GIG CYMRU NHS WALES

Bwrdd Iechyd Prifysgol
Betsi Cadwaladr
University Health Board

Annual Reports and Accounts

2018/2019

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.

The Annual Quality Statement, published separately, provides information on the quality of care across our services and illustrates the improvements and developments we have taken forward over the last year to continuously improve the quality of the care we provide.

Copies of all these documents can be downloaded from the Health Board's website at www.wales.nhs.uk/sitesplus/861/page/40903 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 01248 384776 or by e-mail to bcuhbpressdesk@wales.nhs.uk.

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Chairman's Foreword

I am pleased to welcome you to the Health Board's Annual Report for 2018/19.

This report charts some of the improvements and progress achieved by the Board during 2018/19. However, this has simply not been sufficient to address the challenges that we face and to get the organisation to where we would all want it to be.

We need to do better, particularly in terms of leadership and direction, some key aspects of performance, and the management of our finances.

With regard to the former, following our work with Price Waterhouse Coopers and with the Welsh Government Finance Delivery Unit, a new plan will be finalised soon. This will clearly describe our priorities for 2019/20 as well as looking forward, and will set out the actions to be taken to deliver on these. Performance improvement targets for both planned and unplanned care will be presented for discussion and approval at the same time.

Alongside the plan, work is underway to devise a clinical services strategy, which will more clearly articulate our future vision as to the configuration and model of delivery of all our key services.

The Board intends that our clinicians, and all other sections of our workforce, will be engaged in the design of this strategy. There can be no doubt that change will be required as we move forward, and we want that change to be formulated and led by those who deliver the services in question.

By the time this report is published, we will have selected our new Medical Director. This person will be expected to lead our clinical engagement as we develop the service strategy, and an early priority for them will be visibility on the ground and with our front-line staff.

Turning to finance, change is underway here too. A new Director of Finance will be selected by the middle of June, and this appointment will be accompanied by yet greater rigour in our approach to financial improvement and savings delivery.

The Board recognises that everyone wishes to work in conditions that are conducive to enjoying their work and to providing the best services to patients, and to be assisted by technology that makes their lives easier and safeguards those we care for.

In this regard, the Board has arrived at a clear sense of where our priorities lie in terms of investment in, and rationalisation of, the properties that we occupy. We plan to arrive at a similar determination shortly in terms of information technology. We believe there is scope to reduce unnecessary expenditure in these areas, thus allowing for investment in improvements that will help us all to work better.

Efforts are also being stepped up in terms of determining the skills and roles we need within our workforce, both today and going forward, to better drive our recruitment activities. In turn this should lessen our call on securing staff through agencies, improving continuity of care and helping us address our financial position.

Whilst my comments above focus on just a few of the actions now underway to improve things, it would be very remiss of me, on behalf of the Board, not to recognise and acknowledge some of the areas where improvement has already been noticeable. These include the work taking place within GP Clusters, infection control, preventative work within our communities, and reduced delays in transfer from our care to name but a few. The Board recognises that these improvements, and more, would not have been delivered but for the dedication, resilience and professionalism of those who work in the organisation and we are most grateful to them.

Mark Polin OBE QPM
Chairman

PART ONE – Performance Report

Overview

Chief Executive's Statement

The last year has been another very challenging period for the Health Board. Although we have made progress in our work to move the organisation forwards, we know that much more needs to be done, across a number of fronts, to put the Health Board back onto a secure footing for the future.

The Health Board remains in Special Measures, although the improvements we have made to our GP Out of Hours service means that during the year this has been been removed as a Special Measures concern. This follows similar progress with our maternity services coming out of Special Measures last year. Welsh Government have also noted the improvements that have been made in respect of quality and safety governance, the effectiveness of the Board and mental health services, including the way we are responding to the recommendations from the independent reports that we commissioned following the concerns that were raised in respect of the former Tawel Fan ward.

However, we still have a way to go in respect of our performance, especially on waiting times and with our financial position, and to get the Health Board to a position where we can put in place an approved Integrated Medium Term Plan (IMTP).

Over the last year we once again achieved significant financial savings of over £38 million, but this was not sufficient to meet our financial targets and over the last three years we have spent around £110 million over our resource revenue limit of £4,322 million (around 2.5%).

We are therefore in breach of our two financial duties to balance our income and expenditure over a three year rolling period, and to have in place a rolling three year Integrated Medium Term Plan that has been approved by the Welsh Ministers.

In 2018/19 we admitted around 4,500 more patients for planned surgery compared to the year before. Around 85% of our patients started treatment within 26 weeks of referral (compared to a Wales target of 95%), which was a very slight improvement on the year before, although we did experience a slight increase in the number of patients that exceeded the maximum waiting time target of 36 weeks.

6,400 more patients came to our Emergency Departments compared to the previous year. Despite this, the proportion of patients spending less than four hours in the departments was higher, and the number of patients held in the departments for more than twelve hours was lower, than in the year before. Through the second half of the year we have also been achieving a sustained, substantial reduction in the number of ambulances that are delayed outside our ED departments.

These figures illustrate the increasing demand that the Health Board faces, and the scale of the challenge to ensure patients get the quality of care they need in an appropriate timescale, whilst also meeting our financial targets.

Planning is key to enabling us to meet these multiple objectives. We have put increased focus on developing both our three year forward look and our annual plan for 2019/20, building on the work of the previous year and reflecting our overall Living Healthier, Staying Well strategic vision, as we move towards developing an IMTP that meets Welsh Government requirements around sustainability and financial balance.

Alongside consideration of our waiting times and financial performance, we must never lose sight of the importance of the quality of the services we provide. Indeed, the Health Board has a clear stated policy that it will not accept risks that materially impact on quality and safety.

I am therefore delighted to report that this has been a year of widespread improvement in many areas. Our mortality rates have reduced and we have seen reductions in our rates of infection which have followed the focused improvement work carried out through our Safe Clean Care campaign.

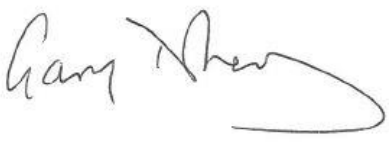
We have continued to work closely with partner agencies and over the last year fewer patients experienced delayed transfers of care from our hospitals.

We have completed the massive redevelopment of Glan Clwyd Hospital, and opened the new Sub Regional Neonatal Intensive Care Centre for North Wales. We have started to rollout the national Point Of Care Testing (POCT) system and our Cellular Pathology Department continues to adopt the latest technology – it is the only laboratory in Wales to use digital slide scanning for clinical diagnosis and is working on pioneering improvements in rapid reports for tissue diagnosis.

We have invested in a range of measures that have improved our environmental performance and achieved the Corporate Health Standard Platinum Award. During the year we have continued to work on meeting the requirements of new legislation, such as the General Data Protection Regulations and to prepare for future developments including the Welsh Language Standards.

All of these improvements have come about through the hard work and collaboration of colleagues across the Health Board, both in front line services and our support functions. I would like to offer my thanks to all our staff who have continued to strive to deliver the best possible care for our patients over the past twelve months.

The NHS is under great pressure and I fully appreciate the demands that are placed on everyone who works for the Health Board. However we are making improvements and while it is recognised that this needs to continue, and at pace, I am confident that our staff have the commitment, enthusiasm and skills to ensure that this happens.



Gary Doherty
Chief Executive

Our purpose and activities

The Health Board is responsible for improving the health and wellbeing to a population of around 678,000 people across the six counties of North Wales (Anglesey, Gwynedd, Conwy, Denbighshire, Flintshire and Wrexham). This encompasses prevention of ill health as well as treating illness and providing excellent healthcare services.

The Health Board is responsible for the provision of primary, community and mental health as well as acute hospital services. It operates three main hospitals (Ysbyty Gwynedd in Bangor, Glan Clwyd Hospital 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 105 GP practices, and NHS services provided by dentists, opticians and pharmacists in North Wales.

In 2018/19 the Health Board had a revenue income of £1.54 billion and employed approximately 18,000 people (15,500 whole time equivalents).

Our Vision

- We will improve the health of the population, with a particular focus upon the most vulnerable in our society.
- We will do this by developing an integrated health service, which provides excellent care delivered in partnership with the public and other statutory and third sector organisations.
- We will develop our workforce so that it has the right skills and operates in a research-rich, learning culture.

Our Well-being Objectives

- Improve physical, emotional and mental health and wellbeing for all;
- Target our resources to those with the greatest needs and reduce inequalities;
- Support children to have the best start in life;
- Work in partnership to support people – individuals, families, carers, communities – to achieve their own well-being;
- Improve the safety and quality of all services;
- Respect people and their dignity;
- Listen to people and learn from their experiences.

Our purpose, vision and strategic goals set out the long term aims of the Board. We have used these to develop specific objectives for improvement in population health and health services which are included in our delivery plans going forward. In particular, we are working 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.

Long Term

The Act identifies five ways of working that support the sustainable development principles that underpin the Act. As in the paragraph above, we have used the ‘ways of working’ icons (as set out on page 38 of this report) to identify examples of where these are being demonstrated in our work.

2018/19 was the second year of the second phase of our Quality Improvement Strategy, which runs from 2017 to 2020 and which builds upon the work done over the previous three years, from 2014 to 2017. The strategy has been developed through extensive engagement with patients, staff and other key stakeholders and sets out five specific aims for the organisation:

Involvement

- To have no avoidable deaths;
- To ensure services are safe by continuously seeking out and reducing opportunities for patient harm;
- To be effective by achieving the highest level of reliability for clinical care;
- To be caring and to deliver what matters most, working in partnership with patients, carers and families to meet all their needs and actively improve their health;
- To deliver innovative and integrated care close to home, which supports and improves health, well-being and independent living.

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 and the Welsh Language.

To achieve our goals we work closely with partner organisations such as local authorities and the voluntary sector, to discuss and address health inequalities, promote community engagement and exploit joint working opportunities. The bodies include:

Collaboration

- Welsh Ambulance Services Trust;
- Public Health Wales;
- North Wales Community Health Council;
- Local Authorities (Anglesey, Gwynedd, Conwy, Denbighshire, Flintshire and Wrexham);
- Neighbouring NHS bodies in England and Wales;
- The Community Voluntary Councils;
- Partnership Service Boards / Regional Leadership Boards;
- Mid Wales Healthcare Collaborative.

Planning framework

The NHS Wales Planning Framework requires Health Boards to prepare and submit three-year Integrated Medium Term Plans (IMTPs) to the Welsh Government.

For 2018/19, the Health Board was not able to produce an approvable IMTP which would deliver financial balance. We therefore worked to an outline three year plan and an Annual Operational Plan which set clear priorities and deliverables for the year. Through the year progress was made on many of the key areas identified for improvement in the plan, including:

Prevention

- Development of further initiatives to support healthy lifestyles, including "Let's Get Moving, North Wales" collaboration with partners; further weight management services; extended smoking cessation services;
- Achieving the Platinum Health at Work standard, recognising our commitment to staff and population well-being and our overall social responsibility;
- Completion of the redevelopment of Corwen Heath Centre, an important milestone in care provision for the local community;
- Introduction of more advanced practitioner nursing, physiotherapy, audiology and pharmacy roles into primary care;
- Through Primary care clusters, the development of a range of innovative services, such as Advanced Nurse Practitioner roles in care homes, family practitioner and specialist diabetes care;
- Opening the new Sub-Regional Neonatal Intensive Care Centre at Glan Clwyd Hospital;
- Progressing the development of the vascular centre at Glan Clwyd Hospital, with full implementation taking place in April 2019;
- Completing the major refurbishment programme for Glan Clwyd Hospital, bringing major improvements to the environment for patients and staff.

Collaboration

The Health Board developed and agreed a three year outlook and priorities for delivery across 2019/22. This responds to the Living Healthier, Staying Well Strategy, which was informed by an extensive programme of engagement with a wide range of stakeholders.

Involvement

A detailed operational plan for 2019/20 will underpin our three year plan and support delivery of Welsh Government special measures requirements.

Work continues to produce an IMTP that meets the Welsh Government's requirements around sustainability and financial balance.

Key issues & risks affecting delivery of objectives

The Health Board has a challenging risk profile resulting from the diversity of services provided, ranging from primary and community services through to acute hospital wards as well as mental health services and a medium secure unit. The Health Board also delivers health care services within HMP Berwyn, Wrexham, which started to receive prisoners in February 2017. In addition, the Health Board has a wide geographical spread, cultural diversity and significant provision of services from England. It also has to be capable of dealing with peaks in demand as a result of North Wales being a holiday destination of choice for many.

Following changes to Executive Director Portfolios and a Board workshop in December 2018, the Board has reviewed its approach to risk management and the Risk Management Strategy is being updated. A new Risk Management Group, chaired by the Chief Executive, was established in January 2019 to oversee implementation of the updated Strategy.

The Board continues to use an Integrated Corporate Risk and Assurance Framework approach, the format of which has been refined over the course of the year.

The Health Board has determined nine principal risks to achieving its corporate goals:

- Failure to maintain the quality of patient services
- Failure to maintain financial sustainability
- Failure to manage operational performance
- Failure to sustain an engaged and effective workforce
- Failure to develop coherent strategic plans
- Failure to deliver the benefits of strategic partnerships
- Failure to engage with patients and reconnect with the wider public
- Failure to reduce inequalities in health outcomes
- Failure to embed effective leadership and governance arrangements.

Each risk area noted on the Corporate Risk and Assurance Framework CRAF is linked to one of these principal risk areas. The details of the current controls and the further actions being taken for each of the risks identified is detailed within the Health Board's CRAF which is publicly available via the BCUHB website.

In January 2019 the Board approved the escalation of a new risk onto the Corporate Risk Register, linked to EU Exit transition arrangements and the potential impact on the Health Board's ability to maintain safe and effective healthcare services.

The specific risk areas relating to Special Measures are detailed in section 19 of the Annual Governance Statement, which is appended to this report.

Performance Analysis

Summary

Our performance is measured across seven key domains or areas, aligned to the Welsh Government's Health Care Standards and National Performance Frameworks.

The summary dashboard below shows our performance across the range of indicators the Welsh Government uses to measure all Health Boards in Wales. We have demonstrated overall improvement in relation to helping people to stay healthy and in delivering dignified and individual care. However our performance has declined in respect of delivering timely care and when measured against the indicators for safe and effective care.

Each month we provide detailed briefings to our Board on our performance, outlining the Key Actions being taken to address poor performance, what the Outcomes of those Actions are and the Timeline for when we expect performance to consistently achieve the target.

For 2018/19, we have only included the nationally mandated Measures in our reporting to reflect the priorities of the organisation and improve the health, care and experience of the North Wales population.

	Improved performance	Sustained performance	Decline in performance	Target Summary	Target Achieved
STAYING HEALTHY - I am well informed & supported to manage my own physical & mental health	2 measures	0 measures	1 measures	↑	
SAFE CARE - I am protected from harm & protect myself from known harm	11 measures	1 measure	3 measures	↑	6 measures
EFFECTIVE CARE - I receive the right care & support as locally as possible & I contribute to making that care successful	6 measures	0 measures	1 measures	↑	2 measures
DIGNIFIED CARE - I am treated with dignity & respect & treat others the same	1 measure	0 measures	2 measures	↓	
TIMELY CARE - I have timely access to services based on clinical need & am actively involved in decisions about my care	11 measures	1 measure	11 measures	↔	5 measures
INDIVIDUAL CARE - I am treated as an individual, with my own needs & responsibilities	2 measures	0 measures	3 measures	↓	2 measures
OUR STAFF & RESOURCES - I can find information about how the NHS is open & transparent on use of resources & I can make careful use of them	8 measures	0 measures	3 measures	↑	3 measures
SUMMARY	**41 measures**	**2 measures**	**24 measures**	↓	**18 measures**

Staying healthy

This area of our performance ensures that we work in partnership with others to protect and improve the health and wellbeing of people and reduce health inequalities.

Prevention

We want our citizens to be empowered to take responsibility for their own health and wellbeing, and to make sure that carers of individuals who are unable to manage their own health and wellbeing are supported.

We have many goals in this area to improve the health of the population; from ensuring that children have a healthy start in life to ensuring that patients who have had lifelong chronic conditions are well supported to live in the community.

Our performance indicators		Period	Value	*	Trend**
% of pregnant women who gave up smoking during pregnancy (by 36-38 weeks of pregnancy)		Year 2018	10.30%		
% of children who received:	3 doses of '5 in 1' vaccines	Quarter 3 2018/19	96.60%		
	2 doses of MMR vaccine by age 5	Quarter 3 2018/19	95.60%		
% of 10 day old children who accessed the 10-14 day health visitor component of Healthy Child Wales Programme		Quarter 3 2018/19	94.40%		
Uptake of the national influenza vaccination for:	Over 65 years of age	March 2019	71.00%		
	Under 65 years of age in at risk groups	March 2019	47.90%		
	Pregnant women	March 2019	75.00%		
	Healthcare workers	March 2019	51.20%		
% of estimated LHB smoking population treated by NHS smoking cessation services.		Quarter 3 2018/19	2.60%		
% of smokers treated by NHS smoking cessation services who are CO-validated as successful.		Quarter 3 2018/19	36.40%		
% of people (aged 16+) who found it difficult to make a convenient appointment with a GP		2017/18	36.10%		

*In these seven domain performance tables the colour code indicates whether performance has improved (green), declined (red) or stayed the same (amber).

**The 'spark line' in the right hand column indicates the trend over the reporting period. The reporting periods in these tables are stipulated by Welsh Government.

Immunisation

Protecting people against the risk of flu is a major element in helping the NHS reduce the demand for emergency care over the winter period. The number of people eligible to be vaccinated and receiving vaccinations has increased year on year in both the under 65 and over 65 age groups. The increased volume of vaccinations given demonstrates the hard work our staff have done to promote the need for vaccination. As a result, by 31st March 2019, over 3,500 more people in North Wales had been vaccinated compared to the year before.

The national target is for 75% of the eligible groups (people aged over 65, and those aged below 65 who are at greater risk from infection) to be vaccinated. North Wales had the highest take up rate in Wales, at 71% for those over 65 and 47.9% for those under 65. This is an improvement for the over 65 age group. However, the increased number of people aged under 65 who were eligible to be vaccinated last year meant that the take up rate fell, even though the number of people in this group who were immunised increased. This shows that we need to continue our efforts to encourage people to protect themselves.

Prevention

Compared to the same point in previous year's campaign		Eligible	Immunised	% Uptake
65 years +	2017-2018	158,825	112,130	**70.6%**
	2018-2019	160,400	113,867	**71.0%**
6 months to 64 years	2017/2018	82,635	42,603	**51.6%**
	2018-2019	92,915	44,488	**47.9%**

The Health Board's Campaigns Communication Officer won the 2019 Beat Flu Communications Award for her work to support the immunisation campaign within primary care.

Smoking cessation

Staff in the Health Board's Smoking Cessation Services have treated 2.6% of the smoking population which was the second highest performance in Wales, although it is acknowledged that this does not achieve the 5% target.

Of those people treated by the services, 36% were validated as having stopped smoking. Although an improvement on last year, this remains below the 40% target and improving this is a priority for the next 3 years (2019 to 2022).

Prevention

Following a recommendation from the national Tobacco Control Delivery Board, in August 2018 the Cabinet Secretary for Health and Social Services confirmed his agreement for unifying responsibility for the delivery of face-to-face smoking cessation services within one part of the health system. This is to be achieved by transferring frontline Stop Smoking Wales services to Health Boards by April 2020.

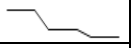
Following Welsh Government consultation, since October 2018 work has been underway to finalise the regulations with regard to smoking on NHS sites, which are part of the Public Health (Wales) Act 2018. The final confirmation of the Regulations will determine the exact requirements on the Health Board but the current expectations are that:

- All our hospital sites will be smoke free with no designated smoking areas by end of summer 2019;
- All hospital sites will have enforcement mechanisms in place delivered by Local Authorities by end of summer 2019;
- All sites will have signage which meets or exceeds the recommended standards by end of summer 2019.

Although the Health Board has already adopted a smoke-free policy for its sites, we welcome the implementation of this legislation which will enable us to enforce this policy rather than relying on voluntary compliance which has not always been forthcoming.

Safe care

This area measures the safety of our services and includes how we minimise risk and maximise safety. It covers areas such as preventing pressure ulcers and tissue damage, falls prevention, infection prevention and control, nutrition and hydration, medicines management, safeguarding children and adults at risk and complaints.

Our performance indicators	Period	Values		Trend
Number of hospital admissions with any mention of intentional self-harm for children & young people (aged 10-24) per 1,000 population	2018	3.96		
Amenable mortality per 100,000 of the European standardised population	2017	135.1		
The number of preventable hospital acquired thrombosis	Quarter 3 2018/19	0		
Total Antibacterial Items per 1,000 STAR-PUs	Quarter 2 2018/19	289.5		
NSAID Average daily quantity per 1,000 STAR-PUs	Quarter 2 2018/19	1,368		
Fluoroquinolone, cephalosoporin and co-amoxiclav items as a % of total items dispensed in the community	Quarter 2 2018/19	8.60%		
Cumulative rate of cases of e.Coli per 100,000 of the population	March 2019	82.44		
Cumulative rate of cases of Staphylococcus aureus per 100,000 of the population.	March 2019	24.99		
Cumulative rate of cases of C Difficile per 100,000 of the population	March 2019	24.56		
% of inpatients who received 'Sepsis Six' first hour care bundle within one hour of positive screening	March 2019	100%		
% of Emergency Dept. patients who received 'Sepsis Six' first hour care bundle within one hour of positive screening	March 2019	64.9%		
Number of Patient Safety Solutions Wales Alerts that were not assured within the agreed timescales	2018/19	4		
Number of Patient Safety Solutions Wales Notices that were not assured within the agreed timescales	2018/19	0		
Of the Serious Incidents due for assurance within the month, the % which were assured within the agreed timescale	March 2019	27.00%		
Number of new Never Events.	2018/19	8		
Number of administration, dispensing and prescribing medication errors reported as Serious Incidents	Oct 2018 - Mar 2019	7		
Number of patient falls reported as Serious Incidents	Oct 2018 - Mar 2019	52		

Infection prevention

We continue to work hard on protecting our patients from the risk of healthcare associated infections (HCAI). The Infection Prevention Annual Programme focused on reducing infection rates for key infections and reducing harm due to antimicrobial resistance and avoidable infection.

There has been a significant reduction in patients developing Clostridium difficile, with 166 cases in 2018/19, compared to 271 in 2017/18. There has also been a significant reduction in cases of *Staphylococcus aureus* with the total number of bloodstream infections falling from 199 to 171, of which 19 were Methicillin-resistant *Staphylococcus aureus* (MRSA), compared to 40 in 2017/18.

A new work programme for 2019/2020 has been drafted for approval at next Strategic Infection Prevention (IP) Group which will:

- Concentrate effort on delivering a specialist and expert resource by giving back ownership on everyday infection prevention;
- Assist in recognising our isolated cases and potential cross infection risks before they occur;
- Support patients to remain at home, manage their treatment and prevent unnecessary admission;
- Reduce unnecessary antibiotic prescribing and related resistance;
- Implement an evidenced based assessment tool to remove urinary catheters;
- Improve scrutiny and learning from focused HCAI executive review.

Antimicrobial prescribing

Around 75% of *Clostridium difficile* infections are directly linked to antibiotic use, and we are increasing our efforts to ensure antibiotics are used only when they are needed in hospitals and by GPs.

Careful use of antibiotics also helps reduce the pace at which microbes can develop resistance to antimicrobial treatments and we are working to reduce the number of prescriptions for three antimicrobial drugs: Quinolone, Co-amoxiclav, Clinamycin and Cephalosporin (measured as a combined rate from March 2018). The combined prescribing rate was 8.60% for the Quarter ending 31st December 2018 (latest available data).

Led by the Consultant Antimicrobial Pharmacist, the antimicrobial pharmacist team provide advice and support in GP Practices and hospitals, investigating prescribing patterns and identifying where prescribing rates can be appropriately reduced.

Welsh Government reportable serious incidents

Where serious adverse incidents occur, it is important that these are thoroughly investigated, that we learn from what has happened and put in place measures to prevent them recurring and improve patient safety.

We are required to report serious incidents to the Welsh Government and to demonstrate, within an agreed timescale, that we have taken appropriate measures to reduce the risks of similar incidents happening in future.

This is an area where the Health Board has not always responded as quickly as it should. This is an issue the Health Board takes very seriously and work is ongoing to improve performance and learn from incidents to ensure outcomes and experiences for our patients improve.

Never events

Never Events are serious adverse incidents that our systems and processes should ensure are never able to happen and we are committed to achieving this. Unfortunately, 8 Never Events were reported during 2018/19 compared to 5 reported in 2017/18.

All Never Events are reported directly to our Clinical Executives as soon as possible following the incident, and are fully investigated under the serious incident framework. This process fully engages the patient, family and carers throughout. The investigation is chaired by a Director and carried out by the Senior Investigation Managers with support from the Welsh Government' Delivery Unit. This ensures that robust investigations are carried out, all relevant lessons are learned and shared across the organisation, and any necessary actions are taken to prevent an incident from recurring.

Dignified care

Our goal is that people's experience of health care is one where everyone is treated with dignity, respect, compassion and kindness and which recognises and addresses individual physical, psychological, social, cultural, language and spiritual needs.

Our performance indicators	Period	Value		Trend
The average rating given by the public (age 16+) for the overall satisfaction with health services in Wales	2016/17	6.26		
Number of procedures postponed on the day or day before for specified non-clinical reasons	Rolling 12m Dec 2018	2,742		
Patients aged 75+ with an AEC of 3 or more for items on active repeat as % of all patients aged 75+	Quarter 3 2018/19	7.1%		
% of concerns that had a final reply (Reg 24) or interim reply (Reg 26) within 30 days of concern being received	Quarter 4 2018/19	33.6%		
% of people with dementia, aged >= 65 years, who are diagnosed	2017/18	49.00%		
% of adults (age 16+) who reported that they were very satisfied or fairly satisfied with the care received at their GP/family doctor	2017/18	87.90%		
% of adults (age 16+) who reported that they were very satisfied or fairly satisfied with the care that they received at an NHS hospital	2017/18	89.0%		
% of employed staff who come into contact with the public who are trained in an appropriate level of dementia care	Cumulative Apr-Sep 2018	93.70%		
% of GP practice teams that have completed mental health DES in dementia care or other directed training	2017/18	31.2%		

Procedures postponed at short notice

We try very hard not to postpone a patient's surgery and our aim is for this to never happen, except where it is necessary for clinical reasons. However, there are occasions when this does occur, usually because of the need to treat or admit patients who need more urgent or emergency care.

In 2018/19 the Health Board performed over 50,000 planned procedures on an inpatient or day case basis. We had to postpone 2,451 procedures either on the day of surgery, or the day before, for non-clinical reasons, which was approximately 200 fewer than in 2017/18.

Work undertaken to reduce non-clinical postponements of procedures include the review and tightening up of theatre efficiencies through reducing late starts in theatres, improving theatre turnaround times and more efficient management of operating lists.

The Surgical Patient Pathway Transformation Group continues to oversee reduction in short notice theatre postponements. The three major hospitals have an agreed improvement trajectory and this is monitored weekly, with actions agreed at local weekly theatre planning meetings chaired by theatre managers. Every non-clinical postponement is validated and discussed with input from medical, nursing, theatre and operational staff. Postponed procedures are divided into avoidable and non-avoidable. Where avoidable cancellations are identified, action is taken to reduce the risk of future reoccurrence.

Caring for people with dementia

At present there are around 11,000 people in N Wales living with dementia; this figure is expected to rise to nearly 16,000 by 2031.

At a joint event with the Alzheimer's Society Cymru in May 2018, the Health Board launched its Dementia Strategy. The Strategy reflects the Dementia Strategic Action Plan for Wales and has been informed by the comments and experiences of a wide range of stakeholders, including people with dementia, and their carers. It sets out clear objectives that will ensure that we will safeguard our patients, deliver compassionate, safe and effective care and make carers feel welcome, valued and supported.

We will work with our partners and people with experience of mental health to design and deliver modern services and do more to support people with long-term mental health problems.

Individual initiatives that are already contributing to achieving these objectives include:

- Developed a meaningful activity care plan for our care of the elderly wards, ensuring that we work with patients, families and carers to offer patients an appropriate level of meaningful activity;
- Developed a toolkit to help patients provide feedback on their care to staff and to ensure that staff are able to act upon the feedback they receive;
- Implemented open visiting across our hospitals to support the right of families and carers to stay with their loved ones in hospital;
- Enabled Emergency Department staff to undertake specialist training provided by the University of Sterling's Dementia Services Development Centre;
- Due to the success of the reminiscence room in Llandudno Hospital we are extending this to other community hospitals;
- Carried out assessments of our adult wards to identify improvements to make them become more dementia friendly;

Effective care

These indicators demonstrate how our care, treatment and decision making reflects best practice based on evidence. They also reflect how our services engage in activities to improve continuously by developing and implementing innovative ways of delivering care. This includes supporting research and ensuring that it enhances the efficiency and effectiveness of services.

We assess the effectiveness of our care using a number of measures including national indicators, as well as more locally focussed indicators. In this section of the report, we cover mortality, research and the accuracy of the information we use to make decisions. In addition we also report on how many patients have not been able to move on from hospital once they are clinically fit to do so, which is an indicator of how effectively the overall health and care system is working.

Our performance indicators	Period	Value		Trend
Number of Health Board non-Mental Health delayed transfers of care (DToC)	Rolling 12m Mar 2019	1,068		
Number of Health Board Mental Health delayed transfers of care (DToC)	Rolling 12m Mar 2019	178		
All new medicines must be made available no later than 2 months after NICE and AWMSG appraisals	Quarter 3 2018/19	99.30%		
% of universal mortality reviews (UMRs) undertaken within 28 days of death	March 2019	94.50%		
% Crude mortality rate (< 75 years of age)	Rolling 12m Dec 2018	0.73%		
Proportion of episodes clinically coded within one month post episode end date	December 2018	91.70%		
% of clinical coding accuracy attained in the NWIS national clinical coding accuracy audit programme	2018/19	89.60%		
Number of Health & Care Research Wales Clinical Research Portfolio Studies	Quarter 3 2018/19	71		
Number of commercially sponsored studies	Quarter 3 2018/19	10		
Number of patients recruited into Health & Care Research Wales Clinical Research Portfolio Studies	Quarter 3 2018/19	1,247		
Number of patients recruited into commercially sponsored studies	Quarter 3 2018/19	213		

Delayed transfers of care

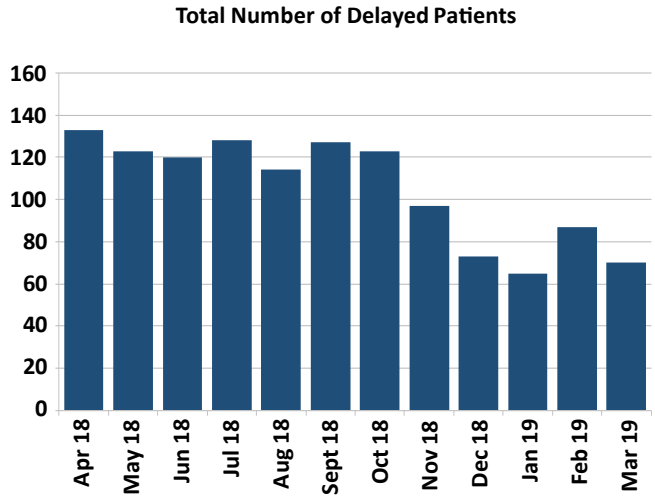
Delayed transfers of care continue to be a significant issue for the Health Board as they contribute to the overall pressures on our acute hospitals as well as the wider health and social care economy.

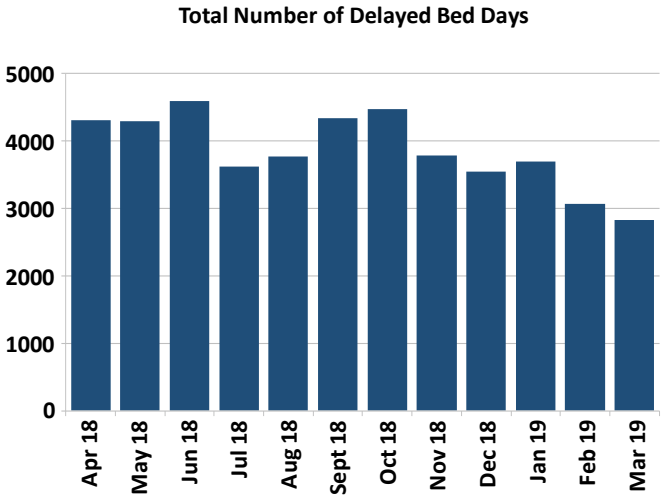
The Health Board is focussing upon improvements through partnership working between health and social care and third sector partners. We strive for further improvements to support patient's needs in the most sustainable environment thus enabling improved access for those patients needing admission to hospital.

Over the year we have continued to achieve the sustained reduction in the number of patients experiencing delayed discharges within both our non-mental health and in our mental health services.

Collaboration

We have continuously scrutinised and streamlined the discharge and placement processes and have been working with Continuing Health Care and local authority colleagues to address delays and intend to bring about further sustained improvement in 2019/20.





Mortality

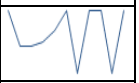
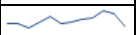
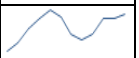
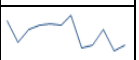
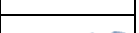
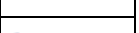
The Crude Mortality of Patients under 75 years of age, is based on the number of deaths in a specific period divided into the total inpatient admissions of that period (of patients under 75 years of age). For the year 2017/18 we reported a rate of 0.84%, while for 2018/19 we have seen a decrease to 0.74%.

The Office of the Medical Director are working with our acute, community and mental health hospitals to use the all-Wales mortality review process to look at the way we review the care of patients who die. They are also working with 1000 Lives plus, on an all-Wales basis, to enhance the reviews further and make the required improvements identified by the reviews.

All Health Boards must conduct Universal Mortality Reviews within 28 days of a death occurring. The Health Board has improved performance against this measure from 91.1% in 2017/18 to 94.5% in March 2019. Although an improvement, we will continue to focus on this to ensure that we consistently achieve the 95% target rate throughout 2019/20 and beyond.

Timely care

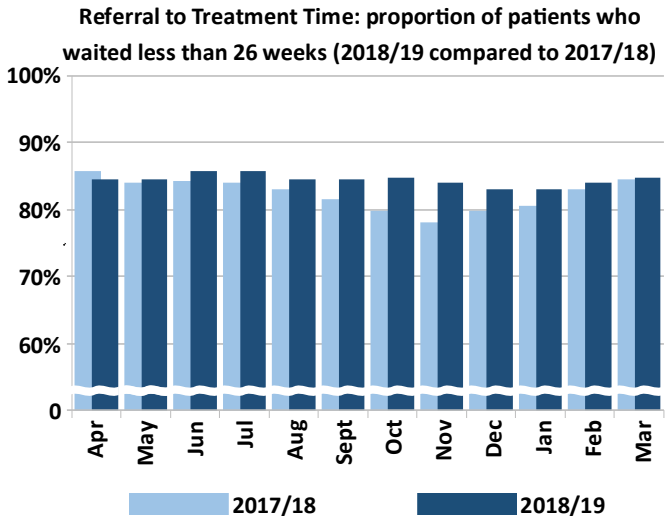
Our aim is that all aspects of care are provided in a timely way ensuring that people are treated and cared for in the right way, at the right time, in the right place and with the right staff. As the demand for services increases we face real challenges in maintaining high levels of access for our patients.

Our performance indicators		Period	Value		Trend
% of GP practices offering appointments between 17:00 and 18:30 hours on 5 days per week		Quarter 3 2018/19	66.00%		
% of GP practices open during daily core hours or within 1 hour of the daily core hours		Quarter 3 2018/19	92.50%		
% of urgent calls to GP Out of Hours services that were logged and the patient assessed within 20 minutes of the initial call being answered		March 2019	86.00%		
% of patients prioritised as very urgent by GP Out of Hours service that were seen within 60 minutes of their clinical assessment		March 2019	100.0%		
Patients treated by an NHS dentist in the last 24 months as % of population		Apr 2017 – Mar 2019	49.3%		
% of patients waiting less than 26 weeks for treatment (RTT)		March 2019	84.8%		
Number of RTT 36 week breaches (All residents)		March 2019	6,004		
Number of patients waiting more than 8 weeks for specific diagnostics		March 2019	2,278		
Number of follow up appointments delayed past their target date (booked and not booked)		March 2019	87,712		
% compliance with stroke quality improvement measures	Direct admission to Acute Stroke Unit (<4 hrs)	March 2019	50.00%		
	CT Scan (<1 hour)	March 2019	40.70%		
	Assessed by a Stroke Consultant (< 24 hrs)	March 2019	81.30%		
	Thrombolysis door to needle <= 45 mins	March 2019	7.70%		
% of ambulance red call responses within 8 minutes		March 2019	70.40%		
Number of over 1 hour handovers		March 2019	438		
% of new patients spending no longer than 4 hours in A&E		March 2019	71.90%		
Number of patients spending 12 hours or more in A&E		March 2019	1,608		
% of patients referred as non-urgent suspected cancer seen within 31 days		March 2019	97.00%		
% of patients referred as urgent suspected cancer seen within 62 days		March 2019	88.00%		
% survival within 30 days on an emergency admission for a hip fracture		January 2019	95.20%		
% of assessments by the LPMHSS undertaken within 28 days from the date of referral		March 2019	75.70%		
% of interventions started within 28 days following assessment by LPMHSS		March 2019	68.00%		

Referral to Treatment

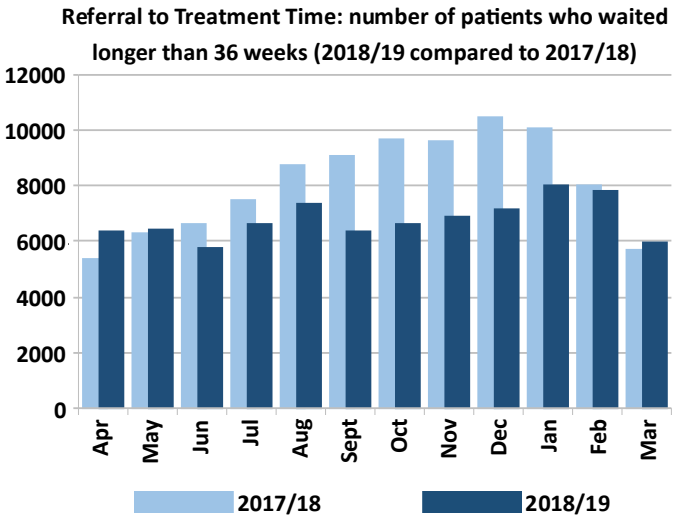
Referral to Treatment (RTT) measures the total time a patient waits after they have been referred by their GP until they start their active hospital treatment. This includes time spent waiting for outpatient appointments, diagnostic tests, scans, therapy services and inpatient or day-case admissions. The two targets for Wales are that 95% of patients are treated within 26 weeks and that no patients wait longer than 36 weeks.

Although we treated over 4,500 more patients for planned procedures in 2018/19 compared to the year before, we were not able to meet these targets during the year. At the end of March 2019 84.8% of patients were waiting for fewer than 26 weeks.



As we work to improve this performance, we agreed an interim target with Welsh Government that we would reduce the number of patients waiting for more than 36 weeks to 5,714 by the end of March 2019.

Despite investment and enormous commitment from our clinical and management teams, we did not achieve the agreed target and at the year's end, 6,004 patients were waiting for more than 36 weeks.



The speciality with the greatest number of patients facing an extended wait is orthopaedics, where demand for surgical treatment has greatly exceeded our operating capacity. The Board has agreed a strategic plan that combines public health measures to manage the growth in demand with expansion of non-surgical treatment options such as physiotherapy and pain management, where this is a more appropriate option for patients, along with identification of the additional investment required to establish the surgical capacity needed to match the needs of patients in North Wales.

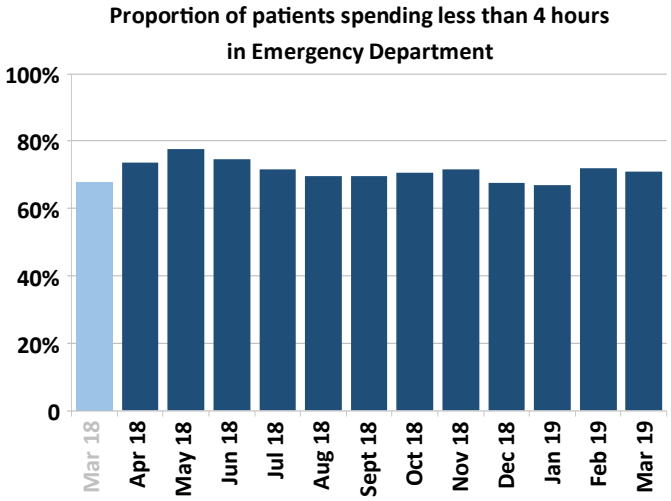
Long Term

Emergency Department

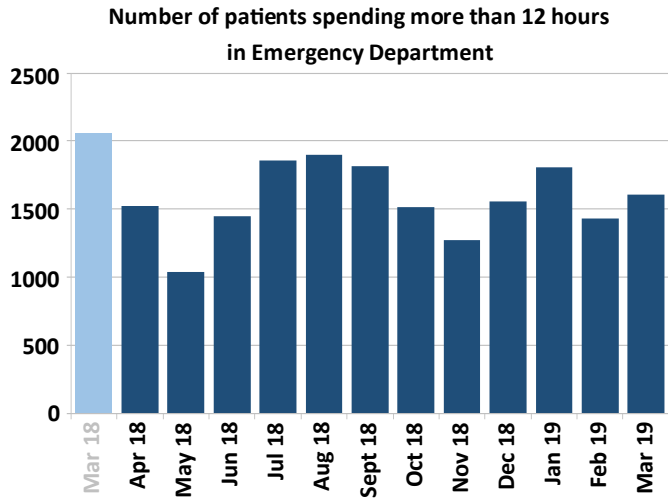
Staff in our Emergency Departments (ED) have been working hard to meet the demands placed on them, caused by the increasing complexity of the patients being brought into the departments and the pressures on the wider health and social care system, which cause delays in being able to move patient onto wards.

We monitor our position against the four-hour waiting time standard daily through a report to the Chief Executive Officer so that we can actively manage and improve our performance.

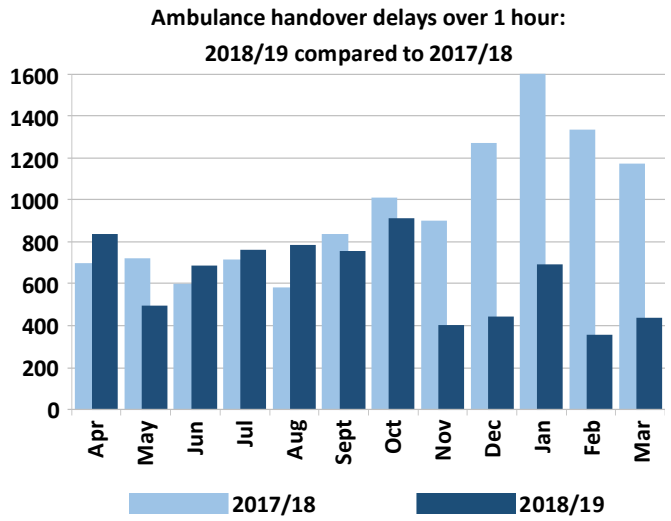
The proportion of patients spending less than 4 hours in our emergency department has improved from 68.4% at March 2018 to 71.9% at the end of March 2019.



The number of patients spending more than twelve hours in our emergency departments has also fallen over the last year, to 1,608 compared to 2,063 in March 2018.



The number of patients experiencing ambulance handover delays outside our hospitals has been significantly reduced over the year from 1,172 reported in March 2018 to 438 reported in March 2019. This improvement has been consistent and sustained through the latter half of 2018/19 and will continue into 2019/20, where the goal is to make an ambulance handover delay of over 1 hour a never event.



Throughout 2018/19 we have continued to make changes to improve our performance. For example:

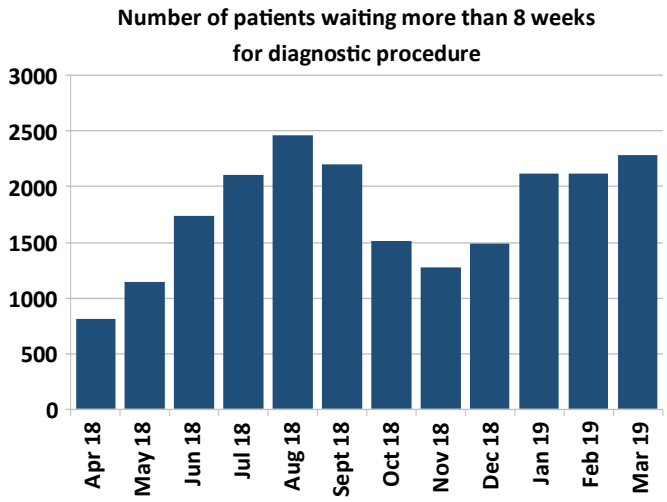
- maximising the use of the GP Out of Hours Services for patients whose symptoms need GP intervention and not necessarily ED services;
- Overnight medical staff cover and enhanced specialty in-reach into ED has been improved which enables a faster flow of patients through ED;
- The Safety Huddles introduced during 2017/18 have been enhanced with greater focus on assessing risks and improving patient flow;
- In Central we are trialling having a GP embedded within ED at the point of triage during high peaks in demand;
- We have opened and Ambulatory Care Unit at Llandudno General Hospital, staffed by consultants, GPs and Advanced Nurse Practitioners/Therapists and receiving patients from GPs and the Ambulance Service who would otherwise have attended an ED;
- In November 2018 we launched Single Integrated Clinical Assessment and Triage, with senior clinicians providing support and guidance to paramedics to consider alternatives to hospital admission where this is appropriate;
- We are working with a range of health and social care colleagues to better support patients who attend the Emergency Departments on a frequent basis for the same problems to provide more appropriate alternative support for them;
- introducing the Mental Health ICAN model across all three sites

Collaboration

At Ysbyty Gwynedd, a £14m redevelopment of the Emergency Department was completed and operational from September 2018. This has created a significantly larger and improved environment for emergency care and supports changes to the way we provide unscheduled care.

Diagnostics

The target is to have no patients waiting more than 8 weeks for a range of diagnostic procedures, including x-rays and scans, endoscopies, physiological tests and neurological assessments. Unfortunately, the number of patients experiencing waits of 8 weeks or more for a diagnostic test has risen from 476 in March 2018 to 2,278 in March 2019.



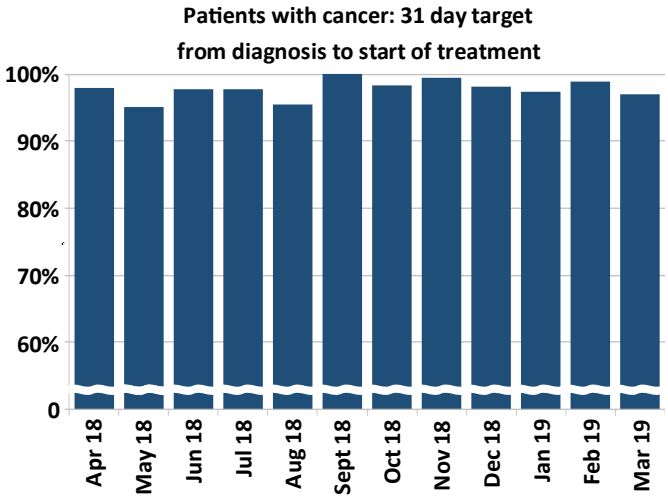
The main concerns are within our Endoscopy services where in March 2019, 2,064 patients have waited more than 8 weeks for a diagnostic test. Unfortunately, maintenance issues meant that we lost some endoscopy capacity in Wrexham Maelor Hospital for a period during the year. Priority is given to the most urgent patients and the Health Board has invested in additional capacity for endoscopy and is developing the business case for a more efficient and sustainable service.

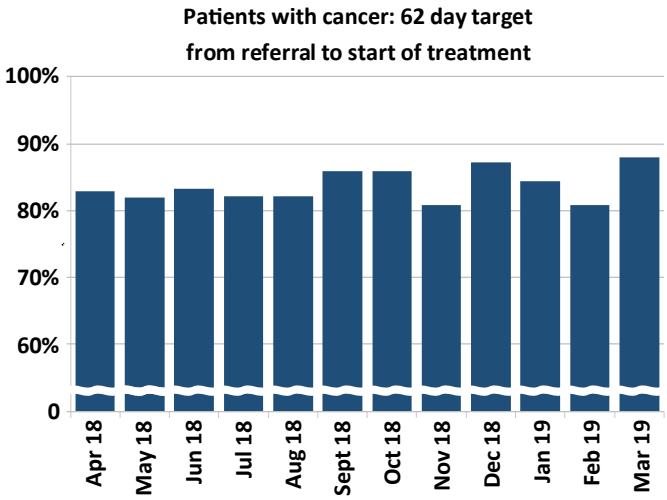
Cancer diagnosis and treatment

For March 2019, 97% of patients who were not referred as an urgent suspected cancer, but who were subsequently diagnosed with cancer, started their active treatment within 31 days of diagnosis. Although this is below the 98% Welsh target The Health Board has exceeded the target rate for six months in 2018/19 making us the second best performing Health Board in Wales regarding this measure.

In 2018/19, the number of patients referred and subsequently treated on the urgent suspected cancer pathway was higher than in 2017/18. The increase in demand is one of the reasons we did not achieve the 95% target rate for starting treatment within 62 days of referral. However, at 88% we are the third best performing Health Board in Wales against this measure.

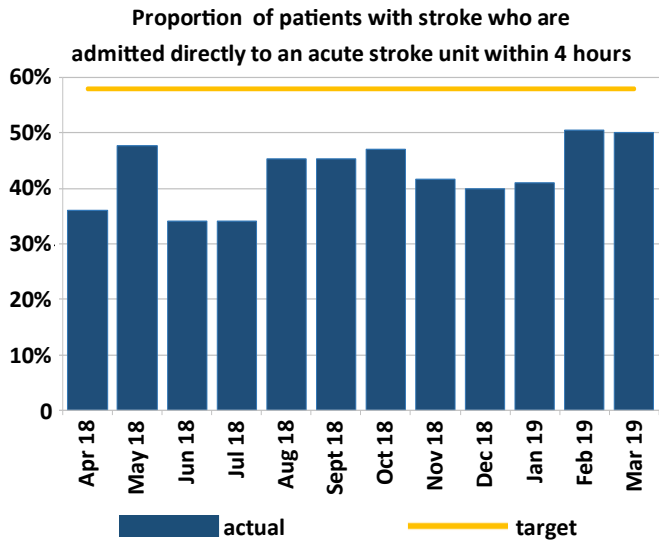
Weekly and bi-weekly escalation meetings continue to be held on each Hospital site with each specialty team to minimise delays. Managers receive a weekly cancer briefing outlining current and forecast performance to maximise opportunities to actively improve performance.

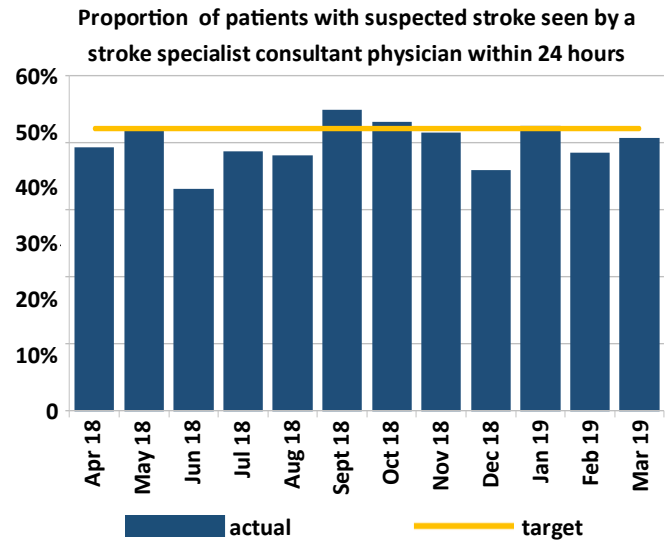




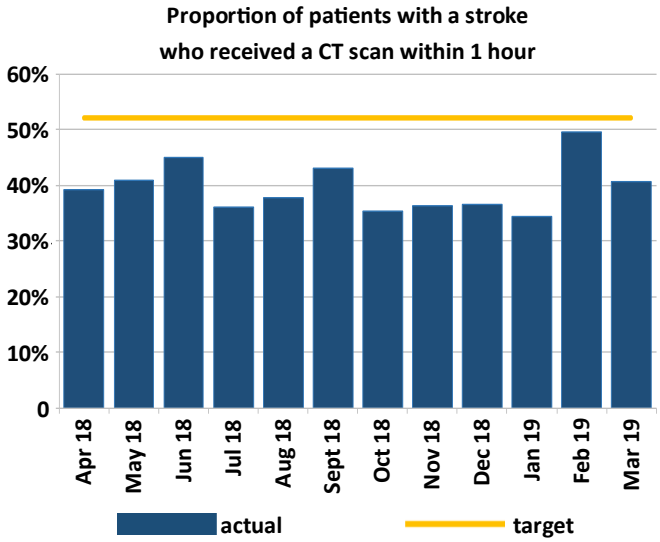
Stroke care

Over the year the Health Board improved its performance on two of the four quality improvement measures for stroke care: for the number of patients being admitted to a specialist unit within four hours and the numbers seen by a specialist consultant within the first 24 hours of admission.

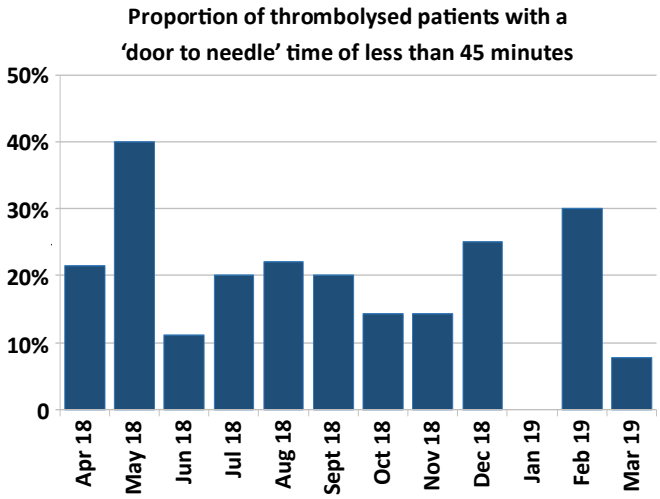




The proportion of patients receiving their CT scan within an hour remained broadly consistent through the year, but improvement is needed to bring this up to the target 50% level in 2019/20.



The proportion of patients receiving thrombolysis within 45 minute varied considerably month by month through the year, with a best performance of 40%, but five months where it was below 20%. Although the numbers of patients invovled is small, which magnifies the proportionate impact of small chnages in numbes, there is more to do to improve our consistency and to reduce door to needle times and our clinical teams are working to improve processes and shorten the pathway within the hospitals.



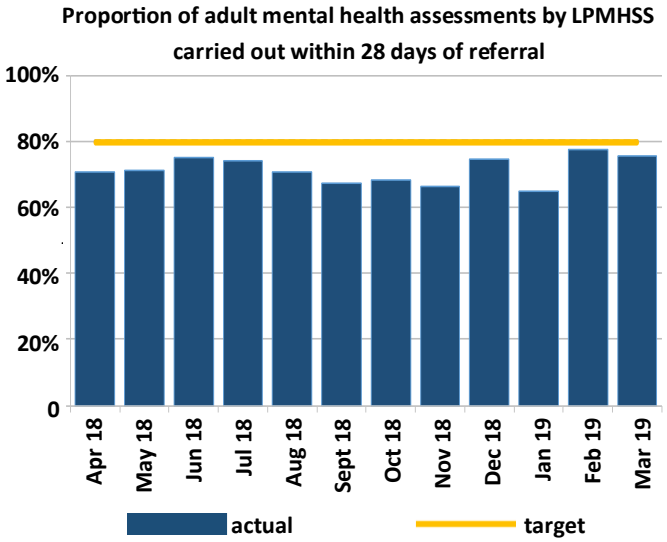
After extensive stakeholder engagement in 2017/18, plans have progressed through 2018/19 to develop a sustainable service model for stroke care in North Wales. This considers the whole pathway including prevention, early awareness, FAST response, hyper acute, acute, rehabilitation and life after stroke, and aligns with work underway nationally via the Stroke Implementation Group. The Health Board's stroke collaborative has been established and is supporting this work as part of the continuous improvement of stroke care.

Prevention

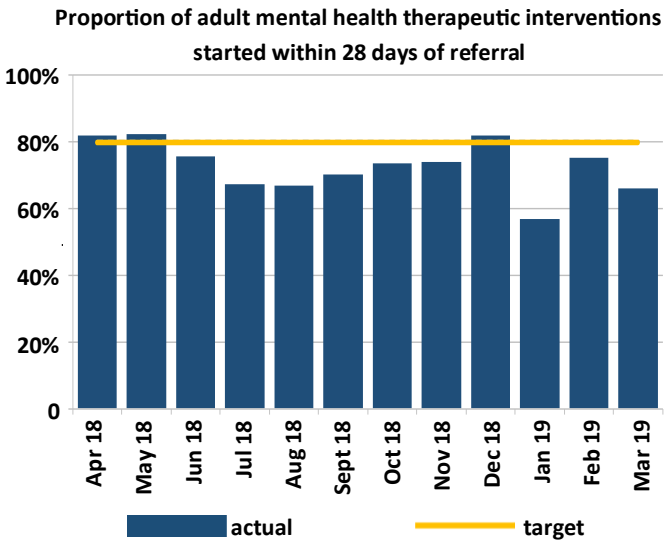
Involvement

Mental health assessments and interventions

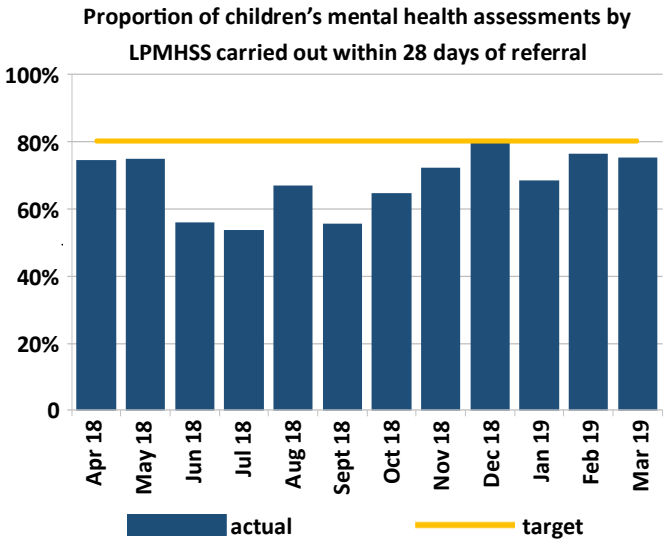
The national target is for 80% of patients to receive an assessment by our local primary care mental health support services (LPMHSS) within 28 days of being referred. Our performance deteriorated through the year, but improved for February and March 2019. This recovery is expected to continue, with the service intending to consistently meet the 80% target for the number of patients assessed within 28 days of referral.



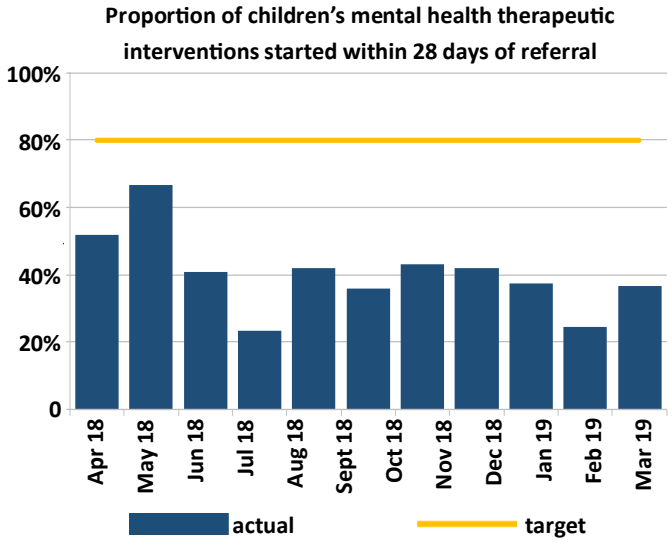
We also saw a decline in the proportion of patients starting treatment within 28 days. In part this was due to the implementation of the policy to treat patients in turn which, while being the correct approach clinically, has impacted on performance. Support, Time and Recovery (STaR) Workers are now in place and working through any backlogs to reduce waits. The Mental Health Division has also twinned with Cardiff & Vale University Health Board to learn from their approach to service transformation.



Within Child and Adolescent Mental Health Services (CAMHS) we have struggled to achieve the 28 day assessment target, although there has been ongoing improvement since September 2018.



We only met the standard of starting treatment within 28 days of assessment for 36% of patients.



Within CAMHS we have implemented the Choice and Partnership Approach (CAPA) across all Areas from June 2018. This, together with other interventions such as regular caseload and job plan reviews, should enable us to move towards consistently achieving the target rates for both these measures within the first half of 2019/20.

Collaboration

Individual care

We want our services to be shaped by and meet the needs of the people we serve and to demonstrate that we learn and act on feedback.

It is especially important that we provide appropriate support to those who are more vulnerable or who may find it more difficult to access services.

Involvement

Our performance indicators	Period	Values		Trend
Rate of Welsh resident calls to the mental health C.A.L.L helpline per 100,000 of Health Board population	Quarter 4 2018/19	211.6		
Rate of Welsh resident calls to the Wales Dementia helpline per 100,000 Health Board population (aged 40 +)	Quarter 4 2018/19	6.2		
Rate of Welsh resident calls to the DAN 24/7 helpline per 100,000 Health Board population	Quarter 4 2018/19	40.8		
% of LHB residents receiving secondary mental health services (all ages) to have a valid CTP completed at the end of each month	March 2019	90.40%		
% of LHB residents assessed under the Mental Health Measure who have been sent their outcome assessment report within 10 working days after their assessment	March 2019	100%		
% of hospitals with arrangements in place to ensure advocacy available to all qualifying patients	2018/19	100%		

Care Treatment Plans (CTP)

To improve the coordination, between Health Boards and Local Authorities, of care for people needing mental health services, the Mental Health (Wales) Measure requires that each person has a care and treatment plan drawn up. We aim to ensure that 90% of Mental Health and Learning Disabilities service users have a valid Care Treatment Plan (CTP) completed at the end of each month.

Having not met the 90% target at the end of March 2018, we have achieved it this year. Work is ongoing to continually improve this position, including weekend clinics that have been taking place to make sure that valid CTPs are in place for all services users.

The service has consistently achieved the 100% target rate of ensuring that all patients receive a copy of their assessment within 10 working days.

Staff & resources

We are committed to ensuring that there are enough staff with the right knowledge and skills available at the right time to meet our patient's needs. Our performance measures also ensure our staff have an annual appraisal and a personal development plan; are appropriately recruited, trained, qualified and competent for the work they undertake.

Our other local performance indicators in this area measure our theatre productivity, outpatient efficiency as well as our financial management of agency and locum staff.

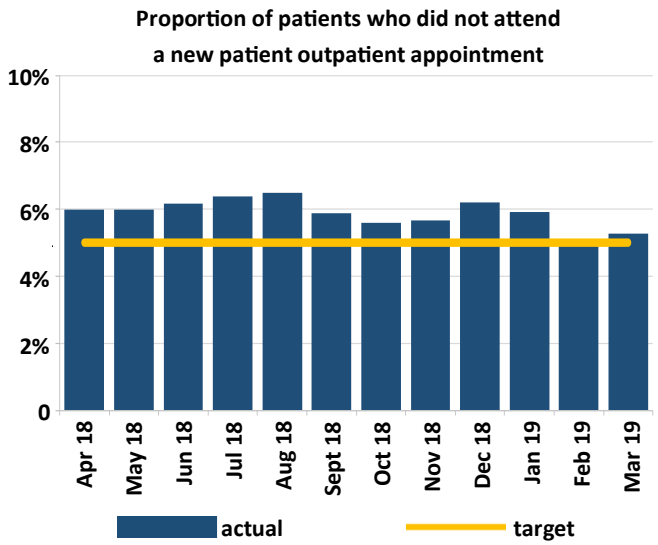
Our performance indicators	Period	Value		Trend
New Outpatient DNA rates for selected specialties	March 2019	5.28%		
Follow up appointment DNA rates for selected specialties	March 2019	5.63%		
Number of procedures that do not comply with NICE 'Do Not Do' guidance for procedures of limited effectiveness	March 2019	63		
Elective Caesarean Rate	March 2019	12.02%		
% staff who felt their appraisal/review left them feeling their work was valued by their employer	2018	54%		
Overall staff engagement score	2018	3.76		
% of staff who would be happy with care provided by their organisation if their friend / relative needed treatment	2018	67%		
% staff absence due to sickness	Rolling 12m March 2019	4.98%		
% compliance for each completed Level 1 competency within Core Skills & Training Framework	March 2019	84.00%		
% headcount who have had a PADR / Medical Appraisal in the previous 12 months	March 2019	67.10%		

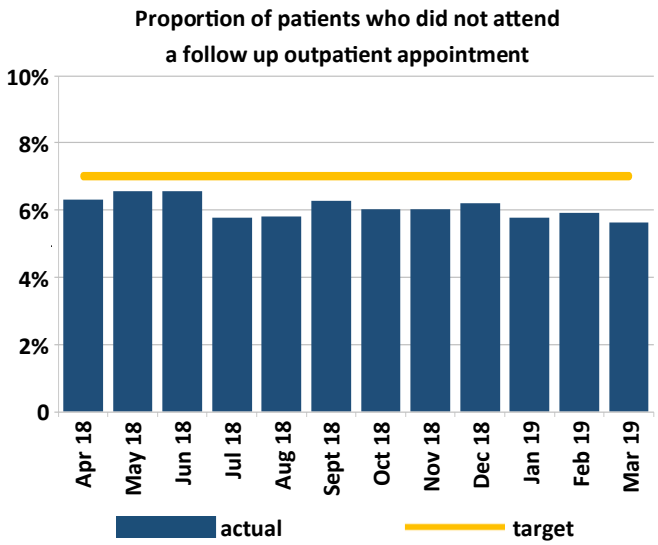
Our productivity

In 2018/19 The Health Board saw over 2,000 more new outpatients than in 2017/18. We carried out over 4,500 more planned procedures than in 2017/18, and saw an increase of 3,500 in emergency admissions.

These figures help to illustrate the growth in demand that the Health Board is facing, whilst also striving to achieve the savings necessary to meet our financial obligations.

DNAs ("Did Not Attend")





Last year, the Health Board established an Outpatient Improvement Programme to look at how we can improve efficiency by ensuring that we make maximum use of our clinic capacity. This included additional measures to reduce the number of missed appointments. Through this work, we introduced standardised coding for DNAs in our patient administration systems which enabled us to record the reasons why patients fail to attend more accurately and to identify what further actions we could take to reduce DNA rates.

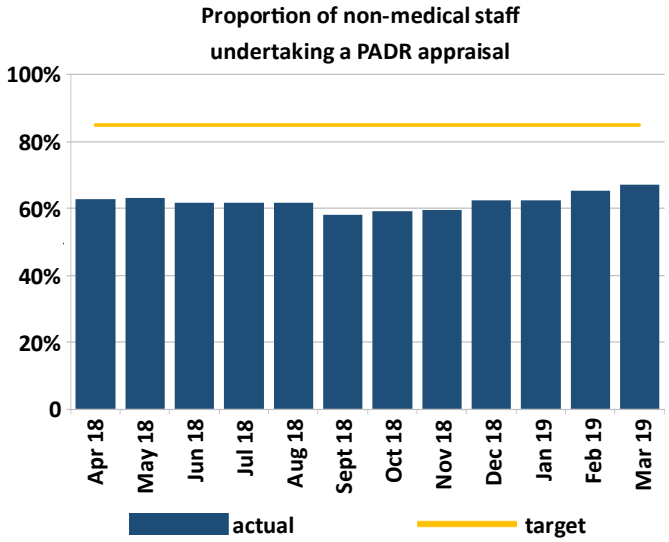
Since undertaking this work, there has been a sustained reduction in the number of missed outpatient appointments, indicating that this programme has been successful. In the latter half of 2018/19 the Health Board has consistently achieved the lowest, or second lowest, monthly DNA rates for both new and follow up outpatients in Wales. Continued communication with our patients and General Practitioners should see these sustained reductions being maintained throughout 2019/20 and beyond.

Our staff

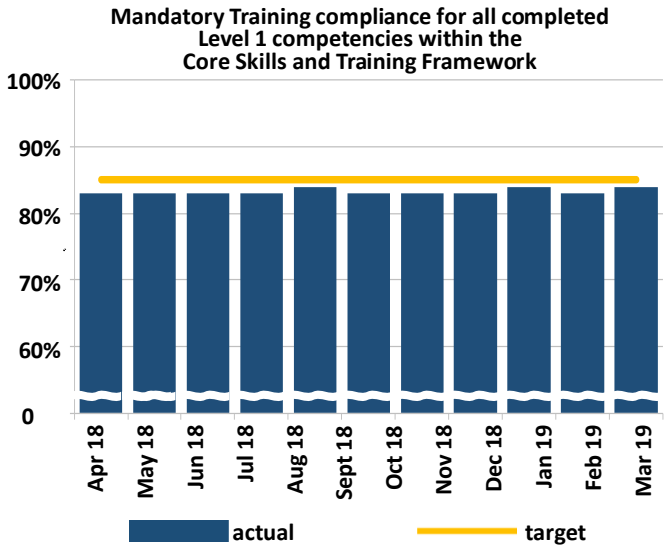
Providing healthcare can be both physically and emotionally demanding and our staff sickness absence rates did increase marginally increased over the 12 months of 2018/19. At the year end we were reporting a rate of 4.98%, compared to a target figure of 4.5%.

Although this is the second lowest rate amongst Welsh NHS organisations, and the lowest of all the major Health Boards, it is important that we continue to focus on this, both for the immediate well being of our employees and also in terms of our ability to deliver services to our patients and population and the cost of having to cover absences.

Over the course of the year, we achieved a significant improvement in the number of staff who had been through an appraisal and development review within the last twelve months at 67.1% compared to 62.8% at the beginning of the year. However, further improvement is required and action plans put in place to ensure the rate of PADRs continues to improve throughout 2019/20.



We also achieved improvement in the proportion of staff maintaining their Mandatory Training and, at 84.1% this figure is just below the 85% target rate. This makes us the best performing Health Board in Wales in terms of this measure. We expect to achieve the 85% target rate early in 2019/20 and to maintain performance at or above this level thereafter.



Our activity

Approximately 90% of NHS activity is delivered by GP practices, community pharmacies, local dental practices and opticians.

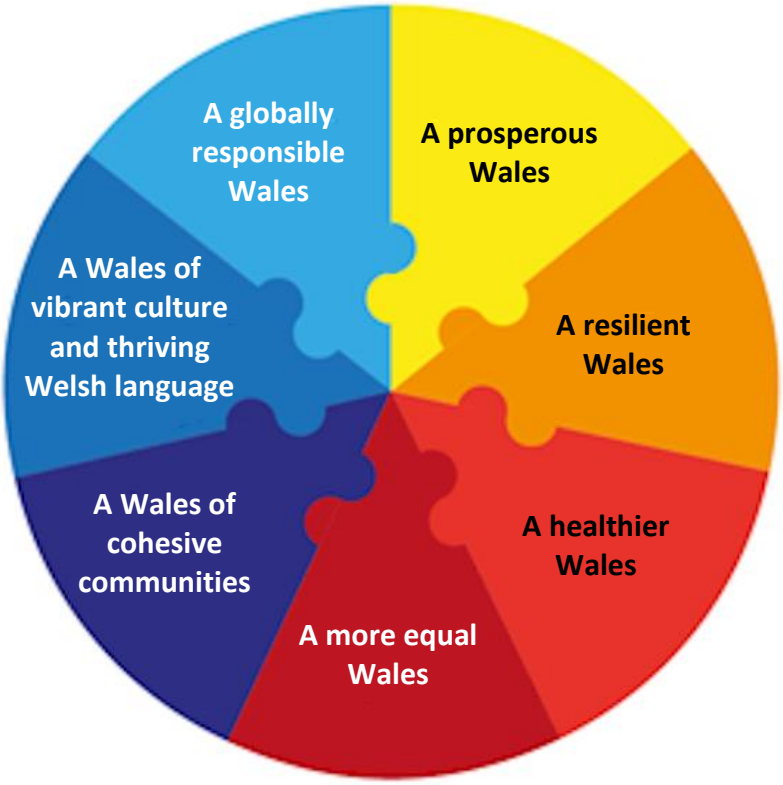
With the resources we were given by the Welsh Government, we delivered over a million assessments, tests or treatments for the North Wales population within the hospitals run directly by the Health Board, as noted in the table below. In addition to this activity, the Health Board commission's services provided elsewhere in Wales and in NHS England for the population of North Wales.

Patient Type	2017/18	2018/19	Change	
			number	%age
Emergency Inpatients	94,223	97,726	3,503	3.58%
Elective Daycases	29,496	33,754	4,258	12.61%
Elective Inpatients	16,126	16,423	297	1.81%
Endoscopies	17,851	16,359	-1,492	-9.12%
Minor Outpatient Procedures	2,013	2,278	265	11.63%
Regular Day Attenders	46,504	47,103	599	1.27%
Well Baby	5,334	5,249	-85	-1.62%
New Outpatients	268,979	270,255	1,276	0.47%
Review Outpatients	531,158	519,805	-11,353	-2.18%
Pre-Op Assessment	30,936	32,909	1,973	6.00%
New Emergency Dept Attendances	222,997	229,401	6,404	2.79%
Review Emergency Dept Attendances	6,620	6,306	-314	-4.98%
Total	**1,272,237**	**1,277,568**	**5,331**	**0.42%**

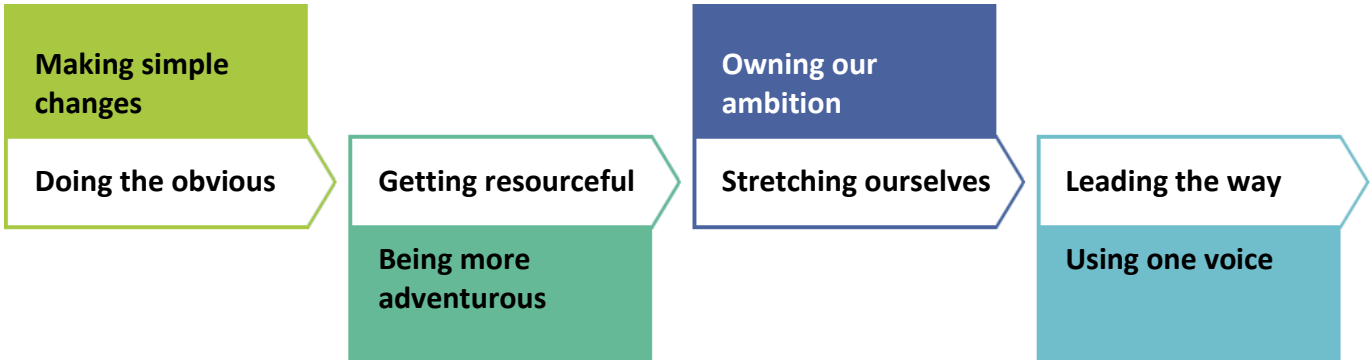
Well-being of Future Generations (Wales) Act

The **Well-being of Future Generations (Wales) Act** gives us the opportunity to think differently and to give new emphasis to improving the well-being of both current and future generations.

The Well-being of Future Generations Act requires us to think more about the long-term, work better with people, communities and other organisations, seek to prevent problems and take a more joined-up approach. The Act puts in place seven well-being goals, and we need to maximise our contribution to all seven:



The Future Generations Commissioner has described the process of working towards these requirements as a journey – starting with adopting small changes and moving on to make greater changes.



During 2018/19 we completed a self-assessment of progress on a range of areas and acknowledged that whilst there has been some excellent progress and areas of good practice, we have much more work to do to embed fully within the Health Board. On our journey, we would assess ourselves overall as moving from making simple changes to being more adventurous. Within this report we have identified areas of good practice which can spread the learning to other areas of work.

As part of this journey, the Health Board, along with the other public bodies in Wales, is required to set and publish well-being objectives that are designed to facilitate this; and to adopt the sustainable development principle. Sustainable development should be embedded within existing corporate processes and not treated as a separate exercise to the setting of objectives that guide the actions and decisions of the organisation.

In developing our long term strategy for health, well-being and healthcare (*Living Healthier, Staying Well* – published in March 2018), thousands of people contributed their time, their opinions and their feedback to help design the strategy together, and also to give us their views on our well-being objectives. As a result, we refreshed the Health Board's objectives and these are as set out below:

- 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 have been made explicit in the Board governance process; all reports made to the Board and to Committees must identify the contribution to the relevant goals. All initiatives must now identify how they contribute to the well-being objectives and also how they have used the five ways of working.

Adopting the five ways of working

The Well-being of Future Generations Act identifies five ways of working that support the Sustainable Development principle:

During 2018-19 we sought to build on the use of the five ways of working in all that we do.

We have begun to include the five ways as guiding principles to be used in options appraisal criteria for service development plans. We have also included the five ways in the internal guidance on business case development. There is much more work to be done before we can say that the sustainable development principle is part of everyday business, and we will continue to take this forward in 2019/20.

In particular, during 2018/19, we strengthened our arrangements for partnership working and the governance framework that supports this. The Strategy, Partnerships and Population Health Committee receives regular reports on progress of the statutory partnership arrangements. In the summer of 2018 we reviewed and strengthened our membership of the Regional Partnership Board.

Public Services Boards' well-being plans

There are four Public Services Boards in North Wales: Gwynedd & Anglesey; Conwy & Denbighshire; Flintshire; and Wrexham. Following approval of the well-being plans in May 2018, we have been working with partners to implement these to improve the well-being of the population. The priority themes of the Public Services Boards are as set out below.

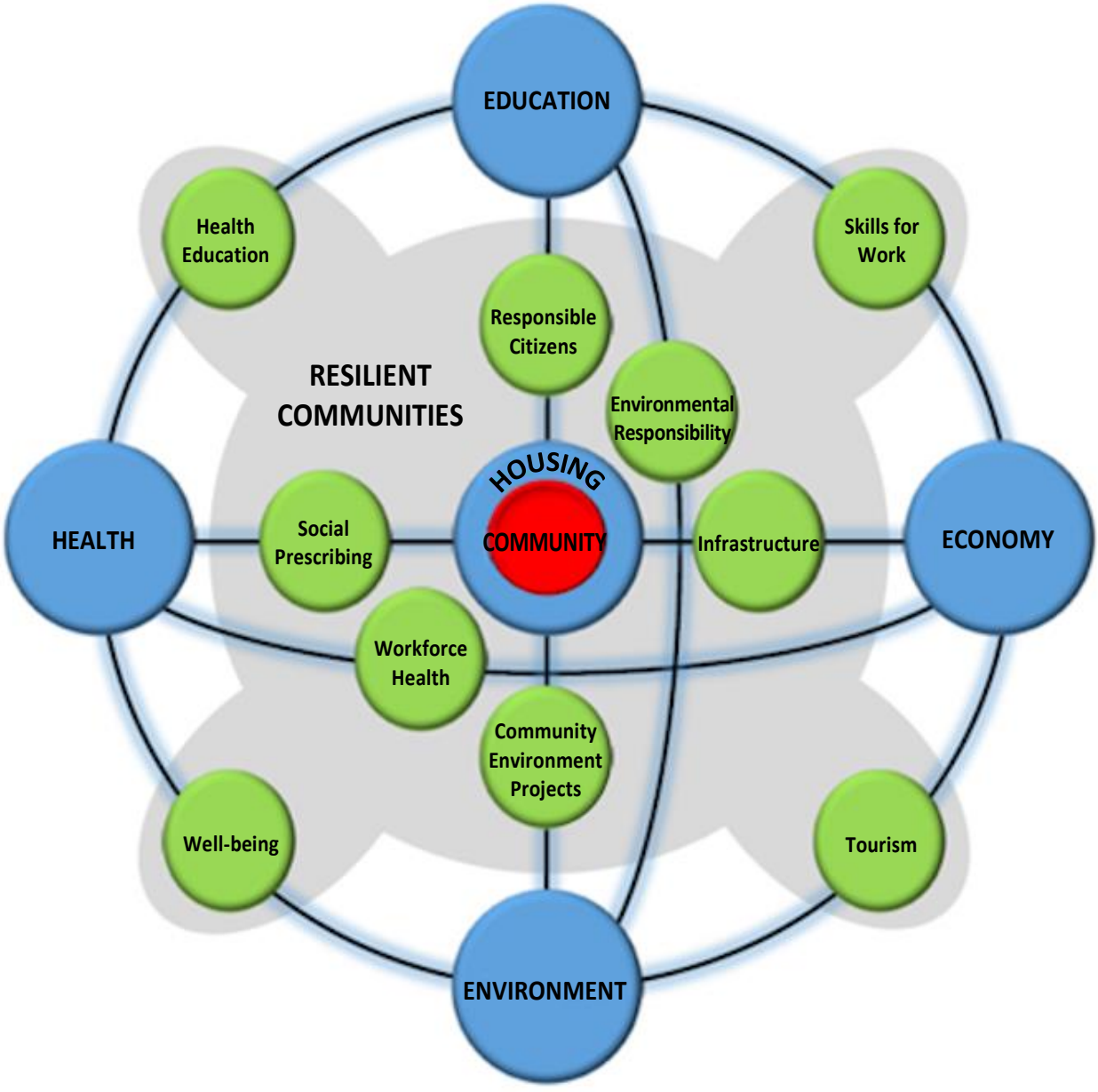


diagram source: North Wales Public Service Boards Officers' Network

Regional Partnership Board (Part 9 Board)

The Regional Partnership Board is established under the Social Services and Well-being Act to bring together Local Authorities, Health Boards and other partners to develop care and support for individuals and their carers.

Collaboration

During 2018/19 we strengthened our membership on the RPB and the Board is now attended by the vice-chair of the Health Board, three Executive Directors and the Area Directors. Towards the end of the year, the Executive Director of Public Health has taken on the chairmanship of the Board.

Under the long-term national plan for health and social care, the role of the RPB has been re-emphasised and we have been working towards ensuring that we have shared values and priorities. During the year we worked towards a series of shared proposals for transformation in the following areas:

Integration

- Community services
- Mental health
- Learning disabilities
- Children and young people

These priority areas are consistent with our well-being objectives and will enable us to take forward our contribution to these in partnership.

Sustainability Report

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 consequence.

Long Term

Our property portfolio includes three main acute general hospitals, 18 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 90 properties.

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 BSi, Internal Audit and the Wales Audit Office.

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 in North Wales, all of which are engaged in work on environmental and sustainability issues:

Collaboration

- **Gwynedd and Anglesey PSB**: working together locally to mitigate the effects of climate change in our communities;
- **Conwy and Denbighshire PSB**: supporting environmental resilience, working in partnership to develop environmental resilience in our communities, preparing for adapting to local climate changes in the future (eg flooding) and reducing carbon and ecological footprints;
- **Flintshire PSB**: developing greater access opportunities to green infrastructure, protecting and enhancing the environment, improving flood protection and reducing the impacts of climate change;
- **Wrexham PSB**: committed to focus on cross-cutting issues of poverty, equality, Welsh language and climate change: programme groups and partners will be responsible for embedding climate change within their work.

ISO14001:2015 Environmental Management System

The ISO14001:2015 standard for environmental management systems has now been implemented and embedded throughout the Health Board, with ISO certification being 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 have successfully completed Lead Auditor transitions training, and have achieved Chartered Quality Institute and the International Register of Certificated Auditors certification.

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. One minor non-conformity is still outstanding from the previous assessment, relating to not ensuring that all parties working for on behalf of the Health Board are fully aware of the environmental policy, aspects and impacts. In response environmental training is to be included in the mandatory training program and a bespoke e-learning package has been developed to achieve this.

During the year, half-day ISO14001 site audits were carried out at Cefni, Eryri, Holywell, Denbigh and Penley Community Hospitals, Flint Health and Wellbeing Centre, the clinics in Rhosllanerchrugog and Corwen and at Canolfan Goffa Ffestiniog in Blaenau Ffestiniog, as well as a whole-day corporate ISO14001 audit.

No new minor non conformities were raised during the surveillance audits carried out this year. The Health Board has no major non-conformities.

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 Environment team has reviewed and revised the all Wales e-training package for waste and environmental management, to create a bespoke training package, as noted above. This has been approved by the Board and will become part of the mandatory training for all Health Board staff. Having a bespoke mandatory training module demonstrates the Health Board's commitment to environmental management as well as helping meet the Standard's training, awareness and competency requirements.

Corporate Environmental Objectives Programme

Our first three-year Environmental Objectives programme has now concluded and our progress towards the objectives is noted below. A new three year programme is being developed for 2019-2022.

Objective	Progress
Minimise waste associated with activities and influence supply chain to reduce waste to landfill	• 100% of blue bin confidential waste is recycled • Introduced more environmental friendly cardboard and clinical waste boxes
Natural Resources: operate and procure in an environmentally responsible manner	• A Sustainability Risk Assessment (SRA) is completed on any procurement above £25,000
Ethical and corporate social responsibility: use products certified as ethically sourced	• NWSSP has appointed an Anti-Slavery and Ethical Employment Champion • A Sustainability Risk Assessment (SRA) is completed on any procurement above £25,000
Raise Energy Awareness	• Bespoke e-learning package developed for mandatory staff training
Raise awareness of environmental & waste information and topics	• Training & Awareness activity ongoing • Bespoke e-learning package developed for mandatory staff training
Reduce CO_2 emissions by upgrading boilers, controls and building fabric.	• Ongoing as capital funding permits, see **Energy & carbon management** section below (page 46) for details
Reduce the risk of oil pollution by upgrading tanks and bunds by local controls and procedures	• All oil storage areas monitored and maintained by estates staff • Corwen Clinic oil tank removed
Prohibit disposal of food waste to sewer in readiness for implementation of Environment (Wales) Act	• All DGH's and some community sites are recycling their food with either the Local Authority or a private contractor
Introduce segregation of gypsum waste for incineration	• Now in place under contract with waste contractors
Identify and create a biodiversity area	• Three beehives are being sponsored on behalf of the Health Board • Habitat and biodiversity area identified at Glan Clwyd Hospital and now being actively tended
Keep air borne asbestos fibres at safe levels	• Asbestos Management Plan in place
Protect staff and patients from Radon, maintaining levels below 400Bq/m^2 for work places and 200Bq/m^2 in staff residences	• Results of radon monitoring undertaken December 2017 have now been received and report prepared by radiation protection advisor • Winter 2018 monitoring results expected spring 2019
Eliminate the risk of ozone depleting and other damaging greenhouse gases	• East: Fluorinated Gas Register managed by Engineering Estates Officers, maintenance carried out by external contractor • Central: Fluorinated Gas Register on going due to Glan Clwyd Hospital redevelopment • West: Fluorinated Gas Register maintained by nominated Estates Officers; all R22 units have been replaced. R404a is now in process of being replaced for a more energy efficient refrigerant gas as and when required
Monitor transport related CO_2 emissions	• Monitoring data is being gathered across the entire fleet – staff, 'grey' and pool cars
Water Safety Management - Reduce the risk of contaminated aerosols	• Programme of annual assessment and review ongoing

Waste management

The Health Board continues to work in partnership with its recyclable and domestic waste contractor to improve waste management within the Health Board and reduce its impacts on the environment, by diverting as much waste as possible from landfill.

The recycling rate for the Health Board is approximately 97%. We expect that recycling will continue to increase following measures that have been implemented to improve waste segregation.

In conjunction with the 'Safe Clean Care' to improve continually patient safety and reduce infections Spring Clean Events and Autumn Cleans took place in April and October 2018, during which unused furniture, electrical and metal waste were collected from 45 sites across the Health Board.

The All Wales contract for the collection, transportation and disposal of clinical waste has been running since April 2017. The Health Board benefits from a commercially viable use for the end product of the 'orange bag' clinical waste treatment processes (flock), which is used as a fuel source and is shipped to Norway and Sweden and used as an additive to bind cement. This means that the Health Board's alternative heat treated clinical waste is 100% recycled. Incinerated clinical waste is also 100% recycled into energy which has further improved our waste reuse figures. However, during the year, the Health Board did experience some difficulties with the regularity of clinical waste collection and we are working with the contractor to achieve improvements.

Additionally, the Health Board recycles cardboard, scrap metal, electrical equipment, furniture, plastics, batteries, confidential waste, food waste, toner cartridges and fluorescent lamps.

For the financial year 2018/19 waste going to landfill from across the Health Board has reduced by 46%, all our incinerated waste is used for energy recovery and recycling has increased by an additional 5%.

Plastic-Free Discussion Group

The Health Board recycles more than 90% of general waste through a Materials Recovery Facility but more can be done to reduce the amount of plastic waste that is being produced. The Environment Team has set up a "Plastic-Free Discussion Group" to review the use of single-use plastics by the Health Board and consider ways in which this use can be reduced. Items being looked at include plastic cups at water dispensers, plastic drinking straws, wipes that contain plastic, disposable plastic food containers and catering cups and plastic tablet/medication cups.

White Goods Guide

To reduce the amount of electrical waste being moved around the hospital sites and deposited in the waste yards, the Environment Officers have worked closely with Procurement colleagues to redevelop the White Goods Guide, the guide now instructs staff placing an order for a new fridge that they also have to include the removal of the old appliance by the supplier, if this is process is not followed the order will not be processed.

Energy & carbon management

The Health Board continues to seek and implement measures to improve its energy efficiency and reduce carbon dioxide emissions associated with its activities. The current Corporate Carbon Reduction Performance Target is a 3% year on year reduction in CO_2 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. Schemes that yielded carbon savings during 2018/19 were:

- The Elms, Wrexham: lights replaced with LED fittings; 30-year old boilers replaced with new A-rated units; brick walls insulated; thermal insulation installed in roofs; all single glazed windows replaced with double glazed hardwood frames;
- Broughton clinic: boiler replaced;
- Wrexham Maelor Hospital Children's Ward: boiler replaced; Building Management System energy controller upgrade;
- Wrexham Child Health Centre: some single glazed windows replaced with double glazed units;
- Chirk Community Hospital: Building Management System energy controller upgrade;
- Pwll Glas Centre, Mold: windows replaced to increase energy efficiency;
- Catherine Gladstone House, Mancot: roof cladding to improve insulation;
- Ablett Unit, Glan Clwyd Hospital: boiler and hot water system replaced;
- Oncology unit, Glan Clwyd Hospital: boilers and pumps replaced;
- Glan Clwyd Hospital: LED street lighting installed; CHP (combined heat and power system) upgrades to increase running hours and reliability;
- Ruthin & Denbigh Community Hospitals: LED street lighting installed;
- Colwyn Bay Hospital: heating system upgrades;
- Glan Treath Ward, Royal Alexandra Hospital: hot water boiler upgrade;
- Llandudno Hospital X-ray Department: replacement roof covering with improved insulation;
- Ysbyty Gwynedd: replacedent hot well tanks with improved insulation;
- Penrhos Stanley, Eryri and Llandudno Hospitals: catering equipment replaced for better efficiency and reliability.

The refurbishment of Glan Clwyd Hospital has been completed. Although energy technology improvements are incorporated in the design, overall carbon savings in the upgraded facilities may be offset by the increased area footprint and installation of additional electrical consumers required for clinical treatment and patient comfort.

New facilities added to the estate during 2018/19 were:

- Wrexham Maelor Hospital: modular operating theatres;
- Ysbyty Gwynedd: Emergency Department extension; Medical Records building extension; new Endoscopy suite and air conditioning;
- Hafan Ion, Pwllheli.

Rationalisation to corporate assets has continued with disposals during 2018/19 including the following sites:

- Caergwrle Clinic;
- Ala Road Clinic, Pwllheli.

Over the year we have worked with the Welsh Government Energy Service and their partners the Carbon Trust, who have conducted surveys of Health Board premises to identify opportunities for further improvements, including the development of a 'ready reckoner' that can be used to calculate the savings that would be achieved by replacing existing light fittings with LED equivalents.

The Health Board has already installed LED lighting in many locations and has a further seventeen lighting replacement schemes in progress for its main and community hospitals, as part of an 'Invest to Save' project. These have been surveyed and specified and it is expected that tendering, procurement and installation will take place during 2019.

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.

Collaboration

The same electrical generating systems are also used by the Health Board to participate in the National Grid's Short Term Operating Reserve (STOR) programme. The Health Board partners with a UK "Aggregator" who then operates a "virtual power station" by using the collective generation capacity of a number of their partners. This collective generation capacity is called upon at peak times of demand on the UK's National Grid when spare national generating capacity is at a low level, which has in part been caused by the closure of less efficient and more polluting power stations, many of which were coal fired. The Health Board receives a financial benefit for participating in this programme. In addition, it allows the generator to be run on full load regularly, which ensures it is well tested for immediate start up when required. Generators that are not tested frequently are more likely to fail in an emergency situation, so this activity improves its reliability and state of readiness.

We are also investigating 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.

We have initiated a feasibility study in the use of alternative technology, involving geo-thermal ground source heat / cooling pumps at one of our main hospitals. This uses the Earth for thermal storage battery. As excess heat is removed from air conditioning this is stored in the body of the Earth at depths of over 200 metres; when heating is required this stored energy is recovered from the Earth and re-used as a source of initial primary heat, topped up if necessary by supplementary heating methods. This process can also be reversed so that "cold" can be stored in a separate location and again recovered when cooling is required.

Long Term

Alternative technology is already in use at Alltwen Hospital, where a biomass (woodchip) boiler is in use. This is operated during the winter period (October to May) to provide base heating, which is supplemented when necessary using more conventional gas heating. The fuel supply contract for the woodchip is based on the heat output of the fuel, providing an incentive to the supplier to provide high grade wood chips that burn with maximum efficiency, minimising the volume of fuel that needs to be consumed.

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 decreased slightly in 2018-19 to 15.158 million miles, with initiatives ongoing to reduce this further including a review of grey fleet, lease and pool car usage, and the promotion of alternatives to travel including the use of video-conferencing and related technology.

The Health Board continue to work closely with the Welsh Ambulance Service, as we move towards the novation to a new national Non-Emergency Patient Transport Specification. All ad-hoc patient transport requests continue to be channelled via a single conduit, ensuring safe and governed travel for patients by approved transport providers.

The Health Board is working with NHS Wales Shared Service Partnership to transfer our in-house courier services to the NHS Health Courier Services. This partnership will generate efficiencies whilst supporting improved continuity and resilience of the service.

	2017-18		2018-19	
	Tonnes CO_2	Miles	Tonnes CO_2	Miles
Private-Use Lease Cars	599	2,590,257	638	2,760,038
Grey Fleet	1,725	7,463,640	1,662	7,190,738
Health Board owned Cars & Vans	1,297	5,278,560	1,277	5,207,685
Total	**3,620**	**15,332,457**	**3,576**	**15,158,461**

Sustainable procurement

The bulk of NHS procurement in Wales is managed nationally through the NHS Wales Shared Services Partnership (NWSSP). This binds Health Boards and Trusts into collective procurement processes, which adhere to high levels of sustainability and corporate social responsibility.

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 the year the Health Board developed its Estates Strategy, which was approved by the Board in March 2019. This is part of a suite of enabling strategies in support of our long term service vision set out in Living Healthier, Staying Well (LHSW).

LHSW provides the basis of the strategic framework for our future estate, which will be designed to support health and wellbeing, primary and community services through a network of wellbeing centres. The Health Board is committed to working with partner organisations, including local authorities and the voluntary sector, to develop integrated solutions that make the best use of our collective property assets irrespective of ownership.

This network will be supported by three acute hospital campuses providing acute and specialist care together with key support services, both clinical and non-clinical. Our existing property portfolio will be aligned to support the 14 localities and three acute hospital campuses through a programme of targeted development and rationalisation. The size and capacity of the future estate will reflect the shift in care closer to home and new models of working. It will support the development of regional facilities providing centres of clinical excellence and support services to all of North Wales.

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.

The Strategy offers the opportunity to eliminate high, significant and moderate backlog maintenance risks, to meet all national performance targets, to reduce the overall property portfolio and thereby significantly reduce the cost of the estate over the longer term.

Developments will be designed to reduce our impact upon the environment, to be sustainable and to support the wider economic, social and cultural wellbeing of North Wales.

To achieve this will require significant investment. However this is a long term strategy, with developments taking place over fifteen or more years, and the Health Board will seek alternative funding sources where this is appropriate and economical.

In developing our estate we will:

- 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;
- support sustainable transport solutions; and
- optimise local procurement and labour to support the local economy.

During 2018/19 the Health Board was allocated £50.884million to deliver a range of capital projects.

We completed the redevelopment of Glan Clwyd Hospital. As well as providing a significantly enhanced clinical and patient environment, introducing new technology and addressing backlog maintenance issues, the project saw the removal of approximately 300,000 tonnes of asbestos-contaminated waste. Improved insulation, replacement of single-glazed windows and installation of more efficient heating systems have all contributed to improved environmental performance,.

The year also saw the opening of the new Sub Regional Neo-natal Intensive Care Unit, located at Glan Clwyd Hospital, the completion of the second phase of the development of the Emergency Department at Ysbyty Gwynedd and the opening of the Corwen Health Centre.

A list of capital schemes undertaken during the year that provide notable environmental benefits are noted above in the Energy and Carbon Management section.

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.

Any site development will have some impact on wildlife and habitat and consequently our impact on biodiversity is identified as one of our environmental aspects. The Health Board has set a number of aims in respect of biodiversity:

- Contribute to the biodiversity conservation in Wales and the UK.
- Identify and create biodiversity areas on our sites
- To promote biodiversity through simple and practical actions and solutions.
- Grassland areas to be managed as a ‘meadow’ allowing grass to grow long in the spring and summer, then cut after the flowers have set seed in late summer.

The Glan Clwyd Hospital site has two great crested newt ponds, a lagoon, two additional ponds, meadow spaces and an abundance of natural habitat for various species of living organisms creating a whole ecosystem and natural pollination. These areas had been left in a natural state without active management but have become very overgrown. In response we have developed a biodiversity plan for these areas to:

- Protect the environment, and specifically the Great Crested Newts and their habitats, and ensure compliance with our obligations and relevant legislation;
- Help conserve the biodiversity at Glan Clwyd Hospital and surrounding area;
- Responsibly maintain and restore the great crested newt ponds without damaging or blocking access to their habitats and avoiding harm to the great crested newts;
- Not increase the number of people, traffic or pollutants in the area;
- Encourage more pollinators by managing and developing the natural habitat better.

The Health Board’s principal general waste contractor continues to sponsor three beehives on behalf of the Health Board at the National Beekeeping Centre Wales in Conwy.

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. Over the last year we did identify a significant underground water leak at Wrexham Maelor Hospital and a smaller leak at Llandudno Hospital, which have since been fixed.

The Estates Business Support is exploring the possibilities of a complete energy management software package that will collate supplier meter reading and self read data and provide analysis of consumptions and usage trends. It will hopefully also provide an external data feed into the payment system to pay the utility invoices after checks and balances validation.

The 2018-2019 data comparison provided in the Summary of Performance table is compiled from data received to 2018/19 year end.

Energy and Carbon emissions

Greenhouse Gas Emissions		2016/17	*Change from previous year*	2017/18	*Change from previous year*	2018/19	*Change from previous year*
Non-Financial Indicators (tonnes of CO_2)	Total Gross Emissions	39,334	*-10.1%*	39,448	*0.3%*	39,524.	*0.2%*
	Total Net Emissions	39,334	*-10.1%*	39,448	*0.3%*	39,524	*0.2%*
	Gross Emissions Scope 1* (Direct) Gas & Oil	20,764	*-7.6%*	21,298	*2.6%*	25,700	*20.7%*
	Gross Emissions Scope 2 & 3** (Indirect)	18,570	*-12.8%*	18,150	*-2.3%*	13,824	*-23.8%*
Related Energy Consumption (tonnes of CO_2)	Electricity : Non-Renewable	0		0		0	
	Electricity : Renewable "Green" Supply Contract	18,570	*-12.8%*	18,150	*-2.3%*	13,824	*-23.8%*
	Gas	20,358	*-8.0%*	20,022	*-1.7%*	22,124	*10.5%*
	LPG	0		0		0	
	Other – Oil***	406	*16.7%*	Restated 1297	*Restated 214%*	3576	*180.3%*
Financial Indicators (£)	Expenditure on Energy	8,437,285	*-4.3%*	8,667,513	*2.7%*	9,878,884	*14.0%*
	CRC Licence Expenditure (2010 Onwards)	120		120		120	
	Expenditure on Accredited Offsets (e.g. GCOF)	0		0		0	
	Expenditure on Business Travel****	8,823,883	*4.1%*	8,769,017	*-0.6%*	9,566,443	*9.1%*

Notes

***Scope 1 - Direct Greenhouse Gas Emissions -** These occur from sources owned or controlled by the organisation and include emissions as a result of combustion in heating boilers owned or controlled by the Health Board, emissions from our vehicles and fugitive emissions from refrigeration gas leakage.

****Scope 2 - Indirect Energy Emissions -** Emissions that result from the generation of electricity and steam which is supplied by another party for use in our buildings.

****Scope 3 - Other Indirect Greenhouse Gas Emissions -** Emissions which occur as a consequence of our activity, but are not directly owned or controlled by the Health Board, including those linked to consumption of waste and water, sustainable procurement, biodiversity action planning and emissions relating to official business travel directly paid for by the organisation.

*****Other (oil) -** Information provided indicates total volume (litres) of vehicle fuel purchased for Health Board cars and vans via fuel cards and converted to tCO_2. **For 2018/19 this indicator also includes private lease and grey fleet vehicles. (If these vehicles are excluded the figure for 2018/19, calculated on the same basis as for previous years, would have been 1277 tCO_2.)** The figure for 2017/18 has been restated as a previous error was identified when completing the calculations for the last year.

******This figure includes total fuel costs via business cards and staff reimbursement, as well as other costs associated with vehicle use including insurance and maintenance of Health Board vehicles, taxi and courier services and non-emergency patient transport provided by the Welsh Ambulance Service.

Greenhouse Gas Emissions are measured by means of collecting corporate consumption data and converting this data into carbon dioxide equivalents (CO_2e). This is done using official conversion factors, published by the Department for Business, Energy & Industrial Strategy, for different fuel types and, in the case of electricity, according to the country of origin to reflect national variations in how electricity is generated and transmission efficiency. These figures have been used to calculate corporate carbon dioxide emissions and changes in the Health Board's carbon dioxide emissions reported above can be partially attributed to changes in these conversion factors.

Over recent years there have been major developments on the Glan Clwyd Hospital site and new-build activity at both Wrexham Maelor Hospital and Ysbyty Gwynedd, as well as the development of new community facilities.

We take the opportunities that these provide to introduce new technologies to increase energy efficiency and reduce power and water consumption. However these improvements are usually offset, to a greater or lesser extent, by the need to provide a modern clinical environment, which may need to be larger and include plant and equipment to support zone heating and air conditioning to maintain critical temperatures and air quality. New developments may also incorporate new clinical technologies and specialist services to support the diagnostic and treatment processes that create additional demands on electrical supplies.

We have achieved a 0.19% reduction in gross CO_2 equivalent emissions arising from our energy use over the past year. However, our expenditure on energy increased by 13.9%, which reflects both rising 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 around 60% 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.

Expenditure on travel has increased, reflecting increased demand and use of patient transport services and rising insurance, maintenance and leasing costs. The Health Board has moved to standardise its pool car fleet on 1 litre petrol-engined vehicles. While this is in line with national recommendations to address air quality concerns, petrol vehicles do offer lower fuel efficiency, which will also have contributed to the increased expenditure.

Waste

Waste		2016/17	*Change from previous year*	2017/18	*Change from previous year*	2018/19	*Change from previous year*
Non-Financial Indicators (tonnes)	Total Waste	4586	*-8.2%*	5,333	*16.3%*	5289	*-0.8%*
	Landfill	370	*34.5%*	217	*-41.4%*	116	*-46.5%*
	Reused / Recycled	2,258	*-18.4%*	3,025	*34.0%*	3200	*5.8%*
	Composted	0		0		0	
	Incinerated with energy recovery	0		0		328	
	Incinerated without energy recovery	260	*-11.6%*	340	*30.8%*	0	*-100%*
Financial Indicators (£)	Total Disposal Cost	1,440,446	*1.7%*	1,169,840	*-18.8%*	1,152,445	*-1.5%*
	Landfill	51,613	*49.5%*	51,032	*-1.1%*	25,439	*-50.2%*
	Reused / Recycled	371,076	*-5.3%*	411,044	*10.8%*	460,860	*12.1%*
	Composted	0		0		0	
	Incinerated with energy recovery	0		0		152,879	
	Incinerated without energy recovery	203,755	*1.9%*	145,401	*-28.6%*	0	*-100%*

Notes

Reused/recycled tonnage and costs includes WEEE (waste electrical and electronic equipment).

Total Waste tonnage and disposal cost includes Alternative Heat Treatment (AHT) waste, in addition to landfill, resued/recycled and incinerated (AHT waste 2018/19: 1645 tonnes; £520,310).

The total volume of waste was slightly reduced last year. This reflects improvements in some specific waste streams (including waste electrical and electronic equipment – WEEE) and a reduced volume of waste generated at Glan Clwyd Hospital. Our environmental team have worked with our waste contractors to further increase the level of waste that is sent for recycling, which has helped to significantly reduce the volume of waste ending up as landfill. The Health Board is aiming to have no waste sent to landfill by the year 2025.

Although in previous years energy was being recovered from clinical waste sent for incineration, we did not receive sufficient assurance and evidence to enable this to be reported. We are now being provided with the necessary confirmation that this is taking place.

The Total Waste figures noted above also include alternative heat treated (AHT) waste, which is both recycled and reused as a fuel source, but does not fall within the reporting sub-categories in the table.

Water

Finite Resource Consumption		2016/17	*Change from previous year*	2017/18	*Change from previous year*	2018/19	*Change from previous year*
Non-Financial Indicators (m^3)	Water Consumption (All)						
	supplied	486,407	*5.4%*	528,694	*8.7%*	588,127	*11.2%*
	abstracted	0		0			
	Water Consumption (Non-Office Estate)						
	supplied	0		0		0	
	abstracted	0		0			
Financial Indicators (£)	Water Supply Costs (All)	1,279,850	8.3%	1,448,191	*13.2%*	1,671,199	*15.4%*
	Water Supply Costs (Non-Office Estate)	0		0		0	

The main variation in water consumption over the past year resulted from a major underground water leak at Wrexham Maelor Hospital. Although this was identified from our consumption monitoring activity which noted an additional use of around 300 litres per day, it took a number of months to locate and to then successfully rectify this as the initial repair did not result in a complete solution. Although this also resulted in a financial cost, the Health Board was able to negotiate a sewerage rebate in respect of the lost water that did not require sewerage treatment.

Long Term Expenditure Trends

The Health board is required to disclose the expenditure trends for the last five financial years. The Statement of Accounts provides a detailed analysis of expenditure which is classified under three main headings:

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

- Expenditure on Healthcare from Other Providers. This includes expenditure with other NHS organisations, Local Authorities, Voluntary Organisations, private providers and for NHS funded nursing and continuing healthcare.

- Expenditure on Hospital and Community Services. This expenditure includes all services delivered by the Health Board within the hospital and community settings.

The table below provides a summary of expenditure for each of the main headings for the last five financial years. The Performance Against Revenue Resource Limit shows the performance of the Health Board against the set overall resource limit.

Expenditure heading	2014/2015 £'m	2015/2016 £'m	2016/2017 £'m	2017/2018 £'m	2018/2019 £'m
Primary Healthcare Services	294.6	297.1	300.3	302.4	309.3
Healthcare from other providers	301.5	310.3	323.7	347.6	361.1
Hospital and Community Health Services	836.9	868.8	915.1	968.2	1,004.7
Performance Against Revenue Resource Limit	(26.6)	(19.5)	(29.8)	(38.8)	(41.3)

Annual Quality Statement

The Health Board's Annual Quality Statement is published alongside the Annual Report and Accounts. A copy can be downloaded from the Health Board's website at www.wales.nhs.uk/sitesplus/861/page/40903.

The Annual Quality Statement provides greater information on the quality of our care and clinical services and the work being done to improve these.

PART TWO – Accountability Report

Corporate Governance Report

Directors' Report

The Board

The Health Board's Chairman until 31st August 2018 was Dr Peter Higson. He was succeeded on 1st September 2018 by Mr Mark Polin. The Chief Executive is Mr Gary Doherty.

During the year we welcomed Mrs Sue Green, Executive Director of Workforce and Organisational Development, Mr Mark Wilkinson, Executive Director of Planning and Performance, and Dr Chris Stockport, Executive Director of Primary Care and Community Services to the Board. Ms Helen Wilkinson, Mrs Lucy Reid and Cllr Medwyn Hughes were appointed to the Board as Independent Members. Mrs Jacqueline Hughes joined the Board as Independent Member and Trades Union representative, Mrs Morwena Edwards joined the Board as Associate Member and Director of Social Services.

Mrs Sally Baxter was Acting Executive Director of Strategy from 14th May 2018 until 18th November 2018.

The full membership of the Board is detailed within Appendix 1 of the Annual Governance Statement, and in the Remuneration Report on pages 66 to 74 of this document.

The Annual Governance Statement also sets out full details of the Board's supporting committee structure (Section 14) and their membership (Appendix 1).

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	Mr Ceri Stradling	Independent Member (to 31st August 2018)
	Cllr Medwyn Hughes	Independent Member (from 6th September 2018)
Vice Chair	Mr John Cunliffe	Independent Member
Members	Mrs Jacqueline Hughes	Independent Member (from 6th September 2018)
	Ms Lucy Reid	Independent Member (from 6th September 2018)
In attendance (Lead Director)	Mrs Grace Lewis-Parry	Board Secretary
	Mr Russ Favager	Executive Director of Finance

Register of director's 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 following Directors and Board Members have declared their interests for 2018/19 as listed below:

Name	Position	Interests
Mr G Doherty	Chief Executive	• Trustee of Dangerpoint, a charity that provides health and safety training to children across North Wales • Wife is employed by Health Education England
Dr E Moore	Executive Medical Director	• Spouse is Clinical Director, Breast & Endocrine Surgery, Royal Liverpool and Broadgreen University Teaching Hospital NHS Trust
Mr G Lang	Executive Director of Strategy	• Member of Board of Governors of Coleg Cambria
Mr A Thomas	Executive Director, Therapies and Health Sciences	• Spouse employed by Boots UK Ltd as an Accuracy Checking Technician • Employed as a Panel Member of the Health Care Professions Council
Mr R Favager	Executive Director of Finance	• Daughter is employed on the NHS Wales Graduate Scheme at BCUHB
Dr J C Stockport	Executive Director of Primary Care and Community Services	• Occasional advice as a World Health Organisation expert consultant on integrated primary care: basic expenses are reimbursed, no salary is taken
Dr P Higson OBE	Chair	• Self-employed Clinical Psychologist • Trustee of Cartrefi Cymru
Mr M Polin OBE QPM	Chair	• Wife is employed by BCUHB
Mrs M Hanson	Vice Chair	• Husband is the Rt Hon David Hanson, MP for Delyn
Mrs M W Jones	Independent Board Member & Vice-Chair	• Member of Snowdonia National Park Authority (to July 2018) • Member of Pwyllgor Mind Cymru (to July 2018) • Vice Chair of Arts Council Wales • Chair of Council, Bangor University • Trustee of Canolfan Gerdd William Mathias • Trustee of Kyffin Williams Trust • Sister and two nieces are employees of BCUHB
Mr J Cunliffe	Independent Board Member	• Director, Abernet Ltd • Member of the Joint Audit Committee, North Wales Police & Crime Commissioner • Spouse is an employee of BCUHB

Name	Position	Interests
Cllr C Carlisle	Independent Board Member	• Cabinet Member for Children, Families and Safeguarding for Conwy County Borough Council • Deputy Leader of Conwy County Borough Council • Member of Conwy & Denbighshire Joint Adoption Panel • Lead Member for children on Conwy County Borough Council • Group Leader of the Conservative Group on Conwy County Borough Council • Deputy Chair (Political) of Clwyd West Conservative Association • Secretary of Old Colwyn local football club • Committee member, Old Colwyn Residents Association • Committee member, Tan Lan Community Centre
Cllr R Medwyn Hughes	Independent Member and Local Authority Representative	• Gwynedd County Councillor • Bangor City Councillor
Mrs L J Reid	Independent Board Member	• Anakrisis Ltd (Management Consultancy) - provides consultancy and training to NHS organisations in England • Tribunal Chair for the Medical Practitioners Tribunal Service of the General Medical Council • Magistrate for the North Wales Family and Criminal Benches - HM Court and Tribunal Service • Specialist advisor to the Care Quality Commission • Spouse is a local GP practicing in Denbighshire
Mrs B Russell-Williams	Independent Board Member	• Chief Executive Officer Mantell Gwynedd (Third sector umbrella body) • A number of family members employed by BCUHB
Prof J Rycroft-Malone	Independent Board Member and University Representative	• Husband is an employee of BCUHB • Programme Director - National Institute for Health NIHR HS&DR Research Programme
Mr C Stradling	Independent Board Member	• Deputy Chair of the Local Democracy and Boundary Commission for Wales • Member of Snowdonia National Park Authority
Ms H Wilkinson	Independent Board Member	• Chief Executive of Denbighshire Voluntary Services Council (NEWVOL)
Mr Ff Williams	Associate Board Member - Chair, Stakeholder Reference Group	• Wife is employed by BCUHB • Sister and Brother-in-Law work for Mental Health Services in Bangor (Childrens Services) • Chief Executive of Cartrefi Cymunedol Gwynedd, a housing association operating predominately out of Gwynedd. In this role works closely with BCUHB Area Directors

Data security

Responsibility for information governance in the Health Board rests with the Board Secretary who acts as the Senior Information Risk Owner (SIRO). The Assistant Director of Information Governance and Assurance is the Health Board's nominated Data Protection Officer in line with the new General Data Protection Regulation requirements. The Senior Associate Medical Director is the nominated Caldicott Guardian. The Health Board self-reported eight data security breaches that triggered referral to the Information Commissioner's Office and Welsh Government. To date six of the self reported incidents have been closed by the Information Commissioner's Office with no further action required. The Board did not incur any financial penalties during the year. Information on our information governance performance is included in section 30.1 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: www.wales.nhs.uk/sitesplus/861/page/40808

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

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

As Accountable Officer, I confirm that I have taken all appropriate steps to make myself aware of any relevant audit information and to establish that the Health Board's auditors are aware of that information. As far as I am aware, there is no relevant audit information of which the Health Board's auditors are unaware.

I confirm that the Annual Report and Accounts as a whole are fair, balanced and understandable and I take personal responsibility for these and the judgment required for determining that this is the case.

Gary Doherty
Chief Executive

Dated: 30th May 2019

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 LHB and of the income and expenditure of the LHB for that period.

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

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

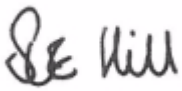
The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the authority and to enable them to ensure that the accounts comply with requirements outlined in the above mentioned direction by the Welsh Ministers.

By Order of the Board

Signed on behalf of the Board:

Mark Polin
Chairman
30th May 2019

Gary Doherty
Chief Executive
30th May 2019



Sue Hill
Acting Director of Finance
30th May 2019

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 committee arrangements
- Our arrangements to manage risk
- How the Health Board is responding to being placed in Special Measures
- Quality and Governance processes
- The opinion of the Head of Internal Audit
- Our planning arrangements

The full Annual Governance Statement is provided as an appendix to the Annual Report and Accounts.

Remuneration Report

Policies for the remuneration of staff and senior managers

Senior Managers are defined as those who have authority or responsibility for directing and controlling the major activities of the Health Board as a whole, this definition includes those employees and Independent Members who are regular attendees at the 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. Reforms to the NHS Agenda for Change pay structure were agreed for the three years commencing 1st April 2018. As part of this, the value of the top pay points for Bands 2 to 8b were increased in 2018/19 by 3% (4.17% for Band 2).

NHS Wales has adopted the Living Wage. Therefore the pay of staff on pay points below the Living Wage minimum figure is adjusted to meet the Living Wage hourly rate. For 2018/19 the pay of staff in Agenda for Change Bands 1 and 2 on pay points 1 to 5 was adjusted to meet the minimum hourly rate of £8.92 per hour.

Medical and dental staff are governed by medical and dental terms and conditions which apply across NHS Wales.

The Health Board applies the NHS Wales policy on incremental progression for staff on Agenda for Change pay scales, which includes the operation of the Performance Appraisal Development Review process.

Directors are not part of this process and a very senior manager pay scale has been introduced by the Welsh Government. Pay awards are determined nationally and applied locally based upon instructions from the Welsh Government. It is confirmed that the Health Board does not operate a performance related pay system for very senior managers. All contracts 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 was established in January 2015. The Health Board Chair, Mr Mark Polin, became the Chair of the Committee when he joined the Health Board in September 2018.

During the 2018/19 reporting period the Committee met on five occasions, comprising four meetings held in public, followed by an in-committee section of the agenda when sensitive or confidential information was discussed in private, plus one extraordinary in-committee meeting.

The main business of the Committee during the year included:

- considering Nursing & Midwifery Council (NMC) Registration and Revalidation annual reports, Upholding Professional Standards in Wales reports, pay review update with equality impact assessment, pay protection reports;
- review and realignment of executive portfolios and executive and directors' remuneration; approving or ratifying policies on Smoke Free, Managing Attendance and Adverse Weather Conditions & Transport Disruption, Time off in Lieu, NHS Wales Menopause and NHS Wales Organisational Change, and
- issues relating to managed GP practices.

Chair	Dr Peter Higson	Chairman (to 31st August 2018)
	Mr Mark Polin	Chairman (from 1st September 2018)
Members	Mrs Margaret Hanson	Vice-Chair (to 31st May 2018)
	Mrs Marion Wyn Jones	Vice Chair (from 1st June 2018)
	Mr Ceri Stradling	Independent Member (to 31st August 2018)
	Mrs Lyn Meadows	Independent Member (to 31st August 2018)
	Mrs Jacqueline Hughes	Independent Member (from 1st July 2018)
	Cllr Medwyn Hughes	Independent Member (from 1st September 2018)
In attendance	Mr Gary Doherty	Chief Executive
Lead Officer (in attendance)	Mrs Sue Green	Executive Director of Workforce and Organisational Development

Remuneration relationships

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median remuneration of the organisation's workforce. This information can be found in Note 9.6 to the Annual Accounts, on page 33A of this document.

The highest paid director post during 2018/19 and 2017/18 was that of the Chief Executive. In 2018/19 eleven employees received remuneration in excess of the highest-paid director (compared to nine employees in 2017/18). All of these employees are senior clinicians. In addition, three agency workers received remuneration in excess of the highest paid director.

Exit packages and severance payments

During 2018/19 the Health Board agreed one redundancy payment for a very senior manager, details of which are included in the notes to the tables of remuneration below. Details of all severance payments agreed during the year can be found in Note 9.5 to the Annual Accounts, on page 32A 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 influence 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.

	2018/19						2017/18					
Name and Role	Salary (bands of £5,000) **£'000**	Benefit in kind (to nearest £100) **£**	Pension benefit (to nearest £1,000) **£'000**	Other payments (bands of £5,000) **£**	**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**	Other payments (bands of £5,000) **£**	**Total (bands of £5,000) £'000**	*Full year equivalent salary (if part year)* **£'000**
Mr G Doherty Chief Executive	205-210	--	*(note 1)*	--	**205-210**	--	200-205	--	30	--	**230-235**	--
Dr E Moore Executive Medical Director & Deputy Chief Executive	195-200	5,200	*(note 2)*	--	**200-205**	--	195-200	3,500	*(note 2)*	--	**200-205**	--
Mrs G Harris Executive Director of Nursing and Midwifery	150-155	--	*(note 2)*	--	**150-155**	--	150-155	--	*(note 2)*	--	**150-155**	--
Ms D Carter Acting Executive Director of Nursing and Midwifery (from 18 March 2019)	0-5	--	*(note 3)*	--	**0-5**	*125-130*						
Mr A Thomas Executive Director of Therapies and Health Sciences	100-105	--	16	--	**115-120**	--	100-105	--	116	--	**215-220**	--

	2018/19						2017/18					
Name and Role	Salary (bands of £5,000) **£'000**	Benefit in kind (to nearest £100) **£**	Pension benefit (to nearest £1,000) **£'000**	Other payments (bands of £5,000) **£**	**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**	Other payments (bands of £5,000) **£**	**Total (bands of £5,000) £'000**	*Full year equivalent salary (if part year)* **£'000**
Dr J C Stockport Executive Director of Primary Care and Community Services (from 1 Oct 2018)	65-70	3,000	*(note 4)*	0-5 *(note 5)*	**70-75**	*135-140*						
Mr A Roach Director of Mental Health and Learning Disability & Associate Board Member	115-120	--	39	--	**155-160**	--	115-120	--	19	--	**130-135**	--
Ms T Owen Executive Director of Public Health	120-125	--	22	--	**145-150**	--	120-125	--	88	--	**205-210**	--
Ms M Olsen Chief Operating Officer (to 30 Jun 2018)	75-80 *(note 6)*	--	210 *(note 6)*	--	**285-290**	*145-150*	145-150	--	21	--	**165-170**	--

	2018/19						2017/18					
Name and Role	Salary (bands of £5,000) **£'000**	Benefit in kind (to nearest £100) **£**	Pension benefit (to nearest £1,000) **£'000**	Other payments (bands of £5,000) **£**	**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**	Other payments (bands of £5,000) **£**	**Total (bands of £5,000) £'000**	*Full year equivalent salary (if part year)* **£'000**
Mr R Favager Executive Director of Finance	145-150 *(note 7)*	11,100	*(note 1)*	--	**155-160**	--	145-150	8,600	--	--	**150-155**	--
Mr G Lang Executive Director of Strategy (to 13 May 2018)	10-15	--	*(note 2)*	--	**10-15**	*125 - 130*	125-130	--	*(note 2)*	--	**125-130**	--
Mrs S Baxter Acting Executive Director of Strategy (from 14 May 2018 to 18 Nov 2018)	50-55 *(note 8)*	--	*(note 9)*	--	**50-55**	*100-105*						
Mr M Wilkinson Executive Director of Planning and Performance (from 19 Nov 2018)	50-55	--	*(note 4)*	--	**50-55**	*135-140*						

	2018/19						2017/18					
Name and Role	Salary (bands of £5,000) **£'000**	Benefit in kind (to nearest £100) **£**	Pension benefit (to nearest £1,000) **£'000**	Other payments (bands of £5,000) **£**	**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**	Other payments (bands of £5,000) **£**	**Total (bands of £5,000) £'000**	*Full year equivalent salary (if part year)* **£'000**
Mrs S Green Executive Director of Workforce and Organisational Development	125-130	--	*(note 4)*	--	**125-130**	--						
Mrs G Lewis-Parry Board Secretary	95-100	--	(30)	--	**65-70**	--	100-105	--	50	--	**145-150**	--
Dr P Higson OBE Chairman (to 31 Aug 2018)	25-30	--	--	--	**25-30**	*65-70*	65-70	--	--	--	**65-70**	--
Mr M Polin OBE QPM Chairman (from 1 Sept 2018)	40-45	--	--	--	**40-45**	*65-70*						
Mrs M Hanson Vice Chair (to 31 May 2018)	5-10	--	--	--	**5-10**	*55-60*	55-60	--	--	--	**55-60**	--
Mrs M W Jones Independent Member (to 31 May 2018)	0-5	--	--	--	**0-5**	*15-20*	15-20	--	--	--	**15-20**	--
Vice Chair (from 1 Jun 2018)	45-50	--	--	--	**45-50**	*55-60*						
Cllr C Carlisle, Independent Member	15-20	--	--	--	**15-20**	--	15-20	--	--	--	**15-20**	--

	2018/19						2017/18					
Name and Role	Salary (bands of £5,000) **£'000**	Benefit in kind (to nearest £100) **£**	Pension benefit (to nearest £1,000) **£'000**	Other payments (bands of £5,000) **£**	**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**	Other payments (bands of £5,000) **£**	**Total (bands of £5,000) £'000**	*Full year equivalent salary (if part year)* **£'000**
Mr J Cunliffe Independent Member	15-20	--	--	--	**15-20**	--	15-20	--	--	--	**15-20**	--
Ms J Hughes Independent Member and Trades Union Representative (from 1 Jun 2018)	*(note 10)*	--	--	--	**--**	--						
Cllr R M Hughes Independent Member	15-20	--	--	--	**15-20**	--						
Mrs L Meadows Independent Member	15-20	--	--	--	**15-20**	--	15-20	--	--	--	**15-20**	--
Ms L Reid Independent Member (from 1 Sep 2018)	5-10	--	--	--	**5-10**	*15-20*						
Ms H Wilkinson Independent Member (from 1 Sep 2018)	5-10	--	--	--	**5-10**	*15-20*						
Mrs B Russell Williams Independent Member (to 5 Mar 2019)	10-15	--	--	--	**10-15**	--	15-20	--	--	--	**15-20**	--

	2018/19						2017/18					
Name and Role	Salary (bands of £5,000) **£'000**	Benefit in kind (to nearest £100) **£**	Pension benefit (to nearest £1,000) **£'000**	Other payments (bands of £5,000) **£**	**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**	Other payments (bands of £5,000) **£**	**Total (bands of £5,000) £'000**	*Full year equivalent salary (if part year)* **£'000**
Prof J Rycroft-Malone Independent Member and University Representative	*(note 11*	--	--	--	**--**	--	*(note 11)*	--	--	--	**--**	--
Mr C Stradling Independent Member (to 31 August 2018)	5-10	--	--	--	**5-10**	*15-20*	15-20	--	--	--	**15-20**	--
Mr Ff Williams Associate Board Member & Chair, Stakeholder Reference Group	*(note 12)*	--	--	--	**--**	--	*(note 12)*	--	--	--	**--**	--
Prof M Rees Associate Board Member & Chair, Healthcare Professional Forum	*(note 12)*	--	--	--	**--**	--	*(note 12)*	--	--	--	**--**	--

	2018/19						2017/18					
Name and Role	Salary (bands of £5,000) **£'000**	Benefit in kind (to nearest £100) **£**	Pension benefit (to nearest £1,000) **£'000**	Other payments (bands of £5,000) **£**	**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**	Other payments (bands of £5,000) **£**	**Total (bands of £5,000) £'000**	*Full year equivalent salary (if part year)* **£'000**
Mrs N Stubbins Associate Board Member and Director of Social Services (to 31 May 2018)	*(note 12)*	--	--	--	**--**	--	*(note 12)*	--	--	--	**--**	--
Mrs M Edwards Associate Board Member and Director of Social Services (from 1 June 2018)	*(note 12)*	--	--	--	**--**	--						

	2018/19						2017/18					
Name and Role	Salary (bands of £5,000) **£'000**	Benefit in kind (to nearest £100) **£**	Pension benefit (to nearest £1,000) **£'000**	Other payments (bands of £5,000) **£**	**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**	Other payments (bands of £5,000) **£**	**Total** **(bands of £5,000)** **£'000**	*Full year equivalent salary (if part year)* **£'000**
Mr J M Jones Executive Director of Workforce and Organisational Development (to 19 Nov 2017) Director of External Investigations (from 20 Nov 2017 to 31 Mar 2018)							130-135	1,900	--	--	**130-135**	--
Mr R Jones Interim Executive Director of Workforce and Organisational Development (from 20 Nov 2017)							40-45	--	--	--	**40-45**	*125-130*
Mr C Wright Director of Corporate Services (to 20 May 2017)							35-40 *(note 13)*	--	--	145-150 *(note 13)*	**185-190**	*95-100*

	2018/19						2017/18					
Name and Role	Salary (bands of £5,000) **£'000**	Benefit in kind (to nearest £100) **£**	Pension benefit (to nearest £1,000) **£'000**	Other payments (bands of £5,000) **£**	**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**	Other payments (bands of £5,000) **£**	**Total (bands of £5,000) £'000**	*Full year equivalent salary (if part year)* **£'000**
Mrs D Sharp Acting Board Secretary (from 6 Nov 2017 to 31 Jan 2018)							15-20	--	*(note 14)*	--	**15-20**	*75-80*
Ms J Dean Independent Member (to 31 Dec 2017)							*(note 10)*	--	--	--	**--**	--
Cllr B Feeley Independent Member							15-20	--	--	--	**15-20**	--

Notes

1. These employees chose not to be covered by the NHS pension arrangements during the reporting year, as they left the scheme part way through the previous year.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. Ms D Carter was the Acting Executive Director of Nursing & Midwifery for the period 18th March 2019 to 31st March 2019. Outside of this period Ms Carter was employed by the Health Board in her substantive post and it has not been possible to calculate the element of pension benefits that relate solely to her role as Acting Executive Director of Nursing & Midwifery.
4. These employees commenced employment with the Health Board during 2018/19 and so prior year figures are not available to enable the in year pension benefit to be calculated.
5. Other remuneration for Dr JC Stockport relates to earnings from a separate medical role.
6. The salary reported for Ms M Olsen includes £39,922 in respect of contractual entitlements. Pension benefit relates to payment of a contribution to the NHS Pensions Agency towards the employees' pension. These amounts were both agreed by the Board and made in accordance with Welsh Government guidance.
7. Mr R Favager's salary includes £488 sacrificed in respect of the Cycle2Work scheme.
8. Ms S Baxter's salary includes £342 sacrificed in respect of home technology.
9. Ms S Baxter was the Acting Executive Director of Strategy for the period 14th May 2018 to 18th November 2018. Outside of this period Ms Baxter was employed by the Health Board in her substantive post and it has not been possible to calculate the element of pension benefits that relate solely to her role as Acting Executive Director of Strategy.
10. Ms J Hughes (previously Ms J Dean) is an employee of the Health Board and is an Independent Member drawn from a Trade Union background. Ms Hughes is not paid for her role as an Independent Member.
11. Professor J Rycroft-Malone is the University representative on the Board and is not paid by the Health Board.
12. Mr Williams, Mrs Stubbins and Mrs Edwards are not employees of, and are not paid by the Health Board. Prof Rees is employed by the Health Board in his clinical capacity but does not receive additional remuneration in respect of his role on the Board.
13. The salary reported for Mr C Wright includes £24,998 in respect of contractual entitlements. Other remuneration relates to a payment in respect of redundancy. These amounts were both agreed by the Board and made in accordance with Welsh Government guidance.
14. Mrs D Sharp was the Acting Board Secretary for the period 6th November 2017 to 31st January 2018. Outside of this period Mrs Sharp was employed by the Health Board in her substantive post and it has not been possible to calculate the element of pension benefits that relate solely to her role as Acting Board Secretary.

	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 2019 (bands of £5,000) **£'000**	Lump sum related to accrued pension at 31 March 2019 (bands of £5,000) **£'000**	Cash Equivalent Transfer Value as at 31 March 2018 **£'000**	Cash Equivalent Transfer Value as at 31 March 2019 **£'000**	Real Increase in Cash Equivalent Transfer Value **£'000**	Notes
Mr G Doherty Chief Executive	--	--	--	--	--	--	--	*note 1*
Dr E Moore Executive Medical Director & Deputy Chief Executive	--	--	--	--	--	--	--	*note 2*
Mrs G Harris Executive Director of Nursing, and Midwifery	--	--	--	--	--	--	--	*note 2*
Ms D Carter Acting Executive Director of Nursing and Midwifery (from 18 March 2019)	--	--	--	--	--	--	--	*note 3*
Mr A Thomas Executive Director, Therapies and Health Sciences	0-2.5	(0-2.5)	40-45	120-125	807	940	95	

	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 2019 (bands of £5,000) **£'000**	Lump sum related to accrued pension at 31 March 2019 (bands of £5,000) **£'000**	Cash Equivalent Transfer Value as at 31 March 2018 **£'000**	Cash Equivalent Transfer Value as at 31 March 2019 **£'000**	Real Increase in Cash Equivalent Transfer Value **£'000**	Notes
Mr A Roach Director of Mental Health and Learning Disability & Associate Board Member	0-2.5	5.0-7.5	50-55	160-165	916	1,109	148	
Dr J C Stockport Executive Director of Primary Care and Community Services (from 1 Oct 2018)	--	--	--	--	--	--	--	*note 2*
Ms T Owen Executive Director of Public Health	0-2.5	(0-2.5)	40-45	100-105	654	787	95	
Ms M Olsen Chief Operating Officer	--	--	--	--	--	--	--	*note 4*
Mr R Favager Executive Director of Finance	--	--	--	--	--	--	--	*note 1*

	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 2019 (bands of £5,000) **£'000**	Lump sum related to accrued pension at 31 March 2019 (bands of £5,000) **£'000**	Cash Equivalent Transfer Value as at 31 March 2018 **£'000**	Cash Equivalent Transfer Value as at 31 March 2019 **£'000**	Real Increase in Cash Equivalent Transfer Value **£'000**	Notes
Mr G Lang Executive Director of Strategy (to 13 May 2018)	--	--	--	--	--	--	--	*note 2*
Mrs S Baxter Acting Executive Director of Strategy (from 14 May 2018 to 18 Nov 2018)	--	--	--	--	--	--	--	*note 5*
Mr M Wilkinson Executive Director of Planning and Performance (from 19 Nov 2018)	--	--	55-60	140-145	--	1,101	--	*note 6*
Mrs S Green Executive Director of Workforce and Organisational Development	--	--	15-20	30-35	--	305	--	*note 6*

	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 2019 (bands of £5,000) **£'000**	Lump sum related to accrued pension at 31 March 2019 (bands of £5,000) **£'000**	Cash Equivalent Transfer Value as at 31 March 2018 **£'000**	Cash Equivalent Transfer Value as at 31 March 2019 **£'000**	Real Increase in Cash Equivalent Transfer Value **£'000**	Notes
Mrs G Lewis-Parry Board Secretary	(0-2.5)	(0-2.5)	35-40	110-115	779	861	46	

Notes

1. These employees chose not to be covered by the NHS pension arrangements during the 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. Ms D Carter was the Acting Executive Director of Nursing & Midwifery for the period 18th March 2019 to 31st March 2019. Outside of this period Ms Carter was employed by the Health Board in her substantive post and it has not been possible to calculate the element of pension benefits that relate solely to her role as Acting Executive Director of Nursing & Midwifery.
4. Mrs M Olsen left the Health Board during 2018/19 and is in receipt of her pension.
5. Ms S Baxter was the Acting Executive Director of Strategy for the period 14th May 2018 to 18th November 2018. Outside of this period Ms Baxter was employed by the Health Board in her substantive post and it has not been possible to calculate the element of pension benefits that relate solely to her role as Acting Executive Director of Strategy.
6. These employees commenced employment with the Health Board during 2018/19 and so prior year figures are not available to enable the in year pension benefit to be calculated.

Staff Report

The average number of full time equivalent (FTE) staff employed by the Health Board during 2018/19 is reported below.

Professional Group	Average FTE 2018/19
Professional, Scientific and Technical	438
Additional Clinical Services	3,312
Administrative and Clerical	2,918
Allied Health Professionals	880
Estates and Ancillary	1,240
Healthcare Scientists	274
Medical and Dental	1,437
Nursing and Midwifery Registered	4,967
Students	15
Total	**15,481**

The actual number of staff in post during 2018/19 was 18,064 and the gender composition is provided in the table below.

Staff Composition	Female	Male	Total
Director	5	8	13
Manager (Band 8C and above)	123	67	190
Staff	14,458	3,403	17,861
Total	**14,586**	**3,478**	**18,064**

*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 2018/19 is provided below:

	2017-18	2018-19
FTE Days lost (long term)*1	189,779	198,399
FTE Days lost (short term)*1	83,051	81,511
Total days lost	**272,830**	**279,911**
Average working days lost	11	11
Total staff employed in period (headcount)*2	17,987	17,880
Total staff employed in period with no absence (headcount)*2	6,653	5,642
Percentage staff with no sick leave	**37.35%**	**34.29%**

*1 - These figures are calculated on a Full Time Equivalent basis. Sickness absence is measured using calendar days on the Electronic Staff Record system, which includes all days from the start to end of a period of absence, including weekends or days when a member of staff would not have been rostered to work. Therefore the number of working days lost is lower than the days lost figure.
*2 - Average over 12 months

The overall percentage sickness absence in 2017/18 was 4.99% (2016/17, 4.92%).

Equalities and human rights

The Health Board is committed to advancing equality of opportunity and to protecting and promoting the rights of everybody to achieve better outcomes for everyone, having regard for a person's protected characteristics. We understand that taking account of the 'differences' or protected characteristics found amongst us all, can have a profound impact on health and well-being outcomes for the people we serve.

To meet the requirements of the Equality Act 2010 (Statutory Duties) (Wales) Regulations 2011 and the Public Sector Equality Duty, the Health Board seeks to ensure that equality is properly considered within the organisation and influences decision making at all levels.

We work closely with our staff, patients and partners to embed equality and human rights principles into our ways of working and continue to engage with a range of stakeholders and subject experts to help assure our strategic direction. We are pleased to see the strong commitment to promoting equality and human rights published within our long term strategy for health, Living Healthier, Staying Well (LHSW). This commitment is being translated into action within our three year plan, through the development of plans underpinning the delivery of Health Improvement Health Inequalities, Care Closer to Home and Excellent Hospital Care.

The Health Board's strategic priorities are supported by our Workforce Strategy, which identifies what the workforce needs to look and feel like and how it needs to operate as we strive to be a fair and inclusive employer, committed to tackling inequality. A number of initiatives have been progressed this year to increase employment opportunities for people from protected characteristic groups, and to better support people during their employment.

The Step into Work programme is one such approach, and provides a systematic programme of careers support, work on increasing apprentice provision and volunteer work placements. Step into Work supports a range of people, for example, students, and those who are furthest from the job market. This year the Health Board has become the best-ranked Welsh health employer by lesbian, gay, bi and trans equality charity Stonewall in its Top 100 Employers list for 2019 increasing our ranking to 37th place. We have committed our support to the Equality and Human Rights Commission's Working Forward Campaign, and are progressing a range of initiatives intended to make the workplace the best it can be for pregnant women and new parents. We have published our Gender Pay Gap Report and developed a plan for improvement and maintained our Disability Confident Employer status, a scheme designed to help recruit and retain disabled people and people with health conditions for their skills and talent.

Our mandatory equality training compliance has increased to 85% and managers are also being trained and supported to implement the All Wales Managing Attendance at Work policy which sets out the importance of promoting the health and wellbeing of our staff and providing supportive mechanisms such as making reasonable or tailored adjustments.

We will continue to drive forward the equality agenda with pace, and have commenced the four-yearly review of our Strategic Equality Objectives in line with our Statutory Duty. Further information is published and can be accessed via the equality internet pages at www.wales.nhs.uk/sitesplus/861/page/47421.

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. As such, the Off Payroll submission will change significantly going forward as 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 2019	**154**
Of which...	
Number that have existed for less than one year at time of reporting	48
Number that have existed for between one and two years at time of reporting	106
Number that have existed for between two and three years at time of reporting	0
Number that have existed for between three and four years at time of reporting	0
Number that have existed for four or more years at time of reporting	0

Number of new off-payroll engagements for more than £245 per day and that will last for longer than six months, or that reached six months in duration between 1 April 2018 and 31 March 2019	**48**
Of which...	
Number assessed as covered by IR35	48
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 2018 and 31 March 2019	**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)	32*

*The Board Members and Senior Officials who are deemed to be Senior Managers are those individuals whose salary details are disclosed on pages 66 to 74 of this report.
During 2018/19 there are 32 individuals who have been included within the Senior Manager disclosures.

During the year the Health Board incurred expenditure of £2.367m on external consultancy services.

National Assembly for Wales Accountability and Audit Report

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 has incurred a deficit of £41.3m against its Revenue Resource Limit for the year. The Health Board has not met its statutory target to achieve breakeven over the three period 1 April 2016 – 31 March 2019 and has recorded a cumulative deficit of £109.9m.

No further issues have arisen during 2018/19 which impact on the regularity of expenditure.

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.

Certificate of the Auditor General to the National Assembly for Wales

Report on the audit of the financial statements

Opinion

I certify that I have audited the financial statements of Betsi Cadwaladr University Local Health Board for the year ended 31 March 2019 under Section 61 of the Public Audit (Wales) Act 2004. These comprise the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Cash Flow Statement and Statement of Changes in Tax Payers Equity and related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and HM Treasury's Financial Reporting Manual based on International Financial Reporting Standards (IFRSs).

In my opinion the financial statements:

- give a true and fair view of the state of affairs of Betsi Cadwaladr University Local Health Board as at 31 March 2019 and of its net operating costs for the year then ended; and
- have been properly prepared in accordance with the National Health Service (Wales) Act 2006 and directions made there under by Welsh Ministers.

Basis for opinions

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)). My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the board in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Chief Executive has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the board's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Chief Executive is responsible for the other information in the annual report and accounts. The other information comprises the information included in the annual report other than the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Basis for Qualified Opinion on Regularity

Betsi Cadwaladr University Local Health Board has breached its revenue resource limit by spending £109.901 million over the £4,322 million that it was authorised to spend in the three-year period 2016-17 to 2018-19. This spend constitutes irregular expenditure. Further detail is set out in my Report to the National Assembly for Wales at page 87.

Qualified Opinion on Regularity

In my opinion, except for the irregular expenditure of £109.901 million explained in the paragraph above, in all material respects the expenditure and income have been applied to the purposes intended by the National Assembly for Wales and the financial transactions conform to the authorities which govern them.

Report on other requirements

Opinion on other matters

In my opinion, the part of the remuneration report to be audited has been properly prepared in accordance with the National Health Service (Wales) Act 2006 and directions made there under by Welsh Ministers.

In my opinion, based on the work undertaken in the course of my audit:

- the information given in the Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and the Governance Statement has been prepared in accordance with Welsh Ministers' guidance;
- the information given in the Foreword and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements and the Foreword and Accountability Report have 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 health board and its environment obtained in the course of the audit, I have not identified material misstatements in the Foreword and Accountability Report or the Governance Statement.

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

- proper accounting records have not been kept;
- the financial statements are not in agreement with the accounting records and returns;
- information specified by HM Treasury or Welsh Ministers regarding remuneration and other transactions is not disclosed; or
- I have not received all the information and explanations I require for my audit.

Responsibilities

Responsibilities of Directors and the Chief Executive for the financial statements

As explained more fully in the Statements of Directors' and Chief Executive's Responsibilities, the Directors and the Chief Executive are responsible for the preparation of financial statements which give a true and fair view and for such internal control as the Directors and Chief Executive determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors and Chief Executive are responsible for assessing the board's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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 National Assembly for Wales and the financial transactions conform to the authorities which govern them.

Adrian Crompton
Auditor General for Wales
11 June 2019

24 Cathedral Road
Cardiff
CF11 9LJ

Report of the Auditor General to the National Assembly for Wales

Introduction

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

For 2017-18 Betsi Cadwaladr University Local Health Board (the LHB) failed to meet both the first and the second financial duty and so I have decided to issue a narrative report to explain the position.

Failure of the first financial duty

The **first financial duty** gives additional flexibility to LHBs by allowing them to balance their income with their expenditure over a three-year rolling period. The third three-year period under this duty is 2016-17 to 2018-19, and so it is measured this year for the third time.

As shown in Note 2.1 to the Financial Statements, the LHB did not manage its revenue expenditure within its resource allocation over this three year period, exceeding its cumulative revenue resource limit of £4,322 million by £109.9 million. The LHB therefore did not meet its first financial duty.

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

Failure of the second financial duty

The **second financial duty** requires LHBs to prepare and have approved by the Welsh Ministers a rolling three-year integrated medium term plan. This duty is an essential foundation to the delivery of sustainable quality health services. An LHB will be deemed to have met this duty for 2018-19 if it submitted a 2018-19 to 2020-21 plan approved by its Board to the Welsh Ministers who then approved it by 30 June 2018.

As shown in Note 2.3 to the Financial Statements, the LHB did not meet its second financial duty to have an approved three-year integrated medium term plan in place for the period 2018-19 to 2020-21.

Following the LHB being placed in Special Measures in June 2015, the LHB were not in a position to submit a three-year integrated medium term plan for 2018-21. Instead the LHB has operated, in agreement with Welsh Government, under annual planning arrangements. The LHB's Annual Operating Plan for 2018-19, which identified a planned annual deficit of £35 million, was approved by its Board in July 2018. However, the LHB's eventual deficit for 2018-19 was £41.3 million.

Adrian Crompton
Auditor General for Wales
11 June 2019

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PART THREE – Annual Accounts

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 H M 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.

Performance Management and Financial Results

Local Health Boards in Wales must comply fully with the Treasury's Financial Reporting Manual to the extent that it is applicable to them. As a result the Primary Statement of in-year income and expenditure is the Statement of Comprehensive Net Expenditure, which shows the net operating cost incurred by the 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 1 April 2014 and under the Act the first assessment of the 3 year rolling financial duty took place at the end of 2016-17.

Statement of Comprehensive Net Expenditure for the year ended 31 March 2019

	Note	2018-19 £'000	2017-18 £'000
Expenditure on Primary Healthcare Services	3.1	**309,336**	302,415
Expenditure on healthcare from other providers	3.2	**361,107**	347,633
Expenditure on Hospital and Community Health Services	3.3	**1,004,720**	968,811
		1,675,163	1,618,859
Less: Miscellaneous Income	4	**(142,518)**	(126,644)
LHB net operating costs before interest and other gains and losses		**1,532,645**	1,492,215
Investment Revenue	5	**0**	0
Other (Gains) / Losses	6	**(158)**	26
Finance costs	7	**44**	50
Net operating costs for the financial year		**1,532,531**	1,492,291

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 22A.

The notes on pages 7A to 70A form part of these accounts.

Other Comprehensive Net Expenditure

	2018-19 £'000	2017-18 £'000
Net (gain) / loss on revaluation of property, plant and equipment	**(1,164)**	(74,908)
Net (gain) / loss on revaluation of intangibles	**0**	0
Net (gain) / loss on revaluation of available for sale financial assets	**0**	0
(Gain) / loss on other reserves	**0**	0
Impairment and reversals	**0**	8,290
Release of Reserves to Statement of Comprehensive Net Expenditure	**0**	0
Other comprehensive net expenditure for the year	**(1,164)**	(66,618)
Total comprehensive net expenditure for the year	**1,531,367**	1,425,673

The notes on pages 7A to 70A form part of these accounts.

Statement of Financial Position as at 31 March 2019

	Notes	31 March 2019 £'000	31 March 2018 £'000
Non-current assets			
Property, plant and equipment	11	**626,745**	629,584
Intangible assets	12	**661**	758
Trade and other receivables	15	**69,363**	62,875
Other financial assets	16	**0**	0
Total non-current assets		**696,769**	693,217
Current assets			
Inventories	14	**16,077**	15,190
Trade and other receivables	15	**66,403**	54,623
Other financial assets	16	**0**	167
Cash and cash equivalents	17	**3,972**	2,104
		86,452	72,084
Non-current assets classified as "Held for Sale"	11	**38**	667
Total current assets		**86,490**	72,751
Total assets		**783,259**	765,968
Current liabilities			
Trade and other payables	18	**(141,415)**	(142,346)
Other financial liabilities	19	**0**	0
Provisions	20	**(39,652)**	(33,115)
Total current liabilities		**(181,067)**	(175,461)
Net current assets/ (liabilities)		**(94,577)**	(102,710)
Non-current liabilities			
Trade and other payables	18	**(1,013)**	(1,067)
Other financial liabilities	19	**0**	0
Provisions	20	**(70,780)**	(64,030)
Total non-current liabilities		**(71,793)**	(65,097)
Total assets employed		**530,399**	525,410
Financed by :			
Taxpayers' equity			
General Fund		**402,323**	393,676
Revaluation reserve		**128,076**	131,734
Total taxpayers' equity		**530,399**	525,410

The financial statements on pages 2A to 6A were approved by the Board on 30 May 2019 and signed on its behalf by:

On Behalf of the Chief Executive and Accountable Officer:

Date: 30 May 2019

The notes on pages 7A to 70A form part of these accounts.

Statement of Changes in Taxpayers' Equity for the year ended 31 March 2019

	General Fund £000s	Revaluation Reserve £000s	Total Reserves £000s
Changes in taxpayers' equity for 2018-19			
Balance as at 31 March 2018	393,676	131,734	**525,410**
Adjustment for Implementation of IFRS 9	(1,371)	0	**(1,371)**
Balance at 1 April 2018	392,305	131,734	524,039
Net operating cost for the year	(1,532,531)		**(1,532,531)**
Net gain/(loss) on revaluation of property, plant and equipment	0	1,164	**1,164**
Net gain/(loss) on revaluation of intangible assets	0	0	**0**
Net gain/(loss) on revaluation of financial assets	0	0	**0**
Net gain/(loss) on revaluation of assets held for sale	0	0	**0**
Impairments and reversals	0	0	**0**
Movements in other reserves	0	0	**0**
Transfers between reserves	4,822	(4,822)	**0**
Release of reserves to SoCNE	0	0	**0**
Transfers to/from (please specify)	0	0	**0**
Total recognised income and expense for 2018-19	(1,527,709)	(3,658)	**(1,531,367)**
Net Welsh Government funding	1,537,727		**1,537,727**
Balance at 31 March 2019	402,323	128,076	**530,399**

The notes on pages 7A to 70A form part of these accounts.

Transfers between reserves represents the balance held in the revaluation reserve for each non-current asset disposed during 2018-19.

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

	General Fund £000s	Revaluation Reserve £000s	Total Reserves £000s
Changes in taxpayers' equity for 2017-18			
Balance at 31 March 2017	388,140	70,138	**458,278**
Net operating cost for the year	(1,492,291)		**(1,492,291)**
Net gain/(loss) on revaluation of property, plant and equipment	0	74,908	**74,908**
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	(8,290)	**(8,290)**
Movements in other reserves	0	0	**0**
Transfers between reserves	5,022	(5,022)	**0**
Release of reserves to SoCNE	0	0	**0**
Transfers to/from (please specify)	0	0	**0**
Total recognised income and expense for 2017-18	(1,487,269)	61,596	**(1,425,673)**
Net Welsh Government funding	1,492,805		**1,492,805**
Balance at 31 March 2018	393,676	131,734	**525,410**

The notes on pages 7A to 70A form part of these accounts.

Statement of Cash Flows for year ended 31 March 2019

	notes	2018-19 £'000	2017-18 £'000
Cash Flows from operating activities			
Net operating cost for the financial year		**(1,532,531)**	(1,492,291)
Movements in Working Capital	27	**(16,010)**	1,053
Other cash flow adjustments	28	**94,187**	88,792
Provisions utilised	20	**(26,935)**	(18,309)
Net cash outflow from operating activities		**(1,481,289)**	(1,420,755)
Cash Flows from investing activities			
Purchase of property, plant and equipment		**(55,847)**	(74,706)
Proceeds from disposal of property, plant and equipment		**532**	527
Purchase of intangible assets		**(357)**	(19)
Proceeds from disposal of intangible assets		**0**	0
Payment for other financial assets		**0**	(167)
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		**(55,672)**	(74,365)
Net cash inflow/(outflow) before financing		**(1,536,961)**	(1,495,120)
Cash Flows from financing activities			
Welsh Government funding (including capital)		**1,537,727**	1,492,805
Capital receipts surrendered		**0**	0
Capital grants received		**1,102**	909
Capital element of payments in respect of finance leases and on-SoFP		**0**	0
Cash transferred (to)/ from other NHS bodies		**0**	0
Net financing		**1,538,829**	1,493,714
Net increase/(decrease) in cash and cash equivalents		**1,868**	(1,406)
Cash and cash equivalents (and bank overdrafts) at 1 April 2018		**2,104**	3,510
Cash and cash equivalents (and bank overdrafts) at 31 March 2019		**3,972**	2,104

The notes on pages 7A to 70A form part of these accounts.

1. Accounting policies

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 2018-19 Manual for Accounts. The accounting policies contained in that manual follow the European Union version of the International Financial Reporting Standards to the extent that they are meaningful and appropriate to the NHS, as determined by HM Treasury, which is advised by the Financial Reporting Advisory Board. Where the LHB Manual for Accounts permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the LHB for the purpose of giving a true and fair view has been selected. The particular policies adopted by the LHB are described below. They have been applied consistently in dealing with items considered material in relation to the accounts.

1.1 Accounting convention

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

1.2 Acquisitions and discontinued operations

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

1.3 Income and funding

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

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

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

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

From 2018-19, IFRS 15 Revenue from Contracts with Customers is applied, as interpreted and adapted for the public sector, in the Financial Reporting Manual (FReM). It replaces the previous standards IAS 11 Construction Contracts and IAS 18 Revenue and related IFRIC and SIC interpretations. Upon transition the accounting policy to retrospectively restate in accordance with IAS 8 has been withdrawn. All entities applying the FReM shall recognise the difference between previous carrying amount and the carrying amount at the beginning of the annual reporting period that includes the date of initial application in the opening general fund within taxpayer's equity.

A review consistent with the portfolio approach was undertaken by the NHS Technical Accounting Group members, which:

- identified that the only material income that would potentially require adjustment under IFRS 15 was that for patient care provided under Long term Agreements (LTAs) for episodes of care which had started but not concluded as at the end of the financial period;

- demonstrated that the potential amendments to NHS Wales NHS Trust and Local Health Board Accounts as a result of the adoption of IFRS 15 are significantly below materiality levels.

Under the Conceptual IFRS Framework due consideration must be given to the users of the accounts and the cost restraint of compliance and reporting and production of financial reporting. Given the income for LTA activity is recognised in accordance with established NHS Terms and Conditions affecting multiple parties across NHS Wales it was considered reasonable to continue recognising in accordance with those established terms on the basis that this provides information that is relevant to the user and to do so does not result in a material misstatement of the figures reported. More information on the work done in establishing this conclusion is shown in Note 34 to these accounts.

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

1.4 Employee benefits

Short-term employee benefits
Salaries, wages and employment-related payments are recognised in the period in which the service is received from employees. The LHB does not ordinarily permit the carry forward of annual leave from one period to another unless the leave period differs from the accounting period. Where employees are permitted to carry forward leave into the following period the associated cost is fully recognised in the financial statements.

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

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

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

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

1.5 Other expenses

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

1.6 Property, plant and equipment

Recognition
Property, plant and equipment is capitalised if:

- it is held for use in delivering services or for administrative purposes;
- it is probable that future economic benefits will flow to, or service potential will be supplied to, the LHB;
- it is expected to be used for more than one financial year;
- the cost of the item can be measured reliably; and
- the item has cost of at least £5,000; or
- collectively, a number of items have a cost of at least £5,000 and individually have a cost of more than £250, where the assets are functionally interdependent, they had broadly simultaneous purchase dates, are anticipated to have simultaneous disposal dates and are under single managerial control; or
- Items form part of the initial equipping and setting-up cost of a new building, ward or unit, irrespective of their individual or collective cost.

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

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

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

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

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

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

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

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

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

From 2015-16, the LHB must comply with IFRS 13 Fair Value Measurement in full. However IAS 16 and IAS 38 have been adapted for the public sector context which limits the circumstances under which a valuation is prepared under IFRS 13. Assets which are held for their service potential and are in use should be measured at their current value in existing use. For specialised assets current value in existing use should be interpreted as the present value of the assets remaining service potential, which can be assumed to be at least equal to the cost of replacing that service potential.

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

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

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

Subsequent expenditure

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

1.7 Intangible assets

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

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

- the technical feasibility of completing the intangible asset so that it will be available for use;
- the intention to complete the intangible asset and use it;
- the ability to use the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the intangible asset and use it;
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

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

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

1.8 Depreciation, amortisation and impairments

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

Otherwise, depreciation and amortisation are charged to write off the costs or valuation of property, plant and equipment and intangible non-current assets, less any residual value, over their estimated useful lives, in a manner that reflects the consumption of economic benefits or service potential of the assets.

The estimated useful life of an asset is the period over which the LHB expects to obtain economic benefits or service potential from the asset. This is specific to the LHB and may be shorter than the physical life of the asset itself. Estimated useful lives and residual values are reviewed each year end, with the effect of any changes recognised on a prospective basis. Assets held under finance leases are depreciated over the shorter of the lease term and estimated useful lives.

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

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

1.9 Research and Development

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

1.10 Non-current assets held for sale

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

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

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

1.11 Leases

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

1.11.1 The Local Health Board as lessee

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

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

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

1.11.2 The Local Health Board as lessor

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

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

1.12 Inventories

Whilst it is accounting convention for inventories to be valued at the lower of cost and net realisable value using the 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 twenty-four 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, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and that form an integral part of the cash management.

1.14 Provisions

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

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

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

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

1.14.1 Clinical negligence and personal injury costs

The Welsh Risk Pool (WRP) operates a risk pooling scheme which is co-funded by the Welsh Government with the option to access a risk sharing agreement funded by the participative NHS Wales bodies. Welsh Government did not implement the risk sharing option n 2018-19. The WRP is hosted by Velindre NHS Trust.

1.15 Financial Instruments

From 2018-19 IFRS 9 Financial Instruments is applied, as interpreted and adapted for the public sector, in the FReM. The principal impact of IFRS 9 adoption by NHS Wales bodies, will be 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 shall recognise the difference between previous carrying amount and the carrying amount at the beginning of the annual reporting period that includes the date of initial application in the opening general fund within Taxpayer's equity.

1.16 Financial assets

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

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.

NHS Wales Technical Accounting Group members reviewed the IFRS 9 requirements and determined a revised approach for the calculation of the bad debt provision, applying the principles of expected credit loss, using the practical expedients within IFRS9 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 Statement of Financial Position date, the LHB assesses whether any financial assets, other than those held at 'fair value through profit and loss' are impaired. Financial assets are impaired and impairment losses recognised if there is objective evidence of impairment as a result of one or more events which occurred after the initial recognition of the asset and which has an impact on the estimated future cash flows of the asset.

For financial assets carried at amortised cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. The loss is recognised in the Statement of Comprehensive Net Expenditure and the carrying amount of the asset is reduced directly, or through a provision 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 Statement of Comprehensive Net Expenditure to the extent that the carrying amount of the receivable at the date of the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

1.17 Financial liabilities

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

1.17.1 Financial liabilities are initially recognised at fair value

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

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

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

1.17.3 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

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

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

1.20 Third party assets

Assets belonging to third parties (such as money held on behalf of patients) are not recognised in the accounts since the LHB has no beneficial interest in them. Details of third party assets are given in Note 29 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 LHBs not been bearing their own risks (with insurance premiums then being included as normal revenue expenditure). However, the note on losses and special payments is compiled directly from the losses register which is prepared on a cash basis.

The LHB accounts for all losses and special payments gross (including assistance from the WRP). The LHB accrues or provides for the best estimate of future payouts for certain liabilities and discloses all other potential payments as contingent liabilities, unless the probability of the liabilities becoming payable is remote.

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

1.22 Pooled budget

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

Each pool is hosted by a local authority with contributions being accounted for as miscellaneous expenditure. The LHB accounts for its share of the assets, liabilities, income and expenditure from the activities of the pooled budget, in accordance with the pooled budget arrangement.

1.23 Critical Accounting Judgements and key sources of estimation uncertainty

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

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

1.24 Key sources of estimation uncertainty

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

Clinical Negligence and Personal Injury claims (Notes 20 and 21) - estimated value £218,411,000
Claims made against the Health Board are professionally managed by Legal and Risk Services (L&RS). Each claim is assessed by L&RS to determine the probability of liability and associated costs and accounted for in accordance with IAS37. The probability and cost are estimates based on all known facts as at the balance sheet date using the professional knowledge and experience of solicitors employed by L&RS. However, these estimates may change materially over the course of a claim as new information becomes available.

Continuing Healthcare Provision (Notes 20 and 21) - estimated value £7,359,000
The Health Board recognises a provision for potential liabilities arising from historic claims for continuing healthcare costs. The provision includes all known claims at the balance sheet date with an estimate of the likely settlement value based on historical experience. These estimates may change in future periods as further claims are settled and new information becomes available.

Prescribed Drugs and Appliances (Note 18) - estimated value £16,123,000
Primary Care Prescribing data, including GP prescribing and GP dispensing is provided to the Health Board two months in arrears of actual activity. The majority of this data is provided on a national basis by the Prescribing Management Team, Primary Care Services Unit and is forwarded to the Health Board by the Welsh NHS Shared Services Partnership.

As in previous accounting periods the Pharmacy and Medicines Management Directorate has estimated expenditure for February and March 2019 using an average forecasting model that considers both activity and cost levels. Payments relating to these estimates will be made during 2019-20 and this may result in additional expenditure charges as actual prescribing data becomes available.

Provisions
The Health Board 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 Health Board or Trust, the full cost is recognised in year and matched to income (less a £25,000 excess) via a WRPS debtor, until reimbursement has been received from the WRPS Committee.

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

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

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 -0.75%.

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 Private Finance Initiative (PFI) transactions

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

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

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

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

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

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

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

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

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

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

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

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

Assets contributed by the LHB to the operator for use in the scheme
Assets contributed for use in the scheme continue to be recognised as items of property, plant and equipment in the LHBs Statement of Financial Position.

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

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

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

1.26 Contingencies

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

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

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

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

1.27 Carbon Reduction Commitment Scheme

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

1.28 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 (The European Financial Reporting Advisory Group recommended in October 2015 that the Standard should not be endorsed as it is unlikely to be adopted by many EU countries.);
- IFRS 16 Leases, HMT have confirmed that IFRS 16 Leases, as interpreted and adapted by the FReM is to be effective from 1st April 2020;
- IFRS 17 Insurance Contracts;
- IFRIC 23 Uncertainty over Income Tax Treatment.

1.30 Accounting standards issued that have been adopted early

During 2018-19 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 1 April 2013, the LHB has established that as corporate trustee of the linked NHS 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 standards test of control and there has been no change to the operation of the Charity or its independence in its management of charitable funds.

The LHB has, however, with the agreement of the Welsh Government adopted the IAS 27 (10) exemption to consolidate. Welsh Government as the ultimate parent of the Local Health Boards will consolidate and 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 31 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			
	2016-17	2017-18	2018-19	**Total**
	£'000	£'000	£'000	**£'000**
Net operating costs for the year	1,407,776	1,492,291	**1,532,531**	**4,432,598**
Less general ophthalmic services expenditure and other non-cash limited expenditure	(11)	(158)	**(645)**	**(814)**
Less revenue consequences of bringing PFI schemes onto SoFP	0	0	**0**	**0**
Total operating expenses	1,407,765	1,492,133	1,531,886	**4,431,784**
Revenue Resource Allocation	1,377,981	1,453,295	**1,490,607**	**4,321,883**
Under /(over) spend against Allocation	(29,784)	(38,838)	**(41,279)**	**(109,901)**

Betsi Cadwaladr University LHB has not met its financial duty to break-even against its Revenue Resource Limit over the 3 years 2016-17 to 2018-19.

The Health Board received £38.964 million repayable cash only support during 2018-19. The accumulated cash only support provided to the Health Board by the Welsh Government was £114.694 million as at 31 March 2019. This cash only support is provided to assist the Health Board with ensuring payments to staff and suppliers, there is no interest payable on cash only support. Consideration of repayment of this cash assistance will be informed through on-going consideration of the Health Board's future Integrated Medium Term Plan submissions. The Health Board did not receive any repayable brokerage during the year.

2.2 Capital Resource Performance

	2016-17	2017-18	2018-19	**Total**
	£'000	£'000	£'000	**£'000**
Gross capital expenditure	66,115	74,858	**50,869**	**191,842**
Add: Losses on disposal of donated assets	0	0	**0**	**0**
Less: NBV of property, plant and equipment and intangible assets disposed	(548)	(553)	**(374)**	**(1,475)**
Less: capital grants received	(1,639)	0	**0**	**(1,639)**
Less: donations received	(3,751)	(909)	**(1,102)**	**(5,762)**
Charge against Capital Resource Allocation	60,177	73,396	**49,393**	**182,966**
Capital Resource Allocation	60,206	73,398	**49,408**	**183,012**
(Over) / Underspend against Capital Resource Allocation	29	2	**15**	**46**

Betsi Cadwaladr University LHB has met its financial duty to break-even against its Capital Resource Limit over the 3 years 2016-17 to 2018-19.

2.3 Duty to prepare a 3 year plan

The NHS Wales Planning Framework for the period 2018-19 to 2020-21 issued to Health Boards placed a requirement upon them to prepare and submit Integrated Medium Term Plans to the Welsh Government.

The Health Board was placed in Special Measures in June 2015 and in agreement with Welsh Government did not submit a three year plan during either the 2017-18 or 2018-19 financial years.

An Annual Operating Plan was submitted to Welsh Government for 2018-19 and the Health Board has agreed with Welsh Government that it will develop a further plan for 2019-20 which responds to the special measures framework and key areas for improvement.

	2017-18 to 2019-20	**2018-19 to 2020-21**
The Minister for Health and Social Services approval status	Not submitted	Not submitted

3. Analysis of gross operating costs

3.1 Expenditure on Primary Healthcare Services

	Cash limited	Non-cash limited	2018-19 Total	2017-18
	£'000	£'000	£'000	£'000
General Medical Services	129,579		**129,579**	121,847
Pharmaceutical Services	30,750	(5,802)	**24,948**	24,534
General Dental Services	34,433		**34,433**	32,107
General Ophthalmic Services	1,665	6,447	**8,112**	7,931
Other Primary Health Care expenditure	10,153		**10,153**	9,356
Prescribed drugs and appliances	102,111		**102,111**	106,640
Total	**308,691**	**645**	**309,336**	302,415

Note 3.1 Expenditure on Primary Healthcare Services includes pay costs of £20,691,000 comprising:

	2018-19	2017-18
	£'000	£'000
General Medical Services - GP Out of Hours	6,808	6,987
General Medical Services - Including Managed Practices	12,094	8,878
General Dental Services	667	695
Other Primary Health Care Expenditure	1,122	1,211
	20,691	17,771

3.2 Expenditure on healthcare from other providers

	2018-19	2017-18
	£'000	£'000
Goods and services from other NHS Wales Health Boards	**4,987**	4,864
Goods and services from other NHS Wales Trusts	**9,589**	9,120
Goods and services from Health Education and Improvement Wales (HEIW)	**0**	0
Goods and services from other non Welsh NHS bodies	**63,864**	63,348
Goods and services from WHSSC / EASC	**166,319**	158,433
Local Authorities	**0**	0
Voluntary organisations	**8,011**	7,447
NHS Funded Nursing Care	**7,239**	9,846
Continuing Care	**99,032**	91,605
Private providers	**2,066**	2,970
Specific projects funded by the Welsh Government	**0**	0
Other	**0**	0
Total	**361,107**	347,633

3.3 Expenditure on Hospital and Community Health Services

	2018-19 £'000	2017-18 £'000
Directors' costs	**2,101**	2,184
Staff costs	**719,809**	685,517
Supplies and services - clinical	**128,422**	120,366
Supplies and services - general	**33,612**	23,223
Consultancy Services	**2,367**	2,003
Establishment	**10,540**	10,324
Transport	**5,914**	4,788
Premises	**37,108**	35,724
External Contractors	**0**	0
Depreciation	**31,132**	29,167
Amortisation	**454**	499
Fixed asset impairments and reversals (Property, plant & equipment)	**23,604**	45,046
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	**35**	0
Audit fees	**418**	448
Other auditors' remuneration	**0**	0
Losses, special payments and irrecoverable debts	**4,262**	3,837
Research and Development	**558**	1,955
Other operating expenses	**4,384**	3,730
Total	**1,004,720**	968,811

Fixed asset impairments and reversals (Property, plant & equipment) in Note 3.3 includes a credit of £1,257,000 in respect of the reversal of impairments charged to expenditure in previous periods (accounting policy 1.6, page 9A refers). The value of impairment reversals is also reported in the Cost or valuation section of Note 11.1 Property, plant and equipment on page 36A.

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

	2018-19	2017-18
Increase/(decrease) in provision for future payments:	**£'000**	£'000
Clinical negligence	**26,841**	10,436
Personal injury	**1,524**	1,603
All other losses and special payments	**284**	463
Defence legal fees and other administrative costs	**1,166**	1,112
Gross increase/(decrease) in provision for future payments	**29,815**	**13,614**
Contribution to Welsh Risk Pool	**0**	0
Premium for other insurance arrangements	**0**	0
Irrecoverable debts	**95**	(91)
Less: income received/due from Welsh Risk Pool	**(25,648)**	(9,686)
Total	**4,262**	**3,837**

Personal injury costs include £883,000 (2017-18 £239,000) in respect of permanent injury benefits. Charges to operating expenses include £635,000 (2017-18 £492,000) in respect of 107 cases arising from clinical redress (2017-18 113 cases), split between damages of £575,000 and defence costs of £60,000.

4. Miscellaneous Income

	2018-19 £'000	2017-18 £'000
Local Health Boards	5,657	4,002
Welsh Health Specialised Services Committee (WHSSC) / Emergency Ambulance Services Committee (EASC)	40,451	39,266
NHS trusts	5,762	5,677
Health Education and Improvement Wales (HEIW)	2,779	0
Other NHS England bodies	15,679	13,854
Foundation Trusts	1,022	889
Local authorities	10,804	10,471
Welsh Government	8,761	1,241
Non NHS:		
Prescription charge income	49	49
Dental fee income	7,645	9,567
Private patient income	911	843
Overseas patients (non-reciprocal)	104	27
Injury Costs Recovery (ICR) Scheme	1,667	1,470
Other income from activities	12,758	8,591
Patient transport services	0	0
Education, training and research	16,468	19,236
Charitable and other contributions to expenditure	1,711	1,349
Receipt of donated assets	1,102	909
Receipt of Government granted assets	0	0
Non-patient care income generation schemes	335	447
NHS Wales Shared Services Partnership (NWSSP)	0	0
Deferred income released to revenue	9	1
Contingent rental income from finance leases	0	0
Rental income from operating leases	483	1,037
Other income:		
Provision of laundry, pathology, payroll services	128	125
Accommodation and catering charges	3,195	3,167
Mortuary fees	378	333
Staff payment for use of cars	1,135	1,044
Business Unit	0	0
Other	3,525	3,049
Total	**142,518**	126,644

Injury Cost Recovery (ICR) Scheme income is generally subject to a provision for impairment of 21.89% to reflect expected rates of collection as advised by the Compensation Recovery Unit. 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.

Funding for education and training which had previously been received from the Wales Deanery and the Welsh Centre for Postgraduate Pharmacy Education (WCPPE) was provided by Health Education and Improvement Wales (HEIW) with effect from 1 October 2018.

The NHS Trusts balance of £5,762,000 relates to miscellaneous income received from Welsh NHS Trusts. "Other Income: Other" includes recharges for staff costs of £1,521,000 not allocated to other categories.

The dental fee income line of Note 4 has been amended in 2018-19 to include only income relating to primary care General Dental Services. Other balances of £2,860,000 (2017-18 £1,913,000) which were previously reported in this line are now included within "Other income from activities". Prior year figures for 2017-18 have not been restated in these accounts.

5. Investment Revenue

	2018-19	2017-18
	£000	£000
Rental revenue :		
PFI Finance lease income		
planned	0	0
contingent	0	0
Other finance lease revenue	0	0
Interest revenue :		
Bank accounts	0	0
Other loans and receivables	0	0
Impaired financial assets	0	0
Other financial assets	0	0
Total	0	0

6. Other gains and losses

	2018-19	2017-18
	£000	£000
Gain/(loss) on disposal of property, plant and equipment	158	(26)
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	158	(26)

7. Finance costs

	2018-19	2017-18
	£000	£000
Interest on loans and overdrafts	0	0
Interest on obligations under finance leases	0	0
Interest on obligations under PFI contracts		
main finance cost	39	40
contingent finance cost	0	0
Interest on late payment of commercial debt	1	0
Other interest expense	0	0
Total interest expense	40	40
Provisions unwinding of discount	4	10
Other finance costs	0	0
Total	44	50

8. Operating leases

LHB as lessee

As at 31st March 2019 the Health Board had 1,701 operating leases agreements in place for the lease of 44 premises, 361 arrangements in respect of equipment and 1,296 in respect of vehicles.

Lease arrangements in respect of 14 premises, 54 items of equipment and 250 vehicles expired during the 2018-19 financial year. The financial periods in which the remaining 1,701 agreements will expire are shown below.

Payments recognised as an expense	**2018-19**	2017-18
	£000	£000
Minimum lease payments	**5,141**	4,798
Contingent rents	**0**	0
Sub-lease payments	**0**	0
Total	**5,141**	4,798

Total future minimum lease payments		
Payable	**£000**	£000
Not later than one year	**4,975**	3,973
Between one and five years	**7,939**	6,530
After 5 years	**22,202**	17,276
Total	**35,116**	27,779

Number of operating leases expiring	**Land & Buildings**	**Vehicles**	**Equipment**	**Total**
Not later than one year	0	281	145	**426**
Between one and five years	7	1015	216	**1,238**
After 5 years	37	0	0	**37**
Total	44	1,296	361	**1,701**
Charged to the income statement (£000)	**29,017**	**5,876**	**223**	**35,116**

There are no future sublease payments expected to be received.

LHB as lessor

Operating leases include the lease of various properties over differing periods. The rent receivable for each lease is negotiated at the time that the contract is entered into.

Rental revenue	**£000**	£000
Rent	**275**	248
Contingent rents	**0**	0
Total revenue rental	**275**	248

Total future minimum lease payments Receivable	**£000**	£000
Not later than one year	**275**	248
Between one and five years	**153**	68
After 5 years	**426**	18
Total	**854**	334

9. Employee benefits and staff numbers

9.1 Employee costs

	Permanent Staff	Staff on Inward Secondment	Agency Staff	Other Staff	Total 2018-19	2017-18
	£000	£000	£000	£000	£000	£000
Salaries and wages	575,608	3,237	18,559	21,101	**618,505**	586,750
Social security costs	55,809	0	0	0	**55,809**	53,397
Employer contributions to NHS Pension Scheme	69,493	0	0	0	**69,493**	66,243
Other pension costs	209	0	0	0	**209**	83
Other employment benefits	0	0	0	0	**0**	0
Termination benefits	220	0	0	0	**220**	317
Total	701,339	3,237	18,559	21,101	**744,236**	706,790
Charged to capital					**872**	793
Charged to revenue					**743,364**	705,997
					744,236	706,790
Net movement in accrued employee benefits (untaken staff leave accrual included above)					96	161

Included within Other staff are 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 2018-19 financial year are included within the Permanent Staff column of the above note.

9.2 Average number of employees

	Permanent Staff	Staff on Inward Secondment	Agency Staff	Other Staff	Total 2018-19	2017-18
	Number	Number	Number	Number	Number	Number
Administrative, clerical and board members	2,875	13	30	0	**2,918**	2,850
Medical and dental	1,285	22	5	125	**1,437**	1,409
Nursing, midwifery registered	4,774	2	191	0	**4,967**	4,986
Professional, Scientific, and technical staff	421	13	4	0	**438**	377
Additional Clinical Services	3,312	0	0	0	**3,312**	3,221
Allied Health Professions	851	0	29	0	**880**	851
Healthcare Scientists	271	0	3	0	**274**	277
Estates and Ancilliary	1,240	0	0	0	**1,240**	1,239
Students	15	0	0	0	**15**	17
Total	**15,044**	**50**	**262**	**125**	**15,481**	15,227

9.3. Retirements due to ill-health

This note discloses the number and additional pension costs for individuals who retired early on ill-health grounds during the year. NHS Pensions has advised that during 2018-19 there were 15 early retirements at an additional cost of £872,585 (2017-18 12 early retirements at a cost of £846,326). This cost has been calculated by multiplying the average value of ill-health pension by the number of years from payment to age 60. Any pensions increase has been ignored. Only Scheme members have been included in these figures and where pension was paid on "age" grounds, even though ill-health has been accepted, this has been ignored. Where there has been no additional cost to the Scheme, this has also been ignored.

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

Exit packages cost band (including any special payment element)	2018-19 Number of compulsory redundancies	2018-19 Number of other departures	2018-19 Total number of exit packages	2018-19 Number of departures where special payments have been made	2017-18 Total number of exit packages
	Whole numbers only	Whole numbers only	Whole numbers only	Whole numbers only	Whole numbers only
less than £10,000	2	0	2	0	0
£10,000 to £25,000	0	0	0	0	0
£25,000 to £50,000	0	0	0	0	3
£50,000 to £100,000	0	0	0	0	1
£100,000 to £150,000	0	0	0	0	1
£150,000 to £200,000	0	0	0	0	0
more than £200,000	1	0	1	0	0
Total	**3**	**0**	**3**	**0**	**5**

Exit packages cost band (including any special payment element)	2018-19 Cost of compulsory redundancies	2018-19 Cost of other departures	2018-19 Total cost of exit packages	2018-19 Cost of special element included in exit packages	2017-18 Total cost of exit packages
	£'s	£'s	£'s	£'s	£'s
less than £10,000	10,108	0	10,108	0	0
£10,000 to £25,000	0	0	0	0	0
£25,000 to £50,000	0	0	0	0	105,325
£50,000 to £100,000	0	0	0	0	62,021
£100,000 to £150,000	0	0	0	0	149,985
£150,000 to £200,000	0	0	0	0	0
more than £200,000	209,701	0	209,701	0	0
Total	**219,809**	**0**	**219,809**	**0**	**317,331**

This disclosure reports the number and value of exit packages taken by staff leaving the Health Board during the year. Whilst the exit costs in this note are accounted for in full in the year of departure the expenses associated with these departures may have been recognised in part or full in a previous period.

The Health Board has paid 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, have been met by the Health Board and not by the NHS Pension Scheme.

Ill-health retirement costs are not included in these tables as they are met by the NHS Pension Scheme and further details are provided in Note 9.3 Retirements due to ill-health.

9.6 Remuneration Relationship

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

The banded remuneration of the highest-paid director in the Health Board in the financial year 2018-19 was £205,000-£210,000 (2017-18: £200,000-£205,000). This was 7.16 times (2017-18: 7.16 times) the median remuneration of the workforce, which was £28,963 (2017-18: £28,284).

In 2018-19, 11 (2017-18: 9) employees received remuneration in excess of the highest-paid director. Remuneration ranged from £17,460 to £345,000 (2017-18: £16,523-£300,000).

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

The Remuneration Relationship remained the same in 2018-19. This reflects the fact that all staff received an inflationary pay award, so increasing the median remuneration, and the banded remuneration of the highest paid director also increased.

An average 3% inflationary pay increase was received by staff covered by the Agenda for Change agreement. In addition, Medical Staff and Executives received an inflationary pay award of 2%.

9.7 Pension costs

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

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

a) Accounting valuation
A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary's Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and is accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2019, is based on valuation data as 31 March 2018, updated to 31 March 2019 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

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

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

The latest actuarial valuation undertaken for the NHS Pension Scheme was completed as at 31 March 2016. The results of this valuation set the employer contribution rate payable from April 2019. The Department of Health and Social Care have recently laid Scheme Regulations confirming that the employer contribution rate will increase to 20.6% of pensionable pay from this date.

The 2016 funding valuation was also expected to test the cost of the Scheme relative to the employer cost cap set following the 2012 valuation. Following a judgment from the Court of Appeal in December 2018 Government announced a pause to that part of the valuation process pending conclusion of the continuing legal process.

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 5% of a jobholder's qualifying earnings, for employers whose legal duties have started. The employer must pay at least 2% of this. The legal minimum level of contribution level is due to increase to 8% in April 2019.

The earnings band used to calculate minimum contributions under existing legislation is called qualifying earnings. Qualifying earnings are currently those between £6,032 and £46,350 for the 2018-19 tax year (2017-18 £5,876 and £45,000).

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

10. Public Sector Payment Policy - Measure of Compliance

10.1 Prompt payment code - measure of compliance

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

	2018-19	**2018-19**	2017-18	2017-18
NHS	**Number**	**£000**	Number	£000
Total bills paid	**6,209**	**275,136**	6,353	257,656
Total bills paid within target	**5,641**	**271,903**	5,801	255,898
Percentage of bills paid within target	**90.9%**	**98.8%**	91.3%	99.3%
Non-NHS				
Total bills paid	**318,118**	**612,506**	299,701	591,282
Total bills paid within target	**302,089**	**599,486**	281,845	575,972
Percentage of bills paid within target	**95.0%**	**97.9%**	94.0%	97.4%
Total				
Total bills paid	**324,327**	**887,642**	306,054	848,938
Total bills paid within target	**307,730**	**871,389**	287,646	831,870
Percentage of bills paid within target	**94.9%**	**98.2%**	94.0%	98.0%

During 2018-19 the Health Board paid 95.0% of non-NHS invoices within 30 days (2017-18 94.0%) and therefore achieved the Welsh Government performance measure.

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

	2018-19	2017-18
	£	£
Amounts included within finance costs (note 7) from claims made under this legislation	**811**	0
Compensation paid to cover debt recovery costs under this legislation	**694**	0
Total	**1505**	0

11 Property, plant and equipment

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 2018	46,294	435,660	18,234	105,527	104,727	1,127	20,714	7,059	**739,342**
Indexation	926	4,357	182	0	0	0	0	0	**5,465**
Additions									
- purchased	0	0	0	41,236	5,781	54	1,945	395	**49,411**
- donated	0	232	0	0	854	0	6	10	**1,102**
- government granted	0	0	0	0	0	0	0	0	**0**
Transfer from/into other NHS bodies	0	0	0	0	0	0	0	0	**0**
Reclassifications	0	63,683	23	(71,235)	4,310	127	2,548	544	**0**
Revaluations	(412)	(5,632)	(4)	0	0	0	0	0	**(6,048)**
Reversal of impairments	408	845	4	0	0	0	0	0	**1,257**
Impairments	0	(24,861)	0	0	0	0	0	0	**(24,861)**
Reclassified as held for sale	220	0	0	0	0	0	0	0	**220**
Disposals	0	0	0	0	(9,420)	(136)	(2,284)	(1,004)	**(12,844)**
At 31 March 2019	47,436	474,284	18,439	75,528	106,252	1,172	22,929	7,004	**753,044**
Depreciation at 1 April 2018	0	26,717	620	0	66,758	1,085	11,261	3,317	**109,758**
Indexation	0	1,113	10	0	0	0	0	0	**1,123**
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	(2,866)	(4)	0	0	0	0	0	**(2,870)**
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	(9,420)	(136)	(2,284)	(1,004)	**(12,844)**
Provided during the year	0	17,581	629	0	8,702	27	3,551	642	**31,132**
At 31 March 2019	0	42,545	1,255	0	66,040	976	12,528	2,955	**126,299**
Net book value at 1 April 2018	46,294	408,943	17,614	105,527	37,969	42	9,453	3,742	**629,584**
Net book value at 31 March 2019	47,436	431,739	17,184	75,528	40,212	196	10,401	4,049	**626,745**
Net book value at 31 March 2019 comprises :									
Purchased	47,436	424,699	17,184	75,528	34,470	196	10,282	3,549	**613,344**
Donated	0	6,140	0	0	5,742	0	119	492	**12,493**
Government Granted	0	900	0	0	0	0	0	8	**908**
At 31 March 2019	47,436	431,739	17,184	75,528	40,212	196	10,401	4,049	**626,745**
Asset financing :									
Owned	47,436	430,786	17,184	75,528	40,212	196	10,401	4,049	**625,792**
Held on finance lease	0	.	0	0	0	0	0	0	**0**
On-SoFP PFI contracts	0	953	0	0	0	0	0	0	**953**
PFI residual interests	0	0	0	0	0	0	0	0	**0**
At 31 March 2019	47,436	431,739	17,184	75,528	40,212	196	10,401	4,049	**626,745**

The net book value of land, buildings and dwellings at 31 March 2019 comprises :	**£000**
Freehold	**491,427**
Long Leasehold	**4,932**
Short Leasehold	**0**
	496,359

The Health Board's land and buildings were revalued by the Valuation Office Agency with an effective date of 1 April 2017. The valuation was prepared in accordance with the terms of the Royal Institute of Chartered Surveyors Valuation Standards, 6th Edition.

Local Health Boards are required to apply the revaluation model set out in IAS 16 and value its capital assets to fair value. Fair value is defined by IAS 16 as the amount for which as asset could be exchanged between knowledgeable, willing parties in an arms length transaction. This has been undertaken on the assumption that the property is sold as part of the continuing enterprise in occupation.

11.1 Property, plant and equipment (continued)

	Land £000	Buildings, excluding dwellings £000	Dwellings £000	Assets under construction & payments on account £000	Plant and machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
Cost or valuation at 1 April 2017	49,789	489,066	17,619	85,524	99,981	1,127	16,251	6,281	**765,638**
Indexation	0	0	0	0	0	0	0	0	**0**
Additions									
- purchased	0	0	0	64,679	6,289	0	2,183	779	**73,930**
- donated	0	140	0	0	769	0	0	0	**909**
- government granted	0	0	0	0	0	0	0	0	**0**
Transfer from/into other NHS bodies	0	0	0	0	0	0	0	0	**0**
Reclassifications	0	39,934	133	(44,676)	2,329	0	2,280	0	**0**
Revaluations	1,439	(84,654)	781	0	0	0	0	0	**(82,434)**
Reversal of impairments	(2,355)	0	0	0	0	0	0	0	**(2,355)**
Impairments	(1,658)	(6,488)	(144)	0	0	0	0	0	**(8,290)**
Reclassified as held for sale	(593)	(79)	0	0	0	0	0	0	**(672)**
Disposals	(328)	(2,259)	(155)	0	(4,641)	0	0	(1)	**(7,384)**
At 31 March 2018	46,294	435,660	18,234	105,527	104,727	1,127	20,714	7,059	**739,342**
Depreciation at 1 April 2017	208	124,623	2,623	0	62,332	1,072	8,529	2,691	**202,078**
Indexation	0	0	0	0	0	0	0	0	**0**
Transfer from/into other NHS bodies	0	0	0	0	0	0	0	0	**0**
Reclassifications	0	0	0	0	0	0	0	0	**0**
Revaluations	(217)	(154,333)	(2,792)	0	0	0	0	0	**(157,342)**
Reversal of impairments	0	(1,821)	(20)	0	0	0	0	0	**(1,841)**
Impairments	72	44,271	189	0	0	0	0	0	**44,532**
Reclassified as held for sale	0	(5)	0	0	0	0	0	0	**(5)**
Disposals	(63)	(2,123)	(3)	0	(4,641)	0	0	(1)	**(6,831)**
Provided during the year	0	16,105	623	0	9,067	13	2,732	627	**29,167**
At 31 March 2018	0	26,717	620	0	66,758	1,085	11,261	3,317	**109,758**
Net book value at 1 April 2017	49,581	364,443	14,996	85,524	37,649	55	7,722	3,590	**563,560**
Net book value at 31 March 2018	46,294	408,943	17,614	105,527	37,969	42	9,453	3,742	**629,584**
Net book value at 31 March 2018 comprises :									
Purchased	46,294	401,934	17,614	105,527	31,912	42	9,287	3,174	**615,784**
Donated	0	6,073	0	0	6,057	0	166	556	**12,852**
Government Granted	0	936	0	0	0	0	0	12	**948**
At 31 March 2018	46,294	408,943	17,614	105,527	37,969	42	9,453	3,742	**629,584**
Asset financing :									
Owned	46,294	407,937	17,614	105,527	37,969	42	9,453	3,742	**628,578**
Held on finance lease	0	0	0	0	0	0	0	0	**0**
On-SoFP PFI contracts	0	1,006	0	0	0	0	0	0	**1,006**
PFI residual interests	0	0	0	0	0	0	0	0	**0**
At 31 March 2018	46,294	408,943	17,614	105,527	37,969	42	9,453	3,742	**629,584**

The net book value of land, buildings and dwellings at 31 March 2018 comprises :	**£000**
Freehold	**468,059**
Long Leasehold	**4,792**
Short Leasehold	**0**
	472,851

11.1 Property, plant and equipment (continued)

i. Donated asset additions include schemes funded by:
- Betsi Cadwaladr University Health Board and Other Related Charities - £0.402m
- Other hospital based voluntary bodies - £0.700m

ii. Impairments relate to the revaluation of:
- Glan Clwyd Hospital redevelopment
- Glan Clwyd Hospital Women and Children's Services
- Wrexham Maelor Hospital Day Surgery
- Argyll Road Health Centre, Llandudno

iii. Asset lives for buildings and dwellings are provided by the District Valuer with lives for equipment assets being assessed and reviewed on a regular basis by users of the equipment.

iv. There has been no compensation from third parties for assets impaired, lost or given up during the year.

v. There have been no write-downs to recoverable amounts or reversals of such write-downs during the year.

vi. The Health Board does not have any temporary idle assets.

vii. The gross carrying amount of fully depreciated tangible asset still in use as at 31 March 2019 was £41.46m (31 March 2018: £40.94m).

viii. IFRS13 Fair Value Measurement has not been applied in the preparation of these accounts as the Health Board does not hold any non-operational assets.

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 2018	593	74	0	0	0	**667**
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	(300)	(74)	0	0	0	**(374)**
Add reversal of impairment of assets held for sale	0	0	0	0	0	**0**
Less impairment of assets held for sale	(35)	0	0	0	0	**(35)**
Less assets no longer classified as held for sale, for reasons other than disposal by sale	(220)	0	0	0	0	**(220)**
Balance carried forward 31 March 2019	38	0	0	0	0	**38**
Balance brought forward 1 April 2017	0	0	0	0	0	**0**
Plus assets classified as held for sale in the year	593	74	0	0	0	**667**
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 2018	593	74	0	0	0	**667**

The non-current assets held for sale balance of £38,000 as at 31 March 2019 relates to non-operational grazing land at Abergele Hospital which is intended to be disposed during 2019-20.

Assets no longer classified as held for sale, for reasons other than disposal by sale, were transferred to Note 11.1 Property, plant and equipment on page 36A.

12. Intangible non-current assets

	Software (purchased)	Software (internally generated)	Licences and trademarks	Patents	Development expenditure- internally generated	Carbon Reduction Commitments	Total
	£000	£000	£000	£000	£000	£000	£000
Cost or valuation at 1 April 2018	3,570	0	0	0	0	0	**3,570**
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	**357**	**0**	**0**	**0**	**0**	**0**	**357**
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	**(46)**	**0**	**0**	**0**	**0**	**0**	**(46)**
Gross cost at 31 March 2019	**3,881**	**0**	**0**	**0**	**0**	**0**	**3,881**
Amortisation at 1 April 2018	2,812	0	0	0	0	0	**2,812**
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	**454**	**0**	**0**	**0**	**0**	**0**	**454**
Reclassified as held for sale	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Transfers	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Disposals	**(46)**	**0**	**0**	**0**	**0**	**0**	**(46)**
Amortisation at 31 March 2019	**3,220**	**0**	**0**	**0**	**0**	**0**	**3,220**
Net book value at 1 April 2018	**758**	**0**	**0**	**0**	**0**	**0**	**758**
Net book value at 31 March 2019	**661**	**0**	**0**	**0**	**0**	**0**	**661**
At 31 March 2019							
Purchased	**585**	**0**	**0**	**0**	**0**	**0**	**585**
Donated	**76**	**0**	**0**	**0**	**0**	**0**	**76**
Government Granted	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Internally generated	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total at 31 March 2019	**661**	**0**	**0**	**0**	**0**	**0**	**661**

12 Intangible non-current assets (continued)

	Software (purchased)	Software (internally generated)	Licences and trademarks	Patents	Development expenditure- internally generated	Carbon Reduction Commitments	Total
	£000	£000	£000	£000	£000	£000	£000
Cost or valuation at 1 April 2017	3,691	0	0	0	0	0	**3,691**
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	19	0	0	0	0	0	**19**
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	(140)	0	0	0	0	0	**(140)**
Gross cost at 31 March 2018	**3,570**	**0**	**0**	**0**	**0**	**0**	**3,570**
Amortisation at 1 April 2017	2,453	0	0	0	0	0	**2,453**
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	499	0	0	0	0	0	**499**
Reclassified as held for sale	0	0	0	0	0	0	**0**
Transfers	0	0	0	0	0	0	**0**
Disposals	(140)	0	0	0	0	0	**(140)**
Amortisation at 31 March 2018	**2,812**	**0**	**0**	**0**	**0**	**0**	**2,812**
Net book value at 1 April 2017	**1,238**	**0**	**0**	**0**	**0**	**0**	**1,238**
Net book value at 31 March 2018	**758**	**0**	**0**	**0**	**0**	**0**	**758**
At 31 March 2018							
Purchased	615	0	0	0	0	0	**615**
Donated	143	0	0	0	0	0	**143**
Government Granted	0	0	0	0	0	0	**0**
Internally generated	0	0	0	0	0	0	**0**
Total at 31 March 2018	**758**	**0**	**0**	**0**	**0**	**0**	**758**

Explanatory Notes: Note 12 Intangible non-current assets

(i) Software intangible assets are amortised over a standard life of five years, subject to an annual review by the relevant department. The Health Board does not hold any intangible non-current assets where the useful lives are considered to be indefinite.

(ii) The gross carrying amount of fully depreciated intangible assets still in use as at 31 March 2019 was £2.01million (31 March 2018: £0.538m).

13. Impairments

	2018-19 Property, plant & equipment £000	2018-19 Intangible assets £000	2017-18 Property, plant & equipment £000	2017-18 Intangible assets £000
Impairments arising from :				
Loss or damage from normal operations	**0**	0	**0**	0
Abandonment in the course of construction	**0**	0	**0**	0
Over specification of assets (Gold Plating)	**0**	0	**0**	0
Loss as a result of a catastrophe	**0**	0	**0**	0
Unforeseen obsolescence	**0**	0	**0**	0
Changes in market price	**24,896**	0	**55,192**	0
Others (specify)	**0**	0	**0**	0
Reversal of impairments	**(1,257)**	0	**(1,856)**	0
Total of all impairments	**23,639**	0	**53,336**	0
Analysis of impairments charged to reserves in year :				
Charged to the Statement of Comprehensive Net Expenditure	**23,639**	0	**45,046**	0
Charged to Revaluation Reserve	**0**	0	**8,290**	0
	23,639	0	**53,336**	0

Impairments charged to the Statement of Comprehensive Net Expenditure during 2018-19 were conducted by the District Valuer in accordance with the requirements of IFRS.

14 Inventories

14.1 Inventories

	31 March 2019 £000	31 March 2018 £000
Drugs	**6,060**	5,994
Consumables	**9,741**	8,928
Energy	**255**	229
Work in progress	**0**	0
Other	**21**	39
Total	**16,077**	15,190
Of which held at realisable value	**0**	0

14.2 Inventories recognised in expenses

	31 March 2019 £000	31 March 2018 £000
Inventories recognised as an expense in the period	**0**	0
Write-down of inventories (including losses)	**212**	177
Reversal of write-downs that reduced the expense	**0**	0
Total	**212**	**177**

Write-down of inventories relates to the disposal of obsolete, out-of-date or damaged pharmacy stock. The write-down figure for 2018-19 represents 0.3% of the cost of drugs purchased during the year (2017-18: 0.3%).

15. Trade and other Receivables

Current	31 March 2019	31 March 2018
	£000	£000
Welsh Government	7,122	649
Welsh Health Specialised Services Committee (WHSSC) / Emergency Ambulance Services Committee (EASC)	349	762
Welsh Health Boards	733	1,053
Welsh NHS Trusts	2,095	1,461
Health Education and Improvement Wales (HEIW)	152	0
Non - Welsh Trusts	0	0
Other NHS	6,519	3,065
Welsh Risk Pool	36,350	33,243
Local Authorities	4,748	4,106
Capital debtors	0	0
Other debtors	7,200	5,737
Provision for irrecoverable debts	(5,753)	(1,487)
Pension Prepayments	0	0
Other prepayments	5,009	3,956
Other accrued income	1,879	2,078
Sub total	**66,403**	54,623
Non-current		
Welsh Government	0	0
Welsh Health Specialised Services Committee (WHSSC) / Emergency Ambulance Services Committee (EASC)	0	0
Welsh Health Boards	0	0
Welsh NHS Trusts	0	0
Health Education and Improvement Wales (HEIW)	0	0
Non - Welsh Trusts	0	0
Other NHS	0	0
Welsh Risk Pool	66,330	59,757
Local Authorities	0	0
Capital debtors	0	0
Other debtors	0	0
Provision for irrecoverable debts	(360)	(353)
Pension Prepayments	0	0
Other prepayments	1,050	1,069
Other accrued income	2,343	2,402
Sub total	**69,363**	62,875
Total	**135,766**	117,498
Receivables past their due date but not impaired		
By up to three months	1,725	2,057
By three to six months	652	1,206
By more than six months	1,083	878
	3,460	4,141

The introduction of accounting standard IFRS9 from 2018-19 amended the calculation methodology for bad debt provisions from an incurred loss basis to an expected credit loss (ECL) basis. This has resulted in presentational changes to both Note 15 and the associated footnote with further information on these changes being provided in Note 34.

Expected Credit Losses (ECL) / Provision for impairment of receivables		
Balance at 31 March 2018	(1,840)	
Adjustment for Implementation of IFRS 9	(1,371)	
Balance at 1 April 2018	(3,211)	(2,698)
Transfer to other NHS Wales body	0	0
Amount written off during the year	22	259
Amount recovered during the year	(1)	565
(Increase) / decrease in receivables impaired	(1,931)	34
Bad debts recovered during year	0	0
Balance at 31 March 2019	(5,121)	(1,840)

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

Receivables VAT		
Trade receivables	1,294	1,232
Other	0	0
Total	**1,294**	1,232

16. Other Financial Assets

	Current		Non-current	
	31 March 2019 £000	31 March 2018 £000	**31 March 2019 £000**	31 March 2018 £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 (Carbon Reduction Commitment Scheme credits)				
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**	167	**0**	0
Total	**0**	**167**	**0**	**0**

17. Cash and cash equivalents

	2018-19 £000	2017-18 £000
Balance at 1 April	**2,104**	3,510
Net change in cash and cash equivalent balances	**1,868**	(1,406)
Balance at 31 March	**3,972**	2,104
Made up of:		
Cash held at GBS	**3,743**	2,028
Commercial banks	**0**	0
Cash in hand	**229**	76
Current Investments	**0**	0
Cash and cash equivalents as in Statement of Financial Position	**3,972**	2,104
Bank overdraft - GBS	**0**	0
Bank overdraft - Commercial banks	**0**	0
Cash and cash equivalents as in Statement of Cash Flows	**3,972**	2,104

The cash and cash equivalents balance as at 31 March 2019 comprised funding for revenue expenditure of £307,000 (2017-18: £706,000) and funding for capital projects of £3,665,000 (2017-18: £1,398,000).

In response to additional disclosure requirements in accounting standard IAS7 - Statement of Cash Flows the changes in liabilities arising from financing activities during 2018-19 were as follows:

Lease liabilities £ 0
PFI liabilities £328,000

These movements relate to cash payments made during the year.

No comparative information is required by IAS7 in 2018-19.

18. Trade and other payables

Current	**31 March 2019**	31 March 2018
	£000	**£000**
Welsh Government	**7**	**25**
Welsh Health Specialised Services Committee (WHSSC) / Emergency Ambulance Services Committee (EASC)	**3,835**	**2,363**
Welsh Health Boards	**653**	**728**
Welsh NHS Trusts	**1,912**	**2,649**
Health Education and Improvement Wales (HEIW)	**0**	**0**
Other NHS	**16,395**	**17,176**
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	**6,802**	**6,594**
NI contributions payable to HMRC	**8,562**	**8,199**
Non-NHS creditors	**27,841**	**27,292**
Local Authorities	**22,219**	**15,649**
Capital Creditors	**6,480**	**11,814**
Overdraft	**0**	**0**
Rentals due under operating leases	**0**	**0**
Obligations under finance leases, HP contracts	**0**	**0**
Imputed finance lease element of on SoFP PFI contracts	**54**	**52**
Pensions: staff	**0**	**0**
Accruals	**54,266**	**55,238**
Deferred Income:		
Deferred Income brought forward	**2,011**	**1,239**
Deferred Income Additions	**(494)**	**779**
Transfer to / from current/non current deferred income	**0**	**0**
Released to SoCNE	**(10)**	**(7)**
Other creditors	**2,074**	**2,803**
PFI assets –deferred credits	**0**	**0**
Payments on account	**(11,192)**	(10,247)
Total	**141,415**	142,346
Non-current		
Welsh Government	**0**	0
Welsh Health Specialised Services Committee (WHSSC) / Emergency Ambulance Services Committee (EASC)	**0**	0
Welsh Health Boards	**0**	0
Welsh NHS Trusts	**0**	0
Health Education and Improvement Wales (HEIW)	**0**	0
Other NHS	**0**	0
Taxation and social security payable / refunds	**0**	0
Refunds of taxation by HMRC	**0**	0
VAT payable to HMRC	**0**	0
Other taxes payable to HMRC	**0**	0
NI contributions payable to HMRC	**0**	0
Non-NHS creditors	**0**	0
Local Authorities	**0**	0
Capital Creditors	**0**	0
Overdraft	**0**	0
Rentals due under operating leases	**0**	0
Obligations under finance leases, HP contracts	**0**	0
Imputed finance lease element of on SoFP PFI contracts	**1,013**	1,067
Pensions: staff	**0**	0
Accruals	**0**	0
Deferred Income :		
Deferred Income brought forward	**0**	0
Deferred Income Additions	**0**	0
Transfer to / from current/non current deferred income	**0**	0
Released to SoCNE	**0**	0
Other creditors	**0**	0
PFI assets –deferred credits	**0**	0
Payments on account	**0**	0
Total	**1,013**	1,067

It is intended to pay all invoices within the 30 day period directed by the Welsh Government (further information provided in Note 10 on page 34A).

Amounts falling due more than one year are expected to be settled as follows:	**31 March 2019**	31 March 2018
	£000	**£000**
Between one and two years	113	109
Between two and five years	121	117
In five years or more	779	841
Sub-total	1,013	1,067

19. Other financial liabilities

	Current		Non-current	
Financial liabilities	**31 March 2019 £000**	31 March 2018 £000	**31 March 2019 £000**	31 March 2018 £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 2018	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 2019
Current	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Clinical negligence	**28,236**	(19,907)	0	(6,420)	53,377	(20,975)	(6,629)	0	**27,682**
Personal injury	**1,292**	0	0	(367)	2,172	(864)	(648)	3	**1,588**
All other losses and special payments	**49**	0	0	0	304	(314)	(20)	0	**19**
Defence legal fees and other administration	**1,081**	0	0	(39)	1,664	(1,051)	(498)		**1,157**
Pensions relating to former directors	**0**			0	0	0	0	0	**0**
Pensions relating to other staff	**151**			76	78	(153)	0	1	**153**
Restructuring	**0**			0	0	0	0	0	**0**
Other	**2,306**		0	0	10,540	(3,578)	(215)		**9,053**
Total	**33,115**	**(19,907)**	**0**	(6,750)	68,135	(26,935)	(8,010)	**4**	**39,652**
Non Current									
Clinical negligence	**59,507**	0	0	6,420	0	0	0	0	**65,927**
Personal injury	**3,447**	0	0	367	0	0	0	0	**3,814**
All other losses and special payments	**0**	0	0	0	0	0	0	0	**0**
Defence legal fees and other administration	**687**	0	0	39	0	0	0		**726**
Pensions relating to former directors	**0**			0	0	0	0	0	**0**
Pensions relating to other staff	**389**			(76)	0	0	0	0	**313**
Restructuring	**0**			0	0	0	0	0	**0**
Other	**0**		0	0	0	0	0		**0**
Total	**64,030**	**0**	**0**	**6,750**	**0**	**0**	**0**	**0**	**70,780**
TOTAL									
Clinical negligence	**87,743**	**(19,907)**	**0**	**0**	**53,377**	**(20,975)**	**(6,629)**	**0**	**93,609**
Personal injury	**4,739**	**0**	**0**	**0**	**2,172**	**(864)**	**(648)**	**3**	**5,402**
All other losses and special payments	**49**	**0**	**0**	**0**	**304**	**(314)**	**(20)**	**0**	**19**
Defence legal fees and other administration	**1,768**	**0**	**0**	**0**	**1,664**	**(1,051)**	**(498)**		**1,883**
Pensions relating to former directors	**0**			**0**	**0**	**0**	**0**	**0**	**0**
Pensions relating to other staff	**540**			**0**	**78**	**(153)**	**0**	**1**	**466**
Restructuring	**0**			**0**	**0**	**0**	**0**	**0**	**0**
Other	**2,306**		**0**	**0**	**10,540**	**(3,578)**	**(215)**		**9,053**
Total	**97,145**	**(19,907)**	**0**	**0**	**68,135**	**(26,935)**	**(8,010)**	**4**	**110,432**

Expected timing of cash flows:

	In year to 31 March 2020	Between 1 April 2020 31 March 2024	Thereafter	Total
				£000
Clinical negligence	27,682	65,927	0	**93,609**
Personal injury	1,588	1,155	2,659	**5,402**
All other losses and special payments	20	0	0	**20**
Defence legal fees and other administration	1,157	726	0	**1,883**
Pensions relating to former directors	0	0	0	**0**
Pensions relating to other staff	153	313	0	**466**
Restructuring	0	0	0	**0**
Other	9,052	0	0	**9,052**
Total	**39,652**	**68,121**	**2,659**	**110,432**

Provisions included within the "Other" categories above relate to:	**£'000**
Continuing Healthcare claims subject to further review	6,531
Holiday pay entitlement - overtime and additional hours	1,838
Carbon Reduction Commitment Scheme provisions	331
Staff regrading reviews and appeals	187
Relocation expenses	144
GP managed practices premises costs	22
Total	**9,053**

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 31 March 2019 and may be subject to changes in future periods.

20 Provisions (continued)

	At 1 April 2017	Structured settlement cases transferred to Risk Pool	Transfer of provisions to creditors	Transfer between current and non-current	Arising during the year	Utilised during the year	Reversed unused	Unwinding of discount	At 31 March 2018
Current	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Clinical negligence	20,270	(6,792)	(214)	300	31,272	(11,954)	(4,646)	0	**28,236**
Personal injury	732	0	0	20	1,725	(1,071)	(122)	8	**1,292**
All other losses and special payments	144	0	0	0	488	(558)	(25)	0	**49**
Defence legal fees and other administration	994	0	0	104	1,703	(1,129)	(591)		**1,081**
Pensions relating to former directors	0			0	0	0	0	0	**0**
Pensions relating to other staff	158			273	0	(150)	(132)	2	**151**
Restructuring	0			0	0	0	0	0	**0**
Other	4,068		0	0	2,935	(3,447)	(1,250)		**2,306**
Total	**26,366**	**(6,792)**	**(214)**	**697**	**38,123**	**(18,309)**	**(6,766)**	**10**	**33,115**
Non Current									
Clinical negligence	69,205	0	0	(300)	0	0	(9,398)	0	**59,507**
Personal injury	3,467	0	0	(20)	0	0	0	0	**3,447**
All other losses and special payments	0	0	0	0	0	0	0	0	**0**
Defence legal fees and other administration	791	0	0	(104)	0	0	0		**687**
Pensions relating to former directors	0			0	0	0	0	0	**0**
Pensions relating to other staff	662			(273)	0	0	0	0	**389**
Restructuring	0			0	0	0	0	0	**0**
Other	0		0	0	0	0	0		**0**
Total	**74,125**	**0**	**0**	**(697)**	**0**	**0**	**(9,398)**	**0**	**64,030**
TOTAL									
Clinical negligence	89,475	(6,792)	(214)	0	31,272	(11,954)	(14,044)	0	**87,743**
Personal injury	4,199	0	0	0	1,725	(1,071)	(122)	8	**4,739**
All other losses and special payments	144	0	0	0	488	(558)	(25)	0	**49**
Defence legal fees and other administration	1,785	0	0	0	1,703	(1,129)	(591)		**1,768**
Pensions relating to former directors	0			0	0	0	0	0	**0**
Pensions relating to other staff	820			0	0	(150)	(132)	2	**540**
Restructuring	0			0	0	0	0	0	**0**
Other	4,068		0	0	2,935	(3,447)	(1,250)		**2,306**
Total	**100,491**	**(6,792)**	**(214)**	**0**	**38,123**	**(18,309)**	**(16,164)**	**10**	**97,145**

21. Contingencies

21.1 Contingent liabilities

	2018-19	2017-18
Provisions have not been made in these accounts for the following amounts :	£'000	£'000
Legal claims for alleged medical or employer negligence	108,369	134,032
Doubtful debts	0	0
Equal Pay costs	0	0
Defence costs	2,273	2,979
Continuing Health Care costs	828	4,260
Other	0	0
Total value of disputed claims	111,470	141,271
Amounts (recovered) in the event of claims being successful	(105,871)	(131,276)
Net contingent liability	**5,599**	**9,995**

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 relate to legal claims for alleged negligence (net of amounts recoverable from the Welsh Risk Pool in the event of claims being successful) and Continuing Health Care costs.

Further details of contingent liabilities included in the above note are provided on page 65A of these accounts.

21.2 Remote Contingent liabilities

	2018-19	Restated 2017-18
	£'000	£'000
Please disclose the values of the following categories of remote contingent liabilities :		
Guarantees	0	0
Indemnities	6,875	683
Letters of Comfort	0	0
Total	**6,875**	**683**

Remote contingent liabilities have been reported for the first time during 2018-19 with prior year figures being restated for 2017-18.

The 2018-19 balance relates to 5 litigation claims (2017-18: 6 claims) and in the event of these being successful £6,754,000 (2017-18: £537,000) would be recoverable from the Welsh Risk Pool.

21.3 Contingent assets

	2018-19	2017-18
	£'000	£'000
The Health Board does not hold any contingent assets	0	0
	0	0
	0	0
Total	0	0

22. Capital commitments

Contracted capital commitments at 31 March	2018-19	2017-18
	£'000	£'000
Property, plant and equipment	12,168	31,391
Intangible assets	0	0
Total	12,168	31,391

Capital commitments as at 31 March 2019 related to the following schemes:

- Sub Regional Neonatal Intensive Care Centre at Glan Clwyd Hospital (SuRNICC)
- Patient Administration Systems (PAS)
- Emergency Department Clinical Information Management Solutions (EDCIMS)
- The Elms, Wrexham
- Emergency Department, Ysbyty Gwynedd
- Substance Misuse - Holyhead, Anglesey
- Substance Misuse - Shotton, Flintshire
- North Denbighshire Community Hospital, Rhyl
- Ablett Unit, Glan Clwyd Hospital

23. Losses and special payments

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

Gross loss to the Exchequer

Number of cases and associated amounts paid out or written-off during the financial year

	Amounts paid out during period to 31 March 2019		Approved to write-off to 31 March 2019	
	Number	£	Number	£
Clinical negligence	219	21,960,591	128	6,031,377
Personal injury	53	864,594	37	575,830
All other losses and special payments	214	312,963	191	275,095
Total	486	23,138,148	356	6,882,302

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

Cases exceeding £300,000	Case type	**Amounts paid out in year** £	**Cumulative amount** £	**Approved to write-off in year** £
00RT7MN0002	Clinical Negligence	0	7,673,413	0
02RT9PI0004	Personal Injury	27,634	354,270	0
03RT8PI0015	Personal Injury	22,108	304,338	0
04RT9MN0023	Clinical Negligence	0	2,100,000	0
06RT9MN0022	Clinical Negligence	50,000	500,000	0
08RT7MN0008	Clinical Negligence	100,000	5,025,000	0
08RT7MN0020	Clinical Negligence	575,011	710,002	0
09RT8MN0015	Clinical Negligence	4,510,000	5,575,000	0
09RT8MN0039	Clinical Negligence	0	1,153,000	0
10RT9MN0033	Clinical Negligence	2,458,194	3,023,194	0
117A1MN0052	Clinical Negligence	300,000	502,906	0
117A1MN0067	Clinical Negligence	547	548,778	0
127A1MN0023	Clinical Negligence	100,000	308,702	0
127A1MN0030	Clinical Negligence	1,000,000	1,000,000	0
127A1MN0031	Clinical Negligence	822,500	945,000	0
137A1MN0033	Clinical Negligence	205,000	474,962	474,962
147A1MN0064	Clinical Negligence	1,777,109	2,675,000	0
147A1MN0095	Clinical Negligence	0	332,500	332,500
147A1MN0111	Clinical Negligence	421,825	421,825	421,825
147A1MN0215	Clinical Negligence	335,345	335,345	0
157A1MN0023	Clinical Negligence	440,667	440,667	0
157A1MN0092	Clinical Negligence	373,580	404,580	0
167A1MN0009	Clinical Negligence	301,000	301,000	0
167A1MN0029	Clinical Negligence	596,795	596,795	0
167A1MN0103	Clinical Negligence	1,035,541	1,035,541	0
Sub-total		**15,776,856**	**37,065,818**	**1,553,287**
All other cases		7,361,292	15,666,537	5,329,015
Total cases		**23,138,148**	**52,732,355**	**6,882,302**

24. Finance leases

24.1 Finance leases obligations (as lessee)

The Health Board does not have any finance lease obligations as a lessee.

Amounts payable under finance leases:

Land	**31 March 2019 £000**	31 March 2018 £000
Minimum lease payments		
Within one year	**0**	0
Between one and five years	**0**	0
After five years	**0**	0
Less finance charges allocated to future periods	**0**	0
Minimum lease payments	**0**	0
Included in:		
Current borrowings	**0**	0
Non-current borrowings	**0**	0
	0	0
Present value of minimum lease payments		
Within one year	**0**	0
Between one and five years	**0**	0
After five years	**0**	0
Present value of minimum lease payments	**0**	0
Included in:		
Current borrowings	**0**	0
Non-current borrowings	**0**	0
	0	0

24.1 Finance leases obligations (as lessee) (continued)

Amounts payable under finance leases:

Buildings	**31 March 2019**	31 March 2018
Minimum lease payments	**£000**	£000
Within one year	**0**	0
Between one and five years	**0**	0
After five years	**0**	0
Less finance charges allocated to future periods	**0**	0
Minimum lease payments	**0**	0
Included in:		
Current borrowings	**0**	0
Non-current borrowings	**0**	0
	0	0
Present value of minimum lease payments		
Within one year	**0**	0
Between one and five years	**0**	0
After five years	**0**	0
Present value of minimum lease payments	**0**	0
Included in:		
Current borrowings	**0**	0
Non-current borrowings	**0**	0
	0	0

Other	**31 March 2019**	31 March 2018
Minimum lease payments	**£000**	£000
Within one year	**0**	0
Between one and five years	**0**	0
After five years	**0**	0
Less finance charges allocated to future periods	**0**	0
Minimum lease payments	**0**	0
Included in:		
Current borrowings	**0**	0
Non-current borrowings	**0**	0
	0	0
Present value of minimum lease payments		
Within one year	**0**	0
Between one and five years	**0**	0
After five years	**0**	0
Present value of minimum lease payments	**0**	0
Included in:		
Current borrowings	**0**	0
Non-current borrowings	**0**	0
	0	0

24.2 Finance leases obligations (as lessor)

The Local Health Board does not have any finance lease receivables as a lessor.

Amounts receivable under finance leases:

	31 March 2019	31 March 2018
Gross Investment in leases	**£000**	£000
Within one year	**0**	0
Between one and five years	**0**	0
After five years	**0**	0
Less finance charges allocated to future periods	**0**	0
Minimum lease payments	**0**	0
Included in:		
Current borrowings	**0**	0
Non-current borrowings	**0**	0
	0	0
Present value of minimum lease payments		
Within one year	**0**	0
Between one and five years	**0**	0
After five years	**0**	0
Present value of minimum lease payments	**0**	0
Included in:		
Current borrowings	**0**	0
Non-current borrowings	**0**	0
	0	0

25. Private Finance Initiative contracts

25.1 PFI schemes off-Statement of Financial Position

The Health Board does not have any PFI schemes which are deemed to be off-statement of financial position.

Commitments under off-SoFP PFI contracts	**Off-SoFP PFI contracts 31 March 2019 £000**	Off-SoFP PFI contracts 31 March 2018 £000
Total payments due within one year	**0**	0
Total payments due between 1 and 5 years	**0**	0
Total payments due thereafter	**0**	0
Total future payments in relation to PFI contracts	**0**	0
Total estimated capital value of off-SoFP PFI contracts	**0**	0

25.2 PFI schemes on-Statement of Financial Position

The Conwy & Denbigshire 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. The Scheme commenced on 1 September 2004 and is due to run until 1 September 2034

Whilst Fresenius continue to have defined responsibilities for the maintenance of the Unit, including the provision of consumables, the Health Board is responsible for the delivery of all clinical care and other support costs. The Unit is treated as an asset of the Health Board and is included in Note 11. Property, Plant and Equipment.

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

	On SoFP PFI Capital element 31 March 2019 £000	**On SoFP PFI Imputed interest 31 March 2019 £000**	**On SoFP PFI Service charges 31 March 2019 £000**
Total payments due within one year	**54**	**37**	**341**
Total payments due between 1 and 5 years	**233**	**128**	**1,496**
Total payments due thereafter	**780**	**162**	**5,460**
Total future payments in relation to PFI contracts	**1,067**	**327**	**7,297**

	On SoFP PFI Capital element 31 March 2018 £000	On SoFP PFI Imputed interest 31 March 2018 £000	On SoFP PFI Service charges 31 March 2018 £000
Total payments due within one year	52	39	327
Total payments due between 1 and 5 years	226	136	1,435
Total payments due thereafter	841	190	5,828
Total future payments in relation to PFI contracts	1,119	365	7,590
Total present value of obligations for on-SoFP PFI contracts	**6,874**		

25.3 Charges to expenditure

	2018-19	2017-18
	£000	£000
Service charges for On Statement of Financial Position PFI contracts (excl interest costs)	328	314
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	328	314

The LHB is committed to the following annual charges

	31 March 2019	31 March 2018
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	328	314
Total	328	314

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

25.4 Number of PFI contracts

	Number of on SoFP PFI contracts	Number of off SoFP PFI contracts
Number of PFI contracts	1	0
Number of PFI contracts which individually have a total commitment > £500m	0	0

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

PFI Contract	
Not applicable	0

25.5 Public Private Partnerships

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

	2018-19	2017-18
	£000	£000
(Increase)/decrease in inventories	**(887)**	1,208
(Increase)/decrease in trade and other receivables - non-current	**(6,488)**	9,748
(Increase)/decrease in trade and other receivables - current	**(11,613)**	(6,540)
Increase/(decrease) in trade and other payables - non-current	**(54)**	(52)
Increase/(decrease) in trade and other payables - current	**(931)**	(3,345)
Total	**(19,973)**	1,019
Adjustment for accrual movements in fixed assets - creditors	**5,334**	(133)
Adjustment for accrual movements in fixed assets - debtors	**0**	0
Other adjustments	**(1,371)**	167
	(16,010)	1,053

28. Other cash flow adjustments

	2018-19	2017-18
	£000	£000
Depreciation	**31,132**	29,167
Amortisation	**454**	499
(Gains)/Loss on Disposal	**(158)**	26
Impairments and reversals	**23,639**	45,046
Release of PFI deferred credits	**0**	0
Donated assets received credited to revenue but non-cash	**(1,102)**	(909)
Government Grant assets received credited to revenue but non-cash	**0**	0
Non-cash movements in provisions	**40,222**	14,963
Total	**94,187**	88,792

29. Third Party assets

As at 31 March 2019, the Health Board held £254,441 cash at bank and in hand on behalf of third parties (31 March 2018: £277,158) comprising:

	2018-19	2017-18
	£	**£**
Monies held on behalf of patients - savings accounts	98,198	138,421
Monies held on behalf of patients - current accounts and cash in hand	85,143	81,750
Deposits for staff residential accommodation	71,100	56,050
Monies held on behalf of Abergele Hospital League of Friends	0	937
	254,441	277,158

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

30. Events after the Reporting Period

The Health Board does not consider that there are any additional disclosure requirements relating to events following the end of the reporting period.

31. 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 transactions with either the Welsh Government or with other entities for which the Welsh Government is regarded as the parent body, namely:

Health Bodies	Expenditure with related party £000	Income from related party £000	Amounts owed to related party £000	Amounts due from related party £000
Welsh Government	87	1,555,384	7	7,122
Abertawe Bro Morgannwg University LHB	140	290	10	98
Aneurin Bevan LHB	87	938	12	19
Cardiff & Vale University LHB	605	689	46	241
Cwm Taf LHB	147	245	34	169
Health Education and Improvement Wales (HEIW)	6	7,132	0	152
Hywel Dda LHB	4,522	410	237	27
Powys LHB	736	3,150	314	179
Public Health Wales NHS Trust	4,782	3,444	472	883
Velindre NHS Trust	19,866	4,972	1,375	1,043
Welsh Ambulance Services NHS Trust	4,993	405	65	169
Welsh Risk Pool	0	0	0	102,680
WHSSC / EASC	166,474	40,593	3,835	349
Total	**202,445**	**1,617,652**	**6,407**	**113,131**

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	6,651	1,554	4,963	907
Denbighshire County Council	7,422	1,951	3,410	706
Flintshire County Council	11,092	2,106	5,084	1,311
Gwynedd County Council	9,116	1,591	3,220	720
Isle of Anglesey Council	4,985	952	2,517	70
Wrexham County Borough Council	8,770	3,564	2,938	1,025
Other Welsh Local Authorities (Including Police & Crime Commissioners and Fire Authorities)	699	291	87	0
Total	**48,735**	**12,009**	**22,219**	**4,739**

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 £2.11 million from the charitable fund during the year (2017-18 £1.66 million).

31. Related Party Transactions (continued)

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

A: Interest in a company which may compete for an NHS contract to supply goods and services to Betsi Cadwaladr University Local Health Board.
B: Any self-beneficial interest in a private care home, hostel or independent health care provider.
C: Any relevant outside employment, including self employment, whilst employed by the Health Board.
D: Interest in the Pharmaceutical Industry or Allied Commercial Sector.
E: Personal links to, or relationships with, individuals in local or national government / AMs / MPs.
F: Councillorships, Directorships or any other relevant position.
G: 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.

The following tables details all interests declared by Board Members during the 2018/19 financial year including any material transactions with related parties. Full details of individual Board Members declarations are provided in Note 34 Other Information.

Name	Details of positions held during the financial year (or part thereof)	Dates positions held	Declarations made
Directors / Executive Directors			
Mr G Doherty	Chief Executive	01.04.18 - 31.03.19	G
Dr E Moore	Executive Medical Director / Deputy Chief Executive	01.04.18 - 31.03.19	G
Mr A Thomas	Executive Director of Therapies and Health Sciences	01.04.18 - 31.03.19	C, G
Mr G M Lang	Executive Director of Strategy	01.04.18 - 13.05.18	G
Mr R Favager	Executive Director of Finance	01.04.18 - 31.03.19	G
Dr J C Stockport	Executive Director Primary Care and Community Services	01.10.18 - 31.03.19	C
Independent Members			
Dr P Higson OBE	Chair	01.04.18 - 31.08.18	A, C
Mr M Polin OBE QPM	Chair	01.09.18 - 31.03.19	G
Mrs M Hanson	Vice Chair	01.04.18 - 31.05.18	E
Mrs M W Jones	Independent Member (01.04.18 - 31.03.19) and Vice Chair (01.06.18 - 31.03.19)	01.04.19 - 31.03.19	A, F, G
Cllr R Medwyn Hughes	Independent Member and Local Authority Representative	01.04.19 - 31.03.19	F
Prof J Rycroft-Malone	Independent Member and University Representative	01.04.18 - 31.03.19	F, G
Mr C Stradling	Independent Member	01.04.18 - 31.08.18	G
Mrs B Russell Williams	Independent Member	01.04.18 - 05.03.19	A, G
Mr J Cunliffe	Independent Member	01.04.18 - 31.03.19	F, G
Cllr C Carlisle	Independent Member	01.04.18 - 31.03.19	F, G
Ms H Wilkinson	Independent Member	01.09.18 - 31.03.19	C
Mrs L J Reid	Independent Member	01.09.18 - 31.03.19	A, C, G
Associate Board Members			
Mr Ff Williams	Associate Board Member - Chair, Stakeholder Reference Group	01.04.18 - 31.03.19	A, G

No other Health Board members who served during the 2018/19 financial year disclosed any related party interests.

Material transactions between the Health Board and related parties during 2018-19 were as follows (unless already reported on page 59A):	Expenditure with related party £000	Income from related party £000	Amounts owed to related party £000	Amounts due from related party £000
Bangor University	1,048	971	259	133
Boots the Chemist	5,200	0	0	0
Cartrefi Cymru	119	0	0	0
Cartrefi Cymunedol Gwynedd	13	0	13	0
Coleg Cambria	15	0	1	0
Denbighshire Voluntary Services Council	42	0	0	0
Health Education England	0	140	0	116
Mantell Gwynedd	169	0	73	0
Royal Liverpool & Broadgreen University Teaching Hospital NHS Trust	5,231	2	631	1

32. Pooled budgets

The Health Board has entered into three pooled budgets; one jointly with Flintshire County Council and Wrexham County Borough Council and two with Denbighshire County Council.

Under these arrangements, which are governed by the NHS (Wales) Act 2006, funds are pooled for the following activities:
- North East Wales Community Equipment Service;
- Denbighshire Community Equipment Service;
- Denbighshire Health and Social Care Support Workers Service.

Management boards representing the partner organisations oversee the operational management of each of the pooled budgets.

A memorandum note to the accounts provides details of the joint income and expenditure of each of the pooled budget arrangements. The information within this memorandum note is subject to audit as part of the local authorities accounts.

Integrated Care Fund

The Intermediate Care Fund (ICF) was established in 2014 to support initiatives which prevent unnecessary hospital admission, inappropriate admission to residential care and delayed discharges from hospital. From 1 April 2017 this fund was rebranded as the Integrated Care Fund to better reflect an expanded scope.

Regional Partnership Boards (RPBs) lead on the planning, allocations, monitoring and Welsh Government reporting of the funds across health services, social services, housing and third independent sector to ensure delivery which maximises outcomes for the use of the resource. This delivery mechanism provides assurance that the objectives for the use of this fund are met as outlined in Welsh Government guidance.

The RPBs have further established Programme Boards to monitor measurable performance outcomes and financial returns using results based accountability (outcome) methodologies. Linked with this RPB structure the Health Board's Area Directors have also established ICF/ISB Lead Groups at a local health economy level to ensure that the decisions, interventions and investments are delivered at a local level. These ISBs include representation from the health sector, local authorities, ambulance and fire services and voluntary bodies.

Total ICF funding allocated to the North Wales Regional Partnership Boards for 2018-19 was £20.46m (2017-18: £11.40m) made up of revenue funding of £13.40m and capital funding of £7.06m. These funding flows are managed through the Health Board's Statement of Comprehensive Net Expenditure and reported in Note 3.3 Expenditure on Hospital and Community Health Services and Note 4 Miscellaneous Income.

33. Operating segments

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

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

The Health Board's Operational Management Structure reports on an Area-based and Site-based divisional approach with each of the individual functions being responsible for their own services and performance within devolved management structures. Three 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 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.

Area Teams - Operating Costs less Miscellaneous Income	**2018-19**	**2017-18**
	£'000	**£'000**
Area Teams *	608,693	593,150
Commissioner Contracts *	188,136	177,916
Provider Income	(19,339)	(16,283)
Total Area Teams	**777,490**	**754,783**
Secondary Care - Operating Costs less Miscellaneous Income		
Secondary Care - District Hospital Services *	319,440	303,141
North Wales Hospital Services	101,821	96,422
Womens Services	38,211	37,305
Total Secondary Care	**459,472**	**436,868**
Mental Health & Learning Disabilities	**121,261**	**118,231**
Corporate Functions and Other Expenditure	**119,660**	**108,382**
Depreciation, Impairments and Finance Costs	**55,263**	**74,752**
Donated/Granted Capital Income	**(1,102)**	**(909)**
(Profit)/Loss on disposal of capital assets	**(158)**	**26**
Operating Costs sub-total	**1,531,886**	**1,492,133**
Revenue Resource Limit	**1,490,607**	**1,453,295**
Under/(over) spend against Revenue Resource Limit	**(41,279)**	**(38,838)**

* Operating segments which meet the standard criteria for reporting as per par 1.368 of the Welsh Government Manual for Accounts 2018-19.

34. Other Information

IFRS 15 - Revenue from contracts with customers

Work was undertaken by the Welsh NHS Technical Accounting Group IFRS sub group, consistent with the 'portfolio' approach allowed by the standard. Each income line in the notes from a previous year's annual accounts (either 2016/17 or 2017/18) was considered to determine how it would be affected by the implementation of IFRS 15. It was determined that the following types of consideration received from customers for goods and services (hereon referred to as income) fell outside the scope of the standard, as the body providing the income does not contract with the body to receive any direct goods or services in return for the income flow:

- Charitable Income and other contributions to Expenditure;
- Receipt of Donated Assets;
- WG Funding without direct performance obligation (e.g. SIFT/SIFTR/Junior Doctors & PGDME Funding).

Income that fell wholly or partially within the scope of the standard included:

- Welsh LHB & WHSCC LTA Income;
- Non Welsh Commissioner Income;
- NHS Trust Income;
- Foundation Trust Income;
- Other WG Income;
- Local Authority Income;
- ICR Income ;
- Training & Education income ;
- Accommodation & Catering income.

It was identified that the only material income flows likely to require adjustment for compliance with IFRS15 was that for patient care provided under Long Term Agreements (LTA's). The adjustment being, for episodes of patient care which had started but not concluded (FCE's), as at period end, e.g. 31 March.

When calculating the income generated from these episodes, it was determined that it was appropriate to use length of stay as the best proxy for the attributable Work In Progress (WIP) value. In theory, as soon as an episode is opened, income is due. Under the terms and conditions of the contract this will only ever be realised on episode closure so the average length of stay would be the accepted normal proxy for the work in progress value.

For Betsi Cadwaladr University Local Health Board, the following methodology was applied to assess the value of the unaccounted WIP.

1. For 2017/18, income for inpatient activity recorded on a Finished Consultant Episode (FCE) basis was £5.8m (total income from LTA's, including WHSSC, Welsh Health Boards and Non Welsh Commissioners, was £7.8m).
2. This related to circa 3,777 FCEs, with an estimated average unit cost of £1,533.
3. Most contracts still work on 25% marginal rates, however there are some cost per case contracts (e.g. Orthopaedics or Thoracic Surgery). Therefore to ensure a prudent assessment of exposure, a 35% marginal rate has been determined for this calculation.
4. As such, £537 per FCE is the derived estimate for a WIP calculation.
5. Using available Business Intelligence/ Costing Information, the total open episodes at year-end and the average length of stay (ALoS) were identified.
6. This provided assumptions of a 3.9 day ALoS with 31 FCEs attributable to contracts at year-end, which lead to an adjustment calculation to align revenue recognised to the requirements of the standard:

   £537 / 3.9 days x 3.9 days x 31 FCEs = £16,647

34. Other Information (continued)

IFRS 9 - Financial Instruments

To ensure consistency across all NHS Wales bodies, the Welsh NHS Technical Accounting Group agreed to use the practical expedient of a provision matrix to estimate expected credit losses (ECLs) based on the age and category of receivables as follows:

Receivables were initially segregated into appropriate categories based on debtor types with each category then being analysed into the following age bands at an historical back-testing date of 31 March 2015:

- 1-30 days (including current)
- 31-60 days
- 61-90 days
- 91-180 days
- 181- 365 days
- > 1 year

For each category and age-band the following was then determined:

a) the gross receivables outstanding at the back-testing date;
b) the amounts ultimately collected, credited or written-off. If material, adjustments were made to exclude the effect of non-collections for reasons other than credit loss (e.g. credit notes issued for returns, short-deliveries or as a commercial price concession).

The average historical loss rate by age-band was calculated, and adjusted where necessary e.g. to take account of changes in:

a) economic conditions
b) types of customer
c) credit management practices.

Consideration was also given as to whether ECLs should be estimated individually for any period-end receivables, for example because information was available on specific debts or debtors.

The calculated percentages were applied to invoices outstanding as at 31 March 2018 (which did not have a specific provision against them) to recalculate the value of the Health Board's non-specific provision under IFRS9. Other bad debt provision balances in respect of non-invoiced income e.g. provisions relating to sums due from the Compensation Recovery Unit are outside of the scope of IFRS9 and were therefore unaffected.

The impact of first time adoption of IFRS9 was an increase of £1,371,000 in provisions for impairments as detailed below:

2017/18 - Bad Debt Provision					IRFS 9 Impact					Change in Provision
Specific		General		Total	Specific		General		Total	Total
NHS	Non-NHS	NHS	Non-NHS		NHS	Non-NHS	NHS	Non-NHS		
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
805	**797**	**0**	**0**	**1,602**	**805**	**797**	**792**	**579**	**2,973**	**1,371**

The figures detailed in the above table relate to all provisions for invoiced income as at 31 March 2018. The difference of £238,000 between the total of £1,602,000 reported above and the opening balance of £1,840,000 in the Expected Credit Losses (ECL) / Provision for impairment of receivables footnote relates to NHS invoiced income included above but not in the footnote (£805,000) and non-invoiced income of £1,043,000 included in the footnote but outside of the scope of IFRS9.

The percentages used for the first time adoption of IFRS9 have been re-applied to outstanding receivables as at 31 March 2019 to recalculate ECLs for the purpose of the 2018-19 annual accounts. These percentages will be updated in future financial periods using revised historical back-testing dates.

34. Other Information (continued)

Note 15 Other NHS Trade and other Receivables

In previous accounting periods the Welsh Government Manual for Accounts required disclosure of provisions in respect of non-NHS income in the Provision for irrecoverable debts line of Note 15 whilst provisions in respect of NHS income were reported against the relevant receivables line in the note.

Following adoption of IFRS9 both NHS and non-NHS provisions are now reported within the Provision for irrecoverable debts line of Note 15. Prior year figures at 31 March 2018 were not restated as part of the adoption of the new standard. This reporting change has contributed £805,000 towards the total increase of £3,434,000 in the Other NHS line during the year (31 Mar 2018: £3,065,000 – 31 Mar 2019: £6,519,000).

Note 15 Expected Credit Losses (ECL) / Provision for impairment of receivables footnote

The Expected Credit Losses (ECL) / Provision for impairment of receivables footnote on page 44 provides an analysis of movements in the Provision for irrecoverable debts during the year. This footnote previously only included provisions in respect of non-NHS income but has been amended under IFRS9 to also include provisions in respect of NHS income.

The Health Board also holds provisions for irrecoverable debts in respect of non-invoiced income (including the Injury Cost Recovery (ICR) Scheme) which were previously included within the footnote but are now outside the scope of IFRS9.

In order for the footnote to be aligned with the requirements of IFRS9 a downward adjustment of £237,000 has been included in the (increase)/decrease in receivables impaired line in order to introduce an opening balance of provisions on NHS invoices and remove provisions relating to non-invoiced income.

As at 31 March 2019 the balance of provisions on non-invoiced income was £992,000 which represents the difference between the closing balance in the footnote of £5,121,000 and the provision for irrecoverable debts lines in Note 15 of £6,113,000.

Receivables past their due date but not impaired

Invoices raised by the Health Board are subject to thirty day payment terms and the Receivables past their due date but not impaired footnote to Note 15 analyses outstanding unimpaired invoices at the balance sheet date by age category.

The total value of outstanding invoices included in Note 15 as at 31 Mar 2019 was £14,595,000 of which £6,239,000 had not yet passed their due date and were therefore excluded from the calculation. Of the remaining balance £4,896,000 of invoices had been either partly or fully impaired resulting in a remaining balance of £3,460,000 of invoices which are analysed in the footnote.

34. Other Information (continued)

Continuing Healthcare Cost uncertainties

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

Betsi Cadwaladr University LHB is responsible for post 1 April 2003 costs and the financial statements include the following amounts relating to those uncertain continuing healthcare costs:

Note 20 - Provisions sets out the £2.739 million provision made for probable continuing care costs relating to 143 claims received for Phases 2-7 and £3.792 million in respect of other continuing care provisions;

Note 21.1 - Contingent liabilities sets out the £0.828 million contingent liability for possible continuing care costs relating to 41 claims received.

Special Measures

Welsh Government Minister for Health and Social Services took the decision to place the Health Board into Special Measures on 8 June 2015. As part of Special Measures the Minister has appointed a team to provide support for improvement in the following key areas:

- Governance and Leadership;
- Mental Health Services;
- Maternity Services at Ysbyty Glan Clwyd;
- GP and Primary Care Services.

Under the Joint Escalation and Intervention Arrangements, the Welsh Government meets with the Wales Audit Office and Healthcare Inspectorate Wales twice a year to discuss the overall position of the Health Board in respect of quality, service performance and financial management. A wide range of information and intelligence is considered to identify any issues and to inform the assessment.

The latest meeting took place in January 2019 and on 19 February 2019 the Welsh Government Cabinet Secretary for Health and Social Services confirmed that progress had been recognised in several areas of the Health Board. Out of Hours performance was at a comparable level to other organisations and had been removed as a special measures concern.

There have been some improvements in mental health, although there is further work to do. The tripartite group also recognised the way in which the Health Board had responded to the Ockenden and the Health and Social Care Advisory Service (HASCAS) reports. Quality and safety governance have been strengthened and improvements are becoming evident. The Minister also recognised that the new Health Board chair had strengthened governance and board effectiveness.

The Minister stated that despite improvements is some areas compared to last year, the Health Board still faces a challenging improvement agenda as it works to improve performance and governance within the context of a sustainable three year plan.

The escalation status is unchanged following the latest meeting and the Health Board remains in Special Measures.

34. Other Information (continued)

Related Party Transactions

As detailed in Note 31 Related Party Transaction, Board Members are required to make an annual Declaration of Interests, including nil returns where applicable. The following table provides details of all declarations of interest made during the 2018/19 financial year.

Name	Details of positions held during the financial year	Declaration	Details of interest declared
Directors/Executive Directors			
Mr G Doherty	Chief Executive	G	Trustee of Dangerpoint, a charity which provides health and safety training to children across North Wales. (This role is not remunerated.)
		G	Wife is employed by Health Education England
Dr E Moore	Medical Director / Deputy Chief Executive	G	Wife is the Clinical Director of Breast and Endocrine Surgery at the Royal Liverpool and Broadgreen University Teaching Hospital NHS Trust
Mr A Thomas	Executive Director of Therapies and Health Sciences	C	Panel member of the Health Care Professions Council
		G	Spouse is employed by Boots as an Accuracy Checking Technician
Mr G Lang	Executive Director of Strategy	G	Governor of Coleg Cambria
Mr R Favager	Executive Director of Finance	G	Daughter is on the NHS Wales Finance Graduate Scheme at the Health Board
Dr J C Stockport	Executive Director Primary Care and Community Services	C	Occasional advice as a World Health Organisation expert consultant on integrated primary care. Basic expenses are reimbursed; no salary is taken
Independent Board Members			
Dr P Higson OBE	Chair	A	Trustee of Cartrefi Cymru
		C	Self employed Clinical Psychologist
Mr M Polin OBE QPM	Chair	G	Wife is employed by the Health Board
Mrs M Hanson	Vice Chair	E	Husband is the Member of Parliament for Delyn
Mrs M W Jones	Independent Member and Vice Chair	A	Member of Snowdonia National Park Authority April 2018 - July 2018
		F	Member of Pwyllgor Mind Cymru April 2018 - July 2018
		F	Vice Chair of Arts Council Wales
		F	Chair of Council, Bangor University
		F	Trustee of Canolfan Gerdd William Mathias
		F	Trustee of Kyffin Williams Trust
		G	Sister and two nieces are employees of BCUHB
Cllr R Medwyn Hughes	Independent Member and Local Authority Representative	F	Gwynedd County Councillor
		F	Bangor City Councillor
Prof J Rycroft-Malone	Independent Member and University Representative	F	Programme Director - National Institute for Health NIHR HS&DR Research Programme
		G	Husband is employed by the Health Board
Mr C Stradling	Independent Member	G	Deputy Chair of the Local Democracy and Boundary Commission for Wales
		G	Member of the Snowdonia National Park Authority
Mrs B Russell Williams	Independent Member	A	Chief Executive Officer Mantell Gwynedd (Third sector umbrella body)
		G	A number of family members are employed by BCUHB
Mr J Cunliffe	Independent Member	F	Director of Abernet Ltd
		F	Member of the Joint Audit Committee, North Wales Police & Crime Commissioner
		G	Spouse is employed by the Health Board
Cllr C Carlisle	Independent Member	F	Cabinet Member for Children, Families and Safeguarding for Conwy County Borough Council
		F	Deputy Leader of Conwy County Borough Council
		F	Member of Conwy & Denbighshire Joint Adoption Panel
		F	Lead Member for children on Conwy County Borough Council
		F	Group Leader of the Conservative Group of Conwy County Borough Council
		F	Deputy Chair (political) of the Clwyd West Conservatives
		G	Secretary of Old Colwyn local football club
		G	Committee member of Old Colwyn Residents Association
		G	Committee member of Tan Lan Community Centre
Ms H Wilkinson	Independent Member	C	Chief Executive of Denbighshire Voluntary Services Council (NEWVOL)
Mrs L J Reid	Independent Member	A	Anakrisis Ltd (Management Consultancy) - provides consultancy and training to NHS organisations in England
		C	Tribunal Chair for the Medical Practitioners Tribunal Service of the General Medical Council
		C	Magistrate for the North Wales Family and Criminal Benches - HM Court and Tribunal Service
		C	Specialist advisor to the Care Quality Commission
		G	Spouse is a local GP practicing in Denbighshire
Associate Board Members			
Mr Ff Williams	Associate Board Member - Chair, Stakeholder Reference Group	A	Chief Executive of Cartrefi Cymunedol Gwynedd, a housing association operating predominantly out of Gwynedd. In this role works closely with Health Board Area Directors
		G	Wife is employed by the Health Board
		G	Sister and Brother-in-Law work for Mental Health Services in Bangor (Childrens Services)

Memorandum Note - Note 32 - Pooled Budgets

North East Wales Community Equipment Service Memorandum Accounts 2018/19

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

	2018-19	2017-18
Pooled Budget contributions	**£ 000**	**£ 000**
Flintshire County Council	(295)	(291)
Wrexham County Borough Council	(281)	(277)
Betsi Cadwaladr University Local Health Board	(411)	(401)
Other	(181)	(159)
Total Pooled Budget contributions for the year	**(1,168)**	**(1,128)**
Expenditure		
Equipment Purchases	468	411
Operating Expenditure	608	585
Non Operating Expenditure	0	0
Total Expenditure for the year	**1,076**	**996**
Net (Surplus)/Deficit on the Pooled Budget for the Year	**(92)**	**(132)**

Denbighshire Community Equipment Services Memorandum Accounts 2018/19

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

	2018-19	2017-18 Restated
Pooled budget contributions	**£ 000**	**£ 000**
Denbighshire County Council	(220)	(219)
Betsi Cadwaladr University Local Health Board (Core)	(138)	(138)
Betsi Cadwaladr University Local Health Board (Bed Service)	(51)	(38)
Other - HEC / CHC / Intermediate Care	(139)	(138)
Total Pooled Budget contributions for the year	**(548)**	**(533)**
Expenditure		
Equipment purchases (Core and CHC)	120	129
Operating Expenditure	415	393
Change of computer system from DICES to ELMS	0	29
Total Expenditure for the year	**535**	**551**
Net (Surplus)/Deficit on the Pooled Budget for the Year	**(13)**	**18**
Cumulative net (Surplus)/Deficit on the Pooled Budget	**(33)**	**(20)**

The restatement of the Denbighshire Community Equipment Service pooled budget relates to a reduction of £5,000 in expenditure for 2017-18 and a resultant increase in the surplus carried forward as at 31 March 2018. Denbighshire County Council provided the Health Board with an updated memorandum account for the 2017-18 financial year in April 2019.

Memorandum Note - Note 32 - Pooled Budgets

Denbighshire Health and Social Care Support Workers Service - Memorandum Accounts 2018/19
The Denbighshire Health and Social Care Support Workers Service Pool is hosted by Denbighshire County Council who have produced a memorandum account for the 2018-19 financial year as shown below.

	2018-19	2017-18
Pooled Budget contributions	**£ 000**	**£ 000**
Denbighshire County Council	(50)	(50)
Betsi Cadwaladr University Local Health Board	(50)	(50)
Betsi Cadwaladr University Local Health Board - Primary Care 3 x 30 hour posts	(29)	(60)
ICF Grant Allocation	(52)	(51)
ICF Grant Allocation - from slippage	(24)	0
Total Pooled Budget contributions for the year	**(205)**	**(211)**
Expenditure		
Employee Expenses	187	189
Other Operating Expenditure	18	22
Total Expenditure for the year	**205**	**211**
Net (Surplus)/Deficit on the Pooled Budget for the Year	**0**	**0**
Cumulative net (Surplus)/Deficit on the Pooled Budget	**(47)**	**(47)**

Brexit withdrawal of the United Kingdom from the European Union

On 29 March 2017, the UK Government submitted its notification to leave the European Union (EU) in accordance with Article 50. The triggering of Article 50 started a two-year negotiation process between the UK and the EU. On 11 April 2019, the government confirmed agreement with the EU on an extension until 31 October 2019 at the latest, with the option to leave earlier as soon as a deal has been ratified.

In 2018-19 the NHS Estate has been valued using indices provided by the District Valuer and disclosed in the Manual For Accounts.

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

LOCAL HEALTH BOARDS

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

BASIS OF PREPARATION

2. The account of the LHB shall comply with:

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

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

FORM AND CONTENT

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

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

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

MISCELLANEOUS

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

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

Signed by the authority of Welsh Ministers

Signed : Chris Hurst Dated :

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

ANNEX – Annual Governance Statement

1. Introduction

1.1 This Annual Governance Statement covers a period of considerable challenge for the Betsi Cadwaladr University Health Board ('the Health Board'). The Health Board has been in special measures since June 2015. This escalation status remains unchanged, although there have been notable improvements such as the removal of GP out of hours services from special measures. Finance, performance and planning remain in a very serious position and these, together with all special measures themes, are subject to robust Welsh Government oversight, scrutiny and support arrangements.

1.2 By the end of this Annual Governance Statement's 2018/19 reporting period, the Health Board had progressed to the third reporting period of the special measures improvement framework issued in May 2018 comprising four themes:

- Leadership and Governance;
- Strategic and Service Planning;
- Mental Health;
- Primary Care including Out of Hours Services.

Further detail on improvements made, ongoing challenges and reports submitted is provided in section 4 of this statement.

1.3 During the reporting period, there has been some turnover of Board members and key appointments made, most notably the new Chair who commenced in September 2018. Further details are available in Appendix 1.

1.4 In March 2019, the Chair and Chief Executive, with other senior colleagues, were called to give evidence[1] to the Public Accounts Committee (PAC) in relation to finance and performance, progress against previous PAC recommendations, mental health services, special measures and concerns management. In February 2019, the North Wales Community Health Council (CHC) also provided evidence before the PAC and, whilst noting the challenges faced by the Health Board, acknowledged progress under special measures in terms of aspects of public engagement, systemic culture change and vision.

1.5 In 2018/19 the Health Board breached its statutory duty to produce an Integrated Medium Term Plan (IMTP). The Board has been working to a deficit Interim Financial Plan, and has breached its statutory duty to achieve financial balance.

1 http://senedd.assembly.wales/documents/s85083/PAC5-06-19 P1 - BCUHB paper_e.pdf

1.6 During 2018/19 work continued to address the Health Board's corporate and collective responsibilities under the Well-being of Future Generations (Wales) Act 2015 (WFG) and the Social Services and Well-being (Wales) Act 2014 (SSWB). Terms of reference for Committees of the Board include standard wording relating to responsibilities under the Well-being of Future Generations Act, thus supporting the embedding of the legislation's requirements into the day to day business of the organisation. The regional Population Assessment and Area Plan developed under the SSWB Act and the four Public Services Boards' well-being assessments and well-being plans required under the WFG Act have fed into the Health Board's own corporate strategy, Living Healthier, Staying Well (LHSW) and Annual Operating Plan.

1.7 In addition to the strategy work, the Board has been working with the Office of the Future Generations Commissioner and Public Health Wales on prototyping a live lab approach, which aims to challenge and support teams in applying the five ways of working to a defined area of work. Further information is provided in section 25 of this statement.

1.8 During 2018/19 *A Healthier Wales*, the long-term plan for Health and Social Care, was published, responding to the findings of the Parliamentary Review. *A Healthier Wales* sets out the ambition of Welsh Government to bring health and social services together, designed around the needs and preferences of individuals, with a much greater emphasis on keeping people healthy and well. The plan describes the importance of the quadruple aim in helping achieve this vision.

1.9 *A Healthier Wales* describes the increasing importance of the role of the Regional Partnership Board in driving the development at local level of models of health and social care, including primary and secondary care. In response to this, the Health Board has strengethened its membership and engagement with the Regional Partnership Board and is developing shared approaches to transformation of services in accordance with the design principles of the long-term plan. To date, the Health Board has been party to 3 successful bids to the Welsh Government Transformation Fund, in partnership with local authority RPB colleagues.

2. Scope of Responsibility

2.1 The Board is accountable, via the Chairman, to the Minister for Health and Social Services for its governance, risk management and internal control. As Accountable Officer and Chief Executive of the Board, I have responsibility for maintaining appropriate governance structures and procedures as well as a sound system of internal control that supports the achievement of the organisation's policies, aims and objectives, whilst safeguarding the public funds and the organisation's assets for which I am personally responsible. These are carried out in accordance with the responsibilities assigned by the Accountable Officer of NHS Wales. Welsh Government issued confirmation of my Accountable Officer status in March 2016.

2.2 In discharging this responsibility I, together with the Board, am responsible for putting in place arrangements for the effective governance of the Health Board, facilitating the effective implementation of the functions of the Board and the management of risk.

3. Background Information

3.1 The Health Board had a revenue resource allocation of £1.49bn for 2018/19 and a workforce of approximately 18,064 (15,486 whole time equivalents). Further details are provided within the Remuneration Report.

3.2 The Health Board is responsible for improving the health and wellbeing of the population of North Wales. This encompasses prevention of ill health as well as treating illness and providing excellent healthcare services.

3.3 The Health Board provides primary, community and mental health services as well as acute hospital services for a population of about 678,000 people across the six counties of North Wales (Anglesey, Gwynedd, Conwy, Denbighshire, Flintshire and Wrexham).

3.4 The Health Board operates three main hospitals (Ysbyty Gwynedd in Bangor, Ysbyty Glan Clwyd in Bodelwyddan and Ysbyty Wrexham Maelor) along with a network of community hospitals, health centres, clinics, mental health units and community team bases.

3.5 The Health Board also coordinates the work of 105 General Practitioner (GP) practices and NHS services provided by dentists, opticians and pharmacists in North Wales.

3.6 The clinical management of services is delivered by three Area Teams, a Mental Health and Learning Disabilities Division, and a single Secondary Care Division comprising three hospital site teams, all supported by the corporate departments.

4. Special Measures

4.1 Due to increasing concerns about the organisation's governance, and also maternity and mental health services, the Health Board was placed in special measures in June 2015. Since then an ongoing organisation-wide programme of work to strengthen governance has been in place. Throughout 2018/19, Welsh Government continued to hold regular meetings and discussions with the Health Board in respect of special measures, scrutinising and challenging in order to drive improvements in performance and delivery.

4.2 The Board has established the Special Measures Improvement Framework (SMIF)Task & Finish (T&F) Group to advise and assure the Board on the effectiveness of the arrangements in place to respond to the expectations within the SMIF. The group membership comprises key directors, independent members and an independent adviser. Now chaired by the new Health Board Chair, the group oversees progress, and continues to report to the Board after each of its meetings.

4.3 Despite improvement in some important areas throughout the special measures process, significant challenges have remained, particularly in terms of finance and performance. A set of intervention actions and additional support (including input from Mr David Jenkins, Independent Adviser appointed by Welsh Government) was therefore announced by the then Cabinet Secretary for Health & Social Services, with improvement criteria to be progressed by April 2018. The Board published a report[2] on these actions in June 2018.

2 http://www.wales.nhs.uk/sitesplus/documents/861/Agenda%20bundle%20Health%20Board%207.6.18%20Public%20V1.0.pdf

4.4 A further SMIF Framework[3] for the period May 2018 - September 2019 was issued by Welsh Government in May 2018. It comprised the four themes of leadership & governance, strategic & service planning, mental health and primary care including out of hours services, with expectations spread across three time periods. It was made clear by the Cabinet Secretary that future progress assessments would need to demonstrate that sustainable solutions were in place to maintain improvement.

4.5 Welsh Government published an update[4] on the Joint Escalation & Intervention Arrangements across Wales in July 2018. Also in July 2018, the Health Board received a report[5] on the '*Review of the governance arrangements relating to the care of patients on Tawel Fan ward prior to its closure on 20th December 2013 and governance arrangements in older people's mental health at BCUHB from December 2013 to the current time*' undertaken by Donna Ockenden. In response, the Board agreed governance and oversight arrangements[6] for the implementation of the recommendations arising from the Ockenden review. Similar arrangements were also agreed for the recommendations made as a result of the HASCAS independent investigation, which had been commissioned in August 2015, with the report being published in May 2018.

4.6 In September 2018 when a new Chair, Mr Mark Polin, took up post, he immediately assumed responsibility for chairing both the SMIF T&F Group and the Finance & Performance Committee. Expectations as to governance and scrutiny were reset and Board meetings placed on a bi-monthly footing to allow more in depth scrutiny of key topics during intervening discrete workshops. The effect of this was noted by the WAO in their most recent structured assessment[7] issued in November 2018:

> *"We looked at how the Board organises itself to support the effective conduct of business. We found the Health Board has good arrangements to support board and committee effectiveness, and shows recent signs of strengthened scrutiny, and is working to develop a strong focus on fewer but key priorities".*

4.7 In November 2018 the Board approved for submission to Welsh Government a special measures progress report[8] covering May - September 2018. This report highlighted progress relating to Board capability and stability, development of a comprehensive response to the HASCAS and Ockenden recommendations, staff engagement, clinical involvement in service change proposals and achieving a culture of not placing mental health patients out of area.

4.8 In November 2018, the Health Board considered[9] in detail the additional investment agreed by Welsh Government in July 2018, totalling £6.8m, to support special measures work across 2018/19 and 2019/20.

3 https://gweddill.gov.wales/docs/dhss/publications/180508bcu-improveen.pdf
4 https://gweddill.gov.wales/docs/dhss/publications/joint-escalation-and-intervention-arrangements-july18.pdf
5 http://www.wales.nhs.uk/sitesplus/documents/861/Eng%20Donna%20Ockenden%20-%20Full%20Report%20-%202018.pdf
6 http://www.wales.nhs.uk/sitesplus/documents/861/Agenda%20bundle%20Health%20Board%2012.7.18%20Public_English.pdf
7 https://www.audit.wales/publication/betsi-cadwaladr-university-health-board-structured-assessment-2018
8 http://www.wales.nhs.uk/sitesplus/documents/861/Agenda%20bundle%20-%201.11.18%20public%20Board%20meeting%20v2.0.pdf
9 http://www.wales.nhs.uk/sitesplus/documents/861/Agenda%20bundle%20-%201.11.18%20public%20Board%20meeting%20v2.0.pdf

4.9 In an oral statement[10] in November 2018, following publication of the fourth progress report, the then Cabinet Secretary for Health & Social Services updated on the Health Board's progress since May 2018. He noted the strong focus on Board capability, including the fact that all board level vacancies had been addressed. He also noted the introduction of more robust appraisal and assurance systems, an increased commitment to partnership working in support of '*A Healthier Wales*', the comprehensive plans put in place to address the Ockenden and HASCAS recommendations (see section 5), developments in mental health services, better staff engagement, progress against some specialist service strategies and continuing improvement in GP out of hours services.

4.10 Alongside these improvements, the Cabinet Secretary also acknowledged the Health Board's challenging financial position and the need to accelerate progress on strategic and service planning, both in respect of specific areas such as orthopaedics and also from a whole-system perspective in describing more clearly the plans for service transformation. The Cabinet Secretary emphasised the need for the Health Board to spend the next 6 months focusing on finance, strategic & service planning – especially unscheduled care and referral to treatment targets (RTT) – and on delivering the Ockenden and HASCAS recommendations.

4.11 Following a meeting of the Welsh Government, Wales Audit Office (WAO) and Healthcare Inspectorate Wales (HIW) Tripartite Group in January 2019, the Minister for Health and Social Services issued a written statement[11] in February 2019 on joint escalation and intervention arrangements across NHS Wales. The Minister noted that progress had been seen in several areas across the Health Board, most notably on GP out of hours services, which had improved to a level comparable to other organisations and was therefore removed as a special measures concern. Further improvements were also noted in mental health, quality and safety governance and board effectiveness under the new Chair. The way in which the organisation had responded to the Ockenden and HASCAS recommendations was also highlighted.

4.12 Whilst noting the positive steps forward, the Minister acknowledged that the Health Board still faced a challenging improvement agenda as it worked to improve performance and governance within the context of a sustainable 3 year plan. It was therefore decided that the Health Board would remain at its current escalation status of special measures. The Director General of NHS Wales wrote[12] to the Health Board on 22.2.19 confirming the outcome of the tripartite meeting and setting out the concerns that remained around the lack of necessary pace for change, particularly in relation to finance, planning and performance.

4.13 The Health Board continues to drive improvements as measured by the SMIF. The most recent formal update report submitted to Welsh Government covered the October 2018-March 2019 element of the Framework.

10 http://record.assembly.wales/Plenary/5361#A46441
11 https://gov.wales/written-statement-escalation-and-intervention-arrangements
12 http://www.wales.nhs.uk/sitesplus/documents/861/Agenda%20bundle%20Health%20Board%2028.3.19%20%20V2.0%20updated%2022.3.19-min.pdf

5. Tawel Fan

5.1 In May 2018 the independent Health and Social Care Advisory Service (HASCAS) published its thematic report into the care provided to patients on Tawel Fan ward at the Ablett Unit, Glan Clwyd Hospital prior to its closure in December 2013.

5.2 The investigation process proved to be a very complex piece of work which has taken longer than first envisaged, but this was necessary in order to ensure that it was thorough so those affected could be satisfied that the findings were robust, and to inform the organisational learning associatied with the ourcomes.

5.3 The HASCAS report provides a full, evidence-based view that is the result of a comprehensive investigative process which included over 100 interviews of families and staff and over half a million pages of information including police transcripts, medical records, staff records and corporate records.

5.4 The investigation found the overall standard of care on Tawel Fan ward to be generally good and found no evidence to support the view that patients suffered from deliberate abuse or wilful neglect. However, it found that some patients did not receive the standard of care that we would expect across our services. The report also highlighted systemic organisational weaknesses that were present at that time, which contributed to poor care.

5.5 The Health Board accepted the report's findings and has established a taskforce led by the Executive Director of Nursing and Midwifery, to build upon existing work programmes and to take forward the specific recommendations, alongside our partners, at pace.

5.6 Alongside the HASCAS investigation, the Health Board commissioned a governance review to be undertaken by Donna Ockenden. This review focused on the governance arrangements relating to the care of patients on Tawel Fan ward prior to its closure and also reviewed current governance arrangements in the Health Board's older people's mental health services. The findings of the Ockenden Governance Review were received at the Health Board public meeting held in July 2018.

5.7 The July Health Board meeting also approved a paper setting out the Health Board's initial response to the HASCAS report and approved the governance and reporting arrangements which would oversee the implementation of the recommendations arising from both the HASCAS report and Ockenden governance review. The Health Board also approved the establishment and terms of reference for an Improvement Group to respond to all the recommendations and a Stakeholder Group to strengthen and guide the work of the Improvement Group. These groups report directly into the Health Board.

5.8 Several meetings of the Improvement Group and Stakeholder Group have taken place and all recommendations have been mapped together to ensure the necessary actions identified are embedded aross the organisation and not dealt with in isolation. The example here[13] demonstrates the breadth of lessons learned and outcomes. Action such as appointing more staff in mental health units has resulted in improvements to services that have been independently recognised by Healthcare Inspectorate Wales in recent reports[14]. Progress is regularly and closely monitored via the Committee Structure and Board. Reports feed up to the QSE Committee from the Improvement Group, and then onwards to the Board.

13 http://www.wales.nhs.uk/sitesplus/documents/861/Agenda%20bundle%20Health%20Board%2024.1.19%20%20Public%20V1.0%20with%20Ablett%20Appendices%20removed%20for%20web.pdf

14 http://hiw.org.uk/find-service/service-index/?serviceType=Mental+Health&lang=en

6. Financial Position

6.1 The Health Board did not meet the control total of £35m deficit, primarily due to the £6.7m under delivery of the savings target of £45m, which was set as part of the 2018/2019 Financial Plan. There were also significant overspends in specific areas of expenditure, particularly in Secondary Care, which were offset by underspends in Primary Care and Contracts.

6.2 During 2018/19 the Board appointed a Director of Turnaround and through dialogue with Welsh Government has secured additional resources which will build capacity and capability to design and deliver the substantial recurring savings required in future years. This additional capacity will enhance the Board's central Programme Management Office, increase programme management capacity for change programmes and further develop service improvement skills and capacity to support clinical teams to deliver change.

6.3 A Savings Programme task group has been established, reporting into the Finance and Performance Committee to provide additional and detailed scrutiny of the 2019/20 Health Boards savings programme and thus enhance governance and oversight.

6.4 The Health Board has also commissioned an external financial review as part of focused efforts to improve the financial position. With financial support from Welsh Government, Price Waterhouse Coopers have been engaged to work alongside the Health Board in reviewing and improving it approaches to delivering sustainable improvement and change whilst at the same time saving money. The review is due to be reported to the Health Board in June 2019.

7. Integrated Medium Term Plan (IMTP) – Three Year Operational Plan

7.1 The Health Board does not as yet have an approved IMTP, therefore does not fulfil its statutory duty in this respect, but has developed a Three Year Outlook and 2019/20 Annual Plan which was noted as an interim plan by the Board in March 2019, pending further work to develop a revised 2019/20 annual plan by July 2019. This will take into account results of a financial review and the output from the Referral to Treatment Time (RTT) Taskforce for planned care.

7.2 In July 2018, the Board considered a draft Annual Operating Plan which set out the Health Board's priorities for action to deliver improvement across a range of activities and services. The approach was designed to ensure a balance between the ambition to improve service delivery at pace and the responsibility to make difficult choices regarding the allocation of resources from Welsh Government. However the plan was deemed to need further work. In December 2018, a core set of priorities were agreed by the Health Board for the remaining quarter of the year.

7.3 In respect of a general assessment of progress against the Annual Operating Plan, it is acknowledged that it had been a very challenging year in terms of delivery of the plan and falling short in some areas. However, a number of achievements have been made across a range of services during the year. As part of *Improving Health and Reducing Health Inequalities*, the Health Board introduced the '*Let's Get North Wales Moving'* collaboration with partners, implemented the tier three weight management service, the hospital based smoking cessation service commenced and an alcohol licensing framework was established. Key examples of achievements within Care Closer to Home include the development and opening of a new healthcare centre in Flint, the redevelopment of Corwen Health Centre and more advanced practitioner nursing, physiotherapy, audiology and pharmacy roles introduced in primary care settings. Within Excellent Hospital Care, the Sub-Regional Neonatal Intensive Care Centre (SuRNICC) was opened at Ysbyty Glan Clwyd and the major refurbishment for Ysbyty Glan Clwyd has been completed bringing major improvements to the environment for patients and staff.

7.4 *Living Healthier, Staying Well* (LHSW) is the Board's long-term strategy that describes how health, well-being and healthcare in North Wales might look in ten years' time and how the Board is working towards this now. The Health Board approved LHSW in March 2018. The Health Board will work with stakeholders to review LHSW and refresh the strategy by March 2020 to accompany the IMTP for 20/21 and beyond. In addition, by developing a more detailed service strategy in 2019/20 supported by financial, workforce and estates analysis, the 'high level' statements set out in LHSW will be progressed to more specific actions, to improve outcomes and more effectively use resources.

8. Emergency Preparedness

8.1 The Health Board is categorised as a Category 1 responder within the Civil Contingencies Act (2004) and as result required to have certain arrangements in place. The Health Board has in place:

- A Major Emergency Plan and underpinning site or incident specific plans that describe the response of the organisation to an emergency defined as a major incident;
- A governance structure that provides oversight and coordination of our emergency preparedness arrangements. This structure links into the North Wales Resilience Forum, which provides the coordinated planning and preparedness across all agencies involved in civil protection activities;
- A programme of exercises and training to support our staff who have specific roles within our major emergency arrangements, delivering command and control competencies in line with National Occupational Standards, bespoke training relating to pre-hospital medical response, in-hospital decontamination and emergency preparedness awareness;
- A Business Continuity Policy and major programme of work focused on developing a Business Continuity Management System for critical services, to enable recovery within tolerable timescales following a business disruption;

- A Civil Contingencies Group, which is the Board's internal forum which provides leadership relating to health emergency preparedness. A cycle of business has been developed, which demonstrates how the Civil Contingencies Group, provides assurance and governance relating to health preparedness as well as the coordination of specific health economy resilience;
- An assurance process that includes internal audit carrying out annual audits of the business continuity management system and Civil Contingencies arrangements aligned with the Emergency Preparedness, Resilience and Response Guidance and Framework;
- A Civil Contingencies Risk Register along with individual divisional risk registers which provide a method for reporting and escalating risks;
- A resilience work programme that builds upon established organisational resilience arrangements and ensures the delivery of duties placed upon the Health Board through the Civil Contingencies Act (2004) and associated non legislative guidance. A new Head of Emergency Preparedness and Resilience was appointed at the end of the 2018/19 reporting period.

9. Partnership Working

9.1 The Health Board has ensured during the course of the year that it works 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 partner organisations include:

- Welsh Ambulance Services Trust;
- Public Health Wales;
- North Wales Community Health Council;
- Local Authorities (Anglesey, Gwynedd, Conwy, Denbighshire, Flintshire and Wrexham);
- Neighbouring NHS bodies in England and Wales;
- The Community Voluntary Councils;
- Public Service Boards / Regional Leadership Board;
- Mid Wales Healthcare Collaborative.

9.2 Partnership working is long established in North Wales, and has been strengthened in year through greater involvement with the Regional Partnership Board (RPB), as alluded to earlier in this statement.

9.3 In addition, the Health Board has key working relationships with HMP Berwyn as a provider of healthcare services within the prison. The Health Board has responsibility for meeting the health and wellbeing needs of the population at HMP Berwyn. Embedded into the service design and operational parameters is the concept of a comprehensive and fully integrated offer, available to all, with access based on clinical need. Services within HMP Berwyn have been configured to support early identification and diagnosis, and a reduction in reoffending rates through health and wellbeing improvement, with services reflecting those delivered in the community in terms of access and standards of care.

10. The Role of the Board

10.1 The role of the Board is to:

- Formulate strategy for the organisation within the overall policies and priorities of the Welsh Government, responsive to the health needs of the local population;
- Ensure accountability by holding the organisation to account for the delivery of the strategy and through seeking assurance that the systems of control are robust and reliable;
- Shape a positive culture for the Board and the organisation;
- Maintain high standards of corporate governance;
- Ensure effective financial stewardship.

10.2 The Board functions as a corporate decision making body. Executive Directors and Independent Members are full and equal members sharing corporate responsibility for all decisions of the Board. The Board is supported by the Board Secretary who acts as principal advisor on all aspects of governance within the Health Board.

10.3 The Health Board's stated purpose, vision, strategic goals, well-being objectives and values are shown below. These are reflected within the planning framework and work is ongoing to embed them across the organisation at all levels:

Our Purpose

- To improve health and provide excellent care.

Our Vision

- We will improve the health of the population, with a particular focus upon the most vulnerable in our society.
- We will do this by developing an integrated health service, which provides excellent care delivered in partnership with the public and other statutory and third sector organisations.
- We will develop our workforce so that it has the right skills and operates in a research-rich, learning culture.

Our Well-being Objectives

- Improve physical, emotional and mental health and wellbeing for all;
- Target our resources to those with the greatest needs and reduce inequalities;
- Support children to have the best start in life;
- Work in partnership to support people – individuals, families, carers, communities – to achieve their own well-being;
- Improve the safety and quality of all services;
- Respect people and their dignity;
- Listen to people and learn from their experiences.

10.4 Our purpose, vision and well-being objectives set out the long terms aims of the Board. We have further work to do to translate these into specific objectives for improvement in population health and health services which we will include in our plans going forward.

Our Values

- Put citizens first;
- Work together;
- Value and respect each other;
- Learn and innovate;
- Communicate openly and honestly.

10.5 Our values guide the way the Board conducts its business and the way in which our staff engage with those who use our services and each other to deliver our strategic goals.

11. Board Composition

11.1 The Board has been constituted to comply with the Local Health Boards (Constitution, Membership and Procedures) (Wales) Regulations 2009, which are reflected in its Standing Orders.

11.2 The Board meets on a bi-monthly basis and consists of the Chair, ten Independent Members (IMs), four Associate Members (the Director of Mental Health and Learning Disabilities became an Associate Member in June 2016), the Chief Executive and eight Executive Directors. The Board Secretary is in attendance.

11.3 During the reporting period of this Annual Governance Statement, the Board has seen a number of new appointments including, as stated earlier, a new Chair who took up post in September 2018. The Vice-Chair was appointed substantively in August 2018. Following an in year restructuring and the departure of the Chief Operating Officer in June 2018 when this post was abolished, further appointments were made. These were an Executive Director of Primary and Community Services and an Executive Director of Planning and Performance. Other appointments to the Board included a new Executive Director of Workforce and Organisational Development. In addition, a number of new Independent Members joined the Board. Board membership is documented at Appendix 1, together with related information including Board Members' Champion roles. The Executive Director of Finance secured a role in another organisation at the end of April 2019 and at the time of writing further changes are due to take place with the departure of the Executive Medical Director in July 2019. Recruitment to both of these posts is now underway.

11.4 In addition the Board currently has the support of an Independent Financial Advisor, in the absence of the appointment of an Independent Member with a financial background. Following an Independent Member resignation in February 2019 recruitment is underway to ensure that the new appointee has the necessary financial expertise.

12. Board Effectiveness and Standards

12.1 In order to improve its effectiveness and meet aspirations for openness and accountability, the Board aims to be transparent about the decisions it makes and the way in which it operates. The majority of Board and Committee meetings are routinely held in public.

12.2 All Board Members have a responsibility to abide by the Nolan principles of public life and Executive Directors must adhere to the NHS Code of Conduct (Disciplinary Rules and Standards of Behaviour). A robust electronic system is in place for declarations of interests and gifts & hospitality.

12.3 Board Members are required to declare any interests at the beginning of Board meetings and complete a return annually. Board Members are also required to declare gifts and hospitality received or offered, in line with the set guidance. Declarations are recorded on the corporate register, which is available for public inspection via the Office of the Board Secretary. In November 2016, a new Standards of Business Conduct Policy and electronic declaration system were introduced and this has continued to mature.

12.4 In the interests of good governance, scrutiny and challenge, all Health Board Committees are chaired by an Independent Member.

12.5 The Board's annual cycle of business / work plan is regularly reviewed and updated, most recently in March 2019.

12.6 Whilst the Health Board remains in special measures, as detailed in section 33 of this Statement, the overall conclusion from the Wales Audit Office's 2018 Structured Assessment work was that the Health Board has strengthened its governance arrangements and that those for strategic planning are developing. However, Wales Audit Office consider that the Health Board needs to focus on key strategic goals to overcome the significant challenges it faces.

13. Board Development

13.1 The Health Board has committed a minimum of a day per month over the last year to Board Development, building on the approach from the previous year to strengthen leadership and governance as part of a special measures theme. A bi-monthly half day was also devoted to Board briefings to update members on key strategic, service and mandatory training issues.

13.2 A tendering exercise has been undertaken and an experienced provider appointed in April 2019, to deliver a bespoke board development programme (whole Board, Executive and Independent Members). This will build upon the work already undertaken but it is acknowledged that turnover at Board level impacts on the effectiveness of Board development. The programme will include a series of development activities, to support Board Members individually and the Board collectively in discharging core functions and effective decision-making in accordance with the principles of good governance. This will assist Board Members in enhancing their personal contribution and in ensuring board effectiveness.

14. Board and Committee Arrangements

14.1 The Health Board has an established Committee Business Management Group (CBMG) to oversee effective communication between its committees. This avoids duplication and ensures that business is managed effectively and efficiently through the governance framework, meeting statutory requirements and taking account of emerging best practice. CBMG gave consideration at its meeting in April 2018 to revised meeting arrangement proposals and agreed a number of actions which were broadly put in place from May 2018:

- Integrated Quality and Performance Report (IQPR) to be presented to Board bi-monthly but with the Finance Report continuing to be presented to each Board meeting;
- Financial Recovery Group stood down from the end of April 2018;

- Information Governance Reporting to remain routed through F&P Committee;
- Special Measures Improvement Framework Task and Finish (SMIF T&F) Group - revised arrangements for the SMIF T&F's governance and reporting have been reviewed to take account of the emerging arrangements for turnaround and embedding special measures within the core business of the Board and its committees;
- A workshop approach to be adopted for future Board briefings.

14.2 Following on from this and the refresh of Board membership, Board and committee arrangements were further reviewed, taking into account views expressed within the Deloitte report on the Financial Governance Review of the Health Board. This primarily focused on the remit of the Finance and Performance Committee (F&P), but also the Structured Assessment Report 2017 (presented to the Board in March 2018) which drew attention to the significant demand on Independent Members as a result of the frequency of Board and committee meetings, formal board development and in-committee sessions, and other groups that members were involved in. Furthermore, the Board took into account the views of the Health Board's Specialist Advisor, relating to the significant benefits that would stem from streamlining Board and committee arrangements, thereby supporting IMs to have more effective oversight. This would support their ability to provide greater challenge in key areas, whilst enabling increased executive focus on turnaround and operational productivity.

14.3 Consideration was also given to the governance and reporting structures in relation to turnaround and transformation. In terms of turnaround, the Board agreed that the F&P Committee would retain oversight on behalf of the Board and and that the Chairman would personally Chair the Finance and Performance Committee. The Board considered proposals for revised transformation governance arrangements in light of Welsh Government's '*Our Healthier Wales – A Plan for Health and Social Care*' which set out expectations around the Area Plan produced by the Regional Partnership Board (RPB) and Health Boards' Integrated Medium Term Plans (or three year plan in the case of BCUHB) being inextricably linked and consistent with Public Services Board planning. The Health Board strengthened and improved existing partnership arrangements, with transformation being an integral element of the Board's strategic planning responsibilities progressed through the RPB and the Strategy, Partnerships and Population Health (SPPH) Committee. The F&P Committee has had the 'in year' focus on the delivery of all agreed plans and budgets whilst the SPPH Committee has the 'futures' focus on overseeing the development of strategy, future plans and partnership working.

14.4 The Board agreed to establish an Information Governance & Informatics (IGI) Committee, chaired by the Board's Independent Member with specialist knowledge of IT, meeting quarterly in order to enable F&P Committee to focus more clearly on the key finance and performance issues whilst providing improved Board oversight and engagement with the IG (and IT) agenda. The IGI Committee links into the F&P Committee (via CBMG) on matters relating to in year performance and into the Strategy, Partnerships and Population Health (SPPH) Committee on future plans, but reports directly to the Board through its Chair's Assurance Reports and its Annual Report as per other Board committees.

As part of refocusing the F&P Committee in this way, consideration has also been given to the routing of workforce information. F&P Committee will retain oversight of workforce activity and performance and the SPPH Committee will oversee workforce planning and staff welfare at an organisational level. Other functions to move from F&P Committee relate to 'Upholding Professional Standards' (moved to the Remuneration & Terms of Service Committee) and staff engagement including monitoring Staff Survey results and actions (moved to SPPH). F&P Committee membership was also strengthened with the attendance of the Executive Medical Director to ensure clinical oversight as part of the quality impact assessment process. The Board took the opportunity to revise its meetings schedule, moving to bi-monthly Board meetings.

14.5 The Board's committee structure from September 2018 comprised eight committees and two sub-committees, namely the:

- Audit Committee;
- Remuneration and Terms of Service Committee;
- Mental Health Act Committee with its Mental Health Act Power of Discharge Sub-Committee;
- Finance and Performance (FandP) Committee;
- Information Governance and Informatics Committee;
- Quality, Safety and Experience (QSE) Committee;
- Strateg, Partnerships and Population Health (SPPH) Committee;
- Charitable Funds Committee, with its Charitable Funds Advisory Group Sub-Committee.

14.6 These committees and sub committees were in addition to the Health Board's three Advisory Groups and three Joint Committees, as illustrated in the structure diagram in Figure 1 below. A Savings Programme Group reporting to the F&P Committee was established to monitor manage and report on the development and delivery of the Health Board's Savings Programme; its inaugural meeting was held in April 2019.

14.7 The Strategic Health and Safety (H&S) Committee formally reports to the Quality, Safety and Experience Committee. The committee has not met during 2018/19 having last held a meeting in October 2017. Over the course of 2017/18, the arrangements in place within the Health Board were subject to a review by Internal Audit. The report titled *Review of Corporate Legislative Compliance: Health & Safety at Work etc. Act 1974* was finalised in March 2018 and considered by the Audit Committee in May 2018. The review, based on field work undertaken between July and December 2017 provided an overall limited assurance opinion. Since October 2018, accountability for Health and Safety has been allocated to the Executive Director of Workforce and Organisational Development (having resided temporarily with the Executive Director of Nursing and Midwifery between April and October 2018 following the abolition of the Chief Operating Officer role). The Executive Director of Workforce and Organisational Development prepared a detailed report for the November 2018 Board setting out a series of proposals to address the shortcomings following an initial review of the structures in place and the availability/visibility of critical information. New leadership structures have been agreed with the appointment of an Associate Director of Health, Safety and Equality, two Heads of Health and Safety, a Violence and Aggression Manager (0.8 full time equivalent) and three Safety Advisors. Work is now in hand to:

- Review and recommend an effective governance and performance management structure to align with the overall accountability and assurance structure of the Health Board;
- Develop a 3 year improvement plan with clear and time bound objectives for delivery within 2018/19 and each year following to be considered by the Board no later than March 2019;
- Continue to build on the work undertaken by the Executive Director of Nursing and Assistant Director of Quality Assurance to develop a more effective relationship with the Health and Safety Executive to secure trust and confidence in the Health Board.

The Board approved the proposals and at the time of writing the H&S Committee is scheduled to commence meeting again in May 2019 and then monthly for an initial nine month period, reverting to bi-monthly thereafter.

14.8 The Health Board has three Advisory Groups to assist it in performing its statutory duty to take account of representations from the community it serves and other key stakeholders. The three groups are the Stakeholder Reference Group (SRG), Healthcare Professionals Forum (HPF) and the Local Partnership Forum (LPF). Two of the Advisory Group Chairs are invited to attend as follows:

- Quality, Safety and Experience Committee – HPF Chair;
- Strategy, Partnerships and Population Health Committee – SRG Chair.

14.9 The Health Board's Committee and Advisory Group structure is illustrated below in Figure1.

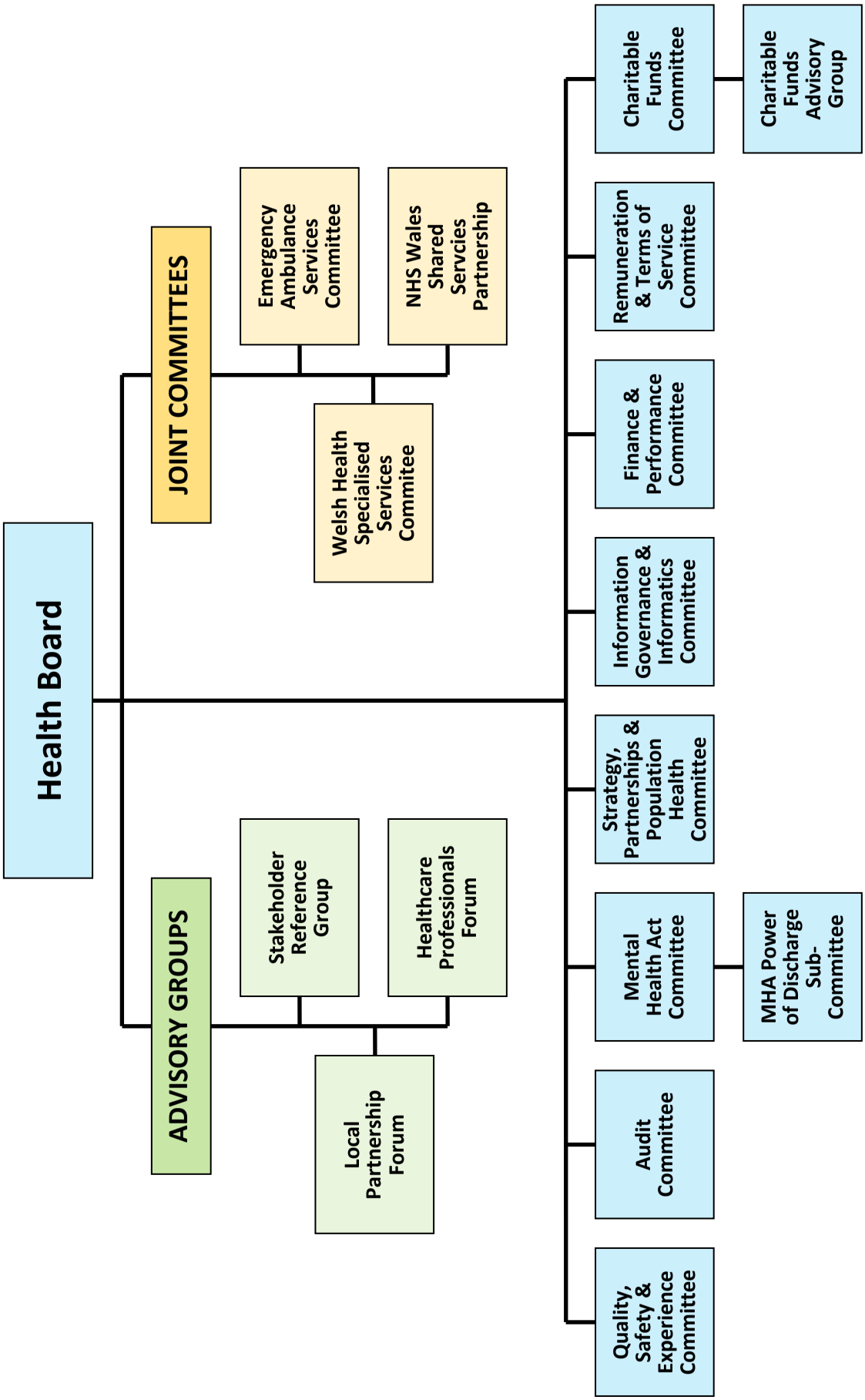
14.10 Committee / Sub-Committee Membership is detailed in Appendix 1. Health Board members' attendance at Board meetings is detailed in Appendix 2. Board and Committee meetings held throughout the year are detailed in Appendix 3.

14.11 Each Board committee produces an annual report. The Audit Committee receives all the committee annual reports in advance (May meeting) and then submits an overarching assurance report to the Board. The 2018/19 annual reports were considered in detail by a workshop of Audit Committee Members in May 2018 and then formally received by the Audit Committee at its meeting later that month. They detailed the business, activities and main issues and risks dealt with by the Committees or escalated to the Board during the previous year.

14.12 Committee Chairs provide written assurance reports to the Board after each committee meeting, highlighting issues of significance and any key risks. These Chairs' reports are published with Health Board papers.

14.13 The significant matters considered by the committees, and examples of actions taken during 2018/19 were as follows from section 14.14 onwards. These key issues feature as highlights in Committee Chairs' Assurance Reports.

Figure 1: The Health Board's Committee and Advisory Group Structure



14.14 Audit Committee

The role and purpose of the Committee is to advise and assure the Board and the Accountable Officer on whether effective arrangements are in place - through the design and operation of the LHB's system of assurance - to support them in their decision taking and in discharging their accountabilities for securing the achievement of the LHB*'s* objectives, in accordance with the standards of good governance determined for the NHS in Wales. Where appropriate, the Committee will advise the Board and the Accountable Officer on where, and how, its assurance framework may be strengthened and developed further.

14.15 Examples of some of the key issues that have arisen during the year and which the Committee has dealt with are set out below:

- The Committee acknowledged the additional resources required to fully meet the audit frequency in the National Cleaning Standards and that these would be considered as part of the 2019/20 budget setting process.
- As mentioned in the last AGS, the Committee has piloted the NWSSP Team Central database for the tracking of audit recommendations and has worked with Internal Audit and the Office of the Board Secretary is now using this system to input and monitor all External Audit recommendations. The Committee continues to hold Executives to account by requiring them to attend meetings to present evidence of progress on key issues, for assurance purposes.
- The Committee received the Public Health Wales Programme Closure report following the WAO Report on the collaborative arrangements for managing Public Health resources. The Committee noted with some concern the review of allocated funding across Wales which would have a £400,000 adverse impact on the North Wales population. The Health Board's Director of Public Health informed members that despite discussions at Chief Executive level attempts to reverse this decision had been unsuccessful.
- Managing the Outpatients' Backlog – Limited Assurance Internal Audit Report - Members expressed serious concerns relating to demand and capacity and failure to manage the clinical risks effectively, and the lack of evidence and traction in terms of resolving any of the issues identified in the report despite the Board having been sighted on the issues previously. Members felt that an overarching transformational plan was needed. The Committee concluded that the matter required escalation to both Quality, Safety and Experience Committee and Board to ensure sufficient oversight and traction given the scale of the issues involved, and the need to develop both a strategic and operation plan.
- Clinical Audit – Members expressed conerns that actions identified as part of previous Structured Assessments in relation to Clinical Audit had not been addressed and there was a need for a clearly articulated plan to set out how clinical audit would address the strategic objectives of the organisation taking a risk based approach to support quality improvement going forward.

Minutes and papers from the Committee meeting are available here[15].

15 http://www.wales.nhs.uk/sitesplus/861/page/51690

14.16 Charitable Funds Committee

The purpose of Betsi Cadwaladr University Health Board's Charitable Funds Committee is to make and monitor arrangements for the control and management of the Health Board's Charitable Funds. Awyr Las is the umbrella charity for over 350 charitable funds which together support every ward, unit, department, specialty and community project right across the area of North Wales which is served by the Betsi Cadwaladr University Health Board. Awyr Las, provides enhanced services over and above what the NHS funds. Gifts from the public make a huge difference to the care and treatment that our dedicated NHS staff are able to provide.

14.17 Examples of some of the key issues that have arisen during the year and which the Committee has dealt with are set out below:

- The Committee welcomed the work being done to bring the charity's risks onto the Health Board's Datix system, which will ensure that they are reported and scored in a consistent way and in line with the Corporate Risk Register.
- The Committee received an update report on the staff engagement strategy. This included the key deliverables for each project within the strategy and details of how the benefits will be measured, including key metrics. The scope of some elements of the individual projects have been amended in line with the updated Workforce objectives and the total projected cost reduced to £0.25m. The Committee requested that updates on progress be provided quarterly.
- The committee rejected a proposal to spend £100,000 of the allocated Staff Engagement Fund underspend as a Staff Development Grant. The committee also emphasised the need to improve the current evaluation and monitoring processes and to investigate ways of better measuring the impact of the funding.
- It was noted that £2.5m had been received by Awyr Las during 2017/18 with total donations and fundraising income received amounting to £1,573,000. 5,193 donations were received and grants worth £2.7m were given to research, training, equipment and improvement of hospital environments.
- The Committee noted and expressed their thanks for the contribution of £500,000 from the Livsey Trust towards equipment in the new Hybrid Theatre at Ysbyty Glan Clwyd.
- The revised Reserves Policy for the charity, which maintained the target level of reserves at £3,060,000, was approved by the Committee.

Minutes and papers from the Committee meeting are available here[16].

14.18 Mental Health Act Committee (MHAC)

The purpose of Betsi Cadwaladr University Health Board's Mental Health Act Committee is to ensure that all the requirements of the Mental Health Act 1983 (as amended) are met by the Health Board.

Examples of some of the key issues that have arisen during the year and which the Committee has dealt with are set out below:

- Concerns were expressed at the pressure placed on practitioners across all sites relating to the increasing number of requests for Deprivation of Liberty assessments, though it was acknowledged that plans were in place to increase the number of Best Interest Assessors [BIA], who have since been recruited to in year.

16 http://www.wales.nhs.uk/sitesplus/861/page/44875

- North Wales Police (NWP) Medical Officers are no longer available, which is placing consultants under considerable pressure due to the number of requests for fitness to plead assessments. Discussions are continuing with NWP and the Mental Health and Learning Disability Division (MHLD).
- Concerns were expressed around staff having the appropriate training for dealing with S136 for under 18s. Members acknowledged the work being undertaken regarding capacity and demand management, due to staff retention issues. Members noted that the Welsh Government Delivery Unit expected to conclude their Demand and Capacity work early in 2019, which it was hoped will help address challenges in delivering the Mental Health Measure in Child and Adolescent Mental Health Services (CAMHS). The reasons for missing the targets centered around increased demand in CAMHS referrals and a reduction in capacity due to sickness, maternity leave and vacancies impacting on the sustainable delivery of targets & driving down performance. Whilst feedback from a two-day visit from Welsh Government to consider Together 4 Children and Young People was awaited, there was concern about internal and external communications. The crisis pathway for young people in distress and Out of Hours access to the emergency bed was an ongoing issue. These matters were being addressed by MHLD and Children's Services.

Minutes and papers from the Committee meeting are available here[17].

14.19 Finance and Performance Committee

The purpose of the Committee is to advise and assure the Board in discharging its responsibilities with regard to its current and forecast financial position and performance and delivery. This includes the Board's Capital Programme, Informatics and Information Governance, Communications and Technology Programmes and Workforce matters.

Examples of some of the key issues that have arisen during the year and which the Committee has dealt with are set out below:

- The Committee discussed concerns regarding the financial position including significant pressures in a number of areas including Mental Health and Learning Disabilities, Secondary Care, Unscheduled Care, Planned Care, Agency Costs, RTT, Out of Area Placements and Care Packages. The Health Board developed closer monitoring systems although it was necessary to revise the forecast deficit to £41m.
- The Committee discussed Health Board's turnaround programme on a monthly basis. Following concerns on progress, the Programme Management Office (PMO) supporting structure has been appointed to improve capacity. In addition, the Committee has set up a Savings Sub-Group to monitor activity.
- In response to the concerns raised above the Chair has commissioned an assurance review of current financial control management and turnaround activity to be completed and reported by June 2019.
- Upon joining the Health Board in September 2018, the new Chairman decided personally to chair the Committee and this has introduced an added rigour to the scrutiny of F&P business. This has included a more robust focus on performance such as the development of a new format for the Integrated Quality & Performance Report and making 90 day unscheduled care plan progress and referral to treatment time (RTT) waits standing agenda items.

Minutes and papers from the Committee meeting are available here[18].

17 http://www.wales.nhs.uk/sitesplus/861/page/48736
18 http://www.wales.nhs.uk/sitesplus/861/page/85397

14.20 Quality, Safety and Experience Committee

The purpose of the Committee is to provide advice and assurance to the Board in discharging its functions and meeting its responsibilities with regard to quality, safety and patients and service user experience of health services.

Examples of some of the key issues that have arisen during the year and which the Committee has dealt with are set out below:

- The Committee had noted continued concern at the level of pressure ulcers. The Committee required a number of controls and actions to be put in place in-year including increased training and awareness for staff to ensure correct reporting processes; close liaison at a senior level with the Ambulance Trust to reduce the risk of pressure ulcers resulting from long waits in ambulances; the development of the harms dashboard and the establishment of an improvement collaborative.
- With regards to ward staffing levels, Committee members required the Associate Director of Quality Assurance to look at an enhanced reporting functionality to the Committee. An issue around paediatric middle grade cover in the West was also considered at the Committee with the Executive Medical Director being required to assure the Committee around the mitigating actions being taken, and the Executive Director of Primary Care & Community Services to develop a wider paper on governance and escalation processes for this service.
- The Committee received regular items on Safeguarding and the Committee had fed back to the Associate Director of Safeguarding on their requirements in terms of future reporting, enabling the papers to clearly articulate any gaps in assurance. The Committee also contributed to the review of corporate risk CRR16. In terms of Depriation of Liberty Safeguards the Committee also lent its support to a review of the corporate team to ensure demand and challenges could be met.
- During 2018-19 the Committee cycle of business was amended to reflect that Health & Safety would feature as a standing item. The Committee required amendments to the Health & Safety Annual Report to be made before it was submitted to the full Health Board.
- The Committee required the establishment of a task group to develop the format and content of Listening and Learning from Experience reports which resulted in a refreshed report being presented in March 2019 where members welcomed the revised format and suggested further improvements going forward to present the information in a positive way.

Minutes and papers from the Committee meeting are available here[19].

14.21 Strategy, Partnerships and Population Health Committee

The purpose of the Committee is to provide advice and assurance to the Board with regard to the development of the Health Board's strategies and plans for the delivery of high quality and safe services, consistent with the Board's overall strategic direction and any requirements and standards set for NHS bodies in Wales. The Committee does this by ensuring that strategic collaboration and effective partnership arrangements are in place to improve population health and reduce health inequalities.

19 http://www.wales.nhs.uk/sitesplus/861/page/85396

Examples of some of the key issues that have arisen during the year and which the Committee has dealt with are set out below:

- Capacity within the organisation to complete the Board's 3 year plan was identified as a concern and assurances were sought regarding delivery within the timescales set by the Board.
- Concerns were identified with the robustness of reporting against the Annual Operational Plan and as a result the reporting framework was modified.
- Whilst progress was noted on the draft divisional improvement plans arising from issues highlighted within the Staff Survey 2018, assurances were provided that Executive visibility would be appropriately addressed.
- Whilst significant work was noted within the draft Estates and Workforce Strategies as part of the Three Year Plan, the Committee was provided with the opportunity to put forward additional comments and sought assurance that a Communications Plan would be in place, emphasising the importance of clear messaging.

Minutes and papers from the Committee meeting are available here[20].

14.22 Remuneration and Terms of Service Committee

The purpose of the Committee is to provide:

- Advice to the Board on remuneration and terms of service for the Chief Executive, Executive Directors and other senior staff within the framework set by the Welsh Government;
- Assurance to the Board in relation to the Health Board's arrangements for the remuneration and terms of service, including contractual arrangements, for all staff, in accordance with the requirements and standards determined for the NHS in Wales; and
- To perform certain, specific functions as delegated by the Board and listed as within the terms of reference.

Examples of some of the key issues that have arisen during the year and which the Committee has dealt with are set out below:

- Requesting further updates relating to spikes in data refererals to the Nursing & Midwifery Council (NMC) in April to June 2016.
- Risks associated with the realignment of Executive portfolios and the associated reporting lines below Executive level.
- Compliance issues relating to the implementation of the Smoke Free Policy.
- Risks associated with failure to have in place appropriate remuneration arrangements for very senior managers.

Minutes and papers from the Committee meetings are available here[21].

14.23 Information Governance and Informatics Committee

The purpose of the Committee is to advise and assure the Board in discharging its responsibilities with regard to the quality and integrity; safety and security and appropriate access and use of information to support health improvement and the provision of high quality healthcare. The inaugural quarterly meeting took place on in November 2018.

20 http://www.wales.nhs.uk/sitesplus/861/page/85403
21 http://www.wales.nhs.uk/sitesplus/861/page/77170

Examples of how the Committee has acted upon emerging issues that have arisen include:

- In respect of risk and the potential actions and mitigation costs outlined in supporting the Telepath system, and the Committee's concern regarding escalation, the Board Secretary clarified the governance system in place.
- The Health Board's position on the Electronic Patient Record was discussed and concern raised regarding progress and whether the risks were adequately monitored.
- Concern with the performance of national systems were highlighted in the Wales Audit Office (WAO) Informatics report and the Public Accounts Committee (PAC) report.

Minutes and papers from the Committee meetings are available here[22].

14.24 Advisory Groups

14.24.1 Items of business considered by the Board's Advisory Groups are detailed below. The Chair of each Group provides an Assurance Report to the Board after each meeting to highlight significant issues or advice.

14.24.2 Stakeholder Reference Group

The role of the Stakeholder Reference Group is to provide:

- Continuous engagement and involvement in the determination of the Health Board's overall strategic direction;
- Provision of advice on specific service proposals prior to formal consultation; as well as
- Feedback on the impact of the Health Board operations on the communities it serves.

During the year the SRG has been engaged in the following key matters:

- Learning Disability Services – Joint Strategy;
- Review of Stroke Services and the proposed changes to be considered by the Health Board;
- NHS Wales Strategic Direction – "*A Healthier Wales Plan: Our Plan for Health & Social Care";*
- Review of Unscheduled Care (Including Out of Hours);
- Cluster Development Plans - Primary Care;
- Developing the Third Sector Strategy;
- Wylfa Development.

Details of the issues considered and discussed by the Group are documented within the minutes which are available here[23].

22 http://www.wales.nhs.uk/sitesplus/861/page/97583
23 http://www.wales.nhs.uk/sitesplus/861/page/51648

14.24.3 Local Partnership Forum

The purpose of Betsi Cadwaladr University Health Board's Local Partnership Forum (LPF) is to:

- Consider national developments in NHS Wales workforce and organisational strategy and their implications for the board;
- Negotiate on matters subject to local determination;
- Ensure staff organisation representatives time off and facilities agreement provides reasonable paid time off to undertake their duties and that they are afforded appropriate facilities using A4C facilities agreement as a minimum standard;
- Establish a regular and formal dialogue between the Board's executive and the trade unions on matters relating to workforce and service issues;
- In addition the LPF can establish Local Partnership Forum sub groups to establish ongoing dialogue, communication and consultation on service and operational management issues. Where these sub-groups are developed they must report to the LPF as per the cycle of business.

During the year the LPF has been engaged in the following key matters:

- Regular updates on BCUHB's financial position, whilst under Special Measures.
- The link between the Trade Unions in BCUHB working in partnership with BCUHB and the Chief Executive.
- Regular focus put on the prevention of illness, the need for early intervention and the strengthening of primary and community services.
- Due to the increase in short and medium term staff sickness, improved staff engagement within BCUHB. The requirement for more staff development programmes and opportunities, better staff health, wellbeing and support and the messages that need to be communicated by both managers and trade unions across the organisation.
- The steps necessary to streamline the processes surrounding appointing successful job applicants to their new positions.

Details of the issues considered and discussed by the Forum are documented within the minutes which are available here[24].

14.24.4 Healthcare Professionals Forum

The purpose of Betsi Cadwaladr University Health Board's Healthcare Professionals Forum is to facilitate engagement and debate amongst the wide range of clinical interests within the Health Board's area of activity, with the aim of reaching and presenting a cohesive and balanced professional perspective to inform the Health Board's decision making.

24 http://www.wales.nhs.uk/sitesplus/861/page/52988

During the year the HPF has been engaged in the following key matters:

- Workforce priorities and draft 3 year workforce strategy and representation of the HPF on the newly created Workforce Transformation Group;
- Stroke Services and the comprehensive service redesign taking place;
- "7 day working" to support weekend discharge planning;
- Strategy for the Development of Community Dental Services in North Wales for the period 2017 to 2022;
- Together We Care': a synopsis of the All Wales Medical Workforce Strategy;
- Health Board's draft 3 year plan;
- Optometry and Contact Lens provision;
- Work in progress to develop an all Wales Therapy Framework;
- Dental: Consultant Paediatric Dentistry - regarding the feasibility of appointing to a shared Consultant in Paediatric Dentistry.

Details of the issues considered and discussed by the Forum are documented within the minutes which are available here[25].

14.24.5 Joint Committees

14.21.1 The Board also receives and considers regular summaries, copies of minutes or reports from the Welsh Health Specialised Services Committee (WHSSC), Emergency Ambulance Services Committee (EASC) and the NHS Wales Shared Services (NWSSP) Partnership Committee. These can be accessed via Health Board papers here[26].

15. The Purpose of the System of Internal Control

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

15.2 The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Health Board's strategic goals and corporate objectives. This includes evaluating the likelihood of those risks being realised and the impact should they be realised, and the arrangements in place to manage them efficiently, effectively and economically. The system of internal control has been in place for the year ended 31 March 2019 and up to the date of approval of the annual report and accounts.

25 http://www.wales.nhs.uk/sitesplus/861/page/51649
26 http://www.wales.nhs.uk/sitesplus/861/page/94107

16. Capacity to Handle Risk

16.1 The Health Board has a challenging risk profile due to the diversity of services provided, ranging from primary and community services through to acute hospitals, mental health services and support prison health services. In addition, the Health Board has a wide geographical spread, cultural diversity and significant provision of services from England. It also has to be capable of dealing with peaks in demand as a result of North Wales being a holiday destination of choice for many.

16.2 Lead responsibility for risk and assurance rests with the Board Secretary who also acts as the Board's Senior Information Risk Owner (SIRO).

16.3 The Health Board has in place a structure to identify, assess and control its risks. During 2018, the Health Board's corporate risk management team was fully resourced to deliver risk management support to all services across North Wales. The primary aim of the team is to continue to provide the Health Board with a competent advice and support service for the development of effective systems and arrangements to help embed the Board's approach to risk management at all levels.

16.4 The Risk Management Strategy remains an active document and following changes made to executive portfolios during 2018 and the Board Workshop in December 2018, the Health Board has further explored its approach to risk management, discussed in detail its risk appetite, objective setting in the context of a 3 year plan, the calibration of risks and opportunities to improve reporting mechanisms. Therefore a revised version of the Risk Management Strategy is being progressed which will include the separation of the Risk Appetite Statement to improve its visibility and ownership and to test this against the emerging corporate objectives.

16.5 In January 2019 the Health Board set up a new Risk Management Group which is chaired by the Chief Executive, with its inaugural meeting held in April 2019. The Group has been established to oversee the implementation of the Risk Management Strategy to drive through consistency and coordination of improvements in risk management practices and to seek assurance on the effectiveness of risk management systems and processes. The Group will also seek assurances from the Health and Safety Group and the Quality and Safety Group ensuring there is evidence of learning from patient and staff experience.

16.6 Risk Management procedures, guidance and training plan continue to be implemented across the Health Board to fully support embedding risk management, alongside each divisional area adopting the standard model risk management process and escalation plan. This has been supported by independent expert facilitation to ensure best practice and at Board level with a programme of work planned for 2019.

16.7 In December 2018 an Internal Audit report on how the risk management strategy was being embedded across the Health Board provided reasonable assurance. Whilst there was evidence that Divisional Risk Management Procedures were in place, training had been provided and risk management had been embedded within the local governance structures, weaknesses were identified in some of the divisional and departmental approval processes of their risk management arrangements. A detailed management response was prepared to address the recommendation made and has been implemented.

16.8 The Risk Management Strategy will be further reviewed in 2019 to take account of the feedback received from the Board Risk Management Workshop in December 2018 alongside the relaunch of the Health Board's Risk Appetite Statement.

16.9 Following the initial project to centralise a register and management system for the Legislative Assurance Framework within the Health Board, work continued to assess the level of compliance alongside the likelihood and impact of non-compliance, with regular reporting to the Audit Committee. Members were supportive of this development and progress being made.

16.10 This work was also shared with the All Wales Board Secretaries meeting in October 2018. Furthermore, following the Law Commission's Recommendations (The Form and Accessibility of the Law Applicable in Wales), the Welsh Government had committed to pursue a programme of (electronic) consolidation and codification of devolved legislation. BCUHB supplied the list of compiled legislation to the Welsh Government.

17. Corporate Risk and Assurance Framework

17.1 The Board has continued with its previous approach to the management of risk adopting the 5 tier framework, details of which are included within the Risk Management Strategy. Guidance and procedures have been revised throughout the year. As mentioned earlier in the document, there has been a significant refresh of Board Membership and therefor a dedicated Risk Management Workshop took place in December 2018. Further work is planned and this is scheduled for approval by the Audit Committee in May 2019.

17.2 All Executive Directors are required to ensure the management of risk within their particular area of responsibility and this is explicit within the Risk Management Strategy. In addition, all staff are encouraged and empowered to use risk management processes as a mechanism to highlight areas they believe need to be improved. Where staff feel that raising issues may compromise them or may not be effective, they are encouraged to follow guidance on whistle blowing and raising concerns.

17.3 The Board have continued to use an integrated Corporate Risk and Assurance Framework approach which combines the former Board Assurance Framework (BAF) document and the Corporate Risk Register.

17.4 During 2018 the Board continued to review the CRAF in this format. Each risk on the CRAF has now been further refined and is presented to the Board as a risk on page. This includes a visual representation depicting the movement of the risk scoring over a defined period, in addition to respective assurance reporting arrangements and links to the Special Measures Framework.

17.5 Throughout this period a significant amount of work has been undertaken to further develop and refine the CRAF and to produce an assurance map based on an All Wales approach.

17.6 This approach recognised the importance of having an effective system in place in which identifying and managing risk was a continuous thought process for the Board in order to satisfy the Audit Committee that risks are being managed well. The Audit Committee has agreed that there should be three distinct products (acknowledging that there would be local variation), namely:

- A narrative BAF document;
- The Assurance framework map;
- The Corporate Risk Register (using the current risk on a page template).

17.7 The Assurance Framework map was populated and presented to the Audit Committee in September 2018. The Map presented was the product of a series of meetings with Leads. The key deliverables had been aligned to the objectives emanating from the Health Board's three year plan. Further work is now being undertaken to refresh the assurance map based on the new objectives that were signed off by the Board in the March 2019 meeting.

17.8 The Board Assurance Framework narrative document will also be refreshed and presented for approval alongside the Risk Management Strategy in May 2019.

17.9 The Health Board's current risk appetite statement set out below describes the risks it is prepared to accept or tolerate in the pursuit of its strategic goals.

> *"The Health Board recognises that its long term sustainability depends upon the delivery of its strategic goals and its relationships with its patients, the public and strategic partners. The Health Board will not accept risks that materially impact on quality and safety or regulatory compliance. The Health Board takes a cautious view regarding the risks it is prepared to take in terms of financial control, preferring 'safe delivery options' with a low degree of inherent risk.*
>
> *"However the Health Board has greater appetite to pursue innovation. The Health Board is willing to challenge current working practices to take opportunities where positive gains can be anticipated, within the constraints of the regulatory environment."*

17.10 In defining the existing risk appetite, the Board adopted a maturity matrix for risk scoring which includes elements relating to quality and safety, regulatory compliance, finance and innovation. The Board recognises this is not a fixed concept and refreshed the risk appetite statement during the Board workshop in December 2018 which will be relaunched in 2019.

17.11 The Health Board involves its public stakeholders in managing risks that impact on them. There continues to be public engagement as an integral part of the delivering the *Living Healthier, Staying Well* strategy. Additionally the roles of the Stakeholder Reference Group and Regional Partnership Board are two significant elements of the governance structure that help to support arrangements for the management of risk facing the organisation(s) through collective dialogue.

18. Principal Risks

18.1 The Health Board has determined nine principal risks to achieving its strategic goals:

1: Failure to maintain the quality of patient services.
2: Failure to maintain financial sustainability.
3: Failure to manage operational performance.
4: Failure to sustain an engaged and effective workforce.
5: Failure to develop coherent strategic plans.
6: Failure to deliver the benefits of strategic partnerships.
7: Failure to engage with patients and reconnect with the wider public.
8: Failure to reduce inequalities in health outcomes.
9: Failure to embed effective leadership and governance arrangements.

19. Key Risks

19.1 The Corporate Risk Register was regularly reviewed and takes account of the areas in special measures as detailed below. As part of the Risk Management Strategy there is a requirement to ensure mitigating actions and controls are in place to enable the Health Board to manage each risk. All identified Corporate Risks and their associated controls and mitigating actions are scrutinised on a cyclical basis as part of the Board Committees' cycles of business. In line with the Health Board's Risk Management Strategy during the year the Health Board identified that two risk entries limited the ability of the Board to focus on and address the key issues. The Board agreed to disaggregate CRR11 Access and Delivery into two key components: CRR11a Planned Care and CRR11b Unscheduled Care; and also CRR10 Informatics into two key components: CRR10a Informatics Infrastructure and CRR10b Health Records.

19.2 In January 2019 the Health Board approved the escalation of a new risk CRR18 linked to EU Exit Transition Arrangements and the impact the exit could have on the Health Board's ability to maintain safe and effective healthcare services. This risk will be monitored during 2019 by the Strategy, Partnership and Population Health Committee on behalf of the Board. Also, a Task and Finish group has been established to scope all further risk and issues relating to EU Exit as well as involvement and engagement at a regional and national level.

19.3 The Health Board also agreed to deescalate two risks for management at Tier 2 Directorate Level. This was following submission of significant evidence, improvements and assurance. These were CRR04 Maternity Services which was also taken out of Special Measures in February 2018 and CRR08 Strategy Development, noting that the Living Well, Staying Healthier Strategy was no longer in development and had moved to the implementation stage.

19.4 The Health Board has also embedded risk management into future planning processes by aligning the Corporate Risk Profile to the emerging Three Year Outlook and 2019/20 Annual Plan.

19.5 Clinical risks are included within the overall risk management systems and processes which includes escalation and de-escalation in a consistent and standard reporting regime with Datix. This is in line with the Risk Management Strategy and supporting procedures. Examples of clinical risks include CRR02 – Infection Prevention, CRR13 – Mental Health and CRR04 – Maternity Services. More recently, the decision by the Countess of Chester Hospital no longer to accept elective patients from Wales has created potential clinical and patient safety risks. In addition, a review of the management of the Outpatients backlog as reported to the recent Audit Committee meeting (see section 24.3) has also raised concerns about the risks involved. Further detail on risk is available here[27].

20. The Control Framework

20.1 As Accountable Officer, I have personal responsibility for the overall organisation, management and staffing of the Health Board. I am required to assure myself, and the Board, that the Health Board's Executive and Clinical Management arrangements and overarching control framework are fit for purpose.

27 http://www.wales.nhs.uk/sitesplus/documents/861/19.21%20CRAF%20January%202019.pdf

20.2 The control framework is designed to manage risk at a reasonable level rather than to eliminate all risk of failure to achieve our strategic goals and corporate objectives (see also section 14). Governance and internal control of the organisation is an ongoing process designed to

- Identify and prioritise risks to the achievement of our purpose, vision, strategic goals and values;
- Evaluate the likelihood of these risks being realised and the impact, should they be realised;
- Managing these risks efficiently, effectively and economically.

20.3 The Board has agreed a risk appetite statement referred to earlier in this document in section 17.

21. Standing Orders

21.1 The Health Board has agreed Standing Orders for the regulation of proceedings and business. The Standing Orders can be accessed here[28].

21.2 The Standing Orders are designed to translate the statutory requirements set out in the Local Health Boards (Constitution, Membership and Procedures) (Wales) Regulations 2009 into day to day operating practice. Together with the adoption of a scheme of matters reserved to the Board, a scheme of delegation to officers and others and Standing Financial Instructions, they provide the regulatory framework for the business conduct of the Health Board and define its 'ways of working'. These documents, together with the Corporate Risk and Assurance Framework (incorporating the corporate risk register) and a range of policies and business standards agreed by the Board, make up the control framework within which the Board operates.

21.3 The Audit Committee routinely undertakes an annual review of the Standing Orders. The Committee approve amendments that have been reported to the Health Board for ratification. With the exception of the Scheme of Reservation and Delegation (approved by the Board in March 2019) its annual review this year has been aligned to the national review of the Model Standing Orders being undertaken by Welsh Government and which are expected to be formally presented to the Audit Committee and Board in late Spring 2019.

21.4 A Conformance Report is provided at every Audit Committee meeting. The report highlights conformance with the Standing Financial Instructions, in relation to:

- Procurement Procedures (Reporting of waivers of tenders and breaches of procurement requirements);
- Payroll Procedures (Reporting of overpayments of salaries and wages);
- Receivable and Payable Procedures (Reporting of aged balances over £10,000 and over 6 months old);
- Losses and Special Payments requirements (Reporting of losses, special payments, and write-off of balances owed to the Health Board).

28 http://www.wales.nhs.uk/sitesplus/861/page/87709

21.5 During 2018/19 examples of key issues identified in the conformance report included flagging concerns regarding the large number of invoices received by NHS Wales Shared Service Partnership (NWSSP) without a valid Purchase Order. Since the introduction of the All Wales 'No PO, No Pay' Policy, a new invoice hold code was introduced in July 2018, so that this data can be analysed and targeted action taken to address the issue.

21.6 The report also highlighted that the number of single tender waivers had increased in the third quarter of 2018/19, when compared with the prior year. Action has been taken to improve awareness of the procurement regulations and targeted work undertaken to address areas of expenditure where no tender action has been taken. Controls have been reviewed and areas for improvement identified to ensure greater compliance with EU regulations.

21.7 The value and volume of salary overpayments are monitored on a monthly basis to identify opportunities to reduce the risk of avoidable overpayments.

21.8 The Health Board continues to work to ensure that payments are made within the 30 day target period and for the period to December 2018, the number of non-NHS invoices paid on target was 95.1%. When this is not possible action is taken to escalate outstanding invoices. Improvement has been noted in the volume and value of debts over 90 days.

22. External Audit

22.1 Wales Audit Office published the following reports and documents relating to the Health Board during 2018/19. The Health Board has formally responded to each of these and actions arising from recommendations are tracked using action plans and the Audit Tracker database which the Health Board is piloting, called Team Central, with progress formally monitored by the Audit Committee. In addition the Audit Committee monitors those recommendations which are applicable to the Health Board but which may have arisen from All Wales reviews.

22.2 The following table lists the reports issued to the Health Board in 2018.

Report	Date
Financial audit reports	
Audit of Financial Statements Report	May 2018
Opinion on the Financial Statements	June 2018
Audit of the Charity Financial Statements Report	December 2018
Opinion on the Charity Financial Statements	January 2019
Performance audit reports	
Structured Assessment 2018	December 2018
Primary Care	November 2018
Other reports	
2018 Audit Plan	April 2018

These publications are available here[29].

29 https://www.audit.wales/publications

23. Corporate Governance Code

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

23.2 The Health Board follows and is compliant with the principles and relevant aspects as described in 'Corporate Governance in Central Government Departments: Code of Good Practice 2011' which are consistent with the 'Good Governance Guide' for NHS Wales Boards (second edition) issued by Welsh Government in 2017. In particular, the Board complies with the principles set out in relation to the role of the Board, Board composition, Board effectiveness and risk management. The Code of Good Practice can be accessed here[30].

24. Quality and Governance Arrangements

24.1 In July 2018 the Health Board published its Annual Quality Statement (AQS) 2017/18 which brought together a summary of how the organisation had been working over the past year to improve the quality of all the services it plans and provides. The report can be found here[31].

24.2 The Executive lead for Quality and Safety within the organisation is the Executive Director of Nursing and Midwifery, which complements the role of the Executive Medical Director and Executive Director of Therapies and Health Science.

24.3 The Quality and Safety Group (QSG) oversees the implementation of the Quality Improvement Strategy and associated delivery plans. It impacts positively on overall governance and controls by routinely monitoring clinical risk, escalating and de-escalating as necessary. The group seeks assurance from its established sub-groups, ensuring the triangulation of assurances and evidence of learning from patient experience. Each clinical divison provides a monthly assurance report to the QSG for consideration and identification of Health Board wide themes and trends, as well as providing assurance about the risks which are being managed in the various services. External audit is also used to identify risks and issues that impact on quality. For example, as noted in section 14.15 of this Statement, the Audit Committee meeting in March 2019 was presented with the findings of a review of the management of the Outpatients backlog, and a number of issues around data quality and the effective integration of systems and management of clinical risk were identified. This matter was escalated to the Board for resolution.

24.4 At the time of writing, the most recent Annual Report on Putting Things Right (PTR) was presented to the Board in July 2018 and can be accessed at agenda item 18/171 here[32].

30 https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/220645/corporate_governance_good_practice_july2011.pdf
31 http://www.wales.nhs.uk/sitesplus/documents/861/A18.3a%20Annual%20Quality%20Statement%202017-2018%20v1.0%20English%20language%20version.pdf
32 http://www.wales.nhs.uk/sitesplus/documents/861/Agenda%20bundle%20Health%20Board%2012.7.18%20Public_English.pdf

24.5 The Concerns function is under the portfolio of the Executive Director of Nursing & Midwifery and the Associate Director of Quality Assurance is responsible for the leadership of Putting Things Right (PTR) regulations. A fey focus of the function is to support and strengthen the triangulation of themes and the ability of the Health Board to learn from concerns, complaints and incidents in order to reduce repetition and harm. The total number of open complaints reduced by approximately 50% during the last six months of this Statement's reporting period. However, in terms of operational departments' adherence to statutory requirements, the time taken to respond to claimants is not routinely compliant therefore further work is required on this aspect.

24.6 The Board receives regular update reports on PTR through the Integrated Quality and Performance Report, which reflects the Health Board's performance against key Welsh Government and local targets. Additional assurance is provided through reporting to the Quality, Safety and Experience Committee on matters including compliance with PTR policy, emerging trends and themes and lessons for learning.

24.7 Principles for remedy are covered in the PTR disclosures made in the Annual Quality Statement, available here[33].

24.8 Work has been progressing to improve clinical leadership and ownership of the PTR process. The established Patient Advocacy and Support Service (PASS) in Ysbyty Glan Clwyd Hospital has shaped the development of the service in both East and West regions during 2019/20. The service will also be re-branded at this time to become the Patient Advice and Liaison Service, PALS.

24.9 As alluded to in sections 16 to 19 in this Statement, the Health Board's risk management systems have been developed to consider all risk, including clinical risks, which are identified and assessed using a generic methodology of identifying what the risk is, what could cause the risk to be realised and what or who could be impacted upon. These risks are then recorded in the Integrated Risk Management System (Datix) with the information being utilised for management reviews and escalation within the organisation as appropriate. The clinical risk management process is led jointly by the Executive Medical Director and the Executive Director of Nursing and Midwifery. During 2019/20 further strengthening of the risk management system will be undertaken to ensure that this aligns to the organisational service models and planning.

25. Engaging With Stakeholders

25.1 As part of special measures, there is an expectation that the Health Board continues to maintain a focus on engagement in order to build and improve relationships with the public and work more closely with the Community Health Council. The impact of engagement activity is being measured via a number of mechanisms including feedback from public and stakeholder surveys.

25.2 To monitor progress against this requirement, two public perception surveys have been undertaken - the first in November 2017 and a second in November 2018. The purpose of the surveys is to:

- help provide a baseline of information about levels of trust and confidence in the Health Board;
- identify and monitor any changes in attitudes towards the Health Board;

33 http://www.wales.nhs.uk/sitesplus/861/page/40903

- provide a measurement tool to establish whether our designated continuous engagement activity is impacting on how the general public view the Health Board so that weaknesses can be identified and we can act on feedback to alter our approach as necessary.

25.3 In respect of the November 2018 survey, a total of 1,161 survey responses were received by the end of the year. On the whole, there were no significant differences when comparing the findings of the 2017 and 2018 surveys. The latest survey suggested that current levels of engagement with services remain high, with the majority of respondents being aware of a wide range of services offered - over 70% of respondents stated they were aware of all services.

25.4 Respondents demonstrate a good understanding of the Health Board's role in delivering local health services (77%). However, some still believe they are unable to influence or have a say in the health priorities and decisions taken (35%). Despite this, respondents appreciate the services provided, with many highlighting excellent care from Health Board staff. The results of the survey show that respondents' priorities for improvement focus primarily on:

- The need for more consultation and active involvement with the public before decisions are taken;
- The need to be listened to: a clear demonstration that their voices are being heard and taken into account;
- A desire to be involved, but not really knowing or understanding how they can be, or indeed believing that it will make a difference.

25.5 Addressing these areas of public concern will require continued listening to our communities and stakeholders. The Health Board's engagement approach will need to develop and grow to reflect the expectations of the communities it serves.

25.6 During 2018/19, a comprehensive range of public and stakeholder engagement activities has continued across North Wales. There has been a balanced focus on both the wider community and seldom heard groups. The activities include

- Engagement with agricultural workers - in November 2018 the engagement team, supported by the Public Health Wales screening team and Dolgellau Outpatients team, visited the Bryncir Auction Centre to talk to farmers about their health priorities and issues such as bowel screening and blood pressure;
- Live Lab – the Health Board has been working with the Office of the Future Generations Commissioner and Public Health Wales to pilot this new service improvement approach, focusing on childhood obesity and healthy lifestyles;
- High visibility and reconnecting with the public - a key priority for the Health Board is to be more visible within communities and to build a strong reputation. Together with key partners, Health Board representatives have continued to attend a wide range of high footfall events such as the Denbigh and Flint, Merioneth and Anglesey shows, Mold and Llangollen Food Festivals and the National Armed Forces day held in Llandudno. Examples of partner services and organisations involved were: C.A.L.L helpline, Public Health Wales, I CAN – Mental Health, recruitment, Pharmacy, Arts in Health, primary care, North Wales Bowel Cancer Group, Cancer Research Wales and Health Wise Wales;

- Engagement Practitioners Forums - three fora have been established across North Wales, comprising public and voluntary sector engagement professionals who share good practice and pool resources.
- Outpatients - during autumn 2018, a programme of engagement was undertaken to better understand the reasons patients miss outpatient appointments. The feedback is now being used to help inform the service improvement programme;

25.7 Progress against the Staff Engagement Strategy is monitored through the Staff Engagement Working group, a tri-partite body comprising Board Members, Trade Union representatives and senior managers. Update reports on progress are submitted to the Board every six months. The results of the 2018 NHS Wales Staff Survey have been woven into the staff engagement work programme. The top three areas for improvement at organisational level highlighted by the survey were work-related stress, harassment/bullying/abuse and Executive Team Visibility/Engagement.

25.8 In his oral statement[34] in November 2018, the Cabinet Secretary for Health & Social Services highlighted the improvements in the 2018 results of the NHS Staff Survey since 2016, including staff engagement.

25.9 In the same month, the Board received a report setting out progress made against the Staff Engagement Strategy, together with the findings of the 2018 national Staff Survey. The improvement across a range of measures was noted and the proposed development of an overarching improvement plan together with Divisional improvement plans was approved. This approach is fully supported by Staffside.

26. Health and Care Standards for Wales: Governance, Leadership and Accountability

26.1 The Health and Care Standards launched in April 2015 confirmed that effective governance, leadership and accountability was essential for the sustainable delivery of safe, effective person centred care and as such was an integral part of all the Health and Care Standards.

26.2 The Health Board has been continuously self-assessing and using the learning from this, and in addition, monitoring has been undertaken by HIW, WAO and Welsh Government as an integral part of the Special Measures Improvement Framework.

26.3 A Joint Review was undertaken by HIW and WAO "*An Overview of Governance Arrangements BCUHB – A Summary of Progress*" published in June 2017. In addition to this Welsh Government commissioned Deloitte's to undertake a Financial Governance Review, published in February 2018 which included examining leadership, governance and accountability across the organisation.

26.4 In accordance with Standing Orders, all Committees of the Board have undertaken a self-assessment the results of which are incorporated into their respective Annual Reports which are reviewed by Audit Committee members and are taken into account as part of the Audit Committee Annual Reporting arrangements which in turn informs the Annual Governance Statement (AGS).

34 http://www.wales.nhs.uk/sitesplus/861/page/87723

26.5 As part of special measures arrangements the Minister has issued a series of statements indicating progress as referred to elsewhere in this Statement.

27. The Health and Care Standards (HCS): Revised Framework

27.1 The Health Board continues to embed the Health and Care standards as part of the ongoing quality work to support routine reporting and monitoring. The monthly ward to Board audits have been replaced by a revised monthly audit (launched April 2019). The revised audit has been developed in an electronic format to complement and support the recently implemented Ward Accredation programme. The audit questions have been mapped against the HCS as well as the themes from within the Ward Accredation framework.

27.2 The 'HARMS' Dashboard continues to evolve and is in the process of significant devlopment following its launch in October 2017, particular devlopment is in relation to the view for the Wards following an upgrade to the data warehouse. The Dashboard supports the implementation of the Quality Improvement Strategy and is an integeral element of the Ward Accredation programme. The combination of the dashboard and the Ward Accredation programme continues to promote a move towards establishing standards and building on the culture of continuous improvement, with the aim of being able to reduce variation and harm. The 'HARMS' dashboard is also a key enabler for the Health Board to support the work of the:

- Safe Clean Care Programme (to reduce infection rates);
- Hosptial Acquired Pressure Ulcer (HAPU) collaborative;
- Inpatient Falls collaborative;
- Medicines management collaborative.

27.3 Healthcare Inspectorate Wales (HIW) recommendations following inspections are mapped against HCS and are reported to the Quality, Safety and Experience Committee on a quarterly basis and Quality and Safety Group on a monthly basis. This is presented as a summary of Health Board actions to recommendations following inspections or reports. The summary provides a high level view in terms of those actions that are considered as outstanding i.e. beyond the completion date as determined by the Health Board. Work continues with the Community Health Council (CHC), to map and intergrate the CHC questions asked during their unannounced inspections to the HCS standards.

28. Quality Improvement Strategy

28.1 The BCUHB Quality Improvement Strategy (2017 to 2020) focuses on five aims:

1. No avoidable deaths;
2. Safe: continuously seek out and reduce patient harm;
3. Effective: Achieve the highest level of reliability for clinical care;
4. Caring: Deliver what matters most: Work in partnership with patients, carers and families to meet all their needs and actively improve their health;
5. Deliver innovative and integrated care close to home which supports and improves health, wellbeing and independent living.

28.2 Progress against the Quality Improvement Strategy is reported each year within the Annual Quality Statement.

28.3 The leadership of the Corporate Service User Experience Team has been revised to provide a single lead for the Health Board with strengthened geograhpical based teams.

28.4 In addition, the Patient Advice and Support Service (PASS) implemented in Ysbyty Glan Clwyd will be rolled out to the other areas of the Health Board during 2019/20. This service is intended to provide an identifiable accessible service to patients, their carers, families and friends by providing on the spot help with queries or concerns. The team have the power to negotiate immediate solutions or speedy resolution of problems, thereby improving the service user experience and reducing the number of formal complaints.

28.5 The Health Board has also procured a Real Time Feedback system and this has been "live" in the three district general hospitals in North Wales since September 2017 and is currently being rolled out to community hospitals in the three regions. In response to the themes and trends noted in patient feedback, the Service User Experience team have developed a Customer Care training programme that is being held on a monthly basis for all Health Board staff.

28.6 Significant work has been undertaken during 2018/19 to further develop the triangulation of information from the 2018 refreshed leadership walkabouts programme and a number of different sources. The evidence from all of these sources provides opportunities to prospectively evidence our compliance with health and care standards and priority objectives to support this triangulation.

28.7 Further work is required across the Health Board through governance arrangements to evidence local triangulation and implementation of improvement to demonstrate lessons learned.

29. Other Control Framework Elements

29.1 Equality Diversity and Human Rights

Control measures are in place to ensure that the organisation's obligations under equality, diversity and human rights legislation are complied with.

The policy framework is in place supported by a programme of training to raise awareness and build capacity about the general and specific duties within the organisation and to support staff to deliver on their responsibilities. The committee structure has been reviewed and accountability and communication strengthened. Other measures include:

- The LHSW strategy sets out the commitment to promoting equality and human rights in all Health Board functions;
- The 3 year plan clearly demonstrates how the Health Board meets the duties associated equality and human rights and the arrangements for equality impact assessment;
- The 3 year plan sets out how equality impact assessment is embedded into service change plans and informed by the findings from engagement and consultation and other evidence;
- The Health Board has made arrangements to ensure that equality considerations are included in the procurement commissioning and contracting of services;

- The Workforce Strategy and policy development is informed by workforce equality information and Equality Impact Assessment;
- Equality and Human Rights Training is mandatory for all staff;
- A programme of Equality Impact Assessment (EqIA) training is facilitated alongside coaching support and guidance;
- The Equalities and Human Rights Strategic Forum monitors compliance against the Strategic Equality Plan;
- Progress is also presented to the external Equality Stakeholder Reference Group. This group includes representation from members of the public with an interest in equality issues including the Community Health Council;
- The Equality and Human Rights Annual Report is submitted to the Board;
- The Board receive an Annual Equality Development Session;
- The Equality and Human Rights Annual Report is published and accessible to the public;
- In accordance with our duties under the Equality Act 2010 the development of a revised Strategic Equality Plan for 2020-2024 has commenced. This will include extensive evidence gathering and public engagement in collaboration with public sector partners across North Wales.

29.2 Pension Scheme

29.2.1 As an employer with staff entitled to membership of the NHS Pension Scheme, control measures are in place to ensure all employer obligations contained within the Scheme and regulations are complied with. This includes ensuring that deductions from salary, employer's contributions and payments in to the Scheme are in accordance with the Scheme rules, and that member Pension Scheme records are accurately updated in accordance with the timescales detailed in the Regulations.

29.3 Post Payment Verification

29.3.1 The aim of the Post Payment Verification (PPV) process is to ensure propriety of payments of public monies by the Health Board; this requires the Post Payment Verification team to undertake probity checks on a continuous basis. This gives the necessary assurance to the Health Board that public monies have been expended appropriately and also provides assurance to contractors regarding their arrangements.

29.3.2 An adjusted three year rolling programme of Post Payment Verification visits for General Medical Services, General Pharmaceutical Services and General Optical Services has been agreed, in accordance with NHS Wales agreed protocols.

29.3.3 The NHS Wales Shared Services Partnership (NWSSP) applies risk analysis techniques and liaises with relevant Health Board colleagues, and depending on error rates found, undertakes re-visits or other appropriate action with the Health Board.

29.3.4 Regular updates against the agreed work plan and an Annual Report are received by the Audit Committee detailing the analysis.

29.4 Carbon Reduction Delivery Plans

29.4.1 The organisation has undertaken risk assessments and Carbon Reduction Delivery Plans are in place in accordance with emergency preparedness and civil contingency requirements based on UKCIP 2009 weather projections, to ensure that the organisation's obligation under the Climate Change Act and the Adaptation Reporting requirements are complied with. Partnership arrangements and information sharing with other public bodies are also being pursued as part of continuous development of the Health Board Carbon Reduction Strategy.

29.4.2 BCUHB ISO14001 Environmental Management System

The Health Board has a number of environmental aspects which, if not carefully managed and controlled, would have significant financial and environmental impacts. As part of its corporate commitment towards reducing these impacts, the Health Board has implemented and maintains a formal Environmental Management System (EMS), which is designed to achieve the following key principles:

- Sustainable Development;
- Protection of the Environment;
- Fulfilment of Compliance Obligations;
- Prevention of Pollution;
- Continual improvement of the EMS to enhance environmental performance.

29.4.3 Effective environmental management will be achieved through the following processes:

- Promotion of the environmental policy to all relevant stake holders and interested parties;
- Identification of all significant environmental aspects and associated compliance obligations, including those resulting from legislation changes;
- Implementation of suitable and sufficient control procedures, covering normal, abnormal and emergency operating conditions;
- Establishing and monitoring key corporate objectives and targets, aimed at reducing environmental and financial impacts, in line with those specified by the Welsh Government;
- Provision of appropriate training to all relevant staff;
- Regular planned internal audits;
- Regular review of the effectiveness of the EMS by an Environmental Steering Group, chaired by a member of the Board.

29.4.4 The ISO 14001:2015 standard has now been implemented and embedded throughout BCUHB certification was achieved April 2018. The ISO14001 EMS has proven to make BCUHB more aware of their environmental responsibilities that have a significant impact on the environment, including legal and regulatory accountabilities, and enables associated risks to be managed more efficiently. The Environment Officers have successfully completed Lead Auditor transitions training, and are now IEMA/IRCA & CQI certified.

29.4.5 Members of the Environmental Management Steering Group have engaged in implementing the 2015 version of the standard by highlighting:

- The key changes, the changes service providers need to make;
- Commitment and involvement in the EMS at all levels;
- 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.

29.4.6 ISO14001:2015 provides a framework to protect the environment and respond to changing environmental conditions in balance with socio-economic needs. ISO14001:2015 helps to achieve the intended outcomes of its EMS, which provide value for the environment, BCUHB itself and interested parties. Consistent with BCUHB's Environmental Policy, the intended outcomes of the EMS include:

- Enhancement of environmental performance;
- Fulfilment of compliance obligations;
- Achievement of environmental objectives.

The assessment evidenced that the cornerstones of the system are in place, i.e. Corporate and site specific aspects & impacts, objectives & targets plus environmental Programmes in place across the sites. The Internal Audit Programme is on target and internal audits are being carried out effectively.

29.4.7 <u>Waste Management</u>

The Health Board continues to work in partnership with Seven Ways Environmental Services as its recyclable/domestic (clear bag) waste contractor to improve waste management within the Health Board and reduce its impacts on the environment, by diverting as much waste as possible from landfill. The recycling rate for the Health Board is approximately 97%; it is anticipated that recycling will continue to increase following measures that have been implemented to improve waste segregation. In conjunction with Safe Clean Care Campaign to continually improve patient safety and reduce infections, Spring clean events and Autumn cleans took place April 2018 andOctober 2018, during which furniture, electrical and metal waste were collected from 45 sites across the Health Board.

29.4.8 The All Wales Clinical Waste Contract for the collection, transportation and disposal of Clinical Waste commenced on 1st April 2017. The Health Board now benefits as Stericycle have developed a commercially viable use for the end product of orange bag clinical waste treatment processes (flock) which is used as a fuel sources and is shipped to Norway/Sweden and used as an additive to bind cement. This means that the Health Boards' alternative heat treated clinical waste is 100% recycled. Incinerated clinical waste is also 100% recycled into energy which will result in further improvements to our waste reuse/recycling figures.

29.4.9 An implementation strategy to manage the Carbon Reduction Commitment (CRC) has been developed and implemented and is now awaiting an internal audit review to test the robustness of the regime and data collection for the 2018 – 2019 period. This is the last year of CRC reporting as its being phased out. Next year CRC will be replaced by an increase on the CCL (climate change levy).

29.4.10 A Corporate Carbon Action Plan has been developed in Welsh Government standard format. Implementation will be monitored and reported annually. Most items on the plan are dependent upon resource allocation from major capital development and annual discretionary capital allocations, which will vary year on year. The action plan progress will therefore be dependent upon corporate resource availability.

29.5 Local Counter Fraud Service

29.5.1 The Audit Committee receives regular Local Counter Fraud Progress Reports, on a quarterly basis, and an Annual Report of Local Counter Fraud work which has been undertaken during the financial year. This collectively provides a summary briefing of the work which has been undertaken by Local Counter Fraud Services Team, during the year and details the main outcomes in-year, including both the number of Criminal and Disciplinary sanctions, as well as the financial recoveries which have been secured.

29.5.2 The Chair of the Audit Committee holds quarterly bilateral private meetings with the Head of Local Counter Fraud Services, to ensure that there is a clear understanding of current issues and risks, as recommended in the NHS Wales Audit Committee Handbook. The change in frequency to quarterly meetings from an annual meeting was recommended by the Executive Director of Finance. This represents an improvement in assurance for the Health Board and results in more efficient performance of the Audit Committee when dealing with Counter Fraud matters.

29.5.3 During 2017/18, the Local Counter Fraud team has undertaken a range of activities, leading to the outcomes and benefits realised as set out below:

- Regular Fraud Awareness presentations are delivered to Health Board Staff at Staff Induction training sessions, through the Step into Management Programme training courses as well as to ad-hoc groups as and when required. The Fraud Awareness presentations include information on how to report Fraud, Bribery and Corruption.
- The Health Board has an Anti-Fraud, Bribery and Corruption Policy in place which has been approved by the Audit Committee and which is publicised in the electronic staff newsletter and is available on the Health Board's web site.
- Those who wish to report fraud may do so anonymously via the NHS Protect Fraud and Corruption Reporting Line.
- Local Counter Fraud messages are included in the staff payslips.
- Fraud Deterrence Activities involving the publication of media reports relating to successful cases on Counter Fraud activities are regularly published in the Health Board's electronic staff newsletter and reported both to the Audit Committee and Welsh Government.
- Fraud Prevention Activities involving actions undertaken to directly change procedures identified as being at risk to fraud or actions to implement a structured Prevention Process are regularly carried out and reported both to the Audit Committee and Welsh Government.

- The Local Counter Fraud team have reported to the Audit Committee work which has been undertaken which has resulted in a saving of public money amounting to £705,569. This related to a fraudulent claim for Clinical Negligence which was settled out of Court by the NHS Wales Shared Services Department Legal and Risk team.

29.6 Welsh Health Circulars (WHCs) and Ministerial Directions

29.6.1 A range of WHCs were published by Welsh Government during 2018-19 and are centrally logged within the Health Board with a lead Executive Director being assigned to oversee implementation of any required action e.g. WHC(2018)015 Ordering Ajuvanted Flu Vaccine for the 2018-19 Season – was shared with infection prevention, medicines management and occupational health teams. The Nurse Immunisation Co-ordinator subsequently confirmed that the information had been shared with GPs and community pharmacies with GPs being reminded of the cut off date to place orders. The Health Board had been kept informed by the vaccine company of the progress with ordering across North Wales, and the BCUHB own pharmacy team had placed orders for the managed practices. All Independent Members (IMs) are provided with a copy of WHCs upon receipt and a copy is stored on the paperless software system. This allows IMs who are Committee Chairs to ensure that the Board or one of its Committees is also sighted on the content as appropriate. Welsh Government publish WHCs on their website here[35].

29.6.2 There were no Ministerial Directions during the past year. General Ministerial correspondence continues to be received and actioned by the Health Board with a logging and tracking system in place.

30 Data

30.1 Data Security

30.1.1 Lead responsibility for information governance in the Health Board rests with the Board Secretary who acts as the Senior Information Risk Owner (SIRO) 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 updated data protection legislation which came into force in May 2018. The Deputy Medical Director was replaced following his retirement in January 2019 by the Senior Associate Medical Director as the appointed Caldicott Guardian.

30.1.2 The Health Board's information governance and cyber security status was regularly reviewed by the Finance and Performance Committee and more recently by the reintroduction of the Information Governance and Informatics Committee in November 2018.

30.1.3 Following the successful implementation of the GDPR Programme in May 2018, assurance reporting to the Committee has included specific reference to data protection compliance and practice (including mandatory training) and Freedom of Information Act compliance.

35 https://gweddill.gov.wales/topics/health/nhswales/circulars/?lang=en

30.1.4 The Health Board has undertaken an annual self-assessment against the Caldicott C-PiP tool. This has demonstrated that the Health Board has maintained a Class 4 star rating with an increased compliance of 90% against the tool. This increase was due to the ability to assess training needs for all staff groups and the delivery of various levels of training to specific staff groups who require more advanced or specialised levels of training.

30.1.5 During the year the Health Board continued to participate in the development of the National Information Governance Toolkit to strengthen assurance and reporting arrangements across Wales. The new Toolkit will be piloted during 2019 with the first submission from the Health Board being presented in 2020.

30.1.6 The Health Board also invited the Information Commissioner's Office (ICO) to undertake a data protection compliance audit in June 2018 which focused on three main areas:

1) Governance and Accountability
2) Records Management and
3) Requests for Personal Information.

Overall the Health Board received a reasonable level of assurance from the ICO audit, and were commended for the development of an exceptional informatics portal for the Asset Register. Where weaknesses were identified, the ICO put forward recommendations primarily around enhancing existing processes. Plans were put in place to address the areas of shortfall and were incorporated into the Information Governance Work Programme for future monitoring. A copy of the Executive Summary Report is available here[36] .

30.1.7 The Health Board self-reported 8 data security breaches that triggered referral to the Information Commissioner's Office and Welsh Government. These were:

- One in relation to missing test results;
- One in relation to theft;
- One in relation to a purchased filing cabinet;
- Two in relation to the loss of records;
- One in relation to removal of information from a health record;
- One in relation to information sent to an incorrect address;
- One in relation to inappropriate access to a system.

30.1.8 Six of the incidents have been closed with no further action from the Information Commissioners Office due to the immediate actions and improvements put in place by the Health Board, with the purchased filing cabinet incident transferred to the responsibility of the local authority as data controller. The Information Commissioner's Office are not pursuing any further action in relation to the incident involving the removal of information, but require an update with regards to the Police Investigation and the outcome is still awaited with regards to the loss of information in relation to the outstanding incident. The Board did not incur any financial penalties during the year.

36 https://ico.org.uk/media/action-weve-taken/audits-and-advisory-visits/2259551/betsi-cadwaladr-university-health-board-executive-summary-v-01.pdf

30.1.9 As part of the process to ensure lessons are learnt following incident investigation, the Information Governance Team has taken a number of steps, including:

- Notifying individuals affected by the incident;
- Updates to transportation methods and use of recorded delivery for tracking to ensure more robust processes in place;
- Completion of home working risk assessments:
- Quarterly information governance bulletins are disseminated across the organisation and available on the staff intranet site;
- Alerts have been issued to all staff to remind them of their responsibilities under the data protection legislation specifically with regards to the ensuring up to date patient demographic information is recorded within systems; safe storage and transportation of personal information; information and IT security; confidential waste disposal and secure printing methods;
- Increased information governance awareness and mandatory training compliance.

30.2 Data Quality

30.2.1 The Health Board makes every attempt to ensure the quality and robustness of its data, and has regular checks in place to assure the accuracy of information relied upon. However, the multiplicity of systems and data inputters across the organisation means that there is always the potential for variations in quality, and therefore always scope for improvement, as exemplified in section 24.3 of this Statement.

30.2.2 During 2018/19 the Health Board also implemented Welsh Patient Admiistration System (WPAS) in Wrexham Maelor Hospital, with lessons learnt from the Ysbyty Glan Clwyd implementation. This was a significant achievement, supported by the local Hospital Management Team.

30.2.3 As the Health Board begins to standardise onto one Patient Administration System, with the potential for one way of working, real time data quality dashboards are being rolled out to support operational staff to take ownership of errors. This will support the standardisation agenda. In support of this, we are hoping to establish a Patient Administration System (PAS) Data Quality Forum to focus on the timeliness and correctness of data, with an operational focus. During the year data quality has been flagged in respect of data migration for WPAS in Central and East.

30.2.4 The last 12 months have seen a continued focus on addressing the significant backlog in clinical coding against the revised targets. At the same time, a 5.45% improvement in the quality of the coded data has been achieved.

30.2.5 The monthly Integrated Quality and Performance Report presented to the Board (April - October 2018) includes data on both performance against the national delivery framework indicators for the year as well as demonstrating the reported performance in the current and previous period. The current period information is demonstrated compared to the BCU planned performance for that period against profiles for the year. This assists the Board in scrutinising area where variance is greater than would be expected and also enables contributors to the report to highlight any data quality issues in their exception reports. During the year, data quality issues have been flagged in respect of the reporting of the Mental Health Measure.

30.2.6 Following a Board development workshop in September 2018 the Integrated Quality and Performance Report presented to the Board has been revised to focus on the core corporate priority areas(Nov 2018- March 2019). Committees of the Board scrutinise indicators contained in the Annual Delivery Framework aligned to the Board Committee terms of reference with escalation of any concerns to Board via the Chair's Assurance Report. From April 2019 these reports have been further refined to align reporting to the actions contained within the Annual Plan work programme for 2019-20, approved by the Board in March 2019. During the year increased use of trend data has been included in reports, with a move towards inclusion of statistical process control charts.

30.2.7 Overall, the Board is satisfied that data quality is sufficiently accurate to be able to identify patterns or trends in performance. Continuous improvement as regards data quality remains an ongoing process, the Information Department have established a data quality team within their function. CHKS provide the Health Board with data quality reports. Where there are known data quality issues these are included in the reports for the sub-committees and data quality is included in the risk register of the performance directorate.

31. Review of Effectiveness

31.1 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.

31.2 My review has also been informed by:

- Feedback from Welsh Government and the specific statements issued by the Cabinet Secretary;
- External inspections by Healthcare Inspectorate Wales;
- Delivery of audit plans and reports by external and internal auditors;
- Feedback from the Community Health Council;
- Feedback from statutory Commissioners;
- Feedback from staff, patients, service users and members of the public;
- WAO Structured Assessment;
- Publication of the HASCAS and Ockenden recommendations following the Tawel Fan investigation and governance review.

31.3 My review of the effectiveness of the system of internal control has been guided by the governance arrangements of the Health Board. We are working to continuously improve the effectiveness of the Health Board's systems of governance in a number of ways, for example:

- A review of the Board and Executive governance structure;
- A facilitated and structured Board Development Programme aligned to the needs of refreshed Board Membership;
- Implementation of the Deloitte Financial Governance Review recommendations;
- During 2017/18 the Health Board introduced a GDPR Transition Programme and introduced an implementation plan based on the Information Commissioner's Office (ICO) guidance. Work has continued throughout 2018/19 to ensure compliance with the new GDPR and Data Protection Act requirements and progress continues to be monitored via the Operational Information Governance Group with issues of significance being reported up to the newly established Information Governance and Informatics Committee;
- Review of BCUHB Wide Policies and the new intranet and internet arrangements and launch of the mobile staff application;
- Scrutiny and monitoring of the HASCAS and Ockenden recommendations via the HASCAS and Ockenden Implementation and Stakeholder Groups;
- A strengthening of the system of Quality Impact Assessment (QIA) of savings schemes, with progress to be measured from samples of completed QIAs and a record of outcomes as part of the Internal Audit Programme in Quarters 1 and 2 of 2019/20;
- Integrated Performance Reporting and revised accountability framework – revised arrangements have been agreed and are being tested for six months (from January 2019) to ensure that they provide a more robust and effective accountability mechanism. A programme of health economy reviews have been established and the outcomes from the first tranche took place in March 2019 with a feedback session for learning from the process having taken place at the end of March 2019;
- Continued efforts to meet the expectations of the Special Measures Improvement Framework across the four themes of leadership & governance; strategic & service planning; mental health; and primary care;
- Addressing the recommendations from the Internal Audit of Health and Safety;
- Ongoing work to improve the management of concerns and claims;
- Addressing concerns raised by previous WAO Structured Assessment reports to align the Clinical Audit Plan of the organisation to its strategic priorities, and ensuring alignment with the key risks of the Health Board.

32. Internal Audit

32.1 Internal Audit provided me as Accountable Officer, and the Board through the Audit Committee, with a flow of assurance on the system of internal control. A programme of audit work was commissioned and 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 focused on significant risk areas and local improvement priorities.

32.2 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.

32.3 The Head of Internal Audit has concluded:

"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."

	The Board can take **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.

Particular focus should be placed on the agreed response to any *limited* or *no-assurance* reports issued during the year and the significance of the recommendations made.

32.4 Basis for Forming the Opinion

In reaching the opinion, the Head of Internal Audit has applied both professional judgement and the Audit & Assurance "*Supporting criteria for the overall opinion*" guidance produced by the Director of Audit & Assurance and shared with key stakeholders.

The Head of Internal Audit has concluded *reasonable assurance* can be reported for the Financial Governance & Management; Information Governance & Security; and Capital & Estates Management domains; but only *limited assurance* can be reported for the Corporate Governance, Risk Management and Regulatory Compliance, Quality and Safety, Strategic Planning, Performance Management and Reporting; Operational Service and Functional Management, and the Workforce Management domains.

The evidence base upon which the overall opinion is formed is as follows:

- An assessment of the range of individual opinions arising from risk-based audit assignments contained within the Internal Audit plan that have been reported to the Audit Committee throughout the year. This assessment has taken account of the relative materiality of these areas and the results of any follow-up audits in progressing control improvements;
- The results of any audit work related to the Health & Care Standards including, if appropriate, the evidence available by which the Board has arrived at its declaration in respect of the self-assessment for the Governance, Leadership and Accountability module; and

- Other assurance reviews which impact on the Head of Internal Audit opinion including audit work performed at other organisations (see Section 3 – Other Work for details).

As stated above these detailed results have been aggregated to build a picture of assurance across the eight key assurance domains around which the risk-based Internal Audit plan is framed. Where there is insufficient evidence to draw a firm conclusion the assurance domain is not rated.

In addition, the Head of Internal Audit has considered residual risk exposure across those assignments where limited or no assurance was reported. Further, a number of 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. Where changes were made to the audit plan then the reasons 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 in each of the domains is set out below. Each domain heading has been colour coded to show the overall assurance for that domain.

Corporate Governance, Risk Management and Regulatory Compliance (Amber)

- We identified reasonable assurance for both the Welsh Risk Pool claims management standard and Risk Management Strategy where embedded controls appeared to be operating as expected. We made one recommendation surrounding the scrutiny of operational compliance against the strategy and note the establishment of the Risk Management Group which is to be chaired by the Chief Executive which will discharge this function.
- Operational compliance with the Standards of Business Conduct was satisfactory although the approval of declarations of interests across some operational divisions requires improvement. The Office of the Board Secretary now scrutinises and upholds the requirements of the Standards for all recorded gifts and hospitality, which ensures independence in the process – reasonable assurance.
- Corporate Legislative Compliance: Nurse Staffing Levels (Wales) Act 2016 where we identified issues surrounding Ward compliance with the Act; a number of the wards were not using the nurse staffing levels approved by the Board or the shift times used to calculate the nurse staffing levels; inconsistent and in some cases incomplete input of information on the Safecare system; monthly performance reporting identifying safe staffing is not ward specific and was a requirement on the Action Plan – limited assurance.
- The review of governance arrangements in Mental Health and Learning Disabilities division identified issues of compliance with established terms of reference; limited evidence that the transformation agenda is being subject to scrutiny; and the quality and safety agenda is reviewed so that the divisional quality and safety meeting is not overwhelmed in both detail and expectations as it attempts to ‘catch-all’ matters of quality and safety within the division – limited assurance.

- The review concerning the tendering for goods and services in the Estates Department identified significant matters of non-compliance with Standing Financial Instructions as well as the department's own operational procedure. Management have been actively working to address the issues identified and ensure existing internal controls are improved to reduce the risk of a similar issue occurring in the future – no assurance.
- The Health Board has been actively tracking internal and external audit recommendations throughout the year, where all require sign-off as implemented by the relevant executive director. Follow-up reviews of agreed actions has resulted in the closure of recommendations where we found evidence of implementation and these have been reported to the Audit Committee during the year.

Strategic Planning, Performance Management & Reporting (Amber)

- Overall assurance is positive in the review of the Annual Report – verification of reported data where minor issues were identified and the action plan developed was agreed by management.
- Business Continuity Arrangements recorded limited assurance; whilst the Business Continuity Department (BCD) actively support the roll out/work plan developed, assurance on the effectiveness of the developed Business Continuity Plans will not be possible until such time they are subject to testing, which business continuity leads advised they had not done. Progress has been made since the last review and the corporate department are active in providing training, however there remains a gap in the establishment of regular lead meetings per Policy – limited assurance.
- The review of Revenue Business Cases, against a sample due for development in the annual operational plan, identified a gap in following the guidance as well as the maintenance of a log recording receipt and scrutiny of business cases – limited assurance.

Financial Governance and Management (Yellow)

- The reviews relating to West locality compliance with the budget setting methodology; Procurement arrangements: Integrated Care Fund, Cluster and Primary Care funding as well as the Reporting arrangement for delivery of savings plans all were assessed as reasonable assurance.
- We did however identify opportunities for management to improve internal controls and these have been reflected within the findings and agreed action plans.

Quality & Safety (Amber)

- The reviews of the Annual Quality Statement and Infection Prevention and Control – Safe Clean Care recorded reasonable assurance. However, three reviews within this domain recorded limited assurance, as noted below.
- The review of managing the outpatients backlog identified a number of issues surrounding data quality and the effective integration of systems to ensure the correct patients are on the outpatient follow-up list with those subject to formal discharge removed. However, we did escalate details to management of patients who appeared at risk and should have been followed up – limited assurance.

- The review of the *National Health Service (Concerns, Complaints and Redress Arrangements) (Wales) Regulations 2011 – Part 6: Redress* identified the Corporate Concerns Team and associated processes through to completion of redress documentation were fully compliant with expected controls. Operational departments' compliance in responding to claimants was not routinely adhered to and breached statutory timelines – limited assurance.
- Implementing the Falls Policy identified the policy had been implemented across all areas visited; we identified issues of compliance with expected completion of documentation across the areas reviewed.

Information Governance and Security (Yellow)

- Three reviews within this domain recorded a mix of assurance ratings.
- Management of patient safety incidents related to informatics processes and Clinical Coding (in partnership with Informatics) received not applicable assurance.

  We undertook a questionnaire based survey for the patient safety incidents review to obtain views; followed up recommendations made by NWIS concerning their most recent clinical audit review at the Health Board.
- The Freedom of Information Act review identified that whilst evident the Health Board has its Publication Scheme, the internet pages and associated information have not been maintained [recognising that the information is likely to be available through other searches or through formal requests to the Health Board]; the site is not the most intuitive and accessing the information can be challenging – reasonable assurance.

Operational Service and Functional Management (Amber)

- The Wales Audit Office report '*Hospital Catering and Patient Nutrition Follow up review: Have the agreed actions made a positive difference*' review identified a great deal of work was being undertaken operationally through the INCHS Group, however this has not been subject to formal reporting or scrutiny through the Health Board Committee structure; There was poor self-assessment scores and no evidence how the wards were tasked with improving performance – limited assurance.
- The review of Patients Monies identified several issues of compliance with Policy, including the non-display of disclaimer notices; completion of required documentation was not in accordance with expected controls – limited assurance.
- The GP Out of Hours: Compliance with National Standards review recorded assurance not applicable as the management requested advisory review identified some differences between the self-assessment and evidence made available to support the assessment.

Workforce Management (Amber)

- Both the Review of staff earning more than £200,000 and the case management and disciplinary process recorded limited assurance.

  The review of staff earning over £200,000 noted a positive reduction in locum/agency and waiting list initiative payments, however the accuracy of one payment could not be corroborated to source timesheets/work done and did not appear to follow process for such ad-hoc payments.

  The review relating to the case management and disciplinary process noted issues surrounding the timeliness of completing investigations and how these are monitored.

- The review of the Carbon Reduction Commitment Order received substantial assurance and noted full compliance with expected controls.
- The environmental sustainability review noted that performance trends require additional narrative to underpin the reported data – reasonable assurance.
- The Sub-Regional Neonatal Intensive Care Centre (SuRNICC) review identified matters across areas reviewed including the reporting of realised benefits in accordance with the strategy – reasonable assurance.
- The capital systems review identified positive assurance surrounding monitoring and reporting; capital approval process and the procedural framework. However, less assurance was noted in the discretionary bidding process and prioritising the bids submitted – reasonable assurance.
- The primary care GP leases: Assigning leases to the Health Board review identified that there is no overarching procedure through which the Health Board structures its decision making and identification of all costs prior to assuming lease ownership. We identified one lease which had not been formally approved by the Health Board at time of this review but has since been considered by the Board – limited assurance.

33. External Audit

33.1 On behalf of the Auditor General for Wales, staff of the Wales Audit Office conducted a Structured Assessment, as referred to earlier in this Statement.

The Board considered the Structured Assessment and the associated management response at its meeting on in January 2019. At that meeting members had noted that the report contained a single recommendation which was for the Board to fully complete previous outstanding recommendations made by the WAO in 2016/2017. Some of the WAO's previous recommendations had been closed for the purposes of the audit tracker tool, as they were now being measured and monitored as part of embedded standard business processes. Discussion ensued covering mental health, concerns management, estates, the need for appropriate infrastructure to be in place for the transformational journey and the importance of getting governance right in terms of ensuring changes were made in response to WAO recommendations. The Board resolved to receive the report, accept the recommendations in the Structured Assessment, and also receive and approve the management response to the Structured Assessment - noting that actions recorded as closed would, where appropriate, be included in the relevant plans such as the Three Year Plan, Annual Operational Plan, and workforce or quality strategy and plans.

33.2 An updated version of the management response considered by the Audit Committee at its March 2019 meeting which provided a position update regarding future monitoring arrangements. The WAO will seek to gain assurance that this has happened and review progress against outstanding recommendations in April 2019.

33.3 The Auditor General for Wales' summary conclusions as set out in the Annual Audit Report are detailed below (details of the full report can be accessed via the Wales Audit office website):

"Audit of accounts

- *I have issued an unqualified opinion on the accuracy and proper preparation of the 2017-18 financial statements of the Health Board, although in doing so, I have brought some issues to the attention of officers and the Audit Committee*
- *I have issued a qualified audit opinion on the regularity of the financial transactions within the financial statements of the Health Board and placed a substantive report alongside this opinion to highlight its failure to meet its statutory financial duties*

Arrangements for securing efficiency, effectiveness and economy in the use of resources

- *While the Health Board is strengthening its governance and management arrangements, it continues to struggle to develop financially sustainable medium-term plans and improve priority areas of performance*
- *While strategic planning arrangements are developing, these have yet to result in an approvable Integrated Medium-Term Plan and the Health Board's approach to monitoring the delivery of its existing plans has not been strong enough*
- *The Health Board is continuing to experience significant challenges in managing its workforce, finances and physical assets, and it needs to develop a more transformational approach to improve service performance and efficiency*
- *My wider programme of work indicates that the Health Board is responding to risks and opportunities, but continues to face several challenges*
- *The Health Board has made effective use of the National Fraud Initiative to detect fraud and overpayments."*

34. Conclusion

34.1 As Accountable Officer, based on the review process outlined above, I have reviewed the relevant evidence and assurances in respect of internal control. Taking into account the evidence detailed in this Statement, together with feedback from Welsh Government including Special Measures, from Wales Audit Office via their Structured Assessment and from Internal Audit's assurance assessment together with the findings of the HASCAS investigation, I have concluded that some significant internal control/governance issues have been identified. These issues have been reported on in the preceding narrative which sets out the issues and the actions being taken.

34.2 The last twelve months have been difficult and challenging for the organisation. Whilst there is evidence of progress being made in some areas, there remain several key areas which contribute to the Health Board remaining in special measures.

34.3 In addition to progressing the work listed in section 31.3, and addressing the risks set out in section 19 of this Statement, the Health Board's key priority areas for improvement and focus in the year ahead will be:

- Ongoing efforts aimed at securing the lifting of special measures;
- Improved performance in unscheduled care and on RTT;
- Improved financial position – turnaround progressing to transformation;
- Increased strategic and service planning capacity and capability;
- Ensuring continuity of business and stability during turnover of key Board members, and providing comprehensive induction for new Board Members;
- Continuing implementation of HASCAS and Ockenden Review recommendations;
- Continuing joint working with key strategic partners, particularly via Public Services Boards and the Regional Partnership Board;
- The Health Board will continue to apply the principles of best practice in public sector governance.

34.4 As Accountable Officer, I am very clear on the improvements that need to be made at pace and the further work required to tackle the range of challenges facing the Health Board. I have confidence in the willingness and commitment of all staff within the organisation to strive to overcome the many challenges faced by the Health Board, in order to deliver success that translates into better performance and outcomes for patients.

34.6 This Annual Governance Statement has been developed in accordance with the Health Board's governance arrangements and was approved by the Audit Committee on 30.5.19. As the Accountable Officer, I am taking assurances on the accuracy of the Annual Governance Statement from the arrangements established by the Health Board.

Signed:

Gary Doherty
Chief Executive and Accountable Officer

Date: 30th May 2019

Appendix 1 – Board and Committee Membership 2018/19

A number of changes to Board membership, including interim and acting up arrangements, have occurred during 2018/19 and are reflected in the table below.

Name	Position	Area of expertise / representation role	Board Committee membership	Champion roles
Dr Peter Higson	Chairman *to 31.8.18*		• Chair of the Board • Chair, Remuneration and Terms of Service Committee • Interim Chair Quality, Safety and Experience Committee *June 2018 only*	• Veterans *to 31.8.18*
Mr Mark Polin	Chairman *wef 1.9.18*		• Chair of the Board • Chair, Remuneration and Terms of Service Committee *wef 6.9.18* • Chair Finance and Performance Committee *wef 6.9.18*	
Mrs Margaret Hanson	Vice-Chair *to 31.5.18*	Primary Care & Mental Health	• Vice Chair of the Board • Chair, Mental Health Committee • Member Strategy, Partnerships and Population Health Committee • Vice Chair, Remuneration and Terms of Service Committee • Chair, Quality, Safety & Experience Committee	• Cleaning, Hygiene and Infection Management • Older People • Safeguarding *All to 31.5.18*
Mrs Marian Wyn Jones	Independent Member Vice-Chair *acting wef 1.6.18; appointed August 2018*	Community Primary Care & Mental Health *wef 1.6.18*	• Board Member • Chair Finance and Performance Committee *to 31.8.18* • Chair, Charitable Funds Committee *to 5.9.18* • Chair Strategy, Partnerships and Population Health Committee *wef 6.9.18* • Chair Mental Health Act Committee *wef 6.9.18* • Member Remuneration and Terms of Service Committee *wef 6.9.18*	• Public and Patient Involvement • Older People *wef 1.6.18* • Safeguarding *wef 1.6.18*

Name	Position	Area of expertise / representation role	Board Committee membership	Champion roles
Mrs Cheryl Carlisle	Independent Member	Community	• Board member • Member Charitable Funds Committee *to 5.9.18* • Member Finance and Performance Committee *to 5.9.18* • Member Quality, Safety and Experience Committee • Member Information Governance and Informatics Committee *wef 6.9.18*	• Carers • Children and Young People
Mr John Cunliffe	Independent Member	Community	• Board Member • Chair Information Governance and Informatics Committee • Vice Chair Audit Committee • Vice Chair, Finance and Performance Committee	
Mrs Jackie Hughes	Independent Member (Trade Union) *wef 1.6.18*	Trade Union	• Board Member • Member Audit Committee *wef 6.9.18* • Member Remuneration and Terms of Service Committee • Member Quality, Safety and Experience Committee • Member Charitable Funds Committee *wef 6.9.18*	• Violence and Aggression • Equality
Cllr Medwyn Hughes	Independent Member	Local Authority	• Board Member • Chair Audit Committee *wef 6.9.18* • Vice Chair Remuneration and Terms of Service Committee *wef 6.9.18* • Member Strategy, Partnerships and Population Health Committee • Member Mental Health Act Committee *to 5.9.18*	• Welsh language *wef March 2019*

Name	Position	Area of expertise / representation role	Board Committee membership	Champion roles
Mrs Lyn Meadows	Independent Member	Community	• Board Member • Member Strategy, Partnerships and Population Health Committee *to June 2018* • Chair Strategy, Partnerships and Population Health Committee *wef July - August 2018* • Member Finance and Performance Committee *wef 6.9.18* • Member Mental Health Act Committee *wef 6.9.18* • Member Remuneration and Terms of Service Committee wef June 2018 • Member Quality, Safety and Experience Committee (*including Chair wef July to September 2018*) • In attendance, Stakeholder Reference Group *wef July - August 2018*	• Nutrition • Concerns *to 5.9.18* • Cleaning, Hygiene and Infection Management *wef 1.6.18*
Ms Lucy Reid	Independent Member *wef 1.9.18*	Community	• Board Member • Member Audit Committee • Chair Quality, Safety and Experience Committee • Member Information Governance and Informatics Committee • Member Charitable Funds Committee *to 1.11.18*	• Concerns *wef 6.9.18*
Mrs Bethan Russell-Williams	Independent Member *to 3.3.19*	Third Sector	• Board Member *to 3.3.19* • Vice-Chair Mental Health Act Committee *to 3.3.19* • Vice Chair Strategy, Partnerships and Population Health Committee *to 3.3.19* • Member, Finance & Performance Committee *to 5.9.18* • Chair Charitable Funds Committee *wef 6.9.18 to 3.3.19*	• Welsh language *to 3.3.19*

Name	Position	Area of expertise / representation role	Board Committee membership	Champion roles
Prof Jo Rycroft - Malone	Independent Member	University	• Board Member • Vice Chair Information Governance and Informatics Committee *wef 6.9.18* • Member Charitable Funds Committee *wef 6.9.18*	
Mr Ceri Stradling	Independent Member *to 31.8.18*	Community	• Board Member • Chair, Audit Committee • Member, Remuneration and Terms of Service Committee • Vice Chair Charitable Funds Committee	
Ms Helen Wilkinson	Independent Member *wef 1.9.18*	Third Sector	• Board Member • Member Strategy, Partnerships and Population Health Committee (*Vice Chair wef March 2019*) • Member Finance and Performance Committee	• Veterans
Mrs Morwena Edwards	Associate Member (Social Services) *wef 26.6.18*	Director of Social Services, Gwynedd	• Associate Board Member	
Mr Gary Doherty	Chief Executive		• Board Member • In attendance, Remuneration and Terms of Service Committee • In attendance, Audit Committee (at least annually) • Joint Chair / Member, Local Partnership Forum	
Mr Russ Favager	Executive Director of Finance		• Board Member • In attendance, Audit Committee • Lead Director / Member, Charitable Funds Committee • Lead Director / In attendance, Finance and Performance Committee • Member Local Partnership Forum	

Name	Position	Area of expertise / representation role	Board Committee membership	Champion roles
Miss Teresa Owen	Executive Director of Public Health		• Board Member • In attendance, Quality, Safety and Experience Committee • In attendance, Strategy, Partnerships and Population Health Committee	
Mrs Sue Green	Executive Director of Workforce & Organisational Development (OD)		• Board Member • Lead Director/In attendance, Remuneration and Terms of Service Committee • In attendance, Finance and Performance Committee • In attendance, Strategy, Partnerships and Population Health Committee • Lead Director / Member, Local Partnership Forum • In attendance, Quality, Safety and Experience Committee *wef November 2018*	
Mr Geoff Lang	Executive Director of Strategy *to May 2018*		• Board Member • Lead Director / In attendance, Strategy, Partnerships and Population Health Committee • Member, Charitable Funds Committee • In attendance, Finance and Performance Committee • Lead Director / In attendance Stakeholder Reference Group	
Mrs Sally Baxter	Acting Executive Director of Strategy *wef June 2018 to 21.11.18*		• Board Member • Lead Director / In attendance Strategy, Partnerships and Population Health Committee • Member Charitable Funds Committee • In attendance Finance and Performance Committee • Lead Director / In attendance Stakeholder Reference Group	

Name	Position	Area of expertise / representation role	Board Committee membership	Champion roles
Mr Mark Wilkinson	Executive Director Planning and Performance *wef 22.11.18*		• Board Member • Lead Director / In attendance, Strategy, Partnerships and Population Health Committee • Member Charitable Funds Committee • In attendance Finance and Performance Committee • Lead Director / In attendance Stakeholder Reference Group	
Dr Evan Moore	Executive Medical Director / (Deputy Chief Executive *to December 2018*)		• Board member • In attendance, Quality, Safety and Experience Committee • Lead Director / In attendance Information Governance and Informatics Committee *wef October 2018* • In attendance Finance and Performance Committee *wef 6.9.18*	
Ms Morag Olsen	Chief Operating Officer *to July 2018*		• Board Member • In attendance, Finance and Performance Committee • In attendance, Quality, Safety and Experience Committee • Member, Local Partnership Forum	
Dr Chris Stockport	Executive Director Primary and Community Services *wef October 2018*		• Board member • In attendance, Quality, Safety and Experience Committee • In attendance Strategy, Partnerships and Population Health Committee	

Name	Position	Area of expertise / representation role	Board Committee membership	Champion roles
Mrs Gill Harris	Executive Director Nursing and Midwifery		• Board member • Lead Director / In attendance Quality, Safety and Experience Committee • Member, Local Partnership Forum • In attendance Mental Health Act Committee • Member, Charitable Funds Committee • In attendance Finance and Performance Committee *wef 6.9.18*	
Mrs Deborah Carter	Acting Executive Director Nursing and Midwifery *wef March 2019*		• Board member • Lead Director / In attendance Quality, Safety and Experience Committee • Member Local Partnership Forum • In attendance Mental Health Act Committee • Member Charitable Funds Committee • In attendance Finance and Performance Committee	
Mr Adrian Thomas	Executive Director Therapies & Health Sciences		• Board member • Lead Director / In attendance Healthcare Professionals Forum • In attendance Quality, Safety and Experience Committee	
Mr Andy Roach	Director of Mental Health and Learning Disabilities		• In attendance at Board • Lead Director / In attendance Mental Health Act Committee • Member Local Partnership Forum	
Mrs Grace Lewis-Parry	Board Secretary		• In attendance at Board • Lead Director / In attendance, Audit Committee • In attendance Information Governance and Informatics Committee *wef October 2018*	

Name	Position	Area of expertise / representation role	Board Committee membership	Champion roles
Advisory Group Associate Members				
Mr Ffrancon Williams	Associate Member	Chair of the Stakeholder Reference Group	• Associate Board Member	
Prof Michael Rees	Associate Member	Chair of the Healthcare Professionals Forum *to 28.2.19*	• Associate Board Member • In attendance Quality, Safety & Experience Committee	

Appendix 2 - BCUHB Health Board member attendance at Board Meetings held in public 2018/19

Y = Present A = Apologies P = Part attendance

		5.4.18	2.5.18	7.6.18	12.7.18 & AGM	2.8.18	6.9.18	1.11.18	24.1.19	28.3.19
Dr Peter Higson Chairman	Member	Y	Y	Y	Y	Y				
Mr Mark Polin Chairman	Member						Y	Y	Y	Y
Mrs Margaret Hanson Vice Chair	Member	A	Y							
Mrs Marian W Jones Independent Member / Vice Chair	Member	Y	Y	Y	Y	Y	Y	Y	Y	Y
Cllr Cheryl Carlisle Independent Member	Member	Y	A	Y	Y	Y	P	Y	Y	Y
Mr John Cunliffe Independent Member	Member	Y	Y	Y	Y	Y	A	Y	A	Y
Mrs Jackie Hughes Independent Member	Member			Y	Y	A	A	P	Y	Y
Cllr Medwyn Hughes Independent Member	Member	Y	Y	Y	Y	Y	Y	Y	Y	Y
Mrs Lyn Meadows Independent Member	Member	Y	Y	A	Y	Y	Y	Y	Y	Y
Ms Lucy Reid Independent Member	Member						A	A	Y	Y
Mrs Bethan Russell-Williams Independent Member *to 3.3.19*	Member	Y	Y	Y	Y	Y	Y	Y	Y	
Prof Jo Rycroft-Malone Independent Member	Member	Y	A	P	Y	Y	A	Y	A	A
Mr Ceri Stradling Independent Member	Member	Y	A	Y	Y	A				
Ms Helen Wilkinson Independent Member	Member						Y	Y	Y	Y
Mr G Doherty Chief Executive	Member	Y	Y	Y	Y	A	Y	Y	Y	Y
Dr Evan Moore Executive Medical Director / (Deputy Chief Executive *to December 2018*)	Member	Y	Y	Y	Y	Y	Y	Y	Y	Y
Mr Russell Favager Executive Director of Finance	Member	Y	Y	Y	Y	Y	A	Y	Y	Y
Miss Teresa Owen Executive Director Public Health	Member	Y	Y	Y	Y	Y	Y	Y	Y	Y

		5.4.18	2.5.18	7.6.18	12.7.18 & AGM	2.8.18	6.9.18	1.11.18	24.1.19	28.3.19
Mrs Gill Harris Executive Director Nursing and Midwifery	Member	Y	Y	Y	Y	Y	Y	Y	P	A
Mrs Deborah Carter Acting Executive Director Nursing and Midwifery *wef March 2019*	Member									Y
Mr Adrian Thomas Executive Director Therapies and Health Sciences	Member	Y	Y	Y	Y	Y	Y	A	P	Y
Mrs Sue Green Executive Director of Workforce & OD	Member	Y	Y	Y	A	Y	Y	Y	Y	Y
Ms Morag Olsen Chief Operating Officer	Member	A	Y	A						
Dr Chris Stockport Executive Director of Primary and Community Services *wef October 2018*	Member							Y	Y	Y
Mr Geoff Lang Executive Director of Strategy *to May 2018*	Member	Y	Y							
Mrs Sally Baxter Acting Executive Director of Strategy *wef June 2018 to October 2018*	Member			Y	Y	Y	Y	Y		
Mr Mark Wilkinson Executive Director of Planning and Performance *wef November 2018*	Member								Y	Y
Mr Andy Roach Director Mental Health & Learning Disabilities	In Attendance	A	Y	Y	Y	Y	Y	Y	Y	Y
Mrs Grace Lewis-Parry Board Secretary	In Attendance	A	Y	Y	Y	Y	P	A	Y	Y
Mrs Morwena Edwards representing Directors of Social Services *wef June 2018*	Associate Member			Y	A	Y	Y	A	A	Y
Mr Ffrancon Williams Chair of Stakeholder Reference Group	Associate Member	Y	Y	Y	Y	A	Y	A	Y	A
Prof Michael Rees Chair of Healthcare Professionals Forum *to 28.2.19*	Associate Member	Y	A	Y	P	Y	Y	Y	Y	
Mr Gareth Evans Chair of Healthcare Professionals Forum designate *wef March 2019*	Associate Member									Y

Appendix 3 - Meetings of the Health Board and Committees held in public 2018/19:

Meeting											
Health Board	**5.4.18**	**2.5.18**	**7.6.18**	**12.7.18 & AGM**	**2.8.18**	**6.9.18**	**1.11.18**	**24.1.19**	**28.3.19**		
Quality, Safety & Experience (QSE) Committee	**24.4.18**	**22.5.18**	**26.6.18**	**25.9.18**	**6.11.18** Joint with Audit Committee	**29.11.18**	**22.1.19**	**28.2.19** Extraordinary	**19.3.19**		
Finance & Performance (F&P) Committee	**26.4.18**	**24.5.18**	**28.6.18**	**26.7.18**	**23.8.18**	**25.9.18**	**25.10.18**	**22.11.18**	**17.1.19**	**26.2.19**	**26.3.19**
Strategy, Partnerships & Population Health (SPPH) Committee	**12.4.18**	**10.5.18**	**5.7.18**	**9.8.18**	**9.10.18**	**4.12.18**	**5.2.19**				
Remuneration and Terms of Service Committee	**30.4.18**	**11.6.18** Extraordinary	**30.7.18**	**26.11.18**	**14.1.19**						
Mental Health Act Committee	**11.5.18**	**21.9.18**	**3.1.19**	**29.3.19**							
Charitable Funds Committee	**11.6.18**	**17.9.18**	**13.12.18**	**7.3.19**							
Audit Committee	**31.5.18**	**11.9.18**	**11.12.18**	**14.3.19**	**6.11.18** Joint with QSE Committee						