Help us in the fight against COVID-19

GIG CYMRU NHS WALES
Bwrdd Iechyd Prifysgol Bae Abertawe
Swansea Bay University Health Board

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Swansea Bay University Health Board

# Swansea Bay University Health Board Annual Report 2020-21

## Contents

## Statement of the Chief Executive's Responsibilities as Accountable Officer

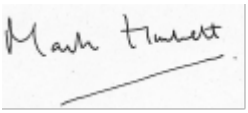
The Welsh ministers have directed that the Chief Executive should be the accountable officer to the health board.

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

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

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

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

Date: 7th June 2021 Chief Executive: 

## Statement of Directors' Responsibilities in Respect of the Accounts

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

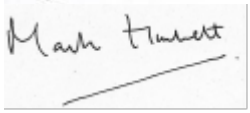
In preparing those accounts, the directors are required to:

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

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

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

By order of the board, signed:

| | | |
|---|---|---|
| Chair |  | Date: 7th June 2021 |
| Chief Executive |  | Date: 7th June 2021 |
| Interim Director of Finance |  | Date: 7th June 2021 |

## About the Health Board

Swansea Bay University Health Board plans, secures and delivers healthcare services for the people of Neath Port Talbot and Swansea, and works to improve their health and wellbeing. We serve a population of approximately 390,000, have a budget of around £1.1billion and employ almost 13,500 staff.


We have three major hospitals providing a range of services: Morriston and Singleton hospitals in Swansea and Neath Port Talbot Hospital in Baglan, Port Talbot. We also have a community hospital at Gorseinon and primary care resource centres providing clinical services outside of the main hospitals.

We provide more than 70 specialised services to the populations of south-west Wales, south Wales and for certain services, on a national basis. This reflects our clinical excellence and our diverse range of local and tertiary services for the people of Wales and beyond.

Primary care independent contractors play an essential role in the care of our population, and the health board commissions services from 49 GP practices, 31 optometry practices, 72 dental practices and 92 community pharmacies across our region.

Mental health and learning disability services are provided in both hospital and community settings for residents within the Swansea Bay region, and we provide a regional service for both learning disability and forensic mental health services.

There are four all-Wales services hosted by the health board:

- Emergency Medical Retrieval and Transfer Service (EMRTS) – provides advanced decision-making and critical care for life or limb-threatening emergencies requiring transfer for time-critical treatment at an appropriate facility.

- Major Trauma Network Operational Delivery Network – provides the management function overseeing the major trauma network, coordinating patient transfers between the major trauma centre, trauma units and local hospitals and enhancing major trauma learning to improve patient outcomes, patient experience and quality standards from the point of wounding to recovery.

- Lymphoedema Network – manages the Lymphoedema Network Wales National

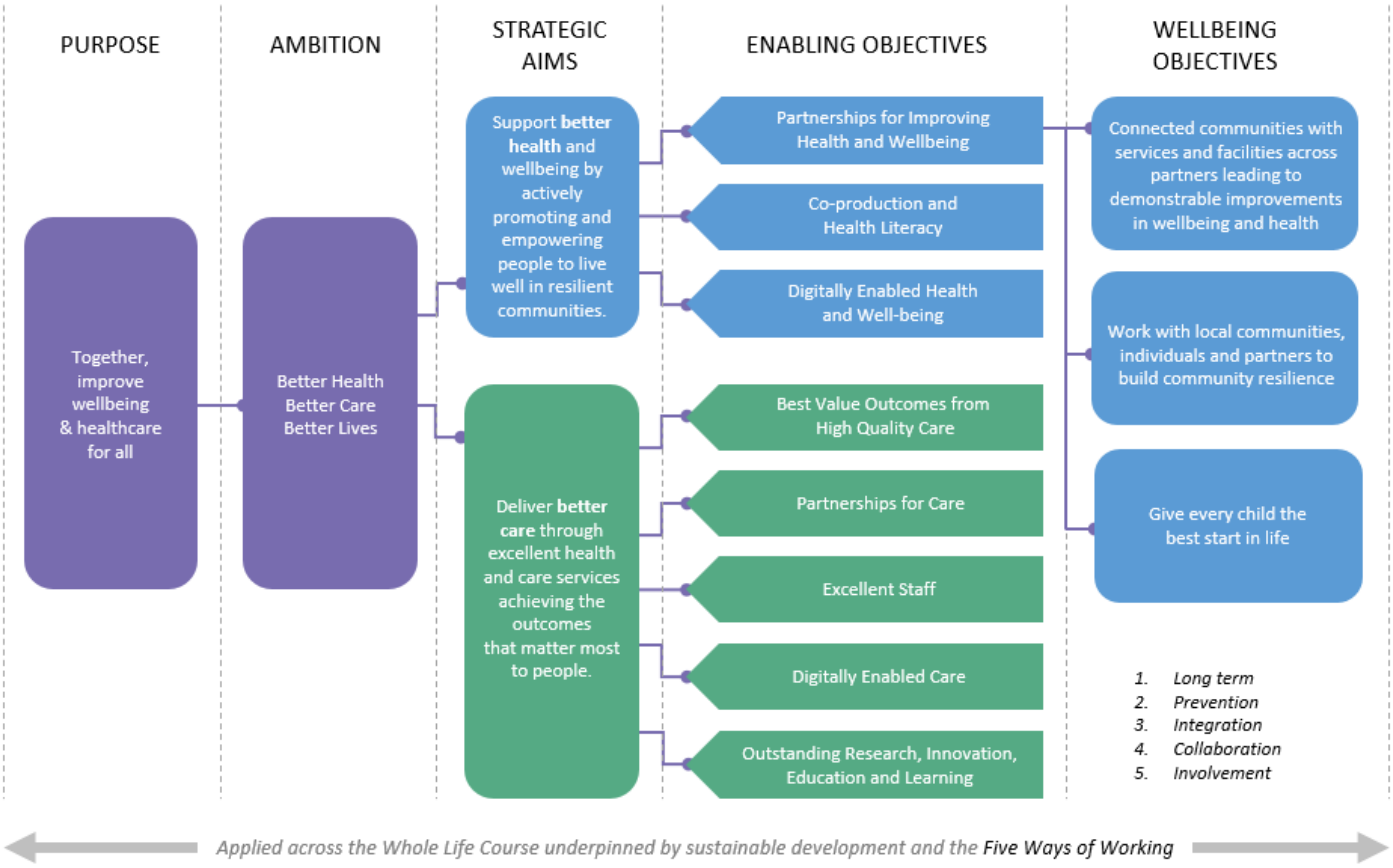
Team.

- NHS Wales Delivery Unit – provides professional support to Welsh Government to monitor and manage performance delivery across NHS Wales.

We recognise that to deliver effective health and wellbeing services for our population we must work in close collaboration with key partners, including Swansea and Neath Port Talbot local authorities, third sector organisations, universities, other health boards and our public. We place great importance on our membership of local partnership boards, including public service boards and West Glamorgan Regional Partnership Board.

We are also part of A Regional Collaboration for Health (ARCH), which is a unique collaboration between three partners: Swansea Bay University Health Board, Hywel Dda University Health Board and Swansea University. It spans the local authority areas of Ceredigion, Pembrokeshire, Carmarthenshire, Neath Port Talbot and Swansea and aims to improve the health, wealth and wellbeing of the south-west Wales region.

The board has a clear purpose, ambition, strategic aims, and enabling objectives have been developed to fulfil our civic responsibilities by improving the health of communities, reducing health inequalities and delivering prudent healthcare in which patients and service users feel cared for, confident and safe.



While our objectives ensure we meet national and locally priorities and professional standards, our ways of working are underpinned by a values and behaviour framework, which was developed following many conversations with staff, patients, relatives and carers. These values are at the heart of all that we do.

CARING for each other | Working TOGETHER | always IMPROVING

**Caring for each other in every human contact in all of our communities and each of our hospitals**

We will: Be approachable, helpful, attentive to other's needs; be thoughtful and flexible about how to meet the needs of each person; be calm, patient, reassuring and put people at ease; protect others' dignity and privacy and treat others as we wish to be treated.

**Working together as patients, families, carers, staff and communities so we always put patients first**

We will: Listen closely; consider other's views and include people; appreciate others: be open, honest and clear; give constructive feedback and be open to and act on feedback ourselves; be supportive and say "thank you."

**Always improving so that we are at our best for every patient and for each other**

We will: Be vigilant about safety and risk; never turn a blind eye; look for opportunities to learn; enthusiastically share ideas and actively seek solutions; be accountable for our behaviour and hold others to account; keep promises; be positive, a role model and inspiration to others.

## Introduction: Chief Executive's Overview

2020-21 was an unprecedented year for the health board as its primary focus had to be the response to the Covid-19 pandemic. For significant periods of the year, our focus had to be on managing the health impacts of the pandemic and on treating the most urgent healthcare needs. This has had a huge impact on our communities and on all areas of the health board's business. This is reflected throughout our annual report.

We are sincerely grateful to all our staff for the continued, tireless efforts during these challenging times. They have shown great commitment and resilience, often at personal sacrifice. Many chose not to see their families during the first and second waves of the pandemic to reduce the risk of passing on the virus on to those they loved. Others worked long hours, days and weeks to provide the very best care and many took on new roles to support the needs of the services under the most pressure. Tragically, we lost seven staff members to the virus. Our thoughts remain with their loved ones and friends.

We established a preparedness and response framework to the Covid-19 pandemic on 31st January 2020, and implemented a major incident response with associated command, control and communication arrangements. These arrangements have facilitated an agile response to the changing demands of the pandemic over the past year which have been focused not only the meeting the healthcare needs of those contracting the virus, but also preventative and control arrangements such as the hugely successful vaccination programme.

Our handling of the pandemic to-date was a contributory factor in Welsh Government's decision to de-escalate the health board from 'targeted intervention' to 'enhanced monitoring'. This was also a reflection of the progress the health board has made in the lead up to and during the pandemic on its operational performance in a number of key areas.

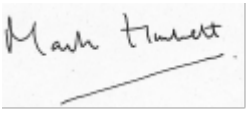
The impact of the pandemic is writ large through the performance sections of this annual report. As noted above, Covid-19 transformed the way we worked and the way people accessed their healthcare. During the first wave of the pandemic, all non-urgent care was suspended; much of primary care was delivered over the phone; and our hospital services were redesigned to stream suspected Covid patients and non-Covid patients in line with rigorous infection and prevention control arrangements. We had to deal with very significant workforce pressures, with high numbers of staff needing to shield or self-isolate for Covid-19 related reasons, and large numbers of staff being deployed to support the Covid effort. The same

pressures were experience in the care sector, and we worked very closely with our local authority colleagues in managing risks.

The legacy will be with us for the years ahead, as we look to address very significant backlogs of care while still, in the short term at least, continuing to operate in a Covid environment. Some of the changes we have made to the way we work, such as the rapid expansion of digital infrastructure to support virtual consultations, will remain critical components of our service offer in the future.

The pandemic similarly had a very significant impact on the health board financial plans. The end-of year financial position was reported as a deficit of £24.304m. While this was in-line with the forecast made at the start of the year, it was delivered in part as a result of £157.496m additional in year funding provided by Welsh Government to meet the additional costs of the Covid-19 response, such as the vaccination programme; testing programme; and establishment of field hospitals.

While it has been an unforgiving and challenging year for the health board and for the communities that we serve, our hope is that we can now transition from responding to the pandemic and increasingly move into recovery.



Mark Hackett
Chief Executive

# Performance Report 2020-21

## Our Performance Report

### Responding to Covid-19

Responding to Covid-19 has been our main priority for 2020-21. Our testing and vaccination programme have been core elements of the response:

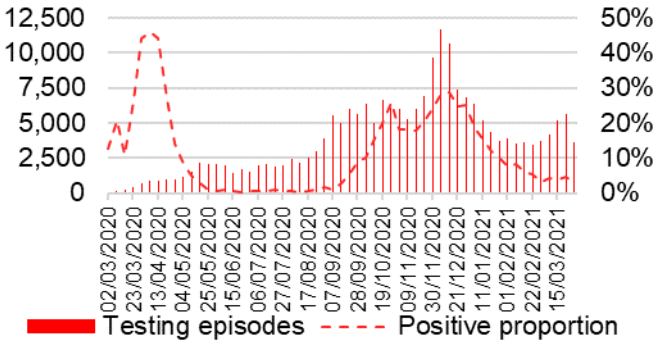
#### ❖ Testing and Vaccines

Within our local communities, as at 31st March 2021, we had:

**349,572** Covid-19 tests

**29,213** positive results
(including 2,107 positive staff results)

**Number of Covid-19 tests completed and positivity rate**




The approach to testing has evolved as the pandemic has continued, and to date we have a daily testing capacity of 3,000 thanks to:

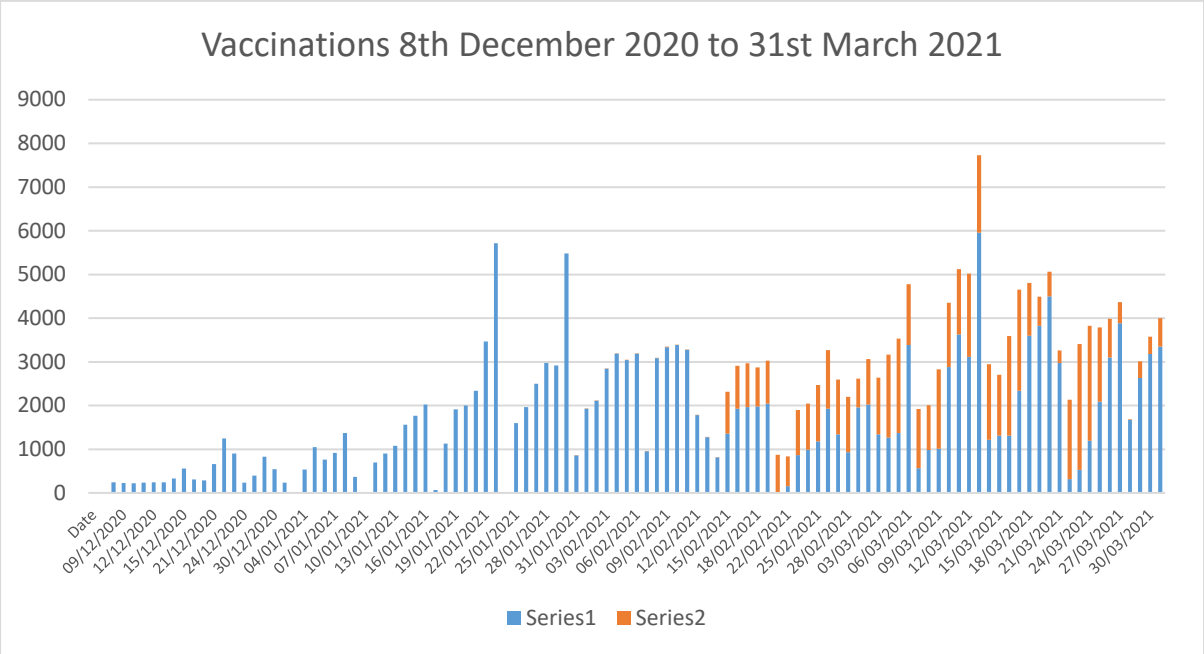
- Two drive-through testing centres (Margam and Liberty Stadium);
- Two walk-in centres;
- Two mobile testing units.

Linked to testing is the Test, Trace and Protect programme. In partnership with local authorities, call centres were set up to trace contacts for each confirmed case. Health board staff initially were deployed into these roles but subsequently a recruitment drive was undertaken to ensure there was enough capacity to cope with additional demands.

Since 8th December 2020, the health board has had a comprehensive vaccination programme in place, which started with frontline healthcare staff in Morriston Hospital before quickly extending to other hospital sites. Once the programme was fully established, a number of facilities started to administer either Pfizer BioNtech and Oxford Astra Zeneca vaccines, or both:

- Mass vaccination centres - Bay Field Hospital, Margam Orangery and Canolfan Gorseinion;
- A mobile service targeting hard to reach groups and geographically isolated communities via an ‘Immbulance’;
- Primary care centres;
- A small number of community pharmacies set up as pathfinders to explore the delivery of vaccine through these settings.

By 31st March 2021 **179,772** first doses and **55,516** second doses had been administered as show in the graph below (blue are the first doses, orange the second).




The national flu campaign began in the autumn of 2020 as planned, with 8,243 vaccines given by 31st March 2021 - this equates to 63% of frontline staff. Fortunately there were relatively low levels of the flu virus reported in 2020-21 but it was more important than ever to reduce the potential impact of seasonal influenza on both individuals and healthcare services.

### ❖ Primary and Community Care

Primary care is the first port of call for many patients when accessing our services. Throughout the year, our GP practices, dentists and other contractor services such as pharmacies and optometrists have remained open, but working behind closed doors, and in the case of dental services, only seeing those who were clinically urgent. The rapid and widespread roll-out of digital systems helped services to be maintained, such as 'AskMyGP', an online service which helps patients access advice and healthcare from their GP online, reducing the number of unnecessary face-to-face appointments.

A primary care assessment hub was set up to provide robust assessment, review and management of patients who were self-isolating and required medical attention that could not be managed over the telephone by their own GP practice. Also, a cluster approach to phlebotomy, vaccination and immunisations and sexual health/family planning services was established and a cluster virtual ward model developed to protect hospital capacity by admission avoidance and early discharge.

Not only was there a focus on trying to help patients stay out of hospital, systems were put in place, in conjunction with local authority colleagues, to help people return to the community once they were well enough to do so. A rapid discharge process was put in place on 1st July 2020 to fast-track pathways that including streamlined assessments, a trusted triage model and a joint discharge team for those requiring

care, including continuing healthcare and local authority funded patients. There was also considerable support by district nursing, acute clinical teams and long-term care nurses to support residents in care homes where outbreaks had occurred.

The care home sector has experienced significant fragility as a result of workforce constraints. The health board worked with its local authority partners, the voluntary sector and care home providers to provide support and guidance when required, in particular direct staffing input, infection control advice and support with testing, tracing and outbreak management when needed.

### ❖ Hospital Sites

Although the majority of people were able to recover from the virus at home, a number of people were admitted to our hospitals, some of whom were so unwell, they needed beds in our intensive care units (ITU). We repurposed ward space at great speed to create additional ITU capacity, which did need to be used during the peaks of the pandemic activity.

For those patients who did need hospital care, whether it was planned or unscheduled, Covid-19 or non-Covid, services were redesigned to make them as safe as possible for patients and staff.

The emergency department at Morriston Hospital was divided into two zones; one for confirmed or suspected Covid-19 patients and the other for those without the virus. Other initiatives put in place included:

- A paediatric emergency department;
- A respiratory assessment unit;
- A temporary building to accommodate the older people's assessment service; this created additional capacity next to the emergency department to help ambulances offload patients so they could be sanitised and released;
- An additional discharge vehicle to support afternoon and evening discharges;
- 'Contact first' service which encourages people to call before attending the emergency department;
- An urgent primary care centre to reduce the number attending the hospital unnecessarily as they could be seen in primary care settings instead.

While the urgent and emergency care service has always been running, our response to restarting essential, non-Covid services agenda began in May 2020 and included:

- Appointing an associate medical director for non-Covid and recovery;
- Using a quality impact assessment process, overseen by clinical executive directors and supported by a panel, to ensure services were being reinstated in a structured and safe way;
- Developing theatre standard operating procedures (SOPs), pre-operative processes, consent process and patient information leaflets;
- Quarterly updated assessments against a Welsh Government framework for essential services.

We used national categorisation to determine which cases should be seen when and clinical emergency and trauma theatre capacity was increased to ensure that all urgent and emergency cases could be treated in a timely way. For the other cases, a

process was developed which set out the requirements for clinical teams to prioritise cases on speciality waiting lists. Available theatre capacity was then targeted at the specialities and patients in greatest need.

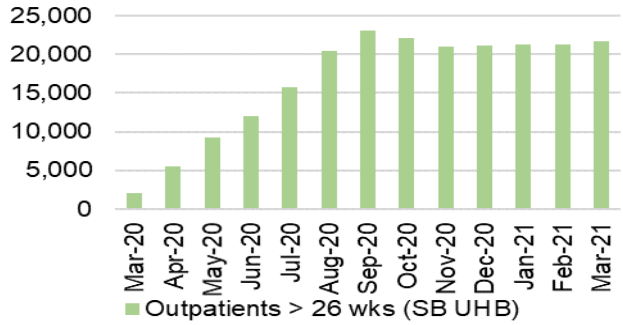
Two field hospitals were established, in-line with modelling, which pointed to the potential for hospital capacity being exceeded; one at Llandarcy Academy of Sport and the other at Bay Studios Business Park. Both were ready by May 2020. The Llandarcy Field Hospital was de-commissioned once the first wave had passed. However, Bay Field Hospital is currently running as a mass vaccination centre and as a community phlebotomy facility. The bed capacity is still in place should we need it.

## Planned care

At the end of 2020-21, we had **78,902** patients waiting for elective care – this everybody waiting for some aspect of planned care, whether it be a new outpatient appointment, diagnostic service or treatment.

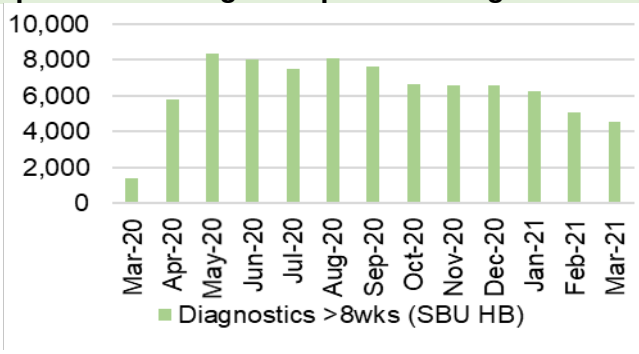
The elective care process usually starts with an outpatient appointment. During the first wave of the pandemic, all but the most urgent outpatient activity in the health board stopped, but this was gradually reintroduced as it became safe to do so. At the same time, there was a significant increase in the use of virtual consultations with patients; this has continued, particularly with those requiring a follow-up appointment. Currently approximately 40% of all consultations are taking place virtually and outpatient activity is now around 70% of the level it was pre-Covid.

**Number of patients waiting over 26 weeks for an outpatient appointment**



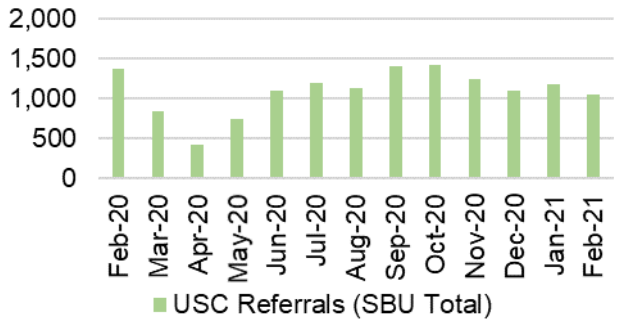

The next step is diagnostics and timely access to these services is critical. During the first few months of Covid-19, the majority were stood down to enable staff to be retrained, to limit footfall on sites and to create capacity for pandemic demand. The impact of this led to a rapid rise in volumes of patients waiting and the length of time waited increased significantly. Detailed recovery plans were developed and implemented and this has resulted in some being on track to return to an eight week maximum wait by the end of March 2021.

**Number of patients waiting for reportable diagnostics over 8 weeks**



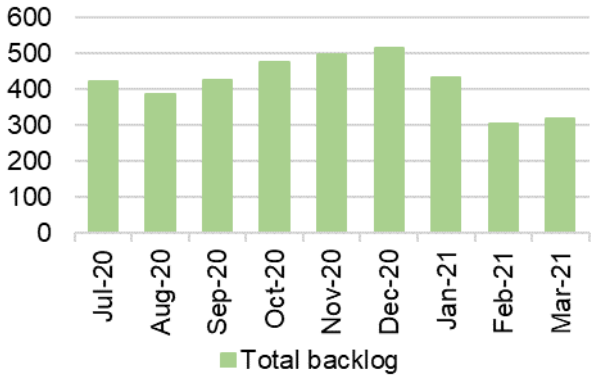

One of the specialities we have continued to provide throughout the pandemic is cancer treatment but services has been severely disrupted. We saw a very significant drop in cancer referrals during the first wave of the pandemic.

**Cancer referrals**

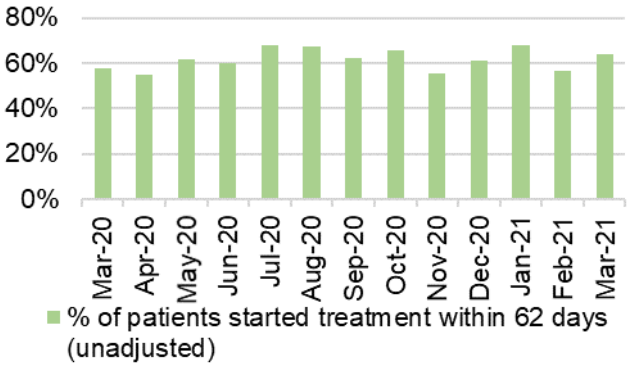



From December 2020, a major change to the management of suspected cancer patients was introduced, moving away from a system that measured timeliness of access to treatment depending on where in the health system cancer was first suspected.  From January 2021 we have been reporting only against the single cancer pathway.

**Single Cancer Pathway backlog- patients waiting over 63 days**

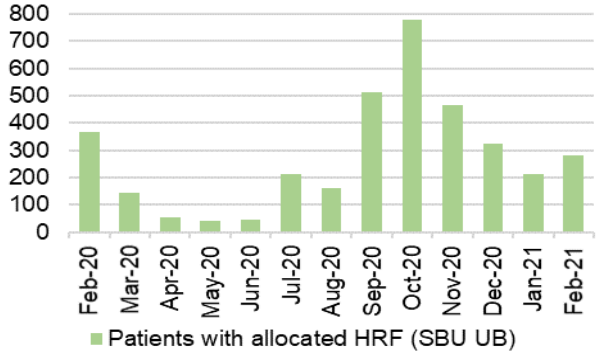


**Single Cancer Pathway- % of patients starting definitive treatment within 62 days from point of suspicion**




Eye care is also a priority for the health board, particularly for those at greatest risk of sight loss. We have concentrated on emergencies and ensuring that those patients with age related macular degeneration were seen in a timely manner with treatment initiated. In addition, those already on a treatment regime continued to receive this.

**Ophthalmology patients without an allocated health risk factor**




It is important that patients waiting for treatment were also supported through pre-habilitation and examples of our approach included:

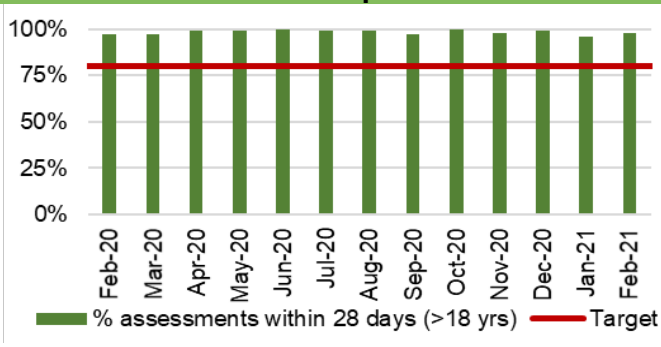
- An exercise and lifestyle programme pilot to work with patients waiting for arthroplasty surgery where they engage with lifestyle, exercise and therapy work with the intention to increase fitness to improve surgical outcomes and potentially help patients avoid the need for surgery;
- Advanced practice physiotherapists working with spinal surgeons and patients waiting for appointments, providing advice and therapeutic support;
- A cancer services pilot with the Upper Valleys cluster, the rapid diagnostic clinic and initially two cancer multi-disciplinary teams (upper gastro-intestinal and colorectal) which will work will patients on these cancer pathways on pre-assessment, lifestyle and psychological support in order to optimise their treatment and outcomes.

Mental health was just as critical, especially at a time of such additional stress and anxiety. Local arrangements were established for moving staff between areas to maintain essential mental health services, particularly urgent and inpatient care. Additional equipment was provided across community and inpatient services and arrangements made for the increased demand for oxygen as none of our inpatient

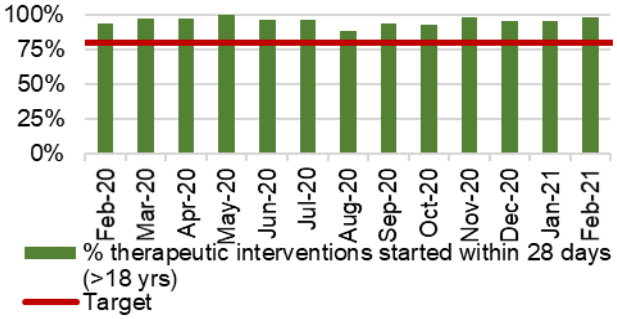
environments have, nor require in normal circumstances, piped oxygen. Existing caseloads were risk assessed and RAG (red, amber, green) rated to identify vulnerability and prioritise allocation of resources to manage risk. This included capturing information on age, physical health issues, mental health issues and whether living alone/with elderly carers.

Performance has been maintained despite the additional pressures:

**% of mental health assessments undertaken within (up to and including) 28 days from the date of receipt of referral**

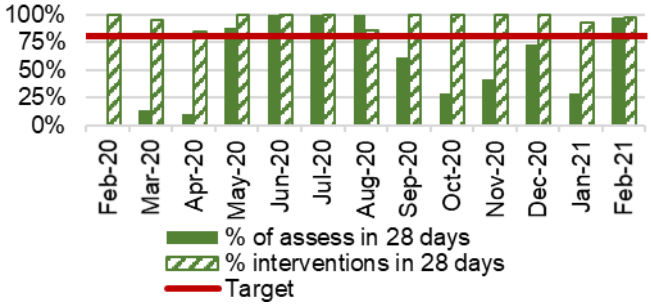



**% of therapeutic interventions started within (up to and including) 28 days following an assessment by Local Primary Mental Health Specialist Services**

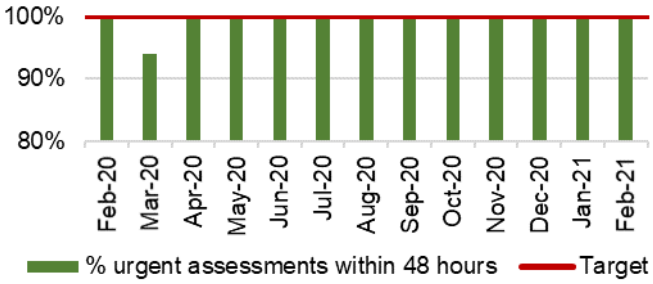



For our younger patients, child and adolescent mental health services (CAMHS) are provided for the Swansea Bay area by Cwm Taf Morgannwg University Health Board, who continued to work in partnership with us during 2020-21 to ensure that services could continue to be provided, albeit in a different way. The services have continued to implement the multi-agency delivery plan to improve the emotional health and wellbeing of children and young people.

**Assessment and intervention within 28 days**



**Urgent assessments undertaken within 24 hours from receipt of referral**




## Keeping our Staff and Patients Safe

Keeping our staff and patients safe throughout the pandemic has been paramount. Personal protective equipment (PPE) was a critical factor and a dedicated silver logistics cell was set up to oversee arrangements, with a modelling tool developed to monitor usage, taking into account the detailed requirements and implications to revised national guidance. The infection prevention and control team provided and led on training for the correct 'donning and doffing' of PPE, including fluid repellent face masks, face shields/visors, gowns, aprons and gloves. Since April 2020, more than 6.5m items of PPE have been distributed through our hub.

The physical environment was also a key consideration. Where appropriate, beds were removed to ensure adequate spacing and ClearScreen curtains were installed throughout inpatient facilities, where relevant, to provide additional barriers.

To reduce the risk of transmission of the virus, particularly to vulnerable inpatients, we suspended hospital visiting (with some very limited exceptions (such as end of life patients). We appreciated that this could add to the distress of patients and their loved ones and we put a number of steps in place to try and alleviate this. Working with the clinical teams, we set up the 'messages to loves ones' email address and a central coordinating point to distribute the messages to patients on the ward as well as send replies. Additional iPads were purchased for patients to use to 'keep in touch' with those at home.

## End of Life Care

Ensuring dignified care for all our patients is key, regardless of prognosis, as they often access our services when they are most vulnerable. This is of particular importance when individuals are approaching the end of life. Improving end-of-life care is one of our quality priorities for 2021-22, and we have already developed a service to support care after death, including access to bereavement support. There was also engagement and collaborative working with funeral directors to ensure that processes were as efficient as possible.

## Always Improving

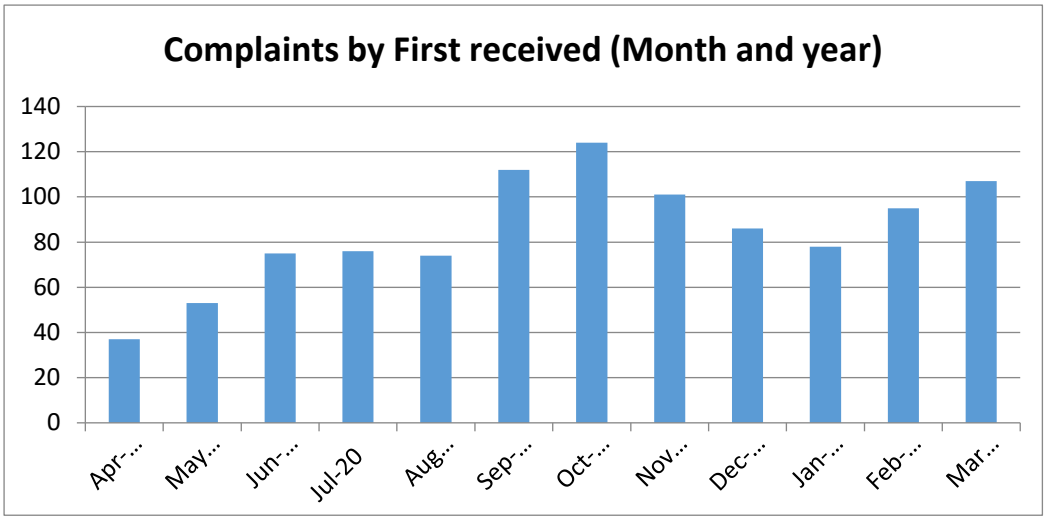
A core value for the Health Board is 'always improving'. While every effort was made to do what is right for our patients, there have been times when we have got it wrong, and it was important that we listened to people's feedback in order to learn.

To capture patients' experiences, social media and text messaging was quickly established to allow us to send patients a survey following their discharge. The

feedback is shared across the services as appropriate. We have also developed bespoke surveys to help heads of services and clinical teams improve their services.

As well as hearing from patients, we also received 1,667 completed surveys from our staff survey; the results of which will help shape home working and wellbeing services for our staff.

We received 1,018 formal complaints during 2020-21 and the graph below breaks this down per month:




Communication is a common theme for complaints throughout the health board and as a result, we have developed bespoke communication training for all staff. Clinical treatment is also one of the top themes, as were appointments, and the concerns are set out below.

| Clinical Treatment Concerns | |
|---|---|
| **Lack of treatment** | 279 |
| **Delay in receiving treatment** | 269 |
| **Reaction to procedure/ treatment** | 134 |
| **Incorrect treatment given** | 109 |
| **Incorrect diagnosis** | 99 |
| **Delay in diagnosis** | 89 |
| **Other** | 1 |

For serious incidents, the team produces a learning brief and supports the sharing of thematic learning from investigations for example, falls; pressure ulcer; mental health cases and infection control. The top five themes in 2020-21 were:

- Injury of unknown origin;
- Pressure ulcers;
- Patient accidents/falls;
- Behaviours;

- Medication/biologics/fluids.

The learning from closed cases has been presented to the Quality and Safety Governance Group and Quality and Safety Committee and a newsletter setting out the learning and actions taken was issued.

During 2020-21, 18 investigations were undertaken by the Public Services Ombudsman for Wales and the health board received three public interest reports within the past 12 months. These are reports for which the Ombudsman feels that the findings and subsequent actions should be made public. Actions being taken as a result of these include:

- **Communication** – a task and finish group to look at incidents and complaints relating to communication has been set up;
- **Poor Documentation** – is being raised in professional forums such as the Nursing and Midwifery Board and the health board is also part of an all-Wales programme to implement a digital record**;**
- **Poor concerns handling** – complaints standards training was delivered by the Ombudsman Training Officer early in 2021. Work continues to be undertaken by a corporate team to reduce referrals;
- **Human Rights Training** – being rolled out across service groups, commencing in the Mental Health and Learning Disabilities Service Group.

## Working in Partnership

Good partnership working has been a core feature of our pandemic response as well as a broader partnership agenda. The health board participated with the Local Resilience Forum as a category one responder, not only for Covid-19, but also on preparations for the exit from the European Union (Brexit).

We continued to work with our respective partner agencies to manage and respond to safeguarding and domestic abuse concerns. In addition, we are engaging with emotional wellbeing review group meetings led by Neath Port Talbot and Swansea local authorities of vulnerable adults, vulnerable children and young people.

Our Stakeholder Reference Group is a key part of our mechanisms for engaging with the public over the health board's plans and actions. It has continued to meet, albeit virtually, during most of 2020-21 and while Covid-19 has understandably been a focus for these meetings, consideration of health board plans and actions has also been included so that any concerns or issues raised by members are taken into account by the board prior to making any relevant decisions.

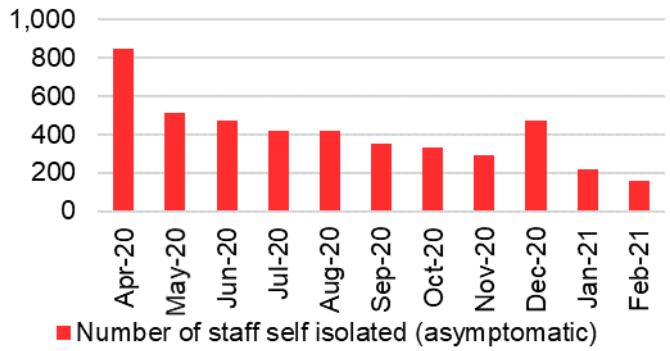
We worked very closely with trade union partners, a partnership all the more important given the demands and challenges being placed on staff throughout the year. In addition to close working with union representatives, the health board partnership forum met on a monthly basis. These meetings were in addition to local partnership forums.

## Workforce Management and Wellbeing

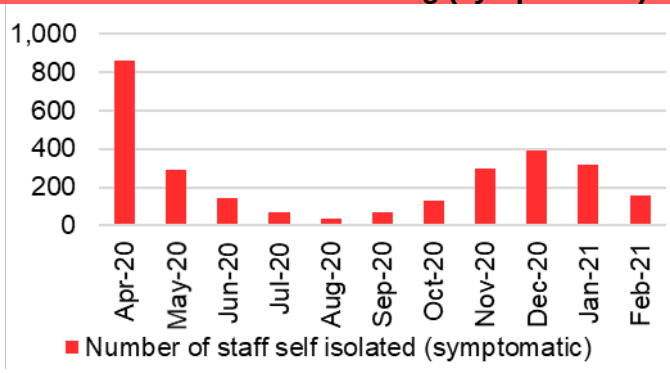
Our people are integral to the working of the health board and we continue to be grateful for all that they do. At our peak, there were 1,700 staff not in work due to

Covid-19 related absences out of 13,499. This was in addition to those shielding. This had a very significant effect on the running of services.

**Number of staff self isolating (asymptomatic)**




**Number of staff self isolating (symptomatic)**




We continued to comply with the Nurse Staffing Levels (Wales) Act 2016, assessing relevant wards on a daily basis. Where there were staffing issues, colleagues were redeployed from areas under less pressure or bank/agency called upon to fill the gaps. Nursing staff are not the only ones who have been redeployed with many doctors moving into different rota patterns in additional to extra resources being recruited. This is the same for allied health professionals.

Since April 2020, more than 1,400 additional bank staff have been added to the bank to support a number of roles include surge capacity, safer staffing, field hospitals and administration. In addition, there continues to be a 'rolling' advert for bank healthcare support workers. While we were lucky to have benefitted from the support of 580 students in the first wave, these have since returned to their studies.

Risk assessments have been undertaken throughout the pandemic to ensure staff are working as safely as possible. All staff were encouraged to complete the Welsh Government risk assessment tool, in particular those of black, Asian and minority ethnic descent, as more cases of Covid-19 were being seen in their demographic groups. For those staff for whom it was not safe to work closely patients, alternatives were initially considered and where possible they were redeployed to support other non-clinical areas of business. Otherwise they were asked to work from home if possible.

There was a 78% increase in management referrals to occupational health relating to Covid-19. As a result, a nurse-based team was established with allied health professional and medical support. The pathway has also been extended to include trauma and bereavement services. Nearly 400 wellbeing champions are now in place to support teams as well as learning and development coaches based within each of the service groups.

## Learning

Whilst the Covid-19 pandemic has had devastating impacts on communities, families and economies, it did create a sense of urgency that generated innovation and transformation in the way health services are configured, delivered and enabled at scale and at pace.

During summer 2020, the health board undertook a listening and learning exercise, engaging with staff, patients and partners in order to capture the experiences of change and ensure that the positive changes were identified so that improvements could be embedded. These included:

- ***Consultant Connect*** for primary care practitioners to seek an opinion from consultants and where possible avoid a new outpatient referral. 35% of the consultations have avoid referral. The health board was the first in Wales to launch this and the focus in 2021-22 will be on rolling it out more widely;
- ***Virtual consultations*** are now in use in all specialties with around 40% of all consultations taking place virtually. The next phase is to pilot virtual group consultations and we are being supported by Welsh Government in a pilot in rheumatology and dermatology;
- A ***"Quick Question" self-validation tool*** has been adopted which gives patients the opportunity to self-assess their conditions and whether they feel they need to remain on a follow up list. This approach has seen a reduction in over 10% from follow-up lists in rheumatology and gynaecology with a plan in place to roll out to more specialties over the coming months;
- ***Patient Reported Outcomes Measures*** (PROMS) is being used in a number of specialties to support the prioritisation of patients according to need. For example in lymphoedema services, the introduction of PROMS has seen the average wait to first appointment for urgent referrals drop to nine days (versus 33 days in 2019), while for routine appointments it has dropped to 18 days (versus 71 days in 2019).

## Decision Making and Governance

To respond to the pandemic, the health board's major incident command and control structure was initiated, managed through the gold command centre. This took responsibility for the high-level decision making and oversaw the operational silver group, which managed the day-to-day decisions as well as the site and service-based bronze groups. Regular updates from this structure were provided to the board, including a specific Covid-19 risk log which was updated on an ongoing basis.

Throughout the year it was essential to maintain good governance and ensure the decisions were being made in the right way but without delaying progress. The board continued to meet but quickly moved to virtual meetings at the start of the year which have since started to be livestreamed to enable members of the public to observe. Meeting frequency was increased to monthly until the summer to keep members

appraised of the evolving situation and response and a review of committee arrangements was undertaken in April 2020. The initial outcome was to step-down all committees except for the Quality and Safety Committee given the importance to maintain patient and staff safety and the Audit Committee to maintain strong governance. The arrangements were kept under review and gradually stepped back up from June 2020 but with executive directors, other than the lead for the committee, being able to step-down from meetings unless required for a specific item. The board recognises that it has a commitment to holding its committee meetings in public however, given the ongoing pandemic, this has not been possible. Due to the number of committees and frequency of these, it is too resource intensive to livestream committee meetings but the health board will look at ways in which committees could be held in public where possible.

There was also use of Chair's action to support urgent decision making so as to not cause delays while awaiting board meetings and temporary changes to standing orders, standing financial instructions and scheme of delegation to enable more decision making. The board also temporarily agreed changes to the risk appetite and reporting of risk has been a constant through the committee and the board.

We received a positive internal audit report in relation to the health board response to pandemic and the areas of improvement addressed. In addition, we had closer working with Audit Wales and internal audit through the pandemic assisted by remote working and also contributed to the Audit Wales report "Doing it Differently, Doing it Right", and lessons learnt are being taken forward.

## Conclusion and Forward Look

This has been an incredibly challenging year for the health board. Much has been achieved but there is significant work ahead to recover backlogs of care; to continue to provide an effective and agile response to the pandemic; to continue to modernise our services and to stabilise the health board's financial position on the road to long term sustainability.

At the time of writing, our annual plan for 2021-22 is in the process of being finalised. It plans to rejuvenate our hospitals as well as our primary care, community and therapy services to link improvements in a number of areas, including cancer and emergency medicine.

A critical priority is to create a sustainable urgent and emergency care system but we also recognise that we need to improve the rate at which we provide planned care, as people are now waiting longer. Full recovery of the waiting list position will be a longer-term plan, but we are already thinking about how we address the backlog.

All this is alongside the continuing need to respond to Covid-19, as cases still remain high in the communities we serve, with some needing admission to our hospital. While we are hopeful that we will be able to start our recovery from the pandemic in the second half of 2021-22, our response to the pandemic will remain a focus for us.

# Accountability Report 2020-21

## Annual Governance Statement

### ❖ Scope of Responsibility

The board is accountable for good governance, risk management and the internal control processes of the organisation. As Chief Executive, I have responsibility for maintaining appropriate governance structures and procedures, as well as ensuring that an effective system of internal control is in place that supports the achievement of the organisation's policies, aims and objectives, while safeguarding the public funds and the health board'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.

In discharging this responsibility I, together with the board, am responsible for putting into place arrangements for the effective governance of the health board, facilitating the effective implementation of the functions of the board and the management of risk.

At the time of preparing this annual governance statement, the health board and the NHS Wales are facing unprecedented and increasing pressure in planning and providing services to meet the needs of those who are affected by Covid-19, while also continuing essential non-Covid-19 services.

The required response has meant the whole organisation has had to work very differently both internally and with partners and stakeholders, and it has been necessary to revise the way the governance and operational framework is discharged.

To demonstrate this, the organisation is recording how the effects of Covid-19 have impacted on any changes to normal decision making processes. Where relevant these, and other actions taken, have been explained within this annual governance statement.

The annual report outlines the different ways the organisation has had to work both internally and with partners in response to the unprecedented pressure in planning and providing services. It explains arrangements for ensuring standards of governance are maintained, risks are identified and mitigated and assurance has been sought and provided. Where necessary additional information is provided in the annual governance Statement, however the intention has been to reduce duplication where possible.  It is therefore necessary to review other sections in the annual report alongside this annual governance statement.

### ❖ System of Governance and Assurance

- **Overview**

The health board has a statutory requirement to comply with the Local Health Board (Constitution, Membership and Procedures) (Wales) Regulations 2009 and comprises chair, vice-chair, chief executive, nine independent members and seven executive directors. In December 2020, a public appointments process was undertaken to recruit a substantive vice-chair, with Stephen Spill taking up post in January 2021. For the majority part of the year, the post was undertaken on an

interim basis by Martyn Waygood, who is also an independent member. There are also three associate member posts (one of which is currently vacant).

All of these ensure that the board is made up of people with a range of backgrounds, disciplines and expertise. This is enhanced further by non-voting director posts comprising the Director of Transformation, Director of Digital Services and the Director of Communications.

The board works as a corporate decision-making body with executive directors and independent members as equal members sharing responsibility. Its main role is to exercise leadership, direction and control which includes setting the overall strategic direction for the organisation (in-line with Welsh Government policies and priorities) and establishing and maintaining high-levels of corporate governance and accountability, including risk management and internal control. It is also there to:

- Ensure delivery of aims and objectives through effective challenge and scrutiny of performance across all areas of responsibility;
- Ensure delivery of high quality and safe patient care;
- Build capacity and capability within the workforce to build on the values of the health board and creating a strong culture of learning and development;
- Enact effective financial stewardship by ensuring the health board is administered prudently and economically with resources applied appropriately and efficiently;
- Instigate effective communication between the organisation and its community to ensure its services are planned and responsive to the identified needs;
- Appoint, appraise and oversee arrangements for remunerating executives.

The day to day running of the board is covered through its approved standing orders and standing financial instructions which tailor the statutory requirements of the Local Health Board (Constitution, Membership and Procedures) (Wales) Regulations 2009, together with a scheme of delegation which is relevant for officers as well as the board and its committees. The standing orders and standing financial instructions are reviewed regularly and are supported by corporate policies and procedures.

During 2020-21, the following improvements were made:

- Board briefings were held throughout the year to provide updates on legislation/policy changes, business cases and services changes to enable members to make more informed decisions during formal meetings;
- A standard operating procedure was produced to have a more consistent format of corporate meeting planning as well board report training developed;
- Virtual meetings fully operational including a livestream option, with a meeting etiquette in place to ensure sessions run efficiently;

While the number of audit and external reviews was reduced due to the pandemic, a review was undertaken by the Welsh Government Integrated Assurance Hub of field hospitals. In terms of its findings relating to the health board, it gave an amber/red rating for its delivery confidence assessment which was defined as “successful delivery of the project/programme is in doubt with major risks or issues apparent in a number of key areas. Urgent action is needed to ensure these are addressed, and establish whether resolution is feasible.” Seven recommendations were made and

progress against the action plan monitored by the Audit Committee, with a number already completed.

- **Director's Report**

The directors' report provides details about the health board including the independent members and executive directors, the structure of the board and components of its governance and risk management structure. It also includes the disclosures and reporting required of Swansea Bay University Health Board as part of its day-to day business.

The board is made-up of executive directors, who are employees of the health board, and independent members appointed by the Minister through the public appointment process. Current board members and other members of the senior team are below, but there have been some changes during the year, most notably:

- The retirement of Tracy Myhill as Chief Executive, Hazel Robinson as Director of Workforce and OD and Gareth Howells as Director of Nursing and Patient Experience;
- The appointments of Darren Griffiths, Director of Finance (interim), Kathryn Jones, Director of Workforce and OD (interim) and Christine Williams, Director of Nursing and Patient Experience (interim);
- The appointments of Mark Hackett as Chief Executive, Stephen Spill as Vice-Chair, Keith Lloyd as the independent member representing the university sector, Rab Mcewan as interim Chief Operating Officer and Christine Morrell, Interim Director of Therapies and Health Science.

### ❖ Chair and Independent Members

**Emma Woollett, Chair**

**Appointment:**

Emma was appointed as Chair in April 2020. Prior to this she held the office of vice-chair but also undertook the interim Chair role from July 2019.

**Board and Committee Membership**

Emma chairs the board and Remuneration and Terms of Service Committee.

**Stephen Spill, Vice-Chair**

Stephen was appointed as Vice-Chair in January 2021. Prior to this he was a special advisor on performance and finance to the board from May 2020.

**Board and Committee Membership**

Stephen chairs the Mental Health Legislation Committee. He is a member of the board, Audit Committee, Remuneration and Terms of Service Committee, Quality and Safety Committee and Performance and the Finance Committee.

**Martin Sollis, Independent Member**

**Appointment:**

Martin was appointed as an independent member in June 2017.

**Area of Expertise:**

Finance

**Board and Committee Membership**

Martin chairs the Audit Committee. He is a member of the board, Remuneration and Terms of Service Committee, Charitable Funds Committee and Performance and the Finance Committee.

**Martyn Waygood, Independent Member**

**Appointment:**

Martyn was appointed as an independent member in June 2017 but became interim vice-chair in July 2019 until January 2021. He returned to his substantive post as an independent member in January 2021.

**Area of Expertise:**

Legal

**Board and Committee Membership**

Martyn chairs the Quality and Safety Committee and Charitable Funds Committee. He is a member of the board, Remuneration and Terms of Service Committee and Mental Health Legislation Committee, which he also chaired during his time as interim Vice-Chair.

**Reena Owen, Independent Member**

**Appointment:**

Reena was appointed as an independent member in August 2018.

**Area of Expertise:**

Community.

**Board and Committee Membership**

Reena chairs the Performance and Finance Committee. She is a member of the board, Remuneration and Terms of Service Committee and the Quality and Safety Committee.

**Tom Crick, Independent Member**

**Appointment:**

Tom was appointed as an independent member in October 2017.

**Area of Expertise:**

Information and Communications Technology.

**Board and Committee Membership**

Tom chairs the Workforce and OD Committee. He is a member of the board, Health and Safety Committee, Remuneration and Terms of Service Committee and Audit Committee.

**Maggie Berry, Independent Member**

**Appointment:**

Maggie was appointed as an independent member in May 2015.

**Board and Committee Membership**

Maggie chairs the Health and Safety Committee. She is a member of the board, Remuneration and Terms of Service Committee, Quality and Safety Committee and the Mental Health Legislation Committee.

**Nuria Zolle, Independent Member**

**Appointment:**

Nuria was appointed as an independent member in October 2019.

**Area of Expertise:**

Third sector

**Board and Committee Membership**

Nuria is a member of the board, Quality and Safety Committee, Audit Committee, Workforce and OD Committee, Remuneration and Terms of Service Committee and Stakeholder Reference Group.

**Jackie Davies, Independent Member**

**Appointment:**

Jackie was appointed as an independent member in August 2017.

**Area of Expertise:**

Trade union

**Board and Committee Membership**

Jackie is a member of the board, Mental Health Legislation Committee, Quality and Safety Committee, Workforce and Organisational Development, Health and Safety Committee and Charitable Funds Committee.

**Mark Child, Independent Member**

**Appointment:**

Mark was appointed as an independent member in October 2017.

**Area of Expertise:**

Local authority

**Board and Committee Membership**

Mark is a member of the board, Remuneration and Terms of Service Committee and Performance and Finance Committee.

**Keith Lloyd, Independent Member**

**Appointment:**

Keith was appointed as an independent member in May 2020.

**Area of Expertise:**

University

**Board and Committee Membership**

Keith is a member of the board, Quality and Safety Committee and Remuneration and Terms of Service Committee.

## ❖ Associate Board Members

**Andrew Jarrett, Director of Social Services, Neath Port Talbot Council**

**Appointment:**

Andrew was appointed as an associate board member in April 2020.

**Board and Committee Membership**

Andrew attends the board.

**Alison Stokes, Chair of the Stakeholder Reference Group**

**Appointment:**

Alison was appointed as an associate board member in November 2020.

**Board and Committee Membership**

Alison attends the board.

## ❖ Chief Executive and Executive Directors

**Mark Hackett, Chief Executive**

**Appointment:**

Mark joined the health board as Chief Executive in January 2021.

**Board and Committee Membership**

Mark attends the board and Remuneration and Terms of Service Committee.

**Richard Evans, Medical Director/Deputy Chief Executive (from March 2021)**

**Appointment:**

Richard was appointed as Medical Director in November 2018 and Deputy Chief Executive from March 2021.

**Board and Committee Membership**

Richard attends the board and Quality and Safety Committee and Workforce and OD Committee.

**Chris White, Chief Operating Officer/Director of Primary Care and Mental Health/Director of Therapies and Health Sciences/Deputy Chief Executive (until March 2021)**

**Appointment:**

Chris was appointed as Chief Operating Officer in December 2017.

**Board and Committee Membership**

Chris attends the board, Quality and Safety Committee, Health and Safety Committee, Mental Health Legislation Committee, Performance and Finance Committee and Workforce and OD Committee.

**Christine Williams, Interim Director of Nursing and Patient Experience**

**Appointment:**

Christine was appointed as Interim Director of Nursing and Patient Experience in July 2020.

**Board and Committee Membership**

Christine attends the board, Audit Committee Quality and Safety Committee, Health and Safety Committee, Mental Health Legislation Committee and the Workforce and OD Committee.

**Kathryn Jones, Interim Director of Workforce and Organisational Development (OD)**

**Appointment:**

Kathryn was appointed as Interim Director of Workforce and OD in August 2020.

**Board and Committee Membership**

Kathryn attends the board and Workforce and OD Committee, Health and Safety Committee and Remuneration and Terms of Service Committee.

**Darren Griffiths, Interim Director of Finance**

**Appointment:**

Darren was appointed as Interim Director of Finance in February 2020.

**Board and Committee Membership**

Darren attends the board, Performance and Finance Committee, Charitable Funds Committee, Audit Committee and Quality and Safety Committee.

**Siân Harrop-Griffiths, Director of Strategy**

**Appointment:**

Sian was appointed as Director of Strategy in November 2014.

**Board and Committee Membership**

Siân attends the board, Quality and Safety Committee, Performance and Finance Committee and Charitable Funds Committee.

**Keith Reid, Director of Public Health**

**Appointment:**

Keith was appointed as Director of Public Health in December 2019.

**Board and Committee Membership**

Keith attends the board, Quality and Safety Committee and Health and Safety Committee.

**Christine Morrell, Interim Director of Therapies and Health Science**

Chris was appointed as Interim Director of Therapies and Health Science in March 2021

**Board and Committee Membership**

Chris attends the board, Quality and Safety Committee and Workforce and OD Committee.

## ❖ Members of the Executive Team (Non-Board Members)

**Rab McEwan, Interim Chief Operating Officer**

**Appointment:**

Rab was appointed as Interim Chief Operating Officer in March 2021

**Board and Committee Membership**

Rab attends the board in a non-voting capacity, Health and Safety Committee, Mental Health Legislation Committee and Performance and Finance Committee.

**Irfon Rees, Director of Communications/Chief of Staff**

**Appointment:**

Irfon was appointed as Chief of Staff in August 2018.

**Board and Committee Membership**

Irfon attends the board in a non-voting capacity.

**Pamela Wenger, Director of Corporate Governance**

**Appointment:**

Pam was appointed as Director of Corporate Governance in January 2018.

**Board and Committee Membership**

Pam is the main governance advisor to the board. She attends the board in a non-voting capacity, Quality and Safety Committee, Health and Safety Committee, Charitable Funds Committee, Audit Committee, Mental Health Legislation Committee, Performance and Finance Committee, Remuneration and Terms of Service Committee and the Workforce and Organisational Development Committee.

**Hannah Evans, Director of Transformation**

**Appointment:**

Hannah was appointed as Director of Transformation in August 2018.

**Board and Committee Membership**

Hannah attends the board in a non-voting capacity and Performance and Finance Committee.

**Matt John, Director of Digital**

**Appointment:**

While Matt has worked at the health board for a number of years, he was appointed as Associate Director of Digital Services in August 2018 and then Director of Digital in August 2020.

**Board and Committee Membership**

Matt attends the board in a non-voting capacity

Each board member has stated in writing that he/she has taken steps to make the auditors aware of any relevant audit information. Board members and senior managers have advised of any interests in which may have a conflict with their board responsibilities and no material interests have been declared in 2020-21. A full register of interests is available upon request from the Director of Corporate Governance.

- **Role of the Board**

The board has the overall responsibility for the strategic direction of the organisation and provides leadership and direction. It also has a key role in ensuring that there are robust governance arrangements in place as well as an open culture and high standards as to how its work is carried out. Board members share corporate responsibility for all decisions and play a key role in monitoring the performance.

As a standard, the board meets in public six times a year, but there will be occasions when special board meetings will take place, for example in May to agree the annual accounts. Each regular meeting begins with a patient or staff story, setting out the personal experience of someone who has used one of the health board's services.

This is an opportune way to learn lessons and help improve and plan services for the future. Due to the Covid-19 pandemic, changes were made to the way in which board meetings were run in order to comply with social distancing guidance as well as the Public Bodies (Admissions to Meetings) Act 1960 which requires the organisation to meet in public. To ensure public and staff safety, meetings took place virtually via Zoom, with only the Chair, Chief Executive and Director of Corporate Governance in the same room, along with the secretariat. The public session was then livestreamed from July 2021 to enable members of the public to observe safely, and this option will be maintained if/when the board is able to meet physically once more. In the few months before the meeting was livestreamed, in order to ensure business was conducted as openly as possible, summaries of the meetings were published on the website within seven days.

Normally in addition to formal board meetings, development sessions take place six times a year. This is a chance for the board to undertake training or hear about good practice internal and external to the organisation. Due to operational pressures as a result of the pandemic, these were stood down for 2020-21, with the exception of February 2021, which had a focus on medicines management and 'Just Culture'. Members are also involved in a range of other activities on behalf of the board, such as service visits and meetings with local partners.

As the board development sessions were stood down, the board was unable to undertake its annual skills assessment to identify areas of work for the coming year until May 2021.

- **Committees of the Board**

The health board has established a number of committees as set out in the diagram at **appendix one**. Each one is chaired by an independent member and has a key role in relation to the system of governance and assurance, decision making, scrutiny, assessment of current risks and performance monitoring. Following each meeting, a summary of the discussion is shared with the board at its next formal meeting and all the papers for the public sessions of board and committee meetings are on the health board's website. There are some meetings for which papers are not made public either because of the confidential nature of the business or because the items are in a developmental stage. The board recognises that it has a commitment to holding its committee meetings in public however, given the ongoing pandemic, this has not been possible.

Throughout the year the committee arrangements have been adapted as necessary in response to the ongoing pandemic to ensure robust governance is maintained but at the same time, provide the headspace for operational pressures to be managed. These were revised and agreed on a quarterly basis by the board following an initial chair's action on 1st April 2020.

Two assurance committees the health board is required to have are the Audit Committee and Quality and Safety Committee:

*Audit Committee*
The Audit Committee supports the overall board assurance framework arrangements, including the development of the annual governance statement, and

provides advice and assurance as to the effectiveness of arrangements in place around strategic governance, risk management and internal controls. More specifically it has:

- Overseen the system of internal controls;
- Continued to focus on the improvements of the financial systems and control procedures;
- Overseen the development and implementation of the board assurance framework;
- Monitored local counter fraud arrangements;
- Sought assurance in relation to the risk management process;
- Considered and recommended for approval revisions to standing orders and standing financial instructions;
- Reviewed findings of internal and external audits and progress against corresponding action plans;
- Held executive directors to account where appropriate;
- Discussed and recommended for approval by the board the audited annual accounts, accountability report, annual report and head of internal audit opinion;
- Continued to monitor the implementation of the recommendations as set out in the governance work programme.

*Quality and Safety Committee*
The Quality and Safety Committee is the main assurance mechanism for reporting evidence-based and timely advice to the board in relation to the quality and safety of healthcare as well as the arrangements for safeguarding and improving patient care in line with the standards and requirements set out for NHS Wales. Each meeting begins with a patient story and also includes updates from internal and external regulatory bodies, and where reports have raised concerns, action plans are monitored by the committee.

A summary of board and committee dates, memberships, attendances and key matters considered are included within **appendices two to five**.

- **Advisory Groups and Joint Committees**

As well as its board level committees, the health board has three advisory groups which report to the board: Stakeholder Reference Group, Health Professionals' Forum and Local Partnership Forum.

*Advisory Boards*

- *Stakeholder Reference Group*

The Stakeholder Reference Group is formed from a range of partner organisations from across the health board's local communities and engages with the strategic direction, provides feedback on service improvement proposals and advises on the impact on local communities of the current ways of working. Its membership includes representatives from wide ranging community groups, including children and young people, LGBT (lesbian, gay, bisexual and transgender), older people and ethnic minorities, as well as statutory bodies such as police and fire, rescue services and

environment agency. As a result, the group has excellent links to the wider general public and each member can highlight issues raised by their particular communities. The group provides a report to each meeting summarising its discussions.

- *Health Professionals' Forum*

The role of the Health Professionals' Forum provides balanced, multidisciplinary professional advice to the board on local strategy and delivery. During 2019-20 the Health Professionals' Forum was re-instated with refreshed membership but is not currently meeting due to the pandemic.

- *Health Board Partnership Forum*

The health board's partnership forum's role is to provide a way by which the health board, as an employer, and the professional bodies, such as trade unions, who represent staff, can work together to improve health services. It is an opportunity to engage with each other, inform debate and agree local priorities for workforce within health services. The chair of the forum alternates between the health board and staffside representatives. A report is submitted to each board meeting summarising the discussions of the group.

*Joint and all-Wales Committees*

There are three all-Wales committees as detailed below:

- *Welsh Health Specialised Services Committee (WHSSC)*

WHSSC was established in 2010 by the seven health boards to ensure the population has fair and equal access to the full range of specialised services. Hosted by Cwm Taf Morgannwg University Health Board, the health board is represented on the joint committee by the Chief Executive and regular reports are received by the board.

- *Emergency Ambulance Services Committee (EASC)*

EASC is a joint committee of the seven health boards, with the three NHS trusts as associate members, and was established in April 2014. It has responsibility for the planning and commissioning of emergency ambulance services on an all-Wales basis. Hosted by Cwm Taf Morgannwg University Health Board, the health board is represented on the joint committee by the Chief Executive and regular reports are received by the board.

- *NHS Wales Shared Services Partnership (NWSSP) Committee*

The NWSSP Committee was established in 2012 and is hosted by Velindre NHS Trust. It looks after the shared functions for NHS Wales, such as procurement, recruitment and legal services. The health board's representative is the Director of Workforce and OD and regular reports are received by the board.

- **Partnership Working**

The health board works in partnership with a number of organisations, including local authorities, Swansea University, other NHS organisations including the NHS Wales Collaborative and the third sector. In addition, it has joint executive groups with Cardiff and Vale, Cwm Taf Morgannwg and Hywel Dda university health boards.

- **Organisational Structure**

At the start of 2020-21, the organisation comprised five service units:

- Morriston Hospital;
- Singleton Hospital;
- Neath Port Talbot Hospital;
- Primary Care and Community Services;
- Mental Health and Learning Disabilities.

Changes were agreed and implemented in September 2020 to reduce the structure to four service groups:

- Primary, Community, and Therapies
- Mental Health and Learning Disabilities
- Singleton and Neath Port Talbot
- Morriston

Each one is led by a service group director, supported by group nurse and medical directors, and in the case of primary, community and therapies, there is also a group dental director. Corporate directorates, such as finance, governance, workforce, digital services and strategy/planning also play a central role in supporting the service groups as well as the organisation as a whole. All of these elements of the structure are subject to regular performance reviews.

The changes implemented were the result of a review of the organisational structure undertaken once responsibility for commissioning and planning services for the population of Bridgend moved to Cwm Taf Morgannwg University Health Board on 1st April 2019, resulting in the population size, budget and workforce reducing by a third. This was an opportunity to ensure that the current organisation is appropriately structured, focused and reflects the ambition of the organisation as outlined in the organisation's strategy, *Better Health, Better Care, Better Lives*.

In order to ensure effective delivery of high quality and safe services fit for the future, a transformation portfolio is in place to centralise all such work, moving away from varying approaches across the organisation. Through this programme, the board has a clear mechanism to oversee the delivery of the organisational strategy, clinical services plan and other key priorities.

### ❖ System of Control

Systems of control are designed to understand and 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 health board's system of internal control is based on an ongoing process designed to identify and prioritise the risks to achievement of aims and objectives, evaluate the likelihood of those risks being realised and the potential efficient, effective and economic impact of having to manage them. This has been in place for 2020-21 and up to the date of approval of the accountability report and annual accounts.

- **Risk Management**

Swansea Bay University Health Board is committed to providing safe and effective, high quality healthcare. We mandate a culture and environment, which minimises and actively seeks to reduce risk and promotes the health, safety and well-being of patients, staff, visitors and the general public.

The health board recognises that all health service activity carries risks including harm to patients which need to be managed through a systematic framework. This will ensure that risks to patient and staff safety and the organisations objectives are identified, assessed, eliminated or minimised so far as is reasonably practicable. The aim being to minimise the chance of the risk being realised, although where this has not been possible then we will review, learn and share the learning to minimise the likelihood of reoccurrences in an open and fair culture.

All staff have a responsibility for promoting risk management, adhering to health board policies and have a personal responsibility for patients' safety as well as their own and colleague's health and safety. The health board encourages staff to take ownership of their responsibilities through a two-way communication process, with appropriate training and support, to identify and manage risk. To support the development of good risk management practice the organisation aims to ensure:

- the risk management process is robust, integral to the day to day operation of the organisation, consistent and supports the achievements of the health board's objectives;
- we have a safe environment for patients, staff and visitors through the identification of hazards and the management of risks;
- there is an open and fair culture and staff can highlight and discuss risks openly;
- risk management is linked to clinical audit to prioritise risk based audits and risks identified following audit are risk assessed and managed;
- the level of risk appetite is clear and tolerance is defined to support innovation at an agreed level of risk;
- a safe, high quality service is provided promoting continuous improvement;
- awareness of risk management is raised through education/training and guidance to ensure awareness and effective management of potential hazards/risks and how they can be minimised;
- there is a culture of learning from everything we do to improve safety in, compliance with legislation and continuous improvement by using the Health and Care Standards in Wales as a framework;
- roles, responsibility and accountability for risk management is clear and well documented within policies, procedures and job descriptions;

- **Capacity to Handle Risk**

The work to develop and embed the risk management process throughout the organisation has progressed during the year. Understanding of risks informs the board's priorities, actions and overall approach to how it manages them, and ensures high quality and safe care to the local communities as well as a safe and effective work environment for staff.

While overall responsibility for the management of risk sits with the Chief Executive, the Director of Corporate Governance is responsible for the system of reporting of risk management. All executive directors are accountable for the management of their own risks in accordance with the health board risk management policy. Arrangements are in place to effectively assess and manage risks across the organisation, which included the ongoing review and updating of the health board risk register. The Chief Executive also delegates elements of risk management to other senior managers, and this is set out in the risk management framework.

- **Risk Control and Framework**

Systems of control are designed to understand and 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 health board's system of internal control is based on an ongoing process designed to identify and prioritise the risks to it achieving its policies' aims and objectives, evaluate the likelihood of those risks being realised and the potential efficient, effective and economic impact of having to manage them. This has been in place for 2020-21 and up to the date of approval of the accountability report and annual accounts.

The risk management framework sets out the way in which risks are identified, evaluated and controlled, with delivery of the framework overseen by the Audit Committee, with individual executives and senior managers having specific delegated responsibilities.

Each executive director is responsible for managing risk within their area of responsibility ensuring that there:

- are clear responsibilities for clinical, corporate and operational governance as well as risk management;
- is appropriate training for staff in risk assessment and risk management;
- are mechanisms in place for identifying and managing significant risks through regular, timely and accurate reports to the senior leadership team, committees and the board;
- are systems in place to learn lessons from any incidents or untoward occurrences, and that corrective action is taken where required;
- are processes which allow details of the key risks to be reported to the board;
- is compliance with health board policies, legislation, regulations and professional standards for the functions.

Within the services groups, the service group directors manage risk and ensure there are effective arrangements to carry this out. Any risks outside of a group's control are escalated to the Chief Operating Officer as the professional lead as well as the executive director responsible for the area in which the risk has been identified.

Communicating and consulting with internal and external stakeholders and partners, as appropriate, at each stage of the risk management process and concerning the process as a whole is important. The frequency of the communication will vary depending upon the severity of the risk and is discussed and agreed with the stakeholders and partners. This process is led by the person nominated as the lead

to manage the risk and for communication with external stakeholders this will be the appointed executive director lead for the risk.

Effective internal and external communication is important to ensure that those responsible for implementing risk management, and those with a vested interest, understand the basis on which decisions are made and why particular actions are required. External stakeholders will vary depending on the type of risk and the risk lead for the service group will need to consider which external stakeholders will need to be notified and included on or briefed following establishment of task and finish groups/executive gold command groups set up to oversee actions to minimise the risk. All significant risks will be reported to Welsh Government through the weekly brief from organisations and quarterly performance review meetings

The health board risk register was most recently reviewed by the Audit Committee and the board at the March 2021 meeting. As part of the risk management framework, the board gave consideration to its main objectives, both strategic and operational, and identified the risks most likely to prevent the achievement of these. As such it is aware of potential risks and would therefore not just be reactive should a risk come to fruition. When determining the board's risk appetite, it acknowledges that the delivery of healthcare cannot be achieved unless risks are taken, as well as the subsequent consequences and mitigating actions. It also ensures that risks are not considered in isolation as they are taken from all the risks flowing through the organisation.

- **Risk Appetite**

The board reviewed its risk appetite and tolerance levels and set new levels for the staff to follow during the Covid-19 pandemic. Previously, the board's risk appetite was that risks of 16 and above were considered high risks and risks which the board considered actions should be taken as a priority to mitigate the risk. There was, and this remains, a low threshold to taking risk where it will have a high impact on the quality and safety of care being delivered to patients. The health board uses risk appetite and tolerance acts, as a guidance as to the risk boundaries that are acceptable and how risk and reward are to be balanced, as well as providing clarification on the level of risk the board is prepared to accept.

Members of the board, in the April 2020 meeting, agreed that the risk appetite, whilst dealing with Covid-19, would increase to **20** and considered risks at this level and above high risks. These arrangements were reviewed at the board meetings in July 2020 and March 2021 and agreed no change. In addition, they have also been reviewed by the Executive Team and Audit Committee.

The risk management policy sets out levels of risks and within these levels there is a management structure which supports decision making in terms of risk appetite and tolerance. Risks rated up to and including a risk score of 16 are managed, including determining the risk appetite and tolerance, within the service groups. Special arrangements have been in place, as a result of the pandemic, with the development of a Covid-19 risk register oversee by gold command meeting and reported together with the health board risk register to the board, Audit Committee and Executive Team.

Covid-19 business decisions are made against the backdrop of quickly-changing circumstances on the ground, and the Covid-19 risk register offers an essential framework for informing those choices. Covid-19 gold command meetings reviewed the risks on a weekly basis. The Covid-19 risk register has been reported to the board, Audit Committee and Executive Team together with the health board risk register so that the board and Executive team are able to see the totality of the risks, mitigating actions being taken and controls in place.

As such, there needs to be a proportionate response to risk balanced with the current capacity pressures and challenges presented by the pandemic and managing the 'business as usual' issues and risks.

**Appendix six** sets out the health board's key risks by their ratings.

- **Top Health Board Risks**

As of March 2021, there were 34 risks on the health board risk register, with the scores ranging from 12 to 25, with the highest noted as:

- **16:** Access to Planned Care
- **50:** Access to Cancer Services (two further risks linked to this risk ref: 66 and 67)

In terms of the Covid-19 Risk Register the high risks are:

- **R_COV_008:** Capacity
- **R_COV_009a:** Workforce Shortages
- **R_COV_012:** Partnership Working
- **R_COV_20:** Workforce Resilience

As the health board resumes broader services then the Covid-19 risks will be incorporated into the health board risk register. Actions being taken to manage these risks are included on the health board risk register.

While the Audit Committee has the overarching responsibility for overseeing risk management, it has delegated relevant risks to each of the other board sub-committees to ensure their work programmes are aligned to these to ensure they review and receive reports on the progress made to mitigate key risks as far as possible.

Quarterly reports are submitted to each of the sub-committees of the board to accompany the specific health board risk register entries assigned to the Committees.

- **Risk Profile 2020-21**

Due to the variability of healthcare services, the health board's risk profile continually changes, with the key risks scored and documented within the risk register based on the ability to affect the delivery of the objectives. The risk register is updated on a quarterly basis and reported to Audit Committee and the board, feeding into the annual plan. Each of the board's supporting committees also has a version of the risk register specifically outlining the risks allocated to them with members requesting deep dives on significant risks with the highest risk score assessments.

In 2020-21, the health board managed a number of risks, including:

- Access to Unscheduled Care

While Covid-19 saw a reduction in those attending the emergency department, performance is still below the national targets, although it has significant improved from 2019-20. A number of mitigating actions are in place to address the challenges, including developing a 'phone first' model to discourage people from just arriving at the department and a mobile unit at the department entrance in which to cohort patients to release ambulances.

- Access to Planned Care

In response to the pandemic, there was no requirement to report planned care performance but a focus on reducing harm by prioritising those who are clinically most urgent. At the start of the outbreak, all non-Covid-19 services which were not emergencies were stood down. While essential services are now being provided, due to staffing and safety restrictions it is at a reduced level, which means that the waiting time continues to increase. This may be further compounded by an influx of GP referrals once the pandemic starts to subside as fewer than normal have been received during the height of the pressures.

- Access to Cancer Services

Due to capacity and demand issues relating to the pandemic, the department is experiencing target breaches in the provision of radical radiotherapy treatment to patients and unacceptable delays in access to SACT (systemic anti-cancer therapy) treatment in the chemotherapy day unit. Consequently, there is a high risk of failure to sustain services as currently configured to meet cancer targets which could impact on patient and family experience of care.

- TAVI (transcatheter aortic valve replacement)

In 2017, the health board became aware of prolonged waiting times for TAVI procedures. A review of cases was commissioned by the Royal College of Physicians, followed by a site visit and a second cohort review, to determine if the length of wait contributed to the death of some of the patients on the waiting list. The findings of the initial case note review were reported publically to the board in March 2020. Following this, a draft report of the site visit was received and discussed in November 2020 and the findings of the second case note review were still awaited at the time of writing. Comprehensive action plans are in place, as well as a quality dashboard, and regular updates are provided to the Quality and Safety Committee and the board on the improvements made.

- Screening for Foetal Growth Assessment in-line with Gap-Grow

Gap and grow standards were put in place across Wales to reduce the number of still births however there are challenges to meeting these due to scanning capacity. In response, all staff have received training on the detection of small gestational babies and obstetric scanning capacity is being reviewed with general ultrasound services providing support when possible.

- Brexit

The Health Board continues to monitor the consequences of Brexit, particularly from a supply chain and workforce perspective.

## ❖ The Control Framework

- **Corporate Governance Code**

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

An assessment of compliance with the code was undertaken in May 2021 and reported to the Audit Committee that month. This found no departures from the code, although it did note that the review of board effectiveness had been deferred to May 2021 due to the Covid-19 pandemic.

Breaches in standing orders are reported to the Audit Committee. Four were reported to the Audit Committee in May 2021 - the failure to meet the two financial duties as discussed earlier in the report, the non-livestreaming of board committees and late distribution of the March 2021 board papers.

The health board has continued to ensure that all procurement activity has been conducted in line with the standing financial instructions and procurement legislative framework. Due to the effects of the Covid-19 pandemic, the health board found itself in an emergency position and so there were instances whereby our own standing orders would normally have been breached. The procurement, finance and the corporate governance teams worked collaboratively to ensure that where no other options were available, regulation 32, which is a legislative instrument that makes for provision for a streamlined procurement process, was used.

A key aspect of the use of this regulation was to ensure that all criterion relating to the application of the regulation were met. All expenditure in response to the Covid-19 pandemic has been reported to the health board's Audit Committee and the health board has been included in the Audit Wales April 2021 report **"Procuring and Supplying PPE for the Covid-19 Pandemic".**

The health board will review its financial control procedures in the first quarter of 2021-22 to ensure that enhanced provision is included within the standing orders and standing financial instructions so that any future emergency requirements continue to be able to be met in line with all relevant governance and policy arrangements.

- **Assessment Against Section 175 of the National Health Service (Wales) Act 2014**

There are two requirements for the health board to meet under the Act:

- to secure that expenditure does not exceed the aggregate of the funding allotted to it over a period of three financial years;
- to prepare a plan which sets out the strategy for securing compliance with the duty while improving healthcare, and for that plan to be submitted to and approved by Welsh Government.

For 2020-21, while the health board met its financial duty to breakeven against capital resource limit, reporting a £28k underspend from a £48m budget underspend, it failed to meet its first requirement as it did not achieve financial balance, as set out below. In addition, as it did not have a three year plan approved by Welsh Government, it also failed to meet the second requirement.

| | 2018-19 | 2019-20 | 2020-21 | **Total** |
|---|---|---|---|---|
| | £'000 | £'000 | £'000 | £'000 |
| **Net operating costs for the year** | 1,143,379 | 930,886 | 1,096,986 | **3,172,142** |
| Less general ophthalmic services expenditure and other non-cash limited expenditure | 1,484 | 993 | 739 | **3,216** |
| Less revenue consequences of bringing PFI schemes onto SoFP | (1,684) | (1,925) | (2,164) | **(5,773)** |
| Total operating expenses | 1,143,179 | 929,954 | 1,095,561 | **3,169,585** |
| Revenue Resource Allocation | 1,133,300 | 913,670 | 1,071,257 | **3,119,118** |
| **Under /(over) spend against Allocation** | (9,879) | (16,284) | (24,304) | **(50,467)** |

The full financial performance is set out later in this report as part of the financial accounts.

- **Integrated Medium Term Plan**

The organisation was unable to submit an IMTP in 2020-21 however it did submit an annual plan following board approval in March 2020. This was noted to be a 'point in time' plan as the Covid-19 pandemic was starting to accelerate and the health board's response commencing. On 18th March 2020, the health board received a letter from Welsh Government confirming that the IMTP/annual plan process was on pause to enable NHS Wales organisations to focus on the immediate actions needed in response to the Covid-19 pandemic. The health board was required to submit specific plans for each of the first two quarters of the year and one for the latter six months which set out how the health board would manage its response to the pandemic, as well as continuing to maintain non-Covid-19 essential services and consider its recovery. Progress against the actions in these plans was considered by the Performance and Finance and Quality and Safety committees as well as the board. These included performance, finance and workforce elements.

- **Development of the Annual Plan 2021-22**

As part of the recovery from the Covid-19 pandemic, all NHS Wales organisations were asked to produce an annual plan for 2021-22, regardless of whether they were previously in the position of having an approved IMTP. The plans are to be set in the context of recovery and transition from an operational response to the pandemic to more long-term strategic planning. The health board has taken the same approach to the annual plan as it did for the quarter three/four operational delivery plan for 2020-21, maintaining a strong alignment between service, workforce and finance to

determine realistic service deliverables. Board approval was given to the draft plan in March 2021 ready for Welsh Government submission.

- **Health and Care Standards**

The current standards came into being in April 2015 and form Welsh Government's common framework of standards to support NHS Wales and partner organisations to provide effective, timely and quality healthcare services. Its framework incorporates the 'Standards for Health Services in Wales (2010)' and the 'Fundamentals of Care Standards (2003)'. They place the patient at the centre, emphasising the importance of strong leadership, governance and accountability.

Swansea Bay University Health Board has fully embedded the standards within its quality and safety governance processes, to help ensure we deliver on our aims and objectives for the delivery of safe, high quality health services. We do this through routine governance and a self-assessment against the standards across all activities, with service group directors, medical group directors and group nurse directors collectively responsible for embedding and monitoring the standards within their areas. Furthermore, reporting on the standards through governance groups and committees ensures registered risks are incorporated and acted upon.

In January 2021, a meeting was held with the service group directors and quality and safety leads to provide a progress update on the self-assessment process for 2020-21. In addition, further meetings have been set to oversee the final submissions received from service groups, in readiness for the annual year-end self-assessment report, which is submitted to the Quality and Safety Committee for approval prior to final submission to the board in May 2021. Following this, a further meeting will take place with the service groups to disseminate the report to all levels of the organisation.

Given the pressures of the pandemic, the process of self-assessment has not been as robust as the health board would strive for, although given the exceptional year, it is recognised that the process was sufficient. It will, however, require strengthening in 2021-22.

- **Equality, Diversity and Human Rights**

The health board is committed to treating everyone fairly and does not tolerate discrimination on the grounds of age, disability, gender identity, marriage or civil partnership status, pregnancy or maternity, race or nationality, religion or belief, sex or sexual orientation. It continues to widen access to opportunities to employment and training to attract, develop and nurture people from different backgrounds. This is documented in the strategic equality plan 2020-2024, which includes an objective to increase diversity in workforce to reflect the communities supported through its services. Steps being taken include supporting under-represented groups to access apprenticeship places and vocational training, as well as the roll out of Project SEARCH to enable people with learning disabilities to have work experience.

It also remains vital that we protect those members of our workforce who are extremely vulnerable from the Covid-19 virus. The health board encourages staff to check if they are at higher risk of developing more serious symptoms if they come into contact with the Covid-19. Regular communication has raised awareness of the

need for all staff to complete the all-Wales Covid-19 workforce risk assessment tool and a subsequent discussion with their line manager will enable appropriate measures to be put in place to ensure staff are protected in their role.

The health board facilities and promotes staff networks.

- **Emergency Preparedness, Civil Contingencies and Disaster Recovery**

The health board must be capable of responding to incidents of any scale, in a way that delivers optimum care and assistance to those affected, minimises the disruption and has a timely return to 'business as usual'. As part of the Civil Contingencies Act (2004), the organisation is required to show that it can deal with such incidents while maintaining critical service. It is also a category one responder as defined in the Act, making it accountable for six civil protection duties, including risk assessment and emergency planning. An integrated emergency management approach of assessment, planning, response and recovery is maintained.

The board established its preparedness and response framework to the Covid-19, pandemic on 31st January 2020 with a decision to implement a major incident response and associated command, control and communication arrangements. Since then, a significant amount of work has been undertaken and is continuing across the board. The command, control and communication arrangements, together with the respective response arrangements remain in place, flexing in accordance to the situation. The response has been in conjunction and with close collaboration with other key multi-agency partners.

The first wave of the pandemic occurred during March and April 2020 and consequently included a regulatory lockdown, following this there was a period of comparative stability, but the health board remained in response. Since November 2020, the organisation has been focusing its response to the second wave of the pandemic. After the initial benefits from the October 2020 "Firebreak" dissipated, there was a considerable increase in the incidence of Covid-19 within Swansea Bay, impacting on the delivery of primary, community and hospital services. At the peak of the second wave during mid-December 2020, positive Covid-19 cases had risen to over 1,000 per 100,000 population.

In line with the Welsh Government's coronavirus control plan, a regional incident management team was established on 25th September 2020 and the group has convened thrice weekly since, reporting weekly to Welsh Government. The scope of the reporting has widened to include an increased focus on workplaces, schools, universities and households as well the situation in care homes.

The Covid-19 coordination centre was established in March 2020 and has continued to operate and the governance structure is regularly reviewed to ensure fitness for purpose. Frequency of gold and silver meetings are reviewed to ensure they reflect system pressures and requirements. There have been a number of silver and associated bronze cells established throughout the pandemic in order to allow further planning of the response. Some of the original cells have been stood down but some have remained and others established, such as 'test, trace protect operational silver' as well as 'nosocomial and mass immunisation silver group'.

All cells have reviewed their arrangements and improvements have been made in respect of strengthening financial decision making and highlight reporting. The South Wales Local Resilience Forum remains in major incident stand-by since September 2020 following re-establishment of the Strategic Coordination Group and stand down of the Recovery Coordination Group. Currently it is convened once a week with SITREP (situation reporting) to include Brexit through to Welsh Government. The Tactical Coordination Group also meets once weekly. In addition there is a Health and Social Services Group meeting convened once weekly and includes a number of national working groups.

A Covid-19 archivist has been appointed supporting the cataloguing, indexing and records management process in preparation for future inquiries. Other organisations in Wales are now following suit and the NWSSP legal and risk service has recently commended the health board's approach, citing that it is evidence of good practice which they will be recommended for adoption by all Welsh NHS organisations.

There is a specific emergency preparedness, resilience and response (EPRR) risk register, which is aligned with that of the national and regional risk registers, and continues to be reviewed quarterly. It includes the necessary scorings and mitigations to either manage or tolerate the risks identified and there is an EPRR strategy, training and exercising strategy and programme in place, however, due to the continued pandemic response, training and exercising has been greatly reduced and currently is only linked to the Covid-19 response.

In addition the health board works in collaboration with other appropriate local and national groups and in particular, there is excellent collaboration with other health boards, Welsh Ambulance Service Trust (WAST), Welsh Blood Service and Public Health Wales.

- **Data Security**

Information governance is robustly managed within the health board and the framework includes the following:

- The Information Governance Group whose role it is to support and drive the board agenda and provide the health board with the assurance that effective information governance best practice mechanisms are in place;
- A Caldicott Guardian whose role it is to safeguard patient information;
- A Senior Information Risk Owner (SIRO) whose role it is to manage information risk from a corporate viewpoint;
- A Data Protection Officer whose role it is to ensure the health board is compliant with data protection legislation;
- Information Governance Group leads within each service delivery group and corporate department whose role it is to champion data protection within their areas.

The health board follows a dedicated strategic work plan to maintain, review and improve organisational compliance with data protection legislation. It continues to further develop its data protection compliance via a number of measures, and assurances that the organisation has compliant information governance practices are evidenced by:

- Quarterly reports to the Information Governance Group, including key performance indicators;
- A detailed operational strategic work plan, taken to the Information Governance Group quarterly, detailing progress made against actions required to ensure compliance with data protection legislation;
- A raft of information governance and information security policies, procedures and guidance documents;
- An Information Commissioner's Office (ICO) commended intranet site;
- A comprehensive biannual mandatory training programme for all staff, including proactive targeting of any staff who are non-compliant;
- A proactive audit programme across the health board;
- A robust management of all reported breaches, including proactive reporting to the ICO;
- An information asset register used to manage information across the health board;
- Registers of data sharing agreements and of data protection impact assessments taken to the Information Governance Group quarterly;
- Report taken to the Information Governance Group quarterly of identified and managed health board-wide risks;
- Audit reports from Audit Wales and internal audit;
- Annual SIRO report;
- Information Governance Group chair's assurance report taken to both Audit Committee and also the management board following all meetings.

Data protection legislation requires that where personal data breaches meet a certain set criteria that they be notified to the ICO as the statutory body for data protection in the UK. Information governance incidents are assessed against the threshold for notification by the information governance department. Quarterly breach reports are submitted to the Information Governance Group for scrutiny. For the financial year 2020-21, five personal data breaches were notified to the ICO - these are summarised in the table below. Each of these breaches has been reviewed and closed by the ICO. Where recommendations were made by the ICO, these have been considered for implementation by the health board.

| Breach Category | Summary of Breach | Summary of Actions |
|---|---|---|
| Unauthorised access | Notification of a cyber-attack received from data processor, precautionary notification submitted to the ICO until further investigation confirmed there was no likely risk to personal data associated with the health board. | • Investigations undertaken by data processor to establish root cause of attack;<br>• Assurances received of actions implemented by data processor to minimise any further risks to personal data. |

| Breach Category | Summary of Breach | Summary of Actions |
|---|---|---|
| Disclosure - paper | Letter address details incorrectly typed and addressed to neighbour who subsequently opened the letter causing distress. | • Apology provided;<br>• Investigation commenced into how error occurred and remedial actions taken by department. |
| Disclosure – paper | A batch of outpatient appointment /cancellation letters printed incorrectly, subsequently disclosing the data of another patient on the reverse side of the intended recipient's letter. | • Formal apology letter issued to all patients who were potentially affected by the error;<br>• Efforts made to arrange the secure destruction of all letters received in error;<br>• All letters on the affected print run were correctly re-printed and re-issued to patients;<br>• Investigations undertaken and actions implemented to minimise the risk of a further print error occurring in future. |
| Data availability | Flooding within a storage area caused water damage to approximately 5-10,000 podiatry discharge records | • Records relocated to avoid further damage;<br>• Records stabilised using a records restoration company<br>• Consideration of actions required to avoid a further flooding incident in future. |
| Disclosure – electronic | Third party data disclosed in error as part of the response to a subject access request. | • Formal apology issued to recipient;<br>• Serious incident investigation undertaken;<br>• Disciplinary processes commenced;<br>• Development and issue of additional redaction guidance;<br>• Organisational wide task and finish group established to undertake a comprehensive review of subject access procedures, processes and documentation across the organisation. |

- **Ministerial Directions**

Welsh Government has issued non-statutory instruments and Welsh health circulars (WHC)since 2014-15, and a list of ministerial directions circulated for 2020-21 can be found on the Welsh Government website. All relevant directions have been fully considered and implemented appropriately, with Welsh health circulars logged corporately and an executive lead assigned, as well as reported to the board. The ones which had particular reference to the governance of the organisation were:

| Ministerial Direction/ Date of Compliance | Year of Adoption | Action to demonstrate implementation/response |
|---|---|---|
| Ministerial Direction referred to in letter from Dr Andrew Goodall on 19th December 2019 Action on 2019-20 Pension Tax Impacts | 2019 | Following the letter the Director General on the 19th December 2019, all health board medical staff were made aware of the all-Wales position regarding pensions and the ongoing tax implications and details circulated to all staff affected. The Medial Director issued communication to all medical staff backed up with detailed discussions through the local negotiating committee and local British Medical Association representatives |
| WHC 2020 (11) Temporary Amendments to Model Standing Orders, Reservation and Delegation of Powers – Local Health Boards, NHS Trusts, Welsh Health Specialised Services Committee, Emergency Ambulances Services Committee and Health Education and Improvement Wales | 2020 | Temporary changes were made to standing orders in March 2020 to reflect the fact that the annual general meetings were to be held by November 2020 rather than July 2020 and the tenure of independent members and associate board members were flexed for those nearing the end of their term while the public appointments process was suspended to ensure organisations were not left with vacancies. The changes were in place until 31st March 2021 and |

standing orders have now been revised back to the original arrangements.

- **Wellbeing of Future Generations Act**

The board published its original objectives in relation to the Wellbeing of Future Generations Act in 2017 in its wellbeing statement and then incorporated them as part of the organisational strategy. These were:

- Giving every child the best start in life;
- Connecting communities with services and facilities;
- Maintaining health, independence and resilience of communities of individuals, communities and families.

Following a Wellbeing of Future Generations Act self-assessment in August 2019, the Future Generations Commissioner feedback to the health board suggested a need for greater alignment between its wellbeing objectives and the seven national wellbeing goals, in particular those for the environment, culture (including Welsh language) and global impact. On that basis, it was agreed by the senior leadership team that the existing wellbeing objectives be reviewed and a set of refreshed wellbeing objectives published in the 2021-22 annual plan.

The engagement on the refresh identified the need to also take into account:

- Our role as provider, commissioner, partner and employer;
- Direct control, collaboration and influencing opportunities;
- Ability to demonstrate delivery;
- Focus on health inequalities and inclusivity;
- Use of clear, concise, uncomplicated language.

The refreshed wellbeing objectives for inclusion in the annual plan 2021-22 have been agreed as:

*“In our role as an anchor institution in the region we are a major employer, commissioner, provider of health and care services and key contributor to the reduction of health inequalities. In support of this we will collaborate with communities and partners to:*

- *Give every child the best start in life*
- *Nurture and use the environment to improve health and wellbeing*
- *Apply ethical recruitment practices and support health and care workers to be healthy, skilled, diverse and resilient*
- *Plan, commission, deliver and promote equitable, inclusive and accessible health and wellbeing services*
- *Provide opportunities to support every adult to be healthier and to age well*
- *Seek to allocate our resources to meeting the needs of, and improving, the population’s health”*

While national guidance requires the health board to annually publish progress made in meeting the wellbeing objectives for each preceding financial year, should the annual review find that one or more objectives no longer maximise contribution to the achievement of the well-being goals, then these must be changed and new well-being objectives published as soon as possible.

- **Welsh Language**

As a health board, the vital part that the Welsh language and culture has to play in the provision of health and social care services to our resident population is recognised. Many people choose to receive services in Welsh because that is what they prefer. For others, however, it is more than a matter of choice - it is a matter of need.

It is especially important for many vulnerable people and their families who need to access services in their first language, such as older people with dementia or stroke who may lose their second language and children who speak only Welsh. In addition, when discussing mental health, being able to communicate in your first language to express feelings, thoughts and emotions is important.

The integration of bilingualism and strengthening of our capacity to provide services via the medium of Welsh is a priority for the health board, as is ensuring compliance with the Welsh Language (Wales) Measure 2011, and the standards imposed by the Welsh Language Commissioner. Work undertaken to date includes:

- The development of bilingual patient correspondence;
- Ensuring that an inpatient's preferred language is established on admission;
- The production of guidance documents for staff covering areas such as translation, signage and the production of marketing materials to promote bilingualism and ensure compliance with the Welsh Language Standards;
- Supplying lanyards and badges to appropriate staff in order to visibly identifying them to patients as being Welsh speakers;
- The production of a protocol for those who answer the telephone on behalf of the organisation, to ensure that people know they can use both Welsh and English when dealing with the health board.

The health board has also commissioned an external report to assess our position in implementing the standards, and to help evaluate our upcoming priorities. The feedback and recommendations received will be used to plan and inform our work going forward not only in terms of compliance with the Standards, but also the implementation of *More Than Just Words* and the 'Active Offer' principle.

The recruitment of an additional Welsh language translator has allowed the health board to increase the volume of information we are able to provide bilingually, in particular patient-facing information such as posters, leaflets, and the content of our internet site.

The health board has also undertaken a piece of work with a local Welsh language primary school to develop a series of short, simple Welsh conversational skills videos offering support to staff who may wish to develop their everyday 'meet and greet' Welsh language skills. The development of these videos demonstrates the health board's commitment to working with stakeholders and our local community in promoting use of the Welsh language amongst our staff and bilingualism in the provision of our services, and to playing our part in the national effort to increase the number of Welsh speakers in Wales to a million by 2050.

- **Carbon Reduction**

Welsh Government has an ambition for the public sector to be carbon neutral by 2030. This ambition sits alongside the Environment (Wales) Act 2016 and Wellbeing of Future Generations (Wales) Act 2015 as legislative drivers for decarbonisation of the Public Sector in Wales. 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 health board has contingency plans for extreme weather conditions.

The health board has achieved and maintained ISO:14001, the accreditation for our environmental management system, since 2012. It has a comprehensive risk assessment matrix for the identification and monitoring of all environmental impacts and aspects, subject to independent audit. The environment management committee approved the carbon reduction strategy (Care without Carbon: Vision 2025) in 2016, which set out clear carbon reduction objectives, and targets have been set. Progress against these objectives and targets is documented in the annual environment management system report. In 2019, the committee was replaced by the Wellbeing and Future Generations Committee – in order to address the requirements of The Well-being of Future Generations (Wales) Act 2015.

The health board's carbon reduction strategy comprises six key visions covering scopes one, two and three of the Green House Gas Protocol, as set by World Resources Institute (WRI) and World Business Council on Sustainable Development (WBCSD) and has a number of objectives:

- Decarbonise its facilities in line with national targets;
- Decarbonise our travel and transport operations and minimise the environmental and health impacts associated with the movement of staff and materials;
- Contribute to staff and well-being by supporting a shift away from car dependency to more sustainable travel options that deliver additional environmental and health benefits
- Reduce waste $CO^2$ emissions;
- The health board will reduce waste through our operational activities in-line with Welsh Government targets to recycle or recover 70% of waste by 2025 (baseline year 2007);
- Eliminate waste from our supply chain through the implementation of our procurement policies and tendering processes and through proactive collaboration with our major supply chain partners;
- Develop its training programme to ensure all staff receive carbon reduction and climate change training as appropriate to their role;
- Inform, empower and motivate our workforce to take action to deliver high quality care today that does not compromise our ability to deliver care in the future and ensure this becomes part of the values;
- Commitment to a future without carbon.

The health board recognises the vital role our staff can play in helping us deliver this strategy as well as the power of partnership to accelerate progress and achieve success.

The health board is fully committed to reducing its carbon footprint and in previous years achieved and retained ISO14001:2015 accreditation for its environmental management systems at all its hospitals. This demonstrates our ongoing commitment to achieving legal and regulatory compliance to regulators and government.

Building management systems are used to control a range of energy consuming equipment at Singleton Hospital which provides better control of temperatures during the summer and a reduction gas consumption and associated carbon dioxide production. New burners were purchased for the boilers at Singleton Hospital and installed during the summer of 2018. Due to their greater efficiency, there has been a reduction in our gas consumption leading to a reduction in production of by carbon dioxide of 2,250 tonnes of gas.

The health board continues to purchase 100% renewable electricity, for which it pays the renewable source energy levies.

The health board is in the process of installing a range of energy saving measures across seven sites, including major investments at Morriston and Singleton hospitals. This activity is due to complete in December 2021 which will result in ongoing carbon emission savings of almost 2,500 tonnes carbon dioxide per year. To achieve these savings, the health board is investing £7.7m in improving its estate, funded from a Welsh Government Wales Funding Programme Invest to Save Grant. This grant funding will be repaid over a period of eight years to Welsh Government from savings made on its energy bills of around £1m pa. The work is being carried out through the National Re:fit Energy Performance Contract Framework and the health board has been supported by Welsh Government's Re:fit Cymru Programme Implementation Unit in the development of this project. Under the Re:fit Framework, the savings generated from a project are guaranteed by the contractor designing and installing the measures, this provides the health board with assurance of its ability to repay the grant.

While focussing on energy reduction and efficiency improvements, through Re:fit, it is possible to invest in renewable energy generation also. The current scheme includes a roof mounted solar scheme at Singleton Hospital but a much larger more ambitious scheme is currently in development for Morriston Hospital, with negotiations ongoing to secure farmland close to the hospital for a large (4MW) solar farm. This will have the capacity at times during the summer to supply the entire electrical demand of the hospital and to reduce throughout the year, the amount of grid electricity required. There will be a 3km cable connecting the farm to the hospital and any extra electricity produced which is not required by the hospital has the potential to either be sleeved to another of the health board's hospitals or potentially be exported back to the national grid providing low carbon energy that others can use. Whist this project is not yet funded and still under development, it is hoped that further borrowing from the Wales Funding Programme will be made available to facilitate this. This solar farm is expected to save a further 1,000 tonnes of carbon dioxide a year as well as a further £580k on electricity.

- **NHS Pensions**

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 are in accordance with the scheme rules, and that member records are accurately updated in accordance with the timescales detailed in the regulations.

- **Controlled Drugs**

The health board's controlled drug accountable officer (CDAO) is the Clinical Director for Pharmacy and Medicines Management. The main focus for the CDAO currently is working with service groups to strengthen controlled drug governance across the health board. During the first quarter of 2021, each service group nominated a controlled drug lead to strengthen accountability at a local level, and lead the commitment to ensuring safe and appropriate controlled drug management. As part of a phased model of improvement service groups will sign up to a controlled drug governance and assurance charter and develop a controlled drug management and assurance plan. These actions will support the CDAO to provide assurance of compliance with statutory responsibilities.

### ❖ Review of Effectiveness

As accountable officer, I have responsibility for reviewing effectiveness of the system of internal control. This is informed by the work of internal audit and executive directors who are responsible for the development and maintenance of the internal control framework and comments made by external auditors. Work has continued to improve the performance information provided to the board and its committees so that it can be assured on its accuracy and reliability as well as ensure the achievement of organisational objectives. As part of the implementation of the board assurance framework, committees now have delegated responsibilities to monitor developments in their areas, as the board is accountable for maintaining a sound system of internal control which supports the delivery of the organisation's objectives, primarily through the Audit and Quality and Safety committees.

- **Internal Audit**

Internal audit provides me, as accountable officer, and the board through the Audit Committee, with a flow of assurance on the systems 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 (NWSSP). The scope of this work is agreed with the Audit Committee and is focused on significant risk areas and local improvement priorities.

The overall opinion provided by the head of internal audit on governance, risk management and control is an outcome 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.

As a result of the Covid-19 pandemic and the response to it by the health board, the audit programme was not completed in full. However, the head of internal audit has concluded that sufficient audit work has been undertaken during the year to be able to give an overall opinion in line with the requirements of the public sector internal

audit standards. The findings of each review that was completed and the actions agreed, and where possible, already taken, are summarised in the head of internal audit's annual report:

- **Head of Internal Audit Opinion**

"Swansea Bay University Health Board's (the health board) board is collectively accountable for maintaining a sound system of internal control that supports the achievement of the organisation's objectives and is also responsible for putting in place arrangements for gaining assurance about the effectiveness of that overall system. A key element in that flow of assurance is the overall assurance opinion from the head of internal audit.

This report sets out the head of internal audit opinion together with the summarised results of the internal audit work performed during the year. The report also includes a summary of audit performance and an assessment of conformance with the Public Sector Internal Audit Standards.

As a result of the continued impact of Covid-19 our audit programme has been subject to significant change during the year. In this report we have set out how the programme has changed and the impact of those changes on the Head of Internal Audit opinion.

The purpose of the annual head of internal audit opinion is to contribute to the assurances available to the Chief Executive as accountable officer and the board which underpin the board's own assessment of the effectiveness of the system of internal control. The approved internal audit plan is focused towards risk and therefore the Board will need to integrate these results with other sources of assurance when making a rounded assessment of control for the purposes of the annual governance statement. The overall opinion for 2020-21 is that:

| | | |
|---|---|---|
| **Reasonable assurance** |  Yellow + | The board can take **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. |

- **Delivery of the Audit Plan**

Due to the considerable impact of Covid-19 on the health board, the internal audit plan has needed to be agile and responsive to ensure that key developing risks are covered. As a result of this approach, and with the support of officers and independent members across the health board, the plan has been delivered substantially in accordance with the agreed schedule and changes required during the year, as approved by the Audit Committee. In addition, regular audit progress reports have been submitted to the Audit Committee. Although changes have been made to the plan during the year, we can confirm that we have undertaken sufficient audit work during the year to be able to give an overall opinion in line with the requirements of the Public Sector Internal Audit Standards.

The internal audit plan for 2020-21 year was initially presented to the Audit Committee in April 2020, however as a result of the impact of the pandemic a revised version of the plan was prepared, with this version receiving approval at the Committee in June 2020. This annual report and opinion is primarily based on the delivery of the June 2020 version of the annual plan, including the subsequent updates made to the plan that are report the Audit Committee at each meeting.

There are, as in previous years, audits undertaken at NWSSP, NWIS (NHS Wales Informatics Service), WHSSC and EASC that support the overall opinion for NHS Wales health bodies.

Our external quality assessment (EQA), conducted by the Chartered Institute of Internal Auditors, and our quality assurance and improvement programme (QAIP) have both confirmed that our internal audit work 'generally conforms' to the requirements of the Public Sector Internal Audit Standards for 2020-21. For this year, our QAIP has considered specifically the impact that Covid-19 has had on our audit approach and programmes. We are able to state that our service 'conforms to the IIA's (Institute of Internal Auditors) professional standards and to PSIAS (Public Sector Internal Audit Standards).'

- **Summary of Audit Assignments**

The audit coverage in the plan agreed with management has been deliberately focused on key strategic and operational risk areas; the outcome of these audit reviews may therefore highlight control weaknesses that impact on the overall assurance opinion.

Overall, we can provide the following assurances to the board that arrangements to secure governance, risk management and internal control are suitably designed and applied effectively in the areas in the table below.

Where we have given either limited or no assurance, management are aware of the specific issues identified and have agreed action plans to improve control in these areas. These planned control improvements should be referenced in the Annual Governance Statement where it is appropriate to do so.

In addition, and in part reflecting the impact of Covid-19, we also undertook a number of advisory and non-opinion reviews to support our overall opinion.

- **Summary of Audit Results**

| Substantial Assurance | Reasonable Assurance |
|---|---|
| • Charitable Funds<br>• Welsh Risk Pool Reimbursement Claims<br>• Nurse Staffing levels Act<br>• Informatics follow up | • Risk Management<br>• Health & Safety Framework f/u<br>• HTA Compliance: Mortuary f/u<br>• Primary Care Cluster Plans & Delivery |

| | |
|---|---|
| • Hosted Body: Operational Delivery Network (Major Trauma) | • Vaccinations & Immunisations (f/u)<br>• Adjusting services – Quality Impact Assessment (QIA)<br>• Financial delivery – high level monitoring<br>• Concerns & Redress<br>• Infection control - cleaning<br>• Safeguarding (*draft*)<br>• Follow up (Capital)<br>• Capital System |
| **Limited Assurance** | **Advisory & Non-Opinion** |
| • WHO Checklist Compliance (f/u)<br>• Mortality Reviews<br>• Fire Safety<br>• Follow up (Estates Assurance)<br>• Water Safety (Follow Up and Additional site Testing) (*draft*) | • Controlled Drugs Governance Framework<br>• Governance during the Covid-19 Pandemic<br>• Follow up of previous 'limited' assurance reports<br>• ICF expenditure (*draft*)<br>• Mass vaccinations programme (*draft*)<br>• Annual Quality Statement<br>• IM&T Control & Risk Assessment<br>• Locum On-Duty (*draft*)<br>• Environmental Sustainability Reporting<br>• Major Strategic Investment Programmes: ARCH (*work in progress*) |
| **No Assurance** | |
| N/A | |

Please note that our overall opinion has also taken into account both the number and significance of any audits that have been deferred during the course of the year and also other information obtained during the year that we deem to be relevant to our work."

- **External Audit**

The organisation's financial planning and management arrangements, governance and assurance arrangements and progress on improvement issues identified in the previous year's structured assessment were examined by Audit Wales and it was concluded that:

*"We found that the Health Board maintained good governance during the pandemic. Rapid development of data modelling informed agile decision making and planning for the restart of services. The organisation sustained focus on its performance and financial position with continuing improvements made for greater grip and control.*

*These Improvements have not yet secured the necessary performance improvement and the full impact of Covid-19 is not yet known. The Health Board has not lost sight of its clinical services plan or ambitions for transformation. A reset and recovery programme is taking the learning from innovations during the pandemic to inform the organisation's future operating model.*

*"Overall good governance has been maintained while working with revised frameworks to discharge Board responsibilities during the Covid-19 response. Through adapted arrangements, the Board maintained transparency, ensuring effective scrutiny and using data effectively to support decision-making. A resilient Board led the organisation and essential systems of assurance continued during the pandemic with a strong focus on risk management. Oversight of governance arrangements was maintained with committees temporarily stood down reinstated.*

*"The Health Board faces significant financial challenge but has strengthened important aspects of financial management and maintained good financial controls, reporting and scrutiny, including tracking of Covid-19 expenditure. With a £16.3 million deficit, it did not meet financial duties in 2019-20 and is forecasting a £24 million deficit in 2020-21. Uncertainty over ongoing Covid-19 costs will likely lead to a bigger deficit without extra funding. Budgets were rebased for 2020-21 and the Health Board pursued financial management improvements to strengthen grip and control. The challenge is now to quickly embed these improvements to help the organisation's financial recovery. However, the plan to breakeven in three years will need recasting in light of Covid-19 and the smaller cost base from which to make savings following the Bridgend boundary change.*

*"Operational planning is informed by data modelling with arrangements to monitor progress and performance and a clear commitment to stakeholder engagement and regional working. Operational plans support the restart of services and recognise clinical service plan priorities. The Health Board reshaped performance reporting and is developing a new performance management framework based on the four quadrants of harm. The Health Board is supporting staff wellbeing and rose to workforce challenges, although in the event of another Covid-19 peak, workforce capacity is a risk. Learning is a key part of the organisation's reset and recovery programme. New ways of working generated by the pandemic are informing the future operating model, but alignment with the previous transformation programme will be needed*

*"We have not made any new recommendations based on our 2020 work but have noted improvement opportunities throughout this report. We will review progress against these and outstanding 2019 recommendations as part of our 2021 work."*

The full structured assessment report is available from Audit Wales's website and the management actions have been incorporated into the governance work programme monitored through the Audit Committee.

### ❖ Conclusion

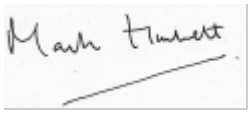
As accountable officer, and based on the process outlined above, I have reviewed the relevant evidence and assurance relating to internal control. While the challenges faced remain similar to those outlined last year, with the support of the

board there is confidence these can be addressed and improvement in governance has been demonstrated.

This governance statement highlights positive improvements in strengthening governance arrangements while at the same time addressing the challenges of Covid-19, and I am confident that we have plans in place to address the weaknesses highlighted within the statement. As an organisation, there is disappointment with the number of areas that have received a limited assurance rating from internal audit and work is continuing to strengthen and improve its services.

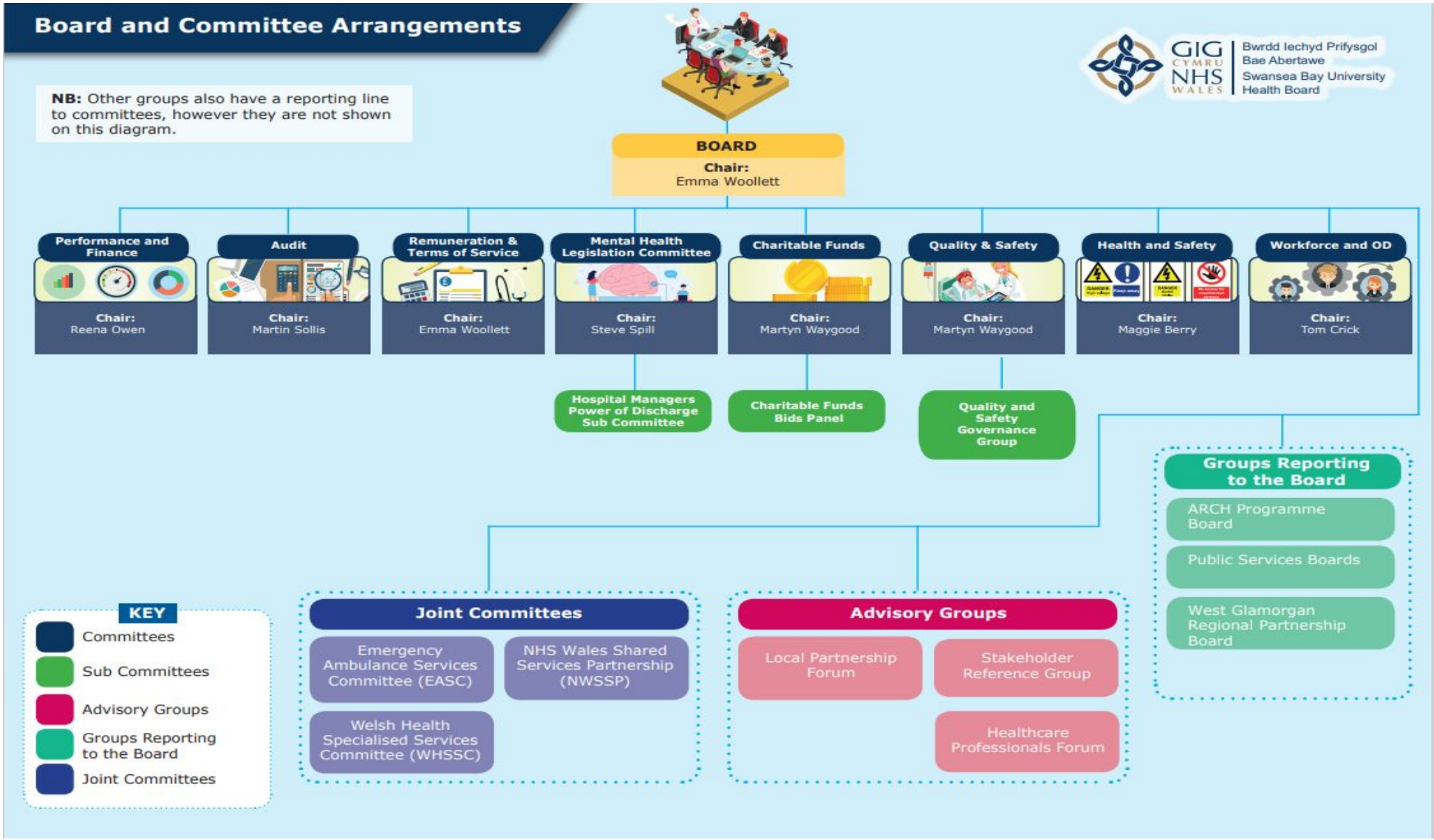
While the last year has been difficult and challenging, some stability and progress was being made despite the pandemic, illustrated by the health board's de-escalation from targeted intervention to enhanced monitoring. My review has concluded that the health board has a generally sound system of internal control that supports the achievement of policies, aims and objectives, and no significant issues have been identified. Detailed action plans have been agreed to improve performance in all areas and these will be monitored through the governance structure.

As indicated throughout this statement, the need to plan and respond to the Covid-19 pandemic has had a significant impact on the organisation, wider NHS and society as a whole. It has required a dynamic response which has presented a number of opportunities in addition to the risks. The need to respond and recover from the pandemic will be with the organisation and wider society throughout the next few years.  I will ensure our governance framework considers and responds to this need.



Mark Hackett
**Chief Executive**
**Swansea Bay University Health Board**

## Appendix One – Board and Committee Structure



## Appendix Two – Board and Committee Dates 2020-21

The table outlines dates of board and committee meetings held during 2020-21. Where meetings were not quorate, escalation arrangements were in place to ensure that any matters of significant concern that could not be brought to the attention of the committee could be raised with the health board chair.

| Board/Committee | Dates in 2020-21 | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Health Board | 30th April 2020 | 28th May 2020 | 25th June 2020 | 30th July 2020 | 24th September 2020 | 7th October 2020 | 26th November 2020 | 28th January 2021 | 25th February 2021 | 25th March 2021 | 30th March 2021 |
| Quorate/Not Quorate | Quorate | Quorate | Quorate | Quorate | Quorate | Quorate | Quorate | Quorate | Quorate | Quorate | |
| Audit Committee | 15th May 2020 | 27th May 2020 | 25th June 2020 | 9th July 2020 | 10th September 2020 | 12th November 2020 | 12th January 2021 | 9th March 2021 | | | |
| Quorate/Not Quorate | Quorate | Quorate | Quorate | Quorate | Quorate | Quorate | Quorate | Quorate | | | |
| Mental Health Legislation Committee | 6th August 2020 | 5th November 2020 | 4th February 2021 | | | | | | | | |
| Quorate/Not Quorate | Quorate | Quorate | Quorate | | | | | | | | |
| Remunerations and Terms of Service Committee | 27th May 2020 | 9th June 2020 | 5th August 2020 | 21st October 2020 | 22nd October 2020 | 17th December 2020 | 11th January 2021 | 25th February 2021 | | | |
| Quorate/Not Quorate | Quorate | Quorate | Quorate | Quorate | Quorate | Quorate | Quorate | Quorate | | | |

| Board/Committee | Dates in 2020-21 | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Performance and Finance Committee | 23rd June 2020 | 28th July 2020 | 22nd September 2020 | 27th October 2020 | 24th November 2020 | 15th December 2020 | 26th January 2021 | 23rd February 2021 | 23rd March 2021 | | |
| Quorate/Not Quorate | Quorate | Quorate | Quorate | Quorate | Quorate | Quorate | Quorate | Quorate | Quorate | | |
| Charitable Funds Committee | 21st July 2020 | 14th October 2020 | 6th November 2020 | 14th December 2020 | 18th February 2021 | 11th March 2021 | | | | | |
| Quorate/Not Quorate | Quorate | Quorate | Quorate | Quorate | Quorate | Quorate | | | | | |
| Quality and Safety Committee | 26th May 2020 | 23rd June 2020 | 28th July 2020 | 25th August 2020 | 22nd September 2020 | 27th October 2020 | 24th November 2020 | 15th December 2020 | 26th January 2021 | 23rd February 2021 | 23rd March 2021 |
| Quorate/Not Quorate | Quorate | Quorate | Quorate | Quorate | Quorate | Quorate | Quorate | Quorate | Quorate | Quorate | Quorate |
| Workforce and OD Committee | 10th July 2020 | 10th December 2020 | 9th February 2021 | | | | | | | | |
| Quorate/Not Quorate | Quorate | Quorate | Quorate | | | | | | | | |
| Health and Safety Committee | 2nd June 2020 | 13th July 2020 | 1st September 2020 | 1st December 2020 | 2nd March 2020 | | | | | | |
| Quorate/Not Quorate | Quorate | Quorate | Quorate | Quorate | Quorate | | | | | | |

## Appendix Three – 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 term and conditions of appointment, board members also fulfil a number a champions roles where they act ambassadors for these matters. In January 2021, Welsh Government issued a revised circular on board champion roles and the health board is currently reviewing this to align the roles to board committees.

| Name | Position | Area of Expertise Representation Role | Board Committee Membership | Champion Roles |
|---|---|---|---|---|
| Emma Woollett | Chair | N/A | • Health Board (Member)<br>• RATS Committee (Chair) | • Whistleblowing Champion |
| Martyn Waygood | Interim Vice Chair (until January 2021) | Legal | • Health Board (Member)<br>• Mental Health Legislative Committee (Chair )<br>• RATS Committee (Member)<br>• Charitable Funds Committee (Chair)<br>• Quality and Safety Committee (Chair)<br>• Pharmaceutical Applications (Member)<br>• Audit Committee (Member) | |
| Steve Spill | Vice-Chair (from December 2020) | Mental Health<br>Primary Care | • Health Board (Member)<br>• Mental Health Legislative Committee (Chair)<br>• RATS Committee (Member)<br>• Performance and Finance Committee (Member) | • Primary Care<br>• Mental Health and Learning Disabilities<br>• Veterans |
| Keith Lloyd | Independent Member (from May 2020) | University | • Health Board (Member)<br>• Quality and Safety Committee (Member) | |

| Name | Position | Area of Expertise Representation Role | Board Committee Membership | Champion Roles |
|---|---|---|---|---|
| Jackie Davies | Independent Member | Staff Side | • Health Board (Member)<br>• RATS Committee (Member)<br>• Mental Health Legislative Committee (Member)<br>• Charitable Funds Committee (Member)<br>• Workforce and OD Committee (Member)<br>• Health and Safety Committee (Member) | |
| Maggie Berry | Independent Member | N/A | • Health Board (Member)<br>• Mental Health Legislative Committee (Member)<br>• RATS Committee (Member)<br>• Quality and Safety Committee (Member)<br>• Health and Safety Committee (Chair) | |
| Mark Child | Independent Member | Local Authority | • Health board (Member)<br>• Pharmaceutical Applications (Member)<br>• RATS Committee (Member)<br>• Performance and Finance Committee (Member) | |

| Name | Position | Area of Expertise Representation Role | Board Committee Membership | Champion Roles |
|---|---|---|---|---|
| Martin Sollis | Independent Member | Finance | • Health Board (Member)<br>• Audit Committee (Chair)<br>• RATS Committee (Member)<br>• Charitable Funds Committee (Member)<br>• Performance and Finance Committee (Member) | |
| Tom Crick | Independent Member | ICT | • Health and Safety (Member)<br>• Audit Committee (Member)<br>• Workforce and OD Committee (Chair) | |
| Reena Owen | Independent Member | Community | • Health Board (Member)<br>• RATS Committee (Member)<br>• Performance and Finance Committee (Chair) | |
| Nuria Zolle | Independent Member | Voluntary Sector | • Workforce and OD Committee (Member)<br>• RATS Committee (Member)<br>• Audit Committee (Member)<br>• Quality and Safety Committee (Member) | |
| Alison Stokes | Associate Board Member (from November 2020) | Stakeholder Reference Group | • Health Board (Member) | |
| Andrew Jarrett | Associate Board Member | Social Services | • Health Board (Member) | |

| Name | Position | Area of Expertise Representation Role | Board Committee Membership | Committee Roles |
|---|---|---|---|---|
| Tracy Myhill | Chief Executive (until December 2020) | N/A | • Health Board (Member) | • Emergency Ambulance Services Committee (Member) |
| Mark Hackett | Chief Executive (from January 2021) | N/A | • Health Board (Member) | • Emergency Ambulance Services Committee (Member) |
| Chris White | Chief Operating Officer/Director of Primary Care and Mental Health/ Director of Therapies and Health Science/Deputy Chief Executive (until March 2021) | N/A | • Health Board (Member)<br>• Mental Health Legislative Committee<br>• Performance and Finance (Member)<br>• Quality and Safety Committee (In Attendance)<br>• Workforce and OD Committee (In Attendance) | |
| Darren Griffiths | Director of Finance (interim) | N/A | • Health Board (Member)<br>• Audit Committee (In attendance)<br>• Chartable Funds (Lead Director/Member)<br>• Performance and Finance (Lead Director/Member) | |

| Name | Position | Area of Expertise Representation Role | Board Committee Membership | Committee Roles |
|---|---|---|---|---|
| Gareth Howells | Director of Nursing and Patient Experience (until July 2020) | N/A | • Health Board (Member)<br>• Audit Committee (In attendance)<br>• Mental Health Legislative Committee (Lead Director/In attendance)<br>• Quality and Safety Committee (Lead Director/In attendance)<br>• Health and Safety (Lead Director/Member)<br>• Workforce and OD Committee (In attendance) | |
| Christine Williams | Director of Nursing and Patient Experience (interim) (from July 2020) | N/A | • Health Board (Member)<br>• Audit Committee (In attendance)<br>• Mental Health Legislative Committee (Lead Director/In attendance)<br>• Quality and Safety Committee (Lead Director/In attendance)<br>• Health and Safety (Lead Director/Member attendance)<br>• Workforce and OD Committee (In attendance) | |

| Name | Position | Area of Expertise Representation Role | Board Committee Membership | Committee Roles |
|---|---|---|---|---|
| Keith Reid | Director of Public Health | N/A | • Health Board (Member)<br>• Quality and Safety Committee (In attendance)<br>• Health and Safety Committee (In attendance) | |
| Hazel Robinson | Director of Workforce and OD (until August 2020) | N/A | • Health Board (Member)<br>• RATS (Lead Director/In attendance)<br>• Workforce and OD (Lead Director/In attendance)<br>• Health and Safety Committee (Member) | • NHS Wales Shared Services Partnership Committee (NWSSP) Member |
| Kathryn Jones | Director of Workforce and OD (interim) (from August 2020) | N/A | • Health Board (Member)<br>• RATS (Lead Director/In attendance)<br>• Workforce and OD (Lead Director/In attendance)<br>• Health and Safety Committee (Member) | • NHS Wales Shared Services Partnership Committee (NWSSP) Member |
| Siân Harrop-Griffiths | Director of Strategy | N/A | • Health Board (Member)<br>• Charitable Funds Committee (Member)<br>• Performance and Finance Committee ( Member)<br>• Quality and Safety Committee (In Attendance) | • Western Bay Partnership Board<br>• ARCH Programme Board Member |
| Richard Evans | Medical Director/ Deputy Chief Executive (from March 2021) | N/A | • Health Board (Member)<br>• Quality and Safety Committee (In attendance)<br>• Workforce and OD Committee (In Attendance) | • ARCH Programme Board<br>• Advisory Committee on Clinical Excellence Awards |

| Name | Position | Area of Expertise Representation Role | Board Committee Membership | Committee Roles |
|---|---|---|---|---|
| Rab McEwan | Interim Chief Operating Officer (from March 2021) | | • Health Board (Member)<br>• Mental Health Legislative Committee<br>• Performance and Finance (Member)<br>• Health and Safety Committee | |
| Christine Morrell | Interim Director of Therapies and Health Science | | • Health Board (Member)<br>• Quality and Safety Committee (In Attendance)<br>• Workforce and OD Committee (In Attendance) | |

## Appendix Four – Members' Attendance at Meetings

*Due to the turnover of board members and some taking the opportunity to observe committees before their portfolios were confirmed, the attendance at committees has varied, especially as the need for executive directors to attend was reduced due to the pandemic and independent members provided cover in times of absence for each other. On occasions where an executive was unable to attend, a deputy was sent ensure representation. Where attendance is not required by a board member at a committee, this is represented by a dash (-)*

| | Health Board *figures include public and in-committee sessions | Audit Committee | Charitable Funds Committee | Health and Safety Committee | Mental Health Legislation Committee | Performance and Finance Committee | Quality and Safety Committee | Remuneration and Terms of Service Committee | Workforce and OD Committee |
|---|---|---|---|---|---|---|---|---|---|
| | (20) | (8) | (6) | (5) | (3) | (9) | (11) | (7) | (3) |
| Emma Woollett, Chair | 20 | 1 | - | - | - | - | - | 8 | - |
| Martyn Waygood, Interim Vice-Chair (until January 2021)/Independent Member | 18 | 3 | 5 | - | 3 | - | 10 | 7 | - |
| Steve Spill, Special Advisor (from May 2020)/Vice-Chair (from December 2020) | 18 | 2 | 1 | 1 | 1 | 8 | 2 | 2 | 1 |
| Jackie Davies, Independent Member | 17 | - | 5 | 3 | 3 | - | 10 | 6 | 3 |
| Maggie Berry, Independent Member | 17 | - | 1 | 5 | 2 | - | 11 | 7 | - |
| Mark Child, Independent Member | 20 | - | - | - | - | 8 | - | 4 | - |
| Martin Sollis, Independent Member | 18 | 8 | 4 | - | - | 7 | - | 7 | - |
| Tom Crick, Independent Member | 16 | 7 | - | 5 | - | - | - | 7 | 3 |
| Reena Owen, Independent Member | 18 | - | - | 2 | - | 7 | 10 | 8 | - |
| Nuria Zolle, Independent Member | 20 | 7 | - | - | - | - | 10 | 7 | 3 |
| Keith Lloyd, Independent Member (from May 2020) | 12 | - | - | - | - | - | 4 | 3 | - |
| Alison Stokes, Associate Board Member (from November 2020) | 0 | - | - | - | - | - | - | - | - |
| Andrew Jarrett, Associate Board Member | 16 | - | - | - | - | - | - | - | - |

| | Health Board *figures include public and in-committee sessions | Audit Committee | Charitable Funds Committee | Health and Safety Committee | Mental Health Legislation Committee | Performance and Finance Committee | Quality and Safety Committee | Remuneration and Terms of Service Committee | Workforce and OD Committee |
|---|---|---|---|---|---|---|---|---|---|
| | (20) | (8) | (6) | (5) | (3) | (9) | (11) | (7) | (3) |
| Tracy Myhill, Chief Executive (until December 2020) | 12 | 1 | - | - | - | - | - | 4 | - |
| Mark Hackett, Chief Executive (from January 2021) | 6 | - | - | - | - | - | - | 2 | - |
| Chris White, Chief Operating Officer/Director of Therapies and Health Science/Director of Primary Care and Mental Health | 17 | - | - | 2 | 2 | 3 | 8 | - | - |
| Darren Griffiths, Interim Director of Finance | 20 | 6 | 5 | - | - | 9 | - | - | - |
| Gareth Howells, Director of Nursing and Patient Experience (until July 2020) | 6 | 1 | - | 1 | - | - | 2 | - | - |
| Christine Williams, Interim Director of Nursing and Patient Experience (from July 2020) | 14 | 2 | - | 2 | 3 | - | 9 | - | - |
| Keith Reid, Director of Public Health | 20 | - | - | - | - | - | 5 | - | - |
| Hazel Robinson, Director of Workforce and OD (until August 2020) | 9 | - | - | 1 | - | - | - | 3 | 1 |
| Kathryn Jones, Interim Director of Workforce and OD (from August 2020) | 11 | - | - | 1 | - | - | - | 5 | 2 |
| Siân Harrop-Griffiths, Director of Strategy | 20 | - | - | 1 | - | 2 | 7 | - | - |

| | Health Board *figures include public and in-committee sessions | Audit Committee | Charitable Funds Committee | Health and Safety Committee | Mental Health Legislation Committee | Performance and Finance Committee | Quality and Safety Committee | Remuneration and Terms of Service Committee | Workforce and OD Committee |
|---|---|---|---|---|---|---|---|---|---|
| | (20) | (8) | (6) | (5) | (3) | (9) | (11) | (7) | (3) |
| Richard Evans, Medical Director | 20 | - | 3 | - | - | - | 11 | - | 2 |
| Rab Mcewan, Interim Chief Operating Officer (from March 2021) | 3 | - | - | 1 | 1 | 2 | - | - | - |
| Christine Morrell, Interim Director of Therapies and Health Science (from March 2021) | 3 | - | - | - | - | - | 1 | - | - |

## Appendix Five – Summary of Topics Considered by the Board, Audit Committee and Quality and Safety Committee

| Board Topics |
| --- |
| - Patient/staff stories;<br>- Covid-19 updates, including 'Test, Trace and Protect' and the vaccination progamme;<br>- Approval of the quarterly operational delivery plans and the progress against these;<br>- Committee key issue reports;<br>- Financial position;<br>- Performance report;<br>- Nurse Staffing Levels (Wales) Act 2016;<br>- Annual Quality Statement;<br>- Staff survey;<br>- TAVI;<br>- Annual accounts;<br>- Transformation programme;<br>- Digital services;<br>- Discretionary capital plan;<br>- Budget and financial allocations;<br>- NHS Wales partnerships;<br>- External partnerships;<br>- Local Partnership Forum report;<br>- Stakeholder Reference Group report;<br>- Update from WHSSC;<br>- Solar farm;<br>- Clinical services plan portfolio business case;<br>- Annual plan;<br>- Voluntary sector;<br>- Risk register;<br>- Corporate governance issues;<br>- Welsh language services;<br>- Review of standing orders;<br>- Organisational annual report;<br>- Accountability report;<br>- Audit Wales structured assessment and audit letter;<br>- SIRO annual report;<br>- Research and development annual report. |

| Audit Committee Topics |
| --- |
| - Annual governance statement;<br>- Board assurance framework;<br>- Organisational annual report;<br>- Standing orders;<br>- Audit Committee terms of reference;<br>- Health board risk register;<br>- Audit committee risks;<br>- Risk management strategy;<br>- Annual Quality Statement;<br>- Governance work programme;<br>- Update on Guardian Service and the annual report;<br>- Annual accounts timetable and plan;<br>- Review of annual accounts;<br>- Remuneration and staff report;<br>- Financial control procedure review plan;<br>- Finance update;<br>- Losses and special payments;<br>- Audit registers and status of recommendations;<br>- NWSSP procurement: single tender actions and quotations;<br>- Internal audit annual plan (to include the charter);<br>- Internal audit opinion and annual report;<br>- Internal audit progress and audit assignment summary reports;<br>- Post-payment verification reports;<br>- Audit Wales annual plan and fees;<br>- Audit Wales annual audit report;<br>- Audit Wales structured assessment;<br>- Audit Wales Audit of financial statements;<br>- Audit Wales performance and progress reports;<br>- Clinical audit mid-year progress report;<br>- Clinical audit annual report;<br>- Clinical audit and outcome review plan;<br>- Counter fraud annual plan;<br>- Counter fraud annual report (to include the self-assessment against NHS protect standards);<br>- Counter fraud progress reports;<br>- Effectiveness of audit;<br>- Audit Committee annual report;<br>- Declarations of interest register;<br>- Hospitality register;<br>- Information governance board updates;<br>- SIRO annual report;<br>- Hosted agencies annual report – NHS Wales Delivery Unit;<br>- Hosted agencies annual report – EMRTS. |

| Quality and Safety Committee Topics |
| --- |
| - Annual Quality Statement;<br>- Infection control report;<br>- Safeguarding report;<br>- Substance misuse;<br>- Suicide update;<br>- Quality and Safety performance report to include Covid-19 metrics;<br>- Patient experience;<br>- Healthcare Inspectorate Wales inspections;<br>- Healthcare Inspectorate Wales annual report;<br>- Overview of unscheduled care;<br>- Mortality review;<br>- Clinical Ethics Committee;<br>- Clinical audit and effectiveness update;<br>- Planned care;<br>- Cancer Care;<br>- Operational plan tracker;<br>- Committee annual report;<br>- Board Assurance framework/risk register;<br>- Quality and Safety Governance Group;<br>- Ombudsman's annual report;<br>- Welsh Risk Pool annual report;<br>- EMRTS clinical governance;<br>- External inspections;<br>- Ward to board dashboard;<br>- Primary care metrics. |

## Appendix Six – Dashboard of Risks

| Impact/Consequences | | | | | | |
|---|---|---|---|---|---|---|
| | **5** | | | **53:** Compliance with Welsh Language Standards<br>**54:** No Deal Brexit | **39:** IMTP Statutory Responsibility<br>**60:** Cyber Security<br>**62:** Sustainable Corporate Services<br>**64:** H&S Infrastructure<br>Covid-19 across Wales remains fluid and uncertain.<br>**68:** Pandemic Framework<br>**70:** Data Centre outages | **16:** Access to Planned Care<br>**50:** Access to Cancer Services<br>**66:** Access to Cancer Services - SACT<br>**67:** Access to Cancer Services - Radiotherapy |
| | **4** | | | **13:** Environment of Health Board Premises<br>**36:** Electronic Patient Record<br>**41:** Fire Safety Regulation Compliance<br>**52**: Engagement & Impact Assessment Requirements | **01:** Access to Unscheduled Care Service<br>**27:** Sustainable Clinical Services for Digital Transformation<br>**37:** Operational and strategic decisions are not data informed<br>**43:** DOLS Authorisation and Compliance with Legislation<br>**48:** Child & Adolescence Mental Health Services<br>**49:** TAVI Service<br>**57:** Non-compliance with Home Office Controlled Drug Licensing requirements<br>**61:** Paediatric Dental GA Service – Parkway<br>**69:** Adolescents being admitted to Adult MH wards | **03:** Workforce Recruitment of Medical and Dental Staff<br>**04:** Infection Control<br>**15:** Population Health Improvement<br>**51:** Compliance with Nurse Staffing Levels (Wales) Act 2016<br>**58:** Ophthalmology Clinic Capacity<br>**63:** Screening for Fetal Growth Assessment in line with Gap-Grow (G&G)<br>**65:** CTG Monitoring in Labour Wards<br>**73:** There is potential for a residual cost base increase post Covid-19 as a result of changes to service delivery models and ways of working. |
| | **3** | | | **72:** Impact of Covid-19 pandemic on the Health Board Capital Resource Limit and Capital Plan for 2020-21. | | |
| | **2** | | | | | |
| | **1** | | | | | |
| **C X L** | | **1** | **2** | **3** | **4** | **5** |
| | | Likelihood | | | | |

# Parliamentary Accountability and Audit Report 2020-21

## Parliamentary Accountability

Swansea Bay University Health Board makes the following parliamentary disclosures for 2020-21:

- **Regularity of expenditure** - public resources were used to deliver the intended objectives and expenditure was compliant with relevant legislation including EU legislation, delegated authorities and followed the guidance in Managing Welsh Public Money.

- **Fees and charges** - charges for services provided by public sector organisations normally pass on the full cost of providing those services. Public sector organisations may also supply commercial services on commercial terms designed to work in fair competition with private sector providers. The Welsh Government expects proper controls over how, when and at what level charges may be levied. This is not applicable to the health board – all items are charged at full cost recovery.

- The health board is compliant with the cost allocation and charging requirements set out in HM Treasury guidance.

- All remote contingent liabilities are disclosed under IAS37.

# Staff and Remuneration Report 2020-21

## Staff Report

### ❖ Pre-Employment

Swansea Bay University Health Board is a disability confident employer. This means that we support and encourage applications from a wide range of individuals including those who are disabled. The following provisions are built into the recruitment process for applicants with a disability:

- Option to receive an electronic or paper application upon request;
- Guidance for applicants with a disability included in the applicant guide, which is attached to all adverts;
- As a disability confident employer, applicants with a disability can request a guaranteed interview. (Applicants must meet the minimum essential criteria listed in the person specification to qualify for a guaranteed interview);
- Applications are anonymised during shortlisting, with a two tick symbol visible if the applicant has requested a guaranteed interview;
- Applicant are asked in the interview invite if they require any reasonable adjustments prior to or during the interview and the recruitment system emails any requested adjustments requested to the manager for their consideration/action;
- Equal opportunities monitoring information is never provided to the recruiting manager at any time;
- Equality Act, unconscious bias and disability confident training is part of the recruitment module in the managers' pathway;
- The above subjects are also included in the recruiting managers recruitment and selection e-learning available in ESR (electronic staff record).

### ❖ Managing Attendance

The Managing Attendance at Work Policy addresses the needs of staff with disabilities in a number of ways. The purpose of the policy is to support the health and wellbeing of all employees in the workplace, support employees to return to work following a period of sickness absence safely and as quickly as possible and support employees to sustain their attendance at work.

The policy ensures that all employees are treated according to their circumstances and needs, that there is fair treatment of employees with a disability, and that the obligations in respect of the Equality Act 2010 are met. The health board is under a legal duty to make reasonable adjustments to ensure employees with disabilities are not put at a disadvantage when doing their jobs. This also applies to job applicants (see above).

Throughout the policy there are considerations in place for those staff who are, or who become disabled during the course of their employment:

- Where an employee is required to attend medical appointments as part of an ongoing treatment programme related to a disability or long-term health condition, their manager will discuss these appointments with them to plan any necessary support to be offered. Reasonable time off to attend such appointments as part of their programme of care and support will be given full consideration. This is regarded as disability / health and wellbeing condition leave and is not disability related sickness absence. It is a form of special

leave and will usually be requested by the employee and approved by the manager in advance;

- Employees with hearing impairment are able to use a text phone to notify their manager of their absence;
- At every stage of the absence management process, managers will consider what reasonable adjustments may be required to support the disabled employee in attending work regularly;
- The same will apply when supporting a disabled employee to return to work after a period of long-term sickness;
- Where an employee has become disabled as a result of illness or injury, a therapeutic return may be used to support the employee to get back into the workplace with reasonable adjustments in place;
- A phased return to work may also be considered in supporting an employee back into work;
- Reasonable adjustments may also be put into place proactively to support a disabled employee to stay in work rather than go off sick, as it is recognised that remaining in work is beneficial for the health and wellbeing of staff.

### ❖ Redeployment Policy

Where it is not possible for an employee to return to work to their own role even with reasonable adjustments, then they will be placed on the redeployment register for a period of 12 weeks, during which time suitable alternative employment will be sought.

When considering if a role is suitable, consideration will be given to any reasonable adjustments that may be required. Where the employee is on the redeployment register for ill health amounting to a disability, if they meet the essential criteria for the role, they will be interviewed before others on the redeployment register.

### ❖ Off Payroll Policy

The health board has a clear and well established process in place since 2017 for ensuring there are no off payroll payments made where the HMRC IR35 regulations apply to services provided by individuals. All invoices are routed through senior workforce staff prior to payment through payroll ensuring the correct tax deduction is made and no invoices for services submitted by individuals can be paid through. IR35 assessment are managed through senior workforce staff and HMRC has reviewed arrangements in previous audits.

### ❖ Staff Composition

The health board has 13,499 employees, the composition of whom comprises: During the year, the average full time equivalent number of staff permanently employed was 11,874. The average number of employees is calculated as the full time equivalent number of employees in each week of the financial year divided by the number of weeks in the financial year. The tables below provides a breakdown of the workforce by gender and then staff grouping, which as well as permanently employed staff, also shows staff on inward secondment, agency staff, and other staff. (*FTE – fulltime equivalent*)

| Gender | Headcount | FTE | % of headcount |
|---|---|---|---|
| Female | 10,430 | 8,956.58 | 77.3 |
| Male | 3,069 | 2,918.38 | 22.7 |
| Grand Total | **13,499** | **11,874.97** | **100.0** |

A breakdown of the board members and senior managers by gender is set out in the table below.

| Job Title | Gender | Headcount | FTE | % of headcount |
|---|---|---|---|---|
| Assistant Director of Health and Safety Band 8d | Male | 1 | 1.00 | 2.13% |
| Assistant Director of Informatics: Information & BI Band 8D | Male | 1 | 1.00 | 2.13% |
| Assistant Director of Planning | Male | 1 | 1.00 | 2.13% |
| Assistant Director of Strategy (Estates) Band 8d | Male | 1 | 1.00 | 2.13% |
| Chief Operating Officer | Male | 1 | 1.00 | 2.13% |
| Chief Executive | Male | 1 | 1.00 | 2.13% |
| Clinical Director | Male | 1 | 1.00 | 2.13% |
| Deputy Chief Operating Officer | Male | 1 | 1.00 | 2.13% |
| Director | Male | 1 | 1.00 | 2.13% |
| Director of Digital | Male | 1 | 1.00 | 2.13% |
| Director of Public Health | Male | 1 | 1.00 | 2.13% |
| Head of Workforce Localities and Systems | Male | 1 | 1.00 | 2.13% |
| Interim Director of Finance | Male | 1 | 1.00 | 2.13% |
| Medical Director | Male | 1 | 1.00 | 2.13% |
| Non Executive Member | Male | 3 | 1.00 | 6.38% |
| Secondment - HEIW Medical Director | Male | 1 | 1.00 | 2.13% |
| Secondment - Velindre Director of Commercial & Strategic | Male | 1 | 1.00 | 2.13% |

| Job Title | Gender | Headcount | FTE | % of headcount |
|---|---|---|---|---|
| Service Director | Male | 2 | 2.00 | 4.26% |
| Unit Medical Director | Male | 1 | 1.00 | 2.13% |
| Vice Chair | Male | 2 | 2.00 | 4.26% |
| Assistant Director of Finance | Female | 1 | 1.00 | 2.13% |
| Assistant Director of Planning (Service Planning) | Female | 1 | 1.00 | 2.13% |
| Associate Director of Finance | Female | 1 | 1.00 | 2.13% |
| Associate Director of HR- Learning & Development Band 8D | Female | 1 | 1.00 | 2.13% |
| Board Secretary | Female | 1 | 1.00 | 2.13% |
| Chairman | Female | 1 | 0.00 | 2.13% |
| Clinical Director | Female | 1 | 0.60 | 2.13% |
| Deputy Director of Transformation Band 9 | Female | 1 | 1.00 | 2.13% |
| Director of Planning | Female | 1 | 1.00 | 2.13% |
| Director of Therapies | Female | 1 | 1.00 | 2.13% |
| Director of Workforce and Organisation Development | Female | 1 | 1.00 | 2.13% |
| Executive Director of Nursing | Female | 1 | 1.00 | 2.13% |
| Head of HR Delivery Units Band 8d | Female | 1 | 1.00 | 2.13% |
| Non Executive Member | Female | 3 | 3.00 | 6.38% |
| Secondment - Dir. of Planning, Performance & Corp Services | Female | 1 | 1.00 | 2.13% |
| Secondment - HEIW Director of Digital Development | Female | 1 | 1.00 | 2.13% |
| Secondment - Public Health Wales Band 8d | Female | 1 | 0.40 | 2.13% |
| Senior Manager Band 9 - Covid-19 | Female | 1 | 0.80 | 2.13% |
| Service Director | Female | 2 | 2.00 | 4.26% |
| Unit Medical Director | Female | 1 | 1.00 | 2.13% |

Sickness absence for the year and in comparison with the previous was as follows:

| | 2020-21 | 2019-20 |
|---|---|---|
| Days lost (long term) | 89,361.93 | 75,095.71 |
| Days lost (short term) | 227,265.00 | 185,261.07 |
| **Total days lost** | 316,626.93 | 260,356.78 |

# Remuneration Report

This report provides information in relation to Executive Directors' and Independent Members' remuneration, and outlines the arrangements which operate within the Health Board to determine this. It also includes information on staff numbers, composition, sickness absence data, staff policies applied during the year, expenditure on consultancy, off-payroll engagements and exit packages.

## 1. The Remuneration and Terms of Services Committee

This Committee considers the remuneration and performance of Executive Directors in accordance with the policy detailed below. The norm is for Executive Directors and very senior managers' salaries (those outside of Agenda for Change) to be uplifted in accordance with the Welsh Government identified normal pay inflation percentage. For 2020/21 there was a pay inflation uplift of 2% for Executive Directors and very senior managers in line with the pay award agreed nationally for NHS staff.

If there were to be an up-lift over and above this level, this would always be agreed as a result of changes in roles and responsibilities and with advice from an independent consultancy with specialist knowledge of job evaluation and executive pay within the NHS. The Remuneration and Terms of Services Committee would receive a detailed report in respect of issues to be considered in relation to any uplift to Executive Directors salaries (including advice from the Welsh Government) and having considered all the advice and issues put before them, would report their recommendations to the Health Board for ratification.

The Committee also reviews objectives set for Executive Directors and assesses performance against those objectives when considering recommendations in respect of annual pay uplifts. It should be noted that Executive Directors are not on any form of performance related pay.

The Remuneration and Terms of Services Committee is chaired by the Health Board's Chair, and the membership includes three other Independent Members (Chairs of Board Committees). The Committee meets as often as required to address business and formally reports in writing its recommendations to the Health Board. Meetings are minuted and decisions fully recorded.
The Committee also recommends to the Board annual pay uplifts in respect of Executive Directors and very senior managers in the Health Board who are not within the remit of Agenda for Change. For 2020/21, the only uplifts recommended were an inflationary uplift of 2%.

## 2. Independent Members' Remuneration

Remuneration for Independent Members is decided by the Welsh Government, who also determine tenure of appointment.

## 3. Single Remuneration Report

The Single Total Remuneration for each Director and Independent Member for 2020/21 and 2019/20 are shown in the table below. 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 salaries disclosed in the table below reflect new appointments and leavers during the financial years 2020/21 and 2019/20. Whilst the salaries disclosed relate to the period in post during the year, the NHS Pensions Agency is unable to attribute part year pension benefits to post holders and therefore, the full financial year Pension Benefits are shown. It should also be noted that the table below only includes Directors in post at the point that the NHS Pensions Agency provided the pension information to the health board in February 2021.

The value of pension benefits is calculated as follows: (real increase in pension[1] multiplied by 20) plus real increase in lump sum, less contributions made by the individual.

The pension calculation is based on information received from NHS BSA Pensions Agency included in the Disclosure of Senior Managers' Remuneration (Greenbury) 2021 report. Further details on the Single Total Remuneration figure from Cabinet Office can be found at the following Employer Pension Notices website in EPN 571 (2019-20)
https://www.civilservicepensionscheme.org.uk/employers/employer-pension-notices/epn571-resource-accounts-2019-20-disclosure-of-salary-pension-and-compensation-information

[1] excluding increases due to inflation or any increase or decrease due to a transfer of pension rights

| Names | Titles | 2020/21 | | | | | 2019/20 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Salary (£5k Bands) £000 | Other Remun. £5k Bands £000 | Benefits in Kind (to nearest £100) £00 | Pension Benefits (to nearest £1000) £000 | Total (£5k Bands) £000 | Salary (£5k Bands) £000 | Other Remun. £5k Bands £000 | Benefits in Kind (to nearest £100) £00 | Pension Benefits (to nearest £1000) £000 | Total (£5k Bands) £000 |
| A Davies | Chair until 30th June 2019 | | | | | | 15-20 | 0 | 0 | 0 | **15-20** |
| E Woollett | Chair from 1st April 2020. Interim Chair from 1st July 2019 to 31st March 2020. Vice Chair from 1st April 2019 to 30th June 2019 | 70-75 | 0 | 0 | 0 | **70-75** | 65-70 | 0 | 0 | 0 | **65-70** |
| M Waygood | Interim Vice Chair from 23rd July 2019 to 18th January 2021. Independent Member from 19thJanuary 2021 to 31st March 2021 and from 1st April 2019 to 22nd July 2019 | 45-50 | 0 | 0 | 0 | **45-50** | 40-45 | 0 | 0 | 0 | **40-45** |
| S Spill | Vice Chair from 15th December 2020. | 15-20 | 0 | 0 | 0 | **15-20** | | | | | |
| T Myhill | Chief Executive until 31st December 2020 | 160-165 | 0 | 0 | | **160-165** | 200-205 | 0 | 0 | 53 | **255-260** |
| M Hackett | Chief Executive from 1st January 2021 | 50-55 | 0 | 0 | | **50-55** | | | | | |
| C White | Deputy Chief Executive from 4 February 2019. Chief Operating Officer, Director of Therapies | 160-165 | 0 | 0 | 4 | **160-165** | 160-165 | 0 | 0 | 221 | **380-385** |

| Names | Titles | 2020/21 | | | | | 2019/20 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Salary (£5k Bands) £000 | Other Remun. £5k Bands £000 | Benefits in Kind (to nearest £100) £00 | Pension Benefits (to nearest £1000) £000 | Total (£5k Bands) £000 | Salary (£5k Bands) £000 | Other Remun. £5k Bands £000 | Benefits in Kind (to nearest £100) £00 | Pension Benefits (to nearest £1000) £000 | Total (£5k Bands) £000 |
| | and Health Science, Director of Primary, Community and Mental Health Services. | | | | | | | | | | |
| L Hamilton | Director of Finance from 1st April 2019 to 29th February 2020 | | | | | | 165-170 | 35-40 | 0 | 35 | **235-240** |
| D Griffiths | Interim Director of Finance from 2nd March 2020 | 140-145 | 0 | 0 | 476 | **620-625** | 10-15 | 0 | 0 | | **10-15** |
| R Evans | Medical Director | 175-180 | 0 | 0 | 125 | **300-305** | 170-175 | 0 | 0 | 125 | **295-300** |
| G Howells | Director of Nursing & Patient Experience until 8th July 2020 | 40-45 | 0 | 0 | | **40-45** | 130-135 | 0 | 0 | 97 | **225-230** |
| C Williams | Interim Director of Nursing & Patient Experience from 9th July 2020 | 95-100 | 0 | 0 | | **95-100** | | | | | |
| H Robinson | Director of Workforce & OD until 24th August 2020 | 55-60 | 0 | 0 | | **55-60** | 125-130 | 0 | 0 | 20 | **145-150** |
| K Jones | Interim Director of Workforce & OD from 25th August 2020 | 75-80 | 0 | 0 | 138 | **215-220** | | | | | |

| Names | Titles | 2020/21 | | | | | 2019/20 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Salary (£5k Bands) £000 | Other Remun. £5k Bands £000 | Benefits in Kind (to nearest £100) £00 | Pension Benefits (to nearest £1000) £000 | Total (£5k Bands) £000 | Salary (£5k Bands) £000 | Other Remun. £5k Bands £000 | Benefits in Kind (to nearest £100) £00 | Pension Benefits (to nearest £1000) £000 | Total (£5k Bands) £000 |
| S Husbands | Director of Public Health from 1st April 2019 to 13th October 2019 | | | | | | 70-75 | 0 | 0 | | **70-75** |
| K Reid | Interim Director of Public Health from 13th October 2019 until 29th February 2020. Director of Public Health from 1st March 2020 | 120-125 | 0 | 0 | 63 | **185-190** | 50-55 | 0 | 0 | 23 | **75-80** |
| S. Harrop-Griffiths | Director of Strategy | 125-130 | 0 | 56 | 75 | **205-210** | 125-130 | 0 | 56 | 29 | **160-165** |
| P Wenger | Director of Corporate Governance/Board Secretary | 105-110 | 0 | 0 | 75 | **180-185** | 105-110 | 0 | 0 | 24 | **125-130** |
| M Berry | Independent Member | 15-20 | 0 | 0 | 0 | **15-20** | 15-20 | 0 | 0 | 0 | **15-20** |
| M Sollis | Independent Member | 15-20 | 0 | 0 | 0 | **15-20** | 15-20 | 0 | 0 | 0 | **15-20** |
| T Crick | Independent Member | 15-20 | 0 | 0 | 0 | **15-20** | 15-20 | 0 | 0 | 0 | **15-20** |
| M Child | Independent Member | 15-20 | 0 | 0 | 0 | **15-20** | 15-20 | 0 | 0 | 0 | **15-20** |
| R Owen | Independent Member | 15-20 | 0 | 0 | 0 | **15-20** | 15-20 | 0 | 0 | 0 | **15-20** |
| N Zolle | Independent Member from 9th October 2019 | 15-20 | 0 | 0 | 0 | **15-20** | 5-10 | 0 | 0 | 0 | **5-10** |
| K Lloyd | Independent Member | 0 | 0 | 0 | 0 | **0** | | | | | |

| Names | Titles | 2020/21 | | | | | 2019/20 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Salary (£5k Bands) £000 | Other Remun. £5k Bands £000 | Benefits in Kind (to nearest £100) £00 | Pension Benefits (to nearest £1000) £000 | Total (£5k Bands) £000 | Salary (£5k Bands) £000 | Other Remun. £5k Bands £000 | Benefits in Kind (to nearest £100) £00 | Pension Benefits (to nearest £1000) £000 | Total (£5k Bands) £000 |
| J Hopkin | Independent Member until 11th November 2019 | | | | | **0** | 0 | 0 | 0 | 0 | **0** |
| J Davies | Independent Member | 0 | 0 | 0 | 0 | **0** | 0 | 0 | 0 | 0 | **0** |

The pension benefits and total remuneration figures for Executive Directors for 2019/20 have been restated following recalculation of the figures using an inflation rate of 2.4% rather than the 1.7% used in the original calculation. This is in line with the confirmed inflation rate as prescribed for government pensions.

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

The following notes provide explanations for either no salary or changes in salary or post between the financial the years:

- C White was appointed as Deputy Chief Executive with effect from 4th February 2019. Included within the salary for C White in 2019/20 is pay arrears of £5-£10k relating to the 2018-19 financial year. Actual salary for the post in 2019/20 was in the range £155-£160k.
- L Hamilton, Director of Finance left the health board on 29th February 2020. In line with the settlement agreement for her departure, the salary reported for 2019/20 within the table above represents a payment for untaken annual leave of £2,992.93, an ex-gratia payment for termination of employment of £35,464.64 and a payment of £35,464.64 in respect of her contractual entitlement to payment in lieu of notice. The ex-gratia payment is disclosed as other remuneration.
- K Lloyd has declined remuneration for his post as an Independent Member
- J Hopkin, Independent Member, declined remuneration for his post during the period that he was an Independent Member.

- J Davies is a full time employee of the Health Board and as such, has not received the remuneration that is normally paid to an Independent Member.

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 highest paid director in the LHB in 2020/21 as in 2019/20 was the Chief Executive. The banded remuneration of the highest-paid director in the LHB in the financial year 2019/20 was £210,000 - £215,000 (2019/20, £200,000 - £205,000). This was 7.7 times (2019/20, 6.8) the median remuneration of the workforce, which was £27,761 (2019/20, £29,881).

In 2020/21, 0 (2019/20, 5) employees received remuneration in excess of the highest-paid director. The remuneration for those 5 employees in 2019-20 included payments in respect of waiting list initiatives undertaken in addition to their normal salary. Remuneration for staff ranged from £18,005 to £214,938 (2019/20 £17,652 to £249,523).

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. Benefits in kind relate to benefits derived from the provision of a leased car.

The employees who received remuneration in excess of the highest paid director in 2019/20 were all medical staff. None of these staff are related to the Chair, Executive Directors or Independent Members.

## 4. Directors Pension Benefits

The NHS scheme requires that employees pay from 5% up to 14.5%, on a tiered scale, of their earnings, into the NHS Pension Scheme, with the employer contributing 20.68%. The employer's contribution to the NHS Pension Scheme is excluded from the salary figures shown below for Executive Directors.

### Cash Equivalent Transfer Value

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capital value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership

of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures and the other pension details include the value of any pension benefits in another scheme or arrangement which the individual has transferred to the NHS pension scheme. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

**Real Increase in CETV**
This reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another scheme or arrangement) and uses common market valuation factors for the start and end of the period

The disclosures in the table below do not apply to independent members as they are not members of the NHS Pension Scheme and do not receive pensionable remuneration. It should be noted that the table below only includes Directors in post at the point that the NHS Pensions Agency provided the relevant information on pensions for staff, this being February 2021. As a result no pension disclosures are made in respect of the following directors who retired in year

- T Myhill, Chief Executive until 31st December 2020
- G Howells, Director of Nursing & Patient Experience until 8th July 2020
- H Robinson, Director of Workforce & OD until 24th August 2020.

| Name | Title | Real Increase/ (Decrease) in Pension @ Age 60<br><br>(bands of £2,500)<br><br>£000 | Real Increase/ (Decrease) in Pension Lump Sum @ Age 60<br><br>(bands of £2,500)<br><br>£000 | Total accrued Pension at age 60 at 31 March 2021<br><br>(bands of £5,000)<br><br>£000 | Lump Sum at age 60 related to accrued Pension at 31 March 2021<br><br>(bands of £5,000)<br><br>£000 | Cash Equiv. Transfer Value at 31/03/2021<br><br>£000 | Cash Equiv. Transfer Value at 31/03/2020<br><br>£000 | Real increase in Cash Equiv. Transfer Value<br><br>£000 | Employer's contrib. to stake-holder pension<br><br>£000 |
|---|---|---|---|---|---|---|---|---|---|
| D Griffiths | Interim Director of Finance from 2nd March 2020 | 20-22.5 | 57.5-60 | 55-60 | 145-150 | 1,068 | 629 | 427 | 0 |
| C White | Deputy Chief Executive, Chief Operating Officer, Director of Therapies and Health Science, Director of Primary, Community and Mental Health Services. | 0-2.5 | (2.5-5) | 70-75 | 210-215 | 1,741 | 1,661 | 51 | 0 |
| K Reid | Director of Public Health | 2.5-5 | 0-2.5 | 20-25 | 45-50 | 420 | 351 | 64 | 0 |
| S Harrop-Griffiths | Director of Strategy | 2.5-5 | 0-(2.5) | 55-60 | 120-125 | 1,088 | 987 | 84 | 0 |
| R Evans | Medical Director | 7.5-10 | 0-2.5 | 60-65 | 135-140 | 1,211 | 1,064 | 129 | 0 |
| K Jones | Interim Director of Workforce & OD | 5-7.5 | 12.5-15 | 25-30 | 60-65 | 579 | 426 | 146 | 0 |

| Name | Title | Real Increase/ (Decrease) in Pension @ Age 60 (bands of £2,500) £000 | Real Increase/ (Decrease) in Pension Lump Sum @ Age 60 (bands of £2,500) £000 | Total accrued Pension at age 60 at 31 March 2021 (bands of £5,000) £000 | Lump Sum at age 60 related to accrued Pension at 31 March 2021 (bands of £5,000) £000 | Cash Equiv. Transfer Value at 31/03/2021 £000 | Cash Equiv. Transfer Value at 31/03/2020 £000 | Real increase in Cash Equiv. Transfer Value £000 | Employer's contrib. to stake-holder pension £000 |
|---|---|---|---|---|---|---|---|---|---|
| P Wenger | Director of Corporate Governance/Board Secretary | 2.5-5 | 0-2.5 | 40-45 | 90-95 | 766 | 680 | 74 | 0 |

- M Hackett, Chief Executive and C Williams, Interim Director of Nursing and Patient Experience chose not to be covered by the NHS Pension Arrangements during 2020-21.

## 5. Contracts of employment

With the exception of the Chief Operating Officer and Deputy Chief Executive, (C White) who was on secondment from his permanent contract at Cwm Taf Health Board until 31st March 2020, all Executive Directors are on permanent Contracts of Employment with Swansea Bay University Local Health Board. Executive Directors are required to give the Health Board three months notice and are eligible to receive three months notice from the Health Board. The policy on duration of contracts, notice period and termination periods is that set by the Welsh Government.

The only provisions for early termination are as allowed by the NHS Pension Scheme (compensation for premature retirement) regulations. In all other cases of early termination this will be as detailed in individuals' contract of employment.

## 6. Other information

There are no local pay bargaining initiatives within the Health Board. No payments have been made for Professional Indemnity Insurance for any Officer or Director.

## 7. Staff Report Section

This section of the report includes information on staff numbers, composition, sickness absence data, staff policies applied during the year, expenditure on consultancy, off-payroll engagements and exit packages.

### 7.1 Staff Numbers and Composition

The average number of employees by staff group for 2020/21 is set out in the table below, along with the comparison for 2019/20. The average is calculated as the whole time equivalent number of employees under contract of service at the end of each calendar month in the financial year, divided by the number of months in the financial year.

| Staff Group | Permanent Staff | Agency Staff | Staff on Inward Secondment | Specialist Trainees (SLE) | Collaborative Bank | Other | Total 2020/21 | Total 2019/20 |
|---|---|---|---|---|---|---|---|---|
| Administration, Clerical & Board Members | 2,158 | 24 | 14 | 0 | 0 | 0 | **2,196** | **2,157** |
| Medical & Dental | 1,025 | 41 | 3 | 73 | 0 | 43 | **1,185** | **1,088** |
| Nursing, Midwifery registered | 3,533 | 184 | 2 | 0 | 5 | 0 | **3,724** | **3,620** |
| Professional, Scientific & technical staff | 383 | 0 | 1 | 0 | 0 | 0 | **384** | **360** |
| Additional Clinical Services | 2,373 | 4 | 0 | 0 | 0 | 0 | **2,377** | **2,322** |
| Allied Health Professions | 788 | 4 | 1 | 0 | 0 | 0 | **793** | **776** |
| Healthcare Scientists | 305 | 5 | 0 | 0 | 0 | 0 | **310** | **303** |
| Estates and Ancillary | 1,070 | 33 | 0 | 0 | 0 | 0 | **1,103** | **1,057** |
| Students | 110 | 0 | 0 | 0 | 0 | 0 | **110** | **2** |
| **Totals** | **11,746** | **295** | **21** | **73** | **5** | **43** | **12,182** | **11,685** |

Staff included as Specialist Trainees (SLE) in the table above are Medical, Dental and GP Trainees employed under the Single Lead Employer Arrangement by Velindre NHS Trust but who are placed for their training within the Health Board. Prior to August 2020 these trainees were directly employed by the Health Board and as such would have been classified as permanent staff.
Staff included as Collaborative Bank staff in the table above are also directly employed by Velindre NHS Trust and provide bank nurse cover across Wales. Currently only Swansea Bay University Health Board and Cwm Taf Morgannwg Health Board are members of the Collaborative Bank Scheme.

Staff listed under the other column in the table above are temporary staff sourced through the MEDACS managed service contract. These staff are paid through the NHS payroll.

As at 31st March 2021, the Health Board has 13,499 employees, of which 8 are Executive Directors. Of these staff, 3,069 are male, including 6 Executive Directors, and 10,430 are female, including 2 female Executive Directors.

There are also 9 Independent Members, of which 5 are male and 4 are female.

### 7.2 Sickness Absence Data

| | 2020/21 | 2019/20 |
|---|---|---|
| Total days lost | 316,626.93 | 260,356.78 |
| Short Term Sickness (27 days or less) | 89,361.93 | 75,095.71 |
| Long Term Sickness (28 days or more) | 227,265 | 185,261.07 |
| Total staff years | 11,728.76 | 11,321.07 |
| Average working days lost | 17 | 14 |
| Total staff employed in period (headcount) | 13,346 | 12,902 |
| Total staff employed in period with no absence (headcount) | 5,517 | 4,771 |

| | 2020/21 | 2019/20 |
|---|---|---|
| Percentage staff with no sick leave | 40.40% | 36.30% |

### 7.3 Staff Policies applied during the year:

The staff policy on equality was applied during the year to address the following:

- For giving full and fair consideration to applications for employment by the Health Board made by disabled persons, having regard to their particular aptitudes and abilities.
- For continuing the employment of, and for arranging appropriate training for, employees of the Health board who have become disabled persons during the period when they were employed by the Health Board.
- Otherwise for the training, career development and promotion of disabled persons employed by the Health Board.

### 7.4 Expenditure on Consultancy

As disclosed in Note 3.3 of the Health Board's Accounts, the Health Board incurred expenditure of £0.368m on Consultancy Services in 2020/21, (£0.349m in 2019-20). Expenditure on Consultancy Services is incurred when outside expertise is required by the Health Board to support the Health Board in managing its services and functions on a day to day basis. Such examples include:

- Management Consultancy to support performance improvement schemes such as the major trauma network and outpatients modernisation schemes.
- Management Consultancy to support the Health Board with staffing and other operational management issues.
- External advice and support to the Health Board in implementing staff development and training programmes.

### 7.5 Off-payroll Engagements

**Table 1: For all off-payroll engagements as of 31 March 2021, for more than £245 per day and that last for longer than six months**

| | |
|---|---|
| Number of existing engagements as of 31 March 2021 | 0 |
| Of which... | |

| | |
|---|---|
| Number that have existed for less than one year at time of reporting. | 0 |
| Number that have existed for between one and two years at time of reporting. | 0 |
| Number that have existed for between two and three years at time of reporting. | 0 |
| Number that have existed for between three and four years at time of reporting. | 0 |
| Number that have existed for four or more years at time of reporting. | 0 |

**Table 2: For all new off-payroll engagements, or those that reached six months in duration, between 1 April 2020 and 31 March 2021, for more than £245 per day and that last for longer than six months**

| | |
|---|---|
| Number of new engagements, or those that reached six months in duration, between 1 April 2020 and 31 March 2021 | 0 |
| Number of these engagements which were assessed as caught by IR35 | 0 |
| Number of these engagements which were assessed as not caught by IR35 | 0 |
| Number of these engagements that were engaged directly (via PSC contracted to department) and are on the departmental payroll; | 0 |
| Number of these engagements that were reassessed for consistency/assurance purposes during the year whom assurance has been requested but not received; | 0 |
| Number that saw a change to IR35 status following the consistency review. | 0 |

**Table 3: For any off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, between 1 April 2020 and 31 March 2021**

| | |
|---|---|
| Number of off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, during the financial year. | 0 |
| Details of the exceptional circumstances that led to each of these engagements. | Not Applicable |
| Details of the length of time each of these exceptional engagements lasted | Not Applicable |
| Total number of individuals both on and off-payroll that have been deemed "board members and/or senior officials with significant financial responsibility", during the financial year. This figure includes engagements which are ON PAYROLL as well as those off-payroll. | 0 |

There were 0 off payroll engagements in place at the start of the 2020/21 financial year. There have been no new off payroll engagements during the year.

## 7.6 Exit packages

The figures disclosed relate to exit packages agreed in the year. The actual date of departure might be in a subsequent period, and the expense in relation to the departure costs may have been accrued in a previous period. The data here is therefore presented on a different basis to other staff costs and expenditure noted in the Health Board's Annual Accounts.

| | 2020-21 | | | | 2019-20 |
|---|---|---|---|---|---|
| **Staff Numbers**<br>**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** |
| less than £10,000 | 0 | 0 | 0 | 0 | 0 |
| £10,000 to £25,000 | 0 | 0 | 0 | 0 | 0 |
| £25,000 to £50,000 | 0 | 0 | 0 | 0 | 0 |
| £50,000 to £100,000 | 0 | 0 | 0 | 0 | 1 |
| £100,000 to £150,000 | 0 | 0 | 0 | 0 | 0 |
| £150,000 to £200,000 | 0 | 0 | 0 | 0 | 0 |
| more than £200,000 | 0 | 0 | 0 | 0 | 0 |
| **Total** | **0** | **0** | **0** | **0** | **1** |
| **Exit Packages Costs**<br>**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** |
| | **£** | **£** | **£** | **£** | **£'** |
| less than £10,000 | 0 | 0 | 0 | 0 | 0 |
| £10,000 to £25,000 | 0 | 0 | 0 | 0 | 0 |
| £25,000 to £50,000 | 0 | 0 | 0 | 0 | 0 |
| £50,000 to £100,000 | 0 | 0 | 0 | 0 | 73,922 |
| £100,000 to £150,000 | 0 | 0 | 0 | 0 | 0 |
| £150,000 to £200,000 | 0 | 0 | 0 | 0 | 0 |

| | 2020-21 | | | | 2019-20 |
|---|---|---|---|---|---|
| more than £200,000 | 0 | 0 | 0 | 0 | 0 |
| **Total** | **0** | **0** | **0** | **0** | **73,922** |

The exit package disclosed above for 2019/20 was paid in April 2020 and related to a payment made to the former Director of Finance who left the Health Board on 29th February 2020. The package comprised payments in lieu of notice, for untaken annual leave and an ex-gratia payment on termination.

Where the LHB has agreed early retirements, the additional costs are met by the LHB and not by the NHS Pensions Scheme. Ill-health retirement costs are met by the NHS Pensions Scheme and are not included in the table.

£0 exit costs were paid in 2020-21, the year of departure (2019-20, £73,922).

# Long Term Expenditure Trends

## Long Term Expenditure Trends

The Swansea Bay University Local Health Board was established on 1st April 2019 under statutory instrument 2019 No.349 (W.83), the Local Health Boards (Area Change) (Wales) (Miscellaneous Amendment) Order 2019.

This statutory instrument transferred the principal local government area of Bridgend from Abertawe Bro Morgannwg University Local Health Board to Cwm Taf University Local Health Board in addition confirmed that Abertawe Bro Morgannwg University Local Health Board would be renamed as Swansea Bay University Local Health Board.

Swansea Bay University Local Health Board is responsible for the provision of healthcare services for the populations falling under the local government areas of Swansea and Neath Port Talbot.

The health board's predecessor organisation Abertawe Bro Morgannwg University Health Board was established on 1st October 2009 following the merger of the former Abertawe Bro Morgannwg University NHS Trust, Swansea Local Health Board, Neath Port Talbot Local Health Board and Bridgend Local Health Board, providing services to the local government areas of Swansea, Neath Port Talbot and Bridgend.

The expenditure reported in this report for the 2019/20 and 2020/21 financial years relates to Swansea Bay University Health Board whilst expenditure in previous years relates to the former Abertawe Bro Morgannwg University Health Board and this must be borne in mind when making comparisons of expenditure between years. To help understand the reduction in expenditure between years it is important to note that the baseline resource allocation to the Swansea Bay University Health Board is 28% lower than the baseline allocation for the former Abertawe Bro Morgannwg University Local Health Board.

The 2020/21 financial year provided an unprecedented challenge for the health board due to the COVID-19 pandemic. In recognition of the challenges faced and the increased costs incurred during the pandemic, the health board received specific additional COVID-19 revenue funding of £148.887m and additional capital funding of £8.549m. The increased costs associated with the pandemic manifest themselves in the long term expenditure trends in 2020/21 as outlined later in this section

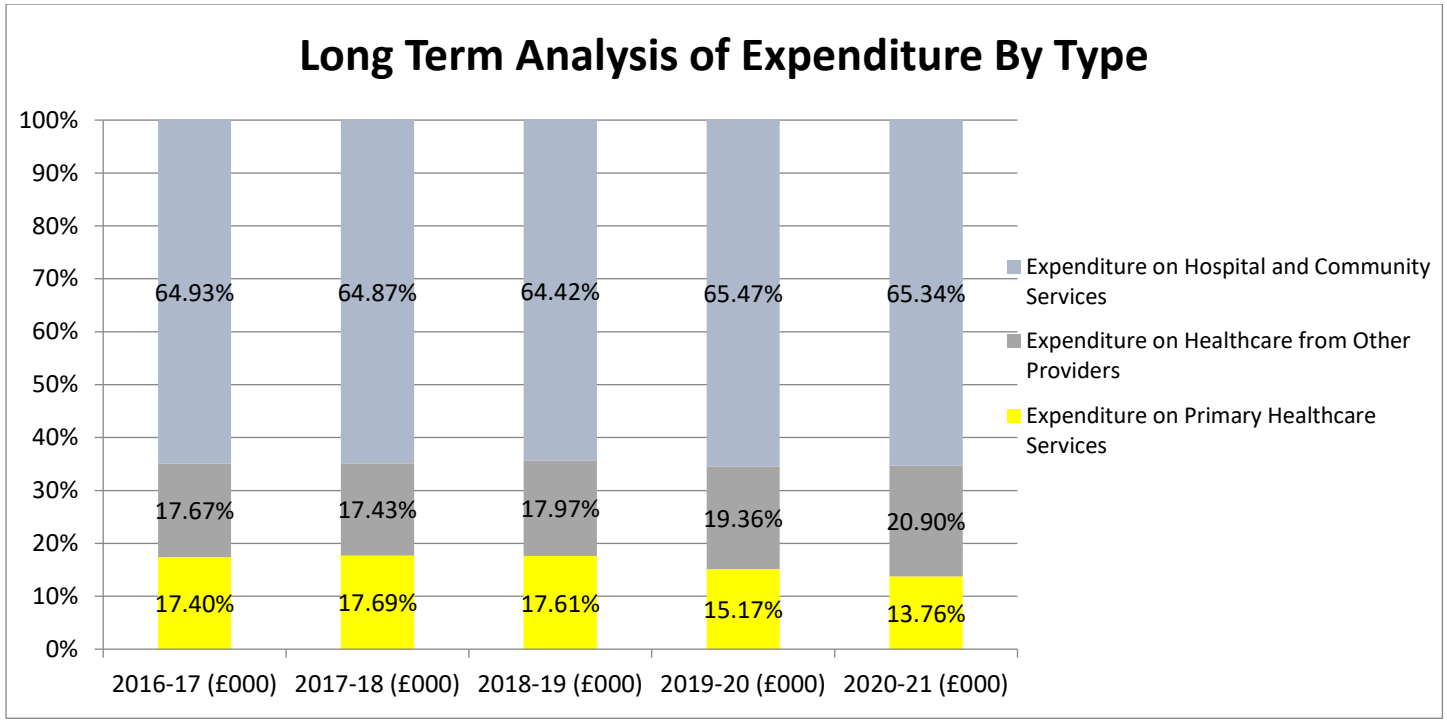
The movements in expenditure for the financial years 2016/17 to 2020/21 are documented below by the main expenditure headings of:

- Expenditure on Primary Healthcare Services

- Expenditure on Healthcare from Other Providers
- Expenditure on Hospital and Community Services

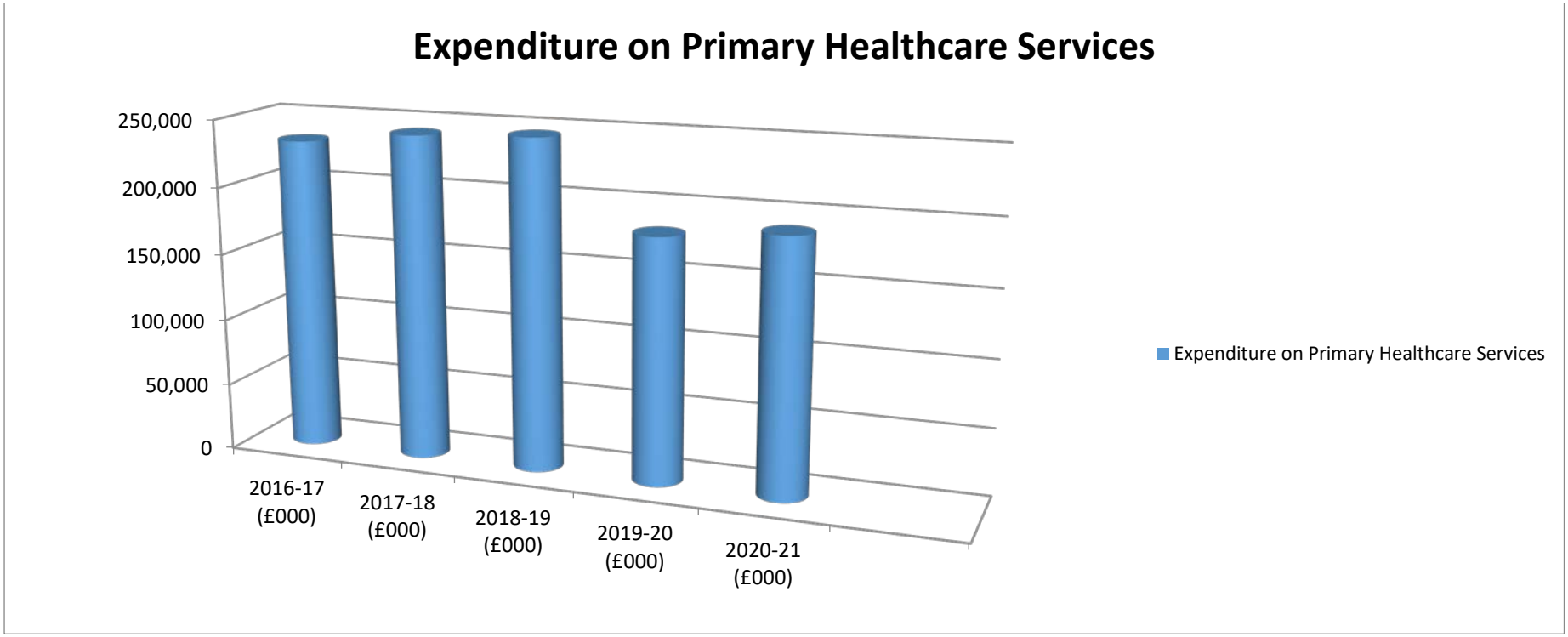
As demonstrated in the table below whilst there have been movements in each of these headings over the last 5 years, an analysis of the expenditure shows that the mix of expenditure has been broadly consistent year until the change of health board on 1st April 2019 when there was a reduction of 2.44% in the expenditure share of Primary Healthcare Services as a percentage of the health board's total expenditure, with increases of 1.39% for Healthcare from Other Providers and 1.05% for Hospital and Community Health Services. The impact of COVID in 2020/21 has seen a further reduction of 1.41% in expenditure on Primary Health Care Services and an increase of 1.54% in expenditure on Healthcare from other providers.

| | 2016/17 £000 | 2017/18 £000 | 2018/19 £000 | 2019/20 £000 | 2020/21 £000 |
|---|---|---|---|---|---|
| Primary Healthcare Services | 232,790 | 242,052 | 245,546 | 181,823 | 189,358 |
| Healthcare from Other Providers | 236,363 | 238,469 | 250,518 | 232,061 | 287,515 |
| Hospital & Community Services | 868,757 | 887,423 | 898,238 | 784,902 | 898,889 |




**3.1 Expenditure on Primary Healthcare Services**

Expenditure on Primary Healthcare Services comprises expenditure on the Primary Care contracts for General Medical Services, Pharmaceutical Services, General Dental Services, General Ophthalmic Services, Prescribed Drugs and Appliances and other Primary Health Care Expenditure.




In 2016/17 there was a reduction in expenditure to £233m which was due to £3.501m of rates rebates (relating to 2016/17 and previous years) in respect of GP premises following successful ratings appeals.

In 2017/18 expenditure increased to £242m with the main increases being in General Medical Services of £5.7m relating to increases in the costs of enhanced services, the costs of GP Out of Hours Services and the uplift in the GMS contract. There were also increases in dental services expenditure linked to an increase in the General Dental Services Contract and in training costs for Foundation Trainees, and in primary care prescribing due to cost increases for a number of drugs due to stock shortages. Expenditure in 2017/18 was also net of a further £2.996m of rates rebates in respect of GP premises.

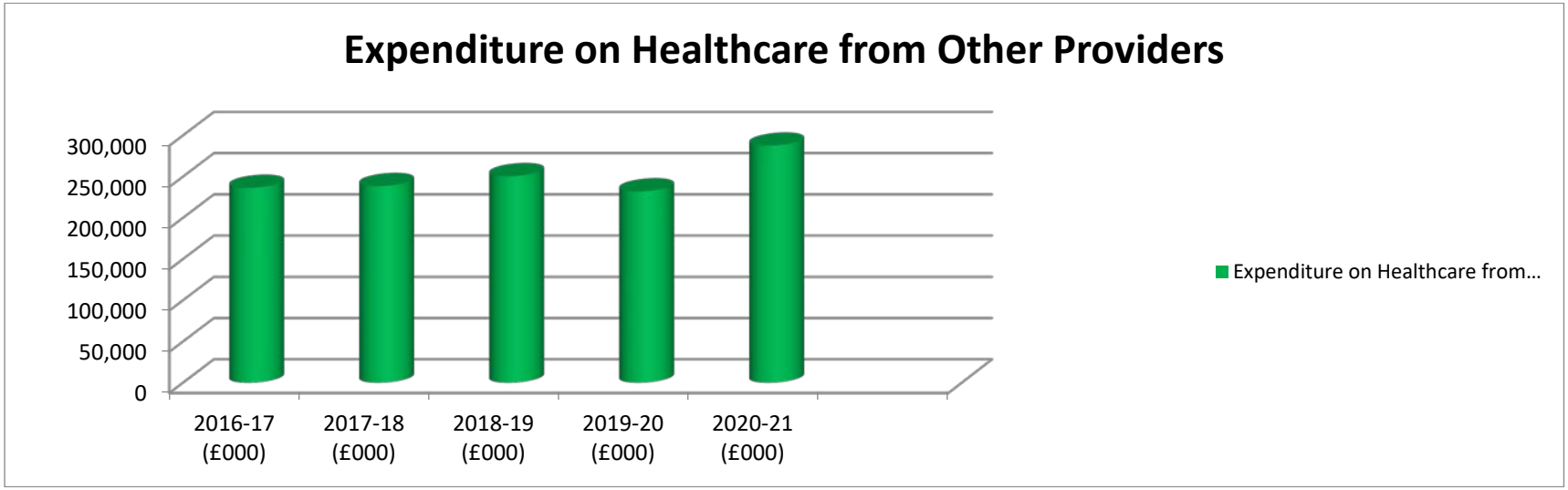
For 2018/19 expenditure on Primary Health Care Services increased to £246m. The increase was due to General Medical Services of £8.4m relating primarily to the uplift in the GMS contract, increased costs of enhanced services and the fact that expenditure was

not reduced by ratings appeals as in 2016/17 and 2017/18. There was also an increase of £1.6m in dental services expenditure linked to an increase in the General Dental Services Contract. These increases were offset by a reduction of £4.5m in the costs of prescribed drugs and appliances.

For 2019/20 expenditure reduced to £181.823m, a reduction of 26% which is broadly in line with the reduction in the allocation of the new Swansea Bay University Health Board as compared to the former Abertawe Bro Morgannwg University Health Board. The reduction was consistent across all areas of primary care expenditure.

In 2020/21 expenditure increased to £189m, with increases in the global sum uplift for General Medical Services of 3%, in professional fee payments to Pharmacists and a £5m increase in primary care prescribing costs. These increases were partly offset by a reduction in General Dental Services due to reduced Dental Contract payments during the COVID pandemic.

### 3.2 Expenditure on Healthcare from Other Providers




Expenditure on healthcare from other providers comprises expenditure with other NHS organisations, Local Authorities, Voluntary Organisations, private providers and for NHS funded nursing and continuing healthcare. Expenditure in this area had been increasing until 2018/19, the last 3 years of the Abertawe Bro Morgannwg University Health Board, increasing from £236m to £250m, reducing

to £232m for the new Swansea Bay University Health Board. The impact of COVID and the increased payments to local authorities in respect of the setup of the Field Hospitals, Test Trace and Protect Facilities and the Mass Vaccination Centres saw this expenditure increase significantly to £287m in 2020/21.

Expenditure increases in Healthcare from Other Providers in 2016/17 was primarily in four areas. There was an increase in expenditure with WHSSC relating to developments in areas such as organ donation and neonatal services, increases in NHS funded nursing care and continuing healthcare costs as a result of increases in the weekly rates payable and in the number of NHS funded nursing care packages, increased expenditure with local authorities via the Intermediate Care Fund (ICF) as part of the Western Bay programme funded by Welsh Government and increased payments to private providers for outsourcing of activity.

The 2017/18 financial year saw an increase in Funded Nursing Care as a result of the Supreme Court ruling on what constitutes nursing care in the care home environment with the increase in cost of £3.444m covering backdated payments to 2014 being funded by Welsh Government. Offsetting the increased expenditure in this area was a reduction in expenditure with private providers due to reduced outsourcing of activity.

In 2018/19 the health board continued to see increases in continuing healthcare costs as well as further increases in expenditure with local authorities via the Intermediate Care Fund (ICF) as part of the Western Bay programme funded by Welsh Government. In order to reduce the number of long waiting patients and to meet its Referral to Treatment (RTT) targets, the health board increased its use of private providers by outsourcing patient treatment activity. This increased expenditure in this area in year by £4m. There was also an increase in expenditure with WHSSC linked to service developments and activity growth in the specialised treatment services commissioned by WHSSC.

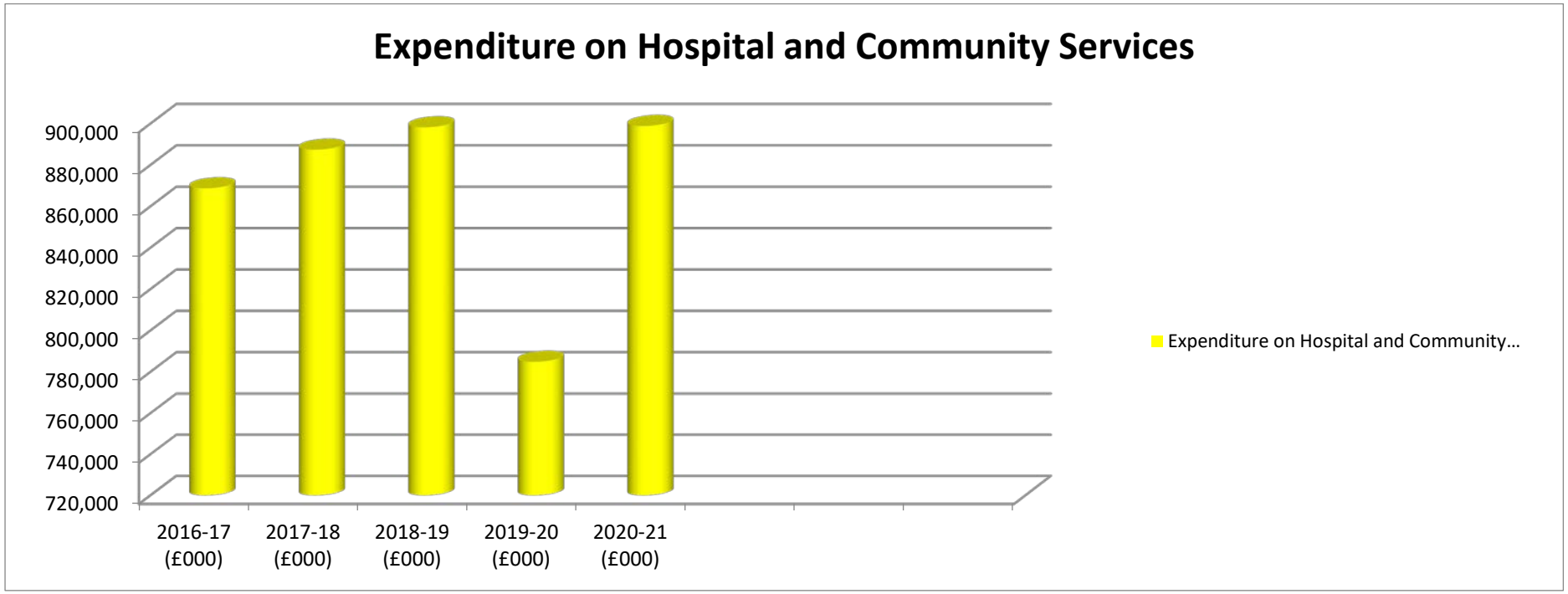
In 2019/20 expenditure incurred reduced by 7.4% as a result of the health board change. A significant factor in the 2019/20 expenditure was the almost doubling of expenditure with other NHS Wales bodies from £21.9m in 2018/19 to £42m in 2019/20. This was due to the clinical service level agreements put in place for services at Neath Port Talbot Hospital with Cwm Taf Morgannwg University Health Board as a significant number of services at the hospital are provided by clinical staff based in Bridgend who transferred to Cwm Taf Morgannwg Health Board as part of the Bridgend boundary change on 1st April 2019. Expenditure with the majority of external healthcare providers reduced in year as a result of the health board change with the exception of local authorities and voluntary organisations due to the Intermediate Care Fund (ICF).

In 2020/21 expenditure increased by 23.9% to £287m and is largely related to COVID, most significantly with Local Authorities. Expenditure with the City & County of Swansea and Neath Port Talbot County Council relating to the Bay Field Hospital (£29.1m),

Llandarcy Field Hospital (£3.9m) and Community Testing (£3.9m) was incurred. Continuing Healthcare expenditure saw additional expenditure with care homes as a result of the COVID-19 pandemic over and above that normally paid to cover voids (beds that could not be filled due to COVID restrictions.) with funding provided from Welsh Government to support these payments. These increases were offset by a reduction in expenditure with private providers due to the inability to outsource activity to private providers during the COVID pandemic.

### 3.3 Expenditure on Hospital and Community Health Services

This area of expenditure saw the biggest increases over the period that the former Abertawe Bro Morgannwg Health Board was in existence, although expenditure in this area reduced in 2019/20 following the Bridgend boundary change. The impact of the COVID pandemic in 2020/21 had a massive impact on expenditure in this area resulting in the 2020/21 expenditure being the highest of the 5 years reported.



In 2016/17 the largest increase in expenditure on hospital and community services was in staff costs of £34.5m due to an increase in employers national insurance and pension contributions, pay awards and an increase in staff numbers of 353 between 2015/16 and 2016/17. There were also significant increases in drugs costs due to new drug regimes particularly in respect of Hepatitis C and cancer treatments, increased costs in other clinical supplies and consumables plus increased recruitment costs associated with costs of overseas nurse recruitment.

In 2017/18 the increase in expenditure on hospital and community services related to three main areas. The largest increase of £8.343m was in asset impairments as a result of the 5 yearly revaluation of the NHS estate by the District Valuer. There was also an increase of £5.1m in staff costs as a result of the pay award, living wage allowance and introduction of the apprenticeship levy, although the health board was successful in delivering £7.5m of staff cost savings through service redesign and reductions in variable pay such as agency staff costs. The third increase in costs related to clinical supplies and services of £3.248m with increases in the costs of medical and surgical consumables.

The increase in expenditure in 2018/19 was primarily driven by increases in staff costs of £29.9m. The major component of this increase was the pay award for NHS staff which increased staff costs by £20m. Agency staff costs increased by £5m during the year primarily in the areas of Nursing and Medical Staff whilst the health board also invested in additional staff as a result of the introduction of the Nurse Staffing Act, to support the delivery of services through the winter period and in critical care areas. The increase in staff costs was offset by a reduction of £13.7m in asset impairments, with the 2017/18 figure being impacted upon by the 5 yearly revaluation of the NHS estate by the District Valuer. During 2018/19 the health board maintained strong financial control of its non-staff expenditure with no significant increases in costs as a result of the ongoing work being undertaken under the recovery and sustainability programme.

In 2019/20 expenditure reduced to £784.902m representing a reduction of 12.6% (£113.3m) reflecting the change from Abertawe Bro Morgannwg University Health Board to Swansea Bay University Health Board. Staff expenditure reduced by £90.2m (13.7%) with non- staff costs reducing by £23.1m (9.6%). Included within staff costs are increases of £23.584m in respect of the 6.3% increase in employer pension contributions and £8.8m in respect of the 2019/20 pay award. Non staff costs reduced in all areas apart from an increase of £3.262m in asset impairments, £2.468m in losses, special payments and irrecoverable debts and £1.181m in amortisation charges in respect of intangible fixed assets.

In 2020/21 expenditure increased by 14.5% to £899m. Most significantly, staff costs increased by £80m. Of this it is estimated that £67m is related to the COVID pandemic with expenditure increases in additional hours and bank staff costs (£27m), agency staff

costs (£4.3m), additional temporary staff (£2.7m) and costs for medical and dental and nursing students (£4.8m). The increase also includes £13.28m relating to untaken annual leave and an estimated £14.4m in respect of the £500 bonus payment (£735 gross) per staff member announced by the Welsh Health Minister and funded by Welsh Government. Non staff costs increased in areas such as Personal Protective Equipment (PPE), clinical consumables, mass vaccination centre running costs including security and maintenance costs and cleaning materials due to the enhanced cleaning regimes required throughout the pandemic.

# Financial Statements and Notes 2020-21

# SWANSEA BAY 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 April 2019 under statutory instrument 2019 No.349 (W.83), the Local Health Boards (Area Change) (Wales) (Miscellaneous Amendment) Order 2019.

This statutory instrument transferred the principal local government area of Bridgend from Abertawe Bro Morgannwg University Local Health Board to Cwm Taf University Local Health Board in addition to confirming that Abertawe Bro Morgannwg University Local Health Board is renamed and is to be known as Swansea Bay University Local Health Board.

Swansea Bay University Local Health Board is responsible for the provision of healthcare services for the populations falling under the local government areas of Swansea and Neath Port Talbot.

On 1st April 2019 all staff property, assets and liabilities relating to services provided to the local government area of Bridgend transferred from Swansea Bay University Local Health Board to Cwm Taf Morgannwg Local Health Board. This transfer was undertaken in line with the Local Health Boards (Area Change) (transfer of Staff, Property and Liabilities) (Wales) Order 2019. The transfer was accounted for under absorption accounting rules.

The health board's predecessor organisation Abertawe Bro Morgannwg University Health Board was established on 1st October 2009 following the merger of the former Abertawe Bro Morgannwg University NHS Trust, Swansea Local Health Board, Neath Port Talbot Local Health Board and Bridgend Local Health Board, providing services to the local government areas of Swansea, Neath Port Talbot and Bridgend.

**Performance Management and Financial Results**

Welsh Health Circular WHC/2016/054 replaces WHC/2015/014 'Statutory and Administrative Financial Duties of NHS Trusts and Local Health Boards' and further clarifies the statutory financial duties of NHS Wales bodies and is effective for 2020-21. The annual financial duty has been revoked and the statutory breakeven duty has reverted to a three year duty, with the first assessment of this duty in 2016-17.

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

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

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

**COVID-19**

The 2020/21 financial year provided an unprecedented challenge for the health board due to the COVID-19 pandemic. In recognition of the challenges faced and the increased costs incurred during the pandemic, the health board received specific additional COVID-19 revenue funding of £148.947m and additional capital funding of £8.549m, the details of which are disclosed in Note 34.2 of these accounts. The increased costs associated with the pandemic manifest themselves in notes 3.1 to 3.3 of the accounts, with note 4 reflecting reductions in income where services were reduced or could not be provided as a result of the pandemic.

As well as the COVID-19 funding from Welsh Government, the health board received free of charge items to the value of £7.606m in respect of NHS Wales Shared Services Partnership Covid centrally purchased assets. This value comprises the following items :

Equipment Consumables - £3.235m, Personal Protective Equipment (PPE) - £3.163m, Testing Equiment £0.047m, Vaccination Packs PPE £1.128m, Vaccination Pack Consumables £0.033m.

The health board also received Government Granted assets of £2.097m comprising items supplied by the Department of Health. Of this sum £1.516m are capital assets with the remaining £0.581m relating to revenue equipment.

## Statement of Comprehensive Net Expenditure for the year ended 31 March 2021

| | Note | 2020-21 £'000 | 2019-20 £'000 |
|---|---|---|---|
| Expenditure on Primary Healthcare Services | 3.1 | **189,358** | 181,823 |
| Expenditure on healthcare from other providers | 3.2 | **287,515** | 232,061 |
| Expenditure on Hospital and Community Health Services | 3.3 | **898,888** | 784,902 |
| | | **1,375,761** | 1,198,786 |
| Less: Miscellaneous Income | 4 | **(283,717)** | (271,930) |
| **LHB net operating costs before interest and other gains and losses** | | **1,092,044** | 926,856 |
| Investment Revenue | 5 | **0** | 0 |
| Other (Gains) / Losses | 6 | **(33)** | (5) |
| Finance costs | 7 | **4,975** | 4,926 |
| **Net operating costs for the financial year** | | **1,096,986** | **931,777** |

See note 2 on page 27 for details of performance against Revenue and Capital allocations.

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

## Other Comprehensive Net Expenditure

| | 2020-21 £'000 | 2019-20 £'000 |
|---|---|---|
| Net (gain) / loss on revaluation of property, plant and equipment | **(6,486)** | (3,487) |
| Net (gain) / loss on revaluation of intangibles | **0** | 0 |
| (Gain) / loss on other reserves | **0** | 0 |
| Net (gain)/ loss on revaluation of PPE & Intangible assets held for sale | **0** | 0 |
| Net (gain)/loss on revaluation of financial assets held for sale | **0** | 88 |
| Impairment and reversals | **0** | 0 |
| Transfers between reserves | **0** | 0 |
| Transfers to / (from) other bodies within the Resource Accounting Boundary | **0** | 150,340 |
| Reclassification adjustment on disposal of available for sale financial assets | **0** | 0 |
| Other comprehensive net expenditure for the year | **(6,486)** | 146,941 |
| **Total comprehensive net expenditure for the year** | **1,090,500** | 1,078,718 |

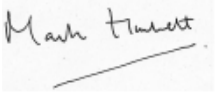
The transfer to other bodies within the Resource Accounting Boundary in 2019/20 relates to the transfer of property, plant and equipment to Cwm Taf Morgannwg Health Board as a result of the Bridgend boundary change enacted under statutory instrument 2019 No.349 (W.83), the Local Health Boards (Area Change) (Wales) (Miscellaneous Amendment) Order 2019.

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

## Statement of Financial Position as at 31 March 2021

| | Notes | 31 March 2021 £'000 | 31 March 2020 £'000 |
|---|---|---|---|
| **Non-current assets** | | | |
| Property, plant and equipment | 11 | **488,388** | 460,560 |
| Intangible assets | 12 | **5,249** | 4,928 |
| Trade and other receivables | 15 | **96,637** | 102,559 |
| Other financial assets | 16 | **0** | 0 |
| **Total non-current assets** | | **590,274** | 568,047 |
| **Current assets** | | | |
| Inventories | 14 | **9,415** | 10,012 |
| Trade and other receivables | 15 | **93,670** | 66,267 |
| Other financial assets | 16 | **0** | 0 |
| Cash and cash equivalents | 17 | **1,270** | 486 |
| | | **104,355** | 76,765 |
| Non-current assets classified as "Held for Sale" | 11 | **532** | 475 |
| **Total current assets** | | **104,887** | 77,240 |
| **Total assets** | | **695,161** | 645,287 |
| **Current liabilities** | | | |
| Trade and other payables | 18 | **(199,286)** | (127,631) |
| Other financial liabilities | 19 | **0** | 0 |
| Provisions | 20 | **(47,019)** | (28,761) |
| **Total current liabilities** | | **(246,305)** | (156,392) |
| **Net current assets/ (liabilities)** | | **(141,418)** | (79,152) |
| **Non-current liabilities** | | | |
| Trade and other payables | 18 | **(33,815)** | (37,136) |
| Other financial liabilities | 19 | **0** | 0 |
| Provisions | 20 | **(102,490)** | (108,301) |
| **Total non-current liabilities** | | **(136,305)** | (145,437) |
| **Total assets employed** | | **312,551** | 343,458 |
| | | | |
| **Financed by :** | | | |
| **Taxpayers' equity** | | | |
| General Fund | | **273,547** | 310,914 |
| Revaluation reserve | | **39,004** | 32,544 |
| **Total taxpayers' equity** | | **312,551** | 343,458 |

The financial statements on pages 2 to 7 were approved by the Board on 7th June 2021 and signed on its behalf by:

Chief Executive and Accountable Officer  Date: 7th June 2021

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

# Statement of Changes in Taxpayers' Equity
# For the year ended 31 March 2021

| | General Fund £000s | Revaluation Reserve £000s | Total Reserves £000s |
|---|---|---|---|
| **Changes in taxpayers' equity for 2020-21** | | | |
| **Balance at 1 April 2020** | 310,914 | 32,544 | **343,458** |
| Net operating cost for the year | (1,096,986) | | **(1,096,986)** |
| Net gain/(loss) on revaluation of property, plant and equipment | 0 | 6,486 | **6,486** |
| Net gain/(loss) on revaluation of intangible assets | 0 | 0 | **0** |
| Net gain/(loss) on revaluation of financial assets | 0 | 0 | **0** |
| Net gain/(loss) on revaluation of assets held for sale | 0 | 0 | **0** |
| Impairments and reversals | 0 | 0 | **0** |
| Other Reserve Movement | 0 | 0 | **0** |
| Transfers between reserves | 26 | (26) | **0** |
| Release of reserves to SoCNE | 0 | 0 | **0** |
| Transfers to/from LHBs | 0 | 0 | **0** |
| **Total recognised income and expense for 2020-21** | (1,096,960) | 6,460 | **(1,090,500)** |
| Net Welsh Government funding | 1,034,272 | | **1,034,272** |
| Notional Welsh Government Funding | 25,321 | | **25,321** |
| **Balance at 31 March 2021** | 273,547 | 39,004 | **312,551** |
| | | | |
| Included in Net Welsh Government Funding: | | | |
| Welsh Government Covid 19 Capital Funding | 8,549 | | **8,549** |
| Welsh Government Covid 19 Revenue Funding | 148,947 | | **148,947** |

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

# Statement of Changes in Taxpayers' Equity
# For the year ended 31 March 2020

| | General Fund £000s | Revaluation Reserve £000s | Total Reserves £000s |
|---|---|---|---|
| **Changes in taxpayers' equity for 2019-20** | | | |
| **Balance at 1 April 2019** | 408,417 | 50,891 | **459,308** |
| Net operating cost for the year | (931,777) | | **(931,777)** |
| Net gain/(loss) on revaluation of property, plant and equipment | 0 | 3,487 | **3,487** |
| 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 | (88) | **(88)** |
| Impairments and reversals | 0 | 0 | **0** |
| Other reserve movement | 0 | 0 | **0** |
| Transfers between reserves | 2,895 | (2,895) | **0** |
| Release of reserves to SoCNE | 0 | 0 | **0** |
| Transfers to/from LHBs | (131,489) | (18,851) | **(150,340)** |
| **Total recognised income and expense for 2019-20** | (1,060,371) | (18,347) | **(1,078,718)** |
| Net Welsh Government funding | 939,284 | | **939,284** |
| Notional Welsh Government Funding | 23,584 | | **23,584** |
| **Balance at 31 March 2020** | 310,914 | 32,544 | **343,458** |

The transfer to/from LHBs relates to the transfer of property, plant and equipment to Cwm Taf Morgannwg Health Board as a result of the Bridgend boundary change enacted under statutory instrument 2019 No.349 (W.83), the Local Health Boards (Area Change) (Wales) (Miscellaneous Amendment) Order 2019.

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

## Statement of Cash Flows for year ended 31 March 2021

| | Notes | 2020-21 £'000 | 2019-20 £'000 |
|---|---|---|---|
| **Cash Flows from operating activities** | | | |
| Net operating cost for the financial year | | **(1,096,986)** | (931,777) |
| Movements in Working Capital | 27 | **46,677** | (18,657) |
| Other cash flow adjustments | 28 | **72,064** | 62,689 |
| Provisions utilised | 20 | **(16,280)** | (19,699) |
| **Net cash outflow from operating activities** | | **(994,525)** | (907,444) |
| | | | |
| **Cash Flows from investing activities** | | | |
| Purchase of property, plant and equipment | | **(41,817)** | (34,882) |
| Proceeds from disposal of property, plant and equipment | | **175** | 43 |
| Purchase of intangible assets | | **(642)** | (381) |
| Proceeds from disposal of intangible assets | | **0** | 0 |
| Payment for other financial assets | | **0** | 0 |
| Proceeds from disposal of other financial assets | | **0** | 0 |
| Payment for other assets | | **0** | 0 |
| Proceeds from disposal of other assets | | **0** | 0 |
| **Net cash inflow/(outflow) from investing activities** | | **(42,284)** | (35,220) |
| **Net cash inflow/(outflow) before financing** | | **(1,036,809)** | (942,664) |
| | | | |
| **Cash Flows from financing activities** | | | |
| Welsh Government funding (including capital) | | **1,034,272** | 939,284 |
| Capital receipts surrendered | | **0** | 0 |
| Capital grants received | | **0** | 197 |
| Capital element of payments in respect of finance leases and on-SoFP PFI Schemes | | **3,321** | 2,839 |
| Cash transferred (to)/ from other NHS bodies | | | 0 |
| **Net financing** | | **1,037,593** | 942,320 |
| **Net increase/(decrease) in cash and cash equivalents** | | **784** | (344) |
| **Cash and cash equivalents (and bank overdrafts) at 1 April 2020** | | **486** | 830 |
| **Cash and cash equivalents (and bank overdrafts) at 31 March 2021** | | **1,270** | 486 |

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

## Notes to the Accounts

### 1. Accounting policies

The Minister for Health and Social Services has directed that the financial statements of Local Health Boards (LHB) in Wales shall meet the accounting requirements of the NHS Wales Manual for Accounts. Consequently, the following financial statements have been prepared in accordance with the 2020-21 Manual for Accounts. The accounting policies contained in that manual follow the 2020-21 Financial Reporting Manual (FReM) in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006, except for IFRS 16 Leases, which is deferred until 1 April 2022; to the extent that they are meaningful and appropriate to the NHS in Wales.

Where the LHB Manual for Accounts permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the LHB for the purpose of giving a true and fair view has been selected. The particular policies adopted by the LHB are described below. They have been applied consistently in dealing with items considered material in relation to the accounts.

### 1.1. Accounting convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment, intangible assets and inventories.

### 1.2. Acquisitions and discontinued operations

Activities are considered to be 'acquired' only if they are taken on from outside the public sector. Activities are considered to be 'discontinued' only if they cease entirely. They are not considered to be 'discontinued' if they transfer from one public sector body to another.

### 1.3. Income and funding

The main source of funding for the LHBs are allocations (Welsh Government funding) from the Welsh Government within an approved cash limit, which is credited to the General Fund of the LHB. Welsh Government funding is recognised in the financial period in which the cash is received.

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

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

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

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

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

Only non-NHS income may be deferred.

### 1.4. Employee benefits

#### 1.4.1. Short-term employee benefits

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

#### 1.4.2. Retirement benefit costs

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

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

As an organisation within the full funding scope, the joint (in NHS England and NHS Wales) transitional arrangement operated from 2019-20 where employers in the Scheme would continue to pay 14.38% employer contributions under their normal monthly payment process, in Wales the additional 6.3% being funded by Welsh Government directly to the Pension Scheme administrator, the NHS Business Services Authority (BSA the NHS Pensions Agency).

However, NHS Wales' organisations are required to account for **their staff** employer contributions of 20.68% in full and on a gross basis, in their annual accounts. Payments made on their behalf by Welsh Government are accounted for on a notional basis. For detailed information see Other Note within these accounts.

For early retirements other than those due to ill health the additional pension liabilities are not funded by the scheme. The full amount of the liability for the additional costs is charged to expenditure at the time the NHS Wales organisation commits itself to the retirement, regardless of the method of payment.

Where employees are members of the Local Government Superannuation Scheme, which is a defined benefit pension scheme this is disclosed. The scheme assets and liabilities attributable to those employees can be identified and are recognised in the NHS Wales organisation’s accounts. The assets are measured at fair value and the liabilities at the present value of the future obligations. The increase in the liability arising from pensionable service earned during the year is recognised within operating expenses. The expected gain during the year from scheme assets is recognised within finance income. The interest cost during the year arising from the unwinding of the discount on the scheme liabilities is recognised within finance costs.

### 1.4.3. NEST Pension Scheme

An alternative pensions scheme for employees not eligible to join the NHS Pensions scheme has to be offered. The NEST (National Employment Savings Trust) Pension scheme is a defined contribution scheme and therefore the cost to the NHS body of participating in the scheme is equal to the contributions payable to the scheme for the accounting period.

## 1.5. Other expenses

Other operating expenses for goods or services are recognised when, and to the extent that, they have been received. They are measured at the fair value of the consideration payable.

## 1.6. Property, plant and equipment

### 1.6.1. Recognition

Property, plant and equipment is capitalised if:

● it is held for use in delivering services or for administrative purposes;

● it is probable that future economic benefits will flow to, or service potential will be supplied to, the NHS Wales organisation;

● it is expected to be used for more than one financial year;

● the cost of the item can be measured reliably; and

● the item has cost of at least £5,000; or

● Collectively, a number of items have a cost of at least £5,000 and individually have a cost of more than £250, where the assets are functionally interdependent, they had broadly simultaneous purchase dates, are anticipated to have simultaneous disposal dates and are under single managerial control; or

● Items form part of the initial equipping and setting-up cost of a new building, ward or unit, irrespective of their individual or collective cost.

Where a large asset, for example a building, includes a number of components with significantly different asset lives, the components are treated as separate assets and depreciated over their own useful economic lives.

### 1.6.2. Valuation

All property, plant and equipment are measured initially at cost, representing the cost directly attributable to acquiring or constructing the asset and bringing it to the location and condition necessary for it to be capable of operating in the manner intended by management.

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

● Land and non-specialised buildings – market value for existing use

● Specialised buildings – depreciated replacement cost

HM Treasury has adopted a standard approach to depreciated replacement cost valuations based on modern equivalent assets and, where it would meet the location requirements of the service being provided, an alternative site can be valued. NHS Wales' organisations have applied these new valuation requirements from 1 April 2009.

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

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

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

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

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

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

Assets which were most recently held for their service potential but are surplus should be valued at current value in existing use, if there are restrictions on the NHS organisation or the asset which would prevent access to the market at the reporting date. If the NHS organisation could access the market then the surplus asset should be used at fair value using IFRS 13. In determining whether such an asset which is not in use is surplus, an assessment should be made on whether there is a clear plan to bring the asset back into use as an operational asset. Where there is a clear plan, the asset is not surplus and the current value in existing use should be maintained. Otherwise the asset should be assessed as being surplus and valued under IFRS13.

Assets which are not held for their service potential should be valued in accordance with IFRS 5 or IAS 40 depending on whether the asset is actively held for sale. Where an asset is not being used to deliver

services and there is no plan to bring it back into use, with no restrictions on sale, and it does not meet the IAS 40 and IFRS 5 criteria, these assets are surplus and are valued at fair value using IFRS 13.

Assets which are not held for their service potential should be valued in accordance with IFRS 5 or IAS 40 depending on whether the asset is actively held for sale. Where an asset is not being used to deliver services and there is no plan to bring it back into use, with no restrictions on sale, and it does not meet the IAS 40 and IFRS 5 criteria, these assets are surplus and are valued at fair value using IFRS 13.

### 1.6.3. Subsequent expenditure

Where subsequent expenditure enhances an asset beyond its original specification, the directly attributable cost is capitalised. Where subsequent expenditure restores the asset to its original specification, the expenditure is capitalised and any carrying value of the item replaced is written-out and charged to the SoCNE. As highlighted in previous years the NHS in Wales does not have systems in place to ensure that all items being "replaced" can be identified and hence the cost involved to be quantified. The NHS in Wales has thus established a national protocol to ensure it complies with the standard as far as it is able to which is outlined in the capital accounting chapter of the Manual For Accounts. This dictates that to ensure that asset carrying values are not materially overstated. For All Wales Capital Schemes that are completed in a financial year, NHS Wales organisations are required to obtain a revaluation during that year (prior to them being brought into use) and also similar revaluations are needed for all Discretionary Building Schemes completed which have a spend greater than £0.5m. The write downs so identified are then charged to operating expenses.

## 1.7. Intangible assets

### 1.7.1. Recognition

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

Intangible assets acquired separately are initially recognised at fair value. Software that is integral to the operating of hardware, for example an operating system, is capitalised as part of the relevant item of property, plant and equipment. Software that is not integral to the operation of hardware, for example application software, is capitalised as an intangible asset. Expenditure on research is not capitalised: it is recognised as an operating expense in the period in which it is incurred. Internally-generated assets are recognised if, and only if, all of the following have been demonstrated:

● the technical feasibility of completing the intangible asset so that it will be available for use.

● the intention to complete the intangible asset and use it.

● the ability to use the intangible asset.

● how the intangible asset will generate probable future economic benefits.

● the availability of adequate technical, financial and other resources to complete the intangible asset and use it.

● the ability to measure reliably the expenditure attributable to the intangible asset during its development.

**Measurement**

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

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

### 1.8. Depreciation, amortisation and impairments

Freehold land, assets under construction and assets held for sale are not depreciated.

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

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

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

### 1.9. Research and Development

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

### 1.10 Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met when the sale is highly probable, the asset is available for immediate sale in its present condition and management is committed to the sale, which is expected to qualify for recognition as a completed sale,

within one year from the date of classification. Non-current assets held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell. Fair value is open market value including alternative uses.

The profit or loss arising on disposal of an asset is the difference between the sale proceeds and the carrying amount and is recognised in the SoCNE. On disposal, the balance for the asset on the revaluation reserve, is transferred to the General Fund.

Property, plant and equipment that is to be scrapped or demolished does not qualify for recognition as held for sale. Instead it is retained as an operational asset and its economic life adjusted. The asset is derecognised when it is scrapped or demolished.

### 1.11. Leases

Leases are classified as finance leases when substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases.

#### 1.11.1. The NHS Wales organisation as lessee

Property, plant and equipment held under finance leases are initially recognised, at the inception of the lease, at fair value or, if lower, at the present value of the minimum lease payments, with a matching liability for the lease obligation to the lessor. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the SoCNE.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. Lease incentives are recognised initially as a liability and subsequently as a reduction of rentals on a straight-line basis over the lease term. Contingent rentals are recognised as an expense in the period in which they are incurred.

Where a lease is for land and buildings, the land and building components are separated and individually assessed as to whether they are operating or finance leases.

#### 1.11.2. The NHS Wales organisation as lessor

Amounts due from lessees under finance leases are recorded as receivables at the amount of the NHS Wales organisation net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the NHS Wales organisation’s net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

### 1.12. Inventories

Whilst it is accounting convention for inventories to be valued at the lower of cost and net realisable value using the weighted average or "first-in first-out" cost formula, it should be recognised that the NHS is a special case in that inventories are not generally held for the intention of resale and indeed there is no market readily available where such items could be sold. Inventories are valued at cost and this is

considered to be a reasonable approximation to fair value due to the high turnover of stocks. Work-in-progress comprises goods in intermediate stages of production. Partially completed contracts for patient services are not accounted for as work-in-progress.

### 1.13. Cash and cash equivalents

Cash is cash in hand and deposits with any financial institution repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in 3 months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value. In the Statement of Cash flows (SoCF), cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and that form an integral part of the cash management.

### 1.14. Provisions

Provisions are recognised when the NHS Wales organisation has a present legal or constructive obligation as a result of a past event, it is probable that the NHS Wales organisation will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the expenditure required to settle the obligation at the end of the reporting period, taking into account the risks and uncertainties. Where a provision is measured using the cash flows estimated to settle the obligation, its carrying amount is the present value of those cash flows using the discount rate supplied by HM Treasury.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursements will be received and the amount of the receivable can be measured reliably.

Present obligations arising under onerous contracts are recognised and measured as a provision. An onerous contract is considered to exist where the NHS Wales organisation has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

A restructuring provision is recognised when the NHS Wales organisation has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with ongoing activities of the entity.

#### 1.14.1. Clinical negligence and personal injury costs

The Welsh Risk Pool Services (WRPS) operates a risk pooling scheme which is co-funded by the Welsh Government with the option to access a risk sharing agreement funded by the participative NHS Wales bodies. The risk sharing option was implemented in both 2020-21 and 2019-20. The WRP is hosted by Velindre NHS Trust.

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

The FLS is a state backed scheme to provide clinical negligence General Medical Practice Indemnity (GMPI) for providers of GMP services in Wales.

In March 2019, the Minister issued a Direction to Velindre NHS Trust to enable Legal and Risk Services to operate the Scheme. The GMPI is underpinned by new secondary legislation, The NHS (Clinical Negligence Scheme) (Wales) Regulations 2019 which came into force on 1 April 2019.

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

### 1.15. Financial Instruments

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

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

### 1.16. Financial assets

Financial assets are recognised on the SoFP when the NHS Wales organisation becomes party to the financial instrument contract or, in the case of trade receivables, when the goods or services have been delivered. Financial assets are derecognised when the contractual rights have expired or the asset has been transferred.

The accounting policy choice allowed under IFRS 9 for long term trade receivables, contract assets which do contain a significant financing component (in accordance with IFRS 15), and lease receivables within the scope of IAS 17 has been withdrawn and entities should always recognise a loss allowance at an amount equal to lifetime Expected Credit Losses. All entities applying the FReM should utilise IFRS 9's simplified approach to impairment for relevant assets.

IFRS 9 requirements required a revised approach for the calculation of the bad debt provision, applying the principles of expected credit loss, using the practical expedients within IFRS 9 to construct a provision matrix.

#### 1.16.1. Financial assets are initially recognised at fair value

Financial assets are classified into the following categories: financial assets 'at fair value through SoCNE'; 'held to maturity investments'; 'available for sale' financial assets, and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

#### 1.16.2. Financial assets at fair value through SoCNE

Embedded derivatives that have different risks and characteristics to their host contracts, and contracts with embedded derivatives whose separate value cannot be ascertained, are treated as financial assets at fair value through SoCNE. They are held at fair value, with any resultant gain or loss recognised in the SoCNE. The net gain or loss incorporates any interest earned on the financial asset.

### 1.16.3 Held to maturity investments

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity, and there is a positive intention and ability to hold to maturity. After initial recognition, they are held at amortised cost using the effective interest method, less any impairment. Interest is recognised using the effective interest method.

### 1.16.4. Available for sale financial assets

Available for sale financial assets are non-derivative financial assets that are designated as available for sale or that do not fall within any of the other three financial asset classifications. They are measured at fair value with changes in value taken to the revaluation reserve, with the exception of impairment losses. Accumulated gains or losses are recycled to the SoCNE on de-recognition.

### 1.16.5. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments which are not quoted in an active market. After initial recognition, they are measured at amortised cost using the effective interest method, less any impairment. Interest is recognised using the effective interest method.

Fair value is determined by reference to quoted market prices where possible, otherwise by valuation techniques.

The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, to the net carrying amount of the financial asset.

At the SOFP date, the NHS Wales organisation assesses whether any financial assets, other than those held at 'fair value through profit and loss' are impaired. Financial assets are impaired and impairment losses recognised if there is objective evidence of impairment as a result of one or more events which occurred after the initial recognition of the asset and which has an impact on the estimated future cash flows of the asset.

For financial assets carried at amortised cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. The loss is recognised in the SoCNE and the carrying amount of the asset is reduced directly, or through a provision of impairment of receivables.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through the SoCNE to the extent that the carrying amount of the receivable at the date of the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

### 1.17. Financial liabilities

Financial liabilities are recognised on the SOFP when the NHS Wales organisation becomes party to the contractual provisions of the financial instrument or, in the case of trade payables, when the goods or services have been received. Financial liabilities are de-recognised when the liability has been discharged, that is, the liability has been paid or has expired.

### 1.17.1. Financial liabilities are initially recognised at fair value

Financial liabilities are classified as either financial liabilities at fair value through the SoCNE or other financial liabilities.

### 1.17.2. Financial liabilities at fair value through the SoCNE

Embedded derivatives that have different risks and characteristics to their host contracts, and contracts with embedded derivatives whose separate value cannot be ascertained, are treated as financial liabilities at fair value through profit and loss. They are held at fair value, with any resultant gain or loss recognised in the SoCNE. The net gain or loss incorporates any interest earned on the financial asset.

### 1.17.3. Other financial liabilities

After initial recognition, all other financial liabilities are measured at amortised cost using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments through the life of the asset, to the net carrying amount of the financial liability. Interest is recognised using the effective interest method.

### 1.18. Value Added Tax (VAT)

Most of the activities of the NHS Wales organisation are outside the scope of VAT and, in general, output tax does not apply and input tax on purchases is not recoverable. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of fixed assets. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT.

### 1.19. Foreign currencies

Transactions denominated in a foreign currency are translated into sterling at the exchange rate ruling on the dates of the transactions. Resulting exchange gains and losses are taken to the SoCNE. At the SoFP date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the reporting date.

### 1.20. Third party assets

Assets belonging to third parties (such as money held on behalf of patients) are not recognised in the accounts since the NHS Wales organisation has no beneficial interest in them. Details of third party assets are given in the Notes to the accounts.

### 1.21. Losses and Special Payments

Losses and special payments are items that the Welsh Government would not have contemplated when it agreed funds for the health service or passed legislation. By their nature they are items that ideally should not arise. They are therefore subject to special control procedures compared with the generality of payments. They are divided into different categories, which govern the way each individual case is handled.

Losses and special payments are charged to the relevant functional headings in the SoCNE on an accruals basis, including losses which would have been made good through insurance cover had the NHS Wales organisation not been bearing their own risks (with insurance premiums then being included as normal revenue expenditure). However, the note on losses and special payments is compiled directly from the losses register which is prepared on a cash basis.

The NHS Wales organisation accounts for all losses and special payments gross (including assistance from the WRP).

The NHS Wales organisation accrues or provides for the best estimate of future pay-outs for certain liabilities and discloses all other potential payments as contingent liabilities, unless the probability of the liabilities becoming payable is remote.

All claims for losses and special payments are provided for, where the probability of settlement of an individual claim is over 50%. Where reliable estimates can be made, incidents of clinical negligence against which a claim has not, as yet, been received are provided in the same way. Expected reimbursements from the WRP are included in debtors. For those claims where the probability of settlement is between 5- 50%, the liability is disclosed as a contingent liability.

### 1.22. Pooled budget

The NHS Wales organisation has entered into a pooled budget with the City & County of Swansea Local Authority. Under the arrangements funds are pooled in accordance with section 33 of the NHS (Wales) Act 2006 for specific activities defined in the Pooled budget Note, Note 32.

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

### 1.23. Critical Accounting Judgements and key sources of estimation uncertainty

In the application of the accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources.

The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from those estimates. The estimates and underlying assumptions are continually reviewed. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or the period of the revision and future periods if the revision affects both current and future periods.

### 1.24. Key sources of estimation uncertainty

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

Significant estimations are made in relation to on-going clinical negligence and personal injury claims. Assumptions as to the likely outcome, the potential liabilities and the timings of these litigation claims are provided by independent legal advisors. Any material changes in liabilities associated with these

claims would be recoverable through the Welsh Risk Pool.

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

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

### 1.24.1. Provisions

The NHS Wales organisation provides for legal or constructive obligations for clinical negligence, personal injury and defence costs that are of uncertain timing or amount at the balance sheet date on the basis of the best estimate of the expenditure required to settle the obligation.

Claims are funded via the Welsh Risk Pool Services (WRPS) which receives an annual allocation from Welsh Government to cover the cost of reimbursement requests submitted to the bi-monthly WRPS Committee. Following settlement to individual claimants by the NHS Wales organisation, the full cost is recognised in year and matched to income (less a £25K excess) via a WRPS debtor, until reimbursement has been received from the WRPS Committee.

### 1.24.2. Probable & Certain Cases – Accounting Treatment

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

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

** Personal injury cases - Defence fee costs are provided for at 100%.*

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

The solicitor will estimate the case value including defence fees, using professional judgement and from obtaining counsel advice. Valuations are then discounted for the future loss elements using individual life expectancies and the Government Actuary's Department actuarial tables (Ogden tables) and Personal Injury Discount Rate of minus 0.25%.

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

Annual Leave Accrual

In line with International Accounting Standard (IAS) 19, the Health Board has included in its accounts an accrual for untaken annual leave as at 31st March 2021. The impact of Covid-19 and the availability of staff across the service due to sickness absence and the requirement for staff to shield has had a significant impact on the ability of staff to take annual leave during 2020-21.

Whilst the health board has traditionally allowed staff to carry over up to 5 days annual leave in exceptional circumstances, for 2020-21 where employees have been unable to take their annual leave allocation within the 2020-21 leave year, carry forward of up to 20 days outstanding leave (pro rata for part time staff) in accordance with Welsh Government guidance has been permitted. 50% of the leave carried over may be further carried forward to the 2022-23 leave year with the requirement that all carried forward annual leave must be used by the end of that leave year.

The impact of the additional annual leave being carried forward as at 31st March 2021 has been to increase the annual leave accrual by £13.281m as detailed in Note 9.1 to the accounts, this increase being partly funded by £11.615m from Welsh Government as detailed in Note 34.2 of the accounts.

Retrospective Continuing Healthcare Claims

The Health Board has an estimated liability of £0.115m (2019-20: £0.3m) in respect of retrospective claims for continuing healthcare funding. The provision is based upon an assessment of the likelihood of claims meeting the criteria for continuing healthcare and is based on actual costs incurred by individuals in care homes. The provision is based on information available to the Health Board as at the Statement of Financial Position date and could be subject to change as outcomes are determined. In 2020-21, as in 2019-20, the provision is based on the average weekly rate reimbursed for successful claims together with the success factor for the claims made against the LHB.

Primary Care Expenditure

As in previous years, due to the short timescale available to prepare the year end accounts, the primary care expenditure disclosed contains a number of significant estimates where the value of the actual liabilities was not available prior to the date for accounts submission, the most material areas being:

General Medical Services Quality and Assurance Improvement Framework (QAIF)

From 1st October 2019, QAIF was introduced as part of the 2019/20 GMS contract reform, replacing the quality and outcomes framework. The QAIF consists of three domains; Quality Assurance (QA), Quality Improvement (QI) and the new domain of Access.

The points available for QAIF are:
QA-382, QI – 185 and Access - 125

As for 2019-20 the value of QAIF points remains at £179 per point.

The Access standards have remained in place for 2020-21, though some of the requirements have been stood down due to COVID-19 and therefore the assumption has been made in calculating the year end accrual that there will be full achievement for 2020-21.

An amount of £1.823m (2019-20, £0.844m) has therefore been accrued on the basis of the number of points achieved by each GP Practice in 2020/21 capped at 692 points payable at £179 per point.

Prescribing Costs

In March 2020, the start of the COVID-19 pandemic had an unprecedented impact on Primary Care Prescribing. At draft accounts stage, Welsh Government's advice was to accrue for February and March costs on the same basis as in previous years. This resulted in a significant under accrual at draft accounts stage. This was a pattern seen across Wales and due to the extension of the deadline date for the 2019/20 audited annual accounts of the end of June, actual information for February and March was available prior to final accounts submission which is not normally the case.

Welsh Government in association with the Prescription Pricing authority calculated the additional costs for health boards on an average basis compared to the average of previous years and health boards were instructed to change their accrual in line with these calculations, with the increase funded by Welsh Government.

Since then although there has been some monthly variation in the number of items prescribed and an increase in the price per item as there has been an escalation in the Prescribing of drugs such as DOACs in response to the pandemic, generally this has stabilised.

For 2020/21, therefore the Health Board has reverted to the accrual methodology used at draft accounts stage for 2019/20 and for previous years. This has resulted in an accrual of £12.397m (2019-20: £11.502m at draft accounts) in respect of prescribing costs for the months of February and March 2021. The costs were derived using the average daily charge for the 4 month period October to January to derive an average weighted daily run rate for prescribing. This weighted daily run rate is based on 50% calendar days in the month and 50% prescribing days in the month. This average cost was then applied to the number of days in February and March to arrive at an amount for accrual.

As in previous years, this amount was then reviewed to take into account the estimated impact of category M changes effective from January 2021 which impact in February and March. In addition No Cheaper Stock Option (NCSO) information was assessed to determine whether adjustments needed to be made for any specific drugs within the accrual methodology.

Pharmacy

A total of £3.638m (2019-20: £3.745m) was accrued for February and March pharmacy contract payments.

For the past six years, the run rate for November to January was used to accrue for February and March due to several changes to the fees and allowances within the pharmacy contract from April to October. This approach was used again for 2020-21 with estimated adjustments made for the increase in contract price per item for February and March 2021.

The basis of the primary care estimates disclosed above was agreed in advance with the Health Board's Auditors and reported to the Health Board's Audit Committee in March 2021.

### 1.25 Private Finance Initiative (PFI) transactions

HM Treasury has determined that government bodies shall account for infrastructure PFI schemes where the government body controls the use of the infrastructure and the residual interest in the infrastructure at the end of the arrangement as service concession arrangements, following the principles of the requirements of IFRIC 12. The NHS Wales organisation therefore recognises the PFI asset as an item of property, plant and equipment together with a liability to pay for it. The services received under the contract are recorded as operating expenses.

The annual unitary payment is separated into the following component parts, using appropriate estimation techniques where necessary:

a) Payment for the fair value of services received;

b) Payment for the PFI asset, including finance costs; and

c) Payment for the replacement of components of the asset during the contract 'lifecycle replacement'.

#### 1.25.1. Services received

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

#### 1.25.2. PFI asset

The PFI assets are recognised as property, plant and equipment, when they come into use. The assets are measured initially at fair value in accordance with the principles of IAS 17. Subsequently, the assets are measured at fair value, which is kept up to date in accordance with the NHS Wales organisation's approach for each relevant class of asset in accordance with the principles of IAS 16.

#### 1.25.2. PFI liability

A PFI liability is recognised at the same time as the PFI assets are recognised. It is measured initially at the same amount as the fair value of the PFI assets and is subsequently measured as a finance lease liability in accordance with IAS 17.

An annual finance cost is calculated by applying the implicit interest rate in the lease to the opening lease liability for the period, and is charged to 'Finance Costs' within the SoCNE.

The element of the annual unitary payment that is allocated as a finance lease rental is applied to meet the annual finance cost and to repay the lease liability over the contract term.

An element of the annual unitary payment increase due to cumulative indexation is allocated to the finance lease. In accordance with IAS 17, this amount is not included in the minimum lease payments, but is instead treated as contingent rent and is expensed as incurred. In substance, this amount is a finance cost in respect of the liability and the expense is presented as a contingent finance cost in the SoCNE.

### 1.25.3. Lifecycle replacement

Components of the asset replaced by the operator during the contract ('lifecycle replacement') are capitalised where they meet the NHS Wales organisation's criteria for capital expenditure. They are capitalised at the time they are provided by the operator and are measured initially at their fair value.

The element of the annual unitary payment allocated to lifecycle replacement is pre-determined for each year of the contract from the operator's planned programme of lifecycle replacement. Where the lifecycle component is provided earlier or later than expected, a short-term finance lease liability or prepayment is recognised respectively.

Where the fair value of the lifecycle component is less than the amount determined in the contract, the difference is recognised as an expense when the replacement is provided. If the fair value is greater than the amount determined in the contract, the difference is treated as a 'free' asset and a deferred income balance is recognised. The deferred income is released to the operating income over the shorter of the remaining contract period or the useful economic life of the replacement component.

### 1.25.4. Assets contributed by the NHS Wales organisation to the operator for use in the scheme

Assets contributed for use in the scheme continue to be recognised as items of property, plant and equipment in the NHS Wales organisation's SoFP.

### 1.25.5. Other assets contributed by the NHS Wales organisation to the operator

Assets contributed (e.g. cash payments, surplus property) by the NHS Wales organisation to the operator before the asset is brought into use, which are intended to defray the operator's capital costs, are recognised initially as prepayments during the construction phase of the contract. Subsequently, when the asset is made available to the NHS Wales organisation, the prepayment is treated as an initial payment towards the finance lease liability and is set against the carrying value of the liability.

A PFI liability is recognised at the same time as the PFI assets are recognised. It is measured at the present value of the minimum lease payments, discounted using the implicit interest rate. It is subsequently measured as a finance lease liability in accordance with IAS 17.

On initial recognition of the asset, the difference between the fair value of the asset and the initial liability is recognised as deferred income, representing the future service potential to be received by the NHS Wales organisation through the asset being made available to third party users.

### 1.26. Contingencies

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the NHS Wales organisation, or a present obligation that is not recognised because it is not probable that a payment will be required to settle the obligation or the amount of the obligation cannot be measured sufficiently reliably. A contingent liability is disclosed unless the possibility of a payment is remote.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the NHS Wales organisation. A contingent asset is disclosed where an inflow of economic benefits is probable.

Where the time value of money is material, contingencies are disclosed at their present value.

Remote contingent liabilities are those that are disclosed under Parliamentary reporting requirements and not under IAS 37 and, where practical, an estimate of their financial effect is required.

### 1.27. Absorption accounting

Transfers of function are accounted for as either by merger or by absorption accounting dependent upon the treatment prescribed in the FReM. Absorption accounting requires that entities account for their transactions in the period in which they took place with no restatement of performance required.

Where transfer of function is between LHBs the gain or loss resulting from the assets and liabilities transferring is recognised in the SoCNE and is disclosed separately from the operating costs.

### 1.28. Accounting standards that have been issued but not yet been adopted

The following accounting standards have been issued and or amended by the IASB and IFRIC but have not been adopted because they are not yet required to be adopted by the FReM

IFRS14 Regulatory Deferral Accounts
Applies to first time adopters of IFRS after 1 January 2016. Therefore not applicable.

IFRS 16 Leases is to be effective from 1st April 2022.

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

### 1.29. Accounting standards issued that have been adopted early

During 2020-21 there have been no accounting standards that have been adopted early. All early adoption of accounting standards will be led by HM Treasury.

### 1.30. Charities

Following Treasury's agreement to apply IAS 27 to NHS Charities from 1 April 2013, the NHS Wales

organisation has established that as it is the corporate trustee of the Swansea Bay University LHB NHS Charitable Fund, it is considered for accounting standards compliance to have control of the Swansea Bay University LHB NHS Charitable Fund as a subsidiary and therefore is required to consolidate the results of the Swansea Bay University LHB NHS Charitable Fund within the statutory accounts of the NHS Wales organisation.

The determination of control is an accounting standard test of control and there has been no change to the operation of the Swansea Bay University LHB NHS Charitable Fund or its independence in its management of charitable funds.

However, the NHS Wales organisation has with the agreement of the Welsh Government adopted the IAS 27 (10) exemption to consolidate. Welsh Government as the ultimate parent of the Local Health Boards will disclose the Charitable Accounts of Local Health Boards in the Welsh Government Consolidated Accounts. Details of the transactions with the charity are included in the related parties' notes.

## 2. Financial Duties Performance

The National Health Service Finance (Wales) Act 2014 came into effect from 1 April 2014. The Act amended the financial duties of Local Health Boards under section 175 of the National Health Service (Wales) Act 2006. From 1 April 2014 section 175 of the National Health Service (Wales) Act places two financial duties on Local Health Boards:

- A duty under section 175 (1) to secure that its expenditure does not exceed the aggregate of the funding allotted to it over a period of 3 financial years
- A duty under section 175 (2A) to prepare a plan in accordance with planning directions issued by the Welsh Ministers, to secure compliance with the duty under section 175 (1) while improving the health of the people for whom it is reponsible, and the provision of health care to such people, and for that plan to be submitted to and approved by the Welsh Ministers.

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

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

### 2.1 Revenue Resource Performance

| | Annual financial performance | | | |
|---|---|---|---|---|
| | 2018-19 | 2019-20 | 2020-21 | **Total** |
| | £'000 | £'000 | £'000 | **£'000** |
| **Net operating costs for the year** | 1,143,379 | 931,777 | 1,096,986 | **3,172,142** |
| Less general ophthalmic services expenditure and other non-cash limited expenditure | 1,484 | 993 | 739 | **3,216** |
| Less revenue consequences of bringing PFI schemes onto SoFP | (1,684) | (1,925) | (2,164) | **(5,773)** |
| Total operating expenses | 1,143,179 | 930,845 | 1,095,561 | **3,169,585** |
| Revenue Resource Allocation | 1,133,300 | 914,561 | 1,071,257 | **3,119,118** |
| **Under /(over) spend against Allocation** | (9,879) | (16,284) | (24,304) | **(50,467)** |

Swansea Bay University LHB **has not** met its financial duty to break-even against its Revenue Resource Limit over the 3 years 2018-19 to 2020-21.
The 2018/19 performance relates to the predecessor organisation Abertawe Bro Morgannwg University LHB.
The health board did not receive any strategic cash only support in 2020-21.

### 2.2 Capital Resource Performance

| | 2018-19 | 2019-20 | 2020-21 | **Total** |
|---|---|---|---|---|
| | £'000 | £'000 | £'000 | **£'000** |
| **Gross capital expenditure** | 37,873 | 31,196 | 49,799 | **118,868** |
| Add: Losses on disposal of donated assets | 0 | 0 | 0 | **0** |
| Less NBV of property, plant and equipment and intangible assets disposed | (352) | (38) | (140) | **(530)** |
| Less capital grants received | (384) | (197) | (1,517) | **(2,098)** |
| Less donations received | (730) | (88) | (186) | **(1,004)** |
| Charge against Capital Resource Allocation | 36,407 | 30,873 | 47,956 | **115,236** |
| Capital Resource Allocation | 36,447 | 30,901 | 47,984 | **115,332** |
| **(Over) / Underspend against Capital Resource Allocation** | 40 | 28 | 28 | **96** |

Swansea Bay University LHB **has** met its financial duty to break-even against its Capital Resource Limit over the 3 years 2018-19 to 2020-21.

### 2.3 Duty to prepare a 3 year integrated plan

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

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

The Swansea Bay University LHB did not submit a 2019-22 integrated plan in accordance with the planning framework.

The Minister for Health and Social Services extant approval

| | |
|---|---|
| **Status** | **Not Approved** |
| **Date** | |

The LHB **has not** therefore met its statutory duty to have an approved financial plan.

Following the LHB being placed in Targeted Intervention in September 2016, it was not in a position to submit a three year Integrated Medium Term Plan for 2019-2022. The LHB has since operated, in agreement with Welsh Government, under annual planning arrangments.

The LHB's Annual Operating Plan for 2020-21, identified a deficit financial plan of £24.4m which was supported by its board for submission to Welsh Government in March 2020, prior to the pausing of the planning process due to the pandemic response. Actual outturn for 2020-21 was a financial deficit of £24.304m.

On 7th October 2020, Welsh Government confirmed that the LHB had been de-escalated from Targeted Intervention to Enhanced Monitoring.

### 2.4 Creditor payment

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

| | **2020-21** | 2019-20 |
|---|---|---|
| Total number of non-NHS bills paid | **233,909** | 269,432 |
| Total number of non-NHS bills paid within target | **219,612** | 254,141 |
| Percentage of non-NHS bills paid within target | 93.9% | 94.3% |

**The LHB has not met the target.**

## 3. Analysis of gross operating costs

### 3.1 Expenditure on Primary Healthcare Services

| | Cash limited | Non-cash limited | 2020-21 Total | 2019-20 |
|---|---|---|---|---|
| | £'000 | £'000 | £'000 | £'000 |
| General Medical Services | 67,012 | | **67,012** | 64,196 |
| Pharmaceutical Services | 21,981 | (4,674) | **17,307** | 15,424 |
| General Dental Services | 24,778 | | **24,778** | 27,046 |
| General Ophthalmic Services | 1,079 | 3,935 | **5,014** | 5,058 |
| Other Primary Health Care expenditure | 869 | | **869** | 796 |
| Prescribed drugs and appliances | 74,378 | | **74,378** | 69,303 |
| **Total** | **190,097** | **(739)** | **189,358** | 181,823 |

The expenditure above for General Medical Services includes £0.426m in respect of staff costs relating to the Cymmer managed GP practice, (2019-20: £0.454m).

### 3.2 Expenditure on healthcare from other providers

| | 2020-21 | 2019-20 |
|---|---|---|
| | £'000 | £'000 |
| Goods and services from other NHS Wales Health Boards | **42,701** | 42,043 |
| Goods and services from other NHS Wales Trusts | **10,720** | 9,354 |
| Goods and services from Health Education and Improvement Wales (HEIW) | **0** | 4 |
| Goods and services from other non Welsh NHS bodies | **1,194** | 312 |
| Goods and services from WHSSC / EASC | **104,585** | 96,675 |
| Local Authorities | **56,821** | 17,339 |
| Voluntary organisations | **4,830** | 5,748 |
| NHS Funded Nursing Care | **8,301** | 7,611 |
| Continuing Care | **55,606** | 45,601 |
| Private providers | **2,748** | 7,366 |
| Specific projects funded by the Welsh Government | **0** | 0 |
| Other | **9** | 8 |
| **Total** | **287,515** | 232,061 |

Expenditure with Local Authorities in 2020-21 includes £29.1m to City & County of Swansea in respect of the Bay Field Hospital Commisioning and other costs, £3.9m to Neath Port Talbot Council in respect of the commisioning, decommisioning and other costs of the Llandarcy Field Hospital and £3.8m relating to community COVID-19 testing costs with payments to both City & County of Swansea and Neath Port Talbot Council included within that sum.

The remaining expenditure with local authorities primarily relates to Continuing Healthcare Costs for services provided to the Health Board's residents within Local Authority Residential and Nursing Homes and in respect of contributions to the Community Equipment Pooled Budgets scheme with the City & County of Swansea.

Expenditure in respect of other projects run by Local Authorities but where contributions are made by the Health Board are also included here as are payments made to Local Authorities under the Integrated Care Fund (ICF) where the funding flows through the Health Board to Local Authorities from Welsh Government for approved ICF schemes.

### 3.3 Expenditure on Hospital and Community Health Services

| | 2020-21 £'000 | 2019-20 £'000 |
|---|---|---|
| Directors' costs | 1,858 | 1,928 |
| Operational Staff costs | 647,051 | 566,776 |
| Single lead employer Staff Trainee Cost | 5,746 | 0 |
| Collaborative Bank Staff Cost | 149 | 0 |
| Supplies and services - clinical | 134,339 | 119,341 |
| Supplies and services - general | 13,486 | 8,468 |
| Consultancy Services | 368 | 349 |
| Establishment | 14,981 | 11,981 |
| Transport | 1,701 | 1,538 |
| Premises | 35,073 | 24,414 |
| External Contractors | 4,149 | 3,550 |
| Depreciation | 26,763 | 26,837 |
| Amortisation | 1,752 | 1,953 |
| Fixed asset impairments and reversals (Property, plant & equipment) | (577) | 4,290 |
| 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 | 61 |
| Audit fees | 372 | 382 |
| Other auditors' remuneration | 0 | 0 |
| Losses, special payments and irrecoverable debts | 2,510 | 5,503 |
| Research and Development | 4,947 | 4,006 |
| Other operating expenses | 4,220 | 3,525 |
| **Total** | **898,888** | 784,902 |

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

| **Increase/(decrease) in provision for future payments:** | 2020-21 £'000 | 2019-20 £'000 |
|---|---|---|
| Clinical negligence; | | |
| Secondary care | 34,874 | 5,643 |
| Primary care | 70 | 0 |
| Redress Secondary Care | 734 | 864 |
| Redress Primary Care | 0 | 0 |
| Personal injury | 1,400 | 1,731 |
| All other losses and special payments | 149 | 48 |
| Defence legal fees and other administrative costs | 1,679 | 812 |
| Gross increase/(decrease) in provision for future payments | **38,906** | **9,098** |
| Contribution to Welsh Risk Pool | 0 | 0 |
| Premium for other insurance arrangements | 0 | 0 |
| Irrecoverable debts | 0 | 0 |
| **Less:** income received/due from Welsh Risk Pool | (36,396) | (3,595) |
| **Total** | **2,510** | 5,503 |

| | 2020-21 £ | 2019-20 £ |
|---|---|---|
| Permanent injury included within personal injury £: | 481,000 | 1,192,000 |

Included within directors and other staff costs in Note 3.3 is £14.401m in respect of the bonus payment of £500 for all NHS staff announced by the Minister for Health and Social Services on 17th March 2021 which will be paid to staff in May 2021. The cost included in Note 3.3 amounts to £735 per employee including employer on costs. The estimated cost of the bonus payment has been funded by Welsh Government as detailed in note 34.2 to the accounts.

## 4. Miscellaneous Income

| | 2020-21 £'000 | 2019-20 £'000 |
|---|---|---|
| Local Health Boards | 99,758 | 97,753 |
| Welsh Health Specialised Services Committee (WHSSC)/Emergency Ambulance Services Committee (EASC) | 120,179 | 112,307 |
| NHS Wales trusts | 6,251 | 5,120 |
| Health Education and Improvement Wales (HEIW) | 12,627 | 11,661 |
| Foundation Trusts | 0 | 0 |
| Other NHS England bodies | 1,381 | 2,721 |
| Other NHS Bodies | 15 | 43 |
| Local authorities | 5,876 | 5,498 |
| Welsh Government | 9,778 | 10,084 |
| Welsh Government Hosted bodies | 0 | 0 |
| Non NHS: | | |
| Prescription charge income | 0 | 0 |
| Dental fee income | 1,042 | 4,521 |
| Private patient income | 73 | 818 |
| Overseas patients (non-reciprocal) | 134 | 396 |
| Injury Costs Recovery (ICR) Scheme | 703 | 2,271 |
| Other income from activities | 2,091 | 3,314 |
| Patient transport services | 0 | 0 |
| Education, training and research | 6,778 | 6,886 |
| Charitable and other contributions to expenditure | 725 | 876 |
| Receipt of NWSSP Covid centrally purchased assets | 7,606 | 0 |
| Receipt of Covid centrally purchased assets from other organisations | 0 | 0 |
| Receipt of donated assets | 186 | 89 |
| Receipt of Government granted assets | 2,097 | 197 |
| Non-patient care income generation schemes | 357 | 676 |
| NHS Wales Shared Services Partnership (NWSSP) | 0 | 0 |
| Deferred income released to revenue | 1,528 | 1,384 |
| Contingent rental income from finance leases | 0 | 0 |
| Rental income from operating leases | 92 | 479 |
| Other income: | | |
| Provision of laundry, pathology, payroll services | 21 | 186 |
| Accommodation and catering charges | 1,571 | 2,288 |
| Mortuary fees | 571 | 273 |
| Staff payments for use of cars | 2,069 | 1,727 |
| Business Unit | 0 | 0 |
| Other | 208 | 362 |
| **Total** | **283,717** | 271,930 |

| | | |
|---|---|---|
| Other income Includes; | | |
| Grant income | 36 | 59 |
| Pharmacy and other sales income | 27 | 44 |
| Clinical trial income | 86 | 99 |
| Search fee income | 0 | 0 |
| Syrian Refugee income | 0 | 0 |
| All other income | 59 | 160 |
| **Total** | **208** | 362 |

| | |
|---|---|
| Welsh Government Covid 19 income included in total above;. | 0 |

Injury Cost Recovery (ICR) Scheme income

| | 2020-21 % | 2019-20 % |
|---|---|---|
| To reflect expected rates of collection ICR income is subject to a provision for impairment of: | 22.43 | 21.79 |

The income disclosed above as Receipt of NWSSP Covid centrally purchased assets comprises the following items:

Equipment Consumables - £3,235k, Personal Protective Equipment (PPE) - £3,163k, Testing Equiment £47k, Vaccination Packs PPE £1,128k, Vaccination Pack Consumables £33k. These items are accounted for as expenditure in Note 3.3 Clinical Supplies and Services with items held as stock amounting to £245k disclosed as consumable in Note 14.1.

The Receipt of Government Granted assets of £2,097k comprises items supplied by the Department of Health. Of this sum £1,516k are capital assets and included in note 11.1 with the remaining £581k relating to revenue equipment which is disclosed in Note 3.3 in Clinical Supplies and Services.

## 5. Investment Revenue

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

## 6. Other gains and losses

| | 2020-21 | 2019-20 |
|---|---|---|
| | £000 | £000 |
| Gain/(loss) on disposal of property, plant and equipment | 33 | 5 |
| Gain/(loss) on disposal of intangible assets | 0 | 0 |
| Gain/(loss) on disposal of assets held for sale | 0 | 0 |
| Gain/(loss) on disposal of financial assets | 0 | 0 |
| Change on foreign exchange | 0 | 0 |
| Change in fair value of financial assets at fair value through SoCNE | 0 | 0 |
| Change in fair value of financial liabilities at fair value through SoCNE | 0 | 0 |
| Recycling of gain/(loss) from equity on disposal of financial assets held for sale | 0 | 0 |
| **Total** | 33 | 5 |

## 7. Finance costs

| | 2020-21 | 2019-20 |
|---|---|---|
| | £000 | £000 |
| Interest on loans and overdrafts | 0 | 0 |
| Interest on obligations under finance leases | 2 | 14 |
| Interest on obligations under PFI contracts | | |
| main finance cost | 2,221 | 2,369 |
| contingent finance cost | 2,782 | 2,528 |
| Interest on late payment of commercial debt | 0 | 0 |
| Other interest expense | 0 | 0 |
| **Total interest expense** | 5,005 | 4,911 |
| Provisions unwinding of discount | (30) | 15 |
| Other finance costs | 0 | 0 |
| **Total** | 4,975 | 4,926 |

## 8. Operating leases

**LHB as lessee**

As at 31st March 2021 the LHB had 25 operating lease agreements in place for the leases of premises, 337 arrangement in respect of equipment and 277 in respect of vehicles, with 0 premises, 21 equipment and 84 vehicle leases having expired in year. The periods in which the remaining 639 agreements expire are shown below.

| **Payments recognised as an expense** | **2020-21** | 2019-20 |
|---|---|---|
| | **£000** | £000 |
| Minimum lease payments | **6,647** | 6,613 |
| Contingent rents | **0** | 0 |
| Sub-lease payments | **0** | 0 |
| **Total** | **6,647** | 6,613 |

| **Total future minimum lease payments** | | |
|---|---|---|
| **Payable** | **£000** | £000 |
| Not later than one year | **5,962** | 5,726 |
| Between one and five years | **9,969** | 11,454 |
| After 5 years | **7,392** | 8,557 |
| **Total** | **23,323** | 25,737 |

**LHB as lessor**

| **Rental revenue** | **£000** | £000 |
|---|---|---|
| Rent | **91** | 479 |
| Contingent rents | **0** | 0 |
| **Total revenue rental** | **91** | 479 |

| **Total future minimum lease payments** | | |
|---|---|---|
| **Receivable** | **£000** | £000 |
| Not later than one year | **105** | 403 |
| Between one and five years | **1,659** | 1,404 |
| After 5 years | **766** | 1,544 |
| **Total** | **2,530** | 3,351 |

As a result of the COVID pandemic, during the 2020/21 financial year the health board entered into operating lease arrangements for field hospitals at the Bay Studios and the Llandarcy Academy for Sport.
These operating leases were at nil value and so no payments in respect of these leases are included in the figures for LHB as lessee reported above.

## 9. Employee benefits and staff numbers

### 9.1 Employee costs

| | Permanent Staff | Staff on Inward Secondment | Agency Staff | Specialist Trainee (SLE) | Collaborative Bank Staff | Other | Total | 2019-20 |
|---|---|---|---|---|---|---|---|---|
| | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| Salaries and wages | 502,866 | 1,443 | 21,445 | 4,621 | 124 | 3,953 | **534,452** | 456,165 |
| Social security costs | 42,019 | 0 | 0 | 515 | 8 | 600 | **43,142** | 41,693 |
| Employer contributions to NHS Pension Scheme | 81,167 | 0 | 0 | 610 | 17 | 0 | **81,794** | 77,137 |
| Other pension costs | 304 | 0 | 0 | 0 | 0 | 0 | **304** | 152 |
| Other employment benefits | 0 | 0 | 0 | 0 | 0 | 0 | **0** | 0 |
| Termination benefits | 42 | 0 | 0 | 0 | 0 | 0 | **42** | 140 |
| **Total** | 626,398 | 1,443 | 21,445 | 5,746 | 149 | 4,553 | **659,734** | 575,287 |

| | | |
|---|---|---|
| Charged to capital | **512** | 590 |
| Charged to revenue | **659,222** | 574,697 |
| | **659,734** | 575,287 |
| Net movement in accrued employee benefits (untaken staff leave accrual included above) | 147 | (122) |
| Covid 19 Net movement in accrued employee benefits (untaken staff leave accrual included in above) | 13,281 | 0 |

The employer contributions to the NHS Pension Scheme disclosed above include £25.321m of NHS Pension contributions paid by Welsh Government for the twelve month period, 1 April 2020 to 31 March 2021. This has been calculated from actual Welsh Government expenditure for the 6.3% staff employer pension contributions between April 2020 and February 2021 alongside Health Board data for March 2021. This expenditure accounted for by the health board as notional expenditure paid to NHS BSA by Welsh Government has been covered off by notional funding provided to the health board. There is therefore no impact on the health board's Revenue Resource Performance as a result of the inclusion of these notional transactions. Further information is disclosed in Note 34.1.

P Included within Note 9.1 above are £333k (2019-20, £1,128K) of final pay control charges relating to 8 (2019-20, 8) individuals. Final pay control is applicable to all Officer and Practice Staff members of the 1995 Section of the NHS Pension Scheme, including 1995/2015 transition members, who retire with entitlement to pension benefits.

If a member receives an increase to pensionable pay that exceeds the 'allowable amount' the relevant employer is liable for a final pay control charge. The 'allowable amount' is the amount that pensionable pay can increase by before the employer is liable for a final pay control charge. The 'allowable amount' is the lesser of:
• the member's pensionable pay in the relevant year, or the member's pensionable pay in the previous year plus thee Consumer Price Index % plus 4.5%), or the percentage increase in the member's pensionable pay for the current year compared with the previous year".

The £4,553k other staffing cost included within Note 9.1 relates to the cost of temporary staff sourced through the MEDACS managed service contract. These staff are paid through the NHS payroll.

### 9.2 Average number of employees

| | Permanent Staff | Staff on Inward Secondment | Agency Staff | Specialist Trainee (SLE) | Collaborative Bank Staff | Other | Total | 2019-20 |
|---|---|---|---|---|---|---|---|---|
| | Number | Number | Number | Number | Number | Number | Number | Number |
| Administrative, clerical and board members | 2,158 | 14 | 24 | 0 | 0 | 0 | **2,196** | 2,157 |
| Medical and dental | 1,025 | 3 | 41 | 73 | 0 | 43 | **1,185** | 1,088 |
| Nursing, midwifery registered | 3,533 | 2 | 184 | 0 | 5 | 0 | **3,724** | 3,620 |
| Professional, Scientific, and technical staff | 383 | 1 | 0 | 0 | 0 | 0 | **384** | 360 |
| Additional Clinical Services | 2,373 | 0 | 4 | 0 | 0 | 0 | **2,377** | 2,322 |
| Allied Health Professions | 788 | 1 | 4 | 0 | 0 | 0 | **793** | 776 |
| Healthcare Scientists | 305 | 0 | 5 | 0 | 0 | 0 | **310** | 303 |
| Estates and Ancilliary | 1,070 | 0 | 33 | 0 | 0 | 0 | **1,103** | 1,057 |
| Students | 110 | 0 | 0 | 0 | 0 | 0 | **110** | 2 |
| **Total** | **11,746** | **21** | **295** | **73** | **5** | **43** | **12,182** | 11,685 |

### 9.3. Retirements due to ill-health

| | 2020-21 | 2019-20 |
|---|---|---|
| Number | 11 | 8 |
| Estimated additional pension costs £ | 347,218 | 299,543 |

The estimated additional pension costs of these ill-health retirements have been calculated on an average basis and are borne by the NHS Pension Scheme.

### 9.4 Employee benefits

The LHB does not have an employee benefit scheme.

**9.5 Reporting of other compensation schemes - exit packages**

| Exit packages cost band (including any special payment element) | 2020-21 Number of compulsory redundancies | 2020-21 Number of other departures | 2020-21 Total number of exit packages | 2020-21 Number of departures where special payments have been made | 2019-20 Total number of exit packages |
|---|---|---|---|---|---|
| | Whole numbers only | Whole numbers only | Whole numbers only | Whole numbers only | Whole numbers only |
| less than £10,000 | 0 | 0 | 0 | 0 | 0 |
| £10,000 to £25,000 | 0 | 0 | 0 | 0 | 0 |
| £25,000 to £50,000 | 0 | 0 | 0 | 0 | 0 |
| £50,000 to £100,000 | 0 | 0 | 0 | 0 | 1 |
| £100,000 to £150,000 | 0 | 0 | 0 | 0 | 0 |
| £150,000 to £200,000 | 0 | 0 | 0 | 0 | 0 |
| more than £200,000 | 0 | 0 | 0 | 0 | 0 |
| Total | **0** | **0** | **0** | **0** | 1 |

| Exit packages cost band (including any special payment element) | 2020-21 Cost of compulsory redundancies | 2020-21 Cost of other departures | 2020-21 Total cost of exit packages | 2020-21 Cost of special element included in exit packages | 2019-20 Total cost of exit packages |
|---|---|---|---|---|---|
| | £'s | £'s | £'s | £'s | £'s |
| less than £10,000 | 0 | 0 | 0 | 0 | 0 |
| £10,000 to £25,000 | 0 | 0 | 0 | 0 | 0 |
| £25,000 to £50,000 | 0 | 0 | 0 | 0 | 0 |
| £50,000 to £100,000 | 0 | 0 | 0 | 0 | 73,922 |
| £100,000 to £150,000 | 0 | 0 | 0 | 0 | 0 |
| £150,000 to £200,000 | 0 | 0 | 0 | 0 | 0 |
| more than £200,000 | 0 | 0 | 0 | 0 | 0 |
| Total | **0** | **0** | **0** | **0** | 73,922 |

| Exit costs paid in year of departure | Total paid in year 2020-21 | Total paid in year 2019-20 |
|---|---|---|
| | £'s | £'s |
| Exit costs paid in year | 73,922 | 0 |
| **Total** | **73,922** | 0 |

Redundancy and other departure costs have been paid in accordance with the provisions of the NHS Voluntary Early Release Scheme (VERS).

Exit costs in this note are accounted for in full in the year of departure.

There were no exit packages for 2020/21.

The exit package disclosed above for 2019/20 and paid in 2020/21 was paid in April 2020 and relates to a payment made to the former Director of Finance who left the Health Board on 29th February 2020. The package comprised payments in lieu of notice, for untaken annual leave and an ex-gratia payment on termination.

Where the LHB has agreed early retirements, the additional costs are met by the LHB and not by the NHS Pensions Scheme. Ill-health retirement costs are met by the NHS Pensions Scheme and are not included in the table.

### 9.6 Remuneration Relationship

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

In 2020-21 as was the case in 2019-20 the highest paid director was the Chief Executive.

The banded remuneration of the Chief Executive in Swansea Bay University LHB in the financial year 2020-21 was £210,000 to £215,000 (2019-20, £200,000 to £205,000. This was 7.7 times (2019-20, 6.8 times) the median remuneration of the workforce, which was £27,761 (2019-20, £29,881).

In 2020-21, 0 (2019-20, 5) employees received remuneration in excess of the highest-paid director.

Remuneration for all staff ranged from £18,005 to £214,938 (2019-20, £17,652 to £249,523).

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

The employees who received remuneration in excess of the highest paid director in 2019-20 were all medical staff. None of these staff were related to the Chairman, Executive Directors or Independent Members.

### 9.7 Pension costs

Past and present employees are covered by the provisions of the two NHS Pension Schemes. Details of the benefits payable and rules of the Schemes can be found on the NHS Pensions website at www.nhsbsa.nhs.uk/pensions. Both are unfunded defined benefit schemes that cover NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State for Health and Social Care in England and Wales. They are not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, each scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS body of participating in each scheme is taken as equal to the contributions payable to that scheme for the accounting period.

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

#### a) Accounting valuation

A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary's Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and is accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2021, is based on valuation data as 31 March 2020, updated to 31 March 2021 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

The latest assessment of the liabilities of the scheme is contained in the report of the scheme actuary, which forms part of the annual NHS Pension Scheme Accounts. These accounts can be viewed on the NHS Pensions website and are published annually. Copies can also be obtained from The Stationery Office.

#### b) Full actuarial (funding) valuation

The purpose of this valuation is to assess the level of liability in respect of the benefits due under the schemes (taking into account recent demographic experience), and to recommend contribution rates payable by employees and employers.

The latest actuarial valuation undertaken for the NHS Pension Scheme was completed as at 31 March 2016. The results of this valuation set the employer contribution rate payable from April 2019 to 20.6% of pensionable pay. The 2016 funding valuation was also expected to test the cost of the Scheme relative to the employer cost cap that was set following the 2012 valuation. In January 2019, the Government announced a pause to the cost control element of the 2016 valuations, due to the uncertainty around member benefits caused by the discrimination ruling relating to the McCloud case.

The Government subsequently announced in July 2020 that the pause had been lifted, and so the cost control element of the 2016 valuations could be completed. The Government has set out that the costs of remedy of the discrimination will be included in this process. HMT valuation directions will set out the technical detail of how the costs of remedy will be included in the valuation process. The Government has also confirmed that the Government Actuary is reviewing the cost control mechanism (as was originally announced in 2018). The review will assess whether the cost control mechanism is working in line with original government objectives and reported to Government in April 2021. The findings of this review will not impact the 2016 valuations, with the aim for any changes to the cost cap mechanism to be made in time for the completion of the 2020 actuarial valuations.

**c) National Employment Savings Trust (NEST)**

NEST is a workplace pension scheme, which was set up by legislation and is treated as a trust-based scheme. The Trustee responsible for running the scheme is NEST Corporation. It's a non-departmental public body (NDPB) that operates at arm's length from government and is accountable to Parliament through the Department for Work and Pensions (DWP).

NEST Corporation has agreed a loan with the Department for Work and Pensions (DWP). This has paid for the scheme to be set up and will cover expected shortfalls in scheme costs during the earlier years while membership is growing.

NEST Corporation aims for the scheme to become self-financing while providing consistently low charges to members.

Using qualifying earnings to calculate contributions, currently the legal minimum level of contributions is 8% of a jobholder's qualifying earnings, for employers whose legal duties have started. The employer must pay at least 3% of this.

The earnings band used to calculate minimum contributions under existing legislation is called qualifying earnings. Qualifying earnings are currently those between £6,240 and £50,000 for the 2020-2021 tax year (2019-2020 £6,136 and £50,000).

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

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

### 10.1 Prompt payment code - measure of compliance

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

| | **2020-21** | **2020-21** | 2019-20 | 2019-20 |
|---|---|---|---|---|
| **NHS** | **Number** | **£000** | Number | £000 |
| Total bills paid | **5,054** | **196,206** | 5,494 | 182,055 |
| Total bills paid within target | **4,314** | **186,550** | 4,722 | 173,401 |
| Percentage of bills paid within target | **85.4%** | **95.1%** | 85.9% | 95.2% |
| | | | | |
| **Non-NHS** | | | | |
| Total bills paid | **233,909** | **418,479** | 269,432 | 351,373 |
| Total bills paid within target | **219,612** | **384,896** | 254,141 | 326,396 |
| Percentage of bills paid within target | **93.9%** | **92.0%** | 94.3% | 92.9% |
| | | | | |
| **Total** | | | | |
| Total bills paid | **238,963** | **614,685** | 274,926 | 533,428 |
| Total bills paid within target | **223,926** | **571,446** | 258,863 | 499,797 |
| Percentage of bills paid within target | **93.7%** | **93.0%** | 94.2% | 93.7% |

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

| | **2020-21** | 2019-20 |
|---|---|---|
| | **£** | £ |
| Amounts included within finance costs (note 7) from claims made under this legislation | **0** | 0 |
| Compensation paid to cover debt recovery costs under this legislation | **0** | 0 |
| | | |
| **Total** | **0** | 0 |

## 11.1 Property, plant and equipment

| | Land £000 | Buildings, excluding dwellings £000 | Dwellings £000 | Assets under construction & payments on account £000 | Plant and machinery £000 | Transport equipment £000 | Information technology £000 | Furniture & fittings £000 | Total £000 |
|---|---|---|---|---|---|---|---|---|---|
| **Cost or valuation at 1 April 2020** | 39,555 | 388,019 | 9,321 | 13,002 | 110,315 | 1,342 | 36,925 | 3,892 | 602,371 |
| Indexation | (540) | 5,150 | 270 | 0 | 0 | 0 | 0 | 0 | 4,880 |
| Additions | | | | | | | | | |
| - purchased | 257 | 3,074 | 0 | 25,804 | 11,423 | 0 | 5,897 | 547 | 47,002 |
| - donated | 0 | 0 | 0 | 0 | 171 | 0 | 15 | 0 | 186 |
| - government granted | 0 | 0 | 0 | 0 | 1,517 | 0 | 0 | 0 | 1,517 |
| Transfer from/into other NHS bodies | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Reclassifications | 0 | 11,011 | 0 | (13,488) | 1,331 | 0 | 170 | 0 | (976) |
| Revaluations | 0 | (708) | 0 | 0 | 0 | 0 | 0 | 0 | (708) |
| Reversal of impairments | 0 | 6,151 | 0 | 0 | 0 | 0 | 0 | 0 | 6,151 |
| Impairments | (248) | (7,258) | 0 | 0 | 0 | 0 | 0 | 0 | (7,506) |
| Reclassified as held for sale | (187) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (187) |
| Disposals | (12) | 0 | 0 | 0 | (1,360) | (47) | 0 | 0 | (1,419) |
| **At 31 March 2021** | 38,825 | 405,439 | 9,591 | 25,318 | 123,397 | 1,295 | 43,007 | 4,439 | 651,311 |
| | | | | | | | | | |
| **Depreciation at 1 April 2020** | 0 | 33,476 | 648 | 0 | 80,886 | 1,086 | 23,727 | 1,988 | 141,811 |
| Indexation | 0 | 975 | 19 | 0 | 0 | 0 | 0 | 0 | 994 |
| Transfer from/into other NHS bodies | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Reclassifications | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Revaluations | 0 | (3,307) | 0 | 0 | 0 | 0 | 0 | 0 | (3,307) |
| Reversal of impairments | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Impairments | 0 | (1,932) | 0 | 0 | 0 | 0 | 0 | 0 | (1,932) |
| Reclassified as held for sale | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Disposals | 0 | 0 | 0 | 0 | (1,360) | (46) | 0 | 0 | (1,406) |
| Provided during the year | 0 | 13,871 | 242 | 0 | 7,516 | 84 | 4,667 | 383 | 26,763 |
| **At 31 March 2021** | 0 | 43,083 | 909 | 0 | 87,042 | 1,124 | 28,394 | 2,371 | 162,923 |
| | | | | | | | | | |
| **Net book value at 1 April 2020** | 39,555 | 354,543 | 8,673 | 13,002 | 29,429 | 256 | 13,198 | 1,904 | 460,560 |
| | | | | | | | | | |
| **Net book value at 31 March 2021** | 38,825 | 362,356 | 8,682 | 25,318 | 36,355 | 171 | 14,613 | 2,068 | 488,388 |
| | | | | | | | | | |
| **Net book value at 31 March 2021 comprises :** | | | | | | | | | |
| Purchased | 38,825 | 359,647 | 8,682 | 25,312 | 34,297 | 171 | 14,421 | 2,055 | 483,410 |
| Donated | 0 | 1,858 | 0 | 6 | 672 | 0 | 190 | 3 | 2,729 |
| Government Granted | 0 | 851 | 0 | 0 | 1,386 | 0 | 2 | 10 | 2,249 |
| **At 31 March 2021** | 38,825 | 362,356 | 8,682 | 25,318 | 36,355 | 171 | 14,613 | 2,068 | 488,388 |
| **Asset financing :** | | | | | | | | | |
| Owned | 36,845 | 308,418 | 8,682 | 25,318 | 36,355 | 171 | 14,613 | 2,068 | 432,470 |
| Held on finance lease | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| On-SoFP PFI contracts | 1,980 | 53,938 | 0 | 0 | 0 | 0 | 0 | 0 | 55,918 |
| PFI residual interests | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **At 31 March 2021** | 38,825 | 362,356 | 8,682 | 25,318 | 36,355 | 171 | 14,613 | 2,068 | 488,388 |

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

| | £000 |
|---|---|
| Freehold | 353,049 |
| Long Leasehold | 56,814 |
| Short Leasehold | 0 |
| | 409,863 |

Valuers 'material uncertainty', in valuation. The disclosure relates to the materiality in the valuation report not that of the underlying account. 0

Within the note above, reclassifications of (£976k) are shown. This is due to the reclassification of an intangible asset from assets under construction and the opposite entry is shown in Note 12.

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

## 11.1 Property, plant and equipment

| | Land £000 | Buildings, excluding dwellings £000 | Dwellings £000 | Assets under construction & payments on account £000 | Plant and machinery £000 | Transport equipment £000 | Information technology £000 | Furniture & fittings £000 | Total £000 |
|---|---|---|---|---|---|---|---|---|---|
| **Cost or valuation at 1 April 2019** | 56,827 | 494,129 | 12,958 | 20,731 | 136,664 | 1,626 | 43,407 | 5,656 | **771,998** |
| Indexation | (342) | 3,250 | 181 | 0 | 0 | 0 | 0 | 0 | **3,089** |
| Additions | | | | | | | | | |
| - purchased | 152 | 660 | 0 | 22,907 | 3,576 | 0 | 2,926 | 310 | **30,531** |
| - donated | 0 | 0 | 0 | 0 | 41 | 0 | 46 | 0 | **87** |
| - government granted | 0 | 0 | 0 | 197 | 0 | 0 | 0 | 0 | **197** |
| Transfer from/into other NHS bodies | (16,677) | (124,604) | (3,818) | (566) | (23,954) | (60) | (4,136) | (1,164) | **(174,979)** |
| Reclassifications | 0 | 19,950 | 0 | (30,267) | 4,242 | 0 | 2,326 | 0 | **(3,749)** |
| Revaluations | (32) | (279) | 0 | 0 | 0 | 0 | 0 | 0 | **(311)** |
| Reversal of impairments | 0 | 4,067 | 0 | 0 | 0 | 0 | 0 | 0 | **4,067** |
| Impairments | (53) | (9,154) | 0 | 0 | 0 | 0 | 0 | 0 | **(9,207)** |
| Reclassified as held for sale | (320) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **(320)** |
| Disposals | 0 | 0 | 0 | 0 | (10,254) | (224) | (7,644) | (910) | **(19,032)** |
| **At 31 March 2020** | 39,555 | 388,019 | 9,321 | 13,002 | 110,315 | 1,342 | 36,925 | 3,892 | **602,371** |
| | | | | | | | | | |
| **Depreciation at 1 April 2019** | 0 | 26,844 | 525 | 0 | 100,297 | 1,259 | 27,879 | 3,212 | **160,016** |
| Indexation | 0 | 429 | 8 | 0 | 0 | 0 | 0 | 0 | **437** |
| Transfer from/into other NHS bodies | 0 | (5,152) | (122) | 0 | (16,462) | (60) | (2,140) | (702) | **(24,638)** |
| Reclassifications | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| Revaluations | 0 | (1,058) | 0 | 0 | 0 | 0 | 0 | 0 | **(1,058)** |
| Reversal of impairments | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| Impairments | 0 | (789) | 0 | 0 | 0 | 0 | 0 | 0 | **(789)** |
| Reclassified as held for sale | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| Disposals | 0 | 0 | 0 | 0 | (10,216) | (224) | (7,644) | (910) | **(18,994)** |
| Provided during the year | 0 | 13,202 | 237 | 0 | 7,267 | 111 | 5,632 | 388 | **26,837** |
| **At 31 March 2020** | 0 | 33,476 | 648 | 0 | 80,886 | 1,086 | 23,727 | 1,988 | **141,811** |
| | | | | | | | | | |
| **Net book value at 1 April 2019** | 56,827 | 467,285 | 12,433 | 20,731 | 36,367 | 367 | 15,528 | 2,444 | **611,982** |
| | | | | | | | | | |
| **Net book value at 31 March 2020** | 39,555 | 354,543 | 8,673 | 13,002 | 29,429 | 256 | 13,198 | 1,904 | **460,560** |
| | | | | | | | | | |
| **Net book value at 31 March 2020 comprises :** | | | | | | | | | |
| Purchased | 39,555 | 351,779 | 8,673 | 12,996 | 28,734 | 253 | 12,915 | 1,886 | **456,791** |
| Donated | 0 | 1,911 | 0 | 6 | 686 | 0 | 276 | 4 | **2,883** |
| Government Granted | 0 | 853 | 0 | 0 | 9 | 3 | 8 | 13 | **886** |
| **At 31 March 2020** | 39,555 | 354,543 | 8,673 | 13,002 | 29,429 | 256 | 13,199 | 1,903 | **460,560** |
| **Asset financing :** | | | | | | | | | |
| Owned | 37,535 | 302,149 | 8,673 | 13,002 | 29,219 | 256 | 13,198 | 1,904 | **405,936** |
| Held on finance lease | 0 | 0 | 0 | 0 | 210 | 0 | 0 | 0 | **210** |
| On-SoFP PFI contracts | 2,020 | 52,394 | 0 | 0 | 0 | 0 | 0 | 0 | **54,414** |
| PFI residual interests | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| **At 31 March 2020** | 39,555 | 354,543 | 8,673 | 13,002 | 29,429 | 256 | 13,198 | 1,904 | **460,560** |

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

| | £000 |
|---|---|
| Freehold | **347,445** |
| Long Leasehold | **55,326** |
| Short Leasehold | **0** |
| | **402,771** |

Valuers 'material uncertainty', in valuation. The disclosure relates to the materiality in the valuation report not that of the underlying account. **3**

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

Within the above note reclassifications of (£3,749k) are shown. This is due to reclassification of an intangible asset from assets under construction with the opposite entry shown in Note 12.

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

**Disclosures:**

**i) Donated Assets**
All donated assets were purchased from Swansea Bay ABMU Charitable funds. Government Granted assets of £1.517m were received via income from Welsh Government following the transfer of COVID medical equipment from the UK Government Department of Health.

**ii) Valuations**
The LHBs land and Buildings were revalued by the Valuation Office Agency with an effective date of 1st April 2017. The valuation has been prepared in accordance with the terms of the Royal Institute of Chartered Surveyors' Valuation Standards, 6th edition.

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

**iii) Asset Lives**
Depreciated as follows:
Land is not depreciated

Building asset lives are as determined by the District Valuer and range from 2 to 84 years.

Equipment assets are allocated lives on based on the professional judgement and past experience of clinicians, finance staff and other Health Board professionals. The appropriateness of these lives is reviewed regularly

Medical Equipment range from 5 to 15 Years
Non-clinical Equipment - 5 Years
Vehicles - 7 Years
Furniture - 10 Years
IMT Hardware & Software - 5 years or reflects contract life for some software assets

**iv) Compensation**
There has not been no compensation received from third parties for assets impaired, lost or given up, that is included in the income statement.

**v) Write Downs**
There have been two DEL impairments for the following schemes which are not continuing:

- Gorseinon Car Park £0.036m

- South Wales Assisted Reproduction Unit (SWARU) - £0.002m

**vi)** The LHB does/does not hold any property where the value is materially different from its open market value.

**vii) Assets Held for Sale or sold in the period.**
There are assets held for sale or sold in the period. These are:

- Coelbren Health Centre
- Glynneath Clinic
- Resolven Clinic
- Fairfield Cefn Coed
- Trehafod Cefn Coed

The following assets were valued on completion by the District Valuer:
COVID Critical Care Capacity at Morriston Hospital - August 2020
Ward 11, Singleton - May 2020
Ward 20, Singleton - October 2020
CT SIM - March 2021

**IFRS 13 Fair value measurement**
There are no assets requiring Fair Value measurement under IFRS 13.

## 11. Property, plant and equipment

### 11.2 Non-current assets held for sale

| | Land | Buildings, including dwelling | Other property, plant and equipment | Intangible assets | Other assets | Total |
|---|---|---|---|---|---|---|
| | £000 | £000 | £000 | £000 | £000 | £000 |
| **Balance brought forward 1 April 2020** | 475 | 0 | 0 | 0 | 0 | **475** |
| Plus assets classified as held for sale in the year | 187 | 0 | 0 | 0 | 0 | **187** |
| Revaluation | 0 | 0 | 0 | 0 | 0 | **0** |
| Less assets sold in the year | (130) | 0 | 0 | 0 | 0 | **(130)** |
| Add reversal of impairment of assets held for sale | 0 | 0 | 0 | 0 | 0 | **0** |
| Less impairment of assets held for sale | 0 | 0 | 0 | 0 | 0 | **0** |
| Less assets no longer classified as held for sale, for reasons other than disposal by sale | 0 | 0 | 0 | 0 | 0 | **0** |
| **Balance carried forward 31 March 2021** | 532 | 0 | 0 | 0 | 0 | **532** |
| | | | | | | |
| **Balance brought forward 1 April 2019** | 155 | 0 | 0 | 0 | 0 | **155** |
| Plus assets classified as held for sale in the year | 320 | 0 | 0 | 0 | 0 | **320** |
| Revaluation | 0 | 0 | 0 | 0 | 0 | **0** |
| Less assets sold in the year | 0 | 0 | 0 | 0 | 0 | **0** |
| Add reversal of impairment of assets held for sale | 0 | 0 | 0 | 0 | 0 | **0** |
| Less impairment of assets held for sale | 0 | 0 | 0 | 0 | 0 | **0** |
| Less assets no longer classified as held for sale, for reasons other than disposal by sale | 0 | 0 | 0 | 0 | 0 | **0** |
| **Balance carried forward 31 March 2020** | 475 | 0 | 0 | 0 | 0 | **475** |

*The following asset was classified as Held for Sale during the year:-*
*Trehafod Cefn Coed*

*The following assets classified as Held for Sale as at 31st March 2020 were sold during the year:-*
*Glyneath Clinic and Resolven Clinic*

*Coelbren Health Centre was classified as an asset held for sale in 2018-19 and remains held for sale as at 31st March 2021.*
*Fairfield at Cefn Coed Hospital was classified as an asset held for sale in 2019-20 and remains held for sale as at 31st March 2021.*

## 12. Intangible non-current assets

### 2020-21

| | Software (purchased) | Software (internally generated) | Licences and trademarks | Patents | Development expenditure- internally generated | Carbon Reduction Commitments | Total |
|---|---|---|---|---|---|---|---|
| | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| **Cost or valuation at 1 April 2020** | **9,194** | **0** | **653** | **0** | **0** | **0** | **9,847** |
| Revaluation | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Reclassifications | 976 | 0 | 0 | 0 | 0 | 0 | 976 |
| Reversal of impairments | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Impairments | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Additions- purchased | 715 | 0 | 382 | 0 | 0 | 0 | 1,097 |
| Additions- internally generated | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Additions- donated | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Additions- government granted | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Reclassified as held for sale | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Transfers | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Disposals | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Gross cost at 31 March 2021** | **10,885** | **0** | **1,035** | **0** | **0** | **0** | **11,920** |
| **Amortisation at 1 April 2020** | **4,764** | **0** | **155** | **0** | **0** | **0** | **4,919** |
| 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 | 1,752 | 0 | 0 | 0 | 0 | 0 | 1,752 |
| Reclassified as held for sale | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Transfers | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Disposals | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Amortisation at 31 March 2021** | **6,516** | **0** | **155** | **0** | **0** | **0** | **6,671** |
| **Net book value at 1 April 2020** | **4,430** | **0** | **498** | **0** | **0** | **0** | **4,928** |
| **Net book value at 31 March 2021** | **4,369** | **0** | **880** | **0** | **0** | **0** | **5,249** |
| **At 31 March 2021** | | | | | | | |
| Purchased | 4,359 | 0 | 880 | 0 | 0 | 0 | 5,239 |
| Donated | 10 | 0 | 0 | 0 | 0 | 0 | 10 |
| Government Granted | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Internally generated | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total at 31 March 2021** | **4,369** | **0** | **880** | **0** | **0** | **0** | **5,249** |

The reclassification of £976k in this note relates to the transfer of an asset in-year from assets under construction disclosed in Note 11.1.

## 12. Intangible non-current assets
### 2019-20

| | Software (purchased) | Software (internally generated) | Licences and trademarks | Patents | Development expenditure- internally generated | Carbon Reduction Commitments | Total |
|---|---|---|---|---|---|---|---|
| | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| **Cost or valuation at 1 April 2019** | 7,806 | 0 | 475 | 0 | 0 | 0 | **8,281** |
| Revaluation | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| Reclassifications | 3,749 | 0 | 0 | 0 | 0 | 0 | **3,749** |
| Reversal of impairments | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| Impairments | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| Additions- purchased | 203 | 0 | 178 | 0 | 0 | 0 | **381** |
| Additions- internally generated | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| Additions- donated | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| Additions- government granted | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| Reclassified as held for sale | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| Transfers | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| Disposals | (2,564) | 0 | 0 | 0 | 0 | 0 | **(2,564)** |
| **Gross cost at 31 March 2020** | **9,194** | **0** | **653** | **0** | **0** | **0** | **9,847** |
| **Amortisation at 1 April 2019** | 5,375 | 0 | 155 | 0 | 0 | 0 | **5,530** |
| 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 | 1,953 | 0 | 0 | 0 | 0 | 0 | **1,953** |
| Reclassified as held for sale | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| Transfers | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| Disposals | (2,564) | 0 | 0 | 0 | 0 | 0 | **(2,564)** |
| **Amortisation at 31 March 2020** | **4,764** | **0** | **155** | **0** | **0** | **0** | **4,919** |
| **Net book value at 1 April 2019** | **2,431** | **0** | **320** | **0** | **0** | **0** | **2,751** |
| **Net book value at 31 March 2020** | **4,430** | **0** | **498** | **0** | **0** | **0** | **4,928** |
| **At 31 March 2020** | | | | | | | |
| Purchased | 4,414 | 0 | 498 | 0 | 0 | 0 | **4,912** |
| Donated | 16 | 0 | 0 | 0 | 0 | 0 | **16** |
| Government Granted | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| Internally generated | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| **Total at 31 March 2020** | **4,430** | **0** | **498** | **0** | **0** | **0** | **4,928** |

The reclassification of £3,749k in this note relates to the transfer of an asset in-year from assets under construction disclosed in Note 11.1.

**Additional Disclosures re Intangible Assets**

For each class of intangible asset disclose :

the effective date of revaluation - **None**

the methods and significant assumptions applied in estimating fair values **- Estimated at Cost less depreciation to date**

the carrying amount had they been told at cost **- £0**

For each class of intangible asset, distinguishing between internally generated intangible assets and others disclose :

whether the useful lives are indefinite or finite **- Finite**

the useful lives or the amortisation rates used - **Standard life of 5 years or the period that the licence covers as applicable**

Intangible assets, assessed as having indefinite useful lives - **None**

## 13 . Impairments

| | 2020-21 Property, plant & equipment £000 | 2020-21 Intangible assets £000 | 2019-20 Property, plant & equipment £000 | 2019-20 Intangible assets £000 |
|---|---|---|---|---|
| Impairments arising from : | | | | |
| Loss or damage from normal operations | **0** | **0** | 0 | 0 |
| Abandonment in the course of construction | **38** | **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) | **6,079** | **0** | 8,486 | 0 |
| Reversal of Impairments | **(6,152)** | **0** | (4,068) | 0 |
| **Total of all impairments** | **(35)** | **0** | 4,418 | 0 |
| **Analysis of impairments charged to reserves in year :** | | | | |
| Charged to the Statement of Comprehensive Net Expenditure | **(577)** | **0** | 4,298 | 0 |
| Charged to Revaluation Reserve | **542** | **0** | 120 | 0 |
| | **(35)** | **0** | 4,418 | 0 |

The impairment losses disclosed above as "other" comprise:

**£5.289m for the write down to depreciated replacement cost following the initial professional valuation on completion of 3 specialised assets as detailed below**;

Ward 11, Singleton £1.545m
Ward 20, Singleton £3.379m
CT Simulation £0.365m

**£0.790m for the downward indexation of Land assets.**

## 14.1 Inventories

| | 31 March 2021 | 31 March 2020 |
|---|---|---|
| | £000 | £000 |
| Drugs | 4,499 | 4,739 |
| Consumables | 4,659 | 5,070 |
| Energy | 257 | 203 |
| Work in progress | 0 | 0 |
| Other | 0 | 0 |
| **Total** | 9,415 | 10,012 |
| Of which held at realisable value | 0 | 0 |

## 14.2 Inventories recognised in expenses

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

Note 14.1 discloses the stock values held at 31st March 2021. Where stock is counted manually stock takes are undertaken throughout February and March in order to ensure that stock valuations are available at the balance sheet date due to the time taken to price the items of stock counted.

In line with the 2015-16 guidance Note 14.2 only relates to Health bodies that purchase assets to sell and as such does not apply to the Health Board.

Consumables stock in note 14.1 includes £245k of items relating to the COVID-19 pandemic.

## 15. Trade and other Receivables

| **Current** | **31 March 2021 £000** | 31 March 2020 £000 |
|---|---|---|
| Welsh Government | **4,542** | 4,161 |
| WHSSC / EASC | **3,526** | 3,327 |
| Welsh Health Boards | **1,831** | 6,598 |
| Welsh NHS Trusts | **1,365** | 975 |
| Health Education and Improvement Wales (HEIW) | **103** | 266 |
| Non - Welsh Trusts | **53** | 240 |
| Other NHS | **88** | 238 |
| 2019-20 Scheme Pays - Welsh Government Reimbursement | **0** | 0 |
| **Welsh Risk Pool Claim reimbursement** | | |
| NHS Wales Secondary Health Sector | **67,449** | 34,218 |
| NHS Wales Primary Sector FLS Reimbursement | **87** | 0 |
| NHS Wales Redress | **1,646** | 1,099 |
| Other | **0** | 0 |
| Local Authorities | **3,447** | 2,857 |
| Capital debtors - Tangible | **0** | 0 |
| Capital debtors - Intangible | **0** | 0 |
| Other debtors | **7,696** | 9,910 |
| Provision for irrecoverable debts | **(4,377)** | (3,518) |
| Pension Prepayments NHS Pensions | **0** | 0 |
| Pension Prepayments NEST | **0** | 0 |
| Other prepayments | **6,034** | 5,150 |
| Other accrued income | **180** | 746 |
| **Sub total** | **93,670** | 66,267 |
| **Non-current** | | |
| Welsh Government | **0** | 0 |
| WHSSC / EASC | **0** | 0 |
| Welsh Health Boards | **0** | 0 |
| Welsh NHS Trusts | **0** | 0 |
| Health Education and Improvement Wales (HEIW) | **0** | 0 |
| Non - Welsh Trusts | **0** | 0 |
| Other NHS | **0** | 0 |
| 2019-20 Scheme Pays - Welsh Government Reimbursement | **0** | 0 |
| **Welsh Risk Pool Claim reimbursement;** | | |
| NHS Wales Secondary Health Sector | **96,629** | 102,539 |
| NHS Wales Primary Sector FLS Reimbursement | **0** | 0 |
| NHS Wales Redress | **8** | 20 |
| Other | **0** | 0 |
| Local Authorities | **0** | 0 |
| Capital debtors - Tangible | **0** | 0 |
| Capital debtors - Intangible | **0** | 0 |
| Other debtors | **0** | 0 |
| Provision for irrecoverable debts | **0** | 0 |
| Pension Prepayments NHS Pensions | **0** | 0 |
| Pension Prepayments NEST | **0** | 0 |
| Other prepayments | **0** | 0 |
| Other accrued income | **0** | 0 |
| **Sub total** | **96,637** | 102,559 |
| **Total** | **190,307** | 168,826 |

## 15. Trade and other Receivables (continued)

### Receivables past their due date but not impaired

| | 31 March 2021 £000 | 31 March 2020 £000 |
|---|---|---|
| By up to three months | **8,001** | 14,685 |
| By three to six months | **226** | 664 |
| By more than six months | **470** | 592 |
| | **8,697** | 15,941 |

### Expected Credit Losses (ECL) / Provision for impairment of receivables

| | | |
|---|---|---|
| Balance at 1 April 2020 | **(3,518)** | (3,068) |
| Transfer to other NHS Wales body | **0** | 350 |
| Amount written off during the year | **4** | 17 |
| Amount recovered during the year | **4** | 14 |
| (Increase) / decrease in receivables impaired | **(867)** | (831) |
| Bad debts recovered during year | **0** | 0 |
| Balance at 31 March 2021 | **(4,377)** | (3,518) |

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

### Receivables VAT

| | | |
|---|---|---|
| Trade receivables | **2,179** | 2,648 |
| Other | **0** | 0 |
| Total | **2,179** | 2,648 |

## 16. Other Financial Assets

| | Current | | Non-current | |
|---|---|---|---|---|
| | **31 March 2021** | 31 March 2020 | **31 March 2021** | 31 March 2020 |
| | **£000** | £000 | **£000** | £000 |
| **Financial assets** | | | | |
| Shares and equity type investments | | | | |
| Held to maturity investments at amortised costs | **0** | 0 | **0** | 0 |
| At fair value through SOCNE | **0** | 0 | **0** | 0 |
| Available for sale at FV | **0** | 0 | **0** | 0 |
| Deposits | **0** | 0 | **0** | 0 |
| Loans | **0** | 0 | **0** | 0 |
| Derivatives | **0** | 0 | **0** | 0 |
| Other (Specify) | | | | |
| Held to maturity investments at amortised costs | **0** | 0 | **0** | 0 |
| At fair value through SOCNE | **0** | 0 | **0** | 0 |
| Available for sale at FV | **0** | 0 | **0** | 0 |
| **Total** | **0** | **0** | **0** | **0** |

The health board holds a shareholding of 855,641 ordinary shares in Zoobiotic (trading as Biomonde) at a nominal value of £0.01, these shares currently being valued at Nil value. The company specialises in the manufacture and distribution of larval debridement therapy (also known as maggot therapy) products for use in chronic and hard to heal wounds. The shareholding derives from the creation of the company from the Surgical Material Testing Laboratory (SMTL), part of the former Bro Morgannwg NHS Trust.

A financial restructuring of the company is planned to take place during the 2021/22 financial year at which point the health board will relinquish the shares that it holds in the company. The health board also no longer hosts SMTL as this transferred to the NHS Wales Shared Services Partnership on 1st October 2016".

## 17. Cash and cash equivalents

| | **2020-21** | 2019-20 |
|---|---|---|
| | **£000** | £000 |
| Balance at 1 April 2020 | **486** | 830 |
| Net change in cash and cash equivalent balances | **784** | (344) |
| Balance at 31 March 2021 | **1,270** | 486 |
| Made up of: | | |
| Cash held at GBS | **1,176** | 402 |
| Commercial banks | **0** | 0 |
| Cash in hand | **94** | 84 |
| **Cash and cash equivalents as in Statement of Financial Position** | **1,270** | 486 |
| Bank overdraft - GBS | **0** | 0 |
| Bank overdraft - Commercial banks | **0** | 0 |
| **Cash and cash equivalents as in Statement of Cash Flows** | **1,270** | 486 |

In response to the IAS 7 requirement for additional disclosure, the changes in liabilities arising for financing activities are;

Lease Liabilities £211k
PFI liabilities £2,831k

The movement relates to cash, no comparative information is required by IAS 7 in 2020-21.

## 18. Trade and other payables

| **Current** | **31 March 2021 £000** | 31 March 2020 £000 |
|---|---|---|
| Welsh Government | **1** | 8 |
| WHSSC / EASC | **486** | 278 |
| Welsh Health Boards | **2,020** | 2,856 |
| Welsh NHS Trusts | **2,032** | 3,125 |
| Health Education and Improvement Wales (HEIW) | **0** | 0 |
| Other NHS | **1,058** | 966 |
| Taxation and social security payable / refunds | **5,344** | 4,732 |
| Refunds of taxation by HMRC | **0** | 0 |
| VAT payable to HMRC | **72** | 217 |
| Other taxes payable to HMRC | **0** | 0 |
| NI contributions payable to HMRC | **6,769** | 6,275 |
| Non-NHS payables - Revenue | **19,124** | 19,593 |
| Local Authorities | **873** | 1,264 |
| Capital payables- Tangible | **11,603** | 6,418 |
| Capital payables- Intangible | **526** | 71 |
| Overdraft | **0** | 0 |
| Rentals due under operating leases | **0** | 0 |
| Obligations under finance leases, HP contracts | **0** | 211 |
| Imputed finance lease element of on SoFP PFI contracts | **3,321** | 2,831 |
| Pensions: staff | **8,663** | 7,908 |
| Non NHS Accruals | **136,504** | 68,737 |
| Deferred Income: | | |
| Deferred Income brought forward | **1,899** | 2,959 |
| Deferred Income Additions | **188** | 324 |
| Transfer to / from current/non current deferred income | **0** | 0 |
| Released to SoCNE | **(1,529)** | (1,384) |
| Other creditors | **332** | 242 |
| PFI assets –deferred credits | **0** | 0 |
| Payments on account | **0** | 0 |
| **Sub Total** | **199,286** | 127,631 |
| | | |
| **Non-current** | | |
| Welsh Government | **0** | 0 |
| WHSSC / EASC | **0** | 0 |
| Welsh Health Boards | **0** | 0 |
| Welsh NHS Trusts | **0** | 0 |
| Health Education and Improvement Wales (HEIW) | **0** | 0 |
| Other NHS | **0** | 0 |
| Taxation and social security payable / refunds | **0** | 0 |
| Refunds of taxation by HMRC | **0** | 0 |
| VAT payable to HMRC | **0** | 0 |
| Other taxes payable to HMRC | **0** | 0 |
| NI contributions payable to HMRC | **0** | 0 |
| Non-NHS payables - Revenue | **0** | 0 |
| Local Authorities | **0** | 0 |
| Capital payables- Tangible | **0** | 0 |
| Capital payables- Intangible | **0** | 0 |
| Overdraft | **0** | 0 |
| Rentals due under operating leases | **0** | 0 |
| Obligations under finance leases, HP contracts | **0** | 0 |
| Imputed finance lease element of on SoFP PFI contracts | **33,815** | 37,136 |
| Pensions: staff | **0** | 0 |
| Non NHS Accruals | **0** | 0 |
| Deferred Income : | | |
| Deferred Income brought forward | **0** | 0 |
| Deferred Income Additions | **0** | 0 |
| Transfer to / from current/non current deferred income | **0** | 0 |
| Released to SoCNE | **0** | 0 |
| Other creditors | **0** | 0 |
| PFI assets –deferred credits | **0** | 0 |
| Payments on account | **0** | 0 |
| **Sub Total** | **33,815** | 37,136 |
| **Total** | **233,101** | 164,767 |

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

## 18. Trade and other payables (continued).

| **Amounts falling due more than one year are expected to be settled as follows:** | **31 March 2021 £000** | 31 March 2020 £000 |
|---|---|---|
| Between one and two years | **2,899** | 3,321 |
| Between two and five years | **11,136** | 9,564 |
| In five years or more | **19,780** | 24,251 |
| Sub-total | **33,815** | 37,136 |

## 19. Other financial liabilities

| | **Current** | | **Non-current** | |
|---|---|---|---|---|
| **Financial liabilities** | **31 March 2021 £000** | 31 March 2020 £000 | **31 March 2021 £000** | 31 March 2020 £000 |
| Financial Guarantees: | | | | |
| At amortised cost | **0** | 0 | **0** | 0 |
| At fair value through SoCNE | **0** | 0 | **0** | 0 |
| Derivatives at fair value through SoCNE | **0** | 0 | **0** | 0 |
| Other: | | | | |
| At amortised cost | **0** | 0 | **0** | 0 |
| At fair value through SoCNE | **0** | 0 | **0** | 0 |
| **Total** | **0** | 0 | **0** | 0 |

## 20. Provisions

| | At 1 April 2020 | Structured settlement cases transferred to Risk Pool | Transfer of provisions to creditors | Transfer between current and non-current | Arising during the year | Utilised during the year | Reversed unused | Unwinding of discount | At 31 March 2021 |
|---|---|---|---|---|---|---|---|---|---|
| **Current** | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| Clinical negligence:- | | | | | | | | | |
| Secondary care | 25,224 | 0 | (11,228) | 27,586 | 20,441 | (11,162) | (8,702) | 0 | 42,159 |
| Primary care | 0 | 0 | 0 | 0 | 70 | 0 | 0 | 0 | 70 |
| Redress Secondary care | 800 | 0 | (335) | (5) | 1,106 | (519) | (378) | 0 | 669 |
| Redress Primary care | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Personal injury | 703 | 0 | (57) | 325 | 1,085 | (1,111) | (59) | (30) | 856 |
| All other losses and special payments | 0 | 0 | 0 | 0 | 149 | (149) | 0 | 0 | 0 |
| Defence legal fees and other administration | 1,682 | 0 | 0 | 534 | 1,551 | (1,184) | (555) | | 2,028 |
| Pensions relating to former directors | 0 | | | 0 | 0 | 0 | 0 | 0 | 0 |
| Pensions relating to other staff | 52 | | | 6 | 40 | (46) | (7) | 0 | 45 |
| 2019-20 Scheme Pays - Reimbursement | 0 | | | 0 | 0 | 0 | 0 | 0 | 0 |
| Restructuring | 0 | | | 0 | 0 | 0 | 0 | 0 | 0 |
| Other | 300 | | 0 | 0 | 1,527 | (545) | (90) | | 1,192 |
| **Total** | 28,761 | 0 | (11,620) | 28,446 | 25,969 | (14,716) | (9,791) | (30) | 47,019 |
| **Non Current** | | | | | | | | | |
| Clinical negligence:- | | | | | | | | | |
| Secondary care | 101,351 | 0 | 0 | (27,566) | 25,406 | (1,499) | (2,270) | 0 | 95,422 |
| Primary care | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Redress Secondary care | 15 | 0 | 0 | (15) | 5 | 0 | 0 | 0 | 5 |
| Redress Primary care | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Personal injury | 5,568 | 0 | 0 | (325) | 374 | 0 | 0 | 0 | 5,617 |
| All other losses and special payments | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Defence legal fees and other administration | 1,339 | 0 | 0 | (534) | 714 | (65) | (31) | | 1,423 |
| Pensions relating to former directors | 0 | | | 0 | 0 | 0 | 0 | 0 | 0 |
| Pensions relating to other staff | 28 | | | (6) | 1 | 0 | 0 | 0 | 23 |
| 2019-20 Scheme Pays - Reimbursement | 0 | | | 0 | 0 | 0 | 0 | 0 | 0 |
| Restructuring | 0 | | | 0 | 0 | 0 | 0 | 0 | 0 |
| Other | 0 | | 0 | 0 | 0 | 0 | 0 | | 0 |
| **Total** | 108,301 | 0 | 0 | (28,446) | 26,500 | (1,564) | (2,301) | 0 | 102,490 |
| **TOTAL** | | | | | | | | | |
| Clinical negligence:- | | | | | | | | | |
| Secondary care | 126,575 | 0 | (11,228) | 20 | 45,847 | (12,661) | (10,972) | 0 | 137,581 |
| Primary care | 0 | 0 | 0 | 0 | 70 | 0 | 0 | 0 | 70 |
| Redress Secondary care | 815 | 0 | (335) | (20) | 1,111 | (519) | (378) | 0 | 674 |
| Redress Primary care | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Personal injury | 6,271 | 0 | (57) | 0 | 1,459 | (1,111) | (59) | (30) | 6,473 |
| All other losses and special payments | 0 | 0 | 0 | 0 | 149 | (149) | 0 | 0 | 0 |
| Defence legal fees and other administration | 3,021 | 0 | 0 | 0 | 2,265 | (1,249) | (586) | | 3,451 |
| Pensions relating to former directors | 0 | | | 0 | 0 | 0 | 0 | 0 | 0 |
| Pensions relating to other staff | 80 | | | 0 | 41 | (46) | (7) | 0 | 68 |
| 2019-20 Scheme Pays - Reimbursement | 0 | | | 0 | 0 | 0 | 0 | 0 | 0 |
| Restructuring | 0 | | | 0 | 0 | 0 | 0 | 0 | 0 |
| Other | 300 | | 0 | 0 | 1,527 | (545) | (90) | | 1,192 |
| **Total** | 137,062 | 0 | (11,620) | 0 | 52,469 | (16,280) | (12,092) | (30) | 149,509 |

**Expected timing of cash flows:**

| | In year to 31 March 2022 | Between 1 April 2022 31 March 2026 | Thereafter | Total |
|---|---|---|---|---|
| | | | | £000 |
| Clinical negligence:- | | | | |
| Secondary care | 42,159 | 95,422 | 0 | 137,581 |
| Primary care | 70 | 0 | 0 | 70 |
| Redress Secondary care | 669 | 5 | 0 | 674 |
| Redress Primary care | 0 | 0 | 0 | 0 |
| Personal injury | 856 | 1,635 | 3,982 | 6,473 |
| All other losses and special payments | 0 | 0 | 0 | 0 |
| Defence legal fees and other administration | 2,028 | 1,423 | 0 | 3,451 |
| Pensions relating to former directors | 0 | 0 | 0 | 0 |
| Pensions relating to other staff | 45 | 17 | 6 | 68 |
| 2019-20 Scheme Pays - Reimbursement | 0 | 0 | 0 | 0 |
| Restructuring | 0 | 0 | 0 | 0 |
| Other | 1,192 | 0 | 0 | 1,192 |
| **Total** | 47,019 | 98,502 | 3,988 | 149,509 |

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

Other provisions relates to retrospective Continuing Healthcare (CHC) claims which are subject to review by the CHC team in Swansea Bay University LHB together with a provision for decommissioning costs for the COVID surge ward at Morriston Hospital which is due to be decommissioned in 2021/22.

Reimbursements are anticipated from Welsh Risk Pool against the provisions detailed above for Clinical Negligence, Redress, Personal Injury Claims and defence legal fees and other administration provisions. The value of the anticipated reimbursement against these provisions amounts to £140.013m and is disclosed as part of the Welsh Risk Pool line in note 15 Trade and Other Receivables.

## 20. Provisions (continued)

| | At 1 April 2019 | Structured settlement cases transferred to Risk Pool | Transfer of provisions to creditors | Transfer between current and non-current | Arising during the year | Utilised during the year | Reversed unused | Unwinding of discount | At 31 March 2020 |
|---|---|---|---|---|---|---|---|---|---|
| **Current** | **£000** | **£000** | **£000** | **£000** | **£000** | **£000** | **£000** | **£000** | **£000** |
| Clinical negligence:- | | | | | | | | | |
| Secondary care | 29,964 | 0 | (3,600) | 5,326 | 23,497 | (11,450) | (18,513) | 0 | **25,224** |
| Primary care | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| Redress Secondary care | 433 | 0 | 0 | 0 | 995 | (481) | (147) | 0 | **800** |
| Redress Primary care | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| Personal injury | 728 | 0 | 0 | 474 | 767 | (1,201) | (80) | 15 | **703** |
| All other losses and special payments | 0 | 0 | 0 | 0 | 48 | (48) | 0 | 0 | **0** |
| Defence legal fees and other administration | 2,154 | 0 | 0 | 136 | 1,766 | (1,019) | (1,355) | | **1,682** |
| Pensions relating to former directors | 4 | | | 0 | 0 | (4) | 0 | 0 | **0** |
| Pensions relating to other staff | 139 | | | 99 | 58 | (241) | (3) | 0 | **52** |
| 2019-20 Scheme Pays - Reimbursement | 0 | | | 0 | 0 | 0 | 0 | 0 | **0** |
| Restructuring | 0 | | | 0 | 0 | 0 | 0 | 0 | **0** |
| Other | 2,036 | | 0 | 0 | 1,154 | (2,422) | (468) | | **300** |
| **Total** | **35,458** | **0** | **(3,600)** | **6,035** | **28,285** | **(16,866)** | **(20,566)** | **15** | **28,761** |
| **Non Current** | | | | | | | | | |
| Clinical negligence:- | | | | | | | | | |
| Secondary care | 107,945 | 0 | 0 | (5,326) | 17,149 | (1,928) | (16,489) | 0 | **101,351** |
| Primary care | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| Redress Secondary care | 0 | 0 | 0 | 0 | 15 | 0 | 0 | 0 | **15** |
| Redress Primary care | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| Personal injury | 5,744 | 0 | 0 | (474) | 1,044 | (746) | 0 | 0 | **5,568** |
| All other losses and special payments | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| Defence legal fees and other administration | 1,191 | 0 | 0 | (136) | 426 | (117) | (25) | | **1,339** |
| Pensions relating to former directors | 12 | | | 0 | 0 | (12) | 0 | 0 | **0** |
| Pensions relating to other staff | 156 | | | (99) | 2 | (30) | (1) | 0 | **28** |
| 2019-20 Scheme Pays - Reimbursement | 0 | | | 0 | 0 | 0 | 0 | 0 | **0** |
| Restructuring | 0 | | | 0 | 0 | 0 | 0 | 0 | **0** |
| Other | 0 | | 0 | 0 | 0 | 0 | 0 | | **0** |
| **Total** | **115,048** | **0** | **0** | **(6,035)** | **18,636** | **(2,833)** | **(16,515)** | **0** | **108,301** |
| **TOTAL** | | | | | | | | | |
| Clinical negligence:- | | | | | | | | | |
| Secondary care | 137,909 | 0 | (3,600) | 0 | 40,646 | (13,378) | (35,002) | 0 | **126,575** |
| Primary care | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| Redress Secondary care | 433 | 0 | 0 | 0 | 1,010 | (481) | (147) | 0 | **815** |
| Redress Primary care | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| Personal injury | 6,472 | 0 | 0 | 0 | 1,811 | (1,947) | (80) | 15 | **6,271** |
| All other losses and special payments | 0 | 0 | 0 | 0 | 48 | (48) | 0 | 0 | **0** |
| Defence legal fees and other administration | 3,345 | 0 | 0 | 0 | 2,192 | (1,136) | (1,380) | | **3,021** |
| Pensions relating to former directors | 16 | | | 0 | 0 | (16) | 0 | 0 | **0** |
| Pensions relating to other staff | 295 | | | 0 | 60 | (271) | (4) | 0 | **80** |
| 2019-20 Scheme Pays - Reimbursement | 0 | | | 0 | 0 | 0 | 0 | 0 | **0** |
| Restructuring | 0 | | | 0 | 0 | 0 | 0 | 0 | **0** |
| Other | 2,036 | | 0 | 0 | 1,154 | (2,422) | (468) | | **300** |
| **Total** | **150,506** | **0** | **(3,600)** | **0** | **46,921** | **(19,699)** | **(37,081)** | **15** | **137,062** |

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

Other provisions relates to retrospective Continuing Healthcare (CHC) claims which are subject to review by the CHC team in Swansea Bay University LHB.

Reimbursements are anticipated from Welsh Risk Pool against the provisions detailed above for Clinical Negligence, Redress, Personal Injury Claims and defence legal fees and other administration provisions. The value of the anticipated reimbursement against these provisions amounts to £128.554m and is disclosed as part of the Welsh Risk Pool line in note 15 Trade and Other Receivables.

## 21. Contingencies

### 21.1 Contingent liabilities

| | 2020-21 | 2019-20 |
|---|---|---|
| Provisions have not been made in these accounts for the following amounts : | £'000 | £'000 |
| Legal claims for alleged medical or employer negligence:- | | |
| Secondary care | 195,386 | 165,208 |
| Primary care | 0 | 0 |
| Redress Secondary care | 0 | 0 |
| Redress Primary care | 0 | 0 |
| Doubtful debts | 0 | 0 |
| Equal Pay costs | 0 | 0 |
| Defence costs | 4,707 | 4,468 |
| Continuing Health Care costs | 64 | 60 |
| Other | 0 | 0 |
| Total value of disputed claims | 200,157 | 169,736 |
| Amounts (recovered) in the event of claims being successful | (196,309) | (165,665) |
| **Net contingent liability** | 3,848 | 4,071 |

### Continuing Healthcare Cost Uncertainties

Prior to 2019/20, liabilities for continuing healthcare costs were a significant issue for the LHB. However, since the 2017-18 financial year significant progress has made in progressing phase 3, 4, 5 and 7 claims, to the extent that as at 31st March 2021 there are no phase 3 or phase 5 cases remaining and only 1 phase 6 claim remains.

As at 31st March 2021, the LHB has included the following amounts relating to these uncertain continuing healthcare costs:

Note 20 sets out the £114,955 provision for probable continuing care costs relating to 15 claims received.

Note 21.1 sets out the £64,439 contingent liability for possible continuing care costs relating to 14 claims received.

### Pensions tax annual allowance – Scheme Pays arrangements 2019/20

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

- clinical staff who are members of the NHS Pension Scheme and who, as a result of work undertaken in the 2019-20 tax year, face a tax charge on the growth of their NHS pension benefits, may opt to have this charge paid by the NHS Pension Scheme, with their pension reduced on retirement;

Welsh Government on behalf of Swansea Bay University LHB , will pay the members who opt for reimbursement of their pension, a corresponding amount on retirement, ensuring that they are fully compensated for the effect of the deduction.

This scheme will be funded directly by the Welsh Government to the NHS Business Services Authority Pension Division, the administrators on behalf of the Welsh claimants.

Clinical staff have until 31 March 2022 to opt for this scheme and the ability to make changes up to 31 July 2026.

At the date of approval of these accounts, there was insufficient data of take-up of the scheme by the Welsh clinical staff to enable a reasonable assessment of future take up to be made. As no reliable estimate can therefore be made to support the creation of a provision at 31 March 2021, the existence of an unquantified contingent liability is instead disclosed.

### 21.2 Remote Contingent liabilities

| | 2020-21 £'000 | 2019-20 £'000 |
|---|---|---|
| Guarantees | 0 | 215 |
| Indemnities | 122 | 0 |
| Letters of Comfort | 0 | 0 |
| **Total** | **122** | **215** |

In 2020/21 remote continent liabilities have been reclassified as indemnities rather than guarantees due to the nature of the liability

### 21.3 Contingent assets

| | 2020-21 £'000 | 2019-20 £'000 |
|---|---|---|
| The Health Board has no contingent assets | | |
| | 0 | 0 |
| | 0 | 0 |
| | 0 | 0 |
| **Total** | **0** | 0 |

## 22. Capital commitments

| **Contracted capital commitments at 31 March** | 2020-21 £'000 | 2019-20 £'000 |
|---|---|---|
| Property, plant and equipment | 15,893 | 6,199 |
| Intangible assets | 0 | 0 |
| **Total** | **15,893** | 6,199 |

## 23. Losses and special payments

Losses and special payments are charged to the Statement of Comprehensive Net Expenditure in accordance with IFRS but are rec orded in the losses and special payments register when payment is made. Therefore this note is prepared on a cash basis.

**Gross loss to the Exchequer**

Number of cases and associated amounts paid out or written-off during the financial year:

| | Amounts paid out during period to 31 March 2021 | |
|---|---|---|
| | **Number** | **£** |
| Clinical negligence | 144 | 13,180,620 |
| Personal injury | 30 | 715,810 |
| All other losses and special payments | 116 | 149,068 |
| **Total** | 290 | 14,045,498 |

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

| **Cases where cumulative amount exceeds £300,000** | **Number** | **Case type** | **Amounts paid out in year** £ | **Cumulative amount** £ |
|---|---|---|---|---|
| 08RVCMN0008 | 1 | Clinical Negligence With Advice | 0 | 390,000 |
| 08RVCMN0021 | 1 | Clinical Negligence With Advice | 0 | 1,129,996 |
| 10RYMMN0033 | 1 | Clinical Negligence With Advice | 100,000 | 1,200,000 |
| 10RYMMN0205 | 1 | Clinical Negligence With Advice | 0 | 481,250 |
| 10RYMMN0212 | 1 | Clinical Negligence With Advice | 0 | 751,100 |
| 10RYMMN0223 | 1 | Clinical Negligence With Advice | 0 | 3,935,000 |
| 11RYMMN0156 | 1 | Clinical Negligence With Advice | 0 | 2,331,278 |
| 12RYMMN0001 | 1 | Clinical Negligence With Advice | 0 | 1,254,880 |
| 12RYMMN0130 | 1 | Clinical Negligence With Advice | 34,319 | 558,319 |
| 13RYMMN0037 | 1 | Clinical Negligence With Advice | 0 | 331,247 |
| 13RYMMN0094 | 1 | Clinical Negligence With Advice | 0 | 778,061 |
| 13RYMMN0218 | 1 | Clinical Negligence With Advice | 750,000 | 850,000 |
| 13RYMMN0225 | 1 | Clinical Negligence With Advice | 720,000 | 860,000 |
| 13RYMMN0234 | 1 | Clinical Negligence With Advice | 315,000 | 315,000 |
| 13RYMMN0235 | 1 | Clinical Negligence With Advice | 0 | 5,595,000 |
| 14RYMMN0033 | 1 | Clinical Negligence With Advice | 60,000 | 810,000 |
| 14RYMMN0034 | 1 | Clinical Negligence With Advice | 531,281 | 1,621,281 |
| 14RYMMN0047 | 1 | Clinical Negligence With Advice | 0 | 547,837 |
| 14RYMMN0083 | 1 | Clinical Negligence With Advice | 31,904 | 351,904 |
| 14RYMMN0103 | 1 | Clinical Negligence With Advice | 0 | 2,610,619 |
| 14RYMMN0110 | 1 | Clinical Negligence With Advice | 0 | 301,705 |
| 14RYMMN0120 | 1 | Clinical Negligence With Advice | 3,757,694 | 4,362,000 |
| 15RYMMN0040 | 1 | Clinical Negligence With Advice | 300,000 | 509,149 |
| 15RYMMN0151 | 1 | Clinical Negligence With Advice | 150,000 | 1,505,000 |
| 15RYMMN0154 | 1 | Clinical Negligence With Advice | 100,000 | 350,000 |
| 15RYMMN0176 | 1 | Clinical Negligence With Advice | 0 | 1,778,329 |
| 15RYMMN0190 | 1 | Clinical Negligence With Advice | 1,563,000 | 1,588,000 |
| 15RYMMN0232 | 1 | Clinical Negligence With Advice | 0 | 522,550 |
| 15RYMMN0240 | 1 | Clinical Negligence With Advice | 0 | 417,100 |
| 16RYMMN0057 | 1 | Clinical Negligence With Advice | 710,133 | 772,633 |
| 16RYMMN0161 | 1 | Clinical Negligence With Advice | 0 | 925,000 |
| 17RYMMN0006 | 1 | Clinical Negligence With Advice | 0 | 1,912,500 |
| 17RYMMN0030 | 1 | Clinical Negligence With Advice | 0 | 1,360,284 |
| 17RYMMN0047 | 1 | Clinical Negligence With Advice | 0 | 311,830 |
| 20RYMPI0037 | 1 | Personal Injury with Advice | 365,000 | 365,000 |
| **Sub-total** | **35** | | **9,488,331** | **43,683,852** |
| **All other cases** | 255 | | 4,557,167 | 15,833,054 |
| **Total cases** | **290** | | **14,045,498** | **59,516,906** |

## 24. Finance leases

### 24.1 Finance leases obligations (as lessee)

The Health Board had one lease arrangement classified as a finance lease under IFRS for the lease hire and use of hospital beds, which expired during the 2020/21 financial year.

Under that lease all rentals paid incurred a standard rental charge with no index linked payments.

The Health Board has no contingent rentals to disclose on these arrangements.

Future sub lease payments expected to be received total £Nil (2019-20 £Nil).

Contingent rents recognised as an expense £Nil (2019-20 £Nil).

The Health Board does not hold any finance leases in respect of land and buildings.

**Amounts payable under finance leases:**

| **Land** | **31 March 2021 £000** | 31 March 2020 £000 |
|---|---|---|
| **Minimum lease payments** | | |
| Within one year | **0** | 0 |
| Between one and five years | **0** | 0 |
| After five years | **0** | 0 |
| Less finance charges allocated to future periods | **0** | 0 |
| Minimum lease payments | **0** | 0 |
| | | |
| Included in: | | |
| Current borrowings | **0** | 0 |
| Non-current borrowings | **0** | 0 |
| | **0** | 0 |
| | | |
| **Present value of minimum lease payments** | | |
| Within one year | **0** | 0 |
| Between one and five years | **0** | 0 |
| After five years | **0** | 0 |
| Present value of minimum lease payments | **0** | 0 |
| | | |
| Included in: | | |
| Current borrowings | **0** | 0 |
| Non-current borrowings | **0** | 0 |
| | **0** | 0 |

**24.1 Finance leases obligations (as lessee) continued**

**Amounts payable under finance leases:**

| **Buildings** | **31 March 2021** | 31 March 2020 |
|---|---|---|
| **Minimum lease payments** | **£000** | £000 |
| Within one year | **0** | 0 |
| Between one and five years | **0** | 0 |
| After five years | **0** | 0 |
| Less finance charges allocated to future periods | **0** | 0 |
| Minimum lease payments | **0** | 0 |
| Included in: | | |
| Current borrowings | **0** | 0 |
| Non-current borrowings | **0** | 0 |
| | **0** | 0 |
| **Present value of minimum lease payments** | | |
| Within one year | **0** | 0 |
| Between one and five years | **0** | 0 |
| After five years | **0** | 0 |
| Present value of minimum lease payments | **0** | 0 |
| Included in: | | |
| Current borrowings | **0** | 0 |
| Non-current borrowings | **0** | 0 |
| | **0** | 0 |

| **Other** | **31 March 2021** | 31 March 2020 |
|---|---|---|
| **Minimum lease payments** | **£000** | £000 |
| Within one year | **0** | 213 |
| Between one and five years | **0** | 0 |
| After five years | **0** | 0 |
| Less finance charges allocated to future periods | **0** | (2) |
| Minimum lease payments | **0** | 211 |
| Included in: | | |
| Current borrowings | **0** | 211 |
| Non-current borrowings | **0** | 0 |
| | **0** | 211 |
| **Present value of minimum lease payments** | | |
| Within one year | **0** | 211 |
| Between one and five years | **0** | 0 |
| After five years | **0** | 0 |
| Present value of minimum lease payments | **0** | 211 |
| Included in: | | |
| Current borrowings | **0** | 211 |
| Non-current borrowings | **0** | 0 |
| | **0** | 211 |

## 24.2 Finance leases obligations (as lessor) continued

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

**Amounts receivable under finance leases:**

| | **31 March 2021** | 31 March 2020 |
|---|---|---|
| **Gross Investment in leases** | **£000** | £000 |
| Within one year | **0** | 0 |
| Between one and five years | **0** | 0 |
| After five years | **0** | 0 |
| Less finance charges allocated to future periods | **0** | 0 |
| Minimum lease payments | **0** | 0 |
| Included in: | | |
| Current borrowings | **0** | 0 |
| Non-current borrowings | **0** | 0 |
| | **0** | 0 |
| **Present value of minimum lease payments** | | |
| Within one year | **0** | 0 |
| Between one and five years | **0** | 0 |
| After five years | **0** | 0 |
| Less finance charges allocated to future periods | **0** | 0 |
| Present value of minimum lease payments | **0** | 0 |
| Included in: | | |
| Current borrowings | **0** | 0 |
| Non-current borrowings | **0** | 0 |
| | **0** | 0 |

## 25. Private Finance Initiative contracts

### 25.1 PFI schemes off-Statement of Financial Position

The LHB has no PFI Schemes off-statement of financial position.

| **Commitments under off-SoFP PFI contracts** | **Off-SoFP PFI contracts** | Off-SoFP PFI contracts |
|---|---|---|
| | **31 March 2021** | 31 March 2020 |
| | **£000** | £000 |
| Total payments due within one year | **0** | 0 |
| Total payments due between 1 and 5 years | **0** | 0 |
| Total payments due thereafter | **0** | 0 |
| Total future payments in relation to PFI contracts | **0** | 0 |
| Total estimated capital value of off-SoFP PFI contracts | **0** | 0 |

### 25.2 PFI schemes on-Statement of Financial Position

| | |
|---|---|
| **Capital value of scheme included in Fixed Assets Note 11** | **£000** |
| | **55,918** |
| **Contract start date:** | **12th May 2000** |
| **Contract end date:** | **31st May 2030** |

On 12th May 2000, a 30 year Private Finance Initiative (PFI) contract was signed between the Health Board's predecessor organisation Bro Morgannwg NHS Trust and Baglan Moors Healthcare for the provision of a 270 bed local general hospital to serve the population of Neath and Port Talbot. The services to be provided in the new hospital which was completed in Autumn 2002 resulted in the transfer of services from the subsequently closed Neath and Port Talbot Hospitals.

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

| | **On SoFP PFI Capital element** | **On SoFP PFI Imputed interest** | **On SoFP PFI Service charges** |
|---|---|---|---|
| | **31 March 2021** | **31 March 2021** | **31 March 2021** |
| | **£000** | **£000** | **£000** |
| Total payments due within one year | **3,321** | **5,215** | **4,306** |
| Total payments due between 1 and 5 years | **14,035** | **20,579** | **20,047** |
| Total payments due thereafter | **19,780** | **28,410** | **14,802** |
| Total future payments in relation to PFI contracts | **37,136** | **54,204** | **39,155** |

| | On SoFP PFI Capital element | On SoFP PFI Imputed interest | On SoFP PFI Service charges |
|---|---|---|---|
| | 31 March 2020 | 31 March 2020 | 31 March 2020 |
| | £000 | £000 | £000 |
| Total payments due within one year | 2,831 | 5,003 | 4,694 |
| Total payments due between 1 and 5 years | 12,885 | 20,131 | 20,312 |
| Total payments due thereafter | 24,251 | 34,073 | 18,843 |
| Total future payments in relation to PFI contracts | 39,967 | 59,207 | 43,849 |

| | **31 March 2021** |
|---|---|
| | **£000** |
| Total present value of obligations for on-SoFP PFI contracts | **130,495** |

| 25.3 Charges to expenditure | 2020-21 | 2019-20 |
|---|---|---|
| | £000 | £000 |
| Service charges for On Statement of Financial Position PFI contracts (excl interest costs) | 2,614 | 2,550 |
| 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 | 2,614 | 2,550 |

The LHB is committed to the following annual charges

| PFI scheme expiry date: | 31 March 2021 £000 | 31 March 2020 £000 |
|---|---|---|
| Not later than one year | 0 | 0 |
| Later than one year, not later than five years | 0 | 0 |
| Later than five years | 12,842 | 12,529 |
| **Total** | 12,842 | 12,529 |

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

**25.4 Number of PFI contracts**

| | Number of on SoFP PFI contracts | Number of off SoFP PFI contracts |
|---|---|---|
| Number of PFI contracts | 1 | 0 |
| Number of PFI contracts which individually have a total commitment > £500m | 0 | 0 |

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

| PFI Contract | |
|---|---|
| Neath Port Talbot Hospital | On |

**25.5 The LHB has no Public Private Partnerships**

## 26. Financial risk management

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

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

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

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

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

## 27. Movements in working capital

| | 2020-21 £000 | 2019-20 £000 |
|---|---|---|
| (Increase)/decrease in inventories | **597** | 222 |
| (Increase)/decrease in trade and other receivables - non-current | **5,922** | 6,321 |
| (Increase)/decrease in trade and other receivables - current | **(27,403)** | 64 |
| Increase/(decrease) in trade and other payables - non-current | **(3,321)** | (3,042) |
| Increase/(decrease) in trade and other payables - current | **71,655** | (23,540) |
| **Total** | **47,450** | (19,975) |
| Adjustment for accrual movements in fixed assets - creditors | **(5,639)** | 4,155 |
| Adjustment for accrual movements in fixed assets - debtors | **0** | 0 |
| Other adjustments | **4,866** | (2,837) |
| | **46,677** | (18,657) |

## 28. Other cash flow adjustments

| | 2020-21 £000 | 2019-20 £000 |
|---|---|---|
| Depreciation | **26,763** | 26,837 |
| Amortisation | **1,752** | 1,953 |
| (Gains)/Loss on Disposal | **(33)** | (5) |
| Impairments and reversals | **(577)** | 4,351 |
| Release of PFI deferred credits | **0** | 0 |
| NWSSP Covid assets issued debited to expenditure but non-cash | **0** | 0 |
| Covid assets received credited to revenue but non-cash | **(7,606)** | 0 |
| Donated assets received credited to revenue but non-cash | **(186)** | (89) |
| Government Grant assets received credited to revenue but non-cash | **(2,097)** | (197) |
| Non-cash movements in provisions | **28,727** | 6,255 |
| Other movements | **25,321** | 23,584 |
| **Total** | **72,064** | 62,689 |

Other adjustments in Note 27 relates to the capital element of payments in respect of finance leases and on SoFP PFI schemes and the notional costs of the COVID assets received from NHS Wales Shared Services Partnership free of charge.

Other movements in Note 28 relates to the notional funding provided by Welsh Government in respect of the 6.3% NHS Pension Contributions paid by Welsh Government and notionally charged to the Health Board and the revenue assets received from the Department of Health as government granted assets.

## 29. Events after the Reporting Period

These financial statements were authorised for issue by the Chief Executive and Accountable Officer on 15th June 2021, the date they were certified by the Auditor General for Wales.

## 30. Related Party Transactions

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

| Name | Details | Related Party Interest |
|---|---|---|
| Mrs. M Berry | Independent Member | Trust and Vice Chair - Care & Repair Cymru |
| Mr. M Child | Independent Member | Councillor, City & County of Swansea |
| Professor T.Crick | Independent Member | Non Executive Director of Welsh Water/Dwr Cymru |
| Mr. D Griffiths | Interim Director of Finance | Wife is Director for Wales for the British Red Cross |
| Mr. A Jarrett | Associate Board Member | Director of Social Services for Neath Port Talbot CBC |
| Mr. K Lloyd | Independent Member | Vice President - Royal College of Psychiatrists |
| Mr.S Spill | Vice Chair | Non Executive Director - Coastal Housing Group and Trustee Platform for Change |
| Mr M Waygood | Independent Member, Interim Vice Chair until from 18th January 2021 | Member of the Ospreys in the Community Charity Board |

The total value of transactions with related parties in 2020/21 were as follows:

| Related Party | | Payments to related party | Receipts from related party | Amounts owed to related party | Amounts due from related party |
|---|---|---|---|---|---|
| | | £000 | £000 | £000 | £000 |
| Care and Repair Cymru | | 43 | 0 | 0 | 0 |
| City & County of Swansea Council | | 49,969 | 3,589 | 889 | 1,051 |
| Welsh Water - Dwr Cymru | | 697 | 0 | 0 | 0 |
| British Red Cross | | 168 | 0 | 7 | 0 |
| Neath Port Talbot County Council | | 12,677 | 4,078 | 91 | 1,860 |
| Royal College of Pschiatrists | | 4 | 0 | 3 | 0 |
| Coastal Housing Group | | 143 | 0 | 30 | 0 |
| Platform for Change | | 13 | 0 | 0 | 0 |
| Ospreys in the Community | | 45 | 0 | 0 | 0 |

The Health Board holds a fixed asset investment at zero value with Zoobiotic trading as Biomonde. This company is therefore regarded as a related party. The transactions during the year are

| Related Party | | Payments to related party | Receipts from related party | Amounts owed to related party | Amounts due from related party |
|---|---|---|---|---|---|
| | | £000 | £000 | £000 | £000 |
| Zoobiotic Trading as Biomonde | | 44 | 0 | 0 | 0 |

The Welsh Government is regarded as a related party. During the year Swansea Bay University 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:

| Entity | Payments to related party | Receipts from related party | Amounts owed to related party | Amounts due from related party |
|---|---|---|---|---|
| | £000 | £000 | £000 | £000 |
| Welsh Government | 192 | 1,049,066 | 1 | 4,542 |
| Welsh Health Specialised Services Commission | 104,627 | 120,510 | 486 | 3,526 |
| Aneurin Bevan LHB | 1,197 | 3,207 | 118 | 421 |
| Betsi Cadwaladr LHB | 362 | 214 | 62 | 9 |
| Cardiff & Vale LHB | 5,821 | 5,790 | 655 | 611 |
| Cwm Taf LHB | 33,199 | 44,724 | 1,132 | 375 |
| Health Education & Improvement Wales | 0 | 13,085 | 0 | 103 |
| Hywel Dda LHB | 4,149 | 37,062 | 49 | 247 |
| Powys LHB | 1,265 | 9,404 | 5 | 169 |
| Public Health Wales NHS Trust | 4,156 | 4,201 | 43 | 423 |
| Velindre NHS Trust | 28,350 | 3,848 | 1,877 | 932 |
| Welsh Ambulance Services NHS Trust | 5,671 | 66 | 147 | 14 |
| **Total** | **188,989** | **1,291,177** | **4,575** | **11,372** |

## 31. Third Party assets

The LHB held £653,521 cash at bank and in hand at 31 March 2021 (31st March 2020, £623,205) which relates to monies held by the LHB on behalf of patients. Cash held in patient Investment Accounts amounted to £491,402 at 31st March 2021 (31st March 2020, £568,775). This has been excluded from the Cash and Cash equivalents figure reported in the accounts.

In addition the LHB had located on its premises a significant quantity of consignment stock. This stock remains the property of the supplier until it is used. The value of consignment stock at 31 March 2021 amounted to £468,874 (£586,026 as at 31st March 2020).

## 32. Pooled budgets

The Health Board has participated in a formal pooled budget arrangement in 2020/21 which commenced in April 2012 and replaced previous agreements in place between 2008/09 and March 2012. The pooled budget arrangement is accounted for in accordance with IFRS 11, Joint Arrangements and IFRS 12, Disclosure of Interests in Other Entities.

**Section 33 Partnership : Community Equipment**

**1. Statutory Partners**

City & County of Swansea
Neath Port Talbot County Borough Council
Swansea Bay University Health Board

**2. Aims of the Partnership**

To provide an integrated community equipment service that meets the defining criteria and good practice within the guidance

To provide a flexible and responsive service for users and practitioners through a unified assessment and provisioning system which

To meet national and local standards and performance indicators, in particular to provide a high percentage of equipment and minor

To support intermediate care, palliative care and hospital discharge initiatives and to build on and consolidate existing joint

To develop more accessible services with consistent eligibility criteria, which will improve co-ordination between partner agencies

To provide an assessment, demonstration display and learning facility for service users and practitioners from health, education and

To meet the above in respect of beds, mattresses and cot sides and other equipment

**3. Pooled Budget Memorandum Account**

| **Gross Funding** | **2021/21** | **2019/20** |
|---|---|---|
| | **£** | **£** |
| City & County of Swansea | 700,500 | 624,250 |
| Neath Port Talbot County Borough Council | 394,000 | 351,000 |
| Swansea Bay University Health Board | 1,405,500 | 1,524,749 |
| Other | 1,772,565 | 526,327 |
| **Total Funding** | **4,272,565** | **3,026,326** |
| **Expenditure** | 2,936,630 | 2,233,243 |
| **Net (under)/over spend** | **(1,335,935)** | **(793,083)** |

The underspend will be transferred into a ring fenced specific reserve to the equipment pool.

## 33. Operating segments

IFRS 8 requires bodies to report information about each of its operating segments.

Swansea Bay University Health Board has organised its operational services into 5 Service Delivery Units (SDUs). Three of these units are centred on the Health Board's main hospital sites of Morriston, Neath Port Talbot, and Singleton. The remaining two SDUs cover Mental Health and Learning Disabilities Services and Primary Care and Community Services

The LHB has formed the view that the activities of its SDUs are sufficiently similar for the results of their operations not to have to be disclosed separately. In reaching this decision the Health Board is satisfied that the following criteria are met:

1. Aggregation still allows users to evaluate the business and its operating environment.

2. Service Delivery Units have similar economic characteristics.

3. The Service Delivery Units are similar in respect of all of the following.

> The nature of the service provided
> The Service Delivery Units operate fundamentally similar processes
> The end customers (the patients) fall into broadly similar categories
> The Service Delivery Units share a common regulatory environment

The LHB did operate as a home to one hosted body during 2020/21, which is the NHS Wales Delivery Unit (DU). This unit is responsible for the functions of assurance, improvement of performance and delivery for NHS Wales with the unit being aligned to the priorities of and directly funded by the Welsh Government.

During 2020/21 these accounts contain income of £3.374m and expenditure of £3.172m in respect of the DU.

The LHB does not consider the amounts involved to be sufficiently material to be reported as a separate segment.

## 34. Other Information

### 34.1. 6.3% Staff Employer Pension Contributions - Notional Element

The value of notional transactions is based on estimated costs for the twelve month period 1 April 2020 to 31 March 2021. This has been calculated from actual Welsh Government expenditure for the 6.3% staff employer pension contributions between April 2020 and February 2021 alongside Health Board/Trust/SHA data for March 2021.

Transactions include notional expenditure in relation to the 6.3% paid to NHS BSA by Welsh Government and notional funding to cover that expenditure as follows:

| | 2020-21 |
|---|---|
| **Statement of Comprehensive Net Expenditure for the year ended 31 March 2021** | **£000** |
| Expenditure on Primary Healthcare Services | **0** |
| Expenditure on Hospital and Community Health Services | **25,321** |
| **Statement of Changes in Taxpayers' Equity For the year ended 31 March 2021** | |
| Net operating cost for the year | **25,321** |
| Notional Welsh Government Funding | **25,321** |
| **Statement of Cash Flows for year ended 31 March 2021** | |
| Net operating cost for the financial year | **25,321** |
| Other cash flow adjustments | **25,321** |
| **2.1 Revenue Resource Performance** | |
| Revenue Resource Allocation | **25,321** |
| **3. Analysis of gross operating costs** | |
| **3.1 Expenditure on Primary Healthcare Services** | |
| General Medical Services | **0** |
| **3.3 Expenditure on Hospital and Community Health Services** | |
| Directors' costs | **75** |
| Staff costs | **25,246** |
| **9.1 Employee costs** | |
| **Permanent Staff** | |
| Employer contributions to NHS Pension Scheme | **25,321** |
| Charged to capital | **26** |
| Charged to revenue | **25,295** |
| **18. Trade and other payables** | |
| **Current** | |
| Pensions: staff | **0** |
| **28. Other cash flow adjustments** | |
| Other movements | **25,321** |

## 34. Other Information

### 34.2. Other (continued)

**Welsh Government Covid 19 Funding**

| | 2020-21 £000 |
|---|---|
| **Capital** | |
| Capital Funding Field Hospitals | 521 |
| Capital Funding Equipment & Works | 8028 |
| Capital Funding other (Specify) | 0 |
| **Welsh Government Covid 19 Capital Funding** | **8,549** |
| **Revenue** | |
| Sustainability Funding | 48,200 |
| C-19 Pay Costs Q1 (Future Quarters covered by SF) | 6,831 |
| Field Hospital (Set Up Costs, Decommissioning & Consequential losses) | 35,985 |
| PPE (including All Wales Equipment via NWSSP) | 8,644 |
| TTP- Testing & Sampling - Pay & Non Pay | 2,461 |
| TTP - NHS & LA Tracing - Pay & Non Pay | 4,901 |
| Vaccination - Extended Flu Programme | 893 |
| Vaccination - COVID-19 | 3,678 |
| Bonus Payment | 14,401 |
| Annual Leave Accrual - Increase due to Covid | 11,615 |
| Urgent & Emergency Care | 3,375 |
| Support for Adult Social Care Providers | 2,905 |
| Hospices | 0 |
| Independent Health Sector | 1,044 |
| Mental Health | 666 |
| Other Primary Care | 1,603 |
| Other | 1,744 |
| **Welsh Government Covid 19 Revenue Funding** | **148,947** |

The Health Board has also received free of charge items to the value of £7,606k in respect of NHS Wales Shared Servces Partnership Covid centrally purchased assets. This value comprises the following items :

Equipment Consumables - £3,235k, Personal Protective Equipment (PPE) - £3,163k, Testing Equiment £47k, Vaccination Packs PPE £1,128k, Vaccination Pack Consumables £33k.

These items are accounted for as expenditure in Note 3.3 Clinical Supplies and Services, as income in Note 4 with items held as stock amounting to £245k disclosed as consumables in Note 14.1.

The Health Board has also received Government Granted assets of £2,097k comprising items supplied by the Department of Health. This income is disclosed in Note 4 to the accounts.

# 34. Other Information

### 34.3 Implemention of IFRS 16

HM Treasury agreed with the Financial Reporting Advisory Board (FRAB), to defer the implementation of IFRS 16 Leases until 1 April 2022, because of the circumstances caused by Covid-19.

To ease the pressure on NHS Wales Finance Departments the IFRS 16 detailed impact statement has been removed by the Welsh Government Health and Social Services Group, Finance Department.

We expect the introduction of IFRS16 will have a significant impact and this will be worked through for disclosure in our 2021-22 financial statements.

**The Certificate of the Auditor General for Wales to the Senedd**

**Opinion on financial statements**

I certify that I have audited the financial statements of Swansea Bay University Local Health Board for the year ended 31 March 2021 under Section 61 of the Public Audit (Wales) Act 2004. These comprise the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Cash Flow Statement and Statement of Changes in Taxpayers' Equity and related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards as interpreted and adapted by HM Treasury's Financial Reporting Manual.

In my opinion the financial statements:

- give a true and fair view of the state of affairs of Swansea Bay University Local Health Board as at 31 March 2021 and of its net operating costs for the year then ended;
- have been properly prepared in accordance with international accounting standards as interpreted and adapted by HM Treasury's Financial Reporting Manual; and
- have been properly prepared in accordance with the National Health Service (Wales) Act 2006 and directions made there under by Welsh Ministers.

**Qualified Opinion on regularity**
The Health Board has breached its resource limit by spending £50.467 million over the £3,119 million that it was authorised to spend in the three-year period 2018-19 to 2020-21. This spend constitutes irregular expenditure. Further detail is set out in the attached Report.

In my opinion, except for the irregular expenditure of £50.467 million explained in the paragraph above, in all material respects, the expenditure and income have been applied to the purposes intended by the Senedd and the financial transactions conform to the authorities which govern them.

**Basis of opinions**
I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the Board in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinions.

**Emphasis of Matter – Clinicians' pension tax liabilities**

I draw attention to Note 21 of the financial statements, which describes the impact of a Ministerial Direction issued on 18 December 2019 to the Permanent Secretary of the Welsh Government in respect of clinicians' pension tax liabilities. My opinion is not modified in respect of this matter.

**Conclusions relating to going concern**

In auditing the financial statements, I have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the body's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

**Other Information**

The other information comprises the information included in the annual report other than the financial statements and my auditor's report thereon. The Chief Executive is responsible for the other information contained within the annual report. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon. My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

**Report on other requirements**

**Opinion on other matters**

In my opinion, the part of the remuneration report to be audited has been properly prepared in accordance with the National Health Service (Wales) Act 2006 and directions made there under by Welsh Ministers.

In my opinion, based on the work undertaken in the course of my audit:

- the information given in the Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and the Governance Statement has been prepared in accordance with Welsh Ministers' guidance; and
- the information given in the Foreword and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements and the Foreword and Accountability Report has been prepared in accordance with Welsh Ministers' guidance.

**Matters on which I report by exception**

In the light of the knowledge and understanding of the Board and its environment obtained in the course of the audit, I have not identified material misstatements in the Foreword and Accountability Report or the Governance Statement.

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

- adequate accounting records have not been kept, or returns adequate for my audit have not been received from branches not visited by my team;
- the financial statements and the audited part of the Remuneration Report are not in agreement with the accounting records and returns;
- information specified by HM Treasury or Welsh Ministers regarding remuneration and other transactions is not disclosed; or
- I have not received all the information and explanations I require for my audit.

**Responsibilities**

**Responsibilities of Directors and the Chief Executive for the financial statements**

As explained more fully in the Statements of Directors' and Chief Executive's Responsibilities, the Directors and the Chief Executive are responsible for the preparation of financial statements which give a true and fair view and for such internal control as the Directors and Chief Executive determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors and Chief Executive are responsible for assessing the board's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

**Auditor's responsibilities for the audit of the financial statements**

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

My procedures included the following:

- Enquiring of management, the audited entity's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to Swansea Bay University Local Health Board policies and procedures concerned with:
- identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
- detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
- the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.

- Considering as an audit team how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in the following areas: revenue recognition, posting of unusual journals and biases in accounting estimates.

- Obtaining an understanding of Swansea Bay University Local Health Board's framework of authority as well as other legal and regulatory frameworks that Swansea Bay University Local Health Board operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of Swansea Bay University Local Health Board.

In addition to the above, my procedures to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;

- enquiring of management, those charged with governance and legal advisors about actual and potential litigation and claims;

- reading minutes of meetings of those charged with governance and the Board;

- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

I also communicated relevant identified laws and regulations and potential fraud risks to all audit team and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of Swansea Bay University Local Health Board controls, and the nature, timing and extent of the audit procedures performed.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor's report.

**Responsibilities for regularity**

The Chief Executive is responsible for ensuring the regularity of financial transactions.

I am required to obtain sufficient evidence to give reasonable assurance that the expenditure and income have been applied to the purposes intended by the Senedd and the financial transactions conform to the authorities which govern them.

**Report**
Please see my Report on pages 77 to 78.

Adrian Crompton
Auditor General for Wales
15 June 2021

24 Cathedral Road
Cardiff
CF11 9LJ

## Report of the Auditor General to the Senedd

### Introduction

Under the Public Audit Wales Act 2004, I am responsible for auditing, certifying and reporting on Swansea Bay University Local Health Board's (the LHB's) financial statements. I am reporting on these financial statements for the year ended 31 March 2021 to draw attention to 3 key matters for my audit. These are the failure against the first financial duty and consequential qualification of my 'regularity' opinion, the failure of the second financial duty, and the implications of the ministerial direction on senior clinicians' pensions. I have not qualified my 'true and fair' opinion in respect of any of these matters.

### Financial duties

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

For 2020-21, Swansea Bay University Local Health Board (the Health Board) failed to meet both the first and the second financial duty.

### Failure of the first financial duty

The **first financial duty** gives additional flexibility to LHBs by allowing them to balance their income with their expenditure over a three-year rolling period. The three-year period being measured under this duty this year is 2018-19 to 2020-21.

As shown in Note 2.1 to the Financial Statements, the LHB did not manage its revenue expenditure within its resource allocation over this three-year period, exceeding its cumulative revenue resource limit of £3,119 million by £50.467 million.

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

### Failure of the second financial duty

The **second financial duty** requires LHBs to prepare and have approved by the Welsh Ministers a rolling three-year integrated medium-term plan. This duty is an essential foundation to the delivery of sustainable quality health services. An LHB will be deemed to have met this duty for 2020-21 if it submitted a 2019-20 to 2021-22 plan approved by its Board to the Welsh Ministers who then approved it by the 30 June 2019. This duty is unchanged from last year because due to the pandemic, the duty to prepare a new three-year plan for the period 2020-21 to 2022-23 was paused, leaving the previous year's duty in place.

As shown in Note 2.3 to the Financial Statements, the LHB did not meet its second financial duty to have an approved three-year integrated medium-term plan in place for the period 2019-20 to 2021-22.

### Ministerial direction on senior clinicians' pensions

NHS Pension scheme and pension tax legislation is not devolved to Wales. HM Treasury's changes to the tax arrangements on pension contributions in recent years included the reduction in the Annual Allowance limit from over £200,000 in 2011-12 to £40,000 in 2018-19. As a result, in cases where an individual's pension contributions exceed certain annual and / or lifetime pension contribution allowance limits, then they are taxed at a higher rate on all their contributions, creating a sharp increase in tax liability.

In a Written Statement on 13 November 2019, the Minister for Health and Social Services had noted that NHS Wales bodies were: 'regularly reporting that senior clinical staff are unwilling to take on additional work and sessions due to the potentially punitive tax liability'. In certain circumstances this could lead to additional tax charges in excess of any additional income earned.

On 18 December 2019, the First Minister (mirroring earlier action by the Secretary of State for Health and Social Care for England) issued a Ministerial Direction to the Permanent Secretary to proceed with plans to commit to making payments to clinical staff to restore the value of their pension benefits packages. If NHS clinicians opted to use the 'Scheme Pays' facility to settle annual allowance tax charges arising from their 2019-20 NHS pension savings (i.e. settling the charge by way of reduced annual pension, rather than by making an immediate one-off payment), then their NHS employers would meet the impact of those tax charges on their pension when they retire.

The Ministerial Direction was required because this solution could be viewed by HMRC to constitute tax planning and potentially tax avoidance, hence making the expenditure irregular. Managing Welsh Public Money (which mirrors its English equivalent) specifically states that 'public sector organisations should not engage in: tax evasion, tax avoidance or tax planning'.

A Ministerial Direction does not make regular what would otherwise be irregular, but it does move the accountability for such decisions from the Accounting Officer to the Minister issuing the direction.

The solution applies only to annual allowance tax charges arising from an increase in the benefits accrued in the NHS Pension Scheme during the tax year ended 5 April 2020. For the tax year ended 5 April 2021, the Chancellor increased the thresholds for the tapered annual allowance and, as a result, it is anticipated that the risk to the supply of clinical staff has been mitigated.

The LHB currently has insufficient information to calculate and recognise an estimate of the potential costs of compensating senior clinical staff for pension benefits that they would otherwise have lost, by using the 'Scheme Pays' arrangement. As a result, no expenditure is recognised in the financial statements but as required the LHB has disclosed a contingent liability in note 21 of its financial statements.

All NHS bodies will be held harmless for the impact of the Ministerial Direction, however in my opinion any transactions included in the LHB's financial statements to recognise this liability would be irregular and material by their nature. This is because the payments are contrary to paragraph 5.6.1 of Managing Public Money and constitute a form of tax planning which will leave the Exchequer as a whole worse off. The Minister's direction alone does not regularise the scheme. Furthermore, the arrangements are novel and contentious and potentially precedent setting.

I have not modified my regularity opinion in this respect this year because as set out above, no expenditure has been recognised in the year ended 31 March 2021. I have however placed an Emphasis of Matter paragraph in my audit report to highlight this issue and, have prepared this report to bring the arrangement to the attention of the Senedd.

**Adrian Crompton**
**Auditor General for Wales**
**15 June 2021**

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

### LOCAL HEALTH BOARDS

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

### BASIS OF PREPARATION

2. The account of the LHB shall comply with:

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

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

### FORM AND CONTENT

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

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

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

### MISCELLANEOUS

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

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

Signed by the authority of Welsh Ministers

Signed : Chris Hurst Dated :

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