk Assurance Committee
Mr Mike Ponton	Independent Member – Community	Member of the Audit and Risk Assurance Committee

Full details relating to the role and work of the Audit and Risk Assurance Committee 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 40).

## 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

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 – we firmly believe that every little bit helps and our plans to make significant financial efficiencies in 2017/18 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
- Play our part within the national and international arena through sharing best practice and innovations with global partners, such as the Trieste Mental Health Department
- 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, as outlined in our four wellbeing goals for 2017/18:
  - Improve population health through prevention and early intervention
  - Support people to live active, happy and healthy lives
  - Improve efficiency and quality of services through collaboration with people, communities and partners
  - Ensure a sustainable, skilled and flexible workforce to meet the changing needs of the modern NHS
- 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 Health Board undertakes activities that is not funded directly by the Welsh Government the Health Board receives income to cover its costs. Further detail of income receive is published in the Health Board’s annual accounts, within note 4 miscellaneous income.

The Health Board 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 Health Board are therefore not recognised as an expense nor as a contingent liability. Detailed below are the remote contingent liabilities as at 31<sup>st</sup> March 2017:

	2016-17	2015-16
	£000's	£000's
Guarantees	0	0
Indemnities	126	7,795
Letters of Comfort	0	0
Total	126	8,131

# Hywel Dda University Health Board

## Remuneration and Staff Report 2016/2017



GIG  
CYMRU  
NHS  
WALES

Bwrdd Iechyd Prifysgol  
Hywel Dda  
University Health Board

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 University Health Board in the financial year 2016-2017 was £170,000 - £175,000 (2015-2016, £170,000 - £175,000). This was 7 times (2015-2016) the median remuneration of the workforce, which was £26,483 (2015-2016, £26,041).

In 2016-2017, 35 (2015-2016, 20) employees received remuneration in excess of the highest-paid director. Remuneration for staff ranged from £15,251 to £308,550 (2015-2016, £14,434 to £272,562). 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.

	2016/2017	2015/2016
<b>Band of Highest paid Director's Total Remuneration £000</b>	170 – 175	170 – 175
<b>Median Total Remuneration £000</b>	26	26
<b>Ratio</b>	7 times	7 times

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	Independent Member – Finance & Chair of Audit and Risk Assurance Committee	Vice Chair of RTSC
Mrs Julie James	Independent Member-Third Sector	Member of RTSC
Mr Mike Ponton	Independent Member – Community	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 Welsh Government, and the University Health Board 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 University Health Board 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 Welsh Government 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 University Health Board does not have a system for performance related pay for its Very Senior Managers.

In addition to Very Senior Managers the University Health Board 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 1<sup>st</sup> April 2016 links staff performance through their pay scale and also a local University Health Board 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 University Health Board complies with Medical & Dental terms and conditions which apply to medical remuneration.

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

The only severance payment policy in place within the University Health Board 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
Steven Moore	Chief Executive	170-175	5/1/2015	n/a	3 months	n/a	None
Joseph Teape	Deputy Chief Executive/ Director of Operations	140-145	7/9/2015	n/a	3 months	n/a	
Mandy Davies	Interim Director of Nursing, Quality and Patient Experience	120-125	27/6/16	17/6/17	3 months	n/a	None
Karen Miles	Director of Finance, Planning & Performance	120-125	1/6/2015	1/1/17	3 months	n/a	No change to salary however job changed role 1/1/17 (see below)



Karen Miles	Director of Planning, Performance & Commissioning	120-125	1/1/17	n/a	3 months	n/a	See above change to role
Stephen Forster	Interim Director of Finance	120-125	1/1/17	n/a	3 months	n/a	None
Lisa Gostling	Director of Workforce & OD	110-115	9/1/2015	n/a	3 months	n/a	None
Jill Patterson	Interim Director Commissioning, Primary Care & Therapies & Health Sciences	105-110	1/5/2016	n/a	3 months	n/a	None
Sarah Jennings	Director of Governance, Communications & Engagement	100-105	15/10/2015	n/a	3 months	n/a	None
Philip Kloer	Medical Director	150-155	25/6/2015	n/a	3 months	n/a	
Libby Ryan Davies	Transformation Director	95-100	12/9/2016	11/09/18	3 months	n/a	None

The University Health Board 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 University Health Board issues all Wales Executive Director contracts which determine the terms and conditions for all Very Senior Managers. The University Health Board 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 2016/2017 year only Voluntary Early Release payments have been made and these were 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
Kathryn Davies	Director Commissioning, Primary Care & Therapies & Health Sciences	105-110	1/3/2010	30/04/2016	3 months		None
Teresa Owen	Director of Public Health	105-110	1/9/2012	31/12/16	3 months	n/a	None
Caroline Oakley	Director of Nursing, Quality & Patient Experience	120-125	1/6/2015	8/7/16	3 months	n/a	

## 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 2016 (bands of £5,000) £000	Lump sum at age 60 related to accrued pension at 31 March 2016 (bands of £5,000) £000	Cash Equivalent Transfer Value at 31 March 2016 £000	Cash Equivalent Transfer Value at 31 March 2015 £000	Real increase in Cash Equivalent Transfer Value £000	Employer's contribution to stakeholder pension £000
Mr S Moore, Chief Executive	2.5 – 5	0 – 2.5	45 – 50	120 – 125	713	648	66	Nil
Mr J Teape, Deputy Chief Executive / Director of Operations	0	0	50 – 55	145 – 150	821	821	0	Nil
Mrs C A Oakley, Director of Nursing, Quality and Patient Experience (to 08/07/16)	0 – 2.5	0 – 2.5	45 – 50	145 – 150	0	949	0	Nil
Mrs M Davies, Interim Director of Nursing, Quality and Patient Experience (from 25/06/16)	10 – 12.5	30 – 32.5	45 – 50	135 – 140	877	609	205	Nil
Mrs K Miles, Director of Finance, Planning and Performance (to 31/12/16), Director of Planning, Performance and Commissioning (from 01/01/17)	0 – 2.5	2.5 – 5	45 – 50	145 – 150	916	863	53	Nil
Mr S Forster, Interim Director of Finance (from 01/01/17)	0 – 2.5	2.5 – 5	30 – 35	100 – 105	656	564	22	Nil
Mrs L Gostling Director of Workforce and Organisational Development	0 – 2.5	0 – 2.5	35 – 40	90 – 95	568	530	37	Nil

Ms K Davies, Director of Commissioning, Primary Care, Therapies and Health Science (to 30/04/16)	0 – 2.5	0 – 2.5	60 – 65	110 – 115	0	549	0	Nil
Miss J Patterson, Interim Director of Commissioning, Primary Care, Therapies and Health Sciences (from 01/05/16)	5 – 7.5	15 – 17.5	35 – 40	105 – 110	794	638	0	Nil
Mrs SL Jennings, Director of Governance, Communications and Engagement	2.5 – 5	0	30 – 35	0	364	323	41	Nil
Dr P Kloer, Medical Director	2.5 – 5	0 – 2.5	40 – 45	105 – 110	635	565	70	Nil
Miss T Owen, Director of Public Health (to 31/12/16)	0 – 2.5	0 – 2.5	30 – 35	90 – 95	567	506	46	Nil
Mrs ER Ryan-Davies, Transformational Director (from 12/09/16)	2.5 - 5	2.5 - 5	25 - 30	70 - 75	380	318	34	Nil

## Severance Payments

There have been no exit packages paid to senior staff during 2016-2017.

## 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 University Health Board 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.

### 2016-17

Name	Salary (bands of £5k)	Benefits in kind (£000)	Pension benefits (£000)	Total (bands of £5k)
<b>Executive Members and Directors</b>				
Mr S Moore	170 – 175		45	220 – 225
Mr J Teape	140 – 145		0	140 – 145
Mrs C A Oakley (to 08/07/16)	30 – 35		5	35 – 40
Mrs M Davies (from 25/06/16)	95 – 100		220	315 – 320
Mrs K Miles	120 – 125		18	140 – 145
Mr SP Forster (from 01/01/17)	30 – 35		24	55 – 60
Mrs L Gostling	110 – 115		27	140 – 145
Ms K Davies (to 30/04/16)	35 – 40		43	75 – 80
Miss J Paterson (from 01/05/16)	100 – 105	7.0	112	215 – 220
Dr P Kloer	150 – 155		30	185 – 190
Miss T Owen (to 31/12/16)	80 – 85		27	105 – 110
Mrs SL Jennings	100 – 105		52	155 – 160
Mrs ER Ryan-Davies (from 12/09/16)	50 - 55		66	120 – 125
<b>Independent Members</b>				
Mrs B Rees, Chair	55 – 60			55 – 60

Mrs S M James, Vice Chair (to 31/07/16)	15 – 20			15 – 20
Mrs J Hardisty, Independent Member (from 01/04/16), Interim Vice Chair (from 01/08/16), Vice Chair (from 16/01/2017)	35 – 40			35 – 40
Mr DK Thomas	10 – 15			10 – 15
Mr M Ponton	10 – 15			10 – 15
Mrs M Rees Hughes (to 31/03/17)	10 – 15			10 – 15
Professor J Gammon	10 – 15			10 – 15
Mrs J James	10 – 15			10 – 15
Mr DS Powell	10 – 15			10 – 15
Cllr S Hancock	10 – 15			10 – 15
Mrs DE Raynsford (shadow Independent from 01/02/17, commenced in post in 01/04/17)	0 - 5			0 - 5
Mr A Morgan (from 01/04/16)	0-5			0-5

## 2015-16

Name	Salary (bands of £5k)	Benefits in kind (£000)	Pension benefits (£000)	Total (bands of £5k)
Mr S Moore	170 – 175		89	260 – 265
Mr J Teape (from 07/09/2015)	80 – 85	6.3	41	125 – 130
Mrs C A Oakley	120 – 125		76	195 – 200
Mrs K Miles	120 – 125		13	135 – 140
Mrs L Gostling	110 – 115		130	240 – 245
Ms K Davies	105 – 110		0	105 – 110
Mrs SL Jennings	95 – 100		41	140 – 145
Dr P Kloer	150 – 155		84	235 – 240
Miss T Owen	105 – 110		26	135 – 140
Mr P Hawkins(to 25/05/2015)	15 – 20		0	15 – 20
Mr Peter Skitt (from 02/05/2015 to 06/09/2015)	40 – 45		21	60 – 65

Independent Members				
Mrs B Rees, Chair	55 – 60			55 – 60
Mrs S M James	45 – 50			45 – 50
Mr EW Griffiths	10 – 15			10 – 15
Mr DK Thomas	10 – 15			10 – 15
Mr M Ponton	10 – 15			10 – 15
Mrs M Rees Hughes	10 – 15			10 – 15
Professor J Gammon	10 – 15			10 – 15
Mrs J James	10 – 15			10 – 15
Mr DS Powell	10 – 15			10 – 15
Cllr S Hancock	10 – 15			10 – 15

## Staff Composition

	Female		Male		Total	
	FTE	Headcount	FTE	Headcount	FTE	Headcount
<b>Executive Team</b>	<b>7.00</b>	<b>7</b>	<b>4.00</b>	<b>4</b>	<b>11.00</b>	<b>11</b>
<b>Chairman and Independent Members</b>	<b>5.00</b>	<b>5</b>	<b>5.00</b>	<b>5</b>	<b>10.00</b>	<b>10</b>
<b>Total</b>	<b>12.00</b>	<b>12</b>	<b>9.00</b>	<b>9</b>	<b>21.00</b>	<b>21</b>
<b>*The Executive Team includes both the Executive Members of the Board and two non voting Directors*</b>						
	Female		Male		Total	
	FTE	Headcount	FTE	Headcount	FTE	Headcount
<b>Add Prof Scientific and Technical</b>	<b>181.63</b>	<b>212</b>	<b>85.75</b>	<b>104</b>	<b>267.39</b>	<b>316</b>
<b>Additional Clinical Services</b>	<b>1,324.27</b>	<b>2,207</b>	<b>313.65</b>	<b>428</b>	<b>1,637.92</b>	<b>2,635</b>
<b>Administrative and Clerical</b>	<b>1,190.02</b>	<b>1,444</b>	<b>248.26</b>	<b>272</b>	<b>1,438.28</b>	<b>1,716</b>
<b>Allied Health Professionals</b>	<b>416.03</b>	<b>506</b>	<b>86.69</b>	<b>98</b>	<b>502.72</b>	<b>604</b>
<b>Estates and Ancillary</b>	<b>376.96</b>	<b>719</b>	<b>417.89</b>	<b>616</b>	<b>794.86</b>	<b>1,335</b>
<b>Healthcare Scientists</b>	<b>89.59</b>	<b>101</b>	<b>63.50</b>	<b>65</b>	<b>153.09</b>	<b>166</b>
<b>Medical and Dental</b>	<b>213.35</b>	<b>322</b>	<b>409.78</b>	<b>564</b>	<b>623.13</b>	<b>886</b>
<b>Nursing and Midwifery Registered</b>	<b>2,394.26</b>	<b>3,046</b>	<b>224.06</b>	<b>253</b>	<b>2,618.32</b>	<b>3,299</b>
<b>Students</b>	<b>17.00</b>	<b>17</b>	<b>1.00</b>	<b>1</b>	<b>18.00</b>	<b>18</b>
<b>Grand Total</b>	<b>6,203.13</b>	<b>8,574</b>	<b>1,850.58</b>	<b>2,401</b>	<b>8,053.70</b>	<b>10,975</b>

Senior Managers	Female		Male		Total	
	FTE	Headcount	FTE	Headcount	FTE	Headcount
Band 8a	30.41	31	27.20	27	57.61	58
Band 8b	18.43	19	15.00	15	33.43	34
Band 8c	12.39	13	7.40	8	19.79	21
Band 8d	8.00	8	7.72	8	15.72	16
Band 9	1.00	1	3.00	3	4.00	4
<b>Grand Total</b>	<b>70.23</b>	<b>72</b>	<b>60.32</b>	<b>61</b>	<b>130.55</b>	<b>133</b>

### Sickness absence data

	2016-17	2015-16
Days lost (long term)	121,998	128,637
Days lost (short term)	53,474	55,723
Total days lost	175,472	184,360
Total FTE as at 31 March	7,939.54	7,720.26
Average Working Days Lost	11.74	12.77
Total Staff employed as at 31 March (headcount)	10,899	10,273
Total Staff employed in period with no absence (headcount)	2,968	2,506
Percentage of staff with no sick leave	33.60%	31.98%

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 Wellbeing Service that staff are able to self refer to.

## **Staff Policies**

All key employment policies are developed on an All Wales basis and then ratified locally by the Workforce & Organisational Development sub-committee. These policies are developed in partnership with Trade Unions and are approved through the Welsh Government 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.

Local 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 go out 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 go for formal sign off through both the University Health Board's Partnership Forum and the Workforce & OD sub-committee.

The University Health Board's Equality and Diversity policy sets out the University Health Board'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.
- Hywel Dda University Health Board 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.

Within the objectives of the policy, the following key points are outlined. The objectives for committing Hywel Dda University Health Board 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 Hywel Dda University Health Board 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 the provision to management of 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 University Health Board spent £525,000 on consultancy services.

### **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, Welsh Government has taken a zero tolerance approach and produced a policy that has been communicated and implemented across the Welsh Government. 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 University Health Board's website [www.hywelddahb.wales.nhs.uk](http://www.hywelddahb.wales.nhs.uk) following publication of the Board's 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 University Health Board has agreed early retirements, the additional costs are met by the University Health Board and not by the NHS pensions 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 University Health Board 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 Welsh Government for approval prior to University Health Board approval. Details of exit packages and severance payments are as follows:

	2016-2017	2016-2017	2016-2017	2016-2017	2015-2016
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	4
£25,000 to £50,000	0	0	0	0	1
£50,000 to £100,000	0	0	0	0	0
£100,000 to £150,000	0	0	0	0	0
£150,000 to £200,000	0	0	0	0	0
more than £200,000	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5</b>

	2016-2017	2016-2017	2016-2017	2016-2017	2015-2016
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	61,109
£25,000 to £50,000	0	0	0	0	47,791
£50,000 to £100,000	0	0	0	0	0

£100,000 to £150,000	0	0	0	0	0
£150,000 to £200,000	0	0	0	0	0
more than £200,000	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>108,900</b>

# Hywel Dda University Health Board

## Statement of Accountable Officer's Responsibilities 2016/2017



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 1<sup>st</sup> June 2017

Steve Moore

Chief Executive

## **Statement of Directors' responsibilities in respect of the accounts**

The directors are required under the National Health Service Act (Wales) 2006 to prepare accounts for each financial year. The Welsh Ministers, with the approval of the Treasury, direct that these accounts give a true and fair view of the state of affairs of 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:                      Bernadine Rees                                      Dated: 1<sup>st</sup> June 2017

Chief Executive:                      Steve Moore                                      Dated: 1<sup>st</sup> June 2017

Director of Finance:                      Stephen Forster                                      Dated: 1<sup>st</sup> June 2017

# 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 will take place at the end of 2016-17.



**Statement of Comprehensive Net Expenditure  
for the year ended 31 March 2017**

	Note	2016-17 £'000	2015-16 £'000
Expenditure on Primary Healthcare Services	3.1	<b>172,928</b>	172,740
Expenditure on healthcare from other providers	3.2	<b>188,980</b>	179,320
Expenditure on Hospital and Community Health Services	3.3	<b>500,923</b>	457,847
		<b>862,831</b>	809,907
Less: Miscellaneous Income	4	<b>52,934</b>	51,698
<b>LHB net operating costs before interest and other gains and losses</b>		<b>809,897</b>	758,209
Investment Income	8	<b>0</b>	0
Other (Gains) / Losses	9	<b>(10)</b>	6
Finance costs	10	<b>8</b>	46
<b>Net operating costs for the financial year</b>		<b>809,895</b>	758,261

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

The notes on pages 8 to 62 form part of these accounts

## Other Comprehensive Net Expenditure

	2016-17 £'000	2015-16 £'000
Net gain / (loss) on revaluation of property, plant and equipment	533	3,164
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	(131)	(16)
Release of Reserves to Statement of Comprehensive Net Expenditure	0	0
Other comprehensive net expenditure for the year	<u>402</u>	<u>3,148</u>
<b>Total comprehensive net expenditure for the year</b>	<u><u>809,493</u></u>	<u><u>755,113</u></u>

**Statement of Financial Position as at 31 March 2017**

	<b>31 March</b>	31 March
	<b>2017</b>	2016
<b>Notes</b>	<b>£'000</b>	£'000
<b>Non-current assets</b>		
Property, plant and equipment	11 <b>239,314</b>	237,647
Intangible assets	12 <b>1,168</b>	991
Trade and other receivables	15 <b>23,585</b>	16,664
Other financial assets	22 <b>0</b>	0
<b>Total non-current assets</b>	<b>264,067</b>	255,302
<b>Current assets</b>		
Inventories	14 <b>8,076</b>	8,090
Trade and other receivables	15 <b>27,851</b>	17,952
Other financial assets	22 <b>229</b>	324
Cash and cash equivalents	21 <b>1,212</b>	2,052
	<b>37,368</b>	28,418
Non-current assets classified as "Held for Sale"	11 <b>205</b>	258
<b>Total current assets</b>	<b>37,573</b>	28,676
<b>Total assets</b>	<b>301,640</b>	283,978
<b>Current liabilities</b>		
Trade and other payables	16 <b>84,965</b>	79,275
Other financial liabilities	23 <b>0</b>	0
Provisions	17 <b>19,015</b>	9,965
<b>Total current liabilities</b>	<b>103,980</b>	89,240
<b>Net current assets/ (liabilities)</b>	<b>(66,407)</b>	(60,564)
<b>Non-current liabilities</b>		
Trade and other payables	16 <b>0</b>	0
Other financial liabilities	23 <b>0</b>	0
Provisions	17 <b>23,957</b>	16,947
<b>Total non-current liabilities</b>	<b>23,957</b>	16,947
<b>Total assets employed</b>	<b>173,703</b>	177,791
<b>Financed by :</b>		
<b>Taxpayers' equity</b>		
General Fund	<b>157,520</b>	160,953
Revaluation reserve	<b>16,183</b>	16,838
<b>Total taxpayers' equity</b>	<b>173,703</b>	177,791

The financial statements on pages 2 to 7 were approved by the Board on 1st June 2017 and signed on its behalf by:

Chief Executive                      Steve Moore

Date 1st June 2017

The notes on pages 8 to 62 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
<b>Changes in taxpayers' equity for 2016-17</b>			
<b>Balance at 1 April 2016</b>	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
<b>Total recognised income and expense for 2016-17</b>	<b>(808,838)</b>	<b>(655)</b>	<b>(809,493)</b>
Net Welsh Government funding	805,405		805,405
<b>Balance at 31 March 2017</b>	<b>157,520</b>	<b>16,183</b>	<b>173,703</b>

The notes on pages 8 to 62 form part of these accounts

## Statement of Changes in Taxpayers' Equity For the year ended 31 March 2016

	General Fund £000s	Revaluation Reserve £000s	Total Reserves £000s
<b>Changes in taxpayers' equity for 2015-16</b>			
<b>Balance at 1 April 2015</b>	159,166	20,092	179,258
Net operating cost for the year	(758,261)		(758,261)
Net gain/(loss) on revaluation of property, plant and equipment	0	3,164	3,164
Net gain/(loss) on revaluation of intangible assets	0	0	0
Net gain/(loss) on revaluation of financial assets	0	0	0
Net gain/(loss) on revaluation of assets held for sale	0	0	0
Impairments and reversals	0	(16)	(16)
Movements in other reserves	0	0	0
Transfers between reserves	6,402	(6,402)	0
<b>Release of reserves to SoCNE</b>	0	0	0
Transfers to/from LHBs	0	0	0
<b>Total recognised income and expense for 2015-16</b>	(751,859)	(3,254)	(755,113)
Net Welsh Government funding	753,646		753,646
<b>Balance at 31 March 2016</b>	160,953	16,838	177,791

The notes on pages 8 to 62 form part of these accounts

**Statement of Cash flows for year ended 31 March 2017**

	2016-17	2015-16
	£'000	£'000
<b>Cash Flows from operating activities</b>		
Net operating cost for the financial year	(809,895)	(758,261)
Movements in Working Capital	30 (11,907)	13,291
Other cash flow adjustments	31 37,264	18,162
Provisions utilised	17 (5,059)	(10,254)
<b>Net cash outflow from operating activities</b>	<b>(789,597)</b>	<b>(737,062)</b>
<b>Cash Flows from investing activities</b>		
Purchase of property, plant and equipment	(17,644)	(15,387)
Proceeds from disposal of property, plant and equipment	268	57
Purchase of intangible assets	(535)	(238)
Proceeds from disposal of intangible assets	0	0
Payment for other financial assets	(199)	(319)
Proceeds from disposal of other financial assets	294	314
Payment for other assets	0	0
Proceeds from disposal of other assets	0	0
<b>Net cash inflow/(outflow) from investing activities</b>	<b>(17,816)</b>	<b>(15,573)</b>
<b>Net cash inflow/(outflow) before financing</b>	<b>(807,413)</b>	<b>(752,635)</b>
<b>Cash flows from financing activities</b>		
Welsh Government funding (including capital)	805,405	753,646
Capital receipts surrendered	0	0
Capital grants received	1,168	686
Capital element of payments in respect of finance leases and on-SoFP	0	0
Cash transferred (to)/ from other NHS bodies	0	0
<b>Net financing</b>	<b>806,573</b>	<b>754,332</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(840)</b>	<b>1,697</b>
<b>Cash and cash equivalents (and bank overdrafts) at 1 April 2016</b>	<b>2,052</b>	<b>355</b>
<b>Cash and cash equivalents (and bank overdrafts) at 31 March 2017</b>	<b>1,212</b>	<b>2,052</b>

The notes on pages 8 to 62 form part of these accounts

## Notes to the Accounts

### 1. Accounting policies

The accounts have been prepared in accordance with the 2016-17 Local Health Board Manual for Accounts and 2016-17 Financial Reporting Manual (FReM) issued by HM Treasury. These reflect International Financial Reporting Standards (IFRS) and these statements have been prepared to show the effect of the first-time adoption of the European Union version IFRS. The particular accounting policies adopted by the Local Health Board are described below. They have been applied 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 2012-13 a formal revaluation exercise was applied to land and properties. Land and buildings have been indexed with indices supplied by the District Valuation Office. 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 sales 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 therefrom 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 Cashflows, 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 2016-17 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 25 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 28.

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 Morgan Cole. 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

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.

e. In line with IAS19 the LHB has reviewed the level of annual leave taken by its staff to 31<sup>st</sup> March. Based on a sample the LHB has accrued an estimate of the cost of untaken leave.

#### **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 2016-17 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 of 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 responsible, and the provision of health care to such people, and for that plan to be submitted to and approved by the Welsh Ministers.

The first assessment of performance against the 3 year statutory duty under section 175 (1) is at the end of 2016-17, being the first 3 year period of assessment.

Welsh Health Circular WHC/2016/054 replaces WHC/2015/014 "Statutory and Financial Duties of Local Health Boards and NHS Trusts" and further clarifies the statutory financial duties of NHS Wales bodies and is effective for 2016-17.

### 2.1 Revenue Resource Performance

#### Annual financial performance

	2014-15 £'000	2015-16 £'000	2016-17 £'000	Total £'000
<b>Net operating costs for the year</b>	<b>727,448</b>	<b>758,261</b>	<b>809,895</b>	<b>2,295,604</b>
Less general ophthalmic services expenditure and other non-cash limited expend	(50)	(155)	1,086	881
Less revenue consequences of bringing PFI schemes onto SoFP	0	0	0	0
Total operating expenses	727,398	758,106	810,981	2,296,485
Revenue Resource Allocation	719,924	726,907	761,368	2,208,199
<b>Under /(over) spend against Allocation</b>	<b>(7,474)</b>	<b>(31,199)</b>	<b>(49,613)</b>	<b>(88,286)</b>

Hywel Dda UHB has not met its financial duty to break-even against its Revenue Resource Limit over the 3 years 2014-15 to 2016-17.

Hywel Dda UHB received £44.862m strategic cash assistance in 2016/17, and £23.974m in 2015/16. This strategic cash assistance will not be repayable in 2017/18, but repayment will be considered in the Board's Integrated Medium Term Plan.

### 2.2 Capital Resource Performance

	2014-15 £'000	2015-16 £'000	2016-17 £'000	Total £'000
<b>Gross capital expenditure</b>	<b>26,968</b>	<b>13,959</b>	<b>18,970</b>	<b>59,897</b>
Add: Losses on disposal of donated assets	0	0	0	0
Less NBV of property, plant and equipment and intangible assets disposed	(868)	(63)	(258)	(1,189)
Less capital grants received	(169)	(9)	(9)	(187)
Less donations received	(398)	(677)	(1,159)	(2,234)
Charge against Capital Resource Allocation	25,533	13,210	17,544	56,287
Capital Resource Allocation	25,588	13,238	17,574	56,400
<b>(Over) / Underspend against Capital Resource Allocation</b>	<b>55</b>	<b>28</b>	<b>30</b>	<b>113</b>

Hywel Dda University Health Board has met its financial duty to break-even against its Capital Resource Limit over the 3 years 2014-15 to 2016-17.

### 2.3 Duty to prepare a 3 year plan

The NHS Wales Planning Framework for the period 2015-16 to 2017-18 issued to LHBs placed a requirement upon them to prepare and submit Integrated Medium Term Plans to the Welsh Government.

The LHB submitted an Integrated Medium Term Plan for the period 2016-17 to 2018-19 in accordance with NHS Wales Planning Framework.

**2016-17  
to  
2018-19**

The Cabinet Secretary for Health and Social Services approval status

Not approved

The LHB has therefore has not met its statutory duty to have an approved financial plan for the period 2016-17 to 2018-19

The LHB Integrated Medium Term Plan was not approved in 2014-15

The LHB Integrated Medium Term Plan was not approved in 2015-16

### 3. Analysis of gross operating costs

#### 3.1 Expenditure on Primary Healthcare Services

	Cash limited £'000	Non-cash limited £'000	2016-17 Total £'000	2015-16 £'000
General Medical Services	60,901		60,901	61,390
Pharmaceutical Services	19,125	(5,051)	14,074	14,740
General Dental Services	18,854		18,854	18,461
General Ophthalmic Services	1,004	3,965	4,969	3,989
Other Primary Health Care expenditure	4,416		4,416	4,259
Prescribed drugs and appliances	69,714		69,714	69,901
<b>Total</b>	<b>174,014</b>	<b>(1,086)</b>	<b>172,928</b>	<b>172,740</b>

General Medical Services includes a rates rebate of £3,703k for financial years 2010/11 to 2015/16. Staff costs of £4,816k paid by the Health Board are included in General Medical Services.

#### 3.2 Expenditure on healthcare from other providers

	2016-17 £'000	2015-16 £'000
Goods and services from other NHS Wales Health Boards	38,283	36,949
Goods and services from other NHS Wales Trusts	5,568	5,362
Goods and services from other non Welsh NHS bodies	2,592	2,212
Goods and services from WHSSC / EASC	77,625	72,851
Local Authorities	9,879	8,297
Voluntary organisations	1,828	1,769
NHS Funded Nursing Care	3,126	3,190
Continuing Care	45,499	44,484
Private providers	4,448	4,044
Specific projects funded by the Welsh Government	0	0
Other	132	162
<b>Total</b>	<b>188,980</b>	<b>179,320</b>

**3.3 Expenditure on Hospital and Community Health Services**

	2016-17 £'000	2015-16 £'000
Directors' costs	1,775	1,694
Staff costs	376,405	341,505
Supplies and services - clinical	67,483	64,099
Supplies and services - general	5,236	5,061
Consultancy Services	525	317
Establishment	8,069	8,433
Transport	1,387	1,169
Premises	16,803	15,740
External Contractors	2,570	1,968
Depreciation	14,552	14,711
Amortisation	358	239
Fixed asset impairments and reversals (Property, plant & equipment)	2,413	(280)
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	20
Audit fees	408	408
Other auditors' remuneration	0	0
Losses, special payments and irrecoverable debts	1,763	921
Research and Development	0	0
Other operating expenses	1,176	1,842
<b>Total</b>	<b>500,923</b>	<b>457,847</b>

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

	2016-17 £'000	2015-16 £'000
<b>Increase/(decrease) in provision for future payments:</b>	<b>£'000</b>	<b>£'000</b>
Clinical negligence	19,381	3,117
Personal injury	956	328
All other losses and special payments	424	332
Defence legal fees and other administrative costs	592	(338)
Gross increase/(decrease) in provision for future payments	21,353	3,439
Contribution to Welsh Risk Pool	0	0
Premium for other insurance arrangements	0	0
Irrecoverable debts	149	182
<b>Less: income received/ due from Welsh Risk Pool</b>	<b>(19,739)</b>	<b>(2,700)</b>
<b>Total</b>	<b>1,763</b>	<b>921</b>

Personal injury includes £165,965 (2015-16 £195,654) in respect of permanent injury benefits.

Clinical Redress arising during the year was £240,401, 83 cases (2015-16 33 cases, £99,446)

The discount rate set by the Lord Chancellor on which lump sum settlements for clinical negligence and personal injury are calculated reduced from 2.5% to -0.75% on and has resulted in the material increase in the gross expenditure for losses and special payments.

**4. Miscellaneous Income**

	2016-17 £'000	2015-16 £'000
Local Health Boards	17,675	18,061
WHSSC /EASC	2,254	845
NHS trusts	2,629	2,530
Other NHS England bodies	4,389	3,894
Foundation Trusts	0	0
Local authorities	4,922	5,319
Welsh Government	1,703	2,581
Non NHS:		
Prescription charge income	8	10
Dental fee income	3,263	3,250
Private patient income	149	129
Overseas patients (non-reciprocal)	175	229
Injury Costs Recovery (ICR) Scheme	1,096	1,066
Other income from activities	528	604
Patient transport services	0	0
Education, training and research	8,068	7,903
Charitable and other contributions to expenditure	424	392
Receipt of donated assets	1,159	677
Receipt of Government granted assets	9	9
Non-patient care income generation schemes	397	416
NWSSP	0	0
Deferred income released to revenue	289	297
Contingent rental income from finance leases	0	0
Rental income from operating leases	0	0
Other income:		
Provision of laundry, pathology, payroll services	73	104
Accommodation and catering charges	1,619	1,313
Mortuary fees	133	162
Staff payments for use of cars	321	376
Business Unit	0	0
Other	1,651	1,531
<b>Total</b>	<b>52,934</b>	<b>51,698</b>

Injury Cost Recovery (ICR) Scheme income is subject to a provision for impairment of 22.94% (2015-16 21.99%) to reflect expected rates of collection.

## 5. Employee benefits and staff numbers

5.1 Employee costs	Permanent Staff	Staff on Inward Secondment	Agency Staff	Total	2015-16
	£000	£000	£000	£000	£000
Salaries and wages	297,128	2,785	25,683	325,596	297,716
Social security costs	27,425	0	0	27,425	20,707
Employer contributions to NHS Pension Scheme	34,265	0	0	34,265	32,745
Other pension costs	29	0	0	29	18
Other employment benefits	0	0	0	0	0
Termination benefits	0	0	0	0	109
<b>Total</b>	<b>358,847</b>	<b>2,785</b>	<b>25,683</b>	<b>387,315</b>	<b>351,295</b>
Charged to capital				337	204
Charged to revenue				386,978	351,091
				<b>387,315</b>	<b>351,295</b>
Net movement in accrued employee benefits (untaken staff leave accrual included above)				4	400

### 5.2 Average number of employees

	Permanent Staff	Staff on Inward Secondment	Agency Staff	Total	2015-16
	Number	Number	Number	Number	Number
Administrative, clerical and board members	1,380	6	6	1,392	1,287
Medical and dental	705	22	12	739	716
Nursing, midwifery registered	2,593	1	262	2,856	2,700
Professional, Scientific, and technical staff	265	0	3	268	248
Additional Clinical Services	1,565	1	72	1,638	1,465
Allied Health Professions	491	1	22	514	478
Healthcare Scientists	151	0	6	157	153
Estates and Ancilliary	790	0	2	792	797
Students	12	0	0	12	4
<b>Total</b>	<b>7,952</b>	<b>31</b>	<b>385</b>	<b>8,368</b>	<b>7,848</b>

### 5.3. Retirements due to ill-health

During 2016-17 there were 17 early retirements from the LHB agreed on the grounds of ill-health (25 in 2015-16 - £1,307,345) The estimated additional pension costs of these ill-health retirements (calculated on an average basis and borne by the NHS Pension Scheme) will be £694,656

### 5.4 Employee benefits

The LHB does not have an employee benefit scheme.

Included within Note 5.1 above there is £9.501m of Personal Services Company payments included within permanent staff.



## 5.5 Reporting of other compensation schemes - exit packages

	2016-17	2016-17	2016-17	2016-17	2015-16
Exit packages cost band (including any special payment element)	Number of compulsory redundancies	Number of other departures	Total number of exit packages Whole numbers only	Number of departures where special payments have been made Whole numbers only	Total number of exit packages Whole numbers only
	Whole numbers only	Whole numbers only	Whole numbers only	Whole numbers only	Whole numbers only
less than £10,000	0	0	0	0	0
£10,000 to £25,000	0	0	0	0	4
£25,000 to £50,000	0	0	0	0	1
£50,000 to £100,000	0	0	0	0	0
£100,000 to £150,000	0	0	0	0	0
£150,000 to £200,000	0	0	0	0	0
more than £200,000	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5</b>

	2016-17	2016-17	2016-17	2016-17	2015-16
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	61,109
£25,000 to £50,000	0	0	0	0	47,791
£50,000 to £100,000	0	0	0	0	0
£100,000 to £150,000	0	0	0	0	0
£150,000 to £200,000	0	0	0	0	0
more than £200,000	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>108,900</b>

There have been no exit packages paid in 2016/17

## 5.6 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 2016-17 was £170,000 - £175,000 (2015-16, £170,000 - £175,000). This was 7 times (2015-16, 7 times) the median remuneration of the workforce, which was £26,483 (2015-16, £26,041).

In 2016-17, 35 (2015-16, 20) employees received remuneration in excess of the highest-paid director. Remuneration for staff ranged from £15,251 to £308,550 (2015-16 £14,434 to £272,562). 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.

## 5.7 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](http://www.nhsbsa.nhs.uk/pensions). Both are unfunded defined benefit schemes that cover NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State 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 are accepted as providing suitably robust figures for financial reporting purposes. The valuation of scheme liability as at 31 March 2017, is based on valuation data as 31 March 2016, updated to 31 March 2017 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 scheme actuary report, which forms part of the annual NHS Pension Scheme (England and Wales) Pension 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 their 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 appropriate employee and employer representatives as deemed appropriate.

The next actuarial valuation is to be carried out as at 31 March 2016. 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 increasing to 8% over the next three years.

The earnings band used to calculate minimum contributions under existing legislation is called qualifying earnings. Qualifying earnings are currently those between £5,824 and £43,000 for the 2016-17 tax year (2015-16 £5,824 and £42,385).

NEST has an annual contribution limit of £4,900 for the 2016-17 tax year (£4,700 for 2015-16). This means the most that can be contributed to a single pot in the current tax year is £4,900. This figure will be adjusted annually in line with average earnings. The annual contribution limit includes member contributions, money from their employer and any tax relief.

Alternatively under certification, employers may choose to calculate contributions in a way that meets the requirements of one of three sets of tiers described in the legislation. The three tiers have minimum contribution rates as detailed on the NEST website.

## 6. 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

<b>Payments recognised as an expense</b>	<b>2016-17</b>	2015-16
	<b>£000</b>	£000
Minimum lease payments	<b>1,719</b>	1,764
Contingent rents	<b>0</b>	0
Sub-lease payments	<b>0</b>	0
<b>Total</b>	<b>1,719</b>	1,764

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

<b>Payable</b>	<b>£000</b>	£000
Not later than one year	<b>426</b>	460
Between one and five years	<b>332</b>	263
After 5 years	<b>0</b>	0
<b>Total</b>	<b>758</b>	723

There are no future sublease payments expected to be received

### LHB as lessor

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

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

<b>Receivable</b>	<b>£000</b>	£000
Not later than one year	<b>0</b>	0
Between one and five years	<b>0</b>	0
After 5 years	<b>0</b>	0
<b>Total</b>	<b>0</b>	0

## 7. Public Sector Payment Policy - Measure of Compliance

### 7.1 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.

	2016-17 Number	2016-17 £000	2015-16 Number	2015-16 £000
<b>NHS</b>				
Total bills paid	3,660	210,675	3,406	203,466
Total bills paid within target	3,392	209,125	3,088	201,529
Percentage of bills paid within target	92.7%	99.3%	90.7%	99.0%
<b>Non-NHS</b>				
Total bills paid	190,123	315,566	173,417	373,574
Total bills paid within target	169,482	285,505	149,044	351,675
Percentage of bills paid within target	89.1%	90.5%	85.9%	94.1%
<b>Total</b>				
Total bills paid	193,783	526,241	176,823	577,040
Total bills paid within target	172,874	494,630	152,132	553,204
Percentage of bills paid within target	89.2%	94.0%	86.0%	95.9%

The Health Board has not met its target of paying 95% of the number of non-NHS creditors within 30 days of delivery.

### 7.2 The Late Payment of Commercial Debts (Interest) Act 1998

	2016-17 £	2015-16 £
Amounts included within finance costs (note 10) from claims made under this legislation	0	0
Compensation paid to cover debt recovery costs under this legislation	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

**8. Investment Income**

	2016-17 £000	2015-16 £000
<b>Rental revenue :</b>		
PFI Finance lease income		
planned	0	0
contingent	0	0
Other finance lease revenue	0	0
<b>Interest revenue :</b>		
Bank accounts	0	0
Other loans and receivables	0	0
Impaired financial assets	0	0
Other financial assets	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

**9. Other gains and losses**

	2016-17 £000	2015-16 £000
Gain/(loss) on disposal of property, plant and equipment	10	(6)
Gain/(loss) on disposal of intangible assets	0	0
Gain/(loss) on disposal of assets held for sale	0	0
Gain/(loss) on disposal of financial assets	0	0
Change on foreign exchange	0	0
Change in fair value of financial assets at fair value through SoCNE	0	0
Change in fair value of financial liabilities at fair value through SoCNE	0	0
Recycling of gain/(loss) from equity on disposal of financial assets held for sale	0	0
<b>Total</b>	<b>10</b>	<b>(6)</b>

**10. Finance costs**

	2016-17 £000	2015-16 £000
Interest on loans and overdrafts	0	0
Interest on obligations under finance leases	0	0
Interest on obligations under PFI contracts		
main finance cost	0	0
contingent finance cost	0	0
Interest on late payment of commercial debt	0	0
Other interest expense	0	0
<b>Total interest expense</b>	<b>0</b>	<b>0</b>
Provisions unwinding of discount	8	46
Other finance costs	0	0
<b>Total</b>	<b>8</b>	<b>46</b>

11.1 Property, plant and equipment

	Buildings, excluding			Assets under construction & payments on account	Plant and machinery	Transport equipment	Information technology	Furniture & fittings	Total
	Land £000	dwellings £000	Dwellings £000	£000	£000	£000	£000	£000	£000
<b>Cost or valuation at 1 April 2016</b>	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)
<b>At 31 March 2017</b>	<b>25,285</b>	<b>200,937</b>	<b>8,120</b>	<b>9,244</b>	<b>65,631</b>	<b>245</b>	<b>19,811</b>	<b>5,593</b>	<b>334,866</b>
<b>Depreciation at 1 April 2016</b>	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
<b>At 31 March 2017</b>	<b>0</b>	<b>26,411</b>	<b>1,547</b>	<b>0</b>	<b>50,170</b>	<b>243</b>	<b>13,240</b>	<b>3,941</b>	<b>95,552</b>
<b>Net book value at 1 April 2016</b>	<b>24,588</b>	<b>178,748</b>	<b>6,910</b>	<b>5,717</b>	<b>15,759</b>	<b>3</b>	<b>3,949</b>	<b>1,973</b>	<b>237,647</b>
<b>Net book value at 31 March 2017</b>	<b>25,285</b>	<b>174,526</b>	<b>6,573</b>	<b>9,244</b>	<b>15,461</b>	<b>2</b>	<b>6,571</b>	<b>1,652</b>	<b>239,314</b>
<b>Net book value at 31 March 2017 comprises :</b>									
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
<b>At 31 March 2017</b>	<b>25,285</b>	<b>174,526</b>	<b>6,573</b>	<b>9,244</b>	<b>15,461</b>	<b>2</b>	<b>6,571</b>	<b>1,652</b>	<b>239,314</b>
<b>Asset financing :</b>									
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
<b>At 31 March 2017</b>	<b>25,285</b>	<b>174,526</b>	<b>6,573</b>	<b>9,244</b>	<b>15,461</b>	<b>2</b>	<b>6,571</b>	<b>1,652</b>	<b>239,314</b>

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
	<b>206,384</b>



## 11.1 Property, plant and equipment

	Land £000	Buildings, excluding dwellings £000	Dwellings £000	Assets under construction & payments on account £000	Plant and machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
<b>Cost or valuation at 1 April 2015</b>	24,179	184,086	7,889	10,323	61,509	256	14,785	5,008	308,035
Indexation	221	2,737	451	0	0	0	0	0	3,409
Additions									
- purchased	0	2,055	0	6,407	2,862	0	1,388	324	13,036
- donated	0	108	0	0	563	0	0	6	677
- government granted	0	0	0	0	0	0	8	0	8
Transfer from/into other NHS bodies	0	0	0	0	0	0	0	0	0
Reclassifications	0	10,102	(201)	(11,013)	1,116	0	0	(4)	0
Revaluations	0	0	0	0	0	0	0	0	0
Reversal of impairments	253	7,777	0	0	0	0	0	0	8,030
Impairments	(6)	(7,857)	(19)	0	(10)	0	0	0	(7,892)
Reclassified as held for sale	(59)	(202)	0	0	0	0	0	0	(261)
Disposals	0	0	0	0	(3,277)	0	(475)	0	(3,752)
<b>At 31 March 2016</b>	24,588	198,806	8,120	5,717	62,763	256	15,706	5,334	321,290
<b>Depreciation at 1 April 2015</b>	0	12,876	821	0	45,020	250	10,806	2,792	72,565
Indexation	0	198	47	0	0	0	0	0	245
Transfer from/into other NHS bodies	0	0	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	1	0	0	(1)	0
Revaluations	0	0	0	0	0	0	0	0	0
Reversal of impairments	0	537	0	0	0	0	0	0	537
Impairments	0	(645)	(9)	0	(9)	0	0	0	(663)
Reclassified as held for sale	0	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	(3,277)	0	(475)	0	(3,752)
Provided during the year	0	7,092	351	0	5,269	3	1,426	570	14,711
<b>At 31 March 2016</b>	0	20,058	1,210	0	47,004	253	11,757	3,361	83,643
<b>Net book value at 1 April 2015</b>	24,179	171,210	7,068	10,323	16,489	6	3,979	2,216	235,470
<b>Net book value at 31 March 2016</b>	24,588	178,748	6,910	5,717	15,759	3	3,949	1,973	237,647
<b>Net book value at 31 March 2016 comprises :</b>									
Purchased	24,338	174,983	6,910	5,717	14,627	3	3,832	1,957	232,367
Donated	250	3,669	0	0	1,117	0	71	6	5,113
Government Granted	0	96	0	0	15	0	46	10	167
<b>At 31 March 2016</b>	24,588	178,748	6,910	5,717	15,759	3	3,949	1,973	237,647
<b>Asset financing :</b>									
Owned	24,588	178,748	6,910	5,717	15,759	3	3,949	1,973	237,647
Held on finance lease	0	0	0	0	0	0	0	0	0
On-SoFP PFI contracts	0	0	0	0	0	0	0	0	0
PFI residual interests	0	0	0	0	0	0	0	0	0
<b>At 31 March 2016</b>	24,588	178,748	6,910	5,717	15,759	3	3,949	1,973	237,647

The net book value of land, buildings and dwellings at 31 March 2016 comprises :

	£000
Freehold	208,761
Long Leasehold	1,485
Short Leasehold	0
	<u>210,246</u>

**11. Property, plant and equipment (continued)**

i) Acquisitions 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.

Acquisitions shown as granted assets within Note 11 were funded by the NHS Wales Health Collaborative.

During 2016-17 fixed assets purchased to the following value were funded by the following:

Hywel Dda General Fund Charity (1147863)	£ 533,502
League of Friends Contributions	£ 233,539
Adam's Bucketful of Hope	£ 165,944
WGH Cancer Day Unit Appeal Charity	£ 210,630
<b>Total Donated Assets</b>	<b>£1,143,615</b>
NHS Wales Health Collaborative	£ 8,579
<b>Total Granted Assets</b>	<b>£ 8,579</b>

A revaluation exercise was undertaken of completed schemes within the financial period, the effective dates of revaluation were:

- Bronglais Front of House stage completion - 28 July 2016
- Prince Philip Hospital Unscheduled Care project - 1 August 2016

The valuations were prepared in accordance with the terms of the Royal Institution of Chartered Surveyors' Appraisal and Valuation Standards, insofar as the terms are consistent with the agreed requirements of the National Health Service in Wales, the Welsh Government and HM Treasury.

The revaluation exercises have not only altered the value of the land and buildings but also reviewed the building and dwelling asset lives.

Assets carried in Assets Under Construction at cost £29,396 were impaired to nil during year. This value represented capitalised costs from previous financial years of schemes which have not proceeded beyond the planning stage.

**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 2017 is £46,358,000.

**IFRS 13 - Fair value measurement**

As at 31 March 2017, 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
<b>Balance brought forward 1 April 2016</b>	57	201	0	0	0	<b>258</b>
Plus assets classified as held for sale in the year	205	0	0	0	0	<b>205</b>
Revaluation	0	0	0	0	0	<b>0</b>
Less assets sold in the year	(57)	(201)	0	0	0	<b>(258)</b>
Add reversal of impairment of assets held for sale	0	0	0	0	0	<b>0</b>
Less impairment of assets held for sale	0	0	0	0	0	<b>0</b>
Less assets no longer classified as held for sale, for reasons other than disposal by sale	0	0	0	0	0	<b>0</b>
<b>Balance carried forward 31 March 2017</b>	<b>205</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>205</b>
<b>Balance brought forward 1 April 2015</b>	<b>61</b>	<b>19</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>80</b>
Plus assets classified as held for sale in the year	60	201	0	0	0	<b>261</b>
Revaluation	0	0	0	0	0	<b>0</b>
Less assets sold in the year	(44)	(19)	0	0	0	<b>(63)</b>
Add reversal of impairment of assets held for sale	0	0	0	0	0	<b>0</b>
Less impairment of assets held for sale	(20)	0	0	0	0	<b>(20)</b>
Less assets no longer classified as held for sale, for reasons other than disposal by sale	0	0	0	0	0	<b>0</b>
<b>Balance carried forward 31 March 2016</b>	<b>57</b>	<b>201</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>258</b>

*The assets sold during the year were two dwellings, Carmel and Pentargon Houses.*

*The asset classified as Held for Sale during the year was the Bryntirion site.*

**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
<b>Cost or valuation at 1 April 2016</b>	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
<b>Gross cost at 31 March 2017</b>	<b>2,319</b>	<b>0</b>	<b>79</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,398</b>
<b>Amortisation at 1 April 2016</b>	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
<b>Amortisation at 31 March 2017</b>	<b>1,172</b>	<b>0</b>	<b>58</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,230</b>
<b>Net book value at 1 April 2016</b>	<b>957</b>	<b>0</b>	<b>34</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>991</b>
<b>Net book value at 31 March 2017</b>	<b>1,147</b>	<b>0</b>	<b>21</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,168</b>
<b>At 31 March 2017</b>							
Purchased	1,133	0	21	0	0	0	1,154
Donated	13	0	0	0	0	0	13
Government Granted	1	0	0	0	0	0	1
Internally generated	0	0	0	0	0	0	0
<b>Total at 31 March 2017</b>	<b>1,147</b>	<b>0</b>	<b>21</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,168</b>

## 12. Intangible non-current assets

	Software (purchased)	Software (internally generated)	Licences and trademarks	Patents	Development expenditure- internally generated	Carbon Reduction Commitment s	Total
	£000	£000	£000	£000	£000	£000	£000
<b>Cost or valuation at 1 April 2015</b>	1,559	0	79	0	0	0	1,638
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	237	0	0	0	0	0	237
Additions- internally generated	0	0	0	0	0	0	0
Additions- donated	0	0	0	0	0	0	0
Additions- government granted	1	0	0	0	0	0	1
Reclassified as held for sale	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0
Disposals	(13)	0	0	0	0	0	(13)
<b>Gross cost at 31 March 2016</b>	<b>1,784</b>	<b>0</b>	<b>79</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,863</b>
<b>Amortisation at 1 April 2015</b>	614	0	32	0	0	0	646
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	226	0	13	0	0	0	239
Reclassified as held for sale	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0
Disposals	(13)	0	0	0	0	0	(13)
<b>Amortisation at 31 March 2016</b>	<b>827</b>	<b>0</b>	<b>45</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>872</b>
<b>Net book value at 1 April 2015</b>	<b>945</b>	<b>0</b>	<b>47</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>992</b>
<b>Net book value at 31 March 2016</b>	<b>957</b>	<b>0</b>	<b>34</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>991</b>
<b>At 31 March 2016</b>							
Purchased	953	0	34	0	0	0	987
Donated	3	0	0	0	0	0	3
Government Granted	1	0	0	0	0	0	1
Internally generated	0	0	0	0	0	0	0
<b>Total at 31 March 2016</b>	<b>957</b>	<b>0</b>	<b>34</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>991</b>

## **12. Intangible non-current assets (continued)**

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 2017 was £490,000.

Donated additions of intangibles during the year were funded from the Hywel Dda General Fund Charity (1147863)

**13 . Impairments**

	2016-17		2015-16	
	Property, plant & equipment £000	Intangible assets £000	Property, plant & equipment £000	Intangible assets £000
Impairments arising from :				
Loss or damage from normal operations	0	0	0	0
Abandonment in the course of construction	0	0	0	0
Over specification of assets (Gold Plating)	0	0	0	0
Loss as a result of a catastrophe	0	0	0	0
Unforeseen obsolescence	0	0	0	0
Changes in market price	0	0	0	0
Others (specify)	2,544	0	(244)	0
<b>Total of all impairments</b>	<b>2,544</b>	<b>0</b>	<b>(244)</b>	<b>0</b>
<b>Analysis of impairments charged to reserves in year :</b>				
Charged to the Statement of Comprehensive Net Expenditure	2,413	0	(260)	0
Charged to Revaluation Reserve	131	0	16	0
	<b>2,544</b>	<b>0</b>	<b>(244)</b>	<b>0</b>

The impairment charge above is made up of the following:

- good housekeeping valuations undertaken on schemes completed and brought into use - £1,676,000
- impairment of assets to market value prior to reclassification as held for sale - £1,251,000
- impairment of capitalised costs of projects which did not progress beyond the planning stage - £29,000
- reversals of previous impairments as a result of indexation gains - £412,000 (credit)

### 14.1 Inventories

	<b>31 March</b>	31 March
	<b>2017</b>	2016
	<b>£000</b>	£000
Drugs	<b>3,324</b>	3,114
Consumables	<b>4,601</b>	4,837
Energy	<b>151</b>	139
Work in progress	<b>0</b>	0
Other	<b>0</b>	0
<b>Total</b>	<b>8,076</b>	8,090
Of which held at realisable value	<b>0</b>	0

### 14.2 Inventories recognised in expenses

	<b>31 March</b>	31 March
	<b>2017</b>	2016
	<b>£000</b>	£000
Inventories recognised as an expense in the period	<b>0</b>	0
Write-down of inventories (including losses)	<b>0</b>	0
Reversal of write-downs that reduced the expense	<b>0</b>	0
<b>Total</b>	<b>0</b>	0



**15. Trade and other Receivables**

<b>Current</b>	<b>31 March 2017 £000</b>	31 March 2016 £000
Welsh Government	340	74
WHSSC / EASC	275	99
Welsh Health Boards	921	651
Welsh NHS Trusts	230	248
Non - Welsh Trusts	36	10
Other NHS	608	251
Welsh Risk Pool	18,052	10,549
Local Authorities	765	1,007
Capital debtors	0	0
Other debtors	5,118	4,118
Provision for irrecoverable debts	(834)	(685)
Pension Prepayments	0	0
Other prepayments	2,340	1,630
Other accrued income	0	0
<b>Sub total</b>	<b>27,851</b>	<b>17,952</b>
<b>Non-current</b>		
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	23,585	16,664
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
<b>Sub total</b>	<b>23,585</b>	<b>16,664</b>
<b>Total</b>	<b>51,436</b>	<b>34,616</b>
<b>Receivables past their due date but not impaired</b>		
By up to three months	261	395
By three to six months	49	14
By more than six months	62	38
	<b>372</b>	<b>447</b>
<b>Provision for impairment of receivables</b>		
Balance at 1 April	(685)	(503)
Transfer to other NHS Wales body	0	0
Amount written off during the year	35	12
Amount recovered during the year	0	0
(Increase) / decrease in receivables impaired	(184)	(194)
Bad debts recovered during year	0	0
Balance at 31 March	<b>(834)</b>	<b>(685)</b>
In determining whether a debt is impaired consideration is given to the age of the debt and the results of actions taken to recover the debt, including reference to credit agencies		
<b>Receivables VAT</b>		
Trade receivables	855	438
Other	0	0
<b>Total</b>	<b>855</b>	<b>438</b>

**16. Trade and other payables**

Current	31 March	31 March
	2017	2016
	£000	£000
Welsh Government	0	0
WHSSC / EASC	346	544
Welsh Health Boards	2,408	1,668
Welsh NHS Trusts	1,004	781
Other NHS	8,805	8,041
Taxation and social security payable / refunds	3,368	2,774
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	4,192	3,415
Non-NHS creditors	10,528	9,519
Local Authorities	6,241	2,173
Capital Creditors	4,404	3,613
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	37,177	40,665
Deferred Income:		
Deferred Income brought forward	299	307
Deferred Income Additions	375	289
Transfer to / from current/non current deferred income	0	0
Released to SoCNE	(289)	(297)
Other creditors	6,107	5,783
PFI assets –deferred credits	0	0
Payments on account	0	0
<b>Total</b>	<b>84,965</b>	<b>79,275</b>
<b>Non-current</b>		
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
<b>Total</b>	<b>0</b>	<b>0</b>

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

## 17. Provisions

	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
	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Current</b>									
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
<b>Total</b>	<b>9,965</b>	<b>0</b>	<b>0</b>	<b>8,417</b>	<b>10,042</b>	<b>(4,932)</b>	<b>(4,485)</b>	<b>8</b>	<b>19,015</b>
<b>Non Current</b>									
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
<b>Total</b>	<b>16,947</b>	<b>0</b>	<b>0</b>	<b>(8,417)</b>	<b>15,869</b>	<b>(127)</b>	<b>(315)</b>	<b>0</b>	<b>23,957</b>
<b>TOTAL</b>									
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
<b>Total</b>	<b>26,912</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>25,911</b>	<b>(5,059)</b>	<b>(4,800)</b>	<b>8</b>	<b>42,972</b>

### Expected timing of cash flows:

	In year to 31 March 2018	Between 1 April 2018 and 31 March 2022	Thereafter	Total
				£000
Clinical negligence	14,119	23,525	0	37,644
Personal injury	4,131	0	0	4,131
All other losses and special payments	0	0	0	0
Defence legal fees and other administration	495	432	0	927
Pensions relating to former directors	0	0	0	0
Pensions relating to other staff	53	0	0	53
Restructuring	0	0	0	0
Other	217	0	0	217
<b>Total</b>	<b>19,015</b>	<b>23,957</b>	<b>0</b>	<b>42,972</b>

The discount rate set by the Lord Chancellor on which lump sum settlements for clinical negligence and personal injury are calculated reduced from 2.5% to -0.75% and has resulted in the material increase in the provision.

The expected timing of cashflows are based on best available information; but they could change on the basis of individual case changes.

Other provisions includes provisions arising from Continuing Health Care.

Permanent injury provision is included in the 'Personal injury' line, there were no new Permanent injury cases in 2016-17.

### Continuing Healthcare Cost uncertainties

Liabilities for continuing healthcare costs continue to be a significant financial issue for the LHB. The 31 July 2014 deadline for the submission of any claims for continuing healthcare costs dating back to 1 April 2003 resulted in a large increase in the number of claims registered last financial year.

Powys LHB is responsible for post 1 April 2003 costs and the financial statements include the following amounts relating to those uncertain continuing healthcare costs which are processed by Powys Teaching Health Board:

Note 17 sets out the £0 provision made for probable continuing care costs relating to 0 claims received;

Note 18 sets out the £1,889,184 contingent liability for possible continuing care costs relating to 132 claims received;

However, in addition the LHB has a further 3 claims, which were received by the 31 July 2014 deadline, for which the assessment process remains incomplete. The assessment process is highly complex, involves multi-disciplinary teams and for those reasons can take many months. At this stage, the LHB does not have the information to make a judgement on the likely success or otherwise of these claims, however they may result in significant additional costs to the LHB, which cannot be quantified at this time.

Powys Teaching Health Board is aiming to complete all claims received by 31st July 2014 by the end of November 2018.

## 17. Provisions (continued)

	At 1 April 2015	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 2016
	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Current</b>									
Clinical negligence	9,682	0	0	1,915	7,672	(5,651)	(8,011)	0	5,607
Personal injury	3,507	0	0	0	512	(407)	(184)	46	3,474
All other losses and special payments	0	0	0	0	332	(332)	0	0	0
Defence legal fees and other administration	722	0	0	210	468	(237)	(840)		323
Pensions relating to former directors	0			0	0	0	0	0	0
Pensions relating to other staff	72			0	9	(22)	0	0	59
Restructuring	0			0	0	0	0	0	0
Other	1,844		0	0	658	(2,000)	0		502
<b>Total</b>	<b>15,827</b>	<b>0</b>	<b>0</b>	<b>2,125</b>	<b>9,651</b>	<b>(8,649)</b>	<b>(9,035)</b>	<b>46</b>	<b>9,965</b>
<b>Non Current</b>									
Clinical negligence	16,617	0	0	(1,915)	10,446	(1,570)	(6,990)	0	16,588
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	570	0	0	(210)	253	(35)	(219)		359
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
<b>Total</b>	<b>17,187</b>	<b>0</b>	<b>0</b>	<b>(2,125)</b>	<b>10,699</b>	<b>(1,605)</b>	<b>(7,209)</b>	<b>0</b>	<b>16,947</b>
<b>TOTAL</b>									
Clinical negligence	26,299	0	0	0	18,118	(7,221)	(15,001)	0	22,195
Personal injury	3,507	0	0	0	512	(407)	(184)	46	3,474
All other losses and special payments	0	0	0	0	332	(332)	0	0	0
Defence legal fees and other administration	1,292	0	0	0	721	(272)	(1,059)		682
Pensions relating to former directors	0			0	0	0	0	0	0
Pensions relating to other staff	72			0	9	(22)	0	0	59
Restructuring	0			0	0	0	0	0	0
Other	1,844		0	0	658	(2,000)	0		502
<b>Total</b>	<b>33,014</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>20,350</b>	<b>(10,254)</b>	<b>(16,244)</b>	<b>46</b>	<b>26,912</b>

**18. Contingencies****18.1 Contingent liabilities**

	2016-17 £'000	2015-16 £'000
Provisions have not been made in these accounts for the following amounts :		
Legal claims for alleged medical or employer negligence	43,862	51,277
Doubtful debts	0	0
Equal Pay costs	0	0
Defence costs	1,727	1,606
Continuing Health Care costs	5,527	2,748
Other	0	0
Total value of disputed claims	<u>51,116</u>	<u>55,631</u>
Amounts recovered in the event of claims being successful	41,400	48,344
<b>Net contingent liability</b>	<b><u>9,716</u></b>	<b><u>7,287</u></b>

**18.2 Remote Contingent liabilities**

	2016-17 £'000	2015-16 £'000
Please disclose the values of the following categories of remote contingent liabilities :		
Guarantees	0	0
Indemnities	126	7,795
Letters of Comfort	0	0
<b>Total</b>	<b><u>126</u></b>	<b><u>7,795</u></b>

Health Boards in Wales (and equivalent bodies across the UK) are currently waiting for the Supreme Court to deliver its ruling over the responsibility for the costs of nurses delivering care in care homes.

The Health Board currently pays for what it considers to be appropriate 'nursing care' costs in accordance with legislation, however, the Supreme Court case focuses on the local authorities claim that the 'nursing care' should be more widely defined than at present. We are not currently in a position to determine the likely outcome of this ruling nor any potential financial impact.

**18.3 Contingent assets**

	2016-17 £'000	2015-16 £'000
	0	0
	0	0
	0	0
<b>Total</b>	<b><u>0</u></b>	<b><u>0</u></b>

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

	2016-17 £'000	2015-16 £'000
Property, plant and equipment	6,049	1,377
Intangible assets	0	0
<b>Total</b>	<b><u>6,049</u></b>	<b><u>1,377</u></b>

## 20. 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 2017		Approved to write-off to 31 March 2017	
	Number	£	Number	£
Clinical negligence	67	3,931,762	28	6,788,919
Personal injury	36	307,517	9	79,636
All other losses and special payments	193	425,044	194	488,647
<b>Total</b>	<b>296</b>	<b>4,664,323</b>	<b>231</b>	<b>7,357,202</b>

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

Cases exceeding £300,000	Case type	Amounts	Cumulative	Approved to
		paid out in year £	amount £	write-off in year £
06RR6MN0026	Medical Negligence	(48,999)	665,465	0
06RVAMN0010	Medical Negligence	0	2,695,672	2,695,672
08RR6MN0003	Medical Negligence	0	475,000	0
11RYNMN0062	Medical Negligence	350,000	350,000	0
11RYNMN0085	Medical Negligence	0	409,180	409,180
11RYNMN0098	Medical Negligence	0	322,190	322,190
12RYNMN0077	Medical Negligence	315,021	315,021	0
13RYNMN0025	Medical Negligence	679,000	904,000	0
13RYNMN0040	Medical Negligence	51,598	692,498	692,498
13RYNMN0073	Medical Negligence	(54,088)	1,420,912	1,420,912
13RYNMN0074	Medical Negligence	425,000	430,000	0
98RVAMN0009	Medical Negligence	0	1,454,194	0
<b>Sub-total</b>		<b>1,717,532</b>	<b>10,134,132</b>	<b>5,540,452</b>
<b>All other cases</b>		<b>2,946,791</b>	<b>7,146,945</b>	<b>1,816,750</b>
<b>Total cases</b>		<b>4,664,323</b>	<b>17,281,077</b>	<b>7,357,202</b>

**21. Cash and cash equivalents**

	2016-17 £000	2015-16 £000
Balance at 1 April	2,052	355
Net change in cash and cash equivalent balances	(840)	1,697
Balance at 31 March	<u>1,212</u>	<u>2,052</u>
Made up of:		
Cash held at GBS	845	2,424
Commercial banks	345	(395)
Cash in hand	22	23
Current Investments	0	0
<b>Cash and cash equivalents as in Statement of Financial Position</b>	<u>1,212</u>	<u>2,052</u>
Bank overdraft - GBS	0	0
Bank overdraft - Commercial banks	0	0
<b>Cash and cash equivalents as in Statement of Cash Flows</b>	<u>1,212</u>	<u>2,052</u>

**22. Other Financial Assets**

	Current		Non-current	
	31 March 2017 £000	31 March 2016 £000	31 March 2017 £000	31 March 2016 £000
<b>Financial assets</b>				
Shares and equity type investments				
Held to maturity investments at amortised costs	0	0	0	0
At fair value through SOCNE	0	0	0	0
Available for sale at FV	0	0	0	0
Deposits	0	0	0	0
Loans	0	0	0	0
Derivatives	0	0	0	0
Other (Specify)				
Held to maturity investments at amortised costs	0	0	0	0
At fair value through SOCNE	229	324	0	0
Available for sale at FV	0	0	0	0
<b>Total</b>	<u>229</u>	<u>324</u>	<u>0</u>	<u>0</u>

**23. Other financial liabilities**

<b>Financial liabilities</b>	<b>Current</b>		<b>Non-current</b>	
	<b>31 March</b>	31 March	<b>31 March</b>	31 March
	<b>2017</b>	2016	<b>2017</b>	2016
	<b>£000</b>	£000	<b>£000</b>	£000
Financial Guarantees:				
At amortised cost	0	0	0	0
At fair value through SoCNE	0	0	0	0
Derivatives at fair value through SoCNE	0	0	0	0
Other:				
At amortised cost	0	0	0	0
At fair value through SoCNE	0	0	0	0
<b>Total</b>	<b>0</b>	0	<b>0</b>	0



## 24. Related Party Transactions

Total value of transactions with Board members and key senior staff in 2016-17

	Payments to related party £	Receipts from related party £	Amounts owed to related party £	Amounts due from related party £
Aberystwyth University	10,733	9,668	2,722	0
Castell Howell Food Ltd	252,033	0	290	0
Carmarthenshire County Council	15,624,586	2,150,320	1,302,104	602,922
Marie Curie Cancer Care	339,679	0	5,439	0
National Botanic Garden of Wales	9,940	0	2,574	0
Pembrokeshire County Council	9,141,618	2,791,262	17,557	112,544
Police & Crime Commissioner for Dyfed Powys	1,270	50	240	0
Swansea University	604,061	219,846	106,858	8,155
University of Wales Trinity St David's	46,351	22,000	5,172	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	8	814,015	0	340
Welsh Health Specialised Services Committee (WHSSC)	77,625	2,254	346	275
Abertawe Bromorgannwg Local Health Board	34,518	4,401	2,095	108
Aneurin Bevan Local Health Board	221	696	6	99
Betsi Cadwaladr Local Health Board	597	4,301	3	156
Cardiff and Vale Local Health Board	5,884	601	183	174
Cwm Taf Local Health Board	438	403	48	75
Powys Local Health Board	573	7,383	73	309
Welsh Risk Pool	0	0	0	3,151
Public Health Wales	1,810	1,773	249	108
Velindre NHS Trust	9,708	1,833	718	103
Welsh Ambulance Services NHS Trust	3,069	175	38	19

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

Name	Details	Interests
Sian-Marie James	Vice Chairman	Brother is member of Welsh Government's National Strategic Advisory Committee
Julie James	Independent Board Member	Member of the Marie Curie Cancer Care Wales Advisory Board 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 Trustee of the National Botanic Garden of Wales
Don Thomas	Independent Member	Castell Howell Foods Ltd Member of Advisory Board of School of Management and Business Aberystwyth University
Caroline Oakley	Director of Nursing, Quality & Patient Experience	Undertaking voluntary work with Dyfed Powys Crime & Police Commissioner on a panel reviewing complaints
Simon Hancock	Independent Member	Cabinet Member Pembrokeshire County Council

## **25. Third Party assets**

The LHB held £1,068,197 cash at bank and in hand at 31 March 2017 (31 March 2016, £963,019) which relates to monies held by the LHB on behalf of patients. Cash held in Patient's Investment Accounts amounted to £673,484 at 31 March 2017 (31 March 2016, £533,678). This has been excluded from the Cash and Cash equivalents figure reported in the Accounts

**26. Finance leases**

**26.1 Finance leases obligations (as lessee)**

The Local Health Board as at 31st March 2017 had no finance lease contract obligations.

**Amounts payable under finance leases:**

<b>Land</b>	<b>31 March 2017 £000</b>	<b>31 March 2016 £000</b>
<b>Minimum lease payments</b>		
Within one year	0	0
Between one and five years	0	0
After five years	0	0
Less finance charges allocated to future periods	0	0
Minimum lease payments	<u>0</u>	<u>0</u>
Included in:		
Current borrowings	0	0
Non-current borrowings	<u>0</u>	<u>0</u>
	<u>0</u>	<u>0</u>
<b>Present value of minimum lease payments</b>		
Within one year	0	0
Between one and five years	0	0
After five years	0	0
Present value of minimum lease payments	<u>0</u>	<u>0</u>
Included in:		
Current borrowings	0	0
Non-current borrowings	<u>0</u>	<u>0</u>
	<u>0</u>	<u>0</u>

**26.1 Finance leases obligations (as lessee) continue****Amounts payable under finance leases:**

<b>Buildings</b>	<b>31 March</b>	31 March
	<b>2017</b>	2016
	<b>£000</b>	£000
<b>Minimum lease payments</b>		
Within one year	0	0
Between one and five years	0	0
After five years	0	0
Less finance charges allocated to future periods	0	0
Minimum lease payments	<u>0</u>	<u>0</u>
Included in:		
Current borrowings	0	0
Non-current borrowings	0	0
	<u>0</u>	<u>0</u>

**Present value of minimum lease payments**

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

**Other**

	<b>31 March</b>	31 March
	<b>2017</b>	2016
	<b>£000</b>	£000
<b>Minimum lease payments</b>		
Within one year	0	0
Between one and five years	0	0
After five years	0	0
Less finance charges allocated to future periods	0	0
Minimum lease payments	<u>0</u>	<u>0</u>
Included in:		
Current borrowings	0	0
Non-current borrowings	0	0
	<u>0</u>	<u>0</u>

**Present value of minimum lease payments**

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

**26.2 Finance leases obligations (as lessor) continued**

The Local Health Board has no finance leases receivable as a lessor.

**Amounts receivable under finance leases:**

	<b>31 March</b>	31 March
	<b>2017</b>	2016
	<b>£000</b>	£000
<b>Gross Investment in leases</b>		
Within one year	0	0
Between one and five years	0	0
After five years	0	0
Less finance charges allocated to future periods	0	0
Minimum lease payments	<u>0</u>	<u>0</u>
Included in:		
Current borrowings	0	0
Non-current borrowings	0	0
	<u>0</u>	<u>0</u>
<b>Present value of minimum lease payments</b>		
Within one year	0	0
Between one and five years	0	0
After five years	0	0
Present value of minimum lease payments	<u>0</u>	<u>0</u>
Included in:		
Current borrowings	0	0
Non-current borrowings	0	0
	<u>0</u>	<u>0</u>

**27. Private Finance Initiative contracts****27.1 PFI schemes off-Statement of Financial Position**

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

<b>Commitments under off-SoFP PFI contracts</b>	<b>Off-SoFP PFI contracts</b>	<b>Off-SoFP PFI contracts</b>
	<b>31 March 2017 £000</b>	<b>31 March 2016 £000</b>
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	<u>0</u>	<u>0</u>
Total estimated capital value of off-SoFP PFI contracts	0	0

**27.2 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:**

	<b>On SoFP PFI Capital element 31 March 2017 £000</b>	<b>On SoFP PFI Imputed interest 31 March 2017 £000</b>	<b>On SoFP PFI Service charges 31 March 2017 £000</b>
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	<u>0</u>	<u>0</u>	<u>0</u>

	<b>On SoFP PFI Capital element 31 March 2016 £000</b>	<b>On SoFP PFI Imputed interest 31 March 2016 £000</b>	<b>On SoFP PFI Service charges 31 March 2016 £000</b>
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	<u>0</u>	<u>0</u>	<u>0</u>
Total present value of obligations for on-SoFP PFI contracts	0		

**27.3 Charges to expenditure**

	2016-17	2015-16
	£000	£000
Service charges for On Statement of Financial Position PFI contracts (excl interest costs)	0	0
Total expense for Off Statement of Financial Position PFI contracts	0	0
The total charged in the year to expenditure in respect of PFI contracts	<u>0</u>	<u>0</u>

The LHB is committed to the following annual charges

	31 March 2017	31 March 2016
	£000	£000
<b>PFI scheme expiry date:</b>		
Not later than one year	0	0
Later than one year, not later than five years	0	0
Later than five years	0	0
<b>Total</b>	<u>0</u>	<u>0</u>

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

**27.4 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**

**27.5 The LHB has / has no Public Private Partnerships during the year**

The Local Health Board has no Public Private Partnerships.

## 28. 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 £358,802 has been accounted for as expenditure in the accounts of the Health Board.



## **29. 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.

**30. Movements in working capital**

	2016-17	2015-16
	£000	£000
(Increase)/decrease in inventories	14	537
(Increase)/decrease in trade and other receivables - non - current	(6,921)	91
(Increase)/decrease in trade and other receivables - current	(9,899)	2,249
Increase/(decrease) in trade and other payables - non - current	0	0
Increase/(decrease) in trade and other payables - current	5,690	8,748
<b>Total</b>	<b>(11,116)</b>	11,625
Adjustment for accrual movements in fixed assets -creditors	(791)	1,730
Adjustment for accrual movements in fixed assets -debtors	0	(64)
Other adjustments	0	0
	<b>(11,907)</b>	13,291

**31. Other cash flow adjustments**

	2016-17	2015-16
	£000	£000
Depreciation	14,552	14,711
Amortisation	358	239
(Gains)/Loss on Disposal	(10)	6
Impairments and reversals	2,413	(260)
Release of PFI deferred credits	0	0
Donated assets received credited to revenue but non-cash	(1,159)	(677)
Government Grant assets received credited to revenue but non-cash	(9)	(9)
Non-cash movements in provisions	21,119	4,152
<b>Total</b>	<b>37,264</b>	18,162

### **32. Events after the Reporting Period**

There are no events after the reporting period.

### **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**

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

**LOCAL HEALTH BOARDS**

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

**BASIS OF PREPARATION**

2. The account of the LHB shall comply with:

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

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

**FORM AND CONTENT**

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

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

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

**MISCELLANEOUS**

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

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

Signed by the authority of Welsh Ministers

Signed : Chris Hurst

Dated :

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

## **The Certificate of the Auditor General for Wales to the National Assembly for Wales**

I certify that I have audited the financial statements of Hywel Dda University Health Board for the year ended 31 March 2017 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. 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). I have also audited the information in the Remuneration Report that is described as having been audited.

### **Respective responsibilities of Directors, the Chief Executive and the Auditor**

As explained more fully in the Statements of Directors' and Chief Executive's Responsibilities, the Directors and the Chief Executive are responsible for the preparation of financial statements which give a true and fair view.

My responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require me to comply with the Financial Reporting Council's Ethical Standards for Auditors.

### **Scope of the audit of financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to Hywel Dda University Health Board circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors and Chief Executive; and the overall presentation of the financial statements.

I am also required to obtain sufficient evidence to give reasonable assurance that 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.

In addition, I read all the financial and non-financial information in the foreword and Accountability Report 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.

### **Opinion on financial statements**

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 2017 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 Qualified Opinion on Regularity**

Hywel Dda University Local Health Board has breached its revenue resource limit by spending £88 million over the £2,208 million that it was authorised to spend in the three-year period 2014-15 to 2016-17. This spend constitutes irregular expenditure. Further detail is set out in the attached Report.

### **Qualified Opinion on Regularity**

In my opinion except for the irregular expenditure of £88 million explained in the paragraph above, 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.

## **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; and
- the information contained in the foreword and Accountability Report is consistent with the financial statements.

## **Matters on which I report by exception**

I have nothing to report in respect of the following matters, which I report to you, if, in my opinion: the Annual Governance Statement does not reflect compliance with HM Treasury's and Welsh Ministers' guidance;

- 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.

Please see my Substantive Report on page 66.

**Huw Vaughan Thomas**  
**Auditor General for Wales**  
**7 June 2017**



## **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 2016-17 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 first three-year period under this duty is 2014-15 to 2016-17, and so it is measured this year for the first 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 £2,208 million by £88 million.

Where an LHB does not balance its books over a rolling three-year period, any expenditure over the resource allocation (i.e. spending limit) for those three years exceeds the LHB's authority to spend and is therefore 'irregular'. In such circumstances, I am required to qualify my 'regularity opinion' irrespective of the value of the excess spend.

### **Failure of the second financial duty**

The **second financial duty** requires LHBs to prepare and have approved by the Welsh Ministers a rolling three-year integrated medium term plan. This duty is an essential foundation to the delivery of sustainable quality health services. An LHB will be deemed to have met this duty for 2016-17 if it submitted a 2016-17 to 2018-19 plan approved by its Board to the Welsh Ministers who then approved it by the 30 June 2016.

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 2016-17 to 2018-19.

**Huw Vaughan Thomas**  
**Auditor General for Wales**  
**7 June 2017**