

Bundle Audit Committee 24 August 2023

- 1 AC23.54 Welcome, introductions and apologies for absence
AC23.54 AC Agenda 24.08.23 v.f
- 2 AC23.55 Declarations of interest on current agenda
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- 5 AC23.58 ANNUAL ACCOUNTS 2022-23
- 6 AC23.59 Annual Accounts 2022-23 Publications
- 6.A AC23.60 Audited Annual Accounts 2022/23
AC23.60a Audited Annual Accounts 2022-23 – Audit Committee
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- 6.B AC23.61 Audit Wales Audit Report on the Financial Statement 2022-23
AC23.61a Audit Wales Audit of Accounts Report 2022-23 – Audit Committee
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- 6.C AC23.62 Annual Report 2022/23
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- 6.D AC23.63 Annual Governance Statement 2022/23
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- 7 AC23.64 Head of Internal Audit Opinion
AC23.64a HIA annual opinion and report
AC23.64b BCUHB HIA Opinion and Annual Report 2022-23
- 8 AC23.65 Structured Assessment Response
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- 9 AC23.66 Audit Wales – Audit Committee Update
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- 10 CLOSING BUSINESS Next Meeting 15 September 2023



Agenda Audit Committee

Date 24 August 2023
Time 09:30 -11:30
Location Optic Centre, St Asaph Business Park
Chair Karen Balmer

Agenda item	Item	Lead	Action	Paper/Verbal
1.0 OPENING ADMINISTRATION				
1.1	Welcome, introductions and apologies for absence	Chair	Information	Verbal report [2 mins]
1.2	Declarations of interest on current agenda	Chair	Decision	Verbal Report
2.0 ANNUAL ACCOUNTS 2022-23				
2.1	Annual Accounts and Publications 2022/23:			[45 mins]
Part A	Audited Annual Accounts 2022/23	Interim Executive Director of Finance	Approval	Report
Part B	Audit Wales Audit Report on the Financial Statement 2022/23	Audit Wales	Information	Report
Part C	Annual Report 2022/23	Chief Executive	Approval	Report
Part D	Annual Governance Statement 2022/23	Interim Board Secretary/Interim Executive Director of Finance Chair/Interim	Approval	Report
2.2	Head of Internal Audit Opinion	Director of Audit & Assurance	Information	Report [5 mins]
2.3	Structured Assessment Response	Audit Wales/Interim Board Secretary	Information	Report [15 mins]
2.4	Audit Committee Update	Audit Wales	Information	Report [5 mins]
3.0 CLOSING BUSINESS				
3.1	Reflections on meeting	Chair	Information	Verbal
3.2	New Risks	Chair	Information	Verbal
3.3	Date of Next Meeting: 15 September 2023	Chair	Information	Verbal
3.4	Exclusion of Public and Press for Private Meeting			



MEMBERS	
Name	Title
Karen Balmer	Independent Member, Chair
Dyfed Jones	Independent Member
Gareth Williams	Independent Member
In attendance	
Jason Brannon	Deputy Director of Workforce
Clare Budden	Independent Member
Russell Caldicott	Executive Director of Finance
Simon Cookson	Internal Audit
Richard Coxon	Interim Head of Corporate Affairs (minutes)
Dyfed Edwards	Independent Member/Health Board Chair
Gareth Evans	Acting Executive Director Therapies & Health Science
Adele Gittoes	Interim Executive Director of Operations
Andrea Hughes	Interim Director of Finance
Rhian Watcyn Jones	Independent Member
Mike Larvin	Independent Member
Dr Nick Lyons	Executive Medical Director
Phil Meakin	Interim Board Secretary
Teresa Owen	Executive Director of Public Health
Dylan Roberts	Chief Digital and Information Officer Digital, Data and Technology
Fôn Roberts	Associate Member
Carol Shillabeer	Interim Chief Executive Officer
Helen Stevens-Jones	Director Of Partnerships/Communications and Engagement
Chris Stockport	Executive Director of Transformation, Strategic Planning & Commissioning
Dave Thomas	Audit Wales
Tony Uttley	Interim Director of Finance
Karl Woodward	Head of Local Counter Fraud Services
Angela Wood	Executive Director of Nursing & Midwifery



Teitl adroddiad: Report title:	Annual Financial Statements 2022-23
Adrodd i: Report to:	Audit Committee
Dyddiad y Cyfarfod: Date of Meeting:	24 August 2023
Crynodeb Gweithredol: Executive Summary:	<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 2022/23 unaudited annual financial statements were submitted to Welsh Government and Audit Wales on 5th May 2023, with the accounts presented to Audit Committee in May 2023 and further reviewed at the Audit Committee Workshop of 24th July 2023 (see appendix 2).</p> <p>The audit was technically challenging owing to a quinquennial valuation being undertaken (5-year valuation of estate) combined with indexation of assets from revaluation to close of the financial year, and further the implementation of International Financial Reporting Standard (IFRS) 16 for recognition of leases within the balance sheet.</p> <p>The Health Board was unable to file the audited accounts as required by Welsh Government of 31 July 2023 due to these difficulties, agreeing to present the audited accounts by 31 August 2023.</p> <p>Audit Wales will present to members their findings following the Audit of the Financial Statements, key elements to highlight from management being;</p> <ul style="list-style-type: none">• The outturn for the year from draft to final remains consistent (no changes to outturn post audit)• The closing balances contained within the Balance Sheet for 2022/23 are supported by Audit Wales as being a true and fair view of the closing position for the Health Board <p>Audit Wales findings identified a number of non-material adjustments, management actioning the changes where practical to do so. However, three items remain unadjusted, these do not impact on the opinion issued by Audit Wales.</p> <p>However, the Health Board Accounts for 2022/23 will receive an adverse opinion (Qualification) owing to the 2021/22 opinion and a regulatory breach in approval of an interim appointment.</p> <p>The audited annual financial statements now require recommendation for approval by the Audit Committee to Health</p>

	<p>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 2022/23 Annual Accounts to the Health Board following consideration of Audit Wales findings on review of the Financial Statements.</p>			
Argymhellion: Recommendations:	<p>The Audit Committee are requested to recommend adoption of the 2022/23 Annual Accounts to the Health Board following consideration of Audit Wales findings on review of the Financial Statements.</p>			
Arweinydd Gweithredol: Executive Lead:	<p>Mr Russell Caldicott - Interim Executive Director of Finance</p>			
Awdur yr Adroddiad: Report Author:	<p>Mr Russell Caldicott - Interim Executive Director of Finance</p>			
Pwrpas yr adroddiad: Purpose of report:	<p>I'w Nodi <i>For Noting</i> <input type="checkbox"/></p>	<p>I Benderfynu arno <i>For Decision</i> <input checked="" type="checkbox"/></p>	<p>Am sicrwydd <i>For Assurance</i> <input type="checkbox"/></p>	
Lefel sicrwydd: Assurance level:	<p>Arwyddocaol <i>Significant</i> <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> <input checked="" type="checkbox"/></p> <p>Lefel gyffredinol 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> <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> <input type="checkbox"/></p> <p>Dim hyder/tystiolaeth o ran y ddarpariaeth</p> <p><i>No confidence / evidence in delivery</i></p>
<p>The assurance level for this paper is rated as acceptable, as whilst the closing balances for 2022/23 contained within the balance sheet are considered a true and fair representation of the Health Boards financial standing, the opinion remains a qualification (adverse opinion) from Audit Wales in regards to the 2021/22 financial year and these closing balances becoming the 2022/23 opening balances.</p>				
<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>				
Cyswllt ag Amcan/Amcanion Strategol: Link to Strategic Objective(s):		<p>Evidences performance against regulatory financial requirements through production and audit of financial information.</p>		
Goblygiadau rheoleiddio a lleol: Regulatory and legal implications:		<p>Statutory requirement to prepare a set of audited annual financial statements in a standard format by Welsh Government.</p>		
Yn unol â WP7, a oedd EqlA yn angenrheidiol ac a gafodd ei gynnal?		<p>Health Board's annual financial statements are made publicly available in bilingual</p>		

<i>In accordance with WP7 has an EqIA been identified as necessary and undertaken?</i>	format once approved by the Audit Committee and Health Board.
<i>Yn unol â WP68, a oedd SEIA yn angenrheidiol ac a gafodd ei gynnal?</i> <i>In accordance with WP68, has an SEIA identified as necessary been undertaken?</i>	A socio-economic impact assessment has not been identified as being necessary for the preparation, audit and approval of the Health Board's financial statements.
Manylion am risgiau sy'n gysylltiedig â phwnc a chwmpas y papur hwn, gan gynnwys risgiau newydd (croesgyfeirio at y BAF a'r CRR) <i>Details of risks associated with the subject and scope of this paper, including new risks(cross reference to the BAF and CRR)</i>	Audit Wales has completed their audit of the Health Board's 2022-23 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.
Goblygiadau ariannol o ganlyniad i roi'r argymhellion ar waith <i>Financial implications as a result of implementing the recommendations</i>	The annual financial statements provide details of financial performance against Welsh Government's annual and three-year rolling period targets.
Goblygiadau gweithlu o ganlyniad i roi'r argymhellion ar waith <i>Workforce implications as a result of implementing the recommendations</i>	N/A
Adborth, ymateb a chrynodeb dilynol ar ôl ymgynghori <i>Feedback, response, and follow up summary following consultation</i>	N/A
Cysylltiadau â risgiau BAF: (neu gysylltiadau â'r Gofrestr Risg Gorfforaethol) <i>Links to BAF risks:</i> (<i>or links to the Corporate Risk Register</i>)	BAF Risk Risk of the Health Board's failure to meet the break-even duty.
Rheswm dros gyflwyno adroddiad i bwyllgor cyfrinachol (lle bo'n berthnasol) <i>Reason for submission of report to confidential Committee (where relevant)</i>	N/A
Camau Nesaf: Gweithredu argymhellion Next Steps: Implementation of recommendations Recommendation by members for the Health Board to endorse the financial accounts for 2022/23 by Health Board	
Rhestr o Atodiadau: List of Appendices: Appendix 1 – Audited Annual Financial Statements 2022-23	

Appendix 2 – Audit Committee presentation (extract) on Financial Statements 2022-23
Appendix 3 – Audit enquiries to those charged with governance and management

The (a) Certificate and independent auditor's report of the Auditor General (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 – 24th August 2023

Report on Financial Accounts 2022/23 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 2022/23 unaudited annual financial statements were submitted to Welsh Government and Audit Wales on 5th May 2023, 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 in May 2023 and further within the Audit Committee Workshop of the 24th July 2023.

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 managements 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

For the 2021/22 financial accounts the Health Board received a qualification (an adverse opinion) from Audit Wales in relation to balances that required further substantive testing. These closing balances became the opening balances for 2022/23 and thus have an impact on the opinion offered for 2022/23 also.

In addition, the 2022/23 financial year was technically very challenging, owing to a quinquennial valuation being undertaken (5-year valuation of estate) combined with indexation of assets from revaluation to close of the financial year and further the implementation of International Financial Reporting Standard (IFRS) 16 for recognition of leases within the balance sheet (all a requirement for inclusion within the 2022/23 reporting period).

The further receipt of an adverse audit opinion owing to 2021/22 closing balances (these being the opening balances for 2022/23) and technical nature of the audit

resulted in the Health Board being unable to file the audited accounts as required by Welsh Government by 31st July 2023, agreeing to present the audited accounts by 31st August 2023.

3.0 Key findings

There are learnings from the production of draft accounts by management through to Audit of the financial statements and engagement with Audit Wales, with management and Audit Wales agreeing to meet post the filing of accounts to ensure future accounts production is enhanced from capturing the learning from 2022/23, examples being concluding pre-closedown audit work and articulation and support in advance of accounts production for areas of key judgement.

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;

- The outturn for the year from draft to final remains consistent (no changes to outturn post audit of the financial statements)
- The closing balances contained within the Balance Sheet for 2022/23 are supported by Audit Wales as being a true and fair view of the closing position for the Health Board

Audit Wales findings identified a number of non-material adjustments, management actioning the changes where practical to do so. However, three non-material items remain unadjusted, these do not impact on the opinion issued by Audit Wales and will be discussed by Audit Wales in their report to members.

However, the Health Board Accounts for 2022/23 will receive an adverse opinion (Qualification) owing to the 2021/22 opinion and a regulatory breach in approval of an interim appointment.

4.0 Summary

The Annual Accounts for 2022/23 reported performance has not moved from draft to final outturn, with only non-material misstatements identified by Audit Wales that largely have been amended for and relate to the notes to the Accounts. The closing balance sheet for 2022/23 offering a true and fair position of the financial standing of the Health Board.

However, the accounts for 2022/23 will receive an adverse opinion (a qualification) for 2022/23 owing largely to the qualification received in 2021/22, with the closing balances from this period the opening balances for 2022/23.

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 2022/23 Annual Accounts
- Recommendation for Health Board to adopt the final accounts for 2022/23
- 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 2022/23 to embed the learning to enhancing the reporting and auditing of financial statements for the 2024/25 financial year.

6.0 Appendix 1 – Audit Committee presentation on Accounts 2022/23 (extract).

Cyflawniad o fetrigau allweddol Delivery of key metrics

		£million
Net operating costs	2022-23	£1,993.1m
Revenue Resource Allocation	2022-23	£1,993.5m
Tanwariant yn erbyn Terfyn Adnoddau Refeniw Underspend of Revenue Resource Allocation	2022-23	£0.4m
Tanwariant 2021-22 Underspend in 2021-22	2021-22	£0.3m
Tanwariant 2020-21 Underspend in 2020-21	2020-21	£0.5m
Cyfanswm tanwariant Cumulative underspend	2020-21 to 2022-23	£1.2m
Tanwariant o ddyraniad adnoddau cyfalaf Underspend of Capital Resource Allocation (£29.3m)	2022-23	£0.029m
Nifer o anfonebau heb fod yn GIG a dalwyd o fewn 30 diwrnod / Number of non-NHS invoices paid within 30 days	2022-23	95%

**Achievement of first
financial duty:**

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

**Delivered programme
within resource limit**

Met target

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 following implementation of the Welsh Government's One Wales National Reform Programme for the NHS in Wales and the merger of North Wales NHS Trust, North West Wales NHS Trust and the following six former Local Health Boards:

Anglesey Local Health Board
Conwy Local Health Board
Denbighshire Local Health Board
Flintshire Local Health Board
Gwynedd Local Health Board
Wrexham Local Health Board

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

Performance Management and Financial Results

Welsh Health Circular WHC/2016/054 replaces WHC/2015/014 'Statutory and Administrative Financial Duties of NHS Trusts and Local Health Boards' and further clarifies the statutory financial duties of NHS Wales bodies and is effective for 2022-23. 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 2023

	Note	2022-23 £000	2021-22 £000
Expenditure on Primary Healthcare Services	3.1	342,928	340,935
Expenditure on healthcare from other providers	3.2	447,773	428,395
Expenditure on Hospital and Community Health Services	3.3	1,356,042	1,260,458
		2,146,743	2,029,788
Less: Miscellaneous Income	4	(155,369)	(156,644)
LHB net operating costs before interest and other gains and losses		1,991,374	1,873,144
Investment Revenue	5	0	0
Other (Gains) / Losses	6	(16)	219
Finance costs	7	(23)	(10)
Net operating costs for the financial year		1,991,335	1,873,353

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 26.

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

Other Comprehensive Net Expenditure

	2022-23	2021-22
	£000	£000
Net (gain) / loss on revaluation of property, plant and equipment	(72,188)	(16,545)
Net (gain)/loss on revaluation of right of use assets	0	0
Net (gain) / loss on revaluation of intangibles	0	0
(Gain) / loss on other reserves	0	0
Net (gain)/ loss on revaluation of PPE & Intangible assets held for sale	0	0
Net (gain)/loss on revaluation of financial assets held for sale	0	0
Impairment and reversals	0	0
Transfers between reserves	0	0
Transfers to / (from) other bodies within the Resource Accounting Boundary	0	0
Reclassification adjustment on disposal of available for sale financial assets	0	0
Other comprehensive net expenditure for the year	(72,188)	(16,545)
Total comprehensive net expenditure for the year	1,919,147	1,856,808

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

Statement of Financial Position as at 31 March 2023

		31 March 2023 £000	31 March 2022 £000
	Notes		
Non-current assets			
Property, plant and equipment	11	672,558	617,716
Right of Use Assets	11.3	35,314	
Intangible assets	12	1,536	988
Trade and other receivables	15	78,888	63,074
Other financial assets	16	0	0
Total non-current assets		788,296	681,778
Current assets			
Inventories	14	20,308	19,106
Trade and other receivables	15	77,387	105,783
Other financial assets	16	0	0
Cash and cash equivalents	17	2,913	6,678
		100,608	131,567
Non-current assets classified as "Held for Sale"	11	0	0
Total current assets		100,608	131,567
Total assets		888,904	813,345
Current liabilities			
Trade and other payables	18	(237,833)	(257,141)
Other financial liabilities	19	0	0
Provisions	20	(34,309)	(52,031)
Total current liabilities		(272,142)	(309,172)
Net current assets/ (liabilities)		(171,534)	(177,605)
Non-current liabilities			
Trade and other payables	18	(28,030)	(841)
Other financial liabilities	19	0	0
Provisions	20	(76,673)	(61,998)
Total non-current liabilities		(104,703)	(62,839)
Total assets employed		512,059	441,334
Financed by :			
Taxpayers' equity			
General Fund		304,389	298,002
Revaluation reserve		207,670	143,332
Total taxpayers' equity		512,059	441,334

The financial statements on pages 2 to 7 were approved by the Board on 24th August 2023 and signed on its behalf by:

Interim Chief Executive and Accountable Officer:

Date: 24th August 2023

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
Changes in taxpayers' equity for 2022-23			
Balance as at 31 March 2022	298,002	143,332	441,334
NHS Wales Transfer	0	0	0
RoU Asset Transitioning Adjustment	1,092	0	1,092
Balance at 1 April 2022	299,094	143,332	442,426
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
Total recognised income and expense for 2022-23	(1,983,385)	64,338	(1,919,047)
Net Welsh Government funding	1,950,306		1,950,306
Notional Welsh Government Funding	38,374		38,374
Balance at 31 March 2023	304,389	207,670	512,059

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

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

Statement of Changes in Taxpayers' Equity For the year ended 31 March 2022

	General Fund £000	Revaluation Reserve £000	Total Reserves £000
Changes in taxpayers' equity for 2021-22			
Balance at 31 March 2021	288,642	132,567	421,209
NHS Wales Transfer	0	0	0
RoU Asset Transitioning Adjustment	0	0	0
Balance at 1 April 2021	288,642	132,567	421,209
Net operating cost for the year	(1,873,353)	0	(1,873,353)
Net gain/(loss) on revaluation of property, plant and equipment	0	16,545	16,545
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	5,780	(5,780)	0
Release of reserves to SoCNE	0	0	0
Transfers to/from LHBs	0	0	0
Total recognised income and expense for 2021-22	(1,867,573)	10,765	(1,856,808)
Net Welsh Government funding	1,841,350	0	1,841,350
Notional Welsh Government Funding	35,583	0	35,583
Balance at 31 March 2022	298,002	143,332	441,334

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

Transfers between reserves represents the balance held in the revaluation reserve for non-current assets disposed during the year (£153,000) and additional depreciation charged on assets that had been subject to an upward revaluation (£5,627,000).

Statement of Cash Flows for year ended 31 March 2023

	2022-23	2021-22
	£000	£000
Cash Flows from operating activities		
Net operating cost for the financial year	(1,991,335)	(1,873,353)
Movements in Working Capital	27 (7,018)	(28,644)
Other cash flow adjustments	28 104,097	136,299
Provisions utilised	20 (26,517)	(29,640)
Net cash outflow from operating activities	(1,920,773)	(1,795,338)
Cash Flows from investing activities		
Purchase of property, plant and equipment	(28,749)	(43,644)
Proceeds from disposal of property, plant and equipment	16	294
Purchase of intangible assets	(933)	(390)
Proceeds from disposal of intangible assets	0	0
Payment for other financial assets	0	0
Proceeds from disposal of other financial assets	0	0
Payment for other assets	0	0
Proceeds from disposal of other assets	0	0
Net cash inflow/(outflow) from investing activities	(29,666)	(43,740)
Net cash inflow/(outflow) before financing	(1,950,439)	(1,839,078)
Cash Flows from financing activities		
Welsh Government funding (including capital)	1,950,306	1,841,350
Capital receipts surrendered	0	0
Capital grants received	460	1,221
Capital element of payments in respect of finance leases and on-SoFP PFI Schemes	(59)	(57)
Capital element of payments in respect of on-SoFP PFI	0	0
Capital element of payments in respect of Right of Use Assets	(4,033)	0
Cash transferred (to)/ from other NHS bodies	0	0
Net financing	1,946,674	1,842,514
Net increase/(decrease) in cash and cash equivalents	(3,765)	3,436
Cash and cash equivalents (and bank overdrafts) at 1 April 2022	6,678	3,242
Cash and cash equivalents (and bank overdrafts) at 31 March 2023	2,913	6,678

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 (LHB) in Wales shall meet the accounting requirements of the NHS Wales Manual for Accounts. Consequently, the following financial statements have been prepared in accordance with the 2022-23 Manual for Accounts. The accounting policies contained in that manual follow the 2022-23 Financial Reporting Manual (FRoM) 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 FRoM. 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.

At the end of the 2022-23 financial year employees were permitted to carry over up to 37.5 hours (pro rata) unused annual leave to 2023-24 with line manager authorisation. In extenuating circumstances (where a clear organisational need had prevented employees from taking annual leave) up to 75 hours (pro rata) carry over was permitted subject to an appropriate level of approval.

The cost of leave earned but not taken by employees at the end of the financial period is recognised in the financial statements to the extent the employees are permitted to carry forward leave into the following period.

1.4.2. Retirement benefit costs

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

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

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 Betsi Cadwaladr University 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 has been employed 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 entity] 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 entity will not apply IFRS 16 to any new leases of in tangible assets applying the treatment described in section 1.14 instead.

The entity 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 Betsi Cadwaladr University LHB has assessed that in all other respects these arrangements meet the definition of a lease under the standard.

The entity 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 entity 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% has 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 Betsi Cadwaladr University LHB applies a revised rate to the remaining lease liability.

Where existing leases are modified Betsi Cadwaladr University 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 Betsi Cadwaladr University LHB.

1.11.2 Betsi Cadwaladr University LHB as lessor (where relevant)

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 Betsi Cadwaladr University's net investment in the leases. Finance lease income is allocated to accounting periods to reflect a constant periodic rate of return on Betsi Cadwaladr University 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 Betsi Cadwaladr University 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 Betsi Cadwaladr University 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 NHS Wales organisation has a present legal or constructive obligation as a result of a past event, it is probable that the NHS Wales organisation will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the expenditure required to settle the obligation at the end of the reporting period, taking into account the risks and uncertainties. Where a provision is measured using the cash flows estimated to settle the obligation, its carrying amount is the present value of those cash flows using the discount rate supplied by HM Treasury.

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

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

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

1.14.1. Clinical negligence and personal injury costs

The Welsh Risk Pool Services (WRPS) operates a risk pooling scheme which is co-funded by the Welsh Government with the option to access a risk sharing agreement funded by the participative NHS Wales bodies. The risk sharing option was implemented in both 2021-22 and 2022-23. The WRP is hosted by Velindre NHS University Trust.

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

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

In March 2019, the Minister issued a Direction to Velindre NHS Trust to enable Legal and Risk Services to operate the Scheme. The GMPI is underpinned by new secondary legislation, The NHS (Clinical Negligence Scheme) (Wales) Regulations 2019 which came into force on 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 NHS Wales organisation becomes party to the financial instrument contract or, in the case of trade receivables, when the goods or services have been delivered. Financial assets are derecognised when the contractual rights have expired or the asset has been transferred.

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

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

1.16.1. Financial assets are initially recognised at fair value

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

1.16.2. Financial assets at fair value through SoCNE

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

1.16.3 Held to maturity investments

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

1.16.4. Available for sale financial assets

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

1.16.5. Loans and receivables

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

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

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

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

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

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

1.17. Financial liabilities

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

1.17.1. Financial liabilities are initially recognised at fair value

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

1.17.2. Financial liabilities at fair value through the SoCNE

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

1.17.3. Other financial liabilities

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

1.18. Value Added Tax (VAT)

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

1.19. Foreign currencies

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

1.20. Third party assets

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

1.21. Losses and Special Payments

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

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

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

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

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

1.22. Pooled budget

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

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

1.24.2. Probable & Certain Cases – Accounting Treatment

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

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

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

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

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 55 and 56. The relevant discount rate for 2022-23 is 1.7% (2021-22 -1.3%)

The impact of unwinding of discounts is reported in Note 7 Finance Costs on page 31.

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 NHS Wales organisation therefore recognises the PFI asset as an item of property, plant and equipment together with a liability to pay for it. The services received under the contract are recorded as operating expenses.

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

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

1.26.1. 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 NHS Wales organisation'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. Lifecycle replacement

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

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

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

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

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

1.26.6. Other assets contributed by the NHS Wales organisation to the operator

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

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

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

1.27. 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 NHS Wales organisation, or a present obligation that is not recognised because it is not probable that a payment will be required to settle the obligation or the amount of the obligation cannot be measured sufficiently reliably. A contingent liability is disclosed unless the possibility of a payment is remote.

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

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

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

1.28. 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 1 January 2016. Therefore not applicable.

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

1.30. Accounting standards issued that have been adopted early

During 2022-23 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 1 April 2014. The Act amended the financial duties of Local Health Boards under section 175 of the National Health Service (Wales) Act 2006. From 1 April 2014 section 175 of the National Health Service (Wales) Act places two financial duties on Local Health Boards:

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

The first assessment of performance against the 3 year statutory duty under section 175 (1) 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			
	2020-21 £000	2021-22 £000	2022-23 £000	Total £000
Net operating costs for the year	1,808,719	1,873,353	1,991,335	5,673,407
Less general ophthalmic services expenditure and other non-cash limited expenditure	538	637	1,790	2,965
Less unfunded revenue consequences of bringing PFI schemes onto SoFP	0	0	0	0
Less unfunded revenue consequences of bringing RoU Leases onto SoFP	0	0	0	0
Total operating expenses	1,809,257	1,873,990	1,993,125	5,676,372
Revenue Resource Allocation	1,809,747	1,874,279	1,993,514	5,677,540
Under /(over) spend against Allocation	490	289	389	1,168

Betsi Cadwaladr University LHB has met its financial duty to break-even against its Revenue Resource Limit over the 3 years 2020-21 to 2022-23.

The Health Board did not receive any additional cash-only support from Welsh Government during the year. Cumulative cash-only support of £149.694 million was received in previous financial periods to assist the Health Board with making payments to staff and suppliers; there is no requirement for this balance to be repaid to Welsh Government.

2.2 Capital Resource Performance

	2020-21	2021-22	2022-23	Total
	£000	£000	£000	£000
Gross capital expenditure	35,587	47,598	29,683	112,868
Add: Losses on disposal of donated assets	0	0	0	0
Less NBV of property, plant and equipment and intangible assets disposed	(100)	(513)	0	(613)
Less capital grants received	(782)	(779)	0	(1,561)
Less donations received	(808)	(442)	(460)	(1,710)
Less IFRS16 Peppercorn income	0	0	0	0
Less initial recognition of RoU Asset Dilapidations	0	0	0	0
Add: recognition of RoU Assets Dilapidations on crystallisation	0	0	0	0
Charge against Capital Resource Allocation	33,897	45,864	29,223	108,984
Capital Resource Allocation	33,958	45,886	29,252	109,096
(Over) / Underspend against Capital Resource Allocation	61	22	29	112

Betsi Cadwaladr University LHB has met its financial duty to break-even against its Capital Resource Limit over the 3 years 2020-21 to 2022-23.

2.3 Duty to prepare a 3 year integrated plan

The NHS Wales Planning Framework for the period 2022-2025 issued to LHBs placed a requirement upon them to prepare and submit Integrated Medium Term Plans to the Welsh Government.

The LHB submitted an Integrated Medium Term Plan for the period 2022-2025, shaped by our Living Healthier, Staying Well strategy and in accordance with the NHS Wales Planning Framework. This included a balanced Financial Plan and was approved by the Board on the 30th March 2022.

However, following a robust scrutiny process and given the number of challenges the LHB was facing, the Minister determined that the IMTP did not fully meet the requirements of the NHS Wales Planning Framework. The Minister instead accepted the submission as an Annual Plan for 2022-23, which was subject to ongoing monitoring.

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 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:

	2022-23	2021-22
Total number of non-NHS bills paid	389,329	348,666
Total number of non-NHS bills paid within target	370,046	332,630
Percentage of non-NHS bills paid within target	95.0%	95.4%

The LHB has met the target.

3. Analysis of gross operating costs

3.1 Expenditure on Primary Healthcare Services

	Cash limited £000	Non-cash limited £000	2022-23 Total £000	2021-22 Total £000
General Medical Services	146,147		146,147	148,642
Pharmaceutical Services	33,368	(8,104)	25,264	27,661
General Dental Services	38,398		38,398	37,914
General Ophthalmic Services	1,876	6,314	8,190	8,748
Other Primary Health Care expenditure	4,110		4,110	5,668
Prescribed drugs and appliances	120,819		120,819	112,302
Total	344,718	(1,790)	342,928	340,935

Note 3.1 Expenditure on Primary Healthcare Services includes £31,025,000 (2021-22 £25,219,000) expenditure in respect of pay costs as follows: General Medical Services £27,099,000 (2021-22 £22,964,000), Pharmaceutical Services £190,000 (2021-22 £178,000) General Dental Services £1,016,000 (2021-22 £732,000) Other Primary Health Care expenditure £2,720,000 (2021-22 £1,345,000).

3.2 Expenditure on healthcare from other providers

	2022-23 £000	2021-22 £000
Goods and services from other NHS Wales Health Boards	6,632	5,563
Goods and services from other NHS Wales Trusts	8,826	11,588
Goods and services from Welsh Special Health Authorities	0	0
Goods and services from other non Welsh NHS bodies	70,091	70,709
Goods and services from WHSSC / EASC	226,704	203,522
Local Authorities	3,253	11,141
Voluntary organisations	10,704	10,553
NHS Funded Nursing Care	7,780	8,515
Continuing Care	99,614	101,897
Private providers	14,169	4,907
Specific projects funded by the Welsh Government	0	0
Other	0	0
Total	447,773	428,395

Local authorities expenditure of £3,253,000 (2021-22 £11,141,000) relates 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.

3.3 Expenditure on Hospital and Community Health Services

	2022-23	2021-22
	£000	£000
Directors' costs	2,231	2,058
Operational Staff costs	978,581	894,959
Single lead employer Staff Trainee Cost	30,934	18,156
Collaborative Bank Staff Cost	0	0
Supplies and services - clinical	150,049	162,508
Supplies and services - general	56,008	63,345
Consultancy Services	2,403	605
Establishment	10,531	11,252
Transport	4,584	5,110
Premises	64,487	56,294
External Contractors	0	0
Depreciation	37,805	36,704
Depreciation (Right of Use assets RoU)	4,311	
Amortisation	362	284
Fixed asset impairments and reversals (Property, plant & equipment)	251	(2,934)
Fixed asset impairments and reversals (RoU Assets)	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	462	402
Other auditors' remuneration	0	0
Losses, special payments and irrecoverable debts	5,641	5,868
Research and Development	659	434
Expense related to short-term leases	212	
Expense related to low-value asset leases (excluding short-term leases)	318	
Other operating expenses	6,213	5,413
Total	1,356,042	1,260,458

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

	2022-23	2021-22
	£000	£000
Increase/(decrease) in provision for future payments:		
Clinical negligence;		
Secondary care	23,813	64,671
Primary care	49	(6)
Redress Secondary Care	110	236
Redress Primary Care	0	0
Personal injury	(720)	336
All other losses and special payments	4,441	2,848
Defence legal fees and other administrative costs	1,726	2,127
Gross increase/(decrease) in provision for future payments	29,419	70,212
Contribution to Welsh Risk Pool	0	0
Premium for other insurance arrangements	0	0
Irrecoverable debts	(117)	849
Less: income received/due from Welsh Risk Pool	(23,661)	(65,193)
Total	5,641	5,868

	2022-23	2021-22
	£	£
Permanent injury included within personal injury £:	(963,197)	107,000

Fixed asset impairments and reversals (Property, plant & equipment) in Note 3.3 includes a credit of £15,191,000 (2021-22 £6,379,000) 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 39 of these accounts.

Note 3.3 - Expenditure on Hospital and Community Health Services includes £768,000 expenditure with Ernst & Young LLP for commissioned work relating to the Health Board's 2021-22 annual accounts.

4. Miscellaneous Income

	2022-23 £000	2021-22 £000
Local Health Boards	5,983	5,284
Welsh Health Specialised Services Committee (WHSSC)/Emergency Ambulance Services Committee (EASC)	47,455	45,189
NHS Wales trusts	6,914	6,520
Welsh Special Health Authorities	20,569	17,355
Foundation Trusts	1,213	1,222
Other NHS England bodies	18,407	18,084
Other NHS Bodies	421	672
Local authorities	13,949	15,728
Welsh Government	2,503	10,500
Welsh Government Hosted bodies	0	0
Non NHS:		
Prescription charge income	16	19
Dental fee income	4,312	3,902
Private patient income	644	310
Overseas patients (non-reciprocal)	122	71
Injury Costs Recovery (ICR) Scheme	950	840
Other income from activities	15,900	12,743
Patient transport services	0	0
Education, training and research	6,077	6,518
Charitable and other contributions to expenditure	1,041	1,027
Receipt of NWSSP Covid centrally purchased assets	0	0
Receipt of Covid centrally purchased assets from other organisations	0	0
Receipt of donated assets	460	442
Receipt of Government granted assets	0	779
Right of Use Grant (Peppercorn Lease)	0	0
Non-patient care income generation schemes	318	293
NHS Wales Shared Services Partnership (NWSSP)	0	0
Deferred income released to revenue	36	65
Right of Use Asset Sub-leasing rental income	0	0
Contingent rental income from finance leases	0	0
Rental income from operating leases	339	314
Other income:		
Provision of laundry, pathology, payroll services	140	167
Accommodation and catering charges	3,179	2,847
Mortuary fees	403	377
Staff payments for use of cars	888	968
Business Unit	0	0
Scheme Pays Reimbursement Notional	(1,109)	2,256
Other	4,239	2,152
Total	155,369	156,644
Other income Includes;		
Staff recharges not included in other lines	1,281	780
VAT recovery on salary sacrifice schemes	368	0
Movement in Expected Credit Losses (ECLs) on invoiced income	112	225
Other	2,478	1,147
Total	4,239	2,152

Injury Cost Recovery (ICR) Scheme income	2022-23 %	2021-22 %
To reflect expected rates of collection ICR income is subject to a provision for impairment of:	23.76	23.76

Covid-19 income sources

The Welsh Government line in Note 4 includes £70,000 (2021-22 £81,000) of miscellaneous income relating to Covid-19. All other Welsh Government Covid-19 revenue income in 2022-23 was received as Revenue Resource Allocations (Note 34.2 page 73).

Injury Cost Recovery (ICR) Scheme

Whilst Injury Cost Recovery (ICR) Scheme income is generally subject to a provision for impairment of 23.76% 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.

5. Investment Revenue

	2022-23 £000	2021-22 £000
Rental revenue :		
PFI Finance lease income		
planned	0	0
contingent	0	0
Other finance lease revenue	0	0
Interest revenue :		
Bank accounts	0	0
Other loans and receivables	0	0
Impaired financial assets	0	0
Other financial assets	0	0
Total	0	0

6. Other gains and losses

	2022-23 £000	2021-22 £000
Gain/(loss) on disposal of property, plant and equipment	16	(219)
Gain/(loss) on disposal of intangible assets	0	0
Gain/(loss) on disposal of assets held for sale	0	0
Gain/(loss) on disposal of financial assets	0	0
Change on foreign exchange	0	0
Change in fair value of financial assets at fair value through SoCNE	0	0
Change in fair value of financial liabilities at fair value through SoCNE	0	0
Recycling of gain/(loss) from equity on disposal of financial assets held for sale	0	0
Total	16	(219)

7. Finance costs

	2022-23 £000	2021-22 £000
Interest on loans and overdrafts	0	0
Interest on obligations under finance leases	0	0
Interest on obligations under Right of Use Leases	0	0
Interest on obligations under PFI contracts;		
main finance cost	31	33
contingent finance cost	0	0
Interest on late payment of commercial debt	1	0
Other interest expense	0	0
Total interest expense	32	33
Provisions unwinding of discount	(55)	(43)
Other finance costs	0	0
Total	(23)	(10)

8. Future change to SoCNE/Operating Leases

LHB as lessee

As at 31st March 2023 the LHB had 1,880 operating leases agreements in place for the leases of 56 premises, 327 arrangement in respect of equipment and 1,497 in respect of vehicles, with 0 premises, 88 equipment and 373 vehicle leases having expired in year. The periods in which the remaining 1,880 agreements expire are shown below:

	Post Implementation of IFRS 16		Pre implementation of IFRS 16
	Low Value & Short Term	Other	
	2022-23	2022-23	2021-22
	£000	£000	£000
Payments recognised as an expense			
Minimum lease payments	6,651	0	8,119
Contingent rents	0	0	0
Sub-lease payments	0	0	0
Total	6,651	0	8,119

Total future minimum lease payments

	£000	£000	£000
Payable			
Not later than one year	4,893	0	6,647
Between one and five years	2,991	0	11,065
After 5 years	361	0	24,028
Total	8,245	0	41,740

As a result of the implementation of IFRS 16 the current year operating lease figures relate to low value and short term leases only. Previously reported expenditure of £1.468m and minimum lease payments £33.495m transitioned to the balance sheet as right of use assets.

LHB as lessor

	Post Implementation of IFRS 16	Pre implementation of IFRS 16
	£000	£000
Rental revenue		
Rent	345	317
Contingent rents	0	0
Total revenue rental	345	317

Total future minimum lease payments

	£000	£000
Receivable		
Not later than one year	345	317
Between one and five years	315	316
After 5 years	731	809
Total	1,391	1,442

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	2021-22
	£000	£000	£000	£000	£000	£000	£000	£000
Salaries and wages	730,650	2,717	54,688	24,785	0	23,100	835,940	751,049
Social security costs	77,157	0	0	2,937	0	1,960	82,054	70,282
Employer contributions to NHS Pension Scheme	122,726	0	0	3,212	0	0	125,938	116,819
Other pension costs	636	0	0	0	0	0	636	522
Other employment benefits	(1,092)	0	0	0	0	0	(1,092)	2,256
Termination benefits	0	0	0	0	0	0	0	1,923
Total	930,077	2,717	54,688	30,934	0	25,060	1,043,476	942,851

Charged to capital							706	535
Charged to revenue							1,042,770	942,316
							1,043,476	942,851

Net movement in accrued employee benefits (untaken staff leave)							(14,631)	5,396
Covid 19 - Net movement in accrued employee benefits (untaken staff leave)								5,383
Non Covid 19 - Net movement in accrued employee benefits (untaken staff leave)								13

The "Other" staff column includes temporary and contract staff such as short-term direct engagement contracts, IR35 applicable staff, Out of Hours GPs and GMS Locum Doctors. Social Security costs relating to these groups of staff for the 2022-23 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. The potential future liability of this scheme reduced during the financial year resulting in a reversal of pay expenditure charged in previous periods.

The decrease in accrued employee benefits as at 31st March 2023 mainly relates to annual leave entitlements untaken in 2021-22 that were either utilised or sold back during the financial year. 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	2021-22
	Number	Number	Number	Number	Number	Number	Number	Number
Administrative, clerical and board members	3,374	14	115	0	0	0	3,503	3,292
Medical and dental	1,040	16	52	429	0	89	1,626	1,611
Nursing, midwifery registered	4,964	1	326	0	0	0	5,291	5,249
Professional, Scientific, and technical staff	679	12	3	0	0	0	694	656
Additional Clinical Services	3,610	0	5	0	0	0	3,615	3,451
Allied Health Professions	1,097	0	59	0	0	0	1,156	1,065
Healthcare Scientists	259	0	2	0	0	0	261	259
Estates and Ancillary	1,324	0	4	0	0	0	1,328	1,249
Students	20	0	0	0	0	0	20	27
Total	16,367	43	566	429	0	89	17,494	16,858

9.3. Retirements due to ill-health

	2022-23	2021-22
Number	13	15
Estimated additional pension costs £	1,237,004	755,168

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

	2022-23	2022-23	2022-23	2022-23	2021-22
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	7	7	0	0
£10,000 to £25,000	0	2	2	0	0
£25,000 to £50,000	0	1	1	0	1
£50,000 to £100,000	0	0	0	0	5
£100,000 to £150,000	0	1	1	0	7
£150,000 to £200,000	0	0	0	0	4
more than £200,000	0	1	1	0	0
Total	0	12	12	0	17

	2022-23	2022-23	2022-23	2022-23	2021-22
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	31,375	31,375	0	0
£10,000 to £25,000	0	36,107	36,107	0	0
£25,000 to £50,000	0	41,785	41,785	0	49,640
£50,000 to £100,000	0	0	0	0	350,406
£100,000 to £150,000	0	139,298	139,298	0	869,708
£150,000 to £200,000	0	0	0	0	652,916
more than £200,000	0	210,077	210,077	0	0
Total	0	458,642	458,642	0	1,922,670

Exit costs paid in year of departure	Total paid in year	Total paid in year
	2022-23	2021-22
	£	£
Exit costs paid in year	1,939,248	0
Total	1,939,248	0

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 2022-23, the year of departure, were £1,939,248 (2021-22 £0).

Exit costs paid in the year of departure included £1,480,607 in respect of exit packages agreed in 2021-22. The original agreed amount of these packages reported in the 2021-22 financial statements was £1,922,670.

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.

	2022-23 £000	2022-23 £000	2022-23 £000	2021-22 £000	2021-22 £000	2021-22 £000
	Chief			Chief		
Total pay and benefits	Executive	Employee	Ratio	Executive	Employee	Ratio
25th percentile pay ratio	223	24	9.28	223	23	9.67
Median pay	223	33	6.76	223	32	6.95
75th percentile pay ratio	223	43	5.16	223	42	5.30
Salary component of total pay and benefits						
25th percentile pay ratio	223	21		223	20	
Median pay	223	26		223	26	
75th percentile pay ratio	223	41		223	39	
	Highest Paid			Highest Paid		
Total pay and benefits	Director	Employee	Ratio	Director	Employee	Ratio
25th percentile pay ratio	433	24	18.05	223	23	9.67
Median pay	433	33	13.15	223	32	6.95
75th percentile pay ratio	433	43	10.04	223	42	5.30
Salary component of total pay and benefits						
25th percentile pay ratio	433	21		223	20	
Median pay	433	26		223	26	
75th percentile pay ratio	433	41		223	39	

In 2022-23, 2 (2021-22, 16) employees received remuneration in excess of the highest-paid director.

Remuneration for all staff ranged from £20,758 to £433,000 (2021-22, £18,576 to £365,000). The all staff range includes directors (including the highest paid director) and excludes pension benefits of all employees. The Highest Paid Director salary for the remuneration relationship is based on an average calculation, Whilst in the Remuneration Report full year salary is calculated on hourly pay.

Financial year summary

The Remuneration Relationship of the Chief Executive remained largely unchanged during 2022-23 with only minor increases and decreases across the various pay ratios. Remuneration Relationship ratios for the highest paid Director increased during the year as total reported pay and benefits for 2022-23 were £433,000 compared to £233,000 in 2021-22 (See footnote below for further information).

The median pay of the workforce increased by £1,000 (rounded) during the year which is consistent with the increase reported in the Health Board's 2021-22 annual accounts.

Staff covered by the Agenda for Change agreement received an average 4.0% inflationary pay increase during 2022-23 (2021-22 3%). Medical Staff received an inflationary pay award of 4.5% (2021-22 3%). Calculations in the Remuneration Relationship note do not include the impact of:

- a one-off non-consolidated payment of 1.5% that was made to eligible staff during the financial year;
- a 1.5% consolidated pay award backdated to 1st April 2022 that will be paid to staff in the 2023-24 financial year.

9.6.2 Percentage Changes	2021-22 to 2022-23	2020-21 to 2021-22
% Change from previous financial year in respect of Chief Executive	%	%
Salary and allowances	0	5
Performance pay and bonuses	0	0
% Change from previous financial year in respect of highest paid director		
Salary and allowances	94	(2)
Performance pay and bonuses	0	0
Average % Change from previous financial year in respect of employees taken as a whole		
Salary and allowances	3	5
Performance pay and bonuses	0	0

The highest paid director in 2022-23 was the Executive Director of Nursing and Midwifery compared to the Chief Executive. Information for both the Chief Executive and highest paid director is based on annualised salaries for 2022-23 as neither members of staff were in post for the whole financial year.

The Health Board did not pay any performance pay or bonuses in 2022-23.

9.7 Pension costs

Past and present employees are covered by the provisions of the two NHS Pension Schemes. Details of the benefits payable and rules of the Schemes can be found on the NHS Pensions website at www.nhsbsa.nhs.uk/pensions. Both are unfunded defined benefit schemes that cover NHS employees in England and Wales, allowed under the direction of the Secretary of State for Health and Social Care. They are not designed to be run in a way that would enable NHS bodies to share of the underlying scheme assets and liabilities. Therefore, each scheme is accounted for as a defined contribution scheme: the cost to the NHS body of participating in each scheme is taken as 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 reports that "the period between formal valuations shall be four years, with approximate assessments in inter-year periods". 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 at the end of 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 latest valuation of the scheme liability as at 31 March 2023, is based on valuation data as at 31 March 2020 to 31 March 2023 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the disclosures prescribed by HM Treasury have also been used.

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

b) Full actuarial (funding) valuation

The purpose of this valuation is to assess the level of liability in respect of the benefits due under the scheme (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 April 2019 to 20.6% of pensionable pay.

The actuarial valuation as at 31 March 2020 is currently underway and will set the new employer contribution rate due to be implemented from April 2024.

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 2022-2023 tax year (2021-2022 £6,240 and £50,000).

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

d) Public Service Pension Scheme CETV Valuations for 2022-23 Annual Report and Accounts

CETV figures are calculated using the guidance on discount rates for calculating unfunded public service pension contribution rates that was extant at 31st March 2023. H M Treasury published updated guidance on 27th April 2023; this guidance will be used in the calculation of 2023-24 CETV figures.

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.

	2022-23	2022-23	2021-22	2021-22
NHS	Number	£000	Number	£000
Total bills paid	4,316	383,631	3,978	345,781
Total bills paid within target	3,753	372,457	3,440	341,403
Percentage of bills paid within target	87.0%	97.1%	86.5%	98.7%
Non-NHS				
Total bills paid	389,329	900,380	348,666	760,657
Total bills paid within target	370,046	871,537	332,630	737,940
Percentage of bills paid within target	95.0%	96.8%	95.4%	97.0%
Total				
Total bills paid	393,645	1,284,011	352,644	1,106,438
Total bills paid within target	373,799	1,243,994	336,070	1,079,343
Percentage of bills paid within target	95.0%	96.9%	95.3%	97.6%

During 2022-23 the Health Board paid 95.0% of non-NHS invoices by number within 30 days (2021-22 95.4%) and therefore achieved the Welsh Government performance measure.

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

	2022-23	2021-22
	£	£
Amounts included within finance costs (note 7) from claims made under this legislation	569	6
Compensation paid to cover debt recovery costs under this legislation	240	115
Total	809	121

11.1 Property, plant and equipment

	Land £000	Buildings, excluding dwellings £000	Dwellings £000	Assets under construction & payments on account £000	Plant and machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
Cost 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)
Cost or valuation at 1 April 2022	46,306	535,591	21,243	31,391	123,050	1,056	31,689	6,977	797,303
Indexation	(1,025)	16,870	892	0	0	0	0	0	16,737
Additions									
- 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)
At 31 March 2023	50,424	531,675	20,742	22,829	120,658	960	29,876	6,756	783,920
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)
Depreciation at 1 April 2022	0	83,769	3,079	0	74,577	561	17,065	3,648	182,699
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
At 31 March 2023	0	20,278	768	0	67,376	556	18,338	4,046	111,362
Net book value at 1 April 2022	46,306	451,822	18,164	31,391	48,473	495	14,624	3,329	614,604
Net book value at 31 March 2023	50,424	511,397	19,974	22,829	53,282	404	11,538	2,710	672,558
Net book value at 31 March 2023 comprises :									
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
At 31 March 2023	50,424	511,397	19,974	22,829	53,282	404	11,538	2,710	672,558
Asset financing :									
Owned	50,424	510,282	19,974	22,829	53,282	404	11,538	2,710	671,443
Held on finance lease	0	0	0	0	0	0	0	0	0
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
At 31 March 2023	50,424	511,397	19,974	22,829	53,282	404	11,538	2,710	672,558
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
									581,795
Valuers 'material uncertainty', in valuation. The disclosure relates to the materiality in the valuation report not that of the underlying account.									0

11.1 Property, plant and equipment

	Land £000	Buildings, excluding dwellings £000	Dwellings £000	Assets under construction & payments on account £000	Plant and machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
Cost or valuation at 1 April 2021	45,748	505,312	19,501	18,394	124,427	832	28,556	7,556	750,326
Indexation	507	17,951	906	0	0	0	0	0	19,364
Additions									
- purchased	70	0	0	34,232	4,579	324	6,441	290	45,936
- donated	0	44	0	0	321	65	0	0	430
- government granted	0	0	0	0	779	0	0	0	779
Transfer from/into other NHS bodies	29	0	0	0	(466)	0	0	0	(437)
Reclassifications	100	15,202	822	(21,235)	3,857	0	1,254	0	0
Revaluations	(47)	(2,158)	0	0	0	0	0	0	(2,205)
Reversal of impairments	485	5,880	14	0	0	0	0	0	6,379
Impairments	(81)	(3,364)	0	0	0	0	0	0	(3,445)
Reclassified as held for sale	185	0	0	0	0	0	0	0	185
Disposals	(220)	0	0	0	(10,447)	(165)	(4,562)	(869)	(16,263)
At 31 March 2022	46,776	538,867	21,243	31,391	123,050	1,056	31,689	6,977	801,049
Depreciation at 31 March bf	0	0	0	0	0	0	0	0	0
NHS Wales Transfers	0	0	0	0	0	0	0	0	0
Transfer of Finance Leases to ROU Asset Note									
Depreciation at 1 April 2021	0	63,355	2,268	0	74,518	679	17,561	3,850	162,231
Indexation	0	2,988	107	0	0	0	0	0	3,095
Transfer from/into other NHS bodies	0	0	0	0	(173)	0	0	0	(173)
Reclassifications	0	0	0	0	0	0	0	0	0
Revaluations	0	(2,481)	0	0	0	0	0	0	(2,481)
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	(10,447)	(165)	(4,562)	(869)	(16,043)
Provided during the year	0	20,541	704	0	10,679	47	4,066	667	36,704
At 31 March 2022	0	84,403	3,079	0	74,577	561	17,065	3,648	183,333
Net book value at 1 April 2021	45,748	441,957	17,233	18,394	49,909	153	10,995	3,706	588,095
Net book value at 31 March 2022	46,776	454,464	18,164	31,391	48,473	495	14,624	3,329	617,716
Net book value at 31 March 2022									
comprises :									
Purchased	46,776	446,819	18,164	31,391	42,989	435	14,616	3,035	604,225
Donated	0	6,698	0	0	4,136	60	8	294	11,196
Government Granted	0	947	0	0	1,348	0	0	0	2,295
At 31 March 2022	46,776	454,464	18,164	31,391	48,473	495	14,624	3,329	617,716
Asset financing :									
Owned	46,776	453,500	18,164	31,391	48,473	495	14,624	3,329	616,752
Held on finance lease	0	0	0	0	0	0	0	0	0
On-SoFP PFI contracts	0	964	0	0	0	0	0	0	964
PFI residual interests	0	0	0	0	0	0	0	0	0
At 31 March 2022	46,776	454,464	18,164	31,391	48,473	495	14,624	3,329	617,716

The net book value of land, buildings and dwellings at 31 March 2022 comprises :

	£000
Freehold	514,603
Long Leasehold	4,801
Short Leasehold	0
	519,404

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

0

11. Property, plant and equipment (continued)

Disclosures:

(i) Donated Assets

Donated tangible asset additions during 2022-23 included schemes funded by:

- Betsi Cadwaladr University Health Board and Other Related Charities - £0.117m
- Other hospital based voluntary bodies - £0.343m

(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 has been 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

There were no write downs of capital assets during the year.

(vi) Open Market Value

The Health Board does not hold any property where the value is materially different from its open market value.

(vii) Assets Held for Sale or sold in the period

The Health Board did not hold any non-current assets for sale at 31st March 2023.

11. Property, plant and equipment

11.2 Non-current assets held for sale	Land	Buildings, including dwelling	Other property, plant and equipment	Intangible assets	Other assets	Total
	£000	£000	£000	£000	£000	£000
Balance brought forward 1 April 2022	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
Balance carried forward 31 March 2023	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Balance brought forward 1 April 2021	185	0	0	0	0	185
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	(185)	0	0	0	0	(185)
Balance carried forward 31 March 2022	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

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, Llys Dyffig £2.88m, Tany Y Castell £1.52m, Rysseldene 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
2022-23									
Cost or valuation at 31 March	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
Cost or valuation at 1 April	470	0	29,085	0	3,604	789	1,261	0	35,209
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
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
At 31 March	470	0	29,578	0	7,175	1,775	1,261	0	40,259
Depreciation at 31 March	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
Depreciation at 1 April	0	0	634	0	0	0	0	0	634
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
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
At 31 March	12	0	3,185	0	895	504	349	0	4,945
Net book value at 1 April	470	0	28,451	0	3,604	789	1,261	0	34,575
Net book value at 31 March	458	0	26,393	0	6,280	1,271	912	0	35,314
RoU Asset Total Value Split by Lessor									
Lessor	Land £000	Land & buildings £000	Buildings £000	Dwellings £000	Plant and machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
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
Total	458	0	26,393	0	6,280	1,271	912	0	35,314

11.3 Right of Use Assets continued

Quantitative disclosures

Maturity analysis

Contractual undiscounted cash flows relating to lease liabilities	£000
Less than 1 year	4,423
2-5 years	13,195
> 5 years	17,180
Total	34,798

Lease Liabilities (net of irrecoverable VAT)

	£000
Current	4,423
Non-Current	30,375
Total	34,798

Amounts Recognised in Statement of Comprehensive Net Expenditure

	£000
Depreciation	4,311
Impairment	0
Variable lease payments not included in lease liabilities - Interest expense	0
Sub-leasing income	0
Expense related to short-term leases	212
Expense related to low-value asset leases (excluding short-term leases)	318

Amounts Recognised in Statement of Cashflows (net of irrecoverable VAT)

	£000
Interest expense	310
Repayments of principal on leases	4,033
Total	4,343

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
Cost or valuation at 1 April 2022	4,729	0	0	0	0	0	4,729
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
Gross cost at 31 March 2023	5,639	0	0	0	0	0	5,639
Amortisation at 1 April 2022	3,741	0	0	0	0	0	3,741
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
Amortisation at 31 March 2023	4,103	0	0	0	0	0	4,103
Net book value at 1 April 2022	988	0	0	0	0	0	988
Net book value at 31 March 2023	1,536	0	0	0	0	0	1,536
NBV at 31 March 2023							
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
Total at 31 March 2023	1,536	0	0	0	0	0	1,536

12. Intangible non-current assets 2021-22

	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 2021	4,314	0	0	0	0	0	4,314
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	412	0	0	0	0	0	412
Additions- internally generated	0	0	0	0	0	0	0
Additions- donated	12	0	0	0	0	0	12
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	(9)	0	0	0	0	0	(9)
Gross cost at 31 March 2022	4,729	0	0	0	0	0	4,729
Amortisation at 1 April 2021	3,466	0	0	0	0	0	3,466
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	284	0	0	0	0	0	284
Reclassified as held for sale	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0
Disposals	(9)	0	0	0	0	0	(9)
Amortisation at 31 March 2022	3,741	0	0	0	0	0	3,741
Net book value at 1 April 2021	848	0	0	0	0	0	848
Net book value at 31 March 2022	988	0	0	0	0	0	988
NBV at 31 March 2022							
Purchased	948	0	0	0	0	0	948
Donated	40	0	0	0	0	0	40
Government Granted	0	0	0	0	0	0	0
Internally generated	0	0	0	0	0	0	0
Total at 31 March 2022	988	0	0	0	0	0	988

Additional Disclosures re Intangible Assets

Disclosures:

i) Donated Assets

Betsi Cadwaladr University LHB 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 life of Intangible non-current assets are assigned on an individual asset basis. Software is generally assigned a 5 year UEL and the UEL of internally generated software is based on the professional judgement of LHB professional s and Finance staff.

iv) Additions during the period

Intangible additions of £910,000 during the year related to the purchase of software.

v) Disposals during the period

There were no disposals of intangible assets during the year

vi) Gross carrying value of intangible assets

The gross carrying value of fully depreciated intangible assets still in use as at 31st March 2023 was £3,094,000 (31st March 2022 £3,076,000)

13 . Impairments

	2022-23 Property, plant & equipment £000	2022-23 Right of Use Assets £000	2022-23 Intangible assets £000	2021-22 Property, plant & equipment £000	2021-22 Right of Use Assets £000	2021-22 Intangible assets £000
Impairments arising from :						
Loss or damage from normal operations	0	0	0	0		0
Abandonment in the course of construction	0	0	0	0		0
Over specification of assets (Gold Plating)	0	0	0	0		0
Loss as a result of a catastrophe	0	0	0	0		0
Unforeseen obsolescence	0	0	0	0		0
Changes in market price	15,442	0	0	3,445		0
Others (specify)	0	0	0	0		0
Reversal of Impairments	(15,191)	0	0	(6,379)		0
Total of all impairments	251	0	0	(2,934)		0

Analysis of impairments charged to reserves in year :

Charged to the Statement of Comprehensive Net Expenditure	251	0	0	(2,934)		0
Charged to Revaluation Reserve	0	0	0	0		0
Total	251	0	0	(2,934)		0

Impairments charged to the Statement of Comprehensive Net Expenditure during 2022-23 were conducted by the District Valuer in accordance with the requirements of IFRS.

Analysis of impairments during 2022-23**£000**

Impairment on revaluation of Quinquennial	12,474
Impairment on revaluation of WXMH-PPE-WRHAB-UNALL-1885	2,305
Impairment on revaluation of Wxm Dental Ctre - 1807	42
Impairment on revaluation of Ward 10 YGC - 7617	621
Reversal of impairments previously charged to SoCNE due to 3% decrease in indexation on land	(662)
Reversal of impairments previously charged to SoCNE due to 4.75% increase in indexation on buildings and dwellings	(14,529)
	251

14.1 Inventories

	31 March	31 March
	2023	2022
	£000	£000
Drugs	9,515	8,948
Consumables	10,379	9,686
Energy	394	447
Work in progress	0	0
Other	20	25
Total	20,308	19,106
Of which held at realisable value	0	0

14.2 Inventories recognised in expenses

	31 March	31 March
	2023	2022
	£000	£000
Inventories recognised as an expense in the period	0	0
Write-down of inventories (including losses)	0	0
Reversal of write-downs that reduced the expense	0	0
Total	0	0

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

15. Trade and other Receivables

Current	31 March 2023 £000	31 March 2022 £000
Welsh Government	2,260	8,097
WHSSC / EASC	832	2,943
Welsh Health Boards	1,696	1,257
Welsh NHS Trusts	4,034	3,394
Welsh Special Health Authorities	1,136	444
Non - Welsh Trusts	0	0
Other NHS	2,508	1,990
2019-20 Scheme Pays - Welsh Government Reimbursement	8	17
Welsh Risk Pool Claim reimbursement		
NHS Wales Secondary Health Sector	43,523	69,360
NHS Wales Primary Sector FLS Reimbursement	2	19
NHS Wales Redress	258	440
Other	0	0
Local Authorities	5,700	8,350
Capital debtors - Tangible	0	0
Capital debtors - Intangible	0	0
Other debtors	9,312	6,722
Provision for irrecoverable debts	(1,717)	(2,167)
Pension Prepayments NHS Pensions	0	0
Pension Prepayments NEST	0	0
Other prepayments	6,417	3,567
Other accrued income	1,418	1,350
Sub total	77,387	105,783
Non-current		
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	1,139	2,239
Welsh Risk Pool Claim reimbursement;		
NHS Wales Secondary Health Sector	75,947	58,461
NHS Wales Primary Sector FLS Reimbursement	0	0
NHS Wales Redress	0	0
Other	0	0
Local Authorities	0	0
Capital debtors - Tangible	0	0
Capital debtors - Intangible	0	0
Other debtors	0	0
Provision for irrecoverable debts	(753)	(273)
Pension Prepayments NHS Pensions	0	0
Pension Prepayments NEST	0	0
Other prepayments	272	272
Other accrued income	2,283	2,375
Sub total	78,888	63,074
Total	156,275	168,857

15. Trade and other Receivables (continued)

Receivables past their due date but not impaired

	31 March 2023 £000	31 March 2022 £000
By up to three months	2,101	1,153
By three to six months	491	950
By more than six months	1,401	957
	<u>3,993</u>	<u>3,060</u>

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

Balance at 1 April	(2,440)	(2,525)
Transfer to other NHS Wales body	0	0
Amount written off during the year	26	21
Amount recovered during the year	0	0
(Increase) / decrease in receivables impaired	(56)	64
Bad debts recovered during year	0	0
Balance at 31 March	<u>(2,470)</u>	<u>(2,440)</u>

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

Receivables VAT

Trade receivables	2,512	1,717
Other	0	0
Total	<u>2,512</u>	<u>1,717</u>

16. Other Financial Assets

	Current		Non-current	
	31 March 2023 £000	31 March 2022 £000	31 March 2023 £000	31 March 2022 £000
Financial assets				
Shares and equity type investments				
Held to maturity investments at amortised costs	0	0	0	0
At fair value through SOCNE	0	0	0	0
Available for sale at FV	0	0	0	0
Deposits	0	0	0	0
Loans	0	0	0	0
Derivatives	0	0	0	0
Other (Specify)				
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
Total	0	0	0	0

17. Cash and cash equivalents

	2022-23 £000	2021-22 £000
Balance at 1 April	6,678	3,242
Net change in cash and cash equivalent balances	(3,765)	3,436
Balance at 31 March	2,913	6,678
Made up of:		
Cash held at GBS	2,825	6,557
Commercial banks	0	0
Cash in hand	88	121
Cash and cash equivalents as in Statement of Financial Position	2,913	6,678
Bank overdraft - GBS	0	0
Bank overdraft - Commercial banks	0	0
Cash and cash equivalents as in Statement of Cash Flows	2,913	6,678

The cash and cash equivalents balance as at 31st March 2022 comprised funding for revenue expenditure of £1,513,000 (2021-22 £1,130,000) and funding for capital projects of £1,400,000 (2021-22 £5,548,000).

In response to the IAS 7 - Statement of Cash Flows requirement for additional disclosure, the changes in liabilities arising for financing activities during 2022-23 for PFI liabilities were £396,000 (2021-22 £356,000)

The movement relates to cash, no comparative information is required by IAS 7 in 2022-23.

18. Trade and other payables

Current	31 March 2023 £000	31 March 2022 £000
Welsh Government	14	10
WHSSC / EASC	1,013	2,539
Welsh Health Boards	489	325
Welsh NHS Trusts	4,199	3,336
Welsh Special Health Authorities	125	0
Other NHS	19,867	20,429
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	8,776	6,939
NI contributions payable to HMRC	10,362	9,411
Non-NHS payables - Revenue	28,592	26,735
Local Authorities	25,259	20,738
Capital payables- Tangible	4,319	9,346
Capital payables- Intangible	11	34
Overdraft	0	0
Rentals due under operating leases	0	0
RoU Lease Liability	4,138	0
Obligations under finance leases, HP contracts	0	0
Imputed finance lease element of on SoFP PFI contracts	61	59
Pensions: staff	0	0
Non NHS Accruals	139,629	166,202
Deferred Income:		
Deferred Income brought forward	1,857	1,813
Deferred Income Additions	620	109
Transfer to / from current/non current deferred income	0	0
Released to SoCNE	(36)	(65)
Other creditors	1,139	187
PFI assets –deferred credits	0	0
Payments on account	(12,601)	(11,006)
Sub Total	237,833	257,141
Non-current		
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	27,250	0
Obligations under finance leases, HP contracts	0	0
Imputed finance lease element of on SoFP PFI contracts	780	841
Pensions: staff	0	0
Non NHS Accruals	0	0
Deferred Income :		
Deferred Income brought forward	0	0
Deferred Income Additions	0	0
Transfer to / from current/non current deferred income	0	0
Released to SoCNE	0	0
Other creditors	0	0
PFI assets –deferred credits	0	0
Payments on account	0	0
Sub Total	28,030	841
Total	265,863	257,982

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

Movements in Note 18 Trade and other payables include the transitioning and transferring of finance and operating lease liabilities to Right of Use (RoU) lease liabilities on 1st April 2022. These transfers are detailed in the table below.

RoU Lease Liability Transitioning & Transferring	£000
RoU liability as at 31 March 2022	0
Transfer of Finance Leases from PPE Note	0
Operating Leases Transitioning	30,371
RoU Lease liability as at 1 April 2022	30,371

18. Trade and other payables (continued).

Amounts falling due more than one year are expected to be settled as follows:	31 March	31 March
	2023	2022
	£000	£000
Between one and two years	129	125
Between two and five years	12,621	134
In five years or more	15,280	582
Sub-total	28,030	841

19. Other financial liabilities

Financial liabilities	Current		Non-current	
	31 March	31 March	31 March	31 March
	2023	2022	2023	2022
	£000	£000	£000	£000
Financial Guarantees:				
At amortised cost	0	0	0	0
At fair value through SoCNE	0	0	0	0
Derivatives at fair value through SoCNE	0	0	0	0
Other:				
At amortised cost	0	0	0	0
At fair value through SoCNE	0	0	0	0
Total	0	0	0	0

20. Provisions

	At 1 April 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
Current									
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
Total	52,031	(13,450)	(6,156)	3,080	35,702	(23,685)	(13,213)	0	34,309
Non Current									
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
Total	61,998	0	(230)	(3,080)	25,020	(2,832)	(4,149)	(54)	76,673
TOTAL									
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
Total	114,029	(13,450)	(6,386)	0	60,722	(26,517)	(17,362)	(54)	110,982

Expected timing of cash flows:

	In year to 31 March 2024	Between 1 April 2024 and 31 March 2028	Thereafter	Total
				£000
Clinical negligence-				
Secondary care	19,748	71,833	0	91,581
Primary care	55	0	0	55
Redress Secondary care	170	0	0	170
Redress Primary care	0	0	0	0
Personal injury	385	1,014	1,319	2,718
All other losses and special payments	4,510	0	0	4,510
Defence legal fees and other administration	2,205	1,291	0	3,496
Pensions relating to former directors	0	0	0	0
Pensions relating to other staff	145	77	0	222
2019-20 Scheme Pays - Reimbursement	8	0	0	8
Restructuring	0	0	0	0
RoU Asset Dilapidations CAME	0	0	0	0
Other Capital Provisions	0	0	0	0
Other	7,083	1,139	0	8,222
Total	34,309	75,354	1,319	110,982

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

Continuing Healthcare claims subject to further review	5,661
Back dated rent arrears	586
Staff regrading appeals and pay arrears	400
Relocation expenses	245
Final Pay Control provisions for retired staff	148
GP managed practices premises costs	43
Total	7,083

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 2023 and may be subject to changes in future periods.

20. Provisions (continued)

	At 1 April 2021	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 2022
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Current									
Clinical negligence:-									
Secondary care	28,371	0	(2,920)	17,000	16,519	(13,417)	(4,910)	0	40,643
Primary care	0	0	0	0	84	(24)	(38)	0	22
Redress Secondary care	266	0	(10)	0	493	(225)	(257)	0	267
Redress Primary care	0	0	0	0	0	0	0	0	0
Personal injury	471	0	0	327	312	(539)	(113)	0	458
All other losses and special payments	1,067	0	(2,868)	0	3,251	(543)	(403)	0	504
Defence legal fees and other administration	1,412	0	0	542	1,671	(944)	(594)		2,087
Pensions relating to former directors	0			0	0	0	0	0	0
Pensions relating to other staff	155			154	0	(154)	0	0	155
2019-20 Scheme Pays - Reimbursement	0			0	17	0	0	0	17
Restructuring	0			0	0	0	0	0	0
Other	9,991		0	0	4,171	(3,202)	(3,082)		7,878
Total	41,733	0	(5,798)	18,023	26,518	(19,048)	(9,397)	0	52,031
Non Current									
Clinical negligence:-									
Secondary care	29,421	(11,033)	(129)	(17,000)	67,827	(10,241)	(3,784)	0	55,061
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	3,880	0	0	(327)	137	(22)	0	(40)	3,628
All other losses and special payments	0	0	0	0	0	0	0	0	0
Defence legal fees and other administration	800	0	0	(542)	1,162	(329)	(112)		979
Pensions relating to former directors	0			0	0	0	0	0	0
Pensions relating to other staff	171			(154)	78	0	(1)	(3)	91
2019-20 Scheme Pays - Reimbursement	0			0	2,239	0	0	0	2,239
Restructuring	0			0	0	0	0	0	0
Other	0		0	0	0	0	0		0
Total	34,272	(11,033)	(129)	(18,023)	71,443	(10,592)	(3,897)	(43)	61,998
TOTAL									
Clinical negligence:-									
Secondary care	57,792	(11,033)	(3,049)	0	84,346	(23,658)	(8,694)	0	95,704
Primary care	0	0	0	0	84	(24)	(38)	0	22
Redress Secondary care	266	0	(10)	0	493	(225)	(257)	0	267
Redress Primary care	0	0	0	0	0	0	0	0	0
Personal injury	4,351	0	0	0	449	(561)	(113)	(40)	4,086
All other losses and special payments	1,067	0	(2,868)	0	3,251	(543)	(403)	0	504
Defence legal fees and other administration	2,212	0	0	0	2,833	(1,273)	(706)		3,066
Pensions relating to former directors	0			0	0	0	0	0	0
Pensions relating to other staff	326			0	78	(154)	(1)	(3)	246
2019-20 Scheme Pays - Reimbursement	0			0	2,256	0	0	0	2,256
Restructuring	0			0	0	0	0	0	0
Other	9,991		0	0	4,171	(3,202)	(3,082)		7,878
Total	76,005	(11,033)	(5,927)	0	97,961	(29,640)	(13,294)	(43)	114,029

21. Contingencies**21.1 Contingent liabilities**

	2022-23	2021-22
	£'000	£'000
Provisions have not been made in these accounts for the following amounts :		
Legal claims for alleged medical or employer negligence:-		
Secondary care	174,690	125,408
Primary care	353	0
Redress Secondary care	0	0
Redress Primary care	0	0
Doubtful debts	0	0
Equal Pay costs	0	0
Defence costs	2,632	2,147
Continuing Health Care costs	0	0
Other	0	0
Total value of disputed claims	177,675	127,555
Amounts (recovered) in the event of claims being successful	(174,883)	(124,322)
Net contingent liability	2,792	3,233

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 2022-23 relate to legal claims for alleged negligence (net of amounts recoverable from the Welsh Risk Pool in the event of claims being successful)

21.2 Remote Contingent liabilities	2022-23	2021-22
	£000	£000
Guarantees	0	0
Indemnities	35,567	16,972
Letters of Comfort	0	0
	<hr/>	<hr/>
Total	35,567	16,972

The 2022-23 balance for remote contingent liabilities relates to 8 litigation claims (2021-22 10 claims). In the event of these claims being successful £35,377,000 (2021-22 £16,767,000) would be recoverable from the Welsh Risk Pool.

21.3 Contingent assets	2022-23	2021-22
	£000	£000
The Health Board did not hold any contingent assets at the balance sheet date	0	0
	0	0
	0	0
	<hr/>	<hr/>
Total	0	0

22. Capital commitments

Contracted capital commitments at 31 March

The disclosure of future capital commitments not already disclosed as liabilities in the accounts.

	2022-23	2021-22
	£000	£000
Property, plant and equipment	1,227	1,860
Right of Use Assets	0	
Intangible assets	0	0
	<hr/>	<hr/>
Total	1,227	1,860

Note 22 includes capital commitments in respect of All Wales funded schemes with the balance as at 31st March 2023 relating to Wrexham Redevelopment, Nuclear Medicine and Ablett Unit. 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, this note is prepared on a cash basis.

Gross loss to the Exchequer

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

	Amounts paid out during period to 31 March 2023	
	Number	£
Clinical negligence	150	21,060,138
Personal injury	33	577,379
All other losses and special payments	201	1,168,364
Total	384	22,805,881

Analysis of cases in excess of £300,000

Case Type	In year claims in excess of £300,000		Cumulative claims in excess of £300,000	
	Number	£	Number	£
Cases in excess of £300,000:				
02RT9PI0004	Personal Injury	0	1	442,765
03RT8PI0015	Personal Injury	0	1	397,062
04RT9PI0001	Personal Injury	0	1	348,917
06RT8PI0019	Personal Injury	0	1	306,325
09RT8MN0039	Personal Injury	0	1	1,153,000
117A1MN0019	Medical Negligence	0	1	1,039,304
117A1MN0038	Medical Negligence	0	1	5,699,442
11RT8MN0004	Medical Negligence	0	1	505,500
11RT8MN0019	Medical Negligence	0	1	3,862,800
127A1MN0030	Medical Negligence	0	1	7,858,797
127A1MN0103	Medical Negligence	0	1	445,000
127A1MN0107	Medical Negligence	0	1	1,567,856
147A1MN0006	Medical Negligence	1	1	793,449
147A1MN0009	Medical Negligence	0	1	657,500
147A1PI0050	Personal Injury	0	1	313,411
157A1MN0232	Medical Negligence	1	1	2,090,000
167A1MN0003	Medical Negligence	1	1	457,500
167A1MN0246	Medical Negligence	1	1	1,034,245
167A1MN0309	Medical Negligence	0	1	1,008,858
177A1MN0047	Medical Negligence	1	1	660,000
177A1MN0091	Medical Negligence	0	1	1,175,000
177A1MN0195	Medical Negligence	1	1	720,000
177A1MN0274	Medical Negligence	0	1	435,000
177A1MN0276	Medical Negligence	0	1	1,215,000
177A1MN0321	Medical Negligence	0	1	552,993
177A1MN0336	Medical Negligence	1	1	421,822
177A1PI0025	Personal Injury	0	1	624,961
177A1PI0068	Personal Injury	0	1	383,443
187A1MN0041	Medical Negligence	1	1	924,309
187A1MN0105	Medical Negligence	1	1	1,255,000
187A1MN0170	Medical Negligence	0	1	525,000
197A1MN0019	Medical Negligence	1	1	371,685
197A1MN0161	Medical Negligence	0	1	593,000
197A1MN0262	Medical Negligence	1	1	335,366
197A1MN0278	Medical Negligence	1	1	445,000
207A1MN0048	Medical Negligence	1	1	3,817,600
217A1MN0039	Medical Negligence	1	1	410,000
237A1DP0001	Damage to Property	1	1	394,144
98RT9MN0006	Medical Negligence	0	1	1,750,000
Sub-total		15		14,130,120
All other cases		369		8,675,761
Total cases		384		22,805,881

24. Right of Use / Finance leases obligations

24.1 Obligations (as lessee)

The Local Health Board did not hold any finance lease obligations as a lessee at the balance sheet date.

Amounts payable under right of use asset / finance leases:	Post Implementation of IFRS 16 (RoU)	Pre implementation of IFRS 16 (FL)
Land	31 March 2023 £000	31 March 2022 £000
Minimum lease payments		
Within one year	0	0
Between one and five years	0	0
After five years	0	0
Less finance charges allocated to future periods	0	0
Minimum lease payments	<u>0</u>	<u>0</u>
Included in:		
Current borrowings	0	0
Non-current borrowings	<u>0</u>	<u>0</u>
Present value of minimum lease payments		
Within one year	0	0
Between one and five years	0	0
After five years	0	0
Present value of minimum lease payments	<u>0</u>	<u>0</u>
Included in:		
Current borrowings	0	0
Non-current borrowings	<u>0</u>	<u>0</u>

24.1 Right of Use / Finance leases obligations

	Post Implementation of IFRS 16 (RoU)	Pre implementation of IFRS 16 (FL)
	31 March 2023	31 March 2022
	£000	£000
Buildings		
Minimum lease payments		
Within one year	2,517	0
Between one and five years	8,605	0
After five years	14,870	0
Less finance charges allocated to future periods	(3,089)	0
Minimum lease payments	<u>22,903</u>	<u>0</u>
Included in:		
Current borrowings	2,310	0
Non-current borrowings	<u>20,593</u>	<u>0</u>
	<u>22,903</u>	<u>0</u>
Present value of minimum lease payments		
Within one year	2,310	0
Between one and five years	7,978	0
After five years	12,615	0
Present value of minimum lease payments	<u>22,903</u>	<u>0</u>
Included in:		
Current borrowings	2,310	0
Non-current borrowings	<u>20,593</u>	<u>0</u>
	<u>22,903</u>	<u>0</u>
Other- Non property		
Minimum lease payments		
Within one year	1,906	0
Between one and five years	4,590	0
After five years	2,275	0
Less finance charges allocated to future periods	(286)	0
Minimum lease payments	<u>8,485</u>	<u>0</u>
Included in:		
Current borrowings	1,828	0
Non-current borrowings	<u>6,657</u>	<u>0</u>
	<u>8,485</u>	<u>0</u>
Present value of minimum lease payments		
Within one year	1,828	0
Between one and five years	4,433	0
After five years	2,224	0
Present value of minimum lease payments	<u>8,485</u>	<u>0</u>
Included in:		
Current borrowings	1,828	0
Non-current borrowings	<u>6,657</u>	<u>0</u>
	<u>8,485</u>	<u>0</u>

24.2 Right of Use Assets / Finance lease receivables (as lessor)

The Local Health Board did not hold any finance leases receivables as a lessor at the balance sheet date.

Amounts receivable under right of use assets / finance leases:	Post Implementation of IFRS 16 (RoU)	Pre implementatio n of IFRS 16 (FL)
	31 March 2023 £000	31 March 2022 £000
Gross Investment in leases		
Within one year	0	0
Between one and five years	0	0
After five years	0	0
Less finance charges allocated to future periods	0	0
Minimum lease payments	<u>0</u>	<u>0</u>
Included in:		
Current borrowings	0	0
Non-current borrowings	<u>0</u>	<u>0</u>
	<u>0</u>	<u>0</u>
Present value of minimum lease payments		
Within one year	0	0
Between one and five years	0	0
After five years	0	0
Less finance charges allocated to future periods	0	0
Present value of minimum lease payments	<u>0</u>	<u>0</u>
Included in:		
Current borrowings	0	0
Non-current borrowings	<u>0</u>	<u>0</u>
	<u>0</u>	<u>0</u>

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 2023 £000	31 March 2022 £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>

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.

25.2 PFI schemes on-Statement of Financial Position

Capital value of scheme included in Fixed Assets Note 11	£000
	1,114
Contract start date:	01/09/2004
Contract end date:	01/09/2034

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

	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>

	On SoFP PFI Capital element 31 March 2022 £000	On SoFP PFI Imputed interest 31 March 2022 £000	On SoFP PFI Service charges 31 March 2022 £000
Total payments due within one year	59	31	369
Total payments due between 1 and 5 years	259	103	1,620
Total payments due thereafter	582	88	4,069
Total future payments in relation to PFI contracts	<u>900</u>	<u>222</u>	<u>6,058</u>

	31/03/2023 £000
Total present value of obligations for on-SoFP PFI contracts	<u>5,872</u>

25.3 Charges to expenditure

	2022-23	2021-22
	£000	£000
Service charges for On Statement of Financial Position PFI contracts (excl interest costs)	396	356
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>396</u>	<u>356</u>

The LHB is committed to the following annual charges

PFI scheme expiry date:	£000	£000
Not later than one year	0	0
Later than one year, not later than five years	0	0
Later than five years	396	356
Total	<u>396</u>	<u>356</u>

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

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

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

Liquidity risk

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

27. Movements in working capital

	2022-23	2021-22
	£000	£000
(Increase)/decrease in inventories	(1,202)	(741)
(Increase)/decrease in trade and other receivables - non-current	(15,814)	(30,027)
(Increase)/decrease in trade and other receivables - current	28,396	(28,529)
Increase/(decrease) in trade and other payables - non-current	27,189	(59)
Increase/(decrease) in trade and other payables - current	(19,308)	34,219
Total	19,261	(25,137)
Adjustment for accrual movements in fixed assets - creditors	(26,279)	(3,507)
Adjustment for accrual movements in fixed assets - debtors	0	0
Other adjustments	0	0
	(7,018)	(28,644)

28. Other cash flow adjustments

	2022-23	2021-22
	£000	£000
Depreciation	42,116	36,704
Amortisation	362	284
(Gains)/Loss on Disposal	(16)	219
Impairments and reversals	251	(2,934)
Release of PFI deferred credits	0	0
NWSSP Covid assets issued debited to expenditure but non-cash	0	0
Covid assets received credited to revenue but non-cash	0	0
Donated assets received credited to revenue but non-cash	(460)	(442)
Government Grant assets received credited to revenue but non-cash	0	(779)
Right of Use Grant (Peppercorn Lease) credited to revenue but non cash	0	0
Non-cash movements in provisions	23,470	67,664
Other movements	38,374	35,583
Total	104,097	136,299

Other movements of £38,374,000 in Note 28 Other cash flow adjustments (2021-22 £35,583,000) include notional expenditure for additional staff employer pension contributions and for payments made relating to Scheme Pays.

29. Events after the Reporting Period

These financial statements were authorised for issue by the Chief Executive and Accountable Officer on xx August 2023; post the date the financial statements were certified by the Auditor General for Wales.

NHS Wales Recovery payment 2022-23

NHS Wales bodies were notified in a pay circular letter issued on 25th May 2023 by the Welsh Government, of the additional pay arrangements for employees covered by the Agenda for Change terms and conditions in Wales for 2022-23.

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	Expenditure with related party £000	Income from related party £000	Amounts owed to related party £000	Amounts due from related party £000
Welsh Government	65	1,957,054	14	2,260
Aneurin Bevan University LHB	61	1,260	2	727
Cardiff & Vale University LHB	1,335	365	191	101
Cwm Taf Morgannwg University LHB	230	86	40	52
Digital Health and Care Wales (DHCW)	8,341	1,709	112	11
Health Education and Improvement Wales (HEIW)	44	19,023	13	1,125
Hywel Dda University LHB	5,301	658	123	83
Powys Teaching LHB	549	4,322	101	626
Public Health Wales NHS Trust	6,267	5,287	167	475
Swansea Bay University LHB	170	455	32	107
Velindre NHS Trust	53,808	7,650	3,495	3,463
Welsh Ambulance Services NHS Trust	1,893	496	562	96
Welsh Risk Pool	0	0	0	119,730
WHSSC / EASC	226,850	47,482	1,013	832
Total	304,914	2,045,847	5,865	129,688

Other Organisations	Expenditure with related party £000	Income from related party £000	Amounts owed to related party £000	Amounts due from related party £000
Conwy County Borough Council	12,164	1,981	4,784	456
Denbighshire County Council	10,995	3,338	4,844	1,518
Flintshire County Council	18,003	3,013	5,867	1,620
Gwynedd County Council	12,905	2,349	3,249	1,260
Isle of Anglesey Council	7,132	1,295	3,074	335
Wrexham County Borough Council	9,889	5,179	3,330	510
Other Welsh Local Authorities (Including Police & Crime Commissioners and Fire Authorities)	551	651	111	1
Total	71,639	17,806	25,259	5,700

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 £1,158,000 from the charitable fund during the year (2021-22 £1,237,000).

30. Related Party Transactions (continued)

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

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

Declarations are also required where an individual Board member does not have any interests to declare.

Name	Details of positions held during the financial year (or part thereof)	Year of declaration (see footnote on page 68b)	Dates positions held	Declarations made
Directors / Executive Directors				
J Whitehead	Chief Executive	2021-22 *	01.04.22 - 15.11.22	Husband is on the GP Performers List and works as a locum in GP practices and the Health Board's GP Out of Hours Service
N Lyons	Executive Medical Director	2022-23	01.04.22 - 31.03.23	Wife works for the Health Board as an Allied Health Professional (AHP) in Cancer Services
G Thomason	Interim Executive Director of Nursing and Midwifery	2022-23	01.04.22 - 31.07.22	Director of Regency Circle Ltd a provider of management consultancy services
A Wood	Executive Director of Nursing and	2022-23	01.08.22 - 31.03.23	Member of the Royal College of Nursing
R Nolan	Acting Executive Director of Finance	2022-23	01.09.22 - 30.11.22	Wife is Regional Assurance Director for Mersey Internal Audit Agency Step-son works for Meditech as a software developer Director and Trustee, BMC access and Conservation Trust
S Webster	Interim Executive Director of Finance	2022-23	03.01.23 - 31.03.23	Director, Respiratory Innovation Wales Limited
J C Stockport	Executive Director Transformation and Strategic Planning	2022-23	01.04.22 - 31.03.23	Director, Great Selection Trading Ltd
A Thomas	Executive Director Therapies and Health Sciences	2020-21 *	01.04.22 - 16.10.22	Spouse is employed by Boots UK as an Accuracy Checking Technician. Son is employed by the Health Board (nature of the role has not been disclosed).
G Evans	Acting Executive Director Therapies and Health Sciences	2022-23	01.04.22 - 31.03.23	Wife is an employee of the Health Board as a Nurse on an Intensive Care Unit
Independent Members				
M Polin OBE QPM	Chair	2021-22 *	01.04.22 - 27.02.23	Wife is employed by the Health Board as a Health Visitor
D Edwards	Chair	2022-23	27.02.23 - 31.03.23	Llund Bol Foodbank - Volunteer Non-Executive Director - Antur Nantlle Cyfyngedig Former Non-Executive Director - Welsh Finance Authority (to 27.02.2023) Former Non-Executive Director - Public Health Wales NHS Trust (to 27.02.2023) Commissioner - Northern Transport Commission Member - Welsh Language Partnership Council, Welsh Government Member - Plaid Cymru Member - CND Cymru Member - Institute of Welsh Affairs Member - Calfaria Chapel, Penygroes Wife is employed by the Health Board as a Lead Practice Education Facilitator Sister-in-law is employed by the Health Board as a Sonographer
L J Reid	Independent Member and Vice Chair	2022-23	01.04.22 - 27.02.23	Committee Chair for the Primary Care Appeals Service, NHS Resolution Specialist advisor for the Care Quality Commission Justice of the Peace for HMCTS, North Wales Central Director of Anakrisis Ltd which provides specialist training and advisory services to NHS England. Husband is a GP in St Asaph, Denbighshire
Prof N Callow	Independent Member	2021-22 *	01.04.22 - 27.02.23	Pro Vice-Chancellor Learning and Teaching and Head of College of Human Sciences, Bangor University
Clr C Carlisle	Independent Member	2021-22 *	01.04.22 - 27.02.23	County Councillor for Colwyn Ward, Conwy County Borough Council Cabinet Member for Social Care and Safeguarding Deputy Chairman (political) Clwyd West Conservatives Governor at Ysgol Bryn Eilian Member of the Conwy and Denbighshire Joint Adoption Panel Panel member of Conwy and Denbighshire Public Services Board
J Cunliffe	Independent Member	2021-22 *	01.04.22 - 27.02.23	Director of Abernet Ltd Member of the Joint Audit Committee, North Wales Police and Crime Commissioner
H Hesketh Evans OBE	Independent Member	Not submitted *	01.04.22 - 27.02.23	Councillor for Denbighshire County Council Founder Chairman and Member North Wales Economic Ambition Board
J F Hughes	Independent Member	2022-23	01.04.22 - 27.02.23	Daughter is employed in an administrative role for the Health Visitor Team in Caernarfon
Clr R Medwyn Hughes	Independent Member	2021-22 *	01.04.22 - 27.02.23	Director of Meditel Limited Local Authority member for Plaid Cymru, Gwynedd County Council Member of the Care Scrutiny Committee and the Audit and Governance Committee at Gwynedd County Council Councillor - Bangor City Community/Town Council
R Micklewright	Independent Member	2022-23	01.04.22 - 27.02.23	Fellow of the Chartered Institute of Public Finance and Accountancy (CIPFA) Member of the Institute of Directors Director, Derryscroft Ltd Wife works in the NHS
J Gallanders BEM	Independent Member	2022-23	01.04.22 - 27.02.23	Clerk at Maelor South Community Council Chair at Wrexham Warehouse Project
L Tomos CBE	Independent Member	2021-22 *	01.04.22 - 27.02.23	Trustee for Cyngor Llyfrau Cymru/Books Council of Wales
G Williams	Independent Member	2022-23	27.02.23 - 31.03.23	Welsh Government - Chair of the expert panel supporting the Independent Commission on the Constitutional Future of Wales Director - Galdeford Investments Ltd Director - Ludlow and District Community Association Ltd T/A Ludlow Assembly Rooms Chair and Director - Mid Wales Opera Ltd
K Balmer CPFA	Independent Member	2022-23	27.02.23 - 31.03.23	Member of the Chartered Institute of Public Finance and Accountancy (CIPFA) Chief Executive Officer Groundwork North Wales Board Member Natural Resources Wales Founder and trustee Cycling 4 All Director, IK Tech Limited Director, Nant Mill Community Trust Director, Skill Hive CIC
R Watcyn Jones	Independent Member	2022-23	27.02.23 - 31.03.23	Trustee and Chair of Hanes Llandoch

30. Related Party Transactions (continued)

Associate Board Members				
M Edwards	Associate Board Member	2021-22 *	01.04.22 - 25.06.22	Corporate Director and Statutory Director of Social Services at Gwynedd Council Lead Director for ADSS Cymru on the Welsh Language Member of the Welsh Language Partnership Board Chair of the Regional Integrated Commissioning Board Member of the Regional Partnership Board
F Roberts	Associate Board Member	2022-23	29.07.22 - 31.03.23	Director of Social Services and Head of Childrens Services Isle of Anglesey County Council Leadership Group Member ADSS Cymru Chair Person Dawns i Bawb Member of Plaid Cymru
C Budden	Associate Board Member	2022-23	01.04.22 - 31.03.23	Chief Executive of Clwyd Alyn Housing Association Director, Tai Elwy Limited Director, Tir Tai Limited Director, Penarian Housing Finance plc Welsh Government Housing Support National Advisory Board Member Vice Chair of the North Wales and Mersey Dee Business Council Fellow of the Chartered Institute of Housing
J Wild	Associate Board Member	2022-23	01.04.22 - 31.03.23	Trustee and Officer of the British Society of Audiology Sister is a GP

Material transactions between the Health Board and related parties during 2022-23 were as follows (unless already reported on page 68).	Expenditure with related party £000	Income from related party £000	Amounts owed to related party £000	Amounts due from related party £000
Bangor University	872	593	668	234
Boots the Chemist	4,337	0	0	0
CIPFA	61	0	44	0
Clwyd Alyn Housing Association	953	0	124	0
Groundwork North Wales	3	0	0	0
Natural Resources Wales	8	0	0	0
Meditech	16	0	3	0
The Association of Directors of Social Services Cymru (ADSS Cymru)	1	0	0	0

Footnote *

No other Health Board members who served during the 2022-23 financial year disclosed any related party interests.

Where Directors had made declarations in previous years but these had not been updated in 2022-23 the most recent available information, including the year of declaration, has been included in this note.

The following Directors made nil declarations in 2021-22 but these were not updated or confirmed for 2022-23:

Name	Details of position	Date position held
A L Brereton	Board Secretary	01.04.22 - 03.04.22
G Harris	Executive Director of Integrated Clinical Delivery/Deputy Chief Executive Acting Chief Executive	01.04.22 - 15.11.22 16.11.22 - 31.03.23

H Hesketh Evans joined and left the Health Board during the year and did not make a declaration. Information within the note was published on the Health Board's website during the term of office.

31. Third Party assets

As at 31st March 2023, the Health Board held £179,914 cash at bank and in hand on behalf of third parties (31st March 2022 £195,807) comprising:

	2022-23	2021-22
	£	£
Monies held on behalf of patients - savings accounts	68,932	70,320
Monies held on behalf of patients - current accounts and cash in hand	72,682	101,637
Deposits for staff residential accommodation	38,300	23,850
	<u>179,914</u>	<u>195,807</u>

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 2023 was £3,269,221 (31st March 2022 £3,364,898).

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 2022-23 was £32.9m (2021-22 £23.4m) of revenue funding plus RIF capital grant funding of £2.1m (2021-22 £10.5m). 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.

On 1st August 2022, the Health Board moved to a new operating model, based on research and development carried out through the Stronger Together programme.

The new model brings together Primary Care, Community Services, Secondary Care (acute) and Children's services into three Health Communities - East, Central and West, each led by an accountable Director. Mental Health and Learning Disabilities, Women's Services, Cancer Services, Diagnostic and Clinical Support Services remain as pan-North Wales services. Prior year figures within this note have been restated to reflect the structure of the new operating model.

Four of the Health Board's functions are considered to represent operating segments under the accounting standard with their performance being reported at monthly Board meetings. Information on divisions which do not exceed the reporting thresholds has also been disclosed in the following table in order to provide additional details of the Health Board's activities during the year.

	2022-23 £'000	2021-22 Restated £'000
<i>Integrated Health Communities</i>		
West Integrated Health Community *	320,094	300,972
Central Integrated Health Community *	407,043	381,935
East Integrated Health Community *	416,694	394,884
	1,143,831	1,077,791
Midwifery and Womens Services	44,479	42,354
Mental Health and Learning Disabilities	155,124	145,189
Commissioning Contracts *	257,679	234,773
Integrated Clinical Delivery Primary Care	54,538	74,258
Integrated Clinical Delivery Regional Services	107,063	98,866
Service Support Functions	150,890	133,603
	769,773	729,043
Other Budgets	41,164	31,573
6.3% Staff employer pension contributions notional expenditure (See Note 34.1)	38,357	35,583
Operating costs sub-total	1,993,125	1,873,990
Revenue Resource Limit	1,993,514	1,874,279
Under/(over) spend against Revenue Resource Limit	389	289

* Operating segments which meet the standard criteria for reporting as per par 1.470 of the Welsh Government Manual for Accounts 2022-23.

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 2022 to 31st March 2023. This has been calculated from actual Welsh Government expenditure for the 6.3% staff employer pension contributions between April 2022 and February 2023 alongside Health Board data for March 2023.

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

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

34. Other Information

34.2 Welsh Government Covid 19 Funding

Details of Covid 19 Pandemic Welsh Government funding amounts provided to NHS Wales bodies:

	2022-23 £000	2021-22 £000
Capital		
Capital Funding Field Hospitals		0
Capital Funding Equipment & Works		6,901
Capital Funding other (Specify)		0
Welsh Government Covid 19 Capital Funding	0	6,901

Revenue		
Stability Funding	18,823	65,198
Covid Recovery	0	18,517
Cleaning Standards	0	1,282
PPE (including All Wales Equipment via NWSSP)	1,538	3,519
Testing / TTP- Testing & Sampling - Pay & Non Pay	2,591	4,007
Tracing / TTP - NHS & LA Tracing - Pay & Non Pay	4,610	13,088
Extended Flu Vaccination / Vaccination - Extended Flu Programme	1,777	1,585
Mass Covid-19 Vaccination / Vaccination - COVID-19	11,780	14,643
Annual Leave Accrual - Increase due to Covid		5,383
Urgent & Emergency Care		1,407
Private Providers Adult Care / Support for Adult Social Care Providers		3,427
Hospices		0
Other Mental Health / Mental Health		343
Other Primary Care	0	0
Social Care		2,360
Dental Patient charges	2,975	0
Nosocomial C19 Funding	879	0
Other	750	318
Welsh Government Covid 19 Revenue Funding	45,723	135,077

Other Welsh Government Covid 19 Revenue Funding relates to:

2021-22 - £318,000 - Covid Therapeutic Medicines (Treatment)

2022-23 - £750,000 - C19 Long Covid 19.

The Health Board received a further £70,000 (2021-22 £81,000) Welsh Government Covid-19 Revenue funding as miscellaneous income, which is included in Note 4 on page 30. All other income detailed above was received

34. Other Information

34.4 Pooled Budgets

Memorandum Note - Note 32 - Pooled Budgets

North East Wales Community Equipment Service Memorandum Accounts 2022-23

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:

	2022-23	2021-22
	£ 000	£ 000
Pooled Budget contributions		
Flintshire County Council	318	306
Wrexham County Borough Council	301	290
Betsi Cadwaladr University Local Health Board	455	430
Other	227	225
Total Pooled Budget contributions for the year	1,301	1,251
Expenditure		
Equipment Purchases	486	506
Operating Expenditure	780	789
Non Operating Expenditure	0	0
Total Expenditure for the year	1,266	1,295
Net Surplus/(Deficit) on the Pooled Budget for the Year	35	(44)

Denbighshire Community Equipment Service Memorandum Accounts 2022-23

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

	2022-23	2021-22
	£ 000	£ 000
Pooled budget contributions		
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	217	225
Total Pooled Budget contributions for the year	625	633
Expenditure		
Equipment purchases (Core and CHC)	189	150
Operating Expenditure	529	437
Total Expenditure for the year	718	587
Net Surplus/(Deficit) on the Pooled Budget for the Year	(93)	46
Cumulative net Surplus/(Deficit) on the Pooled Budget	(1)	92

34. Other Information

34.4 Pooled Budgets

Memorandum Note - Note 32 - Pooled Budgets

Denbighshire Health and Social Care Support Workers Service Memorandum Accounts 2022-23

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.

	2022-23 £ 000	2021-22 £ 000
Pooled Budget contributions		
Denbighshire County Council	50	50
Betsi Cadwaladr University Local Health Board	50	50
RIF Grant Allocation	55	53
RIF Grant Allocation - from slippage	3	0
Total Pooled Budget contributions for the year	158	153
Expenditure		
Employee Expenses	147	151
Other Operating Expenditure	11	6
Total Expenditure for the year	158	157
Net Surplus/(Deficit) on the Pooled Budget for the Year	0	(4)
Cumulative net Surplus/(Deficit) on the Pooled Budget	38	38

Bryn-y-Neuadd Community Equipment Store Memorandum Accounts 2022-23

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.

	2022-23 £ 000	2021-22 £ 000
Contributions		
Ynys Môn County Council	156	156
Conwy County Council	183	183
Gwynedd County Council	204	196
Betsi Cadwaladr University Local Health Board	497	497
Special Orders	90	90
Total Pooled Budget Contributions	1,130	1,122
Expenditure		
Operating Expenses	797	688
Equipment Purchases (incl. Special Orders)	524	512
Total Expenditure	1,321	1,200
Net Surplus/(Deficit) on the Pooled Budget for year	(191)	(78)
Cumulative Net Surplus/(Deficit) on the Pooled Budget	(362)	(171)

34. Other Information

34.4 Pooled Budgets

Memorandum Note - Note 32 - Pooled Budgets

North Wales Older People Accommodation Pooled Budget Memorandum Accounts 2022-23

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

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

Income and expenditure for these pooled budget arrangements for the year ending 31st March 2023 is shown below. Payments in respect of the contributions for Quarter 4 2022-23 will be made in arrears during 2023-24 in accordance with the Partnership Agreement:

	2022-23	2021-22
	£ 000	£ 000
Contributions		
Denbighshire County Council	10,236	9,340
Conwy County Borough Council	15,864	14,221
Flintshire County Council	10,556	10,095
Wrexham County Borough Council	14,434	15,317
Gwynedd Council	11,214	9,143
Isle of Anglesey County Council	5,708	5,209
Betsi Cadwaladr University Local Health Board	43,020	35,657
Total Pooled Budget Contributions	111,032	98,982
Expenditure		
Care Home Costs	111,032	98,982
Total Expenditure for the year	111,032	98,982
Net Surplus/(Deficit) on the Pooled Budget for the Year	0	0

Pwyllgor Archwilio
Audit Committee

2022-23 Cwblhad o Gyfrifon Blynyddol 2022-23 Annual Accounts Completion

Russell Caldicott
Cyfarwyddwr Gweithredol Cyllid dros dro
Interim Executive Director of Finance
24 Gorffennaf 2023 / 24 July 2023

Cynnwys

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Cyflawniad o fetrigau allweddol

Delivery of key metrics

		£million
Net operating costs	2022-23	£1,993.1m
Revenue Resource Allocation	2022-23	£1,993.5m
Tanwariant yn erbyn Terfyn Adnoddau Refeniw Underspend of Revenue Resource Allocation	2022-23 (Draft)	£0.4m
Tanwariant 2021-22 Underspend in 2021-22	2021-22	£0.3m
Tanwariant 2020-21 Underspend in 2020-21	2020-21	£0.5m
Cyfanswm tanwariant Cumulative underspend	2020-21 to 2022-23	£1.2m
Tanwariant o ddyraniad adnoddau cyfalaf Underspend of Capital Resource Allocation (£29.3m)	2022-23	£0.029m
Nifer o anfonebau heb fod yn GIG a dalwyd o fewn 30 diwrnod / Number of non-NHS invoices paid within 30 days	2022-23	95%

Achievement of first financial duty:

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

Delivered programme within resource limit

Met target

Perfformiad Cyfrifon

Accounts performance

	£million
Gross expenditure	2,146.7
Income	(155.4)
Net operating costs	1,991.3
Non-cash limited expenditure	1.8
Total operating expenses	1,993.1
Revenue resource allocation	(1,993.5)
Underspend against revenue resource allocation	0.4

Incwm

Income analysis £155.4m

(excludes £1,993.5m received from Welsh Government)

Other £38m - includes eg:

- HMP Berwyn income £8.4m
- Education, training and research £6.1m
- Dental fee income £4.3m
- Accommodation and catering £3.2m
- Charitable and other contributions and donated assets £1.5m
- Private patient and overseas visitor income £0.8m

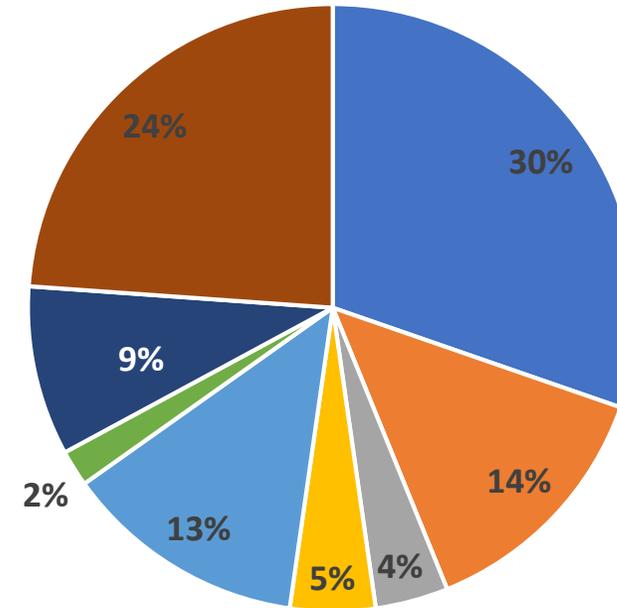
LA – Local Authority

**WHSSC – Welsh Health Specialist Services
Committee**

SHA – Special Health Authority

HMP – His Majesty’s Prison

LHB – Local Health Board



■ WHSSC (£47m)

■ Welsh SHAs (£21m)

■ LHBs (£6m)

■ NHS Wales Trusts (£7m)

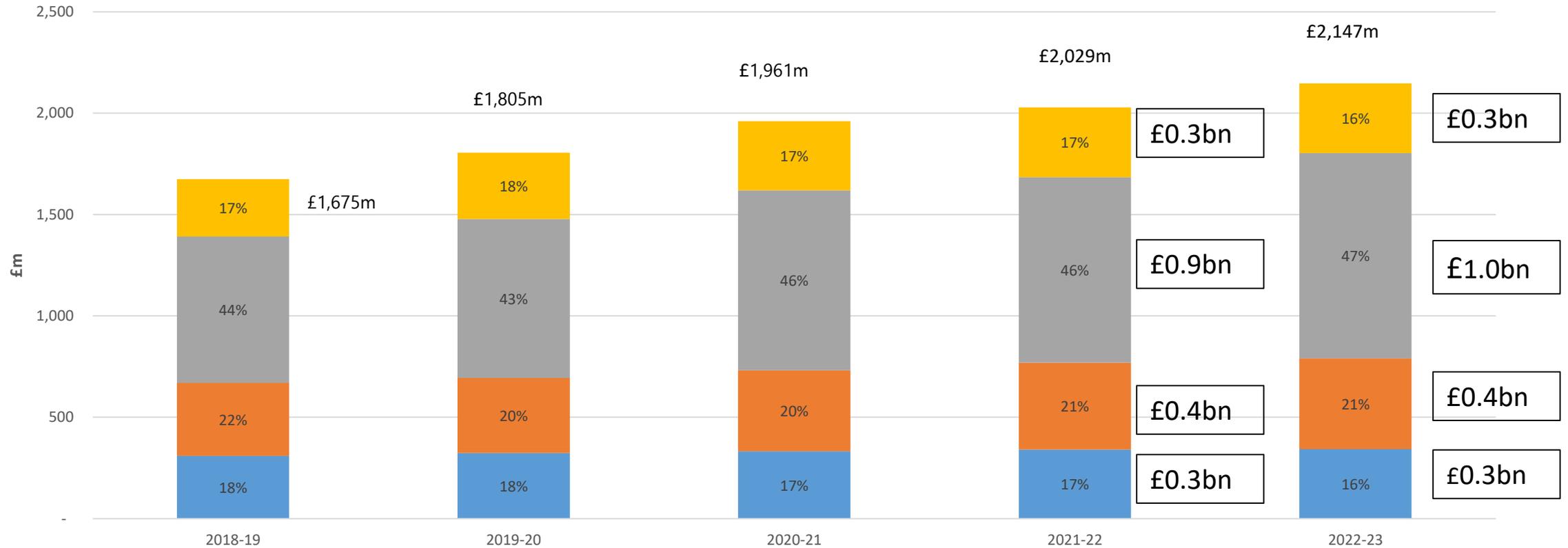
■ Other NHS bodies (£20m)

■ Welsh Govt (£3m)

■ LAs (£14m)

■ Other (£37m)

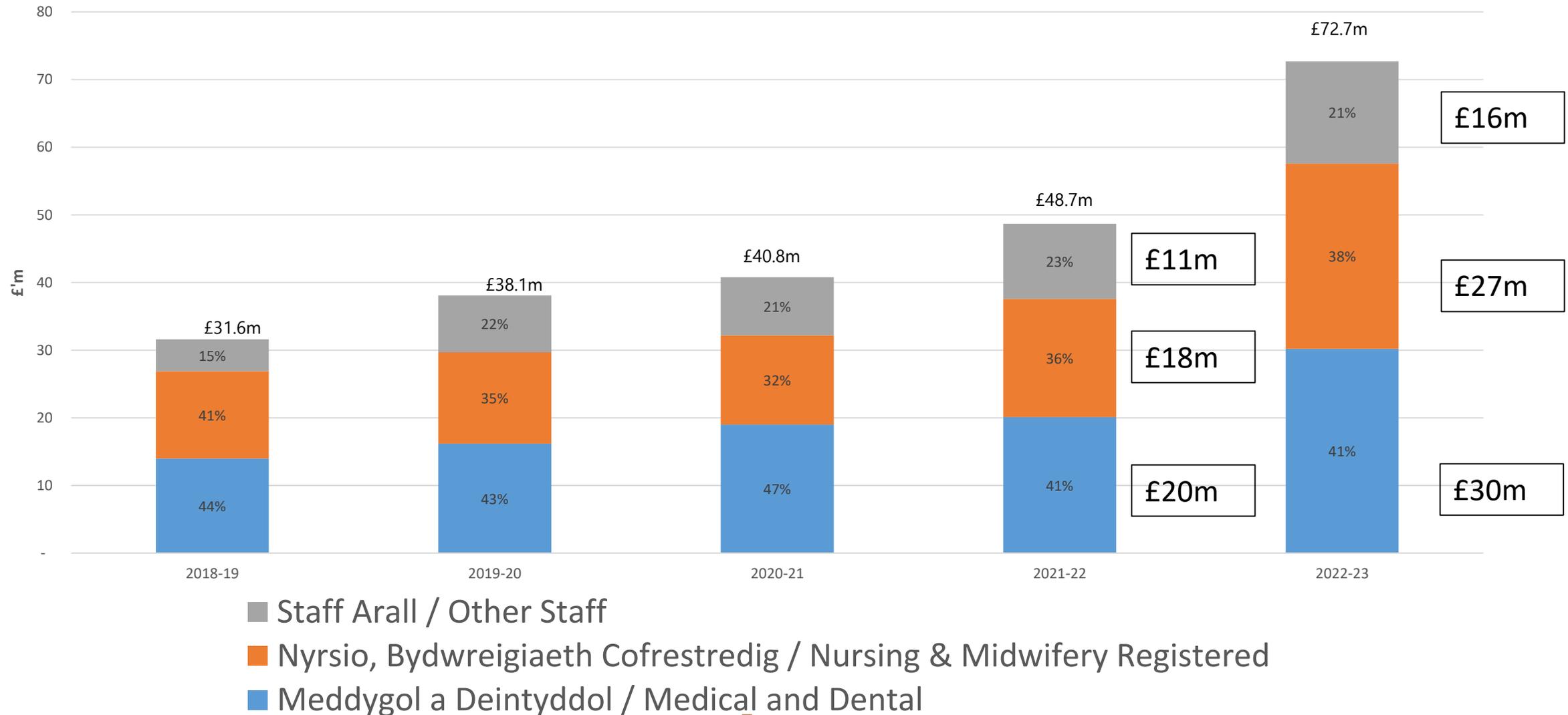
Gwariant fesul Categori Expenditure by Category



- 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

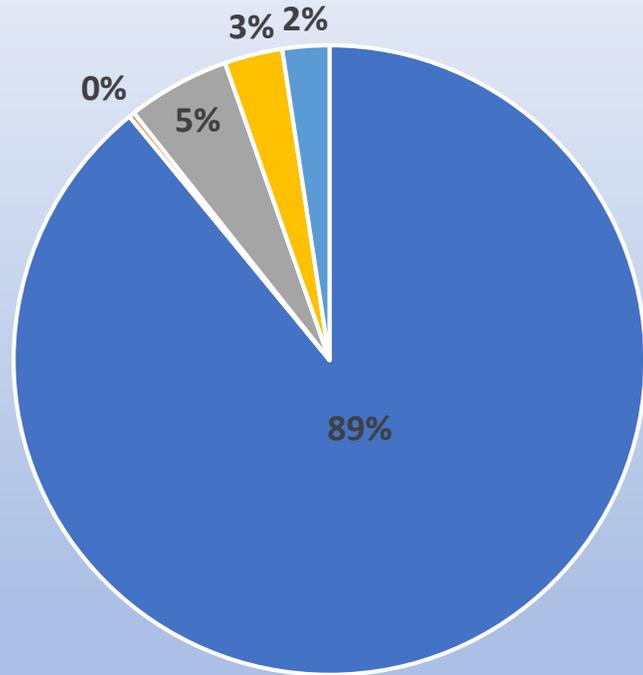


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Expenditure by type

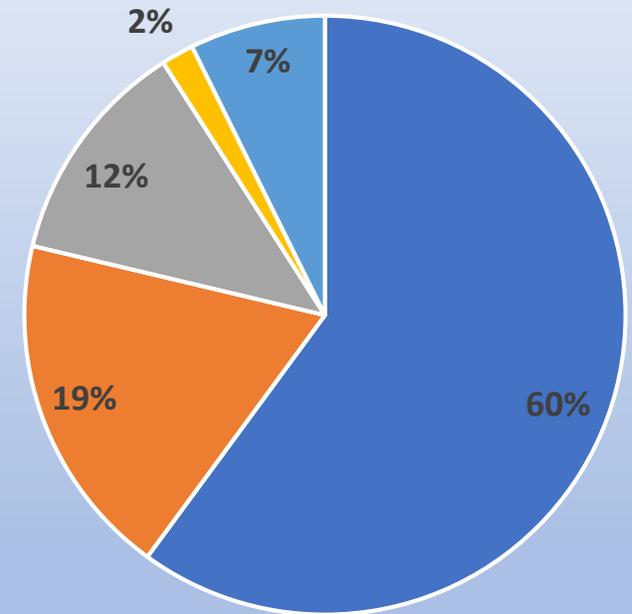
22/23 Pay £1.0bn

- Permanent Staff £930m
- Inward Secondments £3m
- Agency £55m
- Specialist Trainees £31m
- Other (inc short term engagements, Out of Hours GPs) £25m



22/23 Hospital & Community Health Services- Non Pay £343m

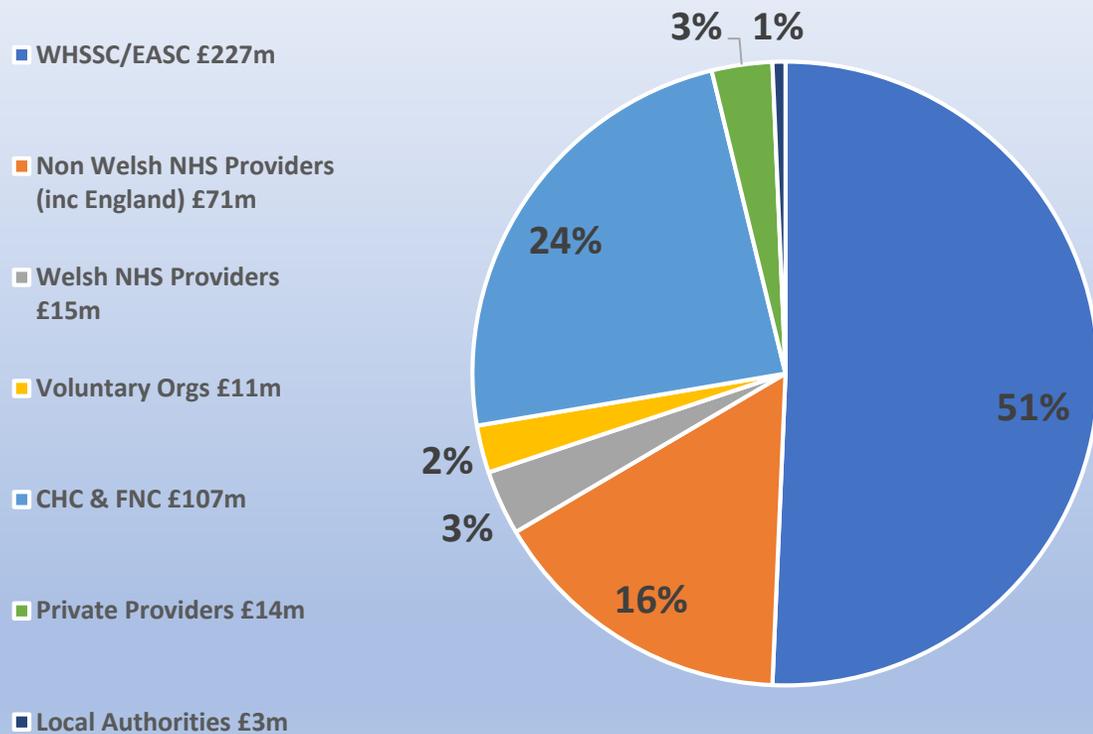
- Clinical & General Supplies £206m
- Premises (inc R&R, Utilities, Equip & IT) £64m
- Depreciation £42m
- Loses (inc HSE) £6m
- Establishment & Other (inc Transport, Training, Legal, Stationary) £25m



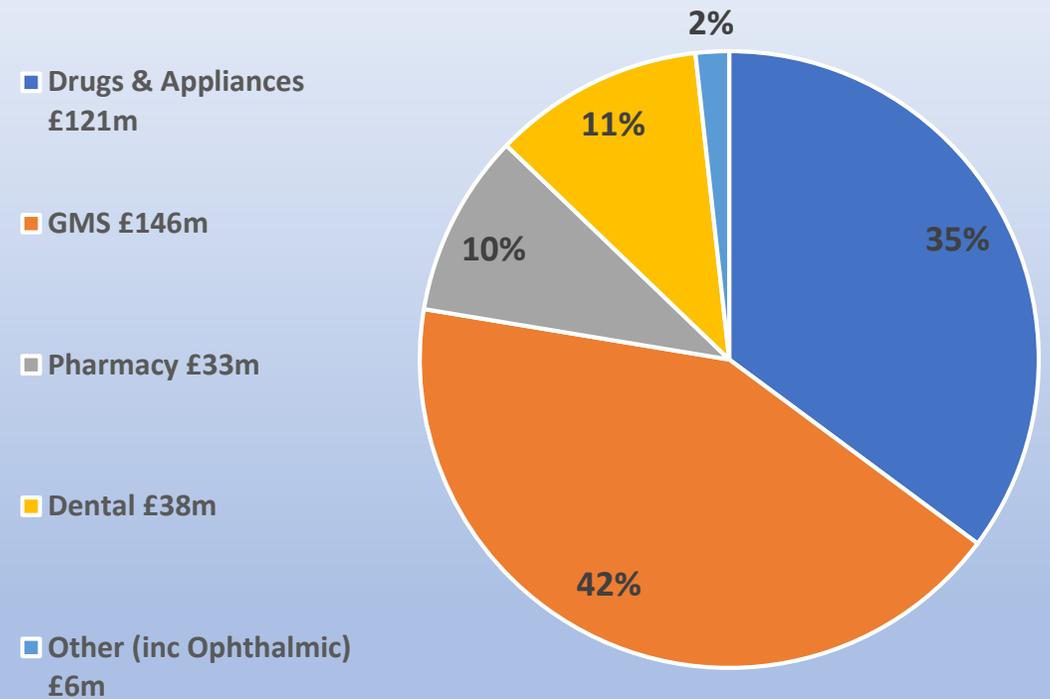
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Expenditure by type

22/23 Healthcare Provided by Others £448m

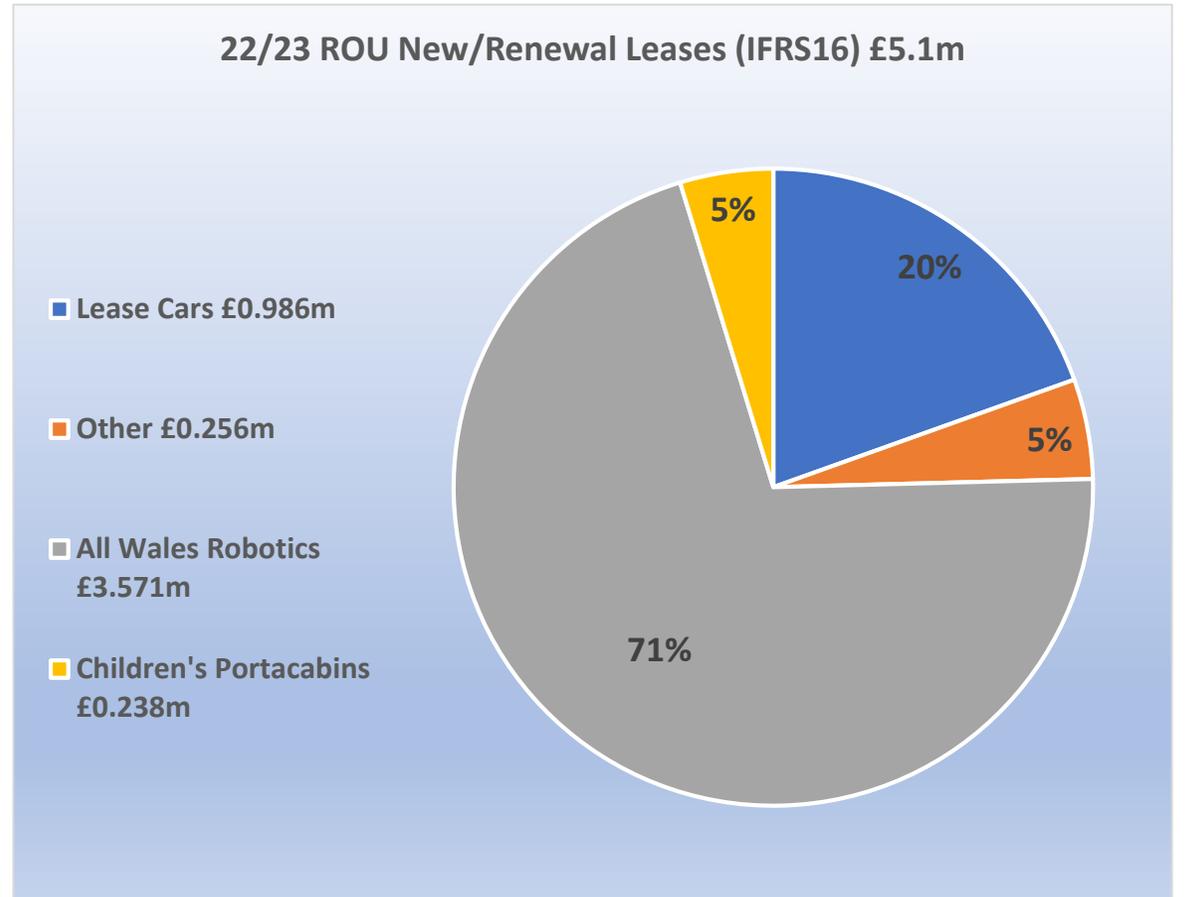
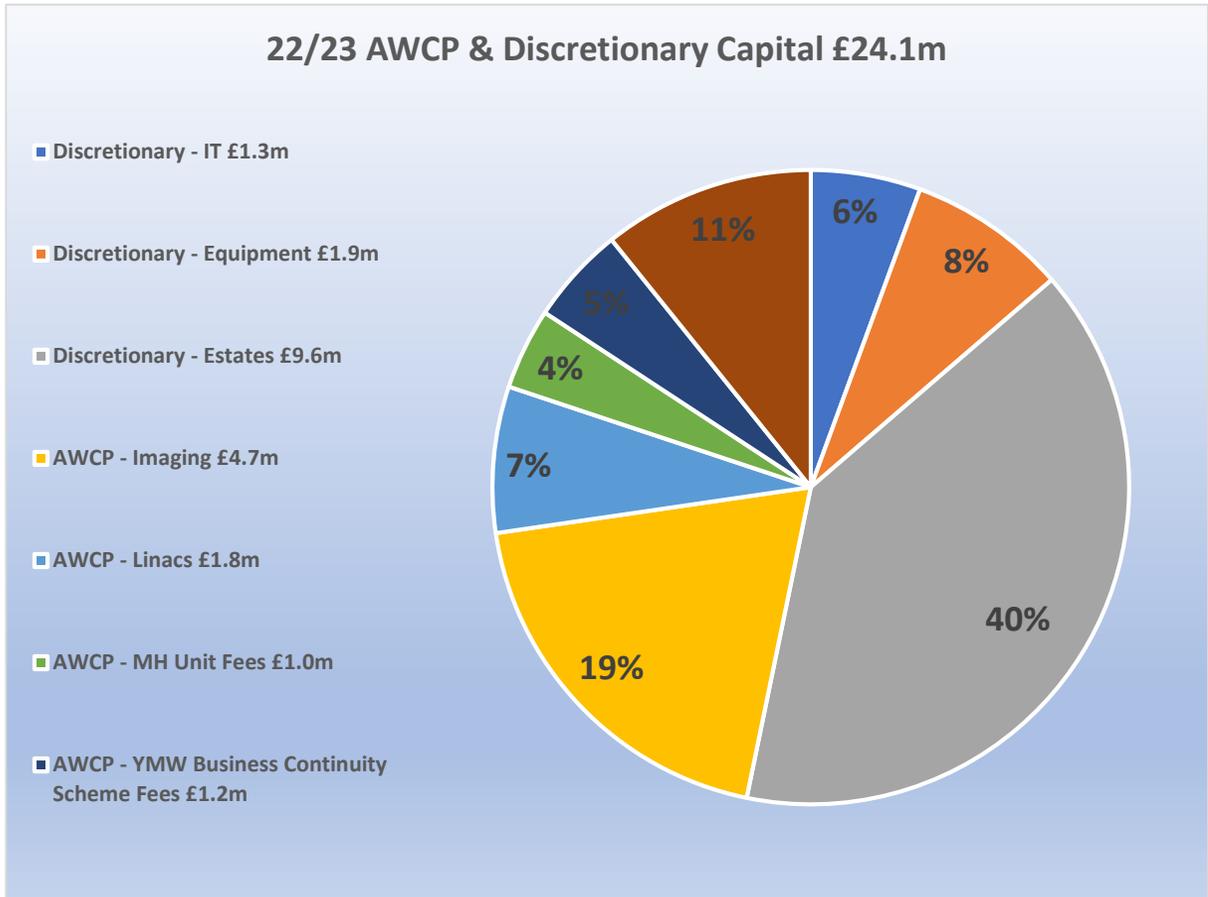


22/23 Primary Care Services £344m



Buddsodiadau Cyfalaf Capital Investments

Gwariant Cyfalaf / Capital Expenditure	£29.2
Capital Resource Limit (Achieved)	£0.029m underspend



Rhagdybiaethau a Dyfarniadau Allweddol

Key assumptions and judgements

SEPARATE PAPER PROVIDED FOR MEMBERS COVERING

Provisions and Risk Pool

Contracted Primary Healthcare

Accruals

HSE Fine

Llythyr Ymholiadau Archwiliad

Audit enquiries letter

DRAFT AUDIT ENQUIRIES LETTER ATTACHED (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	Draft Accounts consistent with that presented to May 2023 Audit Committee	
	No material adjustments requested by Audit Wales (to date)	
	Qualified and adverse opinion will be issued owing to prior year	
	Capital Accounting update on position	
KEY ITEMS OF NOTE	IAS260 not able to be shared, audit continuing	
	Non-compliance with 31 st July 2023 deadline for Welsh Government to receive Audited Accounts & Opinion	
NEXT ACTIONS COMMUNICATED WITH WELSH GOVERNMENT	ISA260 draft to be received from Audit Wales	28 th July 2023
	Draft Accounts and ISA260 shared with Welsh Government	28 th July 2023
	Health Board Finance and Audit Wales meeting to occur (update to CEO, Audit Chair and Chair)	7 th August 2023
	Audit Committee and Trust Board meeting scheduled to occur for receipt of ISA260 and Accounts	w/c 21 st August 2023
	ISA260 and Accounts submitted to Welsh Government	Post above meeting
	Review of process from closedown to submission to be reviewed (findings and recommendations to AC	

Cwestiynau?
Questions?

Diolch
Thank you

Teitl adroddiad: <i>Report title:</i>	Audit Wales, Audit of Accounts Report – Betsi Cadwaladr University Health Board		
Adrodd i: <i>Report to:</i>	Audit Committee		
Dyddiad y Cyfarfod: <i>Date of Meeting:</i>	24 August 2023		
Crynodeb Gweithredol: <i>Executive Summary:</i>	<p>Audit Wales has completed their audit of the Betsi Cadwaladr University Local Health Board 2022-23 Financial Statements under auditing standard ISA315 (UK) Identifying and Assessing the Risks of Material Misstatement (Revised July 2020).</p> <p>The Auditor General for Wales intends to issue a qualified “true and fair” audit opinion as he has been unable to obtain sufficient appropriate audit evidence that the opening balances of accruals and payables brought forward from the 2021-22 financial year, along with related expenditure, has been accounted for in the correct accounting period. The audit opinion in respect of the regularity of expenditure will also be qualified as the Health Board incurred irregular expenditure and breached its standing financial instructions in making payments to an interim executive member of the Board.</p> <p>A substantive report will be provided with the audit opinions, setting out further detail in respect of these matters. The substantive report will also refer to the Health Board’s performance against the first financial duty and not having an approved three-year integrated medium-term plan for the period 2022 to 2025.</p>		
Argymhellion: <i>Recommendations:</i>	The Audit Committee is requested to note the content of the report and any recommendations included within the Auditor General for Wales report to the Senedd.		
Arweinydd Gweithredol: <i>Executive Lead:</i>	Mr Russell Caldicott - Interim Executive Director of Finance		
Awdur yr Adroddiad: <i>Report Author:</i>	Mr Matthew Edwards, Audit Director, Audit Wales		
Pwrpas yr adroddiad: <i>Purpose of report:</i>	I'w Nodi <i>For Noting</i> <input type="checkbox"/>	I Benderfynu arno <i>For Decision</i> <input type="checkbox"/>	Am sicrwydd <i>For Assurance</i> <input checked="" type="checkbox"/>
<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>			
Cyswllt ag Amcan/Amcanion Strategol: <i>Link to Strategic Objective(s):</i>	N/A		

Goblygiadau rheoleiddio a lleol:	N/A
<i>Regulatory and legal implications:</i>	
Yn unol â WP7, a oedd EqlA yn angenrheidiol ac a gafodd ei gynnal?	N/A
<i>In accordance with WP7 has an EqlA been identified as necessary and undertaken?</i>	
Yn unol â WP68, a oedd SEIA yn angenrheidiol ac a gafodd ei gynnal?	N/A
<i>In accordance with WP68, has an SEIA identified as necessary been undertaken?</i>	
Manylion am risgiau sy'n gysylltiedig â phwnc a chwmpas y papur hwn, gan gynnwys risgiau newydd (croesgyfeirio at y BAF a'r CRR)	N/A
<i>Details of risks associated with the subject and scope of this paper, including new risks(cross reference to the BAF and CRR)</i>	
Goblygiadau ariannol o ganlyniad i roi'r argymhellion ar waith	N/A
<i>Financial implications as a result of implementing the recommendations</i>	
Goblygiadau gweithlu o ganlyniad i roi'r argymhellion ar waith	N/A
<i>Workforce implications as a result of implementing the recommendations</i>	
Adborth, ymateb a chrynodeb dilynol ar ôl ymgynghori	N/A
<i>Feedback, response, and follow up summary following consultation</i>	
Cysylltiadau â risgiau BAF: (neu gysylltiadau â'r Gofrestr Risg Gorfforaethol)	To be confirmed by the Health Board.
<i>Links to BAF risks: (or links to the Corporate Risk Register)</i>	
Rheswm dros gyflwyno adroddiad i bwyllgor cyfrinachol (lle bo'n berthnasol)	N/A
<i>Reason for submission of report to confidential Committee (where relevant)</i>	
Camau Nesaf: Gweithredu argymhellion Next Steps: Implementation of recommendations	

Audit of Accounts Report – Betsi Cadwaladr University Health Board

Audit year: 2022-23

Date issued: August 2023

Document reference: 3724A2023

This document has been prepared as part of work performed in accordance with statutory functions.

In the event of receiving a request for information to which this document may be relevant, attention is drawn to the Code of Practice issued under section 45 of the Freedom of Information Act 2000. The section 45 code sets out the practice in the handling of requests that is expected of public authorities, including consultation with relevant third parties. In relation to this document, the Auditor General for Wales and the Wales Audit Office are relevant third parties. Any enquiries regarding disclosure or re-use of this document should be sent to the Wales Audit Office at infoofficer@audit.wales.

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.

Contents

We intend issuing a qualified 'true and fair' audit opinion on your financial statements as we have been unable to obtain sufficient appropriate audit evidence that the opening balances accruals, payables and related expenditure has been accounted for in the correct accounting period.

The audit opinion in respect of the regularity of expenditure will also be qualified as the Health Board incurred irregular expenditure and breached its standing financial instructions in making payments to an interim executive member of the Board.

A substantive report will be provided with the audit opinions, setting out further detail in respect of these matters. The substantive report will also refer to the Health Board's performance against the first financial duty and not having an approved three-year integrated medium-term plan for the period 2022 to 2025.

Audit of Accounts Report

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Introduction

- 1 We summarise the main findings from our audit of your 2022-23 accounts in this report. We have already discussed these issues with the Interim Executive Director of Finance and his team.
- 2 Auditors can never give complete assurance that accounts are correctly stated. Instead, we work to a level of 'materiality'. This level of materiality is set to try to identify and correct misstatements that might otherwise cause a user of the accounts into being misled. We set this level at £21.4 million for this year's audit.
- 3 There are some areas of the accounts that we judge may be of more importance to the reader and we have set a lower materiality level for these, as follows:
 - Remuneration report/senior pay disclosures; and
 - Related party transactions.
- 4 Our audit is substantially complete.
- 5 In our professional view, we have complied with the ethical standards that apply to our work; remain independent of yourselves; and our objectivity has not been compromised in any way. There are no relationships between ourselves and yourselves that we believe could undermine our objectivity and independence.

Impact of revised ISA315 on this year's audit

- 6 Our audits of NHS accounts for the year ended 31 March 2023 have been carried out under a revised auditing standard (ISA 315 (UK) Identifying and Assessing the Risks of Material Misstatement (Revised July 2020)). The revised standard has had a significant impact this year on how auditors undertake audit risk assessments and our overall audit approach.
- 7 In planning our audit, we are now required to undertake more detailed and extensive risk assessment procedures to identify risks of material misstatement. The subsequent design and performance of our audit approach has been responsive to each assessed risk.
- 8 The introduction of the revised standard and a different audit approach has had implications for audit timetables, and the new approach has required additional time to implement. We are also conscious that there have been additional challenges for finance teams preparing accounts this year, including the introduction of IFRS 16 – Accounting for Leases and accounting adjustments resulting from the quinquennial valuation of the NHS estate. It was important that finance teams had sufficient time to reflect these changes accurately in draft accounts submitted for audit to ensure a smooth audit process. As a result, it was agreed that for 2022-23 that the revised timetable for the completion of the audit and the submission of the audited documents would be 31 July.

- 9 We also note in Exhibit 1 below that despite the revised 2022-23 timetable, the submission of the 31 July submission date to Welsh Government was delayed due to significant issues with the Health Board's draft accounts.

Exhibit 1 – impact of revised ISA315 on this year's audit

Timetable	<ul style="list-style-type: none">• The Welsh Government's deadlines for Health Board submission are:<ul style="list-style-type: none">– the draft Financial Statements by 5 May; and– the draft Performance Report and Accountability Report by 12 May.• The Health Board met the above deadlines bar a delay to the Performance Report which was provided on 27 June.• The Welsh Government's deadline for audit completion and the submission of the audited documents is 31 July.• The submission to Welsh Government was delayed due to significant issues with the Health Board's accounts and the qualification of the 'true and fair' and 'regularity' opinion. Further information is set out in this report.• The Audit Report will be presented to Audit, Risk and Assurance Committee on 24 August and to the Board on the same day.
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Impact of the qualified 'true and fair' opinion on the 2021-22 accounts on this year's audit

- 10 Last year we issued a qualified 'true and fair' opinion on the Health Board's 2021-22 accounts, as we were unable to obtain sufficient appropriate evidence that specific accruals, payables and expenditure were accurately stated and accounted for in the correct accounting period. We also placed a substantive report setting out further detail in respect of these matters.
- 11 Our initial 2021-22 audit testing identified significant levels of error and uncertainty on the existence of payables and accruals of £9.1 million at 31 March 2022 and whether expenditure of £9.4 million occurred in the year or had been properly accounted for in the correct accounting period. The errors and uncertainties identified by our testing of £9.4 million represented 7.8% of the sample tested of £121.2 million. The Health Board stated that it was unable to support us in undertaking any further testing. Consequently, we were unable to complete the necessary further work to assess the full extent of the errors and uncertainty in the financial statements.

- 12 The 2021-22 audit opinion was qualified on the grounds that the Health Board was unable to provide sufficient appropriate audit evidence that:
- Non-NHS payables and accruals of £73.2 million in Note 18 'Trade and Other Payables' existed at 31 March 2022; and
 - expenditure of £122.2 million in Note 3.3 'Expenditure on Hospital and Community Health Services' occurred in the year or has been properly accounted for in the correct accounting period.
- 13 Our Detailed Audit Plan 2023 presented to the Audit Committee on 15 May 2023 set out the significant financial statement risks, including the risks arising from the qualification of the Health Board's 2021-22 accounts.
- 14 The significant findings arising from the audit of the Health Board's accounts and the impact of the 2021-22 audit qualification on the 2022-23 accounts are set out in this report.

Proposed audit opinion

- 15 We issue a 'qualified' audit opinion where we have material concerns about some aspects of your accounts; otherwise we issue an unqualified opinion
- 16 The Letter of Representation contains certain confirmations we are required to obtain from you under auditing standards along with confirmation of other specific information you have provided to us during our audit.
- 17 We intend to issue a qualified true and fair opinion and a qualified regularity opinion on your Accounts once you have provided us with a Letter of Representation based on that set out in **Appendix 1**.
- 18 Our proposed audit report is set out in **Appendix 2**. The audit report explains that the true and fair opinion for 2022-23 is qualified as we were unable to obtain sufficient appropriate audit evidence over the accuracy of the opening balances due to the qualifications arising in 2021-22. We were also unable to quantify the exact level of misstatement as the Health Board has not addressed the issues reported in 2021-22.
- 19 The true and fair opinion for 2022-23 is also qualified for expenditure reported in year as we do not know the value of the £122 million uncertainty reported in 2021-22 that should have been included within 2022-23 expenditure. We have therefore been unable to conclude that that expenditure is fairly stated in all material respects.
- 20 The audit report also explains that the regularity opinion for 2022-23 is qualified, as the Health Board incurred irregular expenditure for payments made to an interim executive member of the Board. between 1 April and 31 July 2022 at a higher rate than the amount approved by the Remuneration Committee. The payment also exceeded the Welsh Government's approved salary for pay band 14 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). Further information is set out in paragraphs 41 to 44.

- 21 Our proposed substantive report is in **Appendix 3**. It sets out the key facts surrounding the matters identified above. It also includes commentary on the Health Board’s performance against the first financial duty, and the fact that the Health Board did not meet its financial duty to have an approved three-year integrated medium-term plan for the period 2022-2025. The regularity opinion is not qualified in respect of these matters.

Significant issues arising from the audit

Uncorrected misstatements

- 22 The Health Board has chosen not to correct for a number of issues arising from our audit as outlined in exhibit 2 below.
- 23 The cumulative value of these errors is above our trivial reporting threshold of £1.0 million but are lower than our materiality level.

Exhibit 2 – Uncorrected misstatements

Note	Issue
Note 3.3 ‘Expenditure on Hospital and Community Health Services’	<p>We identified errors of £9.4million within Note 3.3 ‘Expenditure on Hospital and Community Health Services’ during the audit of the 2021-22 financial statements where costs relating to 2022-23 had been incorrectly accounted for in 2021-22.</p> <p>The Health Board did not amend the 2021-22 accounts for these errors and has not included the costs relating to 2022-23 within this year’s expenditure.</p> <p>The reported 2022-23 expenditure in Note 3.3 is understated by £9.4 million as the Health Board advised us that it placed an emphasis on the production of the 2022-23 financial accounts, with adjustments identified below materiality levels within 2021-22 not reclassified as being expensed within the 2022-23 financial year.</p>
Note 11.1 ‘Property, plant & equipment’	<p>While auditing the revaluation of ‘Buildings, excluding dwellings’ in Note 11.1 ‘Property, Plant and Equipment’ we identified that amounts for ‘Reversal of Impairments’ and ‘Revaluations’ had not been properly calculated by the Health Board’s fixed asset register system.</p>

The reversal of accumulated depreciation movements, for assets which had historical impairments, were being mis-posted as positive reversals of impairment and negative revaluations within the cost section of the note.

These movements were also misclassified as revaluations rather than reversals of impairment within the depreciation section of the note.

These issues have led to misstatements within the lines mentioned above in note 11.1, however, this did not result in a misstatement in the Net Book Value of the assets. The misstatements also resulted in the correct net amounts being posted to both the Statement of Comprehensive Net Expenditure and the Revaluation Reserve.

Although the Health Board have been unable to fully quantify the impact on the relevant lines of the note, we have been able to carry out sufficient work to give us assurance that the lines within the note for the Gross Cost or Total Depreciation are not materially misstated.

Management informed us that the fixed asset system deployed by the Health Board was unable to analyse accumulated depreciation between impairment reversal and revaluations following a quinquennial review. The net book value is recorded accurately within the note and financial statements and management intend exploring if the fixed asset system can be enhanced for future reporting periods to provide this information.

Note 11.3 'Right of Use Assets' and Note 18 'Trade and Other Payables'

Our review of the Health Board implementation of the new accounting standard IFRS 16 Leases, identified errors due to the incorrect treatment of assets and liabilities when assets were transferred from Note 11.1 'Property Plant and Equipment' to Note 11.3 'Right of Use Assets'.

We identified that four assets already held on the balance sheet that did not have corresponding liabilities in place for the remaining life of the leases. The Health Board has been unable to create a liability for these assets as any amendments would require accounting adjustment directly through the general fund, requiring Welsh Government approval.

Consequently, the reported payables balance in Note 18 is understated by £661,069. Management informed us that the transaction referred to within the report was of a non-material nature, with the creation of a liability for reporting requiring an adjustment to the general fund that would need Welsh Government approval. As the transaction was not material and approval to the amendment would be required, the Health Board has not actioned this amendment.

- 24 There are a large number of individual misstatements below our trivial level, but in aggregate total more than £1 million.
- 25 We have discussed these misstatements with management, but they remain uncorrected. We request that these are corrected. If you decide not to correct these misstatements, we ask that you provide us with the reasons in writing for not correcting them.

Corrected misstatements

- 26 There were initially misstatements in the accounts that have now been corrected by management. However, we believe that the more significant of these should be drawn to your attention and they are set out with explanations in **Appendix 4**.

Other significant matters arising from the audit

- 27 During our audit, we consider a number of matters relating to the accounts and report any significant issues arising to you.
- 28 We appreciate that there have been several issues that have affected the Health Board this year following the qualification of the 2021-22 financial statements. During this time the finance team have had to deal with significant changes with the composition of the team in addition to dealing with several considerable challenges, including accounting for the five-yearly revaluation of the estate and the introduction of IFRS16 Leases.
- 29 However, we encountered some significant issues that undermined the quality of the draft financial statements that led to inefficiencies in the audit that will impact on the final audit fee charged for the work. A summary of the issues are noted below.

First financial duty

- 30 The Health Board has a financial duty to break even against its Revenue Resource Limit over a three-year period. Performance against this duty is disclosed in Note 2.1 'Revenue Resource Performance' which shows the Health Board achieved its duty as it recorded an underspend against its resource allocation for the past 3 years.
- 31 Following on from the 'true and fair' qualification of the 2021-22 accounts, we reviewed non-NHS manual accruals to identify whether any balances from 2021-22 were still included and to determine what the accruals were overstated.
- 32 Our work identified £8.29 million had been removed from the Health Board's expenditure in 2022-23 as it determined that the 2021-22 accruals were overstated, were not required, or they did not exist.

33 If the Health Board had not reversed these accruals it would have overspent against its 2022-23 resource allocation by £7.094 million and would not have achieved the three-year break-even financial duty.

Quality of the draft accounts

34 The draft accounts submitted for audit were not produced to the standard we would expect. Our initial audit work identified significant issues and errors in the following account areas:

- note 8 'Operating leases';
- note 11.1 'Property Plant and Equipment';
- note 11.3 'Right of Use Assets';
- the Statement of Changes in Taxpayers' Equity;
- the Statement of Cashflows; and
- the Remuneration Report.

35 Considerable additional work had to be undertaken by the audit team to fully understand the disclosures within the financial statements as the working papers, particularly for those supporting notes 8, Note 11.1 and 11.3, were not clear. Good standard working papers that are quality assured are essential in ensuring a clear audit trail to enable us to audit the disclosures in a timely manner.

36 Our work on the notes stated above identified errors in the preparation of the accounts and a fundamental lack of understanding of the required entries for the implementation of IFRS16 Leases and the treatment of accounting adjustments for revaluation, indexation and impairment.

37 The errors identified either led to amendments to the accounts or the need for us to undertake additional audit work and sample testing.

38 The Remuneration Report, submitted for audit after the Health Board requested an extended deadline that was agreed with Welsh Government, required a significant number of amendments to ensure the information reported was factually accurate. Whilst we understand that there were considerable changes in the composition of the Board during the year, given the sensitivities of the disclosures we would have expected the information included in the Remuneration Report to have been recorded accurately.

39 In addition to the issues above, we also encountered some significant delays in receiving responses to requests for explanations and supporting audit evidence.

40 Whilst we appreciate officers are often balancing other work requirements, lack of support staff or contingency arrangements (alongside poor working papers) meant that either audit work took longer to complete or was delayed. This led to delays and inefficiencies in the audit of the Health Board's accounts. More robust quality assurance should be introduced, and contingency arrangements put in place to enable officers to respond to audit queries in a timelier manner.

Governance arrangements

41 We identified two areas where governance arrangements need to be improved by the Health Board.

Staff payments that exceeded amounts approved and failure to comply with Standing Financial Instructions

42 Our review of interim appointments identified two officers where the terms and conditions agreed by the Health Board's Remuneration Committee had not been complied with. In both cases the officers were paid higher daily rates of pay than the amounts approved by the committee. The Health Board has been unable to provide any subsequent evidence to support the basis for the revised daily rates of pay over and above the approved amounts.

43 One of the appointments was for the Interim Executive Director of Nursing and Midwifery, an interim executive member of the Board. The officer member was paid at a pay point equivalent to an annual salary of £469,500. The amount paid exceeded the maximum pay point of £149,334 for the role as set out by Welsh Government (pay band 14) for the period in post between 1 April and 31 July 2022 and it exceeded the amount approved by the Remuneration Committee

44 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 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. We 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.

45 The Health Board needs to ensure that all such decisions fully adhere to the requirement set out in its Standing Financial Instructions.

Arrangements for supporting related party relationship disclosures

46 Our initial review of declarations of interest to support the disclosures in Note 30 'Related Parties' identified several missing declarations relating to officers and independent members who had left the Health Board during the year.

47 The Health Board subsequently obtained direct confirmation from officers and independent members to the completeness of proposed disclosures following a request from the audit team. We were also able to gain sufficient assurance through other audit procedures that prior year declarations remained extant and complete.

- 48 The Health Board should strengthen its processes and arrangements to ensure all potential related interests are identified and disclosed prior to submitting the draft accounts for audit.

Recommendations

- 49 We intend holding a post project learning exercise with key staff to identify an action plan to improve the accounts production and audit process for future years.
- 50 Recommendations arising from our audit will be shared in a separate Final Accounts Memorandum shortly. It will include all recommendations arising from our 2022-23 audit work.

Appendix 1

Final letter of representation

Auditor General for Wales
1 Capital Quarter
Tyndall Street
Cardiff
CF10 4BZ

24 August 2023

Representations regarding the 2022-23 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 (the Health Board) for the year ended 31 March 2023 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/HM Treasury, 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; and

- prepare them on a going concern basis on the presumption that the services of the Health Board will continue in operation;
- ensuring the regularity of any expenditure and other transactions incurred; and
- 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 the 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

Except for the matters raised by Audit Wales, 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, accounted for, and disclosed in accordance with the applicable financial reporting framework.

There are uncorrected misstatements in the financial statements. The effects of uncorrected misstatements identified, both individually and in the aggregate, to the financial statements taken as a whole. A summary of these items is set out below:

- Note 3.3 'Expenditure on Hospital and Community Health Services': errors totalling £9.4 million, identified in 2021-22 where expenditure was brought forward into 2021-22 that related to 22-23 have not been amended within the 2022-23 accounts.
- Note 11.1 'Property, plant & equipment': revaluation movements to remove accumulated depreciation, for assets with historical impairments, have been incorrectly treated as positive reversal of impairments and negative revaluations within the Gross Cost section of the note. These movements have also been incorrectly classified as revaluations rather than reversal of impairment within the Gross Depreciation section of the note. The Gross Cost and Gross Depreciation sections of Note 11.1 are both misstated due to this.
- Note 18 payables Trade and Other Payables is understated by £661,069 due to omission of the liability on Right of Use Assets already held within Property Plant and Equipment Note 11.1 before the transition to Note 11.3 Right of Use Assets.

The unadjusted elements are of a non-material nature and as such have not been adjusted for in conclusion of the Audit of the financial statements.

Representations by those charged with governance

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

We acknowledge our responsibility for ensuring that the Health Board maintains adequate accounting records.

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 Health Board on 24 August 2023.

We confirm that we have taken all necessary steps 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 as Accountable Officer

Date:

Signed by:

Chair of Board

Date:

Appendix 2

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 2023 under Section 61 of the Public Audit (Wales) Act 2004.

These comprise the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Cash Flow Statement and Statement of Changes in Taxpayers' Equity and related notes, including a summary of significant accounting policies.

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

In my opinion, in all material respects, except for the possible effects of the matters described in the basis for qualified opinion on the financial statements section below, the financial statements:

- give a true and fair view of the state of affairs of Betsi Cadwaladr University Health Board as at 31 March 2023 and of its surplus 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.

Basis for qualified opinion on the financial statements

I qualified my opinion on the Health Board's 2021-22 financial statements as I had identified significant levels of error and uncertainty in those financial statements. As a result, I recommended that the Health Board undertook a comprehensive exercise to identify and correct the identified errors and, in particular it identified the corrections needed to ensure that its 2022-23 accounts gave a true and fair view. The Health Board did not undertake such a review.

Consequently, and as a result of this failure, I have been unable to obtain sufficient and appropriate evidence over the existence of payables and accruals of £73.2 million at 1 April 2022 or whether 2022-23 expenditure of £122 million in Note 3.3 'Expenditure on

Hospital and Community Health Services' occurred in the year or has been properly accounted for in the correct accounting period.

As I have been unable to assess the full extent of the error and uncertainty in these balances in the financial statements, and have been unable to determine whether any adjustments to the amounts were necessary, I am qualifying my audit opinion on the grounds that the Health Board has been unable to provide sufficient appropriate audit evidence that this expenditure of £122.2 million occurred in the year or has been properly accounted for in the correct accounting period.

Further detail is set out in my attached report.

Opinion on regularity

In my opinion, except for the matter described in the Basis for Qualified Opinion on regularity 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

The Health Board did not comply with paragraph 14.1.4 of the standing financial instructions issued by Welsh Government in appointing an Interim Executive Director of Nursing and Midwifery at a pay point that was higher than that set out by the Welsh Government without receiving appropriate approval. Accordingly, the Health Board made irregular payments of £105,648 plus oncosts to an Interim Executive Director, at a rate of pay which is equivalent to a full-time annual salary of £469,500 (excluding oncosts). The maximum approved pay point was £149,334. I have qualified my opinion accordingly.

Further detail is set out in my attached report.

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 Betsi Cadwaladr University 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 Report and Accountability Report.

In respect solely of the matters referred to in my basis for qualified opinions on the financial statements section above:

- 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; and
- the financial statements and the audited part of the Accountability Report are not in agreement with the accounting records and returns.

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

- information specified by HM Treasury or Welsh Ministers regarding remuneration and other transactions is not disclosed; and
- 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's 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 Health Board's 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 management override and unusual journals.
- Obtaining an understanding of 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.
- 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.
- 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 controls, and the nature, timing and extent of the audit procedures performed.

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

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 Report in Appendix 3.

Adrian Crompton
Auditor General for Wales
25 August 2023

1 Capital Quarter
Tyndall Street
Cardiff CF10 4BZ

Appendix 3

Proposed report of the Auditor General to the Senedd

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 (the Health Board) financial statements. I am reporting on these financial statements for the year ended 31 March 2023 to draw attention to key matters for my audit, as follows:

- qualification of my opinion on whether the accounts give a true and fair view owing to significant uncertainty in the opening balances and whether expenditure for 2022-23 is materially understated. Both matters relate to my 2021-22 qualification of the Health Board's financial statements, arising from my inability to obtain sufficient appropriate evidence relating to specific accruals, payables and expenditure recognised in the financial statements;
- qualification of my regularity opinion due to a breach of standing financial instructions on the payment of salary to an Interim Executive Director; and
- the Health Board's failure to meet its second financial duty.

Qualified opinion due to inability to obtain sufficient evidence about the opening balances

My audit of the Health Board's 2021-22 financial statements identified that significant levels of error and uncertainty about whether payables and accruals existed at 31 March 2022 and whether expenditure had been properly accounted for in 2021-22. I qualified my opinion on the 2021-22 accordingly.

As a result of that qualification, I recommended that the Health Board:

- undertook a comprehensive exercise to identify, and correct for, the errors in its accounting records;
- identify the corrections it needed to make to ensure that its 2022-23 accounts gave a true and fair view; and
- undertook a review to understand why these issues occurred and to strengthen its controls accordingly.

The Health Board has failed to undertake an exercise to review and correct its 2021-22 accounting records and has failed to identify the corrections needed to ensure that its 2022-23 financial statements gave a true and fair view.

As a result of this failure, I was unable to obtain sufficient and appropriate evidence over the existence of payables and accruals of £73.2 million at 1 April 2022 or whether 2022-23 expenditure of £122 million in Note 3.3 'Expenditure on Hospital and Community Health Services' occurred in the year or has been properly accounted for in the correct accounting period.

As I have been unable to assess the full extent of the error and uncertainty in these balances in the financial statements, I am qualifying my audit opinion on the grounds that the Health Board has been unable to provide sufficient appropriate audit evidence that this expenditure of £122.2 million occurred in the year or has been properly accounted for in the correct accounting period.

The Health Board prepared an action plan following a review that set out a number of activities aimed at strengthening the financial control environment across the organisation. The Audit Committee has agreed to monitor progress with implementing the activities.

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 approved payments to an Interim Executive Director that exceeded the maximum pay point of £149,334 for the role as set out by Welsh Government. Between 1 April and 31 July 2022, the Interim Executive Director was paid £105,648 plus oncosts at a rate of pay which is equivalent to a full-time annual salary of £469,500 (excluding oncosts). The payment of £105,648 exceeded the amount approved by the Health Board's Remuneration Committee, and Board and Welsh Government approval was not obtained contrary to the requirements of its Standing Financial Instructions.

Financial duties

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

First financial duty

The first financial duty requires Health Boards to secure that its expenditure does not exceed the aggregate of the funding allocated to it over a period of three financial years.

As set out above I have qualified my opinion on whether the accounts give a true and fair view owing to significant uncertainty in the opening balances and whether expenditure for 2022-23 is materially understated.

However, given the significant uncertainty reported in 2021-22 remain due to timing differences and identified immaterial errors, I have therefore concluded that the financial duty has been met for the three-year period ended 31 March 2023.

The Health Board's reporting of its compliance with its first financial duty for the financial years 2023-24 and 2024-25 will be impacted by my qualification of the 2022-23 financial statements. I will accordingly report on the Health Board's compliance with its first financial duty when concluding my audit of financial statements of those financial statements.

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 2022-23 if it submitted a 2022 to 2025 plan approved by its Board to the Welsh Ministers.

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 2022-25.

Adrian Crompton
Auditor General for Wales
25 August 2023

Appendix 4

Summary of Corrections Made

During our audit we identified the following misstatements that have been corrected by management, but which we consider should be drawn to your attention due to their relevance to your responsibilities over the financial reporting process.

Exhibit 3: summary of corrections made

Correction	Nature of correction	Reason for correction
Amendments to prime statements	<p>The amendments arising from our audit impacted on the following prime statements:</p> <ul style="list-style-type: none">• Other Comprehensive Net Expenditure.• Statement of Financial Position as at 31 March 2023.• Statement of Changes in Taxpayers' Equity.• Statement of Cashflows for the year ended 31 March 2023.	<p>To ensure that financial statements are materially correct and were prepared in accordance with the requirements of the Manual for Accounts.</p>
Note 3.3 'Expenditure on Hospital and Community Health Services'	<p>A footnote was included to disclose the £786,000 paid to Ernst & Young LLP for commissioned work relating to the Health Board's 2021-22 financial statements.</p>	<p>To ensure that the significant commissioned work was disclosed.</p>
Note 8 'Future change to SoCNE/Operating Leases LHB as lessee'	<p>The disclosures of 'payments recognised as an expense' and 'total future minimum lease payments' were amended as the 'Minimum lease payments' for buildings and vehicles leases had been incorrectly omitted from the note.</p> <p>The following amendments were made:</p> <ul style="list-style-type: none">• 'Payments recognised as an expense' increased by £6,333,000 to £6,651,000.• 'Total future minimum lease payments' increased by £7,918,000 to £8,245,000.	<p>To correctly disclose operating lease future payments in accordance with the Manual for Accounts.</p>

Correction	Nature of correction	Reason for correction
<p>Note 8 ‘Future change to SoCNE/Operating Leases - LHB as a lessor’</p>	<p>Our testing identified errors within the disclosures of ‘LHB as a lessor’.</p> <p>The following amendments were made:</p> <ul style="list-style-type: none"> • ‘Rental revenue = Rent’ increased by £230,000 to £345,000. • ‘Total future minimum lease payments receivable’ increased in total by £1,064,000 to £1,391,000. The increase was applied to the disclosures of ‘Not later than one year’ £230,000, ‘Between one and five years’ £103,000, and ‘After five years’ £731,000. 	<p>To correctly disclose future operating lease income as required by the Manual for Accounts</p>
<p>Note 9.1 ‘Employee benefits and staff number - employee Costs’</p>	<p>The disclosures for ‘Other’ costs within note 9.1 were amended as our audit work identified misclassification errors as social security costs for temporary and contract staff where incorrectly included within ‘Salaries and wages’ and agency fees where included within ‘Agency staff’ costs:</p> <ul style="list-style-type: none"> • ‘Salaries and Wages’ for ‘Other’ were reduced by £1,960,000. • ‘Social security costs’ for ‘Other’ were increased by £1,960,000. • ‘Salaries and Wages’ for ‘Agency staff’ were reduced by £1,890,000. • ‘Salaries and Wages’ for ‘Other’ were increased by £1,890,000. 	<p>To correctly disclose and classify employee costs within Note 9.1 in accordance with the requirements of the Manual for Accounts.</p>
<p>Note 9.6.1 ‘Fair pay disclosures - Remuneration relationship’</p>	<p>The disclosures within the remuneration table were amended for the following errors:</p> <ul style="list-style-type: none"> • The highest paid director salary was incorrectly stated as £323,000 as it was not calculated in accordance with the Manual for Accounts. The salary disclosure was amended to correctly show the full year, whole time equivalent for the highest paid director as £433,000. • The Chief Executive’s salary was incorrectly shown as £208,000. The salary disclosure was amended to show the correct salary of £223,000. 	<p>To ensure that disclosures within the remuneration relationships were correct.</p>

Correction	Nature of correction	Reason for correction
<p>Note 11.1 Property, plant & equipment - Net book value of property plant and equipment'</p>	<p>Our audit raised significant issues arising from the transfer of existing assets to Right of Use assets (Note 11.3) and the accounting treatment of the quinquennial revaluation as the note did not agree with the Health Board's fixed asset register or the ledger.</p> <p>The Health Board subsequently undertook considerable work to review and update the accounting entries in the note. As set out in exhibit 2, not all of the amendments identified were amended to address the issues arising, but the following adjustment were made to the disclosure note:</p> <p>Cost:</p> <ul style="list-style-type: none"> • 'Transfer of finance leases to ROU asset note' was amended from £3,375,000 to £3,746,000. • 'Indexation' was increased from £9,030,000 to £16,737,000. • The remaining balance on 'Reclassification' of £502,000 was amended to £0. • 'Revaluation' movements increased from £23,260,000 to £30,967,000. <p>Depreciation:</p> <ul style="list-style-type: none"> • 'Transfer of finance leases to ROU Asset Note' was amended from £32,000 to £634,000. • 'Depreciation' was amended from £183,301,000 to £182,699,000. • 'Indexation' was amended from £7,686,000 to £76,000. • The remaining balance on 'Reclassification' of £602,000 was amended to £0. • 'Revaluation' was amended from £78,732,000 to £86,494,000. <p>The overall net book value of property plant and equipment increased from £672,427,000 to £672,558,000. The amendments to note 11.1 also impacted on the 'Statement of Changes in Taxpayers' Equity' and the 'Statement of Cashflows'.</p>	<p>To correctly disclose the Net Book Value of 'Property, plant & equipment' at 31 March 2023.</p>

Correction	Nature of correction	Reason for correction
<p>Note 11.3 ‘Right of Use Assets- Net book value at 31 March’</p>	<p>The implementation of IFRS16 brought a large proportion of operating leases onto the balance sheet and transferred existing assets with finance leases from Note 11.1 to Note 11.3 to ‘Right of Use Assets’.</p> <p>Our audit work identified a significant number of issues that resulted in the Health Board undertaking considerable additional work to correct the disclosure note. As set out in exhibit 2, not all amendments arising from the audit were amended in the accounts, but the following adjustment were made:</p> <p>Cost:</p> <ul style="list-style-type: none"> • ‘Transfer of finance leases from PPE note’ increased from £3,375,000 to £3,746,000. • ‘Operating leases transitioning’ increased from £31,005,000 to £31,463,000. • ‘Revaluations’ reduced from £625,000 to £0. <p>Depreciation:</p> <ul style="list-style-type: none"> • ‘Transfer of finance leases from PPE note’ increased from £32,000 to £634,000. <p>The impact of the correction increased the overall ‘Net book value of right of use assets at 31 March’ from £34,642,000 to £35,314,000. The amendments also impacted on the ‘Statement of Changes in Taxpayers’ Equity’ and the ‘Statement of Cashflows’.</p>	<p>To correctly disclose the Net Book Value of Right of Use Assets at 31 March 2023.</p>
<p>Note 11.3 ‘Right of Use assets’ - Qualitative disclosures</p>	<p>We identified errors within the quantitative disclosures supporting ‘Right of use assets’ arising from the incorrect treatment of some peppercorn lease liabilities and the duplication of five assets on transfer from property plant and equipment:</p> <ul style="list-style-type: none"> • ‘Maturity analysis contractual undiscounted cash flows relating to lease liabilities’ and total lease liabilities reduced from £43,328,000 to £34,798,000. • ‘Amounts recognised in the statement of comprehensive net expenditure’ reduced from £4,642,000 to £4,343,000. 	<p>To correctly disclose lease liabilities 31 March 2023 within Note 11.3 and Note 24.1.</p>

Correction	Nature of correction	Reason for correction
	<ul style="list-style-type: none"> 'Amounts recognised in statement of cashflows (net of irrecoverable VAT)' 'Interest expense' reduced from £323,000 to £310,000 and 'Repayments of principal on leases' reduced from £4,319,000 to £4,033,000. <p>The amendments also impacted on note 18 'RoU Lease Liability Transitioning & Transferring - Operating leases transitioning' and note 24.1 'Right of Use / Finance leases obligations'.</p>	
<p>Note 30 'Related Party Transactions'</p>	<p>The Health Board did not obtain declarations of interest from several Board members (both Executive Directors and Independent Members) who left during the year. To enable us to conclude that the disclosures contained in Note 30 'Related Party Transactions' was accurate and complete, we requested the Health Board to contact the former Board Members to obtain the outstanding declarations of interest for 2022-23.</p> <p>The 'Related Party Transactions' note was subsequently updated following receipt of outstanding declarations of interest from former Board members. As disclosed in Note 30 there remain two outstanding declarations of interest from former Board members.</p>	<p>To ensure that related party transactions are fully included in the Financial Statements with clear disclosure where no declarations were received from members.</p>
<p>Remuneration report</p>	<p>The Remuneration Report required significant revisions to ensure the information reported was factually accurate.</p> <p>Salary disclosures within the remuneration table were amended as follows:</p> <ul style="list-style-type: none"> The remuneration banding for one senior officer was based on an incorrect period of acting up and was disclosed as £25,000-£30,000. This was amended to the correct band of £15,000-£20,000. The remuneration banding for one senior officer was incorrectly stated as £240,000-£245,000 due to the omission of an unpaid balance at year end. This was amended to the correct band of £305,000-£310,000. 	<p>To correctly disclose remuneration paid to senior officers in accordance with the Manual for Accounts.</p>

Correction	Nature of correction	Reason for correction
	<ul style="list-style-type: none"> • The remuneration band for one senior officer was stated as £195,000-£200,000, however it was amended to show the correct disclosure of £205,000-£210,000. • The remuneration band for one senior officer incorrectly omitted an unpaid balance at year end. This was amended from £25,000-£30,000 to £75,000-£80,000. • The remuneration band for one senior officer was incorrectly stated as £150,000-£155,000 and was amended to the correct band of £115,000-£120,000. <p>Full year equivalent salary disclosures within the remuneration table were amended as follows:</p> <ul style="list-style-type: none"> • The remuneration band for one senior officer was incorrectly stated as it did not reflect the full year equivalent. The amount disclosed of £320,000-£325,000 was amended to show the correct band of £465,000-£470,000. • The remuneration band for one senior officer was incorrectly stated as £105,000-£110,000 which did not reflect the full year equivalent. The band used in the table was amended to reflect the full year equivalent at £135,000-£140,000. • The remuneration band for one senior officer incorrectly excluded an amount payable to the employee at year end. The amount disclosed was £240,000-£245,000 which was amended to correctly show £305,000-£310,000. • The full year equivalent remuneration band for one senior officer was incorrectly omitted. The disclosure was amended to show the full year equivalent of £210,000-£215,000. 	
Remuneration report	<p>Classification of roles were updated for the following:</p> <ul style="list-style-type: none"> • One employee was moved from being disclosed as a member of the Board to being correctly disclosed within Senior Managers. • One employee was incorrectly included within clinical and was amended to be shown within Senior Managers. 	<p>To correctly disclose the classification of the senior officers' roles.</p>

Correction	Nature of correction	Reason for correction
Remuneration report	<p>The sickness absence table percentage of staff with no sick leave was amended to ensure the calculation used the data shown within the table.</p> <p>The percentage of staff within no sick leave was amended from 24.71% to 25.3%.</p>	To correctly disclose the sickness absence information using calculations based on the published information.
Remuneration Report	<p>The 'Off Payroll Engagements and Consultancy' table was amended to include 15 agency staff that had previously been omitted in error from the breakdown of engagements over 6 months duration.</p> <p>The number that existed for less than one year at the time of reporting was amended from 239 to 254.</p> <p>The number that existed for between one and two years at the time of reporting was amended from 14 to 15.</p>	To ensure that the Remuneration Report reflects the correct number of off payroll and consultancy engagements.
Remuneration Report	The pensions table within the Remuneration Report was amended to remove the information regarding two employees who were incorrectly included as they left the Health Board in 2021-22.	To ensure that the pension table within the Remuneration Report only includes information relevant to the financial year.
Remuneration Report	A footnote has been inserted below the disclosure of the average number of full-time equivalent staff employed by the Health Board to explain the difference to disclosures contained within Note 9.2 of the Financial Statements.	To explain the disclosure departures between the Remuneration Report and Note 9.2 of the Financial Statements.
Disclosures	<p>Our audit work also identified a number of narrative or disclosure errors that required correction but have not been included separately above.</p> <p>The following notes were also updated following the completion of our audit:</p> <ul style="list-style-type: none"> • Note 8 – 'Future change to SoCNE/Operating Leases'. • Note 11 – 'Property, plant and equipment'. • Note 17 – 'Cash and cash equivalents'. 	To ensure the Financial Statements comply with the Manual for Accounts.

Correction	Nature of correction	Reason for correction
	<ul style="list-style-type: none"> • Note 25 – ‘Private Finance Initiative Contracts’. • Note 29 – ‘Events after the Reporting Period’. • Note 32 – ‘Pooled Budgets’. • ‘Remuneration report’. 	



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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.



Teitl adroddiad: <i>Report title:</i>	BCUHB Annual Report 2022/23			
Adrodd i: <i>Report to:</i>	Audit Committee			
Dyddiad y Cyfarfod: <i>Date of Meeting:</i>	Thursday, 24 August 2023			
Crynodeb Gweithredol: <i>Executive Summary:</i>	<p>The Health Board's Annual Report is presented for approval by the Committee, in conjunction with the Annual Accounts and Annual Governance Statement, to meet the Health Board's annual reporting obligations as prescribed in the 2023 Manual for Accounts.</p> <p>The content of the report has been drafted to comply with the structure and reporting requirements set out in the Manual.</p> <p>The 2023 Welsh Parliament Accountability and Audit Report and the Certificate and Independent Auditor's Report of the Auditor General for Wales to the Senedd will replace the 2022 text (currently highlighted in yellow and crossed out) once received.</p> <p>For publication, the Annual Governance Statement and Annual Accounts will be incorporated into the Annual Report document. Final translation, formatting and compilation will be completed once the sections have been signed off. Page numbering and cross references will be finalised at this point; at present they are highlighted yellow in the document.</p>			
Argymhellion: <i>Recommendations:</i>	The Committee is asked to approve the content of the Annual Report for submission to Welsh Government and for publication;			
Arweinydd Gweithredol: <i>Executive Lead:</i>	Carol Shillabeer, Interim Chief Executive Officer			
Awdur yr Adroddiad: <i>Report Author:</i>	Phil Meakin Interim Board Secretary			
Pwrpas yr adroddiad: <i>Purpose of report:</i>	<p>I'w Nodi <i>For Noting</i></p> <input type="checkbox"/>	<p>I Benderfynu arno <i>For Decision</i></p> <input checked="" type="checkbox"/>	<p>Am sicrwydd <i>For Assurance</i></p> <input type="checkbox"/>	
Lefel sicrwydd: <i>Assurance level:</i>	<p>Arwyddocaol <i>Significant</i></p> <input type="checkbox"/> <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> <input checked="" type="checkbox"/> <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> <input type="checkbox"/> <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> <input type="checkbox"/> <p>Dim hyder/tystiolaeth o ran y ddarpariaeth</p> <p><i>No confidence / evidence in delivery</i></p>

<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>Not applicable</p>
<p>Goblygiadau rheoleiddio a lleol:</p> <p><i>Regulatory and legal implications:</i></p>	<p>Publication of an annual report is required to comply with the requirements of HM Treasury's Financial Reporting Manual, as adopted in the Welsh Government Manual for Accounts</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>No</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>No</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>Not applicable</p>
<p>Goblygiadau ariannol o ganlyniad i roi'r argymhellion ar waith</p> <p><i>Financial implications as a result of implementing the recommendations</i></p>	<p>Not applicable</p>
<p>Goblygiadau gweithlu o ganlyniad i roi'r argymhellion ar waith</p> <p><i>Workforce implications as a result of implementing the recommendations</i></p>	<p>Not applicable</p>
<p>Adborth, ymateb a chrynodeb dilynol ar ôl ymgynghori</p> <p><i>Feedback, response, and follow up summary following consultation</i></p>	<p>The draft report has been shared previously with the Chair, Chief Executive and Director of Finance and all comments received have been addressed.</p> <p>The report has subsequently been reviewed by Audit Wales, who submitted a list of typographical errors and queries. Responses on each of the points raised, outlining the amendments made to the draft, have been submitted to, and acknowledged by Audit Wales</p>

<p>Cysylltiadau â risgiau BAF: (neu gysylltiadau â'r Gofrestr Risg Gorfforaethol)</p> <p>Links to BAF risks: (or links to the Corporate Risk Register)</p>	<p>Not applicable</p>
<p>Rheswm dros gyflwyno adroddiad i fwrdd cyfrinachol (lle bo'n berthnasol)</p> <p>Reason for submission of report to confidential board (where relevant)</p>	<p>Amherthnasol</p> <p>Not applicable</p>
<p>Camau Nesaf: Gweithredu argymhellion</p> <p>Next Steps: Implementation of recommendations</p> <p>Once the Annual Report, Annual Governance Statement and Annual Accounts have been signed off, work will proceed to produce final documents, in both English and Welsh, which incorporate all three sections, for publication in conjunction with the Health Board's Annual General Meeting.</p>	
<p>Rhestr o Atodiadau: Dim</p> <p>List of Appendices: <i>Part A – Annual Report 2022/23</i> <i>Part B–Annual Governance Statement 2022/23</i></p>	



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Betsi Cadwaladr
University Health Board

Annual Report and Accounts 2022/23



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 Appendix 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.

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Chair and Chief Executive's Introduction



Dyfed Edwards
Interim Chair



Carol Shillabeer
Interim Chief Executive

We are very pleased to introduce the Health Board's Annual Report for 2022/23.

It has undoubtedly been a very difficult and turbulent year for the organisation. A number of critical reviews and reports have identified significant failings with some aspects of our processes and performance, leading to the decision by Welsh Government to move the monitoring status of the Health Board into special measures. This has been accompanied by some major change at Board level, including our appointments in February and May 2023 respectively.

This is happening at a time when we are still trying to address the consequences of the Covid-19 pandemic. While the disruption from Covid itself has reduced, we now face a huge challenge in reducing waiting lists whilst also coping with significant growth in emergency demands.

As a result, we are focussing on the difficulties that patients experience in accessing services, including reducing the pressures on our emergency departments and working to positively impact upon the difficulties that individuals face in being able to obtain regular NHS dental treatment.

At the same time, the financial context in which we operate, in both the short and longer term, is particularly challenging. We have an underlying financial deficit, which we must address, and we continue to face shortages of staff caused by a difficult recruitment market in many health disciplines.

However, there are reasons for us to be optimistic. We must never lose sight of the fact that across North Wales, every week, many thousands of people receive high quality health care, support and treatment. This is due to the ongoing dedication and expertise of our staff, and we wish to pay tribute to them, and offer our heartfelt thanks for all that they do to look after our patients and the wider community.

Since joining the Health Board we have both been impressed by the resilience and enthusiasm of the frontline and support staff that we have met across the region, and their commitment to the patients we serve. We have also seen great examples of local innovation and improvement taking place. This is why, despite the difficulties that the organisation faces, we are optimistic for its future progress.

As examples of that progress, last year we increased the number of elective procedures carried out by 5.8% on the year before, despite also seeing a 6.2% increase in emergency admissions, our Gynaecology services became the first discipline in North Wales to perform robotic assisted surgery and we launched a new rapid same day diagnostic clinic for patients with suspicious lumps in the neck.

However, we recognise that the Health Board cannot develop and thrive in isolation. We are part of a much wider system of health and social care that includes independent contractors, local authority services including social services and education, the Ambulance Service and other NHS bodies, together with higher education, in North Wales and beyond. We all face similar challenges around meeting demand within available resources and we will continue to build relationships and to work closely and in partnership with colleagues in other agencies to maximise our combined abilities to deliver services for the populations that we serve. We know that we can achieve more by cooperating closely with our partners and by being open to learning from others.

This is demonstrated by our work to support training and developing health professionals locally, which is a key element in addressing recruitment challenges. During the year, working alongside Welsh Government, Bangor University, Health Education and Improvement Wales (HEIW), the All Wales Faculty of Dental Care Professionals (AWFDCP) and dental providers across the region, we opened the first phase of the innovative North Wales Dental Academy. In September 2024, students will commence their studies on the first full medical degree programme in North Wales thanks to collaboration between the Health Board, Bangor and Cardiff Universities and primary care providers throughout North Wales.

There is no doubt that the current year will be challenging. But we are confident that the plans that are being developed and implemented will ensure that the organisation is moving in the right direction, embracing improvements and a position of greater stability.



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.

Chief Executive's Summary

2022/23 was a challenging operating year for the Health Board. At the start of the year the Board agreed a three year plan for the period 2022-25 to meet the requirements of the NHS Wales Planning Framework and address Ministerial priorities. However, this was not approved by Welsh Government and the Board instead worked to deliver the first year of this as an annual operational plan.

During the year the Covid-19 pandemic continued to have an impact on delivery of health services. The planning assumption for winter 2022/23 was a “COVID stable” environment, where further waves of infection were anticipated but did not materialise to the extent of placing unsustainable pressure on the health and social care system, but did impact on service access times across a range of services.

The ongoing impact of the pandemic also contributed to a number of other pressures in the system, including shortfalls in the workforce across the whole health and care system (both statutory and independent sectors); increasing support needs for mental health; children's health and well-being; and ongoing challenges in delivering the levels of activity needed to address longer waiting times that were exacerbated during the pandemic.

Additionally, during the year there were a number of other complex and difficult issues raised with the Board:

- Concerns regarding a number of our services, leadership and governance mean that the Health Board has been placed in ‘Special Measures’ and undertaking additional focused improvement activities in these areas.
- Waiting times for a number of operations such as replacement joints or eye surgery have significantly increased during the pandemic and whilst we have begun to reduce some of the longest waits, there is much more to do and this will require changes to how we deliver services.
- Primary care services have been under exceptional demand, and have had to adapt rapidly to address growing community need at a time of increasing recruitment difficulties.
- Social care services have experienced similar difficulties in being able to sustainably provide the staffing required to care for individuals in their own homes or care home settings, with demand outstripping capacity.

- Our ability to move patients through our hospitals has been impacted by the difficulties social care services have experienced in being able to sustainably provide staffing required to care for individuals in their own or care home settings. As a consequence of this, as well as other pressures within and on our organisation, too many people have waited for unacceptably long periods to be admitted to Emergency Departments from ambulances, to be seen by a clinician for assessment in Emergency Departments or being admitted to a bed following this assessment.
- Like many NHS organisations we face challenges in recruiting and retaining staff in a number of specialties and staff groups, including our ambition to increase bilingual skills; and
- The UK wide economic position and rising cost of living has had an adverse impact on the population, our staff, and the cost of supplies and energy used by the Health Board.

Despite these constraints, the Health Board also demonstrated areas of progress throughout the year. Our activity levels increased across nearly every aspect of our services and our staff successfully delivered a number of key strategic projects and developments. The introduction of our Integrated Health Communities structure will help progress our working relationships with local authorities, especially in relation to social and education services, and schemes such as the Discharge to Assess model delivered in partnership with social services are helping to address the issues of patient flow resulting from the challenges facing the wider care sector. These are detailed at service level in the next section of the Report.

The Health Board also met its statutory financial duty to operate within the funding available to it over a three-year period. However, this has been achieved with the assistance of some non-recurring sources of funding and strategic support from Welsh Government to address specific cost pressures during this period, and work is needed in the current year to address the underlying financial deficit.

Carol Shillabeer
Interim 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 to 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 acute hospital services.

We operate three main hospitals (Ysbyty Gwynedd in Bangor, Ysbyty Glan Clwyd in Bodelwyddan and Wrexham Maelor Hospital) and 19 community hospitals, along with a network of health centres, clinics, mental health units and community team bases, and also deliver prison health care services within HMP Berwyn, Wrexham. The Health Board coordinates the work of 96 GP practices, and NHS services provided by 83 dental and orthodontic practices, 69 optometry practices and opticians and 147 pharmacies in north Wales.

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.

During the year, the Health Board introduced a new operating model, which brings together primary care, community services, secondary care (acute) and children's services within three geographic Health Communities – East, Central and West. Each of these is led by a director, supported by a leadership team comprising medical, nursing, therapies & health sciences, medicines and operations.

Mental Health and Learning Disabilities, Women's Services, Cancer Services, Diagnostic and Clinical Support Services remain as pan-North Wales services.

The new model is based on research and extensive engagement and consultation with staff and other stakeholders and is designed to build on the strength of geographically based arrangements while removing structural divisions between acute, primary and community services to improve the integration of care and the experience of our patients.

In March 2022 the Board approved a three year plan for the period 2022 to 2025 which included actions to comply with the NHS Wales Planning Framework 2022-25. Additionally, our plan identified how the Board would address the Ministerial priorities and measures contained within the Planning Framework which were:

- A Healthier Wales - as the overarching policy context;
- Population health;
- Covid – response;
- NHS recovery;
- Mental Health and emotional wellbeing;
- Supporting the health and care workforce;
- NHS Finance and managing within resources;
- Working alongside Social Care.

This plan was not able to be formally approved by Welsh Government because of a number of challenges in the delivery of health care and therefore the Board worked to deliver year one of this plan.

In July 2022, the Chief Executive received confirmation, from the Director General Health and Social Services / NHS Wales Chief Executive, of the accountability conditions which the Health Board was expected to deliver against, and which formed the basis of ongoing review and accountability meetings during the year. The conditions included the following areas:

- The “five ways of working” sustainable development principle
- Clinical strategy and addressing clinical risks
- Planned care
- Primary care
- Urgent & Emergency Care
- Workforce
- Climate change
- Financial Impacts

In addition, further considerations were raised in respect of mental health and dementia, neurodevelopmental services, digital development and responding to the cost of living crisis.

Commentary on many of these subjects is provided elsewhere in this report

In March 2023 the Health Board was escalated into Special Measures and therefore will be developing an updated annual plan for 2023/24 to reflect the requirements of Special Measures.

Our plan recognised the recovery programmes, which were developed as we moved away from the Covid-19 pandemic to a position where Covid-19 is endemic within our population. This work required strong partnership working to support vulnerable communities and protect the health and wellbeing of the population to support the principles of ‘A Healthier Wales’.

We continued our work towards improving how we work to the sustainable development principle in our everyday business, to meet the spirit and the intent of the Well-being of Future Generations Act. The Act sets out duties for the Health Board with the other public sector bodies in Wales to contribute towards achieving seven national well-being goals, to broaden our outlook and to think longer term in doing so. During 2022/23 we worked with partners to refresh the local well-being plans 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 2022/23 we worked with partners to respond to the findings of the updated regional population health needs assessment by developing a regional area plan which 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. We also work with national partners to ensure delivery of a range of national programmes such as screening, vaccination, and child health at the local level.

As well as improving health and delivering clinical and care services, the Health Board has a wider public sector duty to support national policy, for example in respect of matters such as promoting equality and human rights, the environment, sustainable development, the Welsh Language and in moving forward socio-economically disadvantaged groups.

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 bodies include:

- County Voluntary Services Councils;
- Local Authorities (Anglesey, Gwynedd, Conwy, Denbighshire, Flintshire and Wrexham);
- Mid Wales Joint Committee;
- Neighbouring NHS bodies in England and Wales;
- North Wales Community Health Council (from 1st April 2023 superseded by Llais);
- 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 700,000 people living across an area of around 2,500 square miles, giving the area an average population density of 114 persons per square kilometre. Flintshire is the most densely populated at 356 persons per square kilometre. Gwynedd is the least densely populated at 49 persons per square kilometre.

The population is, generally older than the Welsh average, with a larger proportion of people in the 65-84 and 85 and over age groups.

Age Group	BCUHB (%)	All Wales (%)
0-15	17.6	17.8
16-64	59.0	61.2
65-84	20.3	18.3
85 and over	3.1	2.7

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)

Almost a quarter of children and young people under the age of 20 years live in poverty in Wales; across North Wales this ranges from 18% in Gwynedd to 25% in Denbighshire.

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 are being progressed as part of the foundational economy approach. These include targeting of support to specific communities to access training and employment opportunities, apprenticeships and joint working with statutory and third sector partners. Many of the community hubs that were established during Covid continued to develop and provide access points to a wide range of 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 will 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)	16.9	15.8	Higher
Obesity	9.5	10.1	Lower
Diabetes mellitus (patients aged 17 and over)	7.8	6.1	Higher
Asthma	7.6	7.1	Higher
Heart disease	3.8	3.6	Higher
Cancer	3.7	3.1	Higher
Chronic Obstructive Pulmonary Disease (COPD)	2.7	2.4	Higher
Stroke & transient ischaemic attack (TIA)	2.2	2.1	Higher
Heart failure	1.1	1.1	Equal

In 2020 North Wales had 279,300 residents who can speak Welsh (Stats Wales Annual Population Survey 2021), which equates to 41% of the overall population. However, recent release Census data has pointed to a decrease across Wales in the number of people stating they are proficient in the Welsh language. 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 significant contribution to make in sustaining the language in our communities. Further detail on our Welsh Language activity is noted on **pages XX to XX** of this document.

Our Staff

Staff and Recruitment

As at 31st March 2023, the Health Board employed 20,284 individuals, which equated to 17,574 full time employees. The average number of employees through the year, broken down by staff groups, is reported in the staff and remuneration report on [page XX](#).

The recruitment situation in health care remains challenging, with shortages of suitably qualified staff across many disciplines. As part of implementing the new People Services Operating Model, our workforce teams are now setup to provide a better, more localised recruitment solution to each of our Integrated Health Community, Mental Health and Womens teams. Alongside this a new Strategic Recruitment team has been set up to focus on medical consultant recruitment and to support the development of a service to support wider medical recruitment by developing a revised approach to working with partners to source candidates for substantive vacancies.

Local recruitment drives have been successful during 2022/23 and these will continue through the rest of 2023. We also have a number of overseas recruitment initiatives being planned across 2023, which we expect to recruit significant medical and nursing staff to support identified areas across the Health Board.

Wellbeing Initiatives for Staff

Our staff continue to face significant challenges as we recover from the Covid pandemic, address the backlog of people waiting for treatment and manage the growth in emergency demand. The cost of living crisis has affected the wellbeing of many staff faced with rising energy and food prices and increased mortgage costs. Supporting our employees continues to be of paramount importance to help us retain staff and enable them to focus on delivering high quality, compassionate care.

The Health Board has established a steering group to look at responding to the challenges for our population and our staff. A Cost of Living staff Survey was undertaken to understand staff concerns and, as a result of this, three main areas were identified: energy / fuel; food; and travelling expenses. In response, information on available support and initiatives was developed and made available amongst wider financial well-being resources via BetsiNet.

Over the past two years, our Staff Wellbeing Support Service (SWSS) has been further developed with fixed term appointments now being made permanent giving the service greater security and stability, with additional support staff appointed to ensure that the service collects the data we need efficiently and makes this accessible to allied services such as the new Healthy Workforce Team.

Together with Occupational Health and Wellbeing (OHWB) colleagues, SWSS offers a wide range of individual support including self-help resources, clinical psychology, counselling, and coaching and access to counselling/psychological therapy delivered by a local external provider which gives staff the option to go outside the Health Board for psychological input and bolsters our in-house resources.

SWSS collaborates with other teams such as TRiM (Trauma Risk Management) and our community mental health services to provide a joined up support structure for our staff and reduce barriers to accessing help.

To date, SWSS has focused on supporting the emotional health and psychological wellbeing of individual employees. As awareness of SWSS has grown, requests for support for teams of staff and line managers has increased, reflecting the need to support the collective as well as individual wellbeing of staff. The service has been offering reflective practice opportunities for groups and facilitated spaces for teams that have gone through a difficult events or experiences, and a consultative space for managers and leaders who would like to work through an issue within their team or department with someone with psychological expertise.

Training is ongoing with our network of Wellbeing Champions to ensure they are equipped to promote health and wellbeing within their work areas.

SWSS & OHWB provide a programme of course-based wellbeing interventions and workshops on topics including Menopause Awareness, Coping with Worry in Times of Financial Crisis, Men's Health and Wellbeing, Stress Management and Emotional Resilience for Professionals, which enable staff to learn about ways to support their own wellbeing and practice good self-care. We have significantly increased the number of in-house trainers to increase our capacity to provide the sessions.

Schwartz Rounds offer a safe, structured and inclusive space for all staff to reflect upon the emotional and social impacts of working in healthcare and have been shown to promote a compassionate culture, reduce isolation and promote connection with one another. They have been in place for the past year and continue to grow, taking place every six weeks.

OHWB initiatives have included a 'Healthy Food / Healthy Staff' programme, wellbeing training sessions; 'Dying Matters' sessions to support staff dealing with bereavement, bespoke advice on health and wellbeing provided to teams and departments and, working with Equalities team colleagues, developing menopause awareness and in the form of workshops and menopause cafes.

A team of Speak Out Safely Guardians has also been established to listen to staff and support them, in confidence, with raising concerns in connection with their work, whether to protect patient safety and quality of care, to improve the experience of staff or support ongoing improvement and learning.

Over the past year we have continued to raise awareness of, and facilitate access to these services, through the Health Board's BetsiNet web. We recognise that not everyone accesses the staff intranet so we have also used a range of other methods to promote wellbeing and wellbeing services, with presentations to team meetings, promotion in induction and leadership training and events and a programme of roadshows where SWSS and OHWB visits areas of the Health Board to speak to staff 'on the ground'.

It is clear staff are responding to these communications and are reaching out for help, with demand for SWSS services increasing significantly over the last year.

Our Estate

The Health Board has one of the largest property portfolios in Wales; services are delivered from more than 230 properties (including GP owned, third party developer and private landlord primary care premises), with a total floor area of around 420,000m² and a value of approximately £569m. In 2021/22 annual running costs were £73m.

During 2022/23 the Health Board's Estates Strategy has been updated, following engagement with a wide range of stakeholders, to reflect the current position and future direction. The strategy was approved in January 2023.

At an aggregate level, our estate falls short of both national targets and NHS Wales 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. 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 2022/23

The majority of patient contacts with health services take place in the community – for example in GP practices, pharmacies or patients' own homes. However 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 2022/23, in our hospitals, we saw:

	2021/22	2022/23
Outpatient appointments	695,445	721,515
Attending the Emergency Department or a Minor Injury Unit	221,071	222,786
Number of patients admitted as an emergency	87,547	93,007
Elective (pre-planned) inpatient operations	11,448	11,591
Day Case operations	88,635	94,303
Number of births	6,023	5,648

Other than for the number of hospital births, 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 are diagnosed with a stroke who have direct admission to a stroke unit within 4 hours of the patient clock start time	Most recent SSNAP UK Qtr mean (40.9%)	March 2023	22.4%	4th out of 5 Health Boards	27.0%
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	95%	March 2023	66.9%	6th out of 7 Health Boards	69.5%
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	0	March 2023	2,871	7th out of 7 Health Boards	10,039
Median time (minutes) from arrival at an emergency department to triage by a clinician	12 month reduction trend	March 2023	30	5th out of 6 Health Boards	23
Median time (minutes) from arrival time at an emergency department to assessment by a senior clinical decision maker	12 month reduction trend	March 2023	372	6th out of 6 Health Boards	96
Percentage of patients (aged 60 years and over) who presented with a hip fracture that received an orthogeriatrician assessment within 72 hours	12 month improvement trend	March 2023	68.0%	4th out of 6 Health Boards	67.0%
Percentage of stroke patients who receive mechanical thrombectomy	10%	March 2023	0.0%	4th out of 5 Health Boards	0.8%
Number of ambulance patient handovers over 1 hour	0	March 2023	2,192	6th out of 6 Health Boards	6,832

Measure	Target	Latest Available Data Period	Current Performance	Ranking	All Wales
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 2026	March 2023	63.1%	1st out of 6 Health Boards	55.3%
Number of patients waiting over 8 weeks for a diagnostic endoscopy	Improvement trajectory towards a national target of zero by spring 2024	March 2023	2,098	4th out of 7 Health Boards	15,637
Number of patients waiting more than 8 weeks for a specified diagnostic	0	March 2023	8,119	6th out of 7 Health Boards	43,325
Number of patients waiting more than 14 weeks for a specified therapy	12 month reduction trend towards zero spring 2024	March 2023	2,192	7th out of 7 Health Boards	7,089
Number of patients waiting over 52 weeks for a new outpatient appointment	Improvement trajectory towards eliminating over 52 weeks by 31.12.2022	March 2023	12,090	6th out of 7 Health Boards	52,925
Number of patients waiting for a follow-up outpatient appointment who are delayed by over 100%	Improvement trajectory towards a reduction of 30% by 31.03.2023 against a baseline of 31.03.2021	March 2023	80,322	7th out of 7 Health Boards	246,662
Percentage of ophthalmology R1 appointments attended which were within their clinical target date or within 25% beyond their clinical target date	95%	March 2023	56.2%	7th out of 7 Health Boards	61.4%
Number of patients waiting more than 104 weeks for referral to treatment	Improvement trajectory towards a national target of zero by 2024	March 2023	9,515	7th out of 7 Health Boards	31,726

Measure	Target	Latest Available Data Period	Current Performance	Ranking	All Wales
Number of patients waiting more than 36 weeks for referral to treatment	Improvement trajectory towards a national target of zero by 2026	March 2023	56,339	7th out of 7 Health Boards	227,967
Percentage of patients waiting more than 26 weeks for referral to treatment	Improvement trajectory towards a national target of zero by 2026	March 2023	57.9%	6th out of 7 Health Boards	58.5%
Percentage of patients waiting less than 28 days for a first appointment for specialist Child and Adolescent Mental Health Services (sCAMHS)	80%	March 2023	87.5%	5th out of 6 Health Boards	93.2%
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%	March 2023	61.1%	6th out of 7 Health Boards	67.9%
Percentage of therapeutic interventions started within (up to and including) 28 days following an assessment by LPMHSS for people aged under 18 years	80%	March 2023	35.1%	5th out of 7 Health Boards	41.8%
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%	March 2023	93.2%	4th out of 7 Health Boards	90.9%
Percentage of children and young people waiting less than 26 weeks to start an ADHD or ASD neurodevelopment assessment	80%	March 2023	38.2%	3rd out of 7 Health Boards	31.9%

Measure	Target	Latest Available Data Period	Current Performance	Ranking	All Wales
Percentage of service users (adults ages 18 years and over) admitted to a psychiatric hospital between 09:00 and 21:00 hours that have received a gate keeping assessment by the CRHT service prior to admission	95%	Qtr 4 22/23	100%		
Percentage of service users (adults aged 18 years and over) admitted to a psychiatric hospital who have not received a gate keeping assessment by the CRHTS that have received a follow up assessment by the CRHTS within 24 hours of admission	100%	Qtr 4 22/23	100%		
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%	March 2023	74.9%	7th out of 7 Health Boards	86.4%
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%	March 2023	85.3%	5th out of 7 Health Boards	75.5%
Percentage of patients waiting less than 26 weeks to start psychological therapy in Specialist Adult Mental Health	80%	March 2023	92.1%	1st out of 7 Health Boards	65.7%
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%	Qtr 4 22/23	85.2%		

Primary Care Services

Primary care is the first point of contact for people in need of healthcare, and includes General Medical Practice, General Dental Services, Optometry Services and Community Pharmacy, as well as Advanced Nurse Practitioners, First Contact Physiotherapists, Physician Associates, Pharmacy Technicians, and Care Co-ordinators. Approximately 4 out of 5 contacts with health and social care services is with a service or team based in primary care.

Primary care services aim to:

- Prevent first presentations of serious illness or disease in emergency and urgent care through a community approach to diagnosing diseases such as cardio-vascular disease and diabetes;
- Create an environment in which primary care practitioners can use the full range of their skills to care for people safely and close to home;
- Deliver urgent primary care services that are easy to identify and access for people who may be scared, in pain, confused, anxious and isolated.

GP Practices

Due to increased demand on General Practice, balancing urgent on-the-day demand along with long-term health needs is challenging.

Current financial pressures, ongoing challenges with recruitment and retention, and high-levels of demand have continued to place significant pressure on GP services, making primary care recovery following the pandemic more difficult than anticipated.

Post-pandemic, GP Practices are making greater use of enhanced digital telephony and online services such as 'eConsult', 'accuRx' and routine access to telephone consultations as a way of increasing patient access to services. New Access Standards have been introduced, which set clear requirements for practices in terms of minimum expectations relating to access, including an increased digital offer. Practices continue to work towards achieving these new Access Standards, supported by the Primary Care Contracting team, and IHC teams.

Clusters

Within our Integrated Health Communities, neighbouring GP practices work together in groups, referred to as clusters, to develop and deliver new services to address local patient needs. This allows services to be established that might otherwise not be viable on a single practice basis.

Across North Wales there are 14 Clusters which are working well together, to identify patient needs in their local communities and establish innovative solutions to respond to these.

Over the past 12 months, we have seen the early implementation of the Accelerated Cluster Development programme, including the establishment of Professional Collaboratives across General Practice and Community Pharmacy, with plans for the development of Professional Collaboratives for Optometry, Allied Health Professionals, and Community Nursing.

IHC colleagues have worked closely with local authority and third sector partners in order to establish strategic county-level Pan-Cluster Planning Groups (PCPGs). These important partnership meetings will ensure the voice of primary care is heard in key strategic decision-making.

Clusters have continued to develop initiatives aimed at helping people with chronic diseases to manage their condition at home more effectively, and to reduce the number of exacerbations and resulting hospital admissions. Frailty Chronic Disease Nurses have successfully provided support to enable the management of frail and vulnerable patients in their own homes. Spirometry Support Hubs in the West IHC have provided support for the training of primary care staff to undertake spirometry in GP surgeries for both their own patients and patients from neighbouring practices.

In the Central IHC, the Enhanced Diabetes Service has enhanced the support available in the community for people with Type 2 Diabetes, or who are at risk of developing the condition. Long-term Conditions Hubs have 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.

Clusters have continued to prioritise the delivery of community based mental health support, through the provision of a range of initiatives aimed at improving the mental health and emotional well-being of their local population. These include interventions to address underlying issues that are the root cause of multiple and regular contacts such as loneliness, isolation, anxiety, low mood, social and housing issues. A range of same-day urgent care services have also been delivered, providing urgent mental health support to adults when presenting with symptoms of crisis, anxiety, depression and stress.

Out of Hours (OOH) services and Urgent Primary Care Centres (UPCC)

In line with the national Strategic Programme for Primary and Community Care, Urgent Primary Care Centres have been established and opened throughout North Wales.

In the East IHC, 39 GP practices across Wrexham and Flintshire, as well as the Wrexham Maelor Emergency Department, provide an urgent same day service. The UPCC East is based in Wrexham Maelor Hospital and Mold Community Hospital and provides a service staffed by GPs (including a Salaried GP/ Clinical Lead) and Advanced Nurse Practitioners (ANPs). Individuals presenting to the UPCC are consulted via telephone consultation or receive a face-to-face appointment when appropriate.

The UPCC in the Central IHC was established in the North Denbighshire Cluster and is hosted by the Healthy Prestatyn Iach GP practice, which is directly managed by the Health Board. It provides urgent, on-the-day capacity for people living in the Cluster. Advanced Practitioners lead the service and people are consulted virtually and in person where appropriate. A contract has also been established with the MIND charity (via a separate funding stream) to see people who are seeking help due to experiencing anxiety and depression.

The West IHC approach follows a 'spoke and spoke' model across three sites, with two operating concurrently, five days a week, in rotation. The model supports 28 GP practices, as well as the Ysbyty Gwynedd Emergency Department. Staffed by GPs and Advanced Nurse Practitioners (ANPs), individuals presenting to the UPCCs are consulted via telephone consultation or receive a face-to-face appointment where appropriate.

A Peer Review of all three services carried out this year made a recommendation that a consistent pan-BCUHB model be developed, in order to ensure consistency of approach and equity of provision across the region. A review of out of hospital urgent care services is currently underway as part of a wider project – ‘*Developing a pan-BCUHB framework for the transformation of same-day urgent care*’ and will report later in 2023.

Pharmacy

There are currently 147 community pharmacies operating in North Wales, with two having closed during the year. These pharmacies provide a wide range of clinical services in addition to their day-to-day medicines dispensing and commercial pharmacy offer. These include:

- 116 pharmacies providing Sore Throat Test and Treat;
- 57,905 consultations under the Common Ailments Service;
- 36,102 Emergency Medicines Service consultations;
- 1,940 Emergency Contraception Service consultations;
- 41,218 seasonal influenza consultations;
- 75 pharmacies offering a Needle and Syringe Programme, which covered 13,034 transactions.

Other services included Urgent Medicines Hubs, Inhaler Review Service, Care Home Support for medicines management, Smoking Level 2 Service, Help Me Quit @ Pharmacy, Supervised Administration and Patient Sharps Disposal Service.

Dentistry

In General Dental Services, in 2022/23 an average of 21,096 patients received NHS dental treatment every month, an increase of just over 2,000 patients per month compared to the same period in 2021/22.

The Health Board’s Community Dental Services delivered 39,286 face-to-face appointments and 1,979 telephone consultations, and responded to 16,355 calls to the dental helpline.

Following the COVID-19 pandemic and the service restrictions placed on dentistry during this period, there are still long waiting times in both general dental practices (61 locations) and the Health Board’s Community Dental Service (26 locations).

There remains a recruitment and retention issue within dentistry across the UK and, acutely, in North Wales. This contributed to four North Wales dental practices handing back their NHS contracts during 2022/23, which added significant pressure onto the dental system.

As part of our response to these challenges, during the year we opened the North Wales Dental Academy practice to its first patients. As well as treating its own patients, the Academy will provide training, education, & support to all dental care professionals, helping to make the region a more attractive area for dental clinicians to move to. Work on the training floor is nearing completion and it will open during the coming year. The Health Board is in discussion with five other practices about how they can support upskilling and education of North Wales Clinicians. We continue discussions with Cardiff Dental School around outreach, provision of training in North Wales and the development of micro credentials and modular course delivery.

Optometry

There are 69 community Optometrists practices across North Wales; 67 of these provide Eye Health Examinations Wales services, 29 practices provide the Welsh Low Vision Service and we have 14 domiciliary providers.

Community based Optometry has continued to work with hospital based colleagues to provide glaucoma and specialist contact lens pathways, an expansion of the temporary Diabetic Retinopathy pathway, and a new Intraocular Pressure (IOP) measurement pathway.

During 2022 national optometry contract reform received ministerial sign off and, in preparation for the new arrangements, both the Health Board and local Optometry profession are to set up Optometry collaboratives to support the continued upskilling of Optometry colleagues to be best placed to meet these new clinical pathways.

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, 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 IHC in Abergele.

Tertiary services are provided to North Wales residents by Alder Hay Hospital in Liverpool, England.

In 2022/23 key achievements by the services included:

- Reducing the number of children waiting for mental health assessment;
- Designing and co-producing a Children's Rights Charter for North Wales;
- Improving access to our CAMHS services by introducing virtual and face outpatient consultations, and the use of external provider partners to deliver services;
- Extending the school aged immunisation service;
- Development of the first MST FIT (Multi Systemic Therapy - Family Integrated Transitions) unit in Wales, including a 4 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 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

The Sub-Regional Neonatal Intensive Care Centre (SuRNICC), located in Glan Clwyd Hospital, offers regional Intensive Care Unit (ICU) services for infants from across North Wales and accommodates 5 ICU cots and 9 special care cots. The service hosts the North Wales Neonatal Transport Service. In addition, there are 2 high dependency cots (HDU) and 9 special care cots in Wrexham Maelor Hospital and there is 1 HDU cot and 8 special care cots in Ysbyty Gwynedd; all three units have a stabilisation cot.

Over 2022/23 the Neonatal Units across BCU have committed to the MatNeo Safety Programme which was initiated by Welsh Government and led on by Improvement Cymru, and all units are signed up to Family Integrated Care (Fi Care).

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 4,241 new referrals being received in the year; and 32,204 patient visits/contacts being made.

Achievements include:

- 79% of patients referred to the Hospice at Home Team have been supported to achieve their preferred place of death in their own home;
- Successful implementation of the CARiAD package (CARer ADministration of as-needed subcutaneous medication for common breakthrough symptoms in home-based dying people in Wales). Our local work was featured last year in an episode of BBC Radio 4's 'Inside Health' and has been accepted for oral presentation at this year's European Association for Palliative Care Congress.;
- 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 HMP 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 2022/23 District Nurses undertook 687,000 visits, under the leadership of a Locality Matron, delivering care based on the needs of the locality and viable resources available.

To deliver an equitable and accessible range of services, approximately 161,000 visits were outside core hours, into the evening and overnight, and a further 100,000 visits were over a weekend.

The District Nursing Teams 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.

In addition to caring for the housebound, there has been a significant increase in the number of people choosing to die at home and the District Nursing Service has been at the forefront of the provision of this end of life care, maintaining dignity and respect for those patients and their families. The service carried out 51,224 visits to support dignified end of life care.

Alongside its usual activity, during 2022/23 the District Nursing Service has also delivered thousands of vaccinations across north Wales, both flu and COVID-19 boosters, particularly to our housebound population.

Therapy Services

Therapy Services are provided by Allied Health Professionals (AHPs) who are Qualified Therapists in the following services:

- Art Therapies;
- Dietetics;
- Occupational Therapy;
- Physiotherapy;
- Podiatry & Orthotics;
- Speech & Language;
- 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).

Therapies are a vital component of the health care team, providing patient care across all age groups and all settings - inpatient, outpatient and community-based, including schools, clinics, nursing homes, GP practices, with the Welsh Ambulance Service and in patients' homes.

During the year therapy services received 119,272 new referrals, and there were a further 37,113 referrals to CMATS, resulting in

- 78,667 new outpatient appointments;
- 237,099 follow-up appointments;
- 327,431 patients treated/seen in hospitals.

Routine therapy activity was paused during the pandemic, resulting in significant increases in waiting times, which for physiotherapy were at a maximum of 79 weeks at the start of the year. Reducing these times towards the target figure of 14 weeks was a key focus in 2022/23. By the end of March 2023, the number of patients waiting for more than 14 weeks had been reduced to 2192 and it is expected that by March 2024 no-one will be waiting for more than 14 weeks.

The Service also:

- Appointed a Stroke therapy consultant;
- Opened three therapy led stroke specialist inpatient rehabilitation centres, with dedicated specialists supporting patients to improve their outcomes after stroke;
- Received investment to rollout a new Long COVID Service;
- Supported 18 clinicians from across the Health Board to complete their MSc studies.

Women's Services (Maternity & Gynaecology)

The Health Board provides Maternity, Midwifery and Gynaecology Services for the North Wales population and also to a cohort of women from North East Powys and the Shropshire Borders.

In 2022 there were 6,200 births in North Wales with an additional 300 women choosing to give birth outside of North Wales, at the Countess of Chester Hospital or within Hywel Dda University Health Board.

There has been an overall reduction in the number of births locally. Generally, 2021 saw a 1.8% increase in live birth in England and Wales compared to 2020, but still below the 2019 figure, which reflects the long term trend of decreasing live births seen before the COVID-19 pandemic.

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 Maternity services work closely with Children's services, who provide neonatal care to newborn and premature babies, and together they have supported the following developments, in line with national learning, during the year:

- PERIPrem Cymru Interventions;
- Mat Neo Safety Support Programme (MatNeoSSP) Maternity Champion - (WG funded until September 2023);
- Implementation of the Saving Babies Lives Care Bundle 2 (SBLCB2);
- Review of Community Midwifery Services across North Wales;
- Maternity Bereavement Team and Rainbow Support Clinics;
- Placental Growth Factor (PLGF) testing, to rule out pre-eclampsia.

The Gynaecology service saw an increase in benign, urgent and suspected cancer referrals following the COVID pandemic. The Service supported the following innovations and reviews:

- Introduction of Robotic Surgery in Gynaecology Services;
- Introduction of Minimal Access Training and expansion of the service in North Wales;
- Introduction of a North Wales Endometriosis and Menopause Service;
- GIRFT Review of Gynaecology Services;
- CSW Review of Local Colposcopy Services.

The Health Board remains committed to ensuring the best start in life for our children in North Wales, and the Service continues to work with partners across the Region to progress this work into 2023/24. During 22/23 the Health Board undertook a series of local insight work and focused on the following actions;

- Developing a Pre-Conception Strategy;
- Introduction of an incentivised smoking cessation scheme and programmes to promote healthy eating and reduce alcohol intake in pregnancy;
- Progressed the Local Infant Feeding Strategy in line with WG's Strategy;
- Developing the Perinatal Mental Health Service offer.

Planned Care Services

Planned care refers to the diagnosis and treatments patients receive following referral by their GP to hospital.

During 2022/23 we aimed to stabilise and recover our performance in all areas of planned care. However, despite improvements in waiting times being made, overall they are 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 still remain for some treatments following the pandemic.

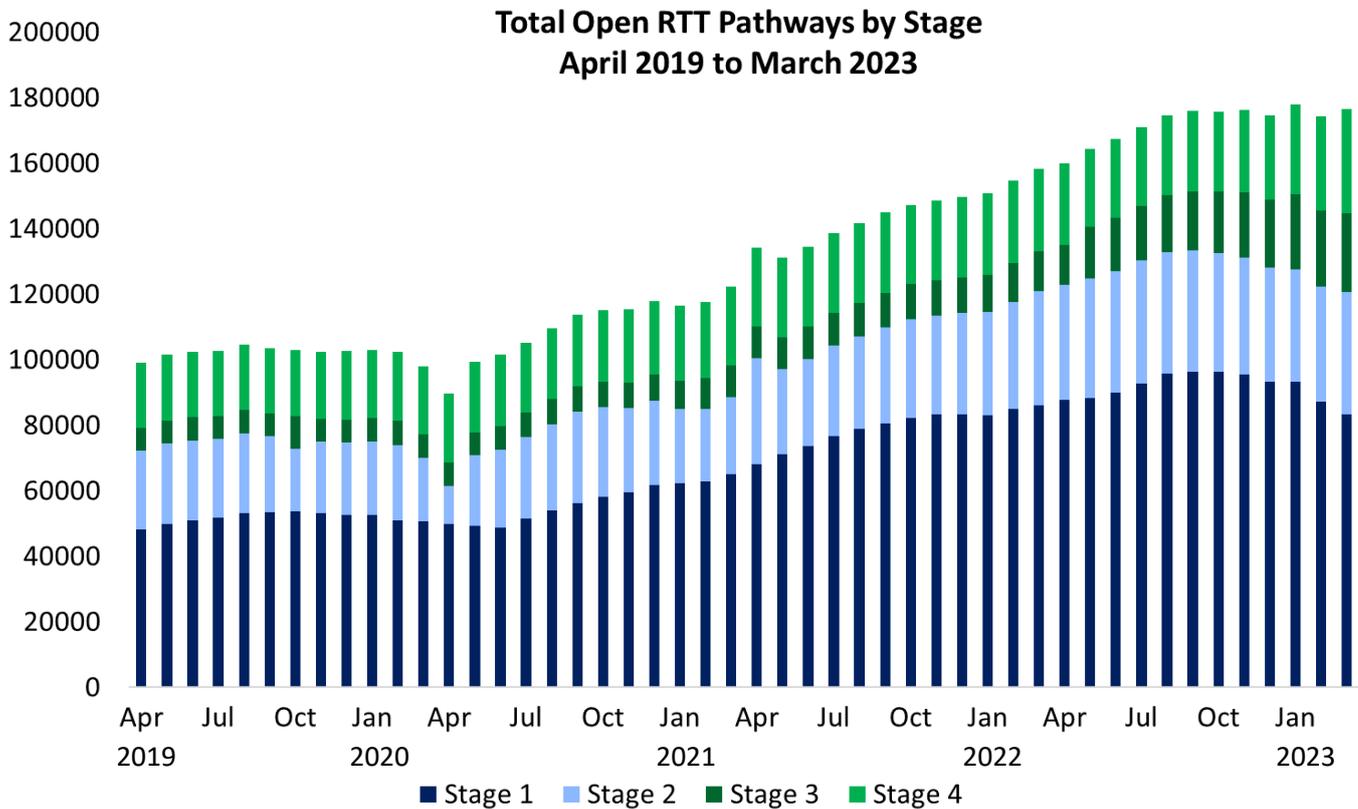
Waiting List Size and Waiting Times, including Risk Stratification

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).

The original target was for 95% of patients to wait less than 26 weeks from referral to treatment, except for urgent referrals (specifically those with suspected cancer), being placed on a two-week outpatient pathway. The diagnostic element should then be completed within 8 weeks.

However, the COVID-19 pandemic greatly reduced our capacity to deliver planned care services within our hospitals and the numbers of patients on each stage of the waiting lists increased, as did the length of individual waiting times. The impact of that is still being felt as we try to increase capacity to catch up with the backlog and maintain the ability to deal with new patients being referred in.



There has been a 76% increase in total open pathways compared with pre-COVID position, and at the year-end 20% of pathways (36,095 patients) have been waiting for more than twelve months. The Specialties with the highest numbers of patients waiting longer than twelve months are:

- General Surgery (6,520 patients);
- Orthopaedics (6,159 patients);
- ENT (4,419 patients);
- Ophthalmology (4,313 patients).

12,340 of these patients have been waiting more than twelve months for their first outpatient appointment, primarily in the following specialties:

- Ophthalmology (2,805 patients);
- Dermatology (2,674 patients);
- ENT (2,247 patients);
- Urology (976 patients);
- Gastroenterology (919 patients).

Our waiting lists are constantly reviewed and validated to check that the 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 being clear on what the appointment is for.

This challenge is being addressed and we now have a well-developed proposal that will put in place a Health Board wide system to support this activity. The development will also give us the ability to improve the management of electronic referrals from Primary Care, ensure that we book our clinical capacity in the most effective and efficient way and provide a platform for future digital services to ensure that our patients have the best experience whenever they need to access any of our planned care services.

We are also developing support processes more generally, both using 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. Early results are promising and our stage one trial, which will conclude in the summer of 2023, will inform decisions about a wider roll out.

Cancer Services

We continue to strive to diagnose and treat everyone with cancer as quickly as possible.

Most of our cancer diagnostic services are provided at each of our three acute hospital sites. These include facilities for imaging (radiology) and biopsy either under 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 even 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 Ysbyty Glan Clwyd.

In 2022/23 we received nearly 44,000 urgent suspected cancer referrals from primary care, a 15% increase on the previous year. This is unlikely to indicate a significant increase in the underlying number of patients with cancer, but reflects a process of catching up after the reduction in the number of people contacting their GP, the pause in screening services and the reduced number of routine appointment where concerning symptoms might be picked up during the COVID pandemic.

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 2022/23 we diagnosed and treated just over 5,000 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, 63% 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.

During 2022/23 we reviewed a number of our clinical pathways in order to make improvements. These have included making tests more readily available to primary care, introducing straight to test pathways where possible, in order to reduce times to diagnosis, and launching our one stop neck lump clinic in Ysbyty Glan Clwyd so that patients with a suspicious neck lump can be given a diagnosis or reassured on the day. We have also introduced new treatment technologies including robotic surgery at Ysbyty Gwynedd for appropriate patients with gynaecological cancers.

Radiology Services

Radiology is a vital clinical diagnostic service delivered at our three main acute hospital sites and also at several community hospital locations. Diagnostic modalities include plain film X-ray, cross sectional imaging (CT / MRI), ultrasound and also specialised services such as interventional imaging, nuclear medicine and PET-CT.

In 2022/23 overall demand for the three main modalities of CT / MRI and ultrasound increased by 8% compared to the previous year, and is up by 15% since the last pre-pandemic year (2019/20), with CT in particular experiencing a 25% increase in demand over this period.

Given this increase in demand, and despite delivering a record number of scans in 2022/23 (14% greater than in 2019/20) the overall number of patients waiting over 8 weeks for these scans has increased by around 1,500 to just over 4,000 at the end of March 2023. Capacity has been steadily increased during 2022 and, subject to further increases in demand there is an expectation that overall patient waits can be reduced during 2023/24.

Radiology Tests	Centre	East	West	Total
CT Scan	27,292	28,109	23,614	79,015
Dental	3,797	1,737	2,850	8,384
Fluoroscopy	1,349	1,280	1,319	3,948
Interventional (Including angiograms)	347	1,119	-	1,466
Mammography	2,478	2,260	3,441	8,179
MRI Scan	8,915	10,156	7,657	26,728
Non obstetric ultrasound	28,364	27,858	26,009	82,231
Nuclear medicine	1,143	2,385	1,062	4,590
Obstetric ultrasound	12,027	17,211	11,031	40,269
Plain film	87,624	79,278	87,130	25,4032
Specials	-	-	1,090	1,090
Theatre	1,558	1,075	1,137	3,770
Vascular ultrasound	-	1,844	-	1,844

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 are now reverting to 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 the day and night, increasing pressures on the system throughout the 24 hour period. Average occupancy levels within our EDs are running at double each department's designed capacity.

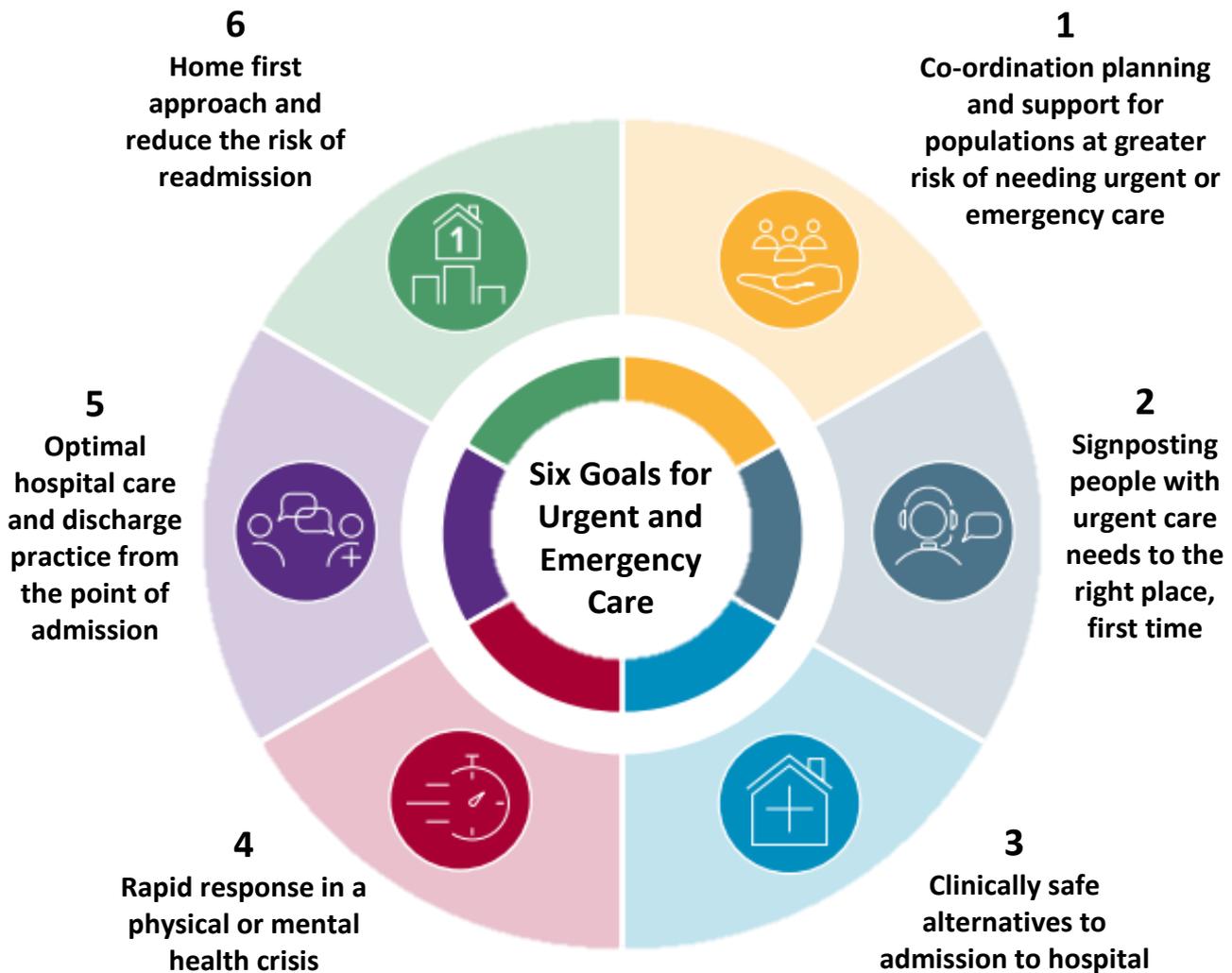
Across Wales, unscheduled care performance over the past year has been at its worst since the introduction of the four hour target. Performance in North Wales has been amongst the lowest in Wales, with 66.9% of patients spending less than four hours in our EDs and MIUs in March 2023, compared to an all-Wales 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 assess (D2RA) service that assists with patients' care closer to home through multi-disciplinary in reach from occupational therapy, physiotherapy and social care. This is further supported with delayed transfers of care (DTC) reviews that are carried out in partnership with social services colleagues on a regular basis to assist with supporting safe discharge for patients who require specific interventions.

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) – a 7 day a week service that supports ambulatory patients referred from primary care, community care, the Welsh Ambulance Service and EDs for speciality input that reduces the need for admission and improves the patient experience;
- Urgent primary care centres (UPCC) – a primary care service based alongside the EDs that assists primary care with demand and reduces the need for ED input for patients who attend the departments but require primary care intervention;
- 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

Strokes can either be ischaemic (resulting from a blood clot) or haemorrhagic (resulting from a bleed, often as a result of wider trauma). In the case of ischaemic strokes, two services can be offered:

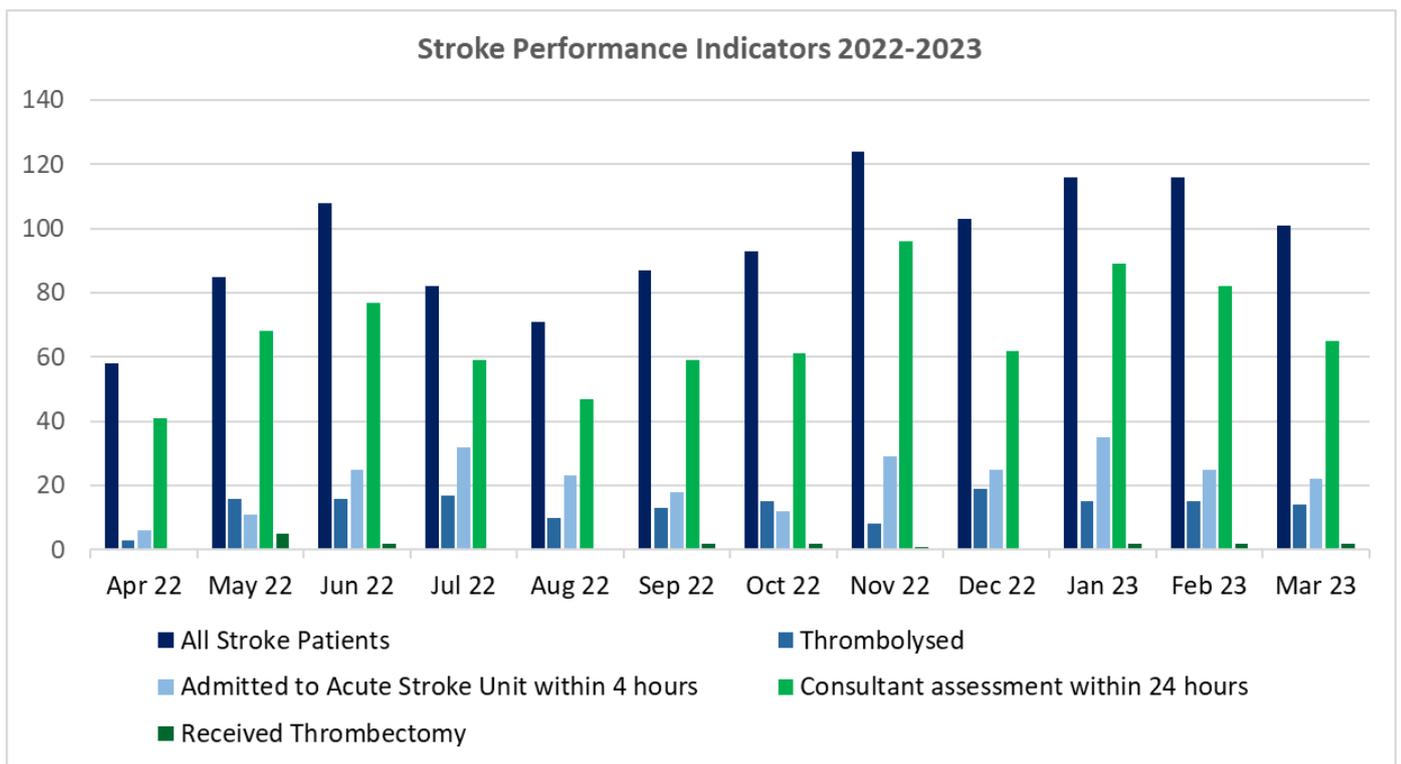
- Thrombolysis, which is an emergency treatment to dissolve blood clots and is administered in all three of our acute hospitals;
- Mechanical Thrombectomy, which is a surgical procedure.

Each of our three acute hospitals delivers acute diagnosis and treatment services for patients who have experienced a stroke, other than thrombectomy provision which we commission at the specialist Walton Centre in Liverpool.

This provision is aligned to the teams who deliver all elements of the stroke care pathway, from healthy lifestyles through to specialist intervention, including Acute Stroke units, Specialist Inpatient Rehabilitation centres and Early Supported Discharge services.

In 2022/23, 1,144 patients were assessed and treated by our services following a stroke.

Whilst performance against key outcome metrics needs to improve across all three sites, this is expected to be seen in 2023/24 following investments made in 2022/23 and additional programmes of work that are scheduled for the subsequent twelve months.



Developments that were instigated in 2022/23 include:

- New Early Supported Discharge (ESD) services, providing up to six weeks of additional, therapy-led support at home for eligible stroke patients being discharged from either our acute or community sites across all three Integrated Health Communities (IHC);
- New Stroke Specialist Inpatient Rehabilitation Centres in Llandudno, Deeside and Eryri community hospitals, offering:
 - inpatient and support accommodation including wards, new dedicated gym facilities and equipment for therapy assessment and support, clinical and administrative rooms,
 - integrated Multi-Disciplinary Teams, following a generic care pathway at each site,
 - additional staffing from therapy services and psychology to deliver the new services;
- Additional Clinical Nurse Specialist and Stroke Administrators in each acute site to enable improved clinical response;
- Nurse specialist roles working with Primary Care to help identify and treat patients at high risk of stroke.

Mental Health & Learning Disabilities

During 2022/23 the Division of Mental Health & Learning Disabilities Services have focused on recovery following the impact of the Covid-19 pandemic on service users, staff and service delivery, and on the learning and improvements required following a number of service inspections by regulators and coroner actions.

This year Mental Health and Learning Disability services have seen a return of referrals to pre-pandemic levels.

As the service transitioned back into increased face-to-face interaction, they have used the opportunity to reflect on and review how they responded to service user needs. In line with the national Together for Mental Health Strategy, the Division held four North Wales workshops that brought together a broad range of stakeholders and partners, including people with lived experience, carers, health and social care professionals from the public, private and the third sector. The insight and knowledge gained through this engagement and co-production has been used, along with our workforce expertise, both clinical and non-clinical, to enhance the delivery of existing service improvement plans and also in the development of plans for 2024/25 and beyond.

Our mental health services (CAMHS and adult services) achieved compliance with a number of the key national standards:

- Percentage of patients waiting less than 28 days for a first appointment for specialist Child and Adolescent Mental Health Services (sCAMHS);
- 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;
- Percentage of service users (adults ages 18 years and over) admitted to a psychiatric hospital between 09:00 and 21:00 hours that have received a gate keeping assessment by the CRHT service prior to admission;
- Percentage of service users (adults aged 18 years and over) admitted to a psychiatric hospital who have not received a gate keeping assessment by the CRHTS that have received a follow up assessment by the CRHTS within 24 hours of admission;
- Percentage of therapeutic interventions started within (up to and including) 28 days following an assessment by LPMHSS for adults aged 18 years and over;
- Percentage of patients waiting less than 26 weeks to start psychological therapy in Specialist Adult Mental Health.

Our Community Mental Health Teams in the East area have made significant improvements to how patients are seen under the Mental Health Measure (MHM) Parts 1a and 1b and, in June 2022, we achieved and have since sustained compliance with, and above, the National MHM targets.

Although we have defined Mental Health and Learning Disabilities services, many of these services impact on and interact with each other. Recognising this, we are keen to progress a whole system model of working. Early access to appropriate services is key to rapid recovery and effective management of conditions, and during the year the Division successfully rolled out the '111 Press 2' service across North Wales. This gives callers who are concerned about their own mental health, or that of a family member or other loved one, direct access to expert mental health practitioners who can direct individuals to those services that best meet their needs, ensuring they have timely access to the most appropriate support. This has been fully operational 24 hours a day, 7 days a week, from March 2023.

We have continued to invest in *iCAN* services as a way of delivering a range of early interventions and prevention interventions to support people with low level mental health needs to self-manage their conditions in a community setting. There are eight hubs and fourteen connectors delivered by Third Sector organisations across the region who, during 2022/23, supported nearly 15,000 people with a variety of sign posting, support and intervention.

In addition, we have been successful in fulfilling plans to establish an Early Intervention in Psychosis service in North Wales providing specialist, intensive support from the first episode of psychosis for people 16 years and over. The team are fully operational in Flintshire and the service will be progressively rolled out across North Wales.

Other improvements across the Division include:

- Continued progress with the recruitment campaign which, by the year end, has resulted in 1225 enquiries and expressions of interest and successful appointments to 22 vacancies.
- The 26 week psychological therapies waiting times target has been achieved and compliance remains above target having been sustained for a 6 month period.
- Following lengthy engagement and development, Welsh Government approval has been obtained for the outline business case for the redevelopment of the Ablett Unit for a new, world class, mental health facility on the Glan Clwyd Hospital site.
- Mental Health Perinatal Services have expanded their services during 2022/23 to meet the minimum staffing requirements outlined within the Centre for Quality Improvement (CCQI) Perinatal Quality Network (PQN) standards for providing specialist post-natal mental health care for service users up to 1 year after giving birth. The Team have also worked collaboratively with partners in informing the commissioning and development of an inpatient Mother and Baby Unit that will service North Wales, Cheshire, Wirral and Merseyside. The unit will be located at the Countess of Chester Hospital, central to the catchment area for patients and families and will open in 2023/24.
- Within the Learning Disabilities service, Foelas ward received the Nursing Times Award for Learning Disabilities for an initiative that dramatically improved the care of patients. The young patient at the centre of the initiative went from being on a palliative care pathway and spending most of their time in a wheelchair to being well enough to ride a bike and now considered for a kidney transplant.
- The CALL Helpline team were awarded with the Seren Betsi Award recognising their hard work and dedication to delivering 24 hour, seven day a week help and support to patients from across Wales via the Welsh Government funded CALL mental health helpline for Wales, DAN 24/7 Drug and Alcohol helpline and the Wales Dementia Helpline.
- Learning arising from service provision, user feedback, clinical evidence and the impacts of Covid-19 pandemic has been used to highlight and strengthen our recognition and understanding of the complexities and co-dependencies of mental and physical health.

Putting Things Right

Under the National Health Service (Concerns, Complaints and Redress Arrangements) (Wales) Regulations 2011 (known as Putting Things Right or 'PTR') the Health Board is required to provide assurance and evidence to the organisation's community and stakeholders that we are continuing to deal with and learn from concerns.

During the year, the following concerns were recorded by the Health Board:

- Complaints 2,957 new complaints received;
- Incidents 41,423 new incidents reported;
- Claims 281 new clinical negligence and personal injury claims opened.

Redress

Under the PTR regulations, where the Health Board is undertaking an investigation of a concern in accordance with Regulation 23 and it is determined that a qualifying liability exists or may exist, the Health Board must determine, in accordance with the provisions, whether or not an offer of redress should be made.

Redress relates to situations where the patient has been harmed and that harm was caused by the Health Board.

During 2022/23, 101 cases were concluded following consideration of Redress:

- 21 offers of financial compensation as redress were accepted, totalling £147,950;
- 18 other offers of financial compensation were made and are waiting to be accepted totalling £79,950;
- 4 offers of an apology only as redress were made;
- 9 redress cases proceeded to become clinical negligence claims;
- 48 cases were advised to pursue a clinical negligence claim as any offer of financial compensation made would exceed the £25,000 limit allowed under Putting Things Right;
- 2 were advised, following an interim response (Regulation 26) accepting there was a breach of duty and further investigation, that there was no Qualifying Liability for which redress would be offered (Regulation 33).

Complaints

The Health Board aim to provide resolution to complaints as soon as possible and where appropriate these cases will be managed as an 'early resolution', meaning that they are resolved within two days of receipt and to the satisfaction of the complainant. Those that have not been resolved within this timescale, or that are more complex, often with allegations of harm having been caused, are managed under PTR.

Most of the complaints received in the year relate to secondary care services, with the majority of formal complaints in relation to clinical treatment and assessments, poor communication and appointment waiting times. Other recurring themes were access to medication, delays in receiving medication, and attitudes and behaviour of staff towards complainants and patients.

Every complaint received is initially acknowledged and, subsequently, provided with a response that addresses the matters raised. There are a small number of these complaints where the failing is considered to be a breach of our duty of care. Any such case that has, or may have, caused actual harm is investigated robustly, to identify root causes or potential risks so that we can eliminate or mitigate the opportunity for any similar breach of care in the future.

Of the total complaints received, 2,048 were managed under PTR and 909 were Early Resolutions.

Complaints managed under PTR are graded against nationally set levels of severity and this is then reviewed as part of the investigation. The following table provides a breakdown of severity grading for complaints, following investigation and closure (this figure is lower than noted above as not all complaints received in 2022/23 will have been closed in the year):

Grading	Number of complaints managed under PTR
Grade 5 (catastrophic harm)	24
Grade 4 (severe harm)	101
Grade 3 (moderate harm)	614
Grade 2 (low harm)	668
Grade 1 (no harm)	515

It is recognised that complaints may bring a number of different aspects of care to our attention, and these are treated individually within our response. The substance of the concerns are categorised in relation to the principal subject, in accordance with Welsh Government reporting requirements, to support the identification of emerging themes and specific areas of concern which result in focussed improvement work.

The three subjects most frequently identified from complaints received during the year were:

- clinical treatment/assessment (across all services);
- communication issues (across all services);
- appointments (mainly in relation to surgical services).

The complaints procedure ensures that the services understand their responsibility and accountability in investigating their complaints whilst exploring harm and breach of duty, and that robust action plans are implemented to ensure positive changes are made to improve patient safety and experience.

A thematic analysis is conducted on a weekly basis to identify areas of concern and any regular recurrences are shared with the senior management within the services to investigate and identify opportunities for improvement. The themes of learning are captured and reported at our Patient and Carer Experience Group, with key initiatives discussed and a clear focus on sharing good practice to improve patient experience.

Communication is a broad theme within complaints; there were 496 complaints received in 2022/23 with their main element being communication. As a Health Board we continue to strive to improve all aspects of communication. The following actions were undertaken last year:

- The Complaints Team conducts ‘complaints clinics’ three times per week via Microsoft Teams to support staff. This is an opportunity for services to liaise with the Complaints Team and obtain expert advice to support a timely resolution to their complaints.
- To assist improving communication and staff supporting service users, the Patient and Carer Experience Team continue to deliver face-to-face Patient and Carer Experience Training sessions across the Integrated Health Communities. The training includes effective communication, empowering staff to resolve issues locally to encourage early resolution of complaints and raising awareness of the role of the Patient Advice and Liaison Service (PALS).
- The Health Board is working with Small Business Research Initiative (SBRI) funded by Welsh Government, to explore innovative digital solutions to improve communication between staff and relatives when their loved one is in hospital. Staff, patients and carers have been involved in focus groups to share their experiences as to what may work well. This feedback will shape the future digital solution to support families’ communication with their loved ones when in our care as an inpatient.
- Staff who are Patient and Carer Champions have been working closely with the Patient and Carer Experience Team by sharing information and engaging in collecting patient feedback. Patient and Carer Champions are a point of contact to improve engagement between the team, clinical services and patients, by asking, monitoring and acting on patient feedback.
- To ensure effective communication between patients, families and staff the Health Board launched the digital roll out of the Welsh Interpretation and Translation Service (WITS) providing 24-hour access to interpreters. The video interpretation offer supports patients who have unplanned admissions of care as video BSL (British Sign Language) and other language interpretation does not need to be booked in advance. Since the digital roll out of WITS there has been a reported 50% increase in use of digital translation as a method to communicate with patients and their families about their care.

The Public Services Ombudsman for Wales

The Public Services Ombudsman for Wales (PSOW) has legal powers to look into complaints about care providers in Wales.

During 2022/23, the Health Board has received a total of 225 contacts from the Ombudsman. This figure has been obtained from the Ombudsman and cross checked to internal data and is correct at the time of writing.

Occasionally, the Ombudsman may produce a ‘public interest report’ (under Regulation 23), making the public aware of a particular type of case. During this period the Health Board received two public interest reports.

The first investigation related to the care and treatment following a referral to an NHS Hospital Trust in England, which was commissioned by the Health Board. The Trust failed to diagnose the patient’s multiple sclerosis between May 2018 and September 2019 and the Health Board should have explored a local referral option before sending the patient to the Trust.

The second investigation related to delays in placing stents (drains) into a patient's kidneys, which later led to complications with her condition. The Ombudsman was satisfied that the patient's kidney treatment was reasonable and did not uphold this part of the complaint. However, the complaint also related to inadequate bowel care whilst in Glan Clwyd Hospital in April and May 2020. The Ombudsman's investigation also saw examples of poor record keeping by staff.

Incidents

Most incidents that are recorded are classed as 'none' in that no harm was caused by the event that occurred.

A total of 41,724 incidents were recorded 2022/23, a slight decrease from the previous year when 42,292 were recorded.

The three most common types of incident recorded on the Health Board's incident reporting system in the year 2022/23 are:

- slips, trips and falls;
- pressure ulcer category 2;
- infection outbreak / period of increased incidence.

The Patient Safety Team monitor incidents to identify themes and where these need to inform organisational priorities. Currently, the following are the identified themes:

- Delay in recognition of deteriorating patient;
- Healthcare acquired pressure ulcers (HAPU);
- Patient falls.

These three theme areas are underpinned by a recurring issue of record keeping that, whilst not directly causal to an incident occurring, is contributory to the circumstances that create unsafe conditions.

The Health Board continued to see incidents raised in relation to COVID-19 in line with the spread of new variants across Wales. Incidents reported included outbreaks and individual cases of the virus (amongst both staff and patients). The Health Board continues to utilise the all Wales standard approach to investigating these cases under the PTR regulations.

The Health Board's strategic falls group continues to scrutinise falls incidents. This approach enables the group to identify any emerging themes and trends or hotspots and to make recommendations for improvements. A falls collaborative group was introduced and met bi-monthly with clear reporting lines and governance arrangements. This group has introduced mandatory falls e-learning modules, which are constantly under review to ensure the modules are up to date with the current evidence and practice. The Health Board is the only one in Wales that has taken a mandatory approach to this training for all staff. The Health Board has been commended by the all Wales Inpatient Falls Network, who are recommending the e-learning modules developed by the Health Board are implemented by all Health Boards in Wales as the standard for e-learning.

The Health Acquired Pressure Ulcer (HAPU) Collaborative has been introduced, with representation from all Integrated Health Communities (IHCs). A self-assessment tool has been developed, mirroring Tissue Viability Policy NU03, for the wards involved to ascertain their current position against the policy. The Health Board Tissue Viability Policies are in the process of being reviewed, updated and ratified.

The Tissue Viability Team lead is currently in collaboration with the Health Board mandatory training group recommending all clinical staff are required to complete training in respect of HAPU prevention as a mandatory module.

Corporate Nursing are working collaboratively with patient safety leads across the Integrated Health Communities to develop a standard approach for reviewing all core harms (falls, HAPU and medication) and sharing the learning across all IHCs as one easy to navigate flow chart for all staff.

Future plans for the work streams of both collaboratives are being discussed in the strategic meetings.

In 2022/23, 6 'never events' were reported. This is a 50% decrease from the previous year. Never events are serious adverse incidents that our systems and processes should ensure are never able to happen. Although the number has decreased, common themes continue to be a failure to use a LocSSIPs (Local Safety Standard for Invasive Procedures), and failure to use the World Health Organisation surgical safety checklist in its entirety. A Clinical Quality Improvement Fellow has worked consistently to review our approach to surgical safety checklists and has worked closely with theatre and surgical staff across the Health Board.

The system sharing and embedding of learning remains a risk for the Health Board and we acknowledge more work is needed to become a learning organisation. Plans are in place to strengthen the extracting, sharing, and embedding of learning to include:

- A monthly Organisational Learning Forum – this commenced in February 2023;
- A weekly Harm Free Care Forum – this commenced January 2023;
- A new "lessons learned" on a page template;
- A new regular safety bulletin and safety alert format;
- A new digital Quality Learning Library;
- Improved Learning Events;
- Introduction of Greatix to support Learning from Excellence;
- A strengthened approach to human factors in the organisation.

Claims

281 cases have been opened during 2022/23, which is an increase on those opened last year (238). The total this year includes 240 clinical negligence claims and 41 personal injury claims. The increase can most likely be attributed to those claims that had been delayed during the period of the pandemic but are now starting to be pursued.

The Health Board had 819 clinical negligence and personal injury claims open at the end of the year.

In addition, the Legal Services Team manage all Inquests that have been brought by HM Coroner and support the wider clinical staff with Court of Protection matters and general legal advice queries including reviewing statements for police matters and family law proceedings.

The Health Board is expecting to see claims continue to rise as result of the COVID-19 pandemic, although the full extent of this is not yet known. Such claims will likely relate not only to the direct effects of COVID 19 (i.e. potential nosocomial infections), but also the indirect effects (i.e. patients with longer wait times for surgery as a result of the stepping down of services through 2020-22). It is thought that the majority of claimants may be waiting for the COVID-19 Public Inquiry to conclude. Openness, transparency, improving patient safety and learning lessons remain key for the Health Board.

Throughout 2022/23, the Health Board has noticed trends in claims in the following areas:

- The use of Transvaginal Tension Free Tape (TVT) Mesh in gynaecology cases continues to show a slight increase. This follows a larger group claim, which has been brought against the manufacturers of the TVT Mesh Devices. Generally, the allegations are based on whether consent was properly obtained prior to implanting the device and whether care, management and treatment received was of the appropriate standard.
- Claims brought in relation to alleged failed 'treatment/procedures' and failures in relation to 'assessment/investigation/diagnosis' continues to be the highest category types received for clinical negligence claims.
- For personal injury claims, the trend continues to be slips and trips, violence/aggression and manual handling matters.
- Although not the highest in number, birth injury claims account for the largest settlement amounts paid for clinical negligence claims.

Actions and improvements made following investigation of claims include:

- There is already an established peer review procedure within the Health Board for reporting Radiographers who report only conventional plain film imaging. This includes 5% of individual reports extracted from the radiology system each month that are peer reviewed and the accuracy of the reporting is recorded. It is a more difficult process to implement peer review for Consultant Radiologists due to the diversity and complexity of their workload; however, this is now being introduced and developed.
- It is recognised there is a need for robust processes for obtaining and recording consent from patients, which highlights not just the recognised risks and complications but allows patients to weigh up all the options for treatment (including none). The Health Board is moving towards an electronically-assisted consenting process which will support all parties to understand each other better, and provide an evidence trail of what has been discussed.
- Timely hospital handovers for patients conveyed in ambulances requiring unscheduled care is a key component in achieving quality experience and access. The procedure for the management of patients delayed in ambulances outside emergency departments has been reviewed and updated. There has also been a review of hospital escalation policy to de-escalate areas of pressure. The protocol for the management of emergency pressures and escalation plan has been put in place. Additionally, standard guidance has been drafted for paramedic direct referral to Same Day Emergency Care (SDEC) units.

- Due to the concerns raised in regards to mesh/tape procedures, this treatment option is only to be offered to women in exceptional circumstances, with all patients undergoing supervised pelvic floor treatment prior to consideration of surgical management of urinary stress incontinence. These procedures would only be done on a case-by-case basis after extensive counselling, Multi-Disciplinary Team discussion, and approval from the Hospital Medical Director.

Duty of Quality and Duty of Candour

From April 2023, the duty of candour is a legal requirement for all NHS organisations in Wales. It requires them to be open and transparent with service users when they experience harm whilst receiving health care. They will be required to:

- talk to service users about incidents that have caused harm;
- apologise and support them through the process of investigating the incident;
- learn and improve from these incidents;
- find ways to stop similar incidents from happening again.

The Health Board has been actively preparing for the new statutory duty and will be reporting on compliance in its first annual duty of candour report next year.

The Health Board has also been preparing for the statutory duty of quality, also coming into effect from April 2023. The Health Board will be publishing more information on its quality performance and outcomes, and work to embed the new duty, over the course of the year and will be producing its first Annual Quality Report next year.

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 managed its expenditure within the aggregate funding provided over the period 2020/21 to 2022/23, so it has achieved the first duty. This is shown in the table below.

	2020-21 £000	2021-22 £000	2022-23 £000	Total £000
Net operating costs for the year	1,808,719	1,873,353	1,991,335	5,673,407
Less general ophthalmic services expenditure and other non-cash limited expenditure	538	637	1,790	2,965
Total operating expenses	1,809,257	1,873,990	1,993,125	5,676,372
Revenue Resource Allocation	1,809,747	1,874,279	1,993,514	5,677,540
Under /(over) spend against Allocation	490	289	389	1,168

Most of the funding for the Health Board's activities is provided for by Welsh Government. In 2022/23 Betsi Cadwaladr University LHB achieved a minor underspend of £389,000 relative to its revenue resource allocation from Welsh Government for the year.

However, this achievement 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 2023/24 is £134.2 million.

The Health Board did not receive any additional cash-only support from Welsh Government during the year.

Integrated planning

The NHS Wales Planning Framework for the period 2022/2025 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 IMTP for the period 2022/2025, shaped by our Living Healthier, Staying Well strategy and in accordance with the NHS Wales Planning Framework. This included a balanced financial plan and was approved by the Board on 30th March 2022.

However, following a robust scrutiny process and given the number of challenges the Health Board was facing, the Minister determined that the IMTP did not fully meet the requirements of the NHS Wales Planning Framework. The Minister instead accepted the submission as an Annual Plan for 2022/23, which was subject to ongoing monitoring.

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 £700 million shown in the Statement of Financial Position as at 31 March 2023) and receives capital funding from Welsh Government accordingly. In 2022/23, the Health Board delivered its agreed capital programme and has reported a small underspend relative to Capital Resource Allocation.

During 2022/23 Betsi Cadwaladr University LHB has implemented the transitional accounting arrangements for Right of Use assets, which has resulted in assets of around £30 million being recognised in the Statement of Financial Position for the first time.

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 LHB'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, and we met this target in the 2022/23 financial year.

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 long-term strategy for health, well-being and healthcare *Living Healthier, Staying Well*, was published in March 2018, and refreshed in 2022. In 2021/22 a light-touch engagement exercise with our staff, partner organisations and the public confirmed that our goals and objectives were still relevant in light of the three years that had passed and experiences during the Covid-19 pandemic. There were, however, concerns expressed regarding our delivery against the objectives, and consequently the refreshed *Living Healthier, Staying Well* strategy includes a clearer set of priorities and SMART actions we expect to achieve from 2022 onwards.

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 will provide the foundation for ongoing work on improving how we work as an integrated Health Board to improve health and well-being and address inequalities.

In 2022 we published a Decarbonisation Action Plan consistent with the Welsh Government's NHS Wales Decarbonisation Strategic Delivery Plan. The Action Plan was developed in partnership with the Carbon Trust and 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. A Decarbonisation Programme Board has been established to oversee implementation of the Action Plan.

Information on our work to support and promote the Welsh Language is included in pages **XX-XX** 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 2022/23 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 Wellbeing (Wales) Act has given the Welsh Ministers powers to work with local health boards and local authorities to take part in partnership arrangements to carry out health and social services functions. The North Wales Regional Partnership Board (NWRPB) facilitates the partnership arrangements between Betsi Cadwaladr University Health Board, the North Wales local authorities and other partners such as housing, education, the third sector, providers, citizens and carer representatives to take forward the effective delivery of integrated services in Wales.

Strategic Capital Plan

Each Regional Partnership Board (RPB) is required to develop a ten year Strategic Capital Plan (SCP) that brings together health, social care, housing, third sector, education and regeneration partners to develop integrated service delivery facilities and integrated accommodation-based solutions. The first drafts of these plans are required to be submitted to Welsh Government by the 30 April 2023, with the final plans published by July 31 2023.

Work has begun with statutory partners to collate capital plans from the Health Board and the six local authorities to develop the SCP for the region.

Welsh Government have indicated that RPBs will need to prioritise schemes in the future, with the SCP being fundamental to the prioritising process, meaning that all RPBs will require an agreed SCP to enable them to apply for funding. As part of the development of the SCP the regional team will be developing a prioritisation tool to help with this process.

Regional Integration Fund

The Health and Social Care Regional Integration Fund (the RIF) is a five year fund to deliver a programme of change from April 2022 to March 2027. The NWRPB has led on the development and implementation of the RIF during the last 18 months.

To support the delivery of the RIF there is a comprehensive programme of schemes supporting each of the following priorities:

- Community based care – prevention and community coordination;
- Community based care – complex care closer to home;
- Promoting good emotional health and well-being;
- Supporting families to stay together safely, and therapeutic support for care experienced children;
- Home from hospital services;
- Accommodation based solutions.

The RIF programme has Welsh Government funding of £30,163,907.

Capital Fund

The NWRPB is responsible for the management of two capital funds: Housing with Care Fund (HCF) and the Integration and Rebalancing Capital Fund (IRCF) Model. During the last year we have worked with partners on how best to utilise both schemes, with twelve schemes having been agreed by Welsh Government to date.

North Wales Together: Seamless services for people with learning disabilities

North Wales Together is a project 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 2022/23 includes:

- development of a draft Regional Supported Employment strategy;
- accessible training designed to raise awareness of online harms (especially grooming) for those with a learning disability and autistic people;
- training on supported employment operational teams and day/work opportunities;
- working with colleagues in Health and Social care on a Positive Behaviour Support implementation plan;
- funding a project management post within the BCUHB Mental Health and Learning Disability division;
- identification of appropriate places for activities for children and families with learning disabilities;
- development of a Direct Payment toolkit.

Children's Sub Group

In March 2022 the Board developed a communication plan and held a successful launch event, and over the following few months set about agreeing the priorities and forward work programme.

The aim is to make sure the voice of the child is at the heart of the work of the sub-group. The initial direction of the work was informed by children and young people, through the local and national engagement activities that informed the population needs assessment.

A focus event on young carers took place during October 2022. A range of information was provided in the form of an information pack, presentation and videos that summarised the evidence including statistics and data, feedback from young carers and examples of what's working well in other areas. Following time for reflection and conversations about the presentation and videos, the groups worked together to generate questions to discuss what children and young people felt about the support they receive and had the chance to talk and think together about what they would work together on as part of a community of enquiry approach.

A further focus session relating to unaccompanied asylum-seeking children was held in December, with two further sessions planned for 2023 on disability and illness (March) and early years (June).

Implementation of the No Wrong Door strategy has continued. Workshops have been held to consider the current activity taking place around a single access arrangement to services and a 'hub' with the aim of comparing approaches and identifying common delivery mechanisms. This builds on the service mapping being carried out, enabling the programme team to identify a picture of existing activity across the concept model from early intervention / prevention through to services for very complex cases. Further workshops are planned for the next 12 months.

To support the implementation, an Integrated Children's Service Board (ICSB) with supporting Integrated Children's Area Sub groups (for West, Central, East) and ad hoc task and finish groups, have been established during the second half of 2022/23.

Research, Innovation and Improvement Coordination Hub

The hub aims to coordinate innovation in North Wales to inform new integrated models of health and social care. It is part of the commitment in A Healthier Wales to establish a nationally coordinated network of hubs which bring together research, innovation and improvement activity within each Regional Partnership Board footprint. The following details some of the key activities completed this year:

- analysis of the results from the 2021 Census for North Wales, including demography and migration and UK armed forces veterans.
- developed a plan for needs assessment coordination and data development for the North Wales region including setting up a sub group of the new Digital Data and Technology Board which will consider the 'data landscape' for secondary use of data with a view to simplify, standardise and share.
- support the focus session on young carers pilot, pulling together different kinds of evidence as a prompt for a Community of Enquiry to support the spread and scale of innovative practice across the region.
- working with Rural Health and Care Wales, Powys and West Wales RIC hubs to look at other possibilities to progress the Virtual Hospital bid with support from the Bevan Commission.

The Hub has collated the help available to solve health and care challenges and develop ideas for innovation and improvement, which they promote through events, social media and their website:

www.northwalescollaborative.wales/research-innovation-and-improvement-coordination-hub/

Regional Area Plan

A draft Regional Area Plan has been developed which sets out how the NWRPB will respond to the findings of the North Wales Population Needs Assessment, published in April 2022, and Market Stability Report published in November 2022.

The main themes are an increasing need for care and support, particularly an increase in complex needs and the support needs of carers. While commissioners and providers are working hard to provide excellent care in many areas, challenges around recruitment and retention of health and social care staff are seriously affecting the ability of the sector to meet people's needs. The reports are available at:

- www.northwalescollaborative.wales/north-wales-population-assessment/
- www.northwalescollaborative.wales/commissioning/msr2022/

The focus of this plan is on the Regional Partnership Board priorities for integrated working between health and social care at a regional scale. Many of the findings of the population assessment are being addressed by partners as part of their core business or by existing partnerships between agencies across a variety of geographical boundaries. The plan briefly describes where this is taking place and links to further information. The Population Needs Assessment, Market Stability Report and Regional Plan can be used to support other local and regional planning. The Plan will be published by 1st April 2023.

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 our 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 2022/23, the three north Wales PSBs have focussed on developing and publishing their Well-being Assessments, which must be produced every five years as a statutory requirement of the Well-being of Future Generations Act. The Well-being Assessments assess local well-being across four pillars: social, economic, environment and culture and have been used to inform the well-being objectives within the local Well-being Plans. The Plans seek to address the key areas which pose the greatest need or challenge for communities and describe where the PSBs can make the greatest contribution, adding value to existing partnerships and core services.

The PSBs have received support with their engagement approach from 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.

Gwynedd and Anglesey

Gwynedd and Anglesey PSB's draft Well-being Plan for 2023-2028 will be 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.

Welsh Language is a golden thread running through the plan and will be promoted in all aspects of the PSB's work. In addition, the PSB will work with communities to develop services and activities through the medium of Welsh.

Progress made in 2022 includes:

- working with partners to further develop integrated health services – focussing on community services and mental health support;
- providing training and guidance for public sector reception staff in Gwynedd and Anglesey to encourage members of the public to access services in Welsh;
- working together on a Climate Change Group to respond to local climate change challenges.

Conwy and Denbighshire

In Conwy and Denbighshire the primary focus and main achievement in 2022 has been to review and update the local Well-being Assessment and to develop the local Well-being Plan. Other areas of progress include:

- influencing the work on digital connectivity to ensure communities understand the help and support available to them;
- participating in workshops held with the Centre for Local Economic Strategies, Conwy County Borough Council and Denbighshire County Council to analyse their procurement data and review their procurement policies and procedures with the aim of supporting decarbonisation of the supply chain;
- development of a joint risk register to help monitor local risks.

Moving forward, the PSB will:

- focus on tackling different aspects of the climate and nature emergencies;
- continue to involve and engage with local communities to explore what information and support they need to build their social, cultural and emotional resilience;
- help alleviate the impact of the rising cost of living, and maximising income, by supporting access to advice, information and assistance.

Wrexham and Flintshire

Flintshire and Wrexham PSBs produced separate Well-being Assessments but, capitalising on the close collaboration undertaken during the COVID -19 pandemic, came together in January 2023 as a single Public Services Board and agreed to deliver a single Well-being Plan across their two Counties. They are working towards a proposed deadline of May 2023 for publishing their first joint local Well-being Plan.

In 2022 the Wrexham and Flintshire PSBs made progress jointly in the following areas:

- working with the Wales Co-production Network to develop new ways of engagement to bring together communities and practitioners from the public and third sector. The networks are working to challenge existing practices and exchange ideas;
- identifying a series of actions to improve accessibility to 'green spaces' and reduce carbon;
- developing community resilience projects in Flint, the Holway and Gwersyllt.

In 2022, Flintshire PSB prioritised two key wellbeing objectives:

- Community safety, with four priority initiatives of Violence Against Women, Domestic Abuse And Sexual Violence (VAWDASV), Protecting Vulnerable Adults, Protecting Vulnerable Young People and Protecting Our Communities.
- Healthy and independent living, with seven priority initiatives, as below:
 - Development of the Tŷ Nyth Children's Assessment Centre in Mold;
 - The Early Years Integration and Transformation pathfinder programme;
 - Discharge to recover and assess (D2RA) service at Marleyfield House Care Home in Buckley;
 - A new service model to support people living with the challenges of frailty;
 - A feasibility study, planning and design work for the proposed re-location and expansion of the Croes Atti Care Home in Flint;
 - Ongoing work with older people's service partners, local organisations and community groups;
 - The development of a Flintshire Dementia Strategy.

Examples of progress include:

Community Safety – People Are Safe:

- A 40% increase in referrals in respect of violence against women, domestic abuse and sexual violence;
- Implementation of the 4P Plan (Protect, Prepare, Prevent and Pursue) relating to Community Profiles recommendations and their delivery across Flintshire, progressed through the convening of a monthly Flintshire Serious Organised Crime Partners meeting.

Healthy and Independent Living

- Completion of the expansion of Marleyfield House Care Home in Buckley. The development of a new children’s assessment centre at Ty Nyth in Mold also progressed to completion and is due to open in April 2023;
- Use of a range of approaches to support individuals and community groups to maintain contact and retain strong support networks. This included using technology to help facilitate regular online meetings and events. Social care partners provided socially distanced outdoor events throughout the year, utilising the excellent parks and green spaces in the county.

During the COVID-19 pandemic Wrexham PSB placed the majority of their strategic planning work to one side to enable public sector organisations and communities to focus their efforts in providing a co-ordinated response to delivering critical services. The organisations that make up Wrexham’s PSB felt it was critical to maintain the commitment on children’s rights so that this could feed into the well-being assessments and the community resilience work happening jointly with Flintshire PSB. In 2022 the PSB achievements in this space include:

- Fostering a special relationship with Senedd Yr Ifanc (Wrexham Youth Parliament) who have actively shaped the way in which the PSB engages and consults with young people;
- Supporting the Welsh Government Early Years Integration Programme, producing evidence on how COVID-19 has impacted on the mental health and resilience of children and young people;
- Building strong foundations for a Children’s University for Wrexham and Flintshire.

Throughout the year BCUHB 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.llesiantgwyneddaron.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>
- Wrexham: <https://www.wrexhampsb.org/>

The Health Board is the largest LHB 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 and sustainability issues, as noted in the Well Being of Future Generations section of this report (pages xx – xx)

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 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 Environment Officers hold Chartered Quality Institute and the International Register of Certificated Auditors certification, which enables them to act as Lead Auditors 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;
- Senior management commitment and involvement in the EMS;
- Compliance with the Environmental Policy;
- Needs and expectations of interested parties;
- External and internal issues, compliance obligations and significant aspects;
- What each section of the standard means to their service/department;
- Performance, evaluation and monitoring.

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 training is to be included in the mandatory training program and a bespoke e-learning package has been developed to achieve this.

The Health Board awarded a new contract to BM TRADA for the provision of ongoing ISO14001:2015 Environmental Management certification and continual surveillance audits, the contract commenced in June 2022.

Five Health Board hospitals and clinics were audited against the standard in September/November 2022, and four Health Board clinics were audited in February 2023.

No new minor non conformities were raised during the surveillance audits. The Health Board has had no major non-conformities raised.

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, supports our work to improve waste management and ensures we meet the requirements of the ISO 14001 Environmental Management System Standard. 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 82%.

Corporate Environmental Objectives Programme

The Environmental Objectives Programme has been approved for the next three years 2022-2025. Environmental objectives help us to demonstrate continual improvement and meet the requirements of BCUHB's 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

Over the last 12 months all BCUHB sites have returned waste back to 'business as usual' and reintroduced the clear bag for general/recyclable waste. This has reduced the amount of clinical waste being produced and disposed of.

BCUHB's principle recycling & general waste contractor has also enabled 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 is undertaking 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.

The Health Board has provided a consultation response to Welsh Government on the Separate Collection of Waste Materials for Recycling: A Code of Practice for Wales and Enforcement regarding source segregation of waste for Health Board premises due to be implemented in health centres from 1st October 2023 and in hospitals from 1st October 2025.

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 CO₂ 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 2022/23 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 BCUHB 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 continue to participate in activities aimed at reducing the electrical intake to Ysbyty Gwynedd to a minimum at peak times of demand on the UK electrical infrastructure. This is carried out using the site's emergency generators, running in parallel with the national grid supply, so that there is no risk to the electrical supplies on the hospital site whilst this activity is ongoing. This activity is supported by the Welsh Government and for participating in this activity, BCUHB receives a financial benefit.

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 rose for a second successive year. This reflects the gradual return to a state of business as usual following the COVID-19 pandemic, with the easing of travel restrictions and reduced home working. However, prior to the pandemic total mileage had been reducing year on year, and the total mileage reported for 2022/23 is around 23% below that reported for 2019/20, the last year before the pandemic, and initiatives to reduce this further continue, 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.

	2020/21		2021/22		2022/23	
	Tonnes CO ₂	Miles	Tonnes CO ₂	Miles	Tonnes CO ₂	Miles
Private-Use Lease Cars	316	1,369,274	297	1,284,487	336	1,455,514
Grey Fleet	967	4,184,555	1,069	4,627,088	1,319	5,707,762
Health Board owned Cars & Vans	981	3,952,274	967	3,985,452	1,009	4,245,274
Total	2,264	9,506,103	2,333	9,897,027	2,665	11,408,550

Sustainable procurement

NWSSP introduced a Corporate Social Responsibility (CSR) Policy in 2011. Contracts for the supply of goods and services are organised on a national, regional or local basis, supported by NWSSP staff, with all activity underpinned by the use of this Corporate Social Responsibility Policy. Procurement Services are assessed through the Welsh Public Sector Sustainable Procurement Assessment Framework (SPAF).

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.

Sustainable construction

During 2022 the Health Board refreshed its 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.

Since the previous estate strategy was completed in February 2019 the COVID-19 pandemic has had a significant impact upon the Board's estate, particularly in terms of capacity, suitability and shifts to digital, which is reflected in the analyses and recommendations below. 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.

For 2022/23 the Health Board was allocated £13 million to deliver a range of capital projects.

During the year, work continued on the design of the Adult & Older Person Mental Health Units and the Nuclear Medicines Scheme. 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 has 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:

- Ward 6 & 10 refurbishment at Ysbyty Glan Clwyd;
- Plas Gororau alterations and refurbishment, Phase 1 (ongoing);
- Upgrade on electrical infrastructure at Dolgellau Hospital;
- Upgrade on electrical generator at Cefni Hospital;
- Upgrade of street lighting to LED at Ysbyty Penrhos Stanley and Ysbyty Alltwen;
- Upgrade building fabric at Abergele Hospital;
- Upgrade building fabric at Bodnant, Llandudno;
- Upgrade sewage station at Mold Community Hospital;
- Installation of Ambulance Shoreline vehicle charging at the three acute hospitals.

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 BCUHB, Welsh Government Energy Services and local partnerships include:

- Lighting & 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 a Soft Market Test process with six companies stating interest in working with the Health Board in achieving the target for the public sector in Wales to be carbon neutral by 2030. The Programme is currently awaiting approval from the Health Board to progress to Invitation To Tender (ITT).

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.

A neglected and overgrown courtyard in the centre of Glan Clwyd Hospital has been redeveloped through a three way project between the Health Board's Operational Estates team, Rhyl Soroptimists and the local horticultural college. The brief was to develop the area into a low maintenance garden that provided colour all year round and to enhance and encourage wildlife and pollinators. The courtyard garden has produced a fantastic space for patients, visitors and staff to enjoy all year round.

Colwyn Bay and Llandudno Hospital dementia patients have benefitted from weekly nature talks and table top gardening which have been informative, enjoyable and helped patients and families to focus on creating the right environment to reduce stress and anxiety and promote overall wellbeing.

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 2022/23 data comparison provided in the Summary of Performance table is compiled from data received to 2022/23 year end. Should late invoices or adjustments be received from the utility companies this can adjust the final value.

Energy and Carbon emissions

Greenhouse Gas Emissions		2019/20	Change from previous year	2021/22	Change from 2019/20	2022/23	Change from previous year
Non-Financial Indicators (tonnes of CO ₂)	Total Gross Emissions	36,912	-6.6%	36,538	-1.01%	32,875	-10.03%
	Total Net Emissions	36,912	-6.6%	36,538	-1.01%	32,875	-10.03%
	Gross Emissions Scope 1* (Direct) Gas & Oil	25,320	-1.48%	26,084	3.01%	22,962	-11.97%
	Gross Emissions Scope 2 & 3** (Indirect)	11,591	-16.15%	10,455	-9.81%	9,913	-5.18%
Related Energy Consumption (tonnes of CO ₂)	Electricity : Non-Renewable	0		0		0	
	Electricity : Renewable "Green" Supply Contract	11,591	-16.15%	10,455	-9.81%	9,913	-5.18%
	Gas	21,822	-1.36%	23,751	8.84%	20,297	-14.94%
	LPG	12.11	0%	10.54	-12.96%	12.78	21.25%
	Other – Oil***	3,498	-2.18%	2,333	-33.30%	2,665	14.93%
Financial Indicators (£)	Expenditure on Energy	10,573,940	7.04%	13,188,306	24.72%	25,322,875	92.01%
	CRC Licence Expenditure (2010 Onwards)	120		0		0	
	Expenditure on Accredited Offsets (e.g. GCOF)	0		0		0	
	Expenditure on Business Travel****	9,646,777	0.84%	7,065,526	-26.76%	11,408,550	61.47%

Due to revised reporting requirements during the COVID-19 pandemic, annual energy data for 2020-21 is not available.

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 tonnes of CO₂.

********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 (CO₂e). 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 10.03% reduction in gross CO₂ equivalent emissions arising from our energy use over the past year. However, our expenditure on energy increased by 92.01%, which reflects both rising, unstable and volatile global energy prices 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 contracts for gas and electricity will be changing to be 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 has been 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. However overall utility expenditure has significantly increased because of this and high global pricing is projected to continue into 2023/24.

Expenditure on travel has decreased, 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		2019/20	Change from previous year	2021/22	Change from 2019/20	2022/23	Change from previous year
Non-Financial Indicators (tonnes)	Total Waste	5,494	3.9%	3,329	-39.41%	2,937	-11.78%
	Landfill	54.2	-53%	53.9	-0.55%	6.8	-87.38%
	Reused / Recycled	3,399	6.2%	1,885	-44.48%	1,567	-16.87%
	Composted	0		0		0	
	Incinerated with energy recovery	323	-1.5%	1,389	330.14%	1,363	-1.87%
	Incinerated without energy recovery	0		0		0	
Financial Indicators (£)	Total Disposal Cost	1,234,635	7.1%	570,198	-53.82%	630,782	10.62%
	Landfill	9,170	-64%	15,620	70.34%	2,086	-86.65%
	Reused / Recycled	519,539	13%	258,483	-50.25%	248,288	-3.94%
	Composted	0		0		0	
	Incinerated with energy recovery	140,343	8.3%	296,095	110.98%	380,409	28.47%
	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: 2337 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 2022/23 compared with 2021/22.

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		2019/20	Change from previous year	2021/22	Change from 2019/20	2022/23	Change from previous year
Non-Financial Indicators (m ³)	Water Consumption (All)						
	supplied	510,933	-13.1%	489,033	-4.3%	412,340	-15.7%
	abstracted	0		0		0	
	Water Consumption (Non-Office Estate)						
	supplied	0		0		0	
	abstracted	0		0		0	
Financial Indicators (£)	Water Supply Costs (All)	1,323,303	-20.8%	1,368,572	3.4%	1,235,617	-9.7%
	Water Supply Costs (Non-Office Estate)	0		0		0	

Water consumption in 2022/23 showed a reduction, although, at the time of writing this report, investigations were ongoing into a suspected sub-surface leak at Ysbyty Gwynedd.

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.

This year, the Health Board has also embraced the Welsh Government's newly published *'More than just words'* Five-Year Plan, which places the 'Active Offer' principal, of offering services in Welsh without the service user having to request it, at the core of its vision.

It is pleasing that the main themes and objectives within the plan align with the Health Board's own aims over recent years, and we have already made significant progress within the plan's three themes of:

- Welsh language planning and policies including data;
- Supporting and developing the Welsh language skills of the current and future workforce;
- Sharing best practice and an enabling approach.

The Health Board's Welsh Language Strategic Forum, chaired by the Executive Director of Public Health, 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:

- Demonstrating an appreciation of the workforce's drive to provide an improved level of service, by implementing a dedicated focused-approach training framework;
- Strengthening the compliance framework by developing a baseline of current compliance, and highlighting areas of best practice across the system;
- Demonstrating an increase in achieving translation turnaround that meets the demand on the service.

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 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 continued to progress compliance with the Welsh Language Standards, focusing primarily on producing a five-year plan in line with Standard 110, which requires the Health Board to increase its capacity to provide clinical consultations through the medium of Welsh. This plan initially focuses on improving access to bilingual services for the vulnerable groups, which include older people, children, and users of mental health, speech therapy, learning difficulties and stroke services.

Key indicators include increasing uptake of Welsh lessons amongst staff, ensuring that staff have recorded their Welsh language skills within the Electronic Staff Record for planning purposes, promoting the “Active Offer” and utilising various systems to identify and record patients’ preferred language.

Progress has also been made in providing advice and support to the organisation on compliance with the Standards. This has included the development of bilingual Apps and instructional videos and 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 Equality Impact Assessment 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.

Welsh language awareness training has always been a focus for the Health Board, and a new all-Wales online training module has been created for this purpose. The content was developed solely by the Health Board’s Welsh Language Team, and the module has been divided into sections focusing on specific aspects of bilingual healthcare service delivery.

Alongside focusing on the Welsh Language Standards and ‘*More than just words*’, the course also includes a comprehensive interactive ‘Patient Experience’ unit. This sub-section features two animated stories, which are based on actual events and emphasise the importance of language choice in relation to assessment, diagnosis and consent.

The Health Board is pleased that this important project, which will facilitate the delivery of bilingual healthcare services throughout Wales, has now been successfully completed, and could not have been achieved without the drive and ingenuity of the Welsh Language Team. The new course was officially launched in November 2022 and has now been designated as mandatory training for all NHS Wales staff.

The Health Board’s fifth annual Welsh Language Week took place between 17 and 21 October 2022, 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 a result of collaborative working with Menter Iaith Flint and Wrexham, as part of the week-long celebrations, an event was held within the Children’s Unit at Wrexham Maelor Hospital where ‘Magi Ann’ (a Welsh-speaking children’s character) was warmly welcomed by the young patients on the ward.

The Welsh Language Week also afforded the opportunity to demonstrate how the ‘Active Offer’ is implemented within the Health Board. A new patient experience video was launched, focusing on the importance of actively offering services in Welsh to children and their parents. A mother shared her experience as a parent of a young child receiving cancer treatment, and expressed how much of a difference having that service in Welsh had made to them as a family.

The Health Board continues to lead the way in maintaining broad compliance with the aims and principles that are advocated within ‘*More than just words*’, and some of the Health Board’s work in this regard is either informed, guided or supported by the multi-agency North Wales More than just words Forum.

The Forum, which includes representatives from organisations including all six north Wales local authorities, Social Care Wales, the Wales Ambulance Service NHS Trust and Bangor University’s School of Healthcare Sciences, meets quarterly, and is chaired by the Health Board’s Integrated Health Community Director (West).

The Health Board’s Welsh Language Team was primarily responsible for the establishment of this important regional forum, and the Health Board continues to have a strong and influential voice within the group and maximises opportunities for collaborative working at all levels.

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. Over the year the Welsh Language Tutor has offered a range of courses to over 240 members of staff. 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.

The Welsh Language Tutor 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.

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.

Health Board Welsh learners also attended the 2022 Urdd National Eisteddfod, held in Denbigh, and took part in a question and answer event at the Welsh Government pavilion with the Minister for Health and Social Services. This was a great opportunity to showcase our learners and to celebrate their success.

Translation Services

The Translation Team continues to provide support for all Health Board services in the form of written translations and interpretation services, and has seen an increase in demand over the past year. In order to meet the demand, the team has expanded over the past year. This ensures that the Health Board is able 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, and this will continue into the next reporting year. In view of the success of this model, the Health Board will be expanding its translation support by adopting the same agreement with Aneurin Bevan University Health Board over the next reporting year.

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/>.

Signed:

Carol Shillabeer
Interim Chief Executive and Accountable Officer

Dated: 24th August 2023

PART TWO – Accountability Report

Corporate Governance Report

Directors' Report

The Board

At the start of the year the Health Board's Chair was Mark Polin and the Chief Executive was Jo Whitehead.

Jo Whitehead retired on 16th November 2022 and Gill Harris was Interim Chief Executive from that date until the year end. Subsequently, on 3rd May 2023 Carol Shillabeer was appointed to the post of Interim Chief Executive.

On 27th February 2023 Mark Polin stepped down as Chair of the Health Board, and Dyfed Edwards was appointed as Interim Chair. On the same day, the Independent Members of the Board also stepped down, following which Gareth Williams, Karen Balmer and Rhian Watcyn Jones were appointed as interim Independent Members.

Angela Wood joined us in August 2022 as the Executive Director Nursing and Midwifery, following the appointment of Gill Harris as Deputy Chief Executive and Executive Director Integrated Clinical Services

Steve Webster was appointed as Interim Executive Director of Finance with effect from 3rd January 2023.

Sue Green, Executive Director of Workforce and Organisational Development left the Health Board in February 2023 to take up a new role with NHS Wales Employers.

The full membership of the Board is detailed within **Appendix 2** of the Annual Governance Statement (**pages 32B-38B**), and in the Remuneration Report on **pages 71 to 79** of this document. The Annual Governance Statement also sets out details of the Board's supporting committee structure (**Section 3.10 page 3B**) and their membership (**Appendix 2 pages 32B-38B**).

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 2022/23 are published in Note **30** of the Annual Accounts, on pages **65A-66A** of this document, and are available on the Health Board's website at <https://bcuhb.nhs.wales/about-us/health-board-meetings-and-members/health-board-members/>

Audit Committee

In line with the standards of good governance required of the NHS in Wales, the Audit Committee has the key role of advising and offering assurance to the Board that the organisation has effective governance arrangements in place and supporting sound decision-making. Its membership during the year comprised:

Chair	Cllr Medwyn Hughes	Independent Member (to 27 February 2023) (Karen Balmer, interim Independent Member will become Chair in May 2023)
Members	Jacqueline Hughes	Independent Member (to 27 February 2023)
	Richard Micklewright	Independent Member (to 27 February 2023)
	(Gareth Williams, interim Independent Member will become a member in May 2023)	
In attendance (Lead Director)	Molly Marcu	Interim Board Secretary

Data Security

During 2022/23, lead responsibility for information governance in the Health Board rested with the Deputy Chief Executive 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 Medical Director is the Health Board's appointed Caldicott Guardian, and the Executive Finance Director is the Senior Information Risk Owner (SIRO). This responsibility was transferred to the Chief Digital and Information Officer in January 2023.

The Health Board self-reported seven data security breaches that triggered referral to the Information Commissioner's Office (ICO) and Welsh Government. 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. The ICO made twelve recommendations to the Health Board including:

- Check that policies and procedures are still fit for purpose and that all staff who handle personal data should receive regular data protection training.
- Review the controls that are in place surrounding personal data to ensure personal data is kept secure. Conduct periodic audits, including project specific audits, to monitor staff adherence to data protection and information governance policies and procedures.
- Routinely testing the effectiveness of the measures joint project partners have in place, including spot-checking their staff adherence to measures such as the acceptable use policy.
- Ensuring that any new systems and processes, such as the service level agreement are regularly reviewed to ensure that the conditions for data protection, access to records, and training are being met.
- Reviewing processes for hardcopy documents to ensure that these are stored appropriately. Consider implementing a log for staff to sign documents in and out as this may help to keep track of documents and consider whether this information could be provided and stored electronically.
- Ensuring the guidance on how to escalate a potential conflict of interest is communicated to all staff and is easily accessible when it is produced.

All of these recommendations have been 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. Information relating to our information governance data breaches are included in paragraph 17.5 of the Annual Governance Statement.

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.

We are committed to 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/>

Statement of the Interim Chief Executive's Responsibilities as Accountable Officer of the LHB

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

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

The Accountable Officer is required to confirm that, as far as he 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.

Signed:

Carol Shillabeer
Interim Chief Executive and Accountable Officer

Dated: 24th August 2023

Statement of Directors' Responsibilities in respect of the Accounts

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

In preparing those accounts, the directors are required to:

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

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

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

By Order of the Board

Signed

Dyfed Edwards
Interim Chair
24th August 2023

Carol Shillabeer
Interim Chief Executive
24th August 2023

Russell Caldicott
Interim Director of Finance
24th August 2023

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.

Policies for the remuneration of staff and senior managers

Senior Managers are defined as those who have authority or responsibility for directing and controlling the major activities of the Health Board as a whole, this definition includes those employees and Independent Members who are regular attendees at Board meetings. The names and titles of Board members are disclosed in the salary table below.

From October 2004, the NHS Agenda for Change process was introduced to achieve consistency in contracts and terms and conditions across NHS Wales. An all-Wales contract is issued to all staff and managers (excluding directors) upon appointment.

With effect from 1st April 2022 there has been a £1,400 consolidated uplift to all pay points on Agenda for Change. Bands 7 and the top of Band 6 have received an enhancement uplift equivalent to 4%. Bands 1 and 2 received £1,400 uplift on top of the Welsh Government funded top-up already being received since 1st April 2022 to meet the Real Living Wage pledge. As part of the previous multi-year pay deal (2018-2021), the reform of bands 8a-9 was complete with effect from 1st April 2020 when the pay bands moved to a two-point structure, an entry point and a top point. There are a number of staff who, from 1st April 2020, received a consolidated payment to ensure that the no detriment clause within the framework agreement was delivered.

A one off non-consolidated additional payment of 1.5% was applied for those on Agenda for Change bands 1-9 this was actioned in March 2023. This is a non-consolidated and non-pensionable payment and does not uprate any hourly rates.

A further 1.5% consolidated additional payment of 1.5% was applied for those on Agenda for Change bands 1-9, this was actioned in May 2023.

A further additional one-off NHS recovery payment was actioned in June 2023, with an average value of 3%. The NHS Recovery payment is a one off non-consolidated prorated payment for both substantive staff and bank workers 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 has adopted the Living Wage. Therefore, the pay of staff below the Living Wage minimum figure is adjusted to meet the Living Wage hourly rate. For 2022/23, the pay of staff in Agenda for Change Band 1 (pay points 1 to 3) and Band 2 (pay points 1 to 2) was adjusted to meet the minimum hourly rate of £9.90 per hour.

Medical and dental staff are governed by medical and dental terms and conditions, which apply across NHS Wales. These employees received a 4.5% uplift to basic pay, back dated to 1st April 2022. A one off non-consolidated additional payment of 1.5% was actioned for those on Medical and Dental terms and conditions. This is a non-consolidated and non-pensionable payment and does not uprate any hourly rates.

Executive Directors are not part of this process and are paid according to a separate very senior manager pay scale introduced by the Welsh Government. Pay awards are determined nationally and applied locally based upon instructions from Welsh Government. For 2022/23, there has been a £1400 consolidated uplift to all pay points for individuals holding executive and senior posts. In addition, a one off non-consolidated additional payment of 1.5% was actioned in March 2023. This is a non-consolidated and non-pensionable payment and does not uprate any hourly rates. 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 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 staff and performs specific delegated functions. The Committee was chaired by the former Health Board Chair, Mark Polin.

The Committee was routinely scheduled to meet four times during the reporting period and otherwise as the Chair deemed necessary. During the reporting period, it met on seven occasions.

The key substantive agenda items considered during the 2022/23 reporting period were as follows:

- Review of Terms of Reference of the Committee;
- National Terms and conditions, policy and pay update;
- Tribunal Report and proposal on parameters for high profile disciplinary cases and employment tribunals;
- Senior Interim Manager Update;
- Medical and Dental Conduct, Capability and Health;
- Upholding Professional Standards in Wales (UPSW) Designated Board Member Report;
- Appointment of Chief Executive Officer;
- Office of the Board secretary structure;
- Executive Director Appointments and Changes including Portfolio changes;
- Performance and Development Review – Chief Executive;
- Pension Recycling;
- Operating Model and Voluntary Early Release Update;
- Uplift of Pay for Employees and Workers on ad hoc pay rates.

The Committee members during the year were:

Chair	Mark Polin	Health Board Chair (to 27 February 2023)
Members	Lucy Reid	Health Board Vice Chair (to 27 February 2023)
	Cllr Medwyn Hughes	Chair of Audit Committee (to 27 February 2023)
	Jacqueline Hughes	Independent Member (to 27 February 2023)
In attendance	Jo Whitehead	Chief Executive (to 16 November 2022)
	Gill Harris	Interim Chief Executive (from 17 November 2022)
	Nick Lyons	Executive Medical Director
	Sue Green / Jason Brannan	Executive Director of Workforce and Organisational Development / Deputy
	Molly Marcu	Interim Board Secretary

Remuneration Relationships

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. This information can be found in Note 9.6 to the Annual Accounts, on pages 34A-35A of this document.

For NHS eligible staff, a one off non-consolidated payment of 1.5% was made during the financial year with an additional 1.5% consolidated pay award backdated to 1st April 2022, which will be paid in the financial year 2023/24. These are not included in the Remuneration Report calculations.

The highest paid director post during 2022/23 was the Executive Director of Nursing & Midwifery. In 2021/22 this was the Chief Executive Officer. No employees received remuneration in excess of the highest-paid director (compared to sixteen employees in 2021/22).

Remuneration Packages in Excess of £100,000

The Public Services Staff Commission has issued guidance on the transparency of remuneration packages for Public Sector bodies in Wales. This requires that packages in excess of £100,000 are disclosed in bands of £5,000. The table below provides a summary of those receiving in excess of £100,000, with further detail provided in the second table.

Staff Group	Number of Remuneration Packages over £100,000
Chief Executive and Executive Board Members	10
Directors and other Senior Managers	49
Clinical Staff	619
Agency clinical staff (net of estimated commission)	72

£'000	Chief Executive & Board Members	Directors & other Senior Managers	Clinical Staff	Agency
100 - 105	-	7	38	6
105 - 110	-	6	27	7
110 - 115	1	10	40	6
115 - 120	-	5	32	6
120 - 125	-	3	36	3
125 - 130	-	3	36	2
130 - 135	-	2	32	7
135 - 140	1	1	44	3
140 - 145	-	1	32	-
145 - 150	1	1	29	2
150 - 155	2	3	34	2
155 - 160	-	1	35	1
160 - 165	-	1	30	-
165 - 170	-	-	31	2
170 - 175	-	-	26	3
175 - 180	1	-	16	1
180 - 185	-	1	13	-
185 - 190	1	1	14	4
190 - 195	1	-	13	2
195 - 200	-	1	9	3
200 - 205	-	-	5	1
205 - 210	-	1	8	1
210 - 215	1	-	6	-
215 - 220	-	-	4	2
220 - 225	-	-	3	-
225 - 230	-	-	2	2
230 - 235	-	-	3	1
235 - 240	-	-	3	1
240 - 245	1	-	3	1
245 - 250	-	-	1	-
250 - 255	-	-	-	1
255 - 260	-	-	2	-
260 - 265	-	-	2	-
265 - 270	-	-	1	-
270 - 275	-	-	2	-
275 - 280	-	-	2	-
280 - 285	-	-	1	-
285 - 290	-	-	1	1
290 - 295	-	-	-	-
295 - 300	-	-	-	-
300 - 305	-	-	-	-
305 - 310	-	-	-	-
310 - 315	1	-	2	-
315 - 320	-	-	1	-
320 - 325	-	-	-	-
325 - 330	-	-	-	-
330 - 335	-	-	-	-
335 - 340	-	-	-	-
340 - 345	-	-	-	-
345 - 350	-	-	-	-
350 - 355	-	-	-	-
355 - 360	-	-	-	-
360 - 365	-	-	-	1
365 - 370	-	-	-	-
370 - 375	-	-	-	-
375 - 380	-	-	-	-

£'000	Chief Executive & Board Members	Directors & other Senior Managers	Clinical Staff	Agency
380 - 385	-	-	-	-
385 - 390	-	-	-	-
390 - 395	-	-	-	-
395 - 400	-	-	-	-
400 - 405	-	-	-	-
405 - 410	-	-	-	-
410 - 415	-	-	-	-
415 - 420	-	-	-	-
420 - 425	-	-	-	-
425 - 430	-	1	-	-
Total	11	49	619	72

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, on page [33A](#) of this document.

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.

Name and Role	2022/23					2021/22				
	Salary* (bands of £5,000) £'000	Benefit in kind (to nearest £100) £	Pension benefit (to nearest £1,000) £'000	Total (bands of £5,000) £'000	Full year equivalent salary (if part year) £'000	Salary (bands of £5,000) £'000	Benefit in kind (to nearest £100) £	Pension benefit (to nearest £1,000) £'000	Total (bands of £5,000) £'000	Full year equivalent salary (if part year) £'000
Dr J C Stockport Executive Director of Transformation, Strategic Planning, and Commissioning 01/04/22 - 31/03/23	155-160 (note 4)	5,900	-- (note 4)	160-165	--	145-150	6,000	--	150-155	--
T Owen Executive Director of Public Health 01/04/22 - 31/03/23	145-150 (note 5)	--	22	165-170	--	140-145	--	90	230-235	--
A Thomas Executive Director of Therapies and Health Sciences 01/04/22 - 16/10/22	185-190 (note 6)	--	-- (note 6)	185-190	110-115	110-115	--	53	160-165	--
S G Evans Executive Director of Therapies and Health Sciences (Acting) 01/04/22 - 31/03/23	115-120	3,100 (note 7)	32	150-155	--	5-10	--	--	5-10	110-115
S Hill Executive Director of Finance 01/04/22 - 31/03/23	150-155 (note 8)	--	37	185-190	--	145-150	--	40	185-190	--

Name and Role	2022/23					2021/22				
	Salary* (bands of £5,000) £'000	Benefit in kind (to nearest £100) £	Pension benefit (to nearest £1,000) £'000	Total (bands of £5,000) £'000	Full year equivalent salary (if part year) £'000	Salary (bands of £5,000) £'000	Benefit in kind (to nearest £100) £	Pension benefit (to nearest £1,000) £'000	Total (bands of £5,000) £'000	Full year equivalent salary (if part year) £'000
R Nolan Acting Executive Director of Finance 02/09/22 - 12/10/22	15-20 (note 9)	--	-- (note 9)	15-20	135-140					
S Webster Interim Executive Director of Finance 03/01/23 - 31/03/23	75-80	--	-- (note 10)	75-80	305-310					
M Wilkinson Executive Director of Planning and Performance 01/04/21 - 24/08/21						60-65	--		60-65	145-150
S Green Executive Director of Workforce and Organisational Development 01/04/22 - 31/03/23	150-155	--	15	165-170	--	145-150	--	42	185-190	--
G Thomason Interim Executive Director of Nursing & Midwifery 01/04/22 - 31/07/22	105-110 (note 11)	--	-- (note 11)	105-110	465-470					

Name and Role	2022/23					2021/22				
	Salary* (bands of £5,000) £'000	Benefit in kind (to nearest £100) £	Pension benefit (to nearest £1,000) £'000	Total (bands of £5,000) £'000	Full year equivalent salary (if part year) £'000	Salary (bands of £5,000) £'000	Benefit in kind (to nearest £100) £	Pension benefit (to nearest £1,000) £'000	Total (bands of £5,000) £'000	Full year equivalent salary (if part year) £'000
A Wood Executive Director of Nursing & Midwifery 01/08/22 - 31/03/23	90-95	--	-- <i>(note 12)</i>	90-95	135-140					
M Marcu Interim Board Secretary 01/04/22 - 31/03/23	-- <i>(note 13)</i>	--	--	--	--					
A L Breerton Board Secretary 01/04/22 - 03/04/22	0-5	--	-- <i>(note 14)</i>	0-5	100-105	100-105	--	55	155-160	--
M Polin Chair 01/04/22 - 27/02/23	80-85 <i>(note 15)</i>	--	--	80-85	65-70	65-70	--	--	65-70	--
D Edwards Chair 27/02/23 - 31/03/23	5-10	--	--	5-10	65-70					
L Reid Vice Chair 01/04/22 - 27/02/23	65-70 <i>(note 16)</i>	--	--	65-70	55-60	55-60	--	--	55-60	--
Cllr C Carlisle Independent Member 01/04/22 - 27/02/23	15-20 <i>(note 17)</i>	--	--	15-20	15-20	15-20	--	--	15-20	--

Name and Role	2022/23					2021/22				
	Salary* (bands of £5,000) £'000	Benefit in kind (to nearest £100) £	Pension benefit (to nearest £1,000) £'000	Total (bands of £5,000) £'000	Full year equivalent salary (if part year) £'000	Salary (bands of £5,000) £'000	Benefit in kind (to nearest £100) £	Pension benefit (to nearest £1,000) £'000	Total (bands of £5,000) £'000	Full year equivalent salary (if part year) £'000
J Cunliffe Independent Member 01/04/22 - 27/02/23	15-20 (note 18)	--	--	15-20	15-20	15-20	--	--	15-20	--
Cllr R M Hughes Independent Member 01/04/22 - 27/02/23	15-20 (note 19)	--	--	15-20	15-20	15-20	--	--	15-20	--
E L Tomos Independent Member 01/04/22 - 27/02/23	15-20 (note 20)	--	--	15-20	15-20	15-20	--	--	15-20	--
J Hughes Independent Member 01/04/22 - 27/02/23	-- (note 21)	--	--	--	--	--	--	--	--	--
Prof N Callow Independent Member 01/04/22 - 27/02/23	-- (note 22)	--	--	--	--	--	--	--	--	--
R Micklewright Independent Member 01/04/22 - 27/02/23	15-20 (note 23)	--	--	15-20	15-20	5-10	--	--	5-10	15-20
H Hesketh Evans OBE Independent Member 01/04/22 - 27/02/23	15-20 (note 24)	--	--	15-20	15-20					

Name and Role	2022/23					2021/22				
	Salary* (bands of £5,000) £'000	Benefit in kind (to nearest £100) £	Pension benefit (to nearest £1,000) £'000	Total (bands of £5,000) £'000	Full year equivalent salary (if part year) £'000	Salary (bands of £5,000) £'000	Benefit in kind (to nearest £100) £	Pension benefit (to nearest £1,000) £'000	Total (bands of £5,000) £'000	Full year equivalent salary (if part year) £'000
J Gallanders BEM Independent Member 01/04/22 - 27/02/23	15-20 (note 25)	--	--	15-20	15-20	5-10	--	--	5-10	15-20
R Watcyn Jones Independent Member 27/02/23 - 31/03/23	0-5	--	--	0-5	15-20					
K Balmer Independent Member 27/02/23 - 31/03/23	0-5	--	--	0-5	15-20					
G Williams Independent Member 27/02/23 - 31/03/23	0-5	--	--	0-5	15-20					
L Meadows Independent Member 01/04/21 - 31/03/22						15-20	--	--	15-20	--
H E Jones Independent Member 01/04/21 - 31/08/21						5-10	--	--	5-10	15-20
S G Evans Associate Board Member 01/04/21 - 28/02/22						-- (note 7)	--	--	--	--

Name and Role	2022/23					2021/22				
	Salary* (bands of £5,000) £'000	Benefit in kind (to nearest £100) £	Pension benefit (to nearest £1,000) £'000	Total (bands of £5,000) £'000	<i>Full year equivalent salary (if part year)</i> £'000	Salary (bands of £5,000) £'000	Benefit in kind (to nearest £100) £	Pension benefit (to nearest £1,000) £'000	Total (bands of £5,000) £'000	<i>Full year equivalent salary (if part year)</i> £'000
M Edwards Associate Board Member 01/04/22 - 25/06/22	-- (note 26)	--	--	--	--	--	--	--	--	--
C Budden Associate Board Member 01/04/22 - 31/03/23	-- (note 26)	--	--	--	--	--	--	--	--	--
J Wild Associate Board Member 01/04/22 - 31/03/23	-- (note 26)	--	--	--	--					
F Roberts Associate Board Member 29/07/22 - 31/03/23	-- (note 26)	--	--	--	--					

Notes

- * All remuneration paid to individuals is reflected in the table above including any payments in lieu where applicable.
1. J Whitehead Chief Executive was in post until 15th November 2022. Salary costs include lieu of annual leave £2,556 and a lieu of notice period of £34,234. The employee was in receipt of benefits to the value of £3,200 and chose not to be covered by the NHS pension arrangements in the current reporting year.
 2. G Harris' substantive post is Executive Director of Integrated Clinical Delivery, for the period from 1st April 2022 to 15th November 2022. With the early departure of the Chief Executive, G Harris took over as Interim Chief Executive effective from 16th November 2022. The employee sold back annual leave to the value of £4,027 and chose not to be covered by the NHS pension arrangements in the prior year, as well as the current reporting year.
 3. Dr N Lyons substantive post is Executive Medical Director. Included in the salary is responsibility allowance of £3,750 for the interim post of Deputy Chief Executive effective from 16th November 2022. The employee has chosen not to be covered by the NHS pension arrangements in the prior year, as well as the current reporting year.
 4. Dr J Stockport Executive Director of Transformation Planning & Commissioning post is effective from 1st April 2022. Salary costs include sold back annual leave to the value of £5,674 and benefits of £5,900. The employee chose not to be covered by the NHS pension arrangements in the prior year, as well as the current reporting year.
 5. T Owen Executive Director Public Health receives an additional responsibility allowance of £10,000 to cover Executive Lead for Mental Health & Learning Disability.
 6. A Thomas Executive Director of Therapies and Health Science has been on long term sick leave and retired 16th October 2022. Within salary history includes lieu of annual leave £14,000 and a settlement package of £111,798. This employee chose not to be covered by the NHS pension arrangements in the current reporting year.
 7. S G Evans Acting Executive Director of Therapies and Health Science post is effective from 1st March 2022. Salary costs include benefits in kind of £3,100. Prior to 1st March 2022 S G Evans was employed by the Health Board in a substantive post and was an Associate Board Member and Chair of the Healthcare Professional Forum. S G Evans was not paid for the role as an Associate Board Member. It has not been possible to calculate the element of pension benefits and benefit in kind that relate solely to the role as Acting Executive Director of Therapies and Health Sciences for the prior year.
 8. S Hill Executive Director of Finance was on leave of absence at 31st March 2023, effective from 5th December 2022.
 9. R Nolan was Acting Executive Director of Finance for the period from 2nd September 2022 to 12th October 2022. It has not been possible to calculate the element of pension and benefit in kind that relate solely to the role as Acting Director of Finance.
 10. S Webster Interim Executive Director of Finance with effect from 3rd January 2023. The employee chose not to be covered by the NHS pension arrangements.

11. G Thomason was Interim Executive Director of Nursing & Midwifery for the period 1st April 2022 to 31st July 2022. This employee was on bank terms and conditions and chose not to be covered by the NHS pension arrangements.
12. A Wood Executive Director of Nursing & Midwifery commenced post from 1st August 2022. This employee joined part way through the year and it has not been possible to split the pension increase benefit between the Health Board and A Wood’s previous employer.
13. A Brereton Board Secretary chose not to be covered by the NHS pension arrangements in the current reporting year.
14. M Marcu Interim Board Secretary commenced post from 4th April 2022. The Board Secretary post was fulfilled via agency, the total cost being £243,625. The Health Board is unable to identify the individual salary but is assessed within the scope of IR35 tax determination.
15. M Polin, Chair, left the organisation with effect 27th February 2023.
16. L Reid, Vice Chair, left the organisation with effect 27th February 2023.
17. C Carlisle, Independent Member, left the organisation with effect 27th February 2023.
18. J Cunliffe, Independent Member, left the organisation with effect 27th February 2023.
19. R M Hughes, Independent Member, left the organisation with effect 27th February 2023.
20. E L Tomas, Independent Member, left the organisation with effect 27th February 2023.
21. J Hughes is an employee of the Health Board and is an Independent Member drawn from a Trade Union background. J Hughes left the role as an Independent Member with effect 27th February 2023. J Hughes was not paid for the role as an Independent Member.
22. Professor N Callow, Independent Member, left the organisation with effect 27th February 2023. Professor Callow was the University representative on the Board and was not paid by the Health Board.
23. R Micklewright, Independent Member, left the organisation with effect 27th February 2023.
24. H Hesketh Evans OBE, Independent Member, left the organisation with effect 27th February 2023.
25. J Gallanders, Independent Member, left the organisation with effect 27th February 2023.
26. Associate Board Members M Edwards, C Budden, J Wild & F Roberts are representatives on the board and are not paid by the Health Board in respect of these roles.

	Real Increase In Accrued Pension (bands of £2,500) £'000	Real Increase In Lump Sum (bands of £2,500) £'000	Total accrued pension at 31 March 2023 (bands of £5,000) £'000	Lump sum related to accrued pension at 31 March 2023 (bands of £5,000) £'000	Cash Equivalent Transfer Value as at 31 March 2022 £'000	Cash Equivalent Transfer Value as at 31 March 2023 £'000	Real Increase in Cash Equivalent Transfer Value £'000	Notes
J Whitehead Chief Executive 01/04/22 - 15/11/22	--	--	--	--	176	--	--	<i>note 1</i>
G Harris Executive Director of Integrated Clinical Delivery & Deputy Chief Executive; Acting Chief Executive 01/04/22 – 31/03/23	--	--	--	--	--	--	--	<i>note 2</i>
Dr N Lyons Executive Medical Director 01/04/22 - 31/03/23	--	--	--	--	--	--	--	<i>note 2</i>
A Thomas Executive Director of Therapies and Health Sciences 01/04/22 - 16/10/22	--	--	--	--	1,169	--	--	<i>note 1</i>

	Real Increase In Accrued Pension (bands of £2,500) £'000	Real Increase In Lump Sum (bands of £2,500) £'000	Total accrued pension at 31 March 2023 (bands of £5,000) £'000	Lump sum related to accrued pension at 31 March 2023 (bands of £5,000) £'000	Cash Equivalent Transfer Value as at 31 March 2022 £'000	Cash Equivalent Transfer Value as at 31 March 2023 £'000	Real Increase in Cash Equivalent Transfer Value £'000	Notes
S G Evans Acting Executive Director of Therapies and Health Sciences 01/04/22 -31/03/23	0-2.5	(0-2.5)	45-50	95-100	834	911	38	
Dr J C Stockport Executive Director of Transformation, Strategic Planning, and Commissioning. 01/04/22 -31/03/23	--	--	--	--	--	--	--	<i>note 2</i>
T Owen Executive Director of Public Health 01/04/22 - 31/03/23	0-2.5	(0-2.5)	60-65	115-120	1,065	1,144	26	
S Hill Executive Director of Finance 01/04/22 - 31/03/23	2.5-5.0	--	25-30	--	310	368	28	

	Real Increase In Accrued Pension (bands of £2,500) £'000	Real Increase In Lump Sum (bands of £2,500) £'000	Total accrued pension at 31 March 2023 (bands of £5,000) £'000	Lump sum related to accrued pension at 31 March 2023 (bands of £5,000) £'000	Cash Equivalent Transfer Value as at 31 March 2022 £'000	Cash Equivalent Transfer Value as at 31 March 2023 £'000	Real Increase in Cash Equivalent Transfer Value £'000	Notes
R Nolan Acting Executive Director of Finance 02/09/22 - 12/10/22	0-2.5	(0-2.5)	55-60	120-125	1080	1168	38	<i>note 3</i>
A Wood Executive Director of Nursing & Midwifery 01/08/22 - 31/03/23	20.0-22.5	25.0-30.0	30-35	40-45	--	543	348	
S Green Executive Director of Workforce and Organisational Development 01/04/22 - 31/03/23	0-2.5	(0-2.5)	30-35	35-40	449	497	12	
A L Brereton Board Secretary 01/04/22 - 03/04/22	0-2.5	0	10-15	0	149	157	0	

Notes

1. These employees chose not to be covered by the NHS pension arrangements in the current reporting year.
2. These employees chose not to be covered by the NHS pension arrangements in the prior year, as well as the current reporting year.
3. R Nolan was the Executive Finance Director for the period 2nd September 2022 to 12th October 2022. Outside of this period R Nolan was employed by the Health Board in a substantive post, it has not been possible to calculate the element of pension benefits that relate solely to the role as Executive Director of Finance.

Staff Report

The average number of full time equivalent (FTE) staff employed by the Health Board during 2022/23 is reported below.

Professional Group	Average FTE 2022/23
Professional, Scientific and Technical	694
Additional Clinical Services	3,615
Administrative and Clerical	3,503
Allied Health Professionals	1,156
Estates and Ancillary	1,328
Healthcare Scientists	261
Medical and Dental	1,626
Nursing and Midwifery Registered	5,291
Students	20
Total	17,494

The actual number of staff in post as at 31st March 2023 was 20,284 and the gender composition is provided in the table below.

Staff Composition	Female	Male	Total
Director	5	3	8
Manager (Band 8C and above)	132	79	211
Staff	16,212	3,853	20,065
Total	16,349	3,935	20,284

*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 2022/23 is provided below:

	2021/22	2022/23
FTE Days lost (long term)* ¹	259,713	241,743
FTE Days lost (short term)* ¹	118,023	150,885
Total days lost	377,736	392,628
Average working days lost	14	14
Total staff employed in period (headcount)* ²	19,066	19,694
Total staff employed in period with no absence (headcount)* ²	5,457	4,985
Percentage staff with no sick leave* ³	30.48%	24.71%

*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. Please note this includes starters within the reporting period as recommended by All Wales data standards.

*2 - Average over 12 months. Please note this includes starters within the reporting period as recommended by All Wales data standards.

*3 - Headcount of Primary Assignments only, excluding starters from 1st April 2022 to 31st March 2023.

The overall percentage sickness absence in 2022/23 was 6.28% (2021/22, 6.3%). Factors such as social distancing, working from home, recording of shielding and self-isolation leave as special leave have impacted on the percentage of staff without sick leave.

Off Payroll Engagements and Consultancy

The Health Board is required to disclose off-payroll and consultancy expenditure. The tables below outline the details of the off payroll engagements that the Health Board has in place. It should be noted that HMRC introduced new rules in relation to compliance with tax regulations that took effect from 6th April 2017. These changes have widened the responsibilities of the Health Board in managing the off payroll engagements and most engagements will be subject to tax and National Insurance at source.

The Health Board has undertaken IR35 assessments for all relevant off-payroll engagements.

Number of existing engagements, for more than £245 per day and of over six months duration, as at 31 March 2023	364
<i>Of which...</i>	
Number that have existed for less than one year at time of reporting	253
Number that have existed for between one and two years at time of reporting	15
Number that have existed for between two and three years at time of reporting	15
Number that have existed for between three and four years at time of reporting	51
Number that have existed for four or more years at time of reporting	30

Number of new off-payroll engagements for more than £245 per day between 1 April 2022 and 31 March 2023	262
<i>Of which...</i>	
Number assessed as covered by IR35	262
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 IR 35 status following the consistency review	0

Number of off-payroll engagements of board members and / or senior officials with significant financial responsibility, between 1 April 2022 and 31 March 2023	0
(Number of individuals that have been deemed “board members, and/or, senior officials with significant financial responsibility”, during the financial year, including both off-payroll and on-payroll engagements)	34*

*The Board Members and Senior Officials who are deemed to be Senior Managers are those individuals whose salary details are disclosed on [pages 71 to 79](#) of this report.

During the year the Health Board incurred expenditure of £2.403m on external consultancy services.

Equality and Human Rights

Our Strategic Equality Plan (SEP) for the period 2020-2024 was agreed and published in March 2020. It is published on our website at <https://bcuhb.nhs.wales/use-of-site/publication-scheme/class-five-our-policies-and-procedures/equality-and-human-rights/strategic-equality-plans/>

During 2022/23, work to advance equality through the delivery of the third year of our Strategic Equality Plan continued. As the Health Board is now in the final year of the current plan, preparations are being made start the co-production work to identify our Strategic Equality Objectives for the next four years, and the action plan that will enable us to achieve those objectives.

Key equality achievements over the past year include:

Governance arrangements and Corporate Equality Team support:

We have aligned the Public Sector Equality Duty and Socio-economic Duty into the Health Board's new models of working and governance arrangements.

The Corporate Equality Team has provided ongoing support, advice and guidance to embed equality into key health board strategies, such as the Quality Strategy and People Strategy, and large-scale transformation projects and service reviews including planning for Regional Treatment Centres and Out of Hours services review.

Campaigns and promotional activity:

We have increased our promotional work, both externally and internally to advance equality issues and promote human rights across the Health Board. The promotion of key events has brought many people together to share good practice and insights to lived experience for a range of equality campaigns. Attending events such as North Wales Pride was a great opportunity to celebrate the diversity across North Wales.

Implementation of equality-related Welsh Government plans and strategies:

In June 2023 Welsh Government published The Anti-racist Action Plan; we have developed a comprehensive local plan to address the health actions and we continue to engage with our stakeholders to implement the plan. The Welsh Government LGBTQ+ Action plan was published in February 2023 and, in response, work is underway to develop a co-designed action plan for the Health Board.

All national health-related strategies, such as the Together for Mental Health Strategy, undergo Equality Impact Assessments and Socio-economic Impact Assessments.

Increased awareness raising – training:

There has been a range of face to face and online equality related training delivered during 2022/23. Training sessions on equality impact and socio-economic assessments have been carried out with Public Health, the Division of Mental Health and Learning Disabilities and the Transformation and Planning Teams. General equality training has been delivered to Patient and Carer Champions as well as across GP practices on request, and Neurodiversity awareness sessions are available to all teams on request.

External training events are also promoted, include Hate Crime training delivered by Victim Support, helping teams to develop the knowledge on how to better support people who experience discrimination. Diverse Cymru has delivered Cultural Competency training, resulting in greater awareness of culturally sensitive care and greater recognition of the diversity across Wales and beyond.

Increased awareness raising – guidance:

A range of guidance has been produced to help inform decision making within the Health Board. This is published internally on the Health Board's Betsi Net intranet site. This includes the Trans Care guidance and Gender Language Toolkit, which were developed following a request. The Equality Toolkit for Primary Care was developed during 2022/23 to promote greater understanding of different needs of communities.

A Welcome Pack information guide was developed for international staff joining the Health Board, which gives new staff useful, practical information from local shopping to navigating setting up a bank account.

All equality related guidance documents are developed using principles of co-design with equality stakeholders.

Signed:

Carol Shillabeer
Interim Chief Executive and Accountable Officer

Date: 24th August 2023

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.

The Health Board reported a surplus of £0.289m against its Revenue Resource Limit for the year. The Health Board has not met its statutory target to achieve breakeven over the three year period 1 April 2019 – 31 March 2022 and has recorded a cumulative deficit of £37.917m.

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 Independent Auditor's 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 Local Health Board for the year ended 31st March 2022 under Section 61 of the Public Audit (Wales) Act 2004. These comprise the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Cash Flow Statement and Statement of Changes in Taxpayers' Equity and related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards as interpreted and adapted by HM Treasury's Financial Reporting Manual.

In my opinion, except for the possible effects of the matters described in the basis for qualified opinion on the financial statements section below, the financial statements:

- give a true and fair view of the state of affairs of Betsi Cadwaladr University Local Health Board as at 31st March 2022 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.

Basis for qualified opinion on the financial statements

As set out below, I have been unable to obtain sufficient appropriate audit evidence that all payables and accruals existed at 31 March 2022; that all expenditure occurred in the year; or, that all expenditure has been properly accounted for in the correct accounting period.

Consequently, I have been unable to determine whether any adjustments to these amounts were necessary. As I have been unable to assess the full extent of the error and uncertainty in the financial statements, I am qualifying my audit opinion on the grounds that the Health Board has been unable to provide sufficient appropriate audit evidence that:

- Non-NHS payables and accruals of £73.2 million in Note 18 'Trade and Other Payables' existed at 31 March 2022; and
- expenditure of £122.2 million in Note 3.3 'Expenditure on Hospital and Community Health Services' occurred in the year or has been properly accounted for in the correct accounting period.

Further detail is set out in my attached report.

Opinion on regularity

In my opinion, except for the matter described in the Basis for Qualified Regularity Opinion on Regularity 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 Betsi Cadwaladr University Local Health Board's financial statements because:

- those statements include a provision of £2.3 million relating to the Health Board's estimated liability arising from the Ministerial Direction dated 18 December 2019 on senior clinicians' pensions. In my view, this expenditure is irregular and material by its nature.
- The Betsi Cadwaladr University Local Health Board has breached its resource limit by spending £37.9 million over the amount that it was authorised to spend in the three-year period 2019-2020 to 2021-22. This spend constitutes irregular expenditure.

Further detail is set out in my attached report.

Basis of opinions

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the Board in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinions.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the body's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Annual Report other than the financial statements and my auditor's report thereon. The Chief Executive is responsible for the other information contained within the Annual Report. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon.

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Report on other requirements

Opinion on other matters

In my opinion, the part of the Remuneration and Staff Report to be audited has been properly prepared in accordance with the National Health Service (Wales) Act 2006 and directions made there under by Welsh Ministers.

In my opinion, based on the work undertaken in the course of my audit:

- the information given in the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and the Annual Governance Statement has been prepared in accordance with Welsh Ministers' guidance;
- 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 the Performance and Accountability Report has been prepared in accordance with Welsh Ministers' guidance.

Matters on which I report by exception

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

In respect solely of the matters referred to in my basis for qualified opinions on the financial statements section above:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; and
- I have not received all the information and explanations I require for my audit.

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

- adequate accounting records have not been kept, or returns adequate for my audit have not been received from branches not visited by my team;
- the financial statements and the audited part of the Remuneration Report are not in agreement with the accounting records and returns; and
- information specified by HM Treasury or Welsh Ministers regarding remuneration and other transactions is not disclosed.

Responsibilities

Responsibilities of Directors and the Chief Executive for the financial statements

As explained more fully in the Statements of Directors' and Chief Executive's Responsibilities on pages 64 and 65, the Directors and the Chief Executive are responsible for the preparation of financial statements which give a true and fair view and for such internal control as the Directors and Chief Executive determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors and Chief Executive are responsible for assessing the board's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

My procedures included the following:

- Enquiring of management, the head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to Betsi Cadwaladr University Local Health Board's 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 and posting of unusual journals; and
- Obtaining an understanding of Betsi Cadwaladr University Local Health Board's framework of authority as well as other legal and regulatory frameworks that the Betsi Cadwaladr University Local Health Board operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of Betsi Cadwaladr University Local Health Board.

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

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management, 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 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 Betsi Cadwaladr University Local 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. This description forms part of my auditor's report.

Responsibilities for regularity

The Chief Executive is responsible for ensuring the regularity of financial transactions.

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

Report

Please see my Report attached.

Adrian Crompton	24 Cathedral Road
Auditor General for Wales	Cardiff
26 August 2022	CF11 9LJ

Report of the Auditor General to the Senedd

Introduction

Under the Public Audit Wales Act 2004, I am responsible for auditing, certifying and reporting on Betsi Cadwaladr University Local Health Board (the Health Board) financial statements. I am reporting on these financial statements for the year ended 31 March 2022 to draw attention to four key matters for my audit, as follows:

- qualification of my opinion on whether the accounts give a true and fair view owing to an inability to obtain sufficient appropriate evidence relating to specific accruals, payables and expenditure recognised in the financial statements;
- qualification of my regularity opinion relating to expenditure recognised as a result of the Ministerial Direction on senior clinicians' pensions;
- qualification of my regularity opinion owing to the Health Board's failure to meet its first financial duty; and
- the Health Board's failure to meet its second financial duty.

Qualified opinion due to inability to obtain sufficient evidence about accruals and expenditure

My initial audit testing identified significant levels of error and uncertainty about whether payables and accruals of £9.1 million existed at 31 March 2022 and whether expenditure of £9.4 million occurred in the year or has been properly accounted for in the correct accounting period. The errors and uncertainties identified by my initial testing of £9.4 million represent 7.8% of the sample tested of £121.2 million.

Given the level of identified error and uncertainty initially identified, I indicated to the Health Board that I needed to undertake additional testing to assess the further extent of any error in the financial statements.

The Health Board responded to the effect that it would be unable to support me in undertaking any further testing owing to 'limited resources within the finance team and the additional work they have had to manage since April; the significant impact any further delay would have on the Welsh Government Summarised Accounts and Annual Governance Statement and the resulting implications for the production of the Welsh Government Resource Accounts, as well as the requirement for the finance team to focus on the Health Board delivering its objectives for 2022-23'. Consequently, I have been unable to complete the necessary further testing to assess the full extent of the error and uncertainty in the financial statements.

I note that section 21.6 of the Health Board's Annual Governance reflects the significant internal control failures around the recognition of accruals, payables and expenditure in year, the misclassification of capital spend as revenue, and the failure to obtain Welsh Government and Board approval for an accrued contract valued over £1 million, contrary to Standing Orders and the NHS (Wales) Act 2006. The Health Board has reported that it is implementing a range of actions to strengthen its financial control environment to address the deficiencies identified.

As I have been unable to assess the full extent of the error and uncertainty in the financial statements, I am qualifying my audit opinion on the grounds that the Health Board has been unable to provide sufficient appropriate audit evidence that:

- Non-NHS payables and accruals of £73.2 million existed at 31 March 2022; and
- expenditure of £122.2 million occurred in the year or has been properly accounted for in the correct accounting period.

As the Health Board has not supported me in undertaking any further testing, I have been unable to assess where the Non-NHS payables and accruals of £73.2 million is recognised in expenditure. All or part of the £73.2 million could be included within expenditure of £122.2 million referred to above or recognised elsewhere within the financial statements.

I recommend that:

- the Health Board undertakes a comprehensive exercise to identify, and correct for, the errors in its accounting records;
- identifies the corrections it needs to make to ensure that its 2022-23 accounts give a true and fair view; and
- undertakes a review to understand why these issues occurred and to strengthen its controls accordingly.

I request that the Health Board writes to me by 30 September 2022 setting out how it proposes to respond to the above recommendations.

Ministerial direction on senior clinicians' pensions

NHS Pension scheme and pension tax legislation is not devolved to Wales. HM Treasury's changes to the tax arrangements on pension contributions in recent years included the reduction in the Annual Allowance limit from over £200,000 in 2011-12 to £40,000 in 2018-19. As a result, in cases where an individual's pension contributions exceed certain annual and / or lifetime pension contribution allowance limits, then they are taxed at a higher rate on all their contributions, creating a sharp increase in tax liability.

In a Written Statement on 13 November 2019, the Minister for Health and Social Services had noted that NHS Wales bodies were: 'regularly reporting that senior clinical staff are unwilling to take on additional work and sessions due to the potentially punitive tax liability'. In certain circumstances this could lead to additional tax charges in excess of any additional income earned.

On 18 December 2019, the First Minister (mirroring earlier action by the Secretary of State for Health and Social Care for England) issued a Ministerial Direction to the Permanent Secretary to proceed with plans to commit to making payments to clinical staff to restore the value of their pension benefits packages. If NHS clinicians opted to use the 'Scheme Pays' facility to settle annual allowance tax charges arising from their 2019-20 NHS pension savings (i.e. settling the charge by way of reduced annual pension, rather than by making an immediate one-off payment), then their NHS employers would meet the impact of those tax charges on their pension when they retire.

The Ministerial Direction was required because this solution could be viewed by HMRC to constitute tax planning and potentially tax avoidance, hence making the expenditure irregular. Managing Welsh Public Money (which mirrors its English equivalent) specifically states that 'public sector organisations should not engage in...tax evasion, tax avoidance or tax planning'.

A Ministerial Direction does not make regular what would otherwise be irregular, but it does move the accountability for such decisions from the Accounting Officer to the Minister issuing the direction.

The solution applies only to annual allowance tax charges arising from an increase in the benefits accrued in the NHS Pension Scheme during the tax year ended 5 April 2020. For the tax year ended 5 April 2021, the Chancellor increased the thresholds for the tapered annual allowance and, as a result, it is anticipated that the risk to the supply of clinical staff has been mitigated.

The Health Board has received sufficient information during the year to calculate and recognise an estimate of the potential costs of compensating senior clinical staff for pension benefits that they would otherwise have lost, by using the 'Scheme Pays' arrangement. As a result expenditure has been recognised as a provision as shown in Note 20 of the financial statements.

All NHS bodies will be held harmless for the impact of the Ministerial Direction, however in my opinion the transactions included in the Health Board's financial statements to recognise this liability are irregular and material by their nature. This is because the payments are contrary to paragraph 5.6.1 of Managing Public Money and constitute a form of tax planning which will leave the Exchequer as a whole worse off. The Minister's direction alone does not regularise the scheme. Furthermore, the arrangements are novel and contentious and potentially precedent setting. As a result, I have qualified my 'regularity' opinion for 2021-22.

Financial duties

Local Health Boards are required to meet two statutory financial duties — known as the first and second financial duties.

For 2021-22 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 2019-20 to 2021-22.

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 £5.3 billion by £37.9 million.

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 2021-22 if it submitted a 2019-20 to 2021-22 plan approved by its Board to the Welsh Ministers who then approved it by the 30 June 2019. This duty is unchanged from 2019-20 as the duty to prepare a new three-year plan for the period 2021-22 to 2023-24 was paused due to the pandemic, leaving the previous year's duty in place.

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 2019-20 to 2021-22.

Adrian Crompton
Auditor General for Wales
26 August 2022

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1. Scope of Responsibility

- 1.1 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. It is of note for this Annual Governance Statement that I commenced my role on the 3 May 2023 and I therefore base this statement on the information available to me rather than direct involvement in the year upon which this report is based.
- 1.2 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.
- 1.3 This document is related to the year 2022/23. However, I would like to explicitly reference in the introduction of this Annual Governance Statement that at the time of developing and overseeing this statement that in addition to a new Interim Chief Executive Officer, the Health Board has a new Chair, Independent Board Members and a new Audit Committee, including a new Chair of the Audit Committee to those that were in place until the end of February 2023. In addition, I think that it is important to note that this Statement has been produced with the Health Board being placed in Special Measure since February 2023. This escalated status is further referenced in this statement.
- 1.4 I am also responsible for ensuring that the Health Board is administered prudently, economically and with propriety, and that resources are applied effectively and efficiently.
- 1.5 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. Capacity to Manage Risk

- 2.1 As Chief Executive, I have overall responsibility for the systems of risk management within the Health Board, for meeting all statutory requirements and adhering to the guidance issued by NHS Wales. The Executive Team has the remit to ensure the adequacy of the structures, processes and responsibilities for identifying and managing key risks facing the organisation, prior to discussion at the Board.

- 2.2 The Board considered its risk appetite in the year. This articulates the Health Board's view that it does not tolerate unmitigated/unacceptable risks to the quality of service provision. To deliver safe, high quality services, the Health Board will encourage staff to work in collaborative partnership with each other and service users and carers to minimise risk to the greatest extent possible and promote patient well-being. The Board risk management annual workshop was held on 8 March 2022 to review the risk appetite, aligned to a Board Assurance Framework and in April 2022 to review the strategic risks as at the end of 2021/22, taking into account the objectives outlined in the Living Healthy, Staying Well Strategy. The 2023 risk appetite Board Development Session has been scheduled for 24 August 2023.
- 2.3 Day to day management of risk is undertaken by individual leaders and managers, and teams, charged with ensuring that risk assessments are undertaken proactively throughout their area of responsibility and remedial action is carried out where risks are identified. There is a process of escalation to Executive Directors, Risk Management Group and Audit Committee (which undertakes the role of Risk Committee of the Health Board), as well as the other Health Board Committees who review risks that fall within their remit, for the purposes of providing assurance that risks are robustly mitigated in a timely manner.
- 2.4 To ensure key staff are aware of their responsibilities for risk management, training is provided incorporating aspects of risk management, and with the aim of all senior staff being trained in the identification and management of clinical risk. In particular the training provides guidance for staff on the actions they can take once they identify a risk, including incorporating controls, mitigations and escalation of the risk.
- 2.5 Within the 2022/23 period 126 staff were provided with risk management training, across the full range of staff groups. This is a reduction on the 744 staff trained in 21/22. The risk team is working to increase numbers of staff trained by making the training more accessible through ESR, in orientation for new starters, in mandatory training for certain staff groups and a more advance level of training for senior staff. Limited assurances were noted from the Internal Audit and hence the Framework is being reviewed which includes training.
- 2.6 Staff are advised on how to escalate risks but are also reminded that this does not lessen their personal ownership of the risk. The development of local risk registers has sought also to promote awareness and understanding of the identification of risks and their management across the Health Board.
- 2.7 A number of new and emerging risks were identified in 2022/23. Significant action continued at a national and local level to continue to have responded to the likely impact on the organisation and population following Covid-19.
- 2.8 On 27 February 2023 the organisation was placed into Special Measures and as a result of this has developed a Response Plan to address the issues. It will be necessary to ensure this response is underpinned by robust risk management arrangements and the ability to identify, assess and mitigate risks which may impact on the ability of the organisation to achieve its strategic objectives.

3 Our Governance Framework

- 3.1 The Governance Statement provides an account of corporate governance, including the Board's assessment of its compliance with the Corporate Governance Code, with any explanations of departures. The Health Board has only partly complied with the Corporate Governance Code with some challenges in relation to meeting quoracy affecting decision-making processes, but complied with providing 'good' 'quality' 'up to date' information on its website; providing bilingual reports; inviting the public to contribute to relevant Board and Committee meetings. The Health Board has complied with the Corporate Governance Code in relation to the Special Measures Response, an independent review of the Office of Board Secretary has been undertaken. The findings and recommendations are currently being considered. The Board of Directors is the key decision-making body within the Health Board, with responsibility for ensuring the organisation achieves its objectives. The Health Minister announced on 27 February 2023 that she was placing the Health Board in Special Measures, effective immediately and an Intervention Order was received on 13 March 2023.
- 3.2 During the 2022/23 period, Board membership changed significantly:
- The Chief Executive Jo Whitehead left on 14 November 2022, and Gill Harris was appointed as Interim Chief Executive at that point. I (Carol Shillabeer) became Interim Chief Executive Officer on 3 May 2023.
 - Sue Hill, Executive Director of Finance, took a leave of absence from 5 December 2022 and an Interim Finance Director, Steve Webster, joined in January 2023.
 - The Chair and all of the Independent Members of the Board stepped aside from their roles on 27 February 2023. The Independent Board Members were replaced, by the Minister, with a new Chair and, at the time of writing, six Independent Members. They are supported by two Associate Members who have (at the time of writing this statement) been appointed.

Progress is being made on building a well-functioning Board that can lead the improvements required. Standing Orders amendments were received from Welsh Government to reflect the number and mix of Board Membership and were formally adopted at the May 2023 Board Meeting.

- 3.3 As part of the Board Development programme during the period of this Statement, Kings Fund, an independent healthcare 'think tank', facilitated the evaluation of Board effectiveness. This included an analysis of work carried out against work planned, attendance, quoracy, and annual member surveys covering strategy, performance, risk and assurance, Committee and collective Board performance. This took place on 14 June 2022 however the following planned two-day session in July 2022 was stood down. The process was designed to comply with best practice requirements such as the Audit Committee Handbook, the UK Corporate Governance Code, the Healthy NHS Board and the 'Taking it on Trust' study, where appropriate.
- 3.4 The Health Board had incorporated the best practice requirements of the UK Corporate Governance Code in the committee terms of reference and associated infrastructure. This is, however, subject to further consideration following the Review of Governance as part of Special Measures Response Plan.
- 3.5 The Board carries out its roles and responsibilities with the aid of an annual Board Cycle of Business, which takes into account the setting of strategy and the monitoring of key risks, performance, governance, and culture and quality issues. The Health Board, through its Committees, received reports on patient experience stories and learning,

finance, quality, patient safety, performance, safeguarding, strategy, Board Assurance Framework and deep dives into services such as vascular and mental health.

- 3.6 Board attendance is set out in more detail within appendix three. In the reporting period, this averaged a rate of 89% and seven Board meetings were held. The Health Board ensures that translated reports are available in Welsh and translators are available at Health Board meetings held in public. Board papers are published on the website a week before each meeting in both English and Welsh, except in exceptional circumstances.
- 3.7 During the period the Committees of the Board were:
- Audit Committee;
 - Quality, Safety and Experience Committee;
 - Remuneration and Terms of Service Committee;
 - Performance, Finance and Information Governance Committee;
 - People, Partnerships and Public Health Committee;
 - Mental Health Capacity and Compliance Committee;
 - Charitable Funds Committee.
- 3.8 The Health Board Committees and relevant sub committees maintain oversight of the Health Board's statutory and regulatory arrangements with authority delegated from the Board. All minutes and action logs are maintained and published (where relevant) for Health Board meetings and committees.
- 3.9 There is crossover of Independent Membership, to enhance the effectiveness of Committee business. Independent Members of the Quality and Finance Committees are also members of the Audit Committee.
- 3.10 The Board Committees seek to enable the Board to focus on its core business whilst receiving regular assurance through written Committee Chair Assurance reports, in line with best practice. Committees were not held in March 2023 due to the lack of Independent Members to afford quoracy of meetings. This impacted Board Committees after 27 February 2023 until the end 31 March 2023 of the year 2022/23.
- 3.11 The effectiveness of the Committees is enhanced by comprehensive work plans as well as the alignment of the Board's meetings and that of its Committees. This ensures timely monitoring of areas of responsibility delegated by the Board to the Committees through receipt of Chair assurance reports and minutes, with an escalation mechanism to the Board, where appropriate.
- 3.12 The Audit Committee supports the Board in reviewing the effectiveness of the system of internal control, through a structured annual work plan, compliant with the Audit Committee Handbook issued by Welsh Government. The main role of the Committee is to seek assurance that the Health Board's governance and risk management systems are fit for purpose, adequately resourced and effectively deployed.
- 3.13 To aid this assurance, the Audit Committee's work plan incorporates the review of the organisation's risk management processes, and the corporate risk register. The Audit Committee takes assurance from the Internal and External Audit functions, by setting the annual Internal Audit plan and monitoring its delivery regularly, as well as overseeing the implementation of audit recommendations. The Audit Committee maintains oversight of the work of other Committees in respect of the system of internal control.

- 3.14 The members of the Audit Committee play a key role by independently scrutinising the effectiveness of management actions in mitigating risks through regular reviews of the Health Board's risk register. During the year it should be noted that under the Risk Management Strategy of the Health Board the QSE Committee had a role in scrutinising and challenging the delivery of mitigations against specific risks, whilst holding to account risk owners for non-delivery of action plans or variation from the provisions of this strategy. In addition, the Audit Committee's role includes:
- Monitoring management progress in the implementation of Internal and External Audit recommendations;
 - Scrutinising the effectiveness of the counter fraud arrangements, and tracking progress of delivery of the annual work plan of the Local Counter Fraud Specialist's plan;
 - Reviewing the system of internal control regularly at meetings, by taking assurance on the management of detailed risks on a rotational basis.
- 3.15 During the 2022/23 period, the Audit Committee received internal audit reports covering a broad range of the Health Board's governance and risk management systems. Because of the time required to scrutinise the annual accounts 2021/22 and subsequent investigation activity and quoracy, the Committee was not able to complete its annual review of its effectiveness in line with the Audit Handbook.
- 3.16 The Board receives regular reports from a Stakeholder Reference Group, Local Partnership Forum, and Healthcare Professionals' Forum via Committees. Further narrative on the Health Board's quality governance arrangements is in section 10 of this document.
- 3.17 On 23 February 2023, Audit Wales produced a report on their work to assess Board Effectiveness that called for urgent action to improve working relationships within the Board at Betsi Cadwaladr University Health Board. As the Health Board continues to face unprecedented challenges from demands on services and long-term concerns over the performance, quality and safety of a number of specific services, it is vital that the Board works in a cohesive and unified manner to drive the improvements that are needed. The report identified immediate actions that Audit Wales consider necessary to achieve this. The Health Board will respond to these requirements in a manner that is in line with the BCUHB approach to Special Measures requirements.

4. Data Quality Assurance

- 4.1 The Health Board is seeking to continually improve its data quality arrangements to enhance the quality and accuracy of key information and other metrics. The Planned Care Transformation and Recovery Group reviews and monitors live waiting list data for accuracy, and performance against targets. The Planned Care Transformation Group also has a system to validate and audit its elective waiting time data weekly and monthly, with random specialty checks carried out to quality-assure the validation process. This Group has since been replaced by the Planned Care Programme Board.
- 4.2 The risks to the quality and accuracy of this waiting time data are examined weekly to ensure activity is recorded accurately and timely; if issues arise, remedial action is agreed, implemented and monitored immediately.

- 4.3 Annual validation of waiting lists also takes place through the management team and a range of live data quality reports which are being developed to monitor the data quality of key performance indicators, on a weekly and monthly basis.
- 4.4. Wider work on assessing and, where necessary, improving data quality will be required during 2023/24.

5. The Purpose of the System of Internal Control

- 5.1 The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risks.
- 5.2 The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place for the year ended 31 March 2023 and up to the date of approval of the annual report and accounts.

6. Risk Assessment

- 6.1 The organisation has processes to identify and assess risks.
- 6.2 The risk register is populated at a local/operational level and at a corporate level. The risk register informs the business planning process and is a key consideration in general operational management at service line, clinical business unit and corporate level.
- 6.3 Strategic risks are identified (detailed below) and assessed in relation to their threat to achievement of the Health Board's strategic objectives. 'Bottom up' risks are identified through local staff incident reporting and risk assessments whilst organisational risks will be identified through business planning, serious incidents and people processes, such as recruitment. 'Top down' risk assessment is undertaken through the development and review of the Board Assurance Framework, strategic business planning and contract management.
- 6.4 Key work took place in the year to mitigate key risks relating to the strategic objectives of the Health Board. Based on the residual risk score, the top remaining significant risks to the organisation in the 2022/23 period with a significant impact on the system of internal control are highlighted in section 8.2.

Strategic Aim 1: Improve physical, emotional and mental health and well-being for all/
Improve the safety and quality of all services;

Strategic Aim 2: Target our resources to people who have the greatest needs and reduce inequalities;

Strategic Aim 3: Work in partnership to support people (individuals, families, carers, communities) to achieve their own well-being;

Strategic Aim 4: Respect people and their dignity , and learn from their experiences.

7. The Risk and Control Framework

- 7.1 The Health Board has in place a process for the identification, assessment, and management of risks. This is a systematic approach which assesses the consequences and likelihood of each risk event, associated mitigations and controls. This allows for the identification of risks which could be considered unacceptable to the organisation.
- 7.2 The Health Board has a structured approach in place to identify, assess, control, mitigate and manage risks to the achievement of its operational and strategic objectives. The Health Board's approach to risk management is informed by a risk management framework, including processes and systems which support staff to continuously scan the horizon for emerging risks, mitigate and appropriately manage them. The Board approved an updated Risk Management Strategy in 2022, which was launched on 18 October 2022, but limited assurances from Internal Audit report will require further work to be undertaken.
- 7.3 During the 2022/23 period, the Risk Management Group continued to focus on its core business activities in order to leverage better advice, assurance and provide effective recommendations to the Executive Team on appropriate escalation and management of risks. The Group also has responsibility to ensure that the Health Board has robust systems, processes and governance arrangements in place to facilitate effective mitigation, management and embedding of best practice in risk management across the organisation. Two meetings were stood down due to quoracy during this period, the December 2022 and February 2023 meetings.
- 7.4 Whilst the Risk Management Strategy sets out a framework for underpinning the Health Board's overarching approach, vision and arrangements for management at all levels across all its Services and Departments, it also informs the appropriate management of Covid-19 related risks which were still relevant in 2022/23, thereby ensuring prompt and timely escalation and de-escalation of risks. A simplified Covid-19 Response Guidance on Risk Management was designed to facilitate the timely identification, assessment, mitigation, management and escalation/de-escalation of Covid-19 risks. This guidance included the requirements under the Civil Contingencies Act 2004 (as amended) (CCA) and Good Practice guidance for Category 1 responders individually and collectively as part of a Local Resilience "Community" to adopt a proactive, dynamic risk-based approach to managing Covid-19 and related risks.
- 7.5 The Health Board works closely with a wide range of partners and the Welsh Government. It is necessary to ensure this is underpinned by robust, integrated risk management arrangements and the ability to identify, assess and mitigate risks, which may affect the ability of the Health Board to achieve its strategic objectives.
- 7.6 The risk and control framework incorporates a range of supporting systems and associated policies that provide a structured and consistent approach to the management of risk.

7.7 These include, amongst others:

- Standing Financial Instructions, Standing Orders and Scheme of Reserved Delegation
- Risk Management Strategy and policy;
- Standards of Business Conduct;
- Waiting list management;
- Raising Concerns Policy and Procedure (Whistleblowing);
- Incidents and Serious Incident Management Policy;
- Complaints and Concerns Resolution Policy;
- Claims Management Policy;
- Being Open Policy;

The Standing Financial Instructions are used to enable decision making to be at the level that has the appropriate authority.

7.8 As part of efforts to conduct business in an open and transparent manner the following actions were taken:

- Use of technology in order to hold virtual meetings, including the provision of Welsh / English translation. Public Board meetings were recorded and / or live streamed, and made available to the public online;
- Publication of agendas and papers must be published seven days in advance with reference to Standing Orders, but this has not always been adhered to within the required timeframe;
- Increased use of verbal reporting captured in the meeting minutes.

7.9 The Board has overarching responsibility for risk management.

7.10 The Accountable Officer is responsible for ensuring that sufficient resources are invested in managing risk and, currently, support in undertaking this role is provided by the Executive Medical Director.

7.11 At an operational level, risks are captured on the Datix risk management system and maintained at local and / or corporate risk register level depending on the risk rating.

7.12 Local risks are monitored and mitigated in local and service risk registers and monitored at Executive Director Level where they are scored at 15 or more.

7.13 The corporate risk register is reviewed by each of the Board Committees individual to maintain oversight of their respective risks. The Audit Committee independently scrutinises the process to effectively maintain the risk register. During the year it should be noted that under the Risk Management Strategy of the Heath Board the QSE Committee had a role in scrutinising and challenging the delivery of mitigations against specific risks, whilst holding to account risk owners for non-delivery of action plans or variation from the provisions of this strategy

7.14 Where risk ratings are such that they are likely to significantly impact the delivery of strategic objectives, they are added to the Board Assurance Framework, which is reviewed by the Board on a quarterly basis, and by the Committees as a standing item.

7.15 The Risk Management Group plays a key role in the internal control assurance processes by scrutinising the effectiveness of management actions in mitigating risks through regular

reviews of the Health Board risk register, as well as corporate functions and service line risk registers, on a rolling basis.

- 7.16 The Board Committees all have responsibility for elements of the risk management system, with the Audit Committee providing assurance on overall effectiveness, taking into account the annual review carried out by the Internal Audit Function.
- 7.17 The Health Board Risk Management Strategy provides the framework for the continued development of the risk management process, building on the principles and plans linked to the Health Board's Assurance Framework, the Risk Register, the requirements of Healthcare Inspectorate Wales and national priorities.
- 7.18 Detailed narrative on deterrents to risks arising, and fraud deterrents is incorporated in section 17 (Counter Fraud, and Anti-Bribery and Corruption Arrangements) of this document.

8. Elements of the Assurance Framework

8.1 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.

8.2 Key Board Assurance Framework Risks

8.2.1 Strategic Objective: Improve physical, emotional and mental health and well-being for all/ Improve the safety and quality of all services:

- Risk 1.1 Failure to consistently provide safe provision of care to patients at Ysbyty Glan Clwyd, resulting in significant harm to patients, poor patient experience and a high number of complaints and claims, as well as a loss of public confidence.
- Risk 1.2 Risk of the provision of poor standards of care to the patients and population of North Wales, falling below the expected standards of quality and safety, resulting in a deterioration of care and harm to patients and service users.
- Risk 1.3 Failure to effectively manage unscheduled care demand and capacity infrastructure, adversely impacting on quality of care and patient experience.
- Risk 1.4 Risk of a consistent failure to meet performance targets, resulting in an adverse impact on patient experience and quality of care, as well as a loss in public confidence.

- Risk 1.5 Lack of capacity to manage volume of planned care demand, adversely impacting on quality of care and patient experience, exposing patients to significant patient harm.
 - Risk 1.6 Risk of instability of the Mental Health leadership model due to unstable temporary staffing arrangements and high turnover of staff, resulting in poor performance, a lack of assurance and governance, and ineffective service delivery.
 - Risk 1.7 There is a risk to the safe and effective delivery of Mental Health services, leading to poorer and inconsistent outcomes, poorer use of resources, failure to learn from events or inequity of access.
- 8.2.2 Strategic Objective: Target our resources to people who have the greatest needs and reduce inequalities:
- Risk 2.1 Failure to attract or retain sufficient staff (core and flexible) to resource delivery of the strategic priorities due to a lack of integrated workforce planning, safe deployment systems and insufficient support for recruitment and on boarding. This could adversely impact on the Board's ability to deliver safe and sustainable services.
 - Risk 2.3 Failure to meet financial targets once Strategic Support funding ceases, resulting in an inability to meet the break-even statutory duty.
 - Risk 2.4 Failure to deliver an approved integrated medium term plan incorporating service, workforce, financial balance and delivery of key performance targets to Welsh Government (to ensure statutory duties are met) resulting in a regulatory audit opinion.
 - Risk 2.5 There is a risk that we won't achieve our strategic and operational objectives caused by having inadequate arrangements for the identification, commissioning and delivery of Digital, Data and Technology enabled change. This will lead to an inability to deliver new models of care in line with National and Local Strategies which results in a significant future degradation in patient safety, quality of care, public confidence, financial controls and reputation.
 - Risk 2.6 There is a risk that we are unable to maintain the minimum level of service to our patients and population caused by having inadequate digital applications, infrastructure, security and resources that may result in major ICT failures or cyber-attack. This will lead to compromised safety and quality of care, reduced public confidence, reputational damage and, finance and regulatory non-compliance.
 - Risk 2.7 Failure to achieve 2022/23 savings target of £35m, resulting in a breach of our statutory financial duty.
- 8.2.3 Strategic Objective: Work in partnership to support people (individuals, families, carers, communities) to achieve their own well-being:
- Risk 3.1 Failure to provide a safe and compliant built environment, equipment and digital landscape due to limitations in capital funding, adversely impacting on the Health Board's ability to implement safe and sustainable services through an appropriate refresh programme, could result in avoidable harm to patients, staff, public, reputational damage and litigation.
 - Risk 3.2 Failure to implement and embed learning from experience in order to improve services, resulting in poor staff morale and a lack of trust and confidence in senior management, leading to poor outcomes impacting

on the delivery of safe and sustainable services and the reputation of the Health Board. This could be caused by a lack of clear mechanisms for raising concerns at any and every level.

Risk 3.3 Risk of significant delays to access to Primary Care Services for the population due to growing demand and complexity, an ageing workforce and a shift of more services out of hospital, resulting in a deterioration in the population health, impacting on other health & care services and the wellbeing of the primary care workforce.

Risk 3.4 Failure to effectively promote wellbeing and reduce health inequalities across the North Wales population, due to service model restrictions, resulting in demand exceeding capacity.

8.2.4 Strategic Objective: Respect people and their dignity, and learn from their experiences:

Risk 4.1 Significant risk of avoidable harm to patients and staff, due to a failure by 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.

8.3 Board regularly receives the Board Assurance Framework and risks are monitored through the Risk Management Group and relevant committees in relation to the strategic objectives. Action plans are developed by all risk leads and monitored quarterly, presenting progress/changes at the Risk Management Group.

9. Internal Audit

9.1 The Health Board has established processes for managing risks that impact on the quality and safety of information, staff and patients. Internal Audit provides 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 is satisfied that there has been sufficient internal audit coverage during the reporting period in order to provide the Head of Internal Audit Annual Opinion. In forming the opinion the Head of Internal Audit has considered the impact of the audits that have not been fully completed.

9.2 In 2022/23, Internal Audit carried out organisational reviews of the following areas with assurance ratings summarised below:

Review Title	Assurance Rating
Management of utilities	Substantial
Welsh IG Toolkit for Health Boards and Trusts	Substantial
Recruitment improvement review – pre-employment verification and appointment process	Substantial
Speak out Safely	Reasonable
Chair’s Action	Reasonable
Voluntary Early release Scheme (VERS)	Reasonable
Budgetary Control: User access & Delegated limits	Reasonable
Mental Health & Learning Disabilities Division	Reasonable
Follow-up - Audit Wales: Continuing Healthcare Arrangements report issued in November 2020	Reasonable
Digital Strategy	Reasonable
Public Health – Smoke Free sites	Reasonable
Follow-up of Audit Wales report: Effectiveness of Counter-Fraud Arrangements – Betsi Cadwaladr University Health Board	Reasonable
Wrexham Maelor Continuity Phase 1	Reasonable
Risk Management & Board Assurance Framework	Limited
Comisiynydd y Gymraeg/Welsh Language Commissioner: Dogfennau ar y Gwefan/ Documents on the Website	Limited
Effective Governance: Ysbyty Gwynedd	Limited
Effective Governance: Ysbyty Wrexham Maelor	Limited
Board and Committee reporting – Adequacy and quality of papers to support decision making	Limited
Charitable Funds	Limited
Unscheduled care: Urgent Primary Care Centres – Business Case outcomes achieved	Limited
Recruitment of Substantive and Interim Executive and Senior Posts	Limited
Data Analysis and Triangulation	Limited
Planned Care Recovery and Transformation Group	Limited
Performance Management (IQPR & Accountability arrangements)	Limited
Delivery of Health Board savings	No assurance
Contracted Patient Services: Quality and Safety Arrangements	No assurance
Preparedness for Climate Change/ Decarbonisation	Advisory
Transformation and Improvement – progress reporting	Advisory

- 9.3 During the course of the year, action plans have been agreed with Internal Audit for all audits, with a particular focus on no and limited assurance audit outcomes. Assurances are sought and progress monitored through the relevant committees to address failings identified by internal audit, although this process will need strengthening in 2023/24.
- 9.4 As part of my review I also place reliance on the Head of Internal Audit's independent opinion of limited assurance. The opinion is based on a review of the systems and processes underpinning the Assurance Framework and the internal audit risk-based plans reported. The Health Board is implementing actions arising from internal audit reviews and providing assurances on progress to the Audit Committee.

10. Quality Governance

- 10.1 The Health Board has a quality governance framework which supports the monitoring of risks and performance related to the quality of services. The Board Assurance Framework also provides a mechanism for monitoring significant risks to the delivery of the organisation's strategic objectives which includes our commitment to high quality services.
- 10.2 Quality governance is led by the Executive Director of Nursing and Midwifery supported by a Deputy Director of Quality and Quality Team. The Quality, Safety and Experience (QSE) Committee provides timely and evidence-based advice to the Board to assist it in discharging its functions and meeting its responsibilities with regards to quality. The QSE Committee receives regular assurance reports which provide an overview of quality across the Health Board however failed to meet during March 2023 due to the change in Independent members of the Board. The QSE Committee was supported by an Executive Delivery Group for Quality and a number of other specialist groups, which includes the Organisational Learning Forum.
- 10.3 During the year, the Health Board actively planned for the introduction of the statutory Duty of Quality and Duty of Candour.

11. Healthcare Inspectorate Wales and Care Inspectorate Wales

- 11.1 Healthcare Inspectorate Wales (HIW) is the independent inspectorate and regulator of all health care services in Wales. HIW 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. HIW 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. HIW are also requested by HM Inspectorate of Prisons to provide a clinical review of a prisoner's healthcare if they die in custody. The Care Inspectorate Wales (CIW) register, inspect and take action to improve the quality and safety of services for the well-being of the people of Wales.

- 11.2 There are systems and controls in place to ensure the Healthcare Inspectorate Wales (HIW) expectations continue to be embedded within the Health Board and that inspections and requests for assurance are properly managed. During the year, the Health Board introduced a new database to track and monitor requests for assurance and inspections, including evidence against action plans. HIW activity is reported through to the QSE Committee. The Health Board also established a new Regulatory Assurance Group to provide greater oversight of regulatory issues and improve learning from inspections across the organisation. The Health Board has continued its positive working relationship with HIW through monthly engagement meetings with a designated relationship lead and through regular ongoing dialogue.
- 11.3 During the year, HIW undertook ten inspections of services managed by the Health Board. Of note, HIW designated the Emergency Department at Ysbyty Glan Clwyd as a Service Requiring Significant Improvement. This is detailed later in this report. The Health Board's vascular services also remain a Service Requiring Significant Improvement, a designation applied in 27 February 2022.

Location	Date	Recommendations	Actions
Bryn Hesketh Mental Health and Learning Disability	1/11/2022	17	33
Hillcrest Medical Centre	11/01/2023	None	None
Cambria Surgery	28/02/2023	None	None
Bryn Y Neuadd, Foelas	22/03/2023	45	46
Emergency Dept. Glan Clwyd- Follow on Immediate Plan	28/11/2022	6	42
Emergency Dept. Glan Clwyd	03/05/2022	30	134
IRMER Cardiac Catheterisation Service & Hybrid Theatre Glan Clwyd	03/05/2022	10	18
Heddfan Unit Mental Health and Learning Disability	09/11/2022	45	90
Emergency Dept. Wrexham Maelor	10/08/2022	17	45
National Review Joint Inspection of Child Protection Arrangements	20/12/2022	None	None

- 11.4 Care Inspectorate Wales (CIW) 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. During the year the Health Board became aware of domiciliary care services which were not registered. The Health Board has subsequently amended its registration to include these services.

- 11.5 On 9 May 2022, Healthcare Inspectorate Wales (HIW) identified the Emergency Department, Ysbyty Glan Clwyd as a Service Requiring Significant Improvement (SRSI). At the time, the issues of concern were:
- Immediate Assurance and Improvement Plan recommendations were not being actioned to an acceptable standard and within agreed timescales.
 - Similar issues have been raised during previous assurance activity and insufficient improvements made.
 - A matter requiring urgent action was indicated through intelligence received or evidence gathered.
 - An accumulation of evidence, originating in January 2022, leading to the completion of a Quality Check on 8 March 2022 and an unannounced onsite inspection that took place on 3-5 May 2022. Several patient safety concerns were identified during this period.
- 11.6 Following an inspection in November 2022, HIW advised the Health Board the department would remain designated as a service requiring Significant Improvement. HIW saw improvements in many areas of the department but there remained some areas of significant challenge, which were not progressing at the pace required. The service has developed a detailed improvement plan in response to the HIW findings, which has been monitored via the IHC Leadership Team and the Regulatory Assurance Group chaired by the Executive Director of Nursing and Midwifery. The Group has arranged for an internal Ward Accreditation Review and a quality check / mock inspection approach to seek assurance on the delivery of this improvement plan to confirm that the improvements have been embedded and sustained.

12. Data Security

- 12.1 At the start of 2022/23 the Executive Director of Finance was the Senior Information Risk Owner (SIRO) of the organisation, providing information risk management expertise at Board level. This responsibility transferred to the Chief Digital and Information Officer in January 2023. The SIRO oversees the consistent implementation of the information risk assessment process by Information Asset Owners, as described in the Information Risk Management framework and policy.
- 12.2 Lead responsibility for information governance in the Health Board transferred from the Deputy Chief Executive Officer to the Chief Digital and Information Officer in June 2022, with the Assistant Director of Information Governance and Assurance undertaking the designated role of the Health Board's Data Protection Officer in line with the Data Protection Act 2018.
- 12.3 The 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 Partnerships, People and Population Health (PPPH) Committee. Throughout the course of the 2022/23 period assurance with the Digital Strategy fed into the PPPH Committee with assurance on compliance with legislation reporting through to the Performance, Finance and Information Governance Committee. A PPPH Committee has not been held consistently since 17 January 2023 due to the need to streamline Governance arrangements since the number of available Independent Members available to resource Committees has reduced since February 2023. Other committees that were available have been able to transact the business of PPPH going to 2023/24.

- 12.4 During the reporting period, the Committee 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.
- 12.5 The Health Board self-reported seven data security breaches that triggered referral to the Information Commissioner's Office (ICO) and Welsh Government. 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.
- 12.6 The ICO made twelve recommendations to the Health Board; key themes included:
1. Check that policies and procedures are still fit for purpose and that all staff who handle personal data should receive regular data protection training.
 2. Reviewing the controls that are in place surrounding personal data to ensure personal data is kept secure. Conduct periodic audits, including project specific audits, to monitor staff adherence to data protection and information governance policies and procedures.
 3. Routinely testing the effectiveness of the measures joint project partners have in place, including spot-checking their staff adherence to measures such as the acceptable use policy. The organisation should be satisfied that sufficient steps are in place to prevent a recurrence of this incident.
 4. Ensuring that any new systems and processes, such as the service level agreement are regularly reviewed to ensure that the conditions for data protection, access to records, and training are being met.
 5. Reviewing processes for hardcopy documents to ensure that these are stored appropriately. Consider implementing a log for staff to sign documents in and out as this may help to keep track of documents and consider whether this information could be provided and stored electronically.
 6. Ensuring the guidance on how to escalate a potential conflict of interest is communicated to all staff and is easily accessible when it is produced.
- 12.7 All of the recommendations have or will be implemented by the Health Board and are monitored by the Information Governance team with Performance and Finance committee oversight.
- 12.8 The Health Board did not incur any financial penalties during the year. Information relating to our information governance data breaches are included in section 21.4 of the Annual Governance Statement.

13. The NHS Pension Scheme and Payroll Arrangements

- 13.1 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.

- 13.2 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.
- 13.3 As a major employer of people the Health Board also have controls that ensure it deals with deduction of employee taxes and also deal with 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.

14. Climate Change Adaptation

- 14.1 Significant efforts have been made to implement NHS Wales requirements in relation to sustainability including a Decarbonisation plan. The Health Board is commissioning an independent specialist to do a review of the Health Board property and identify the opportunities for climate change adaptation, decarbonisation and energy efficiency. These will be presented in a cost/benefit/time format so that we can see what offers the best fit for our needs and there is an expectation that risk assessments will be carried out as a piece of this work. Once this work has been done the Health Board will be in a better position to understand and plan the path to 2030 and beyond.

15. Emergency Preparedness

- 15.1 Emergency Preparedness, Resilience and Response (EPRR) 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).
- 15.2 The role of the Health Board in EPRR 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 have arisen from extreme weather conditions to an outbreak of an infectious disease, major transport accident or a terrorist incident.
- 15.3 During 2022/23 the Executive Director of Integrated Clinical Services, as the Accountable Emergency Officer, supported by the interim EPRR Lead, provided oversight of the EPRR arrangements.
- 15.4 The EPRR Work Plan for 2022/2023 has included ongoing support to incident response activities and has resulted in the work plan being rationalised to protect and maintain core activity, and to generate capacity for priorities such as training, Business Continuity Management arrangements along with winter resilience and industrial action preparedness. Key documents have been produced such as:
- Business Continuity Management (BCM) Standard Operating Procedure, which provides a framework and sets the corporate expectations and requirements for effective BCM to assist the directorates, divisions and services to produce their own Business Continuity Plans;
 - Internal Critical Incident (ICI) Plan to clarify the arrangements for determining the triggers and the process for declaring Internal Critical Incidents. Declaring an ICI is an appropriate declaration and far more preferable to declaring a major incident. The intention is to include the corporately ratified plan for Internal Critical Incidents as an annexe to the Health Board's Major Emergency Plan;

- A review and update of the Gold On Call training materials;
 - A review and update of the Business Continuity Management training materials and a series of monthly workshops has been put in place;
 - The EPRR Work Plan recognises the importance and implications for healthcare inequalities and the need to consider across all projects and work streams.
- 15.5 The EPRR 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 Ysbyty Glan Clwyd 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. The Team has also supported the Health Board’s response to the Mpox outbreak during 2022.
- 15.6 In response to the On-call arrangements Final Audit Report published in June 2022, the Interim EPRR Lead supported the Interim Regional Director of Delivery with the implementation of the report’s recommendations and the agreed management actions. An On Call Review Working Group was established in July 2022, supported by Terms of Reference, and an action plan.
- 15.7 Since July 2022 the EPRR Team has supported the Medical Directorate to monitor and assist the Vascular Network team with their preparation of contingency plans and business continuity plans for a significant loss of key staff. The team had provided secretariat and EPRR support to the Vascular Operations, Vascular Silver and Gold meetings. The work in preparing the planning arrangements in mitigation remains ongoing although the process would benefit from more engagement with associated services.
- 15.8 There has been ongoing work to provide EPRR support to the Integrated Health Communities. In September 2022, the EPRR 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.
- 15.9 In order for this approach to be continued and to replicate the approach within all three IHCs the EPRR Team will need to be appropriately resourced with senior emergency planning and business continuity professionals recruited following the resignations of the Head of EPRR and the Business Continuity Manager. We aim to have these positions filled by the end of the financial year 2023/24.
- 15.10 Departmental and service area Business Continuity Plans were invoked and reviewed in preparedness for Winter and Industrial Action. On 15 November 2022 a Business Continuity workshop session took place to consider the mitigation required in readiness for a loss of significant staff in response to Industrial Action, staff sickness absence and the vacancies at that time. Business Continuity Plans are reviewed by the Audit Committee annually.
- 15.11 In November 2022, Sir John Saunders published Volume 2 of his report into the deaths of the 22 victims of the Manchester Arena attack in May 2017. The EPRR Team are looking to implement the health recommendations and to ensure a consistent approach within the Health Board and across the IHCs.

- 15.12 Health Command training has also been delivered to the on-call Gold and Bronze Commanders across the Health Board to ensure that Health Board staff have the tools and skills aligned to their assigned roles. Further work is taking place to develop the training materials and to deliver training to the on-call Silver Commanders.
- 15.13 The Civil Contingencies Assurance Group (CCAG) continues to review and assess the effectiveness of the EPRR arrangements developed by the team, for the Health Board. The CCAG 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.
- 15.14 More recently at the end of March 2023, the EPRR Team, along with operations, communications and the medical directorate have participated in the cross government, UK and WG Exercise Mighty Oak. The Health Board representatives attended the Strategic Coordination Group meetings and discussions, held over a three day period, with partner agencies at the North Wales Police strategic headquarters in Colwyn Bay.

16. Equality, Diversity and Human Rights

- 16.1 Control measures are in place to ensure that the organisation is compliant with its duties under equality and human rights legislation. These include provision of information to service users and staff on the Health Board website that meets the statutory publication duties.
- 16.2 The Health Board has put in place a range of systems, processes and governance arrangements to enable compliance with the Equality Act 2010, which are monitored by the strategic Equality Diversity & Inclusion Group on a regular basis.
- 16.3 The Equality and Human Right Strategic Forum maintains oversight of the delivery of the Health Board's Strategic Equality Plan and associated work plans, including the Anti-racist Action Plan and Strategic Equality Plan implementation. The Forum will also have oversight of the development of the LGBTQ+ Action plan and Welsh Workforce Race Equality Standard when this is rolled on in Wales.
- 16.4 The Equality and Human Rights Strategic Forum maintains oversight of the publication of statutory reporting including the organisation's Annual Equality Report, Workforce Reports and the Gender Pay Gap Report, the latter is published on both the Health Board's website and the Government portal for UK wide reporting.
- 16.5 The 2022/23 Annual Equality and Diversity report and Gender Pay Gap reports were reviewed by the Executive team in July 2023 prior to submission to Board for approval.
- 16.6 A range of supporting documentation and guidance has been published, to ensure staff understand their responsibilities to the Equality Duty and Socio-economic Duty through specific guidance distributed through the BCUHB Equality Briefing and the equality intranet (BetsiNet) site.
- 16.7 The Equality and Human Rights Strategic Forum will oversee the development of the Strategic Equality Plan 2024-2028 in addition to ongoing work to mainstream the Socio-economic Duty across the organisation, and continuing to oversee this and provide assurance.

16.8 Training, guidance and awareness events are facilitated by the Health Board's Corporate Equality Team.

17. Counter Fraud, and Anti-Bribery and Corruption Arrangements

17.1 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 on Counter Fraud Measures issued on 1st December 2005 to NHS Bodies in Wales.

17.2 The Bribery Act created 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.

17.3 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.

17.4 At an operational level, the Executive Director of Finance has delegated responsibility, for the operational management of the Local Counter Fraud Services to the Finance Director: Operational Finance. The day-to-day management of the Local Counter Fraud Service is undertaken by the Head of Local Counter Fraud Services.

17.5 The Health Board has had a counter fraud workplan in place during 2022/23 and the Local Counter Fraud Specialist (LCFS) 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.

17.6 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 populate a fraud risk register which strengthens the Health Board's ability to evaluate, mitigate and monitor risks arising from fraud. Where appropriate these risks feed into the Health Board's corporate risk register.

17.7 The following arrangements are in place:

- Proactive and reactive measures are taken by the Local Counter Fraud Specialist to deter and identify, as well as to encourage staff to report, fraud; conflicts of interests are declared at all Board, Committee and sub-committee meetings;
- The Health Board has introduced a mandatory training programme for Fraud Awareness through e-Learning, which has been very well subscribed;
- The Health Board's processes are aligned to maintain compliance with the current conflicts of interests' policy guidance; which is currently under review.
- Operational arrangements are in place to enable timely notification of concerns pertaining to fraud to the LCFS or the Executive Director of Finance, via the Finance Director: Operational Finance, which are also reported to the Audit Committee;
- Internal Audit and the LCFS have liaised during the year 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 in private, prior to the Audit Committee taking place.

- 17.8 The Audit Committee receives quarterly progress reports and an annual report on the delivery of the LCFS 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. However, the 2021/22 report did not go to the Audit Committee in 2022/23 and was reported at the August 2023 meeting.
- 17.9 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. The CFFSR has been rated at an overall Green assessment for 2022/23, the highest level of rating, across the range of requirements. This rating has not been challenged by the NHS CFA. The Audit Committee takes assurance from this work, which ensures organisational objectives and investigative activities are appropriately investigated and concluded in a timely way to minimise potential future risks in the Health Board's systems of internal control.

18. Integrated Medium Term Plan (IMTP)

- 18.1 For the year 2022/23 the Health Board had worked to develop a three-year Plan which was approved by the Board in March 2022. This Plan was not accepted by Welsh Government as an approvable Integrated Medium Term Plan under the terms of the NHS (Wales) Finance 2006, as amended by the NHS Finance (Wales) Act 2014. However, the Health Board was considered to have made progress in engagement and production of a coherent plan, therefore the Plan was accepted in lieu of an annual plan.
- 18.2 In light of the volatile and challenging planning environment for health services which developed during the year, the NHS Wales Planning Framework was published at the end of November 2022 and comprised a streamlined set of core priorities for delivery, whilst referencing the need to continue to make progress on wider areas for improvement. The Framework continues to build upon the ambition set out within A Healthier Wales as the overarching policy context.
- 18.3 The core priorities include a series of specific Ministerial priorities for delivery in the following areas:
- Delayed Transfers of Care;
 - Primary Care Access;
 - Urgent & Emergency Care;
 - Planned Care recovery, Diagnostics & Pathways;
 - Cancer Recovery;
 - Mental Health and CAMHS.
- 18.4 In light of the challenging financial and system pressures, the Health Board determined that it would not be feasible to produce an approvable IMTP which fulfilled all the requirements of the NHS Act and the Planning Framework. An Accountable Officer letter was therefore submitted to Welsh Government in February 2023 confirming the position and that the Board would develop an Annual Operating Plan.
- 18.5 Following the escalation of the Health Board into Special Measures on 27th February 2023, a second Accountable Officer letter was sent in March 2023 requesting an

extension of time for development of the Annual Operating Plan, to allow for the requirements of the Special Measures escalation to be reflected and to allow for engagement and direction from the newly appointed Independent Board members.

- 18.6 An extension was permitted by Welsh Government, of the 30th June 2023. The Board approved and submitted a 23/24 Annual Operating Plan, by the revised deadline, with an overall forecast position of £134.2m deficit. The Board has acknowledged that this position would not be acceptable.

19 Targeted Intervention

- 19.1 Since November 2020 Betsi Cadwaladr University Health Board was placed into Targeted Intervention. Following ongoing concerns relating to the Ysbyty Glan Clwyd (YGC) hospital site, further Targeted Intervention was announced on 7 June 2022 for the YGC site. On the 27 February 2023, the Minister for Health and Social Services announced the escalation the intervention status of BCUHB to special measures with immediate effect.

- 19.2 In November 2022 the Board agreed to revise the Performance Domain Maturity Matrix and to separate out the Emergency Department (ED) and Vascular Services from the YGC matrix by December 2022. This work was undertaken and the scope of the Targeted Intervention framework extended to the following areas:

- Mental Health (Adult and Children);
- Strategy and Planning;
- Leadership (Governance, Transformation and Culture);
- Engagement (Patients, Public, Staff and Partners);
- Performance
- Ysbyty Glan Clwyd
 - Leadership, Governance & Culture
 - Emergency Department
 - Vascular Services

- 19.3 During 2022/23, the Board received assurance through the Targeted Intervention Steering Group (TISG), which maintained oversight of the delivery of the improvement plans.

- 19.4 The TISG maintained oversight of the progression of the implementation of stretch targets pertaining to the four Domains set out in the Improvement Framework issued by Welsh Government.

- 19.5 The levels of organisational maturity achieved are measured according to the following scale:

- 0 - No Progress
- 1 - Basic Level
- 2 - Early Progress
- 3 - Results
- 4 - Maturity
- 5 - Exemplar

- 19.6 In November 2022 the Board agreed the recommended targets for the May 2023 self-assessment. In March 2023, the last meeting of the Targeted Intervention Evidence of Outcomes Group took place. During this meeting, each TI Domain provided a

summary of evidence and information presented to the review panels and the recommendations for each domain were addressed. An Extraordinary Panel Review also took place on 12th April 2023 where additional evidence for the YGC (including Leadership, Governance & Culture, Emergency Department and Vascular), Engagement and Adult Mental Health domains was considered. The information provided below indicates a point in time in relation to the Targeted Intervention process. The escalation to Special Measures however supercedes much of this position and therefore should be read with that in mind. The recommendation for each domain are below:

DOMAIN	RECOMMENDATION
YGC (including Leadership, Governance & Culture, ED and Vascular)	It was recommended that YGC ED Domain should move to a level 2, recognising that there is further work to be completed, in particular around the YGC safety strategy and these gaps need to be addressed. It was also recommended that YGC Leadership, Governance & Culture and YGC Vascular both remain at a level 1, recognising that there is further evidence available which will assist the Domains moving to a level 2 as we go forward.
Engagement	It was agreed that the domain have credible plans in place that feel sustainable and the additional evidence provided reflects the previous gaps in the evidence submission. The Panel recommended that the Engagement domain are on track to move to a level 3.
Adult Mental Health	Further evidence was presented to the additional review panel in April in relation to the Health and Safety Executive Notification of Contravention and the New Operating Model. This was supported by the Group. It was agreed that the additional evidence submitted provides assurance that the domain was on track to reach a level 3 by November 2023 and this was the agreed recommendation.
CAMHS	The domain are on track for the November 2023 target, this was supported by the Group.
Strategy and Planning	The domain are on track for the November 2023 target, however there are some areas that require review in association with the Performance domain.
Performance	The domain are on track for the November 2023 target, however there is a need for clarity around reports / data, further work to be completed for each of service / corporate function to meet the milestones and support for the governance and accountability framework to reach level 2.
Leadership	WG have asked for this domain to be reset however we need to ensure planned improvements continue until we receive clarity from WG as to the next steps.

- 19.6 The Health Board continued to work closely with Welsh Government throughout the improvement journey. This work on individual Targeted Improvement plan areas continues but within a Special Measures framework.

20 Audit Wales Structured Assessment

- 20.1 The Auditor General for Wales' key messages as set out in the Annual Audit Report highlights the failure of the Board to obtain sufficient appropriate evidence that specific accruals, payables and expenditure were accurately stated and accounted for in the correct accounting period. The audit summarises Health Board failed to meet its financial duty to break-even over a three-year period, and (along with eight other NHS bodies in Wales) incurred irregular expenditure in year in complying with a direction by Ministers to fund clinicians' pensions tax liabilities. The report described a level of dysfunctionality within the Executive Team and wider board that was fundamentally compromising the ability of the Board to discharge its functions.

Further details of the full report can be accessed via the Audit Wales website at:

www.audit.wales/publication/betsi-cadwaladr-university-health-board-annual-audit-report-2022

- 20.2 The Structured Assessment review Draft Report from Audit Wales was received in April 2023. *“Overall, Audit Wales found that the Health Board continues to face significant challenges and risks, particularly in relation to some aspects of quality of services, performance, finance, digital and estates. While BCUHB strengthened planning approaches for developing the 2022-23 IMTP and refined some governance arrangements, there is much more to be done.”*

21. Health and Safety Executive (HSE)

21.1 HSE investigation, Hergest Unit

21.1.1 A notification of contravention letter was received 9 May 2022, to detail material breaches identified following the investigation of the death of a patient by ligature in the Hergest Unit. The material breaches detailed the standard of the ligature risk assessment, the bed and the ligature used. A letter was also received 15 May 2022 requiring the Health Board to provide a statement of explanation to accompany the HSE case to their independent legal team for consideration of further enforcement action. A further letter was received 15 March 2023 confirming the HSE intention to take further enforcement on this matter, namely a prosecution case. Provision has been made for this in the 2022/23 accounts utilising ring-fenced provision funding from the Welsh Government. Once the outcome of the case is determined, the provision funding will be returned to Welsh Government in 2023/24 and any resulting in-year expenditure will be met by the Health Board; this has been incorporated into the 2023/24 Annual Operating Plan.

21.1.2 An extensive action plan has been drafted by the Mental Health and Learning Disability team and the majority of actions have been agreed as completed. These were approved through the Quality, Safety and Experience Committee as will be the remaining actions in the forth coming year.

21.2 HSE Investigation, Patient Falls

21.2.1 The HSE are actively investigating two patient falls; in the Clinical Decision Unit in Wrexham Maelor Hospital and Gogarth Ward, Ysbyty Gwynedd. There is a further patient fall that remains an open investigation in Aran Ward, Ysbyty Gwynedd.

Further reports are being submitted to the HSE following inpatient falls where an inadequate falls assessment was completed or identified interventions documented as being implemented that could mitigate the risk of a fall or reduce level of harm from an inpatient fall. The HSE have confirmed that they are also reviewing falls training completed by agency staff is in-line with the BCUHB falls policy.

21.2.2 Falls training was implemented for all BCUHB staff in January 2022 before the start of the 2022/23 year (level 1a) with a current compliance Health Board of 83% (April 2023). Training for completing the inpatient falls risk assessment (level 1b) is for Clinical staff on Adult Inpatient areas and is currently 82.84% compliant. The multi-disciplinary team supporting staff with bedside learning remains in place focusing on areas with higher numbers of falls. It has been recommended that the IHC leadership teams identify resources to support the bedside learning programme.

21.3 HSE Investigation Hand-Arm Vibration (East)

21.3.1 A diagnosis of RIDDOR reportable Hand Arm Vibration Syndrome was received from our Occupational Health and Safety Consultant following health surveillance for staff at risk from vibration. This remains under current investigation by the HSE.

21.3.2 The Estates team have been supported by an external Noise and Vibration specialist consultant to obtain clear information on the vibration from equipment in use. The team have progressed a replacement programme for petrol powered equipment such as strimmers with lower vibration battery operated equipment. 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. The action plan is monitored by the Vibration Safety Group and reports updated to the Estates Health and Safety Group and a summary to the Strategic Occupational Health and Safety Group.

22 Data Security Breaches

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

Data Loss	1
Inappropriate use of Technology	1
Confidentiality Breach-External	2
Inappropriate Access	2
Cyber/Ransomware attack	1
Total	7

22.2 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.

22.3 The ICO made twelve recommendations to the Health Board; the key themes are highlighted in section 12.6.

22.4 All of these recommendations have or will be implemented by the Health Board and are monitored by the Information Governance team.

22.5 The Health Board did not incur any financial penalties during the year. We also did not receive or settle any personal injury claims for harm and distress caused by a data breach in 2022/23.

Audit opinion on 2022/23 financial statements

- 23.1 In order to ensure errors in the way the Health Board accounts for its financial position do not re-occur in future statutory accounts a range of significant actions will be undertaken to strengthen the financial control environment, for the purposes of embedding the three lines of defence assurance. The main Audit findings in 2022/23 relate to prior year qualifications and a regularity qualification for the current year.
- 23.2 The Health Board acknowledges that it has received a qualified regulatory opinion regarding the appointment of an Executive Director at a paypoint higher than approval limits and this did not comply with Standing Financial Instructions. Health Board Standing Financial Instructions and following necessary approvals from Health Board and/or Welsh Government.
- 23.2 These significant issues indicate a requirement for the Health Board to prioritise a review of the assurance arrangements for compliance, performance safety and risk management, through the implementation of an integrated assurance model. A Financial Control Environment Action Plan has been developed during 2022/23, to address the findings and other specific recommendations for strengthening financial control across the organisation, such as 2022/23 Internal Audit reports. The Performance, Finance and Information Governance Committee (PFIG) was updated on the actions to improve financial control processes at meetings in August 2022 and in February 2023. The resulting comments from the Ernst & Young independent review have since been reflected in a revised Action Plan and the progress against the actions have been reported to Audit Committee in May 2023. Following the finalisation of the 2022/23 Annual Accounts, further matters arising from the audit will be incorporated into the Health Board's action plans.

24 Review of Effectiveness

- 24.1 As Accountable Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the system of internal control is informed by the work of the Internal Auditors, and the Executive Directors within the organisation who have responsibility for the development and maintenance of the internal control framework, and comments made by external auditors in their audit letter and other reports.
- 24.2 My review has also been informed by:
- Feedback from Welsh Government, Audit Wales and the specific statements issued by the Minister for Health and Social Services;
 - External inspections by Healthcare Inspectorate Wales;
 - Delivery of audit plans and reports by Audit Wales and Internal Audit;
 - Feedback from the Community Health Council and its successor organisation, Llais;
 - Feedback from NHS Wales
 - Feedback from staff, patients, service users and members of the public;
 - Assurance provided by the Audit Committee and other Committees of the Board.
- 24.3 I cannot be fully satisfied with the effectiveness of the system of internal control, based on the significant issues referenced in this statement and reflecting the fact that the Health Board is under Special Measures as of 27 February 2023 at least in part due to the need to significantly improve Governance.

- 24.4 The Board and its Committees demonstrate a level of rigour and challenge underpinned by key elements that support effectiveness, such as Independent Member Committee Chairs' Assurance reporting to the full Board and the outputs of the Audit Committee.
- 24.5 However, as noted by Audit Wales and in other sources of evidence, and reflected in the escalation into Special Measures, there is scope for significant improvement to the system of internal control and governance arrangements. As such, colleagues are working to continuously improve the effectiveness of the Health Board's systems of governance in a number of ways through, for example:
- A review of governance structures focusing on Committee reporting and Groups reporting through accountable Executives;
 - A facilitated and structured Board Development Programme aligned to collective and individual needs;
 - Implementation of external review recommendations;
 - Ongoing review of Health Board wide policies and the agreement to purchase the associated Policy Datix Module to improve the robustness of the overall management of the system;
 - Integrated performance reporting and a revised accountability framework;
 - Continued efforts to meet the expectations of the Special Measures Escalation;
 - Recommendations from internal audit reports;
 - Ongoing work to improve the management of concerns and complaints;
 - A review of the Business Continuity Arrangements and strengthening our resilience to cyber-attack;
 - Stakeholder engagement in the clinical strategy and plan development;
 - Strengthening of the planning arrangements including an independent review of the function.

25 Conclusion

- 25.1 I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Health Board which is supported by:
- The Audit Committee which considers the annual plans and reports of External and Internal Audit.
 - The Quality Safety Experience Committee which maintains oversight of systems and processes in place for clinical governance and quality within the Health Board.
 - The Performance, Finance and Information Governance Committee, which maintained oversight of financial, performance and information governance.
 - The Executive Management Team which oversees the implementation of the strategic direction of the Health Board.
- 25.2 In addition, the Head of Internal Audit has a mechanism for identifying and recording in Internal Audit reports gaps in controls that need to be addressed. Action plans have been agreed with senior managers and further details are recorded in the Internal Audit progress reports presented to the Audit Committee at each meeting.

- 25.3 The Health Board is reliant upon information system controls operated by third parties over contracts negotiated by the Department of Health and under which the Health Board has no contractual or other influence over the managed service providers. For the ESR Payroll and HR system, the Department of Health has put in place arrangements under which the Health Board received formal assurances about the effectiveness of internal controls.
- 25.4 As indicated throughout this statement and the Annual Report there is a need to utilise the opportunity that Special Measures brings to address key Governance issues. It continues to require a dynamic response which has presented a number of opportunities in addition to the risks. I will ensure our Special Measures and Governance Framework considers and responds to this need.
- 25.5 Significant issues are outlined in sections 10, 11, 12 and 21 of this report.
- 25.6 My review based on the information I have been provided and assessed, indicates that Betsi Cadwaladr University Health Board has a limited system of internal control that supports the achievement of its policies, aims and objectives, and requires significant improvement in relation to a range of matters including patient safety and compliance assurance as set out in this report.

Signed:

Carol Shillabeer
Interim Chief Executive and Accountable Officer

Date: 24 August 2023

Appendix 1 – Meetings of the Health Board and Committees held in public 2022/23

Meeting	Date								
Health Board	26/05/22	04/08/22	24/08/22	29/09/22	24/11/22	26/01/23	30/03/23		
Quality, Safety & Experience (QSE) Committee	03/05/22	26/05/22	05/07/22	06/09/22	01/11/22	20/01/23			
Performance, Finance and Information Governance (PFIG) Committee	28/4/22	30/6/22	25/8/22	27/10/22	22/12/22	19/01/23	23/02/23		
Partnerships, People and Population Health (PPPH) Committee	10/05/22	20/05/22	12/07/22	13/09/22	08/11/22	17/1/23			
Remuneration and Terms of Service Committee	26/04/22	12/07/22	01/09/22	03/10/22	25/10/22	22/12/22	09/02/23		
Mental Health and Capacity Compliance (MHCC) Committee	29/07/22	04/11/22	23/02/23						
Audit Committee	30/06/22	13/07/22	22/07/22	24/08/22	13/01/23				
Charitable Funds Committee	18/10/22	18/1/23	2/3/23 (Informal)						

Appendix 2 – Board and Committee Membership 2022/23

A number of changes to Board membership, including interim and acting up arrangements, have occurred during 2022/23 and are reflected in the table below.

Name	Position	Term
Independent Board members from 1 April 2022 to 27 February 2023		
Mark Polin	Chair	Until 27 February 2023
Lucy Reid	Vice Chair	Until 27 February 2023
Cllr Cheryl Carlisle	Independent Member	Until 27 February 2023
Nichola Callow	Independent Member	Until 27 February 2023
John Cunliffe	Independent Member	Until 27 February 2023
Hugh Evans	Independent Member	Until 27 February 2023
John Gallanders	Independent Member	Until 27 February 2023
Jaqueline Hughes	Independent Member	Until 27 February 2023
Cllr Richard Medwyn Hughes	Independent Member	Until 27 February 2023
Richard Micklewright	Independent Member	Until 27 February 2023
Linda Tomos	Independent Member	Until 27 February 2023
Independent Board members from 27 February 2023		
Dyfed Edwards	Chair	Appointed 27 February 2023
Rhian Watcyn Jones	Independent Member	Appointed 27 February 2023
Karen Balmer	Independent Member	Appointed 27 February 2023
Gareth Williams	Independent Member	Appointed 27 February 2023
Associate Board Members		
Clare Budden	Associate Member	N/A
Morwena Edwards	Associate Member	- tenure ended June 2022
Jane Wild	Associate Member	N/A
Fôn Roberts	Associate Member	Appointed 29 July 2022[
Executive Board Members		
Jo Whitehead	Chief Executive Officer	Until 15 November 2022
Gill Harris	Executive Director of Integrated Clinical Services/Acting Chief Executive Officer	Acting CEO from 16 November 2022 to 27 March 2023
Dr Nick Lyons	Executive Medical Director /Deputy Chief Executive Officer	Acting CEO from 27 March 2023 – 2 May 2023
Molly Marcu	Interim Board Secretary	N/A
Gaynor Thomason	Interim Executive Director of Nursing and Midwifery	Until 31 July 2022
Angela Wood	Executive Director of Nursing and Midwifery	Appointed 1 August 2022
Sue Hill	Executive Director of Finance	N/A
Rob Nolan	Acting Director of Finance	From 2 September 2022 to 12 October 2022
Steve Webster	Interim Director of Finance	Appointed 3 January 2023
Chris Stockport	Executive Director of Transformation, Strategic Planning and Commissioning.	N/A

Gareth Evans	Acting Director of Therapies and Health Services	N/A
Adrian Thomas	Executive Director of Therapies and Health Services	Until 16 October 2022
Teresa Owen	Executive Director of Public Health	N/A
Sue Green	Executive Director of Workforce and Organisational Development	N/A

Committee Membership

Name	Position	Area of expertise / representation role	Board Committee membership	Champion roles
Mark Polin	Chair to 27.2.23		<ul style="list-style-type: none"> • Chair of the Board • Chair Remuneration and Terms of Service Committee • 	
Lucy Reid	Independent Member Vice Chair to 27.2.23	Community Primary Care & Mental Health	<ul style="list-style-type: none"> • Board Member • Chair Quality, Safety and Experience Committee • Chair Mental Health and Capacity Compliance Committee • Member Remuneration and Terms of Service Committee 	<ul style="list-style-type: none"> • Concerns
Cllr Cheryl Carlisle	Independent Member to 27.2.23	Community	<ul style="list-style-type: none"> • Board member • Member Quality, Safety and Experience Committee • Member Mental Health and Capacity Compliance Committee • Member Charitable Funds Committee 	<ul style="list-style-type: none"> • Carers • Children and Young People
Cllr Richard Medwyn Hughes	Independent Member to 27.2.23	Local Authority	<ul style="list-style-type: none"> • Board Member • Chair Audit Committee • Vice Chair Remuneration and Terms of Service Committee 	<ul style="list-style-type: none"> • Patient and Public Involvement • Welsh language
Prof Nichola Callow	Independent Member to 27.2.23	University	<ul style="list-style-type: none"> • Board Member • Vice Chair Partnerships, People and Population Health Committee 	

Name	Position	Area of expertise / representation role	Board Committee membership	Champion roles
Jackie Hughes	Independent Member <i>to 27.2.23</i>	Trade Union	<ul style="list-style-type: none"> • Board Member • Member Remuneration and Terms of Service Committee • Member Quality, Safety and Experience Committee • Chair Charitable Funds Committee • Ex Officio Local Partnership Forum 	<ul style="list-style-type: none"> • Violence and Aggression • Equality
John Cunliffe	Independent Member <i>to 27.2.23</i>	Community	<ul style="list-style-type: none"> • Board Member • Chair Performance, Finance and Information Governance Committee • Member Partnerships, People and Population Health Committee 	
Hugh Evans	Independent Member <i>to 27.2.23</i>	Community	<ul style="list-style-type: none"> • Board member • Member Audit Committee • Member Quality, Safety and Experience Committee 	
Richard Micklewright	Independent Member <i>to 27.2.23</i>	Community	<ul style="list-style-type: none"> • Board member • Member Audit Committee • Member Performance, Finance and Information Governance Committee 	
Linda Tomos	Independent Member <i>to 27.2.23</i>	Community	<ul style="list-style-type: none"> • Board member • Member Performance, Finance and Information Governance Committee • Chair Partnerships, People and Population Health Committee • Member Charitable Funds Committee 	
Dyfed Edwards	Independent Member <i>(From 27.02.23)</i>	Community	<ul style="list-style-type: none"> • Board Chair • Chair Remuneration and Terms of Service Committee 	
Rhian Watcyn Jones	Independent Member <i>(From 27.02.23)</i>	Community	<ul style="list-style-type: none"> • Board member • Chair Quality, Safety and Experience Committee wef 19.5.23 • Member Remuneration and Terms of Service Committee 28.4.23 	

Name	Position	Area of expertise / representation role	Board Committee membership	Champion roles
Karen Balmer	Independent Member <i>(From 27.02.23)</i>	Community	<ul style="list-style-type: none"> • Board member • Chair Audit Committee(w/e/f 15.5.23) • Member Remuneration and Terms of Service Committee wef 28.4.23 • Member Performance, Finance & Information Governance Committee wef 12.5.23 	
Gareth Williams	Independent Member <i>(From 27.02.23)</i>	Community	<ul style="list-style-type: none"> • Board member • Chair Performance, Finance & Information Governance Committee wef 12.5.23 • Member Remuneration and Terms of Service Committee wef 28.4.23 • Member Audit Committee wef 15.5.23 	
Jo Whitehead	Chief Executive <i>to 15.11.22</i>		<ul style="list-style-type: none"> • Board Member • In attendance Remuneration and Terms of Service Committee • In attendance Audit Committee (at least annually) • Joint Chair / Member, Local Partnership Forum 	
Gill Harris	Deputy Chief Executive <i>to 15.11.22</i> Executive Director Integrated Clinical Delivery <i>wef 1.4.22 including Acting CEO from 16.11.22 to 27.3.23</i>		<ul style="list-style-type: none"> • Board Member • In attendance Quality, Safety and Experience Committee (to July 2022) • Member Local Partnership Forum • In attendance Performance, Finance and Information Governance Committee • In attendance Partnerships, People and Population Health Committee • In attendance Audit Committee 	

Name	Position	Area of expertise / representation role	Board Committee membership	Champion roles
Gaynor Thomason	Interim Executive Director Nursing and Midwifery to 31.7.22		<ul style="list-style-type: none"> • Board Member • Lead Director / In attendance Quality, Safety and Experience Committee (until August 2022) • Member Local Partnership Forum • In attendance Performance, Finance and Information Governance Committee • In attendance Partnerships, People and Population Health Committee 	
Angela Wood	Executive Director Nursing and Midwifery from 01.08.22		<ul style="list-style-type: none"> • Board Member • Lead Director / In attendance Quality, Safety and Experience Committee (wef August 2022) • Member Local Partnership Forum • In attendance Performance, Finance and Information Governance Committee • In attendance Partnerships, People and Population Health Committee 	
Sue Hill	Executive Director of Finance		<ul style="list-style-type: none"> • Board Member • In attendance Audit Committee • Lead Director / In attendance, Charitable Funds Committee • Lead Director / In attendance Performance, Finance and Information Governance Committee • Member Local Partnership Forum 	

Name	Position	Area of expertise / representation role	Board Committee membership	Champion roles
Rob Nolan	Acting Executive Director of Finance Wef 2.9.22 to 12.10.22		<ul style="list-style-type: none"> • Board Member • In attendance Audit Committee • Lead Director / In attendance, Charitable Funds Committee • Lead Director / In attendance Performance, Finance and Information Governance Committee • Member Local Partnership Forum 	
Steve Webster	Interim Executive Director of Finance from 3 January 2023		<ul style="list-style-type: none"> • Board Member • In attendance Audit Committee • Lead Director / In attendance, Charitable Funds Committee • Lead Director / In attendance Performance, Finance and Information Governance Committee • Member Local Partnership Forum 	
Teresa Owen	Executive Director of Public Health		<ul style="list-style-type: none"> • Board Member • In attendance Quality, Safety and Experience Committee • In attendance Partnerships, People and Population Health Committee • Lead Director / In attendance Mental Health and Capacity Compliance Committee 	
Sue Green	Executive Director of Workforce & Organisational Development (OD)		<ul style="list-style-type: none"> • Board Member • Lead Director/In attendance, Remuneration and Terms of Service Committee • In attendance Performance, Finance and Information Governance Committee • In attendance Partnerships, People and Population Health Committee • Lead Director / Member, Local Partnership Forum • In attendance, Quality, Safety and Experience Committee 	

Name	Position	Area of expertise / representation role	Board Committee membership	Champion roles
Dr Nick Lyons	Executive Medical Director / Deputy CEO		<ul style="list-style-type: none"> • Board member • In attendance Quality, Safety and Experience Committee • Member Charitable Funds Committee • In attendance Remuneration & Terms of Service Committee • In attendance Strategy, Partnerships and Population Health Committee 	
Dr Chris Stockport	Executive Director Executive Director of Transformation and Planning .		<ul style="list-style-type: none"> • Board member • In attendance, Quality, Safety and Experience Committee • Lead Director / In attendance Partnerships, People and Population Health Committee • • In attendance Performance, Finance and Information Governance Committee 	
Adrian Thomas	Executive Director Therapies & Health Sciences to 16.10.22		<ul style="list-style-type: none"> • Board member • Lead Director / In attendance Healthcare Professionals Forum • In attendance Quality, Safety and Experience Committee 	
Gareth Evans	Acting Executive Director Therapies & Health Sciences		<ul style="list-style-type: none"> • Board member • Lead Director / In attendance Healthcare Professionals Forum • In attendance Quality, Safety and Experience Committee 	
Molly Marcu	Interim Board Secretary		<ul style="list-style-type: none"> • Board Member • In attendance Audit Committee • In attendance Remuneration and Terms of Service Committee 	
Associate Board Members				
Morwena Edwards	Associate Member (until 25 June 2022)	Representative of Directors of Social Services	<ul style="list-style-type: none"> • Associate Board Member 	

Name	Position	Area of expertise / representation role	Board Committee membership	Champion roles
Clare Budden	Associate Member	Chair Stakeholder Reference Group	<ul style="list-style-type: none"> • Associate Board Member 	
Jane Wild	Associate Member	Chair Healthcare Professionals Forum	<ul style="list-style-type: none"> • Associate Board Member • In attendance Quality, Safety & Experience Committee 	
Fôn Roberts	Associate Member (from 29.07.2022)	Representative of Directors of Social Services	<ul style="list-style-type: none"> • Associate Board Member 	

Appendix 3 BCUHB Health Board member attendance at Board Meetings held in public 2022/23

Y = Present N = Not Present

Name	Position	26/05/22	04/08/22	24/08/22	29/09/22	24/11/22	26/01/23	30/03/23
Mark Polin	Independent Member/Chair	Y	Y	Y	Y	Y	Y	
Dyfed Edwards	Independent Member/Chair							Y
Lucy Reid	Independent Member/Vice Chair	Y	Y	Y	Y	Y	Y	
Cllr Cheryl Carlisle	Independent Member	Y	Y	Y	Y	Y	Y	
Nichola Callow	Independent Member	N	Y	Y	Y	Y	Y	
John Cunliffe	Independent Member	Y	Y	Y	Y	Y	Y	
John Gallanders	Independent Member	Y	Y	Y	Y	Y	Y	
Jaqueline Hughes	Independent Member	Y	N	Y	Y	Y	Y	
Cllr Richard Medwyn Hughes	Independent Member	Y	Y	Y	Y	Y	Y	
Richard Micklewright	Independent Member	Y	Y	Y	Y	Y	Y	
Linda Tomos	Independent Member	N	N	N	Y	Y	Y	
Hugh Evans	Independent Member	N	N	Y	N	N	Y	
Karen Balmer	Independent Member							Y
Rhian Watcyn Jones	Independent Member							Y
Gareth Williams	Independent Member							Y
Clare Budden	Associate Member	Y	Y	N	N	N	Y	Y
Morwena Edwards	Associate Member	Y						
Fôn Roberts	Associate Member			Y	Y	N	N	Y
Jane Wild	Associate Member	Y	Y	Y	Y	Y	Y	Y
Jo Whitehead	Chief Executive Officer	Y	Y	Y	N	N		
Gill Harris	Executive Director of Integrated Clinical Services/ Interim CEO wef 14.11.22	Y	Y	Y	Y	Y	Y	N
Dr Nick Lyons	Executive Medical Director/ Deputy CEO	Y	Y	Y	Y	Y	Y	Y
Gaynor Thomason	Interim Executive Director of Nursing and Midwifery	Y						
Angela Wood	Executive Director of Nursing and Midwifery		Y	N	Y	Y	Y	N

Sue Hill	Executive Director of Finance	Y	Y	Y	N	N		
Rob Nolan	Acting Executive Director of Finance					Y		
Steve Webster	Interim Executive Director of Finance						Y	Y
Chris Stockport	Executive Director of Transformation and Planning	Y	Y	N	Y	Y	N	Y
Adrian Thomas	Executive Director of Therapies and Health Services	N	N	N	N	N	N	N
Gareth Evans	Acting Executive Director of Therapies and Health Services	Y	Y	Y	Y	Y	Y	N
Teresa Owen	Executive Director of Public Health	Y	Y	N	Y	Y	N	Y
Sue Green	Executive Director of Workforce and Organisational Development	Y	Y	N	N	Y	N	
Molly Marcu	Interim Board Secretary	Y	Y	Y	Y	Y	Y	Y

Appendix 4 Welsh Health Circulars 2022/23

Welsh Health Circular	Lead Executive	Confirmation of action taken
NHS Wales National Clinical Audit and Outcome Review Plan - Annual Rolling Programme for 2022/23 (WHC2022 02) For information	Nick Lyons, Executive Medical Director	Confirmation received that within BCUHB, the CDG (Version 11) has been approved by the Policies Group and has been uploaded to and available to staff on intranet.
Adult Continence Products (WHC2022 03) For information	Nick Lyons, Executive Medical Director & Angela Wood, Executive Director of Nursing & Midwifery	Information cascaded to ensure BCUHB are aligning to All Wales Continence Forum recommendations.
Paediatric continence containment products (updated 2022) (WHC2022 04) For Action	Nick Lyons, Executive Medical Director & Angela Wood, Executive Director of Nursing & Midwifery	Information cascaded to ensure BCUHB are aligning to All Wales Continence Forum recommendations.
Covid 19 Priority Clinical Coding (WHC2022 09) For Action	Nick Lyons, Executive Medical Director, Chris Stockport, Executive Director of Transformation, Strategic Planning and Commissioning	Information cascaded to relevant services in organisation.
Reimbursable vaccines and eligible cohorts – for the 2022/23 NHS Wales Seasonal Influenza (flu) programme (WHC2022 10) For Action	Nick Lyons, Executive Medical Director & Teresa Owen, Executive Director of Public Health	The reimbursable vaccine communication has been circulated via All Wales Alerts and was shared with General Practices.
Health boards, special health authorities and trusts financial monitoring guidance 2022 to 2023 (WHC2022 13) For Action	Sue Hill, Executive Director of Finance	Information cascaded to relevant services in organisation.
AMR & HCAI IMPROVEMENT GOALS FOR 2021-23 (WHC 2022 14) For action and information	Nick Lyons, Executive Medical Director	Information cascaded to relevant services in organisation.
Wales Rare Diseases Action Plan 2022-2026 (WHC 2022 17) For information	Nick Lyons, Executive Medical Director	Information cascaded to relevant services in organisation.

Non-Specialised Paediatric Orthopaedic (WHC 2022 019) For Action	Nick Lyons, Executive Medical Director	The deadline is by 2025 so would be circulated to the relevant leads and ask them to update at regular intervals.
National Optimised Pathways for Cancer (2022 update) (WHC 2022 021) For Action	Nick Lyons, Executive Medical Director	Confirmation received that corporate pathways team and Clinical Advisory Group) have reviewed all cancer pathways against the national optimal pathways.
HPV Immunisation Programme Update - Changes to the vaccine for the HPV immunisation programme (WHC 2022 023) For information	Teresa Owen, Executive Director of Public Health	Information cascaded throughout organisation.
Funded Nursing Care (FNC) Letter - 16 December 2022 (WHC 2022 024) For information	Angela Wood, Executive Director of Nursing & Midwifery	Information cascaded to relevant services in organisation.
Approach for Respiratory Viruses – Technical Guidance for Healthcare Planning (WHC 2022 026) For Action	Teresa Owen, Executive Director of Public Health	Information cascaded to relevant services in organisation.
Urgent Polio Catchup programme for children under 5 years old (WHC 2022 026) For Action	Nick Lyons, Executive Medical Director	Information cascaded to relevant services in organisation.
More than just words Welsh language awareness course (WHC 2022 028) For Action	Teresa Owen, Executive Director of Public Health	Information cascaded throughout organisation.
Urgent Polio Catchup programme for children under 5 years old (WHC 2022 029) For Action	Nick Lyons, Executive Medical Director	Information cascaded to relevant services in organisation.
Reimbursable vaccines and eligible cohorts - for the 2023-24 NHS Wales Seasonal Influenza (flu) programme (WHC 2022 031) For Action	Teresa Owen, Executive Director of Public Health	Information cascaded to relevant services in organisation.
Influenza (flu) Vaccination Programme deployment 'mop up' 2022- 2023 (WHC 2022 035) For Action	Teresa Owen Executive Director of Public Health	Information cascaded to relevant services in organisation.

Eliminating Hepatitis B and C as a public health concern in Wales (WHC 2023 01) For Action	Nick Lyons, Executive Medical Director & Teresa Owen, Executive Director of Public Health	Information cascaded to relevant services in organisation.
New Lower Gastrointestinal 'FIT' National Optimal Pathway - for issue (WHC 2023 02) For Action	Nick Lyons, Executive Medical Director	Information cascaded to relevant services in organisation.
COVID-19 spring booster vaccination programme 2023 (WHC 2023 03) For Action	Teresa Owen, Executive Director of Public Health	Information cascaded to relevant services in organisation.
Patient Testing Framework (Updated guidance) (WHC 2023 07) For Action	Teresa Owen, Executive Director of Public Health	Information cascaded to relevant services in organisation.



Teitl adroddiad: <i>Report title:</i>	Head of Internal Audit Opinion & Annual Report 2022/2023			
Adrodd i: <i>Report to:</i>	Audit Committee and Health Board			
Dyddiad y Cyfarfod: <i>Date of Meeting:</i>	24 August 2023			
Crynodeb Gweithredol: <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 2022/23 is Limited Assurance. Twenty-eight reviews were issued in 2022/23, with the following assurance ratings:</p> <ul style="list-style-type: none"> • Substantial assurance (green) – three; • Reasonable assurance (yellow) – ten; • Limited assurance (amber) – eleven; • No assurance (red) – two; and • Advisory/Non opinion (grey) – two. 			
Argymhellion: <i>Recommendations:</i>	<p>The Audit Committee is asked to:</p> <ul style="list-style-type: none"> • Note and receive the Head of Internal Audit opinion and annual report for 2022/23. <p>The Board is asked to:</p> <ul style="list-style-type: none"> • Receive the annual opinion of the Head of Internal Audit. 			
Arweinydd Gweithredol: <i>Executive Lead:</i>	Phil Meakin, Interim Board Secretary			
Awdur yr Adroddiad: <i>Report Author:</i>	Dave Harries, Head of Internal Audit			
Pwrpas yr adroddiad: <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"/>	
Lefel sicrwydd: <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>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>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>Cyswllt ag Amcan/Amcanion Strategol:</p> <p>Link to Strategic Objective(s):</p>	<p>N/A other than those relating to individual audit reviews / recommendations.</p>
<p>Goblygiadau rheoleiddio a lleol:</p> <p>Regulatory and legal implications:</p>	<p>Audit Committee</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>Health Board</p> <p>Schedule of Matters Reserved to the Board – Matter 45.</p>
<p>Yn unol â WP7, a oedd EqIA yn angenrheidiol ac a gafodd ei gynnal?</p> <p>In accordance with WP7 has an EqIA been identified as necessary and undertaken?</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>Yn unol â WP68, a oedd SEIA yn angenrheidiol ac a gafodd ei gynnal?</p> <p>In accordance with WP68, has an SEIA identified as necessary been undertaken?</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>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>Details of risks associated with the subject and scope of this paper, including new risks(cross reference to the BAF and CRR)</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>Goblygiadau ariannol o ganlyniad i roi'r argymhellion ar waith</p> <p>Financial implications as a result of implementing the recommendations</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>Goblygiadau gweithlu o ganlyniad i roi'r argymhellion ar waith</p> <p>Workforce implications as a result of implementing the recommendations</p>	<p>N/A other than those relating to individual audit reviews / recommendations.</p>
<p>Adborth, ymateb a chrynodeb dilynol ar ôl ymgynghori</p> <p>Feedback, response, and follow up summary following consultation</p>	<p>The Head of Internal Audit Opinion and Annual Report has been prepared independently of management and free of any undue influence.</p>

	The opinion and annual report have been shared with the Accountable Officer (Chief Executive) and Interim Board Secretary.
Cysylltiadau â risgiau BAF: (neu gysylltiadau â'r Gofrestr Risg Gorfforaethol) Links to BAF risks: (or links to the Corporate Risk Register)	N/A other than those relating to individual audit reviews.
Rheswm dros gyflwyno adroddiad i fwrdd cyfrinachol (lle bo'n berthnasol) Reason for submission of report to confidential board (where relevant)	N/A
Camau Nesaf: Gweithredu argymhellion Next Steps: Follow-up reviews of the limited and no assurance reviews will be undertaken as part of the 2023/24 internal audit plan.	
Rhestr o Atodiadau: List of Appendices: <ul style="list-style-type: none"> Appendix 1: Head of Internal Audit Opinion & Annual Report 2022/2023 	

Head of Internal Audit Opinion & Annual Report 2022/2023

June 2023

Betsi Cadwaladr University Local Health Board



GIG
CYMRU
NHS
WALES

Partneriaeth
Cydwasaethau
Gwasanaethau Archwilio a Sicrwydd
Shared Services
Partnership
Audit and Assurance Services



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Bwrdd Iechyd Prifysgol
Betsi Cadwaladr
University Health Board



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Appendix A Conformance with Internal Audit Standards

Appendix B Audit Assurance Ratings

Report status:	Final
Draft report issued:	26 May 2023
Final report issued:	30 June 2023
Author:	Head of Internal Audit
Executive Clearance:	Interim Board Secretary
Audit Committee:	July/September 2023

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 2022-23

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 2022/23 is:

Limited assurance		<p>More significant matters require management attention.</p> <p>Moderate impact 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 2022/23 year was initially presented to the Committee in March 2022. 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 2022/23. 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 No Assurance, management are aware of the specific issues identified and have agreed action plans to improve control in these areas. These planned control improvements should be referenced in the Annual Governance Statement where it is appropriate to do so.

In addition, 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 2022/23

Substantial Assurance	Reasonable Assurance
<ul style="list-style-type: none"> • Management of utilities • Welsh IG Toolkit for Health Boards and Trusts • Recruitment improvement review - pre employment verification and appointment process 	<ul style="list-style-type: none"> • Speak out Safely • Chair's Action • Voluntary Early release Scheme (VERS) • Budgetary Control: User access & Delegated limits • Mental Health & Learning Disabilities Division • Follow-up - Audit Wales: Continuing Healthcare Arrangements report issued in November 2020 • Digital Strategy • Public Health – Smoke Free sites • Follow-up of Audit Wales report: Effectiveness of Counter-Fraud

	Arrangements – Betsi Cadwaladr University Health Board <ul style="list-style-type: none"> Wrexham Maelor Continuity Phase 1
Limited Assurance	Advisory/Non-Opinion
<ul style="list-style-type: none"> Risk Management & Board Assurance Framework Comisiynydd y Gymraeg/Welsh Language Commissioner: Dogfennau ar y Gwefan/ Documents on the Website Effective Governance: Ysbyty Gwynedd Effective Governance: Ysbyty Wrexham Maelor Board and Committee reporting – Adequacy and quality of papers to support decision making Charitable Funds Unscheduled care: Urgent Primary Care Centres – Business Case outcomes achieved Recruitment of Substantive and Interim Executive and Senior Posts Data Analysis and Triangulation Planned Care Recovery and Transformation Group Performance Management (IQPR & Accountability arrangements) 	<ul style="list-style-type: none"> Preparedness for Climate Change/ Decarbonisation Transformation and Improvement – progress reporting
No Assurance	
<ul style="list-style-type: none"> Delivery of Health Board savings Contracted Patient Services: Quality and Safety Arrangements 	

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 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 of 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 & Care 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 course of the 2022/23 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.

Limited assurance		<p>More significant matters require management attention.</p> <p>Moderate impact 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. Focus should be placed on the agreed response to any No and Limited Assurance opinions issued during the year and the significance of the recommendations made (of which there were thirteen audits in 2022/23).

2.4.2 Basis for Forming the Opinion

The audit work undertaken during 2022/23, 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 being placed into Special Measures on the 28 February 2023 by the Minister for Health and Social Services and the arrangements in place for subsequent scrutiny and governance. We note that no Committee meetings took place from January 2023 until they recommenced in May 2023 which has resulted in a lack of scrutiny of Health Board business.
- 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 robust control arrangements operating in some areas.

From the opinions issued during the year, three were allocated Substantial Assurance, ten were allocated Reasonable Assurance, eleven were allocated Limited Assurance with two allocated a No assurance opinion. Two 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 their 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 1-year operational plans.

Corporate Governance, Risk Management and Regulatory Compliance

We have undertaken seven reviews in this area.

Speak out Safely - We issued **reasonable assurance** on this area. We found the progress log maintained by the Multi-Disciplinary Team did not capture key dates such as date concern raised, date reviewed, date resolved and some areas within the project plan did not have target dates / progress / RAG ratings noted.

Board Assurance Framework & Risk Management - We issued **limited assurance** on this area. Matters requiring management attention include a lack of scrutiny and challenge to the Corporate Risk Register (CRR) and Board Assurance Framework (BAF) due to the cancellations of the Risk Management Group meetings and the Quality, Safety and Experience Committee meetings. The Committee approval process pertaining to escalation/de-escalation of risks is not clear and both Health Board and Audit Committee meetings are not provided with the CRR and BAF in line with the frequency stated within the Risk Management strategy 2022-2025.

Comisiynydd y Gymraeg/Welsh Language Commissioner: Dogfennau ar y Gwefan/ Documents on the Website - We issued **limited assurance** on this area. We noted that no formal policy is in place to support the management of the Health Board website; limited controls, oversight, monitoring, or approval of changes to website content by

authorised administrators and there was no mechanism in place to ensure changes to the English website are also actioned on the Welsh website. Overall we found that the Health Board is not meeting the requirements of the Welsh Language Standards (39-43).

Effective Governance: Ysbyty Gwynedd - We issued **limited assurance** on this area. The significant matters requiring management attention included insufficient savings proposals in place to achieve the savings target set by the Health Board for 2022/23 with no robust structured process for monitoring of tier 3 clinical audits, including lessons learned and sharing of information. We also found the site had a number of complaints and incidents which are overdue with a significant number of live risks (50 out of 53) not reviewed in line with agreed review dates.

Effective Governance: Ysbyty Wrexham Maelor - We issued **limited assurance** on this area. The significant matters which require management attention included insufficient savings proposals in place to achieve the savings target set by the Health Board for 2022/23, with the site also forecasting a significant overspend; no apparent structured process for monitoring tier 3 clinical audits, including lessons learned and sharing of information; a number of Ombudsman and MS/MP complaints which are overdue; and a number of live risks (27 out of 74) had not been reviewed in line with agreed review dates.

Board and Committee reporting - We issued **limited assurance** on this area. The significant matters which require management attention included a high occurrence of papers / reports not meeting Board or Committee expectation or including errors with prior scrutiny not robust. We also found limited controls to support the reporting of publishing breaches, cycles of Business and Terms of Reference not approved, and in the interest of openness and transparency cycles of Business, Terms of Reference, and meeting minutes not published on Health Board website.

Chair's Action - We issued **reasonable assurance** on this area. However, we did find that Committee Terms of Reference do not include specific delegation for respective Committee Chair's to complete a 'Chair's Action'. We also found that there is insufficient information captured to determine the reasons why the usual approval routes have not been used. Further, the Board and Committee(s) do not receive supporting information considered as part of the approval process with Chair's actions not reviewed for lessons learnt ensuring the most appropriate approval route is being used.

Strategic Planning, Performance Management & Reporting

We have undertaken two reviews in this area.

Transformation and Improvement – Progress reporting - We combined Transformation of Services and Value Based Healthcare reviews as they are both interdependent and cut across our planned testing. We issued **assurance not applicable** on this area. We have identified the following areas of risk for consideration including the prioritisation of

pathways; benefits realisation of changes and whether the resulting outcomes / benefits have made a difference through improving the patient experience and waiting lists.

Performance management and accountability arrangements - We issued **limited assurance** on this area. We found that Performance information provided to the Heath Board and its Committees has been subject to recent review, with enhanced reporting provided in May 2023 although consideration of information provided at Committees and subsequent assurance arrangements to the Board require further review to ensure the Board are focused on significant matters. There is a process in place for collation of data and narratives to support the information in the performance report, however there is no documentation setting out the process, including roles and responsibilities, data standards, systems used etc. Improvement actions stated in performance reports are not subject to review to confirm whether actions are completed and have positively impacted performance. Accountability meetings are taking place; however these have not been consistent over a period of time and the process for recording and updating actions requires review and improvement.

Financial Governance and Management

We have undertaken four reviews in this area.

Budgetary Control: User access & Delegated limits - We issued **reasonable assurance** for this review. There are inconsistencies with operational limits below £150k in E-financials and delegated limits in divisions/departments. These require review and updating to ensure officers have the correct delegated limit assigned. We also found no standard operating procedure detailing the process for completion and scrutiny of journals.

Charitable Funds - We issued **limited assurance** for this review. We found that the Committee was not operating as intended, with several meetings cancelled due to lack of availability of Members. There has been no formal review of Committee effectiveness or whether the structure meets the Board of Trustees assurance requirements. We also found that the Strategy for the Charity has not been formally approved by the Board, as Corporate Trustee or that the Charity's objectives stated on the governing document and registered with the Charity Commission aligned with some approved expenditure.

Delivery of Health Board savings - We issued **no assurance** for this review. We found several significant issues including a carry-over savings requirement of £13,456,727, included in budget reports of Directorates/Divisions but not reflected in the recurring savings requirement for 2022/23 or included in the savings requirements reported to the Board. The total savings requirement identified in our review was £48,456,727 in 2022/23 - Board reports must be accurate and reflect the actual saving requirement on a recurrent basis. No transformational savings were reported against the £17.5m target (reported to Committee in December 2022). Corporate functions have, generally, been poor in the

delivery of savings and should be subject to similar accountability/performance scrutiny akin to the rest of the Health Board. Voluntary Early Release Scheme (VERS) recurring savings of £622,691, approved by Remuneration and Terms of Service Committee, had not been actioned at the time of our review and removed from the discretionary revenue allocation, and the establishment adjusted accordingly.

Follow-up of Audit Wales report: Effectiveness of Counter-Fraud Arrangements – Betsi Cadwaladr University Health Board - We issued **reasonable assurance** on this area. We found opportunities to further develop areas relating to Resources and Skills, Risk assessments, and the Internal control environment.

Quality & Safety

We have undertaken two reviews in this area.

Contracted patient activity – Quality & Safety arrangements - We issued **no assurance** for this review. We focused this review on fourteen English NHS providers and identified that there is no Commissioning Assurance Framework, Policy, or Standard Operating Procedure (SOP) in place to support the Health Board healthcare commissioning / contracting process. The majority of providers are not meeting their contractual obligations to provide required quality information but where quality data is received, it is not subject to review or scrutiny. The Health Board is not provided with assurance that the quality of providers care is adequate with an inconsistent approach to data sharing / distribution and engagement with providers. The role and remit of the Quality Team in the review and scrutiny of quality aspects of provider performance is not defined.

Data analysis – Triangulation of data - 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.

Information Governance & Security

We have undertaken two reviews in this area.

Digital Strategy - We have issued **reasonable assurance** on this area. The one matter we identified focuses on ensuring the Digital, Data and Technology department is funded appropriately to deliver the agreed commitments within the Strategy and the wider digital aspirations of the Health Board as key interdependencies with other Strategies/IMTP gather pace.

Welsh IG Toolkit for Health Boards and Trusts - We issued **substantial assurance** for this review. We identified opportunities to

refine retention of stipulated toolkit evidence and recording of officers responsible for the identified action plan as opposed to departments.

Operational Service and Functional Management

We have undertaken five reviews in this area.

Mental Health & Learning Disabilities Division - We issued **reasonable assurance** on this review. Areas within the improvement plan require further work to be undertaken to reach the targets stated. There are general housekeeping issues with governance documents and reporting, which require management attention. We could find no evidence of risk assessments underpinning the historic capital application to remedy ligature risks as well as a high level of vacancies within the division, with 18% of management posts occupied on an interim basis.

Follow-up - Audit Wales: Continuing Healthcare Arrangements report issued in November 2020 - We issued a **reasonable assurance** opinion. However we found the current operational model of six separate teams, accountable to three Executive Directors is not delivering efficiency/consistency; resilience across the Health Board. Quality and performance data/metrics are not produced and is a significant gap in management information/ control coupled with the requirements of the CHC Framework – Governance Arrangements, Strategic Oversight not being complied regarding performance reporting to Board.

Unscheduled care: Urgent Primary Care Centres – Business Case outcomes achieved - We issued **limited assurance** for this review. The differing models for UPCCs within the Health Board highlight lack of accessibility of the service to some patients. Issues with resource and suitable accommodation also impact on the ability to provide a consistent service to GPs and patients. Actual UPCC capacity is significantly lower than intended capacity and there is no Benefits Realisation Strategy in place to measure actual performance against benefits outlined in service bids / Business Case.

Public Health – Smoke Free sites – We issued **reasonable assurance** on this review. The revised Smoke Free Policy, including the removal of the exemption from Mental Health sites, is yet to be formally agreed despite regulations coming to effect from 1st March 2021.

Planned Care Recovery and Transformation Group – We issued **limited assurance** on this review. The Group has not met since December 2022 and we are unable to confirm that it is fulfilling its responsibility to provide assurance to the Health Board and Welsh Government that the planned care programme is being successfully implemented. From the meetings that did take place, there is no evidence of issues for escalation being discussed and escalated and there is no regular reporting to the Performance, Finance and Information Governance Committee or the Transformation Executive Delivery Group.

Workforce Management

We have undertaken three reviews in this area.

Voluntary Early Release Scheme (VERS) - We have issued **reasonable assurance** in this area. Our review identified some stages of the Scheme were complied with in full, however we found the narrative to support individual applications was again poor and have not, in our view, provided adequate detail to mitigate the risks from the loss of the post.

Recruitment Improvement Review – Pre-Employment verification and appointment process – We have issued **substantial assurance** on this review. We found that online published supporting documents / guidance notes have not been updated to reflect current practice with performance data and / implementation progress not routinely reported to Executive committees.

Recruitment of Substantive and Interim Executive and Senior Posts - We have issued **limited assurance** for this review. We identified that the Health Board did not comply with the Reservation of Powers to the Full Board in the appointment of Officer Members of the Board (Executives) or approval of the appointment of other Board level/senior employees. We also found that the expected controls outlined by the WG Director General/Chief Executive NHS Wales and Director of Workforce & OD NHS Wales have not been complied with. The Health Board acted outside its powers in agreeing a salary for one officer in our sample (having sought and received retrospective approval from Welsh Government during this review). We found repeated non-compliance with controls governing the engagement of interims/agency appointments; it appears the norm for an initial appointment to be extended more than once without seeking further competition or approval. We are unable to provide any assurance of value for money in some engagements where individuals move posts.

Capital & Estates Management

This year we have completed three reviews in this area.

Management of utilities - We issued **substantial assurance** for this review. Effective controls are in place to capture the utility usage across the Health Board, and review usage and expenditure. We are unable to confirm whether there are clear actions in place to address the energy consumption in the properties identified amber and red.

Preparedness for Climate Change/ Decarbonisation - We issued an **advisory/assurance not applicable** report. The report identified key areas for the Health Board to take forward learning and similar gaps in control found at other NHS Wales organisations.

Wrexham Maelor Continuity Phase 1 - We issued **reasonable assurance** on this review. We identified the need to ensure governance arrangements are adequately considered and key documents such as terms of reference, Project Execution Plan are updated to ensure adequate coverage; appoint a Senior Responsible Officer (SRO) for the Project and

formalise handover arrangements for the new Project Director; and formally agree/ complete the Cost Adviser's contract as a matter of priority.

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 2022/23 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.

The majority of audit reviews will relate to the systems and processes in operation during 2022/23 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 subsequent to 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 2022/23.

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. The work of Internal Audit is also subject to an annual assessment by Audit Wales. 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 2022/23.

Our conformance statement for 2022/23 is based upon:

- the results of our internal Quality Assurance and Improvement Programme (QAIP) for 2022/23 which will be reported formally in the Summer of 2023; and
- the results of the work completed by Audit Wales.

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 2022/23 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 2022/23.

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 take into account 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	The purpose of the audit review was to evaluate and determine the adequacy of the systems and controls in place over the management of the NWSSP Accounts Payable service.
Payroll	Reasonable	The overall objective of this audit was to evaluate and determine the adequacy of the systems and controls in place for the management of Payroll Services.
Primary Care Services – Contractor Payments	Substantial	The overall objective of the review was to evaluate and determine the adequacy of controls in place to administer timely and accurate payments to primary care contractors.
Recruitment Services	Reasonable	The overall objective of this audit was to assess the adequacy and effectiveness of the systems and controls for the management of Recruitment Services.

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
Switching Services	Reasonable	To ensure that the switching service is maintained appropriately and that risks to the operation of the service are appropriately managed.
Embedding the Stakeholder Engagement Plan	Reasonable	To provide an opinion over the arrangements for the embedding of the External Stakeholder Engagement Plan.
Centre of Excellence	Reasonable	To provide an opinion over the controls for the establishment of the Office 365 Centre of Excellence.
Technical Resilience	Substantial	To establish and assess the organisation's position to maintain acceptable service levels through, and beyond, severe disruptions to its critical processes and the IT systems which support them.
Cyber Security	Substantial	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.

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
WHSCC – Quality unit	Substantial	To evaluate and determine the adequacy of the systems and controls in place within WHSSC in relation to quality assurance reporting.

Audit	Opinion	Outline scope
WHSSC – Neurosciences and long term conditions	Substantial	To evaluate and determine the adequacy of the systems and controls in place for the Neurosciences and Long-Term Conditions Programme.
EASC – Ambulance handover improvement arrangements	Substantial	We focused on the adequacy of the systems and controls in place within EASC for the development of the seven Welsh health boards’ ambulance handover improvement plans and their Integrated Commissioning Action Plans (ICAPs) and ongoing monitoring.

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 March 2022 contained thirty-two (32) planned reviews. Changes have been made to the plan with five audits added and seven deferred/cancelled and combining Board Assurance Framework/Risk Management and Transformation of services/Value Based Healthcare into a single reviews respectively. All these changes have been reported to, and approved by, the Audit Committee. As a result, we have delivered 28 reviews.

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 2022/23	G	March 2022	By 30 June	Not agreed	Draft plan	Final plan
Total assignments reported against adjusted plan for 2022/23	G	100% (28/28)	100%	v>20%	10%<v<20%	v<10%
Report turnaround: time from fieldwork completion to draft reporting [10 working days]	G	100%	80%	v>20%	10%<v<20%	v<10%
Report turnaround: time taken for management response to discussion & draft report [20 working days]	A	63%	80%	v>20%	10%<v<20%	v<10%
Report turnaround: time from management response to issue of final report [10 working days]	G	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 28 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

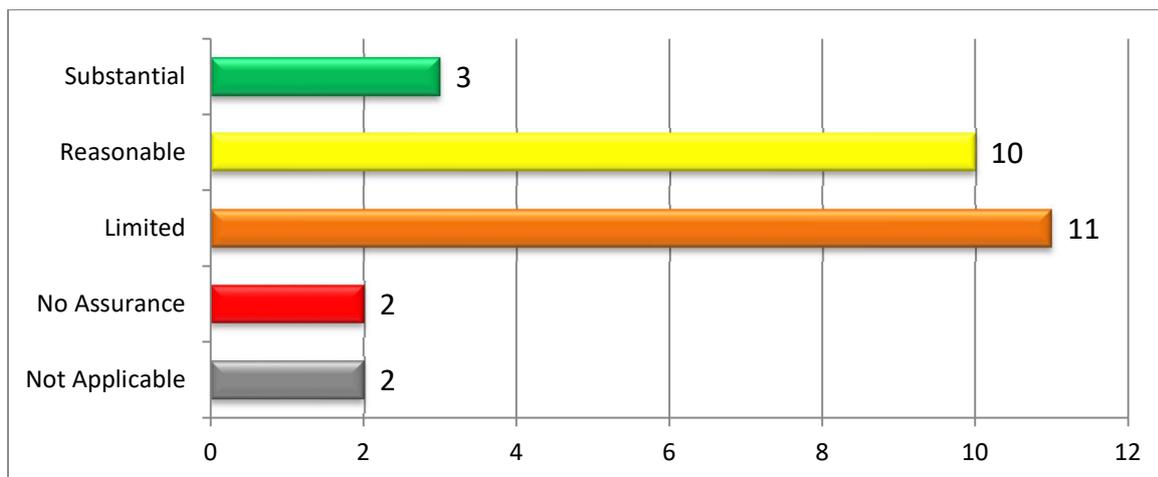


Figure 1 above does not include the audit ratings for the reviews undertaken at NWSSP, DHCW, WHSSC or EASC.

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
Management of utilities	To assess the controls in place for the management of utility usage, expenditure and efficiency in Estates Operational Services.
Welsh IG Toolkit for Health Boards and Trusts	To assess the Health Board’s completion and evidence underpinning the 2021/22 submission of the Information Governance toolkit.

Review Title	Objective
Recruitment improvement review - pre employment verification and appointment process	To review the implementation of the Recruitment Improvement Review that will include end to end sampling (incorporating pre-employment checks and internal Health Board staff appointment checks).

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
Speak out Safely	To assess Speak Out Safely (SOS) use by staff to raise concerns and the process operating once a concern is raised.
Chair's Action	To examine the submission of Chair's Action in accordance with Standing Orders. The review focused on Chair's Actions at Board level and considered the arrangements for Chair's Actions for Committees of the Board.
Voluntary Early Release Scheme (VERS)	To ensure the second round of VER applications are compliant with the Health Board Scheme and that Settlement Agreements and Compensatory Payments relating to the first round are in accordance with the Scheme.
Financial Management, Reporting and Budgetary Control	The review was limited to E-Financials Business Suite user access controls and the correct application of the Scheme of Reservation and Delegation.
Mental Health & Learning Disabilities Division	To consider a range of key matters impacting the division. The division is party to Welsh Government Targeted Intervention and has recently presented its improvement plan at the Health Board Quality, Safety and Experience Committee.
Follow-up - Audit Wales: Continuing Healthcare	To follow-up implementation of the eight agreed recommendations in the Audit Wales

Review Title	Objective
Arrangements report issued in November 2020	report: <i>Continuing Healthcare Arrangements – Betsi Cadwaladr University Health Board</i> , published November 2020.
Digital Strategy	To review progress against the timelines set out in the plan, to understand if the Health Board is achieving its expected goals and whether the Strategy is aligned and supports the delivery of corporate plans.
Public Health – Smoke Free sites	To ensure the Health Board complies with the requirements laid out in Chapter 1 of Part 3 of the Public Health (Wales) Act 2017 and the Smoke-free Premises and Vehicles (Wales) Regulations 2020 that came into force on 1 March 2021.
Follow-up of Audit Wales report: Effectiveness of Counter-Fraud Arrangements – Betsi Cadwaladr University Health Board	To review progress by the Health Board in the implementation of the findings within the report <i>Effectiveness of Counter Fraud Arrangements – Betsi Cadwaladr University Health Board</i> published by Audit Wales in September 2020.
Wrexham Maelor Continuity Phase 1	The review audit focused on the initial stages of Phase 1 of the continuity work planned at Wrexham Maelor Hospital. This element of the works has been identified as a priority and fast-tracked ahead of the rest of the infrastructure programme.

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
Comisiynydd y Gymraeg/Welsh Language Commissioner: Dogfennau ar y Gwefan/ Documents on the Website	To provide assurance that the Health Board website complies with the requirements of Welsh Language Standards (No.7) Regulations 2018 (Standards 39-43).
Effective Governance: Ysbyty Gwynedd	Following concerns raised in an audit of Ysbyty Glan Clwyd (YGC) in 2021/22 relating to governance arrangements within the site, this

Review Title	Objective
	audit has reviewed similar arrangements at Ysbyty Gwynedd.
Effective Governance: Ysbyty Wrexham Maelor	Following concerns raised in an audit of Ysbyty Glan Clwyd (YGC) in 2021/22 relating to governance arrangements within the site, this audit has reviewed similar arrangements at Ysbyty Wrexham Maelor.
Board and Committee reporting – Adequacy and quality of papers to support decision making	The review considered whether the Health Board and its Committees receive Executive approved timely and high-quality information to support effective decision making.
Charitable Funds	To determine the adequacy of the systems and controls in place within the Health Board for the management of the Charitable Funds.
Unscheduled care: Urgent Primary Care Centres – Business Case outcomes achieved	The review considered whether the reported benefits for UPCCs, as stated in Business Cases / bids, have been realised, and if the Centres are delivering a return on investment made. We have also reviewed how patients have accessed the service.
Recruitment of Substantive and Interim Executive and Senior Posts	To assess if the controls in the engagement of Executive/Very Senior Managers (including Interim) comply with the requirements issued by Welsh Government; and if Interim appointments comply with the requirements of the Health Board Standing Orders and associated governing documents.
Risk Management and Board Assurance Framework	To consider the corporate risk management arrangements, including development of the BAF, and the oversight of Divisions, IHCs and Services risk processes.
Data Analysis – Triangulation of data	To consider how information/data within the Health Board is triangulated to ensure possible areas of risks are identified and are subject to scrutiny.
Planned Care Recovery and Transformation Group	To ensure the Planned Care Recovery and Transformation Group is operating in line with the requirements set out in the Terms of Reference.
Performance Management (IQPR & Accountability arrangements)	to ensure the Planned Care Recovery and Transformation Group is operating in line with the requirements set out in the Terms of Reference.

5.5 No Assurance (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
Delivery of Health Board savings	To review the identification and delivery of savings as outlined in the IMTP and associated Financial Plan for 2022/23.
Contracted Patient Services: Quality and Safety Arrangements	To ensure there are effective quality and safety contract monitoring arrangements in place where the Health Board has contracted services outside of NHS Wales.

5.6 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
Decarbonisation	Having reviewed all Decarbonisation Action Plans, supporting information for most NHS Wales bodies and fully concluding the fieldwork at five of eleven audits, it was clear that in each instance the implementation plans had not been sufficiently developed to allow meaningful testing and to provide an assurance rating to respective Audit Committees. Accordingly, the decision was taken to affirm common themes within this report, to provide an overview of the overarching position across NHS Wales.

Review Title	Objective
Transformation and Improvement - progress reporting	To establish whether there is evidence to support progress reported to the Performance Finance and Information Governance 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
Effective Governance: Committee and Executive Management Group arrangements	Management initially requested we undertake this review in Q4 however on issuing the brief for agreement, we were asked to delay the review to late March/early April 2023 as work continues in this area – As we have planned our reviews for delivery, we were unable to meet this request and have agreed with the Interim Board Secretary deferment of the review.
Effective Governance: Operating Model including accountability arrangements and Delegated Limits	This review was intentionally left to the latter end of the financial year to enable the operating model arrangements to bed across the Health Board. Management have confirmed that this review should be deferred and incorporated within a wider review with Executive Delivery Groups in 2023/24.
Targeted Intervention – Strategic Support funding	Our scope focused on the use of strategic funding by Welsh Government. Following a meeting with Audit Wales, we were advised they would also be undertaking a review of the £297m strategic funding allocated to the Health Board.
People & OD Strategy: Operational delivery architecture	The People & OD Strategy was approved in May 2022, with deliverables noted for 2022/23. To allow a review of full year implementation we believe it will add greater value to management by deferring the review to Quarter 1 2023/24.
Unscheduled care: GP Out of Hours	The Health Board was subject to a peer review in September 2022, reported to the Quality, Safety and Experience Committee on 1 November 2022, with a developed action plan to address the report findings. To allow time for management to implement the actions, we propose to defer this review to Quarter 1 2023/24, which will also include a review of actions implemented.

Review Title	Reason for deferment
Statutory Compliance: Fire Safety	The Health Board's Health and Safety team have undertaken a review of fire safety which has been reported to management – our review would duplicate this second line assurance review.
New Inpatient Mental Health Unit at Glan Clwyd Hospital	Through dialogue with the Senior Responsible Officer and Project Director it was felt that the audit would add greater value in early 2023/24 to allow sufficient progress to develop the Final Business Case (FBC) for audit 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 2022/23 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

30 June 2023

Appendix A

ATTRIBUTE STANDARDS	
1000 Purpose, authority and responsibility	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.
1100 Independence and objectivity	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 2022/23.
1200 Proficiency and due professional care	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.
1300 Quality assurance and improvement programme	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. Audit Wales complete an annual assessment. An EQA was undertaken in 2018.
PERFORMANCE STANDARDS	
2000 Managing the internal audit activity	The Internal Audit activity is managed through the NHS Wales Shared Services Partnership. The audit service delivery

	<p>plan forms part of the NWSSP 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>
2100 Nature of work	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.
2200 Engagement planning	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.
2300 Performing the engagement	The Audit Quality Manual guides the performance of each audit assignment and report is quality reviewed before issue.
2400 Communicating results	<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>

	framework of governance, risk management and control.
2500 Monitoring progress	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.
2600 Communicating the acceptance of risks	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>Substantial assurance</p>	<p>Few matters require attention and are compliance or advisory in nature. Low impact on residual risk exposure.</p>
	<p>Reasonable assurance</p>	<p>Some matters require management attention in control design or compliance. Low to moderate impact on residual risk exposure until resolved.</p>
	<p>Limited assurance</p>	<p>More significant matters require management attention. Moderate impact on residual risk exposure until resolved.</p>
	<p>No assurance</p>	<p>Action is required to address the whole control framework in this area. High impact on residual risk exposure until resolved.</p>
	<p>Assurance not applicable</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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Services - NHS Wales Shared
Services Partnership](#)



Teitl adroddiad: <i>Report title:</i>	Structured Assessment 2022–23			
Adrodd i: <i>Report to:</i>	Audit Committee			
Dyddiad y Cyfarfod: <i>Date of Meeting:</i>	Thursday, 24 August 2023			
Crynodeb Gweithredol: <i>Executive Summary:</i>	<p>This report sets out the findings from the Auditor General’s 2022 structured assessment work at Betsi Cadwaladr University Health Board (the Health Board).</p> <p>The structured assessment work is designed to help discharge the Auditor General’s statutory requirement to be satisfied that NHS bodies have made proper arrangements to secure economy, efficiency, and effectiveness in their use of resources under section 61 of the Public Audit (Wales) Act 2004.</p>			
Argymhellion: <i>Recommendations:</i>	<p>The Audit Committee is asked to:</p> <ul style="list-style-type: none"> Receive the Structured Assessment 2022–23 			
Arweinydd Gweithredol: <i>Executive Lead:</i>	Phil Meakin, Interim Board Secretary and Associate Director of Governance			
Awdur yr Adroddiad: <i>Report Author:</i>	Andrew Doughton, Audit Wales			
Pwrpas yr adroddiad: <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>	
Lefel sicrwydd: <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 checked="" 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>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>				
Cyswllt ag Amcan/Amcanion Strategol:	Well-led.			

Link to Strategic Objective(s):	
<p>Goblygiadau rheoleiddio a lleol:</p> <p>Regulatory and legal implications:</p>	<p>The Auditor General has a wide range of audit and related functions, including auditing the accounts of Welsh NHS bodies, and reporting to the Senedd on the economy, efficiency, and effectiveness with which those organisations have used their resources. The Auditor General undertakes his work using staff and other resources provided by the Wales Audit Office, which is a statutory board established for that purpose and to monitor and advise the Auditor General.</p> <p>Audit Wales is the non-statutory collective name for the Auditor General for Wales and the Wales Audit Office, which are separate legal entities each with their own legal functions as described above. Audit Wales is not a legal entity and itself does not have any functions.</p>
<p>Yn unol â WP7, a oedd EqIA yn angenrheidiol ac a gafodd ei gynnal?</p> <p>In accordance with WP7 has an EqIA been identified as necessary and undertaken?</p>	N/A
<p>Yn unol â WP68, a oedd SEIA yn angenrheidiol ac a gafodd ei gynnal?</p> <p>In accordance with WP68, has an SEIA identified as necessary been undertaken?</p>	N/A
<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>Details of risks associated with the subject and scope of this paper, including new risks(cross reference to the BAF and CRR)</p>	Failure to fulfil the statutory duties as described above.
<p>Goblygiadau ariannol o ganlyniad i roi'r argymhellion ar waith</p> <p>Financial implications as a result of implementing the recommendations</p>	N/A
<p>Goblygiadau gweithlu o ganlyniad i roi'r argymhellion ar waith</p> <p>Workforce implications as a result of implementing the recommendations</p>	N/A
<p>Adborth, ymateb a chrynodeb dilynol ar ôl ymgynghori</p> <p>Feedback, response, and follow up summary following consultation</p>	N/A

<p>Cysylltiadau â risgiau BAF: (neu gysylltiadau â'r Gofrestr Risg Gorfforaethol)</p> <p>Links to BAF risks: (or links to the Corporate Risk Register)</p>	<p>N/A</p>
<p>Rheswm dros gyflwyno adroddiad i fwrdd cyfrinachol (lle bo'n berthnasol)</p> <p>Reason for submission of report to confidential board (where relevant)</p>	<p>N/A</p>
<p>Next Steps:</p> <ul style="list-style-type: none"> - Management response to audit recommendations to be fully implemented 	
<p>Rhestr o Atodiadau:</p> <p>List of Appendices:</p> <ul style="list-style-type: none"> • Appendix 1 - Structured Assessment 2022-23 	

Structured Assessment 2022 – Betsi Cadwaladr University Health Board

Audit year: 2022

Date issued: August 2023

Document reference: 3433A2023

This document has been prepared for the internal use of Betsi Cadwaladr University Health Board as part of work performed/to be performed in accordance with statutory functions.

The Auditor General has a wide range of audit and related functions, including auditing the accounts of Welsh NHS bodies, and reporting to the Senedd on the economy, efficiency, and effectiveness with which those organisations have used their resources. The Auditor General undertakes his work using staff and other resources provided by the Wales Audit Office, which is a statutory board established for that purpose and to monitor and advise the Auditor General.

Audit Wales is the non-statutory collective name for the Auditor General for Wales and the Wales Audit Office, which are separate legal entities each with their own legal functions as described above. Audit Wales is not a legal entity and itself does not have any functions.

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Summary report

About this report

- 1 This report sets out the findings from the Auditor General's 2022 structured assessment work at Betsi Cadwaladr University Health Board (the Health Board). Our structured assessment work is designed to help discharge the Auditor General's statutory requirement to be satisfied that NHS bodies have made proper arrangements to secure economy, efficiency, and effectiveness in their use of resources under section 61 of the Public Audit (Wales) Act 2004.
- 2 Our 2022 structured assessment work took place at a time when NHS bodies continued to respond to the unprecedented and ongoing challenges presented by the COVID-19 pandemic. Health bodies were not only tackling the immediate challenges presented by the public health emergency but were also seeking to recover and transform services to respond to the significant numbers of people who are waiting for treatment and improve population health. NHS bodies and their boards need to have sound corporate governance arrangements that can provide assurance to the public and key stakeholders that the necessary action is being taken to deliver high quality, safe and responsive services, and that public money is being spent wisely.
- 3 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. This includes consideration of the organisation's governance arrangements; strategic planning arrangements; financial management arrangements; and arrangements for managing the workforce, digital assets, and estate. The approach we adopted to deliver our work is detailed in summarised in **Appendix 1**.
- 4 Through the delivery of our routine audit work at Betsi Cadwaladr University Health Board (the Health Board) we became aware of growing concerns regarding the cohesiveness of the board¹ and senior level working relationships. The nature and extent of the concerns have led the Auditor General to undertake an urgent and focused high-level review of board effectiveness. The findings from that review are being reported separately and we have adjusted the content of this structured assessment report to avoid any duplication of coverage of issues relating to board effectiveness.

¹ The term 'Board Members' includes Independent, associate and Executive Team members. The term 'Board' represents the collective group of Board members. The term 'Health Board' relates to the entire organisation. 'Executive Team' represents the most senior group of Executive Directors within the Health Board.

Background context

5 The Health Board has had some long-standing challenges, having been escalated to the highest category of 'Special Measures' on Welsh Government's escalation framework in 2015. The Welsh Government de-escalated the Health Board in November 2020 with five areas then placed in targeted intervention, namely:

- Mental Health Services;
- Strategy, Planning & Performance;
- Ysbyty Glan Clwyd;
- Leadership; and
- Engagement.

Ysbyty Glan Clwyd was added to areas in 'targeted intervention' in June 2022 following significant issues identified relating to the hospital's Emergency Department and vascular services. The Health Board also faces unprecedented pressure within unscheduled care services and has long waiting lists for its planned care services.

6 In August 2022, the Auditor General's audit of the Health Board's 2021-22 accounts identified significant errors. As a result of the errors and the Health Board's inability to undertake further work, the audit opinion was qualified on a true and fair, and regularity basis. The Health Board commissioned an external review to further explore the cause of the inaccuracies identified in the audit of the Health Board's accounts. That review has now concluded and because of its findings, further investigations by NHS Wales Counter Fraud Service were undertaken.

7 The findings in this structured assessment report need to be considered in the context of the separate report the Auditor General has issued on board effectiveness at Betsi Cadwaladr University Health Board. That report describes a worrying degree of dysfunctionality in the way the wider board and the executive team are working. These problems with working relationships are combining to fundamentally compromise the board's ability to work collectively and collegially to tackle the challenges that the organisation faces. The Welsh Government returned the Health Board to 'Special Measures' in February 2023.

Key messages

- 8 Overall, we found that **the Health Board continues to face significant challenges and risks, particularly in relation to some aspects of quality of services, performance, finance, digital and estates. While it strengthened planning approaches for developing the 2022-23 IMTP and refined some governance arrangements, there is much more to be done.**
- 9 There are long-standing concerns in a number of service areas in addition to our qualified opinions on the 2021-22 accounts and significant concerns we have identified in terms of the board's effectiveness. It is positive that the Health Board developed and approved a ten-year clinical strategy and it now needs to develop enabling clinical plans and the supporting structure to deliver them. Whilst, the Health Board's medium-term planning arrangements have improved in overall terms, it was unable to produce an approvable Plan for 2022-2025. As per revised Welsh Government requirements for the Health Board, it is now developing an annual plan, rather than a three-year plan for 2023-24. The Health Board has also developed other corporate strategies and plans including digital, people and estates. However, it must take steps to ensure that its enabling plans are fully aligned with the clinical strategy and that they maximise value-based healthcare opportunities.
- 10 Because of the carry-forward of deficit from two previous years, the Health Board did not achieve breakeven over the three-year period 2019-22. The financial plan for 2022-23 included reasonable budget assumptions. However, the Health Board made slow progress on delivery against the 2022-23 £35 million savings target. Savings and financial recovery plans for 2023-24 are currently insufficient and are slow to develop. Consequently, there is a risk that its substantial underlying deficit may affect achievement of financial targets next year. This position would significantly worsen if the Welsh Government's additional £82 million targeted intervention funding ceases at the end of next year. Either way, there needs to be a stronger approach to financial recovery, focus on recurring savings which may potentially require difficult disinvestment decisions. We have also noted the high level of single tender waivers used by the Health Board, which raises concerns about the robustness of the Health Board's financial controls and operational financial planning arrangements.
- 11 Our audit of the Health Board's 2021-22 accounts identified significant accounting errors and weaknesses resulting in the Auditor General qualifying his 'true and fair' and 'regularity' opinions. In response to these issues, the consultancy firm Ernst & Young were commissioned to undertake work to identify the reasons for the errors identified. Following their work, a small number of senior staff in the Finance Department have taken a leave of absence pending further investigations by the NHS Wales Counter Fraud Service which were currently on-going at the time of preparing this report.
- 12 During 2022, the Health Board rolled out a new operating model. Whilst this new structure has the potential to strengthen organisational arrangements, its

implementation has not been without challenges. On-going work will be needed to fully implement the new model and to start to secure its intended benefits.

- 13 The Health Board is taking action to strengthen systems of assurance, however, there remain significant weaknesses. The Health Board has recently refreshed its risk strategy for 2022-25 and its Board Assurance Framework. However, many risks are longstanding, indicating that the risk management approach and mitigating actions are not having the desired impact.
- 14 In relation for quality and performance, longstanding concerns remain around some aspects of mental health services and specific concerns also relating to vascular services and the Ysbyty Glan Clwyd emergency department. Equally, given current scheduled and unscheduled care performance and deteriorating waiting list performance on cancer services and eye care services, there is a need to ensure that reporting sufficiently focusses on the impact of improvement actions.
- 15 In general, the Health Board has an open reporting culture in relation to nationally reportable incidents. However, there is scope for the Health Board to better analyse and learn from nationally reportable incidents. We also found a need to ensure more accurate reporting of the number of Public Services Ombudsman for Wales complaints about the Health Board.
- 16 Although the Health Board has a range of staff wellbeing support services in place there needs to be a greater focus on evaluating their impact to inform future investment. The Health Board has made some progress against its digital strategy and subsequent plans. However, delivery is hampered by long-standing resourcing issues, both locally and nationally.
- 17 The Health Board's estate is under pressure due to limited availability of capital funding. This means several key programmes may be 'at risk'. The long-awaited estate strategy clearly sets out the extent of the challenge and risks. There now needs to be focussed and ongoing oversight on the extent to which this strategy is addressing estate risks and supporting new care models.

Recommendations

- 18 **Exhibit 1** provides our recommendations. The Health Board's management response to these recommendations is summarised in **Appendix 2**.

Exhibit 1: 2022 Structured Assessment Recommendations

Review and where needed strengthen risk mitigating actions

- R1 Despite recent changes to the Health Board's strategic and corporate risk arrangements, risk scores in some key areas are not decreasing. The Health Board should review the mitigating actions on the corporate risk register and Board Assurance Framework to ensure they are having the intended impact.

Review of performance management assurance reporting

R2 The Health Board is continuing to refine performance reporting into board and committees. However, there remain concerns around the quality of the performance report and the extent that stated actions will lead to the intended improvements. The Health Board should improve its performance assurance reporting, focussing more on the impact of performance improvement actions.

Ensure accuracy of reporting Public Services Ombudsman for Wales figures

R3 There have been discrepancies between the complaint figures reported by the Public Services Ombudsman for the Health Board and the Health Board's own figures within previous annual reports. While the Health Board rectified this in its 2021-22 annual report, the Health Board should ensure such discrepancies do not reoccur. The Health Board should validate and verify Public Service Ombudsman for Wales complaint numbers prior to inclusion in annual reports.

Review Health Board policies

R4 The Health Board has a significant number of policies overdue for renewal, which exposes the organisation to service and administrative risks. The Health Board should review and update Health Board policies, prioritising high importance policies first, including the policy on policies.

Review audit recommendation tracker

R5 The audit recommendation tracker and report in their current format provide limited detail, particularly around actions considered complete. The Health Board should work with Audit Committee members to review the format of the audit tracker and report to ensure it provides sufficient information to provide assurance.

Implementation of the new operating model

R6 The Health Board should complete the implementation of the new operating model as a matter of urgency, particularly in respect of recruiting substantial post holders and reducing reliance on interim appointments.

Develop a supporting clinical delivery plan

R7 The Health Board has developed a clinical strategy for its services, however, there is lack of detail on how it will be implemented. The Health Board should develop supporting clinical delivery plan/plans and delivery structures to

shape and implement sustainable service models. Clinical plans should inform workforce, estate, financial resource, and digital services planning.

Reporting on the impact of value-based healthcare initiatives

R8 We found limited evidence of how the Health Board is implementing value-based healthcare operationally to its services to maximise value. The Health Board should ensure reporting on its value-based healthcare programme focusses on the outcomes achieved.

Urgently implement financial recovery approaches to strengthen the financial position

R9 As of January 2023 the Health Board is off-track with its current savings plan and is slow to progress the savings plan for 2023-24. The Health Board should:

- prepare appropriate financial recovery programmes as a matter of urgency for both the remainder of this, and the next financial year.
- review options for estate and service disinvestment (i.e., where services are not demonstrating sufficient patient impact and outcomes).
- target digital investments on areas of clear business benefits, i.e., where digital can be used to release service efficiency and/or quality gains elsewhere.
- introduce stronger reporting and oversight of the medium-term financial position, financial strategy and recovery approaches.

Introduce stronger financial planning and control to reduce reliance on single tender waivers

R10 The Health Board has a track-record of substantial and growing use of single tender waivers. The Health Board should improve procurement planning and strengthen single tender waiver financial controls.

Ensure effectiveness of staff wellbeing services

R11 The Health Board has introduced a programme of services to support staff wellbeing. However, it is not currently undertaking sufficient evaluation to ensure these are meeting the needs of staff. The Health Board should evaluate the impact of its staff wellbeing services to inform future investment decisions.

Improve performance and financial oversight for digital and estates

R12 There is a need to put in place arrangements to understand the impact of digital and estates strategies, as well as the financial feasibility of the strategy. The Health Board should:

- review any funding gaps in the digital and estates strategies to determine if they are financially feasible. Update the relevant committee on the findings of the financial feasibility review and how any associated risks will be managed.
- introduce periodic committee reports that not only focus on actions completed but the impact its digital and estates strategies are having on the organisation.

Detailed report

Governance arrangements

- 19 Noting that we have reported separately on the Board's effectiveness, this year's 'governance arrangements' section focusses on key systems of assurance and specific aspects of organisational design.
- 20 We found that **while there has been some progress, systems of assurance need to more effectively support improvement and the new operating model needs to be fully implemented as a matter of urgency.**

Systems of assurance

- 21 We considered the extent to which the Board and its committees oversee, scrutinise, and challenge organisational risks, performance, and quality of services. In examining this, we have looked at whether:
- there is an effective Board Assurance Framework in place, which is actively reviewed and owned by the Board;
 - the Board Assurance Framework is underpinned by appropriate systems for managing risks and performance; overseeing the quality and safety of services; and handling information in a secure manner; and
 - the Health Board takes effective action to address audit and review findings and recommendations.
- 22 We found that **while the Health Board is taking action to strengthen some systems of assurance, there remain significant weaknesses. This can result in lack of assurance that significant and ongoing risks and performance challenges are being addressed and that necessary improvements are being delivered.**
- 23 The Health Board has recently refreshed its risk strategy for 2022-25 and its Board Assurance Framework. Our review indicates that the risks in the Framework are reflective of the main challenges currently facing the Health Board. These risks are reviewed on a quarterly basis by the Risk Management Group. The Board's significant current risks in relation to performance, quality, workforce fragility, and finance present a challenging outlook for the Health Board. Some high-rated risks have been on the register for a substantial period. In some instances, the multitude of actions taken to mitigate the risks do not appear to have made a material difference. Action is therefore needed to ensure that the activities to mitigate risks are effectively addressing these challenges (**Recommendation 1**).
- 24 Over the last year, committees and the Board have highlighted significant concerns that the integrated quality and performance reports are too long and, in some instances, unclear or containing errors. It was for the latter reason that the Quality, Safety and Experience Committee refused to receive the performance report on several occasions during 2021-22. There have also been issues relating to gaps and format issues of performance reports, particularly notable in the August 2022

Board papers. Work continues to refine these reports. However, the Board-level Integrated Quality and Performance Report is still a long document that is not always easy to interpret. The narrative often does not effectively explain when the Health Board will be on back on track, nor does it describe the effectiveness of improvement actions. Urgent action is therefore needed to improve performance assurance reporting (**Recommendation 2**). This is particularly important as organisational performance remains poor in unscheduled care and planned care services. While waits for some diagnostic services are improving, cancer service and eye care waits are slowly worsening.

- 25 Our quality governance report, published in March 2022, highlighted that the Health Board is taking a proactive approach to refreshing its Quality Improvement Strategy and supporting quality framework and is seeking to manage operational quality risks with general committee oversight of quality risks and issues. We also highlighted important opportunities for improvement, such as strengthening arrangements for organisation-wide learning and addressing inconsistencies in resources for quality improvement activities. This is particularly important given longstanding concerns with some aspects of mental health services, vascular services and quality risks associated with the capacity of emergency departments.
- 26 During the 2021-22 financial year, the Health Board reported both the highest number of never event incidents and nationally reportable incidents across Wales. It should be noted that the ability to properly assess the relative position of the Health Board compared to others in Wales is hampered by uncertainty over the robustness of incident reporting across each NHS body. The NHS Wales Delivery Unit² undertook work during the year to assess the Health Board's nationally reportable incidents and never events. They identified a good reporting culture. However, they also found a need for the Health Board to improve incident investigation processes, including looking more broadly at trends to identify learning that can be implemented across the organisation, rather than act on a case-by-case basis. The Delivery Unit undertook further engagement with the Health Board in 2022 to support improvement.
- 27 During June 2022, the Auditor General wrote to the Health Board Chief Executive highlighting inaccuracies in the Health Board's public reporting of the number of complaints the Public Service Ombudsman for Wales had received about the Health Board. Whilst we found no evidence that the inaccuracies identified were the result of deliberate misreporting, we have recommended the Health Board engages more proactively with the Ombudsman's office to validate complaint numbers in advance of public reporting (**Recommendation 3**).
- 28 During 2021, the Health Board undertook an extensive project to migrate its written control documents, including policies, to a new intranet site. This produced a list of 800 confirmed written control documents to be migrated. The exercise identified

² The NHS Wales Delivery Unit aims to support sustainable improvement in NHS Wales and has oversight of the nationally reportable incidents of each NHS body.

many policies where the renewal dates were overdue, with some requiring renewal dating back to 2011. Action is needed to address this as outdated policies could leave the organisation at risk. (**Recommendation 4**).

- 29 An Internal Audit report in March 2022 also identified weaknesses surrounding the Health Board's register of gifts and declarations of interest. The report commented on lack of monitoring arrangements for these processes caused by capacity issues. Lack of capacity has also meant that work to implement the recommendations from the review are now overdue. We note the Health Board has a new declarations of interest system in place from April 2023.
- 30 The Health Board reports an audit tracker to each routine Audit Committee meeting. As the audit tracker format is brief, it does not provide full assurance that recommendations have been truly implemented. We found examples of recommendations or actions which the Health Board considered complete and removed from the tracker only for concerns to subsequently be raised showing the core issue as unresolved (**Recommendation 5**).

Organisational design

- 31 We considered the extent to which the Health Board's organisational structure supports effective governance. In examining this, we have looked at whether the organisational structure supports effective governance and facilitates whole system working.
- 32 We found that **the new operating model has the potential to strengthen the organisation, but to be fully effective, the model needs to be effectively implemented alongside development of a strong and stable leadership.**
- 33 During our structured assessment fieldwork, interviewees reflected that the previous organisation structure created unhelpful divisions of responsibilities. There are also longstanding issues that the implementation of the new operating model provides an opportunity to address. These include examples of staff unnecessarily escalating operational issues to very senior and Executive positions instead of managing them within the operational teams. The Health Board recently introduced a new operating model. This is based on three health communities (east, centre, and west) which integrate acute, community and primary care services³. From our interviews, there seems to be a consensus that this new model will better support integrated service delivery and address some of the historical structural problems.
- 34 However, we also heard several concerns about the way the Health Board introduced its new operating model. Although the lead in time to implement the new model had been fairly significant, we heard concerns that the Health Board

³ The Health Board will be restructuring corporate enabling services (including workforce, finance, and estates and facilities) over coming months to support the new health communities.

was not fully ready to implement the new operating model structure immediately before it went live in August 2022. Our fieldwork didn't find sufficient evidence of an implementation plan or a clear approach for transition of accountabilities. There were also delays in recruitment to key posts resulting in interim appointments and gaps in key positions. Since the implementation in August, we also understand that there has been significant loss of experience and knowledge through the voluntary early release scheme. The Health Board has since made progress with appointments to key posts in the structure, but it must now complete the effective implementation of the new model as a matter of urgency in order to secure the intended benefits (**Recommendation 6**).

Strategic planning arrangements

35 In this section of the report, we provide our views on the Health Board's strategic planning arrangements, with a particular focus on the organisation's:

- vision and strategic objectives;
- Integrated Medium-term Plan;
- planning arrangements; and
- arrangements for implementing and monitoring the delivery of corporate strategies and plans.

36 We found that **while some aspects of strategic planning arrangements have improved, the Health Board is still without an approvable medium-term plan, and the new clinical strategy needs to have underpinning enabling plans which align with the strategy and have clear milestones and outcomes.**

Vision, strategic objectives, and integrated medium-term plan

37 We considered the extent to which there is a vision, strategy, and medium-term plan in place for the organisation. In examining this, we have looked at whether:

- the vision and strategic objectives are future-focussed, and rooted in a detailed and comprehensive analysis of needs, opportunities, challenges, and risks;
- the vision and strategic objectives have been developed and adopted by the Board;
- the long-term strategy is underpinned by an appropriate long-term clinical strategy; and
- the IMTP was reviewed by the Board, submitted within the required timeframes in line with Welsh Government guidance and approved by the Minister for Health and Social Services.

38 We found that **the Health Board's clinical strategy is a positive and long-awaited step forward, but its implementation will be dependent on rapidly**

progressing clear underpinning plans to deliver it. Whilst the Health Board made some positive steps in its 2022-25 IMTP development, it is still without an approvable medium-term plan.

- 39 It is positive to note that the Board approved its new Clinical Strategy for 2022-32 in August 2022. This is a long-awaited development and provides a blueprint for the overarching shape of clinical services in north Wales, recognising existing commitments. However, the clinical strategy is still a very high-level document, and it is unclear how the Health Board will monitor progress and judge its success. The Health Board, therefore, will need to act quickly to develop underpinning clinical services plans and an appropriate programme structure to deliver the strategy (**Recommendation 7**).
- 40 The Health Board made reasonable progress in preparing an Integrated Medium-Term Plan (IMTP) for 2022-25. Our work indicates that there were clearer programmes of work set out within the 2022-25 plan than in previous years. There was also reasonable consideration of associated resource requirements for many of these initiatives for the first year of the plan. We found appropriate scrutiny of IMTP drafts⁴ in executive forums and committees in advance of approval by the Board.
- 41 However, despite the progress made with developing an IMTP, the Welsh Government were not able to approve the plan. Welsh Government feedback indicated that the 2022-25 plan needed stronger alignment to the Health Board's targeted intervention improvement framework. The Welsh Government has now asked the Board to prepare an Annual Plan for 2023-24 as part of requirements under special measures. At the time of reporting, the Annual Plan was still being developed.

Planning arrangements

- 42 We considered the extent to which the Board maintains effective oversight of the process for developing corporate strategies and plans. In examining this, we have looked at whether:
- prudent and value-based healthcare principles are considered and reflected in corporate strategies and plans; and
 - corporate strategies and plans have been developed in liaison with relevant internal and external stakeholders.
- 43 We found that **The Health Board is progressing several of its key strategies and plans, however, it must take steps to ensure they are fully aligned, and that they maximise value-based healthcare opportunities.**

⁴ The IMTP was reviewed by the Partnerships, People and Population Health and Performance, Finance and Information Governance Committees between January and March 2022.

- 44 The Health Board has recently published or refreshed several key plans and frameworks alongside the long-term and clinical strategies. This includes the People Strategy and Plan - 'Stronger Together' - and its Mental Health Improvement Plan. However, the Health Board's timeframes for developing plans and strategies are not well-aligned. We would expect to see clinical plans set out the shape of sustainable service models and, following this, strategies for workforce, estate, digital and finance shaped to enable the delivery of the clinical plans. Instead, the Health Board has adopted the opposite approach by approving strategies for workforce, digital and estate in advance of development of sustainable clinical plans and models.
- 45 The aim of Value Based Healthcare⁵ is to improve the health outcomes of the people in Wales in a financially sustainable way. While value-based healthcare is an aim within the clinical strategy and IMTP, there is little evidence to demonstrate it is being effectively implemented and making a difference. Given the significant underlying deficit at the Health Board, there is a clear need to design and shape services to maximise the benefits of value-based healthcare approaches **(Recommendation 8)**.
- 46 The Health Board typically seeks internal and external engagement in its strategy development, but engagement activity during 2021-22 was limited in some cases because of the pandemic. We heard concerns about the low level of staff involvement in developing the 2022-25 IMTP. The Health Board's digital strategy engagement was more successful with over 4,000 comments received from staff and patients. Actions within the digital strategy correlate with the feedback received, demonstrating a commitment to listen and respond. We also found a reasonably well-rounded approach to clinical strategy engagement. The Health Board's online survey received 557 responses. We also found appropriately targeted discussions with senior clinical leaders and partners including north Wales local authorities, third sector partners, the Community Health Council, and the Stakeholder Reference Group.

Implementation and monitoring arrangements

- 47 We considered the extent to which the board oversees, scrutinises, and challenges the implementation and delivery of corporate strategies and plans. In examining this, we have looked at whether:
- corporate strategies and plans contain clear milestones, targets, and outcomes that aid monitoring and reporting; and
 - the board receives regular reports on progress to deliver corporate strategies and plans.
- 48 We found that **monitoring arrangements are variable resulting in limited board and committee assurance on the impact of key strategies and plans.**

⁵ Value in Health – www.vbhc.nhs.wales

- 49 We found variability in the extent to which strategies have clear supporting plans and milestones. However, we did find that the IMTP contained SMART⁶ objectives, as did the Ysbyty Glan Clwyd Improvement Plan, indicating a maturing in the Health Board's planning approach in some areas.
- 50 Both the Partnerships, People and Population Health and Performance, Finance and Information Governance Committees appropriately contributed to the 2022-25 IMTP development and monitoring and continue to do so for 2023-26 plan development. The Health Board has introduced a new format for the 2022-25 IMTP monitoring report and it will continue to develop this in coming months. However, there remain weaknesses in the current approach as board members continue to express frustration that progress reports do not clearly show what actions have been undertaken, when by, and their impact.

Managing financial resources

- 51 In this section of the report, we provide our views on the Health Board's arrangements for managing its financial resources, with a particular focus on the organisation's:
- arrangements for meeting key financial objectives;
 - financial controls; and
 - arrangements for reporting and monitoring financial performance.
- 52 Note: This report does comment on any subsequent review or ongoing investigations in relation to the concerns we identified through our Audit of Accounts.
- 53 We found that **there are significant control weaknesses, including those highlighted within our qualified 2021-22 financial audit opinion. This, along with insufficient plans for ensuring financial sustainability in the medium-term, present the Health Board with urgent and significant financial challenges.**

Financial objectives

- 54 We considered the extent to which the Health Board has effective arrangements in place to meet its key financial objectives. In examining this, we have looked at whether the Health Board:
- met its financial objectives for 2021-22, and is on course to meet its financial duties in 2022-23; and
 - has a clear and robust financial plan in place, which includes realistic and sustainable savings and cost improvement plans.

⁶ SMART relates to setting Specific, Measurable, Achievable, Relevant and Timely performance goals.

55 We found that **the Health Board failed to meet its three-year financial duty to break-even, savings plans are underdelivering and there is a growing risk to the sustainability of finances in the medium-term.**

56 From November 2020, Welsh Government provided the Health Board with £297 million additional strategic allocation over a 3.5-year period. £82 million of this is allocated per year for 2021-22, 2022-23, and 2023-24⁷. The allocation is to cover the financial deficit, to improve performance, and to drive a programme of transformation linked to a sustainable clinical model for North Wales.

57 Despite balancing the financial position in the 2021-22 financial year, the Health Board failed to break-even over the three-year period 2019-2022, reporting a £37.9 million deficit. This has occurred because of year-end deficits carried forward from previous years.

58 The board approved the 2022-25 financial plan as part of its IMTP in March 2022. The plan includes clear cost assumptions, including COVID-19 programme spend. Within the plan, the Health Board set an ambitious savings target of £35 million for 2022-23. However, it was slow to develop savings plans both in advance of, and early in, the year. As of month ten, the Health Board is forecasting year-end savings of £26.8 million against that £35 million target. As of January 2023, savings proposals for 2023-24 also fall substantially short of requirements.

59 The 2022-23 financial savings plan is based on an even split between transactional short-term and recurring savings i.e., £17.5 million of recurring savings out of a total of £35 million. By 2024-25, the plan is to increase 'transformational' recurring savings to 85% of total savings planned. But this step up of recurring savings is likely to be a challenge. At month ten of 2022-23, only £11.4 million of total required recurring savings are expected to be delivered by the end of the financial year although the Health Board is currently forecasting a break-even position.

60 The underachievement of recurring savings will affect the underlying deficit for future years. As of January 2023, the Health Board has identified around £0.5 million of the £23 million recurring savings required for 2023-24. Inability to secure sufficient recurring savings is a particular concern when:

- recurring savings often take longer to deliver, particularly if linked to service transformation.
- there continues to be both substantial inflationary risks to the finances and a risk that the substantial Welsh Government additional allocation will not continue beyond 2023-24.

61 Given the pressure on the Health Board's finances, there is a need to implement financial recovery approaches (**Recommendation 9**). There will also need to be a shift from a position where some IMTP schemes and business cases are seen as a means to secure additional funding, to a position where programmes deliver cost-

⁷ Welsh Government provided additional financial allocation as part of a package of targeted intervention.

efficiencies and cost-avoidance through service change and quality improvement. There may also be a need for disinvestment decisions, particularly where services or estates are not adding value.

Financial controls

- 62 We considered the extent to which the Health Board has appropriate and effective arrangements in place for allocating, authorising, recording, and managing the use of its financial resources. In examining this, we have looked at whether:
- there are effective controls in place to ensure compliance with Standing Financial Instructions and Schemes of Delegation;
 - the Audit Committee maintains appropriate oversight of arrangements and performance relating to single tender waivers, special payments, losses, and counter-fraud;
 - there are effective financial management arrangements in place; and
 - financial statements were submitted on time, contained no material misstatements, and received a clean audit opinion.
- 63 We found that **the Health Board must urgently explore and improve the significant control failures identified as part of our 2021-22 audit of its accounts and increase its grip to reduce spending above planned budgets.**
- 64 The Auditor General issued a qualified ‘true and fair’ and ‘regularity’ opinion on the Health Board’s 2021-22 accounts. The audit identified significant errors including the fact that the Health Board was unable to provide sufficient audit evidence to demonstrate the existence of £72 million of expenses incurred but not paid in the year. There was also insufficient evidence to confirm that expenditure of £122 million occurred in the year or was properly accounted for in the correct accounting period. As the Health Board did not have capacity to support the further audit work necessary to fully explore these issues, a “limitation of scope” qualification was placed on the Health Board’s accounts. In delivery of the audit, we found:
- significant internal control failures around the recognition of accruals, payables, and expenditure in year,
 - the miss-classification of capital spend as revenue, and
 - the failure to obtain Welsh Government and board approval for an accrued contract valued over £1 million, contrary to Standing Orders and the NHS (Wales) Act 2006.’
- 65 Following our audit of the 2021-22 accounts, the Health Board commissioned Ernst & Young to undertake a detailed review to determine what led to the accounts qualification and those involved. That review has now concluded and because of its findings, further investigations have been completed by NHS Wales Counter Fraud Service.
- 66 Expenditure across the Health Board is above budget as of month eight 2022-23, suggesting, in part, financial management control issues. There is also an inherent

risk when changing structures resulting in loss of financial accountability and control. However, we are aware that the Health Board is seeking to strengthen financial control and management within the new operating model.

- 67 The Audit Committee receives regular and appropriate reports relating to single tender waivers⁸, special payments, losses, and counter-fraud at its meetings. The reports are presented in the private session of the meeting, and there is opportunity to refine reporting and move these into the public session. Over the last 12 months, the Audit Committee has raised queries in relation to substantial use of single tender waivers. In 2021-22, the Health Board approved 151 single tender waivers totalling £18.7 million (a 50% and 75% increase respectively against the previous year).
- 68 For the first six months of 2022-23, the Health Board's use of single tender waivers has increased to 70, i.e. a growth of around 30% in comparison with the same period in 2021-22. To put this into perspective, the second largest health board in Wales, Aneurin Bevan University Health Board, reported 8 single tender waivers in the same period. The extensive use of single tender waivers in Betsi Cadwaladr raises significant concerns about financial planning and control arrangements within the Health Board (**Recommendation 9**). The Health Board has identified that it needs to increase its use of NHS frameworks to reduce the need for waivers.

Monitoring and reporting arrangements

- 69 We considered the extent to which the board oversees, scrutinises, and challenges the organisation's financial performance. In examining this, we have looked at whether:
- reports to the board provide a clear picture of the organisation's financial position, as well as the key financial challenges, risks, and mitigating actions taken; and
 - board members sufficiently challenge ongoing assessments of the financial position.
- 70 We found that **despite regular reporting of financial performance, there needs to be a stronger focus on the impact of financial improvement measures in the short-term and overall financial sustainability of the Health Board in the medium-term.**
- 71 There are regular financial reports to the Performance, Finance and Information Governance Committee and the board. The reports set out the short- and longer-term financial challenges, identifying where there are specific financial concerns or overspends. This includes pay and non-pay cost analysis, impacts of Covid-19 and as identified previously, savings performance. Reports indicate that the Health Board appropriately recognises its financial risks and slippage. However, it does

⁸ A single tender waiver is used to allow procurements without a full tendering process and competition.

not adequately convey required remedial actions or the impact of previous financial improvement measures.

- 72 Financial reports receive significant interest from Independent Members and generates detailed discussion. However, Independent Members have publicly commented that the finance reports do not provide sufficient analysis or assurance on how the Health Board will manage its significant financial challenges. Whilst scrutiny is necessarily focused on the current financial position, there is also a need to focus on the measures necessary to ensure the organisation's longer-term financial sustainability once Welsh Government additional allocations ends (**Recommendation 10**).

Managing the workforce, digital resources, the estate, and other physical assets

- 73 In this section of the report, we provide our high-level views on the Health Board's arrangements for managing its wider resources, with a particular focus on the organisation's:
- arrangements for supporting staff wellbeing⁹.
 - arrangements for managing its digital resources; and
 - arrangements for managing its estate and other physical assets.
- 74 We found that **the Health Board needs to ensure that the measures it has introduced to support staff well-being are having the intended impact. Improvements are needed in the way digital projects are resourced and delivered, and significant long-standing issues with the Health Board's estate also need addressing through implementation of the revised strategy.**

Supporting staff wellbeing

- 75 We considered the extent to which the Health Board has appropriate and effective arrangements in place for supporting staff wellbeing. In examining this, we have looked at whether:
- mechanisms to seek staff views about their wellbeing needs are effective, and the Health Board takes appropriate action to respond to findings; and
 - actions to support and improve staff wellbeing are actively monitored by the board, including actions taken in response to our report on how NHS bodies supported staff wellbeing during the COVID-19 pandemic¹⁰.

⁹ Please note we will be undertaking a separate review of the organisation's workforce planning arrangements.

¹⁰ [Taking care of the carers? How NHS bodies supported staff wellbeing during the COVID-19 pandemic.](#)

- 76 We found that **while the Health Board has introduced a range of measures to support staff wellbeing, there are insufficient arrangements to evaluate these to determine whether all wellbeing services warrant continued funding.**
- 77 The Health Board has a programme of staff wellbeing services including counselling services, staff wellbeing support and stress awareness sessions. Positively, the Health Board has dedicated resources to manage these services across the three health communities. The Health Board is also putting in place measures to ensure geographically dispersed staff and those without access to organisational technology can access wellbeing services. However, we have noted that feedback gathered as part of the engagement on the Clinical Strategy contained views that the Health Board could do more to support staff wellbeing.
- 78 The Health Board has not conducted a staff survey since 2020 and has not developed pulse surveys or other evaluations to understand uptake, satisfaction levels or impact of wellbeing services in place. Without sufficient evaluation, the service is likely to miss opportunities to focus and improve its offer to its staff. Some wellbeing services were funded with short-term monies in 2021-22. Given the significant continuing service pressures, the Health Board needs to evaluate its wellbeing 'offer' to ensure maximum positive impact from the resources that it is committing (**Recommendation 11**).
- 79 In December 2021, we presented our Taking Care of the Carers report detailing our review of how NHS bodies supported staff wellbeing during the COVID-19 pandemic. While we have sought a management response on several occasions, we have not received this and are therefore unable to review progress. The Health Board should ensure that it adds the Taking Care of the Carers report recommendations to the Audit Committee recommendation tracker and seek suitable assurance on progress.

Managing digital resources

- 80 We considered the extent to which the Health Board has appropriate and effective arrangements in place for managing its digital resources. In examining this, we have looked at whether:
- there is a Board approved digital strategy in place which seeks to harness and exploit digital technology to improve the quality, safety, and efficiency of services, as well as to support new models of care and new ways of working; and
 - the Board actively monitors the benefits arising from investments in digital technology.
- 81 We found that **there is a need to ensure sufficient resources to deliver on the priorities for digitally enabled services, particularly where investment in digital can leverage efficiency, quality improvement and savings elsewhere.**
- 82 The Health Board approved its digital strategy 'Our Digital Future 2021-24' in May 2021. The digital strategy articulates the Health Board's two digital ambitions

(Enabled Patients and Carers; and Connected Staff) and six key enablers to achieving these ambitions. The strategy sets out several programmes of work to safeguard patient information record systems and modernise delivery models across the organisation. However, the board approved the digital strategy without sufficient clarification of how its delivery would be funded.

- 83 The Health Board has progressed several key digital strategy programmes since May 2021. This included continued implementation of the Welsh Patient Administration System and technology to enable agile working. However, due to lack of resources, over half of the digital projects planned for 2021-22 were either not or partially completed by their intended dates.
- 84 In November 2022 and following on from the 'unfunded' agreement of the digital strategy, the board received a significant update on Digital, Data and Technology plans. These highlighted substantial challenges the digital service faces including:
- strengthening its existing infrastructure
 - targeted investment in digital to meet organisational need and
 - ensuring that capacity and skills within the Digital, Data and Technology department can meet current and future need.
- 85 Again, as seen in May 2021, the board did not agree to fund the improvements in November 2022. The board instead indicated that funding would need to be considered as part of wider IMTP prioritisation. The consequences of ineffective delivery of digital services on patient safety and quality of care are recognised on the Health Board's Board Assurance Framework. According to Health Board figures, the percentage of its overall operational spend on digital services within the organisation is 1.18% compared to an overall average of 2% across Wales. The Health Board should target digital investments on business benefits, with a particular focus where 'digital' can be used to release service efficiency and/or quality gains (**Recommendation 9**).

Managing the estate and other physical assets

- 86 We considered the extent to which the Health Board has appropriate and effective arrangements in place for managing its estate and other physical assets. In examining this, we have looked at whether:
- there are board-approved strategies and plans in place for managing the organisation's estates and its wider physical assets.
 - there are appropriate arrangements in place for the board to review, scrutinise, challenge, and approve significant capital projects and programmes; and
 - there are appropriate arrangements in place for the board to maintain appropriate oversight of the condition of the estate and other physical assets.
- 87 We found that **the Health Board has significant long-standing estates issues which need addressing.**

- 88 The Health Board's new 10-year estates strategy was approved by the board in January 2023. The strategy clearly demonstrates inadequate Health Board estate. Except for a measure on 'space utilisation', core Health Board estate performs poorly against every other estate measure when compared with the Wales average. Overall, the Health Board performs below target in relation to physical condition of estate and fire safety compliance. The Health Board's 238 properties costs approximately £73 million a year to operate, are generally energy inefficient, and it would cost around £350 million to address the total backlog maintenance requirements.
- 89 The estates strategy provides an unequivocal position on the risks and ongoing challenges the Health Board faces. It also links well to high-level aims set out in the Health Board's clinical strategy, recognising, to a limited extent, changing population health, the geographic dispersion of health service need and intent for changing clinical services. However, there is a need for clinical plans to more clearly set out the future shape of care models to ensure the Health Board's estates fully enable new care pathways.
- 90 Overall, the Estates strategy sets out a good high-level vision and initial agreed priorities including:
- Wrexham Maelor Hospital Infrastructure continuity programme;
 - Ysbyty Gwynedd fire compliance programme;
 - Royal Alexandra Hospital development project;
 - Ablett replacement at Glan Clwyd Hospital;
 - Medical and Health Sciences School; and
 - Regional treatment centre programme.
- 91 The Health Board intends to adopt a regional treatment centre model to increase both diagnostic and elective capacity. The Health Board commissioned a Gateway Review which reported in July 2022. The review raised concerns around the complexity of the funding model, identifying that capital funding would be the preferred option. While originally anticipating these centres to be available in 2023, the Health Board now expects implementation in 2027. This poses a significant risk for the Health Board in terms of ensuring sufficient service capacity to recover the planned care waiting list. The estates priorities set out in paragraph above collectively require hundreds of millions of pounds in capital resourcing and potentially additional revenue financing. Strategic capital financing across Wales is limited, so there is a clear need for the Health Board to ensure that its strategic estate approach is financially feasible. The Health Board's oversight of estates and capital risks is reasonable, and key programmes are reported sufficiently to committee. There is a need however, to ensure the board (**Recommendation 12**):
- continues to effectively prioritise its major programmes and to manage the impact of any delays;
 - are sighted of and agree the necessary financial requirements to pursue the aims set out in the strategy;

- track, over time whether the estates changes are positively contributing to achievement of its estates performance measures;
- assesses the extent that changes in estate are supporting clinical strategy delivery; and
- reviews the impact of its 2022 decarbonisation action plan.

Appendix 1

Audit approach

Exhibit 2 sets out the approach we adopted for delivering our structured assessment work at the Health Board.

Exhibit 2: audit approach

Element of audit approach	Description
Observations	<p>We observed the following meetings:</p> <ul style="list-style-type: none">• The board, August 2022, June 2022.• Performance, Finance and Information Governance committee, June 2022, April 2022.• Partnerships, People and Population Health committee, June 2022.• Quality, Safety and Experience committee, July 2022, May 2022, and September 2022; and• Audit Committee meetings, as part of regular Audit Wales attendance. <p>In addition, we also observed the board in November 2022 and January 2023 and each of the above committees in January 2023 as part of our review of board effectiveness.</p>

Element of audit approach	Description
Documents	<p>We reviewed a range of documents, including:</p> <ul style="list-style-type: none"> • Board and committee Terms of Reference, work programmes, agendas, papers, and minutes. • Key governance documents, including Schemes of Delegation, Standing Orders, Standing Financial Instructions, Registers of Interests, and Registers of Gifts and Hospitality. • Key organisational strategies and plans, including the IMTP. • Key risk management documents, including the Board Assurance Framework and Corporate Risk Register. • Key reports relating to organisational performance and finances. • Annual Report, including the Annual Governance Statement. • Relevant policies and procedures; and • Reports prepared by the Internal Audit Service, Health Inspectorate Wales, Local Counter-Fraud Service, and other relevant external bodies.

Element of audit approach	Description
Interviews	<p>We interviewed the following Senior Officers and Independent Members:</p> <ul style="list-style-type: none"> • Chair of Health Board. • Vice-Chair and Chair of Quality, Safety and Experience Committee. • Chair of Performance, Finance, and Information Governance Committee. • Chair of Audit Committee. • Chair of Partnerships, People and Population Health Committee. • Chief Executive (as of August 2022). • Director of Finance. • Medical Director. • Director of Integrated Clinical Services. • Director of Planning and Transformation. • Director of Estates and Facilities. • Director of Capital Planning. • Acute Site Director, Central area. • Acute Site Director, East area. • Integrated Health Community Director, West. • Chief Digital Information Officer. • Board Secretary. • Associate Director Human Resources, Workforce and Organisational Development. • Associate Director Workforce Planning and Performance; and • Associate Director Occupational Health, Safety and Security.

Appendix 2

Management response to audit recommendations

Exhibit 3: management response.

Recommendation	Management response	Completion date	Responsible officer
<p>Review and where needed strengthen risk mitigating actions – Priority High</p> <p>R1 Despite recent changes to the Health Board’s strategic and corporate risk arrangements, risk scores in some key areas are not decreasing. The Health Board should review the mitigating actions on the corporate risk register and Board Assurance Framework to ensure they are having the intended impact.</p>	<p>The Interim Board Secretary is overseeing the revision of the risk management framework, including consideration of the corporate risk register and Board Assurance Framework to ensure clear mitigations and associated timescales are in place as part of the process of refreshing these documents including robustness of risk action plans. This process will conclude in September 2023 and will be evidenced by a Board approved Risk Management Framework.</p> <p>In the period from this report to the 28 September, the Risk Management Group is overseeing the risks and the mitigating actions and challenges to the scores and mitigations come from the Risk Management Group. The Associate Director of Governance worked with the Risk Management Group to amend the Terms of Reference to reflect the meeting becoming a more “collective support and challenge” to reviewing the significant risks of the organisation.</p> <p>In addition, the Associate Director of Governance brings reports to the Executive Team meeting with key issues related to risk scores and mitigation. This has commenced. Also, the Associate Director of Governance has placed risk on the agenda of the Service Performance and Accountability review</p>	<p>28 September 2023</p> <p>Complete</p> <p>Complete</p>	<p>Interim Board Secretary</p>

Review of performance management assurance reporting – Priority High

R2 The Health Board is continuing to refine performance reporting into board and committees. However, there remain concerns around the quality of the performance report and the extent that stated actions will lead to the intended improvements. The Health Board should improve its performance assurance reporting, focussing more on the impact of performance improvement actions.

The Health Board is currently developing a revised Integrated Performance Framework that incorporates feedback from the Structured Assessment Review. The Framework will clarify roles and responsibilities of Board, Board Committees and include criteria for escalation of performance matters. The intention of the report will be to provide a more concise high-level overview of Board Performance against NHS Wales Operating Framework Metrics, supplementary analysis in visual form to support better / easier understanding of key issues and a summarised assessment of key performance areas of significant concern and notes comparative improvement/deterioration either against target/plan/trajectory or expectation.

Key areas will include:

- BCU Delivery Framework KPI summary which aligns with NHS Wales existing assessment convention
- A full review of Performance against all NHS Wales Performance Framework Metrics
- Actual v target or trajectory and whether the Board is compliant with that indicator
- Comparative benchmarking against all Wales Health Boards (where available),
- Performance against BCU submitted to NHS Wales performance trajectories
- 12-month trend sparks
- A summary of performance against the Board's submitted trajectories – included as part of the Annual Plan.
- Exception Reporting and the mitigations in place to manage risk.

31 July 2023
with
continued
review

Executive
Director of
Finance and
Performance

Recommendation	Management response	Completion date	Responsible officer
<p>Ensure accuracy of reporting Public Services Ombudsman for Wales figures – Priority High</p> <p>R3 There have been discrepancies between the complaint figures reported by the Public Services Ombudsman for the Health Board and the Health Board’s own figures within previous annual reports. While the Health Board rectified this in its 2021-22 annual report, the Health Board should ensure such discrepancies do not reoccur. The Health Board should validate and verify Public Service Ombudsman for Wales complaint numbers prior to inclusion in annual reports.</p>	<p>Following the findings that the Health Board and Ombudsman were reporting different sets of data, monthly meetings were arranged to undertake validation. These have been held with the Head of Complaints Standards at PSOW and his team and the Health Board’s Quality Governance Team. It has recently been agreed to reduce these meetings to quarterly, as there is confidence in the data and ongoing validation process.</p> <p>The Health Board also agreed that to avoid any repeat confusion, in our annual report we would use the Ombudsman’s data definition and we would further validate the data before it is used in our report.</p> <p>This has happened this year as planned – evidence of this has been submitted to Audit Wales.</p>	Complete	Executive Medical Director

Recommendation	Management response	Completion date	Responsible officer
<p>Review Health Board policies – Priority High</p> <p>R4 The Health Board has a significant number of policies overdue for renewal, which exposes the organisation to service and administrative risks. The Health Board should review and update Health Board policies, prioritising high importance policies first, including the policy on policies.</p>	<p>The Interim Board Secretary has secured dedicated resource back into the Office of the Board Secretary from 1 August 2023 to support the prioritisation and review of policies.</p> <p>The key actions now are to approve an updated “policy on policies” and then agree a priority list of policies to address based on the views of the responsible Executive Team view of priority. The prioritised list / workplan will report through to the Executive Team and Audit Committee.</p>	<p>Complete</p> <p>September 2023</p>	<p>Interim Board Secretary</p>
<p>Review audit recommendation tracker – Priority High</p> <p>R5 The audit recommendation tracker and report in their current format provide limited detail, particularly around actions considered complete. The Health Board should work with Audit Committee members to review the format of the audit tracker and report to ensure it provides sufficient information to provide assurance.</p>	<p>A revised internal and external audit tracker is due to be introduced within the Health Board. Key short-term actions (up to September 2023) include the review of the existing audit tracker to consolidate and/or close completed actions for reporting to the September Audit Committee. In parallel to this, the Statutory Compliance, Governance and Policy Manager (under the leadership of the Interim Board Secretary) will develop an in-house digital solution for the future tracking of recommendations.</p>	<p>September 2023</p>	<p>Interim Board Secretary</p>

Recommendation	Management response	Completion date	Responsible officer
<p>Implementation of the new operating model – Priority High</p> <p>R6 The Health Board should complete the implementation of the new operating model as a matter of urgency, particularly in respect of recruiting substantial post holders and reducing reliance on interim appointments.</p>	<p>The Stronger Together Operating Model is subject to a Stocktake Review as part of the organisation's Special measures response. This will assist in identifying elements that may need revision or strengthening. In the meantime, a recruitment plan for substantive postholders is being implemented.</p> <p>The Health Board undertook an executive search and selection for Chief Executive in summer 2023. A new search and selection partner will be appointed. The People and OD Directorate are working closely with Welsh Government on this. A plan is in place to advertise in quarter four. An interim CEO from the NHS in Wales has been appointed until March 23, and this allows for a portfolio review of the executive to take place (review undertaken by Welsh Government Special Advisor). Following this the Interim CEO will advertise to fill any vacancies substantively.</p> <p>Additional controls to reduce agency and interim reliance have been implemented. This has significantly reduced the number of interims over the past six months.</p> <p>All of the Integrated Healthcare Communities (IHC's) are now led by a substantive Executive Director of Operations, to stabilise and substantively recruit to positions in the IHC structures. A recruitment plan for MH&LD is being implemented to progress substantive appointments.</p>	<p>Continued review required</p>	<p>Deputy Director of Workforce and OD</p>

Recommendation	Management response	Completion date	Responsible officer
<p>Develop a supporting clinical delivery plan – Priority High</p> <p>R7 The Health Board has developed a clinical strategy for its services, however, there is lack of detail on how it will be implemented. The Health Board should develop supporting clinical delivery plan/plans and delivery structures to shape and implement sustainable service models. Clinical plans should inform workforce, estate, financial resource, and digital services planning.</p>	<p>The Health Board will be taking stock of strategic commitments as part of the revised approach to planning. The Special Measures Response Plan includes a review of Planning and the development of an Internal Planning Framework.</p> <p>The Clinical Services Strategy was key to the prioritisation of IMTP proposals and it had been intended that two of the projects taken through the IMTP would be “blueprints” for developing a tool for developing a tool for bringing the strategy into the day to day thinking of the Health Board. However, as significant IMTP investment in new services was not possible this year it is now proposed that:</p> <ul style="list-style-type: none"> • The clinical services strategy is refined as an operational tool within development of dermatology and urology services. • The current review of vascular service implementation is used to inform refinement of the strategy. <p>Therefore, by October 2023 an operational appendix, including use of the National Clinical Framework, will have been agreed.</p>	<p>Quarter 4 2023-24</p>	<p>Exec Director of Strategy and Transformation with leadership support from Clinical Executives (Medical, Nursing and Therapies).</p>

Recommendation	Management response	Completion date	Responsible officer
<p>Reporting on the impact of value-based healthcare initiatives – Priority Medium</p> <p>R8 We found limited evidence of how the Health Board is implementing value-based healthcare operationally to its services to maximise value and efficiency. The Health Board should ensure reporting on its value-based healthcare programme focusses on the outcomes achieved.</p>	<p>The approach to Value-Based Health Care will be further considered as part of the development of the Internal Planning Framework for the organisation. This will enable clarity of the Board-led strategic commitment to take forward this approach systematically. In addition, specific VBHC pieces of work are underway e.g. Lymphoedema & Cellulitis, Heart Failure, Long-term Diabetes Hub, PROM led follow up arthroplasty, Non-Emergency Patient Transport Services (NEPTS), PROMs platform.</p>	<p>December 2023 with continued review</p>	<p>Executive Director of Strategy and Planning</p>

Urgently implement financial recovery approaches to strengthen the financial position – Priority High

R9 As of January 2023 the Health Board is off-track with its current savings plan and is slow to progress the savings plan for 2023-24. The Health Board should:

- prepare appropriate financial recovery programmes as a matter of urgency for both the remainder of this, and the next financial year.
- review options for estate and service disinvestment (i.e., where services are not demonstrating sufficient patient impact and outcomes).
- target digital investments on areas of clear business benefits, i.e., where digital can be used to release service efficiency and/or quality gains elsewhere.
- introduce stronger reporting and oversight of the medium-term financial position, financial

There is a significantly challenged financial position across NHS Wales. The Health Board are fully engaged with Welsh Government.

Health Board was able to attain financial plan for 2022-23 and in doing so deliver against the aggregated three-year break-even duty. In regard to the 2023-24 financial year the team have targeted a stretch value of £30.9m with the plan assuming delivery in year of £25.2m. The systems in place included development of schemes within locality and Division led by the Operational teams. The costing and deliverability of schemes assured by the Chief Financial Officer for financials and overall scheme then signed off by the IHC or Corporate Director. The schemes are then quality assured for delivery by the Head of Financial Improvement, ratings reflective of the Welsh Government Health Circular criteria using a traffic light system (green/amber/red).

The 2023-24 financial year whilst commencing with a low value of schemes identified for initial months is now reporting identification of schemes exceeding the £25.2m targeted levels, with £17.3m rated green within the modelling. The Estates schemes are under review with two properties identified for disposal this year with one of the properties included within the above values (the other excluded owing to Welsh Government approval for disposal being required).

The Health Board has full visibility through monthly performance reporting within the PFIC or actual Health Board meeting, the financial reporting including levels of savings identified and in month performance for the financial year.

Complete

Executive Director of Finance

Recommendation	Management response	Completion date	Responsible officer
<p>strategy and recovery approaches.</p>	<p>The Health Board has considered its digital plan for 2023-24 as part of the Annual Plan. Significant prioritisation discussion for the medium to longer term is required in order to appropriately assess and implement national and local priorities. The internal Planning Framework will include digital service planning in order that service efficiency and quality benefits are identified as part of prioritisation.</p> <p>Digital have delivered a proof of value for Single Sign On (SSO) that allows ED users to be able to log into their critical applications by tapping of their ID card and the simple entry of a pin number. The SSO application then takes over and automatically opens the applications without the need to enter login details for each application. This significantly expedites the login time of each user by an average of 30 minutes per shift which has been measured. This time can be refocused and invested in patient care. In addition to the time saving opportunity, SSO mitigates the need for generic accounts thus providing a secure environment improving auditability and ensuring compliance with data protection policies, procedures and best practice.</p>		

Recommendation	Management response	Completion date	Responsible officer
<p>Introduce stronger financial planning and control to reduce reliance on single tender waivers – Priority High</p> <p>R10 The Health Board has a track-record of substantial and growing use of single tender waivers. The Health Board should improve procurement planning and strengthen single tender waiver financial controls.</p>	<p>The single tender waiver process has been enhanced to ensure that these waivers are only processed where such an action would only be undertaken when compliant with legislation and offers value for money from not testing the wider market. The two key measures contained within the process are signature from the Head of Procurement to assure legality of placement of the award and sign off by the Director of Finance (Operational) to assure the placement of the award will represent value for money.</p> <p>The single tender waivers will be reported to Audit Committee for oversight and assurance of numbers being processed, basis for legality of award and value for money considerations.</p> <p>As part of Special Measures Response Plan a wider Procurement review will take place in order that further learning and improvements can be made, including to the control environment.</p>	Complete	Executive Director of Finance

Recommendation	Management response	Completion date	Responsible officer
<p>Ensure effectiveness of staff wellbeing services – Priority High</p> <p>R11 The Health Board has introduced a programme of services to support staff wellbeing. However, it is not currently undertaking sufficient evaluation to ensure these are meeting the needs of staff. The Health Board should evaluate the impact of its staff wellbeing services to inform future investment decisions.</p>	<p>As part of a wider culture development programme, health and wellbeing of employees will be reviewed, to align Staff Supports Services (SUS) to the culture programme. Scoping of work programme taking place in Q1/2 to develop programme from Q3.</p> <p>As part of this work, a system of service measures and outcomes will be implemented.</p>	<p>Quarter 3 2023-24</p>	<p>Deputy Director of Workforce and OD</p>



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Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg.



Teitl adroddiad: <i>Report title:</i>	Audi Wales Update Report			
Adrodd i: <i>Report to:</i>	Audit Committee			
Dyddiad y Cyfarfod: <i>Date of Meeting:</i>	Thursday, 24 August 2023			
Crynodeb Gweithredol: <i>Executive Summary:</i>	<p>This document provides the Audit Committee with an update on our current and planned accounts and performance audit work at Betsi Cadwaladr University Health Board.</p> <p>We also provide additional information on:</p> <ul style="list-style-type: none"> Other relevant examinations and studies published by the Audit General. Relevant corporate documents published by Audit Wales (e.g. fee schemes, annual plans, annual reports), as well as details of any consultations underway. 			
Argymhellion: <i>Recommendations:</i>	<p>The Audit Committee is asked to:</p> <ul style="list-style-type: none"> Receive the Audit Wales Update Report 			
Arweinydd Gweithredol: <i>Executive Lead:</i>	Phil Meakin, Interim Board Secretary and Associate Director of Governance			
Awdur yr Adroddiad: <i>Report Author:</i>	Andrew Doughton, Audit Wales			
Pwrpas yr adroddiad: <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>	
Lefel sicrwydd: <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 checked="" 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>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>				
Cyswllt ag Amcan/Amcanion Strategol: <i>Link to Strategic Objective(s):</i>	Well-led.			

<p>Goblygiadau rheoleiddio a lleol:</p> <p><i>Regulatory and legal implications:</i></p>	<p>The Auditor General has a wide range of audit and related functions, including auditing the accounts of Welsh NHS bodies, and reporting to the Senedd on the economy, efficiency, and effectiveness with which those organisations have used their resources. The Auditor General undertakes his work using staff and other resources provided by the Wales Audit Office, which is a statutory board established for that purpose and to monitor and advise the Auditor General.</p> <p>Audit Wales is the non-statutory collective name for the Auditor General for Wales and the Wales Audit Office, which are separate legal entities each with their own legal functions as described above. Audit Wales is not a legal entity and itself does not have any functions.</p>
<p>Yn unol â WP7, a oedd EqlA yn angenrheidiol ac a gafodd ei gynnal?</p> <p><i>In accordance with WP7 has an EqlA been identified as necessary and undertaken?</i></p>	<p>N/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>N/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>Failure to fulfil the statutory duties as described above.</p>
<p>Goblygiadau ariannol o ganlyniad i roi'r argymhellion ar waith</p> <p><i>Financial implications as a result of implementing the recommendations</i></p>	<p>N/A</p>
<p>Goblygiadau gweithlu o ganlyniad i roi'r argymhellion ar waith</p> <p><i>Workforce implications as a result of implementing the recommendations</i></p>	<p>N/A</p>
<p>Adborth, ymateb a chrynodeb dilynol ar ôl ymgynghori</p> <p><i>Feedback, response, and follow up summary following consultation</i></p>	<p>N/A</p>
<p>Cysylltiadau â risgiau BAF:</p>	<p>N/A</p>

<p>(neu gysylltiadau â'r Gofrestr Risg Gorfforaethol)</p> <p>Links to BAF risks: (or links to the Corporate Risk Register)</p>	
<p>Rheswm dros gyflwyno adroddiad i fwrdd cyfrinachol (lle bo'n berthnasol)</p> <p>Reason for submission of report to confidential board (where relevant)</p>	<p>N/A</p>
<p>Rhestr o Atodiadau:</p> <p>List of Appendices:</p> <ul style="list-style-type: none"> • Appendix 1 - Audit Wales Update Report 	

Audit Committee Update – Betsi Cadwaladr University Health Board

Date issued: August 2023

Document reference: 3733A2023

This document has been prepared for the internal use of Betsi Cadwaladr University Health Board as part of work performed / to be performed in accordance with statutory functions.

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About this document

- 1 This document provides the Audit Committee with an update on our current and planned accounts and performance audit work at Betsi Cadwaladr University Health Board.
- 2 We also provide additional information on:
 - Other relevant examinations and studies published by the Audit General.
 - Relevant corporate documents published by Audit Wales (e.g. fee schemes, annual plans, annual reports), as well as details of any consultations underway.
- 3 Details of future and past Good Practice Exchange (GPX) events are available on our [website](#).

Accounts audit update

4 **Exhibit 1** summarises the status of our current and planned accounts audit work.

Exhibit 1 – Accounts audit work

Area of work	Executive Lead	Focus of the work	Current status	Planned date for consideration
Audit of Accounts	Interim Director of Finance	We will follow the audit approach designed as part of our planning work and undertake appropriate audit testing to enable the Auditor General to provide his opinions on the financial statements of the health board.	The audit is substantially complete. We intend issuing a qualified audit opinion and accompanying substantive report to the Senedd. Further detail will be set out in our	Audit of Accounts Report to be presented to Audit Committee on 24 August 2023.

Area of work	Executive Lead	Focus of the work	Current status	Planned date for consideration
			Audit of Accounts Report.	
Charitable Funds: <ul style="list-style-type: none"> • Planning • Audit of Charitable Fund Financial Statements 	Interim Director of Finance	<p>This work involves undertaking risk assessment procedures to identify risks of material misstatement within the Charitable Fund's financial statements. The subsequent design and performance of our audit approach will be responsive to each assessed risk.</p> <p>We will follow the audit approach designed as part of our planning work and undertake appropriate audit testing to enable the Auditor General to provide his opinion on the financial statements of the Charitable Fund.</p>	Not yet started	Early 2024.

Performance audit update

5 Exhibit 2 summarises the status of our current and planned performance audit work.

Exhibit 2 – Performance audit work

Area of work	Executive Lead	Focus of the work	Current status	Planned date for consideration
Progress review of follow up outpatients	Adele Gittoes, Interim Executive Director of Operations	This work assesses the progress made in addressing the recommendations made in our 2015 report in the context of the current organisational performance.	Draft report issued	October 2023
All Wales thematic work	Adele Gittoes, Interim Executive	This work has been carried forward from the 2020 Audit Plan, after having initially been	Draft reporting	October 2023

Area of work	Executive Lead	Focus of the work	Current status	Planned date for consideration
on Unscheduled Care Arrangements: Phase 1 work on patient flow and discharge planning	Director of Operations	postponed due to the pandemic. Our phase one work has examined discharge planning arrangements and patient flow. We will assess the Health Board's progress against the 2017 audit recommendations we made on discharge planning. We are also producing a report for the Health Board and its partners on the Regional Partnership Board that describes progress being made in developing whole system solutions to delayed discharges		
All-Wales thematic on workforce planning arrangements	Jason Brannan, Deputy Director of Workforce & Organisational Development	This work will examine the workforce risks that NHS bodies are experiencing currently and are likely to experience in the future. It will examine how local and national workforce planning activities are being taken forward to manage those risks and address short-, medium- and longer-term workforce needs.	Fieldwork in progress	October 2023

Area of work	Executive Lead	Focus of the work	Current status	Planned date for consideration
Follow-on work on board effectiveness	Carol Shillabeer – Chief Executive Officer	This work will consider the progress the Health Board has made in addressing the concerns on board effectiveness identified in the Auditor General's report in the public interest in February 2023.	Planning	December 2023
Structured Assessment 2023	Carol Shillabeer – Chief Executive Officer	<p>Our core structured assessment work is designed to examine the existence of proper arrangements for the efficient, effective, and economical use of resources. Our 2023 core Structured Assessment work will review:</p> <ul style="list-style-type: none"> • Corporate systems of assurance; • Corporate planning arrangements; and • Corporate financial planning, management, and performance arrangements. <p>Please note that board effectiveness, which is normally part of our core structured assessment work, will be considered separately in the follow-on work that has been referenced above.</p> <p>In addition to the core structured assessment work, we will also undertake</p>	Planning	To be confirmed

Area of work	Executive Lead	Focus of the work	Current status	Planned date for consideration
		<p>“deeper dive” work in a specific area. We had initially identified digital transformation as the deeper dive topic for 2023. However, given the financial challenges facing the NHS at present, we are looking to now focus our deep dive work in health boards on financial savings / cost improvement plans. The focus of this work is currently being developed and further details will be shared in due course.</p>		
<p>Local thematic project: Use of additional Welsh Government strategic assistance funding</p>	<p>Interim Director of Finance</p>	<p>This work will consider the use of the additional strategic Welsh Government funding that was allocated to the Health Board following de-escalation from Special Measures in November 2020. ,</p> <p>Note this work was postponed in last year’s audit plan and replaced with the Review of Board Effectiveness.</p>	<p>Not yet started</p>	<p>To be confirmed</p>

Other relevant publications

- 6 **Exhibit 3** provides information on other relevant examinations and studies published by the Auditor General in the last six months. The links to the reports on our website are provided. The reports highlighted in **bold** have been published since the last committee update.

Exhibit 3 – Relevant examinations and studies published by the Auditor General

Title	Publication Date
<u>Orthopaedic Services in Wales – Tackling the Waiting List Backlog</u>	March 2023
<u>Digital Inclusion in Wales and Key questions for public bodies</u>	March 2023

Additional information

- 7 **Exhibit 4** provides information on corporate documents published by Audit Wales since the last committee update. Links to the documents on our website are provided.

Exhibit 4 – Audit Wales corporate documents

Title	Publication Date
<u>Forward work programme Audit Wales</u>	May 2023

There are no relevant Audit Wales consultations currently underway.



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