

## Bundle Audit Committee 9 July 2024

- 1 OPENING BUSINESS
  - 1.1 13:30 – AC24.78 – Welcome and Apologies  
*Chair*
  - 1.2 13:31 – AC24.79 – Declarations of Interest  
*Chair*
- 2 ANNUAL REPORT
  - 2.1 13:32 – AC24.80 – Financial Annual Accounts 2023/24  
*Executive Lead – Mr Russell Caldicott – Interim Executive Director of Finance*  
*Report Author – Mr Simon Weaver – Head of Financial Services*  
*Recommendation: The Audit Committee are requested to recommend adoption of the 2023–24 Annual Accounts to the Health Board following consideration of Audit Wales findings on their review of the Financial Statements.*
    - AC24.80a – Audited Annual Accounts 2023–24 – Audit Committee Cover Sheet
    - AC24.80b – Audit Committee 21st May 2024 – Draft Annual Accounts Presentation
    - AC24.80c – Betsi Cadwaladr LHB audited accounts submission 2023–24 – fc
  - 2.2 14:02 – AC24.81 – ISA 260 Audit of Financial Statements – Audit Wales  
AC24.81 – ISA 260 Audit of Financial Statements – Audit Wales
  - 2.3 14:22 – AC24.82 – Response to Audit Enquiries Letter  
*Executive Lead – Mr Russell Caldicott – Interim Executive Director of Finance*  
AC24.82 – Final Audit Enquiries Letter – 23.24 (pdf)
  - 2.4 14:32 – AC24.83 – Local Counter Fraud 2023/2024 Annual Report  
*Executive Lead – Mr Russell Caldicott – Interim Executive Director of Finance*  
*Report Authors – Mr. Karl Woodward – Head of Local Counter Fraud Service and Mr. Sjef Molmans – Deputy Head of Local Counter Fraud Service*  
*Recommendations: The Audit Committee is asked to consider and note the Local Counter Fraud Annual Report for 2023/24.*  
AC24.83 – Audit Committee Paper – Local Counter Fraud Annual Report 2023–24 – Final OOT
  - 2.5 14:47 – AC24.84 – Head of Internal Audit Opinion and Annual Report 2023/2024  
*Executive Leads – Carol Shillabeer, Accountable Officer (Chief Executive) and Pam Wenger, Director of Corporate Governance*  
*Report Author – Head of Internal Audit*  
*Recommendations: The Audit Committee is asked to: Note and receive the Head of Internal Audit opinion and annual report for 2023/24.*
    - AC24.84a – HIA annual opinion and report Cover Sheet July24
    - AC24.84b – BCUHB Final HIA Opinion and Annual Report 2023–24
  - 2.6 15:07 – AC24.85 – Annual Report 2023/2024  
*Executive Lead – Pam Wenger, Director of Corporate Governance*  
*Report Author – Phil Meakin – Associate Director of Governance*  
*Recommendations: The Audit Committee is asked to –*  
*Receive and consider the Annual Report 2023–24, Part 1 and 2 and Annual Governance Statement.*  
*Recommend to Board at its meeting on 10 July 2024 the approval and signature of the Annual Report and Financial Accounts for year ended 31st March 2024.*  
*Note that the components parts of the annual report will be merged together and a further page reference and proof check completed prior to submission.*
    - AC24.85 – Cover paper – Annual Report 2023–24 for Audit
    - AC24.85 – Annual Report 2023–2024
- 3 CLOSING BUSINESS
  - 3.1 15:27 – AC24.86 – Review of Meeting Effectiveness
  - 3.2 15:29 – AC24.87 – Date of next meeting – 18th July 2024



<b>Teitl adroddiad:</b> <b>Report title:</b>	Annual Financial Statements 2023-24
<b>Adrodd i:</b> <b>Report to:</b>	Audit Committee
<b>Dyddiad y Cyfarfod:</b> <b>Date of Meeting:</b>	9 <sup>th</sup> July 2024
<b>Crynodeb</b> <b>Gweithredol:</b>  <b>Executive Summary:</b>	<p>The Health Board has a statutory requirement to prepare a set of annual financial statements in a standard format provided by Welsh Government.</p> <p>The 2023-24 unaudited annual financial statements were submitted to Welsh Government and Audit Wales on 3<sup>rd</sup> May 2024, with the accounts presented to Audit Committee on 21<sup>st</sup> May 2024 (see appendix 2).</p> <p>Audit Wales will present their findings following the Audit of the Financial Statements, key elements to highlight from management being:</p> <ul style="list-style-type: none"><li>• Audit Wales recognised that the Health Board significantly improved the quality of the draft financial statements presented for audit;</li><li>• The outturn for the year from draft to final remains consistent (no changes to outturn post audit);</li><li>• The Health Board’s accounts will receive an unqualified True and Fair opinion for the first time since 2020-21;</li><li>• There are no non-trivial uncorrected misstatements in the accounts;</li><li>• Audit Wales identified a small number of non-material adjustments which have been corrected by management.</li></ul> <p>The Health Board’s accounts for 2023-24 will, however, receive a qualified regulatory opinion as the Health Board:</p> <ul style="list-style-type: none"><li>• Did not achieve its first financial duty to break-even over the period 2021-22 to 2023-24; and</li><li>• Incurred irregular expenditure and breached its standing financial instructions in making payments to a former interim executive member of the Board.</li></ul> <p>The audited annual financial statements now require recommendation for approval by the Audit Committee to Health Board, following review of Audit Wales findings and prior to submission to Welsh Government.</p> <p>The Audit Committee are requested to recommend adoption of the 2023-24 Annual Accounts to the Health Board following</p>

	consideration of Audit Wales findings on their review of the Financial Statements.			
<b>Argymhellion:</b> <b>Recommendations:</b>	The Audit Committee are requested to recommend adoption of the 2023-24 Annual Accounts to the Health Board following consideration of Audit Wales findings on their review of the Financial Statements.			
<b>Arweinydd Gweithredol:</b> <b>Executive Lead:</b>	Mr Russell Caldicott - Interim Executive Director of Finance			
<b>Awdur yr Adroddiad:</b> <b>Report Author:</b>	Mr Simon Weaver – Head of Financial Services			
<b>Pwrpas yr adroddiad:</b> <b>Purpose of report:</b>	I'w Nodi <i>For Noting</i> <input type="checkbox"/>	I Benderfynu arno <i>For Decision</i> <input checked="" type="checkbox"/>	Am sicrwydd <i>For Assurance</i> <input type="checkbox"/>	
<b>Lefel sicrwydd:</b> <b>Assurance level:</b>	Arwyddocaol <i>Significant</i> <input type="checkbox"/>  Lefel uchel o hyder/tystiolaeth o ran darparu'r mecanweithiau / amcanion presennol  <i>High level of confidence/evidence in delivery of existing mechanisms/objectives</i>	Derbyniol <i>Acceptable</i> <input checked="" type="checkbox"/>  Lefel gyffredinol o hyder/tystiolaeth o ran darparu'r mecanweithiau / amcanion presennol  <i>General confidence / evidence in delivery of existing mechanisms / objectives</i>	Rhannol <i>Partial</i> <input type="checkbox"/>  Rhywfaint o hyder/tystiolaeth o ran darparu'r mecanweithiau / amcanion presennol  <i>Some confidence / evidence in delivery of existing mechanisms / objectives</i>	Dim Sicrwydd <i>No Assurance</i> <input type="checkbox"/>  Dim hyder/tystiolaeth o ran y ddarpariaeth  <i>No confidence / evidence in delivery</i>
The assurance level for this paper is rated as acceptable, as whilst Audit Wales intends to issue an unqualified True and Fair opinion on the annual accounts for 2023-24 they will issue a qualified regularity opinion as the Health Board failed to achieve its first financial duty and breached its standing financial instructions in incurring irregular expenditure.				
<b>Cyfiawnhad dros y gyfradd sicrwydd uchod. Lle bo sicrwydd 'Rhannol' neu 'Dim Sicrwydd' wedi'i nodi uchod, nodwch gamau i gyflawni sicrwydd 'Derbyniol' uchod, a'r terfyn amser ar gyfer cyflawni hyn:</b>				
<b><i>Justification for the above assurance rating. Where 'Partial' or 'No' assurance has been indicated above, please indicate steps to achieve 'Acceptable' assurance or above, and the timeframe for achieving this:</i></b>				
<b>Cyswllt ag Amcan/Amcanion Strategol:</b> <b>Link to Strategic Objective(s):</b>	Evidences performance against regulatory financial requirements through production and audit of financial information.			
<b>Goblygiadau rheoleiddio a lleol:</b> <b>Regulatory and legal implications:</b>	Statutory requirement to prepare a set of audited annual financial statements in a standard format provided by Welsh Government.			
<b>Yn unol â WP7, a oedd EqlA yn angenrheidiol ac a gafodd ei gynnal?</b> <b>In accordance with WP7 has an EqlA been identified as necessary and undertaken?</b>	Health Board's annual financial statements are made publicly available in bilingual format once approved by the Audit Committee and Health Board.			
<b>Yn unol â WP68, a oedd SEIA yn angenrheidiol ac a gafodd ei gynnal?</b>	A socio-economic impact assessment has not been identified as being necessary for			

<b><i>In accordance with WP68, has an SEIA identified as necessary been undertaken?</i></b>	the preparation, audit and approval of the Health Board's financial statements.
<b>Manylion am risgiau sy'n gysylltiedig â phwnc a chwmpas y papur hwn, gan gynnwys risgiau newydd (croesgyfeirio at y BAF a'r CRR)</b>  <b><i>Details of risks associated with the subject and scope of this paper, including new risks( cross reference to the BAF and CRR)</i></b>	Audit Wales has completed their audit of the Health Board's 2023-24 financial statements and are presenting their findings to Audit Committee.  The report provides details of the audit opinion that the Auditor General intends to issue following completion of Audit Wales work.
<b>Goblygiadau ariannol o ganlyniad i roi'r argymhellion ar waith</b>  <b><i>Financial implications as a result of implementing the recommendations</i></b>	The annual financial statements provide details of financial performance against Welsh Government's annual and three-year rolling period targets.
<b>Goblygiadau gweithlu o ganlyniad i roi'r argymhellion ar waith</b>  <b><i>Workforce implications as a result of implementing the recommendations</i></b>	N/A
<b>Adborth, ymateb a chrynodeb dilynol ar ôl ymgynghori</b>  <b><i>Feedback, response, and follow up summary following consultation</i></b>	N/A
<b>Cysylltiadau â risgiau BAF:</b> (neu gysylltiadau â'r Gofrestr Risg Gorfforaethol)  <b><i>Links to BAF risks:</i></b> <i>(or links to the Corporate Risk Register)</i>	BAF Risk Risk of the Health Board's failure to meet the break-even duty.
<b>Rheswm dros gyflwyno adroddiad i bwyllgor cyfrinachol (lle bo'n berthnasol)</b>  <b><i>Reason for submission of report to confidential Committee (where relevant)</i></b>	N/A
<b>Camau Nesaf:</b> <b>Gweithredu argymhellion</b> <b>Next Steps:</b> <b>Implementation of recommendations</b>  Recommendation by Audit Committee members for the Health Board to endorse the financial accounts for 2023-24.	
<b>Rhestr o Atodiadau:</b> <b>List of Appendices:</b>  Appendix 1 – Audited Annual Financial Statements 2023-24 Appendix 2 – Audit Committee presentation May 2024 (Extract only to be provided to Health Board on 10 <sup>th</sup> July 2024)	

The (a) Certificate and report of the Auditor General for Wales to the Senedd (b) Report of the Auditor General to the Senedd and (c) Letter of Representation are contained within the Auditors report to members.

# **Betsi Cadwaladr University Health Board**

## **Audit Committee meeting – 9<sup>th</sup> July 2024**

### **Report on Financial Accounts 2023-24 by the Interim Executive Director of Finance**

#### **1.0 Introduction**

The Health Board has a statutory requirement to prepare a set of annual financial statements in a standard format provided by Welsh Government in accordance with the National Health Services (Wales) Act 2006, the Welsh Government Health Board Manual for Accounts and HM Treasury's Financial Reporting manual (FReM)

The 2023-24 unaudited annual financial statements were submitted to Welsh Government and Audit Wales on 3<sup>rd</sup> May 2024, it is not the intention of this report to detail the elements contained within the accounts, as these have already been reviewed by Audit Committee on 21<sup>st</sup> May 2024.

The Health Board is required to have the draft financial statements reviewed by Audit Wales, who then issue a report on their findings to 'those charged with governance' with an overall rating as to the accounts offering a true and fair opinion, for consideration by Audit Committee in recommending to the wider Health Board adoption of the Accounts.

Audit Wales have now concluded their review of the financial statements and this report has been prepared for members to indicate the key findings from management's perspective following draft to final audited accounts production, noting a separate report is to be received from Audit Wales to articulate their findings and opinion on the financial statements.

#### **2.0 Background**

The Auditor General for Wales intends to issues an unqualified True and Fair opinion on the Health Board's 2023-24 annual accounts. The Auditor General does however propose to issue a qualified regulatory opinion on the accounts as the Health Board:

- Did not meet its first financial duty to break-even against the Revenue Resource Limit over three years 2021-22 to 2023-24.
- Incurred irregular expenditure and breached its standing financial instructions in making irregular payments to a former interim executive member of the Board.

#### **3.0 Key findings**

Whilst Audit Wales will present to members their detailed findings following the Audit of the Financial Statements, the key elements to highlight for managers from management are:

- Audit Wales recognised that the Health Board significantly improved the quality of the draft financial statements presented for audit for 2023-24;
- The outturn for the year from draft to final remains consistent (no changes to outturn post audit);
- The Health Board's accounts will receive an unqualified True and Fair opinion for the first time since 2020-21;
- There are no non-trivial uncorrected misstatements in the accounts;
- Audit Wales identified a small number of non-material adjustments which have been corrected by management.

The Health Board's accounts for 2023-24 will, however, receive a qualified regulatory opinion as the Health Board:

- Did not achieve its first financial duty to break-even over the period 2021-22 to 2023-24; and
- Incurred irregular expenditure and breached its standing financial instructions in making payments to a former interim executive member of the Board.

#### **4.0 Summary**

The Annual Accounts for 2023-24 reported performance has not moved from draft to final outturn, with only a small number of non-material misstatements identified by Audit Wales relating to notes to the Accounts, which have been corrected. The closing balance sheet for 2023-24 provides a true and fair view of the position of the financial standing of the Health Board.

However, the accounts for 2023-24 will receive an adverse regularity opinion (a qualification) due to failure to achieve the first financial duty and incurring irregular expenditure.

#### **5.0 Next actions**

The audited annual financial statements require recommendation for approval by the Audit Committee to Health Board, following review of Audit Wales findings and prior to submission to Welsh Government, with actions as noted below:

- Receipt of Audit Wales findings on the 2023-24 Annual Accounts;
- Recommendation for Health Board to adopt the final accounts for 2023-24;
- The Accounts and supporting statements then be signed off by the Health Board and filed with Welsh Government in advance of the agreed deadline.

In addition, meetings are to be arranged for review of the process followed in production of the Annual Accounts for 2023-24 to embed the learning to enhancing the reporting and auditing of financial statements for the 2024-25 financial year.

**6.0 Appendix 2 – Audit Committee presentation on Accounts 2023-24  
(extract below to be presented to Health Board 10<sup>th</sup> July 24)**

Cyflawniad o fetrigau allweddol  
Delivery of key metrics

		£million	
Net operating costs	2023-24	£2,160.5m	<b>Did not achieve the first financial duty to break-even:</b>  <i>Expenditure does not exceed the aggregate funding over a three year period</i>  <i>Original Plan £33m deficit, outturn £24m (not attaining the WG control total of £20m)</i>
Revenue Resource Allocation	2023-24	£2,136.2m	
<b>Gorwariant yn erbyn Terfyn Adnoddau Refeniw Overspend of Revenue Resource Allocation</b>	<b>2023-24 (Draft)</b>	<b>(£24.3m)</b>	
Tanwariant 2022-23 Underspend in 2022-23	2022-23	£0.4m	
Tanwariant 2021-22 Underspend in 2021-22	2021-22	£0.3m	
<b>Cyfanswm gorwariant Cumulative overspend</b>	<b>2021-22 to 2023-24</b>	<b>(£23.7m)</b>	
<b>Tanwariant o ddyraniad adnoddau cyfalaf Underspend of Capital Resource Allocation (£30.0m)</b>	2023-24	£0.194m	
<b>Nifer o anfonebau heb fod yn GIG a dalwyd o fewn 30 diwrnod / Number of non-NHS invoices paid within 30 days</b>	2023-24	94.5%	<b>Strong performance, though below 95% targeted delivery</b>

Pwyllgor Archwilio  
Audit Committee

# 2023-24 Cwblhad o Gyfrifon Blynyddol 2023-24 Annual Accounts Completion

Russell Caldicott  
Cyfarwyddwr Gweithredol Cyllid dros dro  
Interim Executive Director of Finance  
21 Mai 2024 / 21 May 2024

# Cynnwys

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# Cyflawniad o fetrigau allweddol

## Delivery of key metrics

		£million
Net operating costs	2023-24	£2,160.5m
Revenue Resource Allocation	2023-24	£2,136.2m
<b>Gorwariant yn erbyn Terfyn Adnoddau Refeniw Overspend of Revenue Resource Allocation</b>	<b>2023-24 (Draft)</b>	<b>(£24.3m)</b>
Tanwariant 2022-23 Underspend in 2022-23	2022-23	£0.4m
Tanwariant 2021-22 Underspend in 2021-22	2021-22	£0.3m
<b>Cyfanswm gorwariant Cumulative overspend</b>	<b>2021-22 to 2023-24</b>	<b>(£23.7m)</b>
<b>Tanwariant o ddyraniad adnoddau cyfalaf Underspend of Capital Resource Allocation (£30.0m)</b>	2023-24	£0.194m
<b>Nifer o anfonebau heb fod yn GIG a dalwyd o fewn 30 diwrnod / Number of non-NHS invoices paid within 30 days</b>	2023-24	94.5%

**Did not achieve the first financial duty to break-even:**

*Expenditure does not exceed the aggregate funding over a three year period*

*Original Plan £33m deficit, outturn £24m (not attaining the WG control total of £20m)*

**Delivered programme within resource limit**

**Strong performance, though below 95% targeted delivery**

# Perfformiad Cyfrifon

## Accounts performance

Description	Annual Expenditure £000's
Gross expenditure	2,321.5
Income	(162.8)
<b>Net operating costs</b>	<b>2,158.7</b>
Non-cash limited expenditure	1.8
<b>Total operating expenses</b>	<b>2,160.5</b>
Revenue resource allocation	(2,136.2)
<b>Overspend against revenue resource allocation</b>	<b>24.3</b>

The Health Board set an initial plan of a £134m deficit, post receipt of further Welsh Government (WG) allocations of £101m this improved to a £33m deficit, WG issuing a deficit control total of £20m for 2023/24.

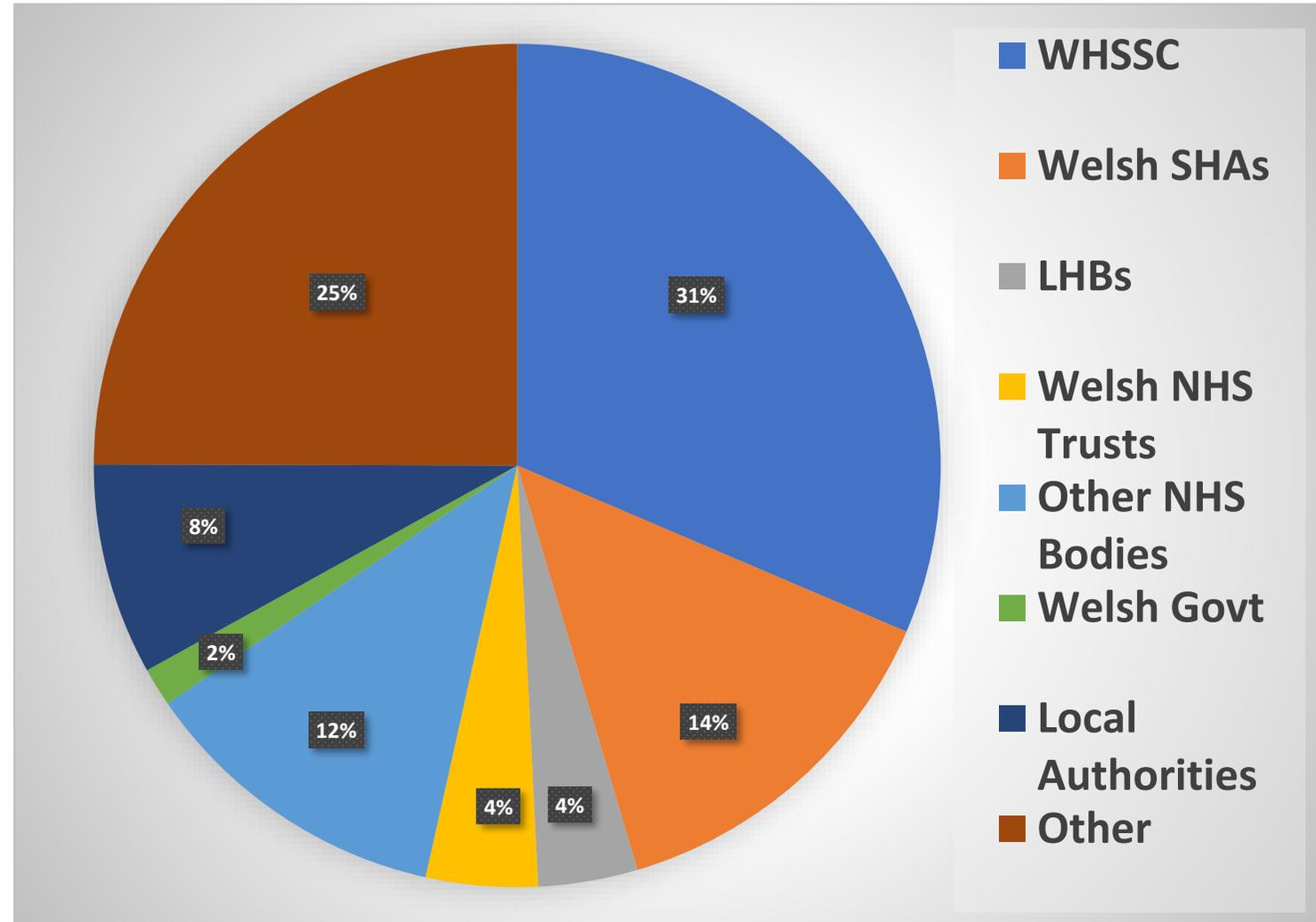
# Incwm

## Income analysis £162.8m

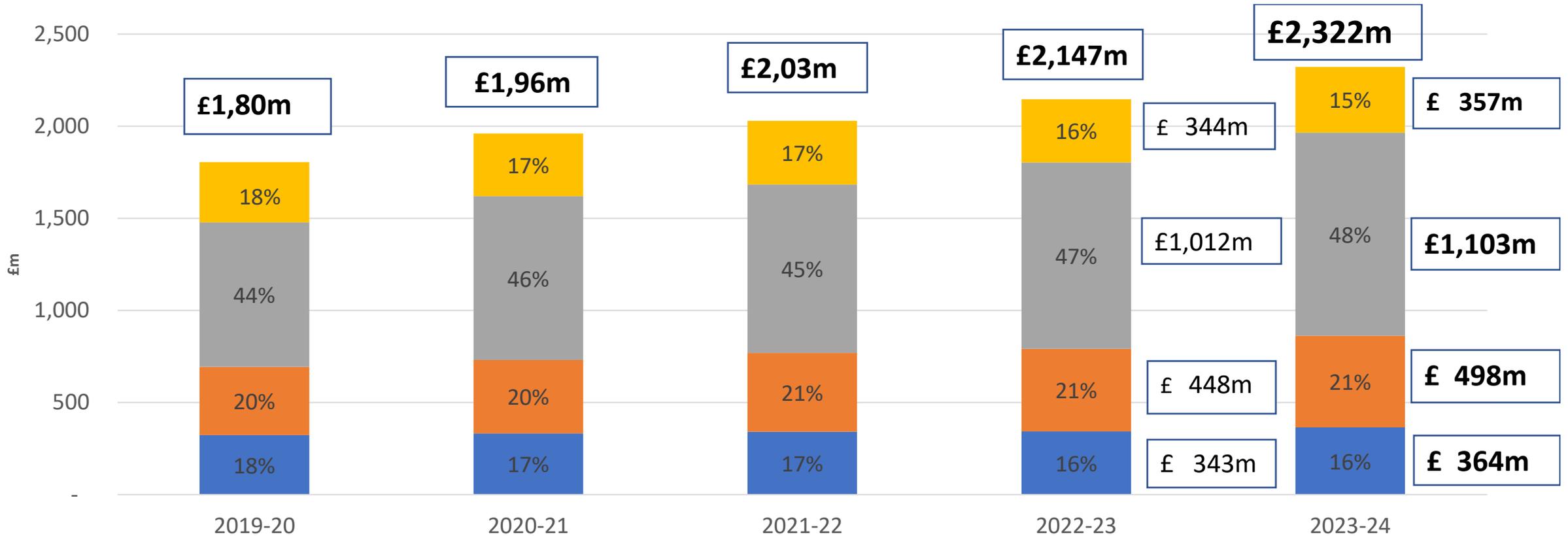
(excludes £2,136.2m received from Welsh Government)

Other income of £40.6m (25% of total) includes:

- HMP Berwyn income £8.4m
- Education, training & research £7.0m
- Dental fee income £4.0m
- Accommodation and catering £4.0m
- Charitable and other contributions and donated assets £1.9m
- Private patient and overseas visitor income £0.8m



# Gwariant fesul Categori Expenditure by Category



■ Gwasanaethau Iechyd Ysbyty a Chymuned - Heb fod yn gyflogau / Hospital and Community Health Services - Non Pay

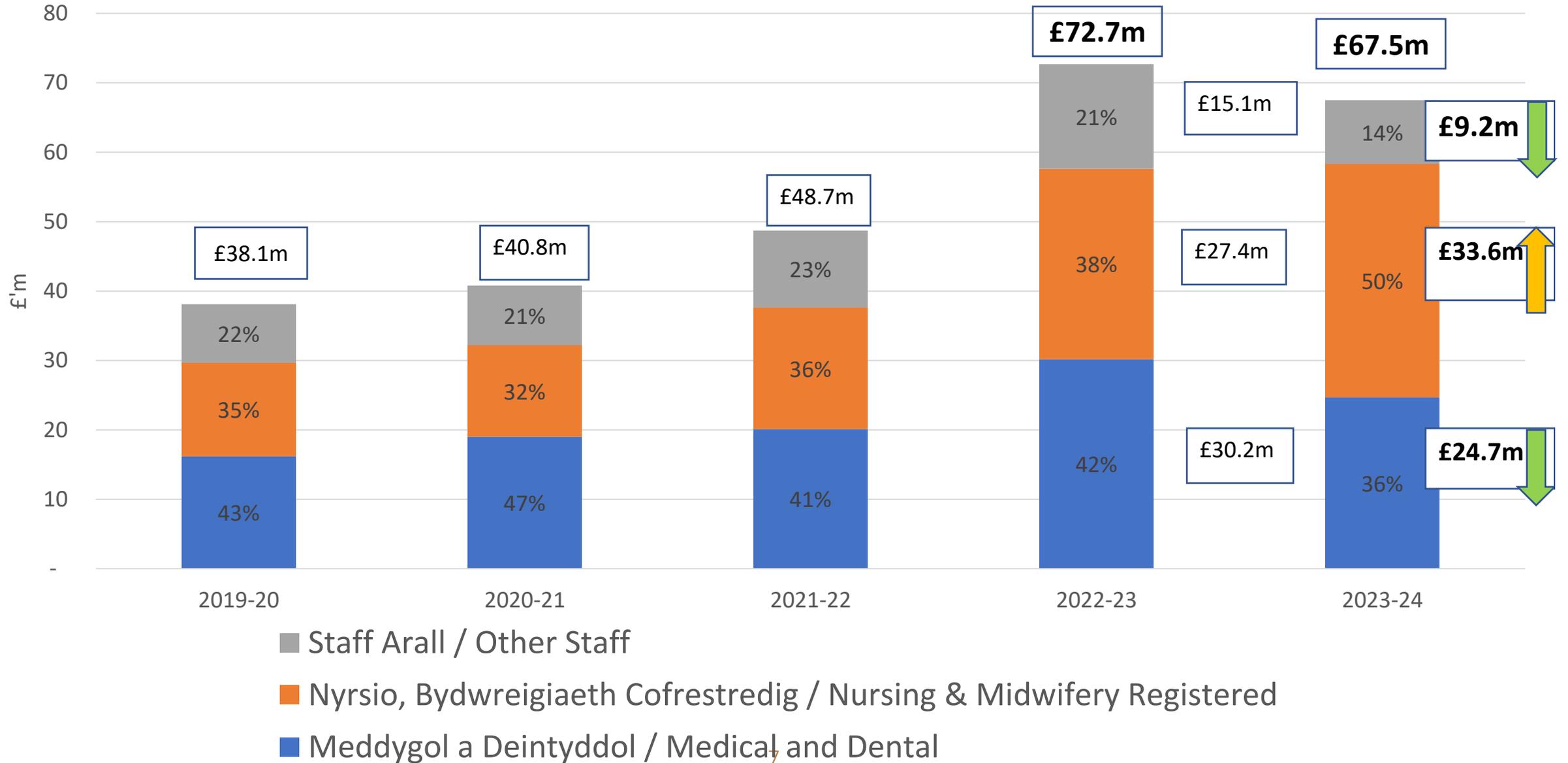
■ Gwasanaethau Iechyd Ysbyty a Chymuned - Cyflogau / Hospital and Community Health Services - Pay

■ Gofal iechyd gan ddarparwyr eraill / Healthcare from other providers

■ Gwasanaethau Gofal Cychwynnol / Primary Healthcare Services

# Costau cyflog - Defnydd Staff Asiantaeth

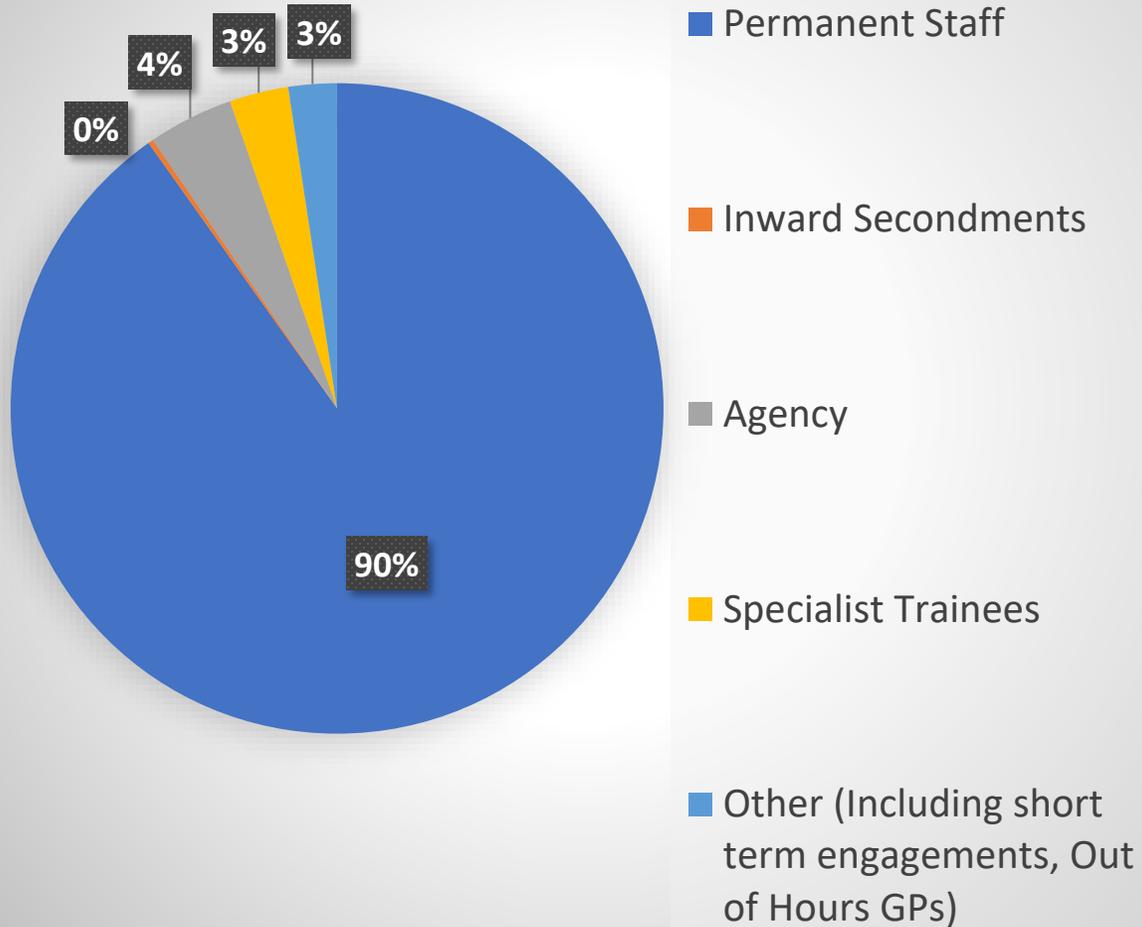
## Pay costs - Agency Staff usage



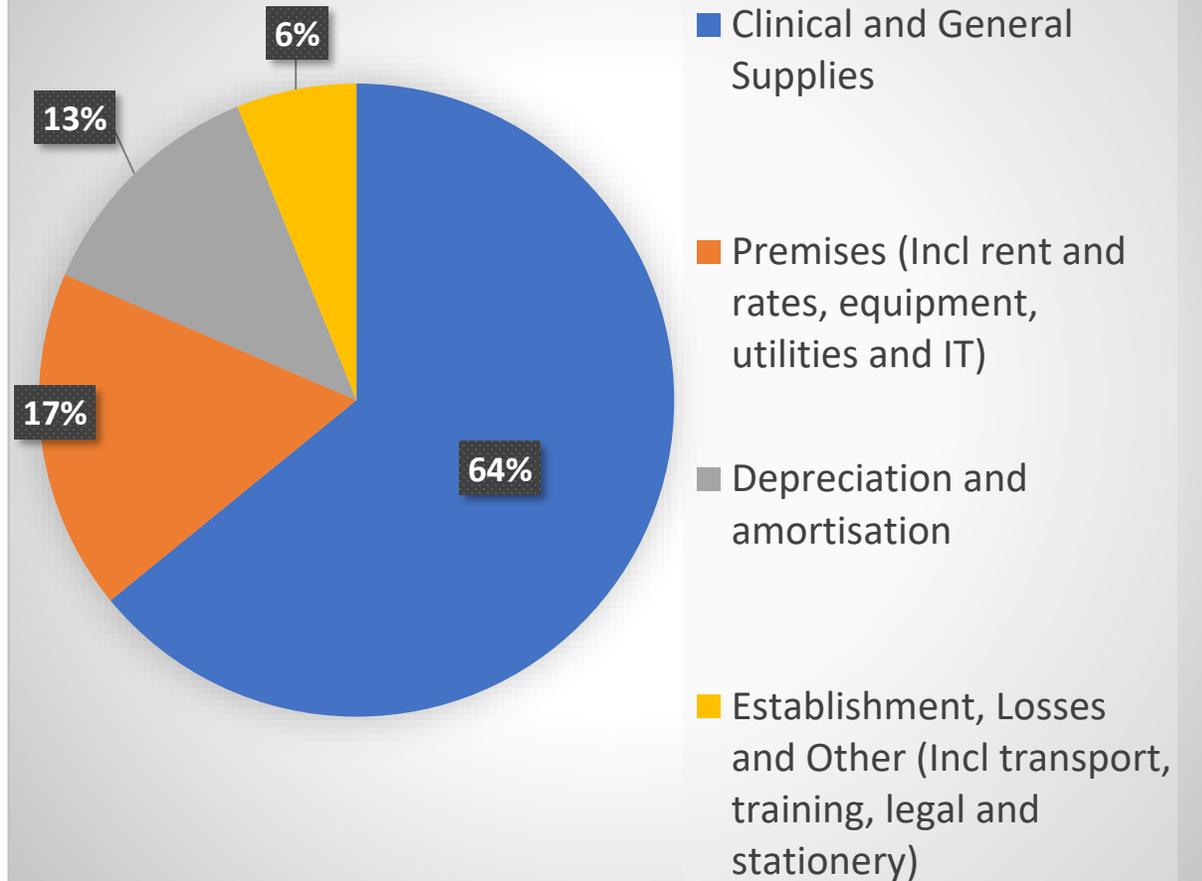
# Gwariant fesul math

## Expenditure by type

### Hospital and Community Health Services - Pay Costs



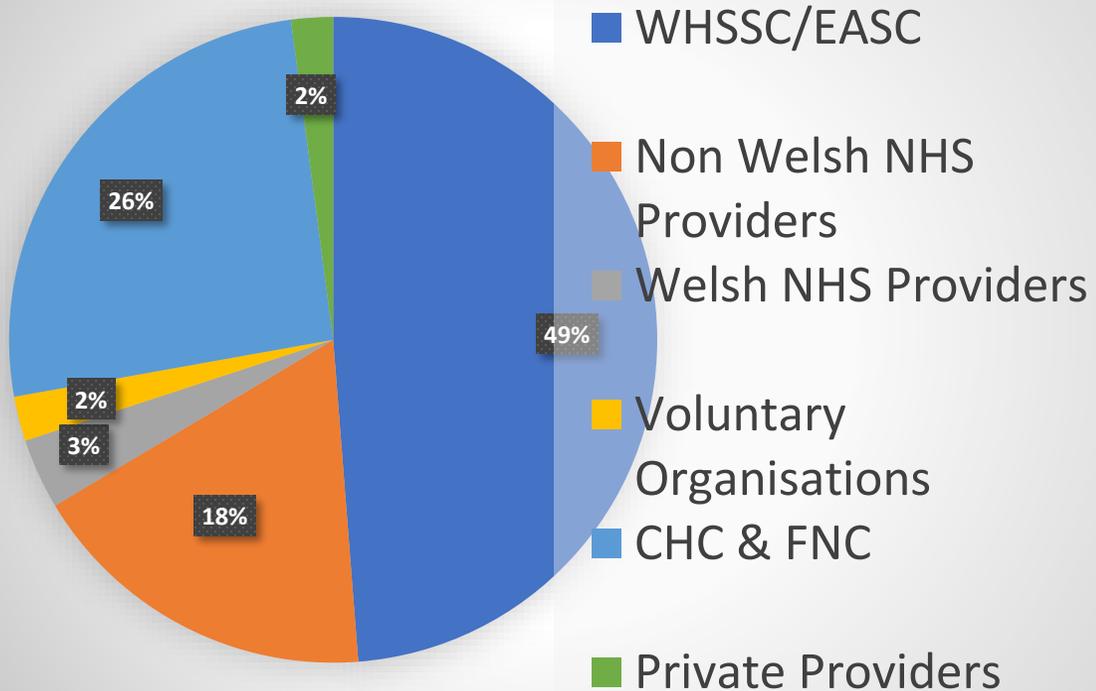
### Hospital and Community Health Services – Non Pay Costs



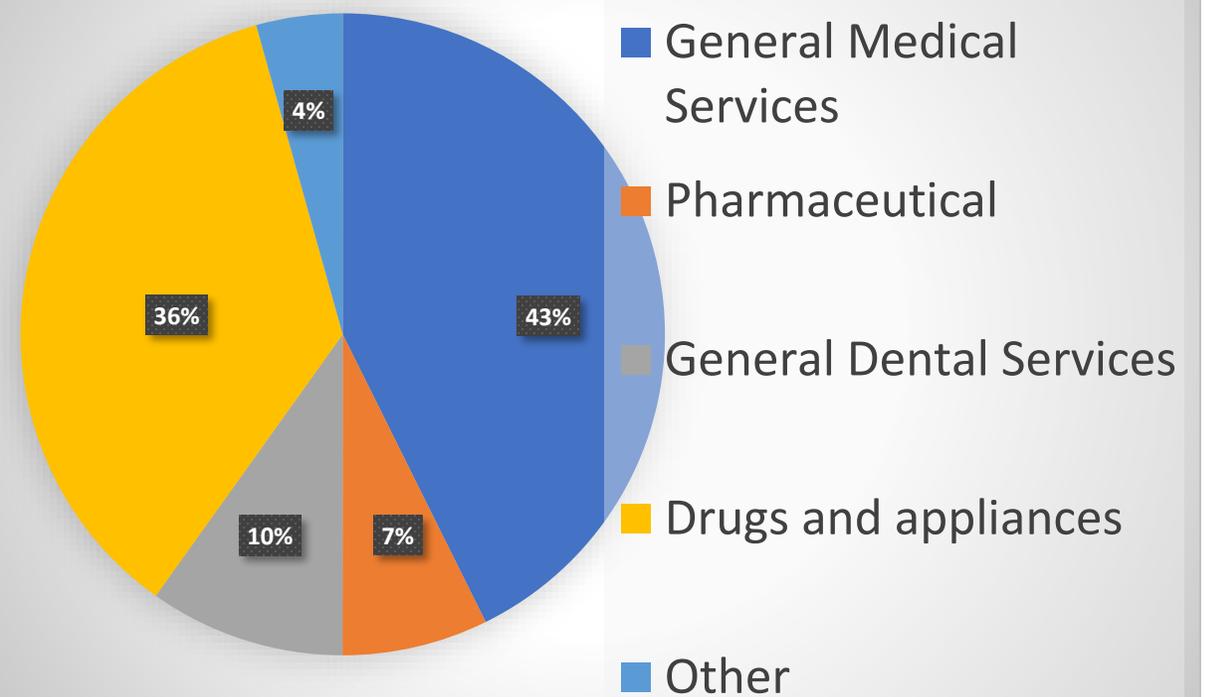
# Gwariant fesul math

## Expenditure by type

Healthcare from other providers -  
£498m



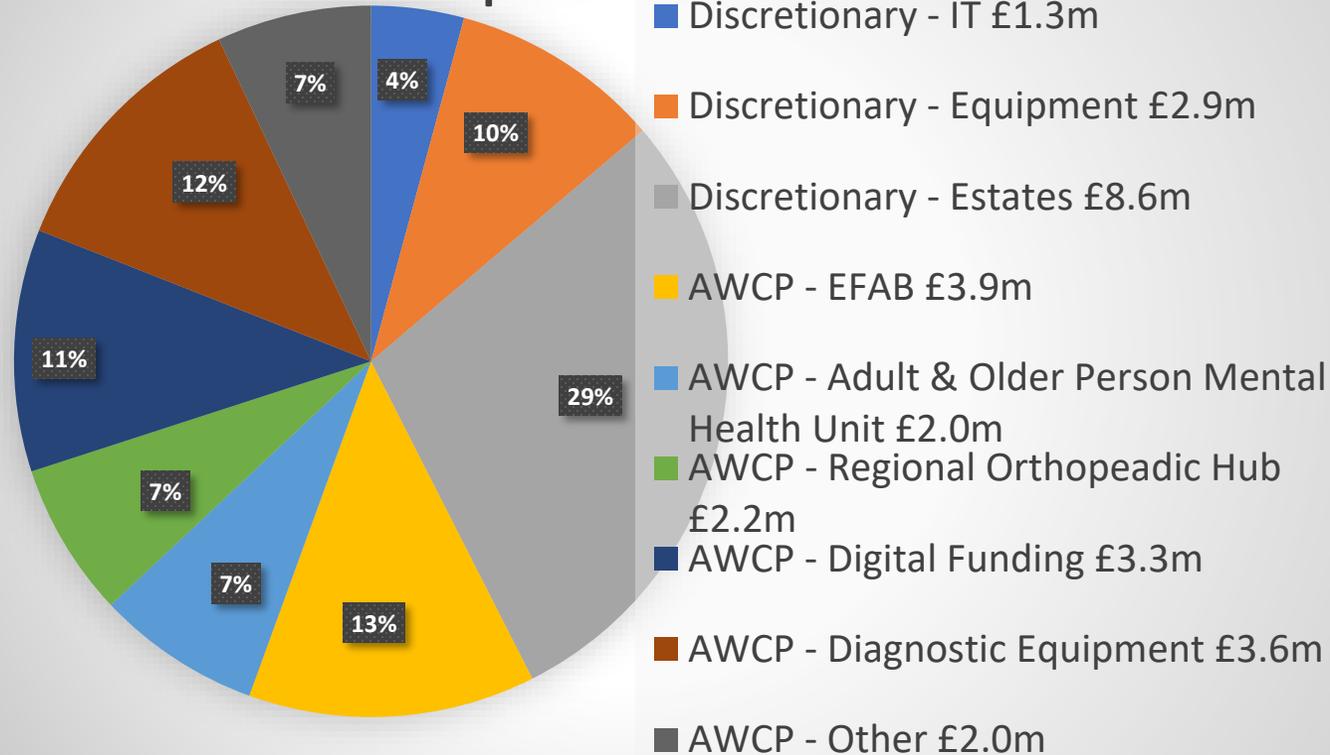
Primary Healthcare Services -  
£364m



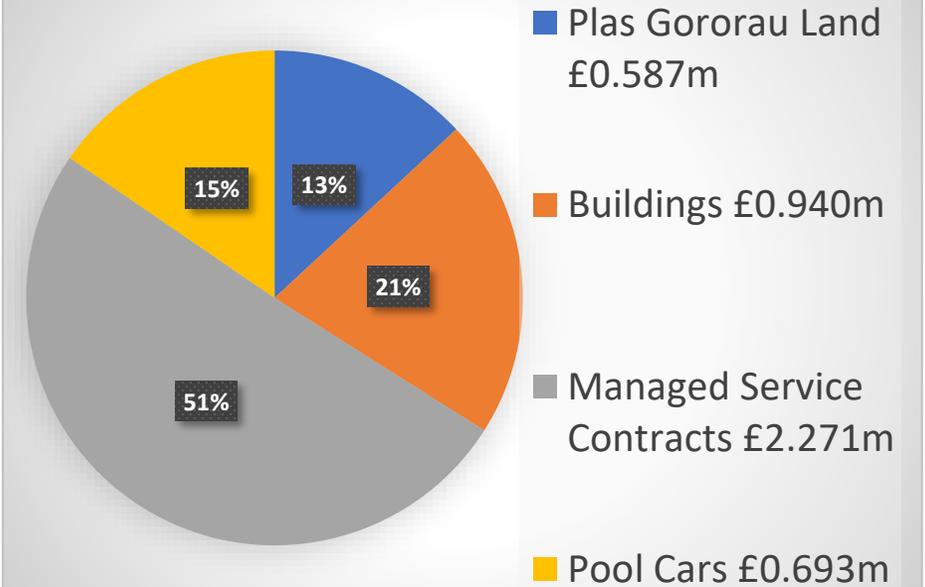
# Buddsodiadau Cyfalaf Capital Investments

<b>Gwariant Cyfalaf / Capital Expenditure</b>	<b>£29.8</b>
Capital Resource Limit (Achieved)	£0.194m underspend

## All Wales Capital Programme and Discretionary Capital



## Right of Use New/Renewal of leases



# Rhagdybiaethau a Dyfarniadau Allweddol

## Key assumptions and judgements

### SEPARATE PAPER PROVIDED FOR MEMBERS COVERING

Provisions for Clinical Negligence, Personal Injury & Continuing Healthcare

Accruals for Primary Healthcare and Prescribing

Accruals for Annual leave not taken by staff at year-end and Medical Study Leave Cover

Accruals for Invoices on Hold (no purchase order)

# Llythyr Ymholiadau Archwiliad

## Audit enquiries letter

### DRAFT AUDIT ENQUIRIES LETTER (TO BE REVIEWED BY AUDIT CHAIR)

Response required from the Health Board by Audit Wales

Key officers	Those charged with governance
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	Management
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Contents to ensure coverage of

1	Fraud (intentional misappropriation of assets, intentional manipulation or misrepresentation of financial statements)
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2	Law and regulations
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3	Related Parties
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# Crynodeb a gweithrediadau nesaf

## Summary and next actions

HEADING	DESCRIPTION	KEY DATES
SUMMARY & UPDATE	Draft Annual Accounts 2023/24 – Submitted to national deadlines	3 <sup>rd</sup> May 2024
	Governance Documents – Submitted to National deadlines	10 <sup>th</sup> May 2024
	Working papers provided, Audit Wales commencing the Audit of financial statements	
	No material adjustments requested by Audit Wales (to date) Audit is in its infancy with regular weekly meetings diarised and open dialogue with active management of issues log.	
NEXT ACTIONS COMMUNICATED WITH WELSH GOVERNMENT	Audit Conclusion and Draft ISA260 to be received from Audit Wales	30 <sup>th</sup> June 2024
	Audit Committee meeting scheduled to receive ISA 260 and Accounts and to agree recommendation for endorsement to the Board	9 <sup>th</sup> July 2024
	Health Board meeting scheduled to receive ISA 260 and Accounts for sign off	10 <sup>th</sup> July 2024
	ISA260 and Accounts submitted to Welsh Government by the Auditor General	15 <sup>th</sup> July 2024

*Cwestiynau?*  
*Questions?*

***Diolch***  
***Thank you***

## **BETSI CADWALADR UNIVERSITY LOCAL HEALTH BOARD**

### **FOREWORD**

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

#### **Statutory background**

Betsi Cadwaladr University Local Health Board was established on 1st October 2009 under Statutory Instrument 2009 No.1558 (W.153) The National Health Service Trusts (Transfer of Staff, Property, Rights and Liabilities) (Wales) Order - 2009. This involved the merger of North Wales NHS Trust, North West Wales NHS Trust, Anglesey Local Health Board, Conwy Local Health Board, Denbighshire Local Health Board, Flintshire Local Health Board, Gwynedd Local Health Board and Wrexham Local Health Board into the new organisation.

The Health Board provides a full range of primary, community, mental health and acute hospital services to the population of North Wales from three main hospitals (Ysbyty Gwynedd in Bangor, Ysbyty Glan Clwyd in Bodelwyddan and Wrexham Maelor Hospital) along with a network of community hospitals, health centres, clinics, mental health units and community team bases. The Health Board also coordinates the work of GP practices and NHS services provided by dentists, opticians and pharmacists in North Wales.

#### **Performance Management and Financial Results**

Welsh Health Circular WHC/2016/054 replaces WHC/2015/014 'Statutory and Administrative Financial Duties of NHS Trusts and Local Health Boards' and further clarifies the statutory financial duties of NHS Wales bodies and is effective for 2023-24. The annual financial duty has been revoked and the statutory breakeven duty has reverted to a three year duty, with the first assessment of this duty in 2016-17.

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

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

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

## Statement of Comprehensive Net Expenditure for the year ended 31 March 2024

	Note	2023-24 £000	2022-23 £000
Expenditure on Primary Healthcare Services	3.1	363,541	342,928
Expenditure on healthcare from other providers	3.2	497,627	447,773
Expenditure on Hospital and Community Health Services	3.3	1,460,089	1,356,042
		<u>2,321,257</u>	<u>2,146,743</u>
Less: Miscellaneous Income	4	(162,834)	(155,369)
<b>LHB net operating costs before interest and other gains and losses</b>		<b>2,158,423</b>	<b>1,991,374</b>
Investment Revenue	5	0	0
Other (Gains) / Losses	6	(5)	(16)
Finance costs	7	394	(23)
<b>Net operating costs for the financial year</b>		<b><u>2,158,812</u></b>	<b><u>1,991,335</u></b>

Details of the Health Board's performance against its revenue and capital allocations over the last three financial periods are provided in Note 2 on page 27.

The notes on pages 8 to 76 form part of these accounts.

## Other Comprehensive Net Expenditure

	<b>2023-24</b>	2022-23
	<b>£000</b>	£000
Net (gain) / loss on revaluation of property, plant and equipment	<b>(21,570)</b>	<b>(72,188)</b>
Net (gain)/loss on revaluation of right of use assets	<b>73</b>	0
Net (gain) / loss on revaluation of intangibles	<b>0</b>	0
(Gain) / loss on other reserves	<b>0</b>	0
Net (gain)/ loss on revaluation of PPE & Intangible assets held for sale	<b>0</b>	0
Net (gain)/loss on revaluation of financial assets held for sale	<b>0</b>	0
Impairment and reversals	<b>0</b>	0
Transfers between reserves	<b>0</b>	0
Transfers to / (from) other bodies within the Resource Accounting Boundary	<b>0</b>	0
Reclassification adjustment on disposal of available for sale financial assets	<b>0</b>	0
Other comprehensive net expenditure for the year	<b>(21,497)</b>	<b>(72,188)</b>
<b>Total comprehensive net expenditure for the year</b>	<b>2,137,315</b>	<b>1,919,147</b>

The notes on pages 8 to 76 form part of these accounts.

**Statement of Financial Position as at 31 March 2024**

	31 March 2024	31 March 2023
Notes	£000	£000
<b>Non-current assets</b>		
Property, plant and equipment	11 689,777	672,558
Right of Use Assets	11.3 34,183	35,314
Intangible assets	12 1,159	1,536
Trade and other receivables	15 84,596	78,888
Other financial assets	16 0	0
<b>Total non-current assets</b>	<b>809,715</b>	<b>788,296</b>
<b>Current assets</b>		
Inventories	14 20,936	20,308
Trade and other receivables	15 107,702	77,387
Other financial assets	16 0	0
Cash and cash equivalents	17 5,027	2,913
	<b>133,665</b>	<b>100,608</b>
Non-current assets classified as "Held for Sale"	11 348	0
<b>Total current assets</b>	<b>134,013</b>	<b>100,608</b>
<b>Total assets</b>	<b>943,728</b>	<b>888,904</b>
<b>Current liabilities</b>		
Trade and other payables	18 (209,642)	(237,833)
Other financial liabilities	19 0	0
Provisions	20 (47,054)	(34,309)
<b>Total current liabilities</b>	<b>(256,696)</b>	<b>(272,142)</b>
<b>Net current assets/ (liabilities)</b>	<b>(122,683)</b>	<b>(171,534)</b>
<b>Non-current liabilities</b>		
Trade and other payables	18 (27,458)	(28,030)
Other financial liabilities	19 0	0
Provisions	20 (85,899)	(76,673)
<b>Total non-current liabilities</b>	<b>(113,357)</b>	<b>(104,703)</b>
<b>Total assets employed</b>	<b>573,675</b>	<b>512,059</b>
<b>Financed by :</b>		
<b>Taxpayers' equity</b>		
General Fund	353,626	304,389
Revaluation reserve	220,049	207,670
<b>Total taxpayers' equity</b>	<b>573,675</b>	<b>512,059</b>

The financial statements on pages 2 to 7 were approved by the Board on 10th July 2024 and signed on its behalf by:

Chief Executive and Accountable Officer ..... Date: .....

The notes on pages 8 to 76 form part of these accounts.

## Statement of Changes in Taxpayers' Equity For the year ended 31 March 2024

	General Fund £000	Revaluation Reserve £000	Total Reserves £000
<b>Changes in taxpayers' equity for 2023-24</b>			
Balance as at 31 March 2023	304,389	207,670	512,059
NHS Wales Transfer	0	0	0
RoU Asset Transitioning Adjustment	(177)	0	(177)
Impact of IFRS 16 on PPP/PFI Liability	0	0	0
<b>Balance at 1 April 2023</b>	<b>304,212</b>	<b>207,670</b>	<b>511,882</b>
Net operating cost for the year	(2,158,812)		(2,158,812)
Net gain/(loss) on revaluation of property, plant and equipment	0	21,570	21,570
Net gain/(loss) on revaluation of right of use assets	0	(73)	(73)
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	9,118	(9,118)	0
Release of reserves to SoCNE	0	0	0
Transfers to/from LHBs	0	0	0
<b>Total recognised income and expense for 2023-24</b>	<b>(2,149,694)</b>	<b>12,379</b>	<b>(2,137,315)</b>
Net Welsh Government funding	2,155,923		2,155,923
Notional Welsh Government Funding	43,185		43,185
<b>Balance at 31 March 2024</b>	<b>353,626</b>	<b>220,049</b>	<b>573,675</b>

The Notional Welsh Government funding line includes the 6.3% staff employer pension costs and Pensions Annual Allowance Charge Compensation Scheme (PAACCS) costs paid centrally by Welsh Government.

### Notional Welsh Government funding split:

Notional 6.3% staff employer pension £43,170,000

Pensions Annual Allowance Charge Compensation Scheme (PAACCS) £15,000

Transfers between reserves relates to the reversal of prior period upward revaluations for non-current assets that were impaired during 2023-24.

The notes on pages 8 to 76 form part of these accounts.

## Statement of Changes in Taxpayers' Equity For the year ended 31 March 2023

	General Fund £000	Revaluation Reserve £000	Total Reserves £000
<b>Changes in taxpayers' equity for 2022-23</b>			
<b>Balance at 31 March 2022</b>	298,002	143,332	441,334
NHS Wales Transfer	0	0	0
RoU Asset Transitioning Adjustment	1,092	0	1,092
<b>Balance at 1 April 2022</b>	<u>299,094</u>	<u>143,332</u>	<u>442,426</u>
Net operating cost for the year	(1,991,335)	-	(1,991,335)
Net gain/(loss) on revaluation of property, plant and equipment	0	72,188	72,188
Net gain/(loss) on revaluation of right of use assets	0	0	0
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	7,850	(7,850)	0
Release of reserves to SoCNE	0	0	0
Transfers to/from LHBs	100	0	100
<b>Total recognised income and expense for 2022-23</b>	<u>(1,983,385)</u>	<u>64,338</u>	<u>(1,919,047)</u>
Net Welsh Government funding	1,950,306	-	1,950,306
Notional Welsh Government Funding	38,374	-	38,374
<b>Balance at 31 March 2023</b>	<u><u>304,389</u></u>	<u><u>207,670</u></u>	<u><u>512,059</u></u>

The Notional Welsh Government funding line includes the 6.3% staff employer pension costs and Pensions Annual Allowance Charge Compensation Scheme (PAACCS) costs paid centrally by Welsh Government.

### Notional Welsh Government funding split:

Notional 6.3% staff employer pension £38,357,000

Pensions Annual Allowance Charge Compensation Scheme (PAACCS) £17,150.

Transfers between reserves represents the balance held in the revaluation reserve for non-current assets as a result of the quinquennial revaluation this financial year.

The notes on pages 8 to 76 form part of these accounts.

**Statement of Cash Flows for year ended 31 March 2024**

	2023-24	2022-23
	£000	£000
<b>Cash Flows from operating activities</b>		
Net operating cost for the financial year	(2,158,812)	(1,991,335)
Movements in Working Capital	27 (66,181)	(7,018)
Other cash flow adjustments	28 127,598	104,097
Provisions utilised	20 (22,055)	(26,517)
<b>Net cash outflow from operating activities</b>	<b>(2,119,450)</b>	<b>(1,920,773)</b>
<b>Cash Flows from investing activities</b>		
Purchase of property, plant and equipment	(29,364)	(28,749)
Proceeds from disposal of property, plant and equipment	5	16
Purchase of intangible assets	(119)	(933)
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
<b>Net cash inflow/(outflow) from investing activities</b>	<b>(29,478)</b>	<b>(29,666)</b>
<b>Net cash inflow/(outflow) before financing</b>	<b>(2,148,928)</b>	<b>(1,950,439)</b>
<b>Cash Flows from financing activities</b>		
Welsh Government funding (including capital)	2,155,923	1,950,306
Capital receipts surrendered	0	0
Capital grants received	0	460
Capital element of payments in respect of finance leases and on-SoFP PFI Schemes	(61)	(59)
Capital element of payments in respect of on-SoFP PFI	0	0
Capital element of payments in respect of Right of Use Assets	(4,820)	(4,033)
Cash transferred (to)/ from other NHS bodies	0	0
<b>Net financing</b>	<b>2,151,042</b>	<b>1,946,674</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>2,114</b>	<b>(3,765)</b>
<b>Cash and cash equivalents (and bank overdrafts) at 1 April 2023</b>	<b>2,913</b>	<b>6,678</b>
<b>Cash and cash equivalents (and bank overdrafts) at 31 March 2024</b>	<b>5,027</b>	<b>2,913</b>

The notes on pages 8 to 76 form part of these accounts.

## Notes to the Accounts

### 1. Accounting policies

The Minister for Health and Social Services has directed that the financial statements of Local Health Boards (LHBs) 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 2023-24 Manual for Accounts. The accounting policies contained in that manual follow the 2023-24 Financial Reporting Manual (FReM) in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006, 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 and the Health Board does not routinely permit carry-over of annual leave between leave years for staff on Agenda for Change or Executive and Senior Management contracts.

Staff on Medical and Dental Contracts, where the leave year is not linked to the financial year, may carry forward up to five days annual leave subject to an approval process. In exceptional circumstances where a staff member has been expressly prevented from taking their annual leave entitlement because of service needs or due to long term sickness or maternity then carry-over of leave may be authorised.

In these circumstances the cost of leave earned but not taken by employees at the end of the financial period has been recognised as a liability in the 2023-24 financial statements.

##### **1.4.2. Retirement benefit costs**

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

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

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

However, NHS Wales' organisations are required to account for their staff employer contributions of 20.68% in full and on a gross basis, in their annual accounts. Payments made on their behalf by Welsh Government are accounted for on a notional basis. For detailed information see the 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 1st April 2009.

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

In 2022-23 a formal revaluation exercise was applied to land and properties. The carrying value of existing assets at that date will be written off over their remaining useful lives and new fixtures and equipment are carried at depreciated historic cost as this is not considered to be materially different from fair value.

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

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

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

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

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

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

### **1.6.3. Subsequent expenditure**

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

## **1.7. Intangible assets**

### **1.7.1. Recognition**

Intangible assets are non-monetary assets without physical substance, which are capable of sale separately from the rest of the business or which arise from contractual or other legal rights. They are recognised only when it is probable that future economic benefits will flow to, or service potential be provided to, the 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.

### **1.7.2 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 therefrom can reasonably be regarded as assured. Expenditure so deferred is limited to the value of future benefits expected and is amortised through the SoCNE on a systematic basis over the period expected to benefit from the project.

### **1.10 Non-current assets held for sale**

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

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

The profit or loss arising on disposal of an asset is the difference between the sale proceeds and the carrying amount and is recognised in the 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

A lease is a contract or part of a contract that conveys the right to use an asset for a period of time in exchange for consideration.

IFRS 16 leases is effective across public sector from 1st April 2022. The transition to IFRS 16 has been completed in accordance with paragraph C5 (b) of the Standard, applying IFRS 16 requirements retrospectively recognising the cumulative effects at the date of initial application.

In the transition to IFRS 16 a number of elections and practical expedients offered in the standard have been employed. These are as follows: The entity has applied the practical expedient offered in the standard per paragraph C3 to apply IFRS 16 to contracts or arrangements previously identified as containing a lease under the previous leasing standards IAS 17 leases and IFRIC 4 determining whether an arrangement contains a lease and not to those that were identified as not containing a lease under previous leasing standards.

On initial application the LHB has measured the right of use assets for leases previously classified as operating leases per IFRS 16 C8 (b)(ii), at an amount equal to the lease liability adjusted for accrued or prepaid lease payments.

No adjustments have been made for operating leases in which the underlying asset is of low value per paragraph C9 (a) of the standard.

The transitional provisions have not been applied to operating leases whose terms end within 12 months of the date of initial application per paragraph C10 (c) of IFRS 16.

Hindsight is used to determine the lease term when contracts or arrangements contain options to extend or terminate the lease in accordance with C10 (e) of IFRS 16.

Due to transitional provisions employed the requirements for identifying a lease within paragraphs 9 to 11 of IFRS 16 are not employed for leases in existence at the initial date of application. Leases entered into on or after the 1st April 2022 will be assessed under the requirements of IFRS 16.

There are further expedients or election that have been employed by the LHB in applying IFRS 16.

These include:

- the measurement requirements under IFRS 16 are not applied to leases with a term of 12 months or less under paragraph 5 (a) of IFRS 16
- the measurement requirements under IFRS 16 are not applied to leases where the underlying asset is of a low value which are identified as those assets of a value of less than £5,000, excluding any irrecoverable VAT, under paragraph 5 (b) of IFRS 16

The LHB will not apply IFRS 16 to any new leases of intangible assets, applying the treatment described in section 1.7 instead.

The LHB is required to apply IFRS 16 to lease like arrangements entered into with other public sector entities that are in substance akin to an enforceable contract, that in their formal legal form may not be enforceable. Prior to accounting for such arrangements under IFRS 16 the LHB has assessed that in all other respects these arrangements meet the definition of a lease under the standard.

The LHB is required to apply IFRS 16 to lease like arrangements entered into in which consideration exchanged is nil or nominal, therefore significantly below market value. These arrangements are described as peppercorn leases. Such arrangements are again required to meet the definition of a lease in every other respect prior to inclusion in the scope of IFRS 16. The accounting for peppercorn arrangements aligns to that identified for donated assets. Peppercorn leases are different in substance to arrangements in which consideration is below market value but not significantly below market value.

The nature of the accounting policy change for the lessee is more significant than for the lessor under IFRS 16. IFRS 16 introduces a singular lessee approach to measurement and classification in which lessees recognise a right of use asset.

For the lessor leases remain classified as finance leases when substantially all the risks and rewards incidental to ownership of an underlying asset are transferred to the lessee. When this transfer does not occur, leases are classified as operating leases.

#### **1.11.1 The entity as lessee**

At the commencement date for the leasing arrangement a lessee shall recognise a right of use asset and corresponding lease liability. The LHB employs a revaluation model for the subsequent measurement of its right of use assets unless cost is considered to be an appropriate proxy for current value in existing use or fair value in line with the accounting policy for owned assets. Where consideration exchanged is identified as below market value, cost is not considered to be an appropriate proxy to value the right of use asset.

Irrecoverable VAT is expensed in the period to which it relates and therefore not included in the measurement of the lease liability and consequently the value of the right of use asset.

The incremental borrowing rate of 0.95% been applied to the lease liabilities recognised at the date of initial application of IFRS 16.

Where changes in future lease payments result from a change in an index or rate or rent review, the lease liabilities are remeasured using an unchanged discount rate.

Where there is a change in a lease term or an option to purchase the underlying asset the LHB applies a revised rate to the remaining lease liability.

Where existing leases are modified the LHB must determine whether the arrangement constitutes a separate lease and apply the standard accordingly.

Lease payments are recognised as an expense on a straight-line or another systematic basis over the lease term, where the lease term is in substance 12 months or less, or is elected as a lease containing low value underlying asset by the LHB.

#### **1.11.2 Betsi Cadwaladr University LHB as lessor**

A lessor shall classify each of its leases as an operating or finance lease. A lease is classified as finance lease when the lease substantially transfers all the risks and rewards incidental to ownership of an underlying asset. Where substantially all the risks and rewards are not transferred, a lease is classified as an operating lease.

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

Income from operating leases is recognised on a straight-line or another systematic 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 as an expense on a straight-line basis over the lease term.

Where the LHB is an intermediate lessor, being a lessor and a lessee regarding the same underlying asset, classification of the sublease is required to be made by the intermediate lessor considering the term of the arrangement and the nature of the right of use asset arising from the head lease.

On transition the LHB has reassessed the classification of all of its continuing subleasing arrangements to include peppercorn leases.

### **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 three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value. In the Statement of Cash flows (SoCF), cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and that form an integral part of the cash management.

### **1.14. Provisions**

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

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

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

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

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

The Welsh Risk Pool Services (WRPS) operates a risk pooling scheme which is co-funded by the Welsh Government with the option to access a risk sharing agreement funded by the participative NHS Wales bodies. The risk sharing option was implemented in both 2022-23 and 2023-24. The WRPS is hosted by Velindre University 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 University 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 1st 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 LHB becomes party to the financial instrument contract or, in the case of trade receivables, when the goods or services have been delivered. Financial assets are derecognised when the contractual rights have expired or the asset has been transferred.

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

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

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

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

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

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

### **1.16.3 Held to maturity investments**

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

### **1.16.4. Available for sale financial assets**

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

### **1.16.5. Loans and receivables**

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

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

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

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

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

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

### **1.17. Financial liabilities**

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

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

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

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

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

#### **1.17.3. Other financial liabilities**

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

#### **1.18. Value Added Tax (VAT)**

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

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

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

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

### **1.22. Pooled budgets**

The LHB has entered into pooled budget arrangements with local authorities across North Wales. Under these arrangements funds are pooled in accordance with Section 33 of the NHS (Wales) Act 2006 for specific activities as detailed in Note 32 - Pooled budgets.

The LHB accounts for its share of the assets, liabilities, income and expenditure from these activities in accordance with each pooled budget's arrangements.

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

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

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

### **1.24. Key sources of estimation uncertainty**

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

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

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

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

#### **1.24.1. Provisions**

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

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

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

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

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

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

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

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

### **1.25 Discount Rates**

The LHB applies discount rates provided by H M Treasury's Public Expenditure System (PES) to provisions for post employment benefits reported in Note 20 Provisions on pages 57 and 58. The relevant discount rate for 2023-24 is 2.45% (2022-23 -1.7%)

The impact of unwinding of discounts is reported in Note 7 Finance Costs on page 32.

## 1.26 Private Finance Initiative (PFI) transactions

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

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

- a) Payment for the fair value of services received;
- b) Payment for the PFI asset, including finance costs; and
- c) Payment for the replacement of components of the asset during the contract 'lifecycle replacement'.

### 1.26.1. Services received

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

### 1.26.2. PFI asset

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

### 1.26.3. PFI liability

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

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

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

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

#### **1.26.4 Impact of IFRS 16 on on-balance sheet PFI/PPP Schemes as from 1st April 2023.**

On-balance sheet PPP arrangements should be based on IFRS 16 accounting principles from 2023-24.

When measuring the liability for on-balance sheet PPP contracts containing capital payments linked to a price index IFRS 16 requires that a lessee shall remeasure the lease liability where there is a change in future lease payments resulting from a change in an index or a rate used to determine those payments. The lessee shall remeasure the lease liability to reflect those revised lease payments only when there is a change in the cash flows.

Initial remeasurement - the future PPP liability will need to be remeasured at 1st April 2023 to include the actual indexation-linked changes to payments for the capital/infrastructure element which have taken effect in the cash flows since the PPP agreement commenced. This should use a cumulative catch-up approach, where the cumulative effect is recognised as an adjustment to the opening balance of retained earnings.

Subsequent measurement - The PPP liability will continue to require remeasurements whenever cash payments change in response to indexation movements as set out in the individual PPP contract. The double entry for the subsequent liability remeasurement should be Debit Finance Cost, Credit PPP liability.

The liability does not include estimated future indexation linked increases.

#### **1.26.5. Lifecycle replacement**

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

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

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

#### **1.26.6. Assets contributed by the LHB to the operator for use in the scheme**

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

#### **1.26.7. Other assets contributed by the LHB to the operator**

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

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

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

### **1.27. Contingencies**

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

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

Where the time value of money is material, contingencies are disclosed at their present value. Remote contingent liabilities are those that are disclosed under Parliamentary reporting requirements and not under IAS 37 and, where practical, an estimate of their financial effect is required.

### **1.28. 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.

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

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

IFRS14 Regulatory Deferral Accounts

Applies to first time adopters of IFRS after 1st January 2016. Therefore not applicable.

IFRS 17 Insurance Contracts, Application required for accounting periods beginning on or after 1st January 2023, Standard is not yet adopted by the FReM which is expected to be from April 2025: early adoption is not permitted.

### **1.30. Accounting standards issued that have been adopted early**

During 2023-24 there have been no accounting standards that have been adopted early. All early adoption of accounting standards will be led by HM Treasury.

### 1.31. Charities

Following Treasury's agreement to apply IAS 27 to NHS Charities from 1st April 2013, the LHB has established that as it is the corporate trustee of the linked charity "Betsi Cadwaladr University Health Board and Other Related Charities", it is considered for accounting standards compliance to have control of the Charity as a subsidiary. It is therefore required to consolidate the results of the Charity within the statutory accounts of the LHB.

The determination of control is an accounting standard test of control and there has been no change to the operation of the Charity or its independence in its management of charitable funds.

However, the LHB has with the agreement of the Welsh Government adopted the IAS 27 (10) exemption to consolidate. Welsh Government as the ultimate parent of the Local Health Boards will disclose the Charitable Accounts of Local Health Boards in the Welsh Government Consolidated Accounts.

Details of the transactions with the Charity are included in Note 30 Related Party Transactions.

## 2. Financial Duties Performance

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

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

The first assessment of performance against the 3 year statutory duty under section 175 (1) 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			
	2021-22 £000	2022-23 £000	2023-24 £000	Total £000
<b>Net operating costs for the year</b>	1,873,353	1,991,335	2,158,812	<b>6,023,500</b>
Less general ophthalmic services expenditure and other non-cash limited expenditure	637	1,790	1,777	<b>4,204</b>
Less unfunded revenue consequences of bringing PFI schemes onto SoFP	0	0	0	<b>0</b>
Less any non funded revenue consequences of IFRS 16	0	0	0	<b>0</b>
Total operating expenses	1,873,990	1,993,125	2,160,589	<b>6,027,704</b>
Revenue Resource Allocation	1,874,279	1,993,514	2,136,242	<b>6,004,035</b>
<b>Under /(over) spend against Allocation</b>	<b>289</b>	<b>389</b>	<b>(24,347)</b>	<b>(23,669)</b>

Betsi Cadwaladr University LHB has not met its financial duty to break-even against its Revenue Resource Limit over the 3 years 2021-22 to 2023-24.

The Health Board received £27.000m cash-only support from Welsh Government during 2023-24 with the accumulated cash-only support as at 31st March 2024 being £176.694m. This support has been provided by Welsh Government to assist the Health Board with making payments to staff and suppliers; there is no requirement for this funding to be repaid.

### 2.2 Capital Resource Performance

	2021-22	2022-23	2023-24	Total
	£000	£000	£000	£000
<b>Gross capital expenditure</b>	47,598	29,683	34,855	<b>112,136</b>
Add: Losses on disposal of donated assets	0	0	0	<b>0</b>
Less NBV of property, plant and equipment, right of use and intangible assets	(513)	0	0	<b>(513)</b>
Less capital grants received	(779)	0	0	<b>(779)</b>
Less donations received	(442)	(460)	(566)	<b>(1,468)</b>
Less IFRS16 Peppercorn income	0	0	0	<b>0</b>
Less <b>initial recognition</b> of RoU Asset Dilapidations	0	0	0	<b>0</b>
Charge against Capital Resource Allocation	45,864	29,223	34,289	<b>109,376</b>
Capital Resource Allocation	45,886	29,252	34,483	<b>109,621</b>
<b>(Over) / Underspend against Capital Resource Allocation</b>	<b>22</b>	<b>29</b>	<b>194</b>	<b>245</b>

Betsi Cadwaladr University LHB has met its financial duty to break-even against its Capital Resource Limit over the 3 years 2021-22 to 2023-24.

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

The Health Board is required to develop an Integrated Medium Term Plan (IMTP), which is financially balanced, under the requirements of the NHS Finance (Wales) Act 2014. The development of a three year IMTP aligned with national and Health Board strategies was also a key element within the Targeted Improvement framework.

The Health Board confirmed to Welsh Government via an Accountable Officer letter it was unable to fulfil its statutory duty to produce a three year IMTP, being unable to deliver financial balance over a three-year period. In addition, whilst addressing the Ministerial Priorities set out in the NHS Wales Planning Framework, the Health Board was unable to achieve all the required performance targets. The Health Board instead submitted an Annual Plan for 2023-24, focused on stabilisation and recovery.

Therefore, in line with section 175(2) of the National Health Service (Wales) Act 2006 (as amended by NHS Finance (Wales) Act 2014) and the NHS Wales Planning Framework, the organisation failed to meet its statutory duty to prepare a 3 year integrated plan.

The Minister for Health and Social Services extant approval

**Status**  
**Date**

**Not Approved**  
**Not Applicable**

Betsi Cadwaladr University LHB has not therefore met its statutory duty to have an approved financial plan.

### 2.4 Creditor payment

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

	<b>2023-24</b>	2022-23
Total number of non-NHS bills paid	<b>415,369</b>	389,329
Total number of non-NHS bills paid within target	<b>392,504</b>	370,046
Percentage of non-NHS bills paid within target	94.5%	95.0%

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

### 3. Analysis of gross operating costs

#### 3.1 Expenditure on Primary Healthcare Services

	Cash limited £000	Non-cash limited £000	2023-24 Total £000	2022-23 Total £000
General Medical Services	155,174		155,174	146,147
Pharmaceutical Services	36,186	(9,540)	26,646	25,264
General Dental Services	35,759		35,759	38,398
General Ophthalmic Services	2,425	7,763	10,188	8,190
Other Primary Health Care expenditure	5,551		5,551	4,110
Prescribed drugs and appliances	130,223		130,223	120,819
<b>Total</b>	<b>365,318</b>	<b>(1,777)</b>	<b>363,541</b>	<b>342,928</b>

Note 3.1 Expenditure on Primary Healthcare Services includes £35,202,000 (2022-23 £31,025,000) expenditure in respect of pay costs as follows: General Medical Services £30,450,000 (2022-23 £27,099,000), Pharmaceutical Services £197,000 (2022-23 £190,000) General Dental Services £925,000 (2022-23 £1,016,000) Other Primary Health Care expenditure £3,630,000 (2022-23 £2,720,000).

#### 3.2 Expenditure on healthcare from other providers

	2023-24 £000	2022-23 £000
Goods and services from other NHS Wales Health Boards	7,077	6,632
Goods and services from other NHS Wales Trusts	10,451	8,826
Goods and services from Welsh Special Health Authorities	0	0
Goods and services from other non Welsh NHS bodies	87,837	70,091
Goods and services from WHSSC / EASC	242,659	226,704
Local Authorities	0	3,253
Voluntary organisations	11,151	10,704
NHS Funded Nursing Care	7,990	7,780
Continuing Care	120,100	99,614
Private providers	10,362	14,169
Specific projects funded by the Welsh Government	0	0
Other	0	0
<b>Total</b>	<b>497,627</b>	<b>447,773</b>

Local authorities expenditure of £3,253,000 during 2022-23 related to expenditure incurred on healthcare in response to the Covid-19 pandemic, including the Test, Trace, Protect (TTP) Regional Cell and support in Mass Vaccination Centres. No local authority expenditure was incurred for these activities during 2023-24.

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

	2023-24	2022-23
	£000	£000
Directors' costs	2,386	2,231
Operational Staff costs	1,067,678	978,581
Single lead employer Staff Trainee Cost	33,338	30,934
Collaborative Bank Staff Cost	0	0
Supplies and services - clinical	171,807	150,049
Supplies and services - general	56,811	56,008
Consultancy Services	805	2,403
Establishment	13,839	10,531
Transport	4,392	4,584
Premises	62,041	64,487
External Contractors	0	0
Depreciation	38,684	37,805
Depreciation Right of Use assets (RoU)	5,038	4,311
Amortisation	485	362
Fixed asset impairments and reversals (Property, plant & equipment)	(4,396)	251
Fixed asset impairments and reversals (RoU Assets)	579	0
Fixed asset impairments and reversals (Intangible assets)	0	0
Impairments & reversals of financial assets	0	0
Impairments & reversals of non-current assets held for sale	0	0
Audit fees	636	462
Other auditors' remuneration	0	0
Losses, special payments and irrecoverable debts	(1,788)	5,641
Research and Development	646	659
Expense related to short-term leases	201	212
Expense related to low-value asset leases (excluding short-term leases)	774	318
Other operating expenses	6,133	6,213
<b>Total</b>	<b>1,460,089</b>	<b>1,356,042</b>

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

	2023-24	2022-23
	£000	£000
<b>Increase/(decrease) in provision for future payments:</b>		
Clinical negligence;		
Secondary care	45,580	23,813
Primary care	40	49
Redress Secondary Care	356	110
Redress Primary Care	0	0
Personal injury	1,753	(720)
All other losses and special payments	(4,056)	4,441
Defence legal fees and other administrative costs	1,292	1,726
Gross increase/(decrease) in provision for future payments	44,965	29,419
Contribution to Welsh Risk Pool	10	0
Premium for other insurance arrangements	0	0
Irrecoverable debts	405	(117)
<b>Less: income received/due from Welsh Risk Pool</b>	<b>(47,168)</b>	<b>(23,661)</b>
<b>Total</b>	<b>(1,788)</b>	<b>5,641</b>

	2023-24	2022-23
	£	£
Permanent injury included within personal injury £:	243,632	(963,197)

Fixed asset impairments and reversals (Property, plant & equipment) in Note 3.3 includes a credit of £8,482,000 (2022-23 £15,191,000) in respect of the reversal of impairments charged to expenditure in previous periods. The value of impairment reversals is also reported in the Cost or valuation section of Note 11.1 Property, plant and equipment on page 40 of these accounts.

**4. Miscellaneous Income**

	<b>2023-24</b>	2022-23
	<b>£000</b>	£000
Local Health Boards	<b>6,186</b>	5,983
Welsh Health Specialised Services Committee (WHSSC)/Emergency Ambulance Services Committee (EASC)	<b>51,207</b>	47,455
NHS Wales trusts	<b>6,947</b>	6,914
Welsh Special Health Authorities	<b>22,741</b>	20,569
Foundation Trusts	<b>1,020</b>	1,213
Other NHS England bodies	<b>17,964</b>	18,407
Other NHS Bodies	<b>521</b>	421
Local authorities	<b>13,205</b>	13,949
Welsh Government	<b>2,402</b>	2,503
Welsh Government Hosted bodies	<b>0</b>	0
Non NHS:		
Prescription charge income	<b>17</b>	16
Dental fee income	<b>3,963</b>	4,312
Private patient income	<b>646</b>	644
Overseas patients (non-reciprocal)	<b>155</b>	122
Injury Costs Recovery (ICR) Scheme	<b>1,225</b>	950
Other income from activities	<b>15,948</b>	15,900
Patient transport services	<b>0</b>	0
Education, training and research	<b>7,022</b>	6,077
Charitable and other contributions to expenditure	<b>1,905</b>	1,041
Receipt of NWSPP Covid centrally purchased assets	<b>0</b>	0
Receipt of Covid centrally purchased assets from other organisations	<b>0</b>	0
Receipt of donated assets	<b>0</b>	460
Receipt of Government granted assets	<b>0</b>	0
Right of Use Grant (Peppercorn Lease)	<b>0</b>	0
Non-patient care income generation schemes	<b>256</b>	318
NHS Wales Shared Services Partnership (NWSPP)	<b>0</b>	0
Deferred income released to revenue	<b>41</b>	36
Right of Use Asset Sub-leasing rental income	<b>0</b>	0
Contingent rental income from finance leases	<b>0</b>	0
Rental income from operating leases	<b>311</b>	339
Other income:		
Provision of laundry, pathology, payroll services	<b>159</b>	140
Accommodation and catering charges	<b>4,015</b>	3,179
Mortuary fees	<b>396</b>	403
Staff payments for use of cars	<b>826</b>	888
Business Unit	<b>0</b>	0
Scheme Pays Reimbursement Notional	<b>60</b>	(1,109)
Other	<b>3,696</b>	4,239
<b>Total</b>	<b>162,834</b>	155,369
<b>Other income Includes;</b>		
Staff recharges not included in other lines	<b>1,228</b>	1,281
VAT recovery on salary sacrifice schemes	<b>0</b>	368
Movement in Expected Credit Losses (ECLs) on invoiced income	<b>(352)</b>	112
Other	<b>2,820</b>	2,478
	<b>0</b>	0
	<b>0</b>	0
	<b>0</b>	0
<b>Total</b>	<b>3,696</b>	4,239

Injury Cost Recovery (ICR) Scheme income	<b>2023-24</b>	2022-23
	%	%
To reflect expected rates of collection ICR income is subject to a provision for impairment of:	23.07	23.76

**Injury Cost Recovery (ICR) Scheme**

Whilst Injury Cost Recovery (ICR) Scheme income is generally subject to a provision for impairment of 23.07% to reflect expected rates of collection, the Health Board has further increased the provision impairment rate on specific aged cases in order to reflect the additional risk of potential non-recovery.

Charitable and other contributions to expenditure of £1,905,000 during 2023-24 includes £1,339,000 for revenue expenditure and £566,000 for the purchase of items of capital expenditure.

**5. Investment Revenue**

	2023-24	2022-23
	£000	£000
<b>Rental revenue :</b>		
PFI Finance lease income		
planned	0	0
contingent	0	0
Other finance lease revenue	0	0
<b>Interest revenue :</b>		
Bank accounts	0	0
Other loans and receivables	0	0
Impaired financial assets	0	0
Other financial assets	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

**6. Other gains and losses**

	2023-24	2022-23
	£000	£000
Gain/(loss) on disposal of property, plant and equipment	5	16
Gain/(loss) on disposal other than by sale of right of use assets	0	0
Gain/(loss) on disposal of intangible assets	0	0
Gain/(loss) on disposal of assets held for sale	0	0
Gain/(loss) on disposal of financial assets	0	0
Change on foreign exchange	0	0
Change in fair value of financial assets at fair value through SoCNE	0	0
Change in fair value of financial liabilities at fair value through SoCNE	0	0
Recycling of gain/(loss) from equity on disposal of financial assets held for sale	0	0
<b>Total</b>	<b>5</b>	<b>16</b>

**7. Finance costs**

	2023-24	2022-23
	£000	£000
Interest on loans and overdrafts	0	0
Interest on obligations under finance leases	0	0
Interest on obligations under Right of Use Leases	309	0
Interest on obligations under PFI contracts;		
main finance cost	29	31
contingent finance cost	0	0
Impact of IFRS 16 on PPP/PFI contracts	0	0
Interest on late payment of commercial debt	7	1
Other interest expense	0	0
<b>Total interest expense</b>	<b>345</b>	<b>32</b>
Provisions unwinding of discount	49	(55)
Other finance costs	0	0
<b>Total</b>	<b>394</b>	<b>(23)</b>

Total interest on obligations under Right of Use Leases during the year was £393,000 of which £309,000 is included in Note 7 Finance Costs above, with the balance of £84,000 included in Note 3.1 Expenditure on Primary Healthcare Services.

**8. Future charges to Statement of Comprehensive Net Expenditure (SoCNE)**

**LHB as lessee**

As at 31st March 2024 the Health Board had 2,324 leases agreements in place; 846 arrangements in respect of equipment and 1,478 in respect of vehicles, with 125 equipment and 283 vehicle leases having expired in year.

The periods in which the remaining agreements will expire are shown below:

	2023-24	2023-24	2023-24	2022-23
	Low Value & Short Term	Other	Total	Total
	£000	£000	£000	£000
<b>Payments recognised as an expense</b>				
Minimum lease payments	6,219	0	6,219	6,651
Contingent rents	0	0	0	0
Sub-lease payments	0	0	0	0
<b>Total</b>	<b>6,219</b>	<b>0</b>	<b>6,219</b>	<b>6,651</b>
<b>Total future minimum lease payments</b>				
<b>Payable</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Not later than one year	5,797	0	5,797	4,893
Between one and five years	5,677	0	5,677	2,991
After 5 years	0	0	0	361
<b>Total</b>	<b>11,474</b>	<b>0</b>	<b>11,474</b>	<b>8,245</b>

**LHB as lessor**

	2023-24	2022-23
	£000	£000
<b>Rental revenue</b>		
Rent	253	345
Contingent rents	0	0
<b>Total revenue rental</b>	<b>253</b>	<b>345</b>
<b>Total future minimum lease payments</b>		
<b>Receivable</b>	<b>£000</b>	<b>£000</b>
Not later than one year	244	345
Between one and five years	327	315
After 5 years	674	731
<b>Total</b>	<b>1,245</b>	<b>1,391</b>

**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	2022-23
	£000	£000	£000	£000	£000	£000	£000	£000
Salaries and wages	805,319	2,993	47,388	26,543	0	25,858	908,101	835,940
Social security costs	83,434	0	0	3,185	0	2,108	88,727	82,054
Employer contributions to NHS Pension Scheme	138,127	0	0	3,610	0	0	141,737	125,938
Other pension costs	621	0	0	0	0	0	621	636
Other employment benefits	75	0	0	0	0	0	75	(1,092)
Termination benefits	0	0	0	0	0	0	0	0
<b>Total</b>	<b>1,027,576</b>	<b>2,993</b>	<b>47,388</b>	<b>33,338</b>	<b>0</b>	<b>27,966</b>	<b>1,139,261</b>	<b>1,043,476</b>

Charged to capital							658	706
Charged to revenue							1,138,603	1,042,770
							<b>1,139,261</b>	<b>1,043,476</b>

Net movement in accrued employee benefits (untaken staff leave) (8,956) (14,631)

The "Other" staff column includes temporary and contract staff such as short-term direct engagement contracts, IR35 applicable staff, Out of Hours GPs, GMS Locum Doctors and Agency Commissioning Cost. Social Security costs relating to these groups of staff for the 2023-24 financial year are included within the Permanent Staff column of the above note.

Other employment benefits relate to the costs associated with the 2019-20 Scheme Pays arrangements. Potential future liabilities of the scheme increased during 2023-24 and this increase has been matched funded by Welsh Government.

The decrease in accrued employee benefits as at 31st March 2024 relates to a reduction in untaken annual leave entitlements. Information on the arrangements in place for staff to carry forward untaken annual leave is provided in Accounting Policy Note 1.4.1 Short-term employee benefits on page 9.

**9.2 Average number of employees**

	Permanent Staff	Staff on Inward Secondment	Agency Staff	Specialist Trainee (SLE)	Collaborative Bank Staff	Other	Total	2022-23
	Number	Number	Number	Number	Number	Number	Number	Number
Administrative, clerical and board members	3,684	10	42	0	0	0	3,736	3,503
Medical and dental	1,161	18	19	456	0	106	1,760	1,626
Nursing, midwifery registered	5,512	0	405	0	0	0	5,917	5,291
Professional, Scientific, and technical staff	750	7	1	0	0	0	758	694
Additional Clinical Services	4,013	0	5	0	0	0	4,018	3,615
Allied Health Professions	1,206	0	54	0	0	0	1,260	1,156
Healthcare Scientists	288	0	1	0	0	0	289	261
Estates and Ancillary	1,368	0	1	0	0	0	1,369	1,328
Students	23	0	0	0	0	0	23	20
<b>Total</b>	<b>18,005</b>	<b>35</b>	<b>528</b>	<b>456</b>	<b>0</b>	<b>106</b>	<b>19,130</b>	<b>17,494</b>

The average number of employees reported in Note 9.2 is the whole-time equivalent average number of employees who were under contract of service in each month of 2023-24.

**9.3. Retirements due to ill-health**

	2023-24	2022-23
Number	25	13
Estimated additional pension costs £	2,370,558	1,237,004

This note discloses the number and additional pension costs for individuals who retired early on ill-health grounds during the year. These additional pension costs have been calculated on an average basis and will be borne by the NHS Pension Scheme.

**9.4 Employee benefits**

Employee benefits refer to non-pay benefits which are not attributable to individual employees, for example group membership of a club. The Health Board does not operate any employee benefit schemes.

9.5 Reporting of other compensation schemes - exit packages

	2023-24	2023-24	2023-24	2023-24	2022-23
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
	Whole numbers only	Whole numbers only	Whole numbers only	Whole numbers only	Whole numbers only
less than £10,000	0	1	1	0	7
£10,000 to £25,000	0	0	0	0	2
£25,000 to £50,000	0	0	0	0	1
£50,000 to £100,000	0	1	1	0	0
£100,000 to £150,000	0	0	0	0	1
£150,000 to £200,000	0	0	0	0	0
more than £200,000	0	0	0	0	1
<b>Total</b>	<b>0</b>	<b>2</b>	<b>2</b>	<b>0</b>	<b>12</b>

	2023-24	2023-24	2023-24	2023-24	2022-23
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	8,775	8,775	0	31,375
£10,000 to £25,000	0	0	0	0	36,107
£25,000 to £50,000	0	0	0	0	41,785
£50,000 to £100,000	0	59,295	59,295	0	0
£100,000 to £150,000	0	0	0	0	139,298
£150,000 to £200,000	0	0	0	0	0
more than £200,000	0	0	0	0	210,077
<b>Total</b>	<b>0</b>	<b>68,070</b>	<b>68,070</b>	<b>0</b>	<b>458,642</b>

Exit costs paid in year of departure	Total paid in year	Total paid in year
	2023-24	2022-23
	£	£
Exit costs paid in year	68,070	1,939,248
<b>Total</b>	<b>68,070</b>	<b>1,939,248</b>

This disclosure reports the number and value of exit packages agreed during the year. The actual date of departure may be in a subsequent period and the expense in relation to departure costs may have been accrued in a previous period. Total exit costs paid during 2023-24, the year of departure, were £68,070 (2022-23 £1,939,248).

The Health Board pays all redundancy and other departure costs in accordance with the provisions of the NHS Voluntary Early Release Scheme (VERS). Additional costs relating to early retirements, including early retirements on grounds of redundancy for employees entitled to pension benefits, are met by the Health Board and not by the NHS Pension Scheme. Ill-health retirement costs are met by the NHS Pensions Scheme and are not included in the table.

**9.6 Fair Pay disclosures**

**9.6.1 Remuneration Relationship**

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director/employee in their organisation and the 25th percentile, median and 75th percentile remuneration of the organisation's workforce.

	2023-24 £000 Chief	2023-24 £000 Employee	2023-24 £000 Ratio	2022-23 £000 Chief	2022-23 £000 Employee	2022-23 £000 Ratio
<b>Total pay and benefits</b>	<b>Executive</b>	<b>Employee</b>	<b>Ratio</b>	<b>Executive</b>	<b>Employee</b>	<b>Ratio</b>
25th percentile pay ratio	253	26	9.83	223	24	9.28
Median pay	253	35	7.19	223	33	6.76
75th percentile pay ratio	253	45	5.56	223	43	5.16
<b>Salary component of total pay and benefits</b>						
25th percentile pay ratio	253	23		223	21	
Median pay	253	29		223	26	
75th percentile pay ratio	253	43		223	41	
	<b>Highest Paid Director</b>	<b>Employee</b>	<b>Ratio</b>	<b>Highest Paid Director</b>	<b>Employee</b>	<b>Ratio</b>
<b>Total pay and benefits</b>	<b>Director</b>	<b>Employee</b>	<b>Ratio</b>	<b>Director</b>	<b>Employee</b>	<b>Ratio</b>
25th percentile pay ratio	273	26	10.61	433	24	18.05
Median pay	273	35	7.76	433	33	13.15
75th percentile pay ratio	273	45	6.00	433	43	10.04
<b>Salary component of total pay and benefits</b>						
25th percentile pay ratio	273	23		433	21	
Median pay	273	29		433	26	
75th percentile pay ratio	273	43		433	41	

In 2023-24, 14 (2022-23, 2) employees received remuneration in excess of the highest-paid director.

Remuneration for all staff ranged from £22,720 to £402,600 (2022-23, £20,758 to £433,000). The all staff range includes directors (including the highest paid director) and excludes pension benefits of all employees. The Chief Executive salary for the remuneration relationship is based on actual salary, consistent with the Remuneration Report.

**Financial Year Summary**

The Remuneration Relationship of the Chief Executive remained largely unchanged during 2023-24 with only minor increases across the various pay ratios. Remuneration Relationship ratios for the highest paid Director decreased significantly during the year as total reported pay for 2023-24 is £273,000 compared to £433,000 in 2022-23.

The median pay of the workforce increased by £2,000 (rounded) during the year, compared to £1,000 (rounded) the year before.

Staff covered by the Agenda for Change agreement received an average 5% inflationary pay increase during 2023-24 (2022-23 4%). Medical Staff received an inflationary pay award of 5% (2022-23 4.5%).

**9.6.2 Percentage Changes**

	2022-23 to 2023-24	2021-22 to 2022-23
% Change from previous financial year in respect of Chief Executive	%	%
Salary and allowances	14	0
Performance pay and bonuses	0	0
% Change from previous financial year in respect of highest paid director		
Salary and allowances	(37)	95
Performance pay and bonuses	0	0
Average % Change from previous financial year in respect of employees takes as a whole		
Salary and allowances	6	3
Performance pay and bonuses	0	0

The highest paid director during 2023-24, excluding the Chief Executive, was the former Interim Executive Director of Finance in post until June 2023.

The Health Board did not pay any performance pay or bonuses in 2023-24

## 9.7 Pension costs

Past and present employees are covered by the provisions of the NHS Pension Schemes. Details of the benefits payable and rules of the schemes can be found on the NHS Pensions website at [www.nhsbsa.nhs.uk/pensions](http://www.nhsbsa.nhs.uk/pensions). Both the 1995/2008 and 2015 schemes are accounted for, and the scheme liability valued, as a single combined scheme. 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 2024, is based on valuation data as 31 March 2023, updated to 31 March 2024 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 Statement by the Actuary, which forms part of the annual NHS Pension Scheme Annual Report and 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 2020. The results of this valuation set the employer contribution rate payable from 1 April 2024 to 23.7% of pensionable pay. The core cost cap cost of the scheme was calculated to be outside of the 3% cost cap corridor as at 31 March 2020. However, when the wider economic situation was taken into account through the economic cost cap cost of the scheme, the cost cap corridor was not similarly breached. As a result, there was no impact on the member benefit structure or contribution rates.

**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 £50,270 for the 2023-24 tax year (2022-23 £6,240 and £50,270).

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.

	2023-24	2023-24	2022-23	2022-23
	Number	£000	Number	£000
<b>NHS</b>				
Total bills paid	5,035	403,119	4,316	383,631
Total bills paid within target	4,455	382,457	3,753	372,457
Percentage of bills paid within target	<b>88.5%</b>	<b>94.9%</b>	87.0%	97.1%
<b>Non-NHS</b>				
Total bills paid	415,369	934,927	389,329	900,380
Total bills paid within target	392,504	906,772	370,046	871,537
Percentage of bills paid within target	<b>94.5%</b>	<b>97.0%</b>	95.0%	96.8%
<b>Total</b>				
Total bills paid	<b>420,404</b>	<b>1,338,046</b>	393,645	1,284,011
Total bills paid within target	<b>396,959</b>	<b>1,289,229</b>	373,799	1,243,994
Percentage of bills paid within target	<b>94.4%</b>	<b>96.4%</b>	95.0%	96.9%

During 2023-24 the Health Board paid 94.5% of non-NHS invoices by number within 30 days (2022-23 95.0%) and therefore did not achieve the Welsh Government performance measure. This mainly related to payment performance during August 2023.

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

	2023-24	2022-23
	£	£
Amounts included within finance costs (note 7) from claims made under this legislation	<b>7,417</b>	569
Compensation paid to cover debt recovery costs under this legislation	<b>3,521</b>	240
<b>Total</b>	<b>10,938</b>	<b>809</b>

11.1 Property, plant and equipment

2023-24

	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 at 31 March bf	50,424	531,675	20,742	22,829	120,658	960	29,876	6,756	783,920
NHS Wales Transfers	0	0	0	0	0	0	0	0	0
Prepayments	0	0	0	0	0	0	0	0	0
Transfer of Finance Leases to ROU Asset Note	0	0	0	0	0	0	0	0	0
<b>Cost or valuation at 1 April 2023</b>	<b>50,424</b>	<b>531,675</b>	<b>20,742</b>	<b>22,829</b>	<b>120,658</b>	<b>960</b>	<b>29,876</b>	<b>6,756</b>	<b>783,920</b>
Indexation	(1,015)	23,295	1,183	0	0	0	0	0	23,463
Additions									
- purchased	0	0	0	21,400	4,143	53	4,047	76	29,719
- donated	0	122	0	0	408	0	36	0	566
- government granted	0	0	0	0	0	0	0	0	0
Transfer from/into other NHS bodies	0	0	0	0	0	0	0	0	0
Reclassifications	0	19,558	0	(24,569)	4,972	0	39	0	0
Revaluations	0	(1,261)	0	0	0	0	0	0	(1,261)
Reversal of impairments	0	8,427	55	0	0	0	0	0	8,482
Impairments	(544)	(3,542)	0	0	0	0	0	0	(4,086)
Reclassified as held for sale	(348)	(538)	0	0	0	0	0	0	(886)
Disposals	0	0	0	0	(2,205)	(163)	(234)	0	(2,602)
<b>At 31 March 2024</b>	<b>48,517</b>	<b>577,736</b>	<b>21,980</b>	<b>19,660</b>	<b>127,976</b>	<b>850</b>	<b>33,764</b>	<b>6,832</b>	<b>837,315</b>
Depreciation at 31 March bf	0	20,278	768	0	67,376	556	18,338	4,046	111,362
NHS Wales Transfers	0	0	0	0	0	0	0	0	0
Transfer of Finance Leases to ROU Asset Note	0	0	0	0	0	0	0	0	0
<b>Depreciation at 1 April 2023</b>	<b>0</b>	<b>20,278</b>	<b>768</b>	<b>0</b>	<b>67,376</b>	<b>556</b>	<b>18,338</b>	<b>4,046</b>	<b>111,362</b>
Indexation	0	1,210	46	0	0	0	0	0	1,256
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	(624)	0	0	0	0	0	0	(624)
Reversal of impairments	0	0	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0	0	0
Reclassified as held for sale	0	(538)	0	0	0	0	0	0	(538)
Disposals	0	0	0	0	(2,205)	(163)	(234)	0	(2,602)
Provided during the year	0	21,442	817	0	11,568	92	4,105	660	38,684
<b>At 31 March 2024</b>	<b>0</b>	<b>41,768</b>	<b>1,631</b>	<b>0</b>	<b>76,739</b>	<b>485</b>	<b>22,209</b>	<b>4,706</b>	<b>147,538</b>
<b>Net book value at 1 April 2023</b>	<b>50,424</b>	<b>511,397</b>	<b>19,974</b>	<b>22,829</b>	<b>53,282</b>	<b>404</b>	<b>11,538</b>	<b>2,710</b>	<b>672,558</b>
<b>Net book value at 31 March 2024</b>	<b>48,517</b>	<b>535,968</b>	<b>20,349</b>	<b>19,660</b>	<b>51,237</b>	<b>365</b>	<b>11,555</b>	<b>2,126</b>	<b>689,777</b>
<b>Net book value at 31 March 2024</b> <b>comprises :</b>									
Purchased	48,517	527,760	20,349	19,660	47,538	323	11,557	1,951	677,655
Donated	0	7,487	0	0	2,777	42	37	175	10,518
Government Granted	0	721	0	0	883	0	0	0	1,604
<b>At 31 March 2024</b>	<b>48,517</b>	<b>535,968</b>	<b>20,349</b>	<b>19,660</b>	<b>51,198</b>	<b>365</b>	<b>11,594</b>	<b>2,126</b>	<b>689,777</b>
<b>Asset financing :</b>									
Owned	48,517	534,870	20,349	19,660	51,198	365	11,594	2,126	688,679
On-SoFP MIMS Funded PPP contracts	0	0	0	0	0	0	0	0	0
On-SoFP PFI contracts	0	0	0	0	0	0	0	0	0
PFI residual interests	0	1,098	0	0	0	0	0	0	1,098
<b>At 31 March 2024</b>	<b>48,517</b>	<b>535,968</b>	<b>20,349</b>	<b>19,660</b>	<b>51,198</b>	<b>365</b>	<b>11,594</b>	<b>2,126</b>	<b>689,777</b>

The net book value of land, buildings and dwellings at 31 March 2024 comprises :

	£000
Freehold	600,930
Long Leasehold	3,904
Short Leasehold	0
	<b>604,834</b>

Valuers 'material uncertainty', in valuation. The disclosure relates to the materiality in the valuation report not that of the underlying account.

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## 11.1 Property, plant and equipment

2022-23	Assets under								Total £000
	Land £000	Buildings, excluding dwellings £000	Dwellings £000	construction & payments on account £000	Plant and machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	
Cost at 31 March bf	46,776	538,867	21,243	31,391	123,050	1,056	31,689	6,977	801,049
NHS Wales Transfers	0	0	0	0	0	0	0	0	0
Prepayments	0	0	0	0	0	0	0	0	0
Transfer of Finance Leases to ROU Asset Note	(470)	(3,276)	0	0	0	0	0	0	(3,746)
<b>Cost or valuation at 1 April 2022</b>	<b>46,306</b>	<b>535,591</b>	<b>21,243</b>	<b>31,391</b>	<b>123,050</b>	<b>1,056</b>	<b>31,689</b>	<b>6,977</b>	<b>797,303</b>
Indexation	(1,025)	16,870	892	0	0	0	0	0	16,737
<b>Additions</b>									
- purchased	0	0	0	12,669	8,499	0	2,035	59	23,262
- donated	0	107	0	0	353	0	0	0	460
- government granted	0	0	0	0	0	0	0	0	0
Transfer from/into other NHS bodies	0	0	0	0	100	0	0	0	100
Reclassifications	0	13,942	133	(21,231)	7,156	0	0	0	0
Revaluations	5,439	(35,447)	(959)	0	0	0	0	0	(30,967)
Reversal of impairments	663	14,486	42	0	0	0	0	0	15,191
Impairments	(959)	(13,874)	(609)	0	0	0	0	0	(15,442)
Reclassified as held for sale	0	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	(18,500)	(96)	(3,848)	(280)	(22,724)
<b>At 31 March 2023</b>	<b>50,424</b>	<b>531,675</b>	<b>20,742</b>	<b>22,829</b>	<b>120,658</b>	<b>960</b>	<b>29,876</b>	<b>6,756</b>	<b>783,920</b>
Depreciation at 31 March bf	0	84,403	3,079	0	74,577	561	17,065	3,648	183,333
NHS Wales Transfers	0	0	0	0	0	0	0	0	0
Transfer of Finance Leases to ROU Asset Note	0	(634)	0	0	0	0	0	0	(634)
<b>Depreciation at 1 April 2022</b>	<b>0</b>	<b>83,769</b>	<b>3,079</b>	<b>0</b>	<b>74,577</b>	<b>561</b>	<b>17,065</b>	<b>3,648</b>	<b>182,699</b>
Indexation	0	76	0	0	0	0	0	0	76
Transfer from/into other NHS bodies	0	0	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	(4)	4	(4)	4	0
Revaluations	0	(83,419)	(3,075)	0	0	0	0	0	(86,494)
Reversal of impairments	0	0	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	(18,499)	(96)	(3,849)	(280)	(22,724)
Provided during the year	0	19,852	764	0	11,302	87	5,126	674	37,805
<b>At 31 March 2023</b>	<b>0</b>	<b>20,278</b>	<b>768</b>	<b>0</b>	<b>67,376</b>	<b>556</b>	<b>18,338</b>	<b>4,046</b>	<b>111,362</b>
<b>Net book value at 1 April 2022</b>	<b>46,306</b>	<b>451,822</b>	<b>18,164</b>	<b>31,391</b>	<b>48,473</b>	<b>495</b>	<b>14,624</b>	<b>3,329</b>	<b>614,604</b>
<b>Net book value at 31 March 2023</b>	<b>50,424</b>	<b>511,397</b>	<b>19,974</b>	<b>22,829</b>	<b>53,282</b>	<b>404</b>	<b>11,538</b>	<b>2,710</b>	<b>672,558</b>
<b>Net book value at 31 March 2023</b> <b>comprises :</b>									
Purchased	50,424	503,441	19,974	22,829	48,799	353	11,534	2,477	659,831
Donated	0	7,233	0	0	3,368	51	4	233	10,889
Government Granted	0	723	0	0	1,115	0	0	0	1,838
<b>At 31 March 2023</b>	<b>50,424</b>	<b>511,397</b>	<b>19,974</b>	<b>22,829</b>	<b>53,282</b>	<b>404</b>	<b>11,538</b>	<b>2,710</b>	<b>672,558</b>
<b>Asset financing :</b>									
Owned	50,424	510,282	19,974	22,829	53,282	404	11,538	2,710	671,443
On-SoFP PFI contracts	0	1,115	0	0	0	0	0	0	1,115
PFI residual interests	0	0	0	0	0	0	0	0	0
<b>At 31 March 2023</b>	<b>50,424</b>	<b>511,397</b>	<b>19,974</b>	<b>22,829</b>	<b>53,282</b>	<b>404</b>	<b>11,538</b>	<b>2,710</b>	<b>672,558</b>

The net book value of land, buildings and dwellings at 31 March 2023 comprises :

	£000
Freehold	577,946
Long Leasehold	3,849
Short Leasehold	0
	<u>581,795</u>

Valuers 'material uncertainty', in valuation. The disclosure relates to the materiality in the valuation report not that of the underlying account.

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**11. Property, plant and equipment (continued)****Disclosures:****(i) Donated Assets**

Donated tangible asset additions during 2023-24 included schemes funded by:

- Betsi Cadwaladr University Health Board and Other Related Charities - £322,000
- Other hospital based voluntary bodies - £244,000

**(ii) Valuations**

The Health Board's land and Buildings were revalued by the Valuation Office Agency with an effective date of 1st April 2022. The valuation was prepared in accordance with the terms of the latest version of the Royal Institute of Chartered Surveyors' Valuation Standards.

The Health Board 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**

Property, plant and equipment is depreciated using the following asset lives:

- Land is not depreciated.
- Buildings as determined by the Valuation Office Agency.
- Equipment between 5-15 years.

**(iv) Compensation**

There has been no compensation received from third parties for assets impaired, lost or given up, that is included in the income statement.

**(v) Write Downs**

Professional valuations were requested for five building assets as detailed in Note 13 Impairments on page 50.

**(vi) Open Market Value**

The Health Board 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**

The balance of £348,000 on Note 11.2 Non-current assets held for sale at 31st March 2024 relates to Cilan Mental Health Resource Centre and Pwllheli Health Centre, both of which will be disposed during 2024-25.

**(viii) 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
<b>Balance brought forward 1 April 2023</b>	0	0	0	0	0	0
Plus assets classified as held for sale in the year	348	0	0	0	0	348
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
<b>Balance carried forward 31 March 2024</b>	<u>348</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>348</u>
<b>Balance brought forward 1 April 2022</b>	0	0	0	0	0	0
Plus assets classified as held for sale in the year	0	0	0	0	0	0
Revaluation	0	0	0	0	0	0
Less assets sold in the year	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
<b>Balance carried forward 31 March 2023</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

The non-current assets held for sale balance of £348,000 as at 31st March 2024 relates to the Cilan Mental Health Resource Centre and Pwllheli Health Centre, both of which will be disposed during 2024-25.

11.3 Right of Use Assets

The organisation's right of use asset leases are disclosed across the relevant headings within the note. Whilst most are individually insignificant, eleven buildings with the following net book values as at 31st March 2024 are considered significant in their own right:

Buckley Primary Care Resource Centre (PCRC) £1.798m, Caia Park PCRC £1.766m, Connahs Quay Health Centre £0.952m, Llys Dyffig £2.840m, Tan Y Castell £1.504m, Rysseldene Surgery £1.267m, Ruabon Medical Centre £0.833m, Rhoslan Surgery £1.285m, Connahs Quay Health Centre £1.017m, Renal Services £1.422m, Cambrian & Berwyn House £1.253m.

	Land £000	Land & buildings £000	Buildings £000	Dwellings £000	Plant and machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
<b>2023-24</b>									
<b>Cost or valuation at 31 March</b>	470	0	29,578	0	7,175	1,775	1,261	0	40,259
Lease prepayments in relation to RoU Assets	0	0	0	0	0	0	0	0	0
Transfer of Finance Leases from PPE Note	0	0	0	0	0	0	0	0	0
Operating Leases Transitioning	0	0	76	0	(7)	0	0	0	69
<b>Cost or valuation at 1 April</b>	<b>470</b>	<b>0</b>	<b>29,654</b>	<b>0</b>	<b>7,168</b>	<b>1,775</b>	<b>1,261</b>	<b>0</b>	<b>40,328</b>
Additions	587	0	940	0	2,020	694	251	0	4,492
Transfer from/into other NHS bodies	0	0	0	0	0	0	0	0	0
Disposals other than by sale	0	0	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0	0	0
Revaluations	(73)	0	228	0	0	0	0	0	155
Reversal of impairments	0	0	0	0	0	0	0	0	0
Impairments	(3)	0	(576)	0	0	0	0	0	(579)
De-recognition	0	0	(150)	0	(63)	(310)	0	0	(523)
<b>At 31 March</b>	<b>981</b>	<b>0</b>	<b>30,096</b>	<b>0</b>	<b>9,125</b>	<b>2,159</b>	<b>1,512</b>	<b>0</b>	<b>43,873</b>
<b>Depreciation at 31 March</b>	12	0	3,185	0	895	504	349	0	4,945
Transfer of Finance Leases from PPE Note	0	0	0	0	0	0	0	0	0
Operating Leases Transitioning	0	0	0	0	0	0	0	0	0
<b>Depreciation at 1 April</b>	<b>12</b>	<b>0</b>	<b>3,185</b>	<b>0</b>	<b>895</b>	<b>504</b>	<b>349</b>	<b>0</b>	<b>4,945</b>
Recognition	0	0	0	0	0	0	0	0	0
Transfers from/into other NHS bodies	0	0	0	0	0	0	0	0	0
Disposals other than by sale	0	0	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0	0	0
Revaluations	0	0	228	0	0	0	0	0	228
Reversal of impairments	0	0	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0	0	0
De-recognition	0	0	(150)	0	(63)	(310)	0	0	(523)
Provided during the year	22	0	2,796	0	1,106	762	354	0	5,040
<b>At 31 March</b>	<b>34</b>	<b>0</b>	<b>6,059</b>	<b>0</b>	<b>1,938</b>	<b>956</b>	<b>703</b>	<b>0</b>	<b>9,690</b>
<b>Net book value at 1 April</b>	<b>458</b>	<b>0</b>	<b>26,469</b>	<b>0</b>	<b>6,273</b>	<b>1,271</b>	<b>912</b>	<b>0</b>	<b>35,383</b>
<b>Net book value at 31 March</b>	<b>947</b>	<b>0</b>	<b>24,037</b>	<b>0</b>	<b>7,187</b>	<b>1,203</b>	<b>809</b>	<b>0</b>	<b>34,183</b>
<b>RoU Asset Total Value Split by Lessor</b>									
<b>Lessor</b>	<b>Land £000</b>	<b>Land &amp; buildings £000</b>	<b>Buildings £000</b>	<b>Dwellings £000</b>	<b>Plant and machinery £000</b>	<b>Transport equipment £000</b>	<b>Information technology £000</b>	<b>Furniture &amp; fittings £000</b>	<b>Total £000</b>
NHS Wales Peppercorn Leases	0	0	0	0	0	0	0	0	0
NHS Wales Market Value Leases	0	0	0	0	0	0	0	0	0
Other Public Sector Peppercorn Leases	947	0	2,243	0	0	0	0	0	3,190
Other Public Sector Market Value Leases	0	0	3,574	0	0	0	0	0	3,574
Private Sector Peppercorn Leases	0	0	24	0	0	0	0	0	24
Private Sector Market Value Leases	0	0	18,196	0	7,187	1,203	809	0	27,395
<b>Total</b>	<b>947</b>	<b>0</b>	<b>24,037</b>	<b>0</b>	<b>7,187</b>	<b>1,203</b>	<b>809</b>	<b>0</b>	<b>34,183</b>

11.3 Right of Use Assets

The organisation's right of use asset leases are disclosed across the relevant headings below. Most are individually insignificant, however, 11 are significant in their own right: Buckley Primary Care Resource CtreTrust (PCRC) £1.96m, Caia Park PCRC £1.92m, Connahs Quay Health Ctre £1.1m, Llŷs Dyffig £2.86m, Tany Y Castell £1.52m, Rysseidene Surgery £1.70m, Ruabon Medica Ctre £0.96m, Rhoslan Surgery £1.39m, Morris Practice Connahs Quay £1.18m, Renal Services £1.69m, Cambrian & Berwyn House £1.61m held under buildings nbv at 31 March 2023.)

	Land £000	Land & buildings £000	Buildings £000	Dwellings £000	Plant and machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
<b>2022-23</b>									
<b>Cost or valuation at 31 March</b>	0	0	0	0	0	0	0	0	0
Lease prepayments in relation to RoU Assets	0	0	0	0	0	0	0	0	0
Transfer of Finance Leases from PPE Note	470	0	3,276	0	0	0	0	0	3,746
Operating Leases Transitioning	0	0	25,809	0	3,604	789	1,261	0	31,463
<b>Cost or valuation at 1 April</b>	<b>470</b>	<b>0</b>	<b>29,085</b>	<b>0</b>	<b>3,604</b>	<b>789</b>	<b>1,261</b>	<b>0</b>	<b>35,209</b>
Additions	0	0	493	0	3,571	986	0	0	5,050
Transfer from/into other NHS bodies	0	0	0	0	0	0	0	0	0
Disposals other than by sale	0	0	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0	0	0
Revaluations	0	0	0	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0	0	0
De-recognition	0	0	0	0	0	0	0	0	0
<b>At 31 March</b>	<b>470</b>	<b>0</b>	<b>29,578</b>	<b>0</b>	<b>7,175</b>	<b>1,775</b>	<b>1,261</b>	<b>0</b>	<b>40,259</b>
<b>Depreciation at 31 March</b>	0	0	0	0	0	0	0	0	0
Transfer of Finance Leases from PPE Note	0	0	634	0	0	0	0	0	634
Operating Leases Transitioning	0	0	0	0	0	0	0	0	0
<b>Depreciation at 1 April</b>	<b>0</b>	<b>0</b>	<b>634</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>634</b>
Recognition	0	0	0	0	0	0	0	0	0
Transfer from/into other NHS bodies	0	0	0	0	0	0	0	0	0
Disposals other than by sale	0	0	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0	0	0
Revaluations	0	0	0	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0	0	0
De-recognition	0	0	0	0	0	0	0	0	0
Provided during the year	12	0	2,551	0	895	504	349	0	4,311
<b>At 31 March</b>	<b>12</b>	<b>0</b>	<b>3,185</b>	<b>0</b>	<b>895</b>	<b>504</b>	<b>349</b>	<b>0</b>	<b>4,945</b>
<b>Net book value at 1 April</b>	<b>470</b>	<b>0</b>	<b>28,451</b>	<b>0</b>	<b>3,604</b>	<b>789</b>	<b>1,261</b>	<b>0</b>	<b>34,575</b>
<b>Net book value at 31 March</b>	<b>458</b>	<b>0</b>	<b>26,393</b>	<b>0</b>	<b>6,280</b>	<b>1,271</b>	<b>912</b>	<b>0</b>	<b>35,314</b>
<b>RoU Asset Total Value Split by Lessor</b>									
<b>Lessor</b>	<b>Land £000</b>	<b>Land &amp; buildings £000</b>	<b>Buildings £000</b>	<b>Dwellings £000</b>	<b>Plant and machinery £000</b>	<b>Transport equipment £000</b>	<b>Information technology £000</b>	<b>Furniture &amp; fittings £000</b>	<b>Total £000</b>
NHS Wales Peppercorn Leases	0	0	0	0	0	0	0	0	0
NHS Wales Market Value Leases	0	0	0	0	0	0	0	0	0
Other Public Sector Peppercorn Leases	458	0	1,555	0	0	0	0	0	2,013
Other Public Sector Market Value Leases	0	0	3,712	0	0	0	0	0	3,712
Private Sector Peppercorn Leases	0	0	0	0	0	0	0	0	0
Private Sector Market Value Leases	0	0	21,126	0	6,280	1,271	912	0	29,589
<b>Total</b>	<b>458</b>	<b>0</b>	<b>26,393</b>	<b>0</b>	<b>6,280</b>	<b>1,271</b>	<b>912</b>	<b>0</b>	<b>35,314</b>

## 11.3 Right of Use Assets continued

## Quantitative disclosures

Maturity analysis	2023-24		2023-24	2023-24		2022-23
	Land	Buildings	Other	Total		Total
Contractual undiscounted cash flows relating to lease liabilities	£000		£000	£000		£000
Less than 1 year	0	2,608	2,303	4,911		4,423
2-5 years	0	8,767	5,202	13,969		13,195
> 5 years	0	13,773	2,117	15,890		17,145
Less finance charges allocated to future periods	0	-3,018	-446	<b>-3,464</b>		<b>-3,375</b>
<b>Total</b>	<b>0</b>	<b>22,130</b>	<b>9,176</b>	<b>31,306</b>		<b>31,388</b>
<b>Lease Liabilities (net of irrecoverable VAT)</b>				<b>2023-24</b>	<b>2022-23</b>	
Current				4,565	4,138	
Non-Current				26,741	27,250	
<b>Total</b>				<b>31,306</b>	<b>31,388</b>	
<b>Amounts Recognised in Statement of Comprehensive Net Expenditure</b>				<b>2023-24</b>	<b>2022-23</b>	
Depreciation				5,038	4,311	
Impairment				579	0	
Variable lease payments not included in lease liabilities - Interest expense				393	0	
Sub-leasing income				0	0	
Expense related to short-term leases				201	212	
Expense related to low-value asset leases (excluding short-term leases)				789	318	
<b>Amounts Recognised in Statement of Cashflows (net of irrecoverable VAT )</b>						
Interest expense				<b>(393)</b>	<b>(310)</b>	
Repayments of principal on leases				<b>(4,820)</b>	<b>(4,033)</b>	
<b>Total</b>				<b>(5,213)</b>	<b>(4,343)</b>	

## 12. Intangible non-current assets

### 2023-24

	Software (purchased)	Software (internally generated)	Licences and trademarks	Patents	Development expenditure- internally generated	Assets under Construction	Total
	£000	£000	£000	£000	£000	£000	£000
Cost or valuation at 1 April 2023	5,639	0	0	0	0	0	5,639
Revaluation	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0
Additions- purchased	108	0	0	0	0	0	108
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
<b>Gross cost at 31 March 2024</b>	<b>5,747</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5,747</b>
Amortisation at 1 April 2023	4,103	0	0	0	0	0	4,103
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	485	0	0	0	0	0	485
Reclassified as held for sale	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0
<b>Amortisation at 31 March 2024</b>	<b>4,588</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4,588</b>
<b>Net book value at 1 April 2023</b>	<b>1,536</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,536</b>
<b>Net book value at 31 March 2024</b>	<b>1,159</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,159</b>
<b>NBV at 31 March 2024</b>							
Purchased	1,144	0	0	0	0	0	1,144
Donated	15	0	0	0	0	0	15
Government Granted	0	0	0	0	0	0	0
Internally generated	0	0	0	0	0	0	0
<b>Total at 31 March 2024</b>	<b>1,159</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,159</b>

## 12. Intangible non-current assets 2022-23

	Software (purchased)	Software (internally generated)	Licences and trademarks	Patents	Development expenditure- internally generated	Assets under Construction	Total
	£000	£000	£000	£000	£000	£000	£000
<b>Cost or valuation at 1 April 2022</b>	<b>4,729</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4,729</b>
Revaluation	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0
Additions- purchased	910	0	0	0	0	0	910
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
<b>Gross cost at 31 March 2023</b>	<b>5,639</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5,639</b>
Amortisation at 31 March bf	3,741	0	0	0	0	0	3,741
NHS Wales Transfers	0	0	0	0	0	0	0
Transfer of Finance Leases to ROU Asset Note	0	0	0	0	0	0	0
<b>Amortisation at 1 April 2022</b>	<b>3,741</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,741</b>
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	362	0	0	0	0	0	362
Reclassified as held for sale	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0
<b>Amortisation at 31 March 2023</b>	<b>4,103</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4,103</b>
<b>Net book value at 1 April 2022</b>	<b>988</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>988</b>
<b>Net book value at 31 March 2023</b>	<b>1,536</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,536</b>
<b>NBV at 31 March 2023</b>							
Purchased	1,509	0	0	0	0	0	1,509
Donated	27	0	0	0	0	0	27
Government Granted	0	0	0	0	0	0	0
Internally generated	0	0	0	0	0	0	0
<b>Total at 31 March 2023</b>	<b>1,536</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,536</b>

## Additional Disclosures re Intangible Assets

### Disclosures:

#### (i) Donated Assets

The Health Board did not receive any donated intangible assets during the year.

#### (ii) Recognition

Intangible assets acquired separately are initially recognised at fair value. The amount recognised for internally-generated intangible assets is the sum of the expenditure incurred to date when the criteria for recognising internally generated assets has been met (see accounting policy 1.7 for criteria).

#### (iii) Asset Lives

The Useful Economic Lives (UEL) of intangible non-current assets are assigned on an individual asset basis. Software is generally assigned a 5 year UEL with the UEL of any internally generated software being based on the professional judgement of Health Board professionals and Finance staff.

#### (iv) Additions during the period

Intangible additions of £107,000 during the year relates to the purchase of software for £63,000 and licences for £44,000.

#### (v) Disposals during the period

There were no disposals of intangible assets during the year.

### 13 . Impairments

	2023-24 Property, plant & equipment £000	2023-24 Right of Use Assets £000	2023-24 Intangible assets £000	2022-23 Property, plant & equipment £000	2022-23 Right of Use Assets £000	2022-23 Intangible assets £000
Impairments arising from :						
Loss or damage from normal operations	0	0	0	0	0	0
Abandonment in the course of construction	0	0	0	0	0	0
Over specification of assets (Gold Plating)	0	0	0	0	0	0
Loss as a result of a catastrophe	0	0	0	0	0	0
Unforeseen obsolescence	0	0	0	0	0	0
Changes in market price	4,665	0	0	15,442	0	0
Others (specify)	0	0	0	0	0	0
Reversal of Impairments	(8,482)	0	0	(15,191)	0	0
<b>Total of all impairments</b>	<b>(3,817)</b>	<b>0</b>	<b>0</b>	<b>251</b>	<b>0</b>	<b>0</b>

#### Analysis of impairments charged to reserves in year :

Charged to the Statement of Comprehensive Net Expenditure	(3,817)	0	0	251	0	0
Impairments as a result of revaluation/indexation Charged to Revaluation Reserve	0	0	0	0	0	0
Impairments as a result of a loss of economic value or service potential Charged to Revaluation Reserve	0	0	0	0	0	0
<b>Total</b>	<b>(3,817)</b>	<b>0</b>	<b>0</b>	<b>251</b>	<b>0</b>	<b>0</b>

Impairments charged to the Statement of Comprehensive Net Expenditure during 2023-24 were conducted by the District Valuer in accordance with the requirements of IFRS.

#### Analysis of impairments during 2023-24

	£000
Impairment on revaluation Archimedes Centre, Wrexham (Right of Use Asset)	579
Impairment on revaluation of Bryn Beryl Hospital, Pwllheli	623
Impairment on revaluation of Plas Gororau, Wrexham	514
Impairment on revaluation of Ward 6, Glan Clwyd Hospital	1,063
Impairment on revaluation of Enlli Ward, Ysbyty Gwynedd	1,342
Impairment charged to SoCNE due to 3% decrease in indexation on land	544
Reversal of impairments previously charged to SoCNE due to 5.966% increase in indexation on buildings and dwellings	(8,482)
	<b>(3,817)</b>

### 14.1 Inventories

	<b>31 March</b>	31 March
	<b>2024</b>	2023
	<b>£000</b>	£000
Drugs	<b>10,323</b>	9,515
Consumables	<b>10,211</b>	10,379
Energy	<b>368</b>	394
Work in progress	<b>0</b>	0
Other	<b>34</b>	20
<b>Total</b>	<b>20,936</b>	20,308
Of which held at realisable value	<b>0</b>	0

### 14.2 Inventories recognised in expenses

	<b>31 March</b>	31 March
	<b>2024</b>	2023
	<b>£000</b>	£000
Inventories recognised as an expense in the period	<b>0</b>	0
Write-down of inventories (including losses)	<b>0</b>	0
Reversal of write-downs that reduced the expense	<b>0</b>	0
<b>Total</b>	<b>0</b>	<b>0</b>

Note 14.2 relates to NHS organisations that purchase inventories for resale as part of their normal activities and does not apply to the Health Board.

## 15. Trade and other Receivables

<b>Current</b>	<b>31 March 2024 £000</b>	31 March 2023 £000
Welsh Government	1,725	2,260
WHSSC / EASC	1,936	832
Welsh Health Boards	1,222	1,696
Welsh NHS Trusts	4,910	4,034
Welsh Special Health Authorities	554	1,136
Non - Welsh Trusts	0	0
Other NHS	3,053	2,508
2019-20 Scheme Pays - Welsh Government Reimbursement	9	8
<b>Welsh Risk Pool Claim reimbursement</b>		
NHS Wales Secondary Health Sector	69,121	43,523
NHS Wales Primary Sector FLS Reimbursement	40	2
NHS Wales Redress	310	258
Other	0	0
Local Authorities	8,875	5,700
Capital receivables - Tangible	0	0
Capital receivables - Intangible	0	0
Other receivables	9,626	9,312
Provision for irrecoverable debts	(2,406)	(1,717)
Pension Prepayments NHS Pensions	0	0
Pension Prepayments NEST	0	0
Other prepayments	7,446	6,417
Other accrued income	1,281	1,418
<b>Sub total</b>	<b>107,702</b>	<b>77,387</b>
<b>Non-current</b>		
Welsh Government	0	0
WHSSC / EASC	0	0
Welsh Health Boards	0	0
Welsh NHS Trusts	0	0
Welsh Special Health Authorities	0	0
Non - Welsh Trusts	0	0
Other NHS	0	0
2019-20 Scheme Pays - Welsh Government Reimbursement	1,199	1,139
<b>Welsh Risk Pool Claim reimbursement;</b>		
NHS Wales Secondary Health Sector	81,756	75,947
NHS Wales Primary Sector FLS Reimbursement	0	0
NHS Wales Redress	0	0
Other	0	0
Local Authorities	0	0
Capital receivables - Tangible	0	0
Capital receivables - Intangible	0	0
Other receivables	0	0
Provision for irrecoverable debts	(562)	(753)
Pension Prepayments NHS Pensions	0	0
Pension Prepayments NEST	0	0
Other prepayments	110	272
Other accrued income	2,093	2,283
<b>Sub total</b>	<b>84,596</b>	<b>78,888</b>
<b>Total</b>	<b>192,298</b>	<b>156,275</b>

## 15. Trade and other Receivables (continued)

### Receivables past their due date but not impaired

	31 March 2024 £000	31 March 2023 £000
By up to three months	1,039	2,101
By three to six months	1,306	491
By more than six months	1,506	1,401
	<u>3,851</u>	<u>3,993</u>

### Expected Credit Losses (ECL) / Provision for impairment of receivables

Balance at 1 April	(2,470)	(2,440)
Transfer to other NHS Wales body	0	0
Amount written off during the year	50	26
Amount recovered during the year	0	0
(Increase) / decrease in receivables impaired	(549)	(56)
Bad debts recovered during year	0	0
Balance at 31 March	<u>(2,969)</u>	<u>(2,470)</u>

In determining whether a debt should be impaired, consideration is given to the age of the debt, historic collectability rates and the results of actions already taken including referral to the Health Board's credit agencies.

### Receivables VAT

Trade receivables	2,162	2,512
Other	0	0
Total	<u>2,162</u>	<u>2,512</u>

## 16. Other Financial Assets

	Current		Non-current	
	31 March	31 March	31 March	31 March
	2024	2023	2024	2023
	£000	£000	£000	£000
<b>Financial assets</b>				
Shares and equity type investments				
Held to maturity investments at amortised costs	0	0	0	0
At fair value through SOCNE	0	0	0	0
Available for sale at FV	0	0	0	0
Deposits	0	0	0	0
Loans	0	0	0	0
Derivatives	0	0	0	0
Other (Specify)				
Right of Use Asset Finance Sublease	0	0	0	0
Held to maturity investments at amortised costs	0	0	0	0
At fair value through SOCNE	0	0	0	0
Available for sale at FV	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>RoU Sub-leasing income Recognised in Statement of Comprehensive Net Expenditure</b>			<b>2023-24</b>	<b>2022-23</b>
RoU Sub-leasing income			0	0

## 17. Cash and cash equivalents

	2023-24	2022-23
	£000	£000
Balance at 1 April	2,913	6,678
Net change in cash and cash equivalent balances	2,114	(3,765)
Balance at 31 March	<b>5,027</b>	<b>2,913</b>
Made up of:		
Cash held at GBS	4,931	2,825
Commercial banks	0	0
Cash in hand	96	88
<b>Cash and cash equivalents as in Statement of Financial Position</b>	<b>5,027</b>	<b>2,913</b>
Bank overdraft - GBS	0	0
Bank overdraft - Commercial banks	0	0
<b>Cash and cash equivalents as in Statement of Cash Flows</b>	<b>5,027</b>	<b>2,913</b>

The cash and cash equivalents balance as at 31st March 2024 comprised funding for revenue expenditure of £2,574,000 (2022-23 £1,513,000) and funding for capital projects of £2,453,000 (2022-23 £1,400,000)

In response to the IAS 7 - Statement of Cash Flows requirement for additional disclosure, the changes in liabilities arising for financing activities during 2023-24 were:

Lease Liabilities (ROUA)	£4.820m
PFI liabilities:	£0.061m

The movement relates to cash, no comparative information is required by IAS 7 in 2023-24.

**18. Trade and other payables**

<b>Current</b>	<b>31 March</b>	31 March
	<b>2024</b>	2023
	<b>£000</b>	£000
Welsh Government	147	14
WHSSC / EASC	6,362	1,013
Welsh Health Boards	626	489
Welsh NHS Trusts	6,444	4,199
Welsh Special Health Authorities	291	125
Other NHS	23,270	19,867
Taxation and social security payable / refunds	0	0
Refunds of taxation by HMRC	0	0
VAT payable to HMRC	0	0
Other taxes payable to HMRC	3,693	8,776
NI contributions payable to HMRC	7,006	10,362
Non-NHS payables - Revenue	35,485	28,592
Local Authorities	26,569	25,259
Capital payables- Tangible	5,240	4,319
Capital payables- Intangible	0	11
Overdraft	0	0
Rentals due under operating leases	0	0
RoU Lease Liability	4,565	4,138
Obligations under finance leases, HP contracts	63	61
Imputed finance lease element of on SoFP PFI contracts	0	0
Impact of IFRS 16 on SoFP PFI contracts	0	0
Pensions: staff	0	0
Non NHS Accruals	98,229	139,629
Deferred Income:		
Deferred Income brought forward	2,441	1,857
Deferred Income Additions	(335)	620
Transfer to / from current/non current deferred income	0	0
Released to SoCNE	(41)	(36)
Other creditors	2,592	1,139
PFI assets –deferred credits	0	0
Payments on account	(13,005)	(12,601)
<b>Sub Total</b>	<b>209,642</b>	<b>237,833</b>
<b>Non-current</b>		
Welsh Government	0	0
WHSSC / EASC	0	0
Welsh Health Boards	0	0
Welsh NHS Trusts	0	0
Welsh Special Health Authorities	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
RoU Lease Liability	26,741	27,250
Obligations under finance leases, HP contracts	717	780
Imputed finance lease element of on SoFP PFI contracts	0	0
Impact of IFRS 16 on SoFP PFI contracts	0	0
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
<b>Sub Total</b>	<b>27,458</b>	<b>28,030</b>
<b>Total</b>	<b>237,100</b>	<b>265,863</b>

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

Payables balances within Note 18 include liabilities where the Health Board had received goods or services following the issue of a purchase order, but had not been invoiced at the balance sheet date.

Following an amendment to the Welsh Government Manual for Accounts in 2023-24 the cost of these goods and services, which were previously recorded as accruals, are now included within Non-NHS Payables. The value of open purchase orders included in the accruals line in 2022-23 was £13.296m. Prior year figures have not been restated.

**18. Trade and other payables (continued).**

<b>Amounts falling due more than one year are expected to be settled as follows:</b>	<b>31 March</b>	31 March
	<b>2024</b>	2023
	<b>£000</b>	£000
Between one and two years	<b>4,310</b>	129
Between two and five years	<b>9,062</b>	12,621
In five years or more	<b>14,086</b>	15,280
Sub-total	<b>27,458</b>	28,030

**19. Other financial liabilities**

<b>Financial liabilities</b>	<b>Current</b>		<b>Non-current</b>	
	<b>31 March</b>	31 March	<b>31 March</b>	31 March
	<b>2024</b>	2023	<b>2024</b>	2023
	<b>£000</b>	£000	<b>£000</b>	£000
Financial Guarantees:				
At amortised cost	<b>0</b>	0	<b>0</b>	0
At fair value through SoCNE	<b>0</b>	0	<b>0</b>	0
Derivatives at fair value through SoCNE	<b>0</b>	0	<b>0</b>	0
Other:				
At amortised cost	<b>0</b>	0	<b>0</b>	0
At fair value through SoCNE	<b>0</b>	0	<b>0</b>	0
<b>Total</b>	<b>0</b>	0	<b>0</b>	0

20. Provisions

	At 1 April 2023	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 2024
	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Current</b>									
Clinical negligence-									
Secondary care	19,748	(11,120)	(1,079)	41,149	17,873	(16,217)	(13,682)	0	36,672
Primary care	55	0	0	0	55	(18)	(15)	0	77
Redress Secondary care	170	0	(36)	0	419	(221)	(63)	0	269
Redress Primary care	0	0	0	0	0	0	0	0	0
Personal injury	385	0	0	31	1,534	(226)	(24)	0	1,700
All other losses and special payments	4,510	0	658	0	457	(852)	(4,513)	0	260
Defence legal fees and other administration	2,205	0	0	613	1,166	(940)	(1,225)		1,819
Pensions relating to former directors	0			0	0	0	0	0	0
Pensions relating to other staff	145			16	0	0	0	0	161
2019-20 Scheme Pays - Reimbursement	8			0	15	(15)	0	0	8
Restructuring	0			0	0	0	0	0	0
RoU Asset Dilapidations CAME	0			0	0	0	0	0	0
Other Capital Provisions	0			0	0	0	0	0	0
Other	7,083		0	0	3,504	(1,694)	(2,805)		6,088
<b>Total</b>	<b>34,309</b>	<b>(11,120)</b>	<b>(457)</b>	<b>41,809</b>	<b>25,023</b>	<b>(20,183)</b>	<b>(22,327)</b>	<b>0</b>	<b>47,054</b>
<b>Non Current</b>									
Clinical negligence-									
Secondary care	71,833	0	(1,422)	(41,149)	52,509	(1,131)	0	0	80,640
Primary care	0	0	0	0	0	0	0	0	0
Redress Secondary care	0	0	0	0	0	0	0	0	0
Redress Primary care	0	0	0	0	0	0	0	0	0
Personal injury	2,333	0	0	(31)	243	(326)	0	45	2,264
All other losses and special payments	0	0	0	0	0	0	0	0	0
Defence legal fees and other administration	1,291	0	0	(613)	1,388	(252)	(37)		1,777
Pensions relating to former directors	0			0	0	0	0	0	0
Pensions relating to other staff	77			(16)	118	(163)	0	4	20
2019-20 Scheme Pays - Reimbursement	1,139			0	59	0	0	0	1,198
Restructuring	0			0	0	0	0	0	0
RoU Asset Dilapidations CAME	0			0	0	0	0	0	0
Other Capital Provisions	0			0	0	0	0	0	0
Other	0		0	0	0	0	0		0
<b>Total</b>	<b>76,673</b>	<b>0</b>	<b>(1,422)</b>	<b>(41,809)</b>	<b>54,317</b>	<b>(1,872)</b>	<b>(37)</b>	<b>49</b>	<b>85,899</b>
<b>TOTAL</b>									
Clinical negligence-									
Secondary care	91,581	(11,120)	(2,501)	0	70,382	(17,348)	(13,682)	0	117,312
Primary care	55	0	0	0	55	(18)	(15)	0	77
Redress Secondary care	170	0	(36)	0	419	(221)	(63)	0	269
Redress Primary care	0	0	0	0	0	0	0	0	0
Personal injury	2,718	0	0	0	1,777	(552)	(24)	45	3,964
All other losses and special payments	4,510	0	658	0	457	(852)	(4,513)	0	260
Defence legal fees and other administration	3,496	0	0	0	2,554	(1,192)	(1,262)		3,596
Pensions relating to former directors	0			0	0	0	0	0	0
Pensions relating to other staff	222			0	118	(163)	0	4	181
2019-20 Scheme Pays - Reimbursement	1,147			0	74	(15)	0	0	1,206
Restructuring	0			0	0	0	0	0	0
RoU Asset Dilapidations CAME	0			0	0	0	0	0	0
Other Capital Provisions	0			0	0	0	0	0	0
Other	7,083		0	0	3,504	(1,694)	(2,805)		6,088
<b>Total</b>	<b>110,982</b>	<b>(11,120)</b>	<b>(1,879)</b>	<b>0</b>	<b>79,340</b>	<b>(22,055)</b>	<b>(22,364)</b>	<b>49</b>	<b>132,953</b>

Expected timing of cash flows:

	In year to 31 March 2025	Between 1 April 2025 and 31 March 2029	Thereafter	Total
				£000
Clinical negligence-				
Secondary care	36,672	80,639	0	117,311
Primary care	77	0	0	77
Redress Secondary care	269	0	0	269
Redress Primary care	0	0	0	0
Personal injury	1,700	981	1,284	3,965
All other losses and special payments	260	0	0	260
Defence legal fees and other administration	1,819	1,777	0	3,596
Pensions relating to former directors	0	0	0	0
Pensions relating to other staff	161	20	0	181
2019-20 Scheme Pays - Reimbursement	8	1,198	0	1,206
Restructuring	0	0	0	0
RoU Asset Dilapidations CAME	0	0	0	0
Other Capital Provisions	0	0	0	0
Other	6,088	0	0	6,088
<b>Total</b>	<b>47,054</b>	<b>84,615</b>	<b>1,284</b>	<b>132,953</b>

Provisions included with the "Other" categories above relate to: £'000

Continuing Healthcare claims subject to further review	4,773
Onerous contract provision	569
Employment legal claims	251
Final Pay Control provisions for retired staff	247
Staff regrading appeals and pay arrears	118
Relocation expenses	85
GP managed practices premises costs	45
<b>Total</b>	<b>6,088</b>

The provision for Continuing Healthcare claims is based on estimates from the claims which have been processed up to the balance sheet date. This is subject to a significant degree of sensitivity and is dependent on the percentage of claims which are deemed eligible along with the average settlement rate.

The expected timing of cashflows is based on best available information for each individual provision as at 31st March 2024 and may be subject to changes in future periods.

**20. Provisions (continued)**

	At 1 April 2022	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 2023
	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Current</b>									
Clinical negligence:-									
Secondary care	40,643	(13,450)	(6,799)	1,755	24,032	(18,551)	(7,882)	0	19,748
Primary care	22	0	0	0	75	(16)	(26)	0	55
Redress Secondary care	267	0	(70)	0	267	(137)	(157)	0	170
Redress Primary care	0	0	0	0	0	0	0	0	0
Personal injury	458	0	(20)	1,244	265	(519)	(1,043)	0	385
All other losses and special payments	504	0	733	0	5,177	(1,168)	(736)	0	4,510
Defence legal fees and other administration	2,087	0	0	83	2,207	(1,027)	(1,145)		2,205
Pensions relating to former directors	0			0	0	0	0	0	0
Pensions relating to other staff	155			(10)	0	0	0	0	145
2019-20 Scheme Pays - Reimbursement	17			8	0	(17)	0	0	8
Restructuring	0			0	0	0	0	0	0
RoU Asset Dilapidations CAME	0			0	0	0	0	0	0
Other Capital Provisions	0			0	0	0	0	0	0
Other	7,878		0	0	3,679	(2,250)	(2,224)		7,083
<b>Total</b>	<b>52,031</b>	<b>(13,450)</b>	<b>(6,156)</b>	<b>3,080</b>	<b>35,702</b>	<b>(23,685)</b>	<b>(13,213)</b>	<b>0</b>	<b>34,309</b>
<b>Non Current</b>									
Clinical negligence:-									
Secondary care	55,061	0	(230)	(1,755)	23,907	(2,356)	(2,794)	0	71,833
Primary care	0	0	0	0	0	0	0	0	0
Redress Secondary care	0	0	0	0	0	0	0	0	0
Redress Primary care	0	0	0	0	0	0	0	0	0
Personal injury	3,628	0	0	(1,244)	93	(58)	(35)	(51)	2,333
All other losses and special payments	0	0	0	0	0	0	0	0	0
Defence legal fees and other administration	979	0	0	(83)	892	(269)	(228)		1,291
Pensions relating to former directors	0			0	0	0	0	0	0
Pensions relating to other staff	91			10	128	(149)	0	(3)	77
2019-20 Scheme Pays - Reimbursement	2,239			(8)	0	0	(1,092)	0	1,139
Restructuring	0			0	0	0	0	0	0
RoU Asset Dilapidations CAME	0			0	0	0	0	0	0
Other Capital Provisions	0			0	0	0	0	0	0
Other	0		0	0	0	0	0		0
<b>Total</b>	<b>61,998</b>	<b>0</b>	<b>(230)</b>	<b>(3,080)</b>	<b>25,020</b>	<b>(2,832)</b>	<b>(4,149)</b>	<b>(54)</b>	<b>76,673</b>
<b>TOTAL</b>									
Clinical negligence:-									
Secondary care	95,704	(13,450)	(7,029)	0	47,939	(20,907)	(10,676)	0	91,581
Primary care	22	0	0	0	75	(16)	(26)	0	55
Redress Secondary care	267	0	(70)	0	267	(137)	(157)	0	170
Redress Primary care	0	0	0	0	0	0	0	0	0
Personal injury	4,086	0	(20)	0	358	(577)	(1,078)	(51)	2,718
All other losses and special payments	504	0	733	0	5,177	(1,168)	(736)	0	4,510
Defence legal fees and other administration	3,066	0	0	0	3,099	(1,296)	(1,373)		3,496
Pensions relating to former directors	0			0	0	0	0	0	0
Pensions relating to other staff	246			0	128	(149)	0	(3)	222
2019-20 Scheme Pays - Reimbursement	2,256			0	0	(17)	(1,092)	0	1,147
Restructuring	0			0	0	0	0	0	0
RoU Asset Dilapidations CAME	0			0	0	0	0	0	0
Other Capital Provisions	0			0	0	0	0	0	0
Other	7,878		0	0	3,679	(2,250)	(2,224)		7,083
<b>Total</b>	<b>114,029</b>	<b>(13,450)</b>	<b>(6,386)</b>	<b>0</b>	<b>60,722</b>	<b>(26,517)</b>	<b>(17,362)</b>	<b>(54)</b>	<b>110,982</b>

## 21. Contingencies

### 21.1 Contingent liabilities

	2023-24 £'000	2022-23 £'000
Provisions have not been made in these accounts for the following amounts :		
Legal claims for alleged medical or employer negligence:-		
Secondary care	209,178	174,690
Primary care	3,012	353
Redress Secondary care	0	0
Redress Primary care	0	0
Doubtful debts	0	0
Equal Pay costs	0	0
Defence costs	5,633	2,632
Continuing Health Care costs	0	0
Other	0	0
Total value of disputed claims	<u>217,823</u>	<u>177,675</u>
Amounts (recovered) in the event of claims being successful	<u>(214,113)</u>	<u>(174,883)</u>
<b>Net contingent liability</b>	<b><u>3,710</u></b>	<b><u>2,792</u></b>

In accordance with IAS37, the Health Board is required to disclose details of claims made against it where the financial liability, if any, cannot yet be determined. The contingent liabilities included in Note 21.1 for 2023-24 relate to legal claims for alleged negligence (net of amounts recoverable from the Welsh Risk Pool in the event of claims being successful)

The Health Board has received invoices in relation to historic transactions for provision of care within the local community. The Health Board sought legal representation and on this advice disputes liability and consequently any obligation to remit funds to these third parties. The Audit Committee members remain briefed on this matter, with the values non-material to the production of the Annual Accounts in which this note is contained.

<b>21.2 Remote Contingent liabilities</b>	<b>2023-24</b>	2022-23
	<b>£000</b>	£000
Guarantees	<b>0</b>	0
Indemnities	<b>35,911</b>	35,567
Letters of Comfort	<b>0</b>	0
	<hr/>	<hr/>
<b>Total</b>	<b>35,911</b>	<b>35,567</b>

The 2023-24 balance for remote contingent liabilities relates to 9 litigation claims (2022-23 8 claims). In the event of these claims being successful £35,723,000 (2022-23 £35,377,000) would be recoverable from the Welsh Risk Pool.

<b>21.3 Contingent assets</b>	<b>2023-24</b>	2022-23
	<b>£000</b>	£000
The Health Board did not hold any contingent assets at the balance sheet date	<b>0</b>	0
	<hr/>	<hr/>
<b>Total</b>	<b>0</b>	<b>0</b>

## 22. Capital commitments

### Contracted capital commitments at 31 March

The disclosure of future capital commitments not already disclosed as liabilities in the accounts.	<b>2023-24</b>	2022-23
	<b>£000</b>	£000
Property, plant and equipment	<b>12,853</b>	1,227
Right of Use Assets	<b>0</b>	0
Intangible assets	<b>0</b>	0
	<hr/>	<hr/>
<b>Total</b>	<b>12,853</b>	<b>1,227</b>

Note 22 includes capital commitments relating to the following All Wales funded schemes as at 31st March 2024:

- Radiology Informatics System Programme (RISP); and
- Elective Orthopaedic Hub-Llandudno.

Commitments in respect of discretionary capital schemes are not included in the note.

### 23. Losses and special payments

Losses and special payments are charged to the Statement of Comprehensive Net Expenditure in accordance with IFRS but are recorded in the losses and special payments register when payment is made. Therefore, the payments in this note are prepared on a cash basis.

#### Gross loss to the Exchequer

##### 23.1 Number of cases and associated amounts paid out during the financial year

	Amounts paid out during period to 31 March 2024	
	Number	£
Clinical negligence	206	24,450,057
Personal injury	22	245,295
All other losses and special payments	110	425,045
<b>Total</b>	<b>338</b>	<b>25,120,398</b>

##### 23.2 Analysis of number of cases and associated amounts paid out during the financial year

Case Type	In year claims in excess of £300,000		Cumulative amount £
	Case Number	£	
<b>Cases in excess of £300,000:</b>			
Clinical Negligence	197A1MN0198	306,678	306,678
Clinical Negligence	217A1MN0228	315,505	315,505
Clinical Negligence	217A1MN0054	325,000	385,000
Clinical Negligence	177A1MN0006	445,000	490,000
Clinical Negligence	207A1MN0287	482,000	591,000
Clinical Negligence	207A1MN0222	610,000	660,000
Clinical Negligence	127A1MN0107	680,000	2,247,856
Clinical Negligence	197A1MN0262	698,753	1,034,119
Clinical Negligence	197A1MN0200	842,500	1,042,500
Clinical Negligence	157A1MN0213	915,000	915,000
Clinical Negligence	207A1MN0201	942,076	1,020,000
Clinical Negligence	207A1MN0125	1,145,000	1,300,000
Clinical Negligence	187A1MN0041	2,075,691	3,385,000
Clinical Negligence	127A1MN0103	2,555,000	3,000,000
Clinical Negligence	127A1MN0085	3,987,533	4,247,533
	<b>No of cases</b>	<b>£</b>	<b>£</b>
<b>Sub-total</b>	<b>15</b>	<b>16,325,737</b>	<b>20,940,190</b>
<b>All other cases paid in year</b>	<b>323</b>	<b>8,794,661</b>	<b>19,180,389</b>
<b>Total cases paid in year</b>	<b>338</b>	<b>25,120,398</b>	<b>40,120,580</b>

##### 23.3 Analysis of number of cases and associated amounts where no payments were made in financial year

	Number	£
Cumulative amount up to £300k	96	4,579,287
Cumulative amount greater than £300k	14	20,772,816
<b>Total</b>	<b>110</b>	<b>25,352,103</b>

**24. Right of Use lease obligations**

**24.1 Obligations (as lessee)**

**Amounts payable under right of use asset leases:**

**2023-24**

	<b>LAND</b>	<b>BUILDINGS</b>	<b>OTHER</b>	<b>TOTAL</b>
	<b>31 March</b>	<b>31 March</b>	<b>31 March</b>	<b>31 March</b>
	<b>2024</b>	<b>2024</b>	<b>2024</b>	<b>2024</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Minimum lease payments</b>				
Within one year	0	2,608	2,303	4,911
Between one and five years	0	8,767	5,202	13,969
After five years	0	13,773	2,117	15,890
Less finance charges allocated to future periods	0	(3,018)	(446)	(3,464)
<b>Minimum lease payments</b>	<b>0</b>	<b>22,130</b>	<b>9,176</b>	<b>31,306</b>
Included in:				
Current borrowings	0	2,397	2,168	4,565
Non-current borrowings	0	19,733	7,008	26,741
	<b>0</b>	<b>22,130</b>	<b>9,176</b>	<b>31,306</b>
<b>Present value of minimum lease payments</b>				
Within one year	0	2,397	2,168	4,565
Between one and five years	0	8,150	4,944	13,094
After five years	0	11,583	2,064	13,647
<b>Present value of minimum lease payments</b>	<b>0</b>	<b>22,130</b>	<b>9,176</b>	<b>31,306</b>
Included in:				
Current borrowings	0	2,397	2,168	4,565
Non-current borrowings	0	19,733	7,008	26,741
	<b>0</b>	<b>22,130</b>	<b>9,176</b>	<b>31,306</b>

**2022-23**

	<b>LAND</b>	<b>BUILDINGS</b>	<b>OTHER</b>	<b>TOTAL</b>
	<b>31 March</b>	<b>31 March</b>	<b>31 March</b>	<b>31 March</b>
	<b>2023</b>	<b>2023</b>	<b>2023</b>	<b>2023</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Minimum lease payments</b>				
Within one year	0	2,517	1,906	4,423
Between one and five years	0	8,605	4,590	13,195
After five years	0	14,870	2,275	17,145
Less finance charges allocated to future periods	0	(3,089)	(286)	(3,375)
<b>Minimum lease payments</b>	<b>0</b>	<b>22,903</b>	<b>8,485</b>	<b>31,388</b>
Included in:				
Current borrowings	0	2,310	1,828	4,138
Non-current borrowings	0	20,593	6,657	27,250
	<b>0</b>	<b>22,903</b>	<b>8,485</b>	<b>31,388</b>
<b>Present value of minimum lease payments</b>				
Within one year	0	2,310	1,828	4,138
Between one and five years	0	7,978	4,433	12,411
After five years	0	12,615	2,224	14,839
<b>Present value of minimum lease payments</b>	<b>0</b>	<b>22,903</b>	<b>8,485</b>	<b>31,388</b>
Included in:				
Current borrowings	0	2,310	1,828	4,138
Non-current borrowings	0	20,593	6,657	27,250
	<b>0</b>	<b>22,903</b>	<b>8,485</b>	<b>31,388</b>

**24.2 Right of Use Assets receivables (as lessor)**

The Health Board did not hold any Right of Use Assets lease receivables, as a lessor, at the balance sheet date.

<b>Amounts receivable under right of use assets :</b>	<b>2023-24</b>	2022-23
	<b>31 March</b>	31 March
	<b>2024</b>	2023
	<b>£000</b>	£000
<b>Gross Investment in leases</b>		
Within one year	0	0
Between one and five years	0	0
After five years	0	0
Less finance charges allocated to future periods	0	0
Minimum lease payments	<u>0</u>	<u>0</u>
Included in:		
Current financial assets	0	0
Non-current financial assets	<u>0</u>	<u>0</u>
	<u>0</u>	<u>0</u>
 <b>Present value of minimum lease payments</b>		
Within one year	0	0
Between one and five years	0	0
After five years	0	0
Less finance charges allocated to future periods	0	0
Present value of minimum lease payments	<u>0</u>	<u>0</u>
Included in:		
Current financial assets	0	0
Non-current financial assets	<u>0</u>	<u>0</u>
	<u>0</u>	<u>0</u>

## 25. Private Finance Initiative contracts

### 25.1 PFI schemes off-Statement of Financial Position

The Health Board did not have any PFI Schemes that were deemed to be off-statement of financial position at the balance sheet date.

Commitments under off-SoFP PFI contracts	Off-SoFP PFI contracts	Off-SoFP PFI contracts
	31 March 2024	31 March 2023
	£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	<u>0</u>	<u>0</u>
Total estimated capital value of off-SoFP PFI contracts	<u>0</u>	<u>0</u>

### 25.2 PFI schemes on-Statement of Financial Position

Capital value of scheme included in Fixed Assets Note 11	£000
	1,098
Contract start date:	01/09/2004
Contract end date:	01/09/2034

The Conwy & Denbighshire NHS Trust (a legacy organisation of the Health Board) contracted with Fresenius Medical Care to build and equip a Renal Diabetic Unit at Glan Clwyd Hospital under PFI contract arrangements. Whilst Fresenius continue to have defined responsibilities for the maintenance of the Unit, the Health Board is responsible for the delivery of all clinical care and other support costs.

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

	On SoFP PFI Capital element 31 March 2024 £000	On SoFP PFI Imputed interest 31 March 2024 £000	On SoFP PFI Service charges 31 March 2024 £000
Total payments due within one year	63	27	496
Total payments due between 1 and 5 years	277	85	2,166
Total payments due thereafter	440	50	3,909
Total future payments in relation to PFI contracts	<u>780</u>	<u>162</u>	<u>6,571</u>

	On SoFP PFI Capital element 31 March 2023 £000	On SoFP PFI Imputed interest 31 March 2023 £000	On SoFP PFI Service charges 31 March 2023 £000
Total payments due within one year	61	29	411
Total payments due between 1 and 5 years	267	94	1,798
Total payments due thereafter	513	68	3,872
Total future payments in relation to PFI contracts	<u>841</u>	<u>191</u>	<u>6,081</u>

	31/03/2024 £000
Total present value of obligations for on-SoFP PFI contracts	6,314

**25.3 Charges to expenditure**

	2023-24	2022-23
	£000	£000
Service charges for On Statement of Financial Position PFI contracts (excl interest costs)	479	396
Total expense for Off Statement of Financial Position PFI contracts	0	0
The total charged in the year to expenditure in respect of PFI contracts	<u>479</u>	<u>396</u>

The LHB is committed to the following annual charges

<b>PFI scheme expiry date:</b>	£000	£000
Not later than one year	0	0
Later than one year, not later than five years	0	0
Later than five years	479	396
<b>Total</b>	<u>479</u>	<u>396</u>

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

**25.4 Number of PFI contracts**

	Number of on SoFP PFI contracts	Number of off SoFP PFI contracts
Number of PFI contracts	1	0
Number of PFI contracts which individually have a total commitment > £500m	0	0
	<b>On / Off- statement of financial position</b>	
<b>PFI Contract</b>		
Number of PFI contracts which individually have a total commitment > £500m	0	
<b>PFI Contract</b>	On	

**25.5 The Health Board did not have any Public Private Partnerships during the year**

## **26. Financial risk management**

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

### **Currency risk**

The Health Board is principally a domestic organisation with the great majority of transactions, assets and liabilities being in the United Kingdom and Sterling based. The Health Board does not have any overseas operations. The Health Board therefore has low exposure to currency rate fluctuations.

### **Interest rate risk**

Health Boards are not permitted to borrow and the Health Board therefore has low exposure to interest rate fluctuations.

### **Credit risk**

As the majority of the Health Board's funding derives from funds voted by the Welsh Government the Health Board has low exposure to credit risk.

### **Liquidity risk**

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

**27. Movements in working capital**

	<b>2023-24</b>	2022-23
	<b>£000</b>	£000
(Increase)/decrease in inventories	<b>(628)</b>	(1,202)
(Increase)/decrease in trade and other receivables - non-current	<b>(5,708)</b>	(15,814)
(Increase)/decrease in trade and other receivables - current	<b>(30,315)</b>	28,396
Increase/(decrease) in trade and other payables - non-current	<b>(572)</b>	27,189
Increase/(decrease) in trade and other payables - current	<b>(28,191)</b>	(19,308)
<b>Total</b>	<b>(65,414)</b>	19,261
Adjustment for accrual movements in fixed assets - creditors	<b>(849)</b>	(26,279)
Adjustment for accrual movements in fixed assets - debtors	<b>0</b>	0
Adjustment for accrual movements in right of use assets - creditors	<b>82</b>	0
Adjustment for accrual movements in right of use assets - debtors	<b>0</b>	0
Other adjustments	<b>0</b>	0
	<b>(66,181)</b>	<b>(7,018)</b>

**28. Other cash flow adjustments**

	<b>2023-24</b>	2022-23
	<b>£000</b>	£000
Depreciation	<b>43,724</b>	42,116
Amortisation	<b>485</b>	362
(Gains)/Loss on Disposal	<b>(5)</b>	(16)
Impairments and reversals	<b>(3,817)</b>	251
Release of PFI deferred credits	<b>0</b>	0
NWSSP Covid assets issued debited to expenditure but non-cash	<b>0</b>	0
Covid assets received credited to revenue but non-cash	<b>0</b>	0
Donated assets received credited to revenue but non-cash	<b>0</b>	(460)
Government Grant assets received credited to revenue but non-cash	<b>0</b>	0
Right of Use Grant (Peppercorn Lease) credited to revenue but non cash	<b>0</b>	0
Non-cash movements in right of use assets	<b>393</b>	0
Non-cash movements in provisions	<b>44,026</b>	23,470
Other movements	<b>42,792</b>	38,374
<b>Total</b>	<b>127,598</b>	<b>104,097</b>

Non-cash movements in right of use assets of £393,000 represents interest incurred during the year on obligations under Right of Use leases.

Other movements of £42,792,000 (2022-23 £38,374,000) is made up of notional funding received for:

- LHB notional 6.3% Staff Employer Pension Contributions;
- the 2019/20 Pensions Annual Allowance Charge Compensation Scheme (PAACCS);

which are both funded directly to the NHSBA Pensions Division by Welsh Government, less revenue cash payments in respect of interest on Right of Use asset leases.

## 29. Events after the Reporting Period

These financial statements were authorised for issue by the Chief Executive and Accountable Officer on 12th July 2024, the date they were certified by the Auditor General for Wales.

### Medical Pay Awards

NHS Wales bodies were notified on 28th June 2024 of the revised pay arrangements for employees covered by medical and dental terms and conditions of service in Wales, which will be funded by Welsh Government. The arrangements are confirmed in the following pay letters:

- Pay Letter M&D(W) 04/24 applying to junior doctors. This confirms an overall 12.4% pay award backdated to 1st April 2023 and includes the 5% pay award already implemented and recognised in the accounts for 2023-24.
- Pay Letter M&D(W) 02/24 confirms the reform of the consultant (amended Welsh contract) pay scale from 1st January 2024.
- Pay Letter M&D(W) 03/24 confirms the pay scales applicable from 1st January 2024 for medical and dental consultants employed on national terms and conditions on the 2021 Specialty and Specialist contracts and the closed 2008 Associate Specialist contract in Wales.

The additional 7.4% for junior doctors, and the increases for consultants and specialists have not been recognised in the 2023-24 financial statements because the obligating event was the publication of the pay circular issued on 28th June 2024. These costs will be accounted for in the 2024-25 Annual Accounts.

### 30. Related Party Transactions

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

Health Bodies and Welsh Government	2023-24		As at 31st March 2024	
	Expenditure with related party £000	Income from related party £000	Amounts owed to related party £000	Amounts due from related party £000
Welsh Government	258	2,162,992	147	1,725
Aneurin Bevan University LHB	138	1,474	13	293
Cardiff & Vale University LHB	1,295	396	348	142
Cwm Taf Morgannwg University LHB	302	156	51	42
Hywel Dda University LHB	5,378	394	113	66
Powys Teaching LHB	895	4,327	62	545
Swansea Bay University LHB	257	534	39	134
Digital Health and Care Wales (DHCW)	10,249	1,179	284	(19)
Health Education and Improvement Wales (HEIW)	68	21,689	7	573
Public Health Wales NHS Trust	6,503	5,250	710	695
Velindre NHS Trust (includes capitalised expenditure)	59,757	8,455	5,116	4,126
Welsh Ambulance Services NHS Trust	2,225	478	618	89
Welsh Risk Pool	0	0	0	151,227
WHSSC / EASC	243,093	51,636	6,362	1,936
<b>Total</b>	<b>330,418</b>	<b>2,258,960</b>	<b>13,870</b>	<b>161,574</b>

Other Organisations	2023-24		As at 31st March 2024	
	Expenditure with related party £000	Income from related party £000	Amounts owed to related party £000	Amounts due from related party £000
Conwy County Borough Council	12,316	2,081	4,110	869
Denbighshire County Council	12,345	3,545	4,732	1,879
Flintshire County Council	16,140	2,962	6,173	1,893
Gwynedd County Council	12,532	2,476	3,825	1,752
Isle of Anglesey Council	12,599	1,371	4,353	546
Wrexham County Borough Council	11,287	5,804	3,280	1,861
Other Welsh Local Authorities (Including Police & Crime Commissioners, Fire Authorities and Welsh National Parks)	526	617	96	75
<b>Total</b>	<b>77,745</b>	<b>18,856</b>	<b>26,569</b>	<b>8,875</b>

#### Charitable Funds

The Health Board is corporate trustee of the Betsi Cadwaladr University Health Board Charity and Other Related Charities (registered charity number 1138976). All voting members of the Health Board can act as corporate trustees of the charity. Operational responsibility for the administration of the charity is delegated to a Charitable Funds Committee.

The Health Board received revenue and capital grants totalling £1,660,000 from the charitable fund during the year (2022-23 £1,158,000).

### 30. Related Party Transactions (continued)

A number of Health Board's Members had interests with related parties during the year, as detailed below:

Name	Position Held	Nature of Related Party Interest
C Shillabeer	Chief Executive	Substantive Chief Executive of Powys Teaching Local Health Board whilst on secondment - 1st April 2023 to 31st January 2024
A Gittoes	Interim Executive Director of Operations	Seconded to the Health Board from NHS Wales Executive (Hosted by Public Health Wales NHS Trust) - 1st August 2023 to 31st March 2024
K Balmer	Independent Member	Chief Executive Officer, Groundwork North Wales (Refurbs Flint and Wild Ground, Wrexham)
C Budden	Independent Member	Chief Executive and Board Member Clwyd Alyn Housing Association
U Felda	Independent Member	Chair and Member of the Social Care Wales Fitness to Practice Panel
C Field	Independent Member	Partner is Assistant Director of Human Resources, Mersey and West Lancashire Teaching Hospitals NHS Trust
Cllr D Jones	Independent Member	Elected member of Isle of Anglesey County Council
Prof M Larvin	Independent Member	Pro Vice-Chancellor for Medicine and Health and Dean of Medicine, Bangor University
F Roberts	Associate Board Member	Director of Social Services and Head of Children Services, Isle of Anglesey County Council

The total value of transactions and balances between the Health Board and these related parties during 2023-24, unless already reported on pages 69, was as follows:

Organisation Name	2023-24		As at 31st March 2024	
	Expenditure with related party £000	Income from related party £000	Amounts owed to related party £000	Amounts due from related party £000
Bangor University	1,426	578	471	188
Clwyd Alyn Housing Association	1,436	0	187	0
Groundwork North Wales	3	0	0	0
Mersey and West Lancashire Teaching Hospitals NHS Trust	2,147	301	1,088	300
Social Care Wales	0	46	0	0

The Health Board did not have financial transactions with any other organisation recorded as a Declaration of Interest by Board Members during 2023-24 and considered to be a related party.

### 31. Third Party assets

As at 31st March 2024, the Health Board held £161,437 cash at bank and in hand on behalf of third parties (31st March 2023 £179,914) comprising:

	<b>2023-24</b>	<b>2022-23</b>
	<b>£</b>	<b>£</b>
Monies held on behalf of patients - savings accounts	69,857	68,932
Monies held on behalf of patients - current accounts and cash in hand	72,930	72,682
Deposits for staff residential accommodation	18,650	38,300
	<b><u>161,437</u></b>	<b><u>179,914</u></b>

These balances have been excluded from the Cash and Cash Equivalents figure reported in Note 17 of these Accounts.

The Health Board also holds a quantity of consignment stock that remains the property of suppliers until it is used and is therefore considered as a third party asset. The value of consignment stock as at 31st March 2024 was £3,159,432 (31st March 2023 £3,269,221).

## 32. Pooled budgets

The Health Board has entered into five pooled budget arrangements which are governed by the NHS (Wales) Act 2006:

- North East Wales Community Equipment Service - hosted by Flintshire County Council
- Denbighshire Community Equipment Service - hosted by Denbighshire County Council
- Denbighshire Health and Social Care Support Workers Service - hosted by Denbighshire County Council
- Bryn-y-Neuadd Community Equipment Store - hosted by Betsi Cadwaladr University Local Health Board
- North Wales Older People Accommodation Pooled Budget - hosted by Denbighshire County Council

The financial arrangements for each of these five agreements are subject to partner organisations normal annual auditing requirements with each host body being responsible for the audit of the accounts of individual arrangements in accordance with their statutory audit requirements.

Memorandum notes on pages 74-76 of these accounts provide details of the joint income and expenditure transactions for each of these arrangements.

### The Health and Social Care Regional Integration Fund (RIF)

The Health and Social Care Regional Integration Fund (the RIF) is a 5 year fund to deliver a programme of change from April 2022 to March 2027. The RIF builds on the learning and progress made under the previous Integrated Care Fund (ICF) and Transformation Fund (TF) and will seek to create sustainable system change through the integration of health and social care services.

Key features and values of the Fund include:

- A strong focus on prevention and early intervention
- Developing and embedding national models of integrated care
- Actively sharing learning across Wales through Communities of Practice
- Sustainable long term resourcing to embed and mainstream new models of care
- Creation of long term pooled fund arrangements
- Consistent investment in regional planning and partnership infrastructure

The RIF is a key lever to drive change and transformation across the health and social care system and in doing so will directly support implementation of several key pieces of policy and legislation.

Regional Partnership Boards (RPBs) facilitate the partnership arrangements made between a Local Health Board and one or more Local Authorities. The objectives of a RPB are set out in Regulation 10 of the Partnership Regulations and are to ensure that the partnership bodies work effectively and to ensure that the partnership bodies provide sufficient resources for the partnership arrangements. In addition to health and social care partners RPB membership includes representatives from housing, education, the third sector, providers, citizens and carer representatives to take forward the effective delivery of integrated services in Wales. Their purpose is to improve the outcomes and well-being of people with care and support needs, and carers who need support. RPBs work as a partnership to strategically plan, manage and develop effective care and support services required to best meet the needs of their respective populations.

Total RIF funding allocated through the North Wales Regional Partnership Board for 2023-24 was £32.8m (2022-23 £32.9m) of revenue funding plus RIF capital grant funding of £2.1m (2022-23 £2.1m). These funding flows are managed through the Health Board's Statement of Comprehensive Net Expenditure and reported in Note 3.3 Expenditure on Hospital and Community Health Services and Note 4 Miscellaneous Income.

### 33. Operating segments

Accounting standard IFRS 8 defines an operating segment as a component of an entity:

1. That engages in activities from which it may earn revenue and incur expenses (including internally);
2. Whose operating results are regularly reviewed by the Chief Operating Decision Maker to make decisions about resource allocation to the segment and assesses its performance;
3. For which discrete information is available.

The Health Board operates as three Integrated Health Communities (IHCs), each led by an accountable Director, with Mental Health and Learning Disabilities, Women's Services, Cancer Services and Diagnostic and Clinical Support Services operating as pan-North Wales functions.

Four of the Health Board's functions met the criteria to be reported as separate operating segments under the accounting standard during 2023-24 (expenditure 10% or more of total operating costs). Information on divisions which did not exceed the reporting thresholds has also been disclosed in order to provide a complete overview of the Health Board's activities during the year.

	2023-24 £'000	2022-23 £'000
<b><i>Integrated Health Communities</i></b>		
West Integrated Health Community *	355,298	320,094
Central Integrated Health Community *	456,292	407,043
East Integrated Health Community *	455,647	416,694
	<b>1,267,237</b>	<b>1,143,831</b>
Midwifery and Womens Services	46,751	44,479
Mental Health and Learning Disabilities	179,331	155,124
Commissioning Contracts *	276,241	257,679
Integrated Clinical Delivery Primary Care	47,766	54,538
Integrated Clinical Delivery Regional Services	123,887	107,063
Service Support Functions	159,390	150,890
	<b>833,366</b>	<b>769,773</b>
<b>Other Budgets</b>	<b>16,816</b>	<b>41,164</b>
<b>6.3% Staff employer pension contributions notional expenditure (See Note 34.1)</b>	<b>43,170</b>	<b>38,357</b>
<b>Operating costs sub-total</b>	<b>2,160,589</b>	<b>1,993,125</b>
<b>Revenue Resource Limit</b>	<b>2,136,242</b>	<b>1,993,514</b>
<b>Under/(over) spend against Revenue Resource Limit</b>	<b>(24,347)</b>	<b>389</b>

\* Operating segments which meet the standard criteria for reporting as per par 1.473 of the Welsh Government Manual for Accounts 2023-24.

## 34. Other Information

### 34.1. 6.3% Staff Employer Pension Contributions - Notional Element

The value of notional transactions is based on estimated costs for the twelve month period 1st April 2023 to 31st March 2024. This has been calculated from actual Welsh Government expenditure for the 6.3% staff employer pension contributions between April 2023 and February 2024 alongside Health Board data for March 2024.

Transactions include notional expenditure in relation to the 6.3% paid to NHSBSA by Welsh Government and notional funding to cover that expenditure as follows:

	2023-24 £000	2022-23 £000
<b>Statement of Comprehensive Net Expenditure for the year ended 31 March 2024</b>		
Expenditure on Primary Healthcare Services	1,229	1,027
Expenditure on healthcare from other providers	0	0
Expenditure on Hospital and Community Health Services	41,941	37,330
<b>Statement of Changes in Taxpayers' Equity For the year ended 31 March 2024</b>		
Net operating cost for the year	43,170	38,357
Notional Welsh Government Funding	43,170	38,357
<b>Statement of Cash Flows for year ended 31 March 2024</b>		
Net operating cost for the financial year	43,170	38,357
Other cash flow adjustments	43,170	38,357
<b>2.1 Revenue Resource Performance</b>		
Revenue Resource Allocation	43,170	38,357
<b>3. Analysis of gross operating costs</b>		
<b>3.1 Expenditure on Primary Healthcare Services</b>		
General Medical Services	1,023	856
Pharmaceutical Services	9	9
General Dental Services	36	43
Other Primary Health Care expenditure	161	119
<b>3.3 Expenditure on Hospital and Community Health Services</b>		
Directors' costs	47	47
Staff costs	41,894	37,283
<b>9.1 Employee costs</b>		
<b>Permanent Staff</b>		
Employer contributions to NHS Pension Scheme	43,170	38,357
Charged to capital	0	0
Charged to revenue	43,170	38,357
<b>18. Trade and other payables</b>		
<b>Current</b>		
Pensions: staff	0	0
<b>28. Other cash flow adjustments</b>		
Other movements	43,170	38,357

## 34. Other Information

### 34.2 Pooled Budgets

#### Memorandum Note - Note 32 - Pooled Budgets

##### North East Wales Community Equipment Service Memorandum Accounts 2023-24

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

	2023-24	2022-23
	£ 000	£ 000
<b>Pooled Budget contributions</b>		
Flintshire County Council	327	318
Wrexham County Borough Council	309	301
Betsi Cadwaladr University Local Health Board	472	455
Other	187	227
<b>Total Pooled Budget contributions for the year</b>	<b>1,295</b>	<b>1,301</b>
<b>Expenditure</b>		
Equipment Purchases	495	486
Operating Expenditure	700	780
Non Operating Expenditure	0	0
<b>Total Expenditure for the year</b>	<b>1,195</b>	<b>1,266</b>
<b>Net Surplus/(Deficit) on the Pooled Budget for the Year</b>	<b>100</b>	<b>35</b>

##### Denbighshire Community Equipment Service Memorandum Accounts 2023-24

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

The second partnership agreement commenced on 1st April 2012 and ran until 31st March 2015. For 2015-16 onwards it was decided to revert to one year agreements.

A memorandum of account has been produced by Denbighshire County Council which

	2023-24	2022-23
	£ 000	Restated £ 000
<b>Pooled budget contributions</b>		
Denbighshire County Council	219	219
Betsi Cadwaladr University Local Health Board (Core)	138	138
Betsi Cadwaladr University Local Health Board (Bed Service)	51	51
Other - HEC / CHC / Intermediate Care	288	217
<b>Total Pooled Budget contributions for the year</b>	<b>696</b>	<b>625</b>
<b>Expenditure</b>		
Equipment purchases (Core and CHC)	130	189
Operating Expenditure	562	529
<b>Total Expenditure for the year</b>	<b>692</b>	<b>718</b>
<b>Net Surplus/(Deficit) on the Pooled Budget for the Year</b>	<b>4</b>	<b>(93)</b>
<b>Cumulative net Surplus/(Deficit) on the Pooled Budget</b>	<b>21</b>	<b>17</b>

**34. Other Information****34.2 Pooled Budgets****Memorandum Note - Note 32 - Pooled Budgets****Denbighshire Health and Social Care Support Workers Service Memorandum Accounts 2023-24**

The Denbighshire Health and Social Care Support Workers Service Pool is hosted by Denbighshire County Council. A memorandum account for the pooled budget arrangement is provided below.

	<b>2023-24</b>	<b>2022-23</b>
	<b>£ 000</b>	<b>£ 000</b>
<b>Pooled Budget contributions</b>		
Denbighshire County Council	50	50
Betsi Cadwaladr University Local Health Board	50	50
RIF Grant Allocation	44	55
RIF Grant Allocation - from slippage	0	3
<b>Total Pooled Budget contributions for the year</b>	<b>144</b>	<b>158</b>
<b>Expenditure</b>		
Employee Expenses	117	147
Other Operating Expenditure	10	11
<b>Total Expenditure for the year</b>	<b>127</b>	<b>158</b>
<b>Net Surplus/(Deficit) on the Pooled Budget for the Year</b>	<b>17</b>	<b>0</b>
<b>Cumulative net Surplus/(Deficit) on the Pooled Budget</b>	<b>55</b>	<b>38</b>

**Bryn-y-Neuadd Community Equipment Store Memorandum Accounts 2023-24**

The Bryn-y-Neuadd Community Equipment Store Pool is hosted by Betsi Cadwaladr University Local Health Board in partnership with Ynys Môn Council, Conwy County Borough Council and Gwynedd County Council. A memorandum account for the pooled budget arrangement is provided below.

	<b>2023-24</b>	<b>2022-23</b>
	<b>£ 000</b>	<b>£ 000</b>
<b>Contributions</b>		
Ynys Môn County Council	156	156
Conwy County Council	183	183
Gwynedd County Council	204	204
Betsi Cadwaladr University Local Health Board	497	497
Special Orders	90	90
<b>Total Pooled Budget Contributions</b>	<b>1,130</b>	<b>1,130</b>
<b>Expenditure</b>		
Operating Expenses	1,020	797
Equipment Purchases (incl. Special Orders)	453	524
<b>Total Expenditure</b>	<b>1,473</b>	<b>1,321</b>
<b>Net Surplus/(Deficit) on the Pooled Budget for year</b>	<b>(343)</b>	<b>(191)</b>
<b>Cumulative Net Surplus/(Deficit) on the Pooled Budget</b>	<b>(705)</b>	<b>(362)</b>

## 34. Other Information

### 34.2 Pooled Budgets

#### Memorandum Note - Note 32 - Pooled Budgets

##### **North Wales Older People Accommodation Pooled Budget Memorandum Accounts 2023-24**

Under regulation 19(1) of the Partnership Arrangements (Wales) Regulations 2015, a pooled budget arrangement has been agreed between North Wales local authorities and the Betsi Cadwaladr University Local Health Board in relation to the provision of care home accommodation for older people.

The arrangement came into effect on 1<sup>st</sup> April 2019. Denbighshire County Council is acting as host authority during the initial term of the agreement. The transactions relating to Betsi Cadwaladr University Local Health Board are included in Note 3.3 Expenditure on Hospital and Community Health Services within the Statement of Comprehensive Net Expenditure.

Income and expenditure for these pooled budget arrangements for the year ending 31<sup>st</sup> March 2024 is shown below. Payments in respect of the contributions for Quarter 3 and 4 2023-24 will be made in arrears during 2024-25 in accordance with the Partnership Agreement.

	<b>2023-24</b>	<b>2022-23</b>
	<b>£ 000</b>	<b>£ 000</b>
<b>Contributions</b>		
Denbighshire County Council	11,960	10,236
Conwy County Borough Council	18,182	15,864
Flintshire County Council	13,578	10,556
Wrexham County Borough Council	14,957	14,434
Gwynedd Council	12,044	11,214
Isle of Anglesey County Council	7,214	5,708
Betsi Cadwaladr University Local Health Board	49,033	43,020
<b>Total Pooled Budget Contributions</b>	<b>126,968</b>	<b>111,032</b>
<b>Expenditure</b>		
Care Home Costs	126,968	111,032
<b>Total Expenditure for the year</b>	<b>126,968</b>	<b>111,032</b>
<b>Net Surplus/(Deficit) on the Pooled Budget for the Year</b>	<b>0</b>	<b>0</b>

# Audit of Accounts Report – Betsi Cadwaladr University Health Board

Audit year: 2023-24

Date issued: June 2024

Document reference: 4336A2024



This document has been prepared as part of work performed in accordance with statutory functions. Further information can be found in our [Statement of Responsibilities](#).

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We welcome correspondence and telephone calls in Welsh and English. Corresponding in Welsh will not lead to delay. Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg. Ni fydd gohebu yn Gymraeg yn arwain at oedi.

# About Audit Wales

## Our aims and ambitions

### Assure



the people of  
Wales that public  
money is well  
managed

### Explain



how public  
money is being  
used to meet  
people's needs

### Inspire



and empower  
the Welsh  
public sector to  
improve



Fully exploit  
our unique  
perspective,  
expertise and  
depth of insight



Strengthen our  
position as an  
authoritative,  
trusted and  
independent  
voice



Increase our  
visibility,  
influence and  
relevance



Be a model  
organisation for  
the public sector  
in Wales and  
beyond

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# Introduction

I have now largely completed my audit in line with my Detailed Audit Plan 2024 dated April 2024. However, work in the following areas is still ongoing:

This Audit of Accounts Report summarises the main findings from my audit of your 2023-24 annual report and accounts. My team have already discussed these issues with the Interim Executive Director of Finance and his team.

I am very grateful to your officers for their support in undertaking this audit.



---

**Adrian Crompton**

Auditor General for  
Wales

# Your audit at a glance



## Audit opinions

I am proposing to give an unqualified True and Fair opinion on the accounts.

I am proposing to give a qualified regularity opinion on the accounts as the Health Board:

- Did not meet its financial duty to break-even against its Revenue Resource Limit over three years 2021-22 to 2023-24. Failure to meet 1st financial duty.
- Incurred irregular expenditure and breached its standing financial instructions in making payments to a former interim executive member of the Board.

I also intend providing a substantive report with the audit opinions, setting out further detail in respect of these matters. The substantive report will also refer to the Health Board not having an approved three-year integrated plan.

I have nothing to report under the other sections of my report, i.e. those relating to going concern; other information; other matters; or matters I report by exception.



## Significant matters

There are some significant matters to report.

There are no uncorrected misstatements to report.

# Financial statements' materiality



## Materiality £23.212 million

My aim is to identify and correct material misstatements, i.e. those that might otherwise cause the user of the accounts to be misled.

Materiality is calculated using:

- 2023-24 gross expenditure of £2,321 million
- Materiality percentage of 1%

I apply the materiality percentage to gross expenditure to calculate materiality.

I will report to you any misstatements above £1.16 million, calculated as 5% of materiality (called the 'trivial level').



## Areas of specific interest

There are some areas of the accounts that may be of more importance to the user of the accounts. We set lower materiality levels for these as follows:

- Remuneration report £5,000
- Related party disclosures relating to individuals £1,000

# Ethical compliance



## Compliance with ethical standards

I believe that:

- my team has complied with the ethical standards we are required to follow in carrying out our work;
- it has remained independent of yourselves;
- my objectivity has not been comprised; and
- my team has no relationships that could undermine our independence or objectivity.

In my Detailed Plan, I explained that some junior members of our financial audit team have close relations who work in the Health Board.

To guard against any potential threats to our independence or objectivity, the safeguards were agreed that the team members did not undertake any audit work on pay costs or operational activities. All work undertaken by the team members was reviewed by more senior staff who were aware of the potential risks to independence.

# Proposed audit opinion



## Audit opinion

I intend to issue an unqualified true and fair audit opinion on this year's accounts once you have provided us with a Letter of Representation (see below).

I intend to issue a qualified regularity opinion as the Health Board:

- Did not meet its financial duty to break-even against its Revenue Resource Limit over three years 2021-22 to 2023-24. Failure to meet 1st financial duty.
- Incurred irregular expenditure and breached its standing financial instructions in making payments to a former interim executive member of the Board at a higher rate than the Welsh Government's approved salary for pay band 15 for the role and Board and Welsh Ministers approval was not obtained contrary to the requirements of the Health Board's Standing Financial Instructions (SFIs). This is the second consecutive year that I have given a qualified regularity audit opinion on the Health Board's accounts in respect of irregular payments to an interim executive member of the Board. Further information is set out on page 12.

My proposed audit report is set out in **Appendix 1**.

I will be submitting a substantive report to the Senedd drawing attention to the matters identified above. It also includes commentary on the fact that the Health Board did not achieve the second financial duty to prepare a three-year integrated plan.

My proposed report to the Senedd is set out in **Appendix 2**.



## Letter of representation

A Letter of Representation is a formal letter in which you confirm to us the accuracy and completeness of information provided to my team during the audit. Some of this information is specified as being necessary by auditing standards; other information may relate specifically to your audit.

The letter that I am requesting you to sign is included in **Appendix 3**.

# Matters arising during the audit



## Misstatements

A misstatement arises where information in the accounts is not in accordance with accounting standards.

### Uncorrected misstatements

There are no non-trivial uncorrected misstatements in the accounts.

### Corrected misstatements

During our audit, my team identified a small number of misstatements that have been corrected by management. These are set out in **Appendix 4**.

My team also identified numerous misstatements within the remuneration report presented for audit. These are set out in **Appendix 5**.

# Matters arising during the audit



## Other significant matters

In the addition to misstatements identified during the audit I also report other significant matters to you. The following significant matters were identified during the audit.

### **The Health Board significantly improved the quality of the draft financial statements presented for audit**

I reported in my 2022-23 Audit of the Financial Statements report that the quality of the previous year's draft financial statements were not produced to the standard expected. This followed several issues that affected the Health Board following the qualification of the 2021-22 accounts. My work identified significant issues and errors that undermined the quality of the 2022-23 draft financial statements and considerable work had to be undertaken by the audit team to fully understand the disclosures in the financial statements.

Given the challenges facing the Health Board and the finance team in previous two years, it is pleasing to report that there was a significant improvement in the quality of the 2023-24 draft financial statement presented for audit. This is illustrated by the relatively small number of misstatements that were identified and amended (as summarised in Appendix 4) and the fact that there are no unadjusted misstatements arising from the audit.

The draft financial statements were also supported by comprehensive and timely working papers. The finance team was also able to provide us with the full mapping used to prepare the financial statements from the general ledger. This enabled the audit team to utilise Analytics Assisted Audit software and tools when undertaking the audit, enhancing the transparency of the content of financial statements for both the finance and audit team.

Our teams have worked collaboratively during the year, and we would like to thank the finance team and other officers involved with the preparation of the financial statements for their support and co-operation.

# Matters arising during the audit

## **Significant improvement is needed to the quality of the Remuneration Report presented for audit**

Whilst I identified improvement with the quality of the draft 2023-24 financial statements, my team continued to encounter significant issues with content of draft Remuneration Report. The draft Remuneration Report required significant amendment (as summarised in **Appendix 5**) to ensure the information reported was factually accurate and it fully complied with the requirements of the NHS Manual for Accounts issued by Welsh Government.

There were considerable changes to the composition of the Board during the year, however, given the sensitivities of the disclosures and our prior year recommendation on the need to improve the quality of the Remuneration Report, I would have expected the information included in the Remuneration Report to have been recorded accurately. Because of the issues identified with the quality of the Remuneration Report, considerable additional work had to be undertaken by my audit team to review the disclosures and to ensure subsequent amendments were factually accurate and correct, and complied with the requirements of the Manual for Accounts.

Audit Wales, coupled with the expectations of the NHS as a whole, are preparing to bring forward the audit deadline further as part of the 2024-25 accounts audit process. To meet these deadlines, it will be imperative that the quality of the 2024-25 Remuneration Report presented for audit improves.

## **For the second consecutive year I have raised concerns with governance arrangements that contributed to irregular payments being made by the Health Board**

My review of the Remuneration Report identified several areas where governance arrangements need to be improved by the Health Board. These include the arrangements for appointing officers at a senior level and improved documentation of decisions taken by the Remuneration Committee.

My review of appointments to the Board included the appointment of the previous Interim Executive Director of Finance. The officer member of the Board was paid at a pay point equivalent to an annual salary of £292,236 (excluding oncosts). The amount paid exceeded the maximum pay point of £170,919 for the role as set out by Welsh Government (pay band 15) for the period in post.

The Health Board's Standing Financial Instruction (SFIs) paragraph 14.1.2 requires the appointment of officer members of the Board be reserved for full Board approval. SFI

# Matters arising during the audit

14.1.4 also requires Welsh Ministers approval where an officer member of the Board is paid more than the Welsh Government's approved salary band. My team established that the SFI requirements were not followed as approval was not obtained from the Board or Welsh Ministers. Whilst the SFIs do not explicitly cover interim posts, such a post is not explicitly ruled out of the required approval arrangements. I intend qualifying the regularity opinion for this breach and the Health Board needs to ensure that all such decisions fully adhere to the requirement set out in its SFIs.

My review of senior appointments disclosed in the Remuneration Report also identified the following weaknesses with the Health Board's governance arrangements:

- instances where letters of appointment were not issued to senior officers prior to them commencing the roles;
- contracts of employment were not signed prior to an appointee starting their role with the Health Board;
- incorrect pay rates in documentation presented for approval by the Remuneration Committee; and
- insufficient records of decisions taken and actions agreed by the Remuneration Committee in its formal minutes.

# Recommendations

My team intends holding a post project learning exercise with key health board staff to identify an action plan to build on the significant improvement already secured in preparing the draft financial statements. It will also contain specific actions needed to improve the quality of the draft Remuneration Report presented for audit.

Recommendations arising from my audit will be shared in a separate Final Accounts Memorandum shortly. It will include all recommendations arising from our 2023-24 audit work.

My team will monitor progress against the recommendations during next year's audit. I will report any instances where recommendations are not fully implemented to you as part of next year's Audit of Accounts Report.

# Appendix 1

## Proposed audit report

### The Certificate and report of the Auditor General for Wales to the Senedd

#### Opinion on financial statements

I certify that I have audited the financial statements of Betsi Cadwaladr University Health Board (the Health Board) for the year ended 31 March 2024 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 material accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards as interpreted and adapted by HM Treasury's Financial Reporting Manual.

In my opinion, in all material respects, the financial statements:

- give a true and fair view of the state of affairs of Betsi Cadwaladr University Health Board as at 31 March 2024 and of its net operating costs for the year then ended;
- have been properly prepared in accordance with UK adopted 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.

#### Opinion on regularity

In my opinion, except for the matters described in the Basis for Qualified Regularity Opinion section of my report in all material respects, the expenditure and income in the financial statements have been applied to the purposes intended by the Senedd and the financial transactions recorded in the financial statements conform to the authorities which govern them.

#### Basis for Qualified Opinion on regularity

I have qualified my opinion on the regularity of the Health Board's financial statements for two reasons.

Firstly, because the Health Board has breached its resource limit by spending £23.669 million over the amount that it was authorised to spend in the three-year period 2021-2022 to 2023-2024. This spend constitutes irregular expenditure.

Secondly, the Health Board made payments without appropriate authority when it failed to comply with paragraph 14.1.4 of the Standing Financial Instructions issued by Welsh

Government when appointing an Interim Executive Director of Finance at a pay point that was higher than that set out by the Welsh Government.

Accordingly, the Health Board made irregular payments of £39,259.62 plus oncosts to the Interim Executive Director of Finance, at a rate of pay which is equivalent to a full-time annual salary of £292,236 (excluding oncosts). The maximum approved pay point was £170,919. I have qualified my opinion accordingly.

### **Basis for 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 certificate.

My staff and I are 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.

### **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 certificate.

The going concern basis of accounting for the Health Board is adopted in consideration of the requirements set out in HM Treasury's Government Financial Reporting Manual, which require entities to adopt the going concern basis of accounting in the preparation of the financial statements where it anticipated that the services which they provide will continue into the future.

### **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.

### **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 parts of the Accountability Report subject to audit have been properly prepared in accordance with the National Health Service (Wales) Act 2006 and directions made there under by Welsh Ministers' directions; and;
- the information given in the Performance and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with Welsh Ministers' guidance.

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

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

- I have not received all the information and explanations I require for my audit;
- 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 Accountability 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;
- certain disclosures of remuneration specified by HM Treasury's Government Financial Reporting Manual are not made or parts of the Remuneration Report to be audited are not in agreement with the accounting records and returns; or

- the Governance Statement does not reflect compliance with HM Treasury's guidance.

### **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:

- maintaining adequate accounting records
- the preparation of financial statements and annual report in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- ensuring that the annual report and financial statements as a whole are fair, balanced and understandable;
- ensuring the regularity of financial transactions
- internal controls 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; and
- assessing the Health 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 the Directors and Chief Executive] anticipate that the services provided by the Health Board will not continue to be provided in the future.

### **Auditor's responsibilities for the audit of the financial statements**

My responsibility is to audit, certify and report on the financial statements in accordance with the National Health Service (Wales) Act 2006.

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 a certificate 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 Head of Internal Audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the 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, expenditure recognition, posting of unusual journals and management override;
- Obtaining an understanding of [the Health Board's framework of authority as well as other legal and regulatory frameworks that the 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 the Health Board; and
- Obtaining an understanding of related party relationships.

In addition to the above, my procedures to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management, the Audit Committee and legal advisors about actual and potential litigation and claims;
- reading minutes of meetings of those charged with governance and the Board; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

I also communicated relevant identified laws and regulations and potential fraud risks to all audit team members 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 the Health Board's controls, and the nature, timing and extent of the audit procedures performed.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my auditor's report.

### **Other auditor's responsibilities**

I am also required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by the Senedd and the financial transactions recorded in the financial statements conform to the authorities which govern them.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

### **Report**

Please see my following Report.

Adrian Crompton  
Auditor General for Wales

1 Capital Quarter  
Tyndall Street  
Cardiff  
CF10 4BZ

# Appendix 2

## Report of the Auditor General to the Senedd

### Introduction

Under the Public Audit Wales Act 2004, I am responsible for auditing, certifying and reporting on Betsi Cadwaladr University Local Health Board's (the Health Board's) financial statements. I am reporting on these financial statements for the year ended 31 March 2024 to draw attention to key matters for my audit, as follows:

- qualification of my regularity opinion due to a breach of standing financial instructions on the payment of salary to an Interim Executive Director;
- qualification of my regularity opinion due to failure of the Health Board to achieve the first financial duty; and
- the failure of the Health Board to achieve the second financial duty.

I have not qualified my 'true and fair' opinion in respect of any of these matters.

### **Qualified regularity opinion as the Health Board incurred irregular expenditure and breached its standing financial instructions in making payments to an interim executive member of the Board**

Paragraph 14.1.4 of Standing Financial Instructions issued by Welsh Ministers under paragraph 19.1 of the NHS Wales Act requires that Welsh Government approval is obtained when an executive director post is paid above the agreed scale.

The Health Board's Remuneration Committee retrospectively approved payments to an Interim Executive Director that exceeded the maximum pay point of £170,919 for the role as set out by Welsh Government. In 2023-24 the Interim Executive Director was paid £114,000 plus oncosts. The Interim Executive Director was remunerated at a rate of pay which was equivalent to a full-time annual salary of £292,236 (excluding oncosts) during their tenure. Welsh Government approval was not obtained, contrary to the requirements of the Health Board's standing financial instructions.

Therefore, I consider payment of £39,259.32 plus oncosts to be irregular being the difference between the actual amount paid and the amount that would have been earned at the maximum payable for the relevant pay point.

### **This is second consecutive year that I have given a qualified regularity audit opinion on the Health Board's accounts in respect of irregular payments to an interim executive member of the Board**

This is the second consecutive year where I have qualified my regularity audit opinion on the Health Board's financial statements in respect of payments made to an interim Executive Director. My report on the Health Board's 2022-23 financial statements

highlighted irregular payments of £105,648 plus oncosts to the interim Executive Director of Nursing and Midwifery.

The irregular payments that led to these audit qualifications arose due to governance deficiencies operating prior to the Health Board being placed into special measures on 27 February 2023. The new executive team at the Health Board subsequently identified the governance issues with the interim Executive Director of Finance appointment and sought retrospective approval from Welsh Government to regularise the payments made. The request was declined by Welsh Government.

The Health Board is aware of the deficiencies in internal controls that gave rise to the irregular payments and is strengthening its controls and governance arrangements accordingly.

### **Financial duties**

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

For 2023-24, 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 Health Boards 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 period 2021-2022 to 2023-2024.

As shown in Note 2.1 to the Financial Statements, the Health Board did not manage its revenue expenditure within its resource allocation over this three-year period, exceeding its cumulative revenue resource limit of £6,004.035 million by £23.669million.

Where a Health Board 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 Health Board'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 Health Boards 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. A Health Board will be deemed to have met this duty for 2023-24 if it submitted a 2023-24 to 2025-26 plan approved by its Board to the Welsh Ministers, who were required to review and consider approval of the plan.

As shown in Note 2.3 to the Financial Statements, the Health Board did not meet its second financial duty to have an approved three-year integrated medium-term plan in place for the period 2023-24 to 2025-26.

**Adrian Crompton**  
**Auditor General for Wales**  
**Date**

# Appendix 3

## Letter of representation

Auditor General for Wales

Audit Wales

1 Capital Quarter

Tyndall Street

Cardiff

CF10 4BZ

10 July 2024

### **Representations regarding the 2023-24 financial statements**

This letter is provided in connection with your audit of the financial statements (including that part of the Remuneration Report that is subject to audit) of Betsi Cadwaladr University Health Board for the year ended 31 March 2024 for the purpose of expressing an opinion on their truth and fairness, their proper preparation and the regularity of income and expenditure.

We confirm that to the best of our knowledge and belief, having made enquiries as we consider sufficient, we can make the following representations to you.

### **Management representations**

#### **Responsibilities**

As Chief Executive and Accountable Officer I have fulfilled my responsibility for:

- preparing the financial statements in accordance with legislative requirements and the Treasury's Financial Reporting Manual. In preparing the financial statements, I am required to:
  - Observe the accounts directions issued by Welsh Ministers, including the relevant accounting and disclosure requirements and apply appropriate accounting policies on a consistent basis.
  - Make judgements and estimates on a reasonable basis.
  - State whether applicable accounting standards have been followed and disclosed and explain any material departures from them.
  - Prepare them on a going concern basis on the presumption that the services of Betsi Cadwaladr University Health Board will continue in operation.
- Ensuring the regularity of any expenditure and other transactions incurred.
- The design, implementation and maintenance of internal control to prevent and detect error.

## **Information provided**

We have provided you with:

- Full access to:
  - all information of which we are aware that is relevant to the preparation of the financial statements such as books of account and supporting documentation, minutes of meetings and other matters;
  - additional information that you have requested from us for the purpose of the audit; and
  - unrestricted access to staff from whom you determined it necessary to obtain audit evidence.
- The results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- Our knowledge of fraud or suspected fraud that we are aware of and that affects Betsi Cadwaladr University Health Board and involves:
  - management;
  - employees who have significant roles in internal control; or
  - others where the fraud could have a material effect on the financial statements.
- Our knowledge of any allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, regulators or others.
- Our knowledge of all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.
- The identity of all related parties and all the related party relationships and transactions of which we are aware.
- Our knowledge of all possible and actual instances of irregular transactions.

## **Financial statement representations**

All transactions, assets and liabilities have been recorded in the accounting records and are reflected in the financial statements.

The methods, the data and the significant assumptions used in making accounting estimates, and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in the context of the applicable financial reporting framework.

Related party relationships and transactions have been appropriately accounted for and disclosed.

All events occurring subsequent to the reporting date which require adjustment or disclosure have been adjusted for or disclosed.

All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to the auditor and accounted for and disclosed in accordance with the applicable financial reporting framework.

The financial statements are free of material misstatements, including omissions. There are no non-trivial misstatements within the accounts which remain uncorrected.

### **Representations by the Board**

We acknowledge that the representations made by management, above, have been discussed with us.

We acknowledge our responsibility for the preparation of true and fair financial statements in accordance with the applicable financial reporting framework. The financial statements were approved by the Board on 10 July 2024.

We confirm that we have taken all the steps that we ought to have taken in order to make ourselves aware of any relevant audit information and to establish that it has been communicated to you. We confirm that, as far as we are aware, there is no relevant audit information of which you are unaware.

Signed by:

Chief Executive:

Date:

Signed by:

Chair:

Date:

# Appendix 4

## Summary of corrections made to the financial statements

During the audit, my team identified the following misstatements that have been corrected by management, but which I consider should be drawn to your attention.

Correction	Nature of Correction	Explanation
Note 2.2 'Capital Resource Performance' – figures updated.	<p>The disclosures included within the draft financial statements for the Capital Resource Performance were found to be incorrect as they did not include the 'Right of Use Asset' additions for the year of £4,463,000.</p> <p>Gross Capital Expenditure increased by £4,463,000 from £30,392,000 to £34,855,000.</p> <p>Capital Resource allocation increased by £4,363,000 from £30,020,000 to £34,483,000.</p>	To ensure the Capital Resource Performance is correctly disclosed in the financial statements.
Note 9.1 'Employee Costs' - disclosures amended.	<p>My audit identified that the disclosures relating to 'Agency staff' and 'Other' within the analysis of employee costs were incorrect with some 'MEDAC' costs incorrectly included within 'Agency staff'.</p> <p>The NHS Manual for Accounts Chapter 1 paragraph 1.246 requires payments made to MEDAC (an NHS on-framework provider of clinical staff) to be included within 'Other'. Amendments were also required to social security cost to correct this disclosure.</p> <p>'Agency' costs were reduced by £656,000 from £48,044,000 to £47,388,000.</p> <p>'Other Salaries and Wages' costs increased by £712,000 from £25,146,000 to £25,858,000.</p> <p>'Other Social Security' costs reduced by £56,000 from £2,164,000 to £2,108,000.</p>	To correctly disclose and classify employee costs within Note 9.1 in accordance with the NHS Manual for Accounts.

	<p>This also impacted on the disclosures within Note 9.2 'Average number of employees' with the number of 'Medical and Dental' in Agency staff decreasing from 22 to 19 and the number within Other increasing from 103 to 106.</p>	
<p>Note 9.6 'Fair Pay disclosures' – Note 9.6.1 'Remuneration Relationship' and Note 9.6.2 percentage changes disclosures amended.</p>	<p>The disclosures within Note 9.6.1 Remuneration Relationship were amended as detailed.</p> <p><b>Chief Executive:</b></p> <ul style="list-style-type: none"> <li>• 'Total Pay and Benefits' amended from £237,000 to £253,000.</li> <li>• '25th percentile ratio' amended from 9.26 to 9.83.</li> <li>• 'Median Pay' ratio to amended from 6.77 to 7.19.</li> <li>• '75th percentile ratio' amended from 5.23 to 5.56.</li> <li>• 'Salary Component of total pay and benefits' amended from 237,000 to £253,000.</li> </ul> <p><b>Highest paid Director:</b></p> <ul style="list-style-type: none"> <li>• 'Total Pay and Benefits' amended from £216,000 to £273,000.</li> <li>• '25th percentile ratio' amended from 8.47 to 10.61.</li> <li>• 'Median Pay' ratio to amended from 6.20 to 7.76.</li> <li>• '75th percentile ratio' amended from 4.79 to 6.00.</li> <li>• 'Salary Component' of total pay and benefits amended from £216,000 to £273,000.</li> </ul> <p><b>Narrative disclosures:</b></p> <ul style="list-style-type: none"> <li>• Number of staff paid more than the highest paid director was amended from 40 to 14.</li> <li>• The top of the all-staff salary range was amended from £237,000 to £402,600.</li> <li>• The first paragraph of the Financial Year Summary narrative was amended.</li> <li>• The Highest paid director salary was mended to £273,000.</li> </ul> <p>The disclosures within <b>Note 9.6.2 'Percentage Changes'</b> were amended:</p>	<p>To ensure the disclosures within Note 9.6 'Fair Pay disclosures' complied with the requirements of the NHS Manual for Accounts.</p>

	<ul style="list-style-type: none"> <li>• ‘Chief Executive Salary and allowances’ was amended from 7% to 14%.</li> <li>• ‘Highest paid director salary and allowances’ was amended from (50%) to (£37%).</li> </ul>	
Note 11.1 ‘Property, plant and equipment – reclassification of additions’.	<p>Testing identified £3,472,000 of additions in year that were misclassified as additions to ‘plant and machinery’ when they were additions to ‘assets under construction’.</p> <p>As the assets came into use during the year an amendment was also required to move the amount into plant and machinery through the ‘reclassification’ line.</p> <p>Testing also identified £39,000 of reclassifications that were misclassified as reclassifications to ‘plant and machinery’ when they were reclassifications to Information Technology.</p> <p>The following amendments were made:</p> <ul style="list-style-type: none"> <li>• ‘Assets under construction additions’ increased by £3,472,000 from £17,928,000 to £21,400,000.</li> <li>• ‘Plant and machinery additions’ decreased by £3,433,000 from £7,576,000 to £4,143,000.</li> <li>• ‘Information Technology additions’ decreased by £39,000 from £4,086,000 to £4,047,000.</li> <li>• ‘Asset under construction reclassifications’ increased by £3,472,000 from £21,097,000 to £24,569,000.</li> <li>• ‘Plant and machinery reclassification’s increased by £3,433,000 from £1,539,000 to £4,972,000.</li> <li>• ‘Information Technology additions’ increased by £39,000 to £39,000.</li> </ul>	To correctly disclose additions and reclassifications within Note 11.1.
Note 11.3 ‘Right of Use Assets continued – Quantitative Disclosures’.	<p>Welsh Government inserted an additional line to Note 11.3 ‘Right of Use Assets continued – Quantitative Disclosures’, within the ‘Contractual undiscounted cash flows relating to lease liabilities’ table titled ‘Less finance charges allocated to future periods’.</p>	To correct note 11.3 and ensure it agrees to other Right of Use Asset disclosures.

	<p>The following amendments were made to 2023/24:</p> <ul style="list-style-type: none"> <li>• ‘Less Finance charges allocated to future periods’ of -£3,464,000 included split between ‘Buildings’ (-£3,018,000) and ‘Other’ (-£446,000)</li> <li>• Total undiscounted cashflows reduced from £34,770,000 to £31,306,000 in total split between ‘Buildings’ (£22,130,000) and ‘Other’ (£9,176,000)</li> </ul> <p>The following amendments were made to 2022/23:</p> <ul style="list-style-type: none"> <li>• ‘Less Finance charges allocated to future periods’ of -£3,464,000.</li> <li>• Total undiscounted cashflows reduced from £34,798,000 to £31,388,000</li> </ul>	
Note 18 ‘Trade and other payables’ – reclassification of ‘Non-NHS accruals’.	<p>Testing identified an amount totalling £10,295,000 that was misclassified as ‘Non-NHS accruals’ when it should have been included as ‘Non-NHS payables - Revenue’.</p> <p>This was the result of a change in the definition of accruals and payables within this year’s NHS Manual for Accounts.</p> <p>The following amendments were made:</p> <ul style="list-style-type: none"> <li>• ‘Non-NHS accruals’ decreased by £10,295,000 from £108,524,000 to £98,229,000.</li> <li>• ‘Non-NHS payables - Revenue’ increased by £10,295,000 from £25,190,000 to £35,485,000.</li> </ul>	To correctly disclose accruals and payables within note 18 in line with the requirements of the NHS Manual for Accounts.
Note 21.1 ‘Contingent liabilities’.	<p>During our audit we were made aware that the Health Board had received invoices in relation to historic transactions for provision of care within the local community. Our review of the disclosure requirements for the issue determined that additional disclosure within ‘Contingent liabilities’ was required.</p> <p>An additional narrative disclosure has been made within the note.</p>	To correctly disclose all known Contingent Liabilities
Note 29 ‘Events after the	NHS Wales bodies were notified on 28th June 2024 of the revised pay arrangements for employees covered	To include a description of the backdated pay

Reporting Period'.	<p>by medical and dental terms and conditions of service in Wales, which will be funded by Welsh Government.</p> <p>As the obligating event was after the year end the arrangements have been disclosed as a narrative non-adjusting post balance sheet event within Note 29 'Events after the Reporting Period'.</p>	awards agreed post year end.
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There have been several minor amendments and disclosure updates as a result of the audit.

# Appendix 5

## Summary of corrections made to the Remuneration Report

The Remuneration Report required significant revisions to ensure the information reported was factually accurate. The following amendments to the Remuneration Report have been corrected by management, but which we consider should be drawn to your attention.

Correction	Nature of Correction	Explanation
Amendment to the Remuneration Report narrative disclosures.		
‘Remuneration packages in excess of £100,000’ – disclosure removed.	<p>The Remuneration Report includes an analysis on the total number of staff in receipt of Remuneration Packages in excess of £100,000.</p> <p>My audit identified that the disclosure is not required by the NHS Manual for Accounts and the table has been removed.</p>	To ensure the information disclosed within the Remuneration Report complied with the requirement of the NHS Manual for Accounts.
Amendments to the ‘Single Total Figure of Remuneration’ table.		
‘Single Total Figure of Remuneration’ table – amendment of dates of appointment.	<p>The incorrect effective date of appointment had been applied to the disclosure of the Acting Director of Public Health, resulting in their remuneration being overstated in the table.</p> <p>The individual’s remuneration was updated to reflect the period of acting up from 1 March 2024, and not 1 January 2024.</p>	To ensure the disclosure is factually correct.

	<ul style="list-style-type: none"> <li>• ‘Salary band’ reduced from £30,000 – £35,000 to £10,000 to £15,000.</li> <li>• ‘Full Time Equivalent’ banding increased from £120,000 - £125,000 to £125,000 - £130,000.</li> </ul>	
‘Single Total Figure of Remuneration’ table – clarity of post.	<p>The Chair of the Board was also the Interim Chair before he was appointed into the substantive role on 1 March 2024.</p> <p>The disclosures within the table for his role was amended to disclose both roles separately.</p>	To ensure the disclosure is factually correct.
	<p>The Interim Chief Executive and the Interim Executive Director of Operations were on secondment from other Health bodies for part of the year.</p> <p>Their remuneration whilst on inward secondment was included as a footnote, and not included within the table contrary to the chapter 3 of the NHS Manual for Accounts.</p> <p>The table was amended to disclose the total remuneration of the seconded Executive Directors.</p> <p>Interim Chief Executive:</p> <ul style="list-style-type: none"> <li>• Salary band £165,000 -£170,000.</li> <li>• Benefit in Kind as nil.</li> <li>• Pension as nil.</li> <li>• Full year equivalent band £225,000 – £230,000.</li> </ul> <p>Interim Executive Director of Operations:</p> <ul style="list-style-type: none"> <li>• Salary band £100,000 – £105,000.</li> <li>• Benefit in Kind as nil.</li> <li>• Pension as nil.</li> <li>• Full year equivalent band £150,000 – £155,000.</li> </ul>	To ensure the disclosures of Interim Executive Directors on inward secondment fully complied with the requirements of the NHS Manual for Accounts.
‘Single Total Figure of Remuneration’ table - pension disclosure.	<p>Pension benefits for Executive Directors who joined the Health Board during the year (both interim and substantive) were overstated, due to the NHS Manual for Accounts specifying a particular calculation. The pension disclosures were removed for the following Executive Health Board officers:</p> <ul style="list-style-type: none"> <li>• Chief Executive Officer</li> <li>• Acting Board Secretary</li> <li>• Interim Executive Director of Finance</li> <li>• Acting Executive Director of Public Health</li> </ul>	The Health Board did not have previous year’s pension details for the individuals, meaning the disclosures in the Remuneration Report was misleading.

<p>'Single Total Figure of Remuneration' table – additional disclosure for taxable expenses.</p>	<p>Seven of the Independent Members of the Health Board received taxable reimbursements for home to the Health Board's headquarters travel in the year. These were not included in the draft Remuneration Report as required by the NHS Manual for Accounts.</p> <p>The Health Board has now included the amounts in the renamed 'Taxable Benefits' column as well as in an additional footnote providing further details regarding the taxable travel expenses totalling £5,100.</p>	<p>To ensure the information disclosed within the Remuneration Report complied with the requirement of the NHS Manual for Accounts.</p>
<p>'Single Total Figure of Remuneration' table – Full Year Equivalent Salary Interim Executive Director of Finance.</p>	<p>The Full Year Equivalent salary for the previous Interim Executive Director of Finance was amended from band £245,000 -£250,000 to band £270,000 – £275,000.</p> <p>The amendment of the banding also impacted the highest paid Director under the Remuneration Relationship section of the report and was amended to reflect the Interim Executive Director of Finance.</p>	<p>To ensure the Full Year Equivalent disclosure reflect the circumstances more accurately and that the highest paid Director was correctly disclosed.</p>
<p>'Single Total Figure of Remuneration' table – Full Year Equivalent Salary Executive Director of Workforce and Organisational Development.</p>	<p>The Full Year Equivalent salary for the previous Executive Director of Workforce and Organisational Development was incorrectly calculated. The banding was amended from £185,000 - £190,000 to £155,000 - £160,000.</p>	<p>To ensure the salary disclosures within the remuneration report was accurate.</p>
<p>'Single Total Figure of Remuneration' table – Full Year Equivalent salary Vice Chair.</p>	<p>The Full Year Equivalent has been disclosed for the Vice Chair was misstated. The banding was amended from £35,000 - £40,000 to £40,000 - £45,000.</p>	<p>To ensure the salary disclosures within the remuneration report was accurate.</p>

<p>‘Single Total Figure of Remuneration’ table – comparative disclosures for 2022-23.</p>	<p>Comparative disclosures were not included for the previous Interim Board Secretary. An additional footnote was included under the table to disclose the 2022-23 cost of £243,625.</p>	<p>To ensure the salary disclosures within the remuneration report comply with the NHS Manual for Accounts.</p>
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Amendments to the ‘Pension Benefit’ table.

<p>‘Pension Benefit’ table - Pension disclosures.</p>	<p>My audit identified an error with the Health Board’s pension calculation working paper that resulting in the pension banding for Executive Director of Nursing and Midwifery’s pension being misstated. The following disclosures were amended:</p> <ul style="list-style-type: none"> <li>• ‘Real Increase in Lump Sum’ increased from band £32.500 – £35.000 to band £35.000 – £37.500; and</li> <li>• ‘Real Increase in Accrued Pension’ be decreased from band £0– £2.500 to £0.</li> </ul>	<p>To ensure the pension disclosures in the remuneration report were factually correct.</p>
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<p>‘Pension Benefit’ table - Pension disclosures.</p>	<p>The Health Board incorrectly calculated the Cash Equivalent Transfer Values (CETVs). The following disclosures were amended for the 2023-24 CETV values:</p> <ul style="list-style-type: none"> <li>• Executive Director of Nursing and Midwifery increased from £673,000 to £759,000.</li> <li>• Interim Executive Director of Finance increased from £89,000 to £499,000.</li> <li>• Executive Director of Public Health increased from £1,351,000 to £1,396,000.</li> <li>• Acting Director of Therapies and Health Sciences increased from £1,023,000 to £1,083,000.</li> <li>• Executive Director of Workforce and Organisational Development increased from £571,000 to £621,000.</li> </ul> <p>Amendments were also made to the comparators within the disclosures.</p>	<p>To ensure the CETV Values in the ‘Pension Benefit’ table complied with the NHS Manual for Accounts.</p>
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Amendments to the ‘Staff Report’ section.

<p>'Off Payroll Engagements' – disclosure.</p>	<p>The Health Board disclosed the number of off payroll engagements of board members and / or senior officials with significant financial responsibility between 1 April 2023 and 31 March 2024 as 2 in error. The actual number was 1.</p>	<p>To ensure the disclosures within the remuneration report were factually correct.</p>
<p>'Average of Full Time Equivalent table' – disclosure.</p>	<p>The figures within the table of 'Average Number of Full Time Equivalents' in the Staff Report were amended to bring them in line with the Permanent Staff figures disclosed in Note 9.2 in the accounts and with the NHS Manual of Accounts requirements.</p>	<p>To ensure disclosures in the remuneration report comply with the requirements of the NHS Manual for Accounts.</p>
<p>There were also several minor amendments arising from the audit.</p>		

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We welcome correspondence and telephone calls in Welsh and English. Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg.

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**Reference:** AW/BCUHB/AEL/2023-24

**Date issued:** April 2024

Dear Karen, Russell

### **Audit enquiries to those charged with governance and management**

The Auditor General's Statement of Responsibilities sets out that he is responsible for obtaining reasonable assurance that the financial statements taken as a whole are free from material misstatement, whether caused by fraud or error. It also sets out the respective responsibilities of auditors, management and those charged with governance.

This letter formally seeks documented consideration and understanding on a number of governance areas that impact on our audit of your financial statements. These considerations are relevant to both the management of Betsi Cadwaladr University Health Board (the Health Board) and 'those charged with governance' (the Audit Committee).

I have set out below the areas of governance on which I am seeking your views:

1. Matters in relation to fraud

Audit enquiries to those charges with governance and management. Please contact us in Welsh or English / cysylltwch â ni'n Gymraeg neu'n Saesneg.

2. Matters in relation to laws and regulations
3. Matters in relation to related parties

The information you provide will inform our understanding of the Health Board and its business processes and support our work in providing an audit opinion on your 2023-24 financial statements.

I would be grateful if you could update the attached table in [Appendix 1 to Appendix 3](#) for 2023-24. I have included the responses you made for 2022-23 for your reference.

The completed [Appendix 1 to Appendix 3](#) should be formally considered and communicated to us on behalf of both management and those charged with governance by **11 July 2024**. In the meantime, if you have queries, please contact me on 02920 320660 or [Michelle.Phoenix@audit.wales](mailto:Michelle.Phoenix@audit.wales).

Yours sincerely



Michelle Phoenix

Audit Manager

## Appendix 1

### Matters in relation to fraud

International Standard for Auditing (UK) 240 covers auditors' responsibilities relating to fraud in an audit of financial statements.

The primary responsibility to prevent and detect fraud rests with both management and 'those charged with governance', which for the Health Board is the Audit Committee. Management, with the oversight of those charged with governance, should ensure there is a strong emphasis on fraud prevention and deterrence and create a culture of honest and ethical behaviour, reinforced by active oversight by those charged with governance.

As external auditors, we are responsible for obtaining reasonable assurance that the financial statements are free from material misstatement due to fraud or error. We are required to maintain professional scepticism throughout the audit, considering the potential for management override of controls.

### What are we required to do?

As part of our risk assessment procedures we are required to consider the risks of material misstatement due to fraud. This includes understanding the arrangements management has put in place in respect of fraud risks. The ISA views fraud as either:

- The intentional misappropriation of assets (cash, property, etc); or
- The intentional manipulation or misstatement of the financial statements.

We also need to understand how those charged with governance exercises oversight of management's processes. We are also required to make enquiries of both management and those charged with governance as to their knowledge of any actual, suspected or alleged fraud, management's process for identifying and responding to the risks and the internal controls established to mitigate them.

## Enquiries of management – in relation to fraud

Question	2023-24 Response
<p>1. What is management's assessment of the risk that the financial statements may be materially misstated due to fraud? What is the nature, extent and frequency of management's assessment?</p>	<p>The Auditor General for Wales issued an adverse qualified “true and fair” audit opinion on the Health Board’s 2022/23 Annual Accounts. The qualification in two parts;</p> <ul style="list-style-type: none"> <li>• Part 1 - The opening balances of accruals and payables from the 2021-22 financial year</li> <li>• Part 2 – A regulatory qualification in regards to an interim Executive appointment</li> </ul> <p>Audit Wales stated the balance sheet closing position for 2022/23 represented a true and fair view (clean bill of health). As the qualification related to matters of a historical nature, management’s assessment is that material risk of misstatement in the 2023/24 financial statements due to fraud is <b>low</b> for the following reasons:</p> <ul style="list-style-type: none"> <li>• Principal assurance provided through conduct and performance of a professional finance function, design and implementation of extensive financial systems providing Health Board’s financial data</li> <li>• The financial systems have been designed to satisfy the requirements of the Standing Orders, Scheme of Delegation, Standing Financial Instructions and BCU Finance policies and procedures</li> <li>• Financial statements compiled from information from the financial systems, which comply with requirements of the relevant accounting concepts and conventions, International Accounting Standards, Welsh Government Manual of Accounts and HM Treasury’s Financial Reporting Manual</li> <li>• The year-end financial statements are produced using the same data and transactions that have been used for management reporting and accounting throughout the year, including submissions to Welsh Government</li> </ul>

## Enquiries of management – in relation to fraud

Question	2023-24 Response
	<ul style="list-style-type: none"><li>• There is ongoing review and monitoring of the financial position throughout the year. Reports are produced by senior members of the Finance Department and these are reviewed by the Finance Director and Executive Director of Finance. Regular Finance Reports are produced for the Performance, Finance and Information Governance Committee and Health Board.</li><li>• Internal Audit provides regular audits of key financial systems each year. A programme delivered in accordance with public sector internal audit standards by the NHS Wales Shared Services Partnership. The scope of this work is agreed with the Audit Committee and is focussed on significant risk areas and local improvement priorities;</li><li>• There is an active counter-fraud department. The Internal Audit report confirmed reasonable assurance.</li></ul> <p>Audit Wales completed a review of Effectiveness of Counter-Fraud Arrangements in the Wales Public Sector in September 2020, and identified that the Health Board demonstrates a commitment to counter-fraud, has suitable arrangements to support the prevention and detection of fraud and is able to respond appropriately where fraud occurs.</p> <p>Further, the Health Board has implemented recommendations made by Internal Audit, the Fraud e-learning module is now included within the Health Board’s mandatory training for staff and fraud risk assessments used as a live resource, now integrated within the general risk management framework to ensure that these risks are appropriately managed and escalated as necessary.</p>

## Enquiries of management – in relation to fraud

Question	2023-24 Response
<p>2. Do you have knowledge of any actual, suspected or alleged fraud affecting the audited body?</p>	<p>The Health Board actively encourages officers to report suspected fraud and regularly undertakes fraud prevention activities, investigating suspected fraudulent activity in year. At close of the financial year 29 of these cases had been concluded and 3 cases had been transferred to Counter Fraud Service Wales for investigation, the residual number of cases under investigation reduced to 23.</p> <p>The outcomes of these cases ranged from no fraud found to one instance where the potential value of the fraud is in the region of £100k. In addition, 214 fraud prevention activities resulted in a reported £54k of potential loss being avoided, none of the individual identified cases considered material relative to the Annual Accounts.</p> <p>All instances or referrals of actual, suspected or alleged fraud affecting the Health Board are investigated by the Health Board’s Local Counter Fraud Team. The investigations are recorded on the NHS Counter Fraud Authority (NHSCFA) Case Management System.</p> <p>All investigation outcomes, progress and sanctions are reviewed by the Head of the Counter Fraud Service Wales (CFSW) team. The Health Board provides a quarterly statistical return to CFSW which is used to collate the information for the Counter Fraud Steering Group and Welsh Government.</p> <p>All Counter Fraud work is reported to the Audit Committee both prospectively (agreeing the plan) and retrospectively (reporting back findings and progress against planned and new reactive activity).</p>
<p>3. What is management's</p>	<p>The Health Board’s governance and control frameworks are designed to ensure that losses due to fraud are prevented where possible or detected and addressed after the event.</p>

## Enquiries of management – in relation to fraud

Question	2023-24 Response
<p>process for identifying and responding to the risks of fraud in the audited body, including any specific risks of fraud that management has identified or that have been brought to its attention?</p>	<p>The Health Board endorsed Standing Orders, Standing Financial Instructions and Scheme of Delegation provide a framework for discharge of activities and fraud prevention (though systems are not designed to avert collusion). These were reviewed and supported by Welsh Government in the 2023/24 financial year</p> <p>The Health Board endorses policies and procedures designed to assure the Board on governance and fraud prevention. The policies and procedures reviewed by NHS Wales Internal Audit team and the Audit Committee (the Committee charged with governance) receiving independent assurances over the System of Internal Control in place throughout the Health Board.</p> <p>The Internal Audit function reports findings to the Audit Committee, engaging management to identify areas for improvement. Agreed actions are reviewed for completeness by the Audit Committee through oversight of the outstanding recommendations (Audit recommendations tracker). The Executive have prioritised closure of these recommendations during the 2023/24 financial year, with 182 recommendations outstanding at commencement of the financial year with this reducing to only 69 actions remaining open (some of these new in year recommendations).</p> <p>The Head of Internal Audit Opinion then reports an overall assurance on system of internal control in force throughout the Health Board, based on their work during the financial year.</p> <p>There is an active local counter-fraud department within the Health Board, the department having access to wider technical expertise and intelligence for tackling fraud available across NHS Wales should that be required in individual cases.</p>

## Enquiries of management – in relation to fraud

Question	2023-24 Response
	<p>The members of the counter-fraud team are fully qualified as Accredited Counter Fraud Specialists and undertake regular training to satisfy all CPD requirements.</p> <p>The Head of Local Counter Fraud meets regularly with the Finance Director Operational Finance and Head of CFSW, to discuss all relevant fraud issues and the Local Counter Fraud team hold meetings with Internal Audit to discuss specific themes which may impact the Health Board. Also, meeting with colleagues in Workforce to discuss investigations, which require a Disciplinary investigation to be undertaken.</p> <p>The Health Board receives fraud referrals from the NHS CFA, all of which are investigated fully to decide whether an investigation is required to be conducted. System Weaknesses and the appropriate remedies which are identified from fraud investigation work are reported to Audit Committee, NHSCFA and CFS Wales.</p>
<p>4. What classes of transactions, account balances and disclosures have you identified as most at risk of fraud?</p>	<p>Transactions and balances most at risk of fraud are flagged in the reporting to Board and include:</p> <ul style="list-style-type: none"> <li>• those involving desirable assets, e.g., cash, patient monies and valuables (immaterial to Accounts)</li> <li>• payroll-related fraud (immaterial to the Annual Accounts)</li> <li>• potential conflicts and management of interests (in the context of good practice over procurement and other decision-making which can have a significant financial effect, and disclosure of related party transactions required in the Annual Accounts)</li> </ul>

## Enquiries of management – in relation to fraud

Question	2023-24 Response																																							
	<p>In relation to the management and disclosure of interests, all relevant staff are required to disclose interests and the offer/receipt of gifts and hospitality etc. The Health Board has a new system 'Declare' which went live in August 23, for staff to record Declarations of Interest. The Audit Committee will look to monitor uptake in 2024 and reinforce use.</p> <p>Board and other members are required to declare any ongoing and ad-hoc potential conflicts of interest pertaining to any meeting agenda, and these are recorded in the minutes. Guidance issued to members requests officers make a declaration if uncertainty exists as to whether a declaration is required or not.</p> <p>The Health Board has an approved set of Standing Financial Instructions, Scheme of Delegation and Standing Orders to ensure processes are in place for appropriate decision-making. The Contract Award process involves a structured approach to evaluation, declarations of independence by evaluators and an independent sign off prior to contract award.</p> <p>The Health Board developed (in conjunction with Welsh Government) a specification and Commissioned an Independent Review into Contract Procurement Management in 2023. The findings put forward 24 actions (for the Health Board, NWSSP and WG). The HB has completing 19 of 24 actions, strengthening processes and compliance, training provided in conjunction with NWSSP and eWaiver System updates.</p> <div data-bbox="674 1078 1608 1248"> <table border="1"> <caption>Comparison of Agreed Single Tender Waivers</caption> <thead> <tr> <th>Month</th> <th>2022/23</th> <th>2023/24</th> </tr> </thead> <tbody> <tr><td>April</td><td>10</td><td>5</td></tr> <tr><td>May</td><td>15</td><td>10</td></tr> <tr><td>June</td><td>12</td><td>10</td></tr> <tr><td>July</td><td>15</td><td>5</td></tr> <tr><td>August</td><td>10</td><td>5</td></tr> <tr><td>September</td><td>10</td><td>5</td></tr> <tr><td>October</td><td>10</td><td>5</td></tr> <tr><td>November</td><td>10</td><td>5</td></tr> <tr><td>December</td><td>15</td><td>5</td></tr> <tr><td>January</td><td>10</td><td>5</td></tr> <tr><td>February</td><td>10</td><td>5</td></tr> <tr><td>March</td><td>20</td><td>5</td></tr> </tbody> </table> </div> <div data-bbox="1641 1091 2051 1209" style="border: 1px solid black; padding: 5px; margin-top: 10px;"> <p>SSW reducing by 400% over prior periods</p> </div> <p>Further work to refresh Financial Policies and establish Local Contract Registers and embed Contract Management principles, is ongoing.</p>	Month	2022/23	2023/24	April	10	5	May	15	10	June	12	10	July	15	5	August	10	5	September	10	5	October	10	5	November	10	5	December	15	5	January	10	5	February	10	5	March	20	5
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## Enquiries of management – in relation to fraud

Question	2023-24 Response
<p>5. Are you aware of whistleblowing or complaints by potential whistle blowers? If so, what has been the audited?</p>	<p>The Head of Local Counter Services is not aware of any whistleblowing disclosures made locally relating to Fraud during 2023-24, which have been made under the provisions of Whistleblowing Legislation – the Public Interest Disclosure Act 1998 (PIDA).</p>
<p>6. What is management's communication, if any, to those charged with governance regarding their processes for identifying and responding to risks of fraud?</p>	<p>On a quarterly basis, the Head of Local Counter Fraud Services meets with the Chair of the Audit Committee for a private discussion on fraud issues and risks. The Head of Local Counter Fraud also regularly meets with the Health Board Counter Fraud Champion.</p> <p>An Annual Local Counter Fraud Workplan is produced and endorsed by the Audit Committee. Regular reports on the Counter Fraud activities are produced and discussed at the Audit Committee and at the Board via the Audit Committee Chair's Assurance Report.</p>
<p>7. What is management's communication, if any, to</p>	<p>Health Board policies and related procedures are published on its intranet and are accessible to staff. These include the Anti-Fraud, Bribery and Corruption Policy that has been approved by the Audit Committee and is publicised and promoted in the electronic staff newsletter.</p>

## Enquiries of management – in relation to fraud

Question	2023-24 Response
<p>employees regarding their views on business practices and ethical behaviour?</p>	<p>Since April 2021, the Health Board has included Counter Fraud training in its Mandatory Training Programme for all staff, via the completion of a Counter Fraud eLearning module. The Health Board promotes the mandatory programme of Fraud Awareness training for staff. Also, from 1st October 2023 there is an additional e-learning competency in place; this has changed from a mandatory training package (with No Renewal date), to a (3-year cycle) from the 1<sup>st</sup> of October 2023, with BCU is the first Health Board in Wales to do this. The original module shows 15,421 of 21,258 staff completed, a 73% compliance rate.</p> <p>The Health Board publishes on its intranet, an Executive Counter Fraud message from the Chief Executive Officer, which draws attention the Health Board’s stance on fraud and its specific policy on Local Counter Fraud, Bribery and Corruption. Also signposts route for staff to raise concerns with the counter fraud team.</p> <p>Staff are able to report fraud anonymously via the NHSCFA Protect Fraud and Corruption Reporting Line or an On-Line Fraud Reporting Tool and Local Counter Fraud messages are regularly included in staff payslips, with regular reports and news articles are also reported in the Health Board’s electronic staff bulletins.</p>
<p>8. For service organisation. Have you reported any fraud to the user entity?</p>	<p>The Health Board does not operate as a service organisation.</p>



## Enquiries of those charged with governance – in relation to fraud

Question	2023-24 Response
<p>1. Do you have any knowledge of actual, suspected or alleged fraud affecting the audited body?</p>	<p>In responding to this question, within my role of Audit Committee Chair I seek assurance from the evidence provided by management through the investigations undertaken by the Counter Fraud team.</p> <p>In addition, external assurance reports are provided by Audit Wales and Internal Audit and based on the completion of this work and reported findings and support the response given by management to the question asked.</p> <p>However, at time of writing this report, I am aware investigations continue into the matters raised by Ernst and Young, and whilst North Wales Police and Counter fraud services have concluded their investigations and found no matters of fraud, pending final reporting on these matters through Health Board internal processes, I would note conclusion could impact on my assessment to this question.</p>
<p>2. What is your assessment of the risk of fraud within the audited body, including those risks that are specific to the audited body's business sector?</p>	<p>The Health Board has received the conclusions from a structured assessment of practice by Audit Wales, with the assessment evidencing many improvements now enacted, not least the formation and running of the Audit Committee (the Committee charged with governance).</p> <p>Committee has met regularly throughout the 2023/24 financial year, and is operating in accordance with the HFMA good practice handbook, receiving information aligned to its business cycle.</p>

	<p>A key continuation for Committee has been the timely receipt of;</p> <ul style="list-style-type: none"> <li>• Approval of the Local Counter Fraud work plan</li> <li>• Annual report in the process of submission by the 31<sup>st</sup> May 2024 deadline</li> <li>• Ability to amend the program of work within the financial year.</li> </ul> <p>I have met regularly with the Head of Local Counter Fraud Services for private 1 to 1 meeting throughout the year following their re-instatement in 2023/24.</p> <p>In addition, the Audit Committee now receives a detailed conformance report, which details areas of non-compliance with Health Board Standing Financial Instructions, Scheme of Reservations and Delegations and Standing Orders.</p> <p>I would conclude by stating I align with managements assessment as to their being a low risk of fraud within the audited body</p>
<p>3. How do you exercise oversight of:</p> <ul style="list-style-type: none"> <li>• management's processes for identifying and responding to the risk of fraud in the audited body, and</li> <li>• the controls that management has established to mitigate these risks?</li> </ul>	<p>I have remained Audit Chair for the 2023/24 financial year, and would reference statements made previously, in that;</p> <ul style="list-style-type: none"> <li>• The HB has an established counter fraud team that does remain visible throughout the organisation. Findings are reported regularly to members of the Audit Committee and private session of the Audit Chair.</li> <li>• Audit Wales and Internal Audit have reported on assessments undertaken during the financial year, with reporting against prevention of these risks contained within the assessment and rating of reports presented to Audit Committee.</li> </ul>

- The full review and endorsement with oversight of Welsh Government for implementation of revised Standing Orders, Scheme of Reservation and Delegation and Standing Orders, with conformance reporting undertaken by management and findings reported through to Audit Committee.

The Audit Committee and Health Board have maintained oversight of the improvements made within the control environment, with examples of progress from enhancement of and training in awareness of these enhanced controls evident within the conformance report, in that;

- Single Source Waivers have reduced by 400% when compared with the previous financial year (as evidenced by management on page 7).
- Invoices received without orders assigned reduced by 100% when current year performance is compared to the previous financial year.

## **Appendix 2**

### **Matters in relation to laws and regulations**

International Standard for Auditing (UK and Ireland) 250 covers auditors' responsibilities to consider the impact of laws and regulations in an audit of financial statements.

Management, with the oversight of those charged with governance, is responsible for ensuring that the Health Board's operations are conducted in accordance with laws and regulations, including compliance with those that determine the reported amounts and disclosures in the financial statements.

As external auditors, we are responsible for obtaining reasonable assurance that the financial statements are free from material misstatement due to fraud or error, taking into account the appropriate legal and regulatory framework. The ISA distinguishes two different categories of laws and regulations:

- laws and regulations that have a direct effect on determining material amounts and disclosures in the financial statements;
- other laws and regulations where compliance may be fundamental to the continuance of operations, or to avoid material penalties.

### **What are we required to do?**

As part of our risk assessment procedures we are required to make enquiries of management and those charged with governance as to whether the Health Board is in compliance with relevant laws and regulations. Where we become aware of information of non-compliance or suspected non-compliance we need to gain an understanding of the non-compliance and the possible effect on the financial statements.

## Enquiries of management – in relation to laws and regulations

Question	2023-24 Response
<p>1. Is the audited body in compliance with relevant laws and regulations? How have you gained assurance that all relevant laws and regulations have been complied with? Are there any policies or procedures in place?</p>	<p>The Health Board’s performance against its statutory financial duties is disclosed in the Annual Accounts that are subject to external Audit. The Health Board gaining assurance from the Health Board endorsed set of Standing Orders, Standing Financial Instructions and Scheme of Delegation to provide a business framework for ensuring the operation of services are within relevant legislative requirements, with additional policies and procedures produced to support delivery.</p> <p>Compliance over operation of, and adherence to, these policies and procedures is assured through independent review by the Internal Audit service reporting to the Audit Committee, Audit Committee Chair and Executive Director of Finance on findings. Action plans are agreed with key officers within the Health Board to strengthen areas as required, these findings are reported to Health Board members.</p> <p>The Health Board gains assurance over compliance with relevant law and regulations (both directly related to financial reporting and also more broadly from the perspective of the Health Board’s medical/clinical/ healthcare business perspective) through a variety of sources. These include:</p> <ul style="list-style-type: none"> <li>• In 2023/24, a fully revised, detailed and comprehensive Financial Conformance Report was established and submitted to the Audit Committee.</li> <li>• An Annual Procurement Assurance Report is to be presented to the Audit Committee in July 2024. established systems within its departments, policies, self-assessments, network of groups and Executive</li> <li>• performance and accountability reviews</li> <li>• internal and external audit reviews</li> <li>• feedback from inspections and external reports e.g., HIW, Royal Colleges, CHC reports</li> </ul>

## Enquiries of management – in relation to laws and regulations

Question	2023-24 Response
	<ul style="list-style-type: none"> <li>the Corporate Governance Office monitoring Board business to ensure compliance with Standing Orders (NHS Wales Act 2006)</li> <li>Circulation of Welsh Health Circulars and requiring confirmation from the relevant Director that action has been taken to ensure compliance with the requirements</li> </ul>
<p>2. Have there been any instances of non-compliance or suspected non-compliance with relevant laws and regulations in the financial year, or earlier with an ongoing impact on this year's audited financial statements?</p>	<p>In January 2024, the Health Board received formal notice of the fine of c £0.2m arising from the prosecution of the Health Board by the Health and Safety Executive (HSE) for non-compliance. The fine payment was discharged in the 2023/24 financial year.</p> <p>The Health Board's year-end close down procedures include consideration of potential liabilities that are uncertain in nature, including formal litigation claims arising from alleged negligence (clinical and non-clinical). These are accounted for in accordance with the relevant reporting standard with losses being approved by the Audit Committee on a quarterly basis. The Health Board also follows national guidance in relation to the accounting for potential liabilities arising from retrospective claims for Funded Nursing Care and Continuing Healthcare.</p>
<p>3. Are there any potential litigations or claims that would affect the financial statements?</p>	<p>The Health Board has ongoing cases being dealt with through the Welsh Risk Pool. The HSE are currently considering a further matter of non-compliance, to which the Health Board responded in September 2023. Any further reporting relating to the outcome of this case will be addressed in the Health Board's 2024/25 Annual Report.</p>

## Enquiries of management – in relation to laws and regulations

Question	2023-24 Response
	<p>The Health Board is in discussion with the Local Authority in regards to invoicing for section 117 care. However, the level debated sits below the materiality of the Health Board.</p>
<p>4. Have there been any reports from other regulatory bodies, such as HM Revenues and Customs which indicate non-compliance?</p>	<p>The Health Board did not have any non-compliance reports in 2023/24.</p> <p>During the year HMRC assessed the Health Board as low risk on the basis of its track record of compliance with tax law and regulation as a major organisation.</p>
<p>5. Are you aware of any non-compliance with laws and regulations within any service organisation since 1 April of the financial year?</p>	<p>The Health Board's payroll service provider (NWSSP) advised of a technical salary payment error (affecting senior grades across a number of Health Boards in Wales) due to an incorrect interpretation of the Welsh Health Circular. This affected around 70 Health Board staff and amounted to an immaterial amount (£0.2m).</p>

## Enquiries of those charged with governance – in relation to laws and regulations

Question	2023-24 Response
<p>1. Are you aware of any non-compliance with laws and regulations that may be expected to have a fundamental effect on the operations of the entity?</p>	<p>In January 2024, the Health Board received formal notice of the fine of c £0.2m arising from the prosecution of the Health Board by the Health and Safety Executive (HSE) for non-compliance.</p> <p>The HSE are currently considering a further matter of non-compliance, to which the Health Board responded to in September 2023. Any further reporting relating to the outcome of this case will be addressed in the Health Board's 2024/25 Annual Report.</p> <p>The Health Board set a deficit plan for 2023/24 of £131.1m with reduced to £33m following the receipt of additional in-year funding from Welsh Government (c£76m being conditionally recurrent on progress made towards the contract total of £20m). The final outturn (subject to Audit) is £24.3m deficit. As such, the Health Board will not achieve the regulatory requirements/statutory duties to break even over a three-year period or a balanced three-year Integrated Medium-Term Plan.</p> <p>The Health Board is not aware of any further non-compliance with relevant laws and regulations of a fundamental nature.</p>
<p>2. How does the Audit Committee, in your role as those charged with governance, obtain assurance that all relevant laws and regulations have been complied with?</p>	<p>The Committee gains assurance from the Health Board endorsement of the Standing Orders, Scheme of Delegation and Standing Financial Instructions and the additional policies developed within the Health Board to provide further guidance for delivery of the objectives of the Health Board, to ensure compliance with all relevant laws and regulations.</p> <p>The Audit Committee is Chaired by an Independent Member.</p>

## Enquiries of those charged with governance – in relation to laws and regulations

Question	2023-24 Response
	<p>All members of the Audit Committee are Independent Members, with management representation evident within the Committee and independent assurance obtained through:</p> <ul style="list-style-type: none"><li>• An agreed plan of work from NHS Wales Internal Audit, Audit Committee receiving reports on systems of internal control to include recommendations for action to be taken by management (these actions agreed with key officers)</li><li>• Counter Fraud affirming the work they are to undertake to promote a fraud aware culture and ensure compliance with relevant legislation.</li><li>• External Audit to provide assurance that the Annual Financial Statements and Annual Report represent a true and fair view of the activities of the Health Board.</li></ul> <p>The Audit Committee takes assurance from independent review of Health Board’s established systems, policies, self-assessments, network groups and Executive reporting mechanisms. During 2023/24 all Committees played a part in providing Governance including the following:</p> <ul style="list-style-type: none"><li>• Audit Committee</li><li>• Quality, Safety and Experience Committee</li><li>• Performance, Finance and Information Governance Committee</li><li>• Planning, Population Health and Partnership Committee</li><li>• Remuneration Committee</li><li>• Mental Health Legislation Committee</li></ul>

## Appendix 3

### **Matters in relation to related parties**

International Standard for Auditing (UK) 550 covers auditors' responsibilities relating to related party relationships and transactions.

The nature of related party relationships and transactions may, in some circumstances, give rise to higher risks of material misstatement of the financial statements than transactions with unrelated parties.

Because related parties are not independent of each other, many financial reporting frameworks establish specific accounting and disclosure requirements for related party relationships, transactions and balances to enable users of the financial statements to understand their nature and actual or potential effects on the financial statements. An understanding of the entity's related party relationships and transactions is relevant to the auditor's evaluation of whether one or more fraud risk factors are present as required by ISA (UK and Ireland) 240, because fraud may be more easily committed through related parties.

### **What are we required to do?**

As part of our risk assessment procedures, we are required to perform audit procedures to identify, assess and respond to the risks of material misstatement arising from the entity's failure to appropriately account for or disclose related party relationships, transactions or balances in accordance with the requirements of the framework.

## Enquiries of management – in relation to related parties

Question	2023-24 Response
<p>1. Have there been any changes to related parties from the prior year? If so, what is the identity of the related parties and the nature of those relationships? Confirm these have been disclosed to the auditor.</p>	<p>Yes. Disclosable related parties, their nature and any changes are disclosed in the Annual Accounts.</p>
<p>2. What transactions have been entered into with related parties during the period? What is the purpose of these transactions? Confirm these have been disclosed to the auditor.</p>	<p>The notes to the 23/24 Accounts disclose each declared interest and the value of the Health Board's transactions with those parties during the financial year.</p>
<p>3. What controls are in place to identify,</p>	<p>All staff have access to the forms for Declarations of Interest and offers of Gifts and Hospitality. A new e-system 'Declare' was launched in August 2023. Divisional Directors Leads have been</p>

## Enquiries of management – in relation to related parties

Question	2023-24 Response
<p>account for and disclose related party transactions and relationships?</p>	<p>identified for each Directorate/Department who are responsible for ensuring compliance. The Audit Committee will look to monitor utilisation during the 2024/25 financial year to ensure fully utilised.</p> <p>During meetings, Board members are obliged to declare any ongoing and ad-hoc potential conflicts of interest pertaining to the Agenda as and when they arise, and these are recorded in the minutes. Whilst disclosure is the responsibility of individuals, examples of what might be considered relevant areas for disclosure are provided within the guidance and Board Members are advised that if in doubt to disclose any potential interest.</p> <p>The Health Board requires all Senior Managers and Finance Staff to disclose interests and to complete a declaration of interests form or use the new 'Declare' electronic system, which records all relevant related parties.</p> <p>When preparing the Annual Accounts, the information disclosed for Executives and Independent Members is cross-referenced to known sources (Companies House and Charity Commission etc) to ensure completeness. Where individuals are identified with potential further disclosable interests these are approached individually by the Office of the Board Secretary and asked to confirm the relevant details. Registers of Directors' Interests are also uploaded to the Health Board's external web-site.</p>
<p>4. What controls are in place to authorise and approve significant</p>	<p>Arrangements and Transactions with related parties, including significant and outside the normal course of business are subject to the requirements of the Health Board's Standing Orders, Standing Financial Instructions and Scheme of Reservation and Delegation of Powers.</p>

### Enquiries of management – in relation to related parties

Question	2023-24 Response
<p>transactions and arrangements:</p> <ul style="list-style-type: none"> <li>• with related parties, and</li> <li>• outside the normal course of business?</li> </ul>	<p>Where potential conflicts are identified, staff are expected to step aside from decision-making and their line-managers are required to put alternative arrangements in place. During meetings, Board members are obliged to declare any ongoing and ad-hoc potential conflicts of interest pertaining to the Agenda as and when they arise, and these are recorded in the minutes.</p>

### Enquiries of those charged with governance – in relation to related parties

Question	2023-24 Response
<p>1. How does the Audit Committee, in its role as those charged with governance, exercise oversight of management's processes to identify, authorise, approve,</p>	<p>The Audit Committee has sought and received updates from management on disclosures undertaken and training implemented throughout the 2023/24 financial year.</p> <p>In addition, members have received declarations of interest reporting through Committee, with the governance teams of the Health Board providing oversight and assurance in chasing up any subsequent declarations and approvals / appropriate authorisation and declarations.</p>

### Enquiries of those charged with governance – in relation to related parties

<b>Question</b>		<b>2023-24 Response</b>
account for and disclose related party transactions and relationships?		The Office of the Board Secretary producing a report indicating compliance with declarations of interest policy. This will be reviewed in 2024 by members of Audit Committee, monitoring use and reinforcing use of the new system now in place.



GIG  
CYMRU  
NHS  
WALES

Bwrdd Iechyd Prifysgol  
Betsi Cadwaladr  
University Health Board

<b>Teitl adroddiad:</b> <i>Report title:</i>	<b>Local Counter Fraud Service Annual Report 1 April 2023 – 31 March 2024</b>			
<b>Adrodd i:</b> <i>Report to:</i>	Audit Committee			
<b>Dyddiad y Cyfarfod:</b> <i>Date of Meeting:</i>	Tuesday, 09 July 2024			
<b>Crynodeb Gweithredol:</b> <i>Executive Summary:</i>	This Local Counter Fraud Annual Report is provided to the Audit Committee members on an annual basis and reports on the programme of counter fraud work which has been undertaken during 2023/24, to protect NHS financial resources made available to the BCU Health Board. The Annual Report fully meets the reporting requirements of the UK Government Functional Standard GovS 013: Counter Fraud from the Cabinet Office and the NHS Counter Fraud Authority.			
<b>Argymhellion:</b> <i>Recommendations:</i>	The Audit Committee is asked to consider and note the Local Counter Fraud Annual Report for 2023/24.			
<b>Arweinydd Gweithredol:</b> <i>Executive Lead:</i>	Mr. Russell Caldicott – Interim Executive Director of Finance			
<b>Awdur yr Adroddiad:</b> <i>Report Author:</i>	Mr. Karl Woodward - Head of Local Counter Fraud Service Mr. Sjf Molmans – Deputy Head of Local Counter Fraud Service			
<b>Pwrpas yr adroddiad:</b> <i>Purpose of report:</i>	I'w Nodi <i>For Noting</i> <input checked="" type="checkbox"/>	I Benderfynu arno <i>For Decision</i> <input type="checkbox"/>	Am sicrwydd <i>For Assurance</i> <input checked="" type="checkbox"/>	
<b>Lefel sicrwydd:</b> <i>Assurance level:</i>	Arwyddocaol <i>Significant</i> <input checked="" type="checkbox"/>	Derbyniol <i>Acceptable</i> <input type="checkbox"/>	Rhannol <i>Partial</i> <input type="checkbox"/>	Dim Sicrwydd <i>No Assurance</i> <input type="checkbox"/>
	Lefel uchel o hyder/tystiolaeth o ran darparu'r mecanweithiau / amcanion presennol <i>High level of confidence/evidence in delivery of existing mechanisms/objectives</i>	Lefel gyffredinol o hyder/tystiolaeth o ran darparu'r mecanweithiau / amcanion presennol <i>General confidence / evidence in delivery of existing mechanisms / objectives</i>	Rhywfaint o hyder/tystiolaeth o ran darparu'r mecanweithiau / amcanion presennol <i>Some confidence / evidence in delivery of existing mechanisms / objectives</i>	Dim hyder/tystiolaeth o ran y ddarpariaeth <i>No confidence / evidence in delivery</i>

<p>Cyfiawnhad dros y gyfradd sicrwydd uchod. Lle bo sicrwydd 'Rhannol' neu 'Dim Sicrwydd' wedi'i nodi uchod, nodwch gamau i gyflawni sicrwydd 'Derbyniol' uchod, a'r terfyn amser ar gyfer cyflawni hyn:</p> <p><i>Justification for the above assurance rating. Where 'Partial' or 'No' assurance has been indicated above, please indicate steps to achieve 'Acceptable' assurance or above, and the timeframe for achieving this:</i></p>	
<p>Cyswllt ag Amcan/Amcanion Strategol:</p> <p><i>Link to Strategic Objective(s):</i></p>	<p>To ensure the NHS financial resources are protected from fraud.</p>
<p>Goblygiadau rheoleiddio a lleol:</p> <p><i>Regulatory and legal implications:</i></p>	<p>The progress against the Local Counter Fraud Service Workplan for 2023/24 will be reported to the Audit Committee and also to Welsh Government in the Counter Fraud Annual Report for 2023/24.</p>
<p>Yn unol â WP7, a oedd EqIA yn angenrheidiol ac a gafodd ei gynnal?</p> <p><i>In accordance with WP7 has an EqIA been identified as necessary and undertaken?</i></p>	<p>Do/Naddo Y/N No</p> <p>Equality Impact Assessment duty is not applicable, as this report deals with issues relating to Fraud, Bribery and Corruption.</p> <p><a href="#">Gweithdrefn ar gyfer Asesu Effaith ar Gydraddoldeb WP7</a></p> <p><a href="#">WP7 Procedure for Equality Impact Assessments</a></p>
<p>Yn unol â WP68, a oedd SEIA yn angenrheidiol ac a gafodd ei gynnal?</p> <p><i>In accordance with WP68, has an SEIA identified as necessary been undertaken?</i></p>	<p>Do/Naddo Y/N No</p> <p>SEIA duty is not applicable, as this report deals with issues relating to Fraud, Bribery and Corruption.</p> <p><a href="#">Gweithdrefn WP68 ar gyfer Asesu Effaith Economaidd-Gymdeithasol.</a></p> <p><a href="#">WP68 Procedure for Socio-economic Impact Assessment.</a></p>
<p>Manylion am risgiau sy'n gysylltiedig â phwnc a chwmpas y papur hwn, gan gynnwys risgiau newydd (croesgyfeirio at y BAF a'r CRR)</p> <p><i>Details of risks associated with the subject and scope of this paper, including new risks( cross reference to the BAF and CRR)</i></p>	<p>The Annual Report of Counter Fraud work for 2023/24 targets the NHS Requirements of the UK Government Functional Standard GovS 013: Counter Fraud from the Cabinet Office, to protect NHS financial resources from Fraud, Bribery and Corruption.</p>

<p><b>Goblygiadau ariannol o ganlyniad i roi'r argymhellion ar waith</b></p> <p><i>Financial implications as a result of implementing the recommendations</i></p>	<p>The expenditure required to undertake the programme of Local Counter Fraud Service work, has previously been approved by the Audit Committee, and is budgeted.</p>
<p><b>Goblygiadau gweithlu o ganlyniad i roi'r argymhellion ar waith</b></p> <p><i>Workforce implications as a result of implementing the recommendations</i></p>	<p>There are no Workforce policy implications contained in this report. Any disciplinary staffing issues will be dealt with following Health Board Workforce policies.</p>
<p><b>Adborth, ymateb a chrynodeb dilynol ar ôl ymgynghori</b></p> <p><i>Feedback, response, and follow up summary following consultation</i></p>	<p>The paper has been subject to Executive review and sign off.</p>
<p><b>Cysylltiadau â risgiau BAF:</b> (neu gysylltiadau â'r Gofrestr Risg Gorfforaethol)</p> <p><i>Links to BAF risks:</i> (or links to the Corporate Risk Register)</p>	<p>Risk of significant financial loss due to Salary Overpayments (Risk Register 2601)</p> <p>Potential Loss of income to Overseas Visitor Patients (Risk Register 3058)</p> <p>General Medical Services - Capitation / Patient Registration Fees (Risk Register 3061)</p> <p>Pharmaceutical Fraud (Risk Register 3064)</p> <p>Private Patients (Risk Register 3060)</p> <p>Cyber Enabled Salary Diversion (Risk Register 4165)</p> <p>Continence Services (Risk Register 4170)</p> <p>Payroll Fraud – Misrepresentation of Qualifications, Skills and Experience (Risk Register 4171)</p> <p>Hospital Mortality Services (Risk Register 4172)</p>
<p><b>Rheswm dros gyflwyno adroddiad i fwrdd cyfrinachol (lle bo'n berthnasol)</b></p> <p><i>Reason for submission of report to confidential board (where relevant)</i></p>	<p>N/A</p>
<p><b>Camau Nesaf:</b> <b>Gweithredu argymhellion</b></p> <p><i>Next Steps:</i> <i>Implementation of recommendations</i></p> <p>Once noted at Audit Committee, the Local Counter Fraud Service – Annual Report for 2023/24 will be forwarded to the Welsh Government.</p>	

**Rhestr o Atodiadau:**

***List of Appendices:***

*Appendix A: Counter Fraud Activity*

*Appendix B: Counter Fraud Costs*

*Appendix C: Nominations Overview*

*Appendix D: FIRST Case Information Overview*

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*Appendix H: Key Performance Targets*

*Appendix I: Summary of the Government Functional Standard GovS 013: Counter Fraud Functional Standards Return*



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University Health Board

Annual Report of Local Counter Fraud Work  
1 April 2023 – 31 March 2024

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## Introduction

This Annual Report summarises the Counter Fraud work which has been completed at the Betsi Cadwaladr University Health Board (BCUHB) in financial year 2023/24 which ended 31 March 2024. This addresses the Welsh Government requirement that the Annual Report of Local Counter Fraud work is reported to the Audit Committee.

During the financial year 2023/24 the Health Board and the Local Counter Fraud Service team are required to work to the NHS requirements and their individual components as described in the UK Government Functional Standard 013: Counter Fraud (GovS 013) from the Cabinet Office, including risk-based assessments of public sector organisations to economic crime.

The Local Counter Fraud Service team has received guidance from the NHS Counter Fraud Authority (CFA) on additional required information which is to be included in the Appendixes in the Health Board's Annual Report of Counter Fraud Work. To satisfy this requirement this information is included in the Appendixes to the Health Board's Annual Report for 2023/24.

The NHS CFA case management system 'Clue', is used by all Local Counter Fraud Specialists (LCFS) working in NHS England and NHS Wales; for the recording of criminal investigations. Historic cases which are recorded on the previous case management system 'FIRST' will be closed on conclusion of the historic investigations. The 'FIRST' case management system, will be decommissioned in future.

## UK Government Functional Standard 013 Counter Fraud

The Health Board submitted the Counter Fraud Functional Standards Return (CFFSR) for financial year 2023/24, achieving the deadline of 31 May 24. The CFFSR submission again recorded an overall assessment rating of 'Green' for the Health Board like in the previous year. A link to the submitted CFFSR is included as Appendix I.

The CFFSR is the guide for the development of the Workplan for the following financial year. The Workplan for 2023/24 was reported separately to the Audit Committee held on 15 September 2023. The approved Workplan refers to proactive and reactive activities described as twelve NHS requirements in the UK Government Functional Standard 013 Counter Fraud and the allocated resources from the Local Counter Fraud Service team at BCUHB for each activity.

The CFFSR is also used for measurement of outcomes against the activities described in the Workplan for the previous year and reported upon in this Annual Report for 2023/24.

The Quality Assessment team of NHS CFA did not undertake a formal full Quality Assessment exercise of Welsh NHS organisations during 2023/24.

## Resources

The Local Counter Fraud Service team (three LCFS, total 2.91 WTE) for BCUHB have reported to Welsh Government actual LCFS days worked of 599.5 against planned 590 days, an overperformance of 9.5 LCFS days delivered. Actual LCFS salary costs are reported to Welsh Government at £171,946 for 2023/24.

Reporting to Welsh Government excludes resources of Counter Fraud Administration Support Officers (CFASO) and/or Personal Assistants to allow for a fairer comparison across NHS Wales, with some of the LCFS teams at other Welsh NHS organisations not having access to such resources. The actual (CFASO) salary costs are reported to Welsh Government for 2023/24 at £15,285.

The total salary costs of Local Counter Fraud Service including all team members is £187,231 showing a slight underspend against budget of £190,109.

Including the CFASO (0.5 WTE) for BCUHB and as per reporting to the NHS CFA, the resource figures change to:

Area of activity	Actual	Plan	Difference
Proactive work	393	365	+28
Reactive work	303	330	-27
Total days	696	695	+1

There has been an overall minor overperformance in actual days provided of one day, which has been delivered against plan, for both Proactive and Reactive Counter Fraud work in 2023/24.

The Head of Local Counter Fraud Service has handed in his notice to retire from the NHS at the end of June 2024. The Workplan for 2024/25 reflects a loss of resources for one LCFS staff for one month, but will be further adjusted until the recruitment process is concluded.

### 1. Strategic Governance

The Executive Director of Finance is the Executive Board Member who is responsible for overseeing and providing strategic management and support for all anti-fraud, bribery, and corruption work within the organisation.

There is clear support and strategic direction for all Counter Fraud, Bribery and Corruption work within the Health Board, including both proactive work to prevent and deter Fraud, Bribery and Corruption and reactive work to hold to account, those who commit Fraud, Bribery and Corruption against NHS Wales.

Operational responsibility for the Local Counter Fraud Service team is delegated by the Executive Director of Finance to the Finance Director –

Operational Finance who is the nominated person to authorise submissions to the Audit Committee.

Full list of recorded persons and their nominated roles for BCUHB at NHS CFA for 2023/24 is:

Role	Nominated person	Date of change
Executive Director of Finance	Steve Webster	01/04/2023
Executive Director of Finance	Russell Caldicott	01/07/2023
Interim Finance Director - Operational	Tony Uttley	01/04/2023
Interim Finance Director - Operational	Andrea Hughes	01/06/2023
Audit Committee Chair	Karen Balmer	01/04/2023
Fraud Champion	Phil Meakin	01/04/2023
Lead LCFS	Karl Woodward	No change
Supporting LCFS	Sjef Molmans	No change
Supporting LCFS	Graham Jones	No change
Supporting LCFS	Claire Oakley (*)	No change

(\*) Claire Oakley provides Admin Support and PA services to the LCFS team and does not undertake direct investigative duties.

The Local Counter Fraud Service team has assessed the Health Board's performance against UK Government Counter Fraud Functional Standard GovS 013 from the Cabinet Office, which outlines the work expected to be undertaken by the Health Board and electronically submitted the CFFSR to NHS CFA. The CFFSR forms the basis for the organisation to annually report to the Audit Committee on the work which has been undertaken in relation to Counter Fraud, Bribery and Corruption work at the Health Board against the approved Workplan.

The Counter Fraud Annual Report is included by the Health Board in the submissions it makes to Welsh Government.

The submitted CFFSR is also used to prioritise Fraud, Bribery and Corruption risks and allocation of LCFS resources to activities in the operational Workplan for 2024/25.

The Health Board cooperates with, and participates in, activities at the request of the NHS CFA or CFS Wales, including the implementation of national Counter Fraud, Bribery and Corruption measures. This includes (but is not limited to) the Quality Assurance process, attendance at regional or national forums, implementing fraud prevention guidance, completing Compliance Statements, submitting relevant statistical returns to be used to inform Welsh Government and the NHS Wales Counter Fraud Steering Group.

The Local Counter Fraud Service team continued to review and fraudproof policies, procedures and Health Board forms on request, to ensure that they are and remain fit for purpose and ensure public funds remain safe from economic crime.

The UK Bribery Act 2010 incorporates Section 7 entitled "Failure to Prevent Bribery."

This section has been established with the purpose to set out organisational liability for corrupt activity committed by their employees or associated persons, which demonstrates the intention to create an advantage in the conduct of business for their organisation.

In a healthcare setting such as the Betsi Cadwaladr University Health Board, this effectively means that if the Health Board cannot demonstrate that it has adequate procedures to protect against Bribery and Corruption, then members of the Board may be subject to an unlimited fine.

If an organisation can prove that they have implemented adequate procedures to protect against bribery and corruption, then they will be protected, from sanctions under Section 7 of the Bribery Act. Historically, the Health Board has been able to prove that it has implemented adequate procedures to protect against bribery and corruption by having a detailed section on the Bribery Act added to its Staff Code of Conduct and having in place arrangements for the recording of Declarations of Interest and Gifts and Hospitality.

The Counter Fraud Functional Standards Return, under NHS Requirement 12, requires the Health Board to have in place a managing conflicts of interest policy and registers that include gifts and hospitality, and Declarations of interest with reference to Fraud, Bribery and Corruption, and the requirements of the Bribery Act 2010.

The Health Board will require to regularly test the effectiveness of the implementation of the process and measure staff awareness of the policy.

In order to gain protection from the provisions of Section 7 of the Bribery Act 2010, the Health Board will need to ensure that the following conditions are being met:

- The organisation has a managing conflicts of interest policy and registers that include gifts and hospitality that is proactively communicated to all staff.
- The managing conflicts of interest policy and registers that include gifts and hospitality is fully implemented and is demonstrably effective.
- The organisation measures levels of awareness of the managing conflicts of interest policy and registers that include gifts and hospitality among their staff.
- The results are used to determine where further awareness raising needs to be undertaken.

The Local Counter Fraud Service team have allocated resources in the Counter Fraud Workplan for 2024/25 to address this issue, and will ensure that information on Health Board policies including the Bribery Act 2010 is regularly published and circulated to Health Board staff to raise staff awareness and promote an anti-bribery culture.

This will then allow measurement of the effectiveness of increased information to staff and advanced implementation of the Declarations of Interest, Hospitality and Gifts process within BCUHB, strengthening its Section 7 Bribery Act, defence against the “Failure to Prevent Bribery.”

The Local Counter Fraud, Bribery and Corruption Policy (F03) was last reviewed and updated in 2021. This policy document is due for its renewal on 1 August 2024 and the work required to undertake this review, has been included in the Counter Fraud Workplan for 2024/25. Evaluating the F03 policy will mean also inclusion of the new offence “Failure to Prevent Fraud”, which received Royal Assent in October 2023, and falls under the Economic Crime and Corporate Transparency Act. The Health Board will need to ensure that they take precautionary measures to avoid accusations of committing this offence.

The NHS CFA have advised that in order to comply with GovS 013 the Health Board will be required to record both reactive and proactive counter fraud work on the counter fraud case management system Clue in 2023/24. The recording of proactive counter fraud work, in this way is a requirement under GovS 013 to allow for the recording of intelligence, preventative work and Local Proactive Exercises and there will be increased activity in the identified risk areas.

The proactive counter fraud work which will be undertaken by the Health Board, will initially be based on assessed risks. Identified previously and carried over to financial year 2023/24 were:

- Time Sheet Overpayments
- Overseas Visitor Patients
- Private Patients
- General Medical Services – Patient Capitation / Registration Fees
- Pharmaceutical Fraud
- Payroll Fraud – Misrepresentation of Qualifications, Skills and Experience
- Cyber Enabled Salary Diversion
- Continence Services
- Hospital Mortality Process

The above assessed fraud risks have been recorded on the corporate Risk Register during 2023/24.

Fraud risks either resulting from System Weakness Reports from closed investigations or which have been published as Fraud Prevention Notices (FPN) by the NHS CFA are entered onto the Health Board’s Risk Register and

also where available, separately as Local Proactive Exercise (LPE) on the case management system Clue.

The LCFS has continued to meet with the Health Board's Controlled Drugs and Local Intelligence Network Committee (CD LIN), providing guidance on fraud related incidents and cases involving Controlled Drugs. These meetings are held on a quarterly basis and provide an opportunity for experiences to be shared for the prevention and detection of fraud, relating to the supply of Controlled Drugs.

LCFS continues to work closely, as required, with partner agencies such as North Wales Police and Home Office; in criminal investigations and assisting in relevant matters which are led by both agencies.

The Local Counter Fraud Service team regularly attends webinars and virtual training events delivered by the NHS CFA. The regular in person All Wales LCFS Network meetings have resumed post Covid-19, at the Counter Fraud Services (CFS) Wales' premises in Mamhilad House, Pontypool to discuss on-going matters and share best practice. Regular online meetings between CFS Wales and Lead LCFS are also in place.

## **2. Inform and Involve**

The fraud awareness programme undertaken by the Local Counter Fraud Service team has been using all available mediums to actively encourage fraud referrals to be made.

The Health Board has nominated the Board Secretary as its Fraud Champion. The role of the Fraud Champion is to support and promote the fight against NHS fraud at a strategic level within the Health Board. This means working with the Local Counter Fraud Specialists (LCFSs), the Director of Finance/Chief Finance Officer and the Audit Committee Chair, which are the other key roles in the NHS counter fraud community, as well as with colleagues across the organisation when required.

The Head of Counter Fraud has met privately with the Chair of the Audit Committee during 2023/24 to discuss fraud related issues.

Quarterly Counter Fraud Newsletters have been circulated to Health Board staff via the Electronic Staff Bulletin and were also externally circulated to all Primary Care Practices and North Wales Police in both Welsh and English. Besides publication of deterrence articles and scam alerts, each Newsletter focussed on a fraud theme to raise awareness with staff and ensuring managers review their working procedures.

The Local Counter Fraud Service team have again participated in the International Fraud Awareness Week (held in week 12-18 November 2023). With assistance of Communications and Translation teams regular Counter Fraud awareness information was shared with Health Board staff and via social media with the general public in both Welsh and English.

The Health Board has implemented the recommendation from the Audit Wales report on the Effectiveness of Counter Fraud Arrangements at BCUHB (published September 2020); that Fraud Awareness training should be made mandatory to ensure not only new, but also existing staff are regularly informed, made aware and kept updated about economic crime aimed against the NHS.

The Health Board have always been proactive with raising fraud awareness to their staff through e-learning, being frontrunners in NHS Wales. With effect from October 2023, the Health Board's mandatory programme of fraud awareness training for staff, using the e-learning module, has moved to a 3-year cyclical arrangement. This means that all staff members will be required to update their fraud awareness training every three years, in order to be compliant with the Health Board's mandatory training programme.

The Health Board's mandatory programme of fraud awareness training for staff, using the e-learning module has continued during 2023/24. The number of Health Board staff who have been recorded as completing the Counter Fraud e-learning module during the financial year ended 31 March 2024 is recorded as 6,988 staff members. The cumulative number of staff members who have completed the e-learning module stands at 23,569 out of a staffing compliment of 21,216 (figure at 31 December 2023). BCUHB is the only NHS organisation in Wales where Fraud Awareness is mandatory to all staff. Cumulative figures therefore are now higher than the staffing compliment at the Health Board due to staff members undertaking the e-learning module for the second or even third time. Reviewing staff compliance figure for the mandatory Fraud Awareness e-learning module shows an overall high compliance rate of 85.43% at 31 March 2024, which will assist in developing and embedding a robust Counter Fraud culture at the Health Board.

The Health Board's Workforce & Organisational Development (W&OD) team have confirmed that Counter Fraud training has been included in the staff Induction programme for all new staff members, with also a roll-out and restart of face-to-face presentations suggested from September 2024 onwards.

### **Fraud Awareness Events**

The Fraud Awareness Events which have been reported to Welsh Government during the year 2023/24 include:

- The Counter Fraud team continues to utilise the publication of successful fraud prosecutions to further promote fraud awareness and also act as a fraud deterrent.
- A total of 84 fraud awareness media reports or articles published including internet, staff electronic newsletter, local deterrence and prevention activities, payslip messages and local newsletters, have been published to all staff members in 2023/24.

- Fraud Awareness information was published during November 2023, to publicise International Fraud Awareness week.
- LCFS delivered twelve “A Step into Management” training presentations to 174 middle managers in 2023/24. Feedback from the middle managers on the training show that it is considered interesting, informative and well received.
- LCFS delivered a training presentation to the Health Board’s Lead Finance Managers, 26 in attendance in April 2023.
- LCFS delivered a training presentation to the Health Board’s Leadership team, 30 in attendance in May 2023.
- Counter Fraud have regularly circulated fraud alerts in real time to alert staff and contractors to current and new or emerging threats and scams in relation to fraud.
- The Local Counter Fraud Service team continues to promote the 0800 Fraud and Corruption Reporting Line and the NHS CFA on-line tool as part of their fraud awareness programme.

Other forums are also considered as mediums for Fraud Awareness training within BCUHB and this aspect of providing training for its workforce is prioritised by the Health Board.

### **3. Prevent and Deter**

The Health Board is compliant with the National Fraud Initiative (NFI), which exercise is part of the Cabinet Office’s Counter Fraud Function. The Local Counter Fraud Service team have undertaken actions to resolve identified NFI matches during 2023/24.

The Local Counter Fraud Service team has continued to hold quarterly meetings with the NHS Wales Shared Services Partnership (NWSSP) Post Payment Verification (PPV) team. Regional quarterly meetings are held to discuss PPV visits conducted locally at Primary Care contractors in North Wales. It is reassuring to note that PPV in the General Medical Services (GMS) and General Ophthalmic Services (GOS) is up-to-date with no fraud related incidences to report.

Quarterly meetings are also conducted between NWSSP and all LCFS colleagues in NHS Wales to discuss newly introduced systems and processes which require to be analysed for potential fraud risks and vulnerabilities, to propose solutions to resolve these. Work continues in General Pharmaceutical Services (GPhS) to ensure PPV becomes more meaningful in this area.

The Deputy Head of Local Counter Fraud Service, has successfully completed his formal training course on Data Analytics through the Analytics Learning Programme during 2023/24. The course is delivered collaboratively by the

National Data Resource, Digital Health and Care Wales, Social Care Wales and KPMG.

The LCFS continues to create and assess Suspected Drug Abuse and Fraud Alerts as well as warning letters on suspicious actions of patients, who present at Primary and Secondary Care locations requesting NHS Prescription Only Medicines or Controlled Drugs. This information is shared with appropriate NHS and law enforcement personnel.

Regular contact is maintained with the Head of CFS Wales on all NHS Counter Fraud prevention and deterrence issues to avoid NHS financial losses.

The Local Counter Fraud Service team have continued to advise and assist line managers, colleagues and departments like for instance Finance, W&OD and Clinical Governance at the Health Board and NWSSP with any fraud related queries raised or advice sought.

Requests for advice or assistance may also be received externally for instance from Primary Care Contractors. LCFS have continued to provide such assistance or refer to colleagues where appropriate.

The Local Counter Fraud Service team reported a total of nine fraud prevention actions undertaken, to directly change procedures identified as being at risk to fraud or actions to implement a structured prevention process, to Welsh Government during the 2023/24 financial year.

Number of contacts (e-mails / calls) where the LCFS has given advice on fraud related queries and which has been reported to Welsh Government during the 2023/24 financial year is 121.

A total of 32 fraud deterrence activities have been undertaken and were reported to Welsh Government during financial year 2023/24.

➤ Shown below are the deterrence articles which were published in the Health Board's electronic Weekly Bulletin to Health Board staff with the following titles;

- 11/04/2023 - "Greedy city council employee sacked for working secret full-time NHS job"
- 17/04/2023 - "Doctor jailed for four years for NHS fraud"
- 24/04/2023 - "Two men found guilty of fraud and bribery against the NHS"
- 22/05/2023 - "Gang members made millions illegally selling prescription medication sentenced"
- 30/05/2023 - "Newport man jailed for offering to supply class A drugs"



- 05/06/2023 - "Jail for hospital manager who stockpiled hip and knee joints at home in £600k NHS fraud"
- 12/06/2023 - "Commendations for NHS Counter Fraud Authority Investigators in fraudulent doctor case"
- 19/06/2023 - "Former NHS chairman and charity trustee sentenced for fraud"
- 26/06/2023 - "Delivery driver jailed for COVID test kit fraud"
- 03/07/2023 - "Gambling addict fraud doctor allowed to work again"
- 31/07/2023 - "Bodybuilder sued NHS for leaving him 'Disabled' then posted gym pics on Facebook"
- 11/09/2023 - "Former NHS Receptionist sentenced for salary overpayment fraud"
- 18/09/2023 - "Counter fraud - 500k fake invoices fraud"
- 02/10/2023 - "Doctor found running private clinic while off sick from NHS"
- 09/10/2023 - "Dentist fakes prescriptions"
- 16/10/2023 - "Surgery Manager paid unauthorised overtime"
- 23/10/2023 - "NHS Contracts firm under investigation"
- 06/11/2023 - "Doctor took thousands in sick pay"
- 27/11/2023 - "NHS Nurse Moonlighted at Private Hospital"
- 04/12/2023 - "Private patients treated by doctor on sick leave"
- 11/12/2023 - "Radiologist forging timesheets"
- 18/12/2023 - "NHS worker fined after stealing and selling laptops"
- 08/01/2024 - "Health visitor who took second NHS job while on sick leave was caught"
- 15/01/2024 - "Hospital consultant sentenced after forging timesheets"
- 22/01/2024 - "Care home worker jailed for stealing from resident"
- 29/01/2024 - "Fraud gang jailed after stealing charity donations in organised scam"
- 12/02/2024 - "Senior nurse struck off over pandemic taxi fraud"

- 26/02/2024 - "Shopkeeper in court for illegally selling medical drugs"
- 04/03/2024 - "Jailed accountant who defrauded NHS ordered to pay back nearly £240k"
  
- 11/03/2024 - "Fake doctor imprisoned for forgery and fraud costing the taxpayer over £1m"
- 18/03/2024 - "Man admits theft from Health Board for work not done in COVID"
- 25/03/2024 - "GP Practice Manager sentenced to three years for fraud"
  
- A total of four Local Counter Fraud Newsletters were published during 2023/24, the themes of the Newsletters published were:
  - 10/07/2023 - Fraud Matters issue 29 Quarter 1 2023/24: "Mandate and CEO Fraud"
  - 02/10/2023 - Fraud Matters issue 30 Quarter 2 2023/24: "BCUHB Staff Working Elsewhere"
  - 27/12/2023 - Fraud Matters issue 31 Quarter 3 2023/24: "Petty Cash"
  - 14/03/2024 - Fraud Matters issue 32 Quarter 4 2023/24: "Employment agency fraud"

The Local Counter Fraud Newsletters were shared with all Health Board staff, Primary Care Contractors and North Wales Police.

### **Fraud Risk Assessments**

All guides, circulars and alerts issued by the NHS CFA have been followed up internally at the Health Board and the Local Counter Fraud Service team has been proactive in this area of work.

Fraud Prevention Notices (FPNs) published by the NHS CFA are risk assessed against the Health Board's Risk Management Framework (RM01) and Procedures (RM02) and when the Health Board is deemed to be at risk of potentially falling victim of Fraud, Bribery or Corruption, scoring red or amber at the Fraud Risk Assessment, are recorded on the Corporate Risk Register.

- **Potential loss of income to Overseas Visitor Patients (Risk Register 3058)**

There is a risk that the Health Board may lose income from treating patients from Overseas who are not eligible to receive NHS Care and Treatment free of charge, as they are regarded visitors to the UK and who did not have to pay the NHS Immigration Health Surcharge.

The impact of this is a loss of financial resources to the Health Board.

### ***Controls in place***

- a) Working with the Finance – Overseas Visitors Patient Manager and Income team for patients attending Secondary Care at BCU.
- b) Working with GP Practices in ensuring appropriate access is granted to patients qualifying to receive NHS Care and Treatment free of charge.
- c) Periodic system review by staff to identify NHS patient registration and attendance at Secondary Care cases that might have been missed.
- d) Welsh Health Circular (WHC/2021/026) on Overseas Visitor Patients published by Welsh Government.
- e) Advising NHS staff on appropriate access to NHS Care and Treatment service as well as to complying with Welsh Government Guidance.

### ***Further action to achieve target risk score***

- a) Health Board to consider implementing a local policy on Overseas Visitor Patients, in order to fully implement the requirements of Welsh Government.
- b) Welsh Government published Welsh Health Circular (WHC/2021/026). The circular focusses on Overseas Visitor Patients, but seems to lack guidance on patient registration in Primary Care and review of Regulations, with the risk that Overseas Visitor Patients may be recorded incorrectly as permanent NHS registered patients, which may allow Overseas Visitor Patients to access NHS Secondary Care services unnoticed. This is relevant as Health Boards have the responsibility for both, the provision and commissioning of NHS Health Care.

- **Private Patients (Risk Register 3060)**

There is a risk that patients may be treated privately, using Health Board facilities and resources, without this being recorded as Private Patient activity. The impact of this is a loss of financial resources by the Health Board, failing to collect all Private Patient income.

The LCFS is currently supporting the Office of the Medical Director in fraudproofing and updating the Health Board's Private Practice Policy to include Private Patients, which is based on identified best practice in Audit Wales report: "A Review of the Impact of Private Practice on NHS Provision."

### ***Controls in place***

- a) The Health Board has a Private Patients Officer in place who deals with all Private Patient activity which is reported to the Health Board.

- b) The Health Board has a Private Practice Policy document in place which is used for the recording and administration of Private Patients at the Health Board.

***Further action to achieve target risk score***

- a) The Local Counter Fraud team has undertaken a fraud proofing review of the Health Board's Private Practice Policy with the Office of the Executive Medical Director and the Pathology and Radiology Departments to update and fraudproof the Health Board's Private Practice Policy. This is currently being progressed by the Deputy Executive Medical Director.

Consideration should be given in the Private Practice Policy to the continuation of treatment, for instance Pathology tests or Radiology, when the patient started their course of treatment elsewhere privately and if such follow-up at the Health Board is then chargeable.

• **General Medical Services - Capitation / Patient Registration Fees (Risk Register 3061)**

There is a risk that GP Practices fail to remove patients from their Practice lists when these patients are no longer receiving services from the GP Practice. The impact of this could be increased expenditure for the Health Board.

A pilot Data Matching Exercise under the National Fraud Initiative is being discussed with Audit Wales looking at All Wales patient registrations that have not been identified, for removal from a GP Practice List; by the work undertaken the NWSSP Primary Care Services work undertaken by the All Wales Anti-List Inflation Process (FP69).

***Controls in place***

- a) NWSSP undertake regular work to identify patients who need to be reviewed by the GP Practice where they are registered, and who may be required to be removed from the patient list. This involves analysing the Multi Occupancy List, where multiple patients are registered at the same address. This activity is reported to the Health Board on a quarterly basis.

***Further action to achieve target risk score***

- a) The Local Counter Fraud Service team are in discussions with Audit Wales to consider the feasibility of undertaking a pilot exercise under the provisions of NFI legislation, to identify additional patients who may require review and potential removal from patient lists in the Health Board's area of operation.

- **Pharmaceutical Fraud (Risk Register 3064)**

There is a risk that Community Pharmacists are claiming for dispensing NHS Prescription Medicines which the patient has not received. The impact of this would be a loss of NHS financial resources to the Health Board.

***Controls in place***

- a) There is a monitoring system in place at the Health Board which monitors the prescribing of NHS Prescription Medicines.
- b) The Health Board has in place a mature Controlled Drug Local Intelligence Network which robustly monitors all aspects of reported Controlled Drug activity and incidents.
- c) There is regular contact between the Local Counter Fraud Service team and Senior Pharmacy Managers, who report suspected incidents relating to potential Pharmaceutical Fraud.
- d) The Health Board has in place an alert system which can be shared with GP Practices and Community Pharmacies to raise awareness of potential cases of medication abuse or attempted prescription fraud.
- e) Quarterly meetings with NWSSP are held and the following work streams are being developed: Capitation payments for Dispensing patients are being reviewed to see if the dispensing flag recorded, against the patients' records are legitimate; Manually endorsed prescriptions (Group1a) are being reviewed, to identify cases where more expensive prescription items are being claimed, but cheaper items are being dispensed and the dispensing of Dressings are being reviewed.

On the latter the dispensing of Dressings have been reviewed and the system in place including distribution from Community Pharmacies to Community Nursing teams run by the Health Board have been found adequate.

- f) Counter Fraud working with Pharmacy Senior Managers and the Pharmacy Financial Analyst to identify potential areas of prescribing or dispensing concern.

***Further action to achieve target risk score***

- a) Further developmental work is required to be undertaken to provide assurance that dispensing fraud is not occurring for NHS Prescription Only Medicines e.g. Pharmaceutical Specials.
- b) Internal controls are in place, but further review needed of dispensing figures from high claiming Community Pharmacies for reimbursement.

- **Cyber Enabled Salary Diversion (Risk Register 4165)**

There is a risk that an employee's salary may be diverted from the employee's bank account; this may be caused by a fraudster using Cyber Enabled techniques.

This has been confirmed by the NHS Counter Fraud Authority who have issued Fraud Prevention Notice (FPN-M-005-19) on 29 September 2020.

This could lead to an impact on the employee and the Health Board.

***Controls in place***

- a) Payroll have controls in place to mitigate the risk, which involves systems and processes to record and prevent Cyber Enabled Salary Diversion.
- b) Payroll also liaise closely with the Health Board's Local Counter Fraud Service team.

***Further action to achieve target risk score***

- a) Fraudproofing advice to be continued to be routinely provided to Payroll on incidents involving Cyber Enabled Salary Diversion methodologies.

The NHS CFA have advised that in order to comply with the UK Cabinet Office Counter Fraud Functional Standard (GovS 013), the Health Board will be required to record both reactive and proactive counter fraud work on the Counter Fraud case management system 'Clue'.

The recording of proactive counter fraud work, in this way, is a new requirement (under GovS 013) to allow for the recording of intelligence, preventative work and Local Proactive Exercises and there will be increased activity in the area of economic crime risk management and identifying system weaknesses at the Health Board.

The proactive Counter Fraud work which will initially be undertaken by the Health Board, will be based on assessed risks which have been identified by the NHS CFA and which have been published as Fraud Prevention Notices.

- **Time Sheet Overpayments (Risk Register 4168, LPE/21/00236)**

There is a risk that salary overpayments may be made to employees and/or Contractors overclaiming hours which they have worked on their time sheets.

This has been confirmed by the NHS Counter Fraud Authority who have issued Fraud Prevention Notice (FPN-M-008-2020) on 30 September 2020.

This may lead to a loss for the Health Board and which could have an impact on the Health Board's finances.

***Controls in place***

- a) The Health Board has measures in place to ensure that time sheet overpayments do not occur, these help to reduce the likelihood and/or impact of the risk were it to materialise.
- b) Time sheet overpayments are recorded using the Health Board's F14 – Salary Overpayments Procedure.

***Further action to achieve target risk score***

- a) The Local Counter Fraud Service team have continued to provide advice and recommendations to the Health Board staff responsible for administering the financial recovery system for staff who have been overpaid.

- **Continence Services (Risk Register 4170, LPE/21/00237)**

There is a risk that Care and Nursing Homes may continue to order Continence Products in the name of deceased patients, by using an automated ordering system.

This has been confirmed by the NHS Counter Fraud Authority who have issued Fraud Prevention Notices on the risk of fraud in Continence Services.

(FPN-H-004-21) National Proactive Exercise Continence Services – ordering for deceased patients on 14 June 2021.

(FPN-M-006-19) Continence Services – ordering for deceased patients on 19 June 2020.

This may lead to an impact or have effect on the Health Board's finances.

***Controls in place***

- a) The Health Board has processes in place, which are operated by its Continence team which help to reduce the likelihood and/or impact of the risk were it to materialise.

***Further action to achieve target risk score***

- a) Contact to be made with the Continence team to ensure the fraud preventions measures contained in the NHS CFA's National Proactive Exercise FPN are actioned and implemented.
- b) An LPE to be completed to assist in the mitigation of this risk.

- **Payroll Fraud – Misrepresentation of Qualifications, Skills and Experience (Risk Register 4171, LPE/21/00231)**

There is a risk that employees may misrepresent the qualifications, skills and experience that they hold, in order to obtain an NHS job.

This has been confirmed by the NHS Counter Fraud Authority who have issued a Fraud Prevention Notice on this subject, (FPN-M-0-007-20) Payroll Fraud – Misrepresentation of Qualifications, Skills and Experience on 25 February 2020.

This may have impact or effect on the Health Board's finances when persons gain access to NHS employment under false pretences, but may also hold professional conduct and governance issues around safeguarding patients.

### ***Controls in place***

- a) The Health Board has processes in place to help reduce the likelihood and/or impact of the risk were it to materialise.
- b) Payroll Fraud Guidance for prevention, detection and investigation issued by the NHS CFA in March 2019 and advice on NHS Employment to be followed.

### ***Further action to achieve target risk score***

- a) Assurance has been sought from the W&OD department, Recruitment teams at NWSSP and the Health Board and Senior Management.

- **Hospital Mortality Services (Risk Register 4172, LPE/21/00234)**

Concerns have been raised with NHS CFA around weaknesses in the mortality process within NHS hospitals.

Initially there were two key risk areas within this process:

- 1) Mortuary assistants and staff members involved in the hospital mortuary process where they are being paid cash-in-hand amounts by Funeral Directors during their contracted NHS hours for the bodies to be washed, cleaned, dressed and prepared for funerals due to lack of capacity in funeral homes.
- 2) A private fee is paid to doctors in order to complete the cremation forms (in particular forms 4 and 5) during their NHS contracted hours, which should therefore be recuperated by the NHS organisation.

The NHS CFA received some reports concerning the manipulation of procedures in place for financial gain, by the NHS staff involved in the mortality process in hospitals.

This was confirmed by the NHS CFA who have issued a Fraud Prevention Notice (FPN-M-004-20) Hospital Mortality Process – Assessment of private work conducted in NHS time on 19 June 2020.

### ***Controls in place***

- a) The Health Board has processes in place to help reduce the likelihood and/or impact of the risk should it materialise.
- b) The Health Board has published on its intranet site a document called “Once for Wales Concerns Management System – Datix Cymru Mortality Review Module, Functional User Guide.

### ***Further action to achieve target risk score***

- a) A review and subsequent overhaul of the post-mortem system within BCUHB was carried out with the decision made to consolidate the service from three sites of operation to one central mortuary at YGC.  
This base is now being used to carry out post-mortem examinations with the previous two mortuaries at YG in Bangor and YWM in Wrexham now only being used for storage, family viewing and undertaker transfer.
- b) This centralisation has helped to relieve the shortages in trained staff to carry out the procedures and also to introduce better supervision and standardisation of payment policies being implemented with all Coroner and third party payments being made direct to Finance at the Health Board.

### **Risk Indicators**

Indicators from the UK Cabinet Office, Welsh Government and the NHS CFA indicate that fraud risks remain high.

The risk of economic crime against the NHS and other public sector bodies will continue and increased during the Covid-19 pandemic as criminals will exploit new avenues specific to the pandemic for financial gain, but also target the NHS specifically when the focus of NHS staff is on care and treatment of their patients.

Relaxation of Covid-19 restrictions should not lead to casual attitudes towards attempts of potential economic crime aimed at the Health Board or wider NHS. All BCUHB staff and contractors should continue to remain vigilant.

The principal threat remains within NHS procurement; examples of this will include invoice fraud, the procurement of goods and services which do not exist and banking mandate fraud.

Robust counter fraud measures are embedded within the Health Board’s procurement systems which include well-established internal controls, which follow NHS CFA guidance and best recommended practice.

#### 4. Hold to Account

Information relating to investigations for 2023/24 is detailed in Appendix D and Appendix E; which includes all cases which are recorded on the NHS CFA case management systems FIRST and Clue which information has also been reported to Welsh Government.

#### Analysis of Investigation Case Register from April 2023 to March 2024

Open cases at 1 April 2023:		16		
Month	New referrals received	Investigations transferred	Investigations closed	Cases open at month end
April	5		1	20
May	3			23
June	5		3	25
July	5		4	26
August	3		3	26
September	3			29
October	2	1	2	28
November	1	2	1	26
December	2		1	27
January	6		12	21
February	3		1	23
March	1		1	23

On-going investigation cases at the beginning of the financial year 2023/24 stood at a total of 16. During the year a total of 39 new cases were accepted for investigation and 29 cases were closed on the NHS CFA case management system 'Clue'.

Three cases were transferred to LCFS colleagues working for the NHSBSA, in Bristol or for CFS Wales with each accepting one case for investigating, leaving 23 cases being directly investigated by the Health Board's Local Counter Fraud Service team at year end.

In addition to the cases being investigated by the Local Counter Fraud Service team, CFS Wales are investigating four cases on behalf of BCUHB at 31 March 2024. Quarterly update reports on progress of these complex cases are provided to the Health Board by the Head of CFS Wales or his Deputy. CFS Wales closed eight cases they were investigating for BCUHB on case management system 'Clue' during 2023/24.

LCFS continues to work with North Wales Police in criminal investigations and matters which are being led by the Police.

The Local Counter Fraud Service team continues to undertake enquiries on Information Reports that are received direct from the NHS CFA Central Intelligence Unit, originating from the Fraud and Corruption Reporting Line and on-line reporting tools.

## 5. Recommendations arising from counter fraud work

A fraud prevention tracking tool is in place to develop, strengthen and protect the Health Board's systems and processes from fraud, and to ensure Audit Committee approved recommendations are fully implemented.

The Health Board should ensure that the Audit Wales recommendations which have been published in its report: "Effectiveness of Counter-Fraud Arrangements – Betsi Cadwaladr University Health Board", are included in the current Audit Committee tracking tool to ensure that these recommendations are implemented by the Health Board.

The Audit Wales report is available at:

[https://www.audit.wales/sites/default/files/bcucf\\_0\\_10.pdf](https://www.audit.wales/sites/default/files/bcucf_0_10.pdf)

The Health Board should develop and introduce a formal policy on Overseas Visitor Patients, to allow the Welsh Government guidelines on Overseas Visitor Patients to be fully implemented by the Health Board and reduce any potential loss of income.

Latest update on the revised Private Practice Policy (MD14) including fraudproofing recommendations is that this will go to the Medical Workforce Group, and is then scheduled for the Strategic Clinical Effectiveness Group (SCEG) before being noted in the Quality, Safety and Patient Experience Committee (QSE) and formal upload onto the Health Board's intranet by the Policies Group and an e-mail sent out to notify all staff later in 2024.

The Health Board should consider developing a Standard Operating Procedure for dealing with the reported Theft of NHS Property.

## 6. Conclusion and Recommendations

The report sets out the work of the LCFS and confirms the mixture of both proactive and reactive Local Counter Fraud work, which has been undertaken, to ensure that the Health Board has proper arrangements in place for the prevention and detection of Fraud, Bribery and Corruption.

The Audit Committee is requested to consider the actions, which have been taken and note the report.

## Appendix A – Counter Fraud Activity

This section of the annual report details the total counter fraud resources used by the Health Board. This information is required to be included in the counter fraud annual report in order for the Health Board to be compliant with the Counter Fraud Functional Standard NHS Requirement 1B.

Area of activity	Days used
Proactive work	393
Reactive work	303
<b>Total days used</b>	<b>696</b>

## Appendix B – Counter Fraud Costs

This section of the annual report details the total costs of the counter fraud resources used by the organisation. This information is required to be included in the counter fraud annual report in order for the organisation to be compliant with the Counter Fraud Functional Standard NHS Requirement 1B.

Cost of Counter Fraud, Bribery and Corruption Work	Total Costs £
Proactive costs	105,721
Reactive costs	81,510
<b>Total costs</b>	<b>187,231</b>

## Appendix C – Nominations Overview

This section of the annual report details the nominated officers at the Health Board during the reporting period, including all supporting LCFS. If any of the nominations have changed during the year, the date of the change should be included.

This information is required to be included in the counter fraud annual report in order for the Health Board to be compliant with the Functional Standard NHS Requirement 1B and 9.

Role	Name of Nominated Person	Date of Change
Accountable Board Member	Steve Webster	01/01/23
Accountable Board Member	Russell Caldicott	01/07/23
Audit Committee Chair	Karen Balmer	01/04/23
Counter Fraud Champion	Phil Meakin	01/04/23
Lead LCFS	Karl Woodward	
Support LCFS	Sjef Molmans	
Support LCFS	Graham Jones	

## Appendix D – FIRST Case Information Overview

This section of the annual report details all the activity recorded on the FIRST Case Management System. This information is required to be included in the counter fraud annual report in order for the Health Board to be compliant with the Functional Standard NHS Requirement 1B, 6, 7 and 8.

<b>FIRST Information</b>	<b>Number</b>
<b>Information Reports carried forward from previous year</b>	0
<b>Cases carried forward from previous years</b>	1
<b>Information Reports closed during period</b>	0
<b>Cases Opened during the period</b>	0
<b>Cases Closed during period</b>	0
<b>Cases Ongoing</b>	1

## Appendix E – ‘CLUE’ Investigation Information

This section of the annual report details all the activity recorded on the ‘CLUE’ Case Management System. This information must be included in the counter fraud annual report in order for the Health Board to be compliant with the Counter Fraud Functional Standard NHS Requirement 1B, 6, 7 and 8.

CLUE Information	Number
Incidents carried forward from last year	1
Incidents opened during the period	2
Incidents closed during the period	3
Incidents ongoing	0
Investigations carried forward from last year	16
Investigations opened during the period	39
Investigations closed during period (*)	32
Investigations ongoing	23

(\*) closed cases include three cases which are closed for the Local Counter Fraud Service team at BCUHB, but were transferred during the year to LCFS colleagues in NHS England and Wales for their investigation

Incident and intelligence reporting at the NHS CFA was changed during 2023/24. The Central Intelligence Unit (CIU) at NHS CFA upgrades incident and intelligence reports (in past sent to LCFS as Intel and CIT reports) on Clue direct to investigations for LCFS on the Case Management System. One such intelligence report Intel 20221012-CIT 96834 was forwarded from 2022/23 to this year and when checks were concluded, is now closed.

National intelligence reports (called IBURNs) remain to be sent by CIU to LCFS for urgent action. LCFS undertake the required internal checks and share with relevant Health Board colleagues. Two IBURNs were shared with the Local Counter Fraud Service team during 2023/24 and are closed; 1) IBURN 2023-04-001-Financial Agency Worker and 2) IBURN 2023-09-001-Secondary Employment on a Skilled Worker Visa.

## Appendix F – Fraud Risk Based Exercises

This section of the annual report details all the Fraud Risk Assessments (FRAs), Local Proactive Exercises (LPEs) and System Weakness Reports (SWRs) undertaken. This information is required to be included in the counter fraud annual report in order for the Health Board to be compliant with the NHS Counter Functional Standard NHS Requirement 1B, 3, 5, 6, 8 and 10.

Fraud Risk Assessments	Number
Number of FRAs reviewed in line with the Health Board's risk management policy	9
Number of new FRAs recorded in line with the Health Board's risk management policy	9

Local Proactive Exercises	Number
Number of LPEs conducted during the year	9
Number of LPEs recorded on the NHS CFA Case management system as per component 8	9
Number of LPEs concluded during the year	8

System Weakness Reports	Number
Number of SWRs identified during the year	1
Number of SWRs concluded during the year on the NHS CFA Case management system as per component 8	1
Number of new processes adapted or introduced as a result of SWRs	1

The system weakness reported related to an investigation into the recruitment of a new member of staff not declaring previous disciplinary outcomes and that he was under criminal investigation or convicted. The SWR with recommendations on the recruitment process was shared internally at the Health Board and with CFS Wales.

In addition the NHS CFA issued seven Fraud Prevention Notices (FPNs) during 2023/24.

The Local Counter Fraud Service team shared the FPNs internally and any supplement guidance documents with the relevant Health Board staff;

- FPN working elsewhere V1.0
- Mandate Fraud FPN v1.0
- FPN H-003-23 Impersonating a medical professional v0.1
- LFPN 04 2023 - 2024 - False IELTS Certificates and checking service
- FPN L-004-23 Salary Sacrifice Scheme Fraud V1.0
- FPN H-005-23 False IELTS V1.0
- FPN Timesheet Overpayments - M-008-20

The Local Counter Fraud Service team have also advised colleagues at the Health Board on potential fraud related queries on 121 occasions during 2023/24 and assisted with fraudproofing recommendations with internal documents, procedures or policies nine times;

- Declaring disciplinary and/or criminal investigations and outcomes during the recruitment process at BCUHB
- The advice provided on the aforementioned, declaring disciplinary and/or criminal investigations and outcomes during the recruitment process, was forwarded to CFS Wales as good practice intended for sharing across NHS Wales
- Policy P01 – Third Sector Contract Review Framework
- MM01 – BCUHB Medicines Policy
- The BCUHB Standard Financial Instructions (SFI) and Scheme of Reservation and Delegation (SoRD)
- Budget Manager’s Handbook
- Financial procedure F11 – Debit and Credit Card Payment Procedure
- Financial procedure F12 – Debit and Credit Card Refund Procedure
- Financial procedure F04 – Cash collection, receipting and banking arrangements Procedure

## Appendix G - Sanction & Redress Overview

This section of the annual report details any sanctions and redress activity undertaken. This information is required to be included in the counter fraud annual report in order for the Health Board to be compliant with the Counter Fraud Functional Standard NHS Requirement 1B, 6 and 8.

Sanction Imposed	Number
<b>Disciplinary</b>	2
<b>Disciplinary - resigned before or during hearing</b>	4
<b>Civil</b>	1
<b>Criminal</b>	0
<b>Total Sanctions</b>	7

Redress Imposed	Total Amount £
<b>Fraud identified</b>	0
<b>Fraud Prevented</b>	54,192
<b>Fraud Recovered</b>	0
<b>Non – Fraud Loss Figure</b>	2,813
<b>Non – Fraud Identified</b>	0
<b>Non – Fraud Recovered</b>	2,813

## Appendix H - Key Performance Targets

The Key Performance Targets to cover the period 1 April 2023 to 31 March 2024 are shown in the table below:

Task	Comment
Head of LCFS to hold regular meetings with DoF, to review objectives and evaluate the work to date.	Achieved
Head of LCFS to meet regularly with the Fraud Champion to identify target audiences for Fraud Awareness presentations and discuss promoting counter fraud work and awareness within BCUHB.	Achieved
The Executive DoF ensures the required documentation is provided to support the NHS CFA nomination process.	Achieved
The Executive DoF to act as the link between the Audit Committee and Risk Management Group to allow key risks to be identified, managed and mitigated.	Achieved
Head of LCFS to meet in private quarterly with the Chair of Audit Committee at the request of the Executive DoF.	Achieved
The Executive DoF ensures that relevant and timely information regarding counter fraud, bribery and corruption work is shared with CFS Wales and NHS CFA upon request.	Achieved
LCFS to produce the BCUHB Counter Fraud Annual Report, Quarterly Progress Reports and Annual Workplan which is to be agreed with the DoF and ratified by the Audit Committee.	Achieved
Head of LCFS to privately meet quarterly with the Chair of Audit Committee, at the recommendation of the Executive DoF, where organisational and emerging risks are raised. In addition and when requested Head of LCFS to attend pre-audit committee meetings with non-executive Audit Committee and Board Members.	Achieved
Preparation and attendance at Audit Committee meetings. Local Counter Fraud Service is a standing agenda item at Audit Committee where produced Quarterly Progress and Annual Report including Workplan, are presented. Head of LCFS also to provide oral report to questions raised during Audit Committee.	Achieved
Head of LCFS to prepare and submit CFFSR annually and include this in the Annual Report with the appropriate signed statement of assurance, to present to Audit Committee.	Achieved
The Audit Committee ensure LCFS recommendations are minuted, recorded on the Action Tracker control tool and actioned.	Achieved
The Board Secretary was nominated to act as the Fraud Champion, which had been approved by the Audit Committee Chair.	Achieved

Task	Comment
<p>LCFS to facilitate BCUHB's ongoing commitment to promote NHS Fraud awareness and identifying LCFS to both internal and external customers (staff, contractors and suppliers) and stakeholders. The role of Fraud Champion to assist.</p> <p>Undertake a local annual staff survey to evaluate the level of fraud, bribery and corruption awareness.</p> <p>Survey outcomes to direct corrective and preventative measures to ensure a lower level of risk to economic crime for BCUHB.</p> <p>Review of Local Counter Fraud Service resources and contingency planning.</p>	<p>Achieved</p> <p>Not Achieved</p> <p>Not Achieved</p> <p>No action taken by Health Board</p>
<p>The Local Counter Fraud, Bribery and Corruption Policy F03 including response plan, which covers BCUHB's Counter Fraud, Bribery and Corruption strategy, was last updated and agreed end of 2021/22. It now includes and makes reference to the Government Functional Standard GovS 013: Counter Fraud.</p> <p>Provide evidence of the updated F03 Policy, the Local Counter Fraud Service strategy and response plan on request of the NHS CFA.</p> <p>Ensure promotion of the F03 Policy including the do's and don'ts on how to report fraud, bribery and corruption. Include the Fraud Reporting Telephone Line and Online tool and include LCFS contact details on all media available to LCFS including the Counter Fraud page on the Health Board intranet.</p> <p>Review the F03 Policy and amend as appropriate.</p> <p>Ensure reference to the updated F03 Policy in all Health Board policies and protocols deemed to be immediately critical to the Local Counter Fraud Service function to confirm that these policies and protocols are adequately robust to counter the risk of BCUHB to economic crime.</p> <p>Measure staff awareness of the F03 Policy and response plan through the local annual staff survey. And establish if staff besides the policy and plan, are aware of correct procedures associated with reporting fraud, bribery and corruption. Take corrective action when and where appropriate.</p> <p>BCUHB's Local Counter Fraud Service Workplan and Annual Report are presented to the Audit Committee and Welsh Government. Review if LCFS resources continue to be adequate or require changing as they no longer align to locally identified risks to economic crime.</p>	<p>Achieved</p> <p>Achieved</p> <p>Achieved</p> <p>Not Achieved</p> <p>Achieved</p> <p>Not Achieved</p> <p>Achieved</p>
<p>Undertake honest, realistic and comprehensive risk assessment against the Health Board's Risk Management Policy to identify local fraud, bribery and corruption risks and when identified, record these on the BCUHB Risk Management Register.</p>	<p>Achieved</p>

Task	Comment
<p>Monitor and report identified fraud risks to Senior Management, to ensure that these risks are mitigated to a low or acceptable for the Health Board before considering closure on the Risk Register and, since the start of the new case management system, on Clue when recorded as a Local Proactive Exercise (LPE, asterisk below recorded on Clue).</p>	<p>Achieved</p>
<p>Report progress on and status of identified fraud risks to DoF and through Progress Reports to Audit Committee including if allocated resources to mitigate the fraud risk are adequate.</p>	<p>Achieved</p>
<p>Recorded and current identified fraud risks to BCUHB:</p> <ul style="list-style-type: none"> <li>• Salary Overpayments</li> <li>• Overseas Visitor Patients Fraud</li> <li>• General Medical Services – Patients Capitation / Registration Fees</li> <li>• Pharmaceutical Fraud</li> <li>• Cyber Enabled Salary Diversion</li> <li>• Payroll Fraud – Misrepresentation of Qualifications, Skills and Experience (*)</li> <li>• Hospital Mortality Services (*)</li> <li>• Continence Services (*)</li> </ul>	<p>Achieved</p>
<p>Similar, record two recently identified risks on the Corporate Risk Register:</p>	<p>Not Achieved</p>
<ul style="list-style-type: none"> <li>• Optical Fraud</li> <li>• Non-compliance of staff to the Declaration of Interest, Hospitality and Gifts Protocol and Registers</li> </ul>	<p>Not Achieved</p>
<p>LCFS to develop a mechanism of outliers against common themes of incorrect General Ophthalmic Services claiming and record this as an LPE on Clue. Review NWSSP-PPV reports issued and identify contractors who score poorly against these outliers and decide if further enquiries are required.</p>	<p>Not Achieved</p>
<p>Risk assess newly issued Fraud Prevention Notices (FPNs) by the NHS CFA during the year. Record on Clue as an LPE and on the corporate Risk Register when the perceived risk to the Health Board is considered too high. When necessary, address the need of additional resources to mitigate the fraud risk to the Health Board.</p>	<p>Achieved</p>
<p>Assist NHS CFA with mandatory National Proactive Exercises (NPE).</p>	<p>Achieved</p>
<p>LCFS to review and assist with fraud proofing existing or new local policies and protocols for BCUHB, ensuring these remain or are fit for purpose. Maintain records of which local policies and protocols were reviewed for reporting purposes.</p>	<p>Achieved</p>
<p>Review if NWSSP and BCUHB internally have incorporated the recommendations made in the Thematic Assessment Report issued pre-Covid (March 2020). This will require</p>	<p>Partially Achieved</p>

Task	Comment
<p>checks with NWSSP and with BCUHB corporate departments like Finance and W&amp;OD.</p> <p>Standards reviewed in the Thematic Assessment were:</p> <ul style="list-style-type: none"> <li>• Pre-employment checks</li> <li>• Procurement Fraud</li> <li>• Invoice Fraud</li> </ul>	
<p>The annual Local Counter Fraud Service Workplan contains resource metrics against proactive and reactive activities including activities following from risk assessments and identified risks, FPNs, LPEs and investigations.</p> <p>Report progress quarterly and annually on proactive and reactive activities to the Audit Committee and also through established quarterly statistical reporting via CFS Wales to Welsh Government.</p> <p>Ensure to immediately report inadequate resource levels when these occur throughout the year.</p> <p>Undertake organisational data bench marking to identify if the current LCFS resource remains adequate to match the increased threat of fraud which is being faced by the Health Board.</p> <p>Measure performance against planned LCFS resources and costs and report to the Audit Committee in the Annual Report which is shared with Welsh Government, for the Chair of Audit Committee to prepare a briefing report to the Board of Directors. Include the actual LCFS resources and costs in the submitted CFFSR at the end of the financial year.</p> <p>Utilise the new case management system Clue for proactive activities like LPEs and report on progress and outcomes.</p> <p>Remain using the old case management system FIRST for on-going investigations with the view to close on the earliest opportunity, reporting on outcomes, sanctions and system weaknesses found.</p> <p>Utilise the case management system Clue for each new allegation of economic crime against the NHS leading to investigation. Report on progress, outcomes, sanctions and system weaknesses.</p> <p>Report successful metric outcomes quarterly to Audit Committee and in statistical reports via CFS Wales to Welsh Government. The outcomes can be evidenced via the approved NHS fraud case management systems (old and new).</p>	<p>Achieved</p> <p>Achieved</p> <p>Achieved</p> <p>Benchmarking not undertaken</p> <p>Achieved</p> <p>Partially Achieved</p> <p>Achieved</p> <p>Achieved</p> <p>Achieved</p>
<p>The Health Board has an approved Local Counter Fraud, Bribery and Corruption Policy F03 in place. The F03 Policy includes a counter fraud response plan and the do's and don'ts on how to report fraud, bribery and corruption. It includes reference to the Fraud Reporting Telephone Line and Online tool, CFS Wales and LCFS.</p>	<p>Achieved</p>

Task	Comment
<p>Promote the F03 Policy, its contents, reporting of NHS fraud, bribery and corruption and LCFS contact details on all media available to LCFS including the Counter Fraud page on the Health Board intranet.</p>	<p>Achieved</p>
<p>Make reference to the F03 Policy in Health Board policies, protocols and procedures.</p>	<p>Achieved</p>
<p>Measure staff awareness of the F03 Policy and response plan through the local annual staff survey. And establish if staff besides the policy and plan, are aware of correct procedures associated with reporting fraud, bribery and corruption. Take corrective action when and where appropriate.</p>	<p>Not Achieved</p>
<p>Ensure there are effective lines of communication between LCFS and other key staff groups and managers within BCUHB.</p>	<p>Achieved</p>
<p>Maintain unrestricted access to key staff groups e.g. Audit Committee, Chair and non-executive members.</p>	<p>Achieved</p>
<p>Continue with regular liaison with the Head of CFS Wales on all operational matters, ensure information reports are reviewed and all cases are recorded on case management system Clue timely.</p>	<p>Achieved</p>
<p>Liaise with Senior Security Officers at BCUHB, keeping each other informed of local concerns and issues.</p>	<p>Achieved</p>
<p>Attend regular Senior Management meetings internally at BCUHB with the following Corporate Functions; Finance, W&amp;OD, Information Governance and Estates.</p>	<p>Not Achieved</p>
<p>Interact and meet on behalf of BCUHB when required with key managers and stakeholder groups at NWSSP; Internal Audit, Procurement and Payroll. Exchanging relevant information and providing necessary support and guidance.</p>	<p>Achieved</p>
<p>Maintain existing regular meetings in place internally with Primary Care Contracting including Dental and externally with NWSSP-PPV nationally and locally.</p>	<p>Achieved</p>
<p>Attend quarterly CD LIN meetings. Maintain a close working relation with Pharmacy &amp; Medicines Management colleagues and the CDLO of North Wales Police.</p>	<p>Achieved</p>
<p>Where fraud, bribery or corruption has been identified, the LCFS will consider the full range of available sanctions available; criminal, civil, disciplinary and/or regulatory in line with "Parallel Criminal and Disciplinary Investigations Policy" guidelines.</p>	<p>Achieved</p>
<p>When requested, LCFS to assist with joint operations in the NHS with may involve NHS CFA, CFS Wales, W&amp;OD or Internal Audit. Or external agencies like North Wales Police, DWP, Home Office/UKBA or HMRC.</p>	<p>Achieved</p>

Task	Comment
<p>Ensure that case management system Clue is used to record all reports of suspected fraud, bribery and corruption. Investigate allegations and record all activity; investigation plan, progress sheets, decision logs, retain evidence etc. in cases including all outcomes, sanctions and financial recoveries.</p>	<p>Achieved</p>
<p>Identify all system weaknesses of cases under investigation and record prevented financial losses (savings), Check if recommendations made have been followed up.</p>	<p>Achieved</p>
<p>Report all system weaknesses to the Audit Committee. Ensure all remedial actions are taken to address identified systems weakness internally at BCUHB and NWSSP. Recommendations made should be acted on by the Health Board to strengthen internal controls if they are found to be operating not as well as intended and learn lessons from fraud incidents.</p>	<p>Achieved</p>
<p>Determine if identified system weaknesses from cases are of such importance to the Health Board or involve multiple departments at BCUHB and/or NWSSP, that consideration should be given to Risk Assessment, inclusion on the BCUHB Risk Register and if this should lead to a separate LPE on Clue to be opened.</p>	<p>Achieved</p>
<p>Log all progress made on identified fraud risks on the Risk Register and for LPEs and NPEs on Clue.</p>	<p>Achieved</p>
<p>Record all fraud losses identified and prevented from System Weaknesses, Risk Assessments and FPNs which led to an LPE or NPE on Clue.</p>	<p>Achieved</p>
<p>Discuss with NHS CFA if fraud losses identified and prevented during on-going risks to fraud, bribery and corruption which are recorded on the Risk Register, but before case management system Clue was in place, should be included in formal reports.</p>	<p>Achieved</p>
<p>Agree a mechanism and standard of recording prevented fraud losses (savings) with NHS CFA and CFS Wales across all LCFS work undertaken.</p>	<p>Achieved</p>
<p>BCUHB has a Local Counter Fraud Service team of 3 LCFS (equates to 2.91 FTE) who are accredited, nominated and appropriately trained counter fraud staff, employed to conduct the full range of duties associated with countering fraud, bribery and corruption on behalf of the organisation for North Wales.</p>	<p>Achieved</p>
<p>In addition the team is supported by the CFASO (0.5 FTE) who was trained by the NHS CFA to assist LCFS.</p>	<p>Achieved</p>
<p>There is a clear structure set out at the Health Board of roles and responsibilities in relation to Local Counter Fraud Service. Monitor resources and decide if the roles and responsibilities remain fit for purpose against the overall risk</p>	<p>Achieved</p>

Task	Comment
of economic crime to BCUHB. Consider contingency planning.	
Notify the NHS CFA and CFS Wales of any changes in LCFS nominations and other roles to manage the local counter fraud function for BCUHB, on the earliest opportunity and complete nomination forms on request.	Achieved
Local Counter Fraud Service team members to attend appropriate training to enhance skills and specialised professional knowledge. LCFS to attend regional All Wales LCFS Forums for discussion and guidance, and where NHS CFA training may be provided.	Achieved
Regular attendance of LCFS at NHS CFA, Wales Fraud Forum (WFF) or University of Portsmouth (UoP) Webinars.	Achieved
Attendance of LCFS at Cabinet Office's Fraud & Error, WFF and/or UoP Conference.	Not Achieved
Reference of continuous professional development including mandatory training is made during annual staff appraisals (PADR) and recorded on ESR.	Achieved
The LCFS maintains the appropriate standards of confidentiality and security. Investigations carried out will comply with all relevant legislation.	Achieved
LCFS continue to have secure access to the tools, NHS systems and resources including offices and storage facilities in their office and on site utilised effectively for retention and storage of evidential data only accessible by them, necessary to professionally carry out their role and comply with legal requirement.	Achieved
Record investigations on case management system Clue and enter investigation plan. Progress sheets and decision logs are updated. In addition, all relevant documentation, statements, exhibits and evidential files relating to the investigation of cases are regularly updated and attached in Clue.	Achieved
LCFS ensures to undertake all investigative tasks in line with NHS CFA guidance provided in their Fraud Manual and Investigation Case File Toolkit.	Achieved
LCFS will complete all witness statements and evidential case files in line with NHS CFA best practice model and National File Standard ensuring compliance with legal requirements.	Achieved
LCFS will plan and prepare for all Interviews Under Caution (IUC), develop and interview plan, assess the suspect's fitness for interview, and setting up an appropriate location. IUCs are conducted and evaluated in accordance with legislation (PACE) and other guidelines using appropriate interview techniques and communication skills.	Achieved
LCFS to maintain comprehensive records of investigation time spent in each individual case to ensure inclusion in any	Achieved

Task	Comment
<p>compensation claim made by BCUHB. Identify and maintain a record of the actual proven loss to the Health Board in order that appropriate recovery procedures can be initiated and progressed where viable.</p> <p>LCFS to compile formal case file and produce all relevant MG forms in cases progressing to Court. Liaise with CFS Wales and The Crown Prosecution Service on the earliest opportunity.</p> <p>Ensure a procedure is in place to recover funds that have been lost or diverted as a result of fraud, bribery and corruption in line with the Health Board's own F03 Policy and as described in the NHS CFA Fraud Manual.</p> <p>Undertake effective liaison with other Health Board members of staff including W&amp;OD and where necessary other relevant Health organisations and Professional Bodies for example NMC, GMC and GDC, to ensure that sanctions, such as internal disciplinary action is not applied in isolation where there are indications of potential wider fraudulent activity and/or professional misconduct.</p> <p>LCFS will engage with external investigators from other organisations and agencies including Police, Home Office/UKBA, DWP, HMRC, Local Authorities, Regulatory and Professional bodies, complying with relevant legislation and organisational policies when countering fraud bribery and corruption.</p>	<p>Achieved</p> <p>Achieved</p> <p>Achieved</p> <p>Achieved</p>
<p>LCFS to use relevant information and intelligence available to BCUHB to identify anomalies that may be indicative of fraud, bribery and corruption and suitable arrangements to support the prevention and detection of fraud are in place to be able to respond appropriately where fraud occurs.</p> <p>Relevant information and intelligence may include, but is not limited to, FPNs received from NHS CFA, an embedded Risk Register which is regularly reviewed by Senior Management and analysis of NHS data available internally and from NWSSP.</p> <p>Work closely with Patient Registration at NWSSP and Primary Care Contractors and communicate 'best practice' to GP surgeries including guidance to minimise the impact of multiple or incorrect patient registration fraud. Inform Finance where and when appropriate.</p> <p>Monitor patient and Suspected Drug Abuse alerts received from NWSSP or LCFS colleagues and ensure these are communicated through established internal channels to relevant staff at BCUHB.</p> <p>Ensure reported Lost/Stolen Prescriptions and Suspected Drug Abuse is actioned by informing relevant Health Board staff and externally by completion of NWSSP template alerts distributed effectively to Primary Care Contractors through their communication channels. LCFS to liaise with the CDLO for North Wales Police.</p>	<p>Achieved</p> <p>Achieved</p> <p>Achieved</p> <p>Achieved</p> <p>Achieved</p>

Task	Comment
<p>LCFS to review and process Pharmacy Reward Scheme forms.</p>	<p>Achieved</p>
<p>Regular meetings with Security at BCUHB keeping each other informed of local concerns and issues and if incidents require further inquiry from Security or LCFS.</p>	<p>Achieved</p>
<p>Discuss with Internal Audit potential system weaknesses identified during audits undertaken or from investigations to establish areas of concern which may be at risk to fraud, bribery or corruption for preventative action to be taken. Highlight LCFS work undertaken on LPEs and mandatory NPEs.</p>	<p>Achieved</p>
<p>LCFS to maintain existing relationship with NWSS-Payroll and Accounts Receivable at BCUHB Finance encouraging data sharing on salary overpayments and advise where appropriate.</p>	<p>Achieved</p>
<p>LCFS to review all NWSSP-PPV reports issued to GMS and GOS practices on behalf of the Health Board, advise where appropriate and highlight those practices which stand out against outliers and may require further scrutiny. Local quarterly meetings are held with PPV and Primary Care Contracting staff to discuss individual GP and Ophthalmic Practices. National quarterly meetings are held with PPV and all LCFS in NHS Wales to discuss overall claiming trends and highlight areas of concern.</p>	<p>Achieved</p>
<p>LCFS continues to analyse prescribing and Choose Pharmacy data discussing this internally with Pharmacy colleagues, with LCFS colleagues and with the national NWSSP-PPV to protect the NHS against unwanted claiming from Community Pharmacies. This should ultimately lead to either more meaningful PPV (electronic) visits in GPhS or checks that can be undertaken internally at BCUHB by Pharmacy and/or Primary Care Contracting staff. Concerning claims for prescribing should be reported to LCFS.</p>	<p>Achieved</p>
<p>LCFS to meet quarterly with the Dental Contracting team at BCUHB. Reports of concerning dental claims of UDAs/UOAs should be shared with LCFS for further enquiries. LCFS will work with and advise the Dental Contracting team on the new claiming and payment system Eden in GDS.</p>	<p>Achieved</p>
<p>Recruitment at NWSSP and W&amp;OD to conduct full employment checks for new Health Board staff in line with NHS Employer's Guidance. These checks to include photographic ID checks, employer's reference checks, Disclosure &amp; Barring checks, right to work in UK (checks to be made with Home Office/UKBA if necessary), professional registration checks and academic qualification checks. Anomalies arising from pre-employment checks to be referred to LCFS for consideration.</p>	<p>Partially Achieved</p>
<p>The All Wales Employment Policy stipulates that all employees of the Health Board must inform their manager</p>	<p>Partially Achieved</p>

Task	Comment
<p>at the commencement (time of charge) of any criminal proceedings being brought against them and of any criminal conviction(s) or criminal caution received.</p> <p>The Health Board to ensure that it receives assurances from all employment agencies that that appropriate vetting checks have been carried out on agency staff being supplied to work for BCUHB.</p>	Partially Achieved
<p>Meet with Senior Management at W&amp;OD to discuss and liaise on staff issues identified as per protocol, for example non-reporting of staff of criminal proceedings or when internal disciplinary indicate potential financial Health Board losses to economic crime.</p>	Partially Achieved
<p>LCFS to review and test existing Procurement controls including the tendering process ensuring they remain proportionate and fit for purpose.</p>	Achieved
<p>Processes to be reviewed by Internal and External Audit to ensure financial control procedures are being adhered to and maintained, and that staff have received appropriate training to raise awareness.</p>	Achieved
<p>LCFS maintains existing relationship with Finance and disseminate information to Finance staff to prevent potential fraudulent activity from internal and external sources. Staff to be briefed in relation to current trends of criminal activity.</p>	Achieved
<p>LCFS to attend quarterly Senior Finance Management meetings with the view to ascertain variances are scrutinised as unusual high or sudden expenditure might indicate unwanted diversion of BCUHB funds. Suggested areas could include: overtime payments, on call payments, expenses or even overpayments of external contractors or suppliers.</p>	Not Achieved
<p>LCFS to maintain clear segregation of duties to prevent potential diversion of NHS funds by Finance staff.</p>	Achieved
<p>LCFS to ensure that information reports and intelligence received from NHS CFA Central Intelligence Unit are all acted upon, internal enquiries are made promptly and outcome is reported to NHS CFA via CFS Wales. And vice versa intelligence detected at BCUHB which may affect other NHS organisations, is reported to CFS Wales and NHS CFA if required.</p>	Achieved
<p>Liaison with Information Governance, Clinical Governance and Complaints on incidents which may require LCFS advice or their further enquiries.</p>	Achieved
<p>Liaison with North Wales Police and Home Office Immigration/UKBA.</p>	Achieved
<p>Activities undertaken for the National Fraud Initiative (NFI) exercise may indicate matches which after enquiries are made, cannot be closed and anomalies detected may then require formal recording as an investigation on case management system Clue.</p>	Achieved

Task	Comment
<p>When data analysis, formal reports, enquiries, NFI Data, liaison or meetings etc. detect an anomaly that requires investigation and formal recording on Clue, LCFS activities change from proactive to reactive.</p>	<p>Achieved</p>
<p>There is an ongoing programme to raise awareness at BCUHB of fraud, bribery and corruption in line with the NHS CFA strategy.</p>	<p>Achieved</p>
<p>Use a range of methods appropriate to different staff groups at BCUHB which may include induction, presentations incl. mandatory e-learning, quarterly newsletters, posters etc.</p>	<p>Achieved</p>
<p>Internal reporting channels for suspicions of economic crime, show besides LCFS contact details also the national Fraud and Corruption Reporting Line and online fraud reporting tool, are publicised in the Counter Fraud, Bribery and Corruption F03 Policy, on relevant documents and the Health Board's intranet.</p>	<p>Achieved</p>
<p>Review local fraud material generated to promote Counter Fraud, Bribery and Corruption work being undertaken by LCFS at BCUHB and ensure it remains fit for purpose, where necessary remove/update information accordingly and to reflect any changes in legislation, policy or working practices.</p>	<p>Achieved</p>
<p>Where appropriate use electronic and written information/newspaper articles, from other Health Boards, the NHS CFA NGage page or other web pages to inform and to publicise successful cases and sanctions, not only regularly internally to BCUHB staff, but also externally to contractors through quarterly newsletters and demonstrate commitment to deter fraud, bribery and corruption in NHS Wales and England.</p>	<p>Achieved</p>
<p>Fraud Awareness training to staff is mandatory at BCUHB. An e-learning module is available. LCFS is to attend all Health Board corporate induction training events to provide an input to new staff on the role(s) of the Local Counter Fraud Service team, CFS Wales and NHS CFA.</p>	<p>Achieved</p>
<p>It is a requirement that where possible, fraud awareness presentations are delivered in person (could be virtual for instance to GP Trainees) to allow for questions to be raised.</p>	<p>Partially Achieved</p>
<p>The Covid-19 pandemic halted fraud awareness presentation as part of the mandatory induction programme due to classroom attendance not being allowed. LCFS is communicating with W&amp;OD – Training to reinstate this training either in person or virtual. Review and update of induction presentation and material is required, ensuring it is up-to-date.</p>	<p>Achieved</p>
<p>Accordingly there was a programme of fraud awareness training to be delivered to staff at all BCUHB levels. LCFS is trying to restart this programme again on an ongoing basis. A few GP Practices have made contact and future training in person to their staff is to be planned.</p>	<p>Not Achieved</p>

Task	Comment
<p>Each LCFS should aim to complete at least 15 presentations annually with the aim to ensure the Health Board is proactive in raising fraud awareness and able to build a genuine counter fraud, bribery and corruption culture.</p> <p>Develop and maintain counter fraud information on the Health Board's intranet BetsiNet, also use internet and public website materials where appropriate. Having a designated counter fraud intranet site provides staff easy access to counter fraud, bribery and corruption information. Items included on the intranet site are:</p> <ul style="list-style-type: none"> <li>• overview of the counter fraud initiative locally and nationally</li> <li>• role of LCFS</li> <li>• Counter Fraud Champion</li> <li>• Local Fraud, Bribery and Corruption F03 Policy, process, strategy and Bribery Act 2010</li> <li>• Newsletters and NHS fraud cases</li> <li>• presentation slides</li> <li>• contact details of LCFS</li> <li>• reporting to FCRL, online and link to NHS CFA website</li> <li>• link to the Whistle Blowing WP4 Policy</li> </ul> <p>Head of LCFS to meet privately in person or virtually with Very Senior Managers to raise NHS fraud awareness, to encourage informal communication and build up rapport. Using this opportunity further to organise bespoke fraud awareness presentations to specific staff groups or teams.</p> <p>Highlight the role of the LCFS, CFS Wales and NHS CFA and the obligation for internal and external staff at Primary Care Contractors to report suspicions of fraud, bribery and corruption according to the BCUHB F03 Policy and at each opportunity arising.</p> <p>Ensure contact details of LCFS are available widespread not only electronic, but also in Primary and Secondary Care locations and Community settings.</p> <p>LCFS to meet with key Clinical Division and Corporate Function personnel in the Health Board to discuss fraud matters on request including, but not limited to:</p> <ul style="list-style-type: none"> <li>• Office of the Board Secretary</li> <li>• Office of the Medical Director</li> <li>• Nursing and Midwifery</li> <li>• Therapies and Health Sciences</li> <li>• Pharmacy &amp; Medicines Management</li> <li>• Mental Health &amp; Learning Disabilities (SMS)</li> <li>• Secondary Care Management (Pan North Wales Services)</li> <li>• Workforce &amp; organisational Development</li> <li>• Finance</li> <li>• Estates and Facilities</li> <li>• Risk Management</li> <li>• Information Governance</li> <li>• Clinical Governance</li> <li>• Complaints</li> </ul>	<p>Not Achieved</p> <p>Achieved</p> <p>Partially Achieved</p> <p>Achieved</p> <p>Achieved</p> <p>Partially Achieved</p>



Task	Comment
<ul style="list-style-type: none"> <li>• Primary Care and Dental Contracting</li> <li>• GP OOH</li> </ul> <p>And at NWSSP on behalf of the Health Board:</p> <ul style="list-style-type: none"> <li>• Internal Audit</li> <li>• Recruitment</li> <li>• Payroll</li> <li>• Pensions</li> <li>• Procurement and Accounts Payable</li> <li>• Primary Care Services (PPV)</li> </ul> <p>LCFS to arrange monthly payslip messages promoting counter fraud to be published to BCUHB staff when facility is free to use.</p> <p>LCFS to explore other channels to publish fraud awareness including International Fraud Awareness Week (normally in November) through for example Social Media and newsfeeds on the counter fraud intranet site.</p> <p>Evaluate feedback on fraud awareness including from fraud awareness presentations, and where appropriate amend.</p> <p>Use of annual local counter fraud surveys to measure effectiveness of all information channels used and if this has led to improved fraud awareness at the Health Board.</p>	<p>Achieved</p> <p>Achieved</p> <p>Achieved</p> <p>Not Achieved</p>

## **Appendix I – Government Functional Standard GovS 013: Counter Fraud Functional Standards Return**

The Counter Fraud Functional Standards Return (CFFSR) for 2023/24 for Betsi Cadwaladr University Health Board was electronically submitted on 21 May 2024, following a presentation of the document to the May Audit Committee (deadline 31 May 2024), and contained the electronic declaration and authorisation of the Health Board Audit Committee Chair Karen Balmer and Interim Executive Finance Director - Mr Russell Caldicott.



**Counter Fraud Authority**

# **Counter Fraud Functional Standard Return (2023/2024)**

**BETSI CADWALADR UNIVERSITY LHB**

**Your Overall Self-Assessment Rating is: GREEN**

**Submitted By: lcfs0079 - Karl Woodward**

## Organisational information

Name of the organisation	BETSI CADWALADR UNIVERSITY LHB
Annual budget of the organisation	Over £ 1 billion
Staff headcount at the organisation including contracted employees	Over 15,000
Organisation code	7A1
Organisation/provider type	Health Board
For which provider organisations are you the commissioner?   Co-ordinating Commissioner for this provider	WALES Co-ordinating Commissioner for this provider
NHS England region	Wales

## Personnel information

Name of the member of the Russell Caldicott executive board or equivalent body responsible for overseeing and providing strategic management

Name of the Local Counter Fraud Specialist Karl Woodward

Email of the Local Counter Fraud Specialist karl.woodward@wales.nhs.uk

Name of the counter fraud supplier organisation (including in-house) In House (Wales)

Counter fraud supplier type Wales

Name of the Chair of the Audit Committee / equivalent body Karen Balmer

Email of the Chair of Audit Committee / equivalent body Karen.balmer@wales.nhs.uk

Name of the Counter Fraud Champion Phil Meakin

Email of the Counter Fraud Champion phil.meakin@wales.nhs.uk

## Costs and days information

Proactive days used (Maximum 3 digits)	296
Reactive days used (Maximum 3 digits)	303
Total days used for counter fraud work	599
Cost of counter fraud staffing per financial year - Proactive	92600.51
Cost of counter fraud staffing per financial year - Reactive	94630.54
Total costs for counter fraud work	187231.05

## Reactive information

Number of allegations received and 39 recorded as an investigation during the most recent financial year

Number of allegations received during the most recent financial year and recorded as an investigation on the case management system 42

Rationale for any discrepancy between case management system investigations received and expected 3 investigations have been transferred to Counter Fraud Services Wales.

Number of investigations recorded and closed during the most recent financial year 29

Number of investigations closed during the most recent financial year as recorded on the case management system 36

Rationale for any discrepancy between case management system investigations closed and expected 7 investigations have been closed by Counter Fraud Services Wales.

Number of investigations open as at 31/03/2024 23

Number of investigations open as at 31/03/2024 as recorded on the case management system 26

Rationale for any discrepancy between case management system investigations open as of 31/03/2024 and expected 3 investigations have been transferred to Counter Fraud Services Wales.

Amount of fraud losses identified and recorded during the most recent financial year	1813.31
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Amount of fraud losses recovered and recorded during the most recent financial year	1813.31
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Amount of fraud losses prevented 54192.00 from reactive work and recorded during the most recent financial year

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Number of criminal sanctions applied and recorded during the year 0

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Number of civil sanctions applied and recorded during the year 1

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Number of disciplinary sanctions applied and recorded during the year 6

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## Proactive information

Number of proactive exercises conducted and recorded during the most recent financial year	0
Amount of fraud losses identified and recorded from proactive exercises during the most recent financial year	0.00
Amount of fraud losses prevented and recorded from proactive exercises during the most recent financial year	0.00
Amount of fraud losses recovered and recorded from proactive exercises during the most recent financial year	0.00

# 1: Accountable individual

## NHS Requirement 1A:

A member of the executive board or equivalent body is accountable for provision of strategic management of all counter fraud, bribery and corruption work within the organisation. The accountable board member is responsible for the provision of assurance to the executive board in relation to the quality and effectiveness of all counter fraud bribery and corruption work undertaken. The accountable board member is responsible for ensuring that nominations to the NHSCFA for the accountable board member, audit committee chair and counter fraud champion are accurate and that any changes are notified to the NHSCFA at the earliest opportunity and in accordance with the nominations process. N. B. 'Equivalent body' may include, but is not limited to, the board of directors, the board of trustees or the governing body. Oversight of counter fraud, bribery and corruption work should not be delegated to an individual below this level of seniority in the organisation

Your Rating is: **GREEN**

### Comments:

The Executive Director of Finance is the member of the Executive Board who has a clearly defined responsibility for the strategic management of, and support for counter fraud and counter fraud, bribery and corruption work within the Health Board. Quarterly private meetings are held between the LCFS and Chair of Audit Committee at the request of the Executive DoF. The Executive DoF ensures that relevant and timely information regarding counter fraud, bribery and corruption work to CFS Wales upon request. The Workplan objectives are approved and monitored by the Audit Committee via (Progress and Annual Reports) and these meetings are formally minuted. To strategically support counter fraud work the Audit Committee Chair provides a summary report of Audit Committee activity to the Executive Board. All Counter Fraud activity for the Health Board is minuted and Action Points are recorded. The Executive DoF ensures the required documentation is provided to support the Nomination process.

## NHS Requirement 1B:

The organisation's non-executive directors, counter fraud champion or lay members and board/governing body level senior management are accountable for gaining assurance that sufficient control and management mechanisms in relation to counter fraud, bribery and corruption are present within the organisation. The counter fraud champion understands

the threat posed and promotes awareness of fraud, bribery and corruption within the organisation. Board level evaluation of the effectiveness of counter fraud, bribery and corruption work undertaken is documented. Where recommendations have been made by NHSCFA following an engagement, it is the responsibility of the accountable board member to provide assurance to the board surrounding the progress of their implementation. The organisation reports annually on how it has met the standards set by NHSCFA in relation to counter fraud, bribery and corruption work, and details corrective action where standards have not been met.

Your Rating is: **GREEN**

#### Comments:

The Head of Local Counter Fraud, at the recommendation of the Executive DoF, meets privately with the Chair of Audit Committee on a quarterly basis where organisational and emerging risks are raised. This allows for clear and demonstrable support and strategic direction for counter fraud work to be maintained. The Audit Committee Chair and Board members sitting on the Audit Committee, regularly ask probing questions to the LCFS, (which are minuted), providing evidence of proactive management, control and evaluation of the counter fraud, bribery and corruption work undertaken. Support for the trained and nominated person carrying out counter fraud, bribery and corruption work on the part of the organisation is present and evident. The Audit Committee ensure recommendations are fully actioned. This is achieved via an Action Tracker mechanism. The Board Secretary, is the nominated Fraud Champion who ensures fraud issues requiring action are raised and actioned at the Executive level.

## 2: Counter fraud bribery and corruption strategy

### NHS Requirement 2:

The organisation aligns counter fraud, bribery and corruption work to the NHSCFA counter fraud, bribery and corruption strategy. This is documented in the organisational counter fraud, bribery and corruption policy, and is submitted upon request. The counter fraud work plan and resource allocation are aligned to the objectives of the strategy and locally identified risks. (The organisation may have its own counter fraud, bribery and corruption strategy, however, this must be aligned to and referenced to the NHSCFA counter fraud, bribery and corruption strategy)

Your Rating is: **GREEN**

#### Comments:

The Health Board has its Counter Fraud Bribery and Corruption Policy F03, which is reviewed every three years and which covers the Health Board's Counter Fraud, Bribery and Corruption strategy; the impact of which has been reviewed and evaluated by the Health Board's Audit Committee. As a result of this, the Audit Committee reviews, evaluates and approves the Counter Fraud Workplan on an annual basis. This allows the Audit Committee to flex the Workplan to fully meet the Health Board's Counter

Fraud requirements and risks. The Health Board produces an Annual Report on the Counter Fraud work which has been undertaken and this is received by the Audit Committee and is shared with Welsh Government. Audit Wales produced a report on the effectiveness of the Health Board's counter fraud arrangements, including its strategy, workplan and that the available resources are being aligned to locally identified risks. Available at:

[https://www.audit.wales/sites/default/files/bcucf\\_0\\_10.pdf](https://www.audit.wales/sites/default/files/bcucf_0_10.pdf)

## 3: Fraud bribery and corruption risk assessment

### NHS Requirement 3:

The organisation has carried out comprehensive local risk assessments to identify fraud, bribery and corruption risks, and has counter fraud, bribery and corruption provision that is proportionate to the level of risk identified. Risk analysis is undertaken in line with Government Counter Fraud Profession (GCFP) fraud risk assessment methodology and is recorded and managed in line with the organisation's risk management policy and included on the appropriate risk registers, and the risk assessment is submitted upon request. Measures to mitigate identified risks are included in an organisational work plan, progress is monitored at a senior level within the organisation and results are fed back to the audit committee (or equivalent body). For NHS organisations the fraud risk assessments should also consider the fraud risks within any associated sub company of the NHS organisation.

Your Rating is: **GREEN**

#### Comments:

The Head of Local Counter Fraud Services has undertaken a comprehensive risk assessment to identify local fraud, bribery and corruption risks and these have been recorded on the Organisational Risk Management Registers. Progress is continuously monitored by senior management to ensure that risks are mitigated and that resources remain suitable for this purpose. Measures to mitigate the risks are included in the Counter Fraud Workplan and fed back to the Audit Committee for assurance and to assess the measurement of progress on a quarterly basis in the Counter Fraud Progress Reports. The Health Board has allocated its resources which are proportionate to the risk levels identified. The same senior management team who monitor the risks, also approve the Workplan, Annual Report and Progress Reports are fed back to the Audit Committee for assurance. The work to mitigate the risks is measurable and this is reported to Health Board Management and the Audit Committee on a quarterly basis.

## 4: Policy and response plan

### NHS Requirement 4:

The organisation has a counter fraud, bribery and corruption policy and response plan (the policy and plan) that follows NHSCFA's strategic guidance and has been approved by the executive body or senior management team. The plan is reviewed, evaluated and updated as required, and levels of staff awareness are measured.

Your Rating is: **GREEN**

#### Comments:

The Health Board has a Counter Fraud, Bribery and Corruption Policy F03 covering the Health Board's policy and response plan; the awareness of which has been measured by the Local Counter Fraud Survey which is circulated to Staff and reported on in 2023/24. The F03 policy has been updated and is aligned to the latest NHS CFA guidance including GovS013 and is approved by the Audit Committee. Respondents to the Counter Fraud Survey showed: 33 per cent stated that they fully understood the policy. 44 per cent stated that they has some understanding of the policy. 20 per cent stated that they had not heard of the Health Board's F03 policy. Audit Wales have produced a report on the effectiveness of the Counter Fraud arrangements at the Health Board which is available at: [https://www.audit.wales/sites/default/files/bcucf\\_0\\_10.pdf](https://www.audit.wales/sites/default/files/bcucf_0_10.pdf) The following good practice was reported by Audit Wales; "there are effective lines of communication between LCFS and other key staff groups and managers".

## 5: Annual action plan

### NHS Requirement 5:

The organisation maintains an annual work plan that is informed by national and local fraud, bribery and corruption risk assessment identifying activities to improve capability and resilience. This includes (but is not limited to) defined objectives, milestones for the delivery of each activity and measurable areas for improvement in line with strategic aims and objectives. The plan is agreed, and progress monitored by the audit committee (or equivalent body).

Your Rating is: **GREEN**

#### Comments:

Comprehensive risk assessments have been undertaken to identify fraud, bribery and corruption risks. This is used to inform the organisational Counter Fraud Workplan. The Health Board has allocated through its Workplan, provision proportionate to the risk level identified. Measures to mitigate identified risks are included in the Workplan, and are formally reported to the Audit Committee on a quarterly basis, as is progress against the Workplan. The Workplan, Annual Report and Progress Reports are approved by Senior Management and results of counter fraud work are fed back to the Audit Committee. Risk-based Workplan objectives are demonstrably achieved, and reported to the Audit Committee in the Counter Fraud Annual Report. Audit Committee minutes are maintained to evidence the delivery and achievement of Workplan objectives. Audit Wales have recommended: "an assessment to be undertaken to identify if sufficient resources are deployed, to tackle the increased risk of fraud."

## 6: Outcome-based metrics

### NHS Requirement 6:

The organisation identifies and reports on annual outcome-based metrics with objectives to evidence improvement in performance. This should be informed by national and local risk assessment, national benchmarking and other comparable data. Proactive and reactive outcomes and progress are recorded on the approved NHS fraud case management system. Metrics should include all reported incidents of fraud, bribery and corruption, the value of identified fraud losses, the value of fraud recoveries, the value of fraud prevented, criminal sanctions and disciplinary sanctions.

Your Rating is: **GREEN**

#### Comments:

The Health Board has in place an Annual Counter Fraud Workplan which is approved by the Audit Committee. The Workplan contains key performance targets and resources which are used as metrics, to measure performance. The performance is reported to the Audit Committee in the Counter Fraud Annual Report which is shared with Welsh Government and the Chair of Audit Committee prepares a briefing report to the Board of Directors. New metrics may be introduced during the year following risk assessments and fraud prevention notices. Successful metric outcomes can be evidenced through quarterly statistical reporting and via the approved NHS fraud case management system. Counter fraud costs and sanctions are reported to the Audit Committee. Organisational data bench marking has been approved to be undertaken, following a formal recommendation from Audit Wales to identify if the current LCFS resource is adequate to match the increased threat of fraud which is being faced by the Health Board.

## 7: Reporting routes for staff, contractors and members of the public

### NHS Requirement 7:

The organisation has well established and documented reporting routes for staff, contractors and members of the public to report incidents of fraud, bribery and corruption. Reporting routes should include NHSCFA's Fraud and Corruption Reporting Line and online reporting tool. All incidents of fraud, bribery and corruption are recorded on the approved NHS fraud case management system. The incident reporting routes are publicised, reviewed, evaluated and updated as required, and levels of staff awareness are measured.

Your Rating is: **GREEN**

#### Comments:

The organisation has well established and documented reporting routes for staff, contractors and members of the public to report incidents of fraud, bribery and corruption, including the NHS CFA's Fraud and Corruption Reporting Line and online reporting tool. The Health Board has a local Counter Fraud, Bribery and Corruption Policy, which has been reviewed, updated and approved. The policy includes a counter fraud response plan; which has been scrutinised and approved by the Health Board's LCFS, Senior Management and Audit Committee and is updated every 3 years. The Health Board has an appropriate Code of Conduct, Whistleblowing and Cyber Security policies in place. The effectiveness of the organisation's reporting routes have been publicised, reviewed, evaluated and updated as required and levels of staff awareness have been measured via the counter fraud survey. There is regular liaison with the Head of the CFS Wales team, and all cases are recorded on the Case Management system.

## 8: Report identified loss

### NHS Requirement 8:

The organisation uses the approved NHS fraud case management system to record all incidents of reported suspect fraud, bribery and corruption, to inform national intelligence and NHS counter fraud functional standard return submission by the NHSCFA. The case management system is used to record all fraud, bribery and corruption investigative activity, including all outcomes, recoveries and system weaknesses identified during the course of investigations and/or proactive prevention and detection exercises

Your Rating is: **GREEN**

#### Comments:

The Health Board ensures that the approved case management system is used to record all reports of suspected fraud, bribery and corruption, investigative activity, including all outcomes, financial recoveries, financial savings and system weaknesses identified during the course of investigations and/or proactive prevention and detection exercises. Progress sheets and decision logs are updated. In addition, all relevant documentation, exhibits and attachments relating to the investigation of cases are updated to the approved case management system. All system weakness, which are recorded on the case management system are reported to the Audit Committee. Remedial actions are taken to address identified systems weaknesses. The Health Board acts upon recommendations to strengthen controls if internal controls are found to be not operating as well as intended and learn lessons from fraud incidents. The Internal Audit team reviews fraud risks and tests fraud prevention controls.

## 9: Access to trained investigators

### NHS Requirement 9:

The organisation employs or contracts in an accredited, person (or persons) nominated to the NHSCFA to undertake the full range of counter fraud, bribery and corruption work, including proactive work to prevent and deter fraud, bribery and corruption and reactive work to hold those who commit fraud, bribery or corruption to account. The organisation will ensure that any changes to nominations are notified to the NHSCFA at the earliest opportunity and in accordance with the nominations process. The accredited nominated person (or persons) must demonstrate continuous professional competencies and capabilities on an annual basis by examples of practical application of skills and associated training to include (but is not limited to), obtaining witness statements, conducting interviews under caution and maintaining up to date knowledge of legal and procedural requirements.

Your Rating is: **GREEN**

#### Comments:

The Health Board has notified all changes to nominations to the NHSCFA. The Health Board has a team of accredited, nominated and appropriately trained counter fraud staff who are employed to conduct the full range of counter fraud, bribery and corruption work, on behalf of the Health Board. The Health Board has a clear structure where roles and responsibility in relation the counter fraud are set out. Investigations carried out will comply with all relevant legislation. The LCFS and counter fraud staff have access to all systems, records and secure offices which are required to undertake Counter Fraud work. The nominated counter fraud personnel attend appropriate training and undertake continuous professional development training, as required to fulfil their role, on an ongoing basis.

The LCFS team attend regional All Wales Forums hosted by NHSCFA and NHS CFS Wales. All training and development is referenced during annual staff appraisals and recorded on ESR.

## 10: Undertake detection activity

### NHS Requirement 10:

The organisation undertakes proactive work to detect fraud using relevant information and intelligence to identify anomalies that may be indicative of fraud, bribery and corruption and takes the appropriate action, including local exercises and participation or response to national exercises. Results of this work are evaluated and where appropriate feed into improvements to prevent and deter fraud, bribery and corruption. Relevant information and intelligence may include (but is not limited to) internal and external audit reports, information on outliers, recommendations in investigation reports and NHSCFA led loss measurement exercises. The findings are acted upon promptly.

Your Rating is: **GREEN**

#### Comments:

The organisation has allocated sufficient resources in its Workplan to act promptly when undertaking proactive work to identify anomalies that may indicate if fraud, bribery and corruption has occurred and has suitable arrangements in place to support the prevention and detection of fraud and is able to respond appropriately where fraud occurs. The Health Board uses relevant information and intelligence such as Fraud Prevention Notices, internal and external audit reports, recommendations from investigation reports and NHS CFA loss measurement exercises. The Health Board has ensured that the LCFS team have access to the latest Data Analytical techniques, to identify fraud and also that its Counter Fraud personnel are professionally trained in the effective use of Data Analytical techniques; as recommended by Audit Wales in their report on the effectiveness of the Health Board's counter fraud arrangements. Available at: [https://www.audit.wales/sites/default/files/bcucf\\_0\\_10.pdf](https://www.audit.wales/sites/default/files/bcucf_0_10.pdf)

# 11: Access to and completion of training

## NHS Requirement 11:

The organisation has an ongoing programme of work to raise awareness of fraud, bribery and corruption and to create a counter fraud, bribery and corruption culture among all staff, across all sites, using all available media. This should cover the role of the NHSCFA, LCFS and the requirements and national implications of Government Counter Fraud Functional Standard providing a standardised approach to counter fraud work. Content may be delivered through presentations, newsletters, leaflets, posters, intranet pages, induction materials for new staff, emails and other media, making use of the NHSCFA's fraud awareness toolkit as appropriate. The effectiveness of the awareness programme is measured.

Your Rating is: **GREEN**

### Comments:

There is an ongoing programme to raise awareness of fraud, bribery and corruption in line with NHS CFA's strategy, using a range of methods appropriate to different staff groups which includes mandatory counter fraud training to all staff, (the completion of which is continuously measured and recorded). Awareness content includes, F03 (Counter Fraud Policy), posters, Fraud Awareness Week publications, quarterly newsletters (internally to all staff and externally to Primary Care contractors), details of successful prosecutions, published to all staff weekly, in the electronic Newsletter. Fraud awareness material is regularly reviewed and updated at the Health Board, ensuring it remains fit for purpose and includes relevant contact details for the LCFS team, NHS CFA FCRL and the On-Line reporting tool. Feedback on fraud awareness methodologies is used to improve fraud awareness methods, where appropriate. Effectiveness of the fraud awareness methodologies is measured by the staff survey.

## 12: Policies and registers for gifts and hospitality and COI.

### NHS Requirement 12:

The organisation has a managing conflicts of interest policy and registers that includes reference to gifts and hospitality with reference to fraud, bribery and corruption, and the requirements of the Bribery Act 2010. Staff awareness of the requirements of the policy are tested sufficiently regularly to demonstrate effectiveness of the process.

Your Rating is: **AMBER**

#### Comments:

An embedded, Standards of Business Conduct Policy is in place which contains specific guidance on the prevention of Fraud, Bribery and Corruption and effectively deals with the management of conflicts of interest, that is proactively communicated to all relevant staff. The organisation does not measure levels of staff awareness of the Standards of Business Conduct Policy and if there are conflicts of interest which may indicate deliberate non-compliance. Management of electronic records should regularly be reviewed and when queried, returned to line management for explanation and correctness to formally authorise the record. The Staff Code of Conduct which is proactively communicated to all staff and includes reference to fraud, bribery and corruption and the requirements of Section 7, Bribery Act 2010. Regular liaison between the Fraud Champion ( Board Secretary) and LCFS takes place to provide advice on conflicts of interest, gifts and hospitality queries, as and when required.

## ACC Declaration

I declare that the anti-fraud, bribery acc14518 - Karen Balmer and corruption work carried out Sun May 19 08:21:17 BST 2024 during the year to date has been self reviewed against the NHS CFA requirements for anti-fraud, bribery and corruption. As the Audit Committee Chair, and in line with the audit committee's responsibility for the strategic assurance and oversight of counter fraud work as described in section 5.6 of the NHS Audit Committee Handbook, I confirm that the information contained in this self review for BETSI CADWALADR UNIVERSITY LHB reflects the work reported to and considered by the Audit Committee.

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### Opportunity to comment

The Audit Committee receive assurance on all local counter fraud activities through regular progress reports on the annual plan and case registers. We will be undertaking additional fraud awareness training for committee members who have recently joined the committee as well as the wider board in 2024-25. BCUHB and its Audit Committee will be sad to see the retirement of the current Head of Local Counter Fraud in June 2025 after many years service and the committee appreciate and recognise the knowledge and expertise he has brought to the organisation during his tenure. It will be essential to ensure continuity and consistency of the service provided as we recruit a replacement.

---

## DOF Declaration

I declare that the anti-fraud, dof11303 - Russell Caldicott  
bribery and corruption work Tue May 21 13:54:25 BST 2024 carried out  
during the year to date has been self reviewed against the NHS CFA  
requirements for anti-fraud, bribery and corruption.

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### Opportunity to comment

The Audit Committee received regular reporting of the activities (proactive and reactive) and will look to strengthen the anti-fraud culture through implementation of additional training sessions contained in plans to raise awareness during the 2024/25 financial year, within the Fraud Annual Plan of activities (endorsed through Audit Committee). I would like to take the opportunity to place on record my thanks to the dedication shown to the Health Board by the current Head of Local Counter Fraud, who sadly will be retiring in June of 2025.

---

## Declaration

Overall Rating

Green

lcfs0079 - Karl Woodward Tue

May 21 16:21:52 BST 2024

Please ensure that this standard return has completed. If your Director and/ or audit committee not authorised or functional standard return be able to submit it. Once submitted the functional return, no further changes



<b>Teitl adroddiad:</b> <i>Report title:</i>	Head of Internal Audit Opinion & Annual Report 2023/2024			
<b>Adrodd i:</b> <i>Report to:</i>	Audit Committee			
<b>Dyddiad y Cyfarfod:</b> <i>Date of Meeting:</i>	Tuesday, 9 July 2024			
<b>Crynodeb Gweithredol:</b> <i>Executive Summary:</i>	<p>In accordance with the Public Sector Internal Audit Standards: Standard 2450 – Overall Opinions, the Head of Internal Audit (HIA) is required to provide an annual opinion, based upon and limited to the work performed on the overall adequacy and effectiveness of the Health Board’s risk management, control and governance processes (i.e. the system of internal control).</p> <p>The annual opinion for 2023/24 is <b>Limited Assurance</b>. We issued thirty-one reports with the following assurance ratings:</p> <ul style="list-style-type: none"> <li>• Substantial assurance (green) – two (2).</li> <li>• Reasonable assurance (yellow) – eight (8).</li> <li>• Limited assurance (amber) – sixteen (16).</li> <li>• Unsatisfactory (red) – one (1).</li> <li>• Advisory/Not applicable opinion (grey) – four (4).</li> </ul>			
<b>Argymhellion:</b> <i>Recommendations:</i>	<p>The Audit Committee is asked to:</p> <ul style="list-style-type: none"> <li>• Note and receive the Head of Internal Audit opinion and annual report for 2023/24.</li> </ul>			
<b>Arweinydd Gweithredol:</b> <i>Executive Lead:</i>	<p>Carol Shillabeer, Accountable Officer (Chief Executive)</p> <p>Pam Wenger, Director of Corporate Governance</p>			
<b>Awdur yr Adroddiad:</b> <i>Report Author:</i>	Dave Harries, Head of Internal Audit			
<b>Pwrpas yr adroddiad:</b> <i>Purpose of report:</i>	<p>I’w Nodi <i>For Noting</i></p> <p><input checked="" type="checkbox"/></p>	<p>I Benderfynu arno <i>For Decision</i></p> <p><input type="checkbox"/></p>	<p>Am sicrwydd <i>For Assurance</i></p> <p><input checked="" type="checkbox"/></p>	
<b>Lefel sicrwydd:</b> <i>Assurance level:</i>	<p>Arwyddocaol <i>Significant</i></p> <p><input type="checkbox"/></p> <p>Lefel uchel o hyder/tystiolaeth o ran darparu'r mecanweithiau / amcanion presennol</p> <p><i>High level of confidence/evidence in delivery of existing mechanisms/objectives</i></p>	<p>Derbyniol <i>Acceptable</i></p> <p><input type="checkbox"/></p> <p>Lefel gyffredinol o hyder/tystiolaeth o ran darparu'r mecanweithiau / amcanion presennol</p> <p><i>General confidence / evidence in delivery of existing mechanisms / objectives</i></p>	<p>Rhannol <i>Partial</i></p> <p><input type="checkbox"/></p> <p>Rhywfaint o hyder/tystiolaeth o ran darparu'r mecanweithiau / amcanion presennol</p> <p><i>Some confidence / evidence in delivery of existing mechanisms / objectives</i></p>	<p>Dim Sicrwydd <i>No Assurance</i></p> <p><input type="checkbox"/></p> <p>Dim hyder/tystiolaeth o ran y ddarpariaeth</p> <p><i>No confidence / evidence in delivery</i></p>
<p><b>Cyfiawnhad dros y gyfradd sicrwydd uchod. Lle bo sicrwydd 'Rhannol' neu 'Dim Sicrwydd' wedi'i nodi uchod, nodwch gamau i gyflawni sicrwydd 'Derbyniol' uchod, a'r terfyn amser ar gyfer cyflawni hyn:</b></p> <p><b><i>Justification for the above assurance rating. Where 'Partial' or 'No' assurance has been indicated above, please indicate steps to achieve 'Acceptable' assurance or above, and the timeframe for achieving this:</i></b></p>				

<p>The report details internal audit assurance against specific reviews which emanate from the corporate risk register and/or assurance framework, as outlined in the internal audit plan.</p> <p>The Health Board assurance ratings differ from those agreed across NHS Wales for internal audit opinions and therefore the assurance level has intentionally been left blank.</p>	
<p><b>Cyswllt ag Amcan/Amcanion Strategol:</b></p> <p><i>Link to Strategic Objective(s):</i></p>	<p>N/A other than those relating to individual audit reviews / recommendations.</p>
<p><b>Goblygiadau rheoleiddio a lleol:</b></p> <p><i>Regulatory and legal implications:</i></p>	<p><b>Audit Committee</b></p> <p>The Head of Internal Audit Opinion and Annual Report is required in accordance with the Welsh Government NHS Wales Audit Committee Handbook – Section 4.6 Reviewing the Head of Internal Audit’s annual opinion.</p>
<p><b>Yn unol â WP7, a oedd EqIA yn angenrheidiol ac a gafodd ei gynnal?</b></p> <p><i>In accordance with WP7 has an EqIA been identified as necessary and undertaken?</i></p>	<p>The Equality duty is not applicable.</p> <p>The Head of Internal Audit Opinion and Annual Report is required in accordance with the Welsh Government NHS Wales Audit Committee Handbook – Section 4.6 Reviewing the Head of Internal Audit’s annual opinion. The associated public sector duties are not engaged (there are no associated impacts on any of the protected groups).</p>
<p><b>Yn unol â WP68, a oedd SEIA yn angenrheidiol ac a gafodd ei gynnal?</b></p> <p><i>In accordance with WP68, has an SEIA identified as necessary been undertaken?</i></p>	<p>The Socio-Economic duty is not applicable.</p> <p>The Head of Internal Audit Opinion and Annual Report is required in accordance with the Welsh Government NHS Wales Audit Committee Handbook – Section 4.6 Reviewing the Head of Internal Audit’s annual opinion. The associated public sector duties are not engaged (the report does not relate to a decision, strategic or otherwise).</p>
<p><b>Manylion am risgiau sy'n gysylltiedig â phwnc a chwmpas y papur hwn, gan gynnwys risgiau newydd (croesgyfeirio at y BAF a'r CRR)</b></p> <p><i>Details of risks associated with the subject and scope of this paper, including new risks( cross reference to the BAF and CRR)</i></p>	<p>N/A other than those relating to individual audit reviews / recommendations reported throughout the financial year and detailed within the annual report.</p>
<p><b>Goblygiadau ariannol o ganlyniad i roi'r argymhellion ar waith</b></p> <p><i>Financial implications as a result of implementing the recommendations</i></p>	<p>The Head of Internal Audit Opinion and Annual Report may record issues/risks, identified as part of a specific review, which has financial implications for the Health Board.</p>
<p><b>Goblygiadau gweithlu o ganlyniad i roi'r argymhellion ar waith</b></p> <p><i>Workforce implications as a result of implementing the recommendations</i></p>	<p>N/A other than those relating to individual audit reviews / recommendations.</p>
<p><b>Adborth, ymateb a chrynodeb dilynol ar ôl ymgynghori</b></p> <p><i>Feedback, response, and follow up summary following consultation</i></p>	<p>The Head of Internal Audit Opinion and Annual Report has been prepared independently of management and free of any undue influence.</p> <p>The opinion and annual report have been shared with the Accountable Officer (Chief Executive) and Director of Corporate Governance.</p>

<p><b>Cysylltiadau â risgiau BAF:</b> (neu gysylltiadau â'r Gofrestr Risg Gorfforaethol)</p> <p><b>Links to BAF risks:</b> (or links to the Corporate Risk Register)</p>	<p>N/A other than those relating to individual audit reviews.</p>
<p><b>Rheswm dros gyflwyno adroddiad i fwrdd cyfrinachol (lle bo'n berthnasol)</b></p> <p><b>Reason for submission of report to confidential board (where relevant)</b></p>	<p>N/A</p>
<p><b>Camau Nesaf:</b> <b>Gweithredu argymhellion</b></p> <p><b>Next Steps:</b> Follow-up of the limited and Unsatisfactory reviews will be undertaken as part of the 2024/25 internal audit plan.</p>	
<p><b>Rhestr o Atodiadau:</b></p> <p><b>List of Appendices:</b></p> <ul style="list-style-type: none"> <li>Appendix 1: Head of Internal Audit Opinion &amp; Annual Report 2023/2024</li> </ul>	

# Head of Internal Audit Opinion & Annual Report 2023/2024

June 2024

Betsi Cadwaladr University Local Health Board



GIG  
CYMRU  
NHS  
WALES

Partneriaeth  
Cydwasaethau  
Gwasanaethau Archwilio a Sicrwydd  
Shared Services  
Partnership  
Audit and Assurance Services



GIG  
CYMRU  
NHS  
WALES

Bwrdd Iechyd Prifysgol  
Betsi Cadwaladr  
University Health Board



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Appendix A Conformance with Internal Audit Standards

Appendix B Audit Assurance Ratings

<b>Report status:</b>	Final
<b>Draft report issued:</b>	30 May 2024
<b>Final report issued:</b>	24 June 2024
<b>Author:</b>	Head of Internal Audit
<b>Executive Clearance:</b>	Director of Corporate Governance
<b>Audit Committee:</b>	9 July 2024

### Disclaimer notice - please note

This audit report has been prepared for internal use only. Audit & Assurance Services reports are prepared, in accordance with the Service Strategy and Terms of Reference, approved by the Audit Committee.

Audit reports are prepared by the staff of the NHS Wales Shared Services Partnership – Audit and Assurance Services and addressed to Independent Members or officers including those designated as Accountable Officer. They are prepared for the sole use of the Betsi Cadwaladr University Health Board and no responsibility is taken by the Audit and Assurance Services Internal Auditors to any director or officer in their individual capacity, or to any third party.

## 1. EXECUTIVE SUMMARY

### 1.1 Purpose of this Report

Betsi Cadwaladr University Health Board's (Health Board) Board is 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.

### 1.2 Head of Internal Audit Opinion 2023-24

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 on 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 2023/24 is:

<b>Limited assurance</b>		<p>More significant matters require management attention.</p> <p><b>Moderate impact</b> on residual risk exposure until resolved.</p>
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### 1.3 Delivery of the Audit Plan

The plan has been delivered substantially in accordance with the agreed schedule and changes required during the year, as approved by the Audit Committee (the 'Committee'). In addition, regular audit progress reports have been submitted to the 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 2023/24 year, was presented to the Committee in May and September 2023 and reflected the change to a six-month planning cycle agreed by the Audit Committee. Changes to the plan have been made during the year and these changes have been reported to the Audit Committee as part of our regular progress reporting.

There are, as in previous years, audits undertaken at NWSSP, DHCW, WHSSC and EASC that support the overall opinion for NHS Wales health bodies (see section 3).

Our latest External Quality Assessment (EQA), conducted by the Chartered Institute of Public Finance and Accountancy (CIPFA) in March 2023, reported in April 2023, stated we 'Fully Conform', and our own annual Quality Assurance and Improvement Programme (QAIP) confirmed that our internal audit work continues to 'generally conform' to the requirements of the Public Sector Internal Audit Standards for 2023/24. We can state that our service 'conforms to the IIA's professional standards and to PSIAS.'

## 1.4 Summary of Audit Assignments

This report summarises the outcomes from our work undertaken in the year. In some cases, audit work from previous years may also be included and where this is the case, details are given. This report also references assurances received through the internal audit of control systems operated by other NHS Wales organisations (again, see section 3).

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 substantial and reasonable areas in the table below.

Where we have given Limited or Unsatisfactory 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, we also undertook advisory and non-opinion reviews to support our overall opinion. A summary of the audits undertaken in the year and the results are summarised in table 1 below.

**Table 1 – Summary of Audits 2023/24**

Substantial Assurance	Cyber security Digital Health Record (Cito) – Patient Records Transition Programme
Reasonable Assurance	Financial Control: Receipting of goods and year-end accruals Accounts Receivable Digital Operating Model Adult and Older Persons Mental Health Unit (IAAP) Follow up - Welsh Language Commissioner - Documents on the Website Records Management – Fragmented Care records Effective governance - Women's Directorate

	Corporate Legislative Compliance: National Health Service (Appointment of Consultants) (Wales) (Amendment) Regulations 2005
Limited Assurance	Clinical Audit: Tier 1 National Audits Falls management Lessons learnt GP Out of Hours (Deferred from 22/23) Decarbonisation Corporate Legislative Compliance: Water Safety Hergest Unit Notice of Contravention (NoC) Action Plan Follow up - Delivery of HB Savings Health and Safety Deprivation of Liberty Safeguards (DoLS) Discharge arrangements Budgetary Control Effective Governance – Central IHC Risk Management Standards of Business Conduct – Declarations of Interest, Gifts and Hospitality Orthopaedic Surgical Hub Llandudno Hospital (Draft)
Unsatisfactory	Operating Model
Advisory/Non-Opinion	Special Measures - Contract and Procurement management review Procurement and Contract management arrangements of the Project Athlete Review Review of process regarding the appointment of an Interim Executive Director Follow up of Internal Audit Recommendations

Please note that our overall opinion has also considered both the number and significance of any audits that have been deferred during the course of the year (see section 5.7) and also other information obtained during the year that we deem to be relevant to our work (see section 2.4.2).

## 2. HEAD OF INTERNAL AUDIT OPINION

### 2.1 Roles and Responsibilities

The Board is collectively accountable for maintaining a sound system of internal control that supports the achievement of the organisation’s objectives and is responsible for putting in place arrangements for gaining assurance about the effectiveness of that overall system.

The Annual Governance Statement is a statement made by the Accountable Officer, on behalf of the Board, setting out:

- how the individual responsibilities of the Accountable Officer are discharged with regard to maintaining a sound system of internal control that supports the achievement of policies, aims and objectives;
- the purpose of the system of internal control, as evidenced by a description of the risk management and review processes, including compliance with the Health & Care Quality Standards; and
- the conduct and results of the review of the effectiveness of the system of internal control including any disclosures of significant control failures, together with assurances that actions are or will be taken where appropriate to address issues arising.

The Health Board's risk management process and system of assurance should bring together all the evidence required to support the Annual Governance Statement.

In accordance with the Public Sector Internal Audit Standards (PSIAS), the Head of Internal Audit (HIA) is required to provide an annual opinion, based upon and limited to the work performed on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control. This is achieved through an audit plan that has been focussed on key strategic and operational risk areas and known improvement opportunities, agreed with executive management and approved by the Audit Committee, which should provide an appropriate level of assurance.

The opinion does not imply that Internal Audit has reviewed all risks and assurances relating to the Health Board. The opinion is substantially derived from the conduct of risk-based audit work formulated around a selection of key organisational systems and risks. As such, it is a key component that the Board takes into account but is not intended to provide a comprehensive view.

The Board, through the Audit Committee, will need to consider the Head of Internal Audit opinion together with assurances from other sources including reports issued by other review bodies, assurances given by management and other relevant information when forming a rounded picture on governance, risk management and control for completing its Governance Statement.

## **2.2 Purpose of 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 Accountable Officer and the Board of Betsi Cadwaladr University Health Board which underpin the Board's own assessment of the effectiveness of the organisation's system of internal control.

This opinion will in turn assist the Board in the completion of its Annual Governance Statement and may also be taken into account by regulators,

including Healthcare Inspectorate Wales, in assessing compliance with the Health and Care Quality Standards in Wales, and by Audit Wales in the context of both their external audit and performance reviews.

The overall opinion by the Head of Internal Audit on governance, risk management and control results from the 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.

## **2.3 Assurance Rating System for the Head of Internal Audit Opinion**

The overall opinion is based primarily on the outcome of the work undertaken during the 2023/24 audit year. We also consider other information available to us such as our overall knowledge of the organisation, the findings of other assurance providers and inspectors, and the work we undertake at other NHS Wales organisations. The Head of Internal Audit considers the outcomes of the audit work undertaken and exercises professional judgement to arrive at the most appropriate opinion for each organisation.

A quality assurance review process has been applied by the Director of Audit & Assurance and the Head of Internal Audit in the annual reporting process to ensure the overall opinion is consistent with the underlying audit evidence.

We take this approach into account when considering our assessment of our compliance with the requirements of PSIAS.

The assurance rating system based upon the colour-coded barometer and applied to individual audit reports remains unchanged. The descriptive narrative used in these definitions has proven effective in giving an objective and consistent measure of assurance in the context of assessed risk and associated control in those areas examined.

This same assurance rating system is applied to the overall Head of Internal Audit opinion on governance, risk management and control as to individual assignment audit reviews. The assurance rating system together with definitions is included at **Appendix B**.

The individual conclusions arising from detailed audits undertaken during the year have been summarised by the assurance ratings received. The aggregation of audit results gives a better picture of assurance to the Board and also provides a rational basis for drawing an overall audit opinion. However, please note that for presentational purposes we have shown the results using the eight areas that were previously used to frame the audit plan at its outset (see section 2.4.2).

## **2.4 Head of Internal Audit Opinion**

### **2.4.1 Scope of opinion**

The scope of my opinion is confined to those areas examined in the risk-based audit plan which has been agreed with senior management and

approved by the Audit Committee. The Head of Internal Audit assessment should be interpreted in this context when reviewing the effectiveness of the system of internal control and be seen as an internal driver for continuous improvement. The Head of Internal Audit opinion on the overall adequacy and effectiveness of the organisation's framework of governance, risk management, and control is set out below.

<b>Limited assurance</b>		<p>More significant matters require management attention.</p> <p><b>Moderate impact</b> on residual risk exposure until resolved.</p>
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This opinion will need to be reflected within the Annual Governance Statement along with confirmation of action planned to address the issues raised from reviews.

Focus should be placed on the agreed response to Unsatisfactory and Limited Assurance opinions issued during the year and the significance of the recommendations made (of which there were seventeen audits in 2023/24) as well as addressing implementation of recommendations from previous year reviews, some of which significantly overdue.

## 2.4.2 Basis for Forming the Opinion

The audit work undertaken during 2023/24, and reported to the Audit Committee, has been aggregated at Section 5.

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

- An assessment of the range of individual opinions and outputs arising from risk-based audit assignments contained within the Internal Audit plan that have been reported to the Audit Committee throughout the year. In addition, and where appropriate, work at either draft report stage or in progress but substantially complete has also been considered, and where this is the case then it is identified in the report. This assessment has taken account of the relative materiality of these areas and the results of any follow-up audits in progressing control improvements (see section 2.4.3).
- The impact of the Health Board placed into Special Measures since 28 February 2023 by the Minister for Health and Social Services and the arrangements in place for the Health Board to deliver against the eight domains for improvement stipulated by Welsh Government.
- The results of any audit work related to the Health & Care Quality Standards including, if appropriate, the evidence available by which the Board has arrived at its declaration in respect of the self-assessment for the leadership standard.

Other assurance reviews which impact on the Head of Internal Audit opinion including audit work performed at other organisations (see Section 3).

- Other knowledge and information that the Head of Internal Audit has obtained during the year including cumulative information and knowledge over time; observation of Board and other key Committee meetings; meetings with Executive Directors, senior managers and Independent Members; the results of *ad hoc* work and support provided; liaison with other assurance providers and Inspectors; research; and cumulative audit knowledge of the organisation that the Head of Internal Audit considers relevant to the Opinion for this year.

As stated above, these detailed results have been aggregated to build a picture of assurance across the Health Board.

In reaching this opinion we have identified some reviews during the year concluded positively with effective control arrangements operating in some areas.

From the opinions issued during the year, two were allocated Substantial Assurance, eight were allocated Reasonable Assurance, sixteen were allocated Limited Assurance with one allocated an Unsatisfactory assurance opinion. Four advisory or non-opinion reports were also issued.

In addition, the Head of Internal Audit has considered residual risk exposure across those assignments where limited assurance was reported. Further, the Head of Internal Audit has considered the impact where audit assignments planned this year did not proceed to full audits following preliminary planning work and these were either: removed from the plan; removed from the plan and replaced with another audit; or deferred until a future audit year. The reasons for changes to the audit plan were presented to the Audit Committee for consideration and approval. Notwithstanding that the opinion is restricted to those areas which were subject to audit review, the Head of Internal Audit has considered the impact of changes made to the plan when forming the overall opinion.

A summary of the findings is shown below. We have reported the findings using the eight areas of the Health Board's activities that we had previously used to structure our strategic and one-year operational plans.

#### **Corporate Governance, Risk Management and Regulatory Compliance**

We have undertaken nine reviews in this area.

**Special Measures – Contract and Procurement Review** – This review was commissioned by the Health Board with the Terms of Reference set by the Health Board and agreed by Welsh Government and has therefore been issued as a **non-opinion** review. The review found several areas of concern and non-compliance with the Standing Financial Instructions in relation to contracting and procurement at the Health Board. Twenty-four actions were identified for the Health Board, NWSSP Procurement Services and Welsh Government to address the issues and improve the procurement process and contract management.

**Risk Management** - We issued **limited assurance** on this area. Whilst there has been positive progress on risk management over the last year,

there are areas still to progress to ensure risk management is fully embedded across the Health Board. The content and quality of Operational risk registers varies. Risk dates were overdue for almost a quarter (23%) of risks reviewed. The Corporate Risk Register has been reviewed and consolidated, however further work is required to ensure information on controls, actions and lines of assurance are captured in sufficient detail to provide assurance to the Health Board. Whilst the Risk Management Group brings together representatives from across the Health Board, the membership is wide, and the agenda is large, so there is often not sufficient scrutiny of corporate or operational risk registers.

**Health and Safety** - We issued **limited assurance** on this area. We noted that policies and procedures held on the BetsiNet intranet site are out of date and require review. There is no Executive lead in place for Occupational Health and Safety which is not compliant with the Health Board's policy – We recognise this is currently being fulfilled by the Chief Executive as it is a delegated matter to a vacant post. We also found no regular and consistent monitoring and reporting on Health and Safety matters through the appropriate governance structure with no annual Health & Safety report for 2022-23 presented at the Health Board meetings. The gap analysis, undertaken to identify areas of risk, is not current and was last updated in January 2022.

**Standards of Business Conduct – Declarations of Interest, Gifts and Hospitality** - We issued **limited assurance** on this area. Whilst there has been progress made in the use of the declaration management system we found that Health Board policy does not reflect current working practice / systems along with the inappropriate use of tender waiver to purchase the system.

We also noted that reporting to the Audit Committee has not been adequate and does not meet policy requirements. In relation of declarations of interest, issues include Board Member' with undeclared interests, low approval rates, staff submitting repeat declarations and duplicate submissions. We were unable to determine the overall level of compliance from the data provided. Concerning gifts and hospitality, not all submissions have been declared and approved appropriately and found examples of events attended prior to declaration / approval. In addition not all declared hospitality was approved by a Director / Assistant Director.

**Follow up: Welsh Language Commissioner - Documents on the Website** - We issued **reasonable assurance** on this area. Considerable progress has been made by management to address the previous report findings, including publication of a Website and Social Media Content Protocol, regular audits of amended pages on the website, and the use of an external provider to undertake a full review of the website. Arrangements are in place to monitor changes on the website, with demonstrated regular review of audits.

**Hergest Unit Notice of Contravention (NoC) Action Plan** - We issued **limited assurance** on this area. Whilst evidence was provided for the actions identified, it did not support completion of the actions, or provide

assurance that actions are embedded as part of day-to-day processes across the Division.

**Procurement and Contract management arrangements of the Project Athlete review** - This was an **advisory review** requested by the Accountable Officer. The review concluded that the Health Board did not follow its own rules and procedures in procuring and managing the Project Athlete review in 2022/23, resulting in escalating costs and lack of oversight. We also noted that the final report issued does not appear to have been formally approved by the Audit Committee or corroborated by officers in the Health Board, with the engagement letter signed by the Interim Board Secretary instead of the Accountable Officer.

**Review of process regarding the appointment of an Interim Executive Director** - This was an **advisory review** requested by the Accountable Officer relating to the appointment made in 2022/23. The Health Board acted outside its Powers in agreeing the salary for the Executive Director which was significantly over and above that stipulated on the JESP pay scale issued by Welsh Government for the post. In doing so the Health Board has overridden the expected controls set by the Welsh Government. Per Standing Orders, Executive Director appointments are made solely by the Board. The appointment to the interim Executive Director role and subsequent appointment to the Programme Director post, at the same day rate, has not complied with Standing Orders or the Welsh Government required process.

**Follow-up of Internal Audit Recommendations** - This was an **advisory review** that found of the thirty-one actions reviewed, there was sufficient evidence available to support the closure of seventeen actions, partial closure of six actions where some evidence had been provided but did not demonstrate full completion of the agreed action. We found eight actions had no evidence provided or was not sufficient to support closure of the actions.

#### **Strategic Planning, Performance Management & Reporting**

We have undertaken no reviews in this area.

#### **Financial Governance and Management**

We have undertaken four reviews in this area.

**Financial Control: Receipting of goods and year-end accruals** - We issued **reasonable assurance** for this review. Finance Corporate Function prepared detailed guidance and provided training to colleagues on year-end processes. We did note that the Health Board must ensure all staff involved in procurement receive mandatory training in line with the requirements stipulated by the Chief Executive of NHS Wales. In doing so,

this will bring into focus responsibilities to receipt correctly, including at year-end.

**Accounts Receivable** - We issued **reasonable assurance** for this review. We found occasionally we were unable to establish a formal and robust process to capture reasons for cash deficit/surplus, or action taken to escalate the issue further and prevent future occurrence. We also found some financial procedures were out of date and need review and updating to prevent poor working practices.

**Follow-up: Delivery of Health Board Savings** - We issued **limited assurance** for this review. Progress has been made to address the majority of the previous report findings, although the delivery of recurring savings remains a significant challenge, with reliance again on transactional savings being the norm. It is not clear why £37.8m in undelivered recurring savings for 2022/23 were funded in 2023/24. This undermines and discourages any motivation for all operational and corporate functions to deliver cash releasing savings.

Transformational change savings were again not evident, and no review has been undertaken on the role of the Transformational Team. In relation to Voluntary Early Release Scheme savings, management have not actioned six of the business case savings despite it being approved by the Remuneration and Terms of Service Committee. We are concerned that management have acted without authority in not implementing the decision of the Committee.

Clarity on changes between the Financial Plan approved by the Board in March 2023, with a savings requirement of £30m, and the current savings requirement of £25.2m, is needed to ensure the Committee/Board are sighted on changes in-year, coupled with receiving assurance on the £13.5m disinvestment savings and if/where these have been achieved.

**Budgetary Control** - We issued **limited assurance** on this area. There has been positive progress on financial management and control towards the latter half of the financial year. We recognise the significant upheaval and changes in the Finance leadership in year, with a further appointment of a new senior Finance leadership team, both interim and substantive mid-way through the 2023/24 financial year. It is recognised there are areas still to address which are on-going.

The audit found that the Health Board does not have robust and detailed budgetary control procedures in place with no accountability letters issued to budget holders and managers for 2023/24, as required by the Standing Financial Instruction 5.5 – Budgetary Delegation. Whilst acknowledging control totals were presented to Officers in November 2023 via the Executive Delivery - Integrated Performance Group, minute evidence is limited in stipulating these totals must be achieved. There is no documented standard operating procedure for creating and reviewing accrual and journal entries despite this being agreed by management in the 2022/23 review.

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**Quality & Safety**

We have undertaken four reviews in this area.

**Clinical Audit: Tier 1 National Audits** - We issued **limited assurance** for this review. We found the 2023/24 Clinical Audit plan had not been formally approved by an appropriate committee. The Health Board participated in the majority of Tier 1 audits (32 out of 38); however, we were advised a lack of resources and insufficient clinical and administrative capacity has restricted achieving full completion of the Tier 1 plan. There is no clear reporting through governance structures on progress and any issues with Tier 1 audits with the Clinical Effectiveness Department not having oversight of validation checks for the data collated for national audits. Further, the Clinical Effectiveness Department do not receive assurance that local Clinical Effectiveness meetings are taking place and are therefore unsighted on areas being discussed.

**Falls management** - We issued **limited assurance** for this review. We recognised the appetite for greater use/reporting of data quality across the different data systems but this must be developed at pace. There are issues concerning data quality in Datix which will have a direct, negative impact on the Health Board's ability to rely on the output. The evidence we received from operational services shows a range of data being reported to their Patient Safety related meetings - there are opportunities for all to build on this base to enhance the use of all data sets to support delivery of safe, quality patient care.

**Lessons learned** - We issued **limited assurance** for this review. We found the Falls policy is overdue for review. Testing noted a lack of detail included on completion of the Falls and Bone Health Multifactorial Assessment (FBHMA) and documentation pertaining to patient falls. Further detail is necessary to fully understand the patient's needs. There is high non-compliance of Patient Handling training that requires urgent improvement to ensure staff are appropriately trained. There are a high number of agency staff on wards, with part of the responsibilities including completing falls documentation - We found no oversight of what training agency staff have received on falls to ensure effective completion of required documentation.

**Deprivation of Liberty Safeguards (DoLS)** - We issued **limited assurance** for this review. There are adequate systems and processes in place for the management of DoLS applications however issues of compliance exist and fall outside the direct control of the DoLS team. We found that compliance with Mandatory Mental Capacity Act training for Bank, Locum and Honorary staff are low and require addressing. A review of applications for December 2023 showed that a considerable number of applications (63.2%) were not assessed within the timescales required and took more than fifteen days to complete. Many applications for December 2023 (40.9%) were returned to the managing authority (wards / staff), due to poor quality i.e. not fully complete, impacting on the timescales of completion. Further we found that the Mental Health Act Compliance and

Capacity Committee has not convened since 10 February 2023 but a new Mental Health legislation Compliance and Capacity Committee has been established and convened on 11 January 2024.

### Information Governance & Security

We have undertaken four reviews in this area.

**Cyber security** - We have issued **substantial assurance** on this area. There is a cyber improvement plan in place and actions within this are being progressed which are improving the security posture of the Health Board. There is a governance and reporting framework for cyber security, with reporting to the Information Governance Group and the Performance, Finance and Information Governance Committee. There is a process for backups, which has been recently reviewed and improved, with backups tested and stored in a secure area.

**Digital Operating Model** - We issued **reasonable assurance** for this review. Work is underway on developing a new Digital Strategy, and the development of an updated Digital Operating Model is progressing. The governance structures had been improved, with the formalisation of the Chief Clinical Information Officer and Chief Nursing Information Officer roles, although we note the Board turnover has impacted on governance. A roadmap for delivery of an updated operating model is in place and work is ongoing in some areas to redefine organisational processes.

We did find the need to ensure the Board is fully aware of digital and its capabilities, a funding model that is appropriate for the organisations digital ambitions coupled with ensuring greater links between the Transformation Team and DDaT.

**Records Management – Fragmented Care Records** - We issued **reasonable assurance** for this review. The issues associated with the fragmented, paper-based health record are understood and articulated at the operational level and included within the corporate risk register.

Tactical actions are underway to resolve the identified issues and are progressing, as part of an improvement project within the Emergency Department. Strategic actions are underway to achieve a full Electronic Health Record (HER), however this relies on the national position and requires significant business and culture change. Of particular note we found that management ensure the risk statement fully reflects the issues, implements the change function within the Emergency Department (ED) and there is appropriate reporting from the ED project.

**Digital Health Record (Cito) – Patient Records Transition Programme** - We issued **substantial assurance** for this review. There is a formal governance structure for the CITO Programme which includes scope and initiation documentation, Programme Board, and regular reporting of the status of the programme. There are plans in place for delivery of the programme objectives and there is a process for stakeholder engagement, along with actions to improve the engagement processes. We

found that the Health Board needs to establish the level of commitment of resource for CITO for future phases and adjust the programme aims accordingly.

### **Operational Service and Functional Management**

We have undertaken four reviews in this area.

**GP Out of Hours (Deferred from 22/23)** - We issued **limited assurance** on this review. There are no written control documents in place to support operational processes with lines of escalation, roles, responsibilities, and requirements regarding the management and oversight of Peer Review improvement actions are not documented. Delegated responsible officers and expected completion dates are not documented and only twelve of the forty-three (27%) improvement actions are reported as complete, with a further 14 (31%) reported as in-progress. We found no evidence of assurance reported to the Board/Committee regarding the implementation of Peer Review improvement actions.

**Effective Governance: Integrated Health Community (IHC) – Central** - We issued a **limited assurance** opinion. The review identified that the IHC developed its governance structure in line with that stipulated by the Health Board on inception of the Operating Model. We did find gaps in Terms of Reference that require addressing immediately along with no apparent evidence of oversight and ownership for the delivery savings through reducing expenditure. There is evidence the IHC established a Financial Control Group but we cannot find any reporting from the meeting in accordance with the ToR. There is limited evidence that both Tier 2 and Tier 3 clinical audits are being actively monitored, and delivery of the reviews subject to routine update reporting via service leads. The IHC is reviewing its complaints, concerns, and incidents through the governance structure, however there is poor compliance with the 30-day timeline for complaints handling and a large number of open incidents. Attendance at the IHC Health & Safety and Risk Management Group is generally poor and the absence of consistent attendance undermines the ability for the IHC Director and senior leadership team to actively manage risk and found many risks had not been reviewed per the expected timelines set by the Health Board.

**Effective Governance: Women's Directorate** - We issued **reasonable assurance** for this review. The Directorate overachieved its savings requirement, the majority of which is recurring and at the time of review underspent and forecast to remain so for year end. We wish to highlight and note this as good practice and effective financial control. We did identify some matters in the review where the Directorate has established the required governance structure and reporting mechanisms, but some terms of reference and cycles of business need to be reviewed and updated. The savings schemes have not progressed as planned to realise a forecast combined recurrent savings total of £1,106,660 as the required contract notifications have not progressed and the block contract arrangements pre-

pandemic have not evolved. We found limited evidence of clinical audit activity at Tier 2 and Tier 3 levels with the Directorate is reviewing its associated concerns, complaints, etc., through the Incident and Concerns Interface Meeting which does not follow the expected governance and assurance structure, with delays evident in closing some complaints.

**Discharge Arrangements** – We issued **limited assurance** on this review. There is no up to date Health Board policy or Standard Operating Procedure to support the management of patient discharges and implementation of Discharge to Recover then Assess (D2RA) requirements. We noted low compliance against D2RA performance Measures 2 and 3 – not all patients are allocated to a D2RA pathway within 24 hours or discharged within 48 hours of being clinically optimised (for pathways 1, 2 & 3). There are no formal controls or processes to review and address areas of low / non-compliance. Further, there are no formal escalation arrangements in place to address and support resolution of Pathways of Care Delays with Ward board rounds not held twice daily per Welsh Government guidelines.

### Workforce Management

We have undertaken three reviews in this area.

**Operating Model** - We have issued **unsatisfactory assurance** for this review. Whilst the first phase of the operating model has been implemented as planned, there has been minimal advancement in establishing the desired principles of Integrated Health Communities (IHCs). We found twenty-six services designated as 'Outstanding design' which require urgent focus and consider the steps taken to date are more an operational structure and not operating model change.

We have been unable to corroborate the original costs of the Operating Model (OM) presented to and approved by the Health Board. We estimate the operating model has cost at least £1,857,819 more than stated, with contingency and transformational funds used to cover increased management costs. We believe the current costs of the OM are unsustainable and require immediate review and also noted that the former Area/Hospital structure was also not affordable as a balancing figure of £353,049 was used from Transformational Funds. We are unsighted as to why management approved the IHC model when there was a calculated increase in recurring funding required of £1,387,612, and where the funding for this was.

There are no evident benefits realisation measures published for the OM project. We cannot provide any assurance that the OM/structure change has delivered any benefits.

**Corporate Legislative Compliance: National Health Service (Appointment of Consultants) (Wales) (Amendment) Regulations 2005** – We have issued **reasonable assurance** on this review. We found the policy *Safe Recruitment & Selection Practices* is outdated and requires

review with the *Standard Operating Procedure (SOP) Medical and Dental Consultant Recruitment Process* incomplete. Whilst there is some evidence of ongoing supervision, three Locum doctor appointments were not subject to an Advisory Appointments Committee (AAC), despite exceeding the AAC exemption threshold. We also met with Panel Members and identified a few issues relating to the administration of panels, which can affect the robustness of decisions made.

### Capital & Estates Management

This year we have completed three reviews in this area.

**Decarbonisation** - We issued **limited assurance** for this review. Decarbonisation is not reported into existing organisation accountability and reporting frameworks at the time of our review. An appropriate decarbonisation reporting structure which monitors the progress of the action plan within the Health Board is not currently in place. Due to the existing status of actions, the Decarbonisation Action plan risks falling further behind schedule and failing to achieve the key deliverable decarbonisation activities.

**Adult and Older Persons Mental Health Unit (IAAP)** - We issued **reasonable assurance** for this review. The project benefited from a well-defined governance structure with robust monitoring and reporting arrangements observed. We did however find whilst the forecast outturn cost remained on budget, the assessment was based on a schedule of accommodation from 2021. Accordingly, the cost impact of design development and changes after the approval of the Outline Business Case (OBC) had not been included. A pre-tender estimate was not prepared prior to requesting costs from the Supply Chain Partner (SCP). There is therefore potential for the SCP Target Cost to vary significantly to this original assessment. Development of the Full Business Case had also been delayed because of seasonal restrictions on the timing of ecology surveys. These matters should have been known and anticipated.

**Corporate Legislative Compliance: Water Safety** - We issued **limited assurance** on this review. There is poor attendance/clinical representation at Local and pan-Health Board Water Safety Group Meetings. Ward areas and departments do not provide assurance that flushing of little used outlets is completed in line with policy and there is a lack of training provision in respect of water hygiene/microbiological control and competency assessment for staff whose responsibilities directly impact water safety. Further, it is not clear whether risk assessments adequately assess the risk of *Pseudomonas* or whether the assessment is solely of *Legionella*. There is no formal process to ensure risk assessments are reviewed within specified timescales.

**Orthopaedic Surgical Hub Llandudno Hospital (Draft)** - We issued **limited assurance** on this review. We identified the construction phase had been delayed significantly due to a dispute over the contractual terms

relating to insurances. At the close of the audit this represented a delayed completion from November 2024 to February 2025 – accordingly, the project would not be complete in line with the original timescales. In addition, the contractual dispute is also likely to impact on the outturn cost position as key materials had yet to be ordered by the contractor (i.e. until the dispute had been resolved). There is concern that the appropriate approvals were not sought/obtained for the letting of the main works contract.

Noting that the approvals above were not observed and that a main contract was not in place, works had commenced on site with £435,000 already committed against the purchase order, it could be determined that this work was progressing at risk. The contractor, project manager and cost adviser were not under formal contract, potentially exposing the Health Board to risk.

### **2.4.3 Approach to Follow Up of Recommendations**

As part of our audit work, we consider the progress made in implementing the actions agreed from our previous reports for which we were able to give only Limited Assurance. In addition, where appropriate, we also consider progress made on high priority findings in reports where we were still able to give Reasonable Assurance. We also undertake some testing on the accuracy and effectiveness of the audit recommendation tracker.

In addition, Audit Committees monitor the progress in implementing recommendations (this is wider than just Internal Audit recommendations) through their own recommendation tracker processes. We attend all audit committee meetings and observe the quality and rigour around these processes.

However, it remains the role of Audit Committees to consider and agree the adequacy of management responses and the dates for implementation, and any subsequent request for revised dates, proposed by Management. Where appropriate, we have adjusted our approach to follow-up work to reflect these challenges.

We have considered the impact of both our follow-up work and where there have been delays to the implementation of recommendations, on both our ability to give an overall opinion (in compliance with the PSIAS) and the level of overall assurance that we can give.

The Health Board's recommendation tracking process continued during 2023/24 although there is a need for management to actively engage in the process as a number of recommendations are either past the advised implementation date or require Executive approval as implemented.

### **2.4.4 Limitations to the Audit Opinion**

Internal control, no matter how well designed and operated, can provide only reasonable and not absolute assurance regarding the achievement of an organisation's objectives. The likelihood of achievement is affected by limitations inherent in all internal control systems.

As mentioned above the scope of the audit opinion is restricted to those areas which were the subject of audit review through the performance of the risk-based Internal Audit plan. In accordance with auditing standards, and with the agreement of senior management and the Board, Internal Audit work is deliberately prioritised according to risk and materiality. Accordingly, the Internal Audit work and reported outcomes will bias towards known weaknesses as a driver to improve governance risk management and control. This context is important in understanding the overall opinion and balancing that across the various assurances which feature in the Annual Governance Statement.

Caution should be exercised when making comparisons with prior years. Audit coverage will vary from year to year based upon risk assessment and cyclical coverage on key control systems.

### **2.4.5 Period covered by the Opinion**

Internal Audit provides a continuous flow of assurance to the Board and, subject to the key financials and other mandated items being completed in-year, the cut-off point for annual reporting purposes can be set by agreement with management. To enable the Head of Internal Audit opinion to be better aligned with the production of the Annual Governance Statement a pragmatic cut-off point has been applied to Internal Audit work in progress.

By previous agreement with the Health Board, audit work reported to draft stage has been included in the overall assessment, with all other work in progress rolled-forward and reported within the overall opinion for next year.

Most audit reviews will relate to the systems and processes in operation during 2023/24 unless otherwise stated and reflect the condition of internal controls pertaining at the point of audit assessment.

Follow-up work will provide an assessment of action taken by management on recommendations made in prior periods and will therefore provide a limited scope update on the current condition of control and a measure of direction of travel.

There are some specific assurance reviews which remain relevant to the reporting of the organisation's Annual Report required to be published after the year end. Where required, any specified assurance work would be aligned with the timeline for production of the Health Board's Annual Report and accordingly will be completed and reported to management and the Audit Committee after this Head of Internal Audit Opinion. However, the Head of Internal Audit's assessment of arrangements in these areas would be legitimately informed by drawing on the assurance work completed as part of this current year's plan.

## **2.5 Required Work**

Please note that following discussions with Welsh Government we were not mandated to audit any areas in 2023/24.

## **2.6 Statement of Conformance**

The Welsh Government determined that the Public Sector Internal Audit Standards (PSIAS) would apply across the NHS in Wales from 2013/14.

The provision of professional quality Internal Audit is a fundamental aim of our service delivery methodology and compliance with PSIAS is central to our audit approach. Quality is controlled by the Head of Internal Audit on an ongoing basis and monitored by the Director of Audit & Assurance. In addition, at least once every five years, we are required to have an External Quality Assessment. This was undertaken by the Chartered Institute of Public Finance and Accountancy (CIPFA) in March 2023, reported in April 2023 stated who concluded we 'Fully Conform' with the Standards.

The NWSSP Audit and Assurance Services can assure the Audit Committee that it has conducted its audit at Health Board in conformance with the Public Sector Internal Audit Standards for 2023/24.

Our conformance statement for 2023/24 is based upon:

- the results of our internal Quality Assurance and Improvement Programme (QAIP) for 2023/24 which will be reported formally in the Summer of 2024; and
- The results of the External Quality Assessment.

We have set out, in **Appendix A**, the key requirements of the Public Sector Internal Audit Standards and our assessment of conformance against these requirements. The full results and actions from our QAIP will be included in the 2023/24 QAIP report. There are no significant matters arising that need to be reported in this document.

We also note that there have been no impairments to the independence of the Head of Internal Audit or to any other members of NWSSP's Audit & Assurance Service who undertook work on the Health Board's audit programme for 2023/24.

The Head of Internal Audit has unfettered access to the Chief Executive, Chair of the Audit Committee and Chair of the Health Board.

## **2.7 Completion of the Annual Governance Statement**

While the overall Internal Audit opinion will inform the review of effectiveness for the Annual Governance Statement, the Accountable Officer and the Board need to consider other assurances and risks when preparing their Statement. These sources of assurances will have been identified within the Board's own performance management and assurance framework and will include, but are not limited to:

- direct assurances from management on the operation of internal controls through the upward chain of accountability;
- internally assessed performance against the Health & Care Standards;
- results of internal compliance functions including Local Counter-Fraud, Post Payment Verification, and risk management;

- reported compliance via the Welsh Risk Pool regarding claims standards and other specialty specific standards reviewed during the period; and
- reviews completed by external regulation and inspection bodies including Audit Wales, Healthcare Inspectorate Wales and Health and Safety Executive.

### 3. OTHER WORK RELEVANT TO THE HEALTH BOARD

As our internal audit work covers all NHS Wales organisations there are a number of audits that we undertake each year which, while undertaken formally as part of a particular health organisation's audit programme, will cover activities relating to other Health bodies. These are set about below, with relevant comments and opinions attached, and relate to work at:

- NHS Wales Shared Services Partnership;
- Digital Health & Care Wales;
- Welsh Health Specialised Services Committee; and
- Emergency Ambulance Services Committee.

#### NHS Wales Shared Services Partnership (NWSSP)

As part of the internal audit programme at NHS Wales Shared Services Partnership (NWSSP), a hosted body of Velindre University NHS Trust, a number of audits were undertaken which are relevant to the Health Board. These audits of the financial systems operated by NWSSP, processing transactions on behalf of the Health Board, derived the following opinion ratings:

Audit	Opinion	Outline scope
Accounts Payable	Reasonable	To evaluate and determine the adequacy of the systems and controls in place for the NWSSP Accounts Payable service.
Primary Care (GMS)	Reasonable	To provide assurance that Primary Care Services is maintaining a robust system to facilitate timely and accurate payments to General Medical Services primary care contractors.
Payroll	Substantial	To evaluate the design and operation of the systems and controls in place within payroll services.
Procurement	WIP	To review the adequacy of the systems and controls in place for

		procurement of contracts above OJEU thresholds.
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Please note that other audits of NWSSP activities are undertaken as part of the overall NWSSP internal audit programme. The overall Head of Internal Audit Opinion for NWSSP is Reasonable Assurance.

### Digital Health & Care Wales (DHCW)

As part of the internal audit programme at DHCW, a Special Health Authority that started operating from 1 April 2021, a number of audits were undertaken which are relevant to the Health Board. These audits derived the following opinion ratings:

Audit	Opinion	Outline scope
Benefits Realisation	Reasonable	To determine if the principles of an appropriate benefits realisation framework have been implemented to support decision making.
Programme Management	Reasonable	To provide an opinion of the project management being operated over the Digital Services for Patients and Public (DSPP) programme.
Business Continuity (Ransomware)	Reasonable	To assess the adequacy and effectiveness of business continuity arrangements, including in the event of a cyber-attack (including ransomware).
Legacy Software Modernisation	Reasonable	To review the management of risks associated with older technology.

Please note that other audits of DHCW activities are undertaken as part of the overall DHCW internal audit programme. The overall Head of Internal Audit Opinion for DHCW is Reasonable Assurance.

### Welsh Health Specialised Services Committee (WHSSC) and Emergency Ambulance Services Committee (EASC)

The work at both the Welsh Health Specialist Services Committee (WHSSC) and the Emergency Ambulance Services Committee (EASC) is undertaken as part of the Cwm Taf Morgannwg internal audit plan. These audits are listed below and derived the following opinion ratings:

Audit	Opinion	Outline scope
WHSSC - Welsh kidney network	Substantial	To consider the governance arrangements in place for the Welsh Kidney Network following

Audit	Opinion	Outline scope
		the independent governance review undertaken in 2022. We also aimed to provide assurance that there are robust and effective risk management arrangements in place that strengthen and contribute to the overall governance framework.
WHSSC – Integrated commissioning plan development process	Substantial	To provide assurance on the processes that WHSSC has in place to develop its Integrated Commissioning Plan, with a focus on the financial planning element.
EASC – Adult critical care transfer service (Draft)	Substantial	Our review focused on the governance arrangements, financial monitoring, meeting outcomes and performance monitoring, and the process to meeting longer term needs.

While these audits do not form part of the annual plan for the Health Board, they are listed here for completeness as they do impact on the organisation's activities. The Head of Internal Audit has considered if any issues raised in the audits could impact on the content of our annual report and concluded that there are no matters of this nature.

Full details of the NWSSP audits are included in the NWSSP Head of Internal Audit Opinion and Annual Report and are summarised in the Velindre NHS Trust Head of Internal Audit Opinion and Annual Report. DHCW audits are summarised in the DHCW Head of Internal Audit Opinion and Annual Report, and the WHSSC and EASC audits are summarised in the Cwm Taf Morgannwg University Health Board Head of Internal Audit Opinion and Annual Report.

## 4. DELIVERY OF THE INTERNAL AUDIT PLAN

### 4.1 Performance against the Audit Plan

The Internal Audit Plan has been delivered substantially in accordance with the schedule agreed with the Audit Committee, subject to changes agreed as the year progressed. Regular audit progress reports have been submitted to the Audit Committee during the year. Audits that remain to be reported, but are reflected within this Annual Report, will be reported alongside audits from the 2023/24 operational audit plan.

The audit plan approved by the Committee in May and September 2023 (two six-month plans) contained thirty-two (32) planned reviews. Changes have been made to the plan with five audits added and six

deferred/cancelled. All these changes have been reported to, and approved by, the Audit Committee.

The assignment status summary is reported at section 5.

In addition, we may respond to requests for advice and/or assistance across a variety of business areas across the Health Board. This advisory work, undertaken in addition to the assurance plan, is permitted under the standards to assist management in improving governance, risk management and control. This activity is reported during the year within our progress reports to the Audit Committee.

## 4.2 Service Performance Indicators

In order to monitor aspects of the service delivered by Internal Audit, a range of service performance indicators have been developed.

Indicator Reported to Audit Committee	Status	Actual	Target	Red	Amber	Green
Operational Audit Plan agreed for 2023/24	<b>G</b>	May and September 2023	By 30 June	Not agreed	Draft plan	Final plan
Total assignments reported against adjusted plan for 2023/24	<b>G</b>	97% (31/32)	100%	v>20%	10%<v<20%	v<10%
Report turnaround: time from fieldwork completion to draft reporting [10 working days]	<b>G</b>	100%	80%	v>20%	10%<v<20%	v<10%
Report turnaround: time taken for management response to discussion & draft report [20 working days]	<b>G</b>	76%	80%	v>20%	10%<v<20%	v<10%
Report turnaround: time from management response to issue of final report [10 working days]	<b>G</b>	100%	80%	v>20%	10%<v<20%	v<10%

Key: v = percentage variance from target performance

## 5. RISK BASED AUDIT ASSIGNMENTS

The overall opinion provided in Section 1 and our conclusions on individual reviews is limited to the scope and objectives of the reviews we have undertaken, detailed information on which has been provided within the individual audit reports.

### 5.1 Overall summary of results

In total 31 audit reviews were reported during the year. Figure 1 below presents the assurance ratings and the number of audits derived for each.

**Figure 1 Summary of audit ratings**

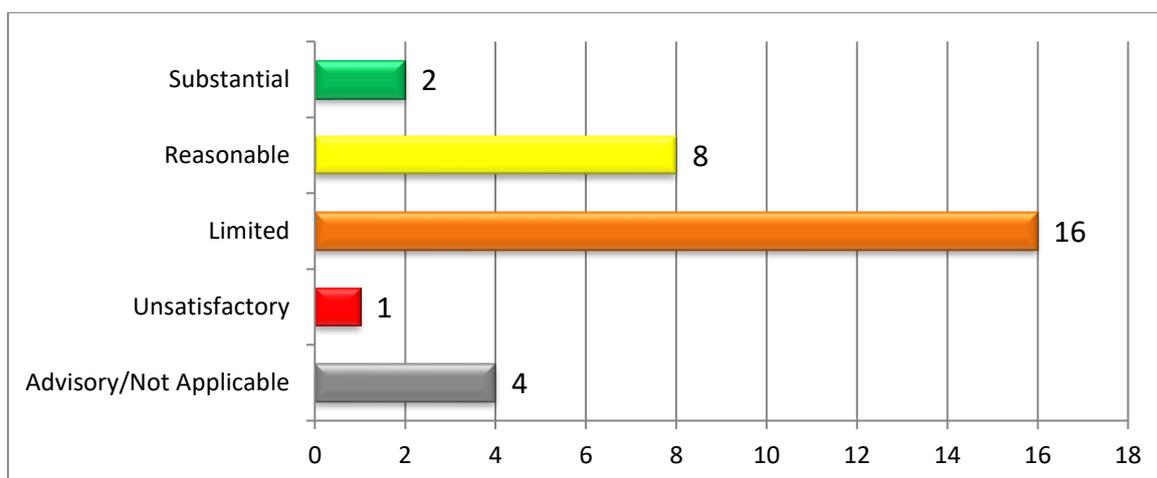


Figure 1 above does not include the audit ratings for the reviews undertaken at NWSSP, DHCW, WHSSC or EASC.

The assurance ratings and definitions used for reporting audit assignments are included in **Appendix B**.

In addition to the above, there were several audits which did not proceed following preliminary planning and agreement with management. In some cases, it was recognised that there was action required to address issues and/or risks already known to management and an audit review at that time would not add additional value. These audits are documented in section 5.7.

The following sections provide a summary of the scope and objective for each assignment undertaken within the year along with the assurance rating.

## 5.2 Substantial Assurance (Green)



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

Review Title	Objective
Cyber Security	To ensure that the organisation is working to improve its cyber security position, and that appropriate reporting is in place that shows the current status.
Digital Health Record (Cito) – Patient Records Transition Programme	To ensure that there is appropriate programme governance in place.

### 5.3 Reasonable Assurance (Yellow)



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

Review Title	Objective
Financial Control: Receipting of goods and year-end accruals	To ensure the internal financial controls for purchase order accruals is robust and the Health Board's own Standard Operating Procedure is complied with.
Accounts Receivable	To review key controls for the receipt, banking and debt management in accordance with standard operating procedures and Standing Financial Instructions.
Digital Operating Model	To review what steps have been taken to develop proposals for a new operating model in delivering Digital, Data and Technology (DDaT) Services at the Health Board.
Adult and Older Persons Mental Health Unit (IAAP)	To evaluate the progression and delivery of the development of an Adult and Older Persons Mental Health Unit at Glan Clwyd Hospital against the key business case objectives and to assess the adequacy of the systems and controls in place to support the successful delivery of the project.
Follow up - Welsh Language Commissioner - Documents on the Website	To establish progress made by management to implement agreed actions arising from the previous internal audit [report BCU-2223-04 refers], which concluded limited assurance over the arrangements in place for website compliance with Welsh Language Standards.
Records Management - Fragmented Care records	- To review the progress being made to mitigate the risk, and the impact of the residual risk relating to the fragmented care record.
Effective governance - Women's Directorate	- To review the effectiveness of the governance arrangements within the service.

Review Title	Objective
Corporate Legislative Compliance: National Health Service (Appointment of Consultants) (Wales) (Amendment) Regulations 2005	To review whether the recruitment of consultants is in line with statute and Health Board procedures.

## 5.4 Limited Assurance (Amber)



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

Review Title	Objective
Clinical Audit: Tier 1 National Audits	To review the Health Board's participation in Tier 1 audits, including the submission of data and resulting actions.
Falls management	To ensure compliance with Policy NU06 - <i>The Prevention and Management of Adult In-Patient falls</i> as well as reporting and management arrangements in place.
Lessons learnt	To review whether there are robust processes and controls in place to support the management of learning within Health Board Integrated Healthcare Communities (IHCs) and pan-North Wales services, and to review operational compliance with Make it Safe (Plus) principles.
GP Out of Hours (Deferred from 22/23)	To ensure there are robust processes and controls in place within the Health Board to support the management and implementation of the GPOOH/UPCC Peer Review improvement actions.
Decarbonisation	To determine the adequacy of management arrangements to ensure compliance with the requirements of the Welsh Government's decarbonisation strategic delivery plan and ensure that the UHB has appropriate controls and management arrangements in place to achieve the same.

Review Title	Objective
Corporate Legislative Compliance: Water Safety	To ensure there are robust processes and controls in place within the Health Board to ensure compliance with the <i>Policy for the Management of Safe Water Systems (ES02)</i> and <i>Welsh Health Technical Memorandum 04-01 - Safe water in healthcare premises</i> .
Hergest Unit Notice of Contravention (NoC) Action Plan	To ensure the Health Board can demonstrate it has the evidence to support completion of the action plan developed to address the three Material Breaches identified by the Health and Safety Executive.
Follow up - Delivery of HB Savings	To establish progress made by management to implement agreed actions arising from the previous internal audit [report BCU-2223-15 refers], which concluded unsatisfactory assurance over the arrangements in place in the identification and delivery of savings as outlined in the IMTP and associated Financial Plan for 2022/23.
Health and Safety	To review compliance with <i>HS01 Occupational Health and Safety Policy</i> , assessing the adequacy of management arrangements for Health & Safety to provide assurance to the Health Board.
Deprivation of Liberty Safeguards (DoLS)	To review the process in place for the management of Deprivation of Liberty Safeguards (DoLS) activity in the Health Board, including procedures, staff training, monitoring and escalation of cases.
Discharge arrangements	To ensure there are robust processes and controls in place within the Health Board to support the implementation of Discharge to Recover then Assess (D2RA) requirements, and management of adverse / unsafe discharges.
Budgetary Control	To review whether the Health Board has effective controls in place to manage its financial budgets, including delegation and information available to budget holders.
Effective Governance – Central IHC	To review the effectiveness of the governance arrangements within the IHC.
Risk Management	To review the implementation and application of the Health Board’s Risk Management process. We also assessed implementation of

Review Title	Objective
	the management actions agreed as part of the limited assurance review in 2022/23.
Standards of Business Conduct – Declarations of Interest, Gifts and Hospitality	To ensure there are robust processes and controls in place within the Health Board to support the management of Standards of Business Conduct, specifically staff Declarations of Interest, Gifts and Hospitality.
Orthopaedic Surgical Hub Llandudno Hospital (Draft)	To evaluate the progression and delivery of the Orthopaedic Surgical Hub at Llandudno Hospital against the key business case objectives and to assess the adequacy of the systems and controls in place to support the successful delivery of the project.

## 5.5 Unsatisfactory (Red)



There is one audited area in which the Board has **no assurance** that arrangements to secure governance, risk management and internal control are suitably designed and applied effectively, or where action remains to be taken to address the whole control framework with high impact on residual risk exposure until resolved.

Review Title	Objective
Operating Model	To review the costs associated with the Operating Model and whether the revised structure has delivered the benefits intended.

## 5.6 Advisory/Assurance Not Applicable (Grey)



The following reviews were undertaken as part of the audit plan and reported without the standard assurance rating indicator, owing to the nature of the audit approach. The level of assurance given for these reviews are deemed not applicable – these are reviews and other assistance to management, provided as part of the audit plan, to which the assurance definitions are not appropriate, but which are relevant to the evidence base upon which the overall opinion is formed.

Review Title	Objective
Special Measures - Contract and Procurement management review	The review was undertaken by Audit & Assurance Services in line with the Terms of Reference and three objectives set out by the Health Board and agreed with Welsh Government that focused on procurement and contracting arrangements in the Health Board.
Procurement and Contract management arrangements	To establish the procurement process followed by the Health Board in engaging an external organisation to undertake a review at the Health Board.
Interim Executive Director appointment	To examine: <ul style="list-style-type: none"> <li>The method of securing the appointment, including the role and the decisions made at Remuneration and Terms of Service Committee, including the appointment to the post of Interim Programme Director for Clinical Quality Improvement.</li> <li>Evidence (including absence of evidence) of decision-making regarding salary scale and agreements.</li> </ul>
Follow up of Internal Audit Recommendations	To review the evidence received by the Corporate Governance Directorate to support closure of a number of audit actions from various audit reports, as requested at the January 2024 Audit Committee.

## 5.7 Audits not undertaken

Additionally, the following audits were deferred for the reasons outlined below. We have considered these reviews and the reason for their deferment when compiling the Head of Internal Audit Opinion.

Review Title	Reason for deferment
Wrexham Maelor Continuity Phase One	The Executive Director of Finance requested this review be delayed to confirm approval of the business case. There was no Senior Responsible Officer / Programme Board in place at the time.
Workforce Strategy: Operational implementation (Deferred from 22/23)	Welsh Government commissioned a review following Special Measures focusing on the People & OD Strategy with a report being issued. Undertaking a review would add no value to the Health Board as management are aware of the gaps/issues, with actions from Special Measures to be factored into a refreshed strategy.

Review Title	Reason for deferment
Follow up - Recruitment of substantive and interim executive and senior posts	Following publication of the Welsh Government Rapid Review of Interim appointments to Executive posts at Betsi Cadwaladr University Health Board it included an action plan with implementation dates ranging from February to April 2024 inclusive. To eliminate duplication, we will combine the follow-up of both our and Welsh Government reports into one as they are very much interdependent.
Grievance management	The review was agreed with management and scheduled to commence however we were unable to complete the review in time – We advised both the Director of Corporate Governance and the Audit Committee of this. The review will be undertaken as a priority in quarter 1 2024/25.
Charitable Funds	The Executive Director of Finance requested that this review be delayed until April 2024 to enable them to close the year end position and formerly adopt the revised policies and procedures developed. We supported this delay in order that we undertake a review of internal controls in operation against revised policies and procedures.
Follow up – Contracted Patient Services: Quality and Safety arrangements	The review of agreed actions identified two key actions were not scheduled for completion until March 2024 and therefore would not have been completed in time for a follow-up review.

In addition, at the time of this annual report there were no reviews that were 'work in progress'.

## 6. ACKNOWLEDGEMENT

In closing I would like to acknowledge the time and co-operation given by Directors and staff of the Health Board to support delivery of the Internal Audit assignments undertaken within the 2023/24 plan.

Dave Harries CMIIA QiCA

Pennaeth yr Archwiliad Mewnol/Head of Internal Audit

Gwasanaethau Archwilio a Sicrwydd/Audit and Assurance Services  
Partneriaeth Cydwasanaethau GIG Cymru/NHS Wales Shared Services  
Partnership

24 June 2024

**Appendix A**

<b>ATTRIBUTE STANDARDS</b>	
<b>1000 Purpose, authority and responsibility</b>	Internal Audit arrangements are derived ultimately from the NHS organisation's Standing orders and Financial Instructions. These arrangements are embodied in the Internal Audit Charter adopted by the Audit Committee on an annual basis.
<b>1100 Independence and objectivity</b>	Appropriate structures and reporting arrangements are in place. Internal Audit does not have any management responsibilities. Internal audit staff are required to declare any conflicts of interests. The Head of Internal Audit has direct access to the Chief Executive and Audit Committee chair. There have been no impairments to our independence during 2023/24.
<b>1200 Proficiency and due professional care</b>	Staff are aware of the Public Sector Internal Audit Standards and code of ethics. Appropriate staff are allocated to assignments based on knowledge and experience. Training and Development exist for all staff. The Head of Internal Audit is professionally qualified.
<b>1300 Quality assurance and improvement programme</b>	Head of Internal Audit undertakes quality reviews of assignments and reports as set out in internal procedures. Internal quality monitoring against standards is performed by the Head of Internal Audit and Director of Audit & Assurance. . An EQA was undertaken in 2023.
<b>PERFORMANCE STANDARDS</b>	
<b>2000 Managing the internal audit activity</b>	The Internal Audit activity is managed through the NHS Wales Shared Services Partnership. The audit service delivery plan forms part of the NWSSP

	<p>integrated medium term plan. A risk based strategic and annual operational plan is developed for the organisation. The operational plan gives detail of specific assignments and sets out overall resource requirement. The audit strategy and annual plan is approved by Audit Committee.</p> <p>Policies and procedures which guide the Internal Audit activity are set out in an Audit Quality Manual. There is structured liaison with Audit Wales, HIW and LCFS.</p>
<b>2100 Nature of work</b>	The risk based plan is developed and assignments performed in a way that allows for evaluation and improvement of governance, risk management and control processes, using a systematic and disciplined approach.
<b>2200 Engagement planning</b>	The Audit Quality Manual guides the planning of audit assignments which include the agreement of an audit brief with management covering scope, objectives, timing and resource allocation.
<b>2300 Performing the engagement</b>	The Audit Quality Manual guides the performance of each audit assignment and report is quality reviewed before issue.
<b>2400 Communicating results</b>	<p>Assignment reports are issued at draft and final stages. The report includes the assignment scope, objectives, conclusions and improvement actions agreed with management. An audit progress report is presented at each meeting of the Audit Committee.</p> <p>An annual report and opinion is produced for the Audit Committee giving assurance on the adequacy and effectiveness of the organisation's</p>

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	framework of governance, risk management and control.
<b>2500 Monitoring progress</b>	An internal follow-up process is maintained by management to monitor progress with implementation of agreed management actions. This is reported to the Audit Committee. In addition, audit reports are followed-up by Internal Audit on a selective basis as part of the operational plan.
<b>2600 Communicating the acceptance of risks</b>	If Internal Audit considers that a level of inappropriate risk is being accepted by management it would be discussed and will be escalated to Board level for resolution.

## Appendix B - Audit Assurance Ratings

We define the following levels of assurance that governance, risk management and internal control within the area under review are suitable designed and applied effectively:

	<p><b>Substantial assurance</b></p>	<p>Few matters require attention and are compliance or advisory in nature.  <b>Low impact</b> on residual risk exposure.</p>
	<p><b>Reasonable assurance</b></p>	<p>Some matters require management attention in control design or compliance.  <b>Low to moderate impact</b> on residual risk exposure until resolved.</p>
	<p><b>Limited assurance</b></p>	<p>More significant matters require management attention.  <b>Moderate impact</b> on residual risk exposure until resolved.</p>
	<p><b>Unsatisfactory assurance</b></p>	<p>Action is required to address the whole control framework in this area.  <b>High impact</b> on residual risk exposure until resolved.</p>
	<p><b>Assurance not applicable</b></p>	<p>Given to reviews and support provided to management which form part of the internal audit plan, to which the assurance definitions are not appropriate.                  These reviews are still relevant to the evidence base upon which the overall opinion is formed.</p>



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Website: [Audit & Assurance  
Services - NHS Wales Shared  
Services Partnership](#)



<b>Teitl adroddiad:</b> <i>Report title:</i>	Annual Report 2023-2024
<b>Adrodd i:</b> <i>Report to:</i>	Audit Committee
<b>Dyddiad y Cyfarfod:</b> <i>Date of Meeting:</i>	Tuesday, 09 July 2024
<b>Crynodeb Gweithredol:</b> <i>Executive Summary:</i>	<p>The purpose of this paper is;</p> <ul style="list-style-type: none"><li>• To present to the Audit Committee the Annual Report 2023-24 Part 1 and 2 and Annual Governance Statement which along with the Annual Accounts 2023-24 will be presented in its final version at the Annual General Meeting in September 2024.</li><li>• <b>The Audit Committee is asked to RECOMMEND</b> to Board at its meeting on 10 July 2024 the approval and signature of the Annual Report and Financial Accounts for year ended 31st March 2024.</li></ul> <p>The contents include a final Draft of: 1. The Performance Report; 2. The Accountability Report, including: a. A Corporate Governance Report b. A Remuneration and Staff Report c. A Parliamentary Accountability and Audit Report.</p> <p>The Annual Governance Statement (AGS) forms part of the Accountability Report section of this Annual Report, and provides a detailed report on our governance, arrangements for managing risk and systems of internal control. The AGS has been received and reviewed by the Executive Team, Audit Committees in May 2024 and colleagues including the Head of Internal Audit and the Vice Chair.</p> <p>Alongside the Financial Statements for 2023/24 these documents require formal approval ahead of submission to Welsh Government on 12 July 2024 in-line with HM Treasury Requirements.</p> <p>Final Draft versions of the documents attached incorporate all comments and feedback received from Welsh Government, Auditors, and Board Members. Draft and Final versions of these documents have been reviewed by the Audit Committee.</p> <p>It is important to note that the documents will be published in the public domain in the Welsh Language as well as in the English Language and as soon as the documents are fixed this work will be undertaken and completed.</p>
<b>Argymhellion:</b> <i>Recommendations:</i>	<p>The Audit Committee is asked to:</p> <ul style="list-style-type: none"><li>• <b>RECEIVE and CONSIDER</b> the Annual Report 2023-24, Part 1 and 2 and Annual Governance Statement</li><li>• <b>RECOMMEND</b> to Board at its meeting on 10 July 2024 the approval and signature of the Annual Report and Financial Accounts for year ended 31st March 2024.</li></ul>

	<ul style="list-style-type: none"> <li><b>NOTE</b> to note that the components parts of the annual report will be merged together and a further page reference and proof check completed prior to submission.</li> </ul>			
<b>Arweinydd Gweithredol:</b>  <b>Executive Lead:</b>	Pam Wenger, Director of Corporate Governance			
<b>Awdur yr Adroddiad:</b>  <b>Report Author:</b>	Phil Meakin - Associate Director of Governance			
<b>Pwrpas yr adroddiad:</b> <b>Purpose of report:</b>	I'w Nodi <i>For Noting</i> <input checked="" type="checkbox"/>	I Benderfynu arno <i>For Decision</i> <input checked="" type="checkbox"/>	Am sicrwydd <i>For Assurance</i> <input checked="" type="checkbox"/>	
<b>Lefel sicrwydd:</b>  <b>Assurance level:</b>	<b>Arwyddocaol</b> <b>Significant</b> <input type="checkbox"/> Lefel uchel o hyder/tystiolaeth o ran darparu'r mecanweithiau / amcanion presennol  <i>High level of confidence/evidence in delivery of existing mechanisms/objectives</i>	<b>Derbyniol</b> <b>Acceptable</b> <input checked="" type="checkbox"/> Lefel gyffredinol o hyder/tystiolaeth o ran darparu'r mecanweithiau / amcanion presennol  <i>General confidence / evidence in delivery of existing mechanisms / objectives</i>	<b>Rhannol</b> <b>Partial</b> <input type="checkbox"/> Rhywfaint o hyder/tystiolaeth o ran darparu'r mecanweithiau / amcanion presennol  <i>Some confidence / evidence in delivery of existing mechanisms / objectives</i>	<b>Dim Sicrwydd</b> <b>No Assurance</b> <input type="checkbox"/> Dim hyder/tystiolaeth o ran y ddarpariaeth  <i>No confidence / evidence in delivery</i>
<p><b>Cyfiawnhad dros y gyfradd sicrwydd uchod. Lle bo sicrwydd 'Rhannol' neu 'Dim Sicrwydd' wedi'i nodi uchod, nodwch gamau i gyflawni sicrwydd 'Derbyniol' uchod, a'r terfyn amser ar gyfer cyflawni hyn:</b></p> <p><b><i>Justification for the above assurance rating. Where 'Partial' or 'No' assurance has been indicated above, please indicate steps to achieve 'Acceptable' assurance or above, and the timeframe for achieving this:</i></b></p>				
<b>Cyswllt ag Amcan/Amcanion Strategol:</b>  <b>Link to Strategic Objective(s):</b>	<ol style="list-style-type: none"> <li>Building an effective organisation</li> <li>Developing strategy and long lasting change</li> <li>Creating compassionate culture, leadership and engagement</li> <li>Improving quality outcomes and experience</li> <li>Establishing an effective environment for learning</li> </ol>			
<b>Goblygiadau rheoleiddio a lleol:</b>  <b>Regulatory and legal implications:</b>	There is a statutory duty under the NHS (Wales) Act 2006, as amended by the NHS Finance (Wales) Act 2014. The HB must publish an Annual Report and financial accounts within six months of the end of the financial year.			
<b>Yn unol â WP7, a oedd EqIA yn angenrheidiol ac a gafodd ei gynnal?</b>  <b>In accordance with WP7 has an EqIA been identified as necessary and undertaken?</b>	N/A			
<b>Yn unol â WP68, a oedd SEIA yn angenrheidiol ac a gafodd ei gynnal?</b>	N/A			

<p><i>In accordance with WP68, has an SEIA identified as necessary been undertaken?</i></p>	
<p><b>Manylion am risgiau sy'n gysylltiedig â phwnc a chwmpas y papur hwn, gan gynnwys risgiau newydd (croesgyfeirio at y BAF a'r CRR)</b></p> <p><i>Details of risks associated with the subject and scope of this paper, including new risks( cross reference to the BAF and CRR)</i></p>	<p>Failure to fulfil the statutory duties as described above and the strategic objectives of the Health Board.</p>
<p><b>Goblygiadau ariannol o ganlyniad i roi'r argymhellion ar waith</b></p> <p><i>Financial implications as a result of implementing the recommendations</i></p>	<p>N/A</p>
<p><b>Goblygiadau gweithlu o ganlyniad i roi'r argymhellion ar waith</b></p> <p><i>Workforce implications as a result of implementing the recommendations</i></p>	<p>N/A</p>
<p><b>Adborth, ymateb a chrynodeb dilynol ar ôl ymgynghori</b></p> <p><i>Feedback, response, and follow up summary following consultation</i></p>	<p>Review/consultation on the production of this document included;</p> <ol style="list-style-type: none"> <li>1 Executive Team</li> <li>2 Audit Committee in May</li> <li>3 Internal Audit</li> <li>4. Director of Corporate Governance and Chief Executive.</li> </ol> <p>Feedback from these been reviews has been used to inform the version presented to Audit Committee today.</p>
<p><b>Cysylltiadau â risgiau BAF:</b> (neu gysylltiadau â'r Gofrestr Risg Gorfforaethol)</p> <p><i>Links to BAF risks:</i> (or links to the Corporate Risk Register)</p>	<p>The BAF Risk for 2023/24 has the following <b>BAF Risk SP16-Board Leadership and Governance</b> - There is a risk of failing to effectively strengthen the Board arrangements following special measures and implement critical governance, accountability, planning, and performance improvements.</p>
<p><b>Rheswm dros gyflwyno adroddiad i fwrdd cyfrinachol (lle bo'n berthnasol)</b></p> <p><i>Reason for submission of report to confidential Committee (where relevant)</i></p>	<p>N/A</p>
<p><b>Next Steps:</b></p> <ul style="list-style-type: none"> <li>• The three component parts of the annual report will be merged together and a further page reference and proof check completed prior to submission.</li> <li>• To complete the Signing of Financial Statements, Annual Report and Letter of Representation (subject to Board approval) and submit to the Auditor General for Wales by 12 July 2024.</li> <li>• Following Board and Auditor General for Wales approval (scheduled for 12 July 2024), the 2023/24 Audited Annual Accounts are to be submitted to Welsh Government by 15 July 2024 by Audit Wales.</li> </ul>	

- The final Annual Report will be presented at the BCUHB Annual General Meeting on 25 September 2024 and this will include an Annual Report Summary.
- To progress the translation of documents into the Welsh Language.

**Rhestr o Atodiadau:**

**List of Appendices:**

- Appendix 1 - Annual Report 2023-24 (including Annual Governance Statement)

## ANNUAL REPORT 2023/24

### 1. Purpose:

To present to the Audit Committee the Annual Report 2023-24 Part 1 and 2 and Annual Governance Statement which along with the Annual Accounts 2023-24 will be presented in its final version at the Annual General Meeting in September 2024. The document is contained in Appendix 1.

The Audit Committee is asked to:

- **RECEIVE and CONSIDER** the Annual Report 2023-24, Part 1 and 2 and Annual Governance Statement.
- **RECOMMEND** to Board at its meeting on 10 July 2024 the approval and signature of the Annual Report and Financial Accounts for year ended 31st March 2024.
- **NOTE** to note that the components parts of the annual report will be merged together and a further page reference and proof check completed prior to submission.

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### 2. Introduction and Background

The contents of the document includes a final Draft of: 1. The Performance Report; 2. The Accountability Report, including: a. A Corporate Governance Report b. A Remuneration and Staff Report c. A Parliamentary Accountability and Audit. The Annual Governance Statement (AGS), which is provided as an Appendix to this document, forms part of the Accountability Report section of this Annual Report.

Alongside the Financial Statements for 2023/24 these documents require formal approval ahead of submission to Welsh Government on 12 July 2024 in-line with HM Treasury Requirements.

Final Draft versions incorporate all comments and feedback received from Welsh Government, Auditors, and Board Members. Draft and Final versions of these documents have been reviewed by the Audit Committee in previous meetings.

In addition to this, all Board Members have received a copy of the Annual Report ahead of the publication of these papers to ensure that there is sufficient time for the Board members to review it.

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### 3. Key Features of the Annual Report

#### 3.1 The Performance Report

The purpose of the performance section of the annual report is to provide information on the entity, its main objectives and strategies and the principal risks that it faces. The requirements

of the performance report are based on the matters required to be dealt with in a Strategic Report as set out in Chapter 4A of Part 15 of the Companies Act 2006. Public entities should comply with the Act as adapted in the Financial Reporting Manual (FReM) and this Manual: i.e. they should treat themselves as if they were quoted companies. The main features of the performance report should flow from the organisation's agreed plan and demonstrate how they have delivered against that plan in the year of reporting

The performance report must provide a fair, balanced and understandable analysis of the entity's performance, in line with the overarching requirement for the annual report and accounts to be fair, balanced and understandable. Where NHS bodies judge that users of the Performance Report would benefit from further information then it is acceptable to include hyperlinks to any other relevant reports such as the organisations IMTP or other published performance statistics. Auditors have reviewed the performance report for consistency with other information in the financial statements. The performance report shall be signed and dated by the Accountable Officer/Chief Executive.

### **3.2 The Accountability Report**

The purpose of the accountability section of the annual report is to meet key accountability requirements to the Welsh Government. The requirements of the accountability report are based on the matters required to be dealt with in a Directors' Report, as set out in Chapter 5 of Part 15 of the Companies Act 2006 and Schedule 7 of SI 2008 No 410, and in a Remuneration Report, as set out in Chapter 6 of the Companies Act 2006 and Schedule 8 of SI 2008 No 410. The requirements of the Companies Act 2006 have been adapted for the public sector context and only need to be followed by entities which are not companies to the extent that they are incorporated into this Manual.

Auditors will review the accountability report for consistency with other information in the financial statements and will provide an opinion on the following disclosures which should clearly be identified as audited within the accountability report:

- Single total figure of remuneration for each director
- Cash Equivalent Transfer Vales disclosures for each director
- Payments to past directors, if relevant
- Payments for loss of office, if relevant
- Fair pay disclosures (Included in Annual Accounts)
- Exit packages, (included in Annual Accounts) if relevant and
- Analysis of staff numbers.

The Accountability Report is required to have three sections:

a) Corporate Governance Report The purpose of the Corporate Governance Report is to explain the composition and organisation of the entity's governance structures and how they support the achievement of the entity's objectives.

b) Remuneration and Staff Report The Finance Reporting Manual requires that a Remuneration Report shall be prepared by NHS bodies. The Remuneration Report contains information about senior manager's remuneration. The definition of "Senior Managers" for these purposes is: "those persons in senior positions having authority or responsibility for directing or controlling the major activities of the NHS body. This means those who influence the decisions of the entity as a whole rather than the decisions of individual directorates or departments.'

c) Parliamentary Accountability and Audit Report The Parliamentary Accountability Report should contain disclosure on the following:

- Regularity of expenditure
- Fees and charges (if applicable)
- Remote Contingent liabilities

- Audit Certificate and Auditor General Wales Report The Accountability Report shall be signed and dated by the Accountable Officer/Chief Executive, the Director of Finance and the Chair of the Board.

### 3.3 The Annual Governance Statement

The Annual Governance Statement (AGS), which is provided as an Annex to this document, forms part of the Accountability Report section of this Annual Report, and provides a detailed report on our governance, arrangements for managing risk and systems of internal control. The AGS has been received and reviewed by the Executive Team, Audit Committee and colleagues including the Head of Internal Audit and supported by a desktop review by the Vice-Chair.

The NHS Wales Manual for Accounts recommends the following contents in an AGS

1. Scope of Responsibility
2. Our Governance Framework
3. Purpose Of Our System of Internal Control
4. Capacity to Handle Risk
5. Control Framework
6. Planning Arrangements
7. Disclosure Statements
8. Review of Effectiveness
  - Internal Audit
  - Audit Wales Structured Assessment
9. Conclusion
10. Appendices The following should be shown as appendices rather than in the main body of the Governance Statement.
  - a. Ref. Table of membership and attendance
  - b. Ref. Include Table of Quoracy
  - c. List of Ministerial Directions

The AGS is ordered in this way. It also includes content specific to the organisational context such as the move into Special Measures. In addition, in preparation of the AGS, an assessment on the Health Board's compliance to the Corporate Governance Code was presented at the Audit Committee on 21 May 2024. This included a detailed self-assessment against the criteria that relates to Health Boards. The Audit Committee noted and supported the assessment of compliance and agreed to the assessment being reflected in the accountability report.

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## 4. Next Steps

- The Audit Risk and Assurance Committee is asked to **recommend** approval by the BCUHB Board at its meeting on 10 July 2024.
- The three component parts of the annual report will be merged together and a further page reference and proof check completed prior to submission.
- To complete the Signing of Financial Statements, Annual Report and Letter of Representation (subject to Board approval) and submit to the Auditor General for Wales by 12 July 2024.
- Following Board and Auditor General for Wales approval (scheduled for 12 July 2024), the 2023/24 Audited Annual Accounts are to be submitted to Welsh Government by 15 July 2024 by Audit Wales.
- The final Annual Report will be presented at the BCUHB Annual General Meeting on 25 September 2024 and this will include an Annual Report Summary.
- To progress the translation of documents into the Welsh Language.





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CYMRU  
NHS  
WALES

Bwrdd Iechyd Prifysgol  
Betsi Cadwaladr  
University Health Board

# Annual Report and Accounts 2023/24



The Annual Report and Accounts are part of the Health Board's public annual reporting and set out our service delivery, environmental and financial performance for the year and describe our management and governance arrangements.

The Annual Governance Statement, which is provided as an Annex to this document, forms part of the Accountability Report section of this Annual Report, and provides a detailed report on our governance, arrangements for managing risk and systems of internal control.

Copies of all these documents can be downloaded from the Health Board's website at <https://bcuhb.nhs.wales/about-us/governance-and-assurance1/>

or are available on application to the Health Board's Communications Team at BCUHB, Block 5, Carlton Court, St Asaph Business Park, St Asaph, LL17 0JG, by telephone on 03000 840 008 or by e-mail to [bcuhbpressdesk@wales.nhs.uk](mailto:bcuhbpressdesk@wales.nhs.uk).

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## Chair and Chief Executive's Introduction



**Dyfed Edwards**  
Chair



**Carol Shillabeer**  
Chief Executive

We are pleased to present Betsi Cadwaladr University Health Board's Annual Report for 2023/24.

It has once again been a difficult year for the organisation, but also a year of great change. This has been the first full year since we were placed into special measures by Welsh Government, which triggered a change of leadership, including the appointment of a full new team of Independent Members to the Board.

Although the effects of COVID-19 are finally on the wane, we have been dealing with other challenging issues including industrial action by some of our staff and a continuing difficult financial situation. Meanwhile, significant failings with some aspects of our performance have been identified which we are working hard to address.

The financial context in which we, and virtually all other public bodies, operate continues to be challenging, both in the short and long term. Although we have made progress over the last year, we continue to have an underlying financial deficit which we must address.

We also continue to face staff shortages in many key areas, caused by a difficult recruitment market. That is why we, along with other Health Boards, supported the Welsh Government's recruitment drive for medical staff from India to come and work with us in Wales.

Our main focus throughout the year has been on patients and their needs. We understand the difficulties that many of them experience, including waits at Emergency Departments, for surgery and for dental appointments.

We share their frustrations and know that we can, and must, do better. We have taken a conscious decision to be as open and transparent as possible with the people of North Wales, so that they can understand the pressures we face and we can listen to their views.

That is why we have started a series of community conversations, visiting towns and villages across North Wales, where everyone is welcome to meet and question our board members and executive team on the services we provide. We want to hear about their experiences, both good and bad, so that we can listen and learn. These events will continue throughout this year and beyond.

While it is easy to focus on the negatives, there are reasons to be optimistic and for that we must thank our staff. They provide high quality care, support and treatment to thousands of people across North Wales every week, and we wish to pay tribute to their ongoing dedication and expertise for the way they look after our patients and the wider community.

The resilience, commitment and enthusiasm of front-line and support staff is something that we can all be proud of, and that's why we are optimistic for the future.

For example, over the last year we have reduced the number of people waiting 52 weeks for a first appointment by 45%, vascular services have received a positive external review from Health Improvement Wales and received a positive external review, and we have introduced new ways of treating and diagnosing some cancers including using artificial intelligence in breast and prostate cancers.

Construction work on a brand-new orthopaedic hub at Llandudno Hospital has also started. The Welsh Government agreed funding of up to £29.4m for the new facility to help reduce orthopaedic waiting times. The new hub will transform elective orthopaedic services by delivering a planned 1,900 procedures a year and will be operational in 2025.

We do recognise that we can't operate in isolation because we are part of a much wider health and social care system that includes local authorities, educational institutions, voluntary organisations and the ambulance service.

We value the partnerships we have with these and many other organisations across North Wales and beyond. They face similar challenges to us to meet growing demands within their available resources, and we will continue to work closely in partnership with them wherever possible to maximise the resources available to improve the health and wellbeing of our population.

For example, we continue to work closely with Bangor University where the first full medical degree programme in North Wales, delivered in collaboration with Cardiff University and primary care providers in the region, will welcome its first students in September 2024.

There is no doubt that the coming year will continue to be challenging, but there is hope for the future. We have produced a three-year plan, setting out our ambitions through to 2027, that embraces a culture of improvements to our services that we believe shows that we are prioritising the right things to improve the health service in North Wales.



# PART ONE – Performance Report

## Performance Overview

The Performance Overview is designed to give the reader a concise summary of the work of the Health Board: the population that it serves, the key challenges that we have faced over the past year, our levels of activity and how we have performed when assessed against national performance targets.

The Performance Analysis provides greater detail on the range of health services delivered for the people of North Wales, including those that we commission and those that are managed and delivered directly by the Health Board.

## Integrated Performance Framework

The Health Board approved the Integrated Performance Framework (IPF) for 2023 to 2027 on the 28<sup>th</sup> September 2023. Along with the Integrated Planning Framework (IPanF) and the Integrated Risk Management Framework, it is one of three new frameworks that will drive delivery of the strategic objectives of the Health Board for the next four years. All three Frameworks are aligned to support the Board Assurance Framework (BAF) and will be aligned the Quality Management System Strategy.

The purpose of the IPF is to integrate key performance indicators (KPIs) taken from:

1. Key deliverables from the Annual Plan (IMTP)
2. NHS Wales Assurance & Oversight Performance Framework 2023/24 and 2024/25
  1. NHS Wales Performance Framework Measures 2023/24 and 2024/25
  2. NHS Wales Policy Assurance Assessments 2023/24 and 2024/25
  3. Key deliverables in response to Welsh Government (WG), Health Education and Improvement Wales (HIEW) and other formal recommendations

The IPF will support the delivery of better outcomes for our patients and our staff, and ensure that all stakeholders understand their roles, responsibilities, and accountabilities. The management requirements of the IPF are aligned to the Health Board's corporate governance structure.

The IPF encourages and nurtures performance improvement through a partnership approach of openness about our performance and innovation and engenders a commitment to improve at all levels of the organisation. The Framework is firmly based on our values:

- Put patients first
- Work together
- Value and respect each other
- Learn and innovate
- Communicate open and honestly

The IPF reflects the Health Board's current level of performance escalation with Welsh Government. The Framework implementation approach will be subject to review should escalation levels change.

Throughout 2024/25, the Performance Directorate will be working with key stakeholders throughout the organisation in implementing the IPF.

## Chief Executive's Summary

The past 12 months have again been very challenging for the Health Board. We, like every other Health Board in Wales, have faced increased costs, leading to pressure on our already strained budgets as we strive to do the very best for the people of North Wales.

2023/24 also marks the first full year of being placed into special measures by Welsh Government, adding to the issues we face here.

Being placed into special measures is not the only issue we have had to deal with this past year. NHS staff across Wales have been on strike and, while we understand the reasons for their industrial action, it has caused disruption to many planned procedures.

Following a critical Audit Wales report on our governance and financial management in 2023, we're pleased that the latest report published in 2024 acknowledges the progress that we've made, although there is still some work to do.

There have been a number of other complex and difficult issues raised during the year:

- We are still experiencing challenges in recruiting staff in some disciplines, but have recently been successful in recruiting nurses from India for some posts.
- Waiting times are still too long in many cases and we share the frustration of patients who are waiting for treatment.
- Primary care services, including dentistry, are under exceptional pressure and we are taking action to improve these services.
- The Health Board was fined following a Health and Safety Executive prosecution. We have apologised to the family involved and are determined to keep improving the service we provide, especially where we fall short of our ambition to be an excellent service.
- We have also been the subject of a number of Prevention of Future Deaths reports from North Wales coroners. We acknowledge the importance of these reports and take them seriously as behind the statistics are people who have experienced personal loss. Work is ongoing to identify and respond to the key themes and points of learning that the reports contain. We have much to improve on to ensure that we provide services with quality and patient safety at their heart.

We have demonstrated areas of improvement during the year, with activity levels across nearly every aspect of our services building on improvements from last year and continuing to increase, and we have successfully delivered a number of key strategic projects.

Our new Integrated Health Communities are establishing themselves as a key structure in our efforts to progress our working relationships with local authorities, especially in relation to social services and education.

As for special measures, it is never good for any public body to be placed in this situation. However, it has helped focus our efforts on elements of our service that need improvement.

We have already seen improvements and are treating people sooner in a number of areas. For example, the number of people waiting more than 52 weeks for a first appointment has been reduced by 45% and the number of people waiting over 104 weeks has been reduced by 37%.

Vascular services have been de-escalated by Health Inspectorate Wales and received a positive external review, and Welsh Government has approved our plans for a multi-million-pound orthopaedic centre in Llandudno that will treat an additional 1,900 patients a year when it's operational in 2025.

Behind the scenes we're managing our budgets better. We've agreed a financial plan and savings target, and provided additional training for more than 400 staff on improving our procurement practices. We've reduced expensive short-term contracts, including interim staff, by 82%.

We now have a full complement of Independent Board Members who can ensure scrutiny of our services through our sub committees. We're investing in our staff and are encouraging a positive working culture that is open and transparent so that everyone can share their thoughts and ideas to improve the patient experience.

We have made progress over the last year. But I am in no doubt that we still have some way to go. Improving our services so that we exit special measures is important, but even more important is ensuring that all the services we provide are the best for the people of North Wales.

**Carol Shillabeer**  
**Chief Executive**

## Areas of Responsibility

The Health Board is the largest health organisation in Wales, with a budget of £1.99 billion and a workforce of over 20,000. The Health Board is an integrated health system that strives for excellent compassionate care delivered in partnership with the public and other statutory and third sector organisations.

We are responsible for the delivery of health care services to more than 700,000 people across the six counties of North Wales (Anglesey, Gwynedd, Conwy, Denbighshire, Flintshire and Wrexham). This includes the provision of primary, community and mental health, as well as general hospital services.

In primary care settings the Health Board delivers NHS care through a combination of independent contractors and directly delivered services across North Wales. This network of primary care services covers 96 medical practices (“GP practices”), 83 dental and orthodontic practices, 69 optometry/optician practices and 147 community pharmacies.

In community settings, the Health Board delivers a wide range of community NHS services including community nursing, health visiting, physiotherapy, and palliative care, through a network of health centres, clinics, community team bases and 16 community hospitals, coordinated across 14 localities.

Community mental health services are delivered from bases across North Wales, supported by inpatient mental health units across the region.

The Health Board also delivers primary, community and mental health services to the prison population within His Majesty’s Prison Berwyn in Wrexham.

General hospital services are provided from three main sites (Ysbyty Gwynedd in Bangor, Glan Clwyd Hospital in Bodelwyddan and Wrexham Maelor Hospital), with some surgical services also being delivered in Abergele and Llandudno.

Where NHS care cannot be provided within North Wales, such as for certain rare conditions or highly specialist services, the Health Board works with other NHS providers in Wales and England, to ensure that patients can still access the specialist treatments they need.

We are also responsible, in partnership, for improving the health and wellbeing of local people through activities such as our successful vaccination programmes and school health services.

In February 2023, the Health Board was escalated into Special Measures. The key priority in the first 12 months has been stabilising the organisation. The Health Board’s response has been structured around the following five high level outcomes:

- A well-functioning Board
- A clear, deliverable plan for 2023/24
- Stronger leadership and engagement
- Improved access, outcomes and experience for citizens
- A learning and self-improving organisation

During 2023/24 the special measures plan was managed within discrete 90-day cycles designed to ensure pace. Good progress to stabilise the organisation has been made across each of these outcome areas. This work has been an important step in creating the necessary conditions for ensuring improvements can be incorporated into our working practices.

In June 2023, the Board approved an annual plan for the period 2023 to 2024, set in the context of our longer-term direction of travel for health and healthcare in North Wales. The Plan included actions to comply with the NHS Wales Planning Framework 2023-26 and was set within the overarching policy context of 'A Healthier Wales'. Our plan identified how the Board will address the following key areas identified in the Planning framework:

- Ongoing response to the pandemic and system demand
- Recovery and sustainability, including improvements in activity levels following the pandemic
- Collaboration and regional approaches with partners
- Quality of care including addressing the new Duty of Quality and Duty of Candour
- Prevention of ill-health, reducing health inequalities and improving health outcomes
- Climate change and decarbonisation
- Specific clinical service areas requiring improvement and links with the National Clinical Framework

This plan was not able to be formally approved by Welsh Government for reasons related to financial concerns and in relation to the Health Board being in Special Measures escalation. The accountability conditions (a set of conditions which we must comply with), issued in response to the plan submission to Welsh Government, included the need to continue working towards a clear financial position and trajectories and to further strengthen delivery of the ministerial priorities.

In addition, further considerations were raised in respect of digital development, decarbonisation and responding to the cost-of-living crisis.

Commentary on many of these subjects is provided elsewhere in this report.

As we move into 2024/25 the special measures response plan has been shaped to align more closely with our annual planning process and with the development of our 2024-2027 three-year plan. This next phase will build on the initial progress.

During 2023/24 we continued to develop our work to meet the spirit and the intent of the Well-being of Future Generations Act. The Act sets out duties for public sector bodies in Wales, including the Health Board, to contribute towards achieving seven national well-being goals, to broaden our outlook and to think longer term in doing so. During 2023/24 we worked with partners and agreed five-year Public Service Board Well-being Plans for 2003-2008, which set out our shared aims in this area.

The Health Board continues to work on strengthening its population health focus, working in partnership with a range of organisations across North Wales. During 2023/24 we worked with partners to develop an annual delivery plan in response to the updated regional population needs assessment for 2023-2028. This describes how we will work together across North Wales to deliver health and social care activities and supports our planning activity alongside colleagues on the Regional Partnership Board. We remain committed to tackling inequalities and our 'Well North Wales' programme continues to provide a focus for this work within the Health Board and through collaborative working with our partners. The Health Board cover report for all meetings of the Board and Committees considers the legal and regulatory impact of decisions; this would include, for example, compliance with the public sector equality duty. The Health Board has approved a Strategic Equality Plan for 2024-28 and progress against the plan will be overseen by the People and Culture Committee.

As well as improving health and delivering clinical and care services, the Health Board has wider responsibilities as an 'anchor' organisation in North Wales. This includes matters such as promoting equality and human rights, the environment, sustainable development, and the Welsh Language.

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

- County Voluntary Services Councils
- Llais
- Local Authorities (Anglesey, Gwynedd, Conwy, Denbighshire, Flintshire and Wrexham)
- Mid Wales Joint Committee
- Neighbouring NHS bodies in England and Wales
- Public Health Wales
- Public Service Boards / Regional Partnership Board
- Regional Leadership Board
- Regional Safer Communities Partnership
- Third Sector partners
- Welsh Ambulance Services NHS Trust
- Welsh Health Specialised Services Committee

## Our Citizens

North Wales has a resident population in the region of 688,200 people living across an area of around 2,500 square miles, giving the area an average population density of 112 persons per square kilometre. Flintshire is the most densely populated at 353 persons per square kilometre; Gwynedd is the least densely populated at 46 persons per square kilometre.

The population is generally older than the Welsh average, with a larger proportion of people in the 65 and over and 85 and over age groups.

Age Group	BCUHB (%)	All Wales (%)
0-15	17.2	17.5
16-64	59.1	60.9
65-84	23.8	21.5
85 and over	3.1	2.7

Source: StatsWales (WG); Mid-Year Estimates, 2022 (ONS)

The overall health status of our population compares favourably to other parts of Wales. However, there is significant variation across North Wales, and the region includes some of the most deprived areas in Wales. Rhyl West 2 and Rhyl West 1 are the two most deprived areas in Wales.

Ten most deprived areas in BCUHB		
LSOA* Name	Local Authority	WIMD** rank
Rhyl West 2	Denbighshire	1
Rhyl West 1	Denbighshire	2
Queensway 1	Wrexham	9
Rhyl West 3	Denbighshire	11
Rhyl South West 3	Denbighshire	19
Glyn (Conwy)	Conwy	20
Wynnstay	Wrexham	45
Rhyl South West 1	Denbighshire	57
Abergele Pensarn 2	Conwy	70
Tudno 2	Conwy	78

\*LSOA – Lower Layer Super Output Area, these are fixed statistical geographic areas, each with around 1,500 residents, defined by the Office for National Statistics (ONS)

\*\*WIMD – Welsh Index of Multiple Deprivation (2019 data)

The percentage of children in low-income families across North Wales ranges from 30.8% in Flintshire to 35.6% on the Isle of Anglesey. Each unitary authority has experienced a percentage increase between 2015 to 2021; the largest increases have been in Conwy (6.2%) and Denbighshire (6.1%).

We recognise that deprivation has a significant adverse impact on population health, and that the current cost of living crisis will be intensifying this. The Health Board has established a steering group to look at ways the Health Board can respond on this issue and a series of initiatives continue to be progressed as part of the foundational economy approach. We continue to provide support through our partners to offer support including services addressing food poverty, assistance regarding fuel and heating, money advice, social prescribing, and a range of other health and well-being support.

While many of us are staying healthy later in life, for many there continues to be increasing levels of long-term conditions and a consequent need for care and support.

This impacts not only on individuals experiencing increased levels of need but also on those family members or relatives who may be providing unpaid care.

There is a slightly higher prevalence of long-term health conditions across the North Wales population compared to the Welsh averages:

Long Term Condition	BCUHB (%)	All Wales (%)	BCUHB compared to Wales
Hypertension (high blood pressure)	17.0	15.7	Higher
Obesity	11.5	11.8	Lower
Diabetes mellitus (patients aged 17 and over)	7.9	8.0	Higher
Asthma	7.4	7.2	Higher
Secondary prevention of CHD	3.6	3.5	Higher
Cancer	4.0	3.4	Higher
Chronic Obstructive Pulmonary Disease (COPD)	2.5	2.2	Higher
Stroke & transient ischaemic attack (TIA)	2.2	2.2	Higher
Heart failure	1.2	1.2	Equal

In the 2021 Census, North Wales had 194,295 residents who can speak Welsh, which equates to 29.1% of the overall population compared to 17.8% across Wales. As a Health Board, in addition to our statutory duties to ensure provision of Welsh language services, we recognise the importance of promoting the Welsh language for our staff and in our role as a large employer with a significant contribution to make in sustaining the language in our communities. Further detail on our Welsh Language activity is noted on pages 73 to 75 of this document.

## Our Staff

As at 31<sup>st</sup> March 2024, the Health Board employed 20,909 individuals, which equated to 18,366 full-time employees.

Below is a breakdown of the average number of employees by staff group for the entire year, as well as a gender breakdown of senior directors, managers and other staff members.

Overall recruitment in the Health Board is still challenging, however with the introduction of the Strategic Recruitment Team, there is now a clearly defined focus for the organisation to deliver high quality recruitment services in the areas of medical consultant recruitment and senior leadership recruitment for Agenda for Change (AfC) bands 8C and above. The newly formed People Service teams across Integrated Health Communities now focus on all other medical and AfC recruitment.

The Health Board successfully reduced its reliance on senior non-clinical interim staff across the year and the number in the organisation is now down to single figures.

In our Mental Health and Learning Disabilities services (MHL), a number of international recruitment campaigns to recruit psychiatrists from India has had some successes and on the most recent international recruitment drive the Health Board successfully interviewed a number of psychiatry doctors who will be joining us later in 2024.

Professional Group	Average FTE 2023/24
Add Prof Scientific and Technic	747
Additional Clinical Services	3,984
Administrative and Clerical	3,663
Allied Health Professionals	1,201
Estates and Ancillary	1,361
Healthcare Scientists	288
Medical and Dental	1,605
Nursing and Midwifery Registered	5,495
Students	22
<b>Total</b>	<b>18,366</b>

Staff composition table below. Please note, Executive Directors in post are 8 because we have 1 vacancy as of 31<sup>st</sup> March 2024.

Staff Composition	Female	Male	Grand Total
Exec	4	4	8
Manager (Band 8c and above)	137	73	210
Staff	16,756	3,935	20,691
<b>Grand Total</b>	<b>16,897</b>	<b>4,012</b>	<b>20,909</b>

## **Staff health and wellbeing support**

Health Board staff face a multitude of challenges including continuing to recover from the COVID-19 pandemic, meeting demands for acute and long-term care, including patients with high acuity and chronicity. Alongside this, our staff have moved through an organisational change process as well as big changes in senior leadership and special measures. Staff continue to be affected by cost-of-living demands and, as a majority female workforce, themes relating to the menopause, childcare and flexible working are core in our work in a bid to ensure staff are supported and resourced to provide high quality and compassionate care.

The Occupational Health and Wellbeing (OH&W) teams deliver a range of programmes and support to staff, with a focus on preventative approaches to improve staff wellness in work, with the ambition to support our workforce to thrive. They do this whilst working in collaboration with the Staff Wellbeing Support Service (SWSS), to deliver a broad programme of health and wellbeing support, initiatives, promotion, targeted engagement, risk management and wellbeing planning.

### Health Needs Assessment (HNA)

In June 2023, Occupational Health and Wellbeing released its Health Needs Assessment (HNA) to all Health Board staff, encouraging all staff to complete the assessment to help the department understand the staff needs in relation to wellbeing. The HNA was kept live for 14 weeks and received 1,026 responses.

The HNA covered many aspects of health and wellbeing including questions on lifestyle, cultural, emotional developmental and financial wellbeing. The results are currently being analysed and the recommendations from the HNA will support the implementation of the health and wellbeing strategy and action plan for the next two years. The HNA will be repeated to gather further baseline data and to look at areas for further improvement.

### A Step into Management (ASiM) Training

In support of the Organisational Development teams' step into management training for new and existing managers, Occupational Health and wellbeing leads supported the development and implementation of a health and wellbeing specific module and delivered this training to the 2023 cohort groups. The two-hour long training took place remotely via Teams and the module has received very positive feedback. Currently, the programme is now under review to support the cohort groups for 2024.

### Living Well Working Well Handbook

During staff engagement sessions, staff wellbeing was an area of work which staff identified as needing further development. In collaboration with People Service colleagues and subject matter experts, we developed an electronic handbook named "Living Well Working Well" that provides links and information to wellbeing resources available to staff including physical, mental, spiritual and financial wellbeing and support on general working life.

### Emotional Wellbeing Support

The Health Board has continued to provide staff with emotional wellbeing support through our counselling, psychology and external partner services. Counselling services have seen a huge increase in demand throughout 2023/24, often supporting staff through complex and challenging clinical support. For the six months from April 2023 to September 2023 the counselling service received 879 referrals.

During 2023, we continued to provide all of our workforce with access to external support via the Rhyl City Strategy (RCS) social enterprise programme. This employee assistance programme received positive praise and supported the emotional wellbeing programme by providing counselling, psychological support, coaching and workshops for all Health Board staff. From April 2022 through to December 2023, RCS received 658 referrals from Health Board staff with 565 of these referrals actively being supported through therapeutic intervention.

### Crisis Intervention Pathway

In early 2023, the crisis pathway was reviewed and updated to ensure that staff who are in crisis or at high risk of harm to themselves or others are seen quickly and appropriately. Joint working with the SWSS team, MHLCD colleagues and external partners brought together a revised pathway, which supports staff with quick interventions and support through specialist services. Staff can access the pathway directly or via the support advisor team programme.

### Menopause

The Menopause Matters Steering group has been in operation since January 2023. It monitors the introduction of many interventions to support our staff with peri-menopause and menopause. These include the introduction of menopause cafes, menopause awareness sessions (approximately 400 staff have registered to attend one of the menopause awareness sessions since they were introduced), menopause champions, and a menopause staff intranet site which provides advice and information and which has received more than 4,000 views from staff. More than 150 staff have accessed the menopause cafes since they started in July 2023 and feedback around the impact they have had on mental and physical wellbeing has been incredibly positive. Common themes include staff not feeling alone and an appreciation of the tips given and confidence experienced. This has been recognised nationally with a nomination for the Welsh CIPD Awards.

### Roadshows

The Occupational Health & Wellbeing Roadshows are hugely successful providing staff with information, advice and support on all matters related to health and wellbeing. Since July 2023, the Roadshow has visited 28 hospital sites and talked to more than 700 staff members about all things regarding working life and wellbeing. The main topics of conversation across all areas are menopause support, mindfulness and communication across our teams with limited digital access.

### Healthy Food Healthy Staff

The Healthy Food Healthy Staff project team provided staff with a £1 healthy nutritious meal once a week. This has been well-received by staff, with approximately 90,000 Wellbeing Meals served across the Health Board since its inception. In a recent survey, 63% of staff said they had used the wellbeing recipe cards to make a healthy meal at home. The programme has since moved into the core offering within our catering facilities, which will continue to provide discounted healthy meals to staff every week.

From 1<sup>st</sup> March 2024, plans are in place to add this approach to the daily offerings across our canteen sites every week.

## Staff Wellbeing Support Service

The Staff Wellbeing Support Service (SWSS) is an umbrella term for a host of services who work collaboratively to ensure high quality and co-ordinated support is offered to staff. The SWSS Operational Group meet fortnightly to oversee quality, governance and strategic focus on staff wellbeing delivery.

Alongside individual support, 2023/24 has focused on more systemic work, aiming to make the Health Board a nurturing, compassionate environment for its employees. As such, collaborative forums where Occupational Health, Peoples Services, Health and Safety, Organisational Development and Clinical Psychology come together to share intelligence and work together to support staff teams. Schwartz Rounds (a structured forum where clinical and non-clinical staff can discuss the emotional and social aspects of working in healthcare) continue to run across the Health Board every six weeks alternating virtual and face-to-face. SWSS Clinical Psychology sits in the Speak Out Safely Multi-Disciplinary Team. It is working alongside colleagues in Organisational Development to develop a strategy to influence culture change and is involved in the Integrated Leadership Framework development. Wellbeing Roadshows have travelled across many hospital sites promoting staff wellbeing services across the Health Board.

Staff in Mental Health & Learning Disabilities continue to have access to bespoke wellbeing support from the Wellness, Work & Us Service. They offer counselling, coaching, emotional support and wellbeing development for teams. This service also focuses on aspects that impact staff wellbeing such as leadership, staff recruitment, retention and training, and seeks to identify ways to make processes easier for staff, releasing more time to support service-users.

The Health Board's coaching network is designed to facilitate coaching relationships between qualified coaches and employees seeking professional development, skill enhancement, and career growth. We have a network of 50 coaches, 36 of whom are actively coaching, who possess the necessary skills, expertise, and experience to effectively coach our employees. The coaching network provides a valuable resource for employee development, leadership growth, and organisational success by fostering a culture of learning, support, and continuous development.

## Wellbeing Planning and Engagement

OH&W continue to deliver local health needs assessments to various departments to support staff health and wellbeing and to develop a wellbeing action plan, which is tailored to suit the needs of the staff. This is done in collaboration with directors of services, department heads, team leads and managers. The work consists of developing gap analysis surveys, programme planning, implementation and evaluation of targeted initiatives. This work supports the ongoing need for managers to improve the health and wellbeing of their staff, reduce sickness absence, more efficient return to work processes and preventative measures.

## Wellbeing Champions

The wellbeing champion programme continues to grow across the Health Board with colleagues being supported to lead on aspects of health and wellbeing within their own teams and departments. Aspects of health promotion, focus group delivery, engagement, peer support and wellbeing monitoring are delivered through the network across the Health Board. Currently, the programme is going through a role revision and further recruitment into the champion programme will be supported in 2024.

## Workshops

We have built a strong partnership with our Health Intervention Team who have delivered three wellbeing courses and four short workshops all focused on improving staff health and wellbeing. About 70 staff have booked onto these sessions to date with more sessions planned throughout 2024. We are also working with colleagues from the WULF fund who have been delivering training and workshops for our workforce on a variety of wellbeing activities. Examples of sessions include:

- Physical activity
- Eating well for less
- Taking care during work
- Stress Risk assessment training
- Stress less and stress management
- Foodwise for life
- Conflict management

## Our Estate

The Health Board has one of the largest property portfolios in Wales. Services are delivered from more than 238 properties (including GP owned, third party developer and private landlord primary care premises), with a total floor area of around 420,000m<sup>2</sup> and a value of approximately £569m.

During 2023/24, the Health Board's Estates Strategy was updated following engagement with a wide range of stakeholders to reflect the current position and future direction. The strategy was approved in January 2023. The Health Board now needs to consider potential actions to deliver on the strategy.

At an aggregate level, our estate falls short of both national targets and NHS Wales's average values for all estate condition and performance indicators, except space utilisation. A significant proportion of the estate (around 45%) is more than 40 years old. Backlog is the cost to bring estate assets that are below acceptable standards (either physical condition or compliance with mandatory fire safety requirements and statutory safety legislation) up to an acceptable condition. The estate has a total backlog maintenance cost of £348m, which has increased significantly since the previous version of the Estates Strategy was developed in 2019.

These figures do not include the primary care estate, where there are similar backlog maintenance requirements and modifications needed to comply fully with access requirements, and high levels of space utilisation, with significant overcrowding reported.

## Hospital Activity 2023/24

The majority of patient contacts with health services take place in the community – for example in GP practices, pharmacies or patients' own homes. A large proportion of this work is performed by independent contractors (such as GP and dental practices that are run by the partners) or private companies (such as high street pharmacies), under contracts with the Health Board.

Hospital services are directly managed and run by the Health Board. During 2023/24, in our hospitals, we saw:

	2021/22	2022/23	2023/24
Outpatient appointments	695,445	721,515	822,589
Attending the Emergency Department or a Minor Injury Unit	221,071	222,786	236,964
Number of patients admitted as an emergency	87,547	93,007	99,388
Elective (pre-planned) inpatient operations	11,448	11,591	11,737
Day Case operations	88,635	94,303	93,089
Number of births	6,023	5,648	5,595

Other than for the number of hospital births and day case procedures, activity levels have increased in every category, reflecting both the emergency pressures that the Health Board has faced and the work to increase our planned treatment activity as we see to recover from the disruption caused by the COVID-19 pandemic.

## Performance Against Key National Targets

Measure	Target	Latest Available Data Period	Current Performance	Ranking	All Wales
Percentage of patients who spend less than 4 hours in all major and minor emergency care (i.e ED) facilities from arrival until admission, transfer, or discharge	Improvement compared to the same month in 2022/23, towards the national target of 95%	Mar 24	62.1%	7th of 7 (at Mar 24)	67.5%
Number of patients who spend 12 hours or more in all hospital major and minor emergency care facilities from arrival until admission, transfer, or discharge	Improvement trajectory towards a national target of zero by 31 March 2024	Mar 24	3,409	7th of 7 (at Mar 24)	10,366
Median time (minutes) from arrival at an emergency department to triage by a clinician	12 month decreasing trend	Mar 24	23	4th of 6 (at Mar 24)	21
Median time (minutes) from arrival time at an emergency department to assessment by a senior clinical decision maker	12 month decreasing trend	Mar 24	142	5th of 6 (at Mar 24)	77
Number of ambulance patient handovers over 1 hour	Improvement trajectory towards achievement of zero ambulance patient handover delays >1 hour by March 2024	Mar 24	2,039	6th of 6 (at Mar 24)	5,922
Percentage of patients starting their first definitive cancer treatment within 62 days from point of suspicion (regardless of the referral route)	Improvement trajectory towards a national target of 80% by 31 March 2026	Feb 24	54.0%	3rd of 6 (at Feb 24)	53.4%
Number of patients waiting more than 8 weeks for a specified diagnostic	Improvement trajectory towards a national target of zero by 31 March 2024	Mar 24	6,504	5th of 7 (at Feb 24)	42,080

Measure	Target	Latest Available Data Period	Current Performance	Ranking	All Wales
Number of patients waiting more than 14 weeks for a specified therapy (including audiology)	Improvement trajectory towards a national target of zero by 31 March 2024	Mar 24	4,574	7th of 7 (at Feb 24)	12,759
Number of patients waiting over 52 weeks for a new outpatient appointment	Improvement trajectory towards a national target of zero	Mar 24	18,412	7th of 7 (at Feb 24)	60,004
Number of patients waiting for a follow-up outpatient appointment who are delayed by over 100%	Improvement trajectory towards a national target of zero	Mar 24	87,690	7th of 7 (at Mar 24)	247,630
Percentage of ophthalmology R1 appointments attended which were within their clinical target date or within 25% beyond their clinical target date	95%	Mar 24	56.2%	5th of 7 (at Mar 24)	61.4%
Number of patients waiting more than 104 weeks for referral to treatment	Improvement trajectory towards a national target of zero	Mar 24	8,720	7th of 7 (at Feb 24)	22,983
Number of patients waiting more than 36 weeks for referral to treatment	0%	Mar 24	63,938	N/A	N/A
Percentage of mental health assessments undertaken within (up to and including) 28 days from the date of receipt of referral for people aged under 18 years	80%	Mar 24	88.5%	5th of 7 (at Feb 24)	86.3%
Percentage of therapeutic interventions started within (up to and including) 28 days following an assessment by LPMHSS for people aged under 18 years	80%	Feb 24	45.0%	5th of 7 (at Feb 24)	56.0%

Measure	Target	Latest Available Data Period	Current Performance	Ranking	All Wales
Percentage of Health Board residents in receipt of secondary mental health services who have a valid care and treatment plan for people aged under 18 years	90%	Feb 24	91.4%	4th of 7 (at Feb 24)	86.1%
Percentage of children and young people waiting less than 26 weeks to start an ADHD or ASD neurodevelopment assessment	80%	Mar 24	23.6%	5th of 7 (at Feb 24)	23.9%
Percentage of mental health assessments undertaken within (up to and including) 28 days from the date of receipt of referral for adults aged 18 years and over	80%	Feb 24	87.2%	4th of 7 (at Feb 24)	68.9%
Percentage of therapeutic interventions started within (up to and including) 28 days following an assessment by LPMHSS for adults aged 18 years and over	80%	Feb 24	87.5%	6th of 7 (at Feb 24)	77.4%
Percentage of patients waiting less than 26 weeks to start psychological therapy in Specialist Adult Mental Health	80%	Mar 24	87.7%	1st of 7 (at Feb 24)	63.8%
Percentage of Health Board residents in receipt of secondary mental health services who have a valid care and treatment plan for adults 18 years and over	90%	Feb 24	87.2%	4th of 7 (at Feb 24)	78.0%

### Primary Care Services

Primary care provision in North Wales encompasses a comprehensive range of healthcare services accessible at the community level. It includes general practitioners (GPs), nurses, pharmacists, and other allied health professionals working in various settings close to where people live.

The focus of work this year has been the development of primary care professionals which builds a stronger, more resilient healthcare workforce capable of meeting the evolving needs of the community and adapting to changes in healthcare delivery models.

**Primary Care Academy:** The Academy expanded its successful initiatives, bolstering primary care sustainability. Teaming up with HEIW, it introduced the General Practice Nurses (GPN) Foundation scheme, welcoming more than 10 Trainee General Practice Nurses, with ongoing intakes planned. GP+ emerged as an innovative recruitment approach, offering developmental opportunities alongside GP roles. Three multi-disciplinary training hubs were established, hosting more than 20 students who reported positive feedback on their experience. The Academy provided diverse training courses, presented abstracts at national conferences, and collaborated with the Welsh Ambulance Service Trust, further enhancing primary care.

**Dental Services:** In 2023/24, NHS dental services treated on average 18,286 patients monthly, a 9.3% surge from the prior year. Community Dental Services responded to 16,355 helpline calls, delivering 39,286 face-to-face appointments and 1,979 phone consultations. Despite the increase in service delivery, waiting times have persisted, and recruitment challenges, particularly in North Wales, led to four practices relinquishing NHS contracts, intensifying pressure on the dental system.

As part of our response to these challenges, we have continued to expand the North Wales Dental Academy model. We now have an orthodontic practice and two community dental service practices operating as part of the Academy. We continue to explore options for the provision of training, education, and support to all dental care professionals, helping to make the region a more attractive area for dental clinicians to move to.

**Community Pharmacy** offers a wide range of clinical services beyond medicines dispensing.

Significant achievements include:

- 38,725 Emergency Medicines Service consultations helping to reduce demand on GP practice for urgent prescriptions and supporting temporary residents with lost or forgotten medication.
- 6,113 Contraception Service consultations, improving access to emergency contraception and easy initiation of contraception.
- 71,843 consultations completed under the Common Ailments Service, helping to move demand for minor illness away from general practice.

**Clusters:** Within our Integrated Health Communities, neighbouring Primary Care Services including GP Practices, Optometry Practices, Community Pharmacies, Nursing, Allied Health Professionals, Third Sector Organisations and Social Care work together in groups, referred to as 'clusters'. Their purpose is to develop and deliver new services to address local patient needs.

Clusters have continued enhancing home-based chronic disease management, reducing hospitalisations, Frailty Chronic Disease Nurses excel in supporting vulnerable patients and Spirometry Support Hubs empower primary care staff to deliver services closer to home. Mental health initiatives have prioritised community well-being, addressing root causes, and providing same-day urgent care for adults in crisis, fostering a positive impact.

In North Denbighshire, the Enhanced Diabetes Service has greatly improved the support available in the community for people with Type 2 Diabetes, or who are at risk of developing the condition. A Long-term Conditions Hub has been established in order to use a Point of Care Testing approach for people with diabetes to detect early signs of complications, provide optimum treatment and, through self-management and education, reduce exacerbations and promote well-being.

**Optometry:** The new national Welsh General Ophthalmic Service (WGOS) was launched in October 2023 with WGOS 1/2/3/5 all available across BCUHB. Essentially this means access to services for eye health close to home are increasing. Further services will be launched in conjunction with ophthalmology, following national sign off during February 2024.

There are 70 community optometrist practices across North Wales and all provide routine sight tests and Examinations for Urgent Eye Problems. In addition, 29 practices provide the Welsh Low Vision Service (WLVS) and practices provide the Independent Prescribing Optometry Service (IPOS).

Outside of WGOS, primary care optometry has continued to work with secondary care ophthalmology to provide community data capture services for glaucoma and diabetic retinopathy, in addition to a specialist contact lens pathway.

To support workforce requirements aligned with the introduction of new services in the community, a 'Teach and Treat' facility has been established in conjunction with Cardiff University. This enables optometrists working in North Wales to develop additional skills.

Future Plans:

- The Primary Care Academy will welcome the first cohort of GP Trainees to its training hubs, establish a new multi-disciplinary training hub, and continue working in partnership with HEIW Primary and Community Education and Training Unit.
- Dental services aim to further expand the North Wales Dental Academy model and continue discussions with Cardiff Dental School for collaboration.
- Community pharmacy services will continue to provide a wide range of clinical services and support public health initiatives.
- Clusters aim to further develop initiatives for managing chronic diseases, enhancing mental health support, and increasing the focus on prevention of disease.
- Optometry services plan to launch WGOS 4 which means referral refinement of certain eye conditions and monitoring of certain eye conditions and continue workforce development efforts.

## Children and Young People's Services

Children and Young People's Services (CYPS) encompass the delivery of acute inpatient, outpatient services, neonatal services, Child & Adolescent Mental Health services (CAMHS)s, neurodevelopmental service, community based paediatrics services, health visiting and school nursing as well as the 'Looked After Children' service aligned to each Integrated Healthcare Community.

There is also a sub-regional Neonatal Intensive Care Unit hosted at Glan Clwyd Hospital and a regional inpatient child & adolescent unit hosted by the Central Integrated Health Community in Abergele.

Tertiary services are provided to North Wales residents by Alder Hey Hospital in Liverpool, England.

In 2023/24 key achievements by the services included:

- Reducing the number of children waiting for mental health assessment

The total number of children and young people waiting for a mental health assessment has reduced from 346 in March 2023 to 247 in March 2024. CAMHS are now achieving the Welsh Government Mental Health Measure target of undertaking 80% of assessments within 28 days of referral and aim to sustain this performance throughout 2024/25.

- Designing and co-producing a Children's Rights Charter for North Wales. A Children's Rights Charter to embed a Children's rights-based approach across the organisation has been developed and was due to be endorsed for publication by the Health Board in May 2024.
- Improving access to our CAMHS services by introducing virtual and face to face outpatient consultations, and the use of external provider partners to deliver services

Online and face-to-face outpatient consultations are now offered so that children and young people and their families and carers have choice. An external provider has supported in offering assessment and interventions alongside our Health Board services, which has supported in the improved waiting list position across the region.

- Extending the school aged immunisation service

The school-aged immunisation service continues to successfully deliver the routine childhood immunisations, which have included additional support for flu vaccination. As reflected nationally, uptake rates are slightly lower than previous years but still compare well against the national picture across Wales.

- Development of the first MST FIT (Multi Systemic Therapy - Family Integrated Transitions) unit in Wales, including a four transition bedded base, to provide support to young people with antisocial behaviours, possibly including violence, substance misuse or running away that causes severe disruption to family life and may have led to involvement with Youth Justice Services and the Police.

The residential portion of MST-FIT, Ty Nyth (ITM) opened successfully following registration with CIW in July 2023. The residential element supports the re-unification journey for children and young people.

Feedback from the community and schools has been positive and already this service is having a positive impact on keeping children and young people at home with families and within their communities.

The sustainability of the medical, mental health and psychology workforce is challenging in a time of increasing demand for services such as neurodevelopmental and the increases in population size of high-risk groups through displacement (including unaccompanied asylum-seeking children and war refugees) or external placement (from other local authorities).

### **Neonatal Services**

During 2023/24, the Neonatal Units across the Health Board have been working towards UNICEF BFI accreditation stages 2 and 3. During February 2024, a stage 2 accreditation assessment visit took place; it is now confirmed that neonatal services in the Health Board have been accredited at Stage 2 with positive feedback received. The teams will now work to progress accreditation to Stage 3 within the next year. Improvements seen in breastfeeding rates at discharge from 38% to 49%.

There has been successful recruitment to the PERIPrem programme within each unit with quad teams in place. The Health Board's MatNeo Safety Champion supports the National Programme work for improvement. During Quarter 4 the position of Neonatal Network Clinical Services Manager was permanently appointed to, this role will oversee the regional co-ordination of care provided, ensuring that babies receive the appropriate level of high-quality care closest to home where possible.

## Specialist Palliative Care

The North Wales Department of Specialist Palliative Care is a regional specialist service, comprising three multidisciplinary Specialist Palliative Care Teams (SPCTs), one each in our East, Central & West areas, and one Hospice at Home Service (East). The teams work flexibly to deliver integrated specialist care, seven days a week, across all specialties and care settings providing:

- Specialist clinical assessment and intervention for people towards the end of life who have complex palliative care needs.
- Guidance, training & education to the wider workforce, and research & development.
- Strategic development for palliative, end of life and bereavement care.

Demand on the service is high with 4,876 new referrals being received in the year; and approximately 50,350 patient visits/contacts being made.

Achievements include:

- 80% of patients referred to the Hospice at Home Team have been supported to achieve their preferred place of death in their own home.
- Completion of the regional End of Life Decision Making project resulting in a Quality Improvement Strategy.
- Strategy development for palliative, end of life and bereavement care, building on completed Health Needs Assessment and Engagement work.
- UK leading implementation and evaluation of Lay Carer Administration (CARIAD) supporting symptom control for those wishing to die at home. The CARIAD Team was Winner of Innovation in Practice Award in 2023 Health Care Research Wales Awards and Finalist Macmillan Professionals Excellence UK Awards 2023.
- Active development of bereavement services, including working towards implementation of the SWAN Model for end of life and bereavement care.
- Delivery of training and education, including the 'Six Steps to Success' training package to Care Homes across North Wales that helps residents to achieve their preferred place of care towards the end of life.
- Successful partnership working with His Majesty's Prison Berwyn to implement the Dying Well in Custody Charter.

## District Nursing

District Nursing Services use an appropriately skilled and qualified nursing workforce to provide 24-hour care within the community and out of hospital settings.

During 2023/24, District Nurses undertook 659,280 home-based weekday visits.

To deliver an equitable and accessible range of services, approximately 43,943 visits were outside core hours, into the evening and overnight, and a further 114,131 visits were over a weekend.

The District Nursing Teams also support patients to attend clinic appointments in a variety of clinical settings. They also play an important role providing teaching and education to patients, relatives and carers to help them manage their condition and treatment in their own homes and in care homes, avoiding unnecessary admission or readmission to hospital.

During 2023, the role of the Advanced Nurse Practitioner has become more embedded into all Home First Services, to support the advanced clinical assessment of patients in their own homes and care homes.

To support the earlier discharge of patients out of an inpatient bed, there has also been a focus on additional Home First Services, where patient rehabilitation and confidence building takes place at an earlier stage in their own home setting.

The District Nursing service has also had the opportunity to develop the role of the Assistant Practitioner in all District Nursing teams, which has strengthened the nursing workforce and the development of a wider skill mix in the support of patients' care and interventions.

## Women's Services (Maternity & Gynaecology)

The Health Board provides Maternity and Gynaecology Services for the North Wales population and also to a cohort of women from North East Powys and the Shropshire Borders.

In 2023 there were 5,844 births in North Wales with an additional 268 women choosing to give birth outside of North Wales, at the Countess of Chester Hospital or within Hywel Dda University Health Board. Whilst the overall birth rate has reduced, there has been an increase in complex maternal presentations and in clinical intervention rates, driven by national guidance to reduce overall morbidity and mortality rates.

Our Gynaecology service again saw an increase in benign, urgent and suspected cancer. (Data to be included)

Women's Services has worked in partnership with Integrated Health Communities, Pan North Wales Services and service users in developing, implementing and evaluating its 2023/24 Annual Plan. Performance is monitored quarterly and reported to the Women's Service Board and Health Board Executive.

## Therapy Services

Therapy Services work across the Integrated Health Communities in a wide range of inpatient, community and outpatient settings, providing patient care across all age groups and across a wide range of conditions.

Clinicians are Allied Health Professionals (AHPs), registered with the HCPC (Health in Care Professions Council). Therapy Services encompasses:

- Art Therapies
- Dietetics
- Occupational Therapy
- Physiotherapy
- Podiatry & Orthotics
- Speech & Language Therapy
- Posture & Mobility (part of an all-Wales service, based in our East IHC and serving all of North and parts of mid-Wales)
- Clinical Musculoskeletal Assessment/Therapy Services (CMATS)

During the year (1<sup>st</sup> April 2023 to 31<sup>st</sup> March 2024) Therapy services\* received more than 130,400 new referrals, and

- More than 91,000 new outpatient appointments were attended
- More than 271,000 follow-up appointments were attended
- More than 333,500 patients were treated/seen in hospitals by Therapists

\*Not including referrals and activity by CMATS, the Posture & Mobility Service and multi-disciplinary teams such as Community Long Term Conditions and Stroke Services.

Some services are still facing impacts of the pandemic when routine activity ceased and there was a loss of physical accommodation which has not been reinstated.

At the end of March 2024 there were 16,936 patients waiting for Therapy Services – with 2,875 patients waiting more than 14 weeks (2,815 in Physiotherapy). Services continue to work hard to return to the 14-week waiting time.

During the year, Therapy Services also:

- Appointed three Stroke therapy consultants
- The three newly opened therapy-led stroke specialist inpatient rehabilitation centres are having a positive impact in supporting patients with stroke rehab and early supported discharge in particular

## Planned Care Services

Planned care refers to the diagnosis and treatments patients receive following referral by their GP to hospital.

During 2023/24, we aimed to continue to stabilise and recover our performance in all areas of planned care. However, despite improvements in waiting times being made, overall they are still not where we would want them to be, both in our hospital settings and within the community and primary care services. We are committed to prioritising this work and addressing the long waits that remain for some treatments following the pandemic.

### Waiting List Size and Waiting Times, including Risk Stratification

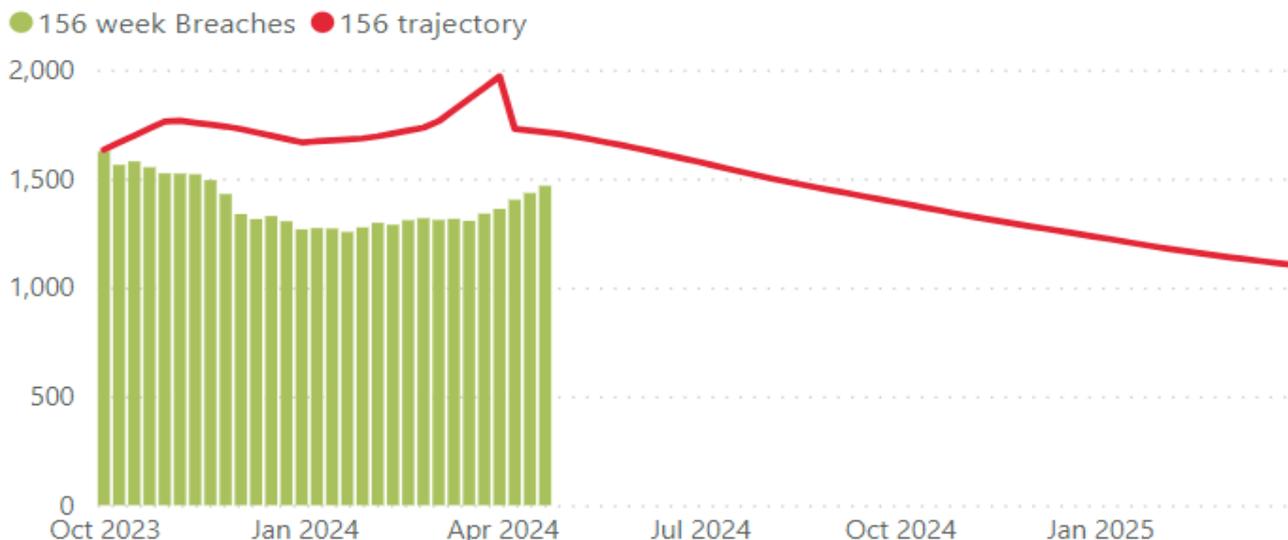
A referral to treatment (RTT) pathway covers the four stages a patient will follow after being referred to hospital treatment in the NHS in Wales. These are:

- time spent waiting for any initial hospital appointments (outpatient - stage 1)
- tests, scans or other procedures that may be needed before being treated (diagnostics - stages 2 and 3) and then
- the wait for treatment to start (inpatient or day-case - stage 4)

A Ministerial target of 97% of patients waiting no longer than 104 weeks on an open pathway (i.e. any of the above stages) was missed. Our current performance is 94.2% and some of our more fragile services have persistent long waits which explains this. Some of our target breaches are also routine non-urgent patients who are awaiting treatment, but existing core capacity is predominantly taken up by urgent cases or cancer referrals which have significantly increased and then been sustained since the pandemic.

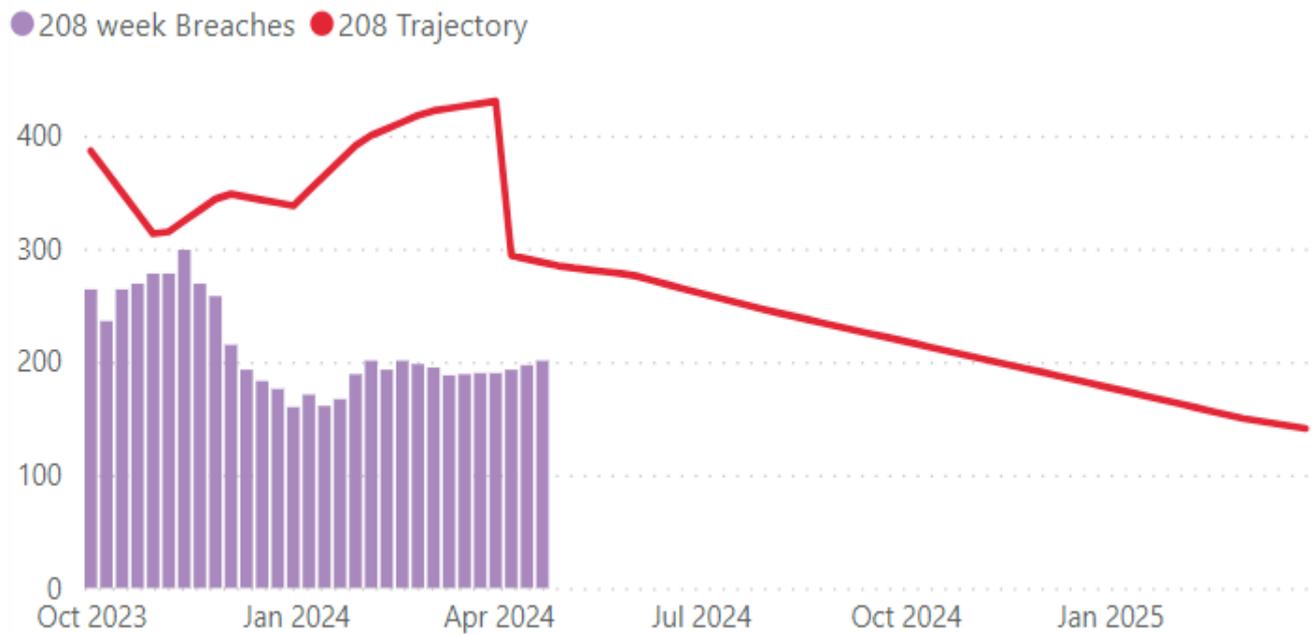
This year, we have continued to make progress in reducing our longest waits. Our 156 week waits now stand at 1,467 patients waiting for a booked appointment. There has been a slight increase in these numbers over the last three months of the year, driven by winter pressures and industrial action, which has challenged us to maintain throughput over the second half of the year.

### All Stages 156 Week Actuals vs Trajectory



The 208 week + cohort has 201 patients waiting for a booked appointment, with some of these very longest waits being in our most challenged specialties, in particular orthodontics (48 patients waiting over 208 weeks) and maxillo facial surgery (with 62 waits in this cohort). The rest of the cohort is comprised of general surgery and urology.

## All Stages 208 Week Actuals vs Trajectory



Our waiting lists are constantly reviewed and validated to check that each list is accurate and up to date through administration validation. This is necessary to ensure that our patients that need to be seen receive an appointment as quickly as possible, according to their clinical need.

Without administrative validation patients may wait longer than necessary due to appointments being wasted, for example by patients who do not attend because they have moved from the area, have been treated elsewhere, their symptoms have cleared or they are not clear on what the appointment is for.

This challenge is being addressed and our business case to establish a sustainable validation and booking team that is centrally managed was approved. We are recruiting to a new team that will ensure we are able to continuously perform validation to ensure our lists only have the people who need to be waiting on them.

We are also developing support processes more generally, using both our own staff as well as those in partner organisations, to contact individuals while they wait. This enables us to sign-post patients and/or families to support where appropriate, and to identify instances where it is necessary to re-prioritise or escalate the referral and amend a patient’s waiting time priority. We are pioneering chatbot technology and are the first health board in Wales to pilot this innovation which we will roll out across the Health Board.

## Cancer Services

We continue to strive to provide high quality cancer services with the aim of diagnosing and treating everyone with cancer as quickly as possible and in line with their own personal needs and wishes.

Most of our cancer diagnostic services are provided at each of our three acute hospital sites. These include facilities for imaging (radiology) and biopsy, under either local or general anaesthetic.

For those patients diagnosed with cancer, we perform surgery either at their local acute hospital or, for some more specialist surgery, at a single hospital site or sometimes outside of North Wales if required. We have chemotherapy units on all three of our main sites; all radiotherapy is provided at the North Wales Cancer Treatment Centre at Glan Clwyd Hospital.

In 2023/24 we received nearly 43,000 urgent suspected cancer referrals from primary care, the same number as the previous year. The majority of these patients will not have cancer, but all need to be seen and diagnosed quickly so that they can either begin treatment as early as possible or receive reassurance that no evidence of cancer has been discovered.

In 2023/24 we diagnosed and treated just over 5,300 people with cancer, with the most common cancers treated being skin, urology and breast cancers. Just over half of the cancers we treated were patients referred directly by their primary care team, with a further 7% of cancers diagnosed following a referral from a cancer screening service.

Of the patients with cancer that we treated, 61% started treatment within the Welsh Government's national waiting times target (the suspected cancer pathway target aims for 75% of patients to begin treatment within 62 days of a suspicion of cancer first being raised). During the last year, we have faced challenges in diagnosing patients as quickly as we would like given the increase in the number of patients needing to be assessed together with challenges within our clinical workforce, in particular in dermatology, urology and oncology services.

During 2023/24 we reviewed a number of our clinical pathways in order to make improvements. These have included straight to test pathways where possible, in order to reduce times to diagnosis, in particular within our urology service where we launched a very successful straight to imaging pathway. We have also expanded the use of new treatment technologies including robotic surgery at Ysbyty Gwynedd for appropriate patients with colorectal and gynaecological cancers.

## Radiology Services

Radiology is a vital clinical diagnostic service delivered at our three main acute hospital sites and at several community hospital locations. Diagnostic modalities include plain film X-ray, cross sectional imaging (CT / MRI), ultrasound and specialised services such as interventional imaging, nuclear medicine and PET-CT.

In 2023/24 overall demand for the three main modalities of CT, MRI and ultrasound increased by over 15,000 requests (7%) compared to the previous year. In spite of this increase in demand, the overall number of patients waiting over 8 weeks for these scans has reduced by over 2,500 to just over 1,700 at the end of March 2024. Additional capacity brought online in 2022/23 has enabled sustained performance to meet demand and reduce the backlog. There is clear evidence to convert this temporary additional mobile scanning capacity to a more permanent solution, and work towards this will progress at pace in 2024/25.

## Unscheduled Care Services

The Health Board's unscheduled care system provides services through three hospital Emergency Departments (EDs) that operate 24 hours every day, and 9 minor injury units (MIUs), two of which operate 24 hours per day, 7 days a week.

The EDs are designated Trauma Units that can manage the initial reception, resuscitation and management of complex level 1 trauma patients.

This includes each ED having the capability and facilities to manage patients suffering from time critical conditions including stroke and fractured neck of femur (broken hips). All three departments have the ability to manage initial presentation of heart attacks; they are supported in this with a centralised service that supports enhanced care located at Glan Clwyd Hospital. There is also a centralised unit at Glan Clwyd Hospital that supports vascular and cardiac emergencies and provides direct access to patients from the ED and the Welsh Ambulance Service.

Each ED has facilities to support paediatric patients, to accommodate minor injury patients and, most recently, minor ailments for the patient population of North Wales.

Unscheduled care performance has been strained over recent years and is currently going through a reset process following the COVID-19 pandemic when attendance levels initially declined.

Numbers of attendances have now reverted to and are exceeding pre-pandemic levels, and there has been a noticeable increase in the acuity (severity and complexity) of those patients who self-present at ED throughout a 24-hour period. Average occupancy levels within our EDs are running at double each department's designed capacity on a regular basis.

Across the United Kingdom, unscheduled care performance over the past year has been at its worst since the introduction of the four-hour target. Performance in North Wales has been amongst the lowest in Wales, with 62.9% of patients spending less than four hours in our EDs and MIUs in December 2023, compared to an all-Wales average of 69.5%, and a target figure of 95%.

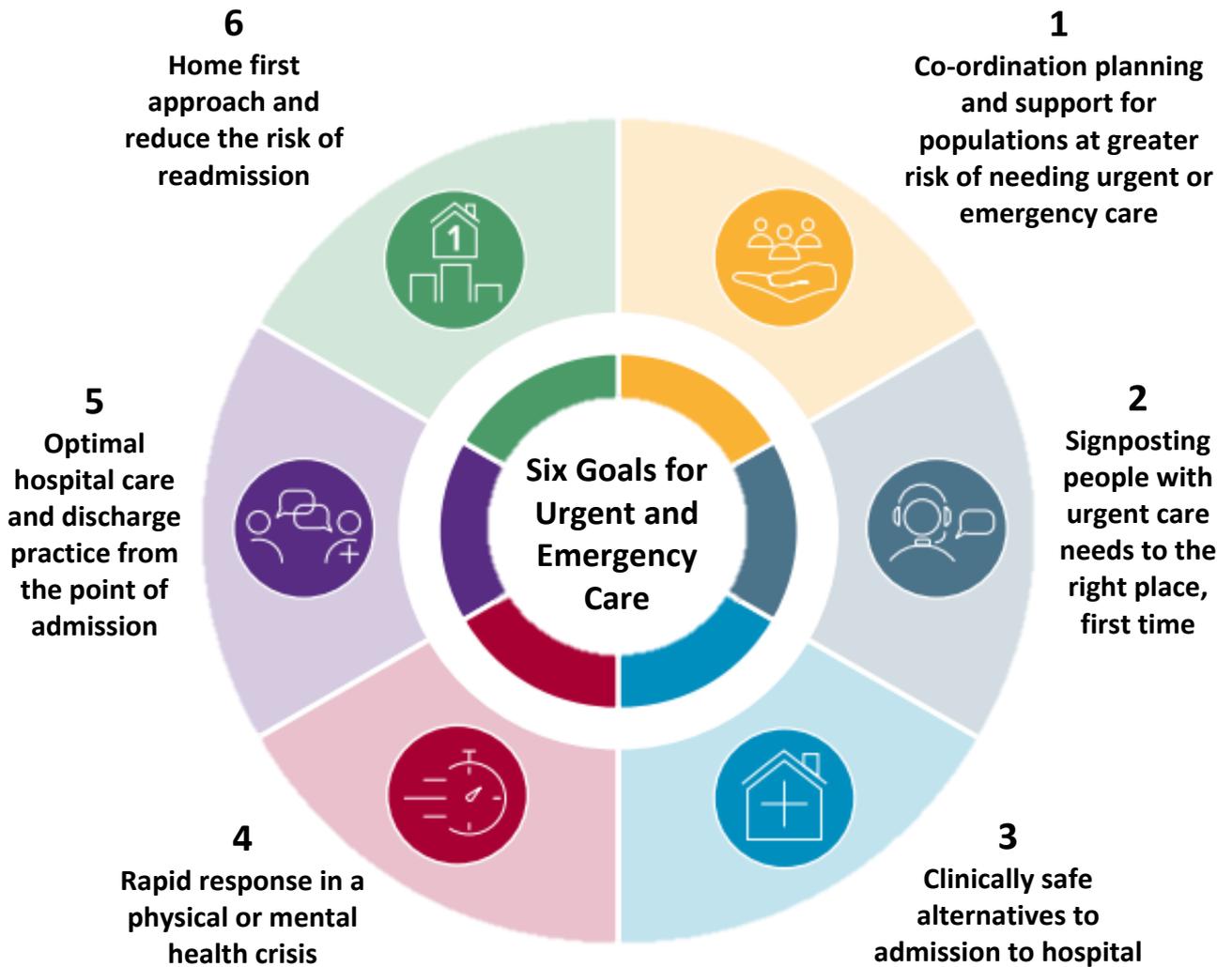
Whilst the growth in demand is the most significant cause of the pressures on our unscheduled care services, this is added to by the wider factors affecting the entire health and social care system. In particular, the increase in the time taken to get packages of care agreed to enable patients to be discharged from hospital means beds are not available to admit patients from our EDs. This impacts the flow of patients through the departments, delaying the admittance of new patients and preventing ambulances from offloading patients in a timely manner.

In response to this, each Integrated Health Community supports a Discharge 2 Recover then Assess (D2RA) pathway that aim to facilitate timely supported discharges for patients with care closer to home through multi-disciplinary in-reach from multi-disciplinary community teams including occupational therapy, physiotherapy and social care as well as third sector support. This is further supported with a revised reporting framework implemented to record Pathways of Care Delays (POCD). These are validated in partnership with social services colleagues on a monthly basis to assist with reducing unnecessary lengths of stay for patients in a hospital bed and avoiding deconditioning and harm.

The roles and function of Trusted Assessors across North Wales is key in supporting early assessments in undertaking proportionate assessments and identifying the needs of patients to enable timely support for specific interventions and returning to their usual place of residence including care homes. Further work is ongoing to enhance this role and function.

Improvements to unscheduled care are being developed in line with the Welsh Government’s Six Goals for Urgent and Emergency Care. These provide a framework that has a clear strategic focus on supporting care closer to home, along with care planning at point of discharge. The programme is planned to run until 2026.

**Welsh Government Six Goals for Urgent and Emergency Care**



With the Health Board, work towards each goal is being overseen by a member of the senior leadership team, with Integrated Health Communities (IHCs) participating in each goal with nominated representatives. This programme of improvement is being developed alongside the ministerial templates and the special measures actions to ensure we are following the “Right place, Right care” approach.

Specific developments that have taken place since 2022 to address the demands in EDs and the wider unscheduled care system include:

- Same day emergency care (SDEC) facilities are now operational at all acute hospitals for treating ambulatory patients and discharging them the same day with some requiring a planned follow up appointments. The SDEC units are now supporting direct ambulance referrals to support improvements in ambulance delays.
- Urgent primary care centres (UPCC) have been created in key locations including acute hospitals and some Minor Injury Units (MIU). This is a primary care service designed to support access to primary care and reduce demand on ED departments.
- Within the East region a new project has been launched that provides a clinical support service for residential care homes to help keep residents safe in their own homes.
- Within the West region a new community frailty project has been running in Holyhead and Caernarfon to support our high-risk patients to remain in their own home.
- A new digital discharge planning solution called STREAM has been deployed within all of our Acute and Community Hospitals to support effective management of patient flow.
- Streaming – to ensure that patients are directed to the most suitable area for their presenting complaint (which might not be ED - for example to SDEC or pharmacy support), from the point of triage.
- Consultant connect – a system to support primary care by providing them with the facility to liaise directly with secondary care specialists to obtain telephone advice and support for specific patient complaints.

## **Stroke Services**

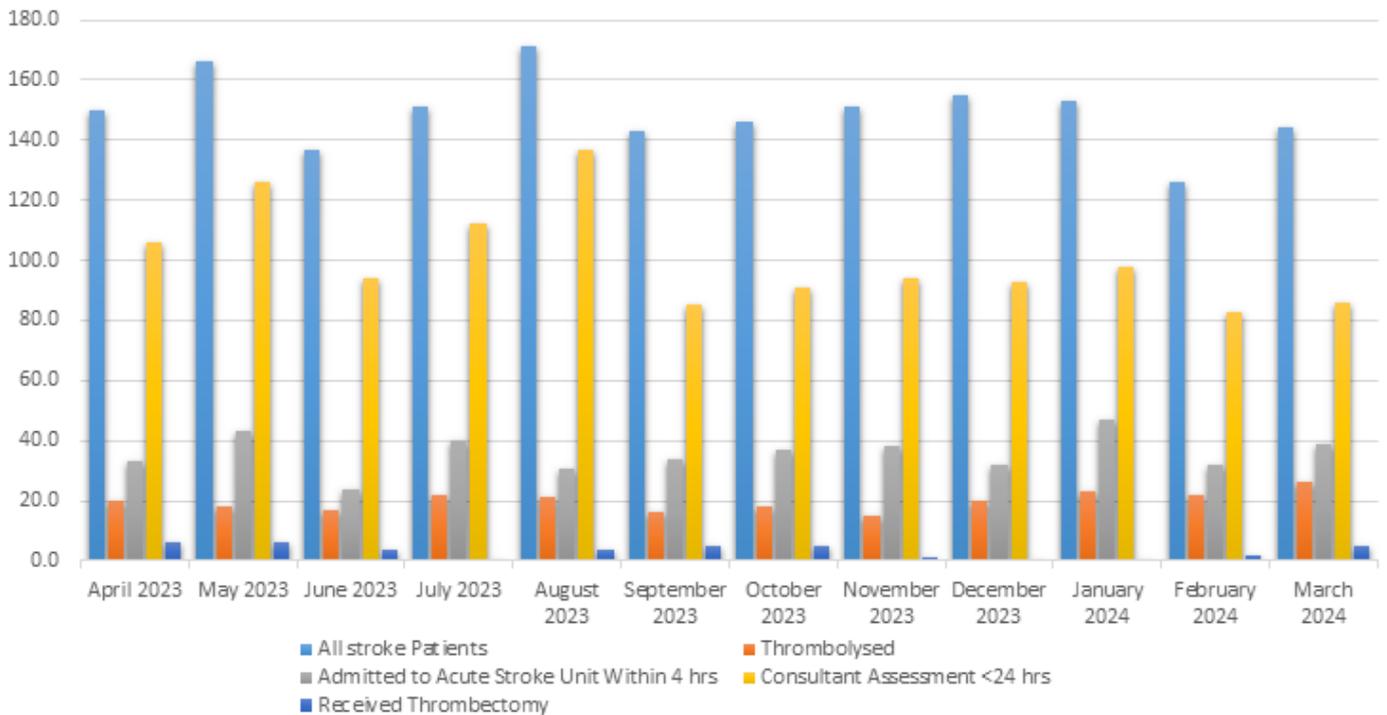
During the period 1<sup>st</sup> April 2023 to 31<sup>st</sup> March 2024, 1,793 patients were assessed and treated by our services following a stroke.

Stroke diagnosis and acute treatments are delivered in each of the three Integrated Health Communities (IHCs) across North Wales. Ysbyty Gwynedd in Bangor provides acute stroke services to the West IHC population; Glan Clwyd Hospital provides acute stroke services to the Centre IHC population and Wrexham Maelor Hospital provides acute stroke services to the East IHC population.

For stroke survivors eligible for intensive rehabilitation following their stroke, these services are provided in each of the three IHCs across North Wales within the community hospitals at Ysbyty Eryri in Caernarfon, Llandudno General Hospital and Deeside Community Hospital. These units have now been operational for over 12 months and there have been many heart-warming success stories of patients' recovery from the potential limitations of suffering a stroke.

Prevention is a crucial part of the Stroke Pathway and now has more emphasis within the National Stroke Guidelines. The Health Board has a dedicated team to lead the service which has refocused its work to three specific workstreams: Primary Prevention and Health Promotion; Education for Staff and Patients, and Secondary Prevention and Life After Stroke.

## Stroke Performance Indicators 2023 - 2024



### Developments instigated in 2023/24

In addition to embedding the new rehab units and the early supported discharge services, other work within stroke services has included implementation of new software (Brainomix 360) which went live on 1<sup>st</sup> November 2023 across the health board. The implementation of Brainomix 360 will enable faster diagnosis and identification of stroke patients who are eligible for thrombectomy (a procedure to remove a blood clot in suitable patients). The software uses artificial intelligence and advanced imaging analysis to provide rapid and precise support to healthcare professionals in diagnosing and treating strokes.

In early autumn 1,100 stroke survivors from BCUHB were invited to take part in a National Stroke Patient Experience Survey. 139 responses were received. The overwhelming assessment of care that patients received from staff whilst in our hospital settings was extremely positive, particularly around dignity and respect. Survey findings will be shared in a national report, alongside local health board reports. Non-patient identifiable data files will also be provided to stroke care teams in the Health Board to support regional efforts in redesigning stroke care services with the voice of the patient at their core.

## Mental Health & Learning Disabilities

Improving the health and well-being of people with Mental Health and Learning Disabilities remains a key priority for the Division. During 2023/24 we have seen the realisation of a number of our plans translated into real service change. These changes include new, expanded and improved service provision to our service users and their families and carers.

### Increasing timely access to support

In January 2023, there was a partial launch of the NHS 111 Wales press 2 Mental Health Helpline in the Health Board; this was followed by the full 24/7 launch in March 2023. Dedicated Mental Health Professionals provide support for people of all ages who are either in need of urgent Mental Health support or are concerned for someone else's Mental Health needs. The service covers North Wales and parts of Powys and is free to call from a landline or a mobile, even if the caller has no credit left on their phone, meaning that those who are financially vulnerable can always access care.

Since inception on 17<sup>th</sup> January up to 31<sup>st</sup> December 2023, the service has managed in excess of 11,000 calls, with an average response time of 36 seconds. We continue to monitor the call volume and the nature of the calls received to inform and shape future service provision. It has been a priority for the Division to establish the service, in line with Welsh Government (WG) requirements, and to ensure the service is not a standalone function there is positive and continuing engagement with the wider Division. This engagement allows for the consistent care between services and addresses the needs and care plans of frequent callers with an MDT approach to ongoing care.

In September 2023, Welsh Government undertook a peer review of the service and reported the service as excellent across a number of areas; including service provision, workforce and leadership. The review highlighted the exemplary practice of supporting staff well-being, training and development. WG recommend this model be shared across Wales.

More recently, a call back service has been piloted with support of our CALL Helpline and early indications demonstrate reduced referrals of callers to Local Primary Care Mental Health Support Services (LPMHSS). The further development of the 111 press 2 Service is part of our wider improvement plans for Mental Health Crisis Care in North Wales.

In the summer of 2023, we carried out engagement exercises to support the specification for a Sanctuary Model. Sanctuary Models are based on the principle of an out of hours service provision providing practical, therapeutic, holistic and person-centred support to people at risk of Mental Health Crisis. As with 111 press 2, this will not be a standalone service. It will co-ordinate the appropriate care across a range of available services to provide additional choices for service users and support the early management of mental health needs, with the focus on reducing escalation to crisis whilst supporting recovery. The model has been supported by the Health Boards Service Transformation and Delivery Group and the Divisional Senior Leadership Team and is progressing through to a procurement exercise with the expectation of service establishment by the end of 2024. This is also supported by the successful appointment of nine Mental Health Wellbeing Practitioners into the Community Mental Health Teams (CMHT's). All of which will complement our range of Unscheduled and Crisis Care initiatives across the Division with pathways being developed to ensure people get the right support at the right time, from the most appropriate service. This is in line with both our North Wales Together for Mental Health (T4MH) Strategy and the new Police initiative Right Care Right Person (RCRP). The Division has been a key partner in preparing for the initiative and national colleagues have highlighted our approach as good practice.

## Together for Mental Health (T4MH) Strategy

During 2023/24 we have worked with our partners across the region by taking a key role in developing our interim T4MH Strategy. This sets out to deliver on four key priorities as follows:



It has been a co-produced strategy that has brought together a broad range of partners; including people with lived experience, carers, Health and Social Care Professionals from the public, private and the Third Sector. We are extremely grateful to everyone that helped shape the strategy and look forward to launching and working collaboratively to realise our collective ambitions.

**Special Measures** two major areas of divisional focus:

1. Royal College of Psychiatry (RC Psych) Stocktake Review. The purpose of the review is to ensure previous recommendations from external Mental Health reports have been implemented and sustained. This has involved a thorough desktop review of progress and evidence against recommendations, alongside interviews with relevant staff across the Division and site visits at various Divisional locations. A draft report has been received from RC Psych and, once finalised, we will be working on an action plan to address any recommendations to ensure we continue to provide high levels of quality, safety and delivery of care to the people we serve.
2. The National Collaborative Commissioning Unit (NCCU) and NHS Executive undertook a joint Quality and Safety Review across all Mental Health and Learning Disability Inpatient Units in BCHUB between 25<sup>th</sup> April and 5<sup>th</sup> May 2023. Recommendations from the review have been translated into a divisional wide improvement plan with eight key priority areas with leads identified. Weekly Divisional meetings are in place to progress actions and a NCCU and NHS Executive follow up review, including staff interviews and site visits, took place during February 2024.

The Division continues to work towards establishing, alongside BCHUB colleagues, an Organisational Learning Framework. This includes continuation of Divisional learning events and a refreshed approach to patient, carer and public engagement and involvement to support the ability to adapt to changing environments and increase the Division's effectiveness.

### **Strengthening our approach to Anti ligature risks following the Health and Safety Notice of Contravention (HSE NOC)**

There has been progress made against the HSE NOC recommendations and evidence gathering following the sad death of a patient whilst using inpatient services.

The Division established a Divisional Ligature Risk Reduction Group (DLRRG) in December 2022. By mid-year 2023, the DLRRG received assurance from each of the Senior Leadership Teams (SLT) regarding their governance arrangements for ligature assessment and reduction. DLRRG receives reports from each local Senior Leadership Team on their local ligature arrangements for ligature assessment on a standardised Assurance Report.

The DLRRG has progressed the development of a half-day Environmental Ligature Risk Assessment Training package, which includes reference to the All-Wales Principles and Standards of Practice in the Assessment and Management of Ligature. The training is for staff who will need to identify a ligature risk, those staff within MHL D Clinical, Estates and Health and Safety.

As of the 17<sup>th</sup> January 2024, over 150 staff have attended this training. A rolling programme of training is in place, which began in November 2023, with dates scheduled monthly during 2024. A register of staff attendance is presented in the Divisional Ligature Risk Reduction Group Meeting, with reports provided to MHL D Service Quality Delivery Group (SQDG) and the Senior Leadership Team at regular intervals.

An audit process has been developed aligned to the Environmental Ligature Risk Assessment Training. This ensures a robust process of ligature assessment has been completed, including knowledge and skills, completion of the audit checklist, completing the ligature footprint and reviewing the assessments monthly. The first annual audit report was completed in November 2023 and reported in January 2024 with a second audit planned to take place, with fieldwork, at the end of 2024. In addition to the above, All Wales Standards of Practice have published a document aligned to reducing harm from ligatures in Mental Health and Learning Disability. Work is ongoing to establish links with other Welsh Health Boards and a Mental Health Trust in England to progress benchmarking and to enable the sharing of good practice.

The Division has completed an analysis of all the high, medium and low risk ligatures, including the current mitigation that is in place. This analysis has been completed by an internal tripartite group (MHL D Clinical, Estates, Health and Safety) reviewing all ward inpatient ligature assessments and the external assessments of ligature. This analysis was presented in DSLT in January 2024, with the recommendation that the tripartite develop an audit tool, agree 'buddy' areas and allocate project support including an industry expert on ligature, followed by a programme of audit to ensure all ligature risks are identified promptly and mitigated effectively.

There is scrutiny on Capital Planning and Operational Estates aligned to ligature risks given the competing financial priorities for the Health Board. There is an active risk management process informing the prioritisation of capital plans which is managed through the monthly Divisional Estates and Capital Group, scrutinised and approved via our Senior Leadership Team as well as the Health Board's Capital Estates Team.

### **Working towards the Strategic Programme for Mental Health**

Aligned to the Strategic Programme for Mental Health we have been successful in developing both our Eating Disorders and Perinatal Services in year with more improvements to come in 2024/25. For our Specialist Adult Eating Disorders Service (SAEDS), we have recruited to a number of specialist roles enhancing the expertise and knowledge base that provides early intervention, treatment and support within the community and inpatient environments. Our SAEDS team of dedicated specialists have been proactive in engagement and strengthening pathways with other services including the Integrated Autism Service, Dietetics, Perinatal Service and Diabetes Service. This service is working towards full-service provision across North Wales by the end of 2024 in line with NICE Standards.

Our Perinatal Team have been recruiting to specialist posts in order to provide a comprehensive service to expectant mothers across North Wales in line with Royal College of Psychiatry (RC Psych) Standards. In year the service were successful in achieving 91% compliance with type 1 RC Psych Standards, 82% compliance with type 2 RC Psych Standards and 83% with type 3 RC Psych Standards.

Our local team have been instrumental in the development of a Mother and Baby Unit to be opened on the Countess of Chester Hospital Site which will support service users in North Wales and the North West of England. It is anticipated that the unit will be open towards the end of October 2024 with our local team continuing to support progressing the opening of the unit in order to provide continuation of care for mothers and babies.

Another key deliverable of the Strategic Mental Health Programme for Wales is the improvement to Local Primary Mental Health Support Service (LPMHSS). In year, we have progressed service redesign plans through our Community Pathway Transformation Group by adopting a collaborative approach to ensure best and consistent practice across our many regional teams. We have seen significant improvements in our performance against the delivery of care in line with Mental Health Measure Parts 1a (Referral and Assessment) and Part 1b (Intervention) as well as reductions in waiting times for our service users. Supporting the improved delivery is a team of experts embracing a phased approach to service change and actively shaping that change. Recruitment has taken place to fill posts and a standard operating procedure has been developed and approved with services working towards full implementation. The group has promoted the introduction and training of Attend Anywhere across the LPMHSS Teams, which will support agile delivery of assessments, reduce travel time and support patients to attend appointments with ease. Improvement works to support the delivery of compliance in line with Parts 1 of the measure are being extended to include improvements to Part 2 of the measure that will address both clinical and operational aspects.

Next steps will be for LPMHSS to actively link in with and learn from the positive implementation of the 111 press 2 Service.

### **Further Improvement Initiatives**

The Divisional Improvement Plan (DIP) is a triangulated plan containing the recommendations from external reviews carried out before 2023 with defined actions to achieve and sustain the required level of improvement. This has been progressing with key leads nominated across the Division to drive the consolidated activity and reporting. A dashboard has been developed to support targeted progress, provide a monthly visual at-a-glance report and allow for the monitoring of the Division's performance to highlight any remedial action required in areas of poor performance. We have also devised and implemented a project methodology for our improvement priorities to ensure a consistent approach is adopted for the teams.

MHLD have supported the development of a national Suicide and Self-Harm Prevention Training Hub. The platform is for staff looking for training and development opportunities, to develop their awareness, understanding and skills in relation to the management and prevention of suicide and self-harm (<https://sshp.wales/en/>). A universal Suicide Awareness E-learning Module has also been launched on ESR and Learning Wales. The Real Time Suspected Suicide Surveillance (RTSSS) had its first full year of being operational, and has been invaluable in informing the prevention work in North Wales through the Multi-Agency Forum.

MHLD is currently hosting the Regional Lead for Suicide and Self-harm Prevention until March 2024, providing opportunities to build partnerships within Betsi Cadwaladr University Health Board, other Health Boards and partner across Wales. The North Wales Suicide and Self Harm Forum held a successful engagement event in November 2023, hosting over 90 partners, which included learning, networking and mapping activity across North Wales. A Men's Discovery Event is planned for March 2024 after the success of a similar event in South Wales. In year has seen the establishment of five themed sub-groups to the forum, a Rapid Response Pilot in Conwy, and two multi-agency projects focussing on locations of concern. A regional profile plan is being developed based on the activities of the forum, expected to be completed by April 2024.

Our established Early Intervention in Psychosis (EIP) Team support young people between the age of 16 and 35 who present with a first episode of a psychotic illness. A new service model has been developed for the EIP service, which includes an implementation and recruitment plan. The East Area Team have now become fully operational whilst supporting a higher than predicted number of young people. Audits have commenced to further improve the service, with findings also leading to planned expansion.

Plans are in development for additional beds to increase admissions into the Hergest Unit in Ysbyty Gwynedd for older persons with functional mental disorders. At present Gwynedd and Anglesey patients are admitted to Ablett and Heddfan Units and, in some cases, to out of area placements. The development of functional older adult provision in the Hergest Unit will bring their care closer to home and will enable an equitable provision of care across North Wales for our growing older population.

We are working as part of the Regional Partnership Board (RPB) in developing a regional Memory Assessment Service (MAS) Pathway that will be an easy to access, person centred and equitable service for people with dementia and their carers living in North Wales. In addition, a MAS Improvement Manager and MAS Tracker Posts have been appointed to reduce the Memory Clinic waiting times and we continue to invest in the regional contract for development of third sector pre-assessment and post diagnostic support services to improve Dementia care provision.

Both the older person bed provision and MAS improvement works are part of our longer-term programme of care for older persons with a mental health need in North Wales. We have reflected on national benchmarking for older persons mental health across the UK and, along with our public health and population data, we have identified the need to develop strategic plans for the future needs of our population. Key to this will be the provision of appropriate post hospital discharge care that allows us to ensure timely and appropriate transfer of care to enable improved flow through our inpatient settings.

As part of our improved and expanded service provision, a project to introduce Trauma Informed Approaches (TIA) to the inpatient and community aspects of the North Wales Forensic Service and Specialist Rehabilitation Services had funding agreed. Development of this service will be through four defined levels of the Wales Trauma-Informed Practice Framework (2022) –

1. Trauma-aware
2. Trauma-skilled
3. Trauma-enhanced
4. Specialist interventions

To date we have recruited a number of specialist staff that have been developing the first Psycho Education Group materials and are providing training to staff in order to ensure we attain Level 2 Trauma skilled workforce by the end of 2024/25.

Our Adult Learning Disabilities Services have successfully developed an improvement programme that covers our Inpatient, Community and Enhanced Community Residential Service (ECRS) aligned to the Learning Disabilities National Improvement Group. Partnership working has been strengthened, supported by the North Wales Together Team, to prevent hospital admission. This is aligned with our step up, step down provision by securing Accessing Housing with Care funding to develop existing Health Board resources with a new self-contained property already identified in East area.

We have created and appointed a Specialist Practitioner for an initial period of two years, to develop the “Lab in the Bag” initiative, which seeks to engage adults with a Learning Disability eligible for Annual Health Checks (AHC) within their own homes. Learning Disability Practitioners are working jointly with GPs to facilitate a virtual AHC to ensure easy access. This programme is in place, with recent increased uptake, with specific focus on hard-to-reach individuals in rural areas. Our Primary Learning Disability Health Liaison Services have prioritised their support to GPs across North Wales to increase AHC uptake on pre-pandemic levels.

Our Substance Misuse Services have been improving Buvidal prescribing, in order to support and treat people with opiate dependency to ensure a more streamlined and accessible provision. Six out of seven local SMS clinics are operational with Buvidal dispensing, which previously was dispensed from Pharmacy after being prescribed in the SMS Clinic by a Registered Nurse. The aim is that a patient on a Buvidal® injection would not be required to regularly attend pharmacies, which encourages abstinence from opiates.

As well as our internal services, we continue to invest in a number of commissioned services including our iCAN Early Intervention Hubs, Therapeutic Intervention Services and Advocacy and Carers Support Services. During 2023 and early 2024, we have consolidated our contracts and services making greater connections with our core internal services to ensure a whole system approach to people’s care, support and treatment. We have moved towards more outcome-based monitoring to demonstrate the difference that services can make to our citizens wellbeing and Mental Health.

## **Our Divisional Enablers**

### **Our Staff**

Our staff are a crucial asset that remain at the heart of all our services. It is vital that we support them with training and resources for their continued professional development and their wellbeing, recognising that we work in a fast paced, emotive and challenging environment. Divisional Mandatory Training compliance is consistently above the Health Board’s target and the Division has increased the number of coaches to provide coaching and peer-support to staff across MHL D. PADR compliance in MHL D has surpassed the Health Board’s target for the past six months.

Although staff recruitment and retention remains a challenge for the Division, with a vacancy rate of 15%, the staff turnover rate has reduced by 1.5% over the last 12 months and we have also managed to reduce nursing vacancies by 44.5 Whole Time Equivalent (WTE) in the same period. Agency spend has been reduced significantly and in order to attract further staff we have strengthened our presence on the Betsi Cadwaladr University Health Board Train, Work, Live Website. Since October 2023, this has led to receiving 398 recruitment enquiries, 174 of which are for Bank work. We continue to engage with local universities and attend recruitment events. The innovative talent pool process that we have created has led to 33 further staff appointments since inception.

Wellness Work and Us (WW&U) is a dedicated resource for MHL D staff and in a 10-month period from January 2023, 215 staff have accessed either Counselling, Coaching or emotional support, equating to just under 10% of the divisional workforce. The WW&U service has demonstrated that by offering flexible, timely, informed and person-centred support to MHL D staff, there has been a reduction in stress-related absences and staff have been able to stay or return to work feeling listened to and valued. When staff feel relaxed and supported, the quality of interactions with patients is enhanced, leading to safer and more effective care across the MHL D Division.

## Digital Enablement

Following the successful completion of a digital scoping exercise across MHL D Services last year, we have considered the risks we carry. The level of change required and the implications of making those changes have moved rapidly into a resolution phase. This coincided with Welsh Government's decision not to pursue the proposed WCCIS Care Director V5 System and instead support the procurement of a digital solution specific to Mental Health.

Due to the risk identified through our scoping, WG have agreed that the Health Board MHL D Services are a priority to progress timely digital enablement. We have in year supported the system specification through active engagement with staff who have outlined the requirements across our complex range of service provision.

We are supporting the development of the national business case for a system as well as the local business case for implementation resource. Work from MHL D business case development is also feeding into the Regional Partnership Board to support the learning of solutions to support the replacement of other areas of Health and Social Care that require systems previously under the WCCIS Programme.

The business cases will be completed before the end of this financial year and we will move into the procurement phase in 2024 through to 2025.

## Estates

The Division's estate footprint is both large and diverse covering community and inpatient provision on our General Hospital Sites. This year we have completed a mapping exercise of the estate footprint which, along with outputs from the Betsi Cadwaladr University Health Board Estates Strategy, is acting as the basis for our developing divisional Estates Strategy. Suitable accommodation for patients and staff is vital in delivering high quality services to our citizens and we have used this year to strengthen our governance and representation at the Divisional Estates and Capital group (DECG) to ensure levels of accountability and that our Capital Estate needs can be prioritised based on risk. As a result, we have refined our processes and developed increasingly positive relationships with our Capital and Estates colleagues. This year we have:

- ✓ Progressed to full business case for the central inpatient development on the Glan Clwyd Hospital Site
- ✓ Contributed to and relocated services within the Plas Gororau development in Wrexham
- ✓ Strengthened our approach to Anti ligature risk assessment, mitigation and works
- ✓ Secured external Capital funding through the Area Planning Board for the Roslin Development in Llandudno, which seeks to accommodate Specialist Substance Misuse Services
- ✓ Continuing integrated work with Integrated Health Communities (IHC's) on the potential for shared capital estates projects, most notably under IRFC Monies

## Putting Things Right - Quality Reporting Requirements

The Duty of Quality came into force on 1<sup>st</sup> April 2023, as part of the Health and Social Care (Quality and Engagement) (Wales) Act 2020. The duty sets out the next steps in our journey of quality improvements to achieve more open, transparent and learning services. It defines quality as 'Continuously, reliably and sustainably meeting the needs of the population that we serve'.

The aims of the duty are:

- Improved quality of health services
- Better outcomes for the population in Wales

The four key components of the duty of quality are:

1. Health and Care Quality Standards
2. Quality-driven decision making
3. Quality Management Systems
4. Quality Reporting

Each Local Health Board, NHS Trust and Wales-only Special Health Authority is required to publish an annual report on the steps it has taken to comply with the duty to exercise its functions with a view to securing improvement in the quality of health services. The report must include an assessment of the extent of any improvement in outcomes achieved by virtue of those steps. It is also suggested that NHS bodies align the annual quality report to their Annual Report and Accounts process.

In addition to the annual reporting requirement, it is proposed that NHS bodies develop a so-called 'always on' reporting mechanism. 'Always on' means that organisations collate, monitor and make information about the quality of their services readily available to their population. 'Always on' reporting requires organisations to have a whole system approach to the routine use of information across their quality management system. 'Always on' encourages recognition and sharing of good practice and early escalation and intervention when signals suggest that action is necessary.

As such, the Health Board will prepare an Annual Quality Report to coincide with the Annual Report and Accounts. The report will include other quality statutory reporting requirements including Putting Things Right and Duty of Candour. Furthermore, the report will outline our quality journey; from looking back over the last year for 2023/24, to looking forward to 2024/25 including the progress made with Special Measures and the development of a Quality Dashboard and a Quality Management System. All key to us becoming a quality driven, learning, self-improving organisation.

## Financial performance

### Achievement of Financial Duties

The National Health Service Finance (Wales) Act 2014 places two financial duties on Local Health Boards:

- Revenue resource performance: A duty to ensure that expenditure does not exceed the total funding allotted to it over a period of 3 financial years.
- Integrated planning: A duty to prepare a plan, in accordance with planning directions issued by the Welsh Ministers, to secure compliance with the Revenue resource performance while improving the health of the people for whom it is responsible, and the provision of health care to such people, and for that plan to be submitted to and approved by the Welsh Ministers.

### Revenue Resource Performance

In respect of the first duty, the Health Board has not managed its expenditure within the aggregate funding provided over the period 2022/23 to 2023/24, so has not achieved the first duty. The Health Board confirmed to Welsh Government via an Accountable Officer letter that it was unable to fulfil its statutory duty to produce a three-year IMTP, being unable to deliver financial balance over a three-year period. In addition, whilst addressing the Ministerial Priorities set out in the NHS Wales Planning Framework, the Health Board was unable to achieve all the required performance targets. The Health Board instead submitted an Annual Plan for 2023/24, focused on stabilisation and recovery. The aggregate position is shown in the table below.

	2021/22 £000	2022/23 £000	2023/24 £000	Total £000
Net operating costs for the year	1,873,353	1,991,335	2,158,812	6,023,500
Less general ophthalmic services expenditure and other non-cash limited expenditure	637	1,790	1,777	4,204
Total operating expenses	1,873,990	1,993,125	2,160,589	6,027,704
Revenue Resource Allocation	1,874,279	1,993,514	2,136,242	6,004,035
<b>Under /(over) spend against Allocation</b>	<b>289</b>	<b>389</b>	<b>(24,347)</b>	<b>(23,669)</b>

Most of the funding for the Health Board's activities is provided for by Welsh Government. In 2023/24 Betsi Cadwaladr University Health Board exceeded its annual revenue resource allocation from Welsh Government and has reported a deficit of £24.3 million.

This outturn was dependent on a number of non-recurring sources of funding and Welsh Government strategic support of £82m. The Health Board's significant underlying deficit remains a challenge going forward. The initial planned deficit for 2024/25 is £19.7 million.

The Health Board received additional cash-only strategic support of £27.0 million from Welsh Government during the year.

In line with the HM Treasury's Government Financial Reporting Manual, the going concern basis of accounting has been adopted by the Health Board in the preparation of the financial statements, where it is anticipated that the services provided will continue into the future.

## **Integrated Planning**

The NHS Wales Planning Framework for the period 2023-2026 issued to Health Boards placed a requirement upon them to prepare and submit Integrated Medium-Term Plans (IMTPs) to Welsh Government.

The Health Board submitted an Annual Plan for the period 2023/24, approved by the Board on 31<sup>st</sup> July 2023.

Therefore, the Health Board failed to meet its statutory duty to prepare a 3-year integrated plan.

## **Other Financial Performance Measures**

### Capital assets

The Health Board has a significant capital asset base (over £800 million shown in the Statement of Financial Position as at 31<sup>st</sup> March 2024) and receives capital funding from Welsh Government accordingly. In 2023/24, the Health Board delivered its agreed capital programme and has reported a small underspend relative to Capital Resource Allocation, of £0.194 million.

### Cash management

Health Boards are required to manage substantial cash inflows and outflows, and to do so effectively within related funding sources and whilst meeting payment obligations to staff, suppliers and authorities (such as HMRC). A summary of Betsi Cadwaladr University Health Board's cashflows for the year is shown in the Statement of Cash Flows in the annual accounts (see page XX).

Health Boards are required to pay 95% of the number of non-NHS bills within 30 days of receipt of goods or a valid invoice whichever is later; performance in 2023/24 financial year fell marginally below the requirement with 94.5% achievement.

## Well-being of Future Generations (Wales) Act

The Well-being of Future Generations (Wales) Act details the way in which the Health Board, along with other public bodies in Wales, must work to improve the well-being of Wales. The Act makes us think more about the long term and how we must think differently to improve the well-being of both current and future generations.

To make sure we are all working to the same purpose, the Act puts in place seven well-being goals and makes it clear that we must work to maximise our contribution to all of the goals, not just one or two:



**A Prosperous Wales**



**A Resilient Wales**



**A Healthier Wales**



**A More Equal Wales**



**A Globally Responsible Wales**



**A Wales of Cohesive Communities**



**A Wales of Vibrant Culture and Thriving Welsh Language**

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

Our wellbeing objectives are:

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

In achieving these objectives we will:

- use resources wisely, transforming services through innovation and research
- support, train and develop our staff to excel

The well-being objectives provide the foundation for improving how we work as an integrated Health Board to improve health and well-being and address inequalities.

Our Three Year Annual Plan and Delivery Plan 2024 – 2027 sets out clear and SMART actions for delivery against priorities with short, medium and longer term goals identified. We have also developed a set of clear metrics that helps us to understand how much we have done and how well we have done it. We are increasing focus and pace to refine high quality, evidence-based pathways to underpin and deliver against the Health Board’s long term strategy Living Healthier, Staying Well and the Clinical Services Strategy.

In 2022, the Health Board published a five-year Decarbonisation Action Plan (DAP) with support from the Carbon Trust. The Plan addresses carbon emissions across all greenhouse gas and emission scopes including those from buildings, land use, transport, waste, water, procurement of goods and services and wider clinical healthcare delivery. It also provides a focus on the emissions associated with construction and refurbishment. The Health Board DAP is a response to the Welsh Government’s ambition for the public sector to be net zero in carbon emissions by 2030. NHS Wales’ contribution to the net zero carbon target is to reduce carbon by 16% by 2025 and 34% by 2030. A Decarbonisation Programme Board oversees implementation of the Action Plan.

Information on our work to support and promote the Welsh Language is included in pages 73 to 75 of this report.

### **Adopting the Five Ways of Working**

There are five ways of working set out in the Act that support the Sustainable Development principle:



**Collaboration**



**Long Term**



**Prevention**



**Involvement**



**Integration**

Throughout the development of our Annual Plan for 2023/24 we sought to use the five ways of working to inform our decisions and help us prioritise the actions we will take to work towards our own well-being objectives and in turn, contribute to the seven national well-being goals.

Further work with partners has been taken forward through the formal partnership boards – the North Wales Regional Partnership Board and the three Public Services Boards (Gwynedd & Anglesey, Conwy & Denbighshire, and Flintshire & Wrexham).

### **Regional Partnership Board (Part 9 Board)**

#### Background

The Social Services and Well-being (Wales) Act requires the Health Board to co-operate with Partners in the formation of a Regional Partnership Board (RPB) to prepare and publish a five-year Area Plan, setting out the range and level of services to be provided in response to the population needs assessment, including resources to be deployed. Health Boards are required to set out actions proposed in relation to the duty and to have regard to the importance of preventative actions.

The North Wales RPB facilitates the partnership arrangements between Betsi Cadwaladr University Health Board, the North Wales six local authorities and other partners in taking forward the effective delivery of integrated services in North Wales.

During 2023/24 the RPB has been chaired by the Portfolio Holder for Adult Social Care and Elected Member of Gwynedd County Council – Cllr Dilwyn Morgan. The Board's programme of work is supported by a Regional Collaboration Team hosted by Denbighshire County Council.

### Regional Area Plan

The North Wales RPB published its Regional Area Plan in April 2023. This sets out how partners will work together to deliver health and social care services and respond to the findings of the North Wales Population Needs Assessment and Market Stability Report. The Board also published an update to the Market Stability Report.

The Plan focuses on how the Regional Partnership Board delivers priorities for integrated working between health and social care on a regional basis for the following population groups:

- Children and young people with complex needs
- Older people including people with dementia
- People with learning disabilities and neurodevelopmental conditions
- Unpaid carers
- People with emotional and mental health wellbeing needs

Progress against the Plan is shared each year in the Regional Partnership Board Annual Report.

### Regional Integration Fund

The Health and Social Care Regional Integration Fund (RIF) is a five-year fund (April 2022 to March 2027) to support integration and partnership working for the priority population groups described above.

The RPB has led on the development and implementation of the RIF. The 2023/24 RIF programme comprises 35 schemes across six national Models of Care.

The total investment in schemes and services (excluding infrastructure and programme management costs) for the year is £57,169,751. This is made up of £29,705,054 Welsh Government funding and £27,464,697 of partner core funding. £5,413,163 is invested in schemes which directly support unpaid carers. £5,671,244 is invested in social value schemes.

Investment in the six national models of care is shown in the table below –

Model of Care	Number of Regional Programmes	%	Total Investment	Welsh Government Funding	Partner Match Monetary	Partner Match Resource	Year End Spend WG funding
			£	£	£	£	£
Community Based Care - Prevention and Coordination	13	16%	£9,309,043	£7,291,869	£1,748,528	£268,647	£7,291,869
Community Based Care - Complex Care Closer to Home	6	42%	£23,975,899	£6,845,439*	£15,100,093	£2,030,367	£6,845,439
Home from hospital	3	8%	£4,635,868	£3,725,125*	£472,637	£438,106	£3,725,125
Supporting families to stay together safely and therapeutic support for care experienced children	6	28%	£15,740,956	£9,920,441	£4,049,993	£1,770,521	£9,920,441
Accommodation Based Solutions	3	2%	£1,100,977	£742,317	£313,952	£44,708	£742,317
Promoting good emotional health and well-being	4	4%	£2,497,927	£1,270,782	£844,332	£382,813	£1,270,782
<b>Total</b>	<b>35</b>	<b>100%</b>	<b>£57,260,670</b>	<b>£29,795,973</b>	<b>£22,529,535</b>	<b>£4,935,162</b>	<b>£29,795,973</b>

All schemes report against a set of All Wales performance indicators.

#### North Wales Together: Seamless services for people with learning disabilities

North Wales Together is a project funded through RIF to support people and organisations to make sure that people with learning disabilities are able to live a great life. The team are working with many different people and organisations to find out what is working well, and how we can support changes where they are needed.

Progress during 2023/24 includes:

- development of a Regional Supported Employment Strategy and, in the Central area, piloting a model that supports people with learning disabilities to access paid employment. This model will be rolled out across the region in 2024-2025.
- one-to-one hub support and accessible training designed to raise awareness of technology for those with a learning disability and the workforce who support them.
- working with colleagues in health and social care on an integrated Positive Behaviour Support Implementation Plan.
- funding a project management post within the Health Board's Mental Health and Learning Disability Division to take forward the redesign of existing residential nursing services to enable care closer to home for people with complex needs. Accommodation developed East and West of the region with placements coming on stream 2024-2025.
- commissioning activities for Adults, Children with learning disabilities and their families.
- development of a direct payment toolkit and promotion of direct payments.
- commissioning a third sector based Information Advice and Assistance service for young people and their families experiencing transition to adult services.
- commissioning and joint funding a peer-led 'health checks and screening project'.

### Children's Regional Partnership Board

A Children's subgroup of the Regional Partnership Board (CRPB) operates with the aim of meeting the needs of children and young people with complex needs across the region. The governance structure has been revised and now includes a Children's Regional Transformation Board, to give transparency to the programmes that are being delivered, to avoid any duplication and to work to the principles in the NYTH / NEST framework (a planning tool for developing mental health well-being and support services for babies, children, young people, parents, carers and their wider families across Wales).

All three areas, East, Central and West, are focusing on providing support for those who are neuro-diverse and are either on the waiting list for a diagnosis or have a diagnosis.

The East area will focus on those children and young people who are transitioning between primary and secondary school.

The Central area will focus on 0-7 years.

In the West area, Gwynedd and Anglesey are working on different cohorts:

- Anglesey will focus on early intervention and prevention and is rolling out Teulu Mon to deliver a Multi-Disciplinary Team (MDT) approach based around the five secondary schools and primary schools in each catchment area.
- Gwynedd is focusing on complex cases, and has established an MDT with a preventative ethos to support children and young people with the aim of preventing them from entering care, where possible.

The different approaches will assist in identifying challenges and opportunities and the sharing of good practice across the region.

Co-production and story-telling workshops have enabled rich discussions where:

- it was established that guiding values and principles should underpin and inform all aspects of the work going forward
- the Board's mission was co-defined
- dialogue learning methods were introduced to provide an engaging and practical way of putting stories into action
- the priority areas for a two-year work programme have been reviewed and confirmed.

### Regional Innovation Coordination Hub

The Hub aims to coordinate health and social care research, innovation, and improvement activity in North Wales to support the work of the Regional Partnership Board.

Highlights for 2023/24 include:

- gathering evidence and bringing people together to find solutions to complex problems, including:
  - a RITA User Network (<https://www.northwalescollaborative.wales/rita-users-in-north-wales-unite/>) that uses reminiscence technology for people living with dementia;
  - ways to use co-production and storytelling techniques to improve services and partnership working; and
  - improving support for children and young people with neurodevelopmental conditions.
- improving access to evidence by providing insight into statistics and research for dozens of topics ranging from neurodiversity and dementia to AI and virtual wards.
- getting work underway for the Digital, Data and Technology Board under the themes of:
  - getting the basics right
  - innovation
  - digital inclusion
  - integrated health and care records.

This included mapping digital projects across the region.

- providing research support including case study hints and tips sessions and a consent and ethics framework for the Regional Integration Fund; designing a dashboard to measure regional progress against the Autism Code of Practice; and analysing hundreds of thoughtful responses to a Dementia Listening Campaign across six North Wales towns.

For more information:

- follow the hub @\_NW\_RICH on Twitter / X ([https://x.com/\\_NW\\_RICH?mx=2](https://x.com/_NW_RICH?mx=2)),
- sign up to their newsletter at <https://www.northwalescollaborative.wales/research-innovation-and-improvement-coordination-hub/#contactus> or
- visit the RIC hub webpages at <https://www.northwalescollaborative.wales/research-innovation-and-improvement-coordination-hub/statistics/census/>.

### Strategic Capital Plan & Development Fund

The NWRPB has developed a 10-year Strategic Capital Plan (SCP), published in July 2023, to develop integrated service delivery facilities and integrated accommodation-based solutions. The Plan brings together health, social care, housing, third sector, education and regeneration partners.

As part of the development of the SCP, the Regional Team has developed a tool to assist partners with the prioritisation of schemes. In total, 35 schemes across health and social care

have been prioritised with a total value estimated at £440m and £303m anticipated to be required from Welsh Government funding.

In addition, a further £3m of funding was awarded during the year to support schemes at varying stages, from continuation of business case development to acquisition, refurbishments and construction of new facilities.

The schemes that have been awarded funding include:

- the development of an Integrated Hub in Conwy West (progression to the next business case stage),
- care closer to home development across the region
- extra care refurbishment in Denbighshire
- dementia centres across the region
- supported living for people with learning disabilities in Conwy and Flintshire and
- children's care homes across the region.

These schemes will assist people to live independently for longer, free up hospital beds and provide improved service provision across the North Wales region.

## **Public Services Boards**

In April 2016, the Well-being of Future Generations (Wales) Act established a statutory Public Services Board (PSB) in each local authority area in Wales. The PSBs are a collection of public bodies working together to improve the well-being of their county. Membership consists of senior representatives from partner organisations including the Health Board's Integrated Health Community (IHC) Directors participating in support of their role as senior community leaders. The PSBs work collaboratively as partner organisations to ensure that their strategic plans are aligned with, and support achievement of, local well-being objectives and vice versa; but also to ensure that the contribution of the PSB adds value over and above statutory organisations' own plans.

During 2023/24, the three North Wales PSBs used the evidence and insight from the Well-being Assessments (produced in 2022-2023) to develop and publish their Well-being Plans in 2023/24. The Well-being Plans are a statutory requirement of the Well-being of Future Generations Act. The Plans seek to address the key areas which pose the greatest need or challenge for communities and describe where PSBs can make the greatest contribution, adding value to existing partnerships and core services.

The three PSBs have worked closely with the Co-production Network for Wales (to ensure seldom heard voices are given the opportunity to contribute) and the North Wales Insight and Research Partnership to build and test new ways to engage with communities, stakeholder and partners.

IATH – the Welsh Centre for language planning has been commissioned to research the challenges and success of bilingual workforce planning among organisations that make up the three North Wales Public Service Boards.

Gwynedd and Anglesey

Gwynedd and Anglesey PSB's Well-being Plan for 2023-2028 was published in May 2023. It has three overarching well-being objectives:

- mitigating the effect of poverty on the well-being of local communities
- prioritising the well-being and achievement of children and young people
- supporting communities to move towards zero net carbon

The 'Healthy Weight: Healthy Wales' principles have been adopted as a golden thread.

Welsh Language is a permanent priority for the PSB and is promoted in all aspects of the PSB's work.

Progress made in 2023/24 includes:

- formally launching the 2023-2028 Well-being Plan at the National Eisteddfod in Boduan, Gwynedd.
- securing focus from PSB board members to press ahead with delivery plans for the Well-being Plan. Guidance and support has been provided from Natural Resources Wales and the Co-production Network for Wales.
- promoting and implementing the North Wales Active Travel Charter, including collaboration on energy use and infrastructure in public sector locations.
- Trialling the 'Newborough project' - a collaborative approach to tackling significant but common issues at community level. Lessons learnt will be applied in other settings.
- Establishing regulation Information Bulletins to update PSB members on progress and share relevant information between quarterly meetings.

### Conwy and Denbighshire

Conwy and Denbighshire PSB's Well-being Plan for 2023-2028 was published in March 2023.

Since approving the Plan areas of progress includes:

- progressing the Healthy Travel Charter by conducting a baseline assessment of current activity against Charter commitments. This has identified gaps and opportunities for development in line with Plans for existing PSB partner organisations.
- working with Glyndwr University to undertake an engagement project within two communities in Conwy and Denbighshire – Pensarn and Burton Park in Rhyl. The project uses creative methods such as artwork and photography to support communities in telling stories of what it looks and feels like living in their community.
- developing a community engagement plan and adopting a new engagement mission statement for the PSB.
- completing a service mapping exercise to evaluate next steps in delivery of the Well-being Plan.
- introducing informal networking meetings for PSB members.
- exploring ways in which the PSB can become more closely involved with the Inverse Care Law programme.
- exploring ways in which the Board can achieve its ambition of having a greater leadership role.

### Flintshire and Wrexham

Flintshire and Wrexham PSBs worked closely and effectively during the COVID-19 pandemic, and so came together as a single Public Services Board in January 2023 to capitalise on the opportunities to build greater improvements in well-being with the communities across the two counties. The joint PSB is delighted that its first Chair is from the Third Sector.

The new PSB published its Well-being Plan in May 2023, and has spent the remainder of the year creating a delivery structure that will enable PSB partners to work together on those actions that have the potential to make a real impact.

In 2023/24, the PSB made progress jointly in the following areas:

- the co-creation of new engagement methods especially with young children through Community Narratives at Sealand and Ty Pawb, developing story telling techniques through the TEDx events which focused on mental health and climate change, and working with schools through the Future Leaders programme.
- a joined-up approach to prevention and early intervention for children.
- a whole system approach to the healthy weight priority of ‘Eating Well and Being Active’ in schools across Flintshire and Wrexham with the aspiration of increasing the number of children who live within three miles of their school and who walk, scoot or cycle there.
- optimising green health opportunities through social prescribing.
- implementing the ‘100 stories programme’ led by the Health Board. Professionals, parents, carers, guardians and young people gather stories about the neuro-diverse transition from children’s to adult services.
- PSB partners working to become foster friendly organisations in line with Welsh Government’s framework for eliminating profit from children’s social care.
- PSB partners working together to build the North Wales Children’s University (led by Wrexham University) so that all children across Flintshire and Wrexham have the opportunity to learn outside the classroom environment.

Throughout the year the Health Board gave regular updates to its Partnerships, People and Population Health Committee. Fuller details can be found on the Public Service Boards webpages:

- Gwynedd and Anglesey: <https://www.llesiantgwyneddamon.org/en/>
- Conwy and Denbighshire: <https://conwyanddenbighshirelsb.org.uk/>
- Flintshire: <https://www.flintshire.gov.uk/en/Resident/Council-and-Democracy/Flintshire-Public-Services-Board.aspx>

Please note that at the time this report was being prepared a new website for the combined Flintshire and Wrexham PSB was being developed. The previous website for Wrexham PSB has closed down; at the time of writing the site for the former Flintshire PSB remained online.

## Sustainability Report

The Health Board is the largest Health Board in Wales, covering almost a third of the country's landmass. Our services are delivered from a variety of settings ranging from acute district general hospitals to community clinics and home visits by clinicians. In delivering these services we have an environmental impact which must be carefully managed to avoid significant financial and environmental consequences.

Our property portfolio includes three main acute general hospitals, 19 community hospitals, and in excess of 70 community clinics and other small (owned or leased) satellite buildings and rooms, giving a total portfolio in excess of 140 sites.

While the demand for healthcare continues to grow, the Health Board is committed to meeting the challenges of achieving carbon reduction, waste reduction and securing products and resources from sustainable sources where possible to ensure that our environmental impact is reduced as far as is reasonably practicable.

As part of our corporate commitment towards reducing these effects, we maintain a formal Environmental Management System (EMS) designed to achieve the following:

- Sustainable development
- Compliance with relevant legal and government requirements
- Prevention of pollution
- Protection of the environment
- Mitigation against the impact of climate change
- A culture of continuous improvement

Effective environmental management is achieved through:

- Promotion of the environmental policy to all relevant stakeholders
- Identification of all significant environmental aspects and associated legal requirements, including those resulting from service change and new legislation
- Establishing and monitoring objectives and targets aimed at reducing environmental and financial impacts, in line with those issued by the Welsh Government
- Provision of appropriate training to all relevant personnel
- Regular internal and external audits
- Regular review of the effectiveness of the EMS by the Environmental Steering Group
- Working with local, regional and national partners to achieve a consistent public sector approach to environmental management and ensure best practice procedures are identified and implemented

Our performance is measured using a number of tools and through our involvement with a number of partnership bodies:

- BS EN ISO 14001 2015 Environmental Management System
- Carbon Reduction Commitment Annual Reporting
- Annual Energy and Facilities Performance Monitoring System
- Welsh Health Estates Environmental Forum
- NHS Wales Shared Services Partnership Facilities Services
- In-house, real-time utility consumption monitoring systems
- BREEAM (Building Research Establishment Environmental Assessment Method) assessment of major capital schemes

These arrangements ensure that effective environmental management is conducted to current best practice standards and that continuous improvement is embedded in the culture of the organisation.

The data used in producing these reports is verified by internal and external audit providers including BM TRADA (a UKAS accredited external auditing and certification body) and Audit Wales.

The Health Board has attained the Platinum Standard of the Healthy Working Wales Corporate Health Standard, and our use of sustainable technology, ethical and sustainable procurement and work on environmentally responsible transport was part of the submission.

## **Partnership Working**

The Health Board is represented on the Public Service Boards (PSBs) in North Wales, all of which are engaged in work on environmental, sustainability issues and Decarbonisation.

## **ISO14001:2015 Environmental Management System**

The ISO14001:2015 standard for environmental management systems has now been embedded throughout the Health Board, with ISO certification achieved in April 2018. The new standard has served to make the Health Board and all its staff more aware of their responsibilities in respect of activities that have a significant impact on the environment, including legal and regulatory accountabilities, and enables the associated risks to be managed more effectively.

The three Environment Officers hold Chartered Quality Institute and the International Register of Certificated Auditors certification, which enables them to act as Lead Auditors and specialist advisors for the Health Board.

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

- The key changes service providers need to make
- Top management commitment and involvement in the EMS
- Compliance with the Environmental Policy Statement
- Needs and expectations of interested parties
- External and internal issues, compliance obligations and significant aspects
- What each section of the standard means to their service/department
- Performance, evaluation and monitoring

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

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

Assessments have demonstrated that the cornerstones of the system – identification of corporate and site-specific processes that have an environmental impact (the Environmental Aspects and Impacts) and a programme of environmental objectives and targets set by the Environmental Steering Group to mitigate these impacts – are in place. The Internal Audit Programme is on target and is being carried out effectively; the non-conformance process is effective and works efficiently. Environmental and Waste training is now mandatory for every member of Health Board staff.

The Health Board contracts with BM TRADA for the provision of ongoing ISO14001:2015 Environmental Management certification and continual surveillance audits.

18 Health Board hospitals and clinics were audited against the standard between May 2023 and March 2024. The Health Board is being re-certified against the standard between January and April 2024.

A number of minor non-conformities were raised during the surveillance which have been closed off by the auditor within the allocated timeframe. In addition to this, one major non-conformity was raised in October 2023, this was closed off within the three-month allocation. Another two major non-conformities were raised in March 2024.

## **Environmental & Waste Training**

ISO 14001:2015 Standard places more emphasis on training and competency of any persons that can have an impact on the Environmental Management System.

The bespoke e-training package for waste and environmental management created by the Health Board's Environment Officers has been implemented across the Health Board onto the e-learning platform and is a mandatory part of staff training.

The training improves staff awareness and knowledge of environmental issues and their responsibilities, supports our work to improve waste management and ensures that we meet the requirements of the ISO 14001 Environmental Management System Standard and Waste Regulations. The training package has been adapted so that it can be utilised on an all-Wales basis. Compliance across the Health Board since September 2022 is 91%.

## **Corporate Environmental Objectives Programme**

The Environmental Objectives Programme has been approved for the three years 2022-2025. Environmental objectives help us to demonstrate continual improvement and meet the requirements of our Environmental Management System and the Decarbonisation Action Plan.

The objectives are:

- Review and publish a plan in line with the biodiversity duty under section 6 in the Environment (Wales) act 2016
- Conserve and enhance biodiversity habitats by planting trees and nature friendly plants
- Develop changes to implement the new Environmental Legislation with regard to waste segregation
- Carbon Literacy Training by developing a suitable Carbon Literacy Programme
- Heating Survey
- Fully replace all existing lighting with LED Lighting by 2025
- Loft space insulation programme at Ysbyty Gwynedd and Wrexham Maelor Hospitals
- Retirement and replacement of Glan Clwyd Hospital combined heat and power (CHP) plant
- Develop procurement environmental objectives

## Waste Management

West, East and Central DGHs and community sites have now reverted back to using clear bag instead of orange in all non-clinical areas for the disposal of masks and gloves. Generation of orange bag waste has fallen considerably since the COVID-19 pandemic but there is still work to be done.

The Welsh Government waste/recycling code of practice will come into force on 6<sup>th</sup> April 2024 for business, public and third sector organisations in Wales.

The new legislation will begin with segregation of food waste from all the Health Board's sites, including all hospitals, in April 2024.

The implementation of segregating and recycling at source in all clinics, health centres, administration buildings, GP practices and community dental practices has to be in place by the 6<sup>th</sup> April 2024. Environment Officers have worked with the current waste contractor to ensure a smooth transition.

Currently the only healthcare concession is that there will be a longer period for hospitals to be compliant with segregation of recycling materials (1<sup>st</sup> April 2026) but food waste segregation must be implemented by 1<sup>st</sup> April 2024.

The main concerns for all Health boards are:

- No capacity at ward level for extra bins
- No resources or funding for the additional collections or bins/skips
- A considerable additional cost to BCUHB to initially set up
- Lack of capacity in the waste compounds for additional skips
- Increased risk of fire and infection
- Increased carbon footprint

The Health Board's Environment Officers have worked with community sites to ensure implementation of food waste and recycling by April 2024; trialling segregation of waste at three community sites commenced in September 2023.

This has proved to work well in the community and Facilities staff have been positive and accepted the challenge, other staff have also welcomed the recycling.

At each site, discussions took place regarding the changes, the relevant amount of food waste caddies have been provided, and recycling stations using existing bins set up with posters to explain how waste needs to be segregated. It is intended that all desk-side bins are to be removed to aid the segregation and time allowed for the Domestic staff to empty the food waste bins and recycling bins. External recycling bins provided by the contractor for recycled waste are either in place or will be in place by the required time-period.

The Health Board's principal recycling and general waste contractor has worked with us to reduce the volume of waste sent to landfill.

The Health Board's 'de-clutter' campaigns continue to be a great success, encouraging wards and departments to clear clutter and unused items, improving tidiness and easing the cleaning of their areas and supporting our efforts to maintain a safe, clean environment.

Wrexham Maelor Hospital undertook a reusable sharps bin trial for three months within theatres, maternity unit and two wards. The reusable containers can be used up to 500 times which is a huge contrast to our single use containers which are incinerated. It is estimated that if Wrexham Maelor did a full site roll-out, it would eliminate 22 tonnes of single use plastic per year.

## **Green Groups**

All three areas of the Health Board have a Green Group supported by Clinical staff. The Green Groups have managed to secure twelve months funding for three Sustainability Officers to support the Green Groups Projects.

## **Energy & Carbon Management**

The Health Board continues to seek and implement measures to improve its energy efficiency and reduce carbon dioxide emissions associated with its activities. The current Corporate Carbon Reduction Performance Target is a 3% year on year reduction in CO<sub>2</sub> emissions as required by the Welsh Government's Climate Change Strategy Delivery Plan for Emissions Reduction.

Carbon reduction schemes are mainly dependent upon resource allocation from the annual Discretionary Capital Programme and Major Capital Development Schemes. In 2023/24 there has been reduced investment due to the capital development scheme financial allocation. However, as part of the response to the COVID-19 pandemic changes had to be made to the configuration of buildings which provided opportunity to also address some backlog maintenance issues and incorporate renewal of the infrastructure, for example with the installation of low energy LED lighting.

As in previous years, we have worked with the Welsh Government Energy Service and their partners the Carbon Trust, who have provided guidance to the Health Board on opportunities for further improvements to energy efficiency within our premises. This has included engaging the Carbon Trust to develop the Health Board's Carbon Reduction Strategy. This is a massive undertaking on both parties and builds upon on the publication of the NHS Wales De-carbonisation footprint that was published last year. It will be the key lead document for years to come in achieving site de-carbonisation compliance.

In addition to the general management arrangements for monitoring and, where possible, reducing energy consumption, the Health Board participates in a number of national programmes that link in to the UK energy strategy.

We have progressed opportunities at a number of our sites for small and medium scale solar photovoltaic arrays which may bring benefits to the organisation including a further reduction in the production of carbon dioxide. These schemes are now commissioned and operational at some of our community hospitals. Connectivity contract arrangements are in place so that unused electricity generated onsite is uploaded to the national electricity grid.

## **Transport**

The Health Board's travel and associated carbon emissions continue to be monitored and reported to Welsh Government. This includes business travel by staff in their own cars and Health Board fleet vehicles, and transportation of eligible patients to and from hospital.

Overall business miles for the Health Board has increased year-on-year since 2021/22. It should be noted that the mileage in 2023/24 is still below the 2019/20 total of 14,730,669 miles. The data reflects how, following the COVID-19 pandemic, business travel has adapted to new ways of working which includes the use of technology and agile working practices.

Further initiatives will be explored to continue to reduce and promote more efficient and greener travel plans, including monitoring of grey fleet, lease and pool car usage, and the promotion of alternatives to travel including the use of video-conferencing and related technology.

	2021/22		2022/23		2023/24	
	Tonnes CO <sub>2</sub>	Miles	Tonnes CO <sub>2</sub>	Miles	Tonnes CO <sub>2</sub>	Miles
Private-Use Lease Cars	297	1,284,487	336	1,455,514	345	1,492,697
Grey Fleet	1,069	4,627,088	1,319	5,707,762	1,464	6,334,169
Health Board owned Cars & Vans	967	3,985,452	1,009	4,245,274	1,105	4,709,408
<b>Total</b>	<b>2,333</b>	<b>9,897,027</b>	<b>2,665</b>	<b>11,408,550</b>	<b>2,914</b>	<b>12,536,274</b>

## Sustainable Procurement

NWSSP Procurement Services has introduced in-house sustainable procurement practices and improved data availability to assist in areas such as measuring the organisation’s carbon footprint. This has subsequently helped NWSSP to work with Health Boards and Trusts across Wales to better report their own carbon footprints in a format that meets the requirements of Welsh Government’s Public Sector Reporting Guide. NWSSP Procurement Services reports details of its Decarbonisation Action Plan annually to Welsh Government and is committed to reaching Net Zero by 2030.

Procurement approaches are aimed at sourcing products and services locally and supporting small and medium enterprises where this is practicable. Around 50% of the all-Wales food contracts are with Welsh producers and suppliers – all milk supplied to NHS Wales comes from Welsh farms, all beef is Welsh-reared, Welsh lamb is sourced during those times of the year when it is available and competitively priced. As well as supporting local communities and economies, this reduces the environmental impact of transport and distribution. This commitment to supporting the Foundational Economy is evidenced in all of NWSSP’s procurement activity and forms part of the evaluation criteria for all tenders that NWSSP Procurement Services operates on behalf of Health Boards/Trusts across Wales.

## Sustainable Construction

### Strategy

During 2023 the Health Board has continued to develop the granular detail in support of the Estates Strategy. The strategy was developed to align with other current Health Board strategies including Living Healthier, Staying Well, Clinical Services Strategy, Digital Strategy, People Strategy and Plan, and the Decarbonisation Action Plan.

Particular focus in relation to incorporating decarbonisation to projects where possible, reviewing space usage and agile working. An exercise was carried out in the East area to consider some of these aspects.

The Strategy is structured to reflect national guidance and to answer the three key questions: where are we now, where do we want to be and how do we get there?

The Strategy promotes a future estate that is fit for purpose and provides a safe and effective environment that meets the clinical and business needs of the Health Board; enhances the care of patients; supports carers, families and visitors; and provides an appropriate working environment for staff. It confirms the Health Board's commitment to:

- ensure inclusive design through the participation of local communities
- be compliant with statutory regulations and best practice guidance
- seek to meet the Building Research Establishment Environmental Assessment Method (BREEAM) standard of "very good" as a minimum with an aspiration to achieve "excellent" where practical
- reduce the Health Board's carbon footprint aligning to the Decarbonisation plan
- support sustainable transport solutions and a Green Travel Plan
- optimise local procurement and labour to support the local economy

## Projects

For 2023/24 the Health Board was allocated £19 million to deliver a range of capital projects.

During the year, WG approved the business case for the Regional Orthopaedics Hub at Llandudno at £29m. The approach to the decarbonisation of the proposed theatre and radiology project has included the following measures:

- A fabric first approach to building design which looked to optimise built form and fabric performance. The fabric thermal properties have been selected to greatly exceed minimum WG building regulation standards.
- High efficiency standards for air tightness and thermal bridging targeted.
- High performance glazing utilised in the new build areas with low G & U-Values to limit heat gain in summer months and retain heat during the winter months.
- High system operational efficiencies for all new plant installations.
- Low lighting power densities achieved through the use of high efficiency LED lighting modules.
- ERP compliant heat recovery utilised for all new ventilation systems used on the project.
- Replacement of the 1983 extract and supply units providing ventilation to the ward with a new HTM compliant, full heat recovery module.
- An all-electric heating and cooling strategy to alleviate the need for new fossil fuel supplies to the development.
- Low energy, high efficiency fan and pumps specified throughout.
- Use of low carbon, high efficiency, air source pump cooling, heating and domestic water provision for the new build theatre and refurbished/extended radiology department.
- Provision of renewable technologies – A large PV array has been proposed for mounting upon the surrounding roof area, this helping to offset the energy demands of the new development.
- Provision of EV charging points within the additional car parking areas.
- A new building energy management system will be provided to monitor and control the new plant installations. This system will monitor energy use and provides the ability to interrogate operational energy performance over time and assess the effect of future decarbonisation integrations.

Design has now been competed for the Adult & Older Person Mental Health Unit, and is ongoing for the Nuclear Medicines and Electrical Infrastructure developments at Glan Clwyd Hospital. The projects are being designed to respond to the Welsh Health decarbonisation strategy. Both facilities are being planned as an all-electric building, with energy efficiency at the core of all design decisions to reduce the energy demands. Both schemes are targeting BREEAM Excellent and are exceeding the Part L energy modelling when compared to the notional building. This is been achieved through the use of PV panels and energy efficiency in the design and specification of the mechanical and electrical equipment.

Other capital schemes undertaken during the year that provide notable environmental benefits include:

- Plas Gororau alterations and refurbishment, Phase 1
- Ysbyty Gwynedd Immunology laboratory refurbishment (Design and tender)
- Bryn Beryl – Infrastructure (design)
- Heddfan Ventilation (design)
- Upgrade on electrical infrastructure at Dolgellau Hospital
- Installation of Ambulance Shoreline vehicle charging at the three acute hospitals

During 2023 the Health Board benefited from receiving Estates Funding Advisory Board (EFAB) funding that focused on Fire Safety, Decarbonisation and Building Fabric Upgrade. The Health Board utilised the funding to carry out a number of projects, as listed below:

- **Fire Safety**

Following a review of Fire Safety Audits, a programme of works was developed that looked at upgrading fire compartmentation, fire doors and fire alarm systems within a number of facilities across the Health Board.

- **Decarbonisation**

This project focused on upgrading the Building Management Systems (BMS) within a number of facilities across the Health Board. The Building Management System is the system that controls the heating and ventilation systems throughout the engineering infrastructure, which resulted in making our systems more energy efficient.

- **Building Fabric**

This project resulted in upgrading building fabric which included roofs upgrade to improve our building environment.

### Re-fit Programme

Welsh Government have set out the ambition for the public sector in Wales to be carbon neutral by 2030. This is underpinned by legislative requirements set out in the Environment (Wales) Act, Wellbeing of Future Generations (Wales) Act, and wider UK and EU legislative drivers. This carbon reduction requirement, alongside the need for revenue energy cost reduction, underpins the need to progress energy efficiency and renewable energy projects at scale, and at pace.

The Health Board is developing a Carbon Reduction Programme, with an initially scoped value of approximately £7m investment, with a preferred delivery route via the Re-fit framework utilising Energy Performance Contracts and financing available via the Wales Funding Programme which are both Welsh Government supported schemes.

The basis of the programme is to develop a Re-fit scheme and build upon previous energy audits and work we have identified to establish the scale and suitability of an opportunity. A Re-fit Service Provider will be expected to identify the exact measures and savings, and identify innovative low carbon solutions. An initial £7m investment with a payback period of 8 years should generate a saving which will reduce the Health Board's annual energy expenditure.

Specific project opportunities already identified through an iterative working process between the Health Board, Welsh Government Energy Services and local partnerships include:

- Lighting and lighting controls
- Boilers and retrofit improvements
- Electric heating strategies
- Air Handling Units (AHU) improvement – EC motors, Variable Speed Drives (VSD)
- Heating network control, zoning and strategic metering
- Chiller sequencing
- Thermostatic radiator valve replacement
- Roof insulation

The project has progressed through to tender evaluation stage and the appointment of a preferred supplier will be completed by 24<sup>th</sup> April 2024.

## **Biodiversity and Natural Environment**

The Health Board sites cover a large area of land. Many of our sites are home to a variety of wildlife, including plants, animals, birds and insects, some of which are protected species.

We have implemented a Biodiversity Forward Plan to comply with Section 6 Part 1 of the Environmental (Wales) Act 2016, to maintain and enhance biodiversity as part of the duty to promote resilience of ecosystems.

The Green Group at Wrexham Maelor Hospital has developed a biodiversity courtyard on site. Native plants will hopefully encourage birds, bees and other wildlife. A water bath made from re-purposed materials is located within the courtyard and insect houses have been made and provided by local school children. The Green Group meets to maintain the courtyard and is currently planning a bulb planting evening. As well as the benefits to biodiversity, staff can also use the garden for lunch or reflection in a lovely setting.

During the year Wrexham Green Group was successful in its bid for trees from a conservation group, resulting in 100 young, native trees and shrubs being planted at Wrexham Maelor Hospital.

The courtyard in the centre of Glan Clwyd Hospital continues to be supported by Rhyl Soroptimists. The courtyard garden has produced a fantastic well-being space for patients, visitors and staff to enjoy all year round, as well as an area that encourages wildlife and pollinators.

The Cancer Services garden has been redeveloped to provide a tranquil well-being area for staff and patients to help provide health benefits.

A bat survey was carried out at Abergele Hospital which monitored the Lesser horseshoe bats on site. Over 700 were identified in three locations across the site, which is an increase of more than 500 lesser horseshoe bats since the last survey.

Colwyn Bay and Llandudno Hospital dementia patients have benefitted from weekly nature talks and tabletop gardening sessions which have been informative, enjoyable and helped patients and families to focus on creating the right environment to reduce stress and anxiety and promote over all wellbeing.

In the West area work has taken place to develop biodiversity projects including a dementia garden at Tywyn Hospital and a bee garden at Tywyn Health Centre.

A sensory garden for Hafod Hedd Dementia Patients has been designed and completed by volunteers at Bryn Beryl Hospital, with support from the Beicwyr Llŷn group of bikers from the Llŷn area, the Hospital's League of Friends, Portmeirion Village & Tyddyn Sachau Garden Centre and Keep Wales Tidy.

## **Summary of performance - utility resource use and waste**

### Utility Measurement

Data collection is from a variety of sources, which include annual utility supplier statements, waste collection invoices, in-house real time utility monitoring systems and annual financial statements.

The Health Board's energy supplier is facilitating a rolling programme to install smart gas meters and electricity meters where these are not yet in place at Health Board premises. These provide usage information directly to the data collector, which should enable more accurate and timely billings, although the Health Board also takes local readings to provide assurance that the automated readings are accurate.

Our larger gas meters are equipped with correctors that take account of local temperature variations to produce more accurate consumption readings, our electricity meters measure for differing tariffs; at its simplest this can reflect different rates for day and night, for our larger sites multiple tariffs may apply.

The Health Board has also worked with Welsh Water to gain access to their "Water Core" national network of commercial water meter telemetry. This enables us to monitor our water consumption remotely for Ysbyty Gwynedd, Glan Clwyd Hospital, Llandudno General Hospital, Abergele Hospital and Bryn y Neuadd Hospital in Llanfairfechan. This enables us to spot any excess consumption quickly, helping identify potential leaks that may need to be investigated. We will be looking to add further Health Board sites to this network.

Utility usage is also checked when bills are being paid. These checks again help us to identify any unexpected increases in usage which could indicate either inaccuracies with the billing process or other problems that require investigation and attention, such as leaks from our water or fuel oil systems.

The Estates Business Support has reviewed market leading complete energy management software packages that will collate supplier meter reading and self-read data and provide analysis of consumptions and usage trends. Product innovation investigation is on-going to provide automation for the checking, validation and paying via an external data feed into the NHS payment system to pay the utility invoices.

The 2023/24 data comparison provided in the Summary of Performance table is compiled from data received to 2023/24 year end. It should be noted this year due to the fact that the all Wales Utility contract for both Gas and Electricity changed mid year (1<sup>st</sup> October 2023) there are a considerable amount of estimated invoices that have been received. While we are pursuing actual reads invoices and data this is proving to take some time with the new suppliers, therefore should late invoices or adjustments be received from the utility companies this can adjust the final value in the data.

### Energy and Carbon emissions

Greenhouse Gas Emissions		2021/22	Change from previous year	2022/23	Change from 2019/20	2023/24	Change from previous year
Non-Financial Indicators (tonnes of CO <sub>2</sub> )	Total Gross Emissions	36,538	-1.01%	32,875	-10.03%	33,064	0.58%
	Total Net Emissions	36,538	-1.01%	32,875	-10.03%	33,064	0.58%
	Gross Emissions Scope 1* (Direct) Gas & Oil	26,084	3.01%	22,962	-11.97%	23,520	2.43%
	Gross Emissions Scope 2 & 3** (Indirect)	10,455	-9.81%	9,913	-5.18%	9,544	-3.72%
Related Energy Consumption (tonnes of CO <sub>2</sub> )	Electricity : Non-Renewable	0		0			
	Electricity : Renewable "Green" Supply Contract	10,455	-9.81%	9,913	-5.18%	9,544	-3.72%
	Gas	23,751	8.84%	20,297	-14.94%	20,606	1.52%
	LPG	10.54	-12.96%	12.78	21.25%	12.35	-3.36%
	Other – Oil***	2,333	-33.30%	2,665	14.93%	2,914	9.34%
Financial Indicators (£)	Expenditure on Energy	13,188,306	24.72%	25,322,875	92.01%	19,319,247	-23.71%
	CRC Licence Expenditure (2010 Onwards)	0		0		0	
	Expenditure on Accredited Offsets (e.g. GCOF)	0		0		0	
	Expenditure on Business Travel****	7,065,526	-26.76%	11,408,550	61.47%	12,536,274	9.88%

## Notes

**\*Scope 1 - Direct Greenhouse Gas Emissions** - These occur from sources owned or controlled by the organisation and include emissions as a result of combustion in heating boilers owned or controlled by the Health Board, emissions from our vehicles and fugitive emissions from refrigeration gas leakage.

**\*\*Scope 2 - Indirect Energy Emissions** - Emissions that result from the generation of electricity and steam which is supplied by another party for use in our buildings.

**\*\*Scope 3 - Other Indirect Greenhouse Gas Emissions** - Emissions which occur as a consequence of our activity, but are not directly owned or controlled by the Health Board, including those linked to consumption of waste and water, sustainable procurement, biodiversity action planning and emissions relating to official business travel directly paid for by the organisation.

**\*\*\*Other (oil)** - Information provided indicates total volume (litres) of vehicle fuel purchased for Health Board cars and vans via fuel cards and converted to tCO<sub>2</sub>.

**\*\*\*\***This figure includes total fuel costs via business cards and staff reimbursement, as well as other costs associated with vehicle use including insurance and maintenance of Health Board vehicles, taxi and courier services and non-emergency patient transport provided by the Welsh Ambulance Service.

Greenhouse Gas Emissions are measured by means of collecting corporate consumption data and converting this data into carbon dioxide equivalents (CO<sub>2</sub>e). This is done using official conversion factors, published by the Department for Business, Energy & Industrial Strategy, for different fuel types and, in the case of electricity, according to the country of origin to reflect national variations in how electricity is generated and transmission efficiency. These figures have been used to calculate corporate carbon dioxide emissions and changes in the Health Board's carbon dioxide emissions reported above can be partially attributed to changes in these conversion factors.

Over recent years there have been major developments on the Glan Clwyd Hospital site and new-build activity at both Wrexham Maelor Hospital and Ysbyty Gwynedd, as well as the development of new community facilities.

We take the opportunities that these provide to introduce new technologies to increase energy efficiency and reduce power and water consumption. However, these improvements are usually offset, to a greater or lesser extent, by the need to provide a modern clinical environment, which may need to be larger and include plant and equipment to support zone heating and air conditioning to maintain critical temperatures and air quality. New developments may also incorporate new clinical technologies and specialist services to support the diagnostic and treatment processes that create additional demands on electrical supplies.

We have achieved a 0.58% reduction in gross CO<sub>2</sub> equivalent emissions arising from our energy use over the past year. Our expenditure on energy decreased by 23.71%, which reflects the peak rising unstable and volatile global energy prices of the previous year and also adjustments to the conversion factors used to calculate our carbon dioxide emissions. There has been a change in the balance of our use of energy sources, with reduced electricity use and increased use of gas.

The Health Board is part of an all Wales NHS energy group that purchases gas and electricity in advance, at more favourable rates than the "day ahead" price that most users pay. This provides some protection from price variations caused by fluctuations in demand and supply, such as those arising from weather impacts, OPEC production agreements or supply disruptions.

Commodity prices account for the majority of the overall energy bill, with the balance accounted for by transmission/transport charges, metering costs and climate change levies. The NHS Wales energy group monitors these factors to predict the optimal time for advance purchasing.

With effect from October 2023 the contract for gas and electricity has changed and is managed through a CCS (Crown Commercial Service) framework via NHS Procurement and the existing utility supplier will be changing to hopefully provide a better market completion to supply utilities.

Unlike in domestic markets, the commercial / business sector does not have the benefit of a fuel price cap. In common with other major users of utilities, the Health Board was hit by global fuel / utility prices rises since early 2022 - at one point the commodity element for gas (ppt – pence per therm) which in previous years was around 40-45ppt rose to 800ppt. The NHS energy procurement group was able to mitigate some of the price increase due to advance purchasing. Overall utility expenditure has significantly decreased since the high global pricing of the previous year, however generally commodity prices are higher than a few years ago.

Expenditure on travel has decreased compared to pre-pandemic, reflecting the changed circumstances caused by the COVID-19 pandemic and the movement to increased remote / home working for many office based staff, with many meetings taking place online rather than face-to-face.

## Waste

Waste		2021/22	Change from previous year	2022/23	Change from 2019/20	2023/24	Change from previous year
Non-Financial Indicators (tonnes)	Total Waste	3,329	-39.41%	2,937	-11.78%	3363.8	14.53%
	Landfill	53.9	-0.55%	6.8	-87.38%	0	0
	Reused / Recycled	1,885	-44.48%	1,567	-16.87%	1957	24.9%
	Composted	0		0		0	0
	Incinerated with energy recovery	1,389	330.14%	1,363	-1.87%	1407	3.2%
	Incinerated without energy recovery	0		0		0	0
Financial Indicators (£)	Total Disposal Cost	570,198	-53.82%	630,782	10.62%	720,812	14.3%
	Landfill	15,620	70.34%	2,086	-86.65%	0	0
	Reused / Recycled	258,483	-50.25%	248,288	-3.94%	264,458	6.51%
	Composted	0		0		0	0
	Incinerated with energy recovery	296,095	110.98%	380,409	28.47%	456,354	20%
	Incinerated without energy recovery	0		0		0	

### Notes

Total waste tonnages & costs includes incineration waste, recyclable and landfill waste.

The Health Board also disposes of some material via other means that are not specified as a separate category within the sustainability reporting requirements. This includes 'orange bag' waste which is heat treated to disinfect it before disposal. In 2022/23 this accounted for 2,172 tonnes of waste, with a treatment and disposal cost of £846,144 (2021/22: 2,337 tonnes at a cost of £749,661). Therefore, the data above does not cover the totality of the Health Board's waste disposal.

The Health Board's total waste (as reported above, and inclusive of orange bag waste) has reduced by 9.8% (557 tonnes) in 2023/24 compared with 2022/23.

Factors behind this include the decreased use of personal protective equipment that was required during the response to the COVID-19 pandemic. This has contributed to both reduced orange bag waste and less associated packaging being sent for recycling. Also, in April 2022, the UK government introduced the plastic packaging tax which has seen manufacturers and suppliers review the amount of packaging material they use.

Additionally, following the pandemic a larger proportion of staff work remotely, we are making greater use of virtual consultations and the increased roll out of digital systems continues to reduce our use of paper within administrative functions.

There was energy recovery from all waste sent for incineration.

### Water

Finite Resource Consumption		2021/22	Change from previous year	2022/23	Change from 2019/20	2023/24	Change from previous year
Non-Financial Indicators (m <sup>3</sup> )	Water Consumption (All) supplied abstracted	489,033:0	-4.3%	412,340:0	-15.7%	480,683:0	16.6%
	Water Consumption (Non-Office Estate) supplied abstracted	0:0		0:0		0:0	
Financial Indicators (£)	Water Supply Costs (All)	1,368,572:	3.4%	1,235,617:	-9.7%	1,531,866	24.0%
	Water Supply Costs (Non-Office Estate)	0:		0:		0	

Water consumption in 2023/24 showed an increase as a sub-surface leak at Ysbyty Gwynedd impacted the consumption.

## Welsh Language

Delivering services to patients and service users in their preferred language is a key factor in providing high quality care and is particularly important for our more vulnerable patients.

The Health Board operates within a legislative framework for Welsh Language in the form of compliance with Welsh Language Standards under the Welsh Language (Wales) Measure, 2011 and is accountable to the Welsh Language Commissioner for compliance and external scrutiny. The Health Board also operates in line with the Welsh Government's Strategic Framework for Welsh Language Services in the Health and Care Sector, 'More than just words'.

The Health Board's Welsh Language Strategic Forum provides overall direction and drive for the Health Board's Welsh language provision. All issues relating to accountability, risk management, concerns' reporting and celebrating success is reported at meetings of the Forum that are held quarterly.

The focus for the past year has been on:

- Providing strategic direction and guidance to ensure statutory compliance with the Welsh Language Standards under the Welsh Language (Wales) Measure 2011
- Identifying current areas of compliance and providing additional operational support to actively offer services for patients in the language of choice
- Delivering appropriate models of Welsh language training to improve the Welsh language skills of our current workforce

In establishing this foundation, the Health Board has adopted a patient-centred approach to ensure that the public receive timely, language-appropriate care that meet their needs. The Health Board has also ensured increased awareness of this "Active Offer" approach amongst the workforce by rolling out a mandatory Welsh language awareness online module.

The infrastructure of the Welsh Language Team is aligned to four specific work streams as outlined below, that supports the delivery of its requirements and objectives. Work has been progressing within all areas to further strengthen the Health Board's ability to deliver services in Welsh.

### Legislation and Governance

Over the last year the Health Board has been focusing on supporting staff to deliver specific Standards through the development of Standard Operating Procedures. Efforts have been focused on bilingual telephone services and written correspondence. A self-regulation approach is undertaken through an internal 'mystery shopper' exercise, whereby telephone greetings and signage are monitored across various sites and services. The findings are reported quarterly to the Welsh Language Strategic Forum where areas of concern are highlighted and addressed. This mechanism also affords the opportunity to identify areas of high compliance, which are shared as good practice across the organisation.

The Health Board's 'Procedure on Using Welsh Internally' has also been adopted to establish a clear directive of internal expectations with regard to Welsh language provision. This has provided an additional visible commitment to embed Welsh language requirements within the organisation. A Support Officer has been appointed to ensure staff have adequate support and guidance to achieve these goals.

Progress has also been made in ensuring that the Welsh language is taken into consideration during the planning of services and the development of policies and procedures. These have been embedded into the Health Board's Integrated Assessment Screening Tool to ensure that developments have positive effects on the opportunities for persons to use the Welsh language, and for treating the Welsh language no less favourably than the English language.

Any complaints or comments received through the various feedback mechanisms operated or used by the Health Board are utilised as opportunities to make constructive changes to working practices and to increase awareness on the positive impact of providing care to patients in their preferred language.

### **Promotion and Implementation of the 'Active Offer'**

To ensure successful delivery of the Welsh Language Standards and 'More than just words', work has been underway this year to raise awareness of the importance of providing Welsh language services, to highlight best practice across the organisation, and to strengthen partnership working across North Wales.

The Health Board's sixth annual Welsh Language Week took place between 16<sup>th</sup> and 20<sup>th</sup> October 2023, with the primary purpose of raising awareness of the importance of bilingual healthcare provision. It also provided an opportunity to celebrate the excellent work that continues to be done by our staff to ensure that a wide range of services are delivered through the medium of Welsh.

Activities and events such as promotional stalls at acute and community hospitals were held to offer support, resources and guidance to staff on topics relating to bilingual service provision. Special Welsh learner events, such as 'Cinio Clebran' were held to celebrate and engage learners, offering a warm and friendly environment to practice their skills. As part of the week-long celebrations, events were held within the Children's Unit at all three acute sites where 'Dewin' (a Welsh-speaking children's character) was warmly welcomed by the young patients on the wards.

A Schools' Roadshow was held over the year, where members of staff attended various secondary schools to promote the advantages of Welsh language skills within the health sector. A 'Working Bilingually in the Health Sector' guidebook was produced for young people to expand this message and was launched at an event in Ysgol y Creuddyn, Penrhyn Bay, in March 2024.

As a result of this work to motivate young people to make the most of their bilingual skills for future employment opportunities within the health sector, the Welsh Language Team was awarded at a national level as the 'Best Promoter of Welsh in the workplace' at this year's Careers Wales Valued Partner Awards.

Further partnership working within this area resulted in a joint full-day event held at Wrexham University where clinical staff discussed their personal experiences of delivering services in Welsh, and training sessions were also provided for students. Feedback has been extremely positive, and a similar event will be held with the North Wales Medical School over the next reporting year.

## Developing the Workforce

The Health Board's Welsh language training team has had another successful year of creating and delivering a variety of Welsh language courses to meet the needs of the organisation. These courses and their delivery has been positively received, and feedback highlights the appreciation of staff for the opportunities that are being offered to support their development in the workplace. There has been a significant increase in demand from staff and an additional Welsh language tutor has been appointed as a result.

The Welsh Language Training Team continues to work strategically, by aligning training with legislative requirements, and identifying any learning gaps within the organisation. Amongst the courses provided were taster sessions specifically developed for different areas within the health sector e.g. reception and front of house courses, answering and dealing with telephone queries, and charring meetings bilingually. Evaluation and feedback have been positive, with many members of staff continuing their journey by attending weekly lessons and progressing to courses at a higher level.

A twelve-month contract was also renewed with the National Centre for Learning Welsh under the Welsh Government-funded '*Work Welsh Scheme*'. This ensured the continuation of opportunities for collaborative working, as well as employing a Training Support Officer.

A highpoint for developing and supporting the workforce to improve their Welsh language skills was the Welsh Language Learner of the Year event. The ceremony took place in March 2024, and was an opportunity to celebrate and congratulate our staff who have made an impression by learning Welsh to a high standard and using their new skills to provide a better service to Welsh first language patients and service users. More than 40 members of staff were nominated and the winners this year were Melanie Hayes who works at the Stroke Unit in Wrexham Maelor (Entry/Foundation Category) and Leanne Parry, a Physiotherapist in Colwyn Bay Hospital and Glan Clwyd Hospital (Intermediate / Higher Category). The Tutor's choice award was awarded to Ian Day, the Chaplain at Glan Clwyd Hospital, and all three were celebrated for their continued commitment to learn Welsh to be able to speak in Welsh with patients.

## Translation Services

The Translation Team continues to provide support for all Health Board services in the form of written translations and interpretation services. There has been an increase in demand over the past year, with significant demand for simultaneous translation. This reflects the Health Board's commitment to provide a seamless and timely bilingual service to the public in line with the Welsh Language Standards. The team continues to ensure that quality control standards are upheld in all aspects of translation, and ensures time-sensitive information is prioritised.

The team continued to provide a robust translation service to the Welsh Ambulance Service NHS Trust through a service level agreement. In view of the success of this model, the Health Board has adopted the same agreement with Aneurin Bevan University Health Board.

The Health Board produces a separate annual report focusing specifically on Welsh Language Services, which addresses the reporting requirements set out within the Welsh Language Standards. This report is published on the Health Board's website within six months of the end of the financial year and will be available at <https://bcuhb.nhs.wales/about-us/governance-and-assurance/welsh-language/>.

The 2023/24 report will be published in September 2024.

**Signed:**

**Carol Shillabeer**  
**Chief Executive and Accountable Officer**      **Dated:**

# PART TWO – Accountability Report

## Corporate Governance Report

### Introduction

The **Corporate Governance Report** provides an overview of the governance arrangements and structures that were in place across the Health Board during 2023/24. It includes:

- **The Directors' Report:** This provides details of the board who have authority or responsibility for directing and controlling the major activities of the Health Board during the year. Some of the information which would normally be shown here is provided in other parts of the Annual Report and Accounts and this is highlighted where applicable.
- **The Statement of Accounting Officer's Responsibilities and Statement of Directors' Responsibilities:** This requires the Accountable Officer, Chair and Executive Director of Finance to confirm their responsibilities in preparing the financial statements and that the Annual Report and Accounts is fair, balanced, and understandable.
- **The Governance Statement:** This is the core of the Corporate Governance Report. It explains the governance arrangements and structures within the Health Board and brings together how the organisation manages governance, risk, and control. It has been prepared as a separate document which is published as an annex to this Annual Report and Accounts.

### Directors' Report

#### The Board

In February 2023, Welsh Government announced that Betsi Cadwaladr University Health Board was being placed in the highest level of escalation: Special Measures. This has led to a significant change in leadership and approach which is summarised below.

The Minister for Health and Social Services made direct appointments to the Board in 2023, these appointments were fixed term appointments for a period of 12 months.

Following the public appointments process in 2023/24, the following members were initially appointed to the Board: Dyfed Edwards, Rhian Watcyn-Jones, Clare Budden, Karen Balmer. Lesley Singleton was appointed as an Independent Member on 2<sup>nd</sup> May 2023. Fuller details are provided below.

At the start of the year the Health Board's Interim Chair was Dyfed Edwards. The Interim Chief Executive was Gill Harris, until 2nd May 2023.

Subsequently, on 3<sup>rd</sup> May 2023 Carol Shillabeer was appointed to the post of Interim Chief Executive and Gill Harris returned to her role as Executive Director of Integrated Clinical Services until 31<sup>st</sup> August 2023.

After a formal Welsh Government appointment process Dyfed Edwards was appointed as the substantive Chair of the Health Board from 1<sup>st</sup> March 2024 and Carol Shillabeer was appointed as the substantive Chief Executive on 1<sup>st</sup> February 2024.

A Vice-Chair, Gareth Williams was also appointed on the 3<sup>rd</sup> November 2023. Prior to this he was an Interim Independent Member of the Health Board. In addition to this appointment the substantive appointment of 9 Independent Members during the year has given the Health Board a much firmer foundation to build on. These are highlighted below:

- Councillor Dyfed Jones was appointed as a substantive Independent Member on 22<sup>nd</sup> May 2023.
- Rhian Watcyn Jones was appointed as a substantive Independent Member on 1<sup>st</sup> March 2024. Prior to this she was an Interim Independent Member.
- Professor Michael Larvin was appointed as a substantive Independent Member on 10<sup>th</sup> March 2023.
- Dr Caroline Turner was appointed as a substantive Independent Member on 3<sup>rd</sup> November 2023.
- Urtha Felda was appointed as a substantive Independent Member on 3<sup>rd</sup> November 2023.
- Karen Balmer was appointed as a substantive Independent Member on 1<sup>st</sup> March 2024. Prior to this she was an Interim Independent Member.
- Clare Budden was appointed as a substantive Independent Member on 1<sup>st</sup> March 2024. Prior to this she was an Interim Independent Member (from 2<sup>nd</sup> May 2023 to 29<sup>th</sup> February 2024) and an Associate Member of the Board (from 1<sup>st</sup> April to 1<sup>st</sup> May 2023).
- Christopher Field was appointed as a substantive Independent Member on 1<sup>st</sup> March 2024.
- William Nichols was appointed as a substantive Independent Member on 1<sup>st</sup> March 2024.
- Lesley Singleton was appointed as a substantive Independent Member on 2<sup>nd</sup> May 2023 and stepped down from this role on 30<sup>th</sup> May 2023.

Sue Green, Executive Director of Workforce and Organisational Development, advised that she would be leaving the Health Board in May 2023 to take up a new role with NHS Wales Employers. There was a vacancy in relation to this role after this period. In the absence of a postholder, the Chief Executive retained accountability for this function.

Sue Hill, Executive Director of Finance is on leave of absence as at 31<sup>st</sup> March 2024 which was effective from 5<sup>th</sup> December 2022.

Steve Webster, Interim Executive Director of Finance advised he would be leaving the Health Board on the 22<sup>nd</sup> June 2023. Russell Caldicott was appointed as Interim Executive Director of Finance on the 1<sup>st</sup> July 2023.

Teresa Owen, Executive Director of Public Health stepped down from her role on 18<sup>th</sup> January 2024. Dr Jane Moore was appointed as Acting Executive Director of Public Health from 1<sup>st</sup> January 2024.

Adele Gittoes was appointed as the Interim Executive Director of Operations on the 1<sup>st</sup> August 2023 but advised she would be leaving the Health Board on 21<sup>st</sup> March 2024.

The full membership of the Board is detailed within the Annual Governance Statement (Appendix 1) and in the Remuneration Report 2023/24. The Annual Governance Statement also sets out details of the Board's supporting committee structure (Section 2 of the Annual Governance Statement) and the membership of committees (also in Appendix 1 of the Annual Governance Statement).

## The Betsi Cadwaladr Health Board as at 31<sup>st</sup> March 2024



Dyfed Edwards  
Chair  
(Voting)



Carol Shillabeer  
Chief Executive  
(Voting)



Gareth Williams  
Vice Chair  
(Voting)



Karen Balmer  
Independent Member  
(Voting)



Clare Budden  
Independent Member  
(Voting)



Cllr Dyfed Jones  
Independent Member  
(Voting)



Rhian Watcyn Jones  
Independent Member  
(Voting)



Prof Mike Larvin  
Independent Member  
(Voting)



Urtha Felda  
Independent Member  
(Voting)



Dr Caroline Turner  
Independent Member  
(Voting)



William Nichols  
Independent Member  
(Voting)



Christopher Field  
Independent Member  
(Voting)



Jane Wild  
Associate Member  
(Non-Voting)



Fon Roberts  
Associate Member  
(Non-Voting)



Mike Parry  
Associate Member  
(Non-Voting)



Dr Nick Lyons  
Deputy Chief Executive  
/ Executive Medical  
Director  
(Voting)



Angela Wood  
Executive Director of  
Nursing & Midwifery  
(Voting)



Russell Caldicott  
Interim Executive  
Director of Finance  
(Voting)



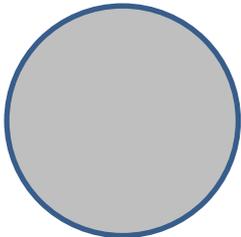
Dr Chris Stockport  
Executive Director  
Transformation,  
Strategic Planning &  
Commissioning  
(Voting)



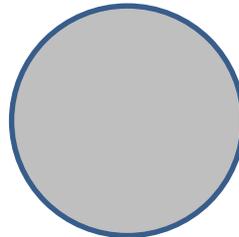
Dr Jane Moore  
Acting Executive  
Director of Public  
Health  
(Voting)



Gareth Evans  
Executive Director of  
Therapies & Health  
Sciences  
(Voting)



Vacant  
Executive Director of  
Workforce &  
Organisational  
Development  
(Voting)



Vacant  
Executive Director of  
Operations  
(Voting)



Phil Meakin  
Acting Board  
Secretary  
(Non-Voting)



Helen Stevens-Jones  
Director of  
Partnerships,  
Engagement &  
Communications  
(Non-Voting)



Dylan Roberts  
Chief Digital &  
Information Officer  
(Non-Voting)



Teresa Owen  
Interim Lead for Mental  
Health & Welsh  
Language  
(Non-Voting)

## **Register of Directors' Interests**

All Board members are required to declare any interest they have that could affect their impartiality with regard to their work within the Health Board.

The declarations made by Directors and Board Members for 2023/24 are published in Note 30 of the Annual Accounts, and are available on the Health Board's website at <https://bcuhb.nhs.wales/about-us/health-board-meetings-and-members/health-board-members/>

## **Compliance with Cost Allocation Requirements**

The Freedom of Information Act is part of the Government's commitment to greater openness in the public sector. The underlying principle is that all non-personal information held by a public body should be easily available, unless there is a cost or an exemption applies. A statement confirming that the Health Board has complied with the cost allocation and charging requirements set out in HM Treasury guidance is below.

We are committed to and do comply with this Act and any associated Welsh Government guidance and endeavour to make information available to the public via our Publication Scheme: <https://bcuhb.nhs.wales/use-of-site/publication-scheme/>

## **Compliance with Personal Data Related Incidents and Environmental, Social and Community Issues**

Information related to compliance with personal data and the reporting of related incidents is contained within the Data Security Breaches section of the Annex to this document (the Annual Governance Statement). Information related to compliance with Environmental, Social and Community issues are contained within Section 7 of the Annual Governance Statement and include consideration of equality, diversity and human rights as well as the Health Board carbon reduction delivery plans.

## **Statement of the Interim Chief Executive’s Responsibilities as Accountable Officer of Betsi Cadwaladr University Health Board**

The Welsh Ministers have directed that the Chief Executive should be the Accountable Officer for the Betsi Cadwaladr University Health Board.

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

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

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

The Accountable Officer is responsible for authorising the issue of the financial statements on the date they were certified by the Auditor General for Wales.

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.....2024 ..... Carol Shillabeer, 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 Betsi Cadwaladr University Health Board and of the income and expenditure of Betsi Cadwaladr University Health Board for that period.

In preparing those accounts, the directors are required to:

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

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

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

### By Order of the Board

#### Signed:

Chair: ..... Date:.....2024

Chief Executive: ..... Date:.....2024

Interim Director of Finance: ..... Date:.....2024

## Annual Governance Statement

Our Annual Governance Statement describes our governance arrangements, committee structure and the system of internal control. It also includes information about:

- The role and composition of the Board
- Our arrangements to manage risk and the key risk areas identified by the Health Board
- Quality and Governance processes
- The opinion of the Head of Internal Audit
- Independent external reviews of Health Board services and issues identified
- Our planning arrangements
- How the Health Board is responding to being placed into Special Measures

The full Annual Governance Statement is provided as an annex to the Annual Report and Accounts below.

# Remuneration Report

## Policies for the remuneration of staff and senior managers

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

From October 2004, the NHS Agenda for Change (AFC) process was introduced to achieve consistency in contracts and terms and conditions across NHS Wales. An all-Wales contract is issued to all staff and managers (excluding directors) upon appointment.

A consolidated payment of 1.5% was applied for all staff on AFC terms and conditions in relation to Financial Year 2022/23, this was actioned in May 2023.

Pay letter AFC (W) 04/2023 uplifted pay scales by 5% with effect from 1<sup>st</sup> April 2023 for all staff on AFC terms and conditions, actioned in July 2023. Pay Band 1 (closed) was uplifted to the top of Band 2. All staff on pay Band 2 were uplifted to the top of the pay band.

A further additional NHS Recovery Payment was actioned in June 2023, with an average value of 3%. The NHS Recovery Payment was a one off non-consolidated prorated payment for both substantive staff and bank workers issued on the following basis:

- Band 1 to 4 £900
- Band 5 to 8a £1,005
- Band 8b to 8c £1,050
- Band 8d £1,100
- Band 9 £1,190

NHS Wales follows the Living Wage Foundation recommendations for the Real Living Wage. With effect from 1<sup>st</sup> April 2023 a top up rate is applied to make the minimum hourly rate £10.90 per hour. This has lifted the wages for staff on pay Band 1, Band 2 and the bottom of pay Band 3. It will be reviewed again, when the 2024/25 annual pay uplift is published.

Medical and Dental staff are governed by Medical and Dental Terms and Conditions, which apply across NHS Wales. A consolidated payment of 1.5%, in relation to Financial Year 2022/23, was actioned in May 2023. A further 5% uplift to basic pay was implemented with effect from 1<sup>st</sup> April 2023, actioned in October 2023.

Executive Directors are remunerated by use of the Very Senior Manager Pay Scale, introduced by the Welsh Government. Pay awards are determined nationally and applied locally based upon instructions from Welsh Government. A consolidated payment of 1.5%, in relation to Financial Year 2022-23, was actioned in May 2023. For 2023/24, there has been a 5% consolidated uplift to all pay points for individuals holding Executive and Senior posts and paid March 2024, backdated to 1<sup>st</sup> April 2023. The Health Board does not operate a performance related pay system for Very Senior Managers. All contracts for substantive roles are permanent and notice periods for Very Senior Managers are three months.

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

## **The Remuneration and Terms of Service Committee**

The Remuneration and Terms of Service Committee is designed to provide assurance and advice to the Board on remuneration and terms of service for the Executive Team and other Senior staff, not on Agenda for Change pay. It also provides assurance on remuneration and terms of service arrangements for all other staff and performs specific delegated functions. The Committee was chaired by Dyfed Edwards, Chair of the Health Board.

The Committee was routinely scheduled to meet every two months during the reporting period and otherwise as the Chair deemed necessary. During the reporting period, it met on nine occasions.

At the Health Board meeting on 28<sup>th</sup> September 2023, the Board approved a change to the Committee structure and the Remuneration and Terms of Services Committee's function was amended and renamed the 'Remuneration Committee'. Reference to the Upholding Professional Standards in Wales (UPSW) was removed from function of the Remuneration Committee as this would now be reported directly to the Board. Delegated power to consider reports on the position with regard to Speaking Up Safely and Whistleblowing, would be incorporated within the portfolio of the People and Culture Committee. The revised Terms of Reference and Cycle of Business were approved at the Board meeting on 28<sup>th</sup> September 2023.

The key substantive agenda items considered during the 2023/24 reporting period were as follows:

### **Remuneration and Terms of Services Committee: April 2023 to October 2023**

- National Terms and Conditions, Policy and Pay update
- Case Management and Tribunals (Executives and Very Senior Managers)
- Senior Interim Manager Update
- Medical and Dental Conduct, Capability and Health
- Upholding Professional Standards in Wales (UPSW)
- Appointment of Chief Executive Officer
- Executive Director appointments and changes including Portfolio changes
- Pension Recycling
- Uplift of pay for employees and workers on ad hoc pay rates

### **Remuneration Committee: November 2023 to March 2024**

- Review of Terms of Reference and Cycle of Business of the Committee
- BCU Operating Model
- Independent Review – Management Response
- Case Management and Tribunals (Executives and Very Senior Managers)
- Senior Interim Manager Update
- Appointment of Chief Executive Officer
- Executive Director Appointments and Changes including Portfolio changes
- Uplift of pay for employees and workers on ad hoc pay rates

The Committee members during the year were:

<b>Role on Committee</b>	<b>Name</b>	<b>Job Title</b>	<b>Dates</b>
Chair	Dyfed Edwards	Interim Chair / Substantive Chair of the Health Board	1 <sup>st</sup> April 2023 to 31 <sup>st</sup> March 2024
Member	Gareth Williams	Interim Independent Member / Substantive Vice Chair of the Health Board	1 <sup>st</sup> April 2023 to 31 <sup>st</sup> March 2024
Member	Karen Balmer	Interim Independent Member / Substantive Independent Member of the Health Board	1 <sup>st</sup> April 2023 to 31 <sup>st</sup> March 2024
Member	Rhian Watcyn Jones	Interim Independent Member / Substantive Independent Member of the Health Board	1 <sup>st</sup> April 2023 to 31 <sup>st</sup> March 2024
Member	Professor Mike Larvin	Independent Member of the Health Board	10 <sup>th</sup> April 2023 to 31 <sup>st</sup> March 2024
Member	Clare Budden	Interim Independent Member / Substantive Independent Member of the Health Board	2 <sup>nd</sup> May 2023 to 31 <sup>st</sup> March 2024
Member	Cllr Dyfed Jones	Interim Independent Member / Substantive Independent Member of the Health Board	22 <sup>nd</sup> May 2023 to 31 <sup>st</sup> March 2024
Member	Urtha Felda	Independent Member of the Health Board	3 <sup>rd</sup> November 2023 to 31 <sup>st</sup> March 2024
Member	Caroline Turner	Independent Member of the Health Board	3 <sup>rd</sup> November 2023 to 31 <sup>st</sup> March 2024
Member	Christopher Field	Independent Member of the Health Board	1 <sup>st</sup> March 2024 to 31 <sup>st</sup> March 2024
Member	William Nichols	Independent Member of the Health Board	1 <sup>st</sup> March 2024 to 31 <sup>st</sup> March 2024
Member	Lesley Singleton	Interim Independent Board Member	2 <sup>nd</sup> May 2023 to 30 <sup>th</sup> May 2023 ( <i>no Remuneration and Terms of Service meeting held during this time</i> )

In Attendance:

Role on Committee	Name	Job Title	Dates
In attendance	Carol Shillabeer	Interim Chief Executive / Substantive Chief Executive	3 <sup>rd</sup> May 2023 to 31 <sup>st</sup> March 2024
In attendance	Jason Brannan	Deputy Director of People	9 <sup>th</sup> January 2023 to 31 <sup>st</sup> March 2024
In attendance	Phil Meakin	Acting Board Secretary / Associate Director of Governance	28 <sup>th</sup> April 2023 to 31 <sup>st</sup> March 2024

## Remuneration Relationships

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director/employee in their organisation and the 25<sup>th</sup> percentile, median and 75<sup>th</sup> percentile remuneration of the organisation’s workforce. This information can be found in the Annual Accounts, Note 9.6.

For NHS eligible staff, a 1.5% consolidated pay award backdated to 1<sup>st</sup> April 2022 was paid in May 2023. An additional non-consolidated Recovery Payment was awarded during the financial year, followed by a consolidated 5% relating to 2023/24.

The highest paid director in 2023/24 was the Interim Executive Director of Finance (2022/23 Executive Director Nursing & Midwifery). In 2023/24, 14 (2022/23, 2) employees received remuneration in excess of the highest-paid director.

## Exit Packages and severance payments

Details of all severance payments agreed during the year can be found in Note 9.5 to the Annual Accounts and in appendix 1 at the end of the remuneration and staff report (on page 102).

## Senior Manager salary and pension disclosures and single total figure of remuneration

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

**A Cash Equivalent Transfer Value (CETV)** is the actuarially assessed capital value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member’s accrued benefits and any contingent spouse’s pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The CETV figures and the other pension details include the value of any pension benefits in another scheme or arrangement which the individual has transferred to the NHS pension scheme. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost.

CETVs are calculated within the guidelines and framework prescribed by the Institute and faculty of Actuaries.

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

## Single Total Figure of Remuneration Table

Notes	Name	Role	Effective Dates	2023/24					2022/23				
				Salary £'000	Benefit in Kind	Pension Benefit	Total	Full Year Equivalent Salary (If Part Year) £'000	Salary £'000	Benefit in Kind	Pension Benefit	Total	Full Year Equivalent Salary (If Part Year) £'000
				Bands of £5,000	Nearest £100	Nearest £1,000	Bands of £5,000		Bands of £5,000	Nearest £100	Nearest £1,000	Bands of £5,000	
1	C Shillabeer	Interim Chief Executive	03/05/23 - 31/01/24	165 - 170	-	-	165 - 170	225 - 230					
1	C Shillabeer	Chief Executive	01/02/24 - 31/03/24	40 - 45	-	-	40 - 45	250 - 255					
2	D Edwards	Interim Chair	01/04/23 - 29/02/24	60 - 65	1,300	-	65 - 70	65 - 70	5 - 10	-	-	5 - 10	65 - 70
2	D Edwards	Chair	01/03/24 - 31/03/24	5 - 10	800	-	5 - 10	65 - 70					
3	P Meakin	Acting Board Secretary	05/05/23 - 31/03/24	95 - 100	-	-	95 - 100	100 - 105					
4	M Marcu	Interim Board Secretary	01/04/23 - 27/04/23	-	-	-	-	-	-	-	-	-	-
5	G Harris	Interim Chief Executive	01/04/23 - 31/08/23	155 - 160	-	-	155 - 160	215 - 220	115 - 120	-	-	115 - 120	175 - 180
5	G Harris	Executive Director of Integrated Clinical Delivery		-	-	-	-	-	75 - 80	-	-	75 - 80	205 - 210
6	S Hill	Executive Director of Finance	01/04/23 - 31/03/24	160 - 165	-	35	195 - 200	-	150 - 155	-	37	185 - 190	-
7	S Webster	Interim Executive Director of Finance	01/04/23 - 22/06/23	60 - 65	-	-	60 - 65	270 - 275	75 - 80	-	-	75 - 80	305 - 310
8	R Caldicott	Interim Executive Director of Finance	01/07/23 - 31/03/24	120 - 125	-	-	120 - 125	160 - 165					

Notes	Name	Role	Effective Dates	2023/24					2022/23				
				Salary £'000	Benefit in Kind	Pension Benefit	Total	Full Year Equivalent Salary (If Part Year)	Salary £'000	Benefit in Kind	Pension Benefit	Total	Full Year Equivalent Salary (If Part Year)
				Bands of £5,000	Nearest £100	Nearest £1,000	Bands of £5,000	£'000	Bands of £5,000	Nearest £100	Nearest £1,000	Bands of £5,000	£'000
9	T Owen	Executive Director of Public Health	01/04/23 - 18/01/24	130 - 135	-	-	130 - 135	145 - 150	145 - 150	-	22	165 - 170	-
10	Dr J Moore	Acting Executive Director of Public Health	01/03/24 - 31/03/24	10 - 15	-	-	10 - 15	125 - 130					
11	N Lyons	Executive Medical Director	01/04/23 - 31/03/24	225 - 230	300	-	225 - 230	-	205 - 210	-	-	205 - 210	210 - 215
11	N Lyons	Acting Deputy Chief Executive	01/04/23 - 31/03/24	-	-	-	-	-	-	-	-	-	-
12	Dr J C Stockport	Executive Director of Transformation, Strategic Planning, and Commissioning	01/04/23 - 31/03/24	160 - 165	3,000	-	160 - 165	-	155 - 160	5900	-	160 - 165	-
13	S G Evans	Acting Executive Director of Therapies and Health Sciences	01/04/23 - 31/03/24	120 - 125	1,600	-	120 - 125	-	115 - 120	3100	32	150 - 155	-
14	S Green	Executive Director of Workforce and Organisational Development	01/04/23 - 30/04/23	15 - 20	-	-	15 - 20	155 - 160	150 - 155	-	15	165 - 170	-

Notes	Name	Role	Effective Dates	2023/24					2022/23				
				Salary £'000	Benefit in Kind	Pension Benefit	Total	Full Year Equivalent Salary (If Part Year) £'000	Salary £'000	Benefit in Kind	Pension Benefit	Total	Full Year Equivalent Salary (If Part Year) £'000
				Bands of £5,000	Nearest £100	Nearest £1,000	Bands of £5,000		Bands of £5,000	Nearest £100	Nearest £1,000	Bands of £5,000	
15	A Gittoes	Interim Executive Director of Operations	01/08/23 - 31/03/24	100 - 105	-	-	100 - 105	150 - 155					
16	A Wood	Executive Director of Nursing & Midwifery	01/04/23 - 31/03/24	145 - 150	-	-	145 - 150	-	90 - 95	-	-	90 - 95	135 - 140
21	R Watcyn Jones	Independent Member	01/04/23 - 31/03/24	15 - 20	1,200	-	15 - 20	-	0 - 5	-	-	0 - 5	15 - 20
21	K Balmer CPFA	Independent Member	01/04/23 - 31/03/24	15 - 20	700	-	15 - 20	-	0 - 5	-	-	0 - 5	15 - 20
17	G Williams	Independent Member	01/04/23 - 31/03/24	15 - 20	100	-	15 - 20	-	0 - 5	-	-	0 - 5	15 - 20
17	G Williams	Vice Chair	03/11/23 - 31/03/24	15 - 20	100	-	15 - 20	40 - 45					
18	Prof M Larvin	Independent Member	10/04/23 - 31/03/24	-	-	-	-	-					
21	Cllr D Jones	Independent Member	22/05/23 - 31/03/24	10 - 15	900	-	10 - 15	15 - 20					
	L Singleton	Independent Member	02/05/23 - 30/05/23	0 - 5	-	-	0 - 5	15 - 20					
19	C Budden	Independent Member	02/05/23 - 31/03/24	10 - 15	-	-	10 - 15	15 - 20					
21	U Felda	Independent Member	03/11/23 - 31/03/24	5 - 10	400	-	5 - 10	15 - 20					

Notes	Name	Role	Effective Dates	2023/24					2022/23				
				Salary £'000	Benefit in Kind	Pension Benefit	Total	Full Year Equivalent Salary (If Part Year) £'000	Salary £'000	Benefit in Kind	Pension Benefit	Total	Full Year Equivalent Salary (If Part Year) £'000
				Bands of £5,000	Nearest £100	Nearest £1,000	Bands of £5,000		Bands of £5,000	Nearest £100	Nearest £1,000	Bands of £5,000	
21	Dr C Turner	Independent Member	03/11/23 - 31/03/24	5 - 10	300	-	5 - 10	15 - 20					
20	W Nichols	Independent Member	01/03/24 - 31/03/24	-	-	-	-	-	-	-	-	-	-
	C Field	Independent Member	01/03/24 - 31/03/24	0 - 5	-	-	0 - 5	15 - 20	-	-	-	-	-
19	C Budden	Associate Board Member	01/04/23 - 01/05/23	-	-	-	-	-	-	-	-	-	-
19	J Wild	Associate Board Member	01/04/23 - 31/03/24	-	-	-	-	-	-	-	-	-	-
19	F Roberts	Associate Board Member	01/04/23 - 31/03/24	-	-	-	-	-	-	-	-	-	-
19	M Parry	Associate Board Member	24/10/23 - 31/03/24	-	-	-	-	-					

### Notes

\*All remuneration paid to individuals is reflected in the table above including any payments in lieu where applicable and the 1.5% 2022/23 payment awarded in May 2023.

1. C Shillabeer, Interim Chief Executive, effective from 3<sup>rd</sup> May 2023 to 31<sup>st</sup> January 2024 seconded from Powys LHB at a total cost of £219,239.50. Figures relating to the employee's detailed salary, disclosed in the table, have been provided by Powys LHB. The employee attained the role substantively effective from 1<sup>st</sup> February 2024, remunerated as Job Evaluation for Senior Posts (JESP) point 20 at the top of the scale, £236,806. The employee also received an allowance of £2,206.32 for the substantive period (Full Year Effect £13,237.92). Reports provided through the Pension Agency do not analyse the pension increase benefit between Betsi Cadwaladr Health Board and Powys Teaching Health Board, therefore, the value has been excluded.
2. D Edwards, Chair, was appointed substantively effective from 1<sup>st</sup> March 2024. The employee was in receipt of taxable travel to the value of £2,100.

3. P Meakin, Acting Board Secretary, effective from 5<sup>th</sup> May 2023. Prior to 5<sup>th</sup> May 2023, P Meakin was employed by the Health Board in a substantive post. The reports provided through the Pensions Agency do not analyse the element of pension benefits that relate solely to the role of Acting Board Secretary, therefore, the value has been excluded.
4. M Marcu, Interim Board Secretary, was in post until 27<sup>th</sup> April 2023. The Board Secretary post was filled via an Agency, with a total invoiced cost of £21,153 (£243,625 2022-23). The employee is assessed to be within the scope of IR35 tax determination.
5. G Harris, Interim Chief Executive, was on leave of absence from 3<sup>rd</sup> April 2023 before leaving the organisation with effect from 31<sup>st</sup> August 2023. The employee received a settlement package to the value of £52,180.13 in lieu of notice and has opted out of the NHS Pension arrangements.
6. S Hill, Executive Director of Finance, is on leave of absence at 31<sup>st</sup> March 2024, effective from 5<sup>th</sup> December 2022.
7. S Webster, Interim Executive Director of Finance, from the period 1<sup>st</sup> April 2023 to 22<sup>nd</sup> June 2023. During the interim period the employee was not opted into the NHS Pension arrangements.
8. R Caldicott, Interim Executive Director of Finance, effective from 1<sup>st</sup> July 2023. Reports provided through the Pension Agency do not analyse the pension increase benefit between the Health Board and the employee’s previous employer, therefore, the value has been excluded.
9. T Owen, Executive Director Public Health, was in post until 18<sup>th</sup> January 2024. Salary costs include an additional Responsibility Allowance of £1,093.58 to cover Executive Lead for Mental Health Learning Disabilities and lieu of annual leave to the value of £6,889.58.
10. Dr J Moore, Acting Executive Director Public Health, effective from 1<sup>st</sup> March 2024. Prior to 1<sup>st</sup> March 2024, J Moore was employed by the Health Board in a substantive post. Reports provided through the Pension Agency do not analyse the element of pension benefits that relate solely to the role as Acting Executive Director Public Health, therefore, the value has been excluded.
11. Dr N Lyons substantive post is Executive Medical Director. Included in the salary is responsibility allowance of £9,999.96 for the interim post of Acting Deputy Chief Executive. The employee was in receipt of salary sacrifice benefit to the value of £300 and has opted out of the NHS Pension arrangements.
12. Dr J C Stockport, Executive Director of Transformation, Strategic Planning, and Commissioning. The employee was in receipt of salary sacrifice benefit to the value of £3,000 and has opted out of the NHS Pension arrangements.
13. S G Evans, Acting Executive Director of Therapies and Health Sciences. The employee was in receipt of salary sacrifice benefit to the value of £1,600.
14. S Green, Executive Director of Workforce and Organisational Development, left the organisation with effect from 30<sup>th</sup> April 2023. In the absence of a substantive employee, the responsibilities and duties of the role were fulfilled by the Chief Executive.

15. A Gittoes, Interim Executive Director of Operations, seconded from NHS Wales Executive (hosted by Public Health Wales Trust) effective from 1<sup>st</sup> August 2023 at a total cost of £128,688.24. Figures relating to the employees detailed salary, disclosed in the table, have been provided by Public Health Wales. The employee's secondment with the Health Board ceased 31<sup>st</sup> March 2024.
16. A Wood, Executive Director of Nursing & Midwifery. In addition to the salary, the employee received relocation expenses to the value of £8,000 which is not subject to Income Tax.
17. G Williams, Independent Member, commenced additional role as Vice Chair effective from 3<sup>rd</sup> November 2023 and therefore remunerated for both roles. The employee was in receipt of taxable travel to the value of £200.
18. Professor M Larvin, Independent Member, effective from 10<sup>th</sup> April 2023. Professor Larvin is Pro Vice Chancellor for Medicine and Health and Dean of Medicine, Bangor University and is the University representative on the Board and is not paid by the Health Board.
19. Associate Board Members C Budden, J Wild, F Roberts and M Parry are representatives on the Board and are not paid by the Health Board in respect of these roles. C Budden is remunerated in respect of their role as Independent Member with effect from 2<sup>nd</sup> May 2023.
20. Independent Member W Nicholls is a Trade Union Representative and is not paid by the Health Board in respect of this role.
21. Independent Members in receipt of taxable travel includes R Watcyn Jones (£1,200), K Balmer (£700), Cllr D Jones (£900), U Felda (£400) and C Turner (£300).

## Pension Benefit Table

Notes	Name	Role	Effective Dates	Real Increase in Accrued Pension	Real Increase in Lump Sum	Total accrued pension at 31 March 2024	Lump Sum Related to Accrued Pension at 31 March 2024	Cash Equivalent Transfer Value as at 31 March 2023	Cash Equivalent Transfer Value as at 31 March 2024	Real Increase in Cash Equivalent Transfer Value
				Bands of £2,500	Bands of £2,500	Bands of £5,000	Bands of £5,000	£'000	£'000	£'000
2	C Shillabeer	Chief Executive	01/02/24 - 31/03/24	-	-	-	-	-	-	-
2	P Meakin	Acting Board Secretary	05/05/23 - 31/03/24	-	-	-	-	-	-	-
1	G Harris	Interim Chief Executive	01/04/23 - 31/08/23	0.0	0.0	0.0	0.0	0	0	0
	S Hill	Executive Director of Finance	01/04/23 - 31/03/24	2.5 - 5.0	0.0	30 - 35	0.0	368	499	72
	S Webster	Interim Executive Director of Finance	01/04/23 - 22/06/23	0.0	0.0	0.0	0.0	0	0	0
2	R Caldicott	Interim Executive Director of Finance	01/07/23 - 31/03/24	-	-	-	-	-	-	-
	T Owen	Executive Director of Public Health	01/04/23 - 18/01/24	0.0	27.5 - 30.0	55 - 60	165 - 170	1,144	1,396	92
2	J Moore	Acting Executive Director of Public Health	01/01/24 - 31/03/24	-	-	-	-	-	-	-
	A Wood	Executive Director of Nursing & Midwifery	01/04/23 - 31/03/24	0.0	35.0 - 37.5	30 - 35	80 - 85	543	759	140

Notes	Name	Role	Effective Dates	Real Increase in Accrued Pension	Real Increase in Lump Sum	Total accrued pension at 31 March 2024	Lump Sum Related to Accrued Pension at 31 March 2024	Cash Equivalent Transfer Value as at 31 March 2023	Cash Equivalent Transfer Value as at 31 March 2024	Real Increase in Cash Equivalent Transfer Value
				Bands of £2,500	Bands of £2,500	Bands of £5,000	Bands of £5,000	£'000	£'000	£'000
1	N Lyons	Executive Medical Director	01/04/23 - 31/03/24	0.0	0.0	0	0	0	0	0
1	C Stockport	Executive Director of Transformation, Strategic Planning, and Commissioning.	01/04/23 - 31/03/24	0.0	0.0	0	0	0	0	0
	S Evans	Acting Executive Director of Therapies and Health Sciences	01/04/23 - 31/03/24	0.0	20.0 - 22.5	45 - 50	125 - 130	911	1,083	66
	S Green	Executive Director of Workforce and Organisational Development	01/04/23 - 30/04/23	0.0	0.0	25 - 30	5 - 10	497	621	4
	A Gittoes	Interim Executive Director of Operations	01/08/23 - 31/03/24	0.0	0.0	0	0	0	0	0

### Notes

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

2. Reports provided through the Pension Agency do not analyse the element of pension benefits that relate solely to the specific roles and periods, therefore, pension values for C Shillabeer, P Meakin, R Caldicott and J Moore have been excluded.
3. C Shillabeer, A Wood, R Caldicott, T Owen, S Evans, S Green and P Meakin are affected by the Public Service Pensions Remedy and their membership between 1<sup>st</sup> April 2015 and 31<sup>st</sup> March 2022 was moved back into the 1995/2008 Scheme on 1<sup>st</sup> October 2023. Where applicable, negative values have been disclosed as zero.

## Staff Report

The average number of full time equivalent (FTE) staff employed by the Health Board during 2023/24 is reported below.

Professional Group	Average FTE 2023/24
Professional, Scientific and Technical	750
Additional Clinical Services	4,013
Administrative and Clerical	3,684
Allied Health Professionals	1,206
Estates and Ancillary	1,368
Healthcare Scientists	288
Medical and Dental ***	1,161
Nursing and Midwifery Registered	5,512
Students	23
<b>Total</b>	<b>18,005</b>

\* FTE at each month during 2023/24 totalled up to support average calculation in next column

\*\* Average FTE = Average Monthly FTE 1st April 2023 to 31st March 2024

\*\*\* FTE excludes Payroll Training Grade Doctors

The actual number of staff in post as at 31<sup>st</sup> March 2024 was 20,909 and the gender composition is provided in the table below.

Staff Composition	Female	Male	Total
Execs	4	4	8
Manager (Band 8C and above)	137	73	210
Staff	16,756	3,935	20,691
<b>Total</b>	<b>16,897</b>	<b>4,012</b>	<b>20,909</b>

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

The sickness absence data for 2023/24 is provided below:

	2022/23	2023/24
FTE Days lost (long term)* <sup>1</sup>	241,743	261,234
FTE Days lost (short term)* <sup>1</sup>	150,885	126,611
<b>Total days lost</b>	<b>392,628</b>	<b>387,846</b>
Average working days lost* <sup>2</sup>	14	14
Total staff employed in period (headcount)* <sup>2</sup>	19,694	20,676
Total staff employed in period with no absence (headcount)* <sup>3</sup>	4,985	6,116
<b>Percentage staff with no sick leave</b>	<b>24.7%</b>	<b>29.5%</b>

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

\*2 - Average over 12 months as per All Wales data standard

\*3 - Headcount is count of Primary Assignments

\*Please note this includes starters within the reporting period as recommended by All Wales data standards.

The overall percentage sickness absence in 2023/24 was 5.83% (2022/23, 6.28%). Factors such as delays in receiving treatment, the age profile of staff and an increase in serious illnesses have all contributed to the overall sickness levels.

## Off payroll engagements and consultancy

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

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

<b>Number of existing engagements, for more than £245 per day and of over six months duration, as at 31 March 2024</b>	<b>335</b>
<i>Of which...</i>	
Number that have existed for less than one year at time of reporting	145
Number that have existed for between one and two years at time of reporting	108
Number that have existed for between two and three years at time of reporting	9
Number that have existed for between three and four years at time of reporting	13
Number that have existed for four or more years at time of reporting	60

<b>Number of new off-payroll engagements for more than £245 per day between 1 April 2023 and 31 March 2024</b>	<b>146</b>
<i>Of which...</i>	
Number assessed as covered by IR35	146
Number assessed as not covered by IR35	0
Number engaged directly (via PSC contracted to the department) and are on the departmental payroll	0
Number of engagements reassessed for consistency / assurance purposes during the year	0
Number of engagements that saw a change to IR35 status following the consistency review	0

<b>Number of off-payroll engagements of board members and / or senior officials with significant financial responsibility, between 1 April 2023 and 31 March 2024</b>	<b>1</b>
(Number of individuals that have been deemed “board members, and/or, senior officials with significant financial responsibility”, during the financial year, including both off-payroll and on-payroll engagements)	30*
*The Board Members and Senior Officials who are deemed to be Senior Managers are those individuals whose salary details are disclosed on pages 5 to 12 of this report.	

During the year the Health Board incurred expenditure of £0.805m on external consultancy services.

## Equality and Human Rights

Control measures are in place to ensure that the organisation complies with its obligations under equality, diversity, and human rights legislation.

The Equality Team has continued to work with the Integrated Health Communities to embed equality requirements to promote inclusive decision-making and compliance with equality legislation. Our staff equality networks, a testament to our staff's growing interest and participation in our equality initiatives, have continued to expand. We also launched the new Neurodivergent Staff Network, with nearly 200 staff members joining even before the launch.

During the year the team launched its Active Bystander Programme to address discriminatory behaviours, and this has been delivered to 146 people. Neurodivergence awareness training has also been developed and delivered to nearly 200 people. This year we launched our Menopause Café's which have provided support to over 200 staff. EqIA training has been delivered to 164 people. Overall compliance for mandated Treat Me Fairly training is 91.22% across BCUHB.

During the year, the team has provided expert equality advice and guidance to key strategic and transformational programmes, including the Planned Care Programme, the Digital Strategy, the Together for Mental Health Strategy and the Nuclear Medicine reconfiguration business case.

We continue to build our library of resources to support staff in developing their understanding of equality, inclusion and Human Rights and their role in delivering the Public Sector Equality Duty and the Socio-economic Duty. This year, we published our Gender Inclusive Language Toolkit and the "It's Just Good Care" guidance document for gender-inclusive care provision.

We have published monthly Equality Briefings to share good practices and equality news. This is shared by 60 Equality Champions throughout the organisation. The equality team has continued supporting the Respectability staff network in producing and distributing its 'Focus ON' newsletter, raising awareness of long-term health conditions affecting staff and service users alike.

We have significantly expanded our equality engagement programme, demonstrating our commitment to involving more stakeholders in our equality initiatives. We have welcomed new organizations to our Equality Stakeholder Group including Rainbowbiz, Shelter Cymru, Addiction Recovery Agency (ARA) - Recovery 4 All, Papyrus, Samaritans, and Refugee Kindness. This expansion of our network allows us to plan and deliver work in partnership with our new and established partners, furthering our collective efforts in promoting equality, diversity, and human rights.

Finally, we spent a good part of the year engaging and consulting on the objectives and the content of the new Strategic Equality Plan 2024-2028. We are deeply grateful for the nearly 100 returned surveys from the public, the active participation in meetings of stakeholder groups, and the collaborative work with our Equality Stakeholder Group and teams across the organisation and partner organisations. Your input has been invaluable in developing an ambitious but achievable plan to reduce health inequality and advance equality in North Wales.

**Signed:**

**Carol Shillabeer**

**Interim Chief Executive and Accountable Officer**

**Date:**

## Appendix 1 - Exit Packages and Severance Payments

	2023/24	2023/24	2023/24	2023/24	2023/24	2023/24	2023/24	2023/24	2022/23	2022/23
Exit packages cost band (including any special payment element)	Number of compulsory redundancies	Cost of compulsory redundancies	Number of other departures	Cost of other departures	Total number of exit packages	Total cost of exit packages	Number of departures where special payments have been made	Cost of special element included in exit packages	Total number of exit packages	Total cost of exit packages
	Whole numbers only	£	Whole numbers only	£	Whole numbers only	£	Whole numbers only	£	Whole numbers only	£
less than £10,000	0	0	1	8,775	1	8,775	0	0	7	31,375
£10,000 to £25,000	0	0	0	0	0	0	0	0	2	36,107
£25,000 to £50,000	0	0	0	0	0	0	0	0	1	41,785
£50,000 to £100,000	0	0	1	59,295	1	59,295	0	0	0	0
£100,000 to £150,000	0	0	0	0	0	0	0	0	1	139,298
£150,000 to £200,000	0	0	0	0	0	0	0	0	0	0
more than £200,000	0	0	0	0	0	0	0	0	1	210,077
<b>Total</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>68,070</b>	<b>2</b>	<b>68,070</b>	<b>0</b>	<b>0</b>	<b>12</b>	<b>458,642</b>

The Health Board is required to compile and publish an Accountability Report, the content of which is prescribed by the Welsh Government.

## **Regularity of expenditure**

HM Treasury defines regularity as the requirement for all items of expenditure to be dealt with in accordance with the legislation authorising them, any applicable delegated authorities and rules of Government Accounting.

The Health Board is empowered to incur expenditure by the National Health Service (Wales) Act 2006 and receives revenue and capital resource allocations from the Welsh Government.

The Health Board's budget setting process aims to ensure that resources are allocated across the organisation for legitimate purposes. The Health Board has delegated arrangements with budget holders who must operate in accordance with their Accountability Agreements and the Standing Financial Instructions (SFIs) of the Health Board.

Arrangements are in place to monitor compliance with the SFIs and these are reported to each Audit Committee through the Conformance Report. In addition to a comprehensive Internal Audit programme the Health Board has a Local Counter Fraud Team.

The Health Board complies with recognised reporting standards to the extent that they are applicable to the Public Sector and the accounts are produced in accordance with the Manual for Accounts produced by the Welsh Government. Monthly financial monitoring returns are submitted to the Welsh Government with explanations for variances.

Audit Wales has issued a qualified regularity opinion on the 2023-24 annual financial statements as the Health Board incurred irregular expenditure and breached its standing financial instructions in making payments to an interim Executive Director of the Board. Further details are provided in the Certificate and Report of the Auditor General for Wales to the Senedd and the Report of the Auditor General to the Senedd.

The Health Board incurred a deficit of £24.347m against its Revenue Resource Limit during the year and did not meet its statutory target to achieve breakeven over the three year period 1st April 2021 – 31st March 2024, reporting a cumulative deficit of £23.669m.

## **Fees and charges**

Fees and charges are not routinely charged to NHS patients unless the Health Board is permitted under the legislation to make a charge. Examples would include dental work and access to health records. It is confirmed that, to the best of our knowledge, the Health Board complies with Welsh Government directives in respect of charge rates.

## **Remote contingent liabilities**

The Health Board is required to account for all remote contingencies in accordance with International Accounting Standard 37 (IAS37). These are fully disclosed in Note 21 in the Statement of Accounts.

Other remote contingencies not accounted for within IAS37 would include letters of comfort and third party guarantees given by management. To the best of our knowledge, the Health Board does not have any such liabilities that require disclosure.

# The Certificate and Report of the Auditor General for Wales to the Senedd

## Opinion on financial statements

I certify that I have audited the financial statements of Betsi Cadwaladr University Health Board (the Health Board) for the year ended 31 March 2024 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 material accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards as interpreted and adapted by HM Treasury's Financial Reporting Manual.

In my opinion, in all material respects, the financial statements:

- give a true and fair view of the state of affairs of Betsi Cadwaladr University Health Board as at 31 March 2024 and of its net operating costs for the year then ended;
- have been properly prepared in accordance with UK adopted 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.

## Opinion on regularity

In my opinion, except for the matters described in the Basis for Qualified Regularity Opinion section of my report in all material respects, the expenditure and income in the financial statements have been applied to the purposes intended by the Senedd and the financial transactions recorded in the financial statements conform to the authorities which govern them.

## Basis for qualified opinion on regularity

I have qualified my opinion on the regularity of the Health Board's financial statements for two reasons.

Firstly, because the Health Board has breached its resource limit by spending £23.669 million over the amount that it was authorised to spend in the three-year period 2021-2022 to 2023-2024. This spend constitutes irregular expenditure.

Secondly, the Health Board made payments without appropriate authority when it failed to comply with paragraph 14.1.4 of the Standing Financial Instructions issued by Welsh Government when appointing an Interim Executive Director of Finance at a pay point that was higher than that set out by the Welsh Government.

Accordingly, the Health Board made irregular payments of £39,259.62 plus oncosts to the Interim Executive Director of Finance, at a rate of pay which is equivalent to a full-time annual salary of £292,236 (excluding oncosts). The maximum approved pay point was £170,919. I have qualified my opinion accordingly.

## **Basis for 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 certificate.

My staff and I are 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.

## **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 certificate.

The going concern basis of accounting for the Health Board is adopted in consideration of the requirements set out in HM Treasury's Government Financial Reporting Manual, which require entities to adopt the going concern basis of accounting in the preparation of the financial statements where it anticipated that the services which they provide will continue into the future.

## **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.

## **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 parts of the Accountability Report subject to audit have been properly prepared in accordance with the National Health Service (Wales) Act 2006 and directions made there under by Welsh Ministers' directions; and;
- the information given in the Performance and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with Welsh Ministers' guidance.

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

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

- I have not received all the information and explanations I require for my audit;
- 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 Accountability 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;
- certain disclosures of remuneration specified by HM Treasury's Government Financial Reporting Manual are not made or parts of the Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

## **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:

- maintaining adequate accounting records
- the preparation of financial statements and annual report in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- ensuring that the annual report and financial statements as a whole are fair, balanced and understandable;
- ensuring the regularity of financial transactions
- internal controls 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; and

- assessing the Health 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 the Directors and Chief Executive] anticipate that the services provided by the Health Board will not continue to be provided in the future.

## **Auditor’s responsibilities for the audit of the financial statements**

My responsibility is to audit, certify and report on the financial statements in accordance with the National Health Service (Wales) Act 2006.

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 a certificate 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 Head of Internal Audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the 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, expenditure recognition, posting of unusual journals and management override;
- Obtaining an understanding of [the Health Board’s framework of authority as well as other legal and regulatory frameworks that the 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 the Health Board; and
- Obtaining an understanding of related party relationships.

In addition to the above, my procedures to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management, the Audit Committee and legal advisors about actual and potential litigation and claims;
- reading minutes of meetings of those charged with governance and the Board; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

I also communicated relevant identified laws and regulations and potential fraud risks to all audit team members 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 the Health Board's controls, and the nature, timing and extent of the audit procedures performed.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my auditor's report.

### **Other auditor's responsibilities**

I am also required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by the Senedd and the financial transactions recorded in the financial statements conform to the authorities which govern them.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

### **Report**

Please see my following Report.

**Adrian Crompton**  
**Auditor General for Wales**

**1 Capital Quarter**  
**Tyndall Street**  
**Cardiff CF10 4BZ**

# Report of the Auditor General to the Senedd

## Introduction

Under the Public Audit Wales Act 2004, I am responsible for auditing, certifying and reporting on Betsi Cadwaladr University Local Health Board's (the Health Board's) financial statements. I am reporting on these financial statements for the year ended 31 March 2024 to draw attention to key matters for my audit, as follows:

- qualification of my regularity opinion due to a breach of standing financial instructions on the payment of salary to an Interim Executive Director;
- qualification of my regularity opinion due to failure of the Health Board to achieve the first financial duty; and
  - the failure of the Health Board to achieve the second financial duty.

I have not qualified my 'true and fair' opinion in respect of any of these matters.

### **Qualified regularity opinion as the Health Board incurred irregular expenditure and breached its standing financial instructions in making payments to an interim executive member of the Board**

Paragraph 14.1.4 of Standing Financial Instructions issued by Welsh Ministers under paragraph 19.1 of the NHS Wales Act requires that Welsh Government approval is obtained when an executive director post is paid above the agreed scale.

The Health Board's Remuneration Committee retrospectively approved payments to an Interim Executive Director that exceeded the maximum pay point of £170,919 for the role as set out by Welsh Government. In 2023-24 the Interim Executive Director was paid £114,000 plus oncosts. The Interim Executive Director was remunerated at a rate of pay which was equivalent to a full-time annual salary of £292,236 (excluding oncosts) during their tenure. Welsh Government approval was not obtained, contrary to the requirements of the Health Board's standing financial instructions.

Therefore, I consider payment of £39,259.32 plus oncosts to be irregular being the difference between the actual amount paid and the amount that would have been earned at the maximum payable for the relevant pay point.

### **This is second consecutive year that I have given a qualified regularity audit opinion on the Health Board's accounts in respect of irregular payments to an interim executive member of the Board**

This is the second consecutive year where I have qualified my regularity audit opinion on the Health Board's financial statements in respect of payments made to an interim Executive Director. My report on the Health Board's 2022-23 financial statements highlighted irregular payments of £105,648 plus oncosts to the interim Executive Director of Nursing and Midwifery.

The irregular payments that led to these audit qualifications arose due to governance deficiencies operating prior to the Health Board being placed into special measures on 27 February 2023. The new executive team at the Health Board subsequently identified the governance issues with the interim Executive Director of Finance appointment and sought retrospective approval from Welsh Government to regularise the payments made. The request was declined by Welsh Government.

The Health Board is aware of the deficiencies in internal controls that gave rise to the irregular payments and is strengthening its controls and governance arrangements accordingly.

## **Financial duties**

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

For 2023-24, 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 Health Boards 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 period 2021-2022 to 2023-2024.

As shown in Note 2.1 to the Financial Statements, the Health Board did not manage its revenue expenditure within its resource allocation over this three-year period, exceeding its cumulative revenue resource limit of £6,004.035 million by £23.669million.

Where a Health Board 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 Health Board'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 Health Boards 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. A Health Board will be deemed to have met this duty for 2023-24 if it submitted a 2023-24 to 2025-26 plan approved by its Board to the Welsh Ministers, who were required to review and consider approval of the plan.

As shown in Note 2.3 to the Financial Statements, the Health Board did not meet its second financial duty to have an approved three-year integrated medium-term plan in place for the period 2023-24 to 2025-26.

**Adrian Crompton**  
**Auditor General for Wales**  
**Date**

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Part Three: Annual Accounts will be inserted here

# ANNEX – Annual Governance Statement

## 1. SCOPE OF RESPONSIBILITY

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

The Annual Report outlines the different ways the organisation has had to work, both internally and with partners in providing our services for the people of North Wales. 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 here in the Annual Governance Statement, however the intention has been to reduce duplication where possible. It is therefore necessary to review corresponding sections in the Annual Report alongside this Governance Statement.

On 27<sup>th</sup> February 2023, the Minister for Health and Social Services, Welsh Government announced that Betsi Cadwaladr University Health Board (BCUHB) would be escalated to Special Measures. The organisation had previously been at the Targeted Intervention level of escalation and therefore has now been escalated to the highest level under the Escalation and Intervention arrangements. The Minister for Health and Social Services indicated in the statement announcing Special Measures escalation particular concern regarding leadership, culture and performance. There were eight areas of concern, including Governance and Board Effectiveness.

In the immediate period following the escalation, Welsh Government also deployed a number of Independent Advisors as part of an Intervention and Support Team to undertake a series of ten independent reviews so that the root-cause of issues could be more thoroughly understood. The independent reviews have been undertaken over the last nine months and have been systematically considered through the Board and its committees and have been published along with a response plan. Further detail is included within the Annual Governance Statement and full details of the reviews and the Health Board responses are available on our website.

[\(https://bcuhb.nhs.wales/about-us/special-measures/health-board-progress/independent-reviews-and-our-response/\)](https://bcuhb.nhs.wales/about-us/special-measures/health-board-progress/independent-reviews-and-our-response/)

The Health Board experienced significant leadership instability as a result of reported 'dysfunction' (Audit Wales Board Effectiveness Report - February 2023) and the subsequent substantial changes to Board membership in February 2023, which resulted in the Chair, Vice Chair and all Independent Members resigning from the Board.

This level of significant change has been unprecedented since the creation of the current Health Boards in 2009. The direct appointment, by the Minister for Health and Social Services, of an interim Chair and three Independent Members started the process of building a new Board.

The Review of Office of the Board Secretary considered concerns raised regarding; the quality of Board papers and subsequent ability to make informed decisions, future planning for Board and Committee agendas, engagement with and support to Independent Members, lack of clarity between Committees as well as the scope and responsibilities of the Office of the Board Secretary.

A number of focus areas were identified, including:

- Clarity of structure and roles
- Training and awareness of good governance practice
- Compliance with Welsh Government Standing Orders
- Planning the cycle of business

Since receiving the report, a detailed action plan has been developed and published and is on track to deliver against all recommendations with some areas dependent on other reviews or plans. (<https://bcuhb.nhs.wales/about-us/special-measures/health-board-progress/independent-reviews-and-our-response/>)

The Chief Executive is also responsible for ensuring that the Health Board is administered prudently, economically and with propriety, and that resources are applied effectively and efficiently. In fulfilling my responsibilities to the Chief Executive of NHS Wales, I am directly accountable to the Chair of the Health Board for the operation of the Health Board and for the implementation of the Board's decisions.

## 2. OUR GOVERNANCE AND ASSURANCE FRAMEWORK

Betsi Cadwaladr University Health Board has a clear purpose from which its strategic aims and objectives have been developed. Our vision is:

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

The Board is accountable for setting the organisation's strategic direction, ensuring that effective governance and risk management arrangements are in place and holding Executive Directors to account for the effective delivery of its Annual Delivery Plan.

The Health Board's governance and assurance arrangements have been aligned to the requirements set out in the Welsh Government's Governance e-manual and the Citizen Centred Governance Principles. Care has been taken to ensure that governance arrangements also reflect the requirements set out in HM Treasury's 'Corporate Governance in Central Government Departments: Code of Good Practice 2017'.

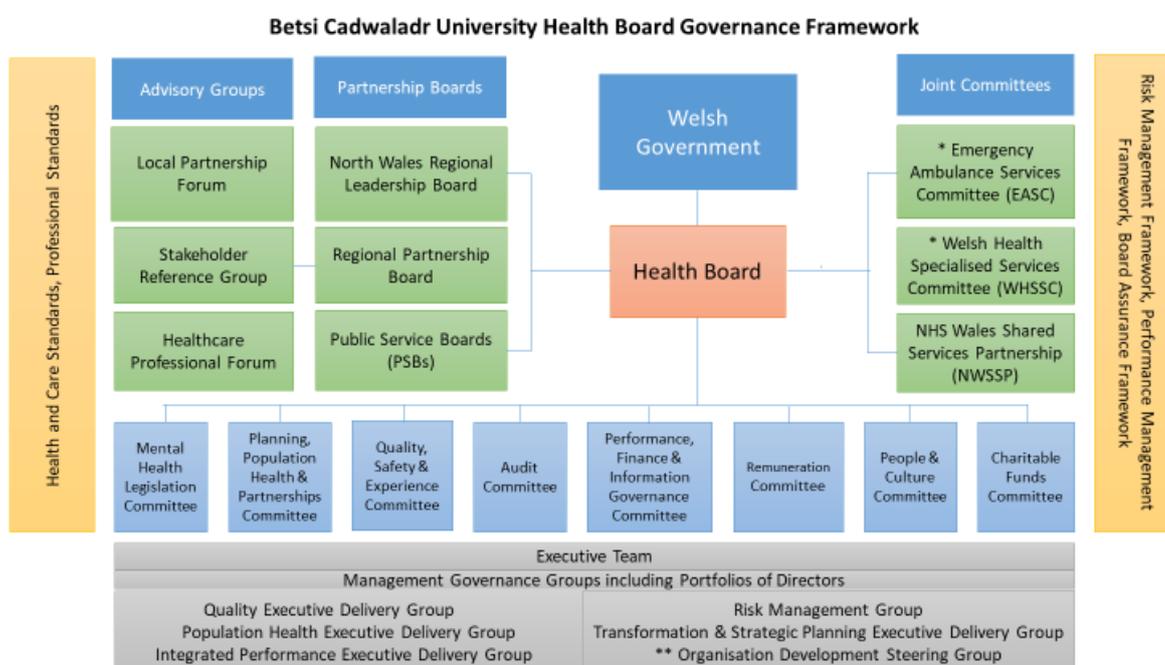
The Board has approved Standing Orders for the regulation of proceedings and business. They are designed to translate the statutory requirements set out in the Local Health Board (Constitution, Membership and Procedures) (Wales) Regulations 2009 into day-to-day operating practice. Together with the adoption of a scheme of matters reserved for the Board, a detailed scheme of delegation to officers and Standing Financial Instructions and set out the requirement of the responsibilities and conduct of the Health Board and defined 'its ways of working'. The current Standing Orders were adopted by the Board on 28 September 2023 with minor amendments agreed at the Board on 28 March 2024 to reflect the creation of a Joint Commissioning Committee, and are available on the Health Board's website.

(<https://bcuhb.nhs.wales/about-us/governance-and-assurance/standing-orders-and-financial-instructions/standing-orders-reservation-and-delegation-of-powers-betsi-cadwaladr-university-health-board-2024/>)

It should be noted that when the Health Board was placed under Special Measures the Welsh Ministers initiated ‘subordinate legislation’ called the ‘Betsi Cadwaladr University Health Board Intervention (Amendment) Order 2023’. These were also formally adopted by the Board in May 2023 and are also available on the Health Board’s website. (<https://bcuhb.nhs.wales/about-us/governance-and-assurance/standing-orders-and-financial-instructions/intervention-order-and-regulations/>) The provisions in this order allowed the Health Board to operate with a reduced number of Board Members which was the case at the start of 2023/24.

The Board, subject to any directions that may be made by the Welsh Ministers, is required to make appropriate arrangements for certain functions to be carried out on its behalf. This enables the day-to-day business of the Health Board to be carried out effectively, and in a manner that secures the achievement of the organisation’s aims and objectives. The Committee structure is outlined in this report and the Terms of Reference are available on the Health Board’s website. (<https://bcuhb.nhs.wales/about-us/committees-and-advisory-groups/>)

An overview of the Governance Framework is in Figure 1 below.



\* NB These two Committees were combined in March 2024 to become the Joint Commissioning Committee

\*\* NB A People & Culture Executive Delivery Group was in place at the start of 2023/24 and has been provisionally stood down until the appointment of an Executive Director of Workforce & OD

## The Board

The Board has been constituted to comply with the Local Health Board (Constitution, Membership and Procedures) (Wales) Regulations 2009. The Board functions as a corporate decision-making body, Executive Directors and Independent Members being full and equal members and sharing corporate responsibility for all the decisions of the Board. Details of those who sit on the Board are published on the Health Board website. (<https://bcuhb.nhs.wales/about-us/health-board-meetings-and-members/health-board-members/>) Further information is also provided within the Directors’ Report.

The Board sits at the top of the organisation’s governance and assurance systems. Its principal role is to exercise effective leadership, provide strategic direction and control. The Board is accountable for governance and internal control in the organisation, and I, as the Chief Executive and Accountable Officer, am responsible for maintaining appropriate governance structures and procedures.

In summary, the Board:

- Sets the strategic direction of the organisation within the overall policies and priorities of the Welsh Government and the NHS in Wales
- Establishes and maintains high standards of Corporate Governance
- Sets the risk appetite for the organisation and provides oversight of strategic risks
- Ensures the delivery of the aims and objectives of the organisation through effective challenge and scrutiny of performance across all areas of responsibility
- Monitors progress against the delivery of strategic and annual objectives
- Ensures effective financial stewardship by effective administration and economic use of resources
- Will seek assurance on the effective delivery of the above points

During 2023/24, all Board meetings in public were broadcast live, with a recording of the meeting uploaded to our website after each meeting. During 2023/24, the Board held:

- Nine meetings in public (all were quorate)
- Nine In-Committee (Private Meetings)
- Four Chair's Action Meetings (There were four occasions during the year whereby the Chair, held meetings with the board to support in the undertaking of Chair's Actions as outlined in the Health Board Standing Orders)
- One Annual General Meeting
- Four Board Briefings
- Ten Board Development Sessions

Attendance is formally recorded within the minutes, detailing where apologies have been received and where deputies have been nominated. The dates, agendas and minutes of all public meetings can be found on the Health Board's website. The Board has a Cycle of Business, which was adapted during the year to respond to emerging events and circumstances. There is also a clear citizen, patient and staff experience centred focus by the Board at the meetings, demonstrated by the presentation of patient and staff stories through the Patient Experience Report.

Over the year, the Board considered a number of key issues and took action where appropriate and these are summarised in Appendix 4.

## Developing a Well-Functioning Board

As already noted, in February 2023, Welsh Government announced that Betsi Cadwaladr University Health Board was being placed in the highest level of escalation: Special Measures. This has led to a significant change in leadership and approach. In 2023/24 the Health Board appointed a permanent Chief Executive and appointment of the Chair. A Vice-Chair was also appointed on the 3<sup>rd</sup> November 2023. In addition to this, the substantive appointment of nine Independent Members during the year has given the Health Board a much firmer foundation to build on.

The Directors' Report of the Annual Report and Accounts contains all the details of changes to Board membership during 2023/24.

In February 2024 Audit Wales, in its report called '*Board Effectiveness Follow up Betsi Cadwaladr University Health Board*' formally reported significant progress in stabilising the Board and the wider organisation while outlining further measures which needed to be taken. The Health Board agreed fully with the report's key findings that much progress has been made, however there remains much more to do. The full Board as well as the Audit Committee have

received and been involved in developing the response to the report to improve ownership and assurance on the required improvements. Our focus now is on our forward plan to look to the future and have a real positive impact on our organisation, our staff and the people of North Wales.

It should be noted in this part of the statement that due to the successful recruitment of Independent Members only being completed relatively late in the year, the Health Board Committee structure was fully established during Quarter 4 of 2023/24. New Committees have completed their set-up meetings during January 2024, and development sessions have been held during February and March 2024 in order to assist fully operational Committees for 2024/25. More detail on those Committees is provided in this statement and in the Appendices.

## **Standards of Behaviour**

The Welsh Government's Citizen-Centred Governance Principles apply to all the public bodies in Wales. These principles integrate all aspects of governance and embody the values and standards of behaviour expected at all levels of public services in Wales.

The Board is strongly committed to being value-driven, rooted in the 'Nolan' principles and high standards of public and behaviour including openness, customer service standards, diversity and engaged leadership. The Board has in place a Standards of Behaviour Policy, which sets out the Board's expectations and provides guidance so that individuals are supported in delivering that requirement.

The Standards of Behaviour Policy re-states and builds on the provisions of Section 7, Values and Standards of Behaviour, of the Health Board's Standing Orders. It re-emphasises the commitment of the Health Board to ensure that it operates to the highest standards and sets out the roles, and responsibilities of those employed by the Health Board, and the arrangements for ensuring that declarations of interests, gifts, hospitality, and sponsorship can be made.

The policy also articulates the standard of behaviours of those working in the public sector in order that the Health Board can be seen to have exemplary practice in this regard.

Details of the Board's Standards of Behaviour Policy incorporating Declarations of Interest, Gifts, Hospitality and Sponsorship, is available on the Health Board's website.

[\(https://bcuhb.nhs.wales/about-us/health-board-meetings-and-members/health-board-members/board-members-declarations-of-interest-2023-2024pdf/\)](https://bcuhb.nhs.wales/about-us/health-board-meetings-and-members/health-board-members/board-members-declarations-of-interest-2023-2024pdf/)

## **Committees of the Board**

Section 3 of Betsi Cadwaladr University Health Board's Standing Orders provides that 'The Board may and, where directed by the Welsh Government must, appoint Committees of the Health Board either to undertake specific functions on the Board's behalf or to provide advice and assurance to the Board in the exercise of its functions'.

In line with these requirements the Board has established a standing Committee structure, which it has determined best meets the needs of the Health Board, while taking account of regulatory and Welsh Government requirements. Each Committee is chaired by an Independent Member of the Board. All Committees regularly review their Terms of Reference and Cycles of Business to support the Board's business. Committees also work together on behalf of the Board to ensure that work is planned cohesively and focusses on matters of greatest risk that would prevent the Health Board from meeting its vision, aims and objectives.

The year 2023/24 commenced with a limited number of Committees in operation due to the limited number of Independent Board Members available to constitute them. Those Committees were:

- Quality, Safety and Experience Committee
- Performance, Finance and Information Governance Committee
- Audit Committee
- Remuneration Committee

Successful appointment to all remaining Independent Board Member positions means that by the end of March 2024 all Committees were able to mobilised. Full details of Committee names and dates are included in Appendix 2.

The Special Measures Independent Reviews (including the Office of the Board Secretary review) and Special Measures focus informed a review of a Committee structure for Betsi Cadwaladr University Health Board which was agreed at the Board on 28<sup>th</sup> September 2023. Terms of Reference for each Committee were approved at Board on 25<sup>th</sup> January 2024. The following Committee structure is in place:

- Audit Committee
- Charitable Funds Committee
- Mental Health Legislation Committee
- Performance, Finance and Information Governance Committee
- People and Culture Committee
- Quality, Safety and Experience Committee
- Planning, Population Health and Partnerships Committee
- Remuneration Committee

The detailed Terms of Reference, agendas and papers for each of the current Committees can be found on the Health Board's website. (<https://bcuhb.nhs.wales/about-us/committees-and-advisory-groups/>)

The Chair of each Committee provides a report on the business of each Committee meeting at meetings of the Board, highlighting any matters of concern or escalation which the Board needs to consider. This contributes to the Board's assessment of risk, level of assurance and scrutiny against the delivery of objectives. Annual reports are prepared for individual committees after year-end. Minutes and action logs for Board and Committees are maintained and used to inform the summary of Board and Committee business.

The Health Board is committed to openness and transparency and conducts as much of its Board and Committee business as possible in sessions that members of the public are normally welcome to attend and observe. This is either via a livestream (Board meetings), or by inviting members of the public to contact the Director of Corporate Governance to request arrangements be made for an opportunity to observe Committee meetings which are not livestreamed.

## **Summary of Business Considered by Committees of the Board**

During 2023/24, Board Committees considered and scrutinised a range of reports and issues relevant to the matters delegated to them by the Board. Reports considered by the Committees included a range of internal audit reports, external audit reports and reports from other review and regulatory bodies, such as Healthcare Inspectorate Wales and the Health and Safety Executive.

As was the case in previous years, the Committees' consideration and analysis of such information has played a key role in my assessment of the effectiveness of internal controls, risk management arrangements and assurance mechanisms. The Committees also considered and advised on areas of local and national strategic developments and new policy areas.

A summary of the remit for each Committee is highlighted in the table below:

Committee	Summary of Committee Remit
<b>Audit Committee</b>	To provide advice and assurance, in accordance with the standards of good governance determined for the NHS in Wales, to the Board and myself as Accountable Officer on whether effective arrangements are in place, thus supporting us in decision taking and in the discharge of our accountabilities.
<b>Quality, Safety and Experience Committee</b>	To provide advice and assurance to the Board in discharging its functions and meeting its responsibilities with regard to the quality of services including clinical effectiveness, patient safety and patient and carer experience whether these services are delivered directly or through a partnership arrangement as well as health and safety issues.
<b>Performance, Finance and Information Governance Committee</b>	To advise and assure the Board in discharging its responsibilities with regard to its current and forecast financial position, performance and delivery, as well as matters relating to information governance. This includes the Board's Capital Programme and Workforce activity costs.
<b>Remuneration Committee</b>	To advise the Board on remuneration and terms of service for the Chief Executive, Executive Directors and other senior staff within the framework set by the Welsh Government. Also to provide assurance to the Board in relation to the Health Board's arrangements for the remuneration and terms of service, including contractual arrangements, for <i>all staff</i> , in accordance with the requirements and standards determined for the NHS in Wales.
<b>Charitable Funds Committee</b>	To make and monitor arrangements for the control and management of the Health Board's Charitable Funds. The working name for the Betsi Cadwaladr University Health Board charity is Awyr Las.
<b>Planning, Population Health and Partnerships Committee</b>	To provide advice and assurance to the Board with regard to the development and oversight of the Health Board's long term planning, Integrated Medium Term Plan and Annual Operating Plan, ensuring that enabling strategies are aligned to these plans. To ensure effective partnerships arrangements are in place to improve Population Health (i.e. primary care, public health and the social determinant of health) and reduce health inequalities. To provide oversight, delivery and monitoring (by exception) of Population Health improvement and health inequalities strategies, policies and performance informed through Population Needs' Assessment.

<b>People and Culture Committee</b>	To provide assurance to the Board on compliance with legislation, guidance and best practice relating to the People and Organisational Development (OD) agenda, learning from work undertaken nationally and internationally, ensuring the Health Board is continually improving. To also provide assurance on the implementation of the Health Board's People and OD Strategy, and the all-Wales Health & Social Care Workforce Strategy, ensuring these are consistent with the Board's overall strategic direction and with any requirements and standards set for NHS bodies in Wales.
<b>Mental Health Legislation Committee</b>	To consider and monitor the use of the Mental Health Act 1983 (MHA) and the Mental Capacity Act 2005 (which includes the Deprivation of Liberty Safeguards (DoLS) (MCA).

## Board Development

During the year, the Board took part in a number of development and briefing sessions which covered the following topics:

- Special Measures Updates
- Vascular Services Updates
- Annual Plan 2023-24 Updates / BCUHB 3 Year Plan – Strategic Planning
- Executive Team Feedback
- Corporate Risk Appetite
- BCUHB Resilience Planning 2023 -24 – Winter Plan
- Emergency Medical Retrieval and Transfer Service
- Compassionate Leadership
- Financial Overview
- Digital Services
- Mental Health Services
- Quality Management
- Electronic Health Record
- Engagement and Communications

## Advisory Groups

Betsi Cadwaladr University Health Boards Standing Orders require the Board to have three Advisory Groups in place. These allow the Board to seek advice from and consult with staff and key stakeholders. They are the:

- Local Partnership Forum
- Stakeholder Reference Group
- Healthcare Professionals' Forum

Information in relation to the role and terms of reference of each Advisory Group can be found in the Health Board's Standing Orders on the Health Board website.

[\(https://bcuhb.nhs.wales/about-us/governance-and-assurance/standing-orders-and-financial-instructions/standing-orders-reservation-and-delegation-of-powers-betsi-cadwaladr-university-health-board-2024/\)](https://bcuhb.nhs.wales/about-us/governance-and-assurance/standing-orders-and-financial-instructions/standing-orders-reservation-and-delegation-of-powers-betsi-cadwaladr-university-health-board-2024/)

The Local Partnership Forum engages with staff organisations on key issues facing the Health Board. It provides the formal mechanism through which the Health Board works together with Trade Unions and professional bodies to improve health services for the population it serves. It is the stakeholder forum which informs debate and seeks to agree local priorities on workforce and health service issues. The Local Partnership Forum met four times during 2023/24

The Stakeholder Reference Group is formed from a range of partner organisations from across the Health Board's area and provides advice and feedback to the Board on its strategic direction, service improvement proposals and the impact of the Board's operations on the communities it serves. The Stakeholder Reference Group met five times (including one development session) during 2023/24. It also appointed a new Chair, Mike Parry and a new Vice-Chair, Peter Lewis.

The Healthcare Professionals Forum comprises of representatives from a range of clinical and healthcare professions within the Health Board and across primary care practitioners with the remit to provide advice to the Board on all professional and clinical issues it considers appropriate. It is one of the key forums used to share early service change plans, providing an opportunity to shape the way the Health Board delivers its services. The Forum met five times (including one development session) during 2023/24.

### **Joint Committees and Partnership Working Reporting to Board**

I represent the Board on meetings of the Joint Committees and provide regular reports on the work of the Joint Committees to the Board at each meeting. The reports enable in-depth discussion of issues raised within the Joint Committees as and when necessary.

### **Welsh Health Specialised Service Committee and Emergency Ambulance Services Committee and their Establishment into an All Wales Joint Commissioning Committee**

The Emergency Ambulance Services Committee was established in 2014 to be a Joint Committee of the seven Health Boards, with the three NHS trusts as associate members. Hosted by Cwm Taf Morgannwg University Health Board, It had responsibility for the planning and commissioning of emergency ambulance services on an all-Wales basis.

The Welsh Health Specialised Service Committee 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. The Committee was also hosted by Cwm Taf Morgannwg University Health Board.

From 1<sup>st</sup> April 2024, the Emergency Ambulance Services Committee and Welsh Health Specialised Service Committee have been merged with the agreement of all Health Boards to create a new Joint Commissioning Committee. The Joint Commissioning Committee was established in response to the findings of an independent review commissioned by Welsh Government into the national commissioning arrangements undertaken by the Emergency Ambulance Services Committee, the Welsh Health Specialised Services Committee and the National Collaborative Commissioning Unit.

### **NHS Wales Shared Services Partnership Committee**

The NHS Wales Shared Services Partnership Committee was established in 2012 and is hosted by Velindre NHS Trust. It is responsible for the shared services functions for the NHS, such as procurement, recruitment, and legal services. Betsi Cadwaladr University Health Board is represented by the Executive Director of Finance at this committee with regular reports received by the Board following each meeting.

## North Wales Regional Leadership Board

The North Wales Regional Leadership Board develops and drives forward agreed shared priorities, shares information, maintains an overview of regional working and 'horizon scans' for emerging issues and / or opportunities for collaboration. It provides regional governance for collaborative advocacy for the interest of the region, acting as 'The Voice of North Wales'. Membership includes:

- The six North Wales Local Authorities, Leaders and Chief Executives
- BCUHB – Chair and Chief Executive
- Natural Resources Wales – Chair and Operations Manager
- North Wales Fire and Rescue – Chair and Chief Fire Officer
- North Wales Police – Chief Constable
- North Wales Police and Crime Commissioner
- Wales Ambulance Services Trust – Chair and Chief Executive
- Wales Local Government Association – Chief Executive

## Regional Partnership Board

There is one Regional Partnership Board in North Wales co-terminus with the Health Board. The North Wales Regional Partnership Board's focus over the last year has been:

- Publishing the Regional Area Plan on how partners will work together to deliver health and social care services.
- Leading on the development of the Regional Integration Fund, which comprises 35 schemes across six models of care with a total investment into schemes and services of more than £57 million during the period 2022-2027.
- The North Wales Together project, working with many different people and organisations, to help people with learning disabilities.
- A Children's Regional Partnership Board, established in January 2024 to provide transparency on what programmes are delivering for this priority population group, and avoid any duplication.
- The Regional Innovation Co-ordination Hub which coordinates health and social care research, improvement and innovation to support the work of the RPB.
- Developing a 10-year strategic Capital Plan bringing together health, social care, housing, the third sector, education and regeneration partners to develop integrated service delivery facilities and integrated accommodation-based solution.

## Public Service Boards in North Wales

Public Service Boards were established in each local authority area in Wales as part of the Wellbeing of Future Generations (Wales) Act 2015. Powers within the Act have enabled the six north Wales Local Authorities to merge to form three collaborative Public Service Boards:

- Conwy and Denbighshire Public Services Board
- Flintshire and Wrexham Public Services Board
- Gwynedd and Ynys Mon Public Services Board

Each Public Service Board works together to improve the well-being of their county or counties. As a group they are tasked with improving the economic, social, environmental and cultural well-being of their areas and setting objectives designed to maximise its contribution to the national wellbeing goals. Each has a Well-being Plan based on a local wellbeing analysis.

### 3. THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control operating across the Betsi Cadwaladr University Health Board is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of policies, aims and objectives of the Health Board, to evaluate the likelihood of those risks being realised and to manage them efficiently, effectively, and economically. I can confirm the system of internal control has been in place at the Health Board for the year ended 31<sup>st</sup> March 2024 and up to the date of approval of the annual report and accounts.

The Board is accountable for maintaining a sound system of internal control which supports the achievement of the organisation's objectives. The system of internal control is based on a framework of regular management information, administrative procedures including the segregation of duties and a system of delegation and accountability. It has been supported in this role by the work of the Audit Committee.

During 2023/24 the Executive Team have prioritised the management of recommendations from Internal and External Audit reports, some of which were dating back to 2018 and corrected the omission of some External Audit recommendations which was discovered at the start of 2023/24 (this was noted in the Structured Assessment from Audit Wales in 2023). At the beginning of the financial year the Executive Team reported to Audit Committee that there were 178 recommendations that were open. As of January 2024 the Audit Committee had formally closed 49 of these recommendations and will receive further updates on all recommendations in its 2024/25 meetings.

The Health Board has taken action to strengthen the follow-up of recommendations that will continue into the new financial year (2024/25).

### 4. CAPACITY TO HANDLE RISK

The Board collectively has responsibility and accountability for the setting of the organisation's objectives, defining strategies to achieve those objectives, and establishing governance structures and processes to best manage the risks in accomplishing those objectives.

As Accountable Officer I have overall responsibility for risk management and report to the Board on the effectiveness of risk management across the Health Board. My advice to the Board has been informed by executive officers and feedback received from the Board's Committees.

The Risk Management Group and Executive Team meetings present an opportunity for senior managers and executive directors to consider, evaluate and address risk, and actively report to the Board and its committees on the organisation's risk profile.

The Health Board's lead for risk is now the Director of Corporate Governance and during this period was the responsibility of Acting Board Secretary, who was responsible for establishing the risk framework and systems and processes that are needed for the management of risks within the organisation. Risks are assigned to Executive Directors to lead the organisational response reporting into Committees for Assurance.

## The Risk Management Framework

The Board approved a Betsi Cadwaladr Risk Management Framework in September 2023 and associated documents (Procedures and Risk Management Training Plan) were approved shortly after this.

Robust risk management is a key tool for ensure that appropriate controls are in place the quality and safety of our services.

The Framework seeks to ensure that risk is integral to the Health Board's culture and element of the Health Board's planning, setting and performance process.



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The Board's Risk Management Framework sets out the Health Board's processes and mechanisms for the identification, assessment, and escalation of risks. It has been developed to create a robust risk management culture across the Health Board by setting out the approach and mechanisms by which the Health Board will:

- Ensure that the principles, processes, and procedures for best practice risk management are consistent across the Health Board and are fit-for-purpose
- Ensure that risks are identified and managed through a robust organisational Assurance Framework and accompanying Corporate and Service/Function Operational Risk Registers
- Embed risk management and established local risk reporting procedures to ensure an effective integrated management process across the Health Board's activities
- Ensure that strategic and operational decisions are informed by an understanding of the organisation's risks and their likely impact
- Ensure that risks to delivery of the Health Board's strategic objectives are eliminated, transferred, or proactively managed
- Manage the clinical and non-clinical risks facing the Health Board in a co-ordinated and effective way; and
- Keep the Board and its Committees suitably informed of significant risks facing the Health Board and associated plans to treat the risk.

The Risk Management Framework sets out a multi-layered reporting process, which comprises the Board Assurance Framework and Corporate Risk Register, Service Risk Registers and Project Risk Registers. It has been developed to help build and sustain an organisational culture that encourages appropriate risk taking, effective performance management and organisational learning in order to continuously improve the quality of the services provided and commissioned.

## Management of Risk During 2023/24 – Strategic Risks

Strategic risks are those risks that represent a threat to achieving the Health Board's strategic priorities or its continued existence. Strategic risks are recorded in the Board's Corporate Risk Register (CRR), which provides an organisational-wide summary of significant risks facing the Board. The criteria for a risk to be included in the Corporate Risk register is:

- The risk must represent an issue that has the potential to hinder achievement of one or more of the Health Board's strategic objectives
- The risk cannot be addressed at directorate level and/or
- Further control measures are needed to reduce or eliminate the risk

A fundamental review of the Corporate Risk Register was undertaken in 2023/24 following approval of the Risk Management Framework in September 2023, in order to ensure that the Register reflected consistently the risks to delivering the Health Board's strategic objectives. Key themes arising from the review included:

- Financial sustainability and use of resources
- Sustainability of vulnerable services
- Sustainability of estates and equipment
- The ongoing need to monitor quality, defined as safety, effectiveness and experience and the potential for harm to patients
- The risk represented by ongoing challenges in staff recruitment, retention, culture and wellbeing
- The focus that continues to be needed on population health; and
- The ever-present risk of a cyber-attack and digital risk

## **Embedding Effective Risk Management**

Embedding effective risk management remains a key priority for Betsi Cadwaladr University Health Board as it is integral to enabling the delivery of our objectives, both strategic and operational, and most importantly to the delivery of safe, high-quality services.

In March 2023, Internal Audit undertook a review of Risk Management and Board Assurance arrangements during 2022/23, which focused on how the Risk Management Framework was being implemented and updated. A limited assurance rating was given to the Board.

In an effort to address all recommendations raised in the Internal Audit report, work has been undertaken to strengthen our risk management arrangements as well as develop a three year plan for the corporate risk management team. All actions within this plan have been completed as planned and will be continue to be embedded in the coming year. Actions have included the revision of all key risk management documents, published and active from October 2023 to February 2024; setting the risk appetite of the Board, August 2023; developing a comprehensive training plan published February 2024; and an in-depth review of all high risks with Executives, October 2023. The key next step within this plan are the roll out of all training and revising and aligning the Board Assurance Framework to the new 2024-2027 strategic objectives.

The 2024-2027 strategic objectives, approved by the Board in March 2024, will guide the revision of the current Board Assurance Framework in the coming months to ensure full oversight of risks that may impede these objectives.

A revised Risk Management Framework and Procedures document support staff in risk escalation while empowering local risk ownership. To ensure staff awareness of risk management responsibilities, the entire training package has been revised and made more comprehensive and was approved during 2023/24. This includes:

- Risk induction for Independent Members
- Basic awareness of risk identification (mandatory for all staff)
- Comprehensive operational risk management training for key staff with day-to-day risk management responsibilities; and
- Strategic Risk Management Training for the Board and all key strategic risk leads

All training is to be rolled out on the Electronic Staff Record and where appropriate face to face, bar the induction for new Independent Members of the Board.

Increased effort will be made in the coming year to ensure compliance across all training. In 2023/24, 92 staff were provided with risk management training across various staff groups, a deliberate reduction from the 126 staff trained in 2022/23 due to the re-focus on the revised training package and anticipated retraining efforts. The appointment of a new substantive Head of Risk Management during 2023/24 to purposefully strengthen the risk management arrangements, engage strategically and ensure the delivery of a robust framework has enabled face to face engagement with Services and functions of the Health Board to ensure that risks are more effectively identified, managed and reported.

Consultation with internal and external stakeholders and partners is an important element of the risk management process, internal audit are currently undertaking a second review of Risk Management arrangements, due in June 2024.

## **Risk Appetite**

The Board's Risk Appetite Statement sets out the Board's strategic approach to risk-taking by defining its risk appetite thresholds. It is reviewed annually, so that any changes to the organisation's strategies, objectives, or its capacity to manage risk are properly reflected.

In updating and approving its Risk Appetite Statement, the Board considered the Health Board's capacity and capability to manage risk. The Board set their risk appetite in a developmental session on the 24<sup>th</sup> August 2023 and is subject to annual review. The appetite session referenced the Good Governance Institute Appetite Risk Matrix (2020) for risk types in order to score appetite.

All Board Members who were in post in August 2023 were involved in the establishment of the Board's appetite in respect of quality in the context of current and future system pressures and the financial outlook was recognised.

## **The Health Board Risk Profile**

As can be seen from the Heat Map at Figure 2, at the end of March 2024 a number of key risks to the delivery of the Health Board's strategic objectives had been identified. Full details of the controls in place and actions taken to address these risks can be found in the Corporate Risk Register which has been reported to the Board at each meeting.

Figure 2: 2023/24 Corporate Risk Register Heat Map

CRR Risk Heat Map							
Impact	Catastrophic	5			<ul style="list-style-type: none"> <li>Clinical Areas of Concern (QSE)</li> </ul>	<i>Extreme</i> <ul style="list-style-type: none"> <li>ICT Failure and Cyber (PFIGC)</li> <li>Failure to Embed Learning (QSE)</li> <li>Timely Diagnostics (QSE)</li> <li>Planned Care (PFIGC)</li> </ul>	<i>Extreme</i>
	Major	4			<ul style="list-style-type: none"> <li>Safeguarding (QSE)</li> </ul>	<ul style="list-style-type: none"> <li>People, Culture and Wellbeing (PC)</li> <li>Leadership/Special Measures (PC)</li> <li>Harm from the Medical Devices/Equipment (QSE)</li> <li>Health and Safety (PC)</li> </ul>	<i>Extreme</i> <ul style="list-style-type: none"> <li>Financial Sustainability (PFIGC)</li> <li>Suitability and Safety of Sites (PFIGC)</li> <li>Availability and Integrity of Patient Information (PFIGC)</li> <li>Population Health (PC)</li> <li>Patient Safety-Falls (QSE)</li> <li>Primary and Community Care services (QSE)</li> <li>Urgent and Emergency Care (PFIGC)</li> </ul>
	Moderate	3					
	Minor	2					
	Negligible	1					
			1	2	3	4	5
			Rare	Unlikely	Possible	Likely	Almost Certain
			Possibility				2

**Figure 3: Key Risks and Summary of Improvements During 2023/24**

**Key Risks** (N.B. no risks scored as 25)

Ref	Risk Title	Description	Summary of Improvements Required Made During 2023/24	Committee
CRR24-02	Patient Safety-Falls	There is a risk to patient safety, in particular harm, as a result of slips, trips and falls within Secondary Care acute sites. This may be caused by patients acuity/clinical condition/frailty alongside contributory factors such as reduced staffing, segregated areas and premises which do not allow for ease of oversight, compliance with manual handling training, compliance of falls risk assessment and subsequent implementation of mitigating actions. This could result in poorer patient health outcomes, extended hospital stay, regulatory non-compliance and litigation and associated financial impact.	<ul style="list-style-type: none"> <li>• Launch of updated Falls Prevention and Management Policy</li> <li>• Audit Ward Managers' induction for agency/temporary staff falls training</li> <li>• Optimised Manual Handling training capacity through recruitment and external facilities. Evaluate peer review pilot outcome</li> <li>• Enhanced Welsh Nursing Care Record (an all-Wales basis)</li> </ul>	Quality Safety and Experience
CRR24-04	Failure to Embed Learning	There is a risk that the Health Board could fail to meet requirements for timely review and learning from mortality cases, claims, inspections, incidents and complaints. This could be caused by insufficient resources, lack of unified processes, outdated IT systems, duplication of effort, and overreliance on single personnel. The impacts may include missed opportunities for improvement, lack of family/carer engagement, potential patient harm events going undetected, non-compliance with national frameworks or legislation, and reputational damage.	<ul style="list-style-type: none"> <li>• Continued review of Quality Governance Framework by June 24 with NHS Wales Executive support</li> <li>• Launched Quality Dashboard</li> <li>• Established digital learning library</li> <li>• Reviewed quality assurance approach with NHS Wales Executive. Develop Quality Management System</li> </ul>	Quality Safety and Experience
CRR24-05	Financial Sustainability	Failure to achieve the Annual Plan for 2023/24 (£134.2m deficit), due to non-delivery of planned level of financial improvement. The financial plan for 2023-24 has identified a forecast deficit of £134.2m. This includes a target for financial improvement of £38.7m, which is based on the following: Disinvestment identified £13.5m/Savings Target £25.2m (Stretch Target £30m). Failure to deliver the target for	<ul style="list-style-type: none"> <li>• Financial Review process established to assess £42m Investments Plan (Phase 2)</li> <li>• Applied Control Totals to reduce expenditure by Deficit reduction progress: £2.7m surplus needed in March for £33m outturn</li> <li>• Forecast updated to exceed savings target (£44.2m vs £25.2m) with £21.3m recurring</li> </ul>	Performance Finance and Information Governance

		financial improvement could adversely impact on the achievement of the financial plan and increase the deficit.	<ul style="list-style-type: none"> <li>Year to date deficit above plan significantly reduced – now requires a £2.7m surplus to be posted in the final month of March to achieve the £33m outturn position</li> </ul>	
CRR24-07	Availability and Integrity of Patient Information	There is a risk that patient harm will be caused due to the lack of a 'longitudinal' Electronic Healthcare Record system that digitalises clinical workflow, alerts, hand overs and scheduling which could lead to deaths and harm.	<ul style="list-style-type: none"> <li>Assessment undertaken of what is required for the development of an Outline Business Case for an Electronic Health Record (EHR)</li> <li>Seeking approval for Mental Health records (minimum 2-year project) and funding for the Strategic outline case for Electronic Health Record</li> <li>Established the cost and resource requirements to back scan all live records</li> <li>Standardised the way in which using existing systems (paper and electronic) as part of the DDaT optimisation workstreams</li> <li>Undertaking a review of all current systems to ensure these can be integrated into an Electronic Health Record</li> </ul>	Planning Population Health and Partnerships
CRR24-08	Population Health	There is a risk that the Health Board fails to adequately support the improvement of population health and reduce health inequalities. This may be caused by a lack of sustainable services, financial and resource constraints within the Health Board, dependency on grant funding to support prevention activity and demand for delivering the urgent and immediate healthcare needs of the population. This may lead to continuation and increases in largely preventable non-communicable diseases. Failure to address the risk could potentially lead to avoidable morbidity and mortality within the population of North Wales	<ul style="list-style-type: none"> <li>Infant Feeding Strategy refresh underway</li> <li>Tobacco Control Legislation and Welsh Government Plan.</li> <li>All Wales Weight Management Pathway. Health Care Public Health Programme. Together for Mental Health Strategy</li> <li>Well North Wales targeted programmes. Health Board Annual Plan and milestones</li> <li>Partnership working to reduce infectious disease risk. Immunisation Strategy 2023-2026</li> </ul>	Planning Population Health and Partnerships
CRR24-09	Community Care and Primary Provision	There is a risk of the Health Board not fully meeting its legal obligation to provide accessible and high-quality primary and community care services. This may be due to challenges stem from various factors including staffing shortages, recruitment and retention issues, inadequate resources, limited prevention services, and funding constraints exacerbated by population growth and transient demographics. Moreover, deficiencies in	<ul style="list-style-type: none"> <li>Primary Care Board established. Primary Care strategic plan. Escalation and sustainability implementation</li> <li>Health Board Managed Practices – recommendations for improved governance report. Focused on implementation of recommendations</li> </ul>	Quality Safety and Experience

		strategic planning, data management, and information sharing further compound these challenges. The ramifications are wide-ranging, impacting the sustainability of primary care professions, patient access, timely diagnosis, and appropriate healthcare utilisation. This results in a demoralised primary care workforce, increased strain on emergency services, prolonged hospital stays, preventable admissions, lapses in care, regulatory non-compliance, and declining population health indicators. Consequently, there is a cascading effect on patient flow, service performance, care quality, collaborative partnerships, cost-effectiveness, and the viability of primary care and community care models. The ultimate consequence is a rise in mortality rates, treatment delays, and extended hospitalisations, exacerbating patients' health conditions.		
CRR24-10	Urgent and Emergency Care	There is a risk of mortality in relation to critically ill patients being seen in a timely manner through unscheduled care routes. This may be caused by delayed dispatching of ambulances, ambulance queues at emergency departments, Out of Hours access and EDs and UTCs being at capacity. This could impact on pressures for other services, reputation and litigation implications.	<ul style="list-style-type: none"> <li>• Urgent care system transformation (6 Goals) including 1000 beds and ministerial priorities</li> <li>• Complex Care arrangements review initiated</li> <li>• Industrial action management plans sustainability review</li> <li>• Urgent escalation plan development for community care capacity and flow</li> <li>• Integrated Health Communities trial of Continuous flow model before August 2024</li> <li>• Confirming national requirement for winter resilience plan or focus on North Wales resilience plan for 2024-2025</li> </ul>	Performance Finance and Information Governance
CRR24-11	Planned Care	There is a risk of further deterioration in patients' health, harm, mortality or need for more complex treatment in relation to planned care services with a, resulting in failure to meet national access targets. This could be caused by long waits and delays for planned care, insufficient capacity, staffing shortages, increasing demand, and backlogs exacerbated by COVID. The impact would be worsening patient outcomes	<ul style="list-style-type: none"> <li>• Recruitment to the Llandudno/ Abergele business case (orthopaedic site)</li> <li>• Approval of the application of sustainability funds and authority to deploy in line with Plan</li> <li>• Senior Responsible Officer for Planned Care Board</li> <li>• Recruiting to programmes of work in order to support successful delivery</li> <li>• Board Development session on planned care</li> </ul>	Performance Finance and Information Governance

		and experiences, increased complaints, financial penalties for target breaches, and reputational damage.		
CRR24-13	Timely Diagnostics	There is a risk of delay in diagnostics, service failure, poor performance or disruption to radiology and pathology services across. This could be caused by shortages of specialist staff, aging or inadequate IT systems and infrastructure, and insufficient governance structures. The impacts may include delays in diagnosis, treatment and discharge, increased outsourcing costs, patient harm events, preventable deaths, regulatory non-compliance, and significant reputational damage. There is also additional risk related to clinicians failing to act on results of diagnostic tests.	<ul style="list-style-type: none"> <li>• Replacement of Radiology Informatics System (RISP) – implementation with anticipated go live date of the 14/04/2024</li> <li>• Replacement of LINC (national pathology IT system) - Contract signed with current supplier plans to implement by September 2025 being progressed nationally</li> <li>• Procedure MD23 (Mitigation of the risk of failure to act on diagnostic results) to be updated</li> <li>• Radiology workforce revised model to be developed by June 2025</li> <li>• Diagnostic Strategy to be developed by diagnostic group</li> </ul>	Quality Safety and Experience
CRR24-15	Health and Safety	There is a risk of avoidable harm to patients and staff. This is may be caused by a failure of the Health Board to provide safe systems of delivery and work in accordance with the Health and Safety at Work Act 1974 and associated legislation due to the lack of Health and Safety Leadership. The impact is patient and staff harm, financial implications, and reputational impact to the Health Board.	<ul style="list-style-type: none"> <li>• Replacement of Radiology Informatics System (RISP) – implementation</li> <li>• Review medical devices capital replacement to ensure all services have a medical devices replacement programme in place</li> <li>• Medical Devices strategy</li> <li>• Recruitment to medical devices team</li> <li>• Medical physics have been tasked with testing all ultrasound equipment to ensure its safety and will consider compliance</li> <li>• Ligature risk improvements developed and introduced</li> </ul>	People and Culture
CRR24-12	Areas of Clinical Concern (encompasses ophthalmology and dermatology)	Score of 15-There is a risk of service failure leading to patient harm across a number of fragile clinical specialties. This could be caused by staffing shortages, clinical leadership gaps, lack of productivity, demand backlog, increasing patterns of demand and estates and equipment deficits. The impact may be delayed diagnosis and treatment of significant conditions. This impacts patient safety, healthcare access and public health outcomes.	<ul style="list-style-type: none"> <li>• Engagement with National Procurement Processes (eye record system) and National Programmes (Robotics)</li> <li>• Ongoing recruitment for substantive medical leadership roles</li> <li>• Recruitment efforts including substantive, locum and agency staff. SLAs to be signed off through governance structures</li> </ul>	Quality Safety and Experience

			<ul style="list-style-type: none"><li>• Clinical pathway events. Non-clinical and clinical validation exercises</li></ul>	
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## Elements of the Assurance Framework

The key elements of the Board Assurance Framework include:

- Board agreed organisational objectives and identification of the principal risks that may threaten the achievement of these objectives
- Identifying the controls intended to manage these principal risks
- Setting out the arrangements for obtaining assurance on the effectiveness of key controls across all areas of principal risk
- Identifying assurances and areas where there are gaps in controls and/or assurances
- Putting in place plans to take corrective action where gaps have been identified in relation to principal risks
- Maintaining dynamic risk management arrangements including a well-founded risk register

## Key Board Assurance Framework Risks

The Board Assurance Framework informs and assures the Board with controls and action plans for identified high-extreme risks that relate to any possibilities of not delivering on the strategic priorities of the Health Board. The approach taken during 2023/24 while awaiting a revised set of strategic objectives set by the Board was to develop and introduce a Board Assurance Framework aligned to strategic priorities and overseen and reported through the Committees and to the Board.

The new strategic objectives were approved by the Board in March 2024 and further work will take place to align the Board Assurance Framework to these objectives and the Three Year Plan.

## 5. CONTROL FRAMEWORK

### The Corporate Governance Code

The Corporate Governance Code currently relevant to NHS bodies is 'The corporate governance in central government departments: code of good practice' (published 21<sup>st</sup> April 2017).

The Health Board, like other NHS Wales organisations, is not required to comply with all elements of the Code, however, the main principles of the Code stand as they are relevant to all public sector bodies.

The Corporate Governance code is reflected within key policies and procedures. Further, within our system of internal control, there are a range of mechanisms in place that are designed to monitor our compliance with the Code. These include self-assessment, internal and external Audit, and independent reviews.

The Board complies with the relevant principles of the Code and is conducting its business openly and in line with the Code. There were no departures from the Code as it applies to NHS bodies in Wales.

The Audit Committee received a report on our compliance to the Corporate Governance Code in May 2024.

### **Breaches to Standing Orders and Standing Financial Instructions**

Breaches are reported at every meeting of the Audit Committee and the types of breaches being reported include:

- Adherence to the rules regarding publication of Board and Committee papers
- Adherence to contract and procurement rules

During 2023/24 the Health Board incurred irregular expenditure and breached its standing financial instructions in making payments to an interim executive member of the Board. This would be in relation to the issue raised in regards to Paragraph 14.1.4 of Standing Financial Instructions issued by Welsh Ministers under paragraph 19.1 of the NHS Wales Act requires that Welsh Government approval is obtained when an executive director post is paid above the agreed scale.

The Health Board is aware of the deficiencies in internal controls that gave rise to the irregular payments and is strengthening its controls and governance arrangements accordingly.

### **Quality Governance and Duty of Candour**

In Wales, the Health and Social Care (Quality and Engagement) (Wales) Act 2020 provides a consistent definition of quality across Welsh Ministers and NHS Wales bodies, which is *'continuously, reliably, and sustainably meeting the needs of the population that we serve'*.

Key to achieving this is ensuring that Welsh Ministers and NHS bodies provide health services that are safe, timely, effective, efficient, equitable and person-centred. To drive this, as part of the new statutory Duty of Quality, Welsh Ministers have withdrawn the Health and Care Standards (April 2015) and introduced the new Health and Care Quality Standards which consist of the six quality domains above, and six enablers (leadership, workforce, culture, information, learning improvement and research and whole systems approach).

The Health Board has a quality governance framework which facilitates quality assurance and the monitoring of risks and performance related to the quality of services. The Board Assurance Framework and Corporate Risk Register also provide a mechanism for monitoring significant risks related to quality.

Quality governance is led by the Executive Director of Nursing and Midwifery supported by a Deputy Director of Quality and Quality Team. However, all Clinical Executive Directors have a responsibility for quality and each executive holds a particular portfolio of quality functions supported by their deputy and assistant directors.

The Quality, Safety and Experience Committee of the Board has the lead role in seeking assurance on quality. During the year, as part of the Special Measures

Programme, the committee membership, terms of reference and cycle of business were reviewed and updated. The Committee is supported in this responsibility by the Executive Quality Delivery Group which provides executive level oversight and coordination of quality.

During the year, the Health Board began implementation of the statutory Duty of Quality and Duty of Candour. In particular, work began to develop and implement the Quality Management System for the organisation which will set-out a more holistic, integrated approach to quality management. This work will be carried forward into the coming year.

For the first time, as part of new statutory duties, the Health Board will be producing a Duty of Quality Annual Report and a Duty of Candour Annual Report, alongside the existing requirement for a Putting Things Right Annual Report.

### **Healthcare Inspectorate Wales and Care Inspectorate Wales**

Healthcare Inspectorate Wales is the independent inspectorate and regulator of all health care services in Wales. Healthcare Inspectorate Wales reviews and inspects NHS services in Wales, and regulates healthcare providers against a range of standards, policies and regulations to ensure they comply with regulations and meet the healthcare standards, highlighting areas of improvement. Healthcare Inspectorate Wales also monitor the use of the Mental Health Act and review mental health services to ensure that vulnerable people receive good quality of care within this service. Healthcare Inspectorate Wales are also requested by HM Inspectorate of Prisons to provide a clinical review of a prisoner's healthcare if they die in custody.

There are systems and controls in place to ensure Healthcare Inspectorate Wales inspections and requests for assurance are properly managed. During 2023/24, the Health Board continued to embed its new database to track and monitor requests for assurance and inspections, including evidence against action plans and this has seen a significant improvement in assurance.

Healthcare Inspectorate Wales activity is reported to the Quality, Safety and Experience Committee. The Health Board also continued to embed and mature its new Regulatory Assurance Group which provides greater oversight of regulatory issues and improves the learning from inspections across the organisation.

The Health Board has continued its positive working relationship with Healthcare Inspectorate Wales through monthly engagement meetings with a designated relationship lead and through regular ongoing dialogue. I continue to prioritise strategic discussions and engagement with senior Healthcare Inspectorate Wales inspectors.

In order to strengthen the Health Board's internal inspection processes, a Quality Peer Review process and schedule has been introduced. The review follows a similar approach to Healthcare Inspectorate Wales' methodology and incorporates the new Health and Care Quality standards. This enables us to understand what is working well within services and work with services to develop any improvement plans.

During the year, Healthcare Inspectorate Wales undertook ten inspections of services managed by the Health Board. The table below provides link to each report and agreed action plan.

Location	Date	Recommendations	Related Actions
<b>Hergest Unit, Ysbyty Gwynedd</b> <a href="http://www.hiw.org.uk/system/files/2023-09/20230922HergestUnitYGEN.pdf">www.hiw.org.uk/system/files/2023-09/20230922HergestUnitYGEN.pdf</a>	15, 16, 17 May 2023	31	57
<b>IRMER Nuclear Medicine, Glan Clwyd Hospital</b> <a href="http://www.hiw.org.uk/system/files/2023-08/17052023%2CGlanClwyd%2CEN.pdf">www.hiw.org.uk/system/files/2023-08/17052023%2CGlanClwyd%2CEN.pdf</a>	16, 17 May 2023	9	13
<b>Ty Llewelyn Unit, Bryn y Neuadd</b> <a href="http://www.hiw.org.uk/system/files/2023-10/03072023%20-%20YsbytyBrynYNeuadd%2C%20EN.pdf">www.hiw.org.uk/system/files/2023-10/03072023%20-%20YsbytyBrynYNeuadd%2C%20EN.pdf</a>	03, 04, 05 July 2023	17	17
<b>Ablett Unit, Glan Clwyd Hospital</b> <a href="http://www.hiw.org.uk/system/files/2023-10/17072023-%20AblettUnit%2C%20EN.pdf">www.hiw.org.uk/system/files/2023-10/17072023-%20AblettUnit%2C%20EN.pdf</a>	17, 18, 19 July 2023	20	20
<b>Morfa Ward, Llandudno General Hospital</b> <a href="http://www.hiw.org.uk/system/files/2023-11/20231106LlandudnoHospitalEN.pdf">www.hiw.org.uk/system/files/2023-11/20231106LlandudnoHospitalEN.pdf</a>	25, 26 July 2023	19	35
<b>Emergency Department, Ysbyty Gwynedd</b> <a href="http://www.hiw.org.uk/system/files/2023-11/20230807-YsbytyGwyneddED%2C%20EN_1.pdf">www.hiw.org.uk/system/files/2023-11/20230807-YsbytyGwyneddED%2C%20EN_1.pdf</a>	07, 09 August 2023	18	32
<b>Morris Ward, Wrexham Maelor Hospital</b> <a href="http://www.hiw.org.uk/system/files/2023-12/13092023%20-%20WrexhamMaelorHospital%2C%20EN.pdf">www.hiw.org.uk/system/files/2023-12/13092023%20-%20WrexhamMaelorHospital%2C%20EN.pdf</a>	12, 13 September 2023	12	16
<b>Pen-y-Maes Health Centre, Wrexham</b> <a href="http://www.hiw.org.uk/system/files/2023-11/20230808%20-%20PenYMaes%2C%20EN.pdf">www.hiw.org.uk/system/files/2023-11/20230808%20-%20PenYMaes%2C%20EN.pdf</a>	08 August 2023	16	26
<b>Meddygfa Hafan Iechyd, Caernarfon</b> <a href="http://www.hiw.org.uk/system/files/2024-02/14112023-%20HafanIechyd%2C%20EN.pdf">www.hiw.org.uk/system/files/2024-02/14112023-%20HafanIechyd%2C%20EN.pdf</a>	14 November 2023	15	20

<b>Nant y Glyn Community Mental Health Team</b> <a href="http://www.hiw.org.uk/system/files/2024-04/20240425NantyGlynTeamEN.pdf">www.hiw.org.uk/system/files/2024-04/20240425NantyGlynTeamEN.pdf</a>	23, 24 January 2024	23	51
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Health Inspectorate Wales published their Review into the Health Board's Vascular Services in June 2023 (the detailed findings of this report will be considered alongside the Independent Review on Vascular Services). Health Inspectorate Wales confirmed, following the review, that the service should be de-escalated from its Service Requiring Significant Improvement status, as the Inspectorate was satisfied necessary improvements had been achieved.

Health Inspectorate Wales confirmed that the Emergency Department at Glan Clwyd Hospital would remain a Service Requiring Significant Improvement. A Quality Peer Review, was undertaken during the year to provide a baseline position of improvement and the service continues to make improvements in key areas. Health Inspectorate Wales have inspected the service again on 30<sup>th</sup> April 2024 and we await further communication of its findings.

Care Inspectorate Wales register, inspect and take action to improve the quality of social care services. They regulate adult services such as care homes for adults, domiciliary support services, adult placement services and residential family centre services.

As the Health Board is one legal entity, it is a registered provider for multiple services which includes Enhanced Community Residential Services (Mental Health and Learning Disabilities) and Tuag Adref (across all three Integrated Health Communities). The Health Board updated its registration in February 2023. In accordance with the Social Care (Wales) Act 2016, the Health Board has appointed a Responsible Individual (the Deputy Director of Quality) who has legal obligations to undertake assurance activity. In addition, there is a legal requirement to undertake an Annual Return for the services, which was duly submitted.

Care Inspectorate Wales undertook an inspection of the Enhanced Community Residential Service in June 2023. No improvement actions were identified.

Internal Quality of Care Reviews are in place in accordance with the requirements of the Social Care (Wales) Act 2016, the purpose of which is to drive improvement and to achieve excellence in the provision of quality care and support services, helping us to ensure that we are improving quality of care outcomes for the people using our services.

## Health and Safety Executive

### Health and Safety Executive Prosecution, Hergest Unit

In May 2022, following the 'notification of contravention' letter related to breaches of the Health and Safety at Work Act, the Health and Safety Executive prosecuted the Health Board for a breach of Section 3.1 of the Health and Safety at Work Act 1974.

The Case was heard at Llandudno Magistrates Court on 18<sup>th</sup> December 2023. The Health Board entered a guilty plea and was found to have committed a criminal offence under the Health and Safety at Work Act 1974. The District Judge sentenced the Health Board to pay a fine of £200,000, as well as prosecution costs of £13,174 and a surcharge of £190.

The Judge identified in mitigation the early guilty plea, the public body status of the Health Board and its financial pressures, the openness in which we engaged with Health and Safety Executive, and the significant improvement work undertaken since the incident, alongside a clear commitment for continued improvement. Nevertheless, the Judge also indicated the fine should be sufficient to serve as both punishment for the offence and an indication to the Health Board of the need to ensure compliance with health and safety legislation.

Prior to the prosecution, the Mental Health and Learning Disability team proactively implemented an extensive action plan. This plan was comprehensive and built upon further improvements to prevent any recurrence of the tragic incident which led to the prosecution.

### **Health and Safety Executive, Notification of Contravention, Patient Falls**

The Health and Safety Executive has actively investigated three patient falls in which patients have subsequently passed away. They are one case in Wrexham Maelor Hospital and two cases in Ysbyty Gwynedd. This follows a Notification of Contravention letter and the issue of an Improvement Notice to the Health Board on 16<sup>th</sup> June 2021.

The failings identified related to:

- Incomplete patient falls risk assessments
- Lack of monitoring
- Failure to complete patient post falls review
- Insufficient patient falls training for persons assessing and managing patient falls
- Failure to review the falls management plan

A letter from the Health and Safety Executive was received on 5<sup>th</sup> May 2022. Following these more recent patient falls reported under RIDDOR, the Health Board was required to provide 'a statement of explanation for these falls' for consideration of further enforcement action. Further action followed on 15<sup>th</sup> March 2023; an additional letter was received confirming the Health and Safety Executive 's intention to take further enforcement on this matter. On 26<sup>th</sup> July 2023, a further Notice of Contravention letter in respect of the same issues identified in 2021 requiring actions from the Health Board, which replicated the earlier improvement letter and also asked for information on the criteria used to conduct a falls investigation, including root cause analysis.

The Health and Safety Executive 's required actions in the contravention notice were promptly and fully implemented with an action plan to address all the issues raised.

This swift response demonstrates our unwavering commitment to compliance and safety. New measures include:

- A post falls protocol
- A dashboard for the falls risk assessment
- Falls training reviewed together with agency staff
- Falls reviews at Ward Rounds and Safety Briefs/Huddles
- A Multi-Disciplinary Team process to review Falls. This team, comprising representatives from various disciplines, plays a crucial role in our falls review process, bringing diverse perspectives and expertise to the table and ensuring a comprehensive and holistic approach to patient safety
- A learning panel following every fall, including a root cause analysis

The local quality teams identify daily all patient falls in the previous 24 hours (72 hours following a weekend) to ensure that those patients with moderate harm have had or will have a Make it Safe Rapid Review within 72 hours. During 2023/24 an Internal Audit review reported limited assurance on Falls Management with a number of recommendations that are being progressed. This is a key risk for the Health Board as reported in the Corporate Risk Register, progress in this area is monitored by the Quality, Safety and Experience Committee.

All patients who have fallen require a focused review that identifies contributory factors, a multifactorial falls risk assessment, and an after-action review of post-fall management.

A clinical executive-led Rapid Learning Panel is convened for the most serious harms to ensure any immediate learning is shared across the Health Board. This panel plays a crucial role in our falls management process, facilitating the identification of root causes and the implementation of preventive measures, thereby contributing to our ongoing efforts to improve patient safety.

### **Health and Safety Executive Notice of Contravention Hand-Arm Vibration (East)**

Following health surveillance for staff at risk from vibration, our occupational health physician diagnosed RIDDOR reportable hand-arm vibration syndrome. Subsequently, the Health and Safety Executive issued a Notice of Contravention on June 15<sup>th</sup>, 2023, regarding a risk assessment requirement for those using vibrating tools in the Estates team. The Risk Assessments to identify those at risk were completed in September 2023, and the Health and Safety Executive indicated that they were satisfied and that there would be no further action, although the Health Board was charged an intervention fee.

- The Estates team engaged an external Noise and Vibration specialist consultant to establish the vibration levels of equipment in use
- The Estates Team have implemented a programme to replace petrol strimmers with a low vibration battery model to reduce the risk of hand-arm vibration
- Risk assessments have been completed, and exposures are recorded daily to ensure that there is no exposure over the daily Exposure Limit Value (ELV)

- The team are supported by the Occupational Health team under the Health Surveillance programme

## **Counter Fraud, Anti-Bribery and Corruption Arrangements**

The Health Board has arrangements in place to ensure compliance with counter fraud and corruption requirements, as set out in the Welsh Government Directions to NHS Bodies in Wales on Counter Fraud Measures issued on 1<sup>st</sup> December 2005..

The Bribery Act identifies four main offences of bribing, being bribed, bribing a foreign public official, and failing to prevent bribery by a commercial organisation. Bribery was included in the Welsh Government directive requirements from 2010.

Allegations of bribery and corruption are not investigated by the Local Counter Fraud Services team, and are forwarded to Counter Fraud Service Wales for investigation.

At an operational level, the Executive Director of Finance has delegated responsibility for the operational management of the Local Counter Fraud Services. The day-to-day management of the Local Counter Fraud Service is undertaken by the Head of Local Counter Fraud Services. The Director of Corporate Governance (formerly Board Secretary) has a role as the Counter Fraud Champion.

The Health Board has had a counter fraud workplan in place during 2023/24 and the Local Counter Fraud Specialist updates the Executive Director of Finance, via the Finance Director: Operational Finance, on a regular basis to monitor the delivery of the plan and discuss cases as required.

Fraud risk assessments are undertaken annually to assess and identify the Health Board's exposure to fraud risks.

The outcome of the assessment against the corporate risk policy is used to maintain a fraud risk register which strengthens the Health Board's ability to evaluate, mitigate and monitor risks arising from fraud and arrangements are in place to escalate appropriately.

The following arrangements are in place:

- Proactive and reactive measures are taken by the Local Counter Fraud Specialist to deter and identify fraud, as well as encouraging staff to report fraud; conflicts of interests are declared at all Board, Committee and sub-committee meetings.
- A mandatory training programme for Fraud Awareness through e-Learning, which has been well subscribed; and for which from October 2023 compliance has been mandated to be renewed every 3 years.
- The Health Board's processes are aligned to maintain compliance with the current conflicts of interests' policy guidance; which have been reviewed during 2023-24 and a new system has been established by the Health Board to strengthen oversight.
- Operational arrangements are in place to enable timely notification of concerns pertaining to fraud to the Local Counter Fraud Specialist or the Executive Director

of Finance, via the Finance Director: Operational Finance. Such concerns are also reported to the Audit Committee for oversight and assurance.

- Internal Audit and the Local Counter Fraud Specialist have liaised in order to discuss high risk areas, as required. In the event that management identify risks relating to fraud these are incorporated onto the risk register, with associated mitigations.
- The Head of the Local Counter Fraud Service meets privately with the Chair of Audit Committee to allow any relevant matters to be discussed confidentially, prior to the Audit Committee taking place.

The Audit Committee receives quarterly progress reports and an annual report on the delivery of the Local Counter Fraud Specialist work plan and outcome of investigative reports where appropriate. In addition, the Audit Committee reviews anti-fraud, bribery and corruption Health Board policies and procedures.

The Health Board completes an annual self-assessment of its counter fraud arrangements, in accordance with the UK Cabinet Office Counter Fraud Functional Standard Return (CFFSR), against a number of NHS Requirements of the Government Functional Standard GovS013: Counter Fraud, which are submitted to the counter fraud regulator, the NHS Counter Fraud Authority.

## **6. PLANNING ARRANGEMENTS**

The Health Board is required to develop an Integrated Medium Term Plan, financially balanced, under the requirements of the NHS Finance (Wales) Act 2014. The duty requires each Health Board to produce a three-year IMTP that:

- Improves the health of the population
- Improves the provision of health care
- Is financially balanced over a three-year period
- Is approvable by Welsh Ministers

The development of a three-year Integrated Medium Term Plan aligns with national and Health Board strategies and is a key element within the Special Measures escalation framework.

Where an NHS organisation is unable to deliver a plan that meets the requirements for an approval Integrated Medium Term Plan, an Annual Plan must be developed and agreed to ensure that there is a clear set of delivery objectives supported by finance, workforce and operational plans including planned care and unscheduled care.

The Health Board was not in a position to submit a balanced and approvable Integrated Medium Term Plan for 2023-2026, as it was not possible to fulfil all the requirements of the NHS Planning Framework and terms of the NHS Finance (Wales) Act 2014. An Accountable Officer letter confirming the Health Board's position and intention to submit an Annual Plan for 2023-2024 was submitted to Welsh Government on the 27<sup>th</sup> February 2023.

A further Accountable Officer letter was set to Welsh Government on the 16<sup>th</sup> March

2023 confirming that it would not be possible to submit the Annual Plan by the 31<sup>st</sup> March 2023 for the following reasons:

- The Plan was set against the Health Board's financial deficit of £134M, as detailed in the budget approved by the Board on 30<sup>th</sup> March 2023. Consequently, further time was required to address the challenging financial position, recognising the need to balance financial delivery with both quality and performance.
- Additional work was needed to complete the Health Board's response to the Ministerial priorities particularly in relation to planned care and some aspects of unscheduled care, to ensure the Plan was deliverable and realistic within the wider context of organisational pressures.
- Following the confirmation that the level of escalation for the Board had been increased to Special Measures, it was necessary to ensure that the Annual Plan reflected the new requirements of escalation and the Health Board's response to these.
- With the appointment of a new Chair and Independent Members to the Board, there had been insufficient time for the Board to set out their ambition for the organisation, nor to undertake the necessary detailed scrutiny of the draft plan.

An extension for submission of the Plan to the end of June 2023 was granted by Welsh Government in view of the need to respond to the requirements of Special Measures, and allow the newly appointed Board to steer the direction of the Plan.

The Annual Plan, Delivery Plan and Ministerial priority templates were approved by the Health Board on the 23<sup>rd</sup> June 2023 and submitted to Welsh Government on the 30<sup>th</sup> June 2023.

The 2023-24 Annual Plan detailed the key actions relating to the Health Board's strategic priorities, together with confirmation of the approach to the enablers required to support delivery. The priorities addressed the main areas for improvement within the Health Board, including those identified by Special Measures escalation framework. The Plan also described the actions to improve the whole pathway, from population health and prevention through primary care and community services and acute hospital care.

The Plan also recognised the Health Board's role as a significant employer and contributor to social, environmental and economic well-being as well as addressing health and well-being. In 2024/25 the Health Board will collaboratively refresh Health Board well-being objectives in line with the requirements of the Well-being of Future Generations (Wales) Act 2015 and Social Partnership and Public Procurement (Wales) Act 2023 through its Annual Delivery Plan. The Plan also described the Health Board's ambition in respect of the foundation economy, sustainability, and promotion of the Welsh language and culture, as well as equality, diversity and inclusion.

During 2023-24 Welsh Government commissioned an independent review to understand how integrated planning was undertaken in the Health Board. The purpose of the review was to identify improvement areas, with a specific focus on strategic planning capacity and capability and to consider planning as an activity

across the Health Board. The review and management response to the recommendations made was approved by the Health Board's Performance, Finance and Information Governance committee on the 30<sup>th</sup> April 2024. The management response and associated action plan seek to deliver significant improvements to the integrated planning function – processes and products over the course of 2024-25 and signal the Health Board's ambition and commitment to deliver an approvable Integrated Medium Term Plan for 2025-2028.

In March 2024 the Board approved an Annual Plan (for 2024/25) to be submitted to Welsh Government. Whilst this is an Annual Plan, it has been framed within a three year context.

## **Special Measures**

On 27<sup>th</sup> February 2023, the Minister for Health and Social Services, Welsh Government announced that Betsi Cadwaladr University Health Board would be escalated to Special Measures. The organisation has previously been at the Targeted Intervention level of escalation and therefore has now been escalated to the highest level under the Escalation and Intervention arrangements. The Minister for Health and Social Services indicated in the statement announcing Special Measures escalation particular concern regarding leadership, culture and performance.

In total there were eight areas of concern:

- Governance and Board effectiveness
- Workforce and Organisational Development
- Financial governance and management
- Compassionate leadership and culture
- Clinical Governance, patient experience and safety
- Operational delivery
- Planning and service transformation
- Mental Health

The Health Board experienced significant leadership instability (Audit Wales Board Effectiveness Report - February 2023) and the subsequent substantial changes to Board membership in February 2023. This level of significant change was unprecedented in Health Boards since the creation of the current Health Boards in 2009. The direct appointment, by the Minister for Health and Social Services, of an interim Chair and three Independent Members started the process of building a new Board.

In the immediate period following the escalation, Welsh Government also deployed a number of Independent Advisors as part of an Intervention and Support Team to undertake a series of independent reviews so that the root-cause of issues could be more thoroughly understood. These reviews assisted the new Board in gaining rapid insights into key areas within the Health Board. The reviews have been undertaken over the last 9 months and are now being systematically considered through the Board and its Committees with each then being published along with a response plan (see summary of key themes below). For those independent reviews now received and with response plans in place, progress is underway in delivering the actions to meet each individual recommendation made. Full details of the reviews and the Health Board

responses are available on the website. (<https://bcuhb.nhs.wales/about-us/special-measures/health-board-progress/independent-reviews-and-our-response/>)

We have also taken a thematic based approach in terms of bringing together the findings of the reviews in order to address the real root causes of the issues. This is being overseen via the appropriate Executive Led Delivery Group or equivalent governance. It will ensure that learning and change occurs across the wider organisation and not just within the area that was reviewed, whilst simultaneously ensuring all individual findings are still addressed within the separate reviews. The Impact of Special Measures work and Key Themes from Independent Reviews are reported below in Figure 4.

A Special Measures Response Plan was prepared and approved by the Board in May 2023. The Response Plan focused on five outcomes and took a rapid stabilisation approach of three 90-day cycles running from 1<sup>st</sup> June 2023 to the end of February 2024, giving pace and focus to addressing the challenges faced. The five outcomes were:

- Being a well-functioning Board
- Having a clear, deliverable plan
- Having strong leadership and engagement
- Improving access, outcomes and experience
- Being a learning, self-improving organisation

The five outcomes were designed to respond to the list of key issues of concern, and also to start building a more effective organisation able to lay the foundations for long-lasting change. Regular reports have been presented for consideration at the Board and published to enable an open and transparent approach to demonstrating progress. Progress has been made in relation to Governance as I set out in my introduction.

## **What Have We Done in 2023/24 to Respond to Special Measures?**

- Substantive, experienced Chief Executive appointed, with experience in NHS Wales.
- Recruitment of Chair, Vice Chair and permanent Independent Members following a public appointments process.
- New Risk Management Framework approved in September 2023, with implementation underway and oversight of the arrangements considered at the Audit Committee.
- The independent reviews received to date have been considered in Board Committee Development Sessions, prior to Management Responses being developed. These have been highlighted in the regular Special Measures reports to full Board.
- Good progress made in establishing the operating of Board Committees and governance arrangements including the appointment of a Director of Corporate Governance.

A Board Development Programme has been developed and is being implemented, including focus on areas such as:

- Compassionate Leadership
- Mental Health
- Planning
- Performance management
- Risk management
- Digital
- Quality
- Winter Resilience Planning

For the financial year 2024/25 the Special Measures plan is being incorporated within the Health Board 2024-27 Plan. Given that there will be considerable overlap between the requirements for improvement outlined within Special Measures and the priorities included in the 2024-27 plan, this allows a more streamlined and efficient planning and oversight approach within the Health Board going forwards.

The Health Board's approach to Special Measures gave significant focus and pace and will be built upon to enable longer term planning. Ensuring that the specific focus areas are fully embedded into the 3 Year Plan and reflecting the more stable position which the Board is now in, the main focus will be on 'business as usual' planning processes, incorporating all learning to provide integrated monitoring, assurance and reporting against plans.

## Independent Reviews: Key themes



**Data, intelligence and insights:** Ensuring that there is a BCUHB-wide approach with prioritised interventions into improving our data, intelligence and insight tools and capabilities. This is a key enabler for sustainable improvement as well as supporting identification of future potential challenged services.



**Culture:** Defining, engaging and committing to the long-term work necessary to improve the culture of the organisation. Integrated into our broader organisational development plan across Culture, Leadership and Engagement.



**Risk management:** Reviewing and refining our approach and appetite to risk, including how risks are identified, managed, mitigated, reported and monitored.



**Patient, family and carer involvement:** A single coordinated approach to maximise involvement and engagement with our patients, their families and carers, using their experiences to guide our ongoing service improvement.



**Operating model:** Ensuring our operating model is designed to best deliver our strategic priorities, with clarity for everyone across all levels of the organisation on the roles and responsibilities, systems and processes within divisions and Pan BCU services.



**Organisation governance and compliance:** Ensuring organisation wide visibility and understanding of governance best practice and ensuring adherence to it.



**Integrated planning:** A well understood integrated approach to planning as a discipline, as well as contributions to our annual planning process.

## 7. DISCLOSURE STATEMENTS

### Equality, Diversity and Human Rights

A substantial review of the Health Boards equality objectives and Strategic Equality Plan has been undertaken this year, with our Strategic Equality Objectives for 2024-28. These were published on the 28<sup>th</sup> March 2024.

The equality and human rights policy framework is in place, supported by a programme of training to raise awareness and build capacity in regards to the Public Sector Equality Duty and to support staff in delivering their responsibilities. The committee structure has been reviewed and accountability and communication strengthened.

Our commitment to equality is reflected in a number of other ways:

- The Board has an annual equality development session to ensure all Board members are aware of their duty to have '**due regard**' to the Public Sector Equality Duty.

- The Board has set out its commitment to promote equality and human rights across the Health Board.
- The Annual Plan demonstrates how the Health Board meets the duties associated with equality and human rights, as well as the arrangements for equality impact assessments.
- Opportunities have been identified to build delivery of the Strategic Equality Plan into planning and service delivery mechanisms and the system for improvement.
- The Workforce Strategy and policy development is informed by workforce equality information and equality impact assessments.
- Equality and Human Rights Training is mandatory for all staff.
- A programme of equality impact assessment training is facilitated alongside coaching support and guidance. Scrutiny of equality impact assessments was strengthened this year.
- Risks associated with compliance have been identified and included in the Corporate Risk Register.
- The Equality and Human Rights Strategic Forum monitors compliance against the Strategic Equality Plan.
- Progress is presented to the external Equality Stakeholder Reference Group. This group includes representation from members of the public with an interest in equality issues, including Llais.
- The Equality and Human Rights Annual Report is submitted to the Board via the People and Culture Committee governance route; published and accessible to the public.

Further information is provided in the Remuneration Report.

## **The NHS Pension Scheme and Payroll Arrangements**

As an employer with staff entitled to membership of the NHS Pension Scheme, the Health Board has control measures in place to ensure we comply with all employer obligations of the Scheme regulations. This includes ensuring that deductions from salary, employer's contributions and payments into the Scheme are in accordance with the Scheme rules, and that member pension scheme records are accurately updated in accordance with the timescales detailed in the Regulations.

These systems and processes are subject to regular audit and review by Audit Wales as part of the annual audit of the financial statements, and internal audit of the payroll systems.

As a significant employer, the Health Board also has controls that ensure it deals with deduction of employee taxes and payment of employer taxes correctly. In addition, we have controls in place to ensure we manage significant other taxes correctly (e.g., VAT). HMRC have assessed the Health Board with a business risk rating of low based on their assessment and our track record. This was reported to the Audit Committee.

## **Carbon Reduction Delivery Plans**

The Health Board has developed a Decarbonisation Action Plan for short and medium term actions, which will deliver a major boost in our objective of achieving Net Zero Carbon Emissions by 2030. The Action Plan was approved by the Health Board in September 2022 and includes delivering a series of energy efficiency improvements and renewable electricity generation across the estate through the Local Partnerships / Greater London Authority framework (Re:Fit) –a procurement initiative for public bodies wishing to implement energy efficiency measures and local energy generation projects on their assets. The Health Board receives support throughout the process from Local Government Partnership and the Welsh Government Energy Service. The Health Board received a 'limited assurance' review from the Internal Audit team during 2023/24 in respect of the implementation of our Carbon Reduction Plans: recommendations from that review are reflected in ongoing action plans. The Health Board accepts that there is significant work to do in this area and will be recruiting a Director of Environment in 2024/25 to lead this work.

As part of the Decarbonisation Action Plan, a risk register has been developed to identify risks associated with delivering the programme.

In January 2024 the Health Board published its Invitation to Tender on the Re:fit framework and commenced dialogue with a number of delivery partners who would be able to support the Health Board with developing a number of Energy Conservation Measures to align with the Decarbonisation Action Plan. Following completion of both Technical and Commercial Submission a preferred delivery partner was selected. The outcome of the Invitation to Tender will be published once Welsh Government have been notified.

The Re:Fit Framework provides for an agreement between the Health Board and the partner organisation whereby the level of savings (fiscal and carbon) are guaranteed by the partner organisation.

The Re:Fit project will be delivered in multiple phases. As new technologies which come to market and mature over time, we hope to capitalise on these innovations to ensure we meet our decarbonisation targets as well as to improve patient and staff experiences.

As is referenced in the Emergency Preparedness section there is a link between the focus outlined above and the consideration of the impact of extreme and unusual weather on Business Continuity planning.

## **Data Security**

The Chief Digital and Information Officer is the Senior Information Risk Owner of the organisation, providing information risk management expertise at Board level. The Senior Information Risk Owner oversees the consistent implementation of the information risk assessment process by Information Asset Owners, as described in the Information Risk Management framework and policy.

Lead responsibility for information governance within the Health Board rests with the Chief Digital and Information Officer, with the Assistant Director of Compliance and Business Management undertaking the designated role of the Health Board's Data Protection Officer in line with the Data Protection Act 2018.

The Executive Medical Director is the Health Board's appointed Caldicott Guardian. Formal assurance to the Board on data quality is provided through an annual report to the Planning, Population Health and Partnerships Committee. Throughout the course of the 2023/24 period assurance with the Digital Strategy fed into the Executive Team and the Board during the absence of this Committee. Once the revised arrangements were put in place for the Board Committees, assurance reporting recommenced. Assurance on compliance with legislation continued reporting through to the Performance, Finance and Information Governance Committee throughout the year.

During the reporting period, the Committees received assurance on compliance with key performance indicators in relation to the quality and effectiveness of information and information systems against which the Health Board's performance will be regularly assessed.

### **Data Quality Assurance**

The Health Board is seeking to continually improve its data quality arrangements to enhance the quality and accuracy of key information.

In June 2023 we moved to a single instance of Welsh Patient Administration System (WPAS) our main system for hospital activity, this provided an opportunity to develop standardised practices and improve data quality across our patient administration system at a pan-BCU level. As part of this work, we have developed a series of standard operating procedures and monitoring mechanisms to drive improvements to data quality.

A data quality group has been established within the Data, Intelligence and Insight service to identify areas of poor data quality and develop a prioritised workplan to address the most critical areas. This includes the identification of training needs and targeted support to operational teams to make improvements to data capture on WPAS.

A Data Quality and Governance forum has been established and will be used to monitor Health Board data quality and understand the flows and uses of data across the organisation. This will help us make best use of the data available and also provide transparency in relation to the limitations and gaps in our data.

Clinical coding is a key source of data to inform our understanding of quality of service and clinical outcomes for patients. Annual audits are undertaken and in 2023/24 the Health Board received positive feedback in relation to the quality and depth of coding. However, the timeliness of clinical coding has become increasingly challenged through the year and will continue to be in 2024/25 due to staff recruitment and retention issues. This has meant that the Health Board has not been

able to meet national targets in relation to completeness of clinical coding. The service is developing a recovery plan for 2024/25.

### Ministerial Directions and Welsh Health Circulars

The Welsh Government has issued a number of Non-Statutory Instruments during 2023/24. Details of these and a record of any Ministerial Direction given is available on the following link: <https://www.gov.wales/publications>.

Welsh Health Circulars (WHCs) are published by the Welsh Government to provide a streamlined, transparent and traceable method of communication between NHS Wales and NHS organisations. These Circulars relate to different areas such as policy, performance and delivery, planning, legislation, workforce, finance, quality and safety, governance, information technology, science, research, public health and letters to health professionals. Details of WHCs is available on the following link: <https://www.gov.wales/health-circulars>

Following receipt, these are assigned to a lead director who is responsible for the implementation of required actions. The board has designated oversight of this process to board level committees, with end-of-year reports to be provided to the Audit Committee.

### Data Security Breaches

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

Confidentiality Breach-External	4
<b>Total</b>	<b>4</b>

All self-reported incidents have been closed by the Information Commissioner's Office with no further action required by them due to the immediate actions and improvements put in place by the Health Board.

All of these recommendations have or will be implemented by the Health Board and are monitored by the Information Governance team.

The Health Board did not incur any financial penalties during the year. During 2023/24 the Health Board has received six personal injury claims for harm and distress caused by a data breach and has settled two claims totalling £7,676.55 during the year.

### Emergency Preparedness

Emergency Preparedness, Resilience and Response is a core function for the Health Board and is a statutory requirement of the Civil Contingencies Act (CCA) 2004. Responding to emergencies is also a key function within the NHS Act (2006) as amended by the Health and Social Care Act (2012) that places Health as a Category 1 Responder.

The role of the Health Board in Emergency Preparedness, Resilience and Response relates to potentially disruptive threats outlined in the National Security Risk Assessment, and the need to invoke command, control, coordination and communication arrangements required, during the response to emergencies. The disruption could arise from a wide range of events from extreme weather conditions to an outbreak of an infectious disease, major transport accident or a terrorist incident.

During 2023/24 the Executive Director of Operations, as the Accountable Emergency Officer, supported by the interim Emergency Preparedness, Resilience and Response Lead and Associate Director for Urgent and Emergency care, provided oversight of the Emergency Preparedness, Resilience and Response arrangements. The Executive Director of Operations left the Health Board on the 21<sup>st</sup> March 2024 and I have put in place interim arrangements until a new Chief Operating Officer is appointed. The Acting Executive Director of Population Health was the Accountable Emergency Officer from 22<sup>nd</sup> March 2024.

The Emergency Preparedness, Resilience and Response work plan for 2024/25 is being developed to support ongoing training requirements, Business continuity planning arrangements alongside resilience and industrial action preparedness. Owing to the demand the work plan has been rationalised to protect and maintain core activities.

Key documents have been produced to support staff in meeting requirements of this plan, including:

- Hospital Full Protocols
- Training Materials
- Winter Resilience Plans

The Emergency Preparedness, Resilience and Response Team supports Public Health and Infection Prevention and Control colleagues with the management of the activation process for confirmed High Consequence Infectious Disease (HCID) cases. Admissions of initial, single cases will go to Glan Clwyd Hospital as the receiving hospital for HCID cases and if required cases will either be transferred to the Royal Liverpool Hospital or the Royal Hallamshire Hospital, Sheffield. This process has been further expanded to support planning for Measles/COVID and other potential infectious diseases.

Since July 2022 the Emergency Preparedness, Resilience and Response Team has supported the Nursing & Medical Directorate to monitor and assist with the preparation of contingency plans and business continuity plans for a significant loss of key staff during industrial action. The team had provided secretariat and Emergency Preparedness, Resilience and Response support to the Operational teams, Silver and Gold meetings. The work in preparing the planning arrangements in mitigation remains ongoing although the process has been stood down.

There has been ongoing work to provide Emergency Preparedness, Resilience and Response support to the Integrated Health Communities. In September 2022, the Emergency Preparedness, Resilience and Response team was restructured with the

existing Head of Emergency Preparedness Resilience and Recovery being based within the East IHC. This interim initiative supported the reconvening of the Major Incident Planning Meetings, a review and update of the Major Incident Plan and the action cards. The Director of Operations became pivotal in championing the review, update and completion of Business Continuity Plans. As part of Business Continuity planning the Health Board has considered the impact of extreme and unusual weather.

In order for this approach to be continued and to replicate the approach within all three IHCs the Emergency Preparedness, Resilience and Response Team will need to be appropriately resourced with senior emergency planning and business continuity professionals recruited following the resignations of the Head of Emergency Preparedness, Resilience and Response and the Business Continuity Manager. The current Emergency Preparedness, Resilience and Response structure is under review having appointed in April a new Head of Emergency Preparedness, Resilience and Response with their commencement date being June 2024 the intention is then allow the new starter to develop their service going forwards.

Departmental and service area Business Continuity Plans were invoked and reviewed in preparedness for Winter and Industrial Action continuously over 2023/24 through exercises or events. Business Continuity Plans are reviewed by the Audit Committee annually.

Health Command training continues to be delivered to the on-call Gold and Silver Commanders across the Health Board to ensure that Health Board staff have the tools and skills aligned to their assigned roles during their periods of on call or resilience response.

The Civil Contingencies Assurance Group continues to review and assess the effectiveness of the Emergency Preparedness, Resilience and Response arrangements developed by the team, for the Health Board. The Civil Contingencies Assurance Group meets on a bi-annual basis. Representation includes the executive directors, directors and Very Senior Managers. The tactical subgroups, the Civil Contingencies Group and the Business Continuity Working Group also meet quarterly to discuss planning, training and exercising in addition to reviewing and updating plans.

During the period of 2023/24, the Emergency Preparedness, Resilience and Response Team, along with operations, communications and the medical directorate have participated in multiple exercises:

- Exercise CYD March 2024 – Infectious disease
- Exercise Perfect Storm – Adverse weather event over 3 days

The Health Board representatives attended the Strategic Coordination Group meetings and discussions, during these exercises, with partner agencies at the North Wales Police strategic headquarters in Colwyn Bay.

## 8. REVIEW OF EFFECTIVENESS

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

### 8.1 Internal Audit

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

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

#### The Head of Internal Audit has concluded:

The Head of Internal Audit is satisfied that there has been sufficient internal audit coverage during the reporting period to provide the Head of Internal Audit Annual Opinion in line with the requirements of the Public Sector Internal Audit Standards. In forming the opinion, the Head of Internal Audit has considered the impact of the audits that have not been fully completed.

The Head of Internal Audit has concluded for 2023/24:

<b>Limited assurance</b>		More significant matters require management attention. <b>Moderate impact</b> on residual risk exposure until resolved.
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Overall, The Head of Internal Audit 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 substantial and reasonable areas in the table below.

Where they have given Limited or Unsatisfactory Assurance, management are aware of the specific issues identified and have agreed action plans to improve control in these areas.

In addition, they also undertook advisory and non-opinion reviews to support an overall opinion.

A summary of the audits undertaken in the year and the results are summarised in table 1 below.

In summary:

- The Internal Audit team have experienced delays and no-response to some requests for evidence this year, coupled with an increase in escalation to the Chair of Audit Committee where management response to our draft reports has not been received in line with the agreed timescales.
- The Internal Audit findings throughout the year have identified issues of operational compliance with expected controls at the first line which remain a significant concern for us – The Health Board also has a significant gap in its first line management policies and procedures which require urgent review and update to ensure it is not exposing its service users/visitors and staff to risk.
- The Health Board faces significant financial challenge and its over-reliance on non-recurring transactional savings is not sustainable in the long-term; the lack of progress in transformational change and recurring cost reduction across the Health Board exposes it to significant risk of not achieving its forecast deficit financial position next year.
- There has been progress in revisiting recommendation tracking in the Health Board which the Internal Auditor recognises that there remains more to be done.

**Table 1 – Summary of Audits 2023/24**

Substantial Assurance	Cyber security Digital Health Record (Cito) – Patient Records Transition Programme
Reasonable Assurance	Financial Control: Receipting of goods and year-end accruals Accounts Receivable Digital Operating Model Adult and Older Persons Mental Health Unit (IAAP) Follow up - Welsh Language Commissioner - Documents on the Website Records Management – Fragmented Care records Effective governance - Women’s Directorate Corporate Legislative Compliance: National Health Service (Appointment of Consultants) (Wales) (Amendment) Regulations 2005 (Draft)

Limited Assurance	Clinical Audit: Tier 1 National Audits Falls management Lessons learnt GP Out of Hours (Deferred from 22/23) Decarbonisation Corporate Legislative Compliance: Water Safety Hergest Unit Notice of Contravention (NoC) Action Plan Follow up - Delivery of HB Savings Health and Safety Deprivation of Liberty Safeguards (DoLS) Discharge arrangements Budgetary Control (Draft) Effective Governance – Central IHC (Draft) Risk Management (Draft) Standards of Business Conduct – Declarations of Interest, Gifts and Hospitality (Draft) Orthopaedic Surgical Hub Llandudno Hospital (Draft)
Unsatisfactory	Operating Model
Advisory/Non-Opinion	Special Measures - Contract and Procurement management review Procurement and Contract management arrangements of the Project Athlete Review Review of process regarding the appointment of an Interim Executive Director Follow up of Internal Audit Recommendations

The overall opinion has also considered 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.

As reported in the table above the following audit reports were issued with a conclusion of limited assurance. In the following review areas, the Board can take only **limited assurance** that arrangements to secure governance, risk management and internal control, within those areas under review, are suitably designed and applied effectively. More significant matters require management attention with moderate impact on residual risk exposure until resolved.

Review Title	Objective
Clinical Audit: Tier 1 National Audits	To review the Health Board's participation in Tier 1 audits, including the submission of data and resulting actions.
Falls management	To ensure compliance with Policy NU06 - <i>The Prevention and Management of Adult In-Patient falls</i> as well as reporting and management arrangements in place.
Lessons learnt	To review whether there are robust processes and controls in place to support the management of learning within Health Board Integrated Healthcare Communities (IHCs) and pan-North Wales services, and to review operational compliance with Make it Safe (Plus) principles.
GP Out of Hours (Deferred from 22/23)	To ensure there are robust processes and controls in place within the Health Board to support the management and implementation of the GPOOH/UPCC Peer Review improvement actions.
Decarbonisation	To determine the adequacy of management arrangements to ensure compliance with the requirements of the Welsh Government's decarbonisation strategic delivery plan and ensure that the UHB has appropriate controls and management arrangements in place to achieve the same.
Corporate Legislative Compliance: Water Safety	To ensure there are robust processes and controls in place within the Health Board to ensure compliance with the <i>Policy for the Management of Safe Water Systems (ES02)</i> and <i>Welsh Health Technical Memorandum 04-01 - Safe water in healthcare premises</i> .
Hergest Unit Notice of Contravention (NoC) Action Plan	To ensure the Health Board can demonstrate it has the evidence to support completion of the action plan developed to address the three Material Breaches identified by the Health and Safety Executive.
Follow up - Delivery of HB Savings	To establish progress made by management to implement agreed actions arising from the previous internal audit [report BCU-2223-15 refers], which concluded unsatisfactory assurance over the arrangements in place in the identification and delivery of savings as outlined

Review Title	Objective
	in the IMTP and associated Financial Plan for 2022/23.
Health and Safety	To review compliance with <i>HS01 Occupational Health and Safety Policy</i> , assessing the adequacy of management arrangements for Health & Safety to provide assurance to the Health Board.
Deprivation of Liberty Safeguards (DoLS)	To review the process in place for the management of Deprivation of Liberty Safeguards (DoLS) activity in the Health Board, including procedures, staff training, monitoring and escalation of cases.
Discharge arrangements	To ensure there are robust processes and controls in place within the Health Board to support the implementation of Discharge to Recover then Assess (D2RA) requirements, and management of adverse / unsafe discharges.
Budgetary Control (Draft)	To review whether the Health Board has effective controls in place to manage its financial budgets, including delegation and information available to budget holders.
Effective Governance – Central IHC (Draft)	To review the effectiveness of the governance arrangements within the IHC.
Risk Management (Draft)	To review the implementation and application of the Health Board's Risk Management process. We also assessed implementation of the management actions agreed as part of the limited assurance review in 2022/23.
Standards of Business Conduct – Declarations of Interest, Gifts and Hospitality (Draft)	To ensure there are robust processes and controls in place within the Health Board to support the management of Standards of Business Conduct, specifically staff Declarations of Interest, Gifts and Hospitality.
Orthopaedic Surgical Hub Llandudno Hospital (Draft)	To evaluate the progression and delivery of the Orthopaedic Surgical Hub at Llandudno Hospital against the key business case objectives and to assess the adequacy of the systems and controls in place to support the successful delivery of the project.

There is one audited area in which the Board has no assurance.

Operating Model	To review the costs associated with the Operating Model and whether the revised structure has delivered the benefits intended.
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All limited and no assurance reports are subject to follow up reviews, and these will form part of the 2024/25 Internal Audit plan, if they have not already been followed up. Management responses that detail the actions to address gaps in control were included in all final Internal Audit reports presented to Audit Committee. The delivery of these actions is tracked via the Health Board's audit tracker which is overseen by the Audit Committee. The minutes and all final Internal Audit reports can be found within the Audit Committee section of the website: (<https://bcuhb.nhs.wales/about-us/committees-and-advisory-groups/board-committees/audit-committee/>)

Where audit assignments planned this year did not proceed to full audits following preliminary planning work, these were either removed from the plan, removed from the plan and replaced with another audit, or deferred until a future audit year.

The following audits were deferred:

Review Title	Reason for deferment
Wrexham Maelor Continuity Phase One	The Executive Director of Finance requested this review be delayed to confirm approval of the business case. There was no Senior Responsible Officer / Programme Board in place at the time.
Workforce Strategy: Operational implementation (Deferred from 22/23)	Welsh Government commissioned a review following Special Measures focusing on the People & OD Strategy with a report being issued. Undertaking a review would add no value to the Health Board as management are aware of the gaps/issues, with actions from Special Measures to be factored into a refreshed strategy.
Follow up - Recruitment of substantive and interim executive and senior posts	Following publication of the Welsh Government Rapid Review of Interim appointments to Executive posts at Betsi Cadwaladr University Health Board it included an action plan with implementation dates ranging from February to April 2024 inclusive. To eliminate duplication, we will combine the follow-up of both our and Welsh Government reports into one as they are very much interdependent.
Grievance management	The review was agreed with management and scheduled to commence however we were unable to complete the review in time – We advised both the Director of Corporate Governance and the

Review Title	Reason for deferment
	Audit Committee of this. The review will be undertaken as a priority in quarter 1 2024/25.
Charitable Funds	The Executive Director of Finance requested that this review be delayed until April 2024 to enable them to close the year end position and formerly adopt the revised policies and procedures developed. We supported this delay in order that we undertake a review of internal controls in operation against revised policies and procedures.
Follow up – Contracted Patient Services: Quality and Safety arrangements	The review of agreed actions identified two key actions were not scheduled for completion until March 2024 and therefore would not have been completed in time for a follow-up review.

## 8.2 Audit Wales Structured Assessment

The Audit Wales Structured Assessment is a process that looks at whether we have made proper arrangements to secure economy, efficiency, and effectiveness in our use of resources. The report was received at the Audit Committee on 7<sup>th</sup> May 2024.

[\(https://bcuhb.nhs.wales/about-us/committees-and-advisory-groups/board-committees/audit-committee/agenda-bundle-ac-public-07-05-2024-v2-0/\)](https://bcuhb.nhs.wales/about-us/committees-and-advisory-groups/board-committees/audit-committee/agenda-bundle-ac-public-07-05-2024-v2-0/)

The Structured Assessment 2023 focused on our corporate arrangements for ensuring that resources are used efficiently, effectively, and economically. The overall assessment concluded that *‘following significant challenges in 2023, the Health Board is more stable and in the process of strengthening key corporate assurance arrangements, however it needs a clear strategy to enable it to develop financially sustainable service models that provide good quality services to meet current and future healthcare demand. The Health Board also needs to ensure there is a sufficient assurance on the impact of actions taken to deliver its plans, to mitigate risk, improve service performance and address audit recommendations’*.

The key focus of the work has been on the Health Board’s corporate arrangements for ensuring that resources are used efficiently, effectively and economically. Key messages in this regard from the Audit Wales Structured Assessment include:

**Board Transparency and Effectiveness** – Audit Wales found that found that the Health Board is increasingly demonstrating public transparency of board business, however there are opportunities to improve and standardise these arrangements for board committee meetings. Whilst the Health Board has formal and up-to-date standing orders and standing financial instructions to support its Board and committee business, there remains a backlog of policies that are overdue for review.

**Corporate Systems of Assurance** – Audit Wales found that the Health Board has revised its risk and performance frameworks and is developing a new quality management system. However, more work is needed to properly embed these new

arrangements, to further develop the Board Assurance Framework, strengthen the management of complaints and incidents and strengthen processes for tracking audit recommendations.

The Health Board has made progress revising its BAF and risk management arrangements, however it needs clear strategic objectives to align strategic risks to, and a stronger focus on the impact of actions it takes to mitigate risks. The Board's arrangements for hearing directly from patients is improving, and it is planning to increase opportunities to hear directly from staff through service visits and hearing staff stories at People and Culture Committee meetings.

**Corporate Approach to Planning** – Audit Wales found that the Health Board has a good understanding of its significant strategic risks and challenges, however it is struggling to meet service demand and its services are not currently financially sustainable. The Health Board needs a clearer and longer-term planning approach that appropriately considers service reconfiguration to sustainably meet current and future healthcare demand. There is also a need to focus reporting, monitoring and assurance of plan delivery of the success of achieving intended outcomes and impacts.

**Corporate Approach to Managing Financial Resources** – Audit Wales found that despite meeting the statutory duty to spend within allocation for the period 2020-23, the Health Board is facing a significant underlying financial deficit. There is a clear need for a robust financial strategy linked to sustainable and good quality clinical service model.

The Health Board's approach for financial planning is driving a transactional approach to financial management and while delivering some in-year savings this is not significantly addressing the Health Board's underlying deficit. There is a clear need for a financial strategy to underpin medium- to long-term planning that fully considers growth in healthcare demand and supports financially sustainable clinical service models, whilst also reducing the underlying deficit.

### **Audit Wales Reports Issued in 2023/24**

The following Audit Wales reports (other than Structured Assessment) were published in 2023/24. All reports can be accessed on the Audit Wales website links below. Other Audit Wales reports produced in 2023/24 and not yet formally published are for Unscheduled Care - Flow out of Hospital Review and Audit of the Accounts report 2022/23.

Betsi Cadwaladr University Health Board – Board Effectiveness Follow-up  
(<https://www.audit.wales/cyhoeddiad/board-effectiveness-follow-betsi-cadwaladr-university-health-board>)

Betsi Cadwaladr University Health Board – Follow Up Review of Follow Up Outpatient Services  
(<https://www.audit.wales/publication/betsi-cadwaladr-university-health-board-follow-review-follow-outpatient-services>)

Betsi Cadwaladr University Health Board – Annual Audit Report 2022  
(<https://www.audit.wales/publication/betsi-cadwaladr-university-health-board-annual-audit-report-2022>)

Betsi Cadwaladr University Health Board – Review of Workforce Planning Arrangements  
([https://www.audit.wales/sites/default/files/publications/bcu\\_workforce.pdf](https://www.audit.wales/sites/default/files/publications/bcu_workforce.pdf))

In the Audit of Accounts Report, Audit Wales reached a Qualified regularity opinion as the Health Board incurred irregular expenditure and breached its standing financial instructions in making payments to an interim executive member of the Board. The following weaknesses in governance arrangements have been highlighted:

- instances where letters of appointment were not issued to senior officers prior to them commencing the roles;
- contracts of employment were not signed prior to an appointee starting their role with the Health Board;
- incorrect pay rates in documentation presented for approval by the Remuneration Committee; and
- insufficient records of decisions taken and actions agreed by the Remuneration Committee in its formal minutes.

The Health Board is aware of the deficiencies in internal controls that gave rise to the irregular payments and is strengthening its controls and governance arrangements accordingly.

## 9. CONCLUSION

It is important to note in my conclusion that the Health Board entered 2023/24 having just being escalated into Special Measures status on 23<sup>rd</sup> February 2023 and as a result commenced the 2023/24 year with a directly appointed interim Chair and three Independent Members. At the end of the year the Chair, Vice Chair and all Independent Members of the Board had been appointed. I commenced my role on the 3<sup>rd</sup> May 2023 (initially on an Interim basis, and subsequently as a result of a recruitment process as a substantive appointment) and addressing the concerns that necessitated Special Measures has been a focus for me and all the members of the Health Board.

As Accountable Officer for Betsi Cadwaladr University Health Board, based on the assurance process outlined above, I have reviewed the relevant evidence and assurances in respect of internal control. I can report that Board Members are alert to their accountabilities in respect of internal control and that further improvement needs to be made to fully embed our governance and assurance framework and systems of control.

There were eight areas of concern when the Health Board was placed under Special Measures, including Governance and Board Effectiveness. A Special Measures

Response Plan was prepared and approved by the Board in May 2023. The Response Plan focused on five outcomes and took a rapid stabilisation approach of three 90-day cycles running from 1<sup>st</sup> June 2023 to the end of February 2024, giving pace and focus to addressing the challenges faced. The five outcomes were:

- Being a well-functioning Board
- Having a clear, deliverable plan
- Having strong leadership and engagement
- Improving access, outcomes and experience
- Being a learning, self-improving organisation

The five outcomes were designed not only to respond to the list of key issues of concern, and also to start building a more effective organisation able to lay the foundations for long-lasting change. Regular reports have been presented for consideration at the Board and published to enable an open and transparent approach to demonstrating progress.

In respect of governance progress has been made and is set out in the reports from Audit Wales. The appointment of Board members and the development and implementation of all Board Committees has been of critical importance. The Internal Auditor points out that the Risk Management Framework and supporting documents, set out the risk management system within the Health Board, outline clear roles and responsibilities and provide guidance to staff on the requirements for risk management.

Whilst I can report these improvement during 2023/24 it is my opinion that the system of internal controls reports that are outlined in this Annual Governance Statement accurately reflect the significant challenges the Health Board had during 2023/24 and will need to continue to focus on during 2024/25. I outline this below.

The Health Board was unfortunately unable to produce a financially balanced Integrated Medium Term Plan for 2023/24, which was a breach of statutory duty. The Health Board also continues to face significant challenges with workforce, estate, and financial pressures, challenged services, and significant performance issues that have an impact on our population and workforce.

The Health Board's Structured Assessment undertaken by Audit Wales summarises that following significant challenges in 2022 and 2023, the Health Board is more stable and in the process of strengthening key corporate assurance arrangements. Moving forward the Health Board needs a clear strategy to enable it to develop financially sustainable service models that provide good quality services to meet current and future healthcare demand. The Health Board also needs to ensure there is a sufficient assurance on the impact of actions taken to deliver its plans, to mitigate risk, improve service performance and address audit recommendations.

In the Structured Assessment 2023 report, Audit Wales point to the improvements made in governance and outline the need to further strengthen board transparency and effectiveness, corporate systems of assurance, approach to planning and managing financial resources. The findings of the Structured Assessment are also informed by the *Audit Wales Board Effectiveness Follow Up Review 2023*. The

Health Board agrees fully with the Board Effectiveness report's key findings that the Board is more stable, with stronger leadership and engagement evident and as such that there has been significant improvement during 2023/24, however there is much more to do to improve the Health Board's governance. These reports indicate that significant improvements need to be made before an assessment of reasonable assurance on the effectiveness of internal controls can be made.

In relation to managing financial resources, Audit Wales found that despite meeting the statutory duty to spend within allocation for the period 2020-23, the Health Board is facing a significant underlying financial deficit. There is a clear need for a robust financial strategy linked to sustainable and good quality clinical service model.

There is a clear need for a financial strategy to underpin medium to long-term planning that fully considers growth in healthcare demand and supports financially sustainable clinical service models, whilst also removing the underlying deficit. It also needs to be recognised that while the Health Board has managed to reduce its deficit to less than the budgeted amount and close to the Welsh Government's control total, this has been achieved through strict, centralised controls. As financial performance and discipline develops, this will result in a greater level of autonomy, with clear accountability.

As I outline in Section 8 above the overall opinion by the Head of Internal Audit on governance, risk management and control is a function of this risk-based audit programme and contributes to the picture of assurance available to the Board in reviewing effectiveness and supporting our drive for continuing to improve. The Internal Head of Internal Audit opinion is one of limited assurance based on their work throughout 2023/24. From the opinions issued during the year on these reviews, two were allocated Substantial Assurance, eight were allocated Reasonable Assurance, sixteen were allocated Limited Assurance with one allocated an Unsatisfactory assurance opinion. Four advisory or non-opinion reports were also issued.

The Board developed and approved the Betsi Cadwaladr University Health Board Annual Delivery Plan for 2024/25 which sets out key objectives and deliverables for the next 12 months and for a further two years ahead (2024-2027). This plan will help build on the improvements that were made during 2023/24 under the Special Measures Response Plan and align them under clear strategic objectives.

The Health Board has made progress during the year to address some of the issues identified in terms of the governance of the board and committees. Whilst we have made some progress, the Health Board is aware of the deficiencies in internal controls that gave rise to the irregular payments as detailed in the Audit Wales Audit of Accounts Report for the Health Board. The Health Board is strengthening the controls and governance arrangements to ensure these issues identified are addressed and that the Health Board operates in accordance with the appropriate governance arrangements.

Based on the above, I have therefore, concluded, that the Health Boards internal control is immature and there is a need to continue to make further improvements to meet the demands and challenges in 2024/25 and beyond. I will continue to drive

improvements and ensure we focus on these matters and that our Governance and Assurance framework responds to these needs during 2024/25 and beyond to ensure that by being an effective organisation we can further improve the health and well-being of the population of North Wales.

**Signed:**

**Carol Shillabeer**  
**Chief Executive and Accountable Officer**

**Date:**

## Appendix 1 - Board and Committee Membership 2023/24

During 2023 a number of direct appointments were made to the Board. Following the public appointments process, a number of these appointments were made substantive.

The Minister for Health and Social Services made direct appointments to the Board in 2023, these appointments were fixed term appointments for a period of 12 months. Following the public appointments process in 2023/24, the following members were appointed to the Board: Dyfed Edwards, Rhian Watcyn-Jones, Clare Budden and Karen Balmer. Details are below;

Name	Position	Board Committee membership
Dyfed Edwards	Chair	<ul style="list-style-type: none"> <li>• Board Chair (interim to 29.02.24, substantive from 01.03.24)</li> <li>• Chair Remuneration Committee</li> <li>• Member Performance, Finance &amp; Information Governance Committee</li> </ul>
Carol Shillabeer	Chief Executive	<ul style="list-style-type: none"> <li>• Board Member (interim Chief Executive from 03.05.23 to 31.01.24, substantive Chief Executive from 01.02.24)</li> <li>• In attendance Remuneration Committee (<i>from 03.05.23</i>)</li> <li>• Member Local Partnership Forum</li> <li>• Lead Director People and Culture Committee</li> </ul>
Karen Balmer	Independent Member	<ul style="list-style-type: none"> <li>• Board Member (interim from 02.05.23 to 29.02.24, substantive from 01.03.24)</li> <li>• Chair Audit Committee</li> <li>• Member Remuneration Committee</li> <li>• Member Charitable Funds Committee</li> <li>• Member People &amp; Culture Committee (from 01.01.24)</li> </ul>
Clare Budden	Independent Member	<ul style="list-style-type: none"> <li>• Board Member (interim to 29.02.24, substantive from 01.03.24)</li> <li>• Associate Board Member (to 01.05.23)</li> <li>• Chair Stakeholder Reference Group (to 01.05.23)</li> <li>• Chair Planning, Population Health &amp; Partnership Committee (from 01.01.24)</li> <li>• Member Remuneration Committee</li> <li>• Member People &amp; Culture Committee</li> <li>• Member Performance, Finance &amp; Information Governance</li> </ul>
Russell Caldicott	Fixed Term Executive Director of Finance	<ul style="list-style-type: none"> <li>• Board Member (from 03.07.23)</li> <li>• In attendance Audit Committee</li> <li>• Lead Director Charitable Funds Committee</li> <li>• Lead Director Performance, Finance and Information Governance Committee</li> <li>• Member Local Partnership Forum</li> </ul>

<b>Name</b>	<b>Position</b>	<b>Board Committee membership</b>
Gareth Evans	Acting Executive Director Therapies & Health Sciences	<ul style="list-style-type: none"> <li>• Board Member</li> <li>• Lead Director Healthcare Professionals Forum</li> <li>• In attendance Quality, Safety and Experience Committee</li> </ul>
Urtha Felda	Independent Member	<ul style="list-style-type: none"> <li>• Board Member (from 03.11.23)</li> <li>• Member Remuneration Committee</li> <li>• Member Audit Committee (from 15.03.24)</li> </ul>
Christopher Field	Independent Member	<ul style="list-style-type: none"> <li>• Board Member (from 01.03.24)</li> <li>• Member Remuneration Committee</li> <li>• Member Performance, Finance and Information Governance Committee</li> <li>• Member Quality, Safety and Experience Committee</li> <li>• Member of Charitable Funds Committee</li> </ul>
Adele Gittoes	Executive Director of Operations	<ul style="list-style-type: none"> <li>• Board Member (from 01.08.23 to 21.03.24)</li> <li>• In attendance People and Culture Committee</li> <li>• In attendance Performance, Finance and Information Governance Committee</li> </ul>
Sue Green	Executive Director of Workforce & Organisational Development	<ul style="list-style-type: none"> <li>• Board Member (to 30.04.23)</li> <li>• Lead Director Remuneration and Terms of Service Committee</li> <li>• In attendance Performance, Finance and Information Governance Committee</li> <li>• In attendance Partnerships, People and Population Health Committee</li> <li>• Lead Director / Member, Local Partnership Forum</li> <li>• In attendance, Quality, Safety and Experience Committee</li> </ul>
Gill Harris	Executive Director Integrated Clinical Delivery	<ul style="list-style-type: none"> <li>• Board Member (acting Chief Executive from 16.11.23 to 27.03.23)</li> <li>• Member Local Partnership Forum</li> <li>• In attendance Performance, Finance and Information Governance Committee</li> <li>• In attendance Partnerships, People and Population Health Committee</li> <li>• In attendance Audit Committee</li> </ul>
Sue Hill	**Executive Director of Finance	<ul style="list-style-type: none"> <li>• Board Member</li> <li>• In attendance Audit Committee</li> <li>• Lead Director Charitable Funds Committee</li> <li>• Lead Director Performance, Finance and Information Governance Committee</li> <li>• Member Local Partnership Forum</li> </ul>
Cllr Dyfed Jones LA	Independent Member	<ul style="list-style-type: none"> <li>• Board Member (from 22.05.23)</li> <li>• Chair People &amp; Culture Committee</li> <li>• Member Remuneration Committee</li> <li>• Member Audit Committee</li> </ul>

<b>Name</b>	<b>Position</b>	<b>Board Committee membership</b>
Professor Mike Larvin	Independent Member	<ul style="list-style-type: none"> <li>• Board Member (from 10.04.23)</li> <li>• Member QSE (from 19.05.23)</li> <li>• Member Remuneration Committee</li> </ul>
Dr Nick Lyons	Executive Medical Director / Deputy Chief Executive Officer	<ul style="list-style-type: none"> <li>• Board Member (acting Chief Executive to 02.05.23)</li> <li>• In attendance Quality, Safety and Experience Committee</li> <li>• Member Charitable Funds Committee</li> <li>• In attendance Remuneration &amp; Terms of Service Committee</li> <li>• In attendance Strategy, Partnerships and Population Health Committee</li> </ul>
Molly Marcu	* Fixed Term Board Secretary	<ul style="list-style-type: none"> <li>• Interim Board Secretary (to 27.04.23)</li> <li>• In attendance Audit Committee</li> <li>• In attendance Remuneration and Terms of Service Committee</li> </ul>
Phil Meakin	*Acting Board Secretary	<ul style="list-style-type: none"> <li>• Acting Board Secretary (from 18.04.23)</li> <li>• In attendance Audit Committee</li> <li>• In attendance Remuneration and Terms of Service Committee</li> </ul>
Jane Moore	Acting Executive Director of Public Health	<ul style="list-style-type: none"> <li>• Board Member (from 19.01.24)</li> <li>• In attendance Quality, Safety and Experience Committee</li> <li>• In attendance Partnerships, People and Population Health Committee</li> </ul>
William Nichols	Independent Member	<ul style="list-style-type: none"> <li>• Board Member (from 01.03.24)</li> <li>• Member Remuneration Committee</li> <li>• Member Local Partnership Forum</li> <li>• Member People &amp; Culture Committee</li> <li>• Member Planning, Population Health &amp; Partnerships Committee</li> </ul>
Teresa Owen	Executive Director of Public Health	<ul style="list-style-type: none"> <li>• Board Member (to 18.01.24)</li> <li>• Lead Director Mental Health and Capacity Compliance Committee</li> <li>• In attendance Quality, Safety and Experience Committee</li> <li>• In attendance Partnerships, People and Population Health Committee</li> </ul>
Mike Parry	*Associate Member	<ul style="list-style-type: none"> <li>• Associate Board Member (from 24.10.23)</li> <li>• Chair of Stakeholder Reference Group</li> </ul>
Fôn Roberts	*Associate Member	<ul style="list-style-type: none"> <li>• Associate Board Member (from 29.07.22)</li> <li>•</li> </ul>
Lesley Singleton	Interim Independent Member	<ul style="list-style-type: none"> <li>• Board Member (from 05.02.23 to 30.05.23)</li> <li>• Member Remuneration Committee</li> </ul>
Dr Chris Stockport	Executive Director of	<ul style="list-style-type: none"> <li>• Board Member</li> <li>• In attendance, Quality, Safety and Experience Committee</li> </ul>

<b>Name</b>	<b>Position</b>	<b>Board Committee membership</b>
	Transformation, and Planning	<ul style="list-style-type: none"> <li>• Lead Director Partnerships, People and Population Health Committee</li> <li>• In attendance Performance, Finance and Information Governance Committee</li> </ul>
Dr Caroline Turner	Independent Member	<ul style="list-style-type: none"> <li>• Board Member (from 03.11.23)</li> <li>• Member Remuneration Committee</li> <li>• Member Planning, Population Health &amp; Partnership Committee (from 01.01.24)</li> </ul>
Rhian Watcyn Jones	Independent Member	<ul style="list-style-type: none"> <li>• Board Member (interim to 29.02.24, substantive from 01.03.24)</li> <li>• Chair Quality, Safety and Experience Committee</li> <li>• Member Remuneration Committee</li> </ul>
Steve Webster	Fixed Term Executive Director of Finance	<ul style="list-style-type: none"> <li>• Board Member (to 22.06.23)</li> <li>• In attendance Audit Committee</li> <li>• Lead Director Charitable Funds Committee</li> <li>• Lead Director Performance, Finance and Information Governance Committee</li> <li>• Member Local Partnership Forum</li> </ul>
Gareth Williams	Vice Chair	<ul style="list-style-type: none"> <li>• Board Member (interim Independent Member to 02.11.23, substantive from 03.11.23)</li> <li>• Vice Chair (from 03.11.23)</li> <li>• Chair Performance, Finance &amp; Information Governance Committee (from 12.05.23)</li> <li>• Member Remuneration Committee</li> <li>• Member Audit Committee (from 15.05.23)</li> <li>• Member Planning, Population Health &amp; Partnership Committee (from 01.01.24)</li> </ul>
Jane Wild	*Associate Member	<ul style="list-style-type: none"> <li>• Associate Board Member</li> <li>• In attendance Quality, Safety &amp; Experience Committee</li> </ul>
Angela Wood	Executive Director Nursing and Midwifery	<ul style="list-style-type: none"> <li>• Board Member</li> <li>• Lead Director Quality, Safety and Experience Committee</li> <li>• Member Local Partnership Forum</li> <li>• In attendance Performance, Finance and Information Governance Committee</li> <li>• In attendance Partnerships, People and Population Health Committee</li> </ul>

**NB** Positions marked as \* are not formal members of the Board for voting purposes  
Positions marked as \*\* relate to S Hill (on leave of absence as at 31.03.24, effective from 05.12.22)

## **Audit Committee**

The Audit Committee membership during the year comprised:

### **For the period covering from 1<sup>st</sup> April 2023 to 24<sup>th</sup> July 2023**

Chair	Karen Balmer	Independent Member
Member	Gareth Williams	Independent Member

#### **In Attendance**

Lead Director	Phil Meakin	Acting Board Secretary
Lead Directors Finance	Steve Webster	Fixed Term Executive Director of Finance

### **For the period covering from 24<sup>th</sup> July 2023 to 12<sup>th</sup> January 2024**

Chair	Karen Balmer	Independent Member
Member	Gareth Williams	Independent Member
Member	Dyfed Jones	Independent Member

#### **In Attendance**

Lead Directors	Phil Meakin	Acting Board Secretary
Lead Directors Finance	Russell Caldicott	Fixed Term Executive Director of Finance

### **For the period covering 12<sup>th</sup> January 2024 to 31<sup>st</sup> March 2024**

Chair	Karen Balmer	Independent Member
Member	Urtha Felda	Independent Member
Member	Dyfed Jones	Independent Member

#### **In Attendance**

Lead Directors	Phil Meakin	Acting Board Secretary
Lead Directors Finance	Russell Caldicott	Fixed Term Executive Director of Finance

## Appendix 2 - Meetings of the Health Board and Committees held in public 2023/24

Meeting	April 2023	May 2023	June 2023	July 2023	Aug 2023	Sept 2023	Oct 2023	Nov 2023	Dec 2023	Jan 2024	Feb 2024	March 2024
Health Board		25/05/23	22/06/23	31/07/23	24/08/23	27/09/23 28/09/23		30/11/23		25/01/24		28/03/24
Quality, Safety & Experience Committee		19/05/23	20/06/23	25/07/23	22/08/23		27/10/23		19/12/23		24/02/24	
Performance, Finance and Information Governance Committee		12/05/23	30/06/23			01/09/23		2/11/23			22/02/24	
Remuneration and Terms of Service Committee	28/04/23		13/06/23	17/07/23	24/08/23	28/09/23		14/11/23		23/01/24		22/03/24
Mental Health and Capacity Compliance Committee									14/12/23	11/01/24		
Audit Committee		15/05/23			24/08/23	15/09/23		16/11/23		12/01/24		15/03/24
Charitable Funds Committee				4/07/23			3/10/23			11/01/24 23/01/24		

<b>Planning, Population Health &amp; Partnerships Committee</b>											<b>10/01/24</b>		
<b>People &amp; Culture Committee</b>											<b>12/01/24</b>		

**NB Remuneration Committee:** The name of the Committee changed from Remuneration and Terms of Service Committee to Remuneration Committee from 13/06/23. The Committee meets in private due to the confidentiality of the issues.

**Mental Health Legislation Committee:** The name of the Committee changed from Mental Health and Capacity Compliance Committee to Mental Health Legislation Committee from 25/01/24. The Committee meets on a quarterly basis. The Committee met in private on 14/12/23 due to confidentiality reasons.

**Charitable Funds Committee:** The Committee meets on a quarterly basis.

**People and Culture Committee:** The Committee held an inaugural meeting on 12/01/24 and met formally after the year end on 11/04/24.

**Planning, Population Health and Partnerships Committee:** The Committee held an inaugural meeting on 10/01/24 and met formally after the year end on 23/04/24.

### Appendix 3 - BCUHB Health Board Member Attendance at Board Meetings held in public 2023/24

Y = Present N = Not Present

Name	Position	25/05/23	22/06/23	31/07/23	24/08/23	27/09/23	28/09/23	30/11/23	25/01/24	28/03/24
<b>Dyfed Edwards</b>	Chair	Y	Y	Y	Y	Y	Y	Y	Y	Y
<b>Carol Shillabeer</b>	Chief Executive Officer	Y	Y	Y	Y	Y	Y	Y	Y	Y
<b>Karen Balmer</b>	Independent Member		Y	Y	Y	Y	Y	N	Y	Y
<b>*Jason Brannan</b>	Deputy Director of Workforce and Organisation		Y	Y	Y	Y	Y	N	N	Y
<b>Clare Budden</b>	Associate Member /Independent Member	Y	Y	Y	Y	Y	Y	Y	Y	Y
<b>Russell Caldicott</b>	Fixed Term Executive Director of Finance			Y	Y	Y	Y	Y	Y	Y
<b>Gareth Evans</b>	Acting Executive Director of Therapies & Health Services	Y	Y	Y	N	Y	Y	Y	Y	Y
<b>Urtha Felda</b>	Independent Member							Y	Y	Y
<b>Christopher Field</b>	Independent Member									Y
<b>Adele Gittoes</b>	Fixed Term Executive Director of Operations				Y	N	N	Y	Y	N
<b>Dyfed Jones</b>	Independent Member				Y	Y	Y	Y	Y	Y
<b>Professor Mike Larvin</b>	Independent Member	Y	Y	Y	N	Y	Y	Y	Y	Y



<b>Name</b>	<b>Position</b>	<b>25/05/23</b>	<b>22/06/23</b>	<b>31/07/23</b>	<b>24/08/23</b>	<b>27/09/23</b>	<b>28/09/23</b>	<b>30/11/23</b>	<b>25/01/24</b>	<b>28/03/24</b>
<b>Gareth Williams</b>	Independent Member / Vice Chair	Y	Y	Y	N	Y	Y	Y	Y	Y
<b>Jane Wild</b>	Associate Member	Y	Y	N	Y	N	Y	Y	Y	Y
<b>Angela Wood</b>	Executive Director of Nursing and Midwifery	Y	Y	Y	Y	Y	Y	N	Y	Y

**NB** Roles noted with an \* are not Board members, they attend all meetings of the Board

## Appendix 4 – Summary of Business Considered by the Board During 2023/24

Over the year, the Board considered a number of key issues and took action where appropriate. These are summarised below:

### **Standing Items:**

Minutes from previous meetings

Patient Story

Report of the Chair

Report of the Vice Chair

Report of the Interim Chief Executive / Chief Executive

Corporate Governance report

Performance Reports:

- Special Measures
- Finance Reports
- Integrated Performance
- Integrated Quality
- Annual Delivery Plan for 2023 – 2024
- Integrated Medium Term Plan 2024/27

Quality & Patient Safety

Update of Register of Approved Clinicians and of Section 12(2) Doctors

Assurance Reports from Board Committees, Advisory Groups, Partnerships and Joint Committees

Corporate Risk Register

### **Board approved the following items:**

Community Complex Conditions Service Business Case

Anglesey and Gwynedd Well-Being Plan for 2023 – 2028

Committee Terms of Reference and Cycles of Business

Welsh Health Specialised Services Committee Governance and Accountability Framework

Annual Review of the Declarations of Interest Register and Register of Gifts and Hospitality

Smoke Free Policy

Annual Audited Accounts for 2022/23

Audit Wales Audit Report on the Financial Statement 2022/23

Annual Report 2022/23

Annual Governance Statement 2022/23

Development of an Elective Orthopaedic Surgical Hub at Llandudno Hospital – Business Case

Risk Management Framework

Culture, Leadership and Engagement

Welsh Language Annual Monitoring Report 2022/23

Partnerships Report

Review of the Health Board Scheme of Reserved Delegation

Review of the Health Board Standing Financial Instruction

Response to Emergency Medical Retrieval and Transfer Service Review

**Board noted the following items:**

Staff Survey and Actions

Nurse Staffing Levels

Joint Report of the Welsh Health Specialised Services Committee, Emergency Ambulance Services Committee, and Shared Services Partnership

Executive Director of Public Health Annual Report 2022/23 – *‘Collective action for a healthier North Wales – taking a whole system approach’*

BCUHB Winter Resilience Planning 2023/24

Equality Annual Report 2022/23

Citizen Experience Report

Audit Wales Report on Board Effectiveness and Responses

Strategic Equality Plan 2024 - 2028

Royal Alexandra Business Case

Establishment of the NHS Wales Joint Commissioning Committee as a Joint Committee of Local Health Boards in NHS Wales

**Board considered the following items:**

Vascular Quality Panel Report (now sits under Integrated Performance Report)

Anglesey and Gwynedd Well-Being Plan