

# Special Audit Committee Meeting

Tue 25 July 2023, 14:00 - 17:00

## Agenda

14:00 - 14:05

1. Welcome and Introductions

5 min

John Union

14:05 - 14:05

2. Apologies for Absence

0 min

14:05 - 14:05

3. Declarations of Interest

0 min

14:05 - 14:05

4. Any Other Urgent Business:

0 min

To agree any additional items of urgent business that may need to be considered during the meeting

14:05 - 15:00

5. Items for Approval / Ratification

55 min

5.1. The Head of Internal Audit Opinion and Annual Report for 2022-23

Ian Virgil

- 5.1 C&V UHB HIA Opinion & Annual Report 22-23 Cover.pdf (3 pages)
- 5.1a C&V UHB HIA Opinion & Annual Report 22-23.pdf (39 pages)

5.2. Introduction to Annual Report and Accounts 2022-23

Catherine Phillips James Quance Robert Mahoney

- 5.2 Introduction to the Annual Report and Accounts 23-23 Cover.pdf (6 pages)

5.3. Audit Wales ISA 260 Report

Wales Audit

- 5.3 Audit Wales ISA 260 Report.pdf (20 pages)

15:00 - 15:50

6. BREAK - 10 Mins

50 min

6.1. To receive and consider the following for 2022-23:


6.1.1. The Letter of Representation included within the ISA 260 report (see item 5.3)

Robert Mahoney

6.1.2. The response to the audit enquiries to those charged with governance and management

James Quance

Mohamed Sarah  
24/07/2023 09:15:04

 6.1b Audit Enquiries letter - CVUHB 2022-23 Audit Committee 25 July.pdf (30 pages)

### **6.1.3. The CVUHB Annual Report 2022-2023 including the Annual Accountability Report, Performance report and the Financial**

*Robert Mahoney James Quance*

 6.1c Draft Annual Report 2022-23 v24 (21 July) - Final (1).pdf (250 pages)

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## **15:50 - 15:55 7. Any Other Business**

5 min

*John Union*

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## **15:55 - 16:00 8. Review and Final Closure**

5 min

### **8.1. Items to be deferred to Board / Committee**

*John Union*

### **8.2. Date, time and venue of the next Committee meeting**

*John Union*

**Tuesday 5th September 2023 at 9am via MS Teams**

Mohamed Sarah  
24/07/2023 09:15:04

Report Title:	HIA Opinion & Annual Report 22-23			Agenda Item no.	5.1
Meeting:	Audit & Assurance	Public	X	Meeting Date:	25/07/23
		Private			
Status <i>(please tick one only):</i>	Assurance	X	Approval	Information	X
Lead Executive:	Director of Corporate Governance				
Report Author (Title):	Head of Internal Audit				
Main Report					
Background and current situation:					
<p>In accordance with the Public Sector Internal Audit Standards (PSIAS), the Head of Internal Audit (HIA) is required to provide an annual opinion, based upon and limited to the work performed, on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.</p> <p>This is achieved through delivery of the annual audit plan that has been focused on key strategic and operational risk areas and known improvement opportunities. The 2022/23 plan was formally approved by the Audit Committee at its April 22 meeting.</p> <p>The Annual Report sets out the HIA Opinion together with the summarised results of the internal audit work performed during the year. The report also includes a summary of audit performance and an assessment of conformance with the Public Sector Internal Audit Standards.</p> <p>The report also details the outcome of audits undertaken at NWSSP, DHCW, WHSSC and EASC that support the overall opinion for the Health Board.</p>					
Executive Director Opinion and Key Issues to bring to the attention of the Board/Committee:					
<p>The HIA Opinion for 22/23 is that 'The Board can take <b>reasonable assurance</b> that arrangements to secure governance, risk management and internal control, within those areas under review, are suitably designed and applied effectively'.</p> <p>From the individual audits completed at the time of producing the Annual Report, the following ratings have been provided:</p> <ul style="list-style-type: none"> <li>• 6 Substantial Assurance • 25 Reasonable Assurance</li> <li>• 3 Limited Assurance.</li> <li>• 2 advisory or non-opinion</li> </ul> <p>The Report also includes details of the 11 audits that have been removed or deferred from the plan during 2022/23, as reported to previous meetings of the Committee. These audits and the reason for their removal / deferment have been considered when compiling the HIA Opinion.</p> <p>The HIA Opinion will need to be reflected within the Health Board's Annual Governance Statement along with confirmation of action planned to address the issues raised. Particular focus should be placed on the agreed response to the 3 Limited Assurance opinions issued during the year and the significance of the recommendations made.</p>					
Recommendation:					

The Audit & Assurance Committee are requested to:

- **Recommend** to the Board that it agrees and endorses the Head of Internal Audit Opinion and Annual Report for 2022/23.

#### Link to Strategic Objectives of Shaping our Future Wellbeing:

Please tick as relevant

1. Reduce health inequalities	x	6. Have a planned care system where demand and capacity are in balance	x
2. Deliver outcomes that matter to people	x	7. Be a great place to work and learn	x
3. All take responsibility for improving our health and wellbeing		8. Work better together with partners to deliver care and support across care sectors, making best use of our people and technology	x
4. Offer services that deliver the population health our citizens are entitled to expect	x	9. Reduce harm, waste and variation sustainably making best use of the resources available to us	x
5. Have an unplanned (emergency) care system that provides the right care, in the right place, first time		10. Excel at teaching, research, innovation and improvement and provide an environment where innovation thrives	

#### Five Ways of Working (Sustainable Development Principles) considered

Please tick as relevant

Prevention		Long term	x	Integration	x	Collaboration	x	Involvement	
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#### Impact Assessment:

Please state yes or no for each category. If yes please provide further details.

Risk: Yes/No

The Annual Report provides the Committee with a level of assurance around the management of a series of risks covered within the specific audit assignments delivered as part of the Internal Audit Plan. The report also provides information regarding the areas requiring improvement and assigned assurance ratings.

Safety: Yes/No

The Annual Report includes details of the outcome of audits that provide assurance around controls and processes relating to patient safety.

Financial: Yes/No

The Annual Report includes details of the outcome of audits that provide assurance around financial controls and processes.

Workforce: Yes/No

The Annual Report includes details of the outcome of audits that provide assurance around controls and processes relating to Workforce.

Legal: Yes/No

The Annual Report includes details of the outcome of audits that provide assurance around legal controls and processes.

Reputational: Yes/No

The Annual Report includes details of the outcome of audits that provide assurance around reputational risks.

Socio Economic: Yes/No

Equality and Health: Yes/No



The Annual Report includes details of the outcome of audits that provide assurance around controls and processes relating to equality and health.	
Decarbonisation: Yes/No	
The Annual Report includes details of the outcome of an advisory audit around decarbonisation.	
Approval/Scrutiny Route:	
Committee/Group/Exec	Date:

Mohamed Sarah  
24/07/2023 09:15:04

# Head of Internal Audit Opinion & Annual Report 2022/2023

June 2023

Cardiff & Vale University Health Board

Mohamed Sarah  
24/07/2023 09:15:04



GIG  
CYMRU  
NHS  
WALES

Partneriaeth  
Cydwasaethau  
Gwasanaethau Archwilio a Sicrwydd  
Shared Services  
Partnership  
Audit and Assurance Services



GIG  
CYMRU  
NHS  
WALES

Bwrdd Iechyd Prifysgol  
Caerdydd a'r Fro  
Cardiff and Vale  
University Health Board



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Appendix A	Conformance with Internal Audit Standards
Appendix B	Audit Assurance Ratings

<b>Report status:</b>	Final
<b>Draft report issued:</b>	27 April 2023
<b>Final report issued:</b>	27 June 2023
<b>Author:</b>	Ian Virgill, Head of Internal Audit
<b>Executive Clearance:</b>	Director of Corporate Governance
<b>Audit Committee:</b>	July 2023

[Disclaimer notice - please note](#)

This audit report has been prepared for internal use only. Audit and Assurance Services reports are prepared, in accordance with the agreed audit brief, and the Audit Charter as approved by the Audit & Assurance Committee.

Audit reports are prepared by the staff of the NHS Wales Audit and Assurance Services, and addressed to Independent Members or officers including those designated as Accountable Officer. They are prepared for the sole use of the Cardiff and Vale University Health Board and no responsibility is taken by the Audit and Assurance Services Internal Auditors to any director or officer in their individual capacity, or to any third party.

# 1. EXECUTIVE SUMMARY


## 1.1 Purpose of this Report

Cardiff and Vale University Health Board's (The 'Health Board') Board is accountable for maintaining a sound system of internal control that supports the achievement of the organisation's objectives and is also responsible for putting in place arrangements for gaining assurance about the effectiveness of that overall system. A key element in that flow of assurance is the overall assurance opinion from the Head of Internal Audit.

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

## 1.2 Head of Internal Audit Opinion 2022-23

The purpose of the annual Head of Internal Audit opinion is to contribute to the assurances available to the Chief Executive as Accountable Officer and the Board which underpin the Board's own assessment of the effectiveness of the system of internal control. The approved Internal Audit plan is focused on risk and therefore the Board will need to integrate these results with other sources of assurance when making a rounded assessment of control for the purposes of the Annual Governance Statement. The overall opinion for 2022/23 is that:

Reasonable assurance		The Board can take <b>Reasonable Assurance</b> that arrangements to secure governance, risk management and internal control, within those areas under review, are suitably designed and applied effectively. Some matters require management attention in control design or compliance with low to moderate impact on residual risk exposure until resolved.
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## 1.3 Delivery of the Audit Plan

Our internal audit plan is agile and responsive to ensure that key developing risks to Cardiff & Vale are covered. As a result of this approach, and with the support of officers and independent members across the Health Board, the plan has been delivered substantially in accordance with the agreed schedule and changes required during the year, as approved by the Audit and Assurance Committee (the 'Committee'). In addition, regular audit progress reports have been submitted to the Committee. Although changes have been made to the plan during the year, we can confirm that we have undertaken sufficient audit work during the year to be able to give an

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overall opinion in line with the requirements of the Public Sector Internal Audit Standards.

The Internal Audit Plan for the 2022/23 year was initially presented to the Committee in April 2022. Changes to the plan have been made during the course of the year and these changes have been reported to the Committee as part of our regular progress reporting.

There are, as in previous years, audits undertaken at NWSSP, DHCW, WHSSC and EASC that support the overall opinion for NHS Wales health bodies (see section 3).

Our latest External Quality Assessment (EQA), conducted by the Chartered Institute of Public Finance and Accountancy (CIPFA) (in March 2023), and our own annual Quality Assurance and Improvement Programme (QAIP) have both confirmed that our internal audit work 'fully conforms' to the requirements of the Public Sector Internal Audit Standards for 2022/23. We are able to state that our service 'fully conforms to the IIA's professional standards and to PSIAS.'

## 1.4 Summary of Audit Assignments

This report summarises the outcomes from our work undertaken in the year. In some cases, audit work from previous years may also be included and where this is the case, details are given. This report also references assurances received through the internal audit of control systems operated by other NHS Wales organisations (again, see section 3).

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

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

Where we have given Limited Assurance, management are aware of the specific issues identified and have agreed action plans to improve control in these areas. These planned control improvements should be referenced in the Annual Governance Statement where it is appropriate to do so.

In addition, we also undertook a number of advisory and non-opinion reviews to support our overall opinion. A summary of the audits undertaken in the year and the results are summarised in table 1 below.

Mohamed Sarah  
24/07/2023 09:15:04

Table 1 – Summary of Audits 2022/23

Substantial Assurance	Reasonable Assurance
<ul style="list-style-type: none"> <li>• IMTP 2022-25: Development Process</li> <li>• Follow-up: 5 Steps to Safer Surgery</li> <li>• Medical &amp; Dental Staff Bank</li> <li>• Financial Reporting and Savings Targets</li> <li>• Clinical Audit Follow-up</li> <li>• Commissioning – IPFR Process</li> </ul>	<ul style="list-style-type: none"> <li>• Monitoring and Reporting of Staff Sickness Absence (From 21/22 plan)</li> <li>• Capital Systems Management (From 21/22 plan)</li> <li>• Follow-up: Ultrasound Governance</li> <li>• Stock Management – Neuromodulation Service (Specialist Services CB)</li> <li>• Staff Wellbeing – Culture &amp; Values</li> <li>• Implementation of National IT Systems (WNCr)</li> <li>• Digital Strategy</li> <li>• Medical Equipment &amp; Devices</li> <li>• University Hospital Llandough – Endoscopy Expansion</li> <li>• Core Financial Systems (Treasury Management)</li> <li>• Management of Locum Junior Doctors (Women &amp; Children's CB)</li> <li>• Endoscopy Insourcing (Medicine CB)</li> <li>• Access to In-Hours GMS Service Standards (PCIC Clinical Board)</li> <li>• New IT Service Desk Tool</li> <li>• Development of Genomics Partnership Wales</li> <li>• University Hospital Llandough – Engineering Infrastructure</li> <li>• Nurse Staffing Levels Act</li> <li>• Charitable Funds</li> <li>• Follow-up: Nurse Bank (Temporary Staffing Department)</li> <li>• Community Patient Appliances (Specialist Services CB)</li> <li>• Data Warehouse</li> <li>• Risk Management</li> <li>• Inclusion &amp; Equality</li> <li>• UHW-Hybrid and Major Trauma Theatres</li> <li>• Planned Care Transformation Delivery (Recovery of Services)</li> </ul>
Limited Assurance	Advisory & Non-Opinion
<ul style="list-style-type: none"> <li>• Medical Records Tracking (CD&amp;T CB)</li> <li>• Cyber Security</li> <li>• Management of Health Board Policies</li> </ul>	<ul style="list-style-type: none"> <li>• Assurance Mapping</li> <li>• Estates Assurance – Decarbonisation</li> </ul>

No Assurance	
N/A	

Please note that our overall opinion has also taken into account both the number and significance of any audits that have been deferred during the course of the year (see section 5.7) and also other information obtained during the year that we deem to be relevant to our work (see section 2.4.2).

## 2. HEAD OF INTERNAL AUDIT OPINION

### 2.1 Roles and Responsibilities

The Board is collectively accountable for maintaining a sound system of internal control that supports the achievement of the organisation's objectives and is responsible for putting in place arrangements for gaining assurance about the effectiveness of that overall system.

The Annual Governance Statement is a statement made by the Accountable Officer, on behalf of the Board, setting out:

- how the individual responsibilities of the Accountable Officer are discharged with regard to maintaining a sound system of internal control that supports the achievement of policies, aims and objectives;
- the purpose of the system of internal control, as evidenced by a description of the risk management and review processes, including compliance with the Health & Care Standards; and
- the conduct and results of the review of the effectiveness of the system of internal control including any disclosures of significant control failures, together with assurances that actions are or will be taken where appropriate to address issues arising.

The Health Board's risk management process and system of assurance should bring together all of the evidence required to support the Annual Governance Statement.

In accordance with the Public Sector Internal Audit Standards (PSIAS), the Head of Internal Audit (HIA) is required to provide an annual opinion, based upon and limited to the work performed on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control. This is achieved through an audit plan that has been focussed on key strategic and operational risk areas and known improvement opportunities, agreed with executive management and approved by the Committee, which should provide an appropriate level of assurance.

The opinion does not imply that Internal Audit has reviewed all risks and assurances relating to the Health Board. The opinion is substantially derived

from the conduct of risk-based audit work formulated around a selection of key organisational systems and risks. As such, it is a key component that the Board takes into account but is not intended to provide a comprehensive view.

The Board, through the Audit and Assurance Committee, will need to consider the Head of Internal Audit opinion together with assurances from other sources including reports issued by other review bodies, assurances given by management and other relevant information when forming a rounded picture on governance, risk management and control for completing its Governance Statement.

## **2.2 Purpose of the Head of Internal Audit Opinion**

The purpose of the annual Head of Internal Audit opinion is to contribute to the assurances available to the Accountable Officer and the Board of Cardiff and Vale University Health Board which underpin the Board's own assessment of the effectiveness of the organisation's system of internal control.

This opinion will in turn assist the Board in the completion of its Annual Governance Statement and may also be taken into account by regulators including Healthcare Inspectorate Wales in assessing compliance with the Health & Care Standards in Wales, and by Audit Wales in the context of both their external audit and performance reviews.

The overall opinion by the Head of Internal Audit on governance, risk management and control results from the risk-based audit programme and contributes to the picture of assurance available to the Board in reviewing effectiveness and supporting our drive for continuous improvement.

## **2.3 Assurance Rating System for the Head of Internal Audit Opinion**

The overall opinion is based primarily on the outcome of the work undertaken during the course of the 2022/23 audit year. We also consider other information available to us such as our overall knowledge of the organisation, the findings of other assurance providers and inspectors, and the work we undertake at other NHS Wales organisations. The Head of Internal Audit considers the outcomes of the audit work undertaken and exercises professional judgement to arrive at the most appropriate opinion for each organisation.

A quality assurance review process has been applied by the Director of Audit & Assurance and the Head of Internal Audit in the annual reporting process to ensure the overall opinion is consistent with the underlying audit evidence.

We take this approach into account when considering our assessment of our compliance with the requirements of PSIAS.



The assurance rating system based upon the colour-coded barometer and applied to individual audit reports remains unchanged. The descriptive narrative used in these definitions has proven effective in giving an objective and consistent measure of assurance in the context of assessed risk and associated control in those areas examined.

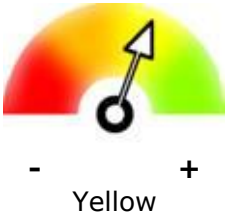
This same assurance rating system is applied to the overall Head of Internal Audit opinion on governance, risk management and control as to individual assignment audit reviews. The assurance rating system together with definitions is included at **Appendix B**.

The individual conclusions arising from detailed audits undertaken during the year have been summarised by the assurance ratings received. The aggregation of audit results gives a better picture of assurance to the Board and also provides a rational basis for drawing an overall audit opinion. However, please note that for presentational purposes we have shown the results using the eight assurance domains that were used to frame the audit plan at its outset (see section 2.4.2).

2.4 Head of Internal Audit Opinion

2.4.1 Scope of opinion

The scope of my opinion is confined to those areas examined in the risk-based audit plan which has been agreed with senior management and approved by the Audit and Assurance 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.

Reasonable Assurance		The Board can take <b>reasonable assurance</b> that arrangements to secure governance, risk management and internal control, within those areas under review, are suitably designed and applied effectively. Some matters require management attention in control design or compliance with low to moderate impact on residual risk exposure until resolved.
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This opinion will need to be reflected within the Annual Governance Statement along with confirmation of action planned to address the issues raised. Particular focus should be placed on the agreed response to any Limited Assurance opinions issued during the year and the significance of the recommendations made (of which there were three audits in 2022/23).

2.4.2 Basis for Forming the Opinion

The audit work undertaken during 2022/23 and reported to the Audit and Assurance Committee has been aggregated at Section 5.

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The evidence base upon which the overall opinion is formed is as follows:

- An assessment of the range of individual opinions and outputs arising from risk-based audit assignments contained within the Internal Audit plan that have been reported to the Audit and Assurance Committee throughout the year. In addition, and where appropriate, work at either draft report stage or in progress but substantially complete has also been considered, and where this is the case then it is identified in the report. This assessment has taken account of the relative materiality of these areas and the results of any follow-up audits in progressing control improvements (see section 2.4.3).
- The 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.
- Other assurance reviews which impact on the Head of Internal Audit opinion including audit work performed at other organisations (see Section 3).
- Other knowledge and information that the Head of Internal Audit has obtained during the year including cumulative information and knowledge over time; observation of Board and other key committee meetings; meetings with Executive Directors, senior managers and Independent Members; the results of *ad hoc* work and support provided; liaison with other assurance providers and inspectors; research; and cumulative audit knowledge of the organisation that the Head of Internal Audit considers relevant to the Opinion for this year.

As stated above, these detailed results have been aggregated to build a picture of assurance across the Health Board.

In reaching this opinion we have identified that the majority of reviews during the year concluded positively with robust control arrangements operating in some areas.

From the opinions issued during the year, six were allocated Substantial Assurance, twenty five were allocated Reasonable Assurance and three were allocated Limited Assurance. No reports were allocated a 'no assurance' opinion. In addition, two advisory or non-opinion reports were also issued.

At the time of producing the Annual Report, three audits were still work in progress but had not been sufficiently progressed to reliably determine the assurance rating. The outcomes for these audits will therefore feed into the Opinion for 2023/24.

In addition, the Head of Internal Audit has considered residual risk exposure across those assignments where limited assurance was reported. Further, the Head of Internal Audit has considered the impact where audit assignments planned this year did not proceed to full audits following

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preliminary planning work and these were either: removed from the plan; removed from the plan and replaced with another audit; or deferred until a future audit year. The reasons for changes to the audit plan were presented to the Audit and Assurance Committee for consideration and approval. Notwithstanding that the opinion is restricted to those areas which were subject to audit review, the Head of Internal Audit has considered the impact of changes made to the plan when forming their overall opinion.

A summary of the findings is shown below. We have reported the findings using the 8 areas of the Health Board's activities that we use to structure both our 3-year strategic and 1-year operational plans.

#### **Corporate Governance, Risk Management and Regulatory Compliance**

We have undertaken four reviews in this area.

**Assurance Mapping** – This was an advisory review. The Health Board's Assurance Strategy 2021-24 aligns to recommended best practice and the Assurance Map Template captures appropriate assurance and risk information. There is a defined governance structure underpinning the Assurance Strategy and an action plan is in place for its implementation. However, more medium-term actions are required to assist in embedding and implementing the Assurance Strategy within the Health Board.

**Nurse staffing Levels Act** – The Health Board is complying with the requirements of the Act. However, it needs to ensure that all staffing level templates are signed off and budgeted establishments reflect the recorded levels. The Nurse staffing levels were also not consistently displayed on all wards. We issued a **reasonable** assurance opinion.

**Risk Management** - The Health Board is continuing its journey to strengthen and improve the maturity of the risk management system in place. However, further training is required to ensure that all Directorates and Departments are complying with the procedures for identifying, recording, reviewing and escalating/de-escalating risks. We issued a **reasonable** assurance opinion.

**Management of Health Board Policies** - The Health Board has developed a Plan to get the system in place for the management of policies and procedures up to date and operating effectively. However, significant work is still required to fully implement the plan and at the time of audit most policies and procedures were overdue for review. We have issued a **limited** assurance opinion.

A review of the draft Annual Governance Statement highlighted that it was generally consistent with our knowledge of the UHB through the audit work performed in the Internal Audit plan and a review of other organisational documents.

The planned work on the Application of the Local Choices Framework was removed from the plan as it was unclear what the potential scope or benefit would be in the current environment.

### Strategic Planning, Performance Management & Reporting

We have undertaken two reviews in this area.

**IMTP 2022-25: Development Process** - The Health Board has good governance arrangements in place to oversee the development of the Integrated Medium-Term Plan, although we did make a recommendation to enhance the accessibility and transparency of the arrangements. We issued a **substantial** assurance opinion.

**Commissioning IPFR Process** The Health Board processes IPFR applications in line with the requirements of the All-Wales IPFR Policy. Applications are subject to appropriate review and decision at the IPFR panel and effective monitoring of approved IPFR is undertaken to ensure their continued relevance and benefit to the patient. We issued a **substantial** assurance opinion.

The planned audits of Regional Planning Arrangements and Strategic Programmes / Recovery & Redesign Governance Arrangements were removed from the 22/23 Plan, due to operational pressures on the Health Board.

The planned advisory audit of Performance reporting was removed from the plan. An assurance audit has been included in the plan for 2023/24.

### Financial Governance and Management

We have undertaken three reviews in this area.

**Core Financial Systems (Treasury Management)** - The Treasury Management function has in place adequate systems and controls for managing all cash transactions relating to the funding of revenue and capital operations of the Health Board. We did recommend strengthening the Treasury Management Financial Control Procedure and operational arrangements and controls over the online banking system. We have issued a **reasonable** assurance opinion.

**Financial Reporting and Savings Targets** - The Health Board has effective processes in place for monitoring and reporting the financial position and delivery of savings. We have issued a **substantial** assurance opinion.

**Charitable Funds** - Effective procedures are operating to ensure that Charitable Funds are appropriately managed and administered in accordance with relevant legislation and Charity Commission guidance. We

did highlight that the governance arrangements for the Fundraising Team and individual fundraising events require review and enhancement. We have issued a **reasonable** assurance opinion

The audits of the payment systems provided by NWSSP, which we undertake each year to provide assurance to the Health Board all concluded with positive assurance. The four primary care contractor payment systems were given either Reasonable or Substantial Assurance, with the audits of Payroll and Accounts Payable both receiving Reasonable Assurance.

### Quality & Safety

We have undertaken three reviews in this area.

**Follow-up: Five Steps to Safer Surgery** – Significant progress has been made with addressing the recommendations from the previous Limited assurance audit, with all agreed management actions completed. We issued a **substantial** assurance opinion.

**Medical Equipment & Devices** – The Health Board has an up-to-date policy and procedure in place, with effective processes for the purchase and maintenance of Medical Equipment and Devices. We highlighted a number of areas for improvement around; Increasing awareness of the policy and procedure, the accuracy of information on the medical equipment database and the availability of evidence to support training. We issued a **reasonable** assurance opinion.

**Follow-up: Clinical Audit** – Significant progress has been made with addressing the recommendations from the previous Limited assurance audit, with only one low priority action remaining to be completed. We issued a **substantial** assurance opinion.

The planned advisory work on the Q&SE Governance arrangements was deferred to the 23/24 plan to allow coverage of developments around the Duties of Quality and Candour.

The planned work on the Reporting of Covid Deaths was removed due to the implementation of the Medical Examiner role and the evolving Covid position.

### Information Governance & Security

We have undertaken five reviews in this area.

**Implementation of National IT Systems (WNCR)** – National systems are included within the digital roadmap for the Health Board and communications and synchronisation of workplans with DHCW is improving. However, there was no overall programme for uptake of national systems within the Health Board. There was no project plan for the roll out of the

Welsh Nursing Care Record across the Health Board and there had been no baselining work to demonstrate its benefits. - We issued a **reasonable** assurance opinion.

**Digital Strategy** – The Health Board has an appropriate Digital Strategy in place that matches the needs and objectives of the organisation and the transformation agenda. We identified that there was a process in place for defining the roadmap for delivery of the Strategy, but it required further detail around key activities and milestones. Clear governance arrangements are in place for overseeing the development and delivery of the Digital Strategy, but we highlighted that there was a funding gap. We issued a **reasonable** assurance opinion.

**New IT Service Desk Tool** - The new Ivanti Management System has been successfully implemented, and this has addressed many of the issues identified through the 21/22 Limited Assurance IT Service Management report. However, areas for further improvement were identified covering; the development of procedural guidance for the monitoring and closing down of calls, the effective prioritisation of calls, the development of system access controls and the development of service Level Agreements and Key Performance Indicators. We issued a **reasonable** assurance opinion.

**Cyber Security** - Although cyber security issues are being monitored and reported through the CAV Cyber Security Group, there is still no cyber improvement plan in place, and the position is not being regularly reported to the DHIC. In addition, whilst there are processes in place to ensure the Health Board's data is backed up, testing of the back-ups is not presently being routinely undertaken for all systems. We issued a **Limited** assurance opinion. The scope of the audit included a follow-up of the 21/22 Limited Assurance audit on the Network & Information Systems (NIS) Directive.

**Data Warehouse** – The data warehouse has been in place for many years and provides a large amount of useful information. There are good processes in place to define user needs, and develop appropriate information products, with a data quality process in place. We noted security weaknesses with the database, and a lack of documentation regarding feeds in and report products out. Going forward there is an intent to improve the use of data, however there is no formalised plan for this. The Digital directorate have started working towards more advanced analytics, however there is a lack of staff resource and skills. We issued a **reasonable** assurance opinion.

#### Operational Service and Functional Management

We have undertaken eight reviews in this area.

**Follow-up: Ultrasound Governance (CD&T CB)** – Good progress has been made in addressing the recommendations from the 21/22 limited

assurance report. There was just one medium priority action to still to be completed. We issued a **Reasonable** assurance opinion.

**Stock Management – Neuromodulation Service (Specialist Services CB)** – The review was requested by management to build on improvements they had instigated to strengthen the stock management arrangements within the Neurosciences Directorate. We made a number of recommendations, the most notable of which related to actions to address missing stock. The implementation of the recommendations from the review will strengthen the control environment, which should mitigate the risk of future financial losses due to missing stock. We issued a **reasonable** assurance opinion

**Management of Locum Junior Doctors (Women & Children's CB)** - Locum Junior Doctors are being sourced via internal staff or through the Medical and Dental Managed Locum Bank and are supported by appropriate justification. Locum shifts are subject to approval but not always before the shift is worked. Standard payment rates are in place and any deviation from them is approved. We issued a **Reasonable** assurance opinion.

**Endoscopy Insourcing (Medicine CB)** - There is an SLA in place between the Health Board and the service provider that details the contractual arrangements for the insourcing contract. However, we identified a number of issues relating to; Consideration of the weekly points targets for the contract, strengthening of key documentation held, the development of KPIs for the contract and the accuracy of payments made to the provider. We issued a **Reasonable** assurance opinion.

**Medical Records Tracking (CD&T CB)** – The matters raised which require management attention included the out-of-date Records Management Policy (UHB 142) and Procedure (UHB 326). The documents referred to governance fora no longer in operation. The Health Records department had no direct link into the Executive Medical Director, the executive sponsor of the Policy and Procedure. The author of the documents also sat outside of the Health Records department. Further high priority recommendations related to the security and storage of acute records, and the ability to track records from the patient management system to their physical location. The majority of issues associated with the tracking of records was a result of those held in a clinical setting or outside of Health Records. We issued a **Limited** assurance opinion.

**Access to In-Hours GMS Service Standards (PCIC Clinical Board)** – The Health Board monitors compliance against the Access Standards on a quarterly basis and proactively works with practices to address areas of non-compliance. An Access Forum has been established but reporting lines did not reflect Welsh Government guidance. The operation of the Forum could also be strengthened by reviewing the terms of reference. We issued a **Reasonable** assurance opinion.

**Community Patient Appliances (Specialist Services CB)** - Our audit testing was predominantly informed by reviewing data within the BEST

patient management system and from system reports, which highlighted the following anomalies; absence of documentation held within the system, the timeliness of moving open repairs to complete and the better utilisation of management reporting. The stock management arrangements also appeared ad-hoc at the time of our review and the 'Request for Repair' Procedure has been 'draft' since 2019 and requires finalisation. Whilst the service has a 'Declaration of the Terms and Conditions of Loan of Equipment', there were instances where these were not signed and dated by service users in receipt of equipment. We issued a **Reasonable** assurance opinion.

### **Planned Care Transformation Delivery (Recovery of Services) -**

Whilst we identified only one significant matter for reporting in our review, our overall assurance rating takes into consideration that the Health Board was unable to meet the ministerial ambitions for 2022/23 of:

- No-one waiting > 52 weeks for a new outpatient appointment by December 2022; and
- No-one waiting > 104 weeks for treatment (all stages) by March 2023.

Notwithstanding the above, during quarter 4 of 2022/23, the Health Board made several improvements to the systems and controls in place. A review of the current trajectories confirms that the Health Board is in a strong position to meet future ministerial ambitions. We issued a **Reasonable** assurance opinion.

The planned audit of the Administration Services within the Mental Health CB was removed due to delays in receiving information to commence the audit which impacted on the availability of Internal Audit resources.

## **Workforce Management**

We have undertaken five reviews in this area.

**Monitoring and Reporting of Staff Sickness Absence** – As part of the audit we suggested that reporting on sickness absence within the Clinical Boards and Corporate Departments look beyond the high-level sickness rates, to provides greater analysis of sickness absence. In response to the pandemic the role of the HR Advisors has moved away from traditional relationships focused within the Clinical Boards, to locating to specialist teams such as the Managing Attendance at Work Team. We identified the opportunity to clarify the People and Culture Operating Model with regards to roles and responsibilities for sickness absence. We issued a **reasonable** assurance opinion

**Staff Wellbeing – Culture & Values** – The Health Board has clear plans in place of how it intends to support staff wellbeing, principally driven by the People and Culture Plan 2022 – 2025. The Plan was moving into the delivery phase and our recommendations focused on the mechanisms and means of evaluation to support the implementation of the ambitious aspirations. We also made further recommendations around references



within the Board Assurance Framework, and the need to verify source material signposted on the new SharePoint site. We issued a **reasonable** assurance opinion

**Medical & Dental Staff Bank** - A framework agreement is in place for the Medical and Dental Managed Bank Service. We found that robust processes were operating to ensure appropriate employment checks are completed and terms & conditions are issued for all bank staff. Bank shifts are verified and authorised prior to payment and regular performance reporting and monitoring is undertaken. We issued a **Substantial** assurance opinion.

**Follow-up: Nurse Bank (Temporary Staffing Department)** - Management have made good progress in implementing the management actions detailed in the previous Limited assurance report. Of the eight recommendations made, five have been closed including one high priority. Two of the recommendations have been moved to low priority as actions had been undertaken within these areas. One of the high recommendations has moved down to medium and still requires a review to be undertaken of the use of agencies. We issued a **Reasonable** assurance opinion.

**Inclusion & Equality Team** – The Health Board has the basis of effective governance arrangements in place relating to inclusion & equality. However, the Terms of Reference, membership and remit of the Equality Strategy & Welsh Language Standards Group need to be reviewed to ensure appropriate oversight of all current and future requirements. A review is also required of the responsibilities of the Inclusion and Equality team and the structures in place within the Health Board to support them in delivery. An effective process and structure need to be implemented to enable the development and delivery of required action plans to ensure that the Health Board complies with all current and future inclusion and equality requirements. We issued a **Reasonable** assurance opinion.

The planned audit of the Implementation of the People & Culture Plan was deferred to 23/24 as the majority of the implementation plan was reviewed as part of the Staff Wellbeing audit.

### Capital & Estates Management

We have undertaken six reviews / outputs in this area.

**Capital Systems Management** - The action plan developed was endorsed by the required officers and appropriate action was being taken. However, whilst a process for change management was defined, this was not consistently applied across teams or in accordance with the defined delegated limits. Monitoring and reporting arrangements also require review to ensure their consistent application across all capital schemes. Key matters requiring management attention included; Application of the change management (Project Issues Form) process at all capital schemes, review of the scheme of delegation applied to capital schemes, review of

the content, and consistency of use, of the highlight reports prepared for capital schemes and completeness of reporting to the appropriate forums. We issued a **reasonable** assurance opinion.

**Decarbonisation** – This was an advisory review which affirmed common themes to provide an overview of the overarching position across NHS Wales. Our report concluded that, whilst some progress has been observed, this has been restricted by the availability of financial and staff resource. Our recommendations aimed to aid management in driving forward the strategies, whilst also highlighting some of the competing pressures/ risks.

**Development of Genomics Partnership Wales** - With six months of the construction programme remaining, a forecast overspend of £639k (4.17%) was being reported. Additional funding of £239k had been approved by the Capital Management Group to partially offset this (from discretionary capital) and further funding support was being sought from Welsh Government at the time of reporting. The full extent of the time impact of the project changes remained ongoing at the time of reporting. Acknowledging the financial pressures at the project, an appropriate financial reporting regime was seen to be operating with all key parties made aware of the ongoing challenges. We issued a **reasonable** assurance opinion.

**University Hospital Llandough – Endoscopy Expansion** - Contractual arrangements for the project were appropriately approved; however, they deviated from the requirements determined within the approved Business Justification Case (BJC); with no amended procurement strategy approved. Despite this issue, with the agreed arrangements, a robust project governance structure was in place with continual liaison and effective reporting to the relevant forums. At the date of fieldwork (8 weeks into the construction programme) the Project Manager was reporting a delay of seven weeks. There was a risk that this could be further extended and needed to be monitored and managed appropriately. We issued a **reasonable** assurance opinion.

**University Hospital Llandough – Engineering Infrastructure** - At the date of the audit fieldwork (September/ October 2022) the Project Manager was reporting a delay to the project's completion of approximately nine weeks. There was a risk that timescales could be further extended due to open Early Warning Notices (EWN) and Project Managers Instructions (PMIs). Robust cost and project management arrangements controls were in place. Contractual arrangements were appropriately approved. We issued a **reasonable** assurance opinion.

**UHW-Hybrid and Major Trauma Theatres** - The Full Business case for this scheme was submitted to Welsh Government in December 2022, with an estimated cost of £40.6m and an anticipated delivery date of 24th March 2025. At this early stage of the construction phase, the project remained within key time, cost and quality parameters. However, the project did not have a dedicated Project Board with oversight provided by a wider

Programme Board. The review identified gaps in assurance arising from this arrangement. The Health Board also continues to have issues in the timely and appropriate execution of contractual documentation.

Advice and support were also provided to the Health Board through the year in relation to the future development of integrated audit plans.

The planned audit of Capital Systems was deferred to the 23/24 as the 21/22 audit was only completed and finalised in this year.

### **2.4.3 Approach to Follow Up of Recommendations**

As part of our audit work, we consider the progress made in implementing the actions agreed from our previous reports for which we were able to give only Limited Assurance. In addition, where appropriate, we also consider progress made on high priority findings in reports where we were still able to give Reasonable Assurance. We also undertake some testing on the accuracy and effectiveness of the audit recommendation tracker.

In addition, Audit Committees monitor the progress in implementing recommendations (this is wider than just Internal Audit recommendations) through their own recommendation tracker processes. We attend all audit committee meetings and observe the quality and rigour around these processes.

It is the role of Audit Committees to consider and agree the adequacy of management responses and the dates for implementation, and any subsequent request for revised dates, proposed by Management.

We have considered the impact of both our follow-up work and where there have been delays to the implementation of recommendations, on both our ability to give an overall opinion (in compliance with the PSIAS) and the level of overall assurance that we can give.

From the specific follow up audits undertaken in 2022/23, it was identified that progress had been made by management in implementing recommendations from the following previous Limited Assurance audits, with improved assurance ratings, as identified:

- Follow-up: Five Steps to Safer Surgery – Substantial Assurance;
- Follow-up: Clinical Audit – Substantial Assurance;
- Follow-up: Ultrasound Governance (CD&T) – Reasonable Assurance; and
- Follow-up: Nurse Bank (Temp Staffing Dept) - Reasonable Assurance

The audit of the New IT Service Desk Tool provided assurance that many of the issues identified through the 21/22 Limited Assurance IT Service Management report had been addressed.

The Cyber Security audit also included a follow-up of the 21/22 Limited Assurance audit on the Network & Information Systems (NIS) Directive. Whilst this identified that some progress had been made, further work is still required.

The planned Follow-up of the ChemoCare IT System Limited assurance audit has been deferred to the 2022/23 plan due to delays in implementation of the new system.

The Health Board has continued to develop its recommendation tracking process during 2022/23. The Corporate Governance team continue to review all outstanding recommendations with management and the outcomes have been reported to each meeting of the Audit & Assurance Committee.

We have worked with the Corporate Governance team through the year to review and provide feedback on the tracker prior to its submission to each meeting of the Committee. We have also undertaken work towards the end of the year to validate the stated position for a sample of recommendations within the tracker. We were able to confirm the recorded position for the majority of the sampled recommendations and therefore provide the Audit Committee with additional assurance around the accuracy of the tracker.

#### **2.4.4 Limitations to the Audit Opinion**

Internal control, no matter how well designed and operated, can provide only reasonable and not absolute assurance regarding the achievement of an organisation's objectives. The likelihood of achievement is affected by limitations inherent in all internal control systems.

As mentioned above the scope of the audit opinion is restricted to those areas which were the subject of audit review through the performance of the risk-based Internal Audit plan. In accordance with auditing standards, and with the agreement of senior management and the Board, Internal Audit work is deliberately prioritised according to risk and materiality. Accordingly, the Internal Audit work and reported outcomes will bias towards known weaknesses as a driver to improve governance risk management and control. This context is important in understanding the overall opinion and balancing that across the various assurances which feature in the Annual Governance Statement.

Caution should be exercised when making comparisons with prior years. Audit coverage will vary from year to year based upon risk assessment and cyclical coverage on key control systems. In addition, the impact of COVID-19 on previous year's programme makes any comparison even more difficult.

#### **2.4.5 Period covered by the Opinion**

Internal Audit provides a continuous flow of assurance to the Board and, subject to the key financials and other mandated items being completed in-year, the cut-off point for annual reporting purposes can be set by agreement with management. To enable the Head of Internal Audit opinion to be better aligned with the production of the Annual Governance Statement a pragmatic cut-off point has been applied to Internal Audit work in progress.

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By previous agreement with the Health Board, audit work reported to draft stage would be included in the overall assessment where appropriate, with all other work in progress rolled-forward and reported within the overall opinion for next year.

The majority of audit reviews will relate to the systems and processes in operation during 2022/23 unless otherwise stated and reflect the condition of internal controls pertaining at the point of audit assessment.

Follow-up work will provide an assessment of action taken by management on recommendations made in prior periods and will therefore provide a limited scope update on the current condition of control and a measure of direction of travel.

There are some specific assurance reviews which remain relevant to the reporting of the organisation's Annual Report required to be published after the year end. Where required, any specified assurance work would be aligned with the timeline for production of the Health Board's Annual Report and accordingly will be completed and reported to management and the Audit and Assurance Committee subsequent to this Head of Internal Audit Opinion. However, the Head of Internal Audit's assessment of arrangements in these areas would be legitimately informed by drawing on the assurance work completed as part of this current year's plan.

## 2.5 Required Work

Please note that following discussions with Welsh Government we were not mandated to audit any areas in 2022/23.

## 2.6 Statement of Conformance

The Welsh Government determined that the Public Sector Internal Audit Standards (PSIAS) would apply across the NHS in Wales from 2013/14.

The provision of professional quality Internal Audit is a fundamental aim of our service delivery methodology and compliance with PSIAS is central to our audit approach. Quality is controlled by the Head of Internal Audit on an ongoing basis and monitored by the Director of Audit & Assurance. The work of Internal Audit is also subject to an annual assessment by Audit Wales. In addition, at least once every five years, we are required to have an External Quality Assessment. This was undertaken by the Chartered Institute of Public Finance and Accountancy (CIPFA) in March 2023. The CIPFA concluded that NWSSP's Audit & Assurance Services conforms with all 64 fundamental principles and 'it is therefore appropriate for NWSSP Audit & Assurance Services to say in reports and other literature that it fully conforms to the IIA's professional standards and to PSIAS.'

The NWSSP Audit and Assurance Services can assure the Audit and Assurance Committee that it has conducted its audit at the Health Board

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in conformance with the Public Sector Internal Audit Standards for 2022/23.

Our conformance statement for 2022/23 is based upon:

- the results of our internal Quality Assurance and Improvement Programme (QAIP) for 2022/23 which will be reported formally in the Summer of 2023; and
- the results of the work completed by Audit Wales.

We have set out, in **Appendix A**, the key requirements of the Public Sector Internal Audit Standards and our assessment of conformance against these requirements. The full results and actions from our QAIP will be included in the 2022/23 QAIP report. There are no significant matters arising that need to be reported in this document.

We also note that there have been no impairments to the independence of the Head of Internal Audit or to any member of NWSSP's Audit & Assurance Service who undertook work on the Cardiff & Vale audit programme for 2022/23.

## 2.7 Completion of the Annual Governance Statement

While the overall Internal Audit opinion will inform the review of effectiveness for the Annual Governance Statement, the Accountable Officer and the Board need to take into account other assurances and risks when preparing their statement. These sources of assurances will have been identified within the Board's own performance management and assurance framework and will include, but are not limited to:

- direct assurances from management on the operation of internal controls through the upward chain of accountability;
- internally assessed performance against the Health & Care Standards;
- results of internal compliance functions including Local Counter-Fraud, Post Payment Verification, and risk management;
- reported compliance via the Welsh Risk Pool regarding claims standards and other specialty specific standards reviewed during the period; and
- reviews completed by external regulation and inspection bodies including Audit Wales and Healthcare Inspectorate Wales.

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### 3. OTHER WORK RELEVANT TO THE HEALTH BOARD

As our internal audit work covers all NHS Wales organisations there are a number of audits that we undertake each year which, while undertaken formally as part of a particular health organisation's audit programme, will cover activities relating to other Health bodies. These are set out below, with relevant comments and opinions attached, and relate to work at:

- NHS Wales Shared Services Partnership;
- Digital Health & Care Wales;
- Welsh Health Specialised Services Committee; and
- Emergency Ambulance Services Committee.

#### NHS Wales Shared Services Partnership (NWSSP)

As part of the internal audit programme at NHS Wales Shared Services Partnership (NWSSP), a hosted body of Velindre University NHS Trust, a number of audits were undertaken which are relevant to the Health Board. These audits of the financial systems operated by NWSSP, processing transactions on behalf of the Health Board, derived the following opinion ratings:

Audit	Opinion	Comments
Accounts Payable	Reasonable	To evaluate and determine the adequacy of the systems and controls in place over the management of the NWSSP P2P service.
Payroll	Reasonable	To evaluate and determine the adequacy of the systems and controls in place for the management of Payroll Services.
Primary Care Services – Medical (GMS), Pharmaceutical (GPS), Dental (GDS), and Ophthalmic (GOS) Services	Reasonable Substantial Substantial Substantial	To evaluate and determine the adequacy of controls in place to administer timely and accurate payments to primary care contractors.
Other audits: Recruitment Services	Reasonable	To assess the adequacy and effectiveness of systems and controls for the

Procurement	Reasonable	management of Recruitment Services  To review national sourcing procurement activity within the new integrated procurement teams to establish consistency in processes and assess compliance with procurement guidance.
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Please note that other audits of NWSSP activities are undertaken as part of the overall NWSSP internal audit programme. The overall Head of Internal Audit Opinion for NWSSP is Reasonable Assurance.

### Digital Health & Care Wales (DHCW)

As part of the internal audit programme at DHCW, a Special Health Authority that started operating from 1 April 2021, a number of audits were undertaken which are relevant to the Health Board. These audits derived the following opinion ratings:

Audit	Opinion	Comments
Switching Services	Reasonable	Ensure that the switching service is maintained appropriately and that risks to the operation of the service are appropriately managed.
Embedding the Stakeholder Engagement Plan	Reasonable	To provide an opinion over the arrangements for the embedding of the plan.
Centre of Excellence	Reasonable	To provide an opinion over the controls for the establishment of the Office 365 Centre of excellence.
Technical Resilience	Substantial	To establish and assess the organisation's position to maintain acceptable service levels through, and beyond, severe disruptions to its critical processes and the IT

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		systems which support them.
Cyber Security	Substantial	To ensure that the organisation is working to improve its cyber security position, and that appropriate reporting is in place that shows the current status.

Please note that other audits of DHCW activities are undertaken as part of the overall DHCW internal audit programme. The overall Head of Internal Audit Opinion for DHCW is Reasonable Assurance.

### Welsh Health Specialised Services Committee (WHSSC) and Emergency Ambulance Services Committee (EASC)

The work at both the Welsh Health Specialist Services Committee (WHSSC) and the Emergency Ambulance Services Committee (EASC) is undertaken as part of the Cwm Taf Morgannwg internal audit plan. These audits are listed below and derived the following opinion ratings:

Audit	Opinion	Comments
WHSSC – Quality Unit	Substantial	
WHSSC – Neurosciences and long-term conditions	Substantial	
EASC – Ambulance handover improvement arrangements	Substantial	

While these audits do not form part of the annual plan for the Health Board, they are listed here for completeness as they do impact on the organisation's activities. The Head of Internal Audit has considered if any issues raised in the audits could impact on the content of our annual report and concluded that there are no matters of this nature.

Full details of the NWSSP audits are included in the NWSSP Head of Internal Audit Opinion and Annual Report and are summarised in the Velindre NHS Trust Head of Internal Audit Opinion and Annual Report. DHCW audits are summarised in the DHCW Head of Internal Audit Opinion and Annual Report, and the WHSSC and EASC audits are summarised in the Cwm Taf Morgannwg University Health Board Head of Internal Audit Opinion and Annual Report.

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## 4. DELIVERY OF THE INTERNAL AUDIT PLAN

### 4.1 Performance against the Audit Plan

The Internal Audit Plan has been delivered substantially in accordance with the schedule agreed with the Audit and Assurance Committee, subject to changes agreed as the year progressed. Regular audit progress reports have been submitted to the Audit and Assurance Committee during the year. Audits that remain to be reported but are reflected within this Annual Report will be reported alongside audits from the 2023/24 operational audit plan.

The audit plan approved by the Committee in April 2022 contained 41 planned reviews. Changes have been made to the plan through the year with 11 audits deferred/cancelled and 7 audits added. All these changes have been reported to and approved by the Audit Committee. In addition, 2 reviews from the 2021/22 plan were delivered during 2022/23. As a result, we planned to deliver a total of 39 reviews.

The assignment status summary is reported at section 5.

In addition, we may respond to requests for advice and/or assistance across a variety of business areas across the Health Board. This advisory work, undertaken in addition to the assurance plan, is permitted under the standards to assist management in improving governance, risk management and control. This activity is reported during the year within our progress reports to the Audit and Assurance Committee.

### 4.2 Service Performance Indicators

In order to monitor aspects of the service delivered by Internal Audit, a range of service performance indicators have been developed. The key performance indicators are summarised as follows:

Indicator Reported to Audit and Assurance Committee	Status	Actual	Target	Red	Amber	Green
Operational Audit Plan agreed for 2022/23	<b>G</b>	April 2022	By 30 June	Not agreed	Draft plan	Final plan
Total assignments reported against adjusted plan for 2022/23	<b>G</b>	92% (34/37)	100%	v>20%	10%<v<20%	v<10%
Report turnaround: time from fieldwork completion to draft reporting [10 working days]	<b>G</b>	94% (32/34)	80%	v>20%	10%<v<20%	v<10%
Report turnaround: time taken for management response to draft report [15 working days]	<b>A</b>	65% (22/34)	80%	v>20%	10%<v<20%	v<10%
Report turnaround: time from management response to issue of final report [10 working days]	<b>G</b>	100%	80%	v>20%	10%<v<20%	v<10%

## 5. RISK BASED AUDIT ASSIGNMENTS

The overall opinion provided in Section 1 and our conclusions on individual assurance domains is limited to the scope and objectives of the reviews we have undertaken, detailed information on which has been provided within the individual audit reports.

### 5.1 Overall summary of results

In total 36 audit reviews were reported during the year. Figure 2 below presents the assurance ratings and the number of audits derived for each.

**Figure 2      Summary of audit ratings**

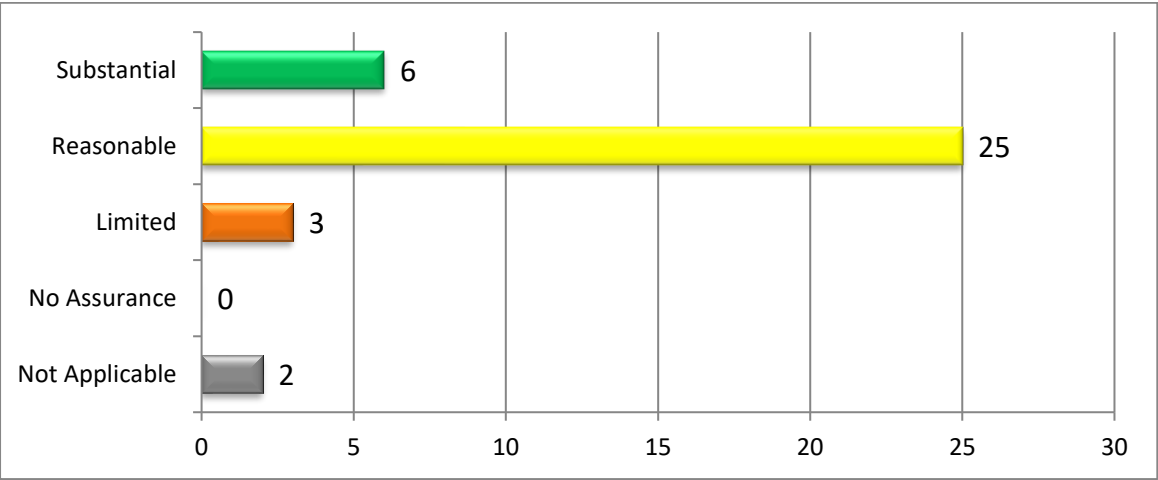


Figure 2 above does not include the audit ratings for the reviews undertaken at NWSSP and DHCW.

The assurance ratings and definitions used for reporting audit assignments are included in **Appendix B**.

In addition to the above, there were several audits which did not proceed following preliminary planning and agreement with management. In some cases, the impact of service pressures on the Health Board was the reason for the deferral or cancellation and in other cases, it was recognised that there was action required to address issues and/or risks already known to management and an audit review at that time would not add additional value. These audits are documented in section 5.7.

The following sections provide a summary of the scope and objective for each assignment undertaken within the year along with the assurance rating.

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## 5.2 Substantial Assurance (Green)



In the following review areas, the Board can take **substantial assurance** that arrangements to secure governance, risk management and internal control are suitably designed and applied effectively. Those few matters that may require attention are compliance or advisory in nature with low impact on residual risk exposure.

Review Title	Objective
IMTP 2022-25: Development Process	To evaluate and determine the adequacy of the systems and controls in place within the Health Board in relation to the 'Integrated Medium Term Plan 2022 - 2025 Development Process'.
Follow-up: 5 Steps to Safer Surgery	To provide the Health Board with assurance regarding the implementation of the agreed management actions from the 21/22 'Five Steps to Safer Surgery' Audit, which reported 'Limited' assurance.
Medical & Dental Staff Bank	To review the effectiveness of the processes and controls operating within the Health Board's new Medical and Dental Staff Bank managed by Medacs Healthcare.
Financial Reporting and Savings Targets	To evaluate and determine the adequacy of the systems and controls in place within the Health Board in relation to 'Financial Reporting and Savings Targets'.
Clinical Audit Follow-up	To provide the Health Board with assurance regarding the implementation of the agreed management actions from the 21/22 'Clinical Audit' Audit, which reported 'Limited' assurance.
Commissioning – IPFR Process	To establish and review the systems and processes in place to assess, make decisions on, and monitor spend related to Individual Patient Funding Requests (IPFRs).

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### 5.3 Reasonable Assurance (Yellow)



In the following review areas, the Board can take **reasonable assurance** that arrangements to secure governance, risk management and internal control are suitably designed and applied effectively. Some matters require management attention in either control design or operational compliance and these will have low to moderate impact on residual risk exposure until resolved.

Review Title	Objective
Monitoring and Reporting of Staff Sickness Absence (21/22)	To evaluate and determine the adequacy of the systems and controls in place within the Health Board in relation to Monitoring and Reporting of Staff Sickness Absence.
Capital Systems Management (21/22)	Post reporting of potential breaches, at capital schemes, to Standing Financial Instructions and Standing Order requirements, recommendations and an action plan were agreed to be implemented to mitigate the risk of the same reoccurring. The audit was undertaken to provide assurance on the application of the plan; and to identify any enhancements to existing operational procedures / working practices.
Follow-up: Ultrasound Governance	To provide the Health Board with assurance regarding the implementation of the agreed management actions from the 21/22 Ultrasound Governance review that reported 'Limited' assurance.
Stock Management – Neuromodulation Service (Specialist Services CB)	To evaluate and determine the adequacy of the systems and controls in place within the Neurosciences Directorate in relation to neuromodulation equipment stock management.
Staff Wellbeing – Culture & Values	To evaluate and determine the adequacy of the systems and controls in place within the Health Board in relation to 'Staff Wellbeing – Culture and Values'.
Implementation of National IT Systems (WNCR)	To evaluate and determine the adequacy of the systems and controls in place within the Health

Review Title	Objective
	Board for the implementation and use of national IT systems.
Digital Strategy	To ensure that the refreshed Digital Strategy meets the needs of the UHB and there is a roadmap for delivery.
Medical Equipment & Devices	To review the arrangements in place for recording, monitoring and replacing medical equipment and devices.
University Hospital Llandough – Endoscopy Expansion	To review the delivery and management arrangements for the University Hospital Llandough (UHL) Endoscopy Expansion Project, and the performance, against its key delivery objectives i.e., time, cost, and quality.
Core Financial Systems (Treasury Management)	To evaluate and determine the adequacy of the systems and controls in place within the Health Board in relation to 'Core Financial Systems – Treasury Management'.
Management of Locum Junior Doctors (Women & Children's CB)	To review the system for agreeing and booking locum junior doctors, including appropriate use of the Envoy system before offer of increased rates and cross checking of shifts against claims.
Endoscopy Insourcing (Medicine CB)	To review the governance and operational arrangements in place to manage the Endoscopy Insourcing Contract.
Access to In-Hours GMS Service Standards (PCIC Clinical Board)	To review the processes and procedures in place for assessing GP practices achievement against the 'Access to In-Hours GMS Service Standards'
New IT Service Desk Tool	To review the set-up and implementation of the new system, and to assess the extent to which the new system has been able to drive improvements.
Development of Genomics Partnership Wales	To review the delivery and management arrangements in place to progress the Genomics Partnership Wales project, and the performance, against its key delivery objectives i.e., time, cost, and quality.

Review Title	Objective
University Hospital Llandough – Engineering Infrastructure	To review the delivery and management arrangements for the University Hospital Llandough (UHL) Engineering Infrastructure Project, and the performance, against its key delivery objectives i.e., time, cost, and quality.
Nurse Staffing Levels Act	To review of the processes in place to ensure compliance with the requirements of the Act, with a focus on paediatric arrangements, which is a new part of the Act.
Charitable Funds	To review the processes in place within the Health Board to ensure that Charitable Funds are appropriately managed and administered in accordance with relevant legislation and Charity Commission guidance.
Follow-up: Nurse Bank (Temporary Staffing Department)	To provide the Health Board with assurance regarding the implementation of the agreed management actions from the 21/22 'Nurse Bank (Temporary Staffing Department)' review that reported 'Limited' assurance.
Community Patient Appliances (Specialist Services CB)	To review the systems in place to monitor and manage the risks of posture and mobility equipment that needs to be repaired or replaced. Including how cases are managed when there are delays to equipment ordering / delivery because of supply chain issues.
Data Warehouse	To review the effectiveness of the data warehouse and ensure that it continues to be fit for purpose.
Risk Management	To determine and evaluate the ongoing development and implementation of the Risk Management and Board Risk Assurance Framework Strategy and associated Risk Management Procedures.
Inclusion & Equality	To review the structure of the Inclusion and Equality Team and the plans in place to take key actions forward relating to areas such as the Welsh Government's Anti-Racist Wales Action Plan.
UHW-Hybrid and Major Trauma Theatres	To evaluate the progression and delivery of the project against the key business case objectives

Review Title	Objective
	and to assess the adequacy of the systems and controls in place to support the successful delivery of the project.
Planned Care Transformation Delivery (Recovery of Services)	To review the systems and controls in place to deliver the transformation of planned care during 2022/23.

## 5.4 Limited Assurance (Amber)



In the following review areas, the Board can take only **limited assurance** that arrangements to secure governance, risk management and internal control, within those areas under review, are suitably designed and applied effectively. More significant matters require management attention with moderate impact on residual risk exposure until resolved.

Review Title	Objective
Medical Records Tracking (CD&T CB)	To review the effectiveness of the mechanisms for tracking medical records both inside and outside of the Health Records department.
Cyber Security	To ensure that the organisation is working to improve its cyber security position, reporting is in place that accurately reflects the current cyber security status and data is adequately backed up.
Management of Health Board Policies	To review the arrangements in place for the creation, management and review of Health Board policies and procedures.

## 5.5 No Assurance (Red)



No reviews were assigned a 'no assurance' opinion.

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## 5.6 Assurance Not Applicable (Grey)



The following reviews were undertaken as part of the audit plan and reported without the standard assurance rating indicator, owing to the nature of the audit approach. The level of assurance given for these reviews are deemed not applicable – these are reviews and other assistance to management, provided as part of the audit plan, to which the assurance definitions are not appropriate but which are relevant to the evidence base upon which the overall opinion is formed.

Review Title	Objective
Assurance Mapping	To support the development of assurance mapping within the Health Board.
Estates Assurance – Decarbonisation	To affirm common decarbonisation themes, to provide an overview of the overarching position across NHS Wales

## 5.7 Deferred Audits

Additionally, the following audits were deferred for the reasons outlined below. We have considered these reviews and the reason for their deferment when compiling the Head of Internal Audit Opinion.

Review Title	Reason for Deferral
Implementation of People & Culture Plan	The majority of the implementation plan was reviewed as part of the Staff Wellbeing audit.
Reporting of Covid Deaths	The implementation of the Medical Examiner role and the different Covid position.
Application of Local Choices Framework	Unclear on the potential scope or benefit given current position / lack of comparability to other organisations.
Regional Planning Arrangements	Focus would have been on identifying lessons to take forward into future regional planning so not a key risk area in the current year.
Administration Services (Mental Health CB)	Delays in receiving information to commence the audit which impacted on the availability of Internal Audit resources.

Review Title	Reason for Deferral
Strategic Programmes / Recovery & Redesign Governance Arrangements	The governance arrangements will be reviewed as part of the separate audit of Planned Care Transformation Delivery (Recovery of Services)
Capital Systems	The 21/22 audit was only recently finalised, so there was little benefit in reviewing again in 22/23.
Network & Information Systems (NIS) Directive Follow-up	Follow-up of management actions covered as part of the Cyber Security audit.
QS&E Governance (Deferred from 21/22 plan)	Advisory review moved to Q1 23/24 to allow coverage of developments around the Duty of Quality.
ChemoCare IT System Follow-up	Deferred to 23/24 plan due to delay with implementation of new system.
Performance Reporting (WiP)	Advisory review removed from the plan and replaced with an assurance review in the 2023/24 plan

## 5.8 Work in Progress

At the time of producing the Annual Report, the following audits were still work in progress and the assurance ratings had not been determined. The outcomes of these audits will therefore feed into the HIA Opinion for 2023/24.

Review Title	Objective
Consultant Job Plans (Surgery CB)	Review of Consultant Job Planning arrangements, to include focus on service lines with elective and emergency splits.
Shaping Our Future Wellbeing – Future Hospitals Programme	Advisory review to provide proactive advice, identify good practice and relevant systems weaknesses for management consideration and, where appropriate, provide direction to existing guidance.
Medical Staff Additional Sessions	Review of the new policy and procedure being developed in relation to additional sessions worked by medical staff.

---

## 6. ACKNOWLEDGEMENT

In closing I would like to acknowledge the time and co-operation given by Directors and staff of the Health Board to support delivery of the Internal Audit assignments undertaken within the 2022/23 plan.

Ian Virgill

Head of Internal Audit

Audit and Assurance Services

NHS Wales Shared Services Partnership

June 2023

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**Appendix A**

<b>ATTRIBUTE STANDARDS</b>	
<b>1000 Purpose, authority and responsibility</b>	Internal Audit arrangements are derived ultimately from the NHS organisation's Standing orders and Financial Instructions. These arrangements are embodied in the Internal Audit Charter adopted by the Audit Committee on an annual basis.
<b>1100 Independence and objectivity</b>	Appropriate structures and reporting arrangements are in place. Internal Audit does not have any management responsibilities. Internal audit staff are required to declare any conflicts of interests. The Head of Internal Audit has direct access to the Chief Executive and Audit Committee chair. There have been no impairments to our independence during 2022/23.
<b>1200 Proficiency and due professional care</b>	Staff are aware of the Public Sector Internal Audit Standards and code of ethics. Appropriate staff are allocated to assignments based on knowledge and experience. Training and Development exist for all staff. The Head of Internal Audit is professionally qualified.
<b>1300 Quality assurance and improvement programme</b>	Head of Internal Audit undertakes quality reviews of assignments and reports as set out in internal procedures. Internal quality monitoring against standards is performed by the Head of Internal Audit and Director of Audit & Assurance. Audit Wales complete an annual assessment. An EQA was undertaken in 2018.
<b>PERFORMANCE STANDARDS</b>	
<b>2000 Managing the internal audit activity</b>	The Internal Audit activity is managed through the NHS Wales Shared Services Partnership. The audit service delivery plan forms part of the NWSSP integrated medium term plan. A risk based strategic and annual operational plan is developed for the organisation. The operational plan gives detail of

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	<p>specific assignments and sets out overall resource requirement. The audit strategy and annual plan is approved by Audit Committee.</p> <p>Policies and procedures which guide the Internal Audit activity are set out in an Audit Quality Manual. There is structured liaison with Audit Wales, HIW and LCFS.</p>
<b>2100 Nature of work</b>	The risk based plan is developed and assignments performed in a way that allows for evaluation and improvement of governance, risk management and control processes, using a systematic and disciplined approach.
<b>2200 Engagement planning</b>	The Audit Quality Manual guides the planning of audit assignments which include the agreement of an audit brief with management covering scope, objectives, timing and resource allocation.
<b>2300 Performing the engagement</b>	The Audit Quality Manual guides the performance of each audit assignment and report is quality reviewed before issue.
<b>2400 Communicating results</b>	<p>Assignment reports are issued at draft and final stages. The report includes the assignment scope, objectives, conclusions and improvement actions agreed with management. An audit progress report is presented at each meeting of the Audit Committee.</p> <p>An annual report and opinion is produced for the Audit Committee giving assurance on the adequacy and effectiveness of the organisation's framework of governance, risk management and control.</p>
<b>2500 Monitoring progress</b>	An internal follow-up process is maintained by management to monitor progress with implementation of agreed management actions. This is reported to the Audit Committee. In addition audit reports are followed-up by Internal Audit on a selective basis as part of the operational plan.

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<b>2600 Communicating the acceptance of risks</b>	If Internal Audit considers that a level of inappropriate risk is being accepted by management it would be discussed and will be escalated to Board level for resolution.
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## Appendix B - Audit Assurance Ratings

We define the following levels of assurance that governance, risk management and internal control within the area under review are suitable designed and applied effectively:

	<b>Substantial assurance</b>	Few matters require attention and are compliance or advisory in nature. <b>Low impact</b> on residual risk exposure.
	<b>Reasonable assurance</b>	Some matters require management attention in control design or compliance. <b>Low to moderate impact</b> on residual risk exposure until resolved.
	<b>Limited assurance</b>	More significant matters require management attention. <b>Moderate impact</b> on residual risk exposure until resolved.
	<b>No assurance</b>	Action is required to address the whole control framework in this area. <b>High impact</b> on residual risk exposure until resolved.
	<b>Assurance not applicable</b>	Given to reviews and support provided to management which form part of the internal audit plan, to which the assurance definitions are not appropriate. These reviews are still relevant to the evidence base upon which the overall opinion is formed.

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NHS Wales Shared Services Partnership  
4-5 Charnwood Court  
Heol Billingsley  
Parc Nantgarw  
Cardiff  
CF15 7QZ  
Website: [Audit & Assurance  
Services - NHS Wales Shared  
Services Partnership](#)

Prepared: Sarah  
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Report Title:	Introduction to the Annual Report and Accounts 2022/23			Agenda Item no.	5.2
Meeting:	Special Audit and Assurance Committee	Public	X	Meeting Date:	25th July 2023
		Private			
Status <i>(please tick one only):</i>	Assurance		Approval	X	Information
Lead Executive:	Executive Director of Finance & Director of Corporate Governance				
Report Author (Title):	Deputy Director of Finance (Operational)				
Main Report					
Background and current situation:					

This report refers to the Annual Report which is included within this meeting's agenda and papers. Specifically this report refers to :-

- Annual Report - Performance Report
- Annual Report - Accountability Report
- Annual report - Annual Accounts

This report sets out the key changes made to the draft statements to arrive at the final version of the Annual Accounts and outlines the financial performance of the UHB.

In accordance with the agreed deadlines, the 2022/23 Draft Annual Accounts, Draft Performance Report and Draft Accountability Report were completed and forwarded to the Welsh Government and Audit Wales.

With regards to its role in providing advice to the Board, the Audit and Assurance Committee, in accordance with its Terms of Reference, has responsibility to specifically comment upon the accounting policies, the accounts, the annual report of the organisation and the Letter of Representation.

The Audit and Assurance Committee also has a key role in reviewing the ISA 260 report from Audit Wales.

The Annual Report contains the Annual Accounts and the remuneration report which are the key financial statements.

The Draft Performance Report, Draft Accountability Report, Draft Annual Accounts and associated documents were reviewed in detail by the Audit and Assurance Committee at its workshop held on 11<sup>th</sup> May 2023.

#### Executive Director Opinion and Key Issues to bring to the attention of the Board/Committee:

In reviewing the financial statements and associated documentation, the Audit and Assurance Committee needs to consider the work carried out throughout the year by internal audit and counter fraud. Particular reference therefore should be made to the opinion provided by the Head of Internal Audit as part of their Annual Report.

Assurance on the accuracy of the Annual Report and Accounts can be taken by:

- The programme of work and review that the Audit and Assurance Committee has undertaken throughout 2022/23 and the process it follows to verify and sign off the Annual Report and Accounts;
- The work completed by Audit Wales and presented to the Audit and Assurance Committee in their ISA 260 Report;
- The response given to the audit enquiries to those charged with governance and management and the letter of representation that will be sent to Audit Wales;

This year, attention is drawn to the ISA260 report regarding the regularity opinion qualification. Audit Wales intends to qualify the regularity opinion because the Health Board breached its revenue resource limit :-

- For the three-year period 2020-21 to 2022-23 the Health Board expended £26.467 million over the three-year revenue limit issued by Welsh Government.
- The Health Board failed to gain approval from Ministers for its 3 year Integrated Medium Term Plan due to the projected financial deficits contained within it.

Audit Wales have provided an unqualified audit opinion under their 'True and Fair' assessment of the 2022-23 financial statements.

### **Changes to the Draft Annual Report and Accounts**

Audit Wales have reviewed the Draft Performance Report and Draft Accountability Report and have provided feedback on a number of minor narrative changes which have been incorporated within the Annual Report. The Remuneration Report has similarly been amended. The Accountability Report also includes the Head of Internal Audit's opinion of reasonable assurance.

There have been a small number of changes made to the Draft Accounts. These are generally of a technical nature and do not impact on the reported financial performance of the UHB. The key amendments are set out in the page below:

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Value of correction	Nature of correction
£14.142 million	<p><b><u>Other Comprehensive Net Expenditure (OCNE)</u></b></p> <p>Increase 'Net gain on revaluation of property, plant and equipment' by £14.142 million.</p>
£14.4 million	<p><b><u>Note 29 Events after the Reporting Period</u></b></p> <p>Additional disclosure required for the additional pay arrangements for employees covered by the 'Agenda for Change' terms and conditions in Wales for 2022-23.</p>
£3.235 million	<p><b><u>Note 3.3 Expenditure on Hospital and Community Health Services</u></b></p> <p>Increase 'Expenses related to short-term leases' by £3.143 million and 'Expense related to low-value asset leases' (excluding short-term leases) by £0.092 million. Decrease 'Establishment Costs' by £2.983 million and 'Private Providers costs' (in Note 3.2) by £0.252 million.</p>
£2.388 million	<p><b><u>Note 11.3 Right of Use Assets</u></b></p> <p>Increase 'Transfer of Finance Leases' from the PPE Note for Plant and Machinery by £2.388 million.</p>
£5.895 million	<p><b><u>Note 13 Impairments</u></b></p> <p>Increase 'Changes in market price of Property, Plant and Equipment' by £5.895 million.</p>
Various	<p><b><u>Remuneration Report</u></b></p> <p>The following adjustments were made to the remuneration report:</p> <ul style="list-style-type: none"> <li>· the pay band for a senior officer was amended to a lower pay band;</li> <li>· the comparatives for the highest paid director banding and the number of employees receiving remuneration in excess of the highest paid director were amended: and</li> <li>· the 'Real increase (decrease) in Cash Equivalent Transfer Value for Pension Benefits' was amended for two senior officers.</li> </ul>
Various	<p><b><u>Note 30 Related Party Transactions</u></b></p> <p>The following related party transactions were added to Note 30:</p> <ul style="list-style-type: none"> <li>· Aneurin Bevan income and expenditure decreased by £32,000; and</li> <li>· The amount owed to Cardiff University increased by £1,400.</li> </ul>
Narrative	<p><b><u>Note 2.3 Duty to prepare a three-year integrated plan</u></b></p> <p>The following amendments were made to the note:</p> <ul style="list-style-type: none"> <li>· dates adjusted from 2023-26 to 2022-25; and</li> <li>· more disclosure required to explain when and why the three-year plan was not approved.</li> </ul>

With the exception of the post balance sheet event identified in note 29 the majority of high value adjustments relate to the implementation of IFRS 16 - Leases, where the UHB worked with Audit Wales and Welsh Government towards a consistent approach across Wales.

Particular attention is drawn to the amendment to Note 29; Events after the Reporting Period where the UHB was directed by Technical Update letter 12 issued on the 30th June 2023 to include the following narrative:

1. NHS Wales Recovery payment 2022-23. NHS Wales bodies were notified in a pay circular letter issued on 25th May 2023 by the Welsh Government, of the additional pay arrangements for employees covered by the Agenda for Change terms and conditions in Wales for 2022-23, which will be funded by the Welsh Government. NHS Wales bodies will make a one off non-consolidated, prorated “recovery payment” for staff employed on the Agenda for Change terms and conditions (this includes most NHS staff including nursing staff but excludes medical staff). These costs have not been recognised in the 2022-23 financial statements because the obligating event was the publication of the offer agreed with the Minister on 20 April 2023 and therefore post 31st March 2023. The costs will be accounted for in the 2023-24 Annual Accounts of NHS Wales bodies. The estimated cost is £14.4million.

The changes made to the Draft Accounts and Remuneration Report are set out in Appendix 4 of the ISA 260 report.

### **Uncorrected misstatements**

There are no non-trivial uncorrected misstatements.

### **Overview of Financial Performance 2022/23**

The National Health Service Finance Act 2014 places two financial duties on the UHB:

- A duty under section 175 (1) to ensure that its expenditure does not exceed the aggregate of the funding allocated to it over a period of 3 years.
- A duty under section 175 (2A) to prepare and obtain approval from the Welsh Ministers for a plan which achieves the first duty above, while also improving the health of the people for whom the UHB is responsible and improving the healthcare provided to them.

A summary of financial performance is set out below.

### **UHB Performance against its Revenue Resource Limit**

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

The Integrated Medium Term Plan submitted for the period 2022-2025 did not include a balanced financial position and was not approved. Therefore, the UHB has not met its statutory duty to have an approved financial plan for the period 2022-23 to 2024-25

In the absence of an approved Integrated Medium Term Plan, the LHB submitted a one year Operational Plan with a planned deficit of £17.1m to Welsh Government in June 2022. Following the emergence of a number of in year cost pressures, the forecast was reviewed in November through the UHB's governance structure, including the Finance Committee and Board and with Welsh Government colleagues in the mid-year review meeting . Following review, the forecast deficit was revised to a £26.9m deficit.

The financial performance for the year, as contained in the accounts is a year-end deficit of £26.789m for 2022/23.

The UHB had a surplus of £0.232m in 2021/22 and a surplus of £0.090m in 2020/21. This means that over the three-year period, the aggregated deficit is £26.467m.

Consequently, the UHB has not met its financial duty against its Revenue Resource Limit, both under section 175 (1) and section 175 (2A), over the three-year period 2020/21 to 2022/23.

### **Performance against its Capital Resource Limit**

The UHB managed its capital programme during the year and the accounts show a small surplus of £0.088m against the final Capital Resource Limit of £55.410m.

The UHB had a surplus of £0.041m in 2021/22 and a surplus of £0.104m in 2020/21 against the Capital Resource Limit. This means that over the three-year period the aggregated surplus is £0.233m.

Thus, the UHB has met its financial duty to break-even against its Capital Resource Limit over the three years 2020/21 to 2022/23.

### **Audit Enquiries to management and those charged with governance / Letter of Representation**

The Health Board is required to provide our auditors, Audit Wales with confirmation of :-

- The governance controls practised by the Health Board in the areas of financial reporting, fraud, laws and regulations, related parties and regularity. This record is provided to Audit Wales by way of a reply to the 'Audit Enquiries to management and those charged with governance'. The reply provided to Audit Wales is attached as Attachment 1.
- Acknowledgement of the responsibility of the Health Board to prepare financial statements and make available all relevant information to Audit Wales in the review and inspection of the Annual Accounts. This assurance, by way of the Letter of Representation, will be provided to Audit Wales following Board approval of the Annual report & Accounts on 27 July 2023. The draft Letter of Representation is attached as Attachment 2.

### **Recommendation:**

The Audit and Assurance Committee is asked to:-

- NOTE the reported financial performance contained within the Annual Report and Accounts and that the UHB has:
  - not met its statutory financial duties in respect of revenue expenditure.
  - met its statutory financial duties in respect of capital expenditure
- NOTE the changes made to the Draft Annual Report and Accounts;
- REVIEW the ISA 260 Report, the Head of Internal Audit Annual Report, the Letter of Representation, the response to the audit enquiries to those charged with governance and management and the Annual Report and Accounts;
- RECOMMEND to the Board that it agrees and endorses the ISA 260 Report, the Head of Internal Audit Annual Report, the Letter of Representation and the response to the audit enquiries to those charged with governance and management;
- RECOMMEND to the Board approval of the Annual Report and Accounts for 2022/23.

## Link to Strategic Objectives of Shaping our Future Wellbeing:

Please tick as relevant

1. Reduce health inequalities		6. Have a planned care system where demand and capacity are in balance	
2. Deliver outcomes that matter to people		7. Be a great place to work and learn	
3. All take responsibility for improving our health and wellbeing		8. Work better together with partners to deliver care and support across care sectors, making best use of our people and technology	
4. Offer services that deliver the population health our citizens are entitled to expect		9. Reduce harm, waste and variation sustainably making best use of the resources available to us	x
5. Have an unplanned (emergency) care system that provides the right care, in the right place, first time		10. Excel at teaching, research, innovation and improvement and provide an environment where innovation thrives	

## Five Ways of Working (Sustainable Development Principles) considered

Please tick as relevant

Prevention		Long term		Integration		Collaboration	x	Involvement	
------------	--	-----------	--	-------------	--	---------------	---	-------------	--

## Impact Assessment:

Please state yes or no for each category. If yes please provide further details.

Risk: No

Safety: No

Financial: Yes

The Annual Report incorporating the Annual Accounts is the key statutory financial document reporting the financial performance of the Health Board.

Workforce: No

Legal: No

Reputational: Yes

The preparation, submission and publication of the Health Board's Annual Accounts supports the reputation of the Health Board to maintain proper accounting systems.

Socio Economic: No

Equality and Health: No

Decarbonisation: No

## Approval/Scrutiny Route:

Committee/Group/Exec	Date:

# Audit of Accounts Report – Cardiff and Vale University Health Board

Audit year: 2022-23

Date issued: July 2023

Document reference: 3677A2023

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

In the event of receiving a request for information to which this document may be relevant, attention is drawn to the Code of Practice issued under section 45 of the Freedom of Information Act 2000.

The section 45 code sets out the practice in the handling of requests that is expected of public authorities, including consultation with relevant third parties. In relation to this document, the Auditor General for Wales and the Wales Audit Office are relevant third parties. Any enquiries regarding disclosure or re-use of this document should be sent to the Wales Audit Office at [infoofficer@audit.wales](mailto:infoofficer@audit.wales).

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

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# Contents

We intend to issue unqualified audit opinions, except for the regularity opinion which we intend to qualify. There are some issues to report to you before you consider whether to approve the Performance Report, Accountability Report and Financial Statements .

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# Audit of Accounts Report

## Introduction

- 1 This report summarises the main findings from our audit of the Cardiff and Vale University Health Board's (the Health Board's) 2022-23 Performance Report, Accountability Report and Financial Statements. We have already discussed the reported issues with the relevant senior officers.
- 2 Auditors can never give complete assurance that financial statements are correctly stated. Instead, we work to a level of materiality. This level of materiality is set to try to identify and correct misstatements that might otherwise cause a user of the financial statements into being misled.
- 3 We set our main materiality level at £18.6 million for this year's audit.
- 4 There are some areas of the financial statements that we judge may be of more importance to the reader, for which we set a lower materiality level. They include:
  - remuneration report – typically £1,000, and disclosures being within the correct financial banding (this also includes any associated payments, such as exit payments);
  - related party transactions and balances – £10,000 for positions of influence and/or significant pecuniary interests) held by independent members and senior officers, and their close family and dependants; and
  - performance against the three-year revenue and capital resource limits, with any excess net expenditure against one or both limits being deemed irregular.
- 5 We have substantially completed this year's audit.
- 6 In our professional view, we have complied with the ethical standards that apply to our work. There are no relationships between that we believe could undermine our objectivity and independence. We therefore remain independent of Health Board and our objectivity has not been compromised in any way.

## Proposed audit opinion

- 7 We issue a 'qualified' audit opinion where we have material concerns about some aspects of your financial statements; otherwise, we issue an unqualified opinion. We intend to issue unqualified audit opinions on the 2022-23 financial statements, except for the regularity opinion which we intend to qualify.
- 8 We intend to qualify the regularity opinion because the Health Board breached its revenue resource limit. For the three-year period 2020-21 to 2022-23 the Health Board expended £26.467 million over the three-year revenue limit that the Welsh Government had authorised.
- 9 Our proposed audit certificate is at **Appendix 2**; and our proposed narrative report is at **Appendix 3** which provides a more detailed explanation of the basis of the qualified regularity opinion.

- 10 We provide the intended opinions once you have provided us with a Letter of Representation based on that set out in **Appendix 1**. The Letter of Representation contains certain confirmations that we are required to obtain from you under auditing standards along with confirmation of other specific information you have provided to us during our audit.

## Significant issues arising from the audit

### Uncorrected misstatements

- 11 There are no non-trivial uncorrected misstatements.

### Corrected misstatements

- 12 We identified some misstatements in the draft financial statements and remuneration report, which management has corrected. We draw the non-trivial corrections to your attention at **Appendix 4**.

### Other significant issues arising from the audit

- 13 During the audit we consider a number of matters relating to the financial statements and report any significant issues arising to you. There are no such matters to report.

## Recommendations

- 14 Following the Auditor General's certification, we will issue a separate report with our detailed findings, audit recommendations and management's responses. The report will also provide an update on management's progress with our previous audit recommendations. The report will be considered at a future meeting of the Audit and Assurance Committee.

Mohamed Sarah  
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# Appendix 1

## Letter of Representation

[to be provided on the Health Board's letterhead]

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

Date: 27 July 2023

## Cardiff and Vale University Health Board: representations regarding the 2022-23 financial statements

This letter is provided in connection with your audit of the 2022-23 financial statements (including that part of the Remuneration Report that is subject to audit), for the purpose of expressing an opinion on their truth and fairness, their proper preparation and the regularity of income and expenditure.

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

## Management representations

### Responsibilities

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

- preparing the financial statements in accordance with legislative requirements and the Treasury's Financial Reporting Manual. In preparing the financial statements, I am required to:
  - observe the accounts directions issued by Welsh Ministers, including the relevant accounting and disclosure requirements and apply appropriate accounting policies on a consistent basis;
  - make judgements and estimates on a reasonable basis;
  - state whether applicable accounting standards have been followed and disclosed and explain any material departures from them; and
- preparing them on a going concern basis on the presumption that the services of the Health Board will continue in operation;
- ensuring the regularity of any expenditure and other transactions incurred;

- the design, implementation and maintenance of internal control to prevent and detect error.

## Information provided

We have provided you with:

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

## Financial statement representations

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

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

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

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

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

The financial statements are free of material misstatements, including omissions.

## **Representations by the Board**

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

We acknowledge our responsibility for the preparation of true and fair financial statements in accordance with the applicable financial reporting framework. The financial statements were approved by the Board on 27 July 2023.

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

**Signed by:**

**Suzanne Rankin**  
**Chief Executive and**  
**Accountable Office**

**27 July 2023**

**Signed by:**

**Charles Janczewski**  
**Chair**

**27 July 2023**

Mohamed Sarah  
24/07/2023 09:15:04

# Appendix 2

## The proposed Certificate of the Auditor General for Wales to the Senedd

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

#### Opinion on financial statements

I certify that I have audited the financial statements of Cardiff and Vale University Health Board for the year ended 31 March 2023 under Section 61 of the Public Audit (Wales) Act 2004.

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

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

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

- give a true and fair view of the state of affairs of Cardiff and Vale University Health Board as at 31 March 2023 and of its net operating costs for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards as interpreted and adapted by HM Treasury's Financial Reporting Manual; and
- have been properly prepared in accordance with the National Health Service (Wales) Act 2006 and directions made there under by Welsh Ministers.

#### Opinion on regularity

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

#### Basis for Qualified Opinion on regularity

I have qualified my opinion on the regularity of Cardiff and Vale University Health Board's financial statements because the Health Board has breached its revenue resource limit by spending £26.467 million over the amount that it was authorised to spend in the three-year period 2020-21 to 2022-23. This spend constitutes irregular expenditure.

Further detail is set out in my Report on page xx.

## Basis for opinions

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my certificate.

My staff and I are independent of the Board in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinions.

## Conclusions relating to going concern

In auditing the financial statements, I have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the body's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this certificate.

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

## Other Information

The other information comprises the information included in the annual report other than the financial statements and my auditor's report thereon. The Chief Executive is responsible for the other information contained within the annual report. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon. My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

## Opinion on other matters



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

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

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

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

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

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

- I have not received all the information and explanations I require for my audit;
- adequate accounting records have not been kept, or returns adequate for my audit have not been received from branches not visited by my team;
- the financial statements and the audited part of the Accountability Report are not in agreement with the accounting records and returns;
- information specified by HM Treasury or Welsh Ministers regarding remuneration and other transactions is not disclosed;
- certain disclosures of remuneration specified by HM Treasury's Government Financial Reporting Manual are not made or parts of the Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

### **Responsibilities of Directors and the Chief Executive for the financial statements**

As explained more fully in the Statements of Directors' and Chief Executive's Responsibilities, set out on pages xx and xx, the Directors and the Chief Executive are responsible for:

- maintaining adequate accounting records
- the preparation of financial statements and annual report in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- ensuring that the annual report and financial statements as a whole are fair, balanced, and understandable;
- ensuring the regularity of financial transactions;

- internal controls as the Directors and Chief Executive determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; and
- assessing the Health Board's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors and Chief Executive anticipate that the services provided by the Health Board will not continue to be provided in the future.

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

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

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a certificate that includes my opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

My procedures included the following:

- Enquiring of management, the Head of Internal Audit and those charged with governance, including obtaining and reviewing supporting documentation relating to Health Board's policies and procedures concerned with:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
  - considering as an audit team how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in management override and unusual journals;
  - obtaining an understanding of Health Board's framework of authority as well as other legal and regulatory frameworks that the Health Board operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of the Health Board; and
  - obtaining an understanding of related party relationships.

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

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management, the Audit and Assurance Committee and legal advisors about actual and potential litigation and claims;

- reading minutes of meetings of those charged with governance and the Board; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

I also communicated relevant identified laws and regulations and potential fraud risks to all audit team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the Health Board controls, and the nature, timing and extent of the audit procedures performed.

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

### Other auditor's responsibilities

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

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

### Report

Please see my Report on pages xx to xx.

**Adrian Crompton**  
**Auditor General for Wales**  
**28 July 2023**

**1 Capital Quarter**  
**Tyndall Street**  
**Cardiff**  
**CF10 4BZ**

Mohamed Sarah  
 24/07/2023 09:15:04

# Appendix 3

## The proposed Report of the Auditor General for Wales to the Senedd

### Report of the Auditor General to the Senedd

#### Introduction

Under the Public Audit Wales Act 2004, I am responsible for auditing, certifying, and reporting on Cardiff and Vale University Health Board's financial statements. I am reporting on these financial statements for the year ended 31 March 2023 to draw attention to two key matters for my audit. These are the failure against the first financial duty and consequential qualification of my 'regularity' opinion and the failure of the second financial duty. I have not qualified my 'true and fair' opinion in respect of any of these matters.

#### Financial duties

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

For 2022-23, Cardiff and Vale University Health Board failed to meet both the first and second financial duty.

#### Failure of the first financial duty

The **first financial duty** gives additional flexibility to Health Boards by allowing them to balance their revenue and capital income with their expenditure over a three-year rolling period. The three-year period being measured this year under this duty is 2020-21 to 2022-23.

As shown in Note 2.1 to the Financial Statements, Cardiff and Vale University Health Board did not manage its net revenue expenditure within its resource allocation over this three-year period, exceeding its cumulative revenue resource limit of £3,689,286 by £26.467 million.

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

#### Failure of the second financial duty

The **second financial duty** requires Health Boards to prepare and have approved by the Welsh Ministers a rolling three-year integrated medium-term plan. This duty is an essential foundation to the delivery of sustainable quality health services. A Health Board will be deemed to have met this duty for 2022-23 if it submitted a 2022-23 to 2024-25 plan approved by its Board to the Welsh Ministers, who were required to review and consider approval of the plan.

As shown in Note 2.3 to the Financial Statements, Cardiff and Vale University Health Board did not meet its second financial duty to have an approved three-year integrated medium-term plan in place for the period 2022-23 to 2024-25.

**Adrian Crompton**  
**Auditor General for Wales**  
**28 July 2023**

Mohamed Sarah  
24/07/2023 09:15:04

# Appendix 4

## Summary of corrections made

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

Exhibit 2: summary of corrections made

Value of correction	Nature of correction	Reason for correction
£14.142 million	<u>Other Comprehensive Net Expenditure (OCNE)</u> Increase 'Net gain on revaluation of property, plant and equipment' by £14.142 million.	To ensure the OCNE agrees to 'Total recognised income and expense for 2022-23' in the Statement of Changes in Taxpayers' Equity, and the supporting evidence.
£14.4 million	<u>Note 29 Events after the Reporting Period</u> Additional disclosure required for the additional pay arrangements for employees covered by the 'Agenda for Change' terms and conditions in Wales for 2022-23.	Additional disclosure required per the Welsh Government's Technical Update 12paper.
£3.235 million	<u>Note 3.3 Expenditure on Hospital and Community Health Services</u> Increase 'Expenses related to short-term leases' by £3.143 million and 'Expense related to low-value asset leases' (excluding short-term leases) by £0.092 million. Decrease 'Establishment Costs' by £2.983 million and	To ensure Note 3.3 and Note 3.2 agree to Note 8, and the supporting evidence.

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	'Private Providers costs' (in Note 3.2) by £0.252 million.	
£2.388 million	<u>Note 11.3 Right of Use Assets</u> Increase 'Transfer of Finance Leases' from the PPE Note for Plant and Machinery by £2.388 million.	To ensure Note 11.3 agrees to Note 11.1, and the supporting evidence.
£5.895 million	<u>Note 13 Impairments</u> Increase 'Changes in market price of Property, Plant and Equipment' by £5.895 million.	To ensure Note 13 agrees to the Statement of Comprehensive Net Expenditure and the supporting evidence.
Various	<u>Remuneration Report</u> The following adjustments were made to the remuneration report: <ul style="list-style-type: none"> <li>the pay band for a senior officer was amended to a lower pay band;</li> <li>the comparatives for the highest paid director banding and the number of employees receiving remuneration in excess of the highest paid director were amended; and</li> <li>the 'Real increase (decrease) in Cash Equivalent Transfer Value for Pension Benefits' was amended for two senior officers.</li> </ul>	To correct the disclosures. The corrections to the pay bands are material changes.

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Various	<p><u>Note 30 Related Party Transactions</u></p> <p>The following related party transactions were added to Note 30:</p> <ul style="list-style-type: none"> <li>• Aneurin Bevan income and expenditure decreased by £32,000; and</li> <li>• The amount owed to Cardiff University increased by £1,400.</li> </ul>	To correct Note 30.
Narrative	<p><u>Note 2.3 Duty to prepare a three-year integrated plan</u></p> <p>The following amendments were made to the note:</p> <ul style="list-style-type: none"> <li>• dates adjusted from 2023-26 to 2022-25; and</li> <li>• more disclosure required to explain when and why the three-year plan was not approved.</li> </ul>	To improve sufficient information and clarity.

Mohamed Sarah  
24/07/2023 09:15:04



Mohamed Sarah  
24/07/2023 09:15:04



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We welcome correspondence and telephone calls in Welsh and English.

Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg.

Catherine Phillips  
Director of Finance  
Cardiff and Vale  
University Health Board  
Maes-Y-Coed Rd  
Cardiff  
CF14 4HH

1 Capital Quarter Tyndall Street / Stryd  
Tyndall Cardiff / Caerdydd  
CF10 4BZ  
Tel / Ffôn: 029 2032 0500  
Ffôn testun: 029 2032 0660  
[info@audit.wales](mailto:info@audit.wales) [post@archwilio.cymru](mailto:post@archwilio.cymru)  
[www.audit.wales](http://www.audit.wales) / [www.archwilio.cymru](http://www.archwilio.cymru)

Dear Catherine,

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

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

This letter and the enclosed tables formally seek the documented consideration and understanding on a number of governance areas, which impact on our audit of the financial statements.

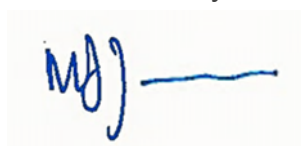
There is a section for management; a section for 'those charged with governance' (the Board); and a section with background information.

The responses will inform our understanding of the Health Board and its business processes; and support our work in providing an audit opinion on your 2022-23 financial statements.

The completed tables should be formally considered and communicated to us, on behalf of both management and those charged with governance, by 15 May 2023.

I have copied this letter to James Quance and Rob Mahoney.

Yours sincerely,



**Mark Jones**  
**Audit Manager**

Mohamed Sarah  
24/07/2023 09:15:04

## Enquiries of management

General enquiries (including financial reporting) of management	
Question	Response
1. Are there significant matters and/or events that have occurred since April 2022 that could influence our audit approach or the Health Board's financial statements?	There are no major changes to the core business of the Health Board which is to provide healthcare to it's resident population and for contracted patients from other areas. The key change to the financial statements in 2022-23 is the implementation of IFRS 16 – Accounting for Leases
2. What are your general views on the Health Board's risk assessment process relating to financial reporting?	<p>The Health Board has put in place a robust annual planning cycle for financial reporting. This is informed by the prior year ISA 260 and Audit Wales Addendum reports and a comprehensive financial reporting review after each reporting cycle.</p> <p>The timetable for financial reporting and the audit review period is overseen by the Financial Accounting team which communicates the tasks and target dates to the wider finance team and the Health Board.</p>

Mohamed Sarah  
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## General enquiries (including financial reporting) of management

Question	Response
	The Financial Accounting team provides representation into the NHS Wales Technical Accounting Group and the Capital Technical Accounting Group. These groups discuss and disseminate knowledge, plans and amendments to risk assess and implement all relevant changes in accounting and reporting standards. The groups also provide a useful conduit between Welsh Government and Audit Wales to plan submission and audit review timetables.
3. Are you aware of significant transactions that are outside the normal trading activities of the Health Board's business?	We are not aware of any.
4. Are you aware of any transactions, events or changes in circumstances that would cause impairments of non-the Health Board's non-current assets (ie. its fixed assets, such as land and buildings)?	The quinquennial revaluation by the Valuation Office Agency has revalued the UHB's fixed asset as at 1 April 2022. The UHB has also applied indexation as a result of the technical Note 6 issued by Welsh Government from 1 <sup>st</sup> May 2022.
5. Are you aware of any transactions, events and conditions (or changes in these) that	The UHB is required to apply significant judgement each year in respect of final liabilities for Primary Care contractors

Mohamed Sarah  
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## General enquiries (including financial reporting) of management

Question	Response
may give rise to recognition or disclosure of significant accounting estimates that require significant judgement?	and provision in relation to potential HMRC challenges to the UHB's VAT treatment of invoiced amounts. There is no change to this requirement in 2022-23.
6. Does the Health Board have any new estimates in respect of the 2022-23 year of account?	There are no new categories of estimate. Estimates made each year are reviewed the requirement for brought forward matters and values and to incorporate new matters arising in year.
7. Have there been any issues that may impact the preparation of the 2022-23 financial statements?	There are no issues that should impact the preparation of the 2022-23 financial statements.
8. Do you have knowledge of events or conditions beyond the period of the going concern assessment that may cast significant doubt on the Health Board's ability to continue as a going concern?	The UHB has submitted a deficit financial plan to Welsh government for 2023-24 and continues in discussion with Welsh Government to improve the financial outlook of the plan. There is no indication that Welsh Government support in 2023-24 would cause 'going concern' considerations.

Mohamed Sarah  
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## General enquiries (including financial reporting) of management

Question	Response
9. Are there any issues around the use of service organisations or common functions, including uncorrected misstatements from service organisations? This would include the NHS Wales Shared Services Partnership.	There are none that the UHB is aware of.
10. Please provide information on the status of the disclosed contingencies from the prior year.	Contingent liabilities brought forward concerned clinical negligence liability claims, associated legal costs and retrospective Continuing Healthcare Claims. The financial risk concerning the progression of the identified contingent liabilities would be substantially offset by claims to the Welsh Risk Pool. The current status of each claim has been updated as at the Balance Sheet date.
11. What are your views on the Health Board's control environment? How would you assess the process for reviewing the effectiveness of internal control?	Internal Audit provides the Board, through the Audit Committee with a flow of assurance on the system of internal control in place within the Health Board. The Health Board agreed a programme of audit work for 2022/23 which has been delivered in accordance with public sector internal audit standards by the NHS Wales Shared Services Partnership.

Mohamed Sarah  
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## General enquiries (including financial reporting) of management

Question	Response
	<p>The scope of this work was agreed with the Audit and Assurance Committee and is focussed on significant risk areas and local improvement priorities.</p> <p>The overall opinion by the Head of Internal Audit on governance, risk management and control are 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.</p> <p>The Head of Internal Audit Opinion for 2021/22 provided an overall 'Reasonable Assurance' rating and through updates shared at the Health Board's Audit and Assurance Committee there is no reason to suspect that the Health Board's systems of Control will have fallen below this standard.</p> <p>During 2022/23 Internal Audit Reviews have been undertaken in the following areas and received the listed assurance ratings:</p>

Mohamed Sarah  
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## General enquiries (including financial reporting) of management

### Question

### Response

Audit Title	Assurance Rating
Risk Management	Reasonable
Financial Reporting & Savings Targets (Deferred from 21/22)	Substantial
Core Financial Systems (Treasury Management)	Reasonable

The Board has also delegated the review and monitoring of management processes for identifying and responding to fraud risks to the Audit and Assurance Committee.

This monitoring is supported by the work of the Audit and Assurance Committee and by the Internal Audit Service under the executive leadership of the Director of Governance and the Counter Fraud Service under the executive leadership of the Finance Director. The Audit and Assurance Committee receives regular reports on counter fraud matters and on the adequacy of internal controls that exist within the Health Board and on the actions being taken to mitigate

Mohamed Sarah  
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## General enquiries (including financial reporting) of management

Question	Response
	<p>these risks. The Chair of the Audit and Assurance Committee is an Independent Member of the Board and reports back to the Health Board on these matters and the minutes of both the public and private meetings of the Audit and Assurance Committee are included in the meeting papers of the Board in its open and private meetings.</p> <p>The Health Board is satisfied that the scrutiny and review of Internal Systems of Control within the annual Internal Audit, Audit Plan and targeted reviews within the Audit and Assurance Committee are robust and able to provide suitable assurance to the Board on their effectiveness.</p> <p>An Assurance Strategy is in place and was recently updated and approved by the Audit &amp; Assurance Committee and Board in March 2023.</p>
12. If significant internal control deficiencies were reported in the prior year, please comment on the status of these.	No significant internal control deficiencies were identified in the prior year.

Mohamed Sarah  
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## Enquiries of management - in relation to fraud

Question	Response
13. What is management's assessment of the risk that the financial statements may be materially misstated due to fraud? What is the nature, extent and frequency of management's assessment?	The assessed risk that the financial statements are materially misstated due to fraud is extremely low. Management are not aware of any fraud or potential fraud that would materially impact on the financial statements. This assessment is made on the basis of robust and comprehensive counter fraud and internal audit services. All potential fraud cases are rigorously investigated and pursued by the Health Board's counter fraud service. Internal Audit also undertake a detailed annual review of the main financial systems from which the financial statements are prepared.
14. Do you have knowledge of any actual, suspected or alleged fraud affecting the Health Board?	Yes, this is fully reported to the Audit and Assurance Committee at its regular business meeting in its private session via a counter fraud progress report. Also, as part of their private meetings, the Board receives minutes from the private meeting of the Audit and Assurance Committee,

Mohamed Sarah  
24/07/2023 09:15:04

## Enquiries of management - in relation to fraud

Question	Response
	which include reference and any significant points highlighted in the Counter Fraud Progress Reports.
15. What is management's process for identifying and responding to the risks of fraud in the Health Board, including any specific risks of fraud that management has identified or that have been brought to its attention?	<p>The risks around fraud are mitigated by a robust and well-resourced counter fraud programme.</p> <p>The Cabinet Office NHS requirement gov13 requires that the counter fraud risk assessment is carried out by the Counter Fraud Team. All informed Fraud Risk is subject to assessment and review by the counter fraud team. This can be informed internally via management, post-investigation, thematic exercise or central NHS trends. Thorough assessment is conducted and recommendations made which are reported to :-</p> <ul style="list-style-type: none"> <li>-Directorate</li> <li>-Director of Governance with responsibility for risk</li> <li>-Executive Director of Finance</li> <li>-Audit Committee.</li> </ul>

Mohamed Sarah  
24/07/2023 09:15:04

## Enquiries of management - in relation to fraud

Question	Response
	<p>The aim of the assessment is to fraud proof areas, address any identified weakness and with the goal of reducing the opportunity of fraud to an absolute minimum. All fraud risks remain live on a living document within the Counter Fraud department and are subject to regular review. All fraud risk is recorded and reported to the NHS CFA via the CLUE case management system. All fraud risk work carried out is compliant with the organisations over riding Risk Management Policy and the requirements of Compliance set by the NHS CFA.</p> <p>In addition there is a Post Payment Verification Panel which evaluates and monitor 'errors' with claims that have been submitted to Primary Care Services by the individual GP Practices and Opticians.</p> <p>All senior staff in the Finance Department must be professionally qualified accountants whose professional institutes have strong codes of conduct and professional ethics.</p>

Mohamed Sarah  
24/07/2023 09:15:04

## Enquiries of management - in relation to fraud

Question	Response
	<p>All reported/alleged reports of suspected fraud are routed through to the Health Board's Counter Fraud Team for consideration of investigation and/or referral to national NHS Wales Counter Fraud team where the significance and complexity of the suspected fraud lends itself to an All Wales approach.</p> <p>The Health Board senior management team will receive advice from its counter fraud team on recommended next steps with regard to investigation and prosecution where appropriate.</p>
16. What classes of transactions, account balances and disclosures, within the financial statements, have you identified as most at risk of fraud?	<p>Those areas most at risk of Fraud can be identified in two ways. By severity of consequence; or by likelihood.</p> <p>Those areas most at risk of fraud by consequence are Mandate Fraud Invoice Fraud and Procurement Fraud. Whilst these areas are high risk because of consequence that are rare. The processes in place to combat these are robust and are regularly reviewed and governance.</p>

Mohamed Sarah  
24/07/2023 09:15:04

## Enquiries of management - in relation to fraud

Question	Response
	Those areas most at risk from fraud by likelihood are; payroll fraud and staff overpayments; dual working; working whilst sick; trade creditor duplication.
17. Are you aware of any whistleblowing or complaints by potential whistle-blowers? If so, what has been the Health Board's response?	The Health Board operates a Freedom to Speak Up initiative as a means to create an environment that enables and empowers staff to raise concerns they encounter of may observe in their areas of work with the knowledge that action will be taken as a result. One concern relating to fraudulent activity was raised during 2022/23 which was appropriately managed and closed.
18. What is management's communication to those charged with governance (the Board) regarding their processes for identifying and responding to risks of fraud?	The Health Board's Counter Fraud Team report regularly (as a standing agenda item) to every Public and Private session of the Health Board's Audit and Assurance Committee. Reports from the Audit and Assurance Committee are submitted to the Board. Fraud concerns deemed to be significant in terms of value and sensitivity would be specifically reported to the Board.

Mohamed Sarah  
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## Enquiries of management - in relation to fraud

Question	Response
19. What is management's communication to employees regarding their views on business practices and ethical behaviour?	<p>There is a full Counter Fraud awareness programme in place. This involves regular and bespoke fraud awareness sessions to staffing cohorts; regular newsletters published on the intranet; monthly webinars involving mandate fraud for finance staff and general fraud awareness for other groups; an e-learning experience provided on the ESR platform that all staff have access to; a fully modernised and up to date dedicated Counter Fraud Intranet Site, which provides information in relation to reporting routes, contact, relevant policies, useful support materials e.g. payroll fraud guides,; an in dates suite of policy documents that are accessible via the intranet e.g. Counter Fraud Bribery and Corruption Policy; activities involving poster and leafleting events and pop up stalls so that staff can meet the team.</p> <p>This is supported by a newly developed infrastructure of a dedicated counter fraud email address, widely available interactive forms for referral (anonymous or named) and QR codes that direct to the above and a new Counter Fraud App is in the process of being rolled out.</p>

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## Enquiries of management - in relation to fraud

Question	Response
20. For the Health Board's service organisations, have you reported any fraud or potential fraud to any affected parties?	<p>The Counter Fraud Team are required to liaise with internal and external partners on a regular basis. If any fraud is identified by the organisation it is reported to the Counter Fraud Team. Should matters arise that concerns other agencies or partners then a close working protocol is adopted in order that all fraud identified is appropriately dealt with. E.g., Overseas Patients and Immigration Services; Taxi Contracts; Universities; nursing agencies.</p> <p>Close liaison is maintained with other health partners such as NWSSP who provide services to the HB where fraud can sometimes overlap.</p> <p>Fraud is regularly reported to other organisations/parties where it has occurred but the HB is not necessarily the financial victim of it.</p>

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

Question	Response
21. What are the policies and procedures in place to identify applicable legal and regulatory requirements to ensure compliance?	<p>The Corporate Governance Team provides assurance to the Audit and Assurance Committee on compliance with and the implementation of recommendations which have been made by external regulatory and legislative bodies with which the Health Board is obliged to comply with. Compliance with these legislative and regulatory requirements is monitored by means of a Legislative and Regulatory Compliance Tracking report which is shared with the Audit and Assurance Committee.</p> <p>The work of the Corporate Governance team in relation to the management of Regulatory Compliance has been reviewed as providing Reasonable Assurance by Internal Audit Colleagues.</p> <p>The Health Board's Risk Management and Board Assurance Framework Strategy also support the monitoring and mitigation of prevailing regulatory and legislative risks. Such risks are reported to appropriate Board Committees and the Board via the Health Board's Corporate Risk Register and Board Assurance Framework.</p>

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

Question	Response
22. Are you aware of any instances of non-compliance with laws or regulations? Has the Health Board received any notice of any such known of possible instances of non-compliance?	There is an ongoing legal case in relation to fire notice received in 2021-2022. This case is scheduled to be heard in the courts during 2023-24.
23. Have there been any examinations or inquiries performed by licensing, tax, or other authorities/regulators?	<p>The Health Board continues to engage with HMRC in regard to ongoing and in year VAT queries and clarifications. HMRC also reviewed the Health Board's compliance with the Climate Change Levy in 2022-23. Apart from this the health Board is not aware of any new investigations outside of normal business interactions with HMRC.</p> <p>There is an ongoing legal case in relation to fire notice received in 2021-2022. This case is scheduled to be heard in the courts during 2022-23.</p> <p>The Health Board also remains subject to ongoing announced and un-announced inspections and examinations from Health Care and Service regulators. Details of such inspections are tracked by the Health Board Corporate</p>

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

Question	Response
	Governance Department and reported to the Audit and Assurance Committee.
24. Has there been any significant communications with regulators?	<p>The Health Board is highly regulated and as such communication with multiple regulators is an ongoing part of its core activity, for example Health Inspectorate Wales (HIW) which reports in public. There has been recent correspondence with HIW regarding maternity services inspections for which the Board has been kept updated.</p> <p>The most significant communication with regulators during the year is in respect of a pending prosecution by South Wales Fire and Rescue Service. This is being defended by the Health Board.</p>
25. For the Health Board's service organisations, have you reported any non-compliance with laws and regulations?	The Health Board does not have any service organisations. NWSSP is the closest example of which but this is hosted by Velindre NHS Trust.

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## Enquiries of management – in relation to regularity

Question	Response
26. What is your assessment of the risk of material irregularity, in respect of the 2022-23 financial statements?	The Health Board is not aware of matters of material irregularity in respect of its 2022-23 financial statements.
27. What is the process for responding to the risk of irregularity?	The Health Board's finance team will establish the nature of the potential irregularity and discuss with the senior managers of the Board any potential mitigations. In the absence of mitigations, the likely regularity opinion will be discussed with the relevant committees of the Board prior to the submission of the Annual Report and Accounts for adoption by the Board.
28. What is your knowledge of actual, suspected, or alleged irregularity?	The Health Board is not aware of matters of material irregularity in respect of its 2022-23 financial statements.
29. Where service organisations are used by the Health Board, have any irregularities been reported to any affected parties?	No irregularities have been reported by any service agencies supporting the Health Board's operations

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## Enquiries of management in relation to related parties

Question	Response
30. Have there been any changes to related parties from the prior year? If so, what is the identity of the related parties and the nature of those relationships?	<p>Related parties to the Health Board remain the same as in the prior year and as reported in the financial statements.</p> <p>Related Parties to Board members, with which the Health Board has had transaction in 2022-23, are identified and disclosed in the Health Board's Annual Accounts and are disclosed to the external auditor as part of the year end audit process.</p>
31. What transactions have been entered into with related parties during the period? What is the purpose of these transactions?	<p>All transactions with related parties will have been undertaken under due procurement governance and internal controls that is designed to prevent board members and senior members of staff from the decision making with regard to the award of business.</p> <p>All transactions will relate to the procurement of required inputs to support the delivery of healthcare in line with the Health Board's core role.</p> <p>All identified transactions with related parties are disclosed in the Annual Accounts.</p>

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32. What controls are in place to identify, account for and disclose related parties?

Staff are required to make declarations in accordance with the Standards of Behaviour Framework Policy, incorporating Gifts, Hospitality and Sponsorship. All Board members are asked to make a declaration on an annual basis, which is then recorded and published in the Declarations of Board Members' Interests. Where a Board Member's interests change during the year, they have a personal responsibility to declare this and inform the Board Secretary.

33. What controls are in place to authorise and approve significant transactions and arrangements:

- with related parties; and
- outside the normal course of business?

Related Party transactions with other NHS Wales organisations and Welsh Government are 'related' by the nature of the organisational structure of NHS Wales, including the consolidation of NHS Wales Accounts in the Whole of Government Accounting annual exercise. Transactions with NHS Wales Related Parties are numerous and high value in their nature and are subject to various internal payment and procurement controls throughout the organisations. High level service agreements are signed off by the Chief Executive. Procurement rules and processes require all decision making members of staff to declare any conflict of interest during the award process.

The Health Board is not aware of significant transactions outside of the normal course of business. If such a transaction was to arise it would be considered by the Chief Executive Office and Chair with reference to the UHB Board as appropriate.

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## Enquiries of those charged with governance

Enquiries of those charged with governance	
Question	Response
34. Do you have any knowledge of actual, suspected, or alleged fraud affecting the entity?	Yes, this is fully reported to the Audit and Assurance Committee at its regular business meeting in its private session via a counter fraud progress report. Also, as part of their private meetings, the Board receives minutes from the private meeting of the Audit and Assurance Committee, which include reference and any significant points highlighted in the Counter Fraud Progress Reports.
35. What is your assessment of the risk of fraud within the entity, including those risks that are specific to the Health Board's business sector?	<p>Fraud and risk of fraud are a constant presence in the Health Board due to the size and complexity of the Health Board.</p> <p>The risk of fraud cannot entirely be eliminated in an organisation such as the Health Board. To minimise the impact the Health Board maintains a Counter Fraud team that provides pro-active education alongside an investigation</p>

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## Enquiries of those charged with governance

Question	Response
	capacity and the ability to refer to the national NHS Counter Fraud resource if necessary. The internal controls present in the Health Board, alongside procurement processes help prevent significant fraud whilst assessing and delivering the appropriate response to smaller scale fraud.
<p>36. How do you exercise oversight of:</p> <ul style="list-style-type: none"> <li>• Management's processes for identifying and responding to the risk of fraud in the Health Board; and</li> <li>• The controls to manage these risks?</li> </ul>	The Counter Fraud Team have standing agenda presence in the work of the Audit and Assurance Committee of the Board. The Committee receives regular reports on the counter fraud strategy and associated programme alongside reports concerning counter fraud activity and investigations.
<p>37. Are you aware of any non-compliance with laws and regulations that may be expected to have a fundamental effect on the operations of the Health Board?</p>	The Health Board is not aware of non-compliance with laws and regulations in 2022-23 that has a fundamental effect on its operations. Those charged with governance have been kept informed with regard to ongoing Fire compliance case (arising in 2021-22) due to be heard in the courts during 2023-24.

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## Enquiries of those charged with governance

Question	Response
38. Are you aware of any instances of non-compliance with relevant laws and regulations?	The Health Board is not aware of non-compliance with laws and regulations in 2022-23. Those charged with governance have been kept informed with regard to an ongoing Fire compliance case (arising in 2021-22) due to be heard in the courts during 2023-24.
39. What is the process for identifying and responding to the risks of fraud?	<p>The Board has delegated the review and monitoring of management processes for identifying and responding to fraud risks to the Audit and Assurance Committee.</p> <p>This monitoring is supported by the work of the Audit and Assurance Committee and by the Internal Audit Service under the executive leadership of the Director of Governance and the Counter Fraud Service under the executive leadership of the Finance Director.</p>

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## Enquiries of those charged with governance

Question	Response
	The Audit and Assurance Committee receives regular reports on counter fraud matters and on the adequacy of internal controls that exist within the Health Board and on the actions being taken to mitigate these risks. The Chair of the Audit and Assurance Committee is an Independent Member of the Board and reports back to the Health Board on these matters and the minutes of both the public and private meetings of the Audit and Assurance Committee are included in the meeting papers of the Board in its open and private meetings.
40. Are there any matters which those charged with governance consider require particular attention during the audit?	No particular matters at present.
41. Are there any other matters which those charged with governance consider may influence the audit of the financial statements?	No particular matters at present outside the normal range of audit review and assurance provided through the audit process.

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## Enquiries of those charged with governance

Question	Response
42. Are those charged with governance aware of any significant communications with regulators?	<p>The Health Board has an open and transparent dialogue with all regulators and remains in communication with the South Wales Fire and Rescue Service regarding an ongoing Fire compliance case (arising in 2021-22) due to be heard in the courts during 2023-24.</p> <p>There are no records of 'significant communication' with other regulators but there is an ongoing relationship with Health Inspectorate Wales which reports in the public domain.</p>
43. What arrangements are in place to oversee the effectiveness of internal control?	<p>Internal Audit provides the Board, through the Audit Committee with a flow of assurance on the system of internal control in place within the Health Board. The Health Board agreed a programme of audit work for 2022/23 which has been delivered in accordance with public sector internal audit standards by the NHS Wales Shared Services Partnership.</p> <p>An Assurance Strategy is in place which was recently updated and approved by the Audit &amp; Assurance Committee and Board.</p>

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## **Background information**

### **Matters in relation to fraud**

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

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

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

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

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

- the intentional misappropriation of assets; or
- the intentional manipulation or misstatement of the financial statements.

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

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## Matters in relation to laws and regulations

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

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

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

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

### What are we required to do?

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

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## Matters in relation to related parties

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

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

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

### What are we required to do?

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

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## Regularity

Regularity is the concept that transactions that are reflected in the financial statements must be in accordance with the Health Board's framework of authorities.

Frameworks of authorities are external frameworks, specific to an audited entity, with which the audited entity's transactions must conform. These frameworks are set up by bodies able to issue and/or enforce the authorities for that entity and might include, for example:

- authorising legislation;
- regulations issued under governing legislation;
- parliamentary authorities; and
- government or related authorities (for example Managing Welsh Public Money, issued by the Welsh Government).

Further information is available in [Practice Note 10](#).

### What are we required to do?

The Practice Note includes an overview, from page 56 of the Practice Note, of what we are required to do.

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# Cardiff and Vale UHB

# Annual Report

# 2022 - 2023

Kind and caring  
Caredig a gofalgwr

Respectful  
Dangos parch

Trust and integrity  
Ymddiriedaeth ac uniondeb

Personal responsibility  
Cyfrifoldeb personol

**CARING FOR PEOPLE  
KEEPING PEOPLE WELL**



**GIG  
CYMRU  
NHS  
WALES**

Bwrdd Iechyd Prifysgol  
Caerdydd a'r Fro  
Cardiff and Vale  
University Health Board

## About Us

Cardiff and Vale University Health Board's purpose is to care for people and keep people well. The Annual Report will outline the work of Cardiff and Vale University Health Board (the Health Board), highlight some of its key achievements and demonstrate how it listens to the views of its population, implementing many of these as part of its ambitious 10-year strategy: "Shaping our Future Wellbeing Strategy". The Health Board's priorities, key objectives and plans are set out in the reports presented to the Board and its Committees and provide an overview of what we are doing well and the extent to which engagement with the public, patients and staff helps in improving performance.

## What's in this Annual Report?

The Annual Report is part of a suite of documents that tell you about our organisation, the care we provide and what we do to plan, deliver and improve healthcare, in order to meet changing demands and future challenges. It provides information about what has been achieved in 2022-2023 and how we intend to improve next year. It also explains how important it is to work with you and listen to you to deliver better services that meet your needs and are provided as close to you as possible.

The Annual Report for 2022-2023 includes:

- Our **Performance Report** which details of how we have performed against our targets and actions planned to maintain or improve our performance.
- Our **Accountability Report** which details our key accountability requirements under the Companies Act 2006 and the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008. The Accountability Report includes our Annual Governance Statement (AGS) which provides information about how we manage and control our resources and risks, and comply with governance arrangements, the Remuneration and Staff Report, and the Welsh Parliament Accountability and Audit Report.
- Our **Financial Statements (Audited Accounts)** which detail how we have spent our money and have met our obligations under the National Health Service Finance (Wales) Act 2014.

The Annual Report should be read in conjunction with other supporting documents, signposted by means of web-links within this document.

## Accessibility

If you require additional copies of this document, it can be downloaded in both English and Welsh versions from our website. Alternatively, if you require the document in an alternative format, we can provide a summary of this document in different languages, larger print or Braille. Please contact us using the details below:

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## 1. Welcome from our Chair and Chief Executive

Thank you for taking the time to read the Health Board's Annual Report for 2022-2023. The Annual Report gives us the opportunity to share the progress made by the Health Board team with the support of a wide range of stakeholders and the community we serve, towards the achievement of the Shaping our Future Wellbeing Strategy, progress of which we are immensely proud. But also to reflect upon the some of the challenges impacting our team and those relying on us to support and care for them often when they are at their most vulnerable.

Our vision is that a person's chance of leading a healthy life should be the same wherever they live and whoever they are, so it is particularly concerning to see progress towards the long held ambition of addressing long-standing inequities in outcomes between people living in the most and least deprived areas, within ethnic minority communities, and other marginalised groups, continue to be negatively affected by the cost of living crisis and the legacy of Covid-19. In fact, these challenges affect everyone but the impacts are not equally felt. Our colleagues at the Health Board have also been affected by these external factors but continue to work tirelessly to meet the ever-increasing health and care needs of the citizens of Cardiff and the Vale of Glamorgan with great dedication, expertise and compassion and we wish to record here our thanks and pride in their unceasing commitment. We also recognise that as a result of the levels of demand together with our infrastructure and staffing challenges, individuals sometimes find access to our services and their experience within them difficult and we would like to thank the people of Cardiff and the Vale of Glamorgan for their continued support and feedback as we seek to continuously learn and improve the quality of access, care, treatment and experience for everyone.

In light of the significantly changed context we are working on a Strategy refresh through a period of co-production and consultation with our colleagues and stakeholders, and we anticipate launch of the refreshed Strategy in the summer of 2023. This will support and strengthen our commitment to addressing inequalities in access and outcomes as well as implementing the care models, focus on quality, adoption of innovative healthcare technologies, digitisation alongside modern infrastructure and best practice, all of which are necessary to meet our ambitions and address the needs of the communities we serve.

We continue to recover from the Pandemic with a particular focus on improving access to planned care and reducing the wait time for patients. Positive progress is being made in almost all specialities and endeavours to bring an improvement in all areas continue at pace.

A consistent and persistent focus on all aspects of urgent and emergency care is also showing sustained improvement with a demonstrable turnaround seen in the length and number of ambulance handover delays alongside improvements seen in other indicators across the care pathway. This important improvement leads to greater patient safety and enables faster community response to people in need of emergency care.

To support planned care in Cataract surgery, waiting times have been cut with mobile Ophthalmology theatres opening at University Hospital of Wales. To accommodate the growing number of patients requiring cataract operations and reduce the overall number of patients waiting for day surgery, the Health Board took a targeted approach identifying that the new Ophthalmology hub would significantly reduce the number of patients waiting for cataract operations. The bespoke theatres house a reception area, consultation room, staff wellbeing facilities and short-stay ward which allows the entire patient journey to take place within the hub, with no need to visit the main hospital building enabling an efficient and safe flow of patients.

Furthermore, the Health Board, in collaboration with Cwm Taf Morgannwg Health Board, undertook a transnasal endoscopy (TNE) trial at University Hospital Llandough which aimed to improve outcomes for cancer patients and patient experience. Transnasal endoscopy method, which was performed via the nose instead of the traditional method through the mouth, using a thinner endoscope, had two main benefits; less invasive procedure that enabled patients to be more comfortable, and improved efficiency for the clinical team, as TNE takes less time and fewer resources.

A new Surgical Same Day Emergency Care Unit (sSDEC) also opened at University Hospital of Wales to speed up the process of diagnosis and treatment for patients with acute surgical problems, allowing many patients, who previously would have been admitted to hospital, to return home on the same day. It was built to allow speciality teams from across General Surgery, Urology, Ear, Nose and Throat (ENT), Maxillo-Facial surgery and Ophthalmology to receive referrals directly from GPs, NHS 111 Wales, and paramedics, avoiding the need for many of these patients to wait in the Emergency Unit.

To improve the provision of care in the community, the Maelfa Wellbeing Hub officially opened its doors to patients providing additional clinical space in the form of 15 consulting rooms, six treatment rooms and four interview rooms as well as housing a range of specialised health clinics including support services for children and younger people, antenatal care and counselling.

Whitchurch Road Surgery also opened new premises with additional consulting rooms and capacity, dedicated treatment areas, including space for minor surgery, a spacious and comfortable reception and an on-site pharmacy for its local population.

A number of Urgent Primary Care Centres were also opened across Cardiff and the Vale of Glamorgan, to support patients who require urgent primary care to receive the right support, in the right place, first time. With a multi-disciplinary team made up of GPs, Advanced Practice Nurses, Pharmacist Independent Prescribers, Physiotherapists and Mental Health professionals, patients are able to be seen at an Urgent Primary Care Centre and receive the support they need in a timely manner. These centres complement GP Practices to provide additional capacity in hours.

The Health Board has also been part of innovative advances in healthcare which include the opening of Britain's first SWAN (syndrome without a name) Clinic at the University Hospital of Wales which is significant milestone for the Health Board and



patients. The service is commissioned by Welsh Health Specialised Services Committee (WHSSC) and funded by Welsh Government, and was established to improve pathways for people living with rare, undiagnosed conditions across Wales.

The Health Board also partnered with Betsi Cadwaladr University Health Board in the field of robotic surgery, which saw the first patients in Wales undergo robotic assisted surgery under an innovative national programme using the CMR Surgical, Versius Robot. The National Robotic Assisted Surgery Programme recently carried out its 100<sup>th</sup> procedure which treats colorectal and gynaecological cancer patients with less invasive, minimal access surgery.

As part of the commitment to sustainability the Health Board has also been involved in many innovations to reduce our carbon footprint and make a positive difference to the environment. Congratulations to Anne-Marie Leaman who was the first in Wales to give birth using new climate-friendly gas and air technology, as she delivered her child Hudson. This use of new green technology marks a significant milestone in reducing nitrous oxide emissions. Patients and colleagues alike have demonstrated great enthusiasm and commitment towards reducing environmental impacts and embracing new methods of care the demonstration of an important partnership.

This year also saw Our Health Meadow at the University Hospital Llandough introduce two beautiful and sustainably constructed roundhouses, three new sculptures and the development of a pond and wetlands area to create additional habitat and advance biodiversity at the site. Our Health Meadow, which has been funded by Cardiff & Vale Health Charity, benefits staff, patients and visitors by establishing an ecological community that bolsters wellbeing, benefits wildlife and enhances positive human environmental interaction.

Successes like this would not have been possible without flexible and innovative colleagues who have supported and created these changes, and many more. They have provided better outcomes for people and a significant decrease in the time it takes to be assessed, treated or admitted.

These are just a few examples of so many where colleagues, partners, patients and people have worked collaboratively, often in challenging circumstances, with great enthusiasm professionalism and creativity to deliver, improve and adapt services. We are continually inspired and impressed and we thank you all for your continued support over the past year. We look forward to strengthening our work in partnership and to listen, understand and learn so that we can continue to improve and make a positive difference those who work with and depend upon us.



*Suzanne Rankin*  
**Suzanne Rankin**  
Chief Executive



*Charles Janczewski*  
**Professor Charles Janczewski**  
UHB Chair

## 2. Cardiff and Vale Health Board Profile

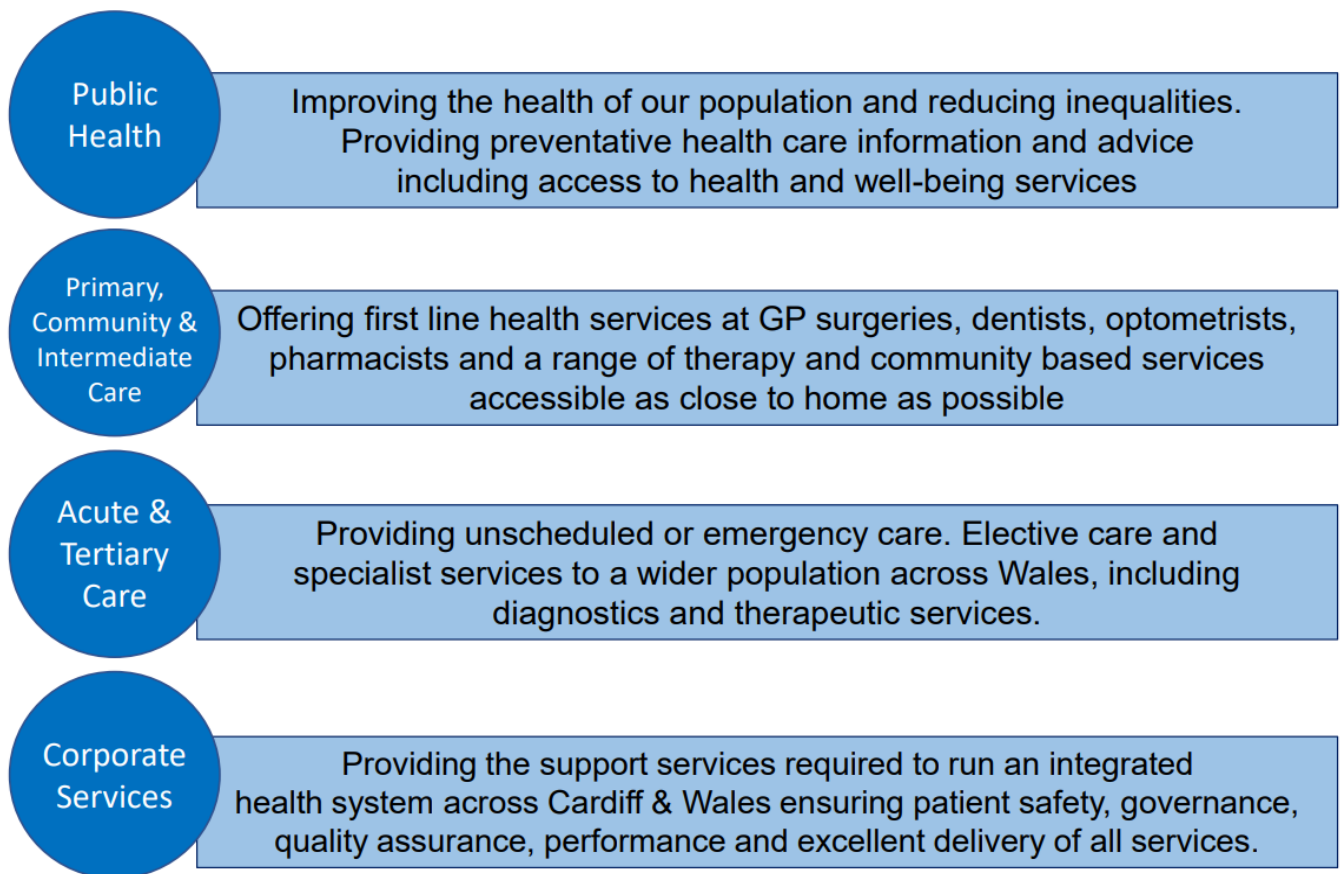
### 2.1 About Us

Cardiff and Vale University Health Board is one of the largest NHS organisations in Europe. Established in 2009, it provides a range of health and wellbeing services to its population. We spend around £1.86 billion every year on providing our communities with the full range of health and wellbeing services including:

- **Primary and community-based services:** GP practices, Dentists, Pharmacy and Optometry and a host of community led therapy services via community health teams. We also provide step-down, step-up community hospital care from St Davids and Barry Hospitals.
- **Acute services through our two main University Hospitals and Children's Hospital:** providing a broad range of medical and surgical treatments and interventions.
- **Public Health:** we support the communities of Cardiff and Vale with a range of public health and preventative health advice and guidance.
- **Tertiary centre:** we also serve a wider population across Wales and often the UK with specialist treatment and complex services such as neurosurgery and cardiac services.

The diagram below illustrates the various services we provide.

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## 2.2 Our Mission and Vision

Our mission is “**Caring for People, Keeping People Well**”, and our vision for the people we serve is that everyone’s chance of leading a healthy life should be the same wherever they live and whoever they are.

The Health Board's 10-year transformation and improvement strategy, Shaping Our Future Wellbeing (“Strategy”), is our chance to work collaboratively with the public and the Health Board’s workforce to make our health board more sustainable for the future. Together, we can improve equity for all of our patients - both today and tomorrow.

To find out more: <https://cavuhb.nhs.wales/about-us/our-mission-vision/shaping-our-future-wellbeing-strategy/>

This year we have been reviewing our Strategy, and at the time of writing this Annual Report, we have completed the first phase of engagement to enable our communities, colleagues and key stakeholders help us shape the next iteration of our Strategy.

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## 2.3 Our Board

Our Board consists of 25 members, including Chair, Vice Chair and Chief Executive. The Health Board has 9 Independent Members, all of whom are appointed by the Minister for Health and Social Services, and three Associate Members.

The Board provides leadership and direction to the organisation and is responsible for governance, scrutiny and public accountability, ensuring that its work is open and transparent by holding its meetings in public.

In addition to their responsibilities and accountabilities set out in their terms and conditions of appointment, Board members also fulfil a number of Champion roles where they act as ambassadors for these matters.

The Board is supported by a number of Committees, each chaired by an Independent Member.

Our Committee meetings have continued to be held virtually during the year. Members of the public have been able to view recordings of our virtual Committee meetings since February 2022 via our website. The Committees, which meet in public, provide their minutes to each Board meeting to contribute to its assessment of assurance and to provide scrutiny against the delivery of objectives.

From May 2022 we resumed holding our Board meetings in public, with members of the public being able to observe public meetings of the Board in person since 26 May 2022.

Copies of the papers and minutes are available from the Director of Corporate Governance and are also on the Health Board's website (see link: <https://cavuhb.nhs.wales/about-us/governance-and-assurance/board-meetings/>).

The website also contains a summary of each Committee's responsibilities and Terms of Reference. All actions required by the Board and Committees are included in an Action Log and at each meeting progress is monitored. These Action Logs are also published on the Health Board's website.

All Committees annually review their Terms of Reference and Work Plans to support the Board's business, in addition to producing an Annual Report to demonstrate compliance with their respective Terms of Reference. Committees also work together on behalf of the Board to ensure that work is planned cohesively and focusses on matters of greatest risk that would prevent us from meeting our mission and objectives. To ensure consistency and links between Committees, the Health Board has a Governance Co-ordinating Group, chaired by the Chair of the Health Board.

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# Our Board Members

## Independent Members



**Charles Janczewski**  
Chair



**Professor Ceri Phillips**  
Vice-Chair



**Michael Imperato**  
Independent Member - Legal



**Keith Harding**  
Independent Member - University



**David Edwards**  
Independent Member - Information  
Communication & Technology



**Councillor Susan Elsmore**  
Independent Member - Local  
Authority



**Akmal Hanuk**  
Independent Member - Local  
Community



**Sara Moseley**  
Independent Member - Third  
(Voluntary) Sector



**Dr Rhian Thomas**  
Independent Member - Capital and  
Estates



**John Union**  
Independent Member - Finance



**Mike Jones**  
Independent Member - Trade Union

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# Executive Directors and Officer Members



**Suzanne Rankin**  
Chief Executive



**Professor Meriel Jenney**  
Executive Medical Director



**Catherine Phillips**  
Executive Director of Finance



**Abigail Harris**  
Executive Director of Strategic Planning



**Dr Fiona Jenkins**  
Executive Director of Therapies & Health Science



**Fiona Kinghorn**  
Executive Director of Public Health



**Jason Roberts**  
Executive Nurse Director



**Paul Bostock**  
Chief Operating Officer



**Rachel Gidman**  
Executive Director of People and Culture

## Other Directors



**James Quance**  
Interim Director of Corporate Governance

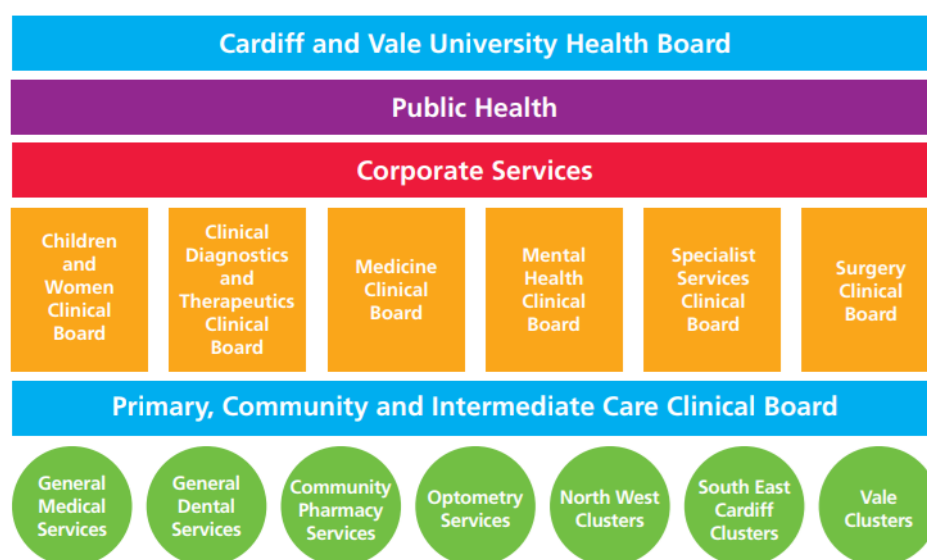


**David Thomas**  
Director of Digital and Health Intelligence



## 2.4 Our Structure

We have a workforce of around 17,200 staff who consistently deliver high quality services to all of our patients. Our organisation is structured and designed into seven Clinical Boards which were created in June 2013 and have been successful in providing strong leadership in clinical areas and have resulted in the acceleration of operational decision-making, greatly enhancing the outcomes for patients in their care. The Clinical Boards are held to account via the Executive Directors.



Our corporate and planning services are an integral part of the overall structure and smooth running of the Health Board and include:

- Strategy, Planning and Commissioning
- Finance including Capital, Estates and Facilities
- Workforce and Organisational Development
- Digital Health Intelligence
- Communications, Arts, Health Charity and Engagement
- Corporate Governance

Scrutiny of the Corporate Services directorates is through a combination of governance, Executive Director and senior management accountability and progress is mapped against key projects within their areas of expertise.

## 2.5 The Population We Serve

The Health Board is taking proactive action to respond to the health needs of the half million residents in our area, identified through assessments including those carried out for the Social Services and Well-being Act (<https://cavrp.org/about-us/> (Cardiff and Vale population needs assessment) and the Well-being of Future Generations Act (<https://www.cardiff.gov.uk/ENG/Your-Council/Strategies-plans-and-policies/Local-Wellbeing-Assessment/Pages/default.aspx> - Cardiff well-being assessment, ; <https://www.valepsb.wales/en/Our-Evidence/Well-being-Assessment-2022.aspx> - Vale well-being assessment). These include the needs listed below.

## Health inequalities

There are long-standing inequities in outcomes between people living in our most and least deprived areas, within our ethnic minority communities, and other groups within our communities.

Variation in healthy behaviours and health outcomes are apparent in smoking rates, physical activity, diet and rates of unhealthy weight and obesity. Uptake of childhood vaccinations is also lower in more disadvantaged areas, and people are more likely to experience poor air quality. Life expectancy is around twelve years lower in our most deprived areas compared with our least deprived, and for healthy life expectancy the gap is more than double this. Deprivation is higher in neighbourhoods in South Cardiff and in Central Vale.

These inequalities have been exposed and further increased by the Covid-19 pandemic, and more recently the cost-of-living crisis, and are described in more detail in the 2020 Director of Public Health report, Let's leave no-one behind in Cardiff and the Vale of Glamorgan - <https://cavuhb.nhs.wales/files/public-health/key-publications/dph-report-2020-pdf/>

## Demographics

Our population is getting older on average, and previous trends in population growth have slowed; migration into our area during 2022 included the reception of Ukrainian refugees the Afghan Citizens Resettlement Scheme (ACRS) and other asylum seeker populations.

The most accurate assessment of the size of the population of our area in recent years was undertaken in 2021 with the national Census. These results were published in June 2022 and show that just over 492,000 people lived in Cardiff and Vale on Census Day, 21 March 2021, slightly lower than previous projections had indicated.

The population of our area continues to grow, though growth projections have not yet been updated nationally to reflect the data in the latest Census. Therefore while growth is estimated to be around 4% over the next 10 years, this may be revised in future years. Actual population growth will also be highly dependent on progress with large housing development. The average age of people in our area is increasing rapidly, with a significant increase projected in people aged 85 and over, particularly in the Vale.

Cardiff, in particular, has a long history of being open and inclusive, and is the most ethnically diverse local authority in Wales, with around 17% of its population from ethnic minority groups.

## Health behaviours and risk factors

Supporting and enabling our residents to live healthy lives requires action on the wider environment and determinants of health, as well as with supporting individuals



themselves. Many of the following factors have been adversely affected by the pandemic, with additional impacts from changes in work patterns such as hybrid working:

- Healthy environments including the climate emergency
- Air quality
- Provision of healthy and affordable food
- Social isolation and loneliness
- Immunisation uptake
- Participation in physical activity
- Achieving and maintaining a healthy weight
- Tobacco use
- Alcohol consumption

One in eight adults (12%) in our area smoke. While this number continues to fall, which is encouraging, tobacco use remains a significant risk factor for many diseases, including cardiovascular disease and lung cancer, and early death.

Six in ten people in our area do not eat sufficient fruit and vegetables, and nearly the same proportion of adults are overweight or obese. In some disadvantaged areas access to healthy, affordable food is more difficult and food insecurity is more prevalent due to increasing living costs and low wages.

While nearly 7 in 10 adults undertake at least the recommended minimum 150 minutes of physical activity each week, for one in five (19%) adults this figure is less than 30 minutes physical activity each week.

Across Wales, 71% of adults reported feeling lonely some or all of the time in 2021-22. Social isolation is associated with reduced mental wellbeing and life expectancy.

### Covid-19 and future infectious disease threats

We need to continue to protect vulnerable residents and mitigate against future variants of the virus. In addition we need to build on the learning from the pandemic to further strengthen local, regional and national systems to respond to future infectious disease threats.

We are addressing the needs listed above, to reduce inequity and improve health, through our Local Public Health and Shaping our Future Population Health plans (<https://cavuhb.nhs.wales/patient-advice/local-public-health-team/key-publications/> )

### Welsh language

A quarter (26%) of people of all ages in Cardiff say they can speak Welsh, and 1 in 5 (20%) in the Vale ([Annual Population Survey/StatsWales](https://statswales.gov.wales/Catalogue/Welsh-Language/Annual-Population-Survey-Welsh-Language/annualpopulationsurveyestimatesofpersonsaged3andoverwhosaytheycanspeakwelsh-by-localauthority-measure), 2022 – (<https://statswales.gov.wales/Catalogue/Welsh-Language/Annual-Population-Survey-Welsh-Language/annualpopulationsurveyestimatesofpersonsaged3andoverwhosaytheycanspeakwelsh-by-localauthority-measure> )

Section 7.6 of the Annual Report provides more detail with regards the actions taken by the Health Board to further promote the Welsh Language.

## Human Rights

The Health Board has an Equality, Diversity and Human Rights Policy which sets out the organisational commitment to promoting equality, diversity and human rights in relation to employment. It also ensures staff recruitment is conducted in an equal manner.

## South Glamorgan Community Health Council (CHC)

We have worked closely with South Glamorgan Community Health Council (CHC), an independent statutory organisation that acted as a voice for patients and the public. It was also an NHS watchdog for all aspects of health care.

We worked together with the CHC to discuss the delivery and development of the services we provide. We welcomed reports from the CHC and are grateful for their advice, challenge and support.

From 1 April 2023, the CHC ceased to exist and the staff transitioned into the new Citizen Voice Body (Llais). Preparatory discussions with the CHC Chief Officer, who is now the Regional Director of Llais, took place to ensure the smooth transition.

For more information, please contact:

Llais Cardiff  
Parc Ty Glas, Llanishen  
Cardiff  
CF14 5DU  
Telephone: 02920 750112  
Email: [enquiries@llaiscymru.org](mailto:enquiries@llaiscymru.org)

## 2.6 Principles of Remedy

The Health Board has fully embraced the regulations which guide the handling and response to concerns (complaints and incidents) launched by Welsh Government in April 2011. In addition, the Health Board's approach to dealing with concerns very much reflects the 'Principles of Remedy' published by the Public Services Ombudsman for Wales.

### a) Getting it right

- We acknowledge when we identify things that could have been improved.
- We consider all relevant factors when deciding the appropriate remedy, ensuring fairness for the complainant and, where appropriate, for others who have suffered injustice or hardship as a result of the same maladministration or poor service.
- We apologise and explain the maladministration or poor service.

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- We try to understand and manage people's expectations and needs.
- We always try to deal with people professionally and sensitively.

#### **b) Being customer focused**

- We acknowledge and accept responsibility for failure if and when it occurs.
- We explain clearly why the failure happened and express sincere regret for any resulting injustice or hardship.

#### **c) Being open and accountable**

- We try to be open and transparent
- We strive to treating people without bias, unlawful discrimination or prejudice.

#### **d) Acting fairly and proportionately**

- We consider all forms of remedy (such as an apology, an explanation, remedial action, or financial compensation).

#### **e) Putting things right**

- We are focussed upon using information on the outcome and themes from concerns to improve services.

#### **f) Seeking continuous improvement**

- We seek to offer a proportionate, reasonable investigation and response that aims to identify the opportunities for service improvement.

## **2.7 Our Strategy**

Shaping our Future Wellbeing, approved by the Board in 2015, is the 10-year Strategy for transformation and improvement at Cardiff and Vale University Health Board. At the heart of the Strategy is our vision, that everyone should have the opportunity to lead longer, healthier and happier lives. With an ageing population and changing lifestyle habits, our health and care systems are experiencing increasing demand. In order to be able to meet the needs of our population, we must transform how we deliver services across the whole of our health and care system, ensuring that people can access the support they need in a timely way, at home, or as close to home as possible. Where it is required, specialist hospital care – for secondary, tertiary and quaternary care – should be provided when the patient needs it, for both emergency and urgent care, and care that can be planned.

Our current Strategy has served us well but the time is right for us to undertake a review and develop the next iteration of our Strategy. Whilst the direction of travel set out in our current Strategy remains relevant today – reducing health inequities, delivering more care closer to home etc, we know that much has changed over the

last two years and we need to reflect on this as we develop the next iteration of our Strategy.

In the last part of the year, we set out to engage our colleagues, our communities and our stakeholders in a conversation about what is important for us to reflect in our next Strategy. We asked questions about whether our current vision is still right, what our key strategic themes need to be and the strategic objectives need to be in order to achieve the ambitious vision we want for our communities, our teams and our stakeholders and partners. The refreshed Strategy which will cover the period 2023 – 2033 will be finalised in the summer of 2023.

## 2.8 Research, Development, Innovation and Partnerships

### Research and Development

The Health Board is proud of its long-standing University status designation and its history of delivering pioneering, high-quality clinical research and development (R&D). This upholds one of the core principles of the ongoing NHS and Health Board strategy, namely, to embrace R&D and innovation to generate new knowledge and drive change and transformation within healthcare.

Embracing research across the organisation not only allows patients better access to study participation but also the potential for novel therapeutics that can alter disease trajectory. The downstream benefits of trials include change in practice, education, clinical experience, financial gain, staff recruitment, retention and reputational growth.

Professor Keith Harding (Independent Member – University) has been appointed as Health and Care Research Wales Board Champion for Cardiff and Vale to ensure the importance of research is understood as a key driver for good health and social care services and to ensure research activity is supported, monitored and reported effectively at Board level.

Given the size of the budget, R&D punches well above its weight. Recruiting and retaining staff remains a challenge, as is the case across the whole NHS and healthcare system. Despite these constraints we have performed exceptionally well as an organisation recruiting more than 7,000 patients into studies consecutively over the last 2 years. This is our best-ever period of recruitment to clinical studies. Our performance far exceeds other University Health Boards in Wales and accounts for approximately 40% of all recruitment in Wales.

153 'hosted' studies were approved to open this year. However we believe we can achieve more. There is a need to expand the delivery team to be able to support the number of trials our investigators want to deliver. We plan to continue to explore opportunities to develop a larger, sustainable delivery workforce that can meet demand.

In part, this will be powered by developing our own investigators leveraging grant income. This year Cardiff and Vale researchers have secured large National Institute

of Health Research (NIHR) Grants. The Health Board has secured £1.84 million from NIHR Health Technology Assessment (HTA) Grant for the POLARiS study, Pathway Of Low Anterior Resection syndrome relief after Surgery (POLARiS) trial. Colorectal cancer is the third commonest cancer worldwide with 14,000 patients in the UK being diagnosed with rectal cancer per year. Over half of those patients will undergo major resectional surgery. Whilst survival for rectal cancer has improved with advances in surgery and chemotherapy, the adverse consequences of surgery have become increasingly recognised. The study is looking to improve understanding of patient experience in order to offer better treatment options to our patients. The study will open next year and will be run across 20 centres in the UK and in collaboration with 10 centres in Australia.

18 investigator led research projects were developed and set up this year by Cardiff and Vale staff. It is hoped the success of our own investigators will continue to grow with the support of the Joint Research Office and collaboration with our academic partners at Cardiff University.

Building reputational resilience as a leading research active organisation is vital for attracting and retaining talented healthcare professionals. A manifestation of this is publishing in the best high impact journals. To this end our researchers have nine manuscripts in the New England Journal of Medicine, Journal of the American Medical Association and Lancet over the last year.

There are many additional opportunities around developing expertise in the delivery of unscheduled care trials, advanced therapies and using some of the excellent infrastructure that exists in Cardiff such as Cedar Health Technology Research Centre, High Consequence Infectious Diseases, CID, the Wales Research and Diagnostic PET Imaging Centre (PETIC) and Cardiff University Brain Research Imaging Centre (CUBRIC).

### Innovation and Partnerships

Recognising the need to continue to embrace and grow innovation at a corporate level, the Health Board recently created the Shaping Change team through the merger of the existing and well-established Improvement and Implementation team with the nascent Innovation and Change Hub (strategic programme) teams. Working in partnership with Welsh Government, the Cardiff Capital Region (CCR), NHS and other non-NHS organisations, we have identified opportunities to explore, develop, adopt and implement novel solutions across all areas of the Health Board, in both clinical and non-clinical areas. There has been, and will continue to grow, a strong emphasis on truly collaborative partnership working, with a shared risk approach within local, regional and national contexts and initiatives to produce internationally recognised and acclaimed step-changes in healthcare approaches and practices. For example, partnership with and support from the CCR and small businesses, has enabled access to £1.2M in funding to develop novel virtual reality training materials for critical tracheostomy management and exploration of the development of ways to improve approaches and workflows within endoscopy services.

Under the banner of the Dragon's Heart Institute, and with support from Welsh Government through the Intensive Learning Academy initiative, we have supported

innovation through the development of leaders in our innovative Climb and the Spread and Scale Academy programmes. Shortly due to begin its 3rd cohort, Climb aims to develop and foster a vibrant community of self-supporting and continuously developing future leaders focussed upon addressing the current and future challenges of health and social care. The Spread and Scale Academy is designed to give people the tools and skills needed to implement improvements and innovations at scale across their organisations and beyond. This year, we have delivered the Spread and Scale Academy to over 200 delegates from across Wales working on 40 innovative projects, supporting them to reach as many people who could benefit from their work as possible.

Further, the Shaping Change team's improvement and implementation function supported staff across the Health Board in delivering continuous quality improvement in a range of areas. These include taking a leadership role in the Health Board wide Winter Reset weeks, supporting a number of teams across the Health Board to achieve a fourfold increase in routine use of systems and approaches embed and utilise available systems and processes and that improve timely care and discharge for our patients. We worked to deliver high priority projects alongside colleagues across the Health Board including the 111 Press 2, which provides urgent mental health care via telephone and launched in February 2023.

Working in partnership with Welsh Government, we have led on the national See-on-Symptoms and Patient-Initiated Follow-up pathway campaign for managing outpatient follow-up appointments, designing and creating a national website for clinicians to implement them in their speciality across Wales. We have also designed and developed multiple programmes of work to support patient flow through our secondary care sites, working in partnership with the Patient Flow and Site Services team to streamline their processes, saving them over a whole working day every month, and implementing a new 6-week development programme for team efficiency and excellence called Releasing Time to Care. During its pilot phase, this programme reduced a ward's open DATIX incidents by 89% and saved over £3400 of surplus stock.

The Change Hub has supported those Cardiff and Vale Health Board teams that are delivering our most ambitious, transformational programmes, putting in place best practice standards around programme governance to really drive progress towards the achievement of key organisational priorities. The Change Hub has also worked closely with Learning & Development colleagues to develop a suite of change, project and programme management courses together with the creation of leadership and management development programmes to help to create a courageous environment in which change can flourish.

We will continue to deliver this system-wide change by nurturing and growing a culture of trust, curiosity and learning, we will continue to support and empower our staff to drive sustainable transformation and change, whereby research and development, innovation and improvement will be coordinated, aligned and deployed in priority areas.

# Part 1

## Performance Report



## 3. Performance Overview

### 3.1 Introduction

The Health Board submitted its final Annual Plan set in a three year context in June 2022 after undertaking extensive additional work due to the challenging financial position. Delivery of the plan over the last 12 months has continued to be challenging as we continued our recovery from the Covid-19 pandemic and worked hard, in conjunction with our partners, to recover and improve the delivery of Healthcare services. Our emphasis has been on ensuring that quality and value underpin our approach with a commitment to preserving or improving patient safety, quality, access to services and staff wellbeing. This Performance Overview section will provide a summary of some of the key organisational achievements, challenges and risks over the past year.

### 3.2 Statement from the Chief Executive

Our organisational performance over the 2022-23 period was characterised by gradual and steady recovery as the direct impact on the pandemic reduced and our teams balanced its lasting impact with the prerogative of recovery and redesigning our services for the future. The Health Board's approach to performance was underpinned by the Ministerial Priorities and the "accountability conditions" issued later in 2022/23. A note on our approach and delivery against each of these priorities is provided below, with the detail provided throughout the Performance Overview and wider content of the Annual Report.

#### A Healthier Wales - as the overarching policy context

A Healthier Wales sets out a long-term vision that everyone in Wales should have longer, healthier and happier lives. It proposes a whole-system approach to health and social care which is equitable, and where services are designed around individuals and groups based on their unique needs and what matters to them, as well as quality and safety outcomes. The delivery of this ethos has continued to be integral to both our planning and delivery of services.

#### Population health

Our commitment to improving population health has been shaped around our plan "Shaping our Future Population Health". Published in February 2022, this plan has helped us to set out a system approach to identify and address current and future population health issues, improve health, prevent ill health, and reduce inequalities in health outcomes among residents and communities in our area.

#### Covid-19 response

The continued response to Covid-19 was informed through planning scenarios which highlighted the challenge of delivering both Covid-19 and non-Covid-19 services within our constrained estate and by a significantly fatigued workforce. As the year progressed, our teams adapted to the small peaks in Covid-19 activity as well continuing to deliver our vaccine programme to help reduce the impact of the



pandemic. Further detail with regards to our Covid-19 response is set out in Section 5 (Covid-19 Vaccination and test/track/protect) of this Annual Report.

### NHS recovery

Our progress with recovering and redesigning services has been significant, despite the continued Covid-19 response and workforce challenges. Delivery of services has been in line, or ahead, of our Annual Plan commitments in the majority of areas. Further detail on our achievements and where we have further work to do, is provided within the Performance Appraisal section below.

### Mental Health and emotional wellbeing

Mental Health and Emotional Wellbeing services have seen a significant increase in referrals over the past year and we are proud that despite this we have delivered core targets for assessment and treatment. Our focus continues to be on improvements in services, such as Neurodevelopment where we have a need to reduce waiting times and continue to strengthen our cohesion with education services.

### Supporting the health and care workforce

The health and wellbeing of our people continues to be of the utmost importance. The impact of the pandemic has had wide ranging and deep implications for our teams. Over the last year we have remained committed to supporting, and enhancing the wellbeing of our people. Our ambition continues to be to make the Health Board a great place to work and where staff can flourish. Our People and Culture Plan, launched in January 2022, sets out our ambition over a three-year period with progress made on all seven themes over 2022/23.

### NHS Finance and managing within resources

The Annual Report sets out how the Health Board has managed its financial resources during the financial year 2022/2023, with paragraph 3.4 (Financial Performance Trends) providing a short synopsis of the same.

### Working alongside Social Care

The challenges facing our Health and Social Care system can only be addressed through close, open and supportive partnership working. Over the last year the Health Board has embedded this approach throughout our partner organisations at operational, strategic and Executive level. The development of a Regional Incident Management Team to address pressing shared issues, underscores the importance the Health Board has placed on close working with Local Authority partners, with senior teams meeting twice a month to work on initiatives including joint workforce planning and the commissioning of additional social care capacity over Winter.

## 3.3 Integrated Medium Term Plan (IMTP)

In 2022 – 2023, the Health Board developed an Annual Plan, which was submitted to Welsh Government at the end of June 2022 (the Health Board was given a further three months beyond the initial submission date to further develop the plan). The

Health Board was not able to develop a plan that delivered an in-year financial balance without compromising the safety of the services we deliver. The final plan set out an overcommitment financially of £17m - so the Health Board was not able to submit an approvable plan to Welsh Government within the terms set out in the planning guidance and financial duties.

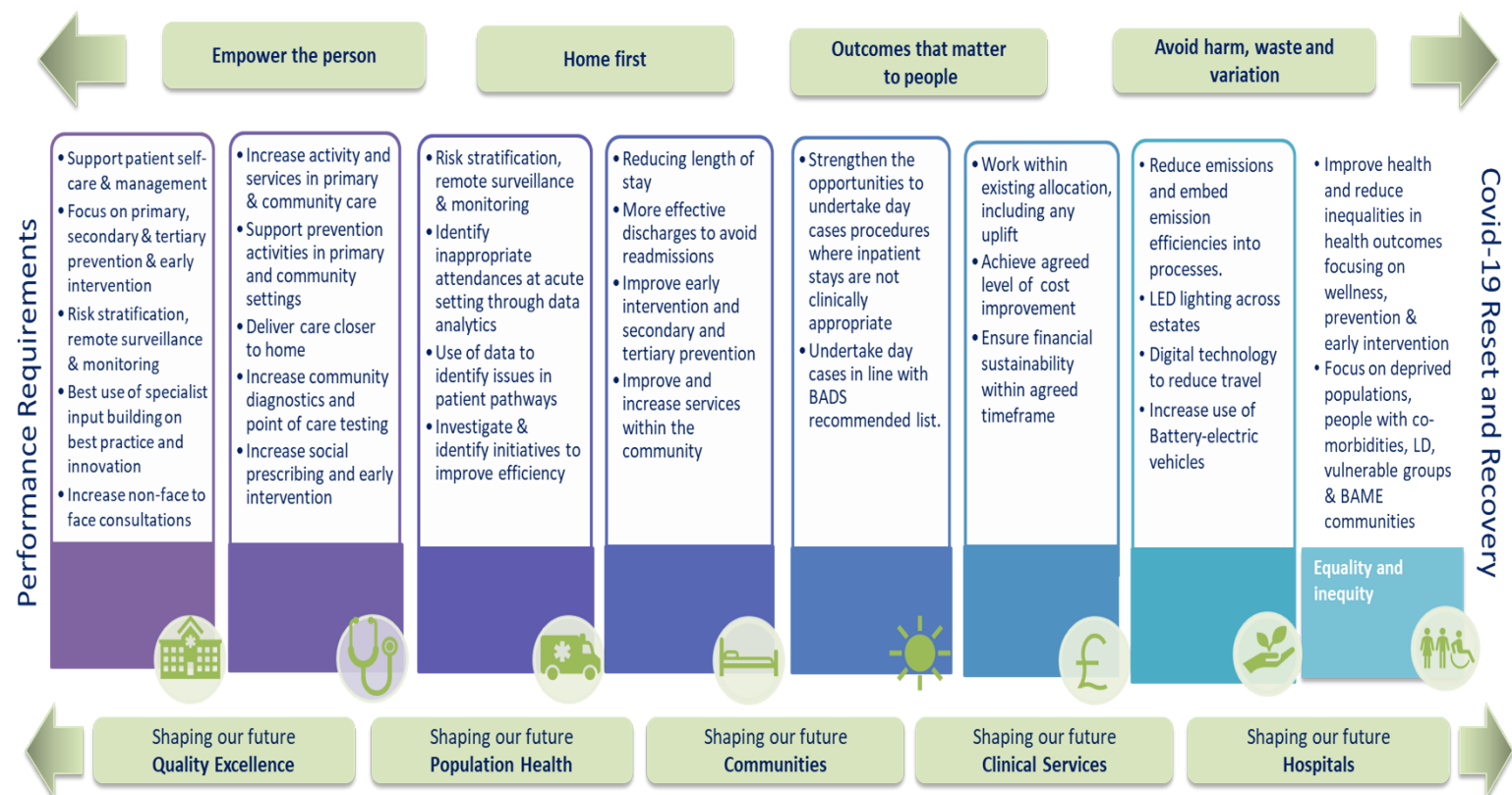
During the financial year a deterioration in this position caused the Health Board to revise its 2022-23 year end forecast to a £26.9m overcommitment. The final out-turn was £26.791m over commitment against the Health Board's Revenue Resource Limit.

The Annual Plan was informed by a set out commissioning intentions (as summarised in the diagrams below) and which were signed off by the Board in July of the previous year.

### Diagrams showing a summary of our Commissioning Intentions



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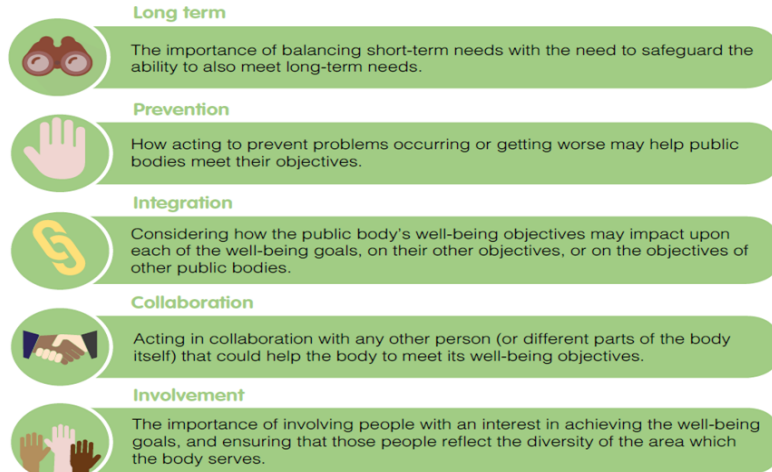


Similarly, our Annual Plan responds to the commissioning requirements of our neighbouring health boards and the Welsh Health Specialised Services Committee (WHSSC) for the specialist and tertiary services we provide for their populations and patients. Paragraph 13.9 of the Annual Governance Statement provides more information with regards to WHSSC.

In response to the Health Board’s Annual Plan, the Welsh Government has issued a number of Accountability Conditions (set out below) which are required to be met and which require the following “Five Ways of Working” sustainable development principles of the Well-being of Future Generations Act to be central to the Health Board’s approach.

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## “Five Way of Working”



### 3.4 Financial Performance Trends

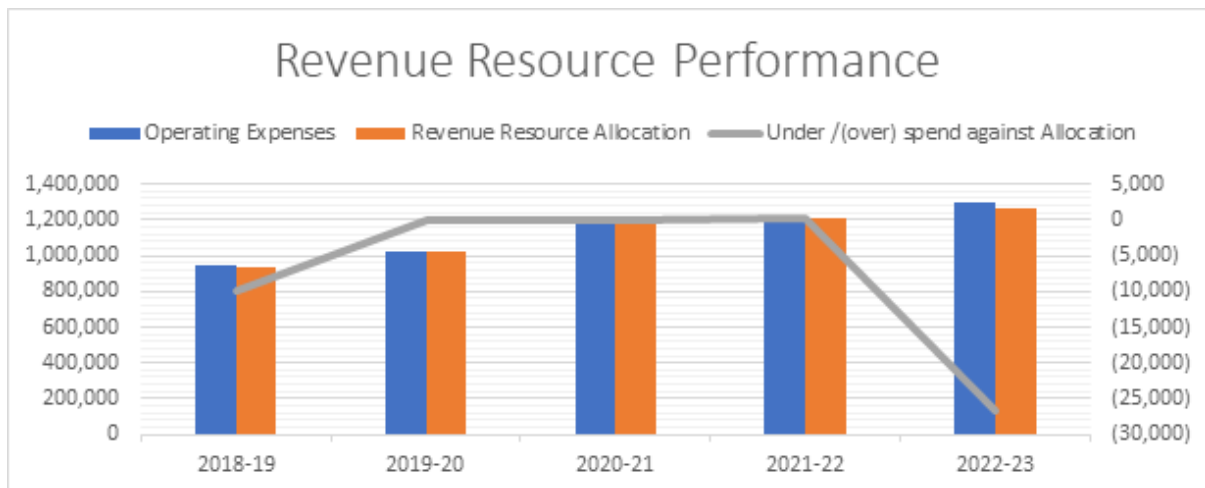
The Health Board has a statutory obligation to remain within its resource limits (Revenue and Capital) on a three year rolling measure. After a number of years of Revenue financial deficit, the Health Board managed to meet this requirement at the end of 2021-22. The target was not met in 2022-23 as Covid-19 funding decreased at a time when the Health Board had to cope with wide ranging inflationary pressures and operational system pressures, in part incurred as a legacy of the Covid-19 pandemic period.

#### Performance against the 3 year financial break even duty

	Year end position surplus / (deficit) £'m	Rolling 3 year break even duty surplus / (deficit) £'m	Pass or fail financial duty
2014/15	(21.364)	n/a	n/a
2015/16	0.068	n/a	n/a
2016/17	(29.243)	(50.539)	Fail
2017/18	(26.853)	(56.028)	Fail
2018/19	(9.872)	(65.968)	Fail
2019/20	0.058	(36.667)	Fail
2020/21	0.090	(9.724)	Fail
2021/22	0.232	0.380	Pass
2022/23	(26.789)	(26.467)	Fail

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Revenue Resource Performance	2018-19	2019-20	2020-21	2021-22	2022-23
	£'000	£'000	£'000	£'000	£'000
<b>Net operating costs for the year</b>	964,633	1,043,916	1,220,369	1,228,135	1,309,705
Less general ophthalmic services expenditure and other non-cash limited expenditure	(18,186)	(17,276)	(13,386)	(14,237)	(13,361)
Less unfunded revenue consequences of bringing PFI schemes onto SoFP	(1,028)	(1,028)	(1,028)	(222)	(222)
Less unfunded revenue consequences of bringing RoU Leases onto SoFP	0	0	0	0	0
Total operating expenses	945,419	1,025,612	1,205,955	1,213,676	1,296,122
Revenue Resource Allocation	935,547	1,025,670	1,206,045	1,213,908	1,269,333
<b>Under /(over) spend against Allocation</b>	<b>(9,872)</b>	<b>58</b>	<b>90</b>	<b>232</b>	<b>(26,789)</b>



### Capital Resource Limit

The Health Board continues to manage within its annual Capital Resource allocation through the proactive management of the Health Board Capital Management Group which oversees capital bids and progress on major capital projects to appropriately flex expenditure plans and utilise each year's capital allocation effectively.

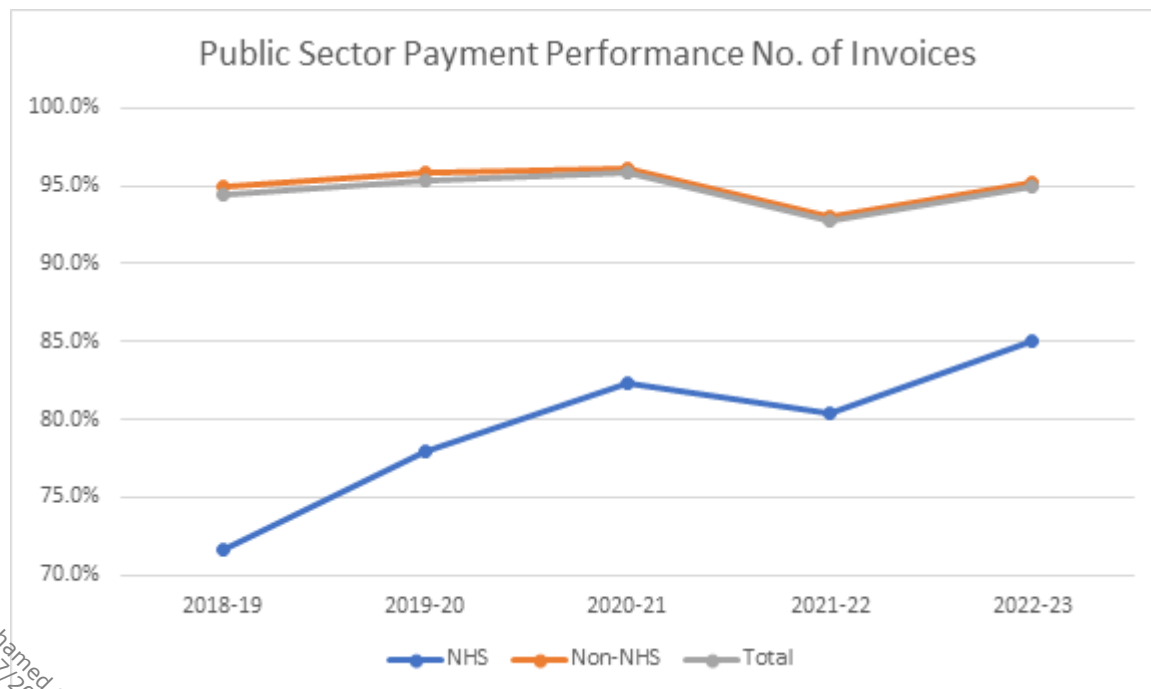
	Capital Resource Limit	Actual year end position surplus / (deficit) £'000
2018/19	48,487	74
2019/20	50,159	88
2020/21	95,447	104
2021/22	70,989	41
2022/23	55,410	88

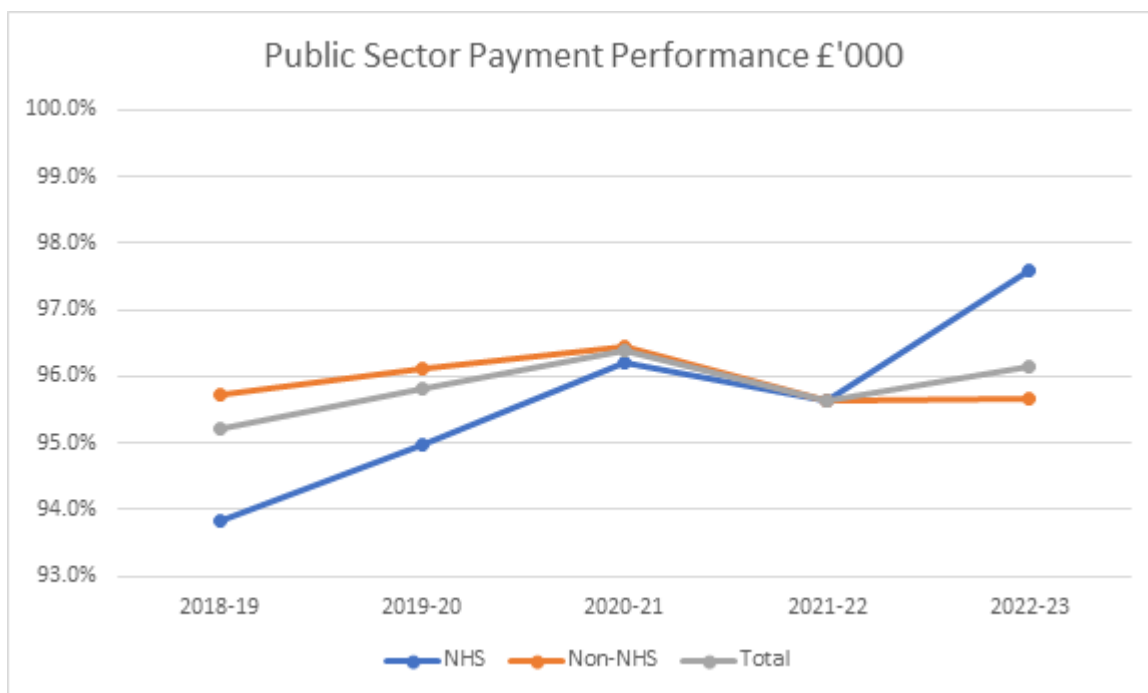
### Public Sector Payment Performance

The Health Board met its Public Sector Payment Performance target in 2022-23 in terms of value paid to Non NHS and NHS creditors. The Health Board also met this target in terms of the number of invoices settled within 30 days of being due whilst continuing improving its performance in relation to NHS creditors.

Public Sector Payment Performance	2018-19	2019-20	2020-21	2021-22	2022-23
<b>NHS</b>	<b>Number</b>	<b>Number</b>	<b>Number</b>	<b>Number</b>	<b>Number</b>
Total bills paid	8,361	8,216	7,488	6,314	7,864
Total bills paid within target	5,991	6,401	6,169	5,072	6,684
Percentage of bills paid within target	71.7%	77.9%	82.4%	80.3%	85.0%
<b>Non-NHS</b>					
Total bills paid	308,555	305,232	286,413	306,094	362,856
Total bills paid within target	293,203	292,518	275,422	284,850	345,405
Percentage of bills paid within target	95.0%	95.8%	96.2%	93.1%	95.2%
<b>Total</b>					
Total bills paid	316,916	313,448	293,901	312,408	370,720
Total bills paid within target	299,194	298,919	281,591	289,922	352,089
Percentage of bills paid within target	94.4%	95.4%	95.8%	92.8%	95.0%

Public Sector Payment Performance	2018-19	2019-20	2020-21	2021-22	2022-23
<b>NHS</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Total bills paid	231,945	233,809	275,720	299,775	344,958
Total bills paid within target	217,636	222,077	265,247	286,700	336,633
Percentage of bills paid within target	93.8%	95.0%	96.2%	95.6%	97.6%
<b>Non-NHS</b>					
Total bills paid	606,354	646,369	786,048	880,894	1,024,980
Total bills paid within target	580,435	621,255	758,016	842,548	980,609
Percentage of bills paid within target	95.7%	96.1%	96.4%	95.6%	95.7%
<b>Total</b>					
Total bills paid	838,299	880,178	1,061,768	1,180,669	1,369,938
Total bills paid within target	798,071	843,332	1,023,263	1,129,248	1,317,242
Percentage of bills paid within target	95.2%	95.8%	96.4%	95.6%	96.2%





### 3.5 Performance Appraisal

The Health Board's overall performance was characterised by a number of improvements in access and quality in urgent and emergency, specialist and mental health pathways alongside continued challenges in planned care services. The transitional nature of the year, where the direct impact of Covid-19 lessened and the indirect impacts were sustained, gives us cause for reassurance that the organisation is progressing towards its objectives albeit at a slower rate than originally planned. Challenges across Health and Social care, particularly in relation to workforce pressures and a reduction in social care capacity, have proved extremely difficult to overcome. In order to mitigate these as well as possible, the Health Board has sought to keep our focus on quality and candour at all times.

### 3.6 Performance Assessment

To assess our performance we have reviewed our delivery ambitions that were outlined in our IMTP. Table 1 below provides clear indication of which performance ambitions have been met. Where the ambition has not been achieved, the key challenges are outlined and where relevant further explanation of the performance can be found in the Delivery and Performance Analysis section. Of the 32 ambitions set, 17 have been achieved over the last year. The remaining measures require further work, particularly in relation to planned care performance and feature as revised priorities in our 2023/24 annual plan. Further details on the risks that have impacted performance can be found within the Annual Governance Statement under paragraphs 13.14 and 13.15.



Table 1

Our 2022/23 Delivery Ambitions and Performance			
Priority	Ambitions	Performance	Key challenges and risks
Primary and Community Care	Increase in Eye Care Treatment by primary care	21/22 = 746 vs 22/23 = 2339	GMS sustainability and high levels of escalation  Legacy impact of covid for dental services  Impact of system wide pressures and social care availability
	Increase to 70% of dental activity vs. pre-Covid levels	Achieved	
	Deliver option appraisal and develop plan for next UPCC centre	Two additional UPPC opened in Cardiff	
	Reduction of emergency admissions for over 65s	21/22 = 16427 vs 22/23 = 15782	
	Delivery of diabetes performance measures (% patients received all 8 NICE recommended care processes)	21/22 = 33.33% vs Q3 22/23 = 42.6%	
Urgent and Emergency Care	Reduce ambulance lost hours by 25% above March '22 position	Mar 22 = 2728 vs March 23 = 1154	Long lengths of stay and reduced discharges  Workforce pressures – including low morale and vacancies  Compliance with standards in priority services such as stroke and hip fracture
	90% surgery patients via surgical SDEC	March 23 = 70.1%	
	Reduce 21-day length of stay to pre-covid levels	35% increase	
	Eliminate >4-hour handover delays	0 for Feb 23, 2 for March 23	
	Medical SDEC at UHW open 7 days a week	Open 7 days	
	Compliance with latest SSNAP targets	Level C SSNAP compliance (Oct-Dec 22)	
	Eliminate 12-hour ED wait	747 x12h breaches in March 23	
Planned Care	Eliminate 104 week waits for outpatients	March 23 = 2111	Long waiting times for non-urgent planned care  Cancer waiting times not in line with expected standard Workforce pressures – including low morale, vacancies and industrial action
	Eliminate 104 week waits for treatment	March 23 = 3659	
	120% of pre-Covid levels of elective activity	22/23 Q4 = 89% (inpatients/day cases)	
	120% of pre-Covid levels for new OP	22/23 Q4 = 112%	
	Achieve >65% Single Cancer Pathway target	61.5% Feb 23	
	30% reduction in delayed follow ups (>100%)	Increased from c41k to c50k	
	Maintain Level 2 & 3 surgery	Achieved	
	Achieve 33% of outpatients via virtual	19%	
Mental Health	Deliver 80% compliance with Part 1a 28-day assessment target	96.5% March 23	Long waiting times in neurodevelopment  Workforce pressures – including recruitment challenges for NHS 111 press 2  High out of area bed usage
	Eating Disorders – reduce to 9 months longest wait	March 23 max wait = 24 weeks adult March 23 max wait = 5 weeks paed	
	Deliver combined intervention and assessment team for CAMHS	Achieved	
	Deliver NHS 111 (press 2)	Went live in February 2023	
	Implement repatriation plan for delivery of trauma informed care services close to home	Not achieved – planned for 23/24	

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	Deliver sustained improvement trajectory for neurodevelopment assessments	Reduced overall waiting list from Sept 22	
	Go live with sanctuary provision for crisis care in adults	Go-live planned for Q1 2023/24.	
<b>Diagnostics and Therapies</b>	Reduce 8 week waits for all modalities	4% overall reduction	Demand for radiology
	50% reduction of >8 week wait in endoscopy	March 22 = 1607 vs March 23 = 1563	Workforce challenges – recruitment and retention
	Endoscopy activity to exceed 130% of pre-covid	Total activity >150% in March 23	
	50% reduction of >14 week wait in Therapies	March 22 = 2292 vs. March 23 = 952	Endoscopy waiting times
	Eliminate > 8 week waits for US and Echo	March 22 = 2698 vs March 23 = 1289	

### 3.7 Delivery and Performance Analysis

At Cardiff and Vale University Health Board we are committed to setting challenging standards that we know are necessary to improve services for our patients. For 2022-23 we set ourselves a number of key delivery ambitions across Primary and Community Care, Mental Health, Planned Care, Urgent and Emergency Care and Diagnostics. Despite the challenging context, our teams have gone above and beyond to ensure many of these have been met and exceeded. For those ambitions where we have fallen short, plans are in place to renew our focus and ensure delivery over future years.

The Delivery and Performance Analysis section will provide detail on how we have measured and monitored our performance throughout the year, including an overview of the Health Board's key risks and how those have been monitored and impacted performance and further analysis across key areas such as finance, equality, concerns, quality and safety.

#### 3.7.1 Monitoring our performance

The Health Board undertakes regular and consistent monitoring of performance across a number of domains including quality and safety, finance, operational performance, population health and workforce. Our approach to performance is to embed monitoring to ensure there is clear visibility through clinical teams, Clinical Boards and to the Executive management team. Executive monitoring of performance occurs formally through monthly performance reviews with each Clinical Board using both quantitative and qualitative information. These fora provide leadership teams with the space to present a holistic view of performance across all domains of performance and thereby ensuring action plans are jointly developed and owned.

During the last year Board assurance on performance has been monitored through the monthly Integrated Performance Report. This report covers the key domains of population health, quality and safety, workforce, operational performance and finance and highlights areas where the organisation has made significant improvements or has particular challenges, including the impact of Covid-19,

together with areas where the Health Board is under formal escalation measures from the Welsh Government and/or where local progress is being monitored.

### 3.7.2 Operational Performance Analysis

#### Urgent and Emergency Care

Our 6 Goals Delivery Board has been central to a renewed focus on Urgent and Emergency Care. The Delivery Board is chaired by the Chief Operating Officer and each of the composite workstreams is clinically led and outcomes focused.

Primary and community care teams continue to be the foundation of our urgent and emergency care system. During 2022/23 the Health Board provided over 190,000 district nursing visits which have helped to support our patients receive care in their usual place of residence. Our community teams have increased the access options available to our patients. This has included the full roll out of the NHS 111 platform which has been aligned with our CAV24/7 and out of hours services. These changes led to call volumes to CAV OOH services decreasing compared to last year with an average of over 11,000 per month. Urgent Primary Care Centres (UPCC), previously established in the Vale of Glamorgan, have now been expanded into two clusters within Cardiff. These centres have provided valuable additional capacity to help improve access for patients and to relieve pressure on General Medical Services (GMS) practices. There are now over 1000 UPCC appointments available per week in Cardiff and the Vale, with over 70% of GP practices having direct access.

Working with partners across Health and Social Care has continued to be of the highest organisational importance. Partnership working is embedded throughout the Health Board and includes daily operational meetings with Local Authority and Integrated Discharge Services. At an Executive level the establishment of joint fortnightly response meetings has helped to renew our strength of approach to joint working.

As a Health System we have faced similar pressures to other parts of Wales with a particular challenge in discharging patients and ensuring that there is availability of Social Care workforce and community support for patients no longer requiring acute hospital care. At the end of the year we had 247 patients who had delayed transfers out of hospital. This is a reduction from 300 in December 2022. This has contributed to our increased length of stay with the average number of University Hospital Wales (UHW) beds that are occupied by patients who have been in hospital longer than three weeks increasing to over 300 in December 2022. Despite these challenges our Community Resource Team in Cardiff and the Vale Community Resource Service have continued to utilise their multidisciplinary teams, to support people to remain at home and also to support discharges process. The Health Board has also worked closely with partners over the Winter period and was able to leverage over 130 additional beds, or bed equivalents, including the commissioning of additional social care and nursing home capacity.

Avoiding unnecessary hospital admissions has been a focus over the last year and progress has been achieved through the implementation of our Same Day Emergency Care (SDEC) Units and the establishment of our virtual wards. Both our

surgical and medical SDECs provide a 7-day services and over a three-month period at the end of 2022, nearly 3,000 patients were seen in these units with 83% of patients being discharge without requiring admission to hospital. Our team in Acute Medicine has rapidly increased the capacity of our virtual ward which allows up to 50 patients to be monitored at home and brought back in for scheduled appointments, rather than requiring admission or waiting for long periods in our emergency and assessment areas.

Our performance in some of the key emergency pathways, such as stroke and hip fractures, is below the standards we have set ourselves. Only 2.6% of hip fracture and 33% of stroke patients were admitted to a specialist ward within 4 hours in February 2023. These key indicators, alongside others such as time to theatre and thrombolysis rate, are being closely monitored with trajectories showing improvement towards the end of the year and ambitious standards outlined in our plan for 2023/24.

One of our biggest successes in recent months has the been the improvements we have made in reducing the amount of time that ambulances are delayed when handing over patients to our Emergency Department. We are the only Health Board in Wales to have met the commitment to eliminate 4-hour handover delays and reduce the average lost handover minutes to consistently around 30 minutes. These improvements have been delivered by a system wide response but with significant clinical leadership from our front door team. Despite this improvement, we are focused on reducing these waits further as well as improving patient experience by reducing the time it takes to be assessed and treated or admitted in our emergency department.

## Cancer

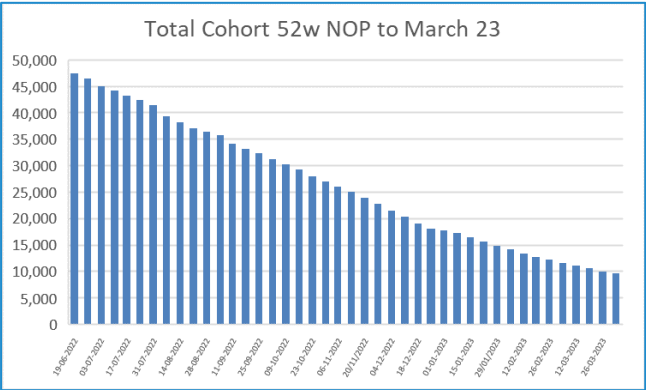
The Health Board has continued its recovery of cancer services following the impact of the pandemic. Referrals this year have been 16% higher than pre-Covid-19 and our teams have worked hard to improve waiting time performance. A number of internal cancer summits have been combined with the development of our Cancer Strategy to really ensure laser focus and prioritisation of the services we provide for cancer patients. Delivery against the Single Cancer Pathway stood at 61.5% which is in line with the performance 61.5% delivered at the end of 2021/22. The Health Board has reduced the backlog of patients waiting over 62 days for treatment from 582 in March 2022 to 189 in March 2023.

## Planned Care and Diagnostics

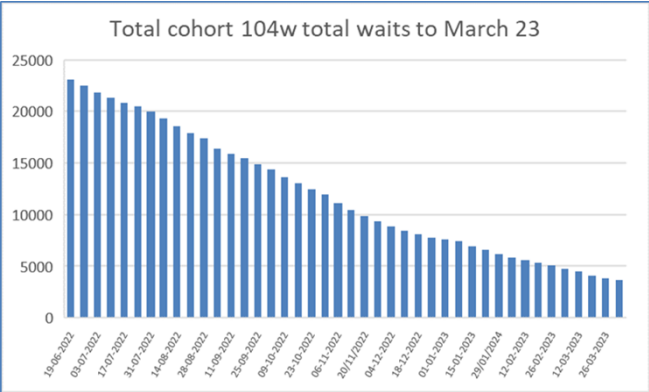
The number of patients waiting for planned care continues to be impacted by the legacy of the pandemic and the wider pressures within the Health and Social Care system. Despite this, the total number of patients waiting for treatment on a Referral to Treatment (RTT) waiting list has reduced from 123,567 in March 2022 to 122,708 in March 2023. Whilst this is significantly higher than the 87,000 in March 2020 the Health Board has made progress in reducing the number patients waiting the longest periods of time.

The number of patients waiting over 52 weeks for treatment has reduced by 23% from 29,530 to 22,664 at the end of March 2023. This has been achieved through a combination of increased activity, delivery of new models of care and improvements in process and administration. There has been a significant focus on integration with primary care and the introduction of a number of Interface GP roles has helped to bridge the gap in to secondary care and also support the development of our Health Pathway approach. Further detail on the improvements made to reduce waiting times can be found in figures 1, 2, and 3 below.

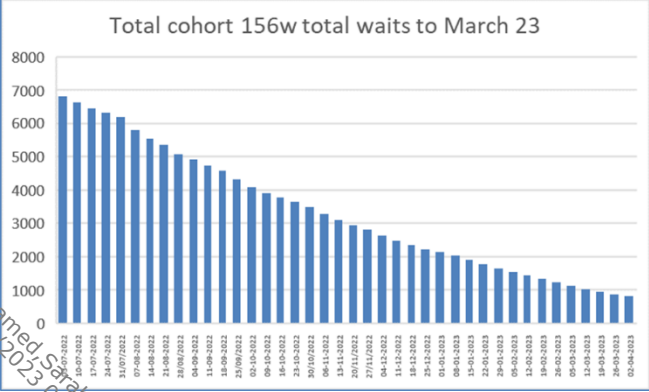
**Figure 1** – number of patients waiting longer than 52 weeks for a new outpatient appointment



**Figure 2** – number of patients with a total wait longer than two years



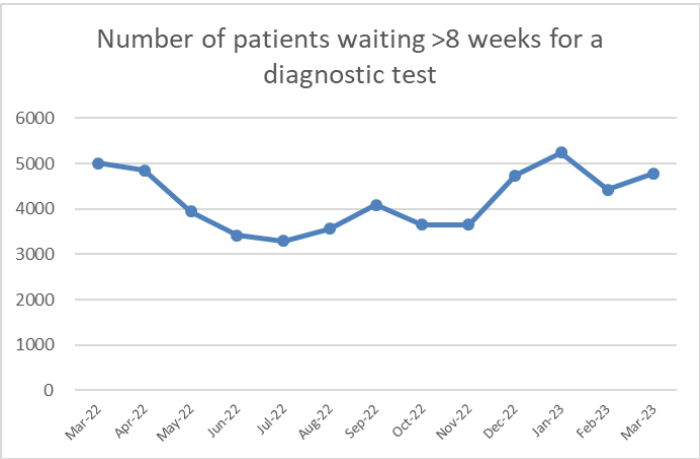
**Figure 3** – number of patients with a total wait longer than three years



Children’s services have been an area of focus for the Health Board, particularly due to the disproportionate impact long waiting times can have on a child's development and opportunity to live a healthy life. The number of children on an RTT waiting list has reduced marginally to 11442 during the last year and this has in part been facilitated through the roll out of our integrated community paediatric clinics, a model which has reduced onwards referral to secondary care and reduce the need for children to attend hospital. The next phase of this model will be rolled out to additional groups of General Practices throughout 2023/24.

Diagnostics are a fundamental part of the planned care pathway and our overall performance in the last year has been below the standards we have aspired to. Figure 4 shows the total number of patients waiting over 8 weeks for a diagnostics test has decreased from 5001 in March 2022 to 4782 in March 2023.

**Figure 4 – Diagnostic Waits**

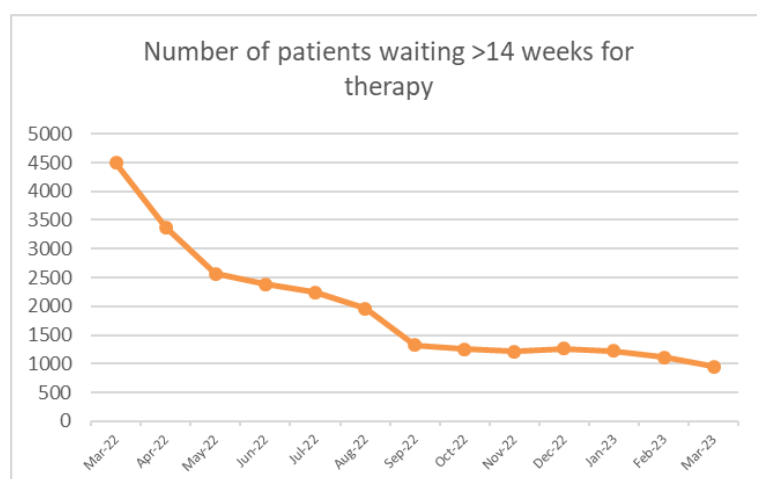


While the total number of patients waiting over 8 weeks for a diagnostic test has reduced, endoscopy and radiology continue to experience challenges but have improved their position in Q4. In endoscopy the demand for Cancer and Urgent services remains high but the service has maintained their two-week first appointments for Urgent Suspected Cancer patients.

Improvements have been seen in the delivery of our planned care therapy services. This has in part been facilitated through the full re-opening of our Physiotherapy department in Lakeside Wing after it was displaced during the pandemic. Figure 5 shows the reduction in the number of patients waiting longer than 14 weeks for therapy which has reduced from 4492 in March 2022 to 952 in March 2023.

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**Figure 5 - >14 week therapy waits.**



The delivery of planned care treatments across our primary and community care teams has continued to recover from the impact of the pandemic. Within Dental Services we have seen an increase in existing NHS patient appointments from less than 5000 in March 2022 to over 137,000 patients seen up to March 2023. December 2022. The availability of “in-hours” urgent dental appointments has also increased from 66 per week to 110 per week. Access to Pharmacy Services has been maintained during the year, with less than 10% of pharmacies reporting high levels of escalation and over 16,935 clinical community pharmacy consultations undertaken in Quarter 3. Access to NHS sight tests has been maintained, in addition an increase in the number patients seen in primary care through the NHS Wales University Eye Care Centre.

## Mental Health

Demand for Adult and Children’s Mental Health Services has continued to be high with referrals regularly exceeding 140% of pre-Covid-19 levels. In spite of these pressures our teams have undertaken significant work to improve access times to Adult Primary Mental Health and Child and Adolescent Mental Health Services (CAMHS). The percentage of Mental Health assessments undertaken within 28 days increased to 96.8% in March 2023, Older persons performance was 100%, Adults performance was 97.6% and CAMHS performance was 92.7%. Strong performance was also seen in the delivery of therapeutic treatments – 99.5% started within 28 days following assessment at the end of March 2023.

Neurodevelopmental services provide multidisciplinary assessment, intervention, information and advice for children and young people who may have a neurodevelopmental disorder, and their families. Since the start of the pandemic the referrals to these services have increased by 55% and this had led to patients waiting a long time for assessment. Our teams have implemented a number of improvements in 2023 which has helped to reduce the overall number of patients waiting and we have plans to reduce the long waits significantly in 2023/24.



Adult and Paediatric Eating Disorder services have seen a reduction in the size of their waiting lists and the number weeks wait for their longest waiting patients. Psychological Therapy services have seen an increase in the number of patients on their waiting lists, but an increase in the proportion of patients waiting less than 26 weeks for an appointment.

The end of 2023 saw the Health Board extend the use NHS 111 by launching our Mental Health line which provides specialist support and onward direction for patients who would benefit from accessing primary or secondary mental health services. This service is planned to grow through the recruitment of a dedicated team in the coming year as we continue our drive to ensure Mental Health services get the organisational priority they deserve.

### 3.7.3 Quality Performance Analysis

The Health Board has embedded the regulations which guide the handling and response to concerns (complaints and incidents) launched by Welsh Government in April 2011. In addition, the Health Board's approach to dealing with concerns very much reflects the 'Principles of Remedy' published by the Public Services Ombudsman for Wales.

Our process is compliant with the Complaints Standards Authority – Wales Concerns and Complaints Policy for Public Services Providers in Wales

This model policy is designed for public services providers in Wales. It represents a minimum standard of complaint handling for public bodies in Wales. The Policy is fully compatible with the Welsh Language Standards Regulations of 2018.

In Cardiff and Vale University Health Board we reviewed our process in line with the Model Concerns Policy. The Health Board is committed to dealing effectively with any concerns or complaints about our services.

Complaints Team staff can advise on the type and scope of complaints they can consider. We have amended our Concerns posters across the Health Board.

#### a. **Getting it right**

- We acknowledge when we identify things that could have been improved.
- We consider all relevant factors when deciding the appropriate remedy, ensuring fairness for the complainant and, where appropriate, for others who have suffered injustice or hardship as a result of the same maladministration or poor service.
- We apologise and explain the maladministration or poor service.
- We try to understand and manage people's expectations and needs.
- We always try to deal with people professionally and sensitively.

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b. **Being customer focused**

- We acknowledge and accept responsibility for failure if and when it occurs.
- We explain clearly why the failure happened and express sincere regret for any resulting injustice or hardship.

c. **Being open and accountable**

- We try to be open and transparent
- We strive to treat people without bias, unlawful discrimination or prejudice.

d. **Acting fairly and proportionately**

- We consider all forms of remedy (such as an apology, an explanation, remedial action, or financial compensation).

e. **Putting things right**

- We are focussed upon using information on the outcome and themes from concerns to improve services.

f. **Seeking continuous improvement**

- We seek to offer a proportionate, reasonable investigation and response that aims to identify the opportunities for service improvement.

### 3.7.4 Putting Things Right (PTR)

The central Concerns Team has continued to work in accordance with the Putting Things Right Regulations.

During 1st April 2022 to 31<sup>st</sup> March 2023, we have received in excess of 4,500 concerns. As anticipated, this is a significant increase in comparison to last year, when we received 4000 concerns. Some of the themes identified relate to poor communication, waiting times, discharge arrangements, and environment (social distancing).

A number of initiatives have been taken to improve communication between patients and staff. The Safer Bundle being piloted on one ward is an example of ward staff actively involving patients in their care. Patients are encouraged to ask:

*What is the matter with me?*

*What is going to happen today?*

*What is needed to get me home?*

*When am I going home?*

This fits in really well with the Quality Safety and Experience Framework by starting the *“what matters to you”* conversation with patients.



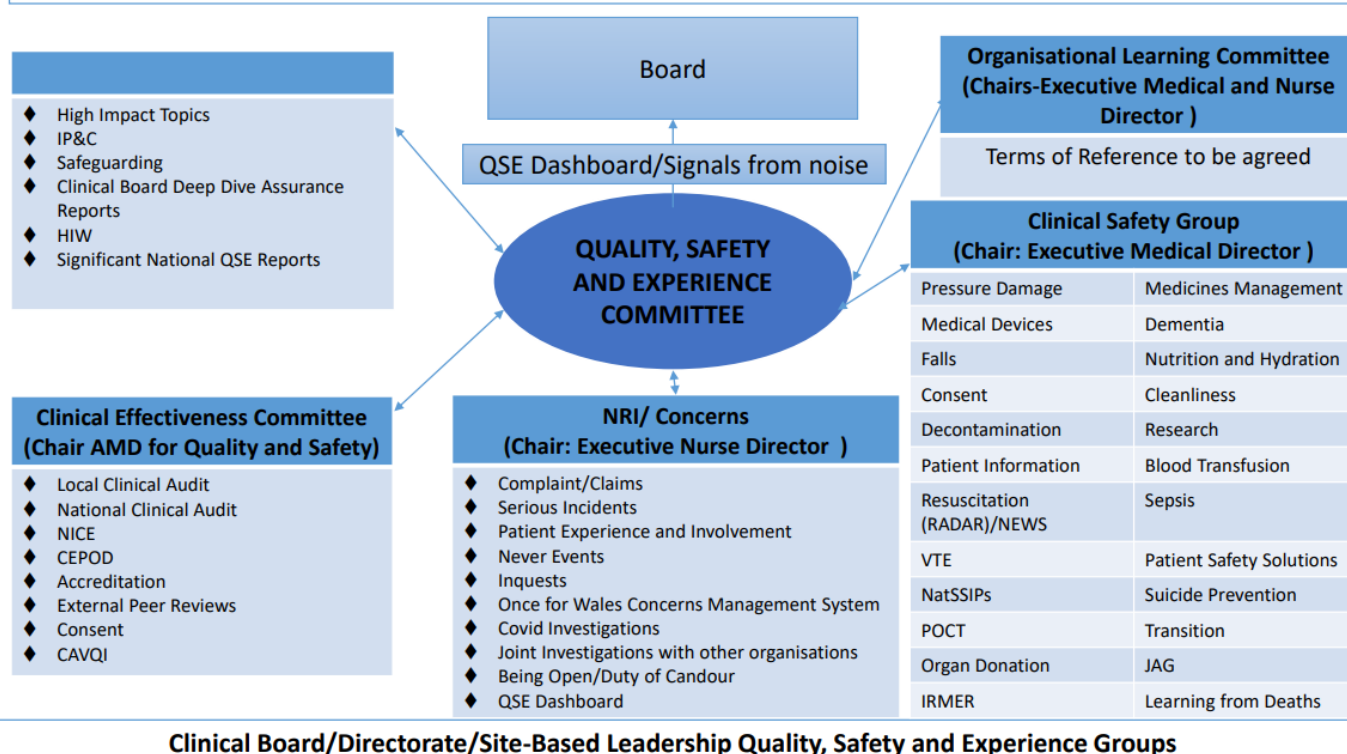
As anticipated, we have seen an increase in concerns this year relating to waiting times and a number of initiatives and different ways of working are being implemented to recover from the backlog caused by Covid-19. These include:-

- Clinical Boards are encouraged to re-engage with their patients to provide waiting list updates via letter.
- Clinical Boards have redesigned pathways to fast track patients who have been reluctant to access services/care during the pandemic.
- Introduced weekend clinics.
- Utilising Primary Care services so patients are seen sooner in Primary Care rather than in Secondary Care.

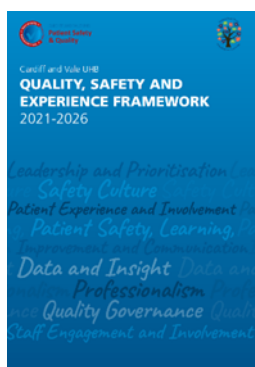
It is pleasing to note that during this period, the 30-working day performance level has ranged between 77% to 84 % which exceeds the Welsh Government target of 75%. The structure below is our Quality, Safety and Experience (QSE) framework - the final committee being established is the Organisational Learning Committee to progress the whole systems approach to learning across Cardiff and the Vale.

### Quality, Safety and Experience Framework

#### Cardiff and Vale University Health Board Quality, Safety and Experience Committee and Group Structure



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We believe that in focusing on these 8 key priorities, we can aspire to provide safe, effective services, that deliver an excellent user experience, equal to the best healthcare organisations in the world.

These eight key areas are:

- Safety Culture
- Leadership and the Prioritisation of QSE
- Patient Experience and Involvement
- Patient Safety Learning and Communication
- Staff Engagement and Involvement
- Data and Insight
- Professionalism of QSE
- Quality Governance Arrangement

The Organisational Learning Committee will be where the thematic reviews will be considered, to ensure that sustainable and measure improvements are put in place, utilising tested quality improvement methodology. Each of the Clinical Board Directors of Nursing will have a key area to concentrate upon through multi professional engagement, such as reduction in injurious falls, reduction in avoidable pressure ulcers, psychological safety etc.

### 3.7.5 The Duties of Quality and Candour

#### The Duty of Quality

At the time of writing this Annual Report, the Duty of Quality, as part of the Health and Social Care (Quality and Engagement) (Wales) Act 2020, was due to come into force in April 2023. It is a lever for improving and protecting the health, care and wellbeing of the current and future population of Wales. It aims to ensure a stronger citizen voice and to improve the accountability of services to deliver a better experience and quality of care. Doing so contributes to a healthy and more prosperous country.

The Act is intended to have positive benefits for everyone in Wales, supporting a culture and the conditions needed to drive improvements in health care. The Duty of Quality requires the Welsh Ministers, with regards to their health-related functions and NHS bodies, to think and act differently by applying the concept of “quality” across all functions. They will need to consider quality within the context of the health service and health needs of their populations. The Duty of Quality requires quality driven decision making and planning to ultimately deliver better outcomes for all people who

require health services. It requires involving people in decisions that affect them, balancing short-term needs with planning for the longer-term, with action to prevent problems occurring or getting worse. The prevailing intention is to build on the positive culture of quality at the heart of the Welsh health system, enacting a broader system-wide duty of quality, which strengthens decision making, action, improvement and ultimately, improved outcomes for the population. The Duty of Quality guidance document is currently undergoing public consultation. The guidance sets out a definition of quality alongside six domains of quality and five quality enablers. It is proposed that these become our Quality Standards 2023 which will replace the Health and Care Standards (April 2015). NHS bodies will be required to take these new standards into account, for the purpose of discharging the Duty of Quality.

## **Duty of Candour**

The Duty of Candour will be in force from April 2023. The Duty applies to NHS bodies in Wales and requires them to be open and transparent with people when they come to harm whilst using services. The Duty will be triggered when there is an incident that causes harm that is more than minimal, the harm is unexpected or unintended and health care was or could have been a factor in causing the harm. When this type of incident occurs, the duty requires NHS organisations in Wales to notify the person involved offering a sincere apology for the harm and detailing what investigations will be done to learn from the incident. It also requires NHS bodies to produce an annual report on Duty of Candour incidents, summarising the number, type and learning from those incidents.

As part of the Regulatory Impact Assessment we have considered 9 months of data in relation to Health Board recorded incidents and in excess of 3000 would need consideration as to whether the Duty of Candour applies. These figures do not include Primary Care incidents which will be included from 1 April 2023. The initial work will be focused upon understanding the grading application at the initial recording of the incident and mandatory consideration of the grading on incident closure. The Duty of Candour will be managed through the Patient Experience Team, as the process somewhat mirrors the current management of complaints and there will be an interface with Redress, which is also part of the Patient Experience Team's function

### **3.7.6 Improving safety - Learning from serious incidents, safeguarding issues and independent reviews.**

Nationally Reportable Incidents (NRIs) are a key focus for the Clinical Boards and the Corporate Patient Safety Team. The performance and themes from NRIs are reported through the QSE Committee and through the Board Integrated Performance Report, all of which are in the public domain.

The Emergency Unit remains under pressure as a result of the combined poor discharge profiles with more patients than there is capacity for being cared for within the Unit. This means that patients are also not always cared for in the most appropriate space. A robust plan is in place to manage the environment and improve outcomes that matter to patients. The Emergency Unit has been subject to Health Inspectorate Wales (HIW) and Community Health Council (CHC) visits and the most recent review by the CHC in February 2023 demonstrated the improvements in patient experience

that were noted, despite the high level of activity which remains in the department. There is an increased focus upon facilitating discharge, alternatives to the Emergency Unit such as the Same Day Surgery Unit (SDEC) . We are making changes to building a workforce around our patients to care for those who do not need hospital care but are awaiting placement in local authority settings etc. However, recruitment of the workforce remains challenging

It is also important to review the near miss and low harm incidents relating to delay in access to services as a result of the current capacity constraints. There are Datix's reporting the cancellation of surgery as no available bed, lack of capacity in the Intensive Treatment Unit (ITU) (Datix is an incident reporting system). This theme is reflected in the concerns raised by our patients and their families.

Learning from any patient safety incident is vital and to maximise and support this the Patient Safety Team has set up the Clinical Board QSE Lead forum whereby each Clinical Board will present learning from a case they feel has the opportunity for shared learning. This process also provides a network of support and co-operation for incidents that require input from multiple Clinical Boards. This forum also helps standardise processes around patient safety and risk management. The Clinical Boards also hold regular QSE meetings whereby patient stories and completed investigations are presented, again with an emphasis on learning.

We are implementing the Organisational Learning Committee which will provide a senior level overview of identified learning ensuring it is robust and sustainable as well as providing senior level support to Health Board wide learning. The Organisational Learning Committee will capture learning from patient and staff feedback. Compliments, incidents, complaints, redress cases, Ombudsman cases, claims, inquests, local and national audits, HIW reports and tendable data. The Organisational Learning Committee will work with the Innovation and Improvement team, universities, and other interested parties.

A regular Quality Indicators report is provided to the Quality, Safety and Experience Committee The report is presented in line with the Duty of Quality Act and the **Safe Care** provides information about Incident reporting, Nationally Reportable Incidents, Mortality, Maternity Outcomes, Infection Control. **Timely** we provide information about Ambulance handover times, Patient Experience in the Emergency Department with regard to waiting times, **Effective** we discuss indicators such as the stroke pathway compliance, **Efficient** -Values based Health Care, **Equitable** we discuss health inequalities, access to services and equity and **Person Centred** is where we share our Concerns and feedback statistics and themes.

#### 4. Quality Governance Arrangements

An essential feature of our control framework is ensuring there is a robust system for measuring and reporting on the quality of our services. Our Quality Safety and Experience Committee provides timely evidence-based advice to the Board to assist it in discharging its functions and meeting its responsibilities with regards to quality and safety as well as providing assurance in relation to improving the experience of

all those that come into contact with our services. All groups in the QSE structure report through the Clinical Safety Group or Clinical Effectiveness

## 5. Covid-19 Vaccination and test/tract/protect

### Covid-19 vaccination

Over 163,000 Covid-19 Autumn boosters were delivered in the 2022/23 period in Cardiff and Vale. Uptake among people aged 65 and over was 83%, in line with the Wales average.

Around 64% of healthcare staff working in the Cardiff and Vale area, over 17,000 people, took up the offer of the Autumn booster, and over 4,500 social care workers were also vaccinated. 39% of people aged 5 to 49 in clinical risk groups were vaccinated.

By March 2023 we had delivered in total over 1.26 million Covid-19 vaccinations to our population since the start of the pandemic.

Planning has commenced for the Spring 2023 Covid-19 booster vaccination programmes in line with the Joint Committee for Vaccination and Immunisation (JCVI) recommendations published in March 2023. For a small group of people (e.g., those in older age groups, those living in care homes for older people and those who are immunosuppressed), an extra booster vaccine dose will be offered in Spring 2023. An Autumn 2023 booster dose for people at higher risk of severe Covid-19 is expected to be offered. Surge responses may also be required should a novel variant emerge.

The Holm View mass vaccination centre closed during 2022/23. Planning is underway for a new Vale provision for the Spring and Autumn 2023 programmes. During 2022/2023 the programme moved towards the more integrated immunisation programme as outlined in the National Immunisation Framework for Wales. The programme aligned with the Welsh Government's Winter Respiratory Vaccination Programme, with joint planning structures for Covid-19 and influenza vaccinations (co-administering where possible). Working in partnership with Health Board and Primary Care colleagues, as well as delivery of Covid-19 immunisation the services has also supported delivery of influenza, Polio, Human Papillomavirus (HPV), Monkeypox and Meningococcal B.

### Test Trace Protect (TTP)

During the year, local and regional changes were made to TTP services in response to the Welsh Government plan, *'Together for a safer future: Wales' long-term Covid-19 transition from pandemic to endemic'*, with a focus on supporting high risk settings. Contact tracing services followed national protocols, with specialist resource within the region organised to support these high risk settings. The use of Lateral Flow Tests (LFT) in the general population declined during the year as free kits were no longer available. The data on positive tests has become a less reliable indicator of population disease activity as a result. However, numbers of cases (in both staff and patients) and incidents in high risk settings (particularly hospitals and

care homes) have tended to mirror the peaks identified by the Office for National Statistics (ONS) population study.

The multiagency regional team reduced its meeting frequency gradually to once per month, but continued to monitor new case data to identify clusters or settings of concern. The regional Standing Operational Procedure (SOP) was revised to ensure escalation mechanisms remained in place to respond to any risks identified. The Regional Incident Management Team (IMT) was stood down in summer 2022.

Partnership communication teams continued to work collaboratively to share updates on guidance with the people who live and work in Cardiff and the Vale of Glamorgan.

Welsh Government's transition plan, Together for a Safer Future: Wales' long-term Covid-19 transition from pandemic to endemic was published in March 2022. It set out the principles of the continued response to Covid-19 and other respiratory infections. Health Boards are required to implement a public health approach to respiratory viruses, including Covid-19, protecting the most vulnerable in our society from serious disease.

The focus from December 2022 has been on arrangements from April 2023. 2023/24 is anticipated to be a transition year, where the services and structures put in place by regional partners to manage the pandemic are further scaled back, and we build on the experience of the pandemic response to establish a more resilient system for managing 'all-hazard' health protection risks.

## 6. Delivering in Partnership

In many areas, the Health Board works with partners to develop and deliver plans for improving the health and well-being of our population, and to deliver services collaboratively. Our partners include other NHS Wales organisations, the two local authorities (Cardiff Council and the Vale of Glamorgan Council), the Third Sector and independent providers.

### Cardiff and Vale Regional Partnership Board

The Health Board hosts the team that works on behalf of Regional Partnership Board (RPB) partners. During the year the team has supported health and care teams to deliver a range of initiatives and services designed to provide citizens with early help and support when they need it to keep people living safely and well in their own homes. This includes developing services for children and young people with more complex needs – including emotional health and mental health needs and needs resulting from being physically disabled, and those on the edge of care. We have seen an increase in the number of children exhibiting dysregulated behaviour accessing our services in a crisis and we have been working with the Local Authorities to develop services to meet the needs of these young people.

During the year the @home Programme has continued to develop, with Regional Integration Fund (RIF) allocations targeted to developing services which support independent living and to support people when their needs increase, or following an



admission to hospital. Building on the success of the transformation programme in the South West Cluster, we have been rolling out the cluster model to two more clusters in order to reduce preventable hospital admissions and to support people on discharge from hospital. Working with the Third Sector, particularly in relation to 'social prescribing' has been a key element of the model. Work has progressed to update and develop the Dementia Action Plan, with dedicated RIF allocation to further enhance this work.

During 2022 – 2023, the RPB completed a review of the governance arrangements and transitioned the work of the three partnerships – starting well, living well and ageing well – into programmes of work rather than partnerships, with each programme reporting into the RPB directly. During the year, the Health Board's approach to delivering the Six Goals has accelerated and dovetails with the @home Programme.

## Regional Healthcare Services

The Health Board continues to work with neighbouring health boards to develop and implement regional service models where it makes sense to do so in order to ensure that a service is sustainable, meets key standards, and delivers the best outcomes for patients. The Health Board led the implementation of the regional model for Vascular surgery, with the establishment of the regional hub for surgery at the University of Wales, with satellite hubs in each of the neighbouring health boards. The model is now well established, with Vascular surgeons from across the region working together to deliver the regional model. The Vascular Network, which is hosted by Cwm Taf Morgannwg Health Board, oversees the running of the regional service on a daily basis to ensure that the patients flow into and out of the surgical hub in a timely manner, and that workforce challenges are addressed if they arise. As part of the planned recovery programme, the Health Board is developing plans to look at potential regional solutions for addressing the backlog of people waiting for planned treatment which has built up during the pandemic. This includes looking at whether regional centres for high volume low complex activity could and should be developed. During the year we have seen progress made in the development of regional service delivery models for three areas with high-volume, low complexity patient services – Ophthalmology, Orthopaedics and Diagnostic services.

The governance of the regional working in South East Wales has been strengthened, with the formation of the South East Wales Planning Collaborative – the Regional Portfolio Oversight Board of which is attended and chaired by the Health Board's Chief Executive Officers from the region. To support the work, the planning directors (plus other key individuals) have formed a planning directors' group to ensure progress is made. A programme director for the regional programme has been appointed, working directly to the three chief executives, and dedicated programme managers have been appointed to the programmes.

Work is ongoing to review the South East Wales Cancer Collaborative to bring it into line with the newly formed Regional Collaborative.

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## 7. Workforce Management and Wellbeing

### 7.1 People and Culture

We pride ourselves on being a great place to train, work and live; with inclusion, wellbeing and development at the heart of everything we do. We know that in order to meet our population's health and care needs effectively we are completely dependent on our people.

Our people have continued to respond to the challenges despite the impact the workforce crisis is having on Health and Social Care. Recent engagement surveys have told us that our people are leaving the sector and/or their profession due to stress, burnout, poor working conditions and lack of development opportunities. This has made recruitment and retention extremely challenging, resulting in staff shortages that have impacted negatively on the wellbeing of our people.

Our People and Culture Plan launched in January 2022 and set out our ambition over a three-year period. In 2022/23 good progress has been made with all seven themes in the plan but our priority and focus has been on improving recruitment, retention and wellbeing.

### 7.2 Attract and Recruit

Over the last 12 months we have significantly improved our employer brand, promoted the Health Board as an employer of choice and engaged with our local communities

Examples of how we have done this include:

- Recruitment Events and Careers Fairs
- Attended Events to engage with school children, Black, Asian and Minority Ethnic Groups, ex-military personnel, refugees, etc
- Collaborated with the Department for Work and Pensions (DWP) and implemented the hugely successful Kickstart Scheme.
- Embraced the opportunities that Project Search had to offer
- First Health Board in Wales to partner with the Prince's Trust to facilitate work placements for diverse and under privileged young people.
- Successful International Nurse Recruitment Campaign
- Royal College of Nursing: Nursing Cadets Scheme.

### 7.3 Retaining our People

A wide range of initiatives have been developed and implemented to improve the retention of our people. Improving retention is multi-faceted and there is no quick fix. How we engage, listen and give our people a voice is at the top of our agenda, this year has seen the development of a range of information gathering tools/methods to obtain feedback for our people which will help us shape our focus and activity as we look to improve the experiences and engagement of our people. Examples below:

- Wellbeing Surveys focused on our Medical Workforce



- An engagement platform for Nursing and Midwifery Staff
- Information gathering through Trade Union Partners and targeted Retention Programmes
- Cultural assessments have commenced, this feedback will build upon what we have learned so far, and help shape our response, including building upon areas of good practice.
- Target interventions with action plans developed and agreed through co-production.
- A retention toolkit has been developed and is available for managers, this includes cultural surveys, engagement self-assessment tools, and examples of good practice.
- Career Clinics have been held and 'New Starter' surveys implemented.

#### 7.4 Staff Wellbeing

The health and wellbeing of our people continues to be impacted as we recover from the impact of the pandemic. However we remain committed to supporting, and enhancing the wellbeing of our people. Our ambition continues to be to make the Health Board a great place to work and where staff can flourish, and we approach and address these challenges in a variety of different ways. This includes the provision of Occupational Health and Employee Wellbeing Services, flexible workplace policies and procedures, offering a wide range of development and career opportunities, improving our recruitment and retention strategies, and through the role modelling and promotion of healthy working relationships, actively promoting the Health Board's values and behaviours.

2022/23 has seen many key achievements and developments that have, and will continue, to enhance staff wellbeing. Examples include:

- Provision of a high-quality in-house counselling service and reduced waiting times
- Development and delivery of wellbeing workshops and interventions;
- Targeted and focused interventions, helping teams effectively and safely debrief following challenging incidents;
- Enhancements in the provision of our Physiotherapy services
- Continued development of the Wellbeing Champion Training and Network Development, actively promoting and supporting wellbeing across the Health Board
- Continuation of psychoeducational training provision and menopause cafes
- The cost of living crisis has been a key priority and staff have been supported through, Financial Wellbeing roadshows, dedicated resources, provision of on-line MaPS training for Wellbeing Champions and line managers with plans to roll out the training further, On-line presentations on 'Pensions' and 'Pensions

and Menopause', and the development of a staff 'Financial Wellbeing' framework.

## 7.5 Leadership and Management Development

During 2022 we have continued to enhance and develop the leadership and management development offer, focusing on compassionate and inclusive leaders and managers. Underpinned by the organisational values and the All Wales Leadership Principles of compassionate and inclusive leadership, through the Acceler8 Senior Leadership Programme.

The Collabor8 Leadership Programme was redesigned and relaunched, bringing together multi-disciplinary leaders from across the organisation to participate in experiential and explorative leadership development.

The existing Management Development Programmes continue to attract a range of individuals, providing the essential skills and knowledge necessary when starting a leadership and management journey to support, develop and motivate healthy, high performing teams delivering the highest standards of quality, care and innovation.

Continuing to focus on developing effective and compassionate leaders at all levels throughout the organisation, initial work has started on the development of leadership networks and alumni's, creating opportunities for those attending different programmes to connect with peers and explore the role of leadership within the organisation, while shaping future development opportunities.

**Leadership and Succession** – we have participated in a Health Education and Improvement Wales (HEIW) Talent Management Practitioner Development scoping exercise to develop tools and resources to support Talent Management and Succession Planning in the NHS. Supported by the Health Board's Values Based Assessment and Career Conversations Toolkit, this work will be embedded into practices to support the development of talent pipelines.

**Leadership, Management and Wellbeing** – Leaders/Managers have been trained to deliver the REACT Mental Health training, which has already been integrated into existing management development training. Future steps will see this roll-out as 'bite-size' learning, enabling a wider access across the organisation.

A range of management wellbeing support has also been delivered internally, through collaboration with the Employee Wellbeing Service, Clinical Psychology, People Services, Education, Culture and OD, and the Wellbeing and Recovery College.

**Developing a Coaching Culture** – A number of coaches have volunteered to undertake the accredited coaching qualifications which will add strength to our Coaching Network. Managers have also had the opportunity to attend 'Manager as Coach' development sessions, embedding a coaching approach to empower and motivate individuals and teams.

## 7.6 Equity, Inclusion and Welsh Language

The current Strategic Equality Plan (SEP), Caring about Inclusion 2020-2024, has a number of key delivery objectives and demonstrates our commitment to embedding equality, diversity, human rights, and Welsh Language into our business processes. The SEP is closely aligned to our ten-year Strategy 'Shaping Our Future Wellbeing', our People and Culture Plan, our Integrated Medium-Term Plan, as well as the Well-Being of Future Generations Act 2015. This is the third year of the current four-year plan.

During 2022/23, we continued to strive to create a more inclusive organisation for our people and our communities through a range of means, including effective engagement, raising awareness of inequalities through keynote speakers, awareness sessions and partnership working with Public Health Wales and community groups, and celebrating the diversity of our workforce and community.

Some of the key highlights of the past year include:

- Creation and cross-organisation sharing of our second iteration of an Inclusion Calendar, which highlights key dates throughout the year to raise awareness and celebrate our diversity.
- Taking forward the Anti-racist Wales Action Plan through the facilitation of Board development sessions and co-producing a draft CAVUHB Anti-racist Action Plan alongside our One Voice Staff Network and Trade Union partners.
- Achieving a place in the top 100 in the Stonewall Workplace Equality Index, which ranks organisations throughout the UK in relation to LGBTQ+ inclusivity, and also earning the Gold Award for the second year running.
- Attending Pride Cymru for the first time since the pandemic alongside colleagues from across NHS Wales.
- Supporting the development of our staff networks including:
  - One Voice Staff Network – for our staff from ethnic minority communities
  - Access Ability – for our staff with disabilities and long-term health conditions
  - LGBTQ+ Staff Network – for our LGBTQ+ staff
  - Future Generations Network – to support and develop our leaders of the future
- Becoming a Level 3 Disability Confident Leader.
- Becoming members of Purple Space, the world's only professional development hub for disability network leaders.
- Developing an Equality Health Impact Assessment training package.
- Engaging with our communities, including hosting Equity and Inclusion stalls at our careers fayres and promoting career opportunities at local mosques.
- Continuing the development of our Inclusion Ambassador programme, aimed to support senior leaders, including at Executive and Board level, to better understand the lived experience of our diverse workforce. The programme to support each of the protected characteristics and Welsh language.

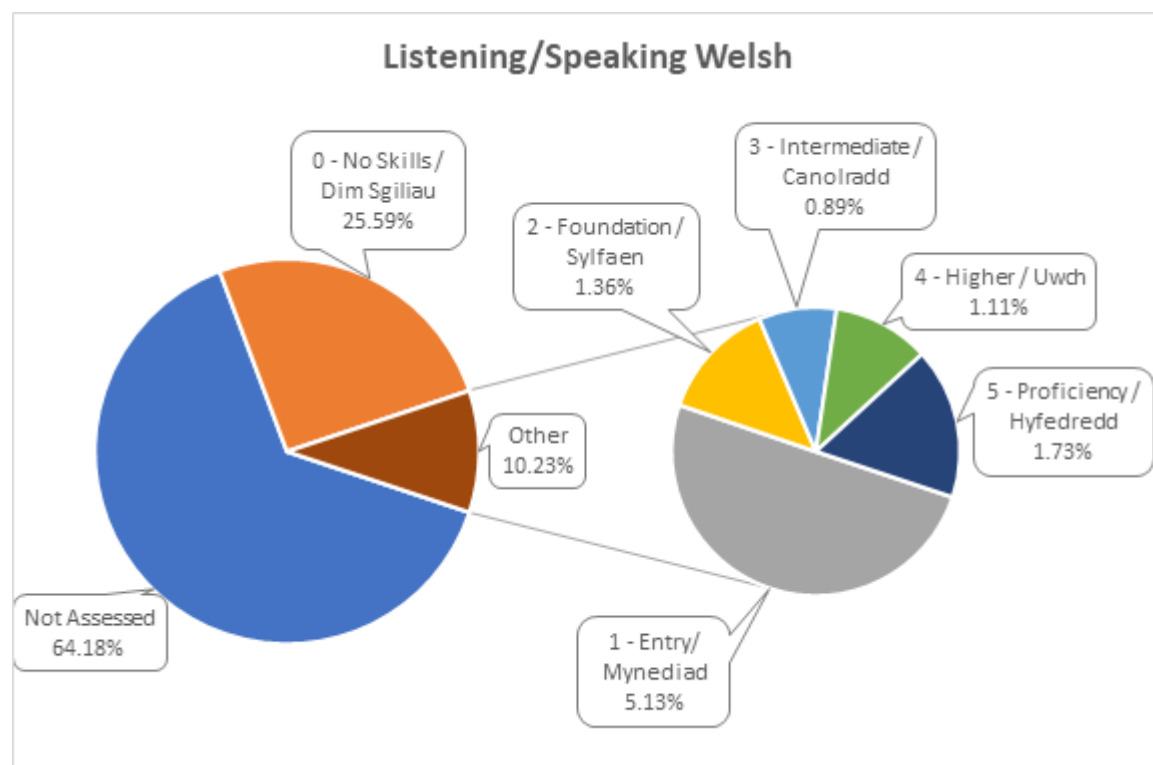
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Although language is not a protected characteristic under the Equality Act 2010 - the protection of the Welsh language is taken forward under separate legislation (the Welsh Language (Wales) Measure 2011 and related Standards) - it has long been recognised that the Equality and Welsh language policy agendas complement and inform each other. It is further supported through the goal within the Wellbeing of Future Generations Act – A Wales of vibrant culture and thriving Welsh language. Our aim is to sustain and reinforce that principle through our Strategic Equality Objectives and ensure they serve to promote and protect the Welsh language.

We will continue to go beyond our legal obligations, applying the principles that sit within the Equality Act and the Public Sector Equality Duty to all our thinking, planning and decision making for the benefit of all our people, both in our organisation and our communities. The Equality Strategy and Welsh Language Standards Group continues to support developments and improvements across the Health Board.

By March 2023 36% of our staff have registered their language skills and the organisation will continue to campaign for staff to register their language skills in 2023.



We have received a total of 3 complaints in 2022/23 from the Welsh Language Commissioner. Each of these concerns has been investigated and recommendations implemented. As a result, we have made improvements in our compliance with the Welsh Language Standards around social media, its website and phone services.

We have advertised the following amount of vacancies:

Total number of vacancies advertised as:	
Welsh language skills are essential	2
Welsh language skills are desirable	3409
Welsh language skills need to be learnt when appointed to the post	0
Welsh language skills are not necessary	118
Total Number of vacancies advertised 01/04/2022 - 31/03/2023	3529

Compliance with the Standards has improved and 81 of the 120 standards have been completed. The outstanding standards require more longer-term planning. Improving compliance will remain a priority in 23/24.

### Welsh Language Regulations – The Welsh Language Standards (No.7 and No.8 ) Regulations 2018

The Health Board produces a Welsh Language annual report each year which includes details on a range of matters, including:-

- The amount of vacancies that have been advertised with Welsh as essential, desirable or not required
- The amount of concerns around compliance with the Welsh Language Standards
- A breakdown of the Welsh Language skills of our workforce.

The Welsh Language Annual Report 2021-22 was approved by the Board on 24 November 2022. A copy can be accessed at <https://cavuhb.nhs.wales/files/welsh-language-in-healthcare/welsh-language-standards-annual-report-2021-2022/>

## 7.7 Shaping our Future Workforce

Robust workforce planning is fundamental to our recovery post-pandemic and to help us achieve workforce sustainability. During 2022/2023 focus has been on developing a local and national workforce plan for our Nursing workforce, which is our largest staff group. Work was prioritised to address the large-scale vacancies caused by the long-standing national shortage and the pandemic. A nursing baseline has been developed across all areas which includes an analysis of the current workforce, future workforce needs and potential solutions to change the supply and shape of our future workforce.

This has resulted in the development and implementation of the newly created Assistant Practitioner role to support the nursing workforce. Our aim in 2023/2024 is to accelerate this work, moving away from more traditional workforce models into a more transformational way of thinking.

To support the Health Board knowledge and expertise in strategic workforce planning bespoke training has been arranged. This programme will continue throughout 2023/2024.

**People Analytics** - At the start of 2022 our goal was to start to create a strong people analytics culture where managers actively use people data to tackle business problems, have management teams that speak about the value and importance of people data and have line managers who seek out people data to make business decisions. Driving quality and efficiencies through systems was also a priority, ensuring we embed effective rostering principles across the Health Board. Good progress has been made in this area and will continue into 2023/2024.

## 7.8 People and Culture Plan in 2023/2024

In 2023/2024 we will build on what has been achieved in Year 1, focusing on the Health Board priorities, ensuring that quality, improvement and sustainability are at the forefront. We know that we are not providing the quality of services we could or should, so patients and staff don't have the best experience or outcomes. Over the next 12 months we will develop strategic workforce planning capabilities to enable us to move toward a more patient centred approach built around the skills needed to care for our patients. We will also develop alternative workforce models by gaining a fuller understanding of our current and future workforce needs to release capacity, address gaps and build action plans. The number of staff in non-traditional roles will increase, to reflect the skills required to care for our population, e.g. peer support workers, apprentices, Physician Associates, Assistant Practitioners, and multi-skilled support workers. Strategic decision making will be supported by ensuring our workforce data is accurate, meaningful and accessible and by a move away from workforce reporting to people analytics. To enable this, in 2023 we will implement systems that provide the organisation with real time data for our workforce, including the roll out of Health Roster across all nursing areas and implementation of Safe Care.

As an organisation we will aim to deliver excellence in all that we do so that our staff, patients and our population have the best experience and outcomes. Our People and Culture Plan will help us achieve this aim.





## 7.9 Local Partnership Forum and Other Employee Engagement Groups

**Local Partnership Forum (LPF)** – We have a statutory duty to “take account of representations made by persons who represent the interests of the community it serves”. This is achieved in part by three **Advisory Groups** to the Board and the Local Partnership Forum (LPF) is one of these.

The LPF is co-chaired by the Chair of Staff Representatives and the Executive Director of People and Culture. Members are Staff Representatives (including the Independent Member for Trade Unions), the Executive Team and Chief Executive, the Director of Corporate Governance, and senior members of the People and Culture team. The Forum meets 6 times a year.

The LPF is the formal mechanism for the Health Board and Trade Union/Professional Organisation Representatives to work together to improve health services. Its purpose, as set out in the Terms of Reference, fall into four overarching **themes**: communicate, consider, consult and negotiate, and appraise.

Significant issues which the Local Partnership Forum considered during 2022-2023 include:

- Regular operational updates, including the Reset and Recovery Plan and the Winter Plan
- IMTP – engagement on Health Board’s priorities and progress reports
- Nurse Staffing Act annual report
- The Strategic Equality Plan
- Anti-Racist Wales Action Plan
- Move More Eat Well Plan
- TrAMs (Transforming Access to Medicines) Programme
- Shaping our Future Wellbeing Refresh
- Rehabilitation Programme
- Co-Production and the Recovery College
- Learning from Covid-19 and the Health Board’s Response to the Covid Inquiry
- Review of year 1 of the People and Culture Plan

The LPF also receives an update on ‘hot topics’ from the Chief Executive and a copy of the Integrated Performance Report prepared for Board at each meeting. This report includes a summary position for the following areas:

- Population Health
- Quality and Safety
- People
- Operational Performance
- Finance

The LPF has 3 sub-groups - the Workforce Partnership Group, the Employment Policies Sub Group and the Staff Benefits Group:

The **Workforce Partnership Group (WPG)** is co-chaired by the Chair of Staff Representatives and the Executive Director of People and Culture. Members are

senior representatives of the People and Culture team, Lead Clinical Board Staff Representatives, the Lead Staff Representative for Health and Safety and the Staff Side Secretary. The Independent Member – Trade Union also has a standing invitation to attend, as do Clinical Board and senior Nursing representatives.

The WPG generally meets 6 times a year, alternating with the LPF. In addition, in 2022/2023 a number of extraordinary meetings have been held to enable timely and detailed discussion. These extraordinary meetings have dealt with topics, such as management of long Covid cases, retention and the deployment of staff.

WPG provides a forum for the Health Board and Trade Unions (including Professional Organisations and Staff Associations) to work together on issues of service development, engagement and communication specifically as they affect the workforce. Its purpose, as set out in the Terms of Reference, fall into three overarching themes: to communicate, to consider and to discuss matters which affect the workforce. The items discussed tend to be more operational or detailed than those brought to the LPF, and the LPF regularly refers matters to the WPG for follow up and further consideration.

Significant issues which the WPG has considered during 2022/2023 include:

- Employee Relations Activity
- People and Culture Plan
- Annual Leave Implementation
- Estates Plan
- Pay Progression
- Engagement and Retention
- Staff Welfare Project
- Enhanced Overtime Rates
- Disruptive HR

The **Employment Policy Sub Group (EPSG)** is made up of representatives from People and Culture and Trade Unions and is co-chaired by the Deputy Head of People Assurance and Experience and a Trade Union (TU) representative. The EPSG is the primary forum for the development and review of employment policies, procedures and guidelines. It usually meets 6 times a year. The Terms of Reference for this group were reviewed in July 2021 and the membership was widened to include representatives from inclusion, wellbeing and education.

Over the past year the following documents have been developed or reviewed and approved:

- Retire and Return Procedure
- Values Based Appraisals Procedure
- Management of Stress in the Workplace Guidelines
- Supporting Employee Mental Health Guidelines
- Parental Leave Procedure
- Flexible Working Procedure



- Working Times Procedure
- Injury Allowance Claim Procedure
- Professional Registration Procedure
- Fixed Term Contract Procedure
- Alcohol, Drugs and Substance Misuse Procedure
- Recruitment and Selection Procedure

In addition, in 2022/2023 EPSG reviewed, considered and recommended that the Strategy and Delivery Committee should approve the following Policies:

- Adaptable Workforce Policy
- Recruitment and Selection Policy
- Employee Health and Wellbeing Policy
- Learning, Education and Development Policy
- Maternity, Adoption, Paternity and Shared Parental Leave Policy

The **Staff Benefits Group** explores and co-ordinates discounts and benefits offered by external organisations for Health Board employees. The Staff Benefits Group (SBG) meets quarterly and discusses and agrees 'best deals' for staff. Membership consists of Senior Management Representatives.

- Senior Health Charity representative
- Senior People and Culture Manager
- Staff Side representative
- Communications representative
- Sustainable Travel Manager
- Procurement Representative

The Business/Operational Manager of the Communication, Arts, Health Charity and Engagement Team facilitates the relationship and communications between the SBG and its partners/discount provider.

Their work is reported to the Charitable Funds Committee and the Local Partnership Forum.

At a more local level, each **Clinical Board** also has monthly or bi-monthly Local Partnership Forums which enable the Clinical Board leadership team to engage with trade union representatives on local matters.

## 7.10 Well-being of Future Generations (Wales) Act 2015 (WFG Act) Wellbeing Statement and Annual Reporting

The Health Board has adopted the Shaping Our Future Wellbeing Strategic Objectives as our wellbeing objectives, as detailed below. Embedding of the goals, principles and ways of working advocated by the WFG Act into our everyday business is overseen by our Wellbeing of Future Generations (WFG) Steering Group, and the Chair in his capacity as our WFG Champion.

During 2022/2023 an engagement exercise began within the Health Board and with our residents, patients and partners on updating the organisation's ten year Strategy, Shaping Our Future Well-being. Our WFG Steering Group meeting in March 2023 included a detailed discussion on the update to the strategy. The revised Strategy will be based on learning from the implementation of the original Strategy, including the framing of the well-being objectives. The updated Strategy will be published during 2023/2024 at which point we anticipate updating our well-being objectives in line with the new Strategy.

When developing our IMTP, we weave the requirements of the WFG Act as a golden thread through the plan, and our decision-making processes require us to consider the implications of the legislation when making our decisions.

## Governance arrangements in Cardiff and Vale University Health Board

A Cardiff and Vale UHB WFG Steering Group, chaired by the Executive Director of Public Health, reviews the actions required to embed the requirements into the Health Board, and supports the culture change required for the Health Board to routinely implement the sustainable development principle. Regular meetings of the group resumed during 2022/2023 following a period of reduced frequency in the preceding period due to the pandemic.

The Steering Group maintains and assesses progress against an annual work programme. The Chair of the Board acts as the Well-being of Future Generations Champion for the Board. We maintain a regular dialogue with the Office of the Future Generations Commissioner and one of the Changemakers from the Commissioner's office is a standing member and regular contributor to the Steering Group.

Areas of discussion for the Steering Group in the last year have included the organisation's People and Culture Plan, the Sustainability Action Plan, communications and engagement, the House of Lords report on behaviour change for climate and environmental goals, as well as the update to our 10 year Strategy.

In the partnership arena, we contribute to the statutory Well-being Assessments and Well-being Plans (one for Cardiff; one for the Vale) through our participation in the Public Service Boards, and deliver key actions in the plans, individually and together with partner organisations.

## Our well-being objectives

Within the Health Board, our ten year Strategy ([Shaping our Future Well-being - https://cavuhb.nhs.wales/about-us/our-mission-vision/shaping-our-future-wellbeing-strategy/](https://cavuhb.nhs.wales/about-us/our-mission-vision/shaping-our-future-wellbeing-strategy/)) objectives are the organisation's statutory well-being objectives under the WFG Act, and listed below. These objectives contribute to the seven national well-being goals:

1. Reduce health inequalities
2. Deliver outcomes that matter to people
3. All take responsibility for improving our health and well-being

4. Offer services that deliver the population health our citizens are entitled to expect
5. Have an unplanned (emergency) care system that provides the right care, in the right place, first time
6. Have a planned care system where demand and capacity are in balance
7. Be a great place to work and learn
8. Work better together with partners to deliver care and support across care sectors, making best use of our people and technology
9. Reduce harm, waste and variation sustainably making best use of the resources available to us
10. Excel at teaching, research, innovation and improvement and provide an environment where innovation thrives

The Annual Plan integrates and demonstrates the five ways of working and action against the well-being goals throughout the plan. Prevention is embedded throughout our work, with additional specialist public health interventions described in our [Local Public Health and Shaping our Future Population Health](https://cavuhb.nhs.wales/patient-advice/local-public-health-team/key-publications/) plans ( <https://cavuhb.nhs.wales/patient-advice/local-public-health-team/key-publications/> )

## Progress against our well-being objectives

Because our corporate objectives are our well-being objectives, progress against our well-being objectives is demonstrated through our routine performance reporting against our IMTP or Annual Plan, and ten-year strategy. You can find out more about our performance, and where it is reported, in the Performance Section of this report.

During 2022/23 we again reviewed our Sustainability Action Plan, to ensure actions deliver - and go beyond - the requirements of the NHS Wales decarbonisation strategic delivery plan.

The Sustainability Action Plan (Action Plan) builds upon our previous two action plans from 2020 and 2021. We have learned much in the last few years, but there is still a long way to go to make a meaningful impact to our emissions levels. One of the aims of the Action Plan is to become much more mature and carbon literate as an organisation across the range of services we offer.

Reducing our carbon impact will be challenging as our experience has proven that gains from initiatives tend to be small. Actions in the plan fall under the themes of Leadership, Estates, Transport, Procurement, People and Communications and Clinical Practice.

Highlights of recent action taken in the Health Board include:

- Clear governance mechanism for the Sustainability Action Plan including Executive sponsor
- Hired a sustainability improvement manager
- Each Executive Director has a sustainability objective
- We are tracking our emissions annually using a Welsh Government approved method
- We are sending no waste to landfill

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- We have improved our metering to better understand where electricity is being consumed
- We have invested in a new secure cycle facility at UHW, including drying racks and showers, and we are one of the first organisations to complete the implementation of the commitments in the Cardiff Healthy Travel Charter, alongside public sector partners
- The main nitrous oxide (anaesthetic gas) manifold at University Hospital of Wales and University Hospital Llandough have been successfully decommissioned; studies show nitrous oxide has more than 265 times the global warming potential than CO2
- We relaunched the walking aids recycling scheme
- The Maelfa Wellbeing Hub opened. This new Wellbeing Hub has been built into Cardiff Council's existing Powerhouse Community Hub. By being physically connected and sharing the space, it provides health and community services and a multi-functional service for patients, staff and the local community
- Ten sustainability scholars received training from the Centre for Sustainable Healthcare in Sustainable Quality Improvement and over a 10 month period saved a total of 40 tonnes of CO2
- Our Health Meadow at University Hospital Llandough received a Building with Nature Full Award, the first of its kind in Wales
- Food Sense Wales, hosted by Cardiff and Vale Health Charity, continued to support the development of sustainable food systems in Cardiff and Vale and more widely across Wales

You can read more about specific projects we have completed which demonstrate our commitment to the WFG Act on our website.

## 8. Sustainability Report

It is estimated that the Health Board has generated 202,000 tonnes CO2e in 2021/2022. Since 2018, for the emissions that are under the control of the Health Board (scope 1 and scope 2 emissions), it is estimated that carbon emissions have reduced by 1%. Emissions are broken down in the following categories:

Sector	KG CO2e	% of total emissions
Buildings	36,871,148.88	18.24%
Fleet	457,584.15	0.23%
Business travel	589,493.49	0.29%
Waste	1,690,170.23	0.84%
Supply Chain	162,541,053.31	80.41%

By far the largest source of emissions at 81% come from the products and services used in order to deliver health services. Products and services include items such as medication, personal protection equipment, surgical devices, catering, etc.

Everything needed to run a health service. To impact upon these emissions, action is needed across the breadth of our organisation.

The emissions for 2022/23 will be reported on to Welsh Government in September 2023. It should be noted that the way in which emissions data is being reported upon is evolving. For example, currently emissions associated with a product are estimated based upon the Standard Industry Code for the organisation that sells that product and the money spent on that product. An exercise has taken place within NHS Wales Shared Services Partnership to review how vendors are allocated to Standard Industry Codes which could cause movements in supply chain emissions for 2022/23 when reported in September 2023 versus 2021/22. Furthermore, eventually, it is the aim of NHS Wales to be able to report on the actual emissions of a product.

Under the paragraph entitled Progress against our well-being objectives of section 7.10 of this Annual Report, we have set out some of the progress made so far in equipping the organisation to reduce its carbon footprint. There remains much still to do however.

## Action Planning

The Health Board's vision is to be an exemplar in the delivery of sustainable healthcare, setting the pace that others will follow and learn from. Low environmental impact will be a business as usual consideration where all of our colleagues will be encouraged to make changes to working practices that will see our carbon emissions reduce initiative by initiative.

In March 2023, our Board approved our 2023/24 Decarbonisation Action Plan (<https://cavuhb.nhs.wales/files/sustainability/decarbonisation-action-plan-eng/> and <https://cavuhb.nhs.wales/files/sustainability/decarbonisation-action-plan-cym/> )

This action plan builds on our experience since 2020, in particular how a step change can be made in avoiding new emissions and reducing existing emissions. A separate climate adaption plan will be published to manage the risks of the changing climate already being experienced.

It has been our experience that initiatives to reduce our carbon emissions tend to deliver small results. To exemplify, even a 50% reduction in our electricity consumption would reduce our emissions by just 2%. Therefore, action is needed across a wide range of areas by a large number of people in order to have the impact required. A cultural shift is therefore required so that all 17,000 colleagues understand the responsibility to act and make a number of small but frequent contributions that make a difference. The Health Board needs to create the environment from the top which will equip and encourage our colleagues to make a difference.

Measurement of the overall macro impact of this plan will come through the annual reporting that gets delivered to Welsh Government, where a year on year comparison can be made.

A summary of the actions to be undertaken over the next year include:

- We will review the expected carbon and cost savings of this plan by Autumn 2023.
- We will ensure decarbonisation and wider sustainability forms part of the Shaping Our Future Wellbeing Strategy refresh.
- We will build decarbonisation into our key decision making. Additionally, by amending the Terms of Reference for relevant meetings led by Executives we will ensure decarbonisation is given the focus it needs.
- We will explore ways to measure emissions at a more granular level than present, such as by department.
- We will value and encourage our teams to make improvements in carbon emissions. Allocate time for quality improvement initiatives or allocating Green Champions to undertake beneficial research or implementation work.
- We will continue to ask our Executive team to take an annual objective to reduce carbon emissions.
- We will take on board the recommended actions articulated by Audit Wales in July 2022.
- We will recommend Board level decarbonisation/carbon literacy training.
- We will consider any emerging collaboration opportunities with our Public Sector Board colleagues.
- We will sponsor a decarbonisation education/ behaviour change / communications programme.
- We will support proposals to increase our energy efficiency.
- We will consider a costed proposal to adopt and implement the Level 2 Healthy Travel Charter which will encourage our staff to travel sustainably We will share our experience to any other Health Board in Wales to aid learning.
- We will ensure Decarbonisation is included in any clinical service redesign.

These actions, taken together, will enable us to establish the environment for the organisation to deliver emissions reduction and develop the culture within the organisation, with the aim that every one of our employees is acting to contribute to the achievement of carbon reduction. Improvements in carbon literacy, leadership, supporting transition and some carbon savings will be achieved by the end of this plan.

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## 9. Conclusion and Forward Look

The past year has been one of transition as we have continued to recover services following the pandemic and continue supporting and developing our people. The Health Board is proud of the improvements we have made in areas such as mental health waiting times, ambulance handover performance and mass immunisation. Our performance across many of our planned care and cancer pathways has been in line with our commitments, although we know that there is significant progress still to be made in these areas. Partnership working and a steadfast commitment to the development of integrated primary, community and social care services has been at the heart of our planning and delivery. The pressures on our teams have continued and we have worked hard to improve staff wellbeing services alongside increasing recruitment, focusing on retention and supporting the right of our staff to undertake industrial action.

Looking forward, the Health Board intends to build on our recent success whilst being conscious of the volatile planning environment within which we are operating. The Health Board faces significant financial challenges, workforce shortages and a degree of uncertainty across the wider Health and Social Care system. Despite this, we are committed to inspiring hope and confidence in our ability to deliver quality for our residents, patients and staff. Within this context we have set out our operational delivery priorities for 2023/24:

1. To enable people with urgent or emergency care needs to access safe and high-quality care at the right time, in the right place, delivered by the right team;
2. To recover, reset and transform planned care, cancer and diagnostic services;
3. To deliver exceptional specialist and tertiary services for our local, regional and national populations;
4. To ensure that every child has the opportunity for the best start in life and to provide high quality, safe and patient centred women's services; and
5. To continue our mental health transformation with a focus on the principles of home first, integration, safe hospital care and improving access to psychological support and specialist teams

In order to deliver these operational priorities, the Health Board has committed to an operating model that is centred on delivering quality. The model embeds quality and continuous improvement, learning and a value-based healthcare approach as the means to deliver our ambitions and deliver the very highest quality of care through prudent use of resources. To support this operating model, we are committed to developing our capability across five key enablers: Leadership; Culture and valuing people; Data to knowledge; Learning, improvement and research and Whole-systems perspective.

As we look forward it is vital that we have a healthy, safe and capable workforce to help us to transform patient care and provide better services and as such we are continuing to ensure focus on the opportunities to improve the safety and well-being of our staff that have been outlined in our People and Culture Plan.

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## Part 2

# Accountability Report

## Part 2 - Accountability Report

### Scope of the Accountability Report

The purpose of the accountability section of the Annual Report is to meet key accountability requirements to the Welsh Government, and to provide an overview of the governance, accountability arrangements and structures that were in place across the Health Board during 2022-2023. It includes:

- Corporate Governance Report
- Remuneration and Staff Report
- Senedd Cymru/Welsh Parliament Accountability and Audit Report

## 10. Part 2a - Corporate Governance Report

### 10.1 Directors Report

#### 10.1.1 The Composition of the Board

Part 2 of the Local Health Boards (Constitution, Membership and Procedures) (Wales) Regulations 2009 (the Regulations) sets out the required membership of the Boards of Local Health Boards, the appointment and eligibility requirements of members, the term of office of Independent Members and Associate Members. In line with these Regulations, our Board comprises of 20 voting members, with additional 3 non-voting Associate Members including:

- a Chair;
- a Vice-Chair;
- Officer members;
- Independent Members; and
- Associate Members.

The Board provides leadership and direction to the organisation and is responsible for governance, scrutiny and public accountability, ensuring that its work is open and transparent by holding its meetings in public. As a result of the continued public health risk linked to the pandemic and the need to ensure the risk of the spread of Covid-19 has remained a priority during the year, our Committee meetings have continued to be held virtually. Whilst this is not strictly in compliance with our Standing Orders with regards to allowing the public to attend meetings of our Board and Committees meetings, we took a number of steps to strengthen public transparency of our Board and Committee meetings (please refer to paragraph 13.6 (Board & Committee Meetings during Covid-19) of the Annual Governance Statement (AGS)). From 26 May 2022 we were pleased to resume our Board meetings in person, with the members of the public being welcome to attend the public sessions of our Board meetings. For the time being, our Committee meetings will continue to be held virtually.

The members of the Board are collectively known as “the Board” or “Board members”, the Officer and Independent Members (which includes the Chair) are

referred to as Executive Directors and Independent Members respectively. All Independent Members and Executive Director Members have full voting rights.

The Health Board has 11 Independent Members (including the Chair and Vice-Chair), all of whom are appointed by the Minister for Health and Social Services. There are 9 Executive Directors (including the Chief Executive).

In addition, Welsh Ministers may appoint up to 3 Board level Associate Members. Associate Members have no voting rights. There are also 2 Director posts, namely the Director of Corporate Governance and the Director of Digital Health and Intelligence, who form part of the Executive Team and the Board but have no voting rights.

Before an individual may be appointed as a member or Associate Member they must meet the relevant eligibility requirements, set out in Schedule 2 of the Regulations, and continue to fulfil the relevant requirements throughout the time that they hold office. The Regulations can be accessed via the following link:

<https://www.legislation.gov.uk/wsi/2009/779/contents>

### 10.1.2 Voting Members of the Board During 2022-2023

Please refer to paragraph 13.12 (Board and Committee Membership & Attendance 2022/23) within the Accountability Report and Appendix 1 to the Annual Governance Statement.

### 10.1.3 Audit and Assurance Committee

The membership of the Audit and Assurance Committee during 2022-2023, providing the required expertise was as follows:

Name	Role	Dates
<b>INDEPENDENT MEMBERS</b>		
John Union	Committee Chair and Independent Member - Finance	April 2022- March 2023
David Edwards	Committee Vice Chair	April 2022- March 2023
Mike Jones	Independent Member Trade Union	April 2022 – March 2023
Ceri Phillips	Vice Chair	April 2022 – March 2023

### 10.1.4 Declaration of Interests

Details of company directorships and other significant interests held by members of the Board which may conflict with their responsibilities are maintained and updated on a regular basis. A Register of Interests is available on the Health Board's website by clicking on the following link <https://cavuhb.nhs.wales/about-us/governance-and-assurance/register-of-interests-gifts-and-hospitality/> or a hard copy can be obtained from the Director of Corporate Governance on request.

### 10.1.5 Personal Data Related Incidents

Information on personal data related incidents which have been formally reported to the Information Commissioner's office and "serious untoward incidents" involving data loss or confidentiality breaches and details of how the risks to information are managed are detailed in paragraph 15.10 (Data Security and Information Governance) of the Annual Governance Statement.

### 10.1.6 Environmental, Social and Community Issues

These are included in paragraph 15.5 (Environmental, Social and Community Issues) of the Annual Governance Statement.

### 10.1.7 Statement of Public Sector Information Holders

This is contained at paragraph 21.3 (Managing Public Money (page 153) of the Parliamentary Accountability and Audit Report.

Signed by .....

Suzanne Rankin  
Chief Executive and Accountable Officer

Date: 27 July 2023

## 11. Statement of the Chief Executive's Responsibilities as the Accountable Officer of the Health Board

The Welsh Ministers have directed that the Chief Executive should be the Accountable Officer of Cardiff & Vale University Health Board.

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

I can confirm that:

- As far as I am aware, there is no relevant audit information of which Cardiff & Vale University Health Board's auditors are unaware, and I have taken all steps that ought to have been taken to make myself aware of any relevant audit information and to establish that the Health Board's auditors are aware of that information.
- Cardiff & Vale University Health Board's annual report and accounts as a whole are fair, balanced and understandable and I take personal responsibility

for the annual report and accounts and the judgements required for determining that they are fair, balanced and understandable.

- I am responsible for authorising the issue of the financial statements on the date they were certified by the Auditor General for Wales.

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

**Signed by**.....

**Suzanne Rankin, Chief Executive**

**Date...** 27 July 2023

## **12.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 Cardiff & Vale University Health Board and of the income and expenditure of the Cardiff & Vale University Health Board for that period.

In preparing those accounts, the directors are required to:

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

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

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

### **By Order of the Board**

**Signed:**

**On behalf of the Chairman:** Charles Janczewski.....Dated: 27 July 2023

**Chief Executive:** Suzanne Rankin..... Dated: 27 July 2023

**Director of Finance:** Catherine Phillips .....Dated: 27 July 2023

# Annual Governance Statement

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## 13 ANNUAL GOVERNANCE STATEMENT

### 13.1 Scope of Responsibility

The Board is accountable for Governance, Risk Management and Internal Control. As 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.

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

This AGS details the arrangements in place during 2022-2023 to discharge my responsibilities as the Chief Executive Officer of the Health Board, and to manage and control the Health Board's resources. It also details the extent to which the organisation complies with its own governance arrangements, in place to ensure that it fulfils its overall purpose, which is that it is operating effectively and delivering quality and safe care to patients, through sound leadership, strong stewardship, clear accountability, robust scrutiny and challenge, ethical behaviours and adherence to our set values and behaviours. It will set out some of the challenges and risks we encountered and those we will continue to face going forward.

At the time of preparing this Annual Governance Statement, the Health Board and the NHS in Wales continue to face unprecedented challenge and increasing pressure as we emerge from the impact of Covid-19. This includes significant financial pressure which has arisen, in part, due to the cost of living crisis, wage increases, and the war in Ukraine (which has impacted upon energy prices). Further detail in relation to our financial performance is provided under paragraph 3.4 of the Performance Report.

### 13.2 Escalation and Intervention Arrangements

Under the Joint Escalation and Intervention Arrangements, the Welsh Government meets with Audit Wales and Healthcare Inspectorate Wales (Tripartite Group) twice a year to discuss the overall assessment of each Health Board, Trust and Special Health Authority in relation to the arrangements. A wide range of information and intelligence is considered to identify any issues and inform the assessment.

The framework has four escalation levels:

- Routine arrangements
- Enhanced monitoring
- Targeted intervention
- Special measures - Escalate Cardiff and Vale UHB from routine arrangements to enhanced monitoring for planning and finance.

On 5 October 2022 the Minister for Health and Social Services announced that the Health Board would be escalated from routine arrangements to enhanced monitoring arrangements on the basis that it was not able to submit a balanced and approvable Integrated Medium Term Plan (IMTP), specifically in relation to the Health Board's planning and financial position. The Health Board remains in this escalation status at the time of writing this report.

### 13.3 Integrated Medium-Term Plans (IMTP)

Please refer to paragraph 3.3 of the Performance Report.

## Our Governance Framework

### 13.4 Standing Orders and Scheme of Reservation and Delegation

At a local level, Health Boards in Wales must agree Standing Orders for the regulation of proceedings and business. They are designed to translate the statutory requirements set out in the LHB (Constitution, Membership and Procedures) (Wales) Regulations 2009 into day to day operating practice, and, together with the adoption of a scheme of matters reserved to the Board; a Scheme of Delegation to officers and others; and Standing Financial Instructions, they provide the regulatory framework for the business conduct of the Health Board and define - its 'ways of working'. These documents, together with the range of corporate policies set by the Board, make up the Governance Framework. These are available from <https://cavuhb.nhs.wales/about-us/governance-and-assurance/policies-procedures-and-guidelines/> The Board approved the All Wales Model Standing Orders, Reservation and Delegation of Power for Standing Orders at its May 2022 Board Meeting. This year's annual review of the Health Board's Standing Orders and Standing Financial Instructions took place on 25 May 2023 where the same were considered and approved by the Board. The Board functions as a corporate decision-making body with Executive Directors and Independent Members being equal members, sharing corporate responsibility for all decisions and playing a key role in monitoring performance against strategic objectives and plans.

The principal role of the Board is to exercise effective leadership, direction and control, including:

- Setting the overall strategic direction of the Health Board;
- Establishing and maintaining high levels of corporate governance and accountability including risk management and internal control;
- Ensuring delivery of the Health Board's aims and objectives through effective challenge and scrutiny of performance across all areas of responsibility;
- Ensuring delivery of high quality and safe patient care;



- Building capacity and capability within the workforce to build on the values of the Health Board and creating a strong culture of learning and development;
- Enacting effective financial stewardship by ensuring the Health Board is administered prudently and economically with resources applied appropriately and efficiently;
- Instigating effective communication between the Health Board and its community to ensure its services are planned and responsive to identified needs;

The Board, subject to any directions that may be made by the Welsh Ministers, is required to make appropriate arrangements for certain functions to be carried out on its behalf so that the day to day business of the Health Board may be carried out effectively, and in a manner that secures the achievement of its aims and objectives.

### 13.5 The Board and its Committees

The Health Board has been constituted to comply with the Local Health Boards (Constitution, Membership and Procedures) (Wales) Regulations 2009. In addition to responsibilities and accountabilities set out in terms and conditions of appointment, Board members also fulfil a number of Champion Roles where they act as ambassadors for these matters. Board Leads and Champion Roles were agreed at the Board Meeting in January 2023, together with descriptions of the Board Champion Roles in order to ensure that the roles and responsibilities were clearly defined. The table in Appendix 1 to this AGS sets out which individual Independent Members have been allocated the Champion Roles and which Executive officers have been allocated Board Leads.

The Board provides leadership and direction to the organisation and is responsible for governance, scrutiny and public accountability. It ensures that its work is open and transparent by holding its meetings in public and where private meetings are held the meeting agendas are also published. The Board is supported by a number of Committees, each chaired by an Independent Member. All Committees are constituted to comply with The Welsh Government Good Practice Guide – Effective Board Committees. The Committees, which meet in public (except the Remuneration and Terms of Service Committee), provide their minutes and a written report by the Committee Chair to each Board meeting. This enables all Board members to be sighted on the major issues and contribute to assessment of assurance and provide scrutiny against the delivery of strategic objectives.

Board papers are published on the Health Board's website 10 clear days prior to each meeting in line with Standing Orders. For further information see paragraph 13.6 (Board and Committee Meetings during Covid -19).

A breach log is maintained to capture any departures from these timescales and reports delayed or not received. Please refer to section 2.3 of the Annual Report for information regarding the Committee's responsibilities, Work Plans and Terms of Reference.

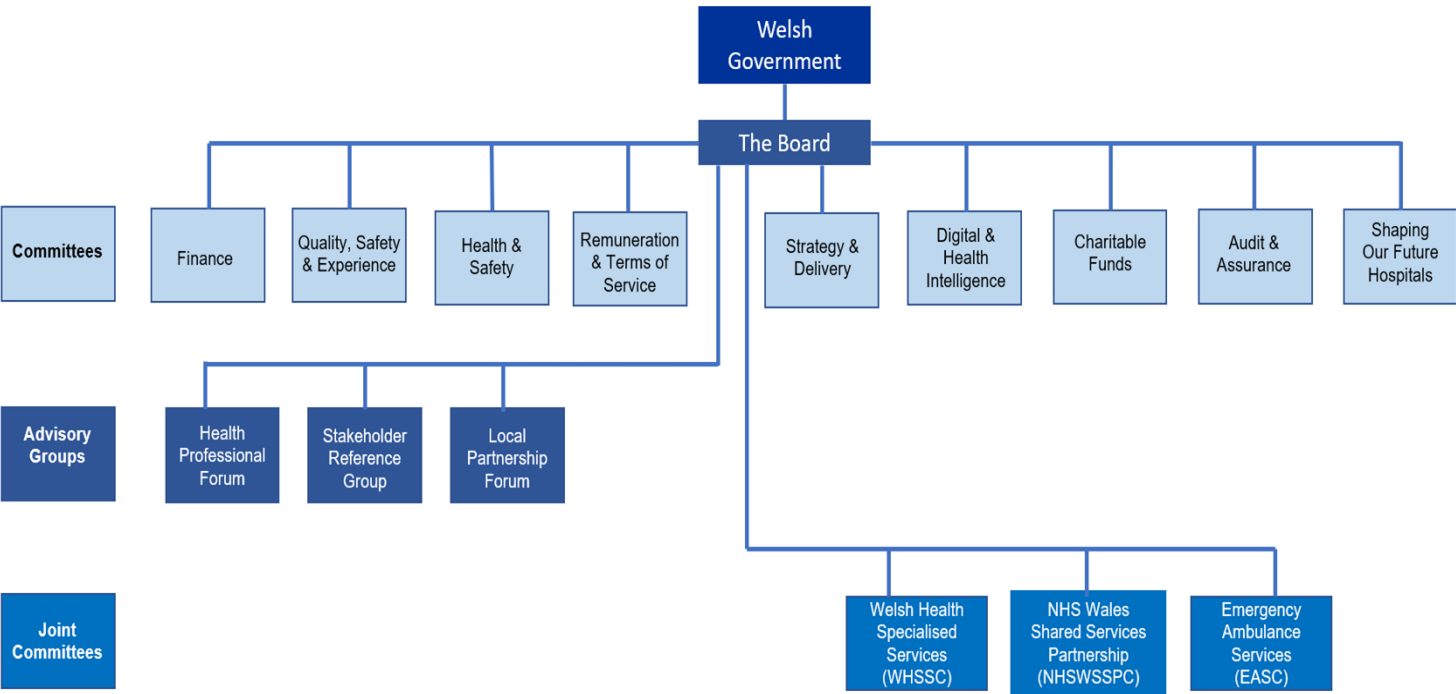
The papers for Board meetings can be accessed at <https://cavuhb.nhs.wales/about-us/governance-and-assurance/board-meetings/> and papers for Committee meetings at <https://cavuhb.nhs.wales/about-us/governance-and-assurance/committees-and-advisory-groups/>

Each Committee produces an annual report for the Board. This is to demonstrate and provide assurance to the Board that the Committees have met the requirements of their respective Terms of Reference. The Committees' annual reports for 2022-2023 can be accessed at: <https://cavuhb.nhs.wales/about-us/governance-and-assurance/annual-reports-and-accounts/>

Since 1 April 2023, the Shaping our Future Hospitals Committee has been stood down as there was little to present to the Committee given that the programme work was still very much in its infancy and awaiting Welsh Government approval to proceed. At the moment, we do not know when the Shaping our Future Hospitals Committee will be resurrected.

The Health Board's Board and Committee structure in place during 2022-2023, is outlined in Figure 1 below.

Figure 1 – C&VUHB Governance Structure 2022-2023



Changes to the C&VUHB Governance Structure from 1 April 2023

It is important to keep the effectiveness of the Board's Committees under constant review to ensure that they are fit for purpose and support the Board in discharging its functions. Further, to ensure that the Board's Committee arrangements reflect the risk profile of the organisation. The Health Board's Board Assurance Framework highlighted significant risks for the Health Board to achieve its objectives, most notably in the areas of People, Quality and Performance. Accordingly, the Health Board reviewed its Committee arrangements and at its meeting on 30 March 2023 the Board agreed to make the following changes to its Committee arrangements effective from 1 April 2023:-

- a) The Strategy and Delivery Committee ceased with strategy becoming a standing item for the first 1.5 hours of each Board Development session. This will provide the Board as a whole greater opportunity to develop and review the Health Board strategy and supporting strategic plans.
- b) The delivery/performance element that was previously reported to the Strategy and Delivery Committee will be included in the business of a newly constituted Finance and Performance Committee. This will meet monthly for the foreseeable future with its first meeting on 19 April 2023 in recognition of the financial and delivery challenges that the Health Board faces.
- c) A newly established People and Culture Committee will meet for the first time on 16 May 2023 and will meet bi-monthly thereafter in order to apply specific focus to the people agenda.
- d) The Health and Safety Committee will become a sub-committee of the People and Culture Committee, through which it will report to the Board and there will be increased focus on capital, estates and facilities assurance.
- e) The Quality, Safety and Experience Committee will meet monthly for the foreseeable future in order to ensure sufficient time is afforded to quality improvement.
- f) The Digital and Health Intelligence Committee will move from three times per year to quarterly in order to provide greater opportunity to explore whether the Health Board is making the most of digital opportunities.

A copy of the report which was considered by the Board on 30 March 2023 in relation to the changes made to the Board's Committee arrangements can be accessed at : <https://cavuhb.nhs.wales/files/board-and-committees/board-2022-23/2023-03-30-board-papers-v8pdf/> (see agenda item 7.10).

### 13.6 Board & Committee Meetings during Covid-19

During the financial year 2022-23, and as we emerged from the Covid-19 pandemic, we have continued to hold our Committee meetings virtually. For the time being, we intend to continue with this arrangement. From 26 May 2022 our Board meetings

resumed to being “in person” meetings and members of the public were welcome to attend those meetings.

It is acknowledged that in these unprecedented times, there are limitations on Boards and Committees being able to physically meet where this is not necessary and can be achieved by other means. In accordance with the Public Bodies (Admissions to Meetings) Act 1960 the organisation is required to meet in public. As a result of the public health risk linked to the pandemic there have been limitations on public gatherings and it has not therefore been possible to allow the public to attend meetings of our Committees from April 2022 to March 2023. To ensure business was conducted in as open and transparent manner as possible during this time the following actions were taken: -

- A range of online video platforms was used to enable members of the Public to observe Committee meetings, thus ensuring openness and transparency. Links and recordings were published on our website.
- Recordings of our Committee meeting are made publicly available within a few days of the relevant meeting taking place.
- Agendas and associated papers were, as far as possible, published 10 days in advance of the Board meetings, and 7 days in advance of the Committee meetings.
- Our website pages and social media accounts signposted the dates of the Board and Committee meetings together with information that had been published.
- The Board and Committee meeting pages on the website (which constitutes our official notice of Board and Committee meetings) explained why the Board and Committees were not meeting in public, and that all meetings were being held virtually.

Throughout 2022/23 the Health Board continued with its preparations for the Covid-19 Public Inquiry. This included the continuation of the work of the Covid-19 Public Inquiry Steering Group which considers the strategy and approach that the Health Board should take to the Public Inquiry before making recommendations to the Board. The Steering Group’s membership comprises the Health Board Chair, Independent Member Legal, Independent Member Trade Union, Independent Member Capital and Estates, Chief Executive Officer, Executive Director of People and Culture, Executive Nurse Director, Executive Medical Director and the Director of Corporate Governance. Other key members of staff may be invited to attend the Steering Group as and when required.

## 13.7 Composition of The Board

Refer to paragraph 10.1.1 within the Corporate Governance Report.

### Items Considered by the Board in 2022-2023 included:

- Approval of the Annual Accounts;
- Accountability and Remuneration Reports for 2021-2022;
- Board Assurance Framework;
- IMTP 2022-2025 and Annual Plan
- Capital Infrastructure Plan 2022-23
- Health and Safety Culture Plan
- WHSSC Specialised Services Strategy
- Shaping our Future Wellbeing Strategy refresh
- Assurance Strategy 2021-4 and Risk Management Strategy
- Regional Partnership Board Regional Unpaid Carers Charter
- Maternity Services
- Relocation of Fracture Clinic Facilities
- South Wales Cochlear Implant and BAHA Hearing Implant Device Service
- New Velindre Cancer Centre
- Welsh Language Annual Report
- Health Inclusion Health Needs Assessment
- Patient stories
- Financial performance
- Regular reports on Quality, Safety and Experience;
- Performance reports in relation to key national and local targets;
- Assurance reports from the Committees and Advisory Groups of the Board;
- Terms of Reference and Workplans;
- Nurse Staffing Levels (Wales) Act.

The Board and Committee membership and Champion Roles during 2022-2023 is presented for information at Appendix 1 to this AGS.

There have been a number of changes to the composition of the Board over the past 12 months.

The Health Board said farewell to

- Ruth Walker – Executive Nurse Director on 31 May 2022
- Caroline Bird – Interim Chief Operating Officer on 22 July 2022
- Nicola Foreman – Director of Corporate Governance on 3 February 2023.

The above changes resulted in some officer level vacancies which led to the following:-

- Hannah Evans (Managing Director (Non Acute) and Mike Bond (Managing Director - Acute) jointly stepped into the role of interim Chief Operating Officer on 19 July 2022 when Caroline Bird left us on 22 July 2022.

- Jason Roberts stepped into the role of Interim Executive Nurse Director from 31 May to 10 July 2022.

We also warmly welcomed the following to the Executive Team: -

- Jason Roberts – Executive Nurse Director from 11 July 2022.
- Paul Bostock – Chief Operating Officer on 22 August 2022.
- James Quance – Interim Director of Corporate Governance on 18 January 2023.

## 13.8 Committees

In line with Section 2 of the Health Board's Standing Orders which provide that "*The Board may and, where directed by the WG, must appoint Committees of the Health Board either to undertake specific functions on the Board's behalf or to provide advice and assurance to the Board in the exercise of its functions*", the Board has an established Committee structure, with each Statutory Committee chaired by an Independent Member. The Committee structure which was in place from 1 April 2022 to 31 March 2023 was approved at the Board meeting on 31 March 2022. On behalf of the Board, the Committees provide scrutiny, development discussions, assessment of current risks and performance monitoring in relation to a wide spectrum of the Health Board's functions and its roles and responsibilities.

The following Board Committees were in place during 2022-2023:

Committee	Items Considered
<b>Audit and Assurance Committee</b>  The role of the Audit and Assurance Committee is to advise and assure the Board, and the Accountable Officer, on whether effective arrangements are in place to support them in their decision taking and in discharging their accountabilities in accordance with the standards of good governance determined for the NHS in Wales.	<ul style="list-style-type: none"> <li>• Internal Audit Plans were submitted to each meeting providing details relating to outcomes, key findings and conclusions</li> <li>• Audit Wales reports on current and planned audits</li> <li>• Declarations of Interest Reports</li> <li>• Regulatory Compliance Tracking Reports</li> <li>• Internal &amp; External Audit Tracking Reports</li> <li>• Procurement Compliance, Workforce Compliance and Counter Fraud Reports</li> <li>• Assurance mapping and Risk Management Strategy</li> <li>• Health Charity's draft Accounts and Annual Report</li> <li>• Annual Accounts, Accountability and Remuneration Reports for 2021-2022</li> </ul>

	<ul style="list-style-type: none"> <li>• Losses and Special Payments.</li> </ul>
<p><b>Finance Committee</b></p> <p>The purpose of this Committee is to advise and assure the Board in discharging its responsibilities with regard to its current and forecast financial position, performance and delivery.</p>	<ul style="list-style-type: none"> <li>• Monthly Financial Reports</li> <li>• Finance Risk Register;</li> <li>• Financial Monitoring Returns</li> <li>• IMTP Financial Plan</li> <li>• BAF Risk – Financial Sustainability</li> <li>• High Level Resource Map</li> <li>• Financial Performance of Clinical Boards</li> <li>• Various Business Cases (including Velindre Cancer Centre, Mortuary Investment, UHW Lift Refurbishment, Fracture Clinic)</li> <li>• Funding Nursing Care rate</li> </ul>
<p><b>Strategy and Delivery Committee</b></p> <p>The purpose of this Committee is to advise and assure the Board on the development and implementation of the Health Board's overarching strategy, "Shaping our Future Wellbeing", and key enabling plans. This includes all aspects of delivery of the strategy through the IMTP and any risks that may hinder achievement of the objectives set out in the strategy, including mitigating actions against these.</p>	<ul style="list-style-type: none"> <li>• Shaping our Future Wellbeing Strategy – Programme update Reports</li> <li>• Delivery of Capital Plan 2022/23</li> <li>• Regional Partnership Board – quarterly plan updates</li> <li>• Sustainability Action Plan</li> <li>• Welsh Language Policy</li> <li>• Employment Policies;</li> <li>• Key Organisational Performance Indicators;</li> <li>• Workforce Plan;</li> <li>• IMTP</li> <li>• Six Goals for Urgent and Emergency Care</li> <li>• Deep dives including in relation to (i) Staff Retention, (ii) Cancer services, and (iii) Delayed Transfer of Care</li> </ul>
<p><b>Mental Health Legislation and Mental Capacity Act Committee</b></p> <p>This Committee advises the Board of any areas of concern relating to responsibilities under mental health legislation, and provides assurance that we are discharging our statutory duties under the relevant legislation.</p>	<ul style="list-style-type: none"> <li>• Mental Capacity Act and Mental Health Act Monitoring Reports;</li> <li>• Deprivation of Liberty Safeguards;</li> <li>• Mental Health Measure;</li> <li>• Children and Adolescent Mental Health Service;</li> <li>• Healthcare Inspectorate Wales visit reports.</li> <li>• Draft Mental Health Bill</li> </ul>
<p><b>Quality, Safety and Experience Committee</b></p>	<ul style="list-style-type: none"> <li>• Clinical Board Assurance Reports</li> <li>• Community Health Council (CHC) reports</li> <li>• Patient Stories</li> </ul>



<p>The purpose of the Quality, Safety and Experience Committee is to provide advice to the Board with regard to the quality and safety of health services and the experience of patients, including public health, health promotion and health protection activities.</p>	<ul style="list-style-type: none"> <li>• Maternity Services</li> <li>• Pressure Damage</li> <li>• Duty of Candour</li> <li>• Infected Blood Inquiry</li> <li>• Quality Indicators Report</li> <li>• HIW reports and progress</li> <li>• Safeguarding Annual Report</li> <li>• Ombudsman Annual Letter</li> </ul>
<p><b>Charitable Funds Committee</b></p> <p>The purpose of the Charitable Funds Committee is to make and monitor arrangements for the control and management of the Health Board's Charitable Funds.</p> <p>Cardiff and Vale Health Charity (the Charity) is the official charity supporting all the work of the Health Board. The Charity was created on 3 June 1996 by a Declaration of Trust and following reorganisation of health services, was amended by Supplementary Deeds on 12 July 2001 and 2 December 2010.</p> <p>The Health Board is the Corporate Trustee for the Charity.</p> <p>The Health Board delegates responsibility for the management of the funds to the Charitable Funds Committee. The aim of the Corporate Trustee (Trustee) is to raise and use charitable funds to provide the maximum benefit to the patients of the Health Board and associated local health services in Cardiff and the Vale of Glamorgan, by supplementing and not substituting government funding of the core services of the NHS.</p>	<ul style="list-style-type: none"> <li>• Charitable Funds Bids Panel Report</li> <li>• Finance Monitoring Report</li> <li>• Staff Benefits Group Report</li> <li>• New Charitable Funds applications</li> <li>• Health Charity Annual Report</li> <li>• Investment update</li> <li>• Health Charity's Strategy refresh</li> <li>• Fundraising Policy</li> </ul>
<p><b>Digital Health Intelligence Committee</b></p> <p>The purpose of this Committee is to provide assurance to the Board that:</p> <ul style="list-style-type: none"> <li>• Appropriate processes and systems are in place for data, information management and governance to allow the Health Board to meet its stated objectives, legislative responsibilities and any relevant requirements and standards determined for the NHS in Wales;</li> <li>• There is continuous improvement in relation to information governance within the Health Board</li> </ul>	<ul style="list-style-type: none"> <li>• Digital Transformation Progress reports</li> <li>• Caldicott guardian requirements</li> <li>• Freedom of Information</li> <li>• General Data Protection Regulation (GDPR);</li> <li>• Data breach reports;</li> <li>• Clinical Coding Performance data</li> <li>• Digital Strategy Refresh</li> </ul>



<p>and that risks arising from this are being managed appropriately;</p> <ul style="list-style-type: none"> <li>• Effective communication, engagement and training is in place across the Health Board for Information Governance.</li> </ul>	
<p><b>Health and Safety Committee</b></p> <p>The purpose of the Committee is to advise and assure the Board and Accountable Officer on whether effective arrangements are in place to ensure organisational wide compliance of the Health Board's Health &amp; Safety Policy, approve and monitor delivery against the Health and Safety Priority Improvement plan and ensure compliance with relevant standards for Health Services in Wales.</p>	<ul style="list-style-type: none"> <li>• Fire Enforcement</li> <li>• Environmental Health Inspections</li> <li>• Enforcement agencies inspections</li> <li>• Waste management compliance</li> <li>• Health and Safety Culture Plan</li> <li>• Health and Safety Annual Report</li> <li>• Regulatory and review body tracking report</li> <li>• Health and Safety Risk register</li> <li>• Policies (eg Latex Allergy, Sharps Management, Fire Safety).</li> </ul>
<p><b>Remuneration and Terms of Service Committee</b></p> <p>The purpose of the Committee is to provide: -</p> <ul style="list-style-type: none"> <li>(i) 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; and</li> <li>(ii) 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.</li> </ul>	<ul style="list-style-type: none"> <li>• Remuneration and terms of service matters</li> </ul>
<p><b>Shaping Our Future Hospitals Committee</b></p> <p>This Committee oversees the development of the overall "Our Future Hospitals Programme". The Committee provides assurance that the leadership, management and governance</p>	<p>This Committee has been stood down since 1 April 2022.</p>

arrangements are robust and appropriately discharged to deliver the outcomes and benefits of the Programme.	
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The reports, workplans and terms of reference for the Committees are published on our website: <https://cavuhb.nhs.wales/about-us/governance-and-assurance/committees-and-advisory-groups/>

The table at Appendix 1 to this AGS sets out details of the Chair, Chief Executive, Executive Directors and Independent Members and confirms Board and Committee membership for 2022-2023, meetings attended during the tenure of the individual and any Champion roles performed. Table 1 in Appendix 2 of the AGS sets out Board and Committee Dates for 2022-2023.

The Chair of each Committee reports to the Board on the Committee's activities outlining key risks and highlighting areas which need to be brought to the Board's attention in order to contribute to its assessment of assurance and provide scrutiny against the delivery of objectives. The Committees, as well as reporting to the Board, also work together on behalf of the Board to ensure, where required, that cross reporting and consideration takes place and assurance and advice is provided to the Board and the wider organisation. Further, in line with Standing Orders, each Committee has produced an annual report, for 2022/23, setting out a helpful summary of its work.

All Committees undertake an annual review of their Terms of Reference. The Terms of Reference for 2022-2023 were formally approved by the Board at its meeting on 31 March 2022. At its Board meeting on 30 March 2023, the Committees' Terms of Reference for 2023-2024 were approved.

Copies of Committee papers and minutes, a summary of each Committees' responsibilities and Terms of Reference are available on the Health Board's website: <https://cavuhb.nhs.wales/about-us/our-board/committees-and-advisory-groups/>

Each Committee maintains an Action Log that is monitored at each meeting. Each of the main Committees of the Board are supported by an underpinning subcommittee structure reflecting the remit of its roles and responsibilities.

### 13.9 Advisory Groups & Joint Committees

In support of the Board, the Health Board is also required to have three Advisory Groups.

The Advisory Groups and Joint Committee include the following:

#### Advisory Groups

## Stakeholder Reference Group (SRG)

The SRG is formed from a range of partner organisations from across the Health Board area. Its role is to provide independent advice on any aspect of Health Board business. It facilitates full engagement and active debate amongst stakeholders from across the communities served by the Health Board, with the aim of presenting a cohesive and balanced stakeholder perspective to inform Health Board planning and decision making.

This may include:

- Early engagement and involvement in the determination of the Health Board's overall strategic direction;
- Provision of advice on specific service improvement proposals prior to formal consultation; and
- Feedback on the impact of the Health Board's operations on the communities it serves.

Significant issues upon which the SRG was engaged during 2022-2023 included:

- Shaping Our Future Wellbeing Strategy refresh
- Health Board's People and Culture Plan
- NHS111
- Same Day Emergency Care Units
- Regional Collaboration
- The Health Board's Decarbonisation Plan

## Local Partnership Forum (LPF)

Please refer to paragraph 7.9 of the Performance Overview section of this Annual Report.

## Healthcare Professionals' Forum (HPF)

The HPF comprises representatives from a range of clinical and healthcare professions within the Health Board and across Primary Care. This Advisory Group is currently undergoing review and therefore has not met during 2022- 23. The Health Board has a number of mechanisms to seek clinical input, for example a representative of the Consulting body attended Board meetings, feeding in comment from Consultant engagement on key issues such as major trauma and thoracic surgery. Reviewing this Advisory Group's Terms of Reference, membership and developing its work programme and function to best use these mechanisms, establish a robust structure and avoid duplication will be a governance priority for 2023-24.

Terms of Reference and minutes of all the Advisory Groups are available via the following link:

<https://cavuhb.nhs.wales/about-us/governance-and-assurance/committees-and-advisory-groups/>

## **Joint Committees**

### **Welsh Health Specialised Services Committee (WHSSC)**

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

### **Emergency Ambulance Services Committee (EASC)**

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

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

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

## **13.10 Public Appointments**

Independent Member Keith Harding joined our Board on 1 January 2023.

Sam Austin was appointed as the Chair of the Stakeholder Reference Group on 1<sup>st</sup> November 2022 until 31<sup>st</sup> October 2023.

## **13.11 Public interest Declaration**

Each Board Member has stated in writing that they have taken all the steps that they ought to have taken as a Director in order to make auditors aware of any relevant audit information. All Board Members and Senior Managers and their close family members (including Directors of all Hosted Organisations) are required to declare any pecuniary interests and positions of influence which may result in a conflict with their responsibilities. A full register of interests for 2022-2023 is available upon request from the Director of Corporate Governance or via the following link

<https://cavuhb.nhs.wales/about-us/governance-and-assurance/register-of-interests-gifts-and-hospitality/>

### 13.12 Board and Committee Membership & Attendance 2022-2023

The Board has been constituted to comply with the Local Health Boards (Constitution, Membership and Procedures) (Wales) Regulations 2009. The Table attached to Appendix 1 to this AGS outlines the Board and Committee Membership and the record of attendance for the period April 2022- March 2023.

### 13.13 The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risks; it can therefore only provide reasonable and not absolute assurances of effectiveness.

The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place for the year ended 31 March 2023 and up to the date of approval of the annual report and accounts.

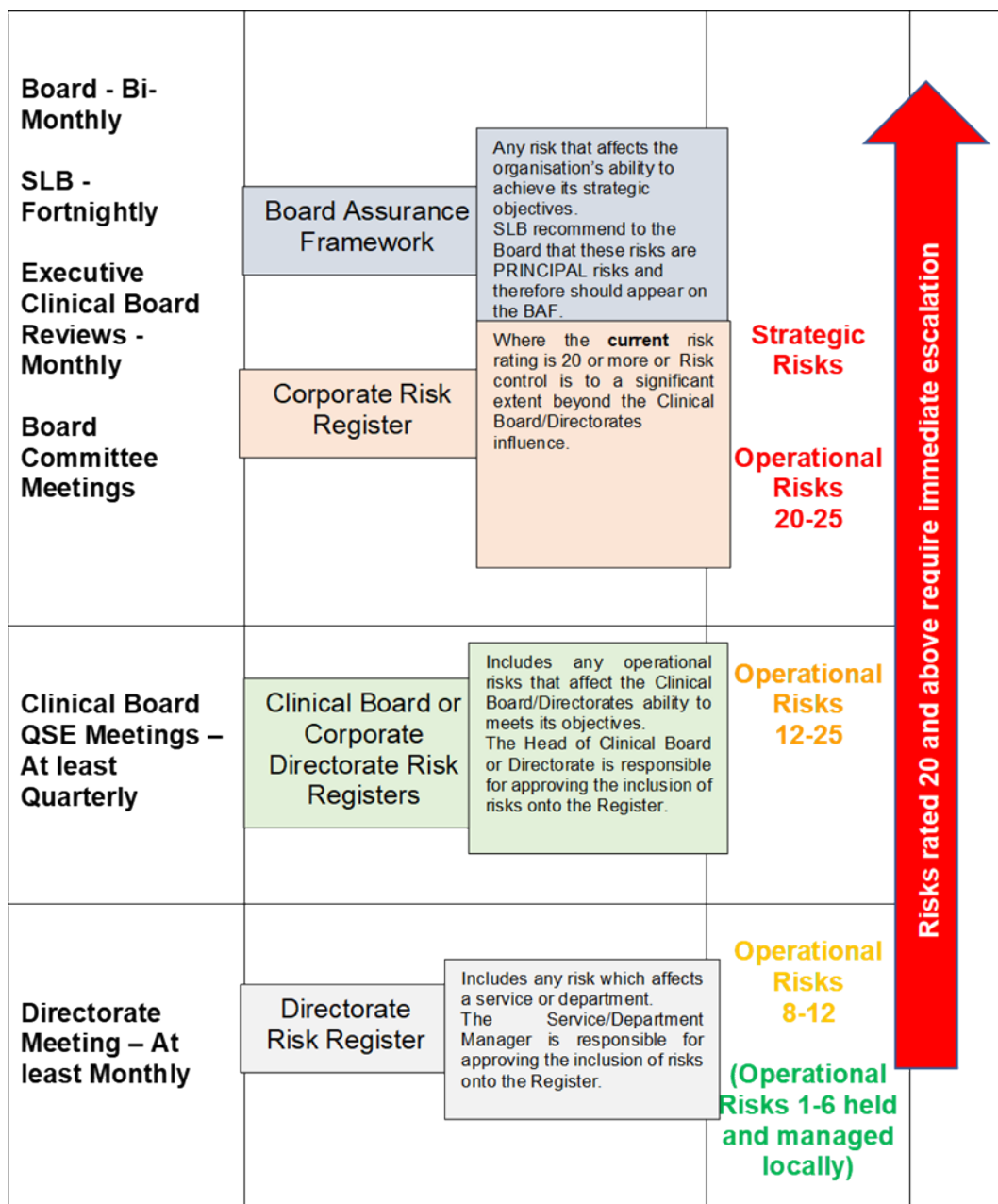
### 13.14 Capacity to handle risk

The Health Board is committed to developing and implementing a Risk Management and Board Assurance Framework that identifies, analyses, evaluates and controls the risks that threaten the delivery of its strategic objectives. The Health Board's Board Assurance Framework (BAF) is used by the Board to identify, monitor and evaluate risks which impact upon Strategic Objectives and is considered alongside other key management tools, such as the Corporate Risk Register, performance and quality dashboards and financial reports, to give the Board a comprehensive picture of the organisational risk profile.

The Health Board's Risk Management and Board Assurance Framework Strategy (the BAF Strategy) was updated and approved by the Board in July 2021 (and updated at the March 2023 Board meeting) and sets out responsibilities for strategic and operational risk management for the Board and staff throughout the organisation and describes the procedures to be used in identifying, analysing, evaluating and controlling risks to the delivery of strategic objectives.

Strategic risks are significant risks that have the potential to impact upon the delivery of strategic objectives and are raised and monitored by the Executive Team and the Board. Operational risks are key risks that affect individual Clinical Boards and Corporate Directorates and are managed within the Clinical Boards and Corporate Directorates and if necessary, escalated through the Health Board's risk reporting structure (See Figure 1).

Figure 1 – Risk Management Reporting Structure



The BAF is an integral part of the system of internal control and defines the extreme potential risks which impact upon the delivery of strategic objectives. It also summarises the controls and assurances that are in place or plans to mitigate them. The BAF aligns principal risks, key controls and assurances on controls alongside each of the Health Board's strategic objectives.

Gaps are identified where key controls and assurances are insufficient to reduce the risk of non-delivery of objectives. This enables the development of an action plan for closing the gaps and mitigating the risks which is subsequently monitored by the Board for implementation.

The BAF Strategy applies to those members of staff that are directly employed by the Health Board and for whom the Health Board has legal responsibility and is intended to cover all the potential risks that the organisation could be exposed to.

The objectives of the BAF Strategy are to:

- minimise the impact of risks, adverse incidents, and complaints by effective risk identification, prioritisation, treatment and management;
- maintain a risk management framework, which provides assurance to the Board that strategic and operational risks are being managed effectively;
- maintain a cohesive approach to corporate governance and effectively manage risk management resources;
- ensure that risk management is an integral part of the Health Board's culture;
- minimise avoidable financial loss, or the cost of risk transfer through a robust financial strategy;
- ensure that the Health Board meets its obligations in respect of Health and Safety; and
- Describe the resources available for risk management in the organisation.

As of March 2023, the following risks were identified within the BAF as posing the greatest risk to the delivery of the Health Board's strategic objectives:

1. Workforce - Including risks associated with recruitment and retention.
2. Patient Safety - There is a risk to patient safety due to post Covid-19 recovery resulting in a backlog of planned care, significant pressure on emergency services and sub-optimal workforce skill mix or staffing ratios related to reduced availability of specific expert workforce groups or related to the need to provide care in a larger clinical footprint in relation to post Covid-19 recovery.
3. Sustainable Culture Change - Including risks that impact on the achievement of Health Board's goals set out in the Health Board Strategy, Shaping our Future Wellbeing (2018).
4. Capital Assets - Including risks associated with service continuity failures due to ageing infrastructure across Health Board sites.
5. Delivery of 22/23 commitments within the IMTP - Including risks linked to the provision of high-quality health services and achievement of our mission; Caring for People, Keeping People Well, and vision that a person's chance of leading a healthy life is the same wherever they live and whoever they are.
6. Staff Wellbeing - Including risks associated with staff exposure to psychological and physical distress both at home and in the workplace.
7. Exacerbation of Health Inequalities - Including risks posed by existing health inequalities that have been compounded by Covid-19.



8. Financial sustainability - including risks posed by the energy crisis and challenges to providing best value health care.
9. Urgent and Emergency Care - Including risks linked to achievement of the Welsh Government Six Goals for Urgent and Emergency Care.
10. Maternity - Including risks to the achievement of recommendations made within the Ockenden Review into maternity services.
11. Critical Care - including patient safety risks linked to Critical Care capacity levels.
12. Cancer - Including risks to achievement of the Health Board's single cancer pathway standard to treat patients with a confirmed diagnosis of cancer within 62 days.
13. Stroke - Including risks associated with an increase in demand for stroke service post pandemic.
14. Planned Care - Including risks associated with achievement of waiting time standards and linked Ministerial Priorities.
15. Digital Strategy and Road Map - Including risks that may impact on achievement of the Health Board's five-year Digital Strategy for the period 2020-2025.

Alongside the BAF, the Health Board also maintains a Corporate Risk Register that identifies the extreme operational risks (those scored at 20/25 or higher) that the Health Board is facing.

Each of the risks detailed within the Corporate Risk Register is also linked to a Committee of the Board and the Board Assurance Framework for reporting and escalation purposes.

As of March 2023, there were 27 extreme risks detailed on the Corporate Risk Register all of which recorded a score of 20/25 with 3 further risks recorded which were reported as closed or with reduced scores (two reported as 15/25).

Details of these risks and the Health Board's Corporate Risk Register and Board Assurance Framework covering reports for March 2023 can be at the following link <https://cavuhb.nhs.wales/files/board-and-committees/board-2022-23/2023-03-30-board-papers-v8pdf/> (see agenda items 6.4 and 8.2).



Throughout 2022/23 the need to plan and respond to the Covid-19 pandemic continued to present challenges to the organisation. A number of new and emerging risks were identified including the exacerbation of risks linked to Financial Sustainability, Workforce, Staff Wellbeing and the Exacerbation of Health Inequalities that are detailed with the BAF and reported to each Board meeting and relevant Committee Meetings.

The organisation continues to work closely with a wide range of partners, including the Welsh Government as it continues with its response, and planning into the recovery phase. It will be necessary to ensure this is underpinned by robust risk management arrangements and the ability to identify, assess and mitigate risks which may impact on the ability of the organisation to achieve their strategic objectives. Accordingly the full BAF and Corporate Risk Register continued to be received at each Board meeting during 2022-23. Where risks are assigned to Board Committees (as the assuring Committee) those assigned risks are routinely received at the respective Committee meetings as appropriate.

Community Health Council <sup>1</sup>colleagues are routine attendees at Board as well as Quality and Safety Committee meetings where the BAF and Corporate Risk Register are reviewed.

The Health Board's Stakeholder Reference Group and Local Partnership Forum have also been engaged on key areas of activity during the year including receipt of Board Meeting Minutes and Updates that summarise the Health Board's Risk Profile.

### **Audit Assurance on Risk Management**

Audit Wales Structured Assessment Phase 2 Report received in February 2023, noted the following in relation to the Management of Risk within the Health Board:

*"The Health Board's strategic risks are clearly documented in its Board Assurance Framework (BAF) and there is a well-established process in place to ensure they are adequately scrutinised and reviewed." and "The Health Board actively manages its corporate risks as illustrated in the Board cover report, which details the total number of risks, new risks, removed risks, and a comparison to the previous report to the Board."*

NWSSP Assurance Services undertook an Internal Audit Review of Risk Management processes in April 2023 which received a Reasonable Assurance rating and concluded that "The Health Board is continuing its journey to strengthen and improve the maturity of the risk management system in place. The Strategy and associated Risk Management Procedures are up to date, document the Health Board's current approach to risk management and provide guidance to staff to enable the effective delivery and operation of the risk management system."

<sup>1</sup> From 1 April 2023 Llais has replaced the seven Community Health Councils. Please refer to Section 2.5 (The Population We Service) for more information.

### 13.15 Management of Risk

Overall responsibility for the Risk Management and Board Assurance Framework Strategy lies with the Director of Corporate Governance who has delegated responsibility for managing the development and implementation of the Risk Management and Board Assurance Framework Strategy. Arrangements are in place to effectively assess and manage risks across the organisation, which includes the ongoing review and updating of the Board Assurance Framework and the Corporate Risk Register so that the Board maintains a line of sight on the Health Board's key strategic and operational risks.

The Director of Corporate Governance retains control of the BAF and meets with Executive Leads for BAF risks on a bi-monthly basis to ensure that the risks detailed within the BAF are regularly updated to include new and emerging risks to service areas so that the entries provide an accurate and contemporaneous reflection of the risks faced by the Health Board.

The BAF is also presented to the Board for scrutiny and approval on a bi-monthly basis and the Audit and Assurance Committee, as a Committee of the Board, has oversight of the process through which the Board gains assurance in relation to the management of the BAF.

The Corporate Governance Department monitor and maintain the Corporate Risk Register. Each Corporate Department and Clinical Board has responsibility to maintain a comprehensive risk register which forms the basis of the risks that are reflected within the Corporate Risk Register. The Corporate Governance Department regularly meet with Clinical Board and Corporate Department risk leads to review and monitor their Clinical Board/Corporate Department and local level risk registers to ensure that they accurately record the risks that their areas are encountering and to assist those areas in considering new and emerging risks to their service. Following that exercise extreme operational risks, those scored 20/25 or higher, are recorded on the Corporate Risk Register and reported to the Board for scrutiny and approval on a bi-monthly basis. Any risks that are identified as having the potential to impact on the Health Board's strategic objectives are added to the BAF. Each risk detailed on the Corporate Risk Register is also linked to a Strategic Risk contained in the BAF to ensure that risks are appropriately monitored and escalated.

The key risks detailed in the BAF and Corporate Risk Register are also shared at relevant Committees of the Board for further scrutiny and discussion. The BAF risks were reviewed at the following sub-committees of the Board<sup>2</sup>:

1. Workforce - Quality Safety and Experience Committee and Strategy and Delivery Committee
2. Patient Safety – Quality Safety and Experience Committee
3. Sustainable Culture Change - Strategy and Delivery Committee

<sup>2</sup> There have been some changes to the Health Board's Committee structure since 1 April 2023 – please refer to paragraph 13.5 (The Board and its Committees)

4. Capital Assets – Finance Committee and Strategy and Delivery Committee
5. Delivery of 22/23 commitments within the Annual Plan - Strategy and Delivery Committee
6. Staff Wellbeing - Strategy and Delivery Committee
7. Exacerbation of Health Inequalities - Quality Safety and Experience Committee and Strategy and Delivery Committee
8. Financial sustainability – Finance Committee
9. Urgent and Emergency Care - Strategy and Delivery Committee
10. Maternity - Quality Safety and Experience Committee
11. Critical Care - Quality Safety and Experience Committee
12. Cancer - Quality Safety and Experience Committee
13. Stroke - Quality Safety and Experience Committee
14. Planned Care - Quality Safety and Experience Committee
15. Digital Strategy and Road Map – Digital Health Intelligence Committee

The Corporate Risk Register entries are also referred to those Committees to which they are linked on the Corporate Risk Register. Following the January 2023 Board meeting all Patient Safety Risks were shared at the March Quality, Safety and Experience Committee. Those risks linked to the Strategy and Delivery Committee were discussed at the March 2023 Committee meeting.

Each Clinical Board also shares the detail of their risks reported within the Corporate Risk Register, and any emerging risks, at Monthly Clinical Board review meetings which are attended by the Health Board's Management Executive team and relevant operational leads. At each meeting, reported risks are reviewed and scrutinised in an operational context to ensure that operational and Executive leads remain sighted on current and emerging risks within all areas and how they may impact on achievement of operational functions.

Throughout this process of review and scrutiny of risk at Board, Committee and Clinical Board Reviews, which operate alongside Internal Audit Review, any identified weaknesses are reported to the Corporate Governance Department for rectification. An annual assessment of the Health Board's Risk Management Processes is undertaken by Internal Audit colleagues, where weaknesses in risk management processes are identified and recommendations for improvement are made. Compliance with and completion of recommendations are implemented by the Corporate Governance Department and monitored by Internal Audit.

The Corporate Governance Department provide staff with training in the management of functional work place risk management processes and assessments. The management of the Health Board's Corporate Risk Management Training is managed by the Corporate Governance Department.

The Corporate Governance Department offer training sessions to risk leads through targeted training programmes that are informed by the team's regular interactions with Clinical Boards and Corporate Departments. The Corporate Governance Department's training approach is designed to embed a consistent approach to the management, scoring and recording of risk from ward to board across the Health Board.

The risks detailed in the BAF and Corporate Risk Register are considered when determining the Health Board's risk appetite. The Health Board acknowledges that the delivery of healthcare cannot be achieved unless risks are taken, as well as the subsequent consequences and mitigating actions. It also ensures that risks are not considered in isolation and are taken following consideration of all the risks flowing through the organisation.

The Health Board has approved an overall Risk Appetite of 'Cautious' moving towards 'Seek' as recorded within the Health Board's BAF. Within the BAF, individual Risk Appetite levels are also recorded against each of the articulated risks so that each can be managed proactively according to the risk presented.

Communicating and consulting with internal and external stakeholders and partners, as appropriate, at each stage of the risk management process and concerning the process as a whole is important. The frequency of the communication will vary depending upon the severity of the risk and is discussed and agreed with the stakeholders and partners as necessary. This process is led by the person nominated as the lead to manage the risk and for communication with external stakeholders this will be the appointed Executive Director lead for the risk. As the designated lead for Risk Management the Director of Corporate Governance also attends the Health Board's Stakeholder Reference Group to brief public stakeholders on the activities of the Board including the management of risk.

## 14. Planning Arrangements

The Health Board was not able to submit an Integrated Medium-Term Plan for 2022 – 2025 in accordance with the NHS Planning Framework. The Health Board approved a plan, for submission to Welsh Government, that achieved financial balance over a three-year period, and was not able to set out a plan to achieve financial break even in year. This resulted in an in-year plan with a small underlying deficit (circa £26.469 million).

## 15. MANDATORY DISCLOSURES

### 15.1 Health and Care Standards

In 2017-18 a revised set of Health and Care Standards were issued to NHS Wales. In particular, a new standard for Governance, Leadership and Accountability was introduced. The health service needs to consider the following criteria for meeting the standard:

- Health services demonstrate effective leadership by setting direction, igniting passion, pace and drive, and developing people.
- Strategy is set with a focus on outcomes, and choices based on evidence and people insight. The approach is through collaboration building on common purpose.

- Health services innovate and improve delivery, plan resource and prioritise, develop clear roles, responsibilities and delivery models, and manage performance and value for money.
- Health services foster a culture of learning and self-awareness, and personal and professional integrity.
- The Health and Care standards underpin all our QSE activity—we consider the impact and learning from all internal and external inspections and reports. With detailed status or improvement plans if required shared and monitored through the QSE process as described in section 15.7 (Quality Governance Arrangements).

Through the introduction of the Tendable digital audit system across clinical areas we will further develop, measure and monitor a suite of quality indicators. Tendable data has been integrated with other quality related metrics on a dashboard, live reporting from ward teams to Executive board. In March 2023, the Health Board launched a Ward Accreditation & Improvement programme (WAI). The Accreditation Framework uses Tendable as its source of evidence. As data and insights from other digital systems become available, they will also be Integrated within the WAI framework. Upcoming examples include Welsh Nursing Care Record (WNCR) and Electronic Prescribing & Medicines Administration (ePMA).

## **15.2 Equality, Diversity and Human Rights**

Please refer to section 7.6 of the Performance Report.

## **15.3 Welsh Language Regulations - The Welsh Language Standards (No. 7) Regulations 2018**

Please refer to paragraph 7.6 of the Performance Report.

## **15.4 Emergency Preparedness**

The Health Board had emergency and business continuity arrangements in place during the financial year 2022-23, in accordance with the Civil Contingencies Act and the Emergency Planning Guidance issued by Welsh Government.

The Major Incident Plan was updated and approved by the Board on 30 September 2021 and is scheduled for a review in September 2024. However, in light of ongoing lessons from the pandemic, the learning from the first stage of the Manchester Arena Inquiry and other national exercises, a review of the Major Incident Plan was undertaken in 2023 and an updated version of the Major Incident Plan was approved by the Board on 25 May 2023.

Due to the condition of our major hospital facilities, we activated the business continuity arrangements on a number of occasions in response to sewage and water

leaks. In addition to this, our business continuity arrangements were put in place to enable us to manage the delivery of our services over the period of industrial action.

## 15.5 Environmental, Social and Community Issues

Our mission is “**Caring for People, Keeping People Well**”, and our vision is that a person’s chance of leading a healthy life should be the same wherever they live and whoever they are.

The Health Board's 10-year transformation and improvement Strategy, Shaping Our Future Wellbeing, is our chance to work collaboratively with the public and the Health Board’s workforce to make our Health Board more sustainable for the future. Together, we can improve equity for all of our patients - both today and tomorrow click here to access the Strategy: <https://cavuhb.nhs.wales/about-us/our-mission-vision/shaping-our-future-wellbeing-strategy/>

We believe that everyone should have the opportunity to lead longer, healthier and happier lives. But with an ageing population and changing lifestyle habits, our health and care systems are experiencing increasing demand.

Delivering on our responsibilities to reduce our carbon footprint has been a priority for the Health Board since acknowledging the climate emergency in January 2019. The Health Board has developed a Sustainability Action Plan which was updated in March 2023 to reflect the Welsh Government’s NHS Wales Decarbonisation Plan.

Vale of Glamorgan Public Services Board Climate Change Charter Public Sector partners in the Vale of Glamorgan have formally expressed their commitment to tackling climate change by agreeing a Vale Public Services Board Climate Change Charter (<https://www.valepsb.wales/Documents/Climate-Change/Climate-Emergency-Charter-English-Final.pdf>)

The development of the Charter follows discussions over the last 14 months including a workshop held in November 2019 with young people where we were joined by members of the Health Board’s Youth Board alongside enthusiastic youngsters from local schools and the Vale Council’s Youth Forum. Natural Resources Wales has taken a lead in this work, which fully aligns to the Health Board’s Sustainability Action Plan approved at the November 2020 Board. The Charter signs partners up to a set of principles including leading by example, taking positive action and reducing our impact, while recognising that approaches and plans for implementation within individual Organisations may differ. Similarly, the Public Service Board in Cardiff has identified carbon reduction as a key priority and a partnership programme has been developed, led by the Council.

The Health Board is an active participant in this work and it is aligned with the Sustainability Action Plan. The Health Board’s Health Charity is supporting an award-winning programme to improve our environment, linked to our Biodiversity Plan. The development of the Orchard and Horiatio’s Garden at UHL, and the



meadow project at UHW are examples of the great work being done to use our outside green space for the health and wellbeing of our patients, staff and visitors.

Our updated Sustainability Action Plan, completed in March 2022 reflected the action we committed to with public service partners to promote active and sustainable travel, protect the environment and to take action to reduce our carbon footprint, investing in initiatives to reduce our reliance on green-house gas generating power sources, and actively changing how we produce the goods and services needed to deliver our services. We also have clinical teams driving forward changes in clinical practice and service models to reduce our carbon footprint, as detailed in previous section on our Sustainability Action Plan (see paragraph 8 of the Performance Report). During 2022 – 2023 we agreed to host Green Health Wales, an initiative set up by clinicians championing green healthcare delivery. We have appointed a lead Clinician for sustainability and a number of clinical fellows to support this work. One example of the progress we have made is in the initiative led by clinicians to reduce the green-house emissions associated with our use of nitrous-oxide. We have removed piped gas and now provide cylinders where necessary and have reduced waste, reduced our carbon emissions and reduced our costs.

All hospital grounds in Cardiff and Vale Health Board's area are now Smoke-Free. New laws introduced across Wales on 1 March, build on the smoking ban introduced in 2007 and will protect more people from harmful second-hand smoke and help those trying to quit. Anyone found breaking the law by smoking in the hospital grounds could face a £100 fine. The Health Board has been instrumental in supporting a smoke-free hospital environment and was the first health board in Wales to introduce a full No Smoking Ban across all hospital sites.

## 15.6 Carbon Reduction Delivery Plans

As mentioned above (paragraph 15.5), we have updated our Sustainability Action Plan for 2022/23 and have made progress with delivering against the commitments set out in the plan. During the year, we also updated the plan to respond to the decarbonisation action plan developed by Welsh Government, including the targets for reducing carbon emissions by 16% by 2025. The Board approved the Decarbonisation Plan in March 2023 and a link is provided here -

<https://cavuhb.nhs.wales/files/board-and-committees/board-2022-23/2023-03-30-board-papers-v8pdf/> (See agenda item 7.3)

## 15.7 Quality Governance Arrangements

An essential feature of our control framework is ensuring there is a robust system for measuring and reporting on the quality of our services. Our Quality Safety and Experience Committee provides timely evidence based advice to the Board to assist it in discharging its functions and meeting its responsibilities with regards to quality and safety as well as providing assurance in relation to improving the experience of all those that come into contact with our services. Please also refer to paragraphs 3.7.3, 3.7.4 and 4 of the Performance Report for further information.

## 15.8 Ministerial Directions and Welsh Health Circulars (WHCs)

Ministerial Directions and WHCs issued by the Welsh Government for the period April 2022- March 2023 have been considered and where appropriate implemented. Full details of each WHC can be found at the following link: <https://gov.wales/health-circulars>.

During the financial year 2022/23 regular updates on the implementation of Welsh Health Circular implementation and the detail of new WHCs has been shared with the Health Board's Management Executive Team and the Audit and Assurance Committee to provide oversight of the process.

Details of the Ministerial Directions issued by the Welsh Government during 2022/23 which have been considered and, where appropriate, implemented are set out in Appendix 3 attached to this AGS.

## 15.9 Regulatory and Inspection Reports

The Corporate Governance Department have a formal system in place to track regulatory and inspection reports against statutory requirements. This is achieved by means of a Legislative and Regulatory Tracker report which is presented to the Audit and Assurance Committee to provide assurance that recommendations made within such reports are being appropriately actioned. Prior to presentation to the Audit and Assurance Committee the tracker is populated with information from Executive Director Leads and individuals who are accountable for regulatory compliance.

The Legislative and Regulatory Tracker includes the following:

- All Regulatory Bodies who inspect the Health Board.
- The Regulatory Standard being inspected.
- An Executive Lead for each inspection.
- An assurance Committee where Regulatory reports may also be presented along with action plans for improvement where required.

The Legislative and Regulatory Tracker Process was last reviewed by Internal Audit in July 2021 and received a reasonable assurance rating. The Corporate Governance Directorate also track all Internal Audit Recommendations and all Audit Wales Recommendations along with management responses. Recommendations are added to the trackers for monitoring once the reports have been signed off by the Audit and Assurance Committee. A further Internal Audit Review of these processes will be undertaken during the financial year 2023/24.

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## 15.10 Data Security and Information Governance

Risks relating to information are managed and controlled in accordance with the Health Board's Information Governance Policy through the Digital Health and Intelligence Committee, which is chaired by an Independent Member.

The Executive Medical Director, as Caldicott Guardian, is responsible for the protection of patient information. All Information Governance issues are escalated through the Digital Health and Intelligence Committee (DHIC Committee). The DHIC Committee papers can be viewed here: <https://cavuhb.nhs.wales/about-us/governance-and-assurance/committees-and-advisory-groups/digital-and-health-intelligence-committee/>

The following items were considered by the DHIC Committee in 2022-2023:

- Digital Strategy Refresh including investment requirements
- Digital Transformation progress reports
- Clinical Coding performance data;
- IT Delivery Programme;
- Information Governance Compliance Reports;
- Information Governance Risk Register;

The Director of Digital & Health Intelligence assumes the role of the Senior Information Risk Owner (SIRO) which provides an essential role in ensuring that identified information security risks are addressed and incidents properly managed.

The Board has strict responsibilities to ensure personal data and information is held securely. All information governance related incidents are investigated and reviewed by the Information Governance Group.

During the period April 2022 and March 2023 there were six personal data security incidents which needed to be reported to the Information Commissioners Office (ICO).

### Reportable breaches number 1 to 3

Three breaches related to emails which were sent inappropriately by not utilising the "bcc" functionality. In all three cases, emails were sent to patients and elements of health data related to the patients would have been disclosed.

ICO outcome: Closed with no further action.

### Reportable breach number 4

A notebook belonging to a clinician was stolen from the back of their car. This contained patient demographics and limited health data.

ICO outcome: Closed with no further action.

### **Reportable breach number 5**

A sensitive result was sent to the wrong patient in the post.

ICO outcome: Closed with no further action.

### **Reportable breach number 6**

Two patient records were inadvertently sent in the external, rather than internal mail and were delivered to a patient's address.

ICO outcome: Closed with no further action.

The Health Board continues to reinforce awareness of key principles of Data Protection legislation. This includes the overarching principle that users must only handle data in accordance with people's data protection rights.

## **15.11 NHS Pension Scheme**

As an employer with staff entitled to membership of the NHS Pension Scheme, control measures are in place to ensure all employer obligations contained within the Scheme regulations are complied with. This includes ensuring that deductions from salary, employer's contributions and payments in to the Scheme are in accordance with the Scheme rules, and that member Pension Scheme records are accurately updated in accordance with the timescales detailed in the Regulations.

## **15.12 UK Corporate Governance Code**

Corporate governance is, in simple terms, the way in which organisations are directed, controlled and led. Good corporate governance is fundamental to an effective and well managed organisation.

The UK Corporate Governance Code (the Code) is the primary reference and overview of good practice for corporate governance in Central Government Departments. Whilst there is no requirement to comply with all elements of the Corporate Governance Code, the Health Board considers that it is complying with the main principles of the Code, where applicable, and follows the spirit of the Code to good effect, is conducting its business in an open and transparent manner, and in line with the Code.

An assessment against the Code was undertaken in April 2023. There were no reported/identified departures from the Corporate Governance Code during the year.

## **15.13 Review of Effectiveness**

As Accountable Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the system of internal control is informed by the work of the internal auditors, and the Executive officers within the organisation who have responsibility for the development and maintenance of the internal control

framework, and comments made by external auditors in their Annual Audit Letter and other reports.

Internal Sources	External Sources
<ul style="list-style-type: none"> <li>• Performance management reports</li> <li>• Service change management reports</li> <li>• Workforce information and surveys</li> <li>• Benchmarking</li> <li>• Internal and clinical audit reports</li> <li>• Board and Committee reports</li> <li>• Local Counter Fraud work</li> <li>• Health and Care Standards assessments</li> <li>• Executive and Independent Member Safety Walk Rounds</li> <li>• Results of internal investigations and Serious Incident reports</li> <li>• Concerns and compliments</li> <li>• Whistleblowing and Safety Valve</li> <li>• Infection prevention and control reports</li> <li>• Information governance toolkit self-assessment</li> <li>• Patient experience surveys and reports</li> <li>• Compliance with legislation (e.g. Mental Health Act/Health and Safety, Data Protection)</li> </ul>	<ul style="list-style-type: none"> <li>• Population Health Information</li> <li>• Audit Wales</li> <li>• Welsh Risk Pool (WRP) Assessment reports</li> <li>• Healthcare Inspectorate Wales (HIW) reports</li> <li>• Community Health Council visits and scrutiny reports</li> <li>• Feedback from healthcare and third sector partners</li> <li>• Royal College and Deanery visits</li> <li>• Regulatory, licensing and inspection bodies</li> <li>• External benchmarking and statistics</li> <li>• Accreditation Schemes</li> <li>• National audits</li> <li>• Peer reviews</li> <li>• Feedback from service users</li> <li>• Local networks (e.g. cancer networks)</li> <li>• Welsh Government reports and feedback</li> </ul>

Further sources of assurances are identified within the Board's own performance management and assurance framework and include, but are not limited to:

- Direct assurances from management on the operation of internal controls through the upward chain of accountability
- Internally assessed performance against the Health and Care Standards
- Results of internal compliance functions including Local Counter-Fraud, Post Payment Verification, and risk management
- Reported compliance via the Welsh Risk Pool regarding claims standards and other specialty specific standards reviewed during the period
- Reviews completed by external regulation and inspection bodies including Audit Wales and Healthcare Inspectorate Wales (HIW).

The effectiveness of the system of internal control is maintained and reviewed by the Committees of the Board in respect of assurances received. This is also supported by the BAF with high risks being closely monitored by Board and the respective Committees.

## **Governance, Leadership and Accountability**

### **15.14 Board and Committee Effectiveness**

Routine monitoring of the effectiveness of the Board and its Committees is a vital part of ensuring strong and effective governance within the Health Board's governance structure. Under its Standing Orders, the Board is required to introduce a process of regular and rigorous self-assessment and evaluation of its own operations and performance and that of its Committees and Advisory Groups. Further, and where appropriate, the Board may determine that such evaluation may be independently facilitated.

In order to evaluate and demonstrate the effectiveness of the Board and the Board's Committees the following actions took place during 2022-2023:-

- The Chair of the Board and the Chair of each Committee review the effectiveness of individual meetings as part of the agenda at each respective meeting.
- Each Committee of the Board developed an Annual Report which is reviewed by each Committee before presentation to Public Board in March. The Annual Reports are signed off by each Committee Chair and provide assurance to the Board that the Committees have met their Terms of Reference.
- A self-effectiveness review is undertaken by Committee Members, Committee Attendees and Board Members. These reviews were undertaken just after the end of the financial year and the results are summarised below (see paragraph 15.15 below).

### **15.15 Committee Effectiveness Survey**

The Health Board undertook an annual review of the effectiveness of its Board and its Committees during February and March 2023 using survey questions derived

from best practice guides, including the NHS Handbook, and using the following principles:

- the need for sub-Committees to strengthen the governance arrangements of the Health Board and support the Board in the achievement of the strategic objectives,
- the requirement for a Committee structure that strengthens the role of the Board in strategic decision making and supports the role of non-executive directors in challenging Executive management actions,
- maximising the value of the input from non-executive directors, given their limited time commitment,
- supporting the Board in fulfilling its role, given the nature and magnitude of the Health Board's agenda.

The findings of the Annual Committee Effectiveness Survey 2022-2023 can be accessed here <https://cavuhb.nhs.wales/files/board-and-committees/audit-assurance-committee-2022-23/12522-audit-public-final-boardbookpdf/> - (see agenda item 7.4). The results and actions plans, where relevant, were presented to each Committee. At the time of writing this Annual Report, the results and actions plans for each Committee are due to be presented to the Audit and Assurance Workshop on 11 May 2023 so that the Audit and Assurance Committee members may discuss any common themes and wider learning which arose from the results of this year's surveys.

The overall findings were positive and revealed some improvements following last year's surveys, thus providing an assurance that the governance arrangements and Committee structure in place are effective, and that the Committees are effective in supporting the Board in fulfilling its role.

## 15.16 Escalation and Intervention Arrangements

Please refer to section 13.2 of the AGS.

## 16. Internal Audit

Internal Audit provides me as Accountable Officer and the Board through the Audit and Assurance Committee with a flow of assurance on the system of internal control. I have commissioned a programme of audit work which has been delivered in accordance with public sector internal audit standards by the NHS Wales Shared Services Partnership. The scope of this work is agreed with the Audit and Assurance Committee and is focussed on significant risk areas and local improvement priorities.

The overall opinion by the Head of Internal Audit on governance, risk management and control are a function of this risk-based audit programme and contributes to the picture of assurance available to the Board in reviewing effectiveness and supporting our drive for continuous improvement.

The Head of Internal Audit is satisfied that there has been sufficient internal audit coverage during the reporting period in order to provide the Head of Internal Audit

Annual Opinion. In forming the Opinion, the Head of Internal Audit has considered the impact of the audits that have not been fully completed.


16.1 The Head of Internal Audit Opinion

In accordance with the Public Sector Internal Audit Standards (PSIAS), the Head of Internal Audit (HIA) is required to provide an annual opinion, based upon and limited to the work performed on the overall adequacy and effectiveness of the Health Board’s framework of governance, risk management and control. This is achieved through an audit plan that has been focused on key strategic and operational risk areas and known improvement opportunities, agreed with Executive management and approved by the Audit and Assurance Committee, which should provide an appropriate level of assurance.

Our internal audit plan is agile and responsive to ensure that key developing risks to Cardiff & Vale are covered. As a result of this approach, and with the support of officers and Independent Members across the Health Board, the plan has been delivered substantially in accordance with the agreed schedule and changes required during the year, as approved by the Audit and Assurance Committee (the ‘Committee’). In addition, regular audit progress reports have been submitted to the Committee. Although changes have been made to the plan during the year, we can confirm that we have undertaken sufficient audit work during the year to be able to give an overall opinion in line with the requirements of the Public Sector Internal Audit Standards.

The Internal Audit Plan for 2022/23 year was initially presented to the Committee in April 2022. Changes to the plan have been made during the course of the year and these changes have been reported to the Committee as part of our regular progress reporting.

The Head of Internal Audit opinion on the overall adequacy and effectiveness of the Health Board’s framework of governance, risk management, and control is set out below.

Reasonable assurance		The Board can take <b>Reasonable Assurance</b> that arrangements to secure governance, risk management and internal control, within those areas under review, are suitably designed and applied effectively. Some matters require management attention in control design or compliance with low to moderate impact on residual risk exposure until resolved.
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The opinion does not imply that Internal Audit has reviewed all risks and assurances relating to the Health Board. The opinion is substantially derived from the conduct of risk based audit work formulated around a selection of key organisational systems and risks. As such, it is a key component that the Board takes into account but is not intended to provide a comprehensive view.

## 16.2 Limited Assurance

During the year Internal Audit issued three audit reports with a conclusion of limited assurance. They included:

### Medical Records Tracking (Clinical Diagnostics & Therapeutics Clinical Board)

The report provided limited assurance for the tracking of acute (secondary care), medical records and made a number of recommendations. This included reviewing out of date policies and procedures which relate to management of medical records and strengthening the governance arrangements in relation to medical records, improving the security and storage of acute records and improving the ability to track records from the patient management system to their physical location.

The Director of Operations from the Clinical Diagnostics & Therapeutics Clinical Board attended the Audit and Assurance Committee on 1 April 2023 to provide an update on the actions the Clinical Board had put in place to address the recommendations made by Internal Audit.

### Cyber Security

The Health Board received an audit report in relation to Cyber Security. Given the sensitive nature of the subject matter, this report was considered in private.

### Management of Health Board Policies

The audit report highlighted a number of significant matters which required attention. These included reference to (i) a high percentage of the Health Board's policies were overdue for review, (ii) staff were not notified when draft policies and procedures were published for consultation and (iii) the need to identify and implement an appropriate structure for policies and procedures on the Health Board's website.

The Health Board has agreed a number of actions to address the recommendations made in the audit report.

There were no audited areas in which the Health Board received a "No assurance" assessment rating.

## 17. External Audit - Audit Wales

The Auditor General for Wales is the Health Board's statutory External Auditor and the Wales Audit Office undertakes audits on his behalf. Since 1 April 2020 the Auditor General for Wales and the Wales Audit Office are known collectively as Audit Wales. Audit Wales scrutinises the Health Board's financial systems and processes, performance management, key risk areas and the Internal Audit function (<https://www.audit.wales/>)

## 17.1 The Annual Audit Report for 2022

Audit Wales' annual programme of work at the Health Board is set out in the Audit Plan. The 2022 Audit Wales Audit Plan was approved by the Audit and Assurance Committee on 5 April 2022.

Reports produced by Audit Wales in line with the Audit Plan are presented to the Audit and Assurance Committee. A Management Response is prepared for reports which contain recommendations. All recommendations are subsequently recorded in the External Audit Recommendations Tracker. A Tracking Report is provided to each Audit and Assurance Committee to provide assurance on their implementation.

The following reports relating directly to the work of the Health Board were presented to the Audit and Assurance Committee:

Report	Month
Financial audit reports	
Audit of Financial Statements Report	June 2022
Opinion on the Financial Statements	June 2022
Audit of Financial Statements Report Addendum	August 2022
Charitable Funds (2021-22 Accounts)	February 2023
Performance audit reports	
Tackling the Planned Care Backlog in Wales	May 2022
Review of Quality Governance Arrangements	June 2022
Estates Follow-up Review	November 2022
Structured Assessment 2022	December 2022
Other	
Annual Audit Report 2022 ( A copy can be accessed using the following link	January 2023



<a href="https://www.audit.wales/publication/cardiff-and-vale-university-health-board-annual-audit-report-2022">https://www.audit.wales/publication/cardiff-and-vale-university-health-board-annual-audit-report-2022</a> )	
2023 Audit Plan	March 2022

The Audit and Assurance Committee also reviews the outcomes of national pan-sector reviews at the earliest possible meeting following their publication.

The Annual Audit Report 2022 did not identify any material weaknesses in the Health Board's internal controls (as relevant to the audit) and concluded that:

- Despite the additional investment in waiting list recovery, the significant growth in the numbers of people waiting was likely to mean that waiting lists would not return to pre-pandemic levels for many years.
- The Health Board had agreed quality and safety priorities at all levels of the organisation. Corporate and operational structures for quality governance were reasonably effective. However, there were opportunities to strengthen aspects of culture and quality improvement. Further investment was required to enable the Health Board to fully roll out and embed planned quality and safety improvements.
- The Health Board has increased its strategic focus on the future configuration of its estate, but there was insufficient Board-level visibility of the condition of the existing estate
- Generally, the Health Board's corporate arrangements supported good governance and the efficient, effective, and economical use of resources in most areas. Plans to refresh the Health Board's long-term Strategy presented opportunities to strengthen those arrangements further by ensuring key structures, processes, and resources were fully aligned to strategic objectives and risks.

A detailed Audit Plan was considered and approved by the Audit and Assurance Committee on 11 May 2023.

## 17.2 Cardiff and Vale University Health Board - Structured Assessment

The Audit Wales Structured Assessment for 2022 provides an assessment of the Health Board's corporate arrangements for ensuring that resources are used efficiently, effectively and economically.

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## The Structured Assessment for 2022 found that:

- The Health Board has a well-established vision and long-term strategy, underpinned by a clear programme for transforming clinical services. However, the Health Board recognises they need to be refreshed to reflect current opportunities, and challenges. The Health Board's approach to planning is generally effective and inclusive, with good Board-level oversight. The Health Board has been unable to produce a financially balanced and Welsh Government approved Integrated Medium-Term Plan for 2022-25.
- Systems of assurance continue to mature at a corporate-level, and work is underway to strengthen arrangements at an operational-level. There is scope to make greater use of the Board Assurance Framework to shape Board and committee business. There are reasonably good arrangements in place to conduct Board business effectively and transparently. There is a full Executive Team in place which appears stable following a period of operating with interim appointments. The organisational structure remains stable and appropriate; however, it will need to be kept under constant review as the Health Board refreshes its long-term Strategy, and rolls-out new clinical and workforce model.
- Whilst the Health Board achieved its financial duties for 2021-22, it is at risk of not achieving its financial duty to break-even at the end of 2022-23 given the need to manage its underlying deficit and growing cost pressures. Arrangements for financial management and controls are improving. Positive steps have been taken to enhance public transparency by ensuring detailed papers on counter fraud and procurement are discussed in public. Financial reports, which are regularly scrutinised by the Finance Committee, are clear and are open about financial challenges and risks.
- There is good Board-level oversight of the arrangements in place to support staff well-being, but the Board should seek greater assurances that these arrangements are making a positive difference. Whilst there are good arrangements for Board level oversight of digital matters, a lack of detailed plans, funding and staffing challenges are hampering the Health Board's pace in implementing its digital priorities. The Health Board has increased its strategic focus on the future configuration of its estate, but there is insufficient Board-level visibility of the condition of the existing estate.

The Structured Assessment can be accessed via the following link:

<https://audit.wales/publication/cardiff-and-vale-university-health-board-structured-assessment-2022>

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## 18. Modern Slavery Act 2015 – Transparency in Supply Chains

The Welsh Government's Code of Practice: Ethical Employment in Supply Chains was published in May 2017 to highlight the need, at every stage of the supply chain, to ensure good employment practices exist for all employees, both in the UK and overseas. It is expected that all NHS Wales organisations will sign up for the Code.

The Health Board fully endorses the principles and requirements of the Code and the Modern Slavery Act 2015 and is committed to playing its role as a major public sector employer, to eradicate unlawful and unethical employment practices, such as:

- Modern Slavery and Human rights abuses;
- The operation of blacklist/prohibited lists;
- False self-employment;
- Unfair use of umbrella schemes and zero hours' contracts; and
- Paying the Living Wage.

The **following actions are in place** which meet the Code's commitments:

- We have a Raising Concerns (Whistleblowing) Policy, which provides the workforce with a fair and transparent process, to empower and enable them to raise suspicions of any form of malpractice by either our staff or suppliers/contractors working on the Health Board premises;
- We have a target in place to pay our suppliers within 30 days of receipt of a valid invoice;
- We comply with the six NHS pre-employment check requirements to verify that applicants meet the preconditions of the role they are applying for. This includes a right to work check;
- We have introduced robust IR35 processes to ensure the fair and appropriate engagement of all workers and prevents individuals from avoiding paying Tax and National Insurance contributions;
- We do not engage or employ staff or workers on zero hours' contracts;
- We have in place an Equality and Diversity Policy which ensures that no potential applicant, employee or worker engaged is in any way unduly disadvantaged in terms of pay, employment rights, employment or career opportunities;
- We also seek assurances from suppliers, via the tender process, that they do not make use of blacklists/prohibited lists. We are also able to provide confirmation and assurances that they do not make use of blacklist/prohibited list information;
- In accordance with Transfer of Undertaking (Protection of Employment) Regulations any Health Board staff who may be required to transfer to a third party will retain their NHS Terms and Conditions of Service;
- We use the Modern Slavery Act (2015) compliance tracker by way of contracts procured by NHS Wales Shared Services Partnership (NWSSP) on behalf of the Health Board. NWSSP is equally committed to ensuring that procurement activity conducted on behalf of NHS Wales is undertaken in an ethical way. On our behalf, they ensure that workers within the supply chains through which they source our goods and services are treated fairly, in line

with Welsh Government's Code of Practice for Ethical Employment in Supply Chains.

The Health Board continues to work in partnership with relevant stakeholders and trade union partners to develop and implement actions which set out our commitment to ensure the principles of ethical employment within our supply chains are implemented and adhered to.

## 19. Conclusion

As Accountable Officer, based on the assurance process outlined above, I have reviewed the relevant evidence and assurances in respect of internal control. I can confirm that the Board and its Executive Directors are alert to their accountabilities in respect of internal control.

During 2022-2023, we have again proactively identified areas requiring improvement and requested Internal Audit to undertake detailed assessments in order to manage and mitigate associated risks. A number of reports issued by Internal Audit concur with our view and have consequently provided the Health Board with clear recommendations to ensure that focussed and urgent management actions are in place to address identified shortcomings. These actions are then monitored through the Board and its Committees to ensure appropriate assurances can be provided. The Health Board's Structured Assessment 2022 undertaken by Audit Wales provided a positive view of the organisation's corporate arrangements to support good governance and the efficient, effective, and economical use of resources in most areas.

As referred to earlier in this report (paragraph 16.2) the Health Board received three Internal Audit reports with a conclusion of limited assurance. Robust action plans have been agreed in order to address the recommendations made. In particular, the weaknesses identified in our medical records tracking systems in the Clinical Diagnostics and Therapeutics Clinical Board are being urgently addressed, including a comprehensive review of our Records Management Policy and related procedures, and consideration of digital patient records.

The response and ongoing recovery from the Covid-19 pandemic together with the cost of living crisis, very high inflation levels and the impact of the Ukrainian war on energy prices, have had a significant impact on the organisation, wider NHS and society as a whole. It has required a dynamic response which has presented a number of opportunities in addition to risks. The need to continue to recover from the pandemic will be with the organisation and wider society throughout 2023-2024 and beyond. I will ensure our Governance Framework considers and responds to this need.

The refresh of the Health Board's long-term Strategy presents opportunities to strengthen our arrangements further by ensuring key structures, processes, and resources against what continues to be a very challenging environment to operate in. Our commitment to quality will be embedded within our Strategy and in our Annual Plan and governance, risk management and control processes will continue to evolve in support.

I am confident that our systems of internal control have remained robust throughout the pandemic and now into recovery and am assured that there have been no significant internal control or governance issues during 2022-23.

In summary, my review confirms that the Board has sound systems of internal control in place to support the delivery of policy aims and our corporate objectives and that there are no significant internal control or governance issues to report for 2022-2023.

**Signed by**

**Chief Executive:**

**Date: 27 July 2023**

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## Appendix 1

### Board and Committee Membership & Attendance 2022-2023

Name	Position and dates	Area of Expertise/ Representation Role	Board Committee Membership and Record of Attendance	Champion Roles
<b>Professor Charles Janczewski</b>	<b>Chair</b> 1 April 2022 to 31 March 2023	<b>Chair</b>	<ul style="list-style-type: none"> <li>• Board 7/8</li> <li>• Board of Trustees (BoT) 3/3</li> <li>• RATS 6/7</li> </ul>	Putting Things Right  Wellbeing of Future Generations Act
<b>Professor Ceri Phillips</b>	<b>Vice Chair</b> 1 April 2022 to 31 March 2023		<ul style="list-style-type: none"> <li>• Board 8/8</li> <li>• BoT 1/3</li> <li>• RATS 7/7</li> <li>• Audit &amp; Assurance 6/7</li> <li>• H&amp;S 3/4</li> <li>• MHLMCA 3/4</li> <li>• QSE 7/7</li> <li>• S&amp;D 5/6</li> </ul>	Mental Health
<b>Professor Gary Baxter</b>	Independent Member 1 April 2022 to 31 December 2022	<b>University</b>	<ul style="list-style-type: none"> <li>• Board 5/6</li> <li>• BoT 0/2</li> <li>• DHIC 2/2</li> <li>• QSE 5/5</li> <li>• S&amp;D 2/4</li> </ul>	Older Persons
<b>Professor Keith Harding</b>	1 January 2023 to 31 March 2023		<ul style="list-style-type: none"> <li>• Board 1/2</li> <li>• BoT 1/1</li> <li>• DHIC 1/1</li> <li>• Finance 1/1</li> <li>• QSE 1/2</li> </ul>	Older Persons  Research and Development

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Name	Position and dates	Area of Expertise/ Representation Role	Board Committee Membership and Record of Attendance	Champion Roles
<b>Michael Imperato</b>	Independent Member  1 April 2022 to 31 March 2023	<b>Legal</b>	<ul style="list-style-type: none"> <li>• Board 8/8</li> <li>• BoT 1/3</li> <li>• DHIC 3/3</li> <li>• H&amp;S 2/4</li> <li>• S&amp;D 6/6</li> <li>• RATS 6/7</li> </ul>	
<b>David Edwards</b>	Independent Member  1 April 2022 to 31 March 2023	<b>Information Communication and Technology</b>	<ul style="list-style-type: none"> <li>• Board 7/8</li> <li>• BoT 2/3</li> <li>• Audit &amp; Assurance 6/7</li> <li>• DHIC 3/3</li> <li>• Finance 9/12</li> </ul>	Armed Forces and Veterans
<b>Councillor Susan Elsmore</b>	Independent Member  1 April 2022 to 31 March 2023	<b>Local Authority</b>	<ul style="list-style-type: none"> <li>• Board 5/8</li> <li>• BoT 1/3</li> <li>• CFC 3/4</li> <li>• QSE 4/7</li> <li>• RATS 4/7</li> </ul>	Social Services and Wellbeing (Wales) Act
<b>Akmal Hanuk</b>	Independent Member  1 April 2022 to 31 March 2023	<b>Local Community</b>	<ul style="list-style-type: none"> <li>• Board 6/8</li> <li>• BoT 1/3</li> <li>• CFC 3/4</li> <li>• H&amp;S 2/4</li> <li>• MHLMCA 3/4</li> <li>• QSE 3/7</li> </ul>	Infection Prevention and Control
<b>Sara Moseley</b>	Independent Member  1 April 2022 to 31 March 2023	<b>Third (Voluntary) Sector</b>	<ul style="list-style-type: none"> <li>• Board 7/8</li> <li>• BoT 1/3</li> <li>• CFC 1/4</li> <li>• DHIC 3/3</li> <li>• MHLMCA 4/4</li> <li>• S&amp;D 6/6</li> </ul>	Equality

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Name	Position and dates	Area of Expertise/ Representation Role	Board Committee Membership and Record of Attendance	Champion Roles
<b>Dr Rhian Thomas</b>	Independent Member  1 April 2022 to 31 March 2023	<b>Capital &amp; Estates</b>	<ul style="list-style-type: none"> <li>• Board 8/8</li> <li>• BoT 3/3</li> <li>• Finance 11/12</li> <li>• S&amp;D 6/6</li> <li>• RATS 5/7</li> </ul>	Children and Young People
<b>John Union</b>	Independent Member  1 April 2022 to present	<b>Finance</b>	<ul style="list-style-type: none"> <li>• Board 8/8</li> <li>• BoT 3/3</li> <li>• Audit &amp; Assurance 6/7</li> <li>• Finance 12/12</li> <li>• RATS 6/7</li> </ul>	
<b>Mike Jones</b>	Independent Member  1 April 2022 to 31 March 2023	<b>Trade Union</b>	<ul style="list-style-type: none"> <li>• Board 7/8</li> <li>• BoT 3/3</li> <li>• Audit &amp; Assurance 7/7</li> <li>• CFC 4/4</li> <li>• H&amp;S 4/4</li> <li>• MHLMCA 1/1</li> <li>• QSE 7/7</li> </ul>	Raising Concerns
<b>Sam Austin</b>	Associate Member  1 April 2022 to 31 March 2023	<b>Chair, Stakeholder Reference Group</b>	<ul style="list-style-type: none"> <li>• Board 0/8</li> </ul>	
<b>Lance Carver</b>	Associate Member  1 April 2022 to 31 March 2023	<b>Director of Social Services, Vale of Glamorgan</b>	<ul style="list-style-type: none"> <li>• Board 1/8</li> </ul>	

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Name	Position and dates	Area of Expertise/ Representation Role	Board Committee Membership and Record of Attendance	Champion Roles
<b>Suzanne Rankin</b>	Chief Executive Officer  1 April 2022 to 31 March 2023		<ul style="list-style-type: none"> <li>• Board 7/8</li> <li>• BoT 1/3</li> <li>• DHIC 3/3</li> <li>• Finance 4/12</li> <li>• MHLMCA 1/4</li> <li>• QSE 2/7</li> <li>• S&amp;D 3/6</li> <li>• RATS 5/5</li> </ul>	
<b>Catherine Phillips</b>	Executive Director of Finance  1 April 2022 to 31 March 2023	<b>Finance</b>	<ul style="list-style-type: none"> <li>• Board 7/8</li> <li>• BoT 1/3</li> <li>• Audit &amp; Assurance 7/7</li> <li>• CFC 4/4</li> <li>• Finance 11/12</li> <li>• H&amp;S 1/4</li> </ul>	
<b>Professor Meriel Jenney</b>	Executive Medical Director  1 April 2022 to 31 March 2023	<b>Medical / Quality &amp; Safety</b>	<ul style="list-style-type: none"> <li>• Board 6/8</li> <li>• BoT 1/3</li> <li>• Audit &amp; Assurance 1/7</li> <li>• QSE 7/7</li> <li>• S&amp;D 1/6</li> </ul>	Caldicott
<b>Ruth Walker</b>	Executive Director of Nursing  1 April 2022 to May 31 <sup>st</sup> 2022	<b>Nursing / Quality &amp; Safety</b>	<ul style="list-style-type: none"> <li>• Board 0/1</li> <li>• BoT 1/1</li> <li>• Finance 1/1</li> <li>• MHLMCA 0/1</li> <li>• QSE 1/1</li> <li>• S&amp;D 0/1</li> </ul>	Children and Young People  Putting Things Right
<b>Jason Roberts</b>	Executive Director of Nursing  1 <sup>st</sup> June to 31 March 2023		<ul style="list-style-type: none"> <li>• Board 5/7</li> <li>• BoT 1/2</li> <li>• Finance 6/11</li> <li>• MHLMCA 3/3</li> <li>• QSE 6/6</li> <li>• S&amp;D 5/5</li> </ul>	Children and Young People  Putting Things Right

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Name	Position and dates	Area of Expertise/ Representation Role	Board Committee Membership and Record of Attendance	Champion Roles
<b>Caroline Bird</b>	Chief Operating Officer  1 April 2022 to 22 <sup>nd</sup> July 2022	<b>Operations</b>	<ul style="list-style-type: none"> <li>• Board 1/3</li> <li>• BoT 0/1</li> <li>• Finance 3/3</li> <li>• MHLMCA 1/1</li> <li>• QSE 1/2</li> <li>• S&amp;D 2/2</li> </ul>	Age protected characteristic
<b>Paul Bostock</b>	Chief Operating Officer  22 <sup>nd</sup> August to 31 March 2023		<ul style="list-style-type: none"> <li>• Board 4/4</li> <li>• BoT 1/2</li> <li>• Finance 5/8</li> <li>• MHLMCA 1/3</li> <li>• QSE 4/5</li> <li>• S&amp;D 2/4</li> </ul>	
<b>Abigail Harris</b>	Executive Director of Strategic Planning  1 April 2022 to 31 March 2023	<b>Estates &amp; Planning</b>	<ul style="list-style-type: none"> <li>• Board 7/8</li> <li>• BoT 0/3</li> <li>• Finance 10/12</li> <li>• QSE 1/7</li> <li>• S&amp;D 5/6</li> </ul>	Emergency Planning
<b>Dr Fiona Jenkins</b>	Executive Director of Therapies and Health Sciences  1 April 2022 to 31 March 2023	<b>Therapies and Life Sciences</b>	<ul style="list-style-type: none"> <li>• Board 7/8</li> <li>• BoT 3/3</li> <li>• CFC 2/4</li> <li>• QSE 2/7</li> </ul>	Armed Forces and Veterans
<b>Rachel Gidman</b>	Executive Director of People and Culture  1 April 2022 to 31 March 2023	<b>Workforce</b>	<ul style="list-style-type: none"> <li>• Board 7/8</li> <li>• BoT 1/3</li> <li>• Audit &amp; Assurance 4/7</li> <li>• CFC 2/4</li> <li>• H&amp;S 4/4</li> <li>• S&amp;D 4/6</li> </ul>	Fire Safety  Violence and Aggression  Welsh Language

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Name	Position and dates	Area of Expertise/ Representation Role	Board Committee Membership and Record of Attendance	Champion Roles
<b>Fiona Kinghorn</b>	Executive Director of Public Health  1 April 2022 to 31 March 2023	<b>Public Health</b>	<ul style="list-style-type: none"> <li>• Board 7/8</li> <li>• BoT 1/3</li> <li>• H&amp;S 4/4</li> <li>• QSE 6/7</li> <li>• S&amp;D 4/6</li> </ul>	Sex/Gender protected characteristic

Name	Position	Area of Expertise/ Representation Role	Board Committee Membership and Record of Attendance	Champion Roles
<b>Non-Voting Members</b>				
<b>Nicola Foreman</b>	Director of Corporate Governance  1 April 2022 to 3 <sup>rd</sup> February 2023	<b>Governance</b>	<ul style="list-style-type: none"> <li>• Board 6/7</li> <li>• BoT 2/2</li> <li>• Audit &amp; Assurance 6/6</li> <li>• CFC 3/3</li> <li>• DHIC 2/2</li> <li>• Finance 9/10</li> <li>• H&amp;S 3/4</li> <li>• MHLMCA 2/4</li> <li>• QSE 4/6</li> <li>• S&amp;D 4/5</li> </ul>	
<b>James Quance</b>	Interim Director of Corporate Governance  18 <sup>th</sup> January 2023 to 31 March 2023		<ul style="list-style-type: none"> <li>• Board 2/2</li> <li>• BoT 1/1</li> <li>• Audit &amp; Assurance 1/1</li> <li>• CFC 1/3</li> <li>• DHIC 1/1</li> <li>• Finance 1/2</li> <li>• MHLMCA 1/1</li> <li>• QSE 1/1</li> <li>• S&amp;D 2/2</li> </ul>	

Name	Position	Area of Expertise/ Representation Role	Board Committee Membership and Record of Attendance	Champion Roles
<b>David Thomas</b>	Director of Digital and Health Intelligence  1 April 2022 to 31 March 2023	Digital	<ul style="list-style-type: none"> <li>• Board 8/8</li> <li>• BoT 0/3</li> <li>• Audit &amp; Assurance 3/7</li> <li>• DHIC 3/3</li> </ul>	

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## Appendix 2

### Dates of Board and Committee meetings held during 2022-2023

Tables 1 and 2 outlines respectively the (i) dates of Board and Committee meetings held during **2022-2023**, and (ii) the dates of Advisory Group meetings held during **2022-2023**, highlighting any meetings that were inquorate:

Table 1 - Dates of Board and Committee meetings held during **2022-2023**

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Board/Committee	April	May	June	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	March
<b>Board</b>		26	14 and 30 ( <i>both Special</i> )	28		29		24		26		30
<b>Board of Trustee</b>	21					01					09	
<b>Audit and Assurance Committee</b>	05	12 ( <i>Workshop</i> )	14 ( <i>Special</i> )	05		06		08			07	
<b>Charitable Funds</b>			21			20 <i>inquorate</i>			06			21
<b>Digital Health &amp; Intelligence</b>			07				04				14	
<b>Finance</b>	27	25	29	27	24	28	19	16	14	18	15	22
<b>Health &amp; Safety</b>	19			19			18			17		
<b>Mental Health Legislation &amp; Mental Capacity Act</b>	26			26			25			31 <i>inquorate</i>		

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<b>Quality, Safety &amp; experience</b>	12		15		30		11 (Special)	29		10		07
<b>Remuneration &amp; Terms of Service</b>		10	23		24			22		4 and 17	21	
<b>Strategy &amp; Delivery</b>		17		12		27		15		24 inquate		14
<b>Shaping Our Future Hospital</b>												

All meetings held were quorate, except the following:

Charitable Funds Committee held on 20 September 2022

Strategy & Delivery Committee held on 24 January 2023

Mental Health Legislation and Mental Capacity Act Committee meeting held on 31 January 2023

Where meetings were inquorate, escalation arrangements were in place to ensure that any matters of significant concern that could not be brought to the attention of the Committee could be raised with the Health Board's Chair.

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Table 2 - Dates of Advisory Group meetings held during **2022-2023**

Advisory Groups	April	May	June	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	March
<b>Stakeholder Reference</b>		24		26			04	29		24		23
<b>24</b>												
<b>Local Partnership Forum</b>	13		16		10		20		08		08	

The Health Board was also represented on the following Joint Committees:

- Welsh Health Specialised Services Committee (WHSSC)
- Emergency Ambulance Services Committee (EASC)
- NHS Wales Shared Services Partnership Committee (SSPC)

Assurance reports/bulletins from the above Committees are captured on the Board agenda as required

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## Appendix 3

### Ministerial Directions

Ministerial Directions (MDs)	Date/Year of Adoption	Action to demonstrate implementation/response
WG22-16 The Directions to Local Health Boards as to the Personal Dental Services Statement of Financial Entitlements (Amendment) Directions 2022	7 April 2022	Updated directions received and applied with effect from 1 <sup>st</sup> April 2022.
WG22-17 The Directions to Local Health Boards as to the General Dental Services Statement of Financial Entitlements (Amendment) Directions 2022	7 April 2022	Updated directions received and applied with effect from 1 <sup>st</sup> April 2022.
WG22-25 Directions to Local Health Boards as to the Statement of Financial Entitlements (Amendment) (No. 2) Directions 2022	8 June 2022	Directions received and applied with effect from the 1 <sup>st</sup> April 2022 in relation to relevant GMS Contract payments.
WG22-32 The Pharmaceutical Services (Advanced Services) (Appliances) (Wales) (Amendment) Directions 2022	29 July 2022	Directions received and applied with effect from the 1 <sup>st</sup> August 2022.
WG22-31 The Primary Medical Services (Influenza and Pneumococcal Immunisation Scheme) (Directed Enhanced Service) (Wales) (No. 2) (Amendment) Directions 2022	8 August 2022	Directions received and applied with effect from the 1 <sup>st</sup> August 2022.
WG22-24 The Primary Care (Contracted Services: Outpatient Waiting List Scheme) Directions 2022	12 August 2022	Directions received and applied with effect from the 12 <sup>th</sup> August 2022 to support the Outpatient Waiting List Scheme.
WG22-37 The Primary Care (Contracted Services: Immunisations) (Amendment) (No. 2) Directions 2022	24 August 2022	Directions received and applied with effect from the 24 <sup>th</sup> August 2022.
WG22-44 Directions to Local Health Boards as to the Statement of Financial Entitlements (Amendment) (No. 3) Directions 2022	5 November 2022	Directions received and applied with effect from the 5 <sup>th</sup> November 2022.
WG22-45 Directions to Local Health Boards as to the Statement of Financial Entitlements (Amendment) (No. 4) Directions 2022	30 November 2022	Directions received and applied with effect from the 30 <sup>th</sup> November 2022.
WG22-46	8 December 2022	Directions received – It was noted that the Directions were addressed to Velindre University NHS Trust to apply.

The Wales Infected Blood Support Scheme (Amendment) (No. 2) Directions 2022		
WG22-47 The Local Health Boards (Directed Functions) (Wales) Directions 2022	15 December 2022	Directions received and applied with effect from the 1st August 2022.
WG23-01 The Directions to Local Health Boards as to the General Dental Services Statement of Financial Entitlements (Amendment) Directions 2023	13 January 2023	Directions received and applied with effect from the 14 <sup>th</sup> January 2023.
WG23-02 The Directions to Local Health Boards as to the Personal Dental Services Statement of Financial Entitlements (Amendment) Directions 2023	13 January 2023	Directions received and applied with effect from the 14 <sup>th</sup> January 2023.
WG23-07 Directions to Local Health Boards as to the Statement of Financial Entitlements (Amendment) Directions 2023	21 February 2023	Directions received and applied with effect from the 21 <sup>st</sup> February 2023.
WG23-08 Local health boards and NHS Trusts reporting on the introduction of new medicines into the National Health Service in Wales Directions 2023	24 March 2023	Directions received and applied with effect from the 1 <sup>st</sup> April 2023

### Welsh Health Circulars

All Welsh Health Circulars are reviewed and triaged to Executive and Operational Leads within the organisation. The implementation of progress against each circular is tracked by the Health Board's Risk and Regulation Team and periodically reported at Management Executive Meetings.

Ministerial Directions/Date of Compliance	Date/Year of Adoption	Action to Demonstrate implementation/response
Recording of Dementia READ codes (WHC/2022/07)	15 February 2022	Circular shared with Management Executive Team on 28.03.2022 for escalation and implementation.
Healthcare Associated Infections and Antimicrobial Resistance Improvement Goals (WHC/2022/014)	1 March 2022	Circular shared with Executive Lead and cascaded to colleagues for information and action.
Welsh Value in Healthcare - Data Requirements (WHC/2022/05)	24 March 2022	Circular shared with executive lead and cascaded to colleagues for information and action.
Patient Testing Framework - Updated Guidance (WHC/2022/011)	24 March 2022	Circular shared with executive and operational leads. Guidance also shared with entire Organisation through Staff Update on 25.03.2022.

Reimbursable Vaccines and Eligible Cohorts for the 2022-23 NHS Seasonal influenza Vaccine Programme (WHC/2022/010)	29 March 2022	Circular shared with Lead Executive and all actions implemented as part of the 2022/2023 influenza vaccination delivery plan.
Direct Pandemic referral to same day emergency care: All Wales Policy (WHC/2022/06)	21 April 2022	Circular and Policy shared with Executive and operational leads to implement
Health Boards, Special Health Authorities and Trusts Financial Monitoring Guidance 2022 to 2023 (WHC/2022/013)	26 April 2022	Shared with Executive Lead for review and action and presented to the Management Executive team on 30.05.2022. Compliance with requirements of the Circular is an ongoing monthly requirement which is a monthly compliance task for the Finance Department. This includes a formal written feedback loop between the Health Board and Welsh Government to clarify and improve the quality of monthly returns on a rolling basis.
Prioritisation of COVID-19 patient episodes by NHS Wales Clinical Coding Departments (WHC/2022/09)	30 April 2022	Circular shared with Lead Executive and presented to Management Executive Team on 30.05.2022 for escalation and implementation.
NHS Wales National Clinical Audit Programme Review Plan Annual Rolling Programme for 2022/2023 (WHC/2022/02)	1 June 2022	Circular shared with Executive Lead and cascaded to colleagues for information and action.
Changes to the vaccine for the HPV immunisation programme (WHC/2022/015)	1 June 2022	Circular shared with the Executive Lead and cascaded to colleagues for information and action. Circular also shared with the Immunisation Strategic Oversight Group and discussed at Immunisation Operational Group. Further WHC received in September 2022 to provide further clarity. Plan to deliver from 2023/24 academic year as part of the school-based immunisation programme.
The National Influenza Immunisation Programme 2022-23 (WHC/2022/016)	1 June 2022	Circular shared with the Executive Lead and all flu vaccination programme leads for implementation.
Welsh Health Circular - Donation and Transplantation Plan for Wales 2022-2026 (WHC/2022/012)	16 June 2022	Circular shared with Lead executive and cascaded to colleagues for information and action
Wales Rare Diseases Action Plan 2022 – 2026 (WHC/2022/017)	16 June 2022	Circular shared with the Executive and operational leads for implementation. Work remains ongoing within the Health Board and with external bodies to ensure that the Action Plan is delivered.

		Work within C+V, external bodies and focus groups addressed the priorities.
Non-Specialised Paediatric Orthopaedic Service Specification (WHC/2022/019)	29 June 2022	Circular shared with Executive Lead and cascaded to colleagues for information and action.
Guidelines for managing patients on the suspected cancer pathway (WHC/2022/018)	30 June 2022	Circular shared with Executive Lead and cascaded to operational leads. Patients referred to the Suspected Cancer Pathway are monitored via the Health Board Cancer Tracking Module.
Never Events: Policy and Incident List July 2022 (WHC/2022/020)	22 July 2022	Circular shared with Executive Lead and cascaded to colleagues for information and action.
National Optimised Pathways for Cancer (2022 update) (WHC/2022/021)	28 July 2022	Circular shared with Executive Lead and cascaded to colleagues for information and action. A local Cancer Improvement Plan is being developed as part of the focus on cancer services led by the Chief Operating Officer and through discussion with MDTs, Directorates and Clinical Boards. The plan will set out the incremental improvements needed to fully implement the national optimal pathways by March 2026.
New Records Management Code of Practice for Health and Care 2022 (WHC/2022/08)	31 July 2022	Circular shared with executive lead and cascaded to colleagues for information and action.
The Role of the Community Dental Service (WHC/2022/022)	22 August 2022	Circular shared with Executive Lead and cascaded to colleagues for information and action.
Changes to the vaccine for the HPV immunisation programme (WHC/2022/023)	9 September 2022	Circular shared with the Executive Lead and cascaded to colleagues for information and action. Plan to deliver from 2023/24 academic year as part of the school-based immunisation programme.
Guidance for the provision of continence containment products for adults in Wales 2022 (WHC/2022/003)	1 October 2022	Updated Guidance issued to operational leads for this area internally and via NHS Wales Shared Services Partnership with directions on implementation.
Guidance for the care of children and young people with continence problems (WHC/2022/004)	1 October 2022	Updated Guidance issued to operational leads for this area internally and via NHS Wales Shared Services Partnership with directions on implementation.
Urgent polio catch-up programme for children under 5 (WHC/2022/027)	24 October 2022	Circular shared with Executive Lead and cascaded to colleagues for information and action.  See further update for WHC/2022/029.

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Approach for respiratory viruses: technical guidance for healthcare planning (WHC/2022/026)	31 October 2022	Circular shared with Executive Lead and cascaded to operational leads and the Health Board Communications Team who play an integral part in the Health Board Public Health response. The Circular has also been shared with and actioned by the Health Board's Infection Prevention and Control Cell.
More than just words Welsh language awareness course (WHC/2022/028)	10 November 2022	Cascaded to relevant colleagues.
Urgent polio catch-up programme for children under 5 (WHC/2022/029)	22 November 2022	Circular shared with Executive Lead and cascaded to colleagues for information and action. National Enhanced Service (NES) specification offered to 57 GMS practices. 39 practices accepted the specification and will commence work to identify, appointed and deliver vaccinations within their practice. The patients from the remaining practices will be identified, appointed and vaccinated by the CAVUHB Mass Immunisation and Testing service.
Reimbursable Vaccines and Eligible Cohorts for the 2023 to 2024 NHS seasonal Influenza vaccination Programme (WHC/2022/031)	8 December 2022	Circular shared with Executive Lead and cascaded to colleagues for information and action.
Health Board Allocations for 2023-24 (WHC/2022/034)	22 December 2022	Circular shared with Executive Lead and cascaded to colleagues for information and action.
Influenza (flu) Vaccination programme deployment 'mop up' 2022-2023 (WHC/2022/035)	22 December 2022	Circular shared with Executive Lead and cascaded to colleagues for information and action.
Eliminating hepatitis (B and C) as a public health threat: actions for 2022 to 2023 and 2023 to 2024 (WHC/2023/001)	1 January 2023	Circular shared with Executive Lead and cascaded to colleagues for information and action. A UHB wide Hepatitis B and C group has been established with a joint high-level process plan agreed across Health Boards. A Hepatitis B and C Conference has taken place with plans discussed for a more detailed joint recovery plan which will be shared with Welsh Government once finalised.
Faecal immunochemical testing (FIT) in symptomatic colorectal cancer referral (WHC/2023/02)	31 January 2023	Circular shared with Executive Lead and cascaded to colleagues for information and action.
COVID-19 spring booster 2023 (WHC/2023/04)	8 March 2023	Circular shared with Executive Lead and cascaded to colleagues for information and action.
Patient testing framework, updated guidance (WHC/2023/07)	31 March 2023	Circular shared with Executive Lead and cascaded to colleagues for information and action.

# Remuneration and Staff Report

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## Part 2b

### 20. Remuneration and Staff Report

#### 20.1 Staff Numbers

The Health Board's workforce profile identifies that approximately 76% of the workforce is female. This is not representative of the local community where a little more than half the population is female. The numbers of female and male directors, managers and employees as at 31<sup>st</sup> March 2023 were as follows:

	Female	Male	Total
Director	11	12	23
Manager	178	112	290
Employee	12,937	3,971	16,908
<b>Total</b>	<b>13,126</b>	<b>4,095</b>	<b>17,221</b>

#### 20.2 Staff Composition

We have a diverse workforce of over 17,200 staff working in many different types of roles, and together with volunteers, colleagues in Social Care and carers, we have a huge impact on our population. We must know and understand the shape of our workforce if we are to successfully monitor and revise plans that result in the right workforce at the right time, enabling and empowering the workforce to work to the 'top of their licence' or scope of practice. Our People and Culture Plan recognises that in addition to the challenges brought about by the pandemic and the necessary period of recovery, we, along with the broader NHS in Wales, face social, economic, technological and demographic changes. As a result of this the demographic of our workforce also needs to change, and we must adjust the way we recruit, retain and support our people.

The charts below indicate the following challenges when determining optimal ways to deploy the current and future workforce and how to consider future supply against service priorities:

- The Health Board has an aging workforce with the largest age categories being aged 31-35 years (2311 staff), 36-40 years (2183 staff) and 51-55 (2107 staff). The impact of employees retiring from service critical areas is key in Clinical Boards undertaking local workforce planning.

The largest grade categories are staff in Agenda for Change Bands 2, 5 and 6. Continually reviewing skill mix and new ways of working is important in

ensuring adequate future supply of skills in the right place and grade. There is also a need for further workforce modernisation, new roles and extended skills, supported by the improvement of workforce intelligence and workforce planning skills. This includes the development of appropriate efficiency and productivity measures that help facilitate benchmarking and demonstrate value as our workforce shape continues to change.

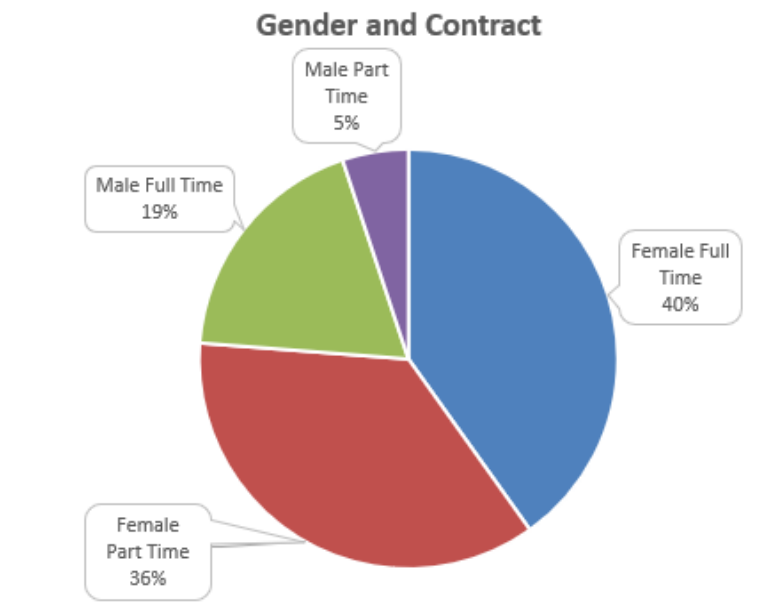
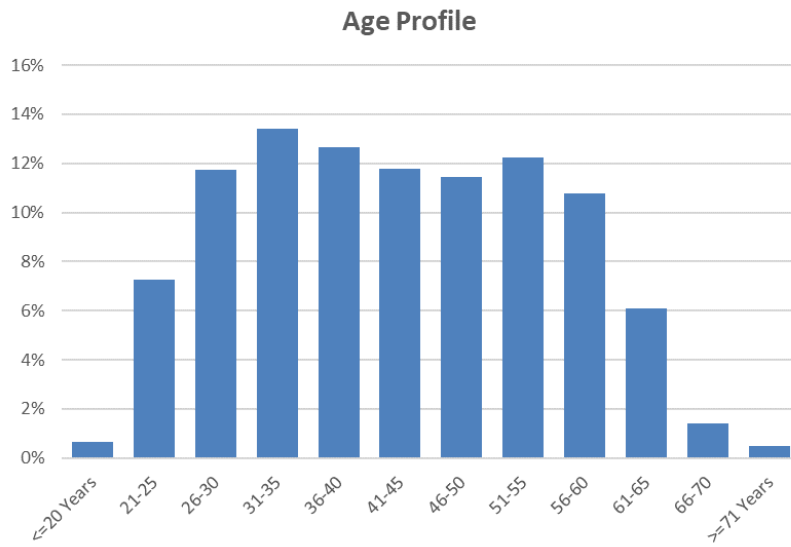
- The majority of the workforce is female (76%) with a fairly even split in this group of full-time (40%) and part-time working (36%). Use of our employment policies, such as the Adaptable Workforce Policy and Flexible Working Procedure, is crucial to retaining talent and keeping staff engaged.
- The majority of the workforce is white (75%) with 13% in Black and Minority Ethnic categories and 12% not stated. The Strategic Equality Plan has a number of actions to continue review of our workforce in this regard to ensure it strives to reflect the local population where relevant e.g. in recruiting practices.
- The nursing and midwifery registered staff and unregistered nursing staff make up just over 42% of the total workforce. Given there is a recognised national shortage of registered nurses, the Health Board has made nurse sustainability a high priority on its workforce agenda. Although we cannot influence the actual supply of registered workforce in the short term, we can concentrate our efforts on attracting people by improving the branding of the Health Board, promoting the benefits of working here, and targeting specific groups in society.

Workforce profile information collected for the Health Board in March 2023 shows that 6% of staff consider themselves to have a disability, but this information is not known for a significant number of staff (23%).

In an effort to improve our workforce equality and Welsh language skills data, the People & Culture team launched an organisational wide campaign encouraging staff to update their individual Electronic Staff Record (ESR). The campaign highlighted the reasons why collecting data is important and how it would support the organisation in becoming more inclusive. To support the campaign, and improve the accuracy of our data, the Health Board is also exploring alternative ways of supporting staff to update their information, including on-site 'drop-in' sessions.

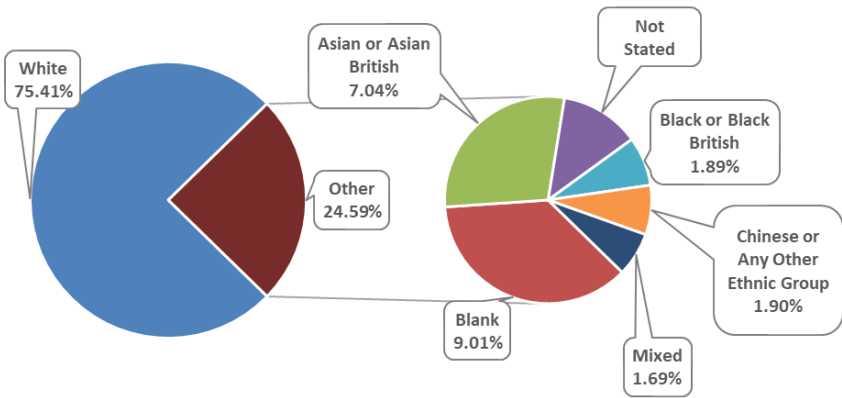
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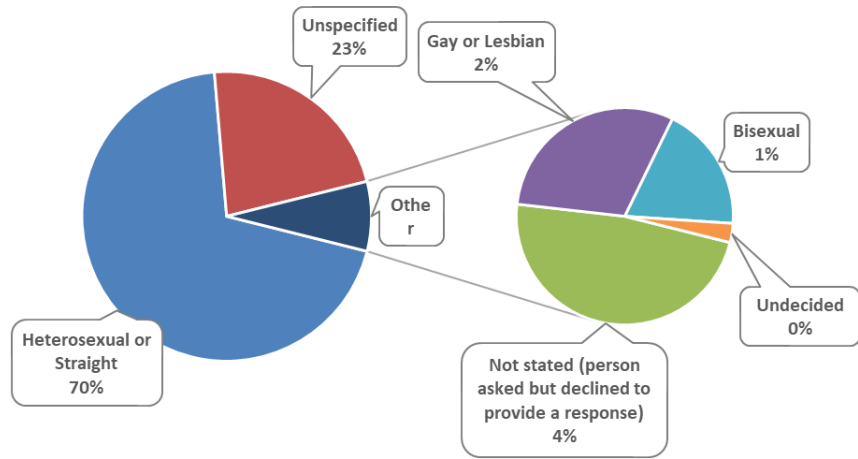


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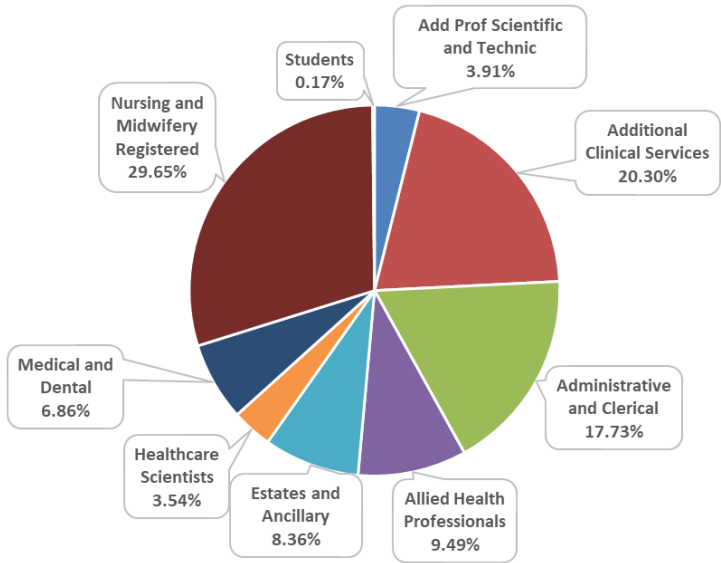
Ethnic Group



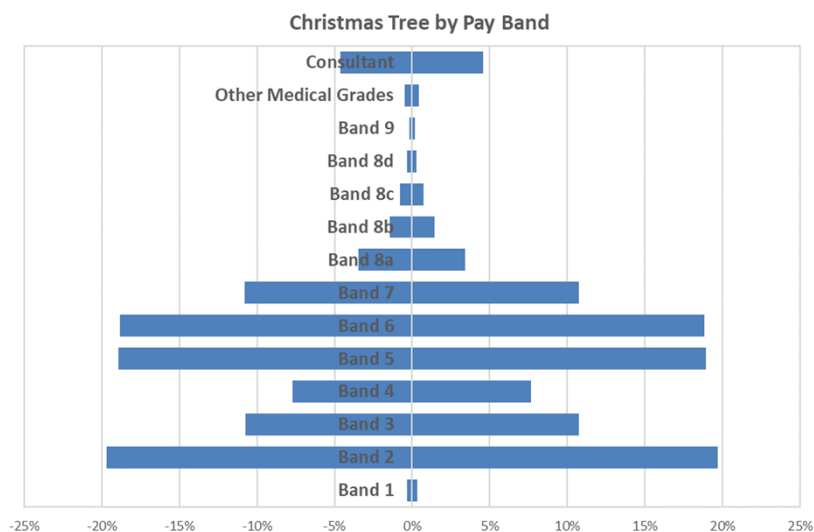
Sexual Orientation



Staff Group



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### 20.3 Sickness Absence Data

The health and wellbeing of Cardiff and Vale Health Board staff is of upmost importance, especially at this unprecedented time and much of the work carried out in 2022/23 has been described in the Performance Report.

**Sickness absence** remains a priority for the Health Board. The cumulative sickness rate for the 12-month period up to and including March 2023 is 6.90% which is 0.90% above the 2022-23 year-end target of 6.00%. 12.41% of the total sickness recorded has been attributed to Covid-19.

65% of this sickness was attributed to long-term absence and 35% to short-term absence. The Health Board's top reasons recorded for absence during 2022-23 were Anxiety/Stress and Colds, Coughs & Influenza.

The following table provides information on the number of days lost due to sickness during 2021-22 and 2022-23.

	2022-23	2021-22
	Number	Number
Days lost (long term)	232,000.47	247,568.4
Days lost (short term)	124,923.33	101,921.9
<b>Total days lost</b>	<b>356,923.80</b>	<b>349,490.38</b>
<b>Total staff years</b>	<b>14,154.02</b>	<b>13828.4</b>
Average working days lost	25.22	15.78
Total staff employed in period (headcount)	15,918	15,915
Total staff employed in period with no absence (headcount)	5,250	6,274
<b>Percentage staff with no sick leave</b>	<b>31.25%</b>	<b>39.42%</b>

## 20.4 Staff Policies

At Cardiff and Vale Health Board we have 6 local Health Board employment Policies:

- Recruitment and Selection
- Adaptable Workforce
- Employee Health and Wellbeing
- Learning Education and Development
- Equality, Inclusivity and Human Rights Policy
- Maternity, Adoption, Paternity and Shared Parental Leave

With the exception of the Equality, Inclusivity and Human Rights Policy (which was reviewed in 2021), all of these Policies were reviewed during 2022-23.

These set out our organisational commitments and what we are aiming to achieve. Each of them is supported by a number of Procedures which describe the processes to follow, roles & responsibilities, and any entitlements or obligations. This means there is less duplication, more transparency and information which is easier to understand. These are in addition to the All-Wales Policies which apply to us and all other Health Boards in Wales.

All employment and other related People Services (Human Resources) and People and Culture policies, procedures and guidelines are required to have at least two authors, i.e. a management and staff representative and they are subject to robust consultation processes. This includes publication on the Health Board's intranet for a period of at least 28 days and consideration at the Employment Policies Sub Group of the Local Partnership Forum.

As an employer we are committed to providing meaningful equality of opportunity and inclusion for all employees, regardless of their protected characteristics (i.e. gender identity, marital status, race, ethnic origin, maternity status, nationality, national origin, sex, disability, sexual orientation, religion or age), as is demonstrated by our **Equality, Inclusivity and Human Rights Policy**. Its remit goes beyond strict compliance with the law and acts as a reference point in the event of any subsequent disputes.

The Health Board is committed to ensuring that the recruitment and selection of staff is conducted in a systematic, comprehensive and fair manner, promoting equality of opportunity at all time, eliminating discrimination and promoting good relations between all. The **Recruitment and Selection Policy** sets out how we will attract, appoint and retain qualified, motivated staff with the right skills and experience to ensure the delivery of a quality service and support its values. This is supported by a number of procedures including the Recruitment and Selection Procedure, Fixed Term Contract Procedure and Professional Registration Procedure, all of which were

reviewed in 2022-23. Recruiting, Attracting and Retaining employees is one of the themes of the People and Culture Plan. The ability to deliver high quality, compassionate care is dependent on recruiting and retaining individuals with the right skills, abilities, values and experiences. This has become increasingly difficult following the service pressure and workforce resilience associated with the Covid-19 pandemic. The current climate has created a shortage of suitable candidates in many professions, and we need to think differently about how we attract and recruit our current and future workforce, including working with social care partners to develop an integrated workforce, and to support a diverse workforce and inclusive culture.

However, we cannot just depend on bringing new people into our workforce; we need to improve how we retain, manage, develop and look after the wellbeing of our existing workforce. This has been one of the key objectives over the past year and has included a review of the current retention plans we have in the Health Board to create one plan that can be used across the organisation. We have also been working with HEIW on development of a retention 'toolkit' for managers. In addition, we have been targeting areas where retention is an issue and providing organisational development interventions to help them improve.

We have also been working on enhancing our Leadership and Management training for managers which support aspiring, new and senior managers and leaders to develop compassionate leadership principles to support retention, wellbeing, innovation, performance and patient experience. Equity and inclusion form part of the programmes to support the organisation in building an inclusive culture.

The Health Board is committed to equal opportunities in recruitment, and demonstrates this by displaying the Disability Confident symbol (which replaces the 'two ticks' scheme) in all adverts, as well as Supporting Age Positive, Mindful Employer and Stonewall Cymru symbols.



The Health Board is committed to supporting its employees and keeping them well. The **Employee Health and Wellbeing Policy** sets out our commitment to encourage and empower employees to take personal responsibility for their lifestyle choices, health and wellbeing, and to guide managers on their roles and responsibilities.

The Health Board will be under-going the Gold and Platinum **Corporate Health Standards** reassessment in March 2023 and aims to maintain the standards to be recognised as an exemplar organisation. The Wellbeing Strategy Group continues to oversee the delivery of the priorities and actions resulting from the Corporate Health Standard, and much progress has been made over the past year, including staff room and nursery facility refurbishments, provision of financial wellbeing education, signposting and roadshows, and the continued development of peer support. Work has also commenced on developing managers and leaders to effectively support the wellbeing of their teams through effective conversations and a compassionate leadership approach.

The NHS Wales **Managing Attendance at Work Policy** assists managers in supporting staff when they are ill, manage their absence and help facilitate their timely return to work in a compassionate way. The policy is proactive by placing responsibility on line managers to know their staff and focus on their health and wellbeing to keep them well and in work.

The Managing Attendance at Work Policy includes a number of toolkits. One of these deals with reasonable/tailored adjustments – it reminds managers of our legal duty to make reasonable adjustments to ensure workers with disabilities, or physical or mental health impairments, are not disadvantaged when doing their jobs or during the recruitment process. The Policy states that not all illnesses are disabilities, however, if an employee is asking for support with a health and wellbeing condition, it is best to provide the support accordingly, assuming it is proportionate to do so. There are many benefits to this including supporting the employee back into work and helping them remain in work.

A Managing Attendance at Work specialist team was formed in December 2021 as a response to the operational workforce pressures including Covid-19 and winter pressures. The purpose of the team was to provide specialist advice and support managers and colleagues on all matters in relation to managing attendance. The objectives of the team were to review all long-term sickness cases, manage redeployments, review long COVID cases finding alternative roles where possible and work with Health and Wellbeing Team to assist the wellbeing strategy to help prevent sickness. The team have supported and coached managers, during a difficult and unpredictable time of Covid-19 recovery.

Managing Attendance at Work training has been delivered virtually to over 200 managers in 2022, with regular sessions planned face to face and virtually in 2023. A recorded session will be developed for staff, which will also signpost them to various health, wellbeing and support networks.

Staff off long term with post Covid-19 syndrome sickness have been supported by managers and have been signposted to resources available to assist their recovery. Overall absence the Health Board has been reducing with the focused and dedicated approach of the Managing Attendance at Work Team.

Toolkit Talk Sessions have been arranged for managers and staff to advise on the options and processes around Ill Health Retirement to support those who are unable to return to work from long term sick leave.

The **Work and Wellbeing Passport** has been implemented across the Health Board in collaboration with the Equality, Diversity and Inclusion Team.

The **Redeployment Procedure** sets out the process by which suitable alternative employment is sought for employees who are unfit or no longer able to carry out the duties of their current post, either on a temporary or permanent basis. This can be for a number of reasons, including health. It is important that staff and managers are clear about their responsibilities and the process to be followed to ensure that everyone is treated fairly and equitably. One important change was that individuals who require to be redeployed due to their health are not reliant on Workforce and OD advising them of vacancies, or responding to vacancies once they have already reached the advert stage. Staff needing alternative roles are entered onto the Trac recruitment system and they are automatically advised of potentially suitable alternative employment before the vacancy request is allowed to progress further in the system. Although the process of finding a redeployment opportunity is initially coordinated by Human Resources, the responsibility and ownership for actions taken is shared with the individual concerned and their substantive line manager, who are both expected to take all possible steps to find and pursue suitable opportunities. The Procedure has strengthened the accountability of managers who do not accept a suitable candidate for a trial redeployment. The Procedure aims to ensure that clear advice, support and guidance is provided to managers and employees regarding their role(s) in managing situations where employees need to be transferred into suitable alternative posts.

By making reasonable adjustments for staff with disabilities we have been able to retain a number of valued employees in their substantive role. Typical changes include reviewing caseloads, changes to equipment used, purchase of specialist equipment and modifying their workplaces. We have worked with organisations such as Access to Work to support our disabled employees.

The **Supporting Carer's Guidelines** were developed in September 2021. The Health Board recognises that employees with caring responsibilities may require short term arrangements for either child or dependent care, or for longer term requirements have the 'right to request' flexible working arrangements. The caring responsibilities may potentially impact on a member of staff's ability to do their job.

The purpose of the Guidelines is to support staff to achieve a positive work/ life balance with caring responsibilities, so that staff are likely to feel more valued, thus be more productive and satisfied at work. It ensures that staff are not unfairly disadvantaged by such responsibilities and are able to successfully combine their work and caring responsibilities. The organisation values each individual and strives to retain staff and accommodate where possible their changing circumstances whilst balancing the needs of the service.

These guidelines set out a range of short- and long-term options available to staff through agreement with their line manager. The responsibilities of the line manager, member of staff, Workforce & OD and Trade Union Representative are outlined in the guidelines. There is a carer's plan that can be completed by the member of staff with caring responsibilities and their line manager. The plan can detail the caring responsibilities and the arrangements agreed together about short- and long-term arrangements. The application of these guidelines is in accordance with the principles of the Health Board's Equality, Inclusion & Human Rights Policy, Special Leave Policy and Flexible Working Procedure.

The **Injury Allowance Claims Procedure** applies to employees who are claiming that they have sustained an injury or have contracted a disease or other health condition that they believe is wholly or mainly attributable to their NHS employment and is not due to or aggravated by their own negligence or misconduct. The procedure was updated in December 2022 to include a process for claims for Covid-19 related sickness absence.

The Health Board has undertaken the opportunity to develop a partnership approach with DFN Project Search. DFN Project Search is a one year, employment preparation programme that takes place entirely in the workplace. This will help to deliver the best employment outcomes for young adults from SEN education providers with learning disabilities and/or autism across the Cardiff and the Vale who are under-represented in the workforce. This will assist achieving part of the widening access into employment agenda. In 2021/22 we hosted 7 interns, 6 of which have now gained employment within Cardiff and Vale and the remaining individual chose to return to Further Education, in 2022/2023 we are hosting 9 interns, and currently 2 of those individuals are working on the Bank for their chosen departments.

Due to the current economic landscape as a result of Covid-19, many people were out of work. A high proportion of these individuals are young people, and the government launched an innovative KICKSTART scheme in March 2021 running until March 2022 to give 16-24 year olds who were in receipt of Universal Credit a future of opportunity by creating high-quality, government-subsidised jobs across the UK. The Kickstart placements lasted for six months, during this period the individual gained extra employability skills and mentoring to help them become successful in gaining long term employment. Cardiff and Vale recruited a total of 162 individuals into the organisation, of these, 2 have gone onto apprenticeship schemes, 64 have gained roles within the Health Board, and the remaining 96 have now finished their placements with us either going into alternative employment, education or not known. The scheme ended on 31 March 2022.

During 2022 we undertook our first Cohort of the Prince's Trust "Get Into" Programme in partnership with the DWP who funded the programme. This partnership is building a diverse and sustainable workforce whilst supporting the many young people disproportionately impacted during unprecedented and



challenging times. The Prince's Trust is committed to supporting every young person to succeed, regardless of their background, social status or the challenges they face. The "Get Into" programme, hosted 10 young people, and consisted of a Taster Day, Induction course (included Basic Health Care Skills), employability days and a 4-week work placement as Patient Environment Support Workers. The programme ended with a Celebration Event where all the young people were presented with a certificate by the Charles Janczewski (the Health Board's Chair) and 7 of those individuals are now working on our Bank as Healthcare Support Workers.

During the month of September the Health Board hosted a 2 hour **Pharmacy Taster session** in conjunction with Llandough Pharmacy Department for school pupils in their final year of GCSE's who are interested in looking to enter employment in a pharmacy setting after their education. It provided an opportunity to find out what happens inside a hospital pharmacy, and they received information on the different types of jobs that are available within the pharmacy and what a typical day looks like for some of our staff. It was also explained to them the wide variety of career pathways within pharmacy and the qualifications and experience that is needed for the different types of roles, (ie Managers, Pharmacists, Technicians, Assistants and Administrative staff). This day was well received and the next event has now been arranged.

Visits to the local **mosques and refugee events** have also taken place to promote the availability of roles and positions that are available to all groups of individuals.

2022/23 has been a really positive year for the **Apprenticeship Academy** with increased engagement across the service which has led to a significant boost to the number of entry level apprentices recruited and the introduction of different pathways. Departments are more open to the possibilities of recruiting apprentices and looking at the skill mix of their teams differently. This year we have appointed 23 apprentices through administration, building service engineer, IT roles. The expansion into new routes is providing more opportunities to the local economy and the intention is to build on this success by introducing more variety. This year has seen 5 apprentices complete and be offered roles within their host department or in another area. We are proud to confirm that we have an 84% success rate in apprentices securing permanent employment. A pilot has been confirmed for the introduction of Healthcare Support Worker Apprentices in the Mental Health Clinical Board and recruitment for this will start shortly. We are actively involved in the work across Wales in the development and review of frameworks and how these can benefit our workforce. Support for our current and past apprentices is continuing with the Future Generations Network, this is now being chaired by a member of the group and they are actively setting agendas and agreeing the programme of activities.

Existing staff uptake of apprenticeships has increased with a further 171 new starts covering subjects such as Management, Health, Business Administration, Digital

Application Support, CIPD, Project Management, Information, Advice and Guidance, Facilities and IT Users. During this period, we have also had 59 existing staff complete their qualifications.

## **20.5 Salary and Pension Entitlements of Senior Managers 2022-2023**

Full details of senior managers' remunerations for 2022-23 are provided in the audited tables that follow:

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## Salaries of Senior Managers

Name and title	31-Mar-2023						
	Full Year Equivalent Salary (bands of £5,000)	Salary (bands of £5,000)	Other Remuneration (bands of £5,000)	Bonus Payments (bands of £5,000)	Benefits in kind (Rounded to the nearest £00)	Pension Benefits (Rounded to the nearest £000)	Total (bands of £5,000)
	£000	£000	£000	£000	£00	£000	£000
<b>Cardiff and Vale University Local Health Board</b>							
<u>Officer Members</u>							
Suzanne Rankin, Chief Executive	220-225	220-225	0-5	0	83	0	230-235
Ruth Walker, Executive Nurse Director (1)	150-155	25-30	0	0	0	0	25-30
Jason Roberts, Executive Nurse Director (1)	140-145	120-125	0	0	11	203	325-330
Caroline Bird, Interim Chief Operating Officer (2)	150-155	45-50	0	0	0	267	310-315
Paul Bostock, Chief Operating Officer (2)	150-155	90-95	5-10	0	0	164	260-265
Abigail Harris, Executive Director of Strategic Planning	140-145	140-145	0	0	0	17	160-165
Catherine Phillips, Executive Director of Finance	180-185	180-185	0	0	15	(1)	180-185
Rachel Gidman, Executive Director of People & Culture	145-150	145-150	0	0	15	(18)	130-135
Dr Fiona Jenkins, Executive Director of Therapies & Health Science (3)	70-75	70-75	0	0	0	0	70-75
Fiona Kinghorn, Executive Director of Public Health	130-135	130-135	0	0	0	18	150-155
Professor Meriel Jenney, Executive Medical Director	185-190	185-190	0	0	0	0	185-190
<u>Other Directors</u>							
Nicola Foreman, Director of Corporate Governance (4)	115-120	95-100	0	0	0	20	115-120
James Quance, Interim Director of Corporate Governance	115-120	20-25	0	0	1	24	45-50
David Thomas, Director of Digital and Health Intelligence	125-130	125-130	0	0	13	27	150-155
<u>Independent Members (IM)</u>							
Charles Janczewski, Chair	65-70	65-70	0	0	0	0	65-70
Ceri Phillips, Vice Chair	55-60	55-60	0	0	0	0	55-60
Michael Imperato, IM - Legal	15-20	15-20	0	0	0	0	15-20
John Union - IM - Finance	15-20	15-20	0	0	0	0	15-20
David Edwards, IM - Information Communication & Technology	15-20	15-20	0	0	0	0	15-20
Professor Gary Baxter, IM - University (5)	15-20	5-10	0	0	0	0	5-10
Keith Harding, IM - University (5)	15-20	0-5	0	0	0	0	0-5
Sara Moseley, IM - Third (Voluntary) Sector	15-20	15-20	0	0	0	0	15-20
Councillor Susan Elsmore, IM - Local Authority	15-20	15-20	0	0	0	0	15-20
Akmal Hanuk, IM - Local Community	15-20	15-20	0	0	0	0	15-20
Rhian Thomas, IM - Capital & Estates	15-20	15-20	0	0	0	0	15-20
Mike Jones, IM - Trade Union	0	0	45-50	0	0	0	45-50
<u>Associate Members</u>							
Sam Austin, Chair, Stakeholder Reference Group	0	0	0	0	0	0	0
Lance Carver, Associate Member - Local Authority	0	0	0	0	0	0	0

The pension benefit is not an amount which has been paid to an individual by the UHB during the year, it is a calculation which uses information from the pension benefit table. These figures can be influenced by many factors e.g. changes in a persons salary, whether or not they choose to make additional contributions to the pension scheme from their pay and other valuation factors affecting the pension scheme as a whole.

For Officers, Members and Other Directors the salary banding includes a 1.5% consolidated uplift in relation to financial year 2022/23, the payment of this is due to be paid May 2023.

## Salaries of Senior Managers

Name and title	31-Mar-2022						
	Full Year Equivalent Salary	Salary	Other Remuneration	Bonus Payments	Benefits in kind	Pension Benefits	Total
	(bands of £5,000)	(bands of £5,000)	(bands of £5,000)	(bands of £5,000)	(Rounded to the nearest £00)	(Rounded to the nearest £000)	(bands of £5,000)
	£000	£000	£000	£000	£00	£000	£000
<b>Cardiff and Vale University Local Health Board</b>							
<u>Officer Members</u>							
Suzanne Rankin, Chief Executive (1)	215-220	35-40	0	0	14	0	35-40
Leonard Richards, Chief Executive (1)	230-235	115-120	0	0	0	59	170-175
Dr Stuart Walker, Interim Chief Executive (1)	255-260	95-100	0	0	0	39	135-140
Dr Stuart Walker, Executive Medical Director (5)	235-240	115-120	0	0	0	51	165-170
Ruth Walker, Executive Nurse Director	145-150	145-150	0	0	0	0	145-150
Steve Curry, Chief Operating Officer (1) & (2)	155-160	115-120	0	0	0	75	190-195
Caroline Bird, Interim Chief Operating Officer (2)	135-140	30-35	0	0	0	110	140-145
Abigail Harris, Executive Director of Strategic Planning (1)	135-140	135-140	0	0	0	59	195-200
Catherine Phillips, Executive Director of Finance	175-180	175-180	5-10	0	4	198	380-385
Rachel Gidman, Executive Director of People & Culture (3)	135-140	135-140	0	0	3	369	505-510
Dr Fiona Jenkins, Executive Director of Therapies & Health Science (4)	70-75	70-75	0	0	0	109	180-185
Fiona Kinghorn, Executive Director of Public Health	125-130	125-130	0	0	0	52	175-180
Professor Meriel Jenney, Interim Executive Medical Director (5)	180-185	80-85	0	0	0	0	80-85
<u>Other Directors</u>							
Nicola Foreman, Director of Corporate Governance	110-115	110-115	0	0	0	35	145-150
Allan Wardhaugh, Chief Clinical Information Officer (6)	140-145	20-25	0	0	0	7	30-35
David Thomas, Director of Digital and Health Intelligence (6)	115-120	95-100	0	0	7	19	115-120
<u>Independent Members (IM)</u>							
Charles Janczewski, Chair	65-70	65-70	0	0	0	0	65-70
Ceri Phillips, Vice Chair (7)	55-60	55-60	0	0	0	0	55-60
Michael Imperato, IM - Legal	15-20	15-20	0	0	0	0	15-20
John Union - IM - Finance	15-20	15-20	0	0	0	0	15-20
David Edwards, IM - Information Communication & Technology (8)	15-20	15-20	0	0	0	0	15-20
Professor Gary Baxter, IM - University	0	0	0	0	0	0	0
Sara Moseley, IM - Third (Voluntary) Sector	15-20	15-20	0	0	0	0	15-20
Councillor Susan Elsmore, IM - Local Authority	15-20	15-20	0	0	0	0	15-20
Akmal Hanuk, IM - Local Community	15-20	15-20	0	0	0	0	15-20
Rhian Thomas, IM - Capital & Estates	15-20	15-20	0	0	0	0	15-20
Mike Jones, IM - Trade Union	0	0	45-50	0	0	0	45-50
<u>Associate Members</u>							
Sam Austin, Chair, Stakeholder Reference Group	0	0	0	0	0	0	0
Lance Carver, Associate Member - Local Authority	0	0	0	0	0	0	0

The pension benefit is not an amount which has been paid to an individual by the UHB during the year, it is a calculation which uses information from the pension benefit table. These figures can be influenced by many factors e.g. changes in a persons salary, whether or not they choose to make additional contributions to the pension scheme from their pay and other valuation factors affecting the pension scheme as a whole.

Stuart Walker held two board roles during the year - his combined salary sits within the band 210-215, with a total salary including pension benefits sitting within band 305-310.

During 2021-22 a new reporting requirement has been introduced that the UHB should declare the Full Year equivalent salary for any individual who is only a board member for part of the financial year. An additional column has therefore been included above and in the 2020-21 table. Please note the Total Remuneration figures are based on the amounts actually paid in the year not the Full Year salary.

**Salary and Pension entitlements of Senior Managers**

Mike Jones is not remunerated as a Member of the Board, however he is an employee of the Health Board and his salary costs are shown in the Other Remuneration column.

Suzanne Rankin, Jason Roberts, Catherine Phillips, Rachel Gidman, David Thomas and James Quance were members of the NHS Wales Lease Car Salary benefit scheme during the financial year, which is open to all UHB employees. An element of an employee's salary is 'swapped' for the use of a new car. In the Remuneration table for 2022-23 the total amount of £42,657 swapped for the use of the car has been included in the Salary column as follows:

S Rankin £7,291  
J Roberts £7,887  
C Phillips £6,837  
R Gidman £12,285  
D Thomas £8,017  
J Quance £340

The Chief Executive and Chief Operating Officer have been paid £3,259 and £8,000 relocation expenses respectively, these amounts have been included in the Other Remuneration column for the 2022-23 Remuneration table.

**Changes to Board Membership in 2022-23**

- (1) **Ruth Walker** ended employment as Nurse Director on 31st May 2022, her last day in office was 22<sup>nd</sup> May 2022 due to annual leave owing, **Jason Roberts** started as Interim Nurse Director on 23<sup>rd</sup> May 2022 and was made substantive 11<sup>th</sup> July 2022.
- (2) **Caroline Bird** ended employment as Interim Chief Operating Officer on 24<sup>th</sup> July 2022. Paul Bostock started as Chief Operating Officer on 22<sup>nd</sup> August 2022. There was no interim Chief Operating Officer during the period of 25<sup>th</sup> July 2022 to 21<sup>st</sup> August 2022.
- (3) **Fiona Jenkins** retired as Executive Director of Therapies and Health Science on 31<sup>st</sup> March 2022, Fiona returned to her role on 2<sup>nd</sup> April 2023.
- (4) **Nicola Foreman** ended employment as Director of Governance on 3<sup>rd</sup> February 2023. **James Quance** was seconded to role from Velindre NHS Trust from 18<sup>th</sup> January 2023.
- (5) **Gary Baxter** ended as Independent Member for University on 31<sup>st</sup> December 2022. **Keith Harding** started as Independent Member for University on 1<sup>st</sup> January 2023.

**Remuneration Relationship**

The details of the Remuneration Relationship are reported at section 9.6 of the Financial Statements.

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## Pension Benefits

Name and title	Real increase in pension at pension age (bands of £2,500)  £000	Real increase in pension lump sum at pension age (bands of £2,500)  £000	Total accrued pension at pension age at 31/03/23 (bands of £5,000)  £000	Lump sum at pension age related to accrued pension at 31/03/2023 (bands of £5,000)  £000	Cash Equivalent Transfer Value at 31 March 2023  £000	Cash Equivalent Transfer Value at 31 March 2022  £000	Real increase (decrease) in Cash Equivalent Transfer Value  £000	Employer's contribution to stakeholder pension  To nearest £100
Jason Roberts, Executive Nurse Director	7.5-10	20-22.5	55-60	115-120	1,012	786	158	0
Caroline Bird, Interim Chief Operating Officer	10-12.5	30-32.5	50-55	115-120	1,015	736	79	0
Paul Bostock, Chief Operating Officer	7.5-10	15-17.5	45-50	85-90	890	703	93	0
Abigail Harris, Executive Director of Strategic Planning	0-2.5	(2.5) - (5)	50-55	95-100	981	913	20	0
Catherine Phillips, Executive Director of Finance	0-2.5	(5) - (7.5)	75-80	160-165	1,483	1,401	11	0
Rachel Gidman, Executive Director of People & Culture	0-2.5	(5) - (7.5)	40-45	95-100	816	786	(13)	0
Fiona Kinghorn, Executive Director of Public Health	0-2.5	(2.5) - 0	50-55	105-110	1,085	1,009	27	0
Nicola Foreman, Director of Corporate Governance	0-2.5	0	25-30	0	350	314	11	0
James Quance, Interim Director of Corporate Governance	0-2.5	0	5-10	0	111	85	2	0
David Thomas, Director of Digital and Health Intelligence	0-2.5	0	5-10	0	98	62	20	0

Note 1 - Suzanne Rankin, Chief Executive is not a member of the NHS Pension scheme and therefore no pension figures are reported.

Note 2 - Fiona Jenkins, Executive Director of Therapies & Health Science retired on 31/3/22 and returned on 2/4/22 and therefore no pension figures are reported.

Note 3 - Ruth Walker, Executive Nurse Director retired & returned during 2019/20 and therefore no pension figures are reported.

Note 4 - Meriel Jenney has retired and returned and therefore no pension figures are reported.

As Non-Officer members do not receive pensionable remuneration, there will be no entries in respect of pensions for Non-Officer members.

## Cash Equivalent Transfer Values

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.

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

## 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.

## 20.6 Consultancy Expenditure

As disclosed in note 3.3 of its annual accounts, the Health Board spent £0.643m on consultancy services during 2022-23 compared to £7.479m in 2021-22. The majority of this expenditure going towards projects aimed at delivering better clinical outcomes and efficiencies.

## 20.7 Tax Assurance for Off-payroll Appointees

### Tax assurance for off-payroll appointees

Highly paid off-payroll worker engagements as at 31st March 2023 earning £245 per day or greater.

No. of existing engagements as of 31 March 2023	15
Of which:	
No. that have existed for less than one year at time of reporting	15
No. that have existed for between one and two years at the time of reporting	0
No. that have existed for between two and three years at the time of reporting	0
No. that have existed for between three and four years at the time of reporting	0
No. that have existed for four or more years at the time of reporting	0

While the UHB is not responsible for deducting tax and national insurance in respect of Agency staff, we have written to the agencies concerned stating that we believe that our relationship with the staff is one of employment and so they should be paying these employees under deduction of tax and national insurance.

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**All highly paid off-payroll workers engaged at any point during the year ended 31st March 2023, earning £245 per day or greater**

No. of temporary off payroll workers, during the year ended 31st March 2023	64
Not subject to off-payroll legislation	0
Subject to off-payroll legislation and determined as in scope of IR35	9
Subject to off-payroll legislation and determined as out of scope of IR35	55
No. of engagements reassessed for compliance of assurance purposes during the year	0
Of which: Number of engagements that saw a change to IR35 status following the consistency review	0

**For any off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, between 1 April 2022 and 31 March 2023**

No. of off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, during the financial year.	0
No. of individuals that have been deemed "board members, and/or senior officials with significant financial responsibility", during the financial year.	0

Please note that the UHB considers that its Board members are the only officials who have significant responsibility within the Health Board.

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# Senedd Cymru/Welsh Parliament Accountability & Audit Report

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## 21. Part 2c Senedd Cymru/Welsh Parliament Accountability and Audit Report – to be updated July

### 21.1 Regularity of Expenditure

*The Health Board has a financial duty to break even over a three year period. The Integrated Medium Term Plan submitted for the period 2022-2025 did not include a balanced financial position and was not approved. Therefore, the Health Board has not met its statutory duty to have an approved financial plan for the period 2022-23 to 2024-25*

*The financial performance for the year, as contained in the accounts is a year-end deficit of £26.789m for 2022/23.*

*The Health Board had a surplus of £0.232m in 2021/22 and a surplus of £0.090m in 2020/21. This means that over the three-year period, the aggregated deficit is £26.467m. This spend constitutes irregular expenditure.*

#### 21.1.1 Long Term Expenditure Plans 2018-2023

##### Performance Against the Revenue Resource Limit

	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000
<b>Net operating costs for the year</b>	964,633	1,043,916	1,220,369	1,228,135	1,309,705
Less general ophthalmic services expenditure and other non-cash limited expenditure	(18,186)	(17,276)	(13,386)	(14,237)	(13,361)
Less revenue consequences of bringing PFI schemes onto SoFP	(1,028)	(1,028)	(1,028)	(222)	(222)
<b>Total operating expenses</b>	<b>945,419</b>	<b>1,025,612</b>	<b>1,205,955</b>	<b>1,213,676</b>	<b>1,296,122</b>
 Revenue Resource Allocation	 935,547	 1,025,670	 1,206,045	 1,213,908	 1,269,333
 <b>Under /(over) spend against Allocation</b>	 <b>(9,872)</b>	 <b>58</b>	 <b>90</b>	 <b>232</b>	 <b>(26,789)</b>

The Health Board has not met its financial duty to break even against its Revenue Resource Limit over the 3 years 2020-21 to 2022-23.

The Health Board received £26.900m strategic cash support in 2022-23. The cash only support is provided to assist the Health Board with ensuring payments to staff and suppliers. There is no interest payable on strategic cash support.

## Performance Against the Capital Resource Limit

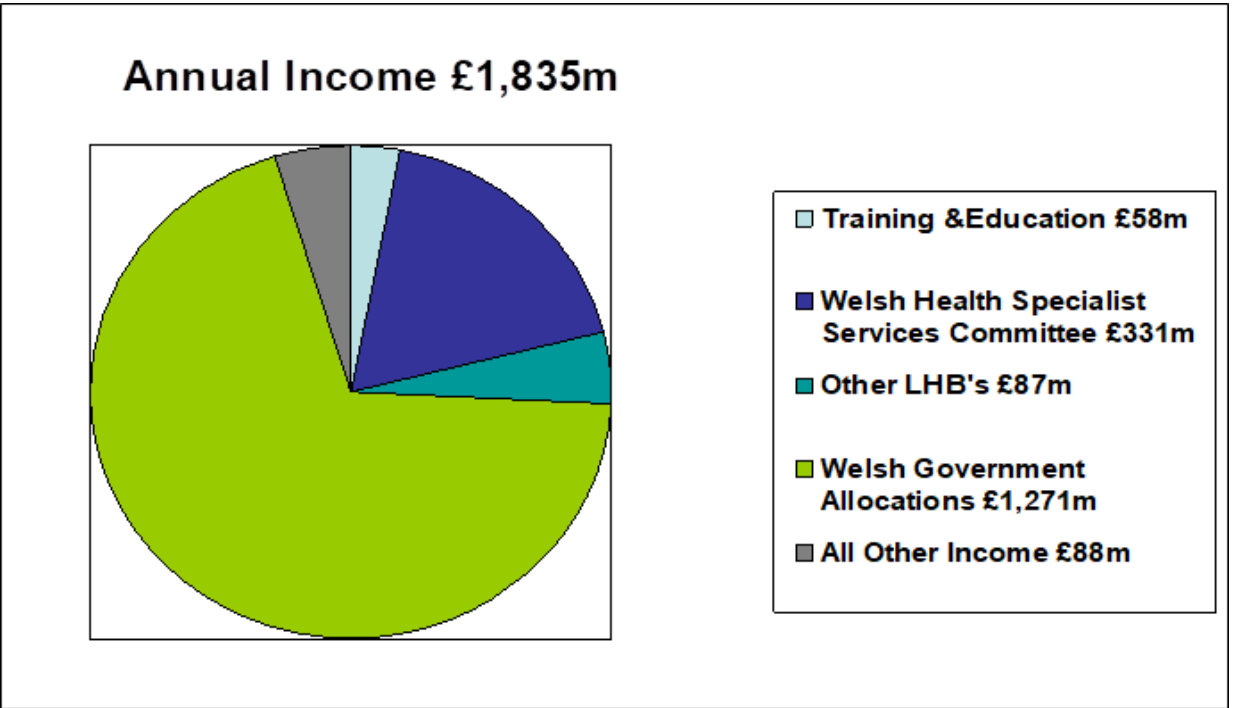
	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000
<b>Gross capital expenditure</b>	49,349	61,333	103,182	72,477	56,111
Add: Losses on disposal of donated assets	4	13	14	287	8
Less NBV of property, plant and equipment and intangible assets disposed	(310)	(2,167)	(7,020)	(316)	(140)
Less capital grants received	0	0	(536)	(126)	0
Less donations received	(630)	(1,109)	(297)	(1,374)	(414)
Less IFRS16 Peppercorn income	0	0	0	0	(143)
Less initial recognition of RoU Asset Dilapidations	0	0	0	0	(100)
Add: recognition of RoU Assets Dilapidations on crystallisation	0	0	0	0	0
Charge against Capital Resource Allocation	<b>48,413</b>	<b>58,070</b>	<b>95,343</b>	<b>70,948</b>	<b>55,322</b>
Capital Resource Allocation	<b>48,487</b>	<b>58,159</b>	<b>95,447</b>	<b>70,989</b>	<b>55,410</b>
<b>(Over) / Underspend against Capital Resource Allocation</b>	<b>74</b>	<b>89</b>	<b>104</b>	<b>41</b>	<b>88</b>

The Health Board has met its financial duty to break even against its Capital Resource Limit over the 3 years 2020-21 to 2022-23.

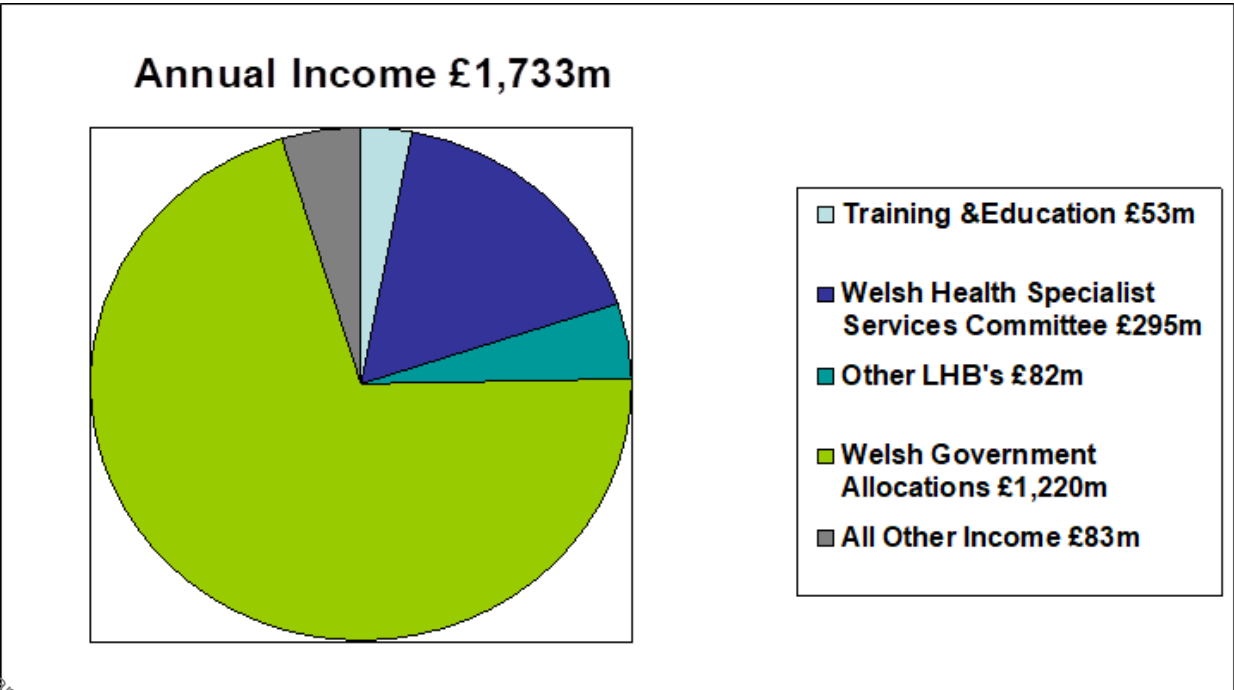
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How the Health Board has received its Revenue Funding

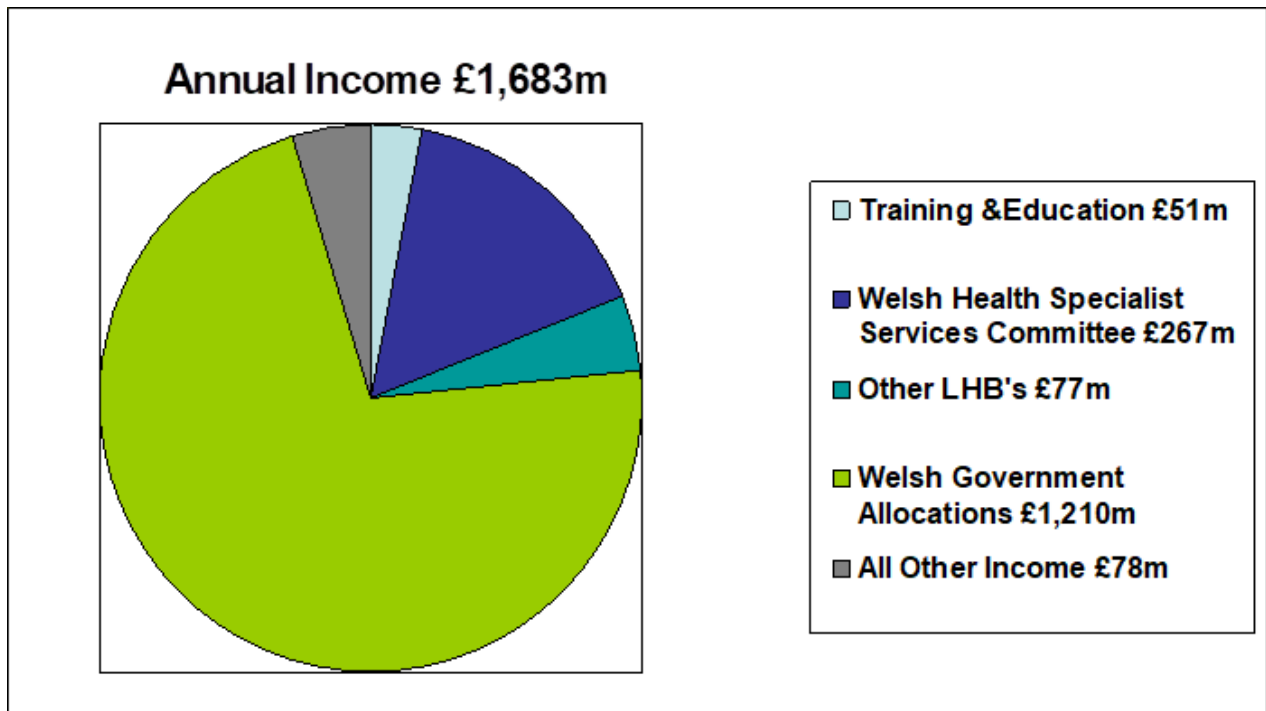
2022/23



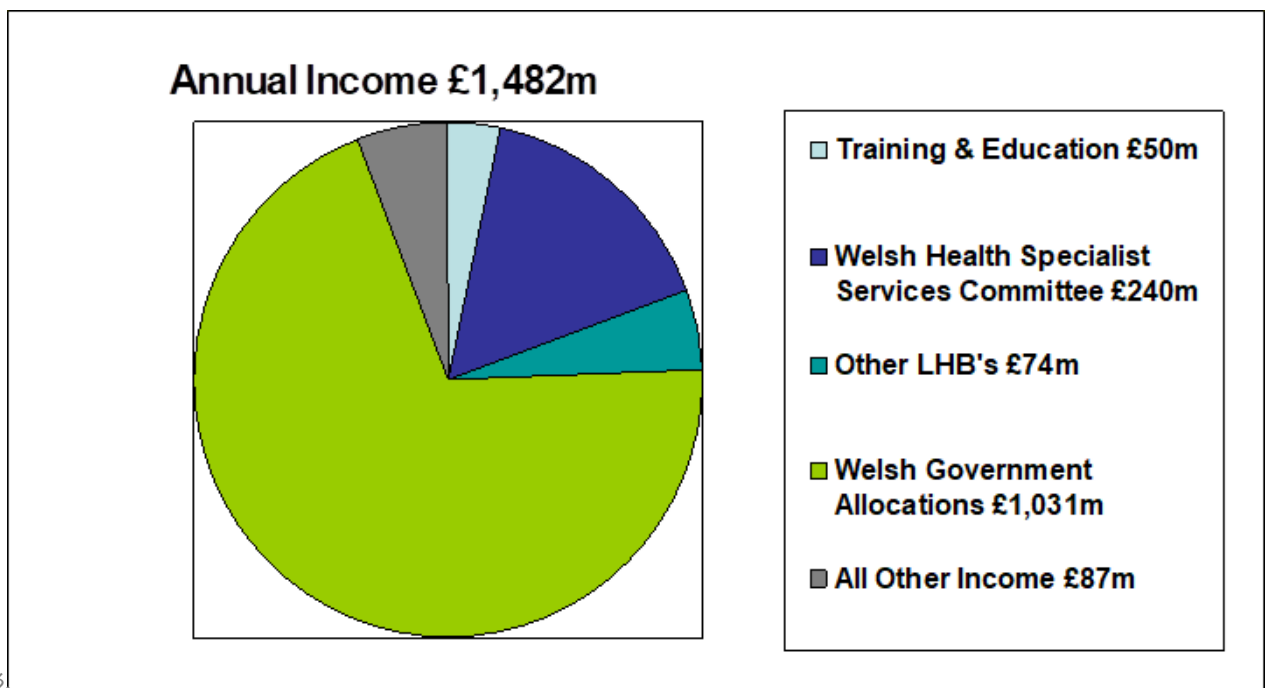
2021/22



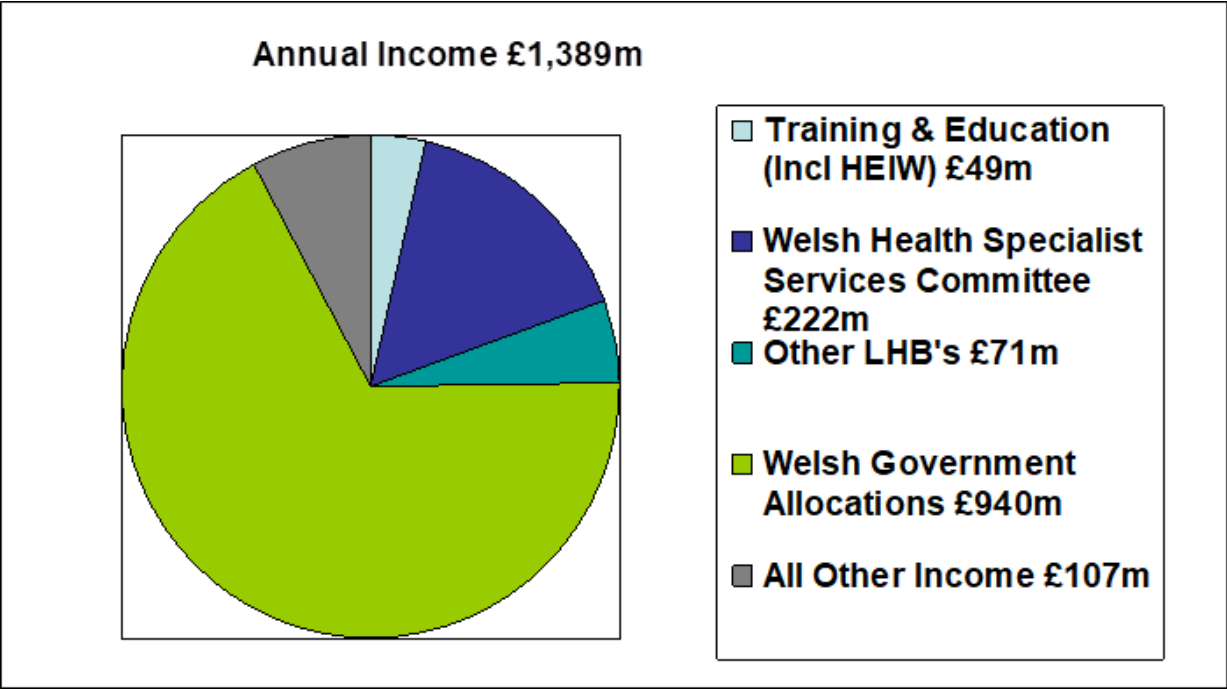
2020/21



2019/20



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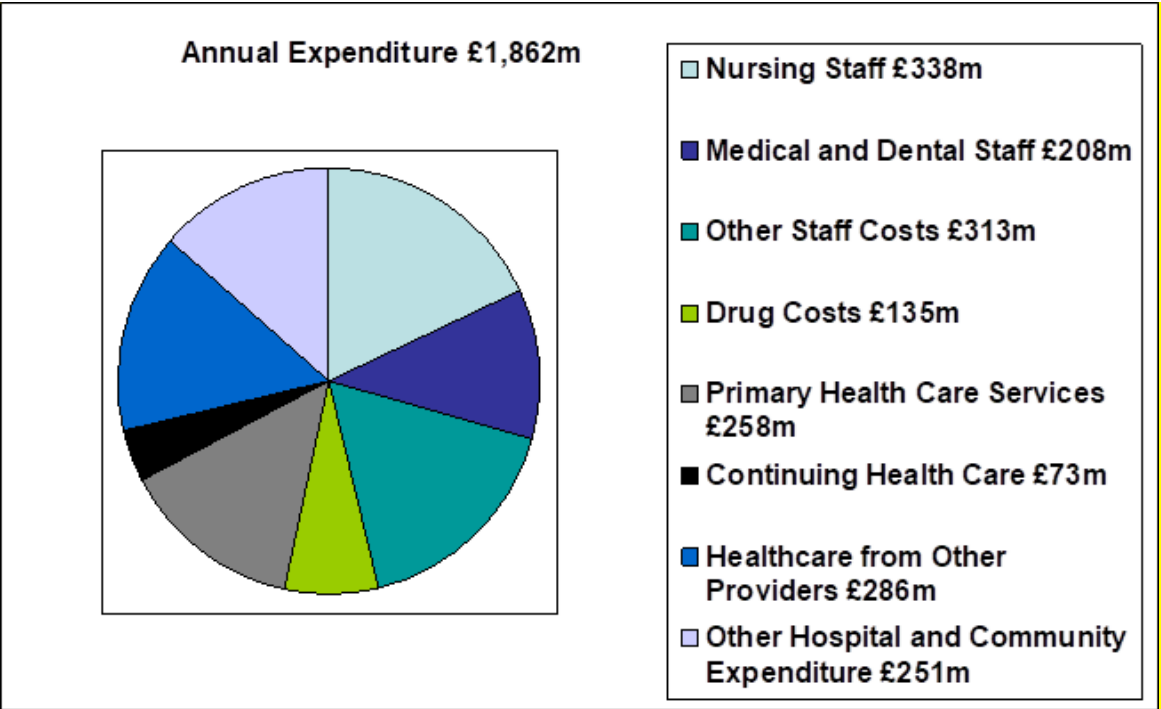


As disclosed in the performance against break even duty table above, the Health Board is permitted to remove certain elements of expenditure (which it incurs but over which it doesn't have managerial control) when comparing its expenditure to its annual revenue resource limit. For the purposes of a meaningful comparison of income & cost, this has been treated as notional income in the above. Hence the expenditure figures shown below are shown gross (with no expenditure removed).

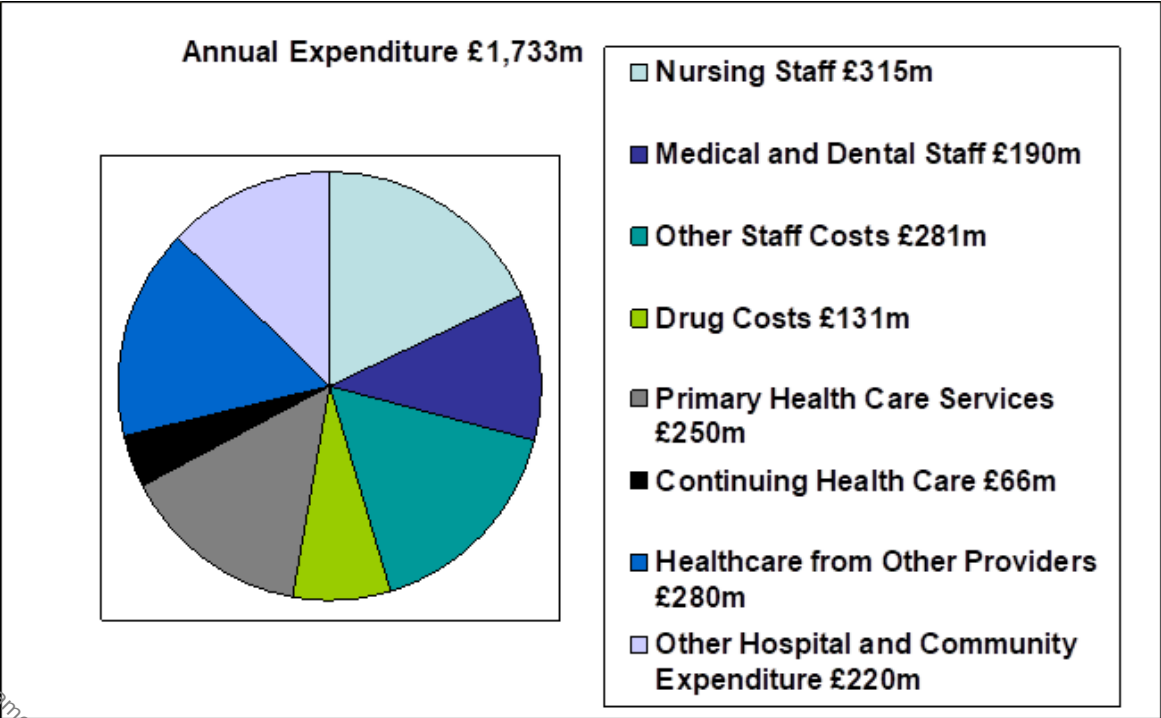
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How the Health Board has utilised its Revenue Funding

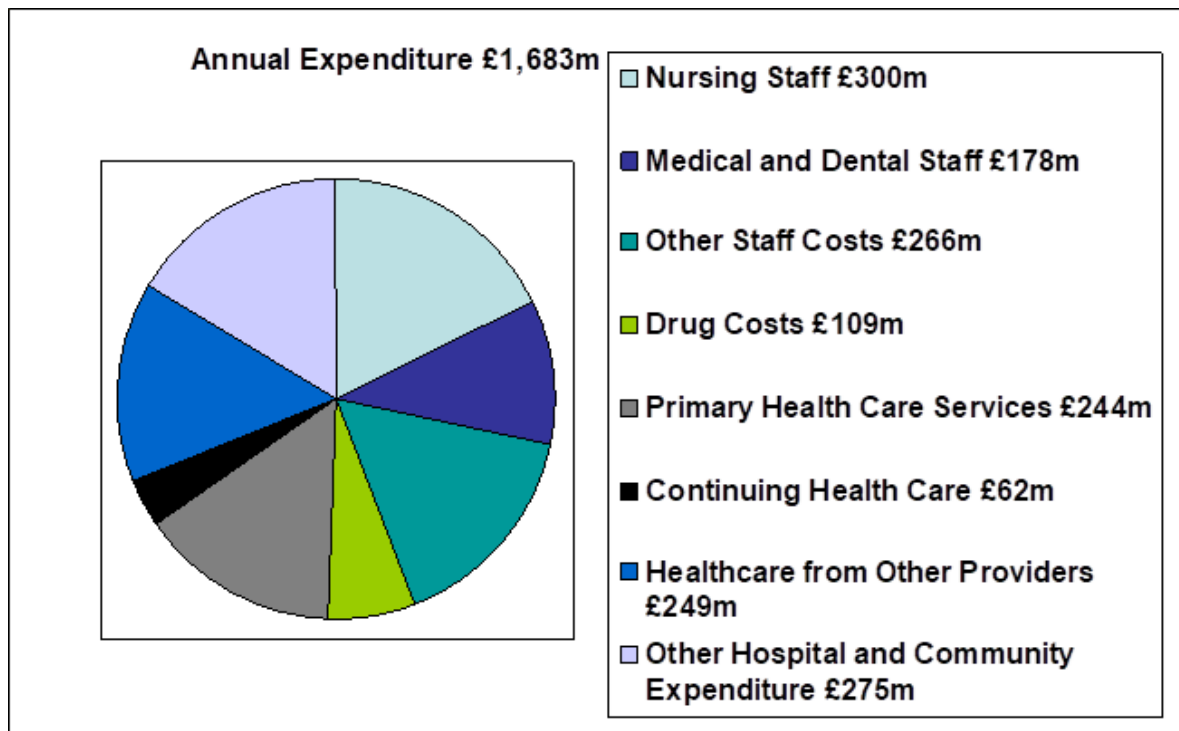
2022/23



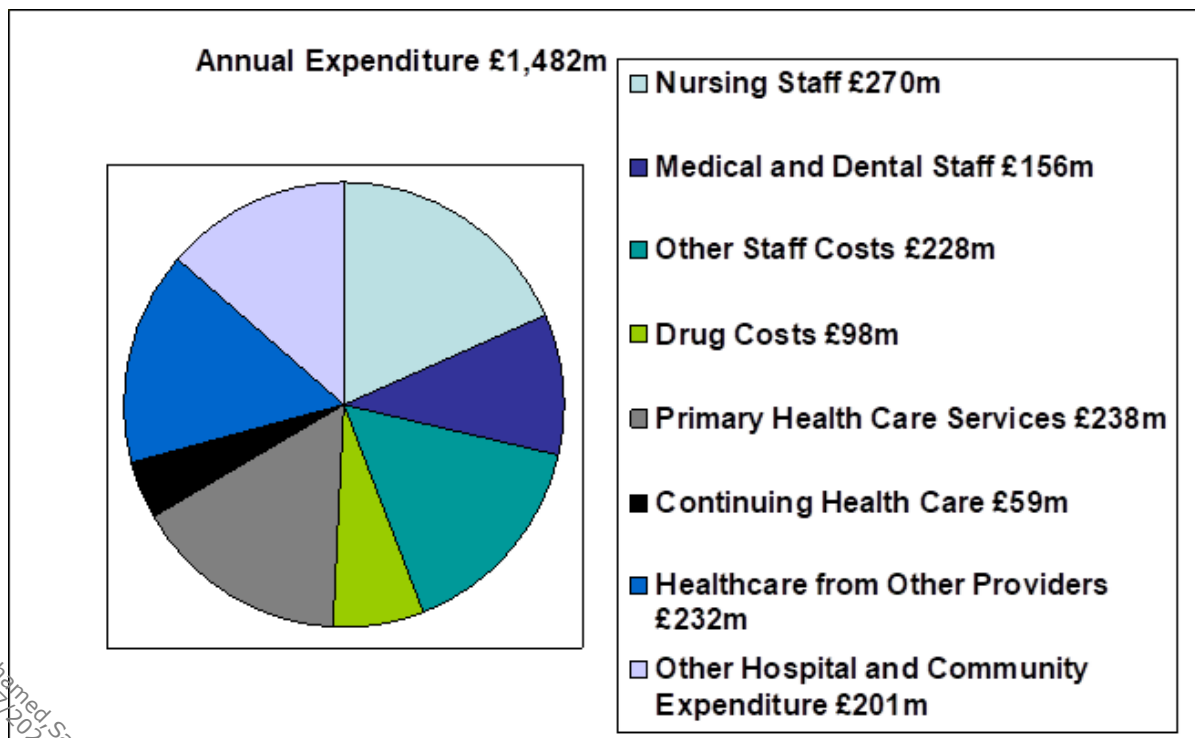
2021/22



2020/21

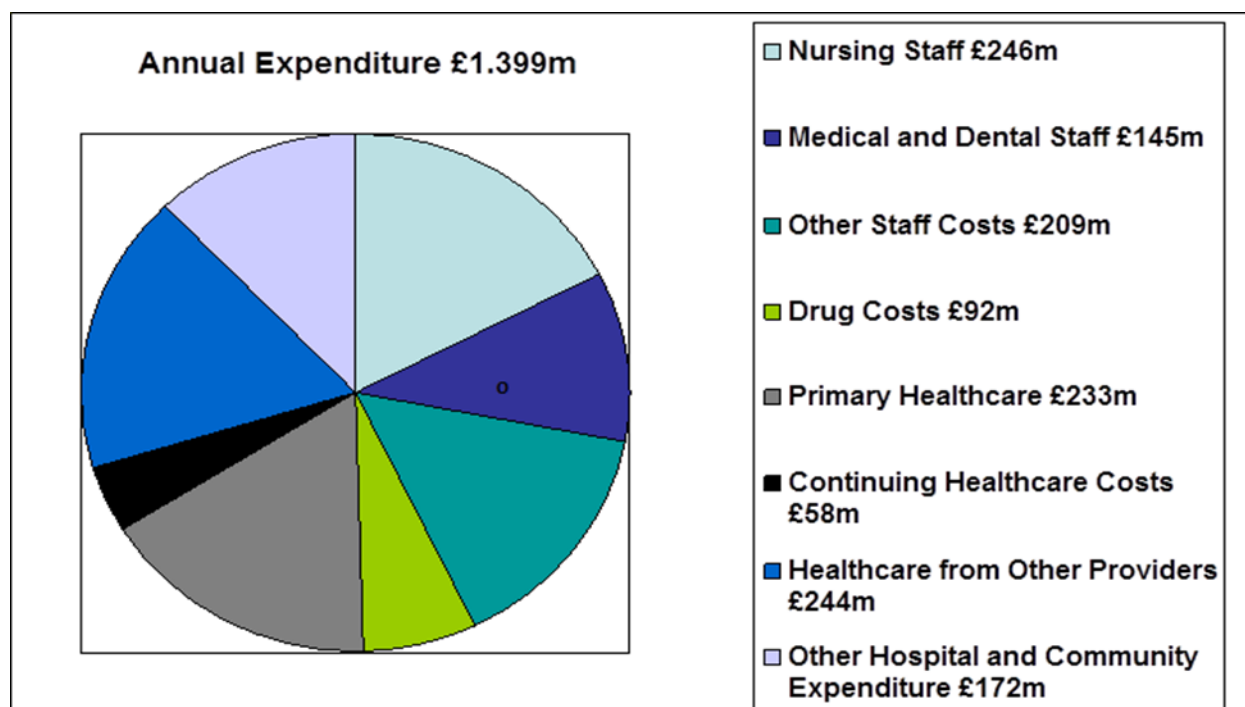


2019/20





2018/19



## 21.2 Fees and charges

*The Health Board levies charges or fees on its patients in a number of areas. Where the Health Board makes such charges or fees, it does so in accordance with relevant Welsh Health Circulars and charging guidance.*

*Charges are generally made on a full cost basis. None of the items for which charges are made are by themselves material to the UHB, however details of some of the larger items (Dental Fees, Private and Overseas Patient income) are disclosed within Note 4 of the Annual Accounts.*

## 21.3 Managing public money

*This is the required Statement for Public Sector Information Holders as referenced at Section 10.1.7 (page 68) of the Directors' Report. In line with other Welsh NHS bodies, the UHB has developed Standing Financial Instructions which enforce the principles outlined in HM Treasury on Managing Public Money. As a result the UHB should have complied with the cost allocation and charging requirements of this guidance and the UHB has not been made aware of any instances where this has not been done.*

## 21.4 Material remote contingent liabilities

*As disclosed in note 21.2 of its annual accounts, the Health Board had net remote contingent liabilities as at March 31<sup>st</sup> 2022 of £0.155m. This relates to Clinical Negligence & Personal Injury claims against the Health Board, where our legal advisors inform us that the claimants' chance of success is remote.*

## 21.5 The Certificate of the Auditor General for Wales to the Senedd

### Opinion on financial statements

I certify that I have audited the financial statements of Cardiff and Vale University Health Board for the year ended 31 March 2023 under Section 61 of the Public Audit (Wales) Act 2004.

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

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

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

- give a true and fair view of the state of affairs of Cardiff and Vale University Health Board as at 31 March 2023 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.

### Opinion on regularity

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

### Basis for Qualified Opinion on regularity

I have qualified my opinion on the regularity of Cardiff and Vale University Health Board's financial statements because the Health Board has breached its revenue resource limit by spending £26.467 million over the amount that it was authorised to spend in the three-year period 2020-21 to 2022-23. This spend constitutes irregular expenditure.

Further detail is set out in my Report on pages 158 and 159.

### Basis for opinions

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)) and Practice Note 10 'Audit of Financial

Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my certificate.

My staff and I are independent of the Board in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinions.

### Conclusions relating to going concern

In auditing the financial statements, I have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the body's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this certificate.

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

### Other Information

The other information comprises the information included in the annual report other than the financial statements and my auditor's report thereon. The Chief Executive is responsible for the other information contained within the annual report. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon. My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

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## Opinion on other matters

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

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

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

## Matters on which I report by exception

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

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

- I have not received all the information and explanations I require for my audit;
- adequate accounting records have not been kept, or returns adequate for my audit have not been received from branches not visited by my team;
- the financial statements and the audited part of the Accountability Report are not in agreement with the accounting records and returns;
- information specified by HM Treasury or Welsh Ministers regarding remuneration and other transactions is not disclosed;
- certain disclosures of remuneration specified by HM Treasury's Government Financial Reporting Manual are not made or parts of the Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

## Responsibilities of Directors and the Chief Executive for the financial statements

As explained more fully in the Statements of Directors' and Chief Executive's Responsibilities, set out on pages 68 and 69, the Directors and the Chief Executive are responsible for:

- maintaining adequate accounting records
- the preparation of financial statements and annual report in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- ensuring that the annual report and financial statements as a whole are fair, balanced, and understandable;
- ensuring the regularity of financial transactions;

- internal controls as the Directors and Chief Executive determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; and
- assessing the Health Board's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors and Chief Executive anticipate that the services provided by the Health Board will not continue to be provided in the future.

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

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

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a certificate that includes my opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

My procedures included the following:

- Enquiring of management, the Head of Internal Audit and those charged with governance, including obtaining and reviewing supporting documentation relating to Health Board's policies and procedures concerned with:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
  - considering as an audit team how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in management override and unusual journals;
  - obtaining an understanding of Health Board's framework of authority as well as other legal and regulatory frameworks that the Health Board operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of the Health Board; and
  - obtaining an understanding of related party relationships.

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

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

I also communicated relevant identified laws and regulations and potential fraud risks to all audit team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the Health Board controls, and the nature, timing and extent of the audit procedures performed.

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

### Other auditor's responsibilities

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

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

### Report

Please see my Report on page 160.

**Adrian Crompton**  
**Auditor General for Wales**  
**28 July 2023**

**1 Capital Quarter**  
**Tyndall Street**  
**Cardiff**  
**CF10 4BZ**

## 21.6 Report of the Auditor General to the Senedd

### Introduction

Under the Public Audit Wales Act 2004, I am responsible for auditing, certifying, and reporting on Cardiff and Vale University Health Board's financial statements. I am reporting on these financial statements for the year ended 31 March 2023 to draw attention to two key matters for my audit. These are the failure against the first financial duty and consequential qualification of my 'regularity' opinion and the failure of the second financial duty. I have not qualified my 'true and fair' opinion in respect of any of these matters.

### Financial duties

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

For 2022-23, Cardiff and Vale University Health Board failed to meet both the first and second financial duty.

### Failure of the first financial duty

The **first financial duty** gives additional flexibility to Health Boards by allowing them to balance their revenue and capital income with their expenditure over a three-year rolling period. The three-year period being measured this year under this duty is 2020-21 to 2022-23.

As shown in Note 2.1 to the Financial Statements, Cardiff and Vale University Health Board did not manage its net revenue expenditure within its resource allocation over this three-year period, exceeding its cumulative revenue resource limit of £3,689,286 by £26.467 million.

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

### Failure of the second financial duty

The **second financial duty** requires Health Boards to prepare and have approved by the Welsh Ministers a rolling three-year integrated medium-term plan. This duty is an essential foundation to the delivery of sustainable quality health services. A Health Board will be deemed to have met this duty for 2022-23 if it submitted a 2022-23 to 2024-25 plan approved by its Board to the Welsh Ministers, who were required to review and consider approval of the plan.

As shown in Note 2.3 to the Financial Statements, Cardiff and Vale University Health Board did not meet its second financial duty to have an approved three-year integrated medium-term plan in place for the period 2022-23 to 2024-25.

Adrian Crompton

Auditor General for Wales

28 July 2023



## Part 3

# Audited Financial Statements (Annual Accounts)

Mohamed Sarah  
24/07/2023 09:15:04



## 22. Financial Statements

### Foreword

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

### Statutory background

*The Local Health Board was established on 1 October 2009, following the merger of Cardiff & Vale NHS Trust, Cardiff Local Health Board and The Vale of Glamorgan Local Health Board. The main purpose of the body being, the provision of healthcare to and the procurement of healthcare for the populations of Cardiff and the Vale of Glamorgan. In addition, as a Tertiary Centre the UHB serves the wider population across Wales (and the UK) via the provision of specialist and complex services.*

### Performance Management and Financial Results

*Welsh Health Circular WHC/2016/054 replaces WHC/2015/014 'Statutory and Administrative*

*Financial Duties of NHS Trusts and Local Health Boards' and further clarifies the statutory financial*

*duties of NHS Wales bodies and is effective for 2019-20. The annual financial duty has been revoked and the statutory breakeven duty has reverted to a three-year duty, with the first assessment of this duty in 2016-17.*

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

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

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

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## Statement of Comprehensive Net Expenditure for the year ended 31 March 2023

	Note	2022-23 £000	2021-22 £000
Expenditure on Primary Healthcare Services	3.1	258,323	250,402
Expenditure on healthcare from other providers	3.2	358,868	346,167
Expenditure on Hospital and Community Health Services	3.3	1,243,024	1,135,828
		1,860,215	1,732,397
Less: Miscellaneous Income	4	(551,818)	(505,702)
<b>LHB net operating costs before interest and other gains and losses</b>		<b>1,308,397</b>	<b>1,226,695</b>
Investment Revenue	5	0	0
Other (Gains) / Losses	6	34	307
Finance costs	7	1,274	1,133
<b>Net operating costs for the financial year</b>		<b>1,309,705</b>	<b>1,228,135</b>

See note 2 on page 192 for details of performance against Revenue and Capital allocations.

The notes on pages 169 to 250 form part of these accounts.

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## Other Comprehensive Net Expenditure

	2022-23 £000	2021-22 £000
Net (gain) / loss on revaluation of property, plant and equipment	(17,148)	(6,963)
Net (gain)/loss on revaluation of right of use assets	(151)	
Net (gain) / loss on revaluation of intangibles	0	0
(Gain) / loss on other reserves	0	0
Net (gain)/ loss on revaluation of PPE & Intangible assets held for sale	0	0
Net (gain)/loss on revaluation of financial assets held for sale	0	0
Impairment and reversals	0	0
Transfers between reserves	0	0
Transfers to / (from) other bodies within the Resource Accounting Boundary	0	0
Reclassification adjustment on disposal of available for sale financial assets	0	0
Other comprehensive net expenditure for the year	(17,299)	(6,963)
<b>Total comprehensive net expenditure for the year</b>	<b>1,292,406</b>	<b>1,221,172</b>

The notes on pages 169 to 250 form part of these accounts.

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**Statement of Financial Position as at 31 March 2023**

	Notes	31 March 2023 £000	31 March 2022 £000
<b>Non-current assets</b>			
Property, plant and equipment	11	826,044	789,607
Right of Use Assets	11.3	22,538	
Intangible assets	12	2,263	2,611
Trade and other receivables	15	71,188	33,427
Other financial assets	16	0	0
<b>Total non-current assets</b>		<b>922,033</b>	<b>825,645</b>
<b>Current assets</b>			
Inventories	14	18,161	20,391
Trade and other receivables	15	237,596	228,915
Other financial assets	16	0	0
Cash and cash equivalents	17	2,846	4,607
		<b>258,603</b>	<b>253,913</b>
Non-current assets classified as "Held for Sale"	11	0	0
<b>Total current assets</b>		<b>258,603</b>	<b>253,913</b>
<b>Total assets</b>		<b>1,180,636</b>	<b>1,079,558</b>
<b>Current liabilities</b>			
Trade and other payables	18	(228,858)	(245,910)
Other financial liabilities	19	0	0
Provisions	20	(192,023)	(165,709)
<b>Total current liabilities</b>		<b>(420,881)</b>	<b>(411,619)</b>
<b>Net current assets/ (liabilities)</b>		<b>(162,278)</b>	<b>(157,706)</b>
<b>Non-current liabilities</b>			
Trade and other payables	18	(24,565)	(7,683)
Other financial liabilities	19	0	0
Provisions	20	(70,441)	(39,304)
<b>Total non-current liabilities</b>		<b>(95,006)</b>	<b>(46,987)</b>
<b>Total assets employed</b>		<b>664,749</b>	<b>620,952</b>
<b>Financed by :</b>			
<b>Taxpayers' equity</b>			
General Fund		530,680	503,471
Revaluation reserve		134,069	117,481
<b>Total taxpayers' equity</b>		<b>664,749</b>	<b>620,952</b>

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The financial statements on pages 163 to 169 were approved by the Board on 27th July 2023 and signed on its behalf by:

Chief Executive and Accountable Officer .....

Date:  
27/07/2023

The notes on pages 169 to 250 form part of these accounts.

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## Statement of Changes in Taxpayers' Equity

### For the year ended 31 March 2023

	General Fund £000	Revaluation Reserve £000	Total Reserves £000
<b>Changes in taxpayers' equity for 2022-23</b>			
Balance as at 31 March 2022	503,471	117,481	<b>620,952</b>
NHS Wales Transfer	0	0	0
RoU Asset Transitioning Adjustment	847	0	847
<b>Balance at 1 April 2022</b>	<b>504,318</b>	<b>117,481</b>	<b>621,799</b>
Net operating cost for the year	<b>(1,309,705)</b>		<b>(1,309,705)</b>
Net gain/(loss) on revaluation of property, plant and equipment	0	17,148	17,148
Net gain/(loss) on revaluation of right of use assets	0	151	151
Net gain/(loss) on revaluation of intangible assets	0	0	0
Net gain/(loss) on revaluation of financial assets	0	0	0
Net gain/(loss) on revaluation of assets held for sale	0	0	0
Impairments and reversals	0	0	0
Other Reserve Movement	0	0	0
Transfers between reserves	711	(711)	0
Release of reserves to SoCNE	0	0	0
Transfers to/from LHBs	0	0	0
<b>Total recognised income and expense for 2022-23</b>	<b>(1,308,994)</b>	16,588	<b>(1,292,406)</b>
Net Welsh Government funding	1,301,344		1,301,344
Notional Welsh Government Funding	34,012		34,012
<b>Balance at 31 March 2023</b>	<b>530,680</b>	<b>134,069</b>	<b>664,749</b>

The notes on pages 169 to 250 form part of these accounts.

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

	General Fund £000	Revaluation Reserve £000	Total Reserves £000
<b>Changes in taxpayers' equity for 2021-22</b>			
<b>Balance at 31 March 2021</b>	479,113	111,044	<b>590,157</b>
NHS Wales Transfer	7	0	7
RoU Asset Transitioning Adjustment			
<b>Balance at 1 April 2021</b>	479,120	111,044	<b>590,164</b>
Net operating cost for the year	(1,228,135)		<b>(1,228,135)</b>
Net gain/(loss) on revaluation of property, plant and equipment	0	6,963	<b>6,963</b>
Net gain/(loss) on revaluation of right of use assets			
Net gain/(loss) on revaluation of intangible assets	0	0	<b>0</b>
Net gain/(loss) on revaluation of financial assets	0	0	<b>0</b>
Net gain/(loss) on revaluation of assets held for sale	0	0	<b>0</b>
Impairments and reversals	0	0	<b>0</b>
Other reserve movement	0	0	<b>0</b>
Transfers between reserves	526	(526)	<b>0</b>
Release of reserves to SoCNE	0	0	<b>0</b>
Transfers to/from LHBs	0	0	<b>0</b>
<b>Total recognised income and expense for 2021-22</b>	<b>(1,227,609)</b>	6,437	<b>(1,221,172)</b>
Net Welsh Government funding	1,220,358		<b>1,220,358</b>
Notional Welsh Government Funding	31,602		<b>31,602</b>
<b>Balance at 31 March 2022</b>	<b>503,471</b>	<b>117,481</b>	<b>620,952</b>

The notes on pages 169 to 250 form part of these accounts.

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**Statement of Cash Flows for year ended 31 March 2023**

		<b>2022-23</b>	<b>2021-22</b>
		<b>£000</b>	<b>£000</b>
<b>Cash Flows from operating activities</b>	Notes		
Net operating cost for the financial year		<b>(1,309,705)</b>	<b>(1,228,135)</b>
Movements in Working Capital	27	<b>(50,849)</b>	<b>(46,881)</b>
Other cash flow adjustments	28	<b>136,943</b>	139,453
Provisions utilised	20	<b>(15,523)</b>	<b>(16,737)</b>
<b>Net cash outflow from operating activities</b>		<b>(1,239,134)</b>	<b>(1,152,300)</b>
<b>Cash Flows from investing activities</b>			
Purchase of property, plant and equipment		<b>(59,934)</b>	<b>(65,927)</b>
Proceeds from disposal of property, plant and equipment		<b>107</b>	8
Purchase of intangible assets		<b>(977)</b>	<b>(820)</b>
Proceeds from disposal of intangible assets		<b>0</b>	0
Payment for other financial assets		<b>0</b>	0
Proceeds from disposal of other financial assets		<b>0</b>	0
Payment for other assets		<b>0</b>	0
Proceeds from disposal of other assets		<b>0</b>	0
<b>Net cash inflow/(outflow) from investing activities</b>		<b>(60,804)</b>	<b>(66,739)</b>
<b>Net cash inflow/(outflow) before financing</b>		<b>(1,299,938)</b>	<b>(1,219,039)</b>
<b>Cash Flows from financing activities</b>			
Welsh Government funding (including capital)		<b>1,301,344</b>	1,220,358
Capital receipts surrendered		<b>0</b>	0
Capital grants received		<b>0</b>	0
Capital element of payments in respect of finance leases and on-SoFP PFI Schemes		<b>(425)</b>	<b>(349)</b>
Capital element of payments in respect of on-SoFP PFI		<b>0</b>	0
Capital element of payments in respect of Right of Use Assets		<b>(2,742)</b>	
Cash transferred (to)/ from other NHS bodies		<b>0</b>	0
<b>Net financing</b>		<b>1,298,177</b>	1,220,009
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(1,761)</b>	970
<b>Cash and cash equivalents (and bank overdrafts) at 1 April 2022</b>		<b>4,607</b>	3,637
<b>Cash and cash equivalents (and bank overdrafts) at 31 March 2023</b>		<b>2,846</b>	4,607

The notes on pages 169 to 250 form part of these accounts.

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# 1. Accounting policies

*The Minister for Health and Social Services has directed that the financial statements of Local Health Boards (LHB) in Wales shall meet the accounting requirements of the NHS Wales Manual for Accounts. Consequently, the following financial statements have been prepared in accordance with the 2022-23 Manual for Accounts. The accounting policies contained in that manual follow the 2022-23 Financial Reporting Manual (FReM) in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006, to the extent that they are meaningful and appropriate to the NHS in Wales. Where the LHB Manual for Accounts permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the LHB for the purpose of giving a true and fair view has been selected. The particular policies adopted by the LHB are described below. They have been applied consistently in dealing with items considered material in relation to the accounts.*

## 1.1. Accounting convention

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

## 1.2. Acquisitions and discontinued operations

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

## 1.3. Income and funding

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

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

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

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

From 2018-19, IFRS 15 Revenue from Contracts with Customers has been applied, as interpreted and adapted for the public sector, in the FReM. It replaces the previous standards IAS 11 Construction Contracts and IAS 18 Revenue and related

IFRIC and SIC interpretations. The potential amendments identified as a result of the adoption of IFRS 15 are significantly below materiality levels.

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

Only non-NHS income may be deferred.

## **1.4. Employee benefits**

### **1.4.1. Short-term employee benefits**

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

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

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

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

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

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

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

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

### **1.4.3. NEST Pension Scheme**

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

## **1.5. Other expenses**

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

## **1.6. Property, plant and equipment**

### **1.6.1. Recognition**

Property, plant and equipment is capitalised if:

- it is held for use in delivering services or for administrative purposes;
- it is probable that future economic benefits will flow to, or service potential will be supplied to, the NHS Wales organisation;
- it is expected to be used for more than one financial year;
- the cost of the item can be measured reliably; and
- the item has cost of at least £5,000; or
- Collectively, a number of items have a cost of at least £5,000 and individually have a cost of more than £250, where the assets are functionally interdependent, they had

broadly simultaneous purchase dates, are anticipated to have simultaneous disposal dates and are under single managerial control; or

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

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

### 1.6.2. Valuation

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

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

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

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

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

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

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

reserve to the extent that there is a balance on the reserve for the asset and, thereafter, to expenditure. Impairment losses that arise from a clear consumption of economic benefit should be taken to expenditure.

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

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

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

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

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

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

### 1.6.3. Subsequent expenditure

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

## 1.7. Intangible assets

### 1.7.1. Recognition

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

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

- the technical feasibility of completing the intangible asset so that it will be available for use.
- the intention to complete the intangible asset and use it.
- the ability to use the intangible asset.
- how the intangible asset will generate probable future economic benefits.

- the availability of adequate technical, financial and other resources to complete the intangible asset and use it.
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

## Measurement

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

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

### 1.8. Depreciation, amortisation and impairments

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

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

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

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

impairment would have been charged under IAS 36 are transferred to retained earnings.

## **1.9. Research and Development**

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

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

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

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

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

## **1.11 Leases**

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

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



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

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

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

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

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

No other transition expedients have been employed by the UHB at its discretion.

Due to transitional provisions employed the requirements for identifying a lease within paragraphs 9 to 11 of IFRS 16 are not employed for leases in existence at the initial date of application. Leases entered into on or after the 1st April 2023 will be assessed under the requirements of IFRS 16.

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

These include:

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

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The entity will not apply IFRS 16 to any new leases of intangible assets applying the treatment described in section 1.14 instead.

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

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

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

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

### **1.11.1 The UHB as lessee**

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

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

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

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

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

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

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

### **1.11.2 The UHB as lessor**

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

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

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

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

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

### **1.12. Inventories**

Whilst it is accounting convention for inventories to be valued at the lower of cost and net realisable value using the weighted average or "first-in first-out" cost formula, it should be recognised that the NHS is a special case in that inventories are not generally held for the intention of resale and indeed there is no market readily available where such items could be sold. Inventories are valued at cost and this is considered to be a reasonable approximation to fair value due to the high turnover of stocks. Work-in-progress comprises goods in intermediate stages of production. Partially completed contracts for patient services are not accounted for as work-in-progress.

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### **1.13. Cash and cash equivalents**

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

### **1.14. Provisions**

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

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

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

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

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

The Welsh Risk Pool Services (WRPS) operates a risk pooling scheme which is co-funded by the Welsh Government with the option to access a risk sharing agreement funded by the participative NHS Wales bodies. The risk sharing option was

implemented in both 2022-23 and 2021-22. The WRP is hosted by Velindre NHS University Trust.

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

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

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

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

#### **1.15. Financial Instruments**

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

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

#### **1.16. Financial assets**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

initial recognition of the asset and which has an impact on the estimated future cash flows of the asset.

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

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

### **1.17. Financial liabilities**

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

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

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

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

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

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

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

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

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

### **1.19. Foreign currencies**

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

### **1.20. Third party assets**

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

### **1.21. Losses and Special Payments**

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

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

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

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



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

## **1.22. Pooled budget**

The Health Board has entered into a pooled budget arrangement with Cardiff and Vale of Glamorgan Local Authorities, as permissible under section 33 of the NHS (Wales) Act 2006 for the operation of a Joint Equipment Store (JES). The purpose of the JES is the provision and delivery of common equipment and consumables to patients who are resident in the localities of the partners to the pooled budget. The pooled budget arrangement became operational from 1st January 2012.

During 22-23 the UHB received funding from the Health and Social Care Regional Integration Fund (the RIF). The RIF is a 5 year fund to deliver a programme of change from April 2022 to March 2027. The RIF builds on the learning and progress made under the previous Integrated Care Fund (ICF) and Transformation Fund (TF) and seeks to create sustainable system change through the integration of health and social care services.

As required under Part 9 of the Social Services and Well-being Act 2014, a pooled budget arrangement has been agreed between the UHB and the Cardiff and Vale Local Authorities. This came into effect from April 1st 2018.

Details of the operational and accounting arrangements in place around each of the above can be found in Note 32 of these accounts.

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

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

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

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1.24. Key sources of estimation uncertainty

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

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

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

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

1.24.1. Provisions

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

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

1.24.2. Probable & Certain Cases – Accounting Treatment

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

Remote	Probability of Settlement Accounting Treatment	0 – 5% Remote Contingent Liability
Possible	Probability of Settlement Accounting Treatment	6% - 49% Defence Fee - Provision*

Contingent Liability for all other estimated expenditure.

<b>Probable</b>	Probability of Settlement	50% - 94%
	Accounting Treatment	Full Provision
<b>Certain</b>	Probability of Settlement	95% - 100%
	Accounting Treatment	Full Provision

*\* An analysis of historical information covering a three year period is used to calculate the Clinical Negligence & Personal Injury defence costs provision in respect of possible cases.*

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

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

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

### 1.24.3. Other Critical Estimates & Major Judgements

i) The LHB provides for potential bad debts both as a result of specific disputes and based on historic collectability patterns. As a result of this, the LHB is carrying a bad debt provision of £11.905m re non-NHS organisations and a credit note provision of £0.906m in respect of NHS debts. While this provision is considered prudent and accurate as at the statement of financial position date, due to the ongoing trading relationships it covers, potentially there could be gains and losses re the ultimate recoverability in respect of amounts provided for.

ii) In line with IAS 19 the LHB has reviewed the level of annual leave taken by its staff to March 31st 2023. Based on a sample the LHB has accrued £5.290m re untaken annual leave. This is based on a sample of the leave records of 81% of all LHB staff and represents a decrease of £4.018m in year. The LHB has a policy of only allowing annual leave to be carried forward into future years under exceptional circumstances or when this has been necessary to help the LHB achieve service performance targets. The provision reflects the exceptional circumstances faced by NHS staff in 2020/21, 2021/22 and 2022/23 as a result of the pandemic and hence the greater than usual need to carry annual leave forward. The 21/22 increase

reflects the additional recurrent day's leave which was awarded to all NHS staff in December 2021.

iii) During 2009/10 the LHB counted inventory (excluding drugs which were already being counted) held on wards for the first time as part of its year-end inventory figure. From a practical perspective it would be extremely difficult for the LHB to physically count all such areas immediately prior to March 31st, hence an extrapolation method was agreed. As a result, on a three yearly rolling basis the stock in 20 different wards has now been counted. This represents 411 beds out of a possible 1,894 across the LHB. In this way a figure of £0.950m has been calculated for ward stock and has been included within the inventory balance shown in note 14.1 of the accounts. As the number of wards counted increases a picture has emerged of a strata of wards which have a relatively low level of stockholding and one for those which have higher than average levels. This intelligence is now being built in to the calculation of the balance involved.

iv) As in other years due to the relatively short timescale available to prepare the annual accounts, the primary care expenditure disclosed contains a number of significant estimates where the value of actual liabilities was not available prior to the date of the accounts submission. The most material areas being:

- > GMS Enhanced Services £1.368m
- > GMS Schemes & Frameworks £1.459m
- > Prescribing £15.422m
- > Pharmacy £3.707m
- > General Dental Service recoveries (£1.093m)

## 1.25 Discount Rates

Where discount is applied, a disclosure detailing the impact of the discounting on liabilities is included for the relevant notes. The disclosure should include where possible undiscounted values to demonstrate the impact. An explanation of the source of the discount rate or how the discount rate has been determined to be included.

## 1.26 Private Finance Initiative (PFI) transactions

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

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

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

#### **1.26.1. Services received**

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

#### **1.26.2. PFI asset**

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

#### **1.26.2. PFI liability**

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

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

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

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

#### **1.26.3. Lifecycle replacement**

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

The element of the annual unitary payment allocated to lifecycle replacement is pre-determined for each year of the contract from the operator's planned programme of

lifecycle replacement. Where the lifecycle component is provided earlier or later than expected, a short-term finance lease liability or prepayment is recognised respectively.

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

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

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

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

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

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

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

### **1.27. Contingencies**

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

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

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

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

### **1.28. Absorption accounting**

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

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

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

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

IFRS14 Regulatory Deferral Accounts

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

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

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

During 2022-23 there have been no accounting standards that have been adopted early. All early adoption of accounting standards will be led by HM Treasury.

### **1.31. Charities**

Following Treasury's agreement to apply IAS 27 to NHS Charities from 1 April 2013, the NHS Wales organisation has established that as it is the corporate trustee of the Cardiff University LHB NHS Charitable Fund, it is considered for accounting standards compliance to have control of the Cardiff University LHB NHS Charitable

Fund as a subsidiary and therefore is required to consolidate the results of the Cardiff University LHB NHS Charitable Fund within the statutory accounts of the NHS Wales organisation.

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

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

## **2. Financial Duties Performance**

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

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

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## 2.1 Revenue Resource Performance

	Annual financial performance			
	2020-21 £000	2021-22 £000	2022-23 £000	Total £000
<b>Net operating costs for the year</b>	1,220,369	1,228,135	1,309,705	3,758,209
Less general ophthalmic services expenditure and other non-cash limited expenditure	(13,386)	(14,237)	(13,361)	(40,984)
Less unfunded revenue consequences of bringing PFI schemes onto SoFP	(1,028)	(222)	(222)	(1,472)
Less unfunded revenue consequences of bringing RoU Leases onto SoFP	0	0	0	0
Total operating expenses	1,205,955	1,213,676	1,296,122	3,715,753
Revenue Resource Allocation	1,206,045	1,213,908	1,269,333	3,689,286
<b>Under /(over) spend against Allocation</b>	90	232	(26,789)	(26,467)

Cardiff and Vale University LHB has not met its financial duty to break-even against its Revenue Resource Limit over the 3 years 2020-21 to 2022-23.

The Health Board received £26.900m strategic cash support in 2022-23. The cash only support is provided to assist the Health Board with ensuring payments to staff and suppliers. There is no interest payable on strategic cash support.

## 2.3 Duty to prepare a 3 year integrated plan

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

The Minister for Health and Social Services extant approval

**Status**  
**Date**

Not Approved  
n/a

The Integrated Medium-Term Plan submitted for the period 2022-2025 did not include a balanced financial position and was not approved. Therefore, the UHB has not met its statutory duty to have an approved financial plan for the period 2022-23 to 2024-25

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In the absence of an approved Integrated Medium Term Plan, the LHB submitted a one year Operational Plan with a planned deficit of £17.1m to Welsh Government in June 2022. Following the emergence of a number of in year cost pressures, the forecast was reviewed in November through the UHB's governance structure, including the Finance Committee and Board and with Welsh Government colleagues in the mid-year review meeting. Following review, the forecast deficit was revised to a £26.9m deficit.

## 2.4 Creditor payment

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

	2022-23	2021-22
Total number of non-NHS bills paid	362,856	306,094
Total number of non-NHS bills paid within target	345,405	284,850
Percentage of non-NHS bills paid within target	95.2%	93.1%

**The LHB has met the target.**

## 3. Analysis of gross operating costs

### 3.1 Expenditure on Primary Healthcare Services

	Cash limited £000	Non-cash limited £000	2022-23 Total £000	2021-22 Total £000
General Medical Services	83,002		83,002	82,119
Pharmaceutical Services	21,926	8,308	30,234	31,384
General Dental Services	34,089		34,089	32,403
General Ophthalmic Services	2,923	5,053	7,976	8,366
Other Primary Health Care expenditure	14,341		14,341	13,872
Prescribed drugs and appliances	88,681		88,681	82,258
<b>Total</b>	<b>244,962</b>	<b>13,361</b>	<b>258,323</b>	<b>250,402</b>

The total expenditure above includes £18.981m in respect of staff costs (£16.625m 2021-22)

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**3.2 Expenditure on healthcare from other providers**

	<b>2022-23</b>	2021-22
	<b>£000</b>	£000
Goods and services from other NHS Wales Health Boards	<b>24,344</b>	23,317
Goods and services from other NHS Wales Trusts	<b>32,560</b>	35,641
Goods and services from Welsh Special Health Authorities	<b>3,751</b>	2,922
Goods and services from other non Welsh NHS bodies	<b>1,810</b>	820
Goods and services from WHSSC / EASC	<b>168,406</b>	149,494
Local Authorities	<b>19,543</b>	30,177
Voluntary organisations	<b>8,195</b>	16,694
NHS Funded Nursing Care	<b>9,894</b>	9,329
Continuing Care	<b>73,113</b>	65,841
Private providers	<b>17,252</b>	11,932
Specific projects funded by the Welsh Government	<b>0</b>	0
Other	<b>0</b>	0
<b>Total</b>	<b>358,868</b>	<b>346,167</b>

Expenditure with Local Authorities includes Intermediate Care Fund, Transformation fund and The Health and Social Care Regional Integration Funding which are all received from Welsh Government for specific projects. 2021-22 included expenditure relating to the Test, Trace and Protect projects and Vaccination centres which have significantly reduced in 2022-23.

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

	<b>2022-23</b>	2021-22
	<b>£000</b>	£000
Directors' costs	<b>2,404</b>	2,472
Operational Staff costs	<b>806,370</b>	757,555
Single lead employer Staff Trainee Cost	<b>49,436</b>	25,993
Collaborative Bank Staff Cost	<b>0</b>	0
Supplies and services - clinical	<b>263,315</b>	229,511
Supplies and services - general	<b>13,177</b>	14,101
Consultancy Services	<b>643</b>	7,479
Establishment	<b>11,549</b>	15,126
Transport	<b>937</b>	1,083
Premises	<b>56,338</b>	41,728
External Contractors	<b>0</b>	0
Depreciation	<b>39,561</b>	37,025
Depreciation (Right of Use assets RoU)	<b>3,114</b>	
Amortisation	<b>971</b>	799
Fixed asset impairments and reversals (Property, plant & equipment)	<b>(13,148)</b>	<b>(6,325)</b>
Fixed asset impairments and reversals (RoU Assets)	<b>0</b>	
Fixed asset impairments and reversals (Intangible assets)	<b>0</b>	0
Impairments & reversals of financial assets	<b>0</b>	0
Impairments & reversals of non-current assets held for sale	<b>0</b>	0

Audit fees	429	395
Other auditors' remuneration	0	0
Losses, special payments and irrecoverable debts	5,552	3,453
Research and Development	0	0
Expense related to short-term leases	3,143	
Expense related to low-value asset leases (excluding short-term leases)	92	
Other operating expenses	(859)	5,433
<b>Total</b>	<b>1,243,024</b>	<b>1,135,828</b>

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

	2022-23 £000	2021-22 £000
<b>Increase/(decrease) in provision for future payments:</b>		
Clinical negligence;		
Secondary care	75,292	74,420
Primary care	60	0
Redress Secondary Care	248	(163)
Redress Primary Care	0	0
Personal injury	112	(150)
All other losses and special payments	1,185	66
Defence legal fees and other administrative costs	1,298	776
Gross increase/(decrease) in provision for future payments	78,195	74,949
Contribution to Welsh Risk Pool	0	0
Premium for other insurance arrangements	0	0
Irrecoverable debts	3,208	1,492
<b>Less: income received/due from Welsh Risk Pool</b>	<b>(75,851)</b>	<b>(72,988)</b>
<b>Total</b>	<b>5,552</b>	<b>3,453</b>

	2022-23 £	2021-22 £
Permanent injury included within personal injury £:	(581,464)	119,054

The Post Employment Benefit discount rates issued by HM Treasury in December 2022 changed from -1.3% to 1.7% which has resulted in a significant benefit to I&E of £581k in respect of Permanent Injury.

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#### 4. Miscellaneous Income

	2022-23 £000	2021-22 £000
Local Health Boards	87,894	82,378
Welsh Health Specialised Services Committee (WHSSC)/Emergency Ambulance Services Committee (EASC)	331,078	294,990
NHS Wales trusts	8,056	7,501
Welsh Special Health Authorities	26,439	23,449
Foundation Trusts	0	0
Other NHS England bodies	10,514	6,238
Other NHS Bodies	0	0
Local authorities	9,621	9,049
Welsh Government	1,663	6,472
Welsh Government Hosted bodies	0	0
Non NHS:		
Prescription charge income	150	113
Dental fee income	3,802	3,068
Private patient income	645	516
Overseas patients (non-reciprocal)	454	38
Injury Costs Recovery (ICR) Scheme	2,490	2,090
Other income from activities	2,221	2,173
Patient transport services	0	0
Education, training and research	32,304	31,383
Charitable and other contributions to expenditure	2,529	2,634
Receipt of NWSSP Covid centrally purchased assets	0	0
Receipt of Covid centrally purchased assets from other organisations	0	0
Receipt of donated assets	414	1,374
Receipt of Government granted assets	0	126
Right of Use Grant (Peppercorn Lease)	143	
Non-patient care income generation schemes	4,019	3,650
NHS Wales Shared Services Partnership (NWSSP)	44	70
Deferred income released to revenue	341	56
Right of Use Asset Sub-leasing rental income	0	
Contingent rental income from finance leases	0	0
Rental income from operating leases	0	0
Other income:		
Provision of laundry, pathology, payroll services	10,128	9,899
Accommodation and catering charges	4,311	3,651
Mortuary fees	706	517
Staff payments for use of cars	0	0
Business Unit	0	0
Scheme Pays Reimbursement Notional	0	0
Other	11,852	14,267

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<b>Total</b>	<b>551,818</b>	<b>505,702</b>
Other income Includes;		
Non-Staff SLAs with Cardiff University	4,808	4,409
Creche Fees	662	614
Compensation Payments received	0	29
Equipment Evaluation Income	0	370
NHS Non-Patient Care Income	0	2,072
Non-Patient Related Staff Recharges	0	175
Other	6,382	6,598
<b>Total</b>	<b>11,852</b>	<b>14,267</b>

Injury Cost Recovery (ICR) Scheme income

	<b>2022-23</b>	<b>2021-22</b>
	%	%
To reflect expected rates of collection ICR income is subject to a provision for impairment of:	51.79	51.79

Injury Costs Recovery (ICR) Scheme income is subject to a provision for impairment of 51.79% re personal injury claims and 17.87% re RTA claims to reflect expected rates of collection based on the UHB's past recoverability performance

## 5. Investment Revenue

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

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## 6. Other gains and losses

	2022-23	2021-22
	£000	£000
Gain/(loss) on disposal of property, plant and equipment	(34)	(304)
Gain/(loss) on disposal of intangible assets	0	(3)
Gain/(loss) on disposal of assets held for sale	0	0
Gain/(loss) on disposal of financial assets	0	0
Change on foreign exchange	0	0
Change in fair value of financial assets at fair value through SoCNE	0	0
Change in fair value of financial liabilities at fair value through SoCNE	0	0
Recycling of gain/(loss) from equity on disposal of financial assets held for sale	0	0
<b>Total</b>	<b>(34)</b>	<b>(307)</b>

## 7. Finance costs

	2022-23	2021-22
	£000	£000
Interest on loans and overdrafts	0	0
Interest on obligations under finance leases	0	0
Interest on obligations under Right of Use Leases	200	
Interest on obligations under PFI contracts;		
main finance cost	1,128	1,180
contingent finance cost	0	0
Interest on late payment of commercial debt	4	0
Other interest expense	2	0
<b>Total interest expense</b>	<b>1,334</b>	<b>1,180</b>
Provisions unwinding of discount	(60)	(47)
Other finance costs	0	0
<b>Total</b>	<b>1,274</b>	<b>1,133</b>

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## 8. Future change to SoCNE/Operating Leases

### LHB as lessee

As at 31st March 2023 the LHB had 318 operating leases agreements.

	Post Implementation of IFRS 16		Pre implementation of IFRS 16
	Low Value & Short Term	Other	
<b>Payments recognised as an expense</b>	<b>2022-23</b>	<b>2022-23</b>	2021-22
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Minimum lease payments	3,235	0	1,740
Contingent rents	0	0	0
Sub-lease payments	0	0	0
<b>Total</b>	<b>3,235</b>	<b>0</b>	<b>1,740</b>

### Total future minimum lease payments

	£000	£000	£000
<b>Payable</b>			
Not later than one year	247	0	2,240
Between one and five years	99	0	6,434
After 5 years	0	0	6,829
<b>Total</b>	<b>346</b>	<b>0</b>	<b>15,503</b>

As a result of the implementation of IFRS 16 the current year operating lease figures relate to low value and short-term leases only. In prior years under IAS17 only operating leases with a value greater

than £5k were disclosed in this note.

Previously reported Expenditure £1,540k and Minimum lease Payments £6,825k transitioned to the balance sheet as right of use assets.

Number of operating leases expiring	Land & Buildings	Vehicles	Equipment	Total
Not later than one year	4	0	66	70
Between one and five years	0	0	185	185
After 5 years	0	0	0	0
<b>Total</b>	<b>4</b>	<b>0</b>	<b>251</b>	<b>255</b>
<b>Charged to the income statement</b>	<b>2,939</b>	<b>0</b>	<b>97</b>	<b>3,036</b>

There are no future sublease payments expected to be received



## LHB as lessor

	Post Implementation of IFRS 16	Pre implementation of IFRS 16
<b>Rental revenue</b>	<b>£000</b>	<b>£000</b>
Rent	0	0
Contingent rents	0	0
<b>Total revenue rental</b>	<b>0</b>	<b>0</b>

## **Total future minimum lease payments**

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

## 9. Employee benefits and staff numbers

9.1 Employee costs	Permanent Staff	Staff on Inward Secondment	Agency Staff	Specialist Trainee (SLE)	Collaborative Bank Staff	Other	Total	2021-22
	£000	£000	£000	£000	£000	£000	£000	£000
Salaries and wages	607,039	3,093	36,443	49,436	0	9,181	705,192	642,235
Social security costs	65,890	0	0	0	0	0	65,890	60,201
Employer contributions to NHS Pension Scheme	106,372	0	0	0	0	0	106,372	100,725
Other pension costs	549	0	0	0	0	0	549	492
Other employment benefits	0	0	0	0	0	0	0	0
Termination benefits	0	0	0	0	0	0	0	0
<b>Total</b>	<b>779,850</b>	<b>3,093</b>	<b>36,443</b>	<b>49,436</b>	<b>0</b>	<b>9,181</b>	<b>878,003</b>	<b>803,653</b>
Charged to capital							1,154	1,347
Charged to revenue							876,849	802,306
							<b>878,003</b>	<b>803,653</b>
Net movement in accrued employee benefits (untaken staff leave)							(4,018)	2,341
Covid 19 - Net movement in accrued employee benefits (untaken staff leave)								2,341
Non Covid 19 - Net movement in accrued employee benefits (untaken staff leave)								0

The following categories of Staff are included within the 'other heading'

- 1) Medacs/Staff-flow contracted medical staff
- 2) IR35 applicable staff
- 3) Cardiff University staff

The employer contributions to the NHS Pension Scheme disclosed above includes £32.409m of NHS Pension contributions paid by Welsh Government for the twelve month period, calculated from actual Welsh Government expenditure for the 6.3% staff employer pension contributions. This expenditure is

accounted for by the Health Board as notional expenditure paid to NHSBA by Welsh Government, this has been covered off by notional funding provided to the Health Board. There is therefore no impact to the UHB's Revenue Resource Performance as a result of the inclusion of these notional transactions. A further £1.603m for notional expenditure in regard of NHS pension contributions is included within the SLE payroll costs. The total funding received for the 6.3% pension contributions therefore is £34.012m and further information is disclosed in Note 34.1.

## 9.2 Average number of employees

	Permanent Staff Number	Staff on Inward Secondment Number	Agency Staff Number	Specialist Trainee (SLE) Number	Collaborative Bank Staff Number	Other Number	Total Number	2021- 22 Number
Administrative, clerical and board members	2,303	13	19	0	0	6	2,341	2,494
Medical and dental	957	5	0	636	0	50	1,648	1,564
Nursing, midwifery registered	4,191	0	182	0	0	1	4,374	4,195
Professional, Scientific, and technical staff	438	1	1	0	0	6	446	445
Additional Clinical Services	2,734	0	114	0	0	0	2,848	2,768
Allied Health Professions	1,352	4	8	0	0	0	1,364	1,240
Healthcare Scientists	533	1	2	0	0	0	536	496
Estates and Ancillary	1,158	0	33	0	0	0	1,191	1,154
Students	32	0	0	0	0	0	32	30
<b>Total</b>	<b>13,698</b>	<b>24</b>	<b>359</b>	<b>636</b>	<b>0</b>	<b>63</b>	<b>14,780</b>	<b>14,386</b>

## 9.3. Retirements due to ill-health

	2022-23	2021- 22
Number	20	15
Estimated additional pension costs £	1,237,539	963,006

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

## 9.4 Employee benefits

The LHB does not have an employee benefit scheme.

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## 9.5 Reporting of other compensation schemes - exit packages

	2022-23	2022-23	2022-23	2022-23	2021-22
Exit packages cost band (including any special payment element)	Number of compulsory redundancies	Number of other departures	Total number of exit packages	Number of departures where special payments have been made	Total number of exit packages
	Whole numbers only	Whole numbers only	Whole numbers only	Whole numbers only	Whole numbers only
less than £10,000	0	0	0	0	0
£10,000 to £25,000	0	0	0	0	0
£25,000 to £50,000	0	0	0	0	0
£50,000 to £100,000	0	0	0	0	0
£100,000 to £150,000	0	0	0	0	0
£150,000 to £200,000	0	0	0	0	0
more than £200,000	0	0	0	0	0
Total	0	0	0	0	0
	2022-23	2022-23	2022-23	2022-23	2021-22

Exit packages cost band (including any special payment element)	Cost of compulsory redundancies	Cost of other departures	Total cost of exit packages	Cost of special element included in exit packages	Total cost of exit packages
	£	£	£	£	£
less than £10,000	0	0	0	0	0
£10,000 to £25,000	0	0	0	0	0
£25,000 to £50,000	0	0	0	0	0
£50,000 to £100,000	0	0	0	0	0
£100,000 to £150,000	0	0	0	0	0
£150,000 to £200,000	0	0	0	0	0
more than £200,000	0	0	0	0	0
Total	0	0	0	0	0
Exit costs paid in year of departure			Total paid in year		Total paid in year
			2022-23		2021-22
			£		£
Exit costs paid in year			0		0
Total			0		0

Redundancy and other departure costs have been paid in accordance with the provisions of the NHS Voluntary Early Release Scheme (VERS). Where the LHB has agreed early retirements, the additional costs are met by the LHB and not by the NHS Pensions Scheme. Ill-health retirement costs are met by the NHS Pensions Scheme and are not included in the table.

The LHB did not agree any Exit packages in 2022/23.

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## 9.6 Fair Pay disclosures

### 9.6.1 Remuneration Relationship

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director /employee in their organisation and the 25th percentile, median and 75th percentile remuneration of the organisation's workforce. Although the guidance states that the ratio's should be split to show total pay and benefit and then the salary component of total pay & benefits separately the LHB does not have the relevant information available to comply with this requirement.

	2022-23 £000	2022-23 £000	2022-23 £000	2021-22 £000	2021-22 £000	2021-22 £000
	Chief Executive	Employee	Ratio	Chief Executive	Employee	Ratio
<b>Total pay and benefits</b>						
25th percentile pay ratio	222,892	25,976	8.58	217,500	23,516	9.25
Median pay	222,892	34,490	6.46	217,500	31,960	6.81
75th percentile pay ratio	222,892	45,709	4.88	217,500	42,830	5.08
<b>Salary component of total pay and benefits</b>						
25th percentile pay ratio	222,892	25,976		217,500	23,516	
Median pay	222,892	34,490		217,500	31,960	
75th percentile pay ratio	222,892	45,709		217,500	42,830	
	Highest Paid Director	Employee	Ratio	Highest Paid Director	Employee	Ratio
<b>Total pay and benefits</b>						
25th percentile pay ratio	222,892	25,976	8.58	217,500	23,516	9.25
Median pay	222,892	34,490	6.46	217,500	31,960	6.81
75th percentile pay ratio	222,892	45,709	4.88	217,500	42,830	5.08
<b>Salary component of total pay and benefits</b>						
25th percentile pay ratio	222,892	25,976		217,500	23,516	
Median pay	222,892	34,490		217,500	31,960	
75th percentile pay ratio	222,892	45,709		217,500	42,830	

The banded remuneration of the highest-paid director in the LHB in the financial year 2022-23 was £220,000 - £225,000 (2021-22, £215,000 - £220,000). In 2022-23 the Chief Executive was the highest paid director, in 2021-22 the highest paid director was the Chief Executive.

In 2022-23, 5 (2021-22, 3) employees received remuneration in excess of the highest-paid director. Remuneration for all staff ranged from £235,000 to £275,000 (2021-22, £215,000 to £240,000).

### Financial year summary

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

of pensions. The total Remuneration includes the 1.5% consolidated payment to staff earned during 2022-23 which is to be paid in May 2023. The guidance also suggests that this information should include benefits-in-kind, the LHB does not have the relevant information available to comply with this requirement. In addition, please note that overtime payments are included where applicable in the calculation of both elements of the relationship.

There has been an increase in year in the median remuneration of the workforce, which was partly the result of Agenda for Change and Executive and Senior staff receiving a £1400 consolidated pay uplift, Medical and Dental staff receiving a 4.5% consolidated pay uplift, adoption of real living wage and all staff receiving a 1.5% non-consolidated payment as well as a further 1.5% consolidated payment to be paid in May 2023 back dated to April 2022. There were also slight changes to the composition of the workforce which will have contributed to the change in the ratio.

### 9.6.2 Percentage Changes

	2021-22 to 2022-23	2020-21 to 2021-22
% Change from previous financial year in respect of Chief Executive	%	%
Salary and allowances	2	2
Performance pay and bonuses	2	2
% Change from previous financial year in respect of highest paid director		
Salary and allowances	2	(2)
Performance pay and bonuses	2	(2)
Average % Change from previous financial year in respect of employees taken as a whole		
Salary and allowances	8	2
Performance pay and bonuses	8	2

The salary in respect of employees as a whole has increased by 8% year on year as a result of the various pay awards summarised in the Financial Year summary in note 9.6.1. Guidance suggests that the ratios should be split between Total pay and benefits and the salary component of total pay and benefits, the LHB does not have the relevant information to comply with this requirement and therefore only the calculation for Total pay and benefits is provided.

### 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](http://www.nhsbsa.nhs.uk/pensions). Both are unfunded defined benefit schemes that cover NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State for Health and Social Care in England and Wales. They are not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, each scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS body of participating in each scheme is taken as equal to the contributions payable to that scheme for the accounting period.

In order that the defined benefit obligations recognised in the financial statements do not differ materially from those that would be determined at the reporting date by a formal actuarial valuation,

the FReM requires that “the period between formal valuations shall be four years, with approximate assessments in intervening years”. An outline of these follows:

#### **a) Accounting valuation**

A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary’s Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and is accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2023, is based on valuation data as 31 March 2022, updated to 31 March 2023 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

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

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

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

The latest actuarial valuation undertaken for the NHS Pension Scheme was completed as at 31 March 2016. The results of this valuation set the employer contribution rate payable from April 2019 to 20.6% of pensionable pay.

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

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

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

NEST Corporation has agreed a loan with the Department for Work and Pensions (DWP). This has paid for the scheme to be set up and will cover expected shortfalls in scheme costs during the earlier years while membership is growing.

NEST Corporation aims for the scheme to become self-financing while providing consistently low charges to members.

Using qualifying earnings to calculate contributions, currently the legal minimum level of contributions is 8% of a jobholder’s qualifying earnings, for employers whose legal duties have started. The employer must pay at least 3% of this.

The earnings band used to calculate minimum contributions under existing legislation is called qualifying earnings. Qualifying earnings are currently those between £6,240 and £50,270 for the 2022-2023 tax year (2021-2022 £6,240 and £50,000).

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

	2022-23	2022-23	2021-22	2021-22
NHS	Number	£000	Number	£000
Total bills paid	7,864	344,958	6,314	299,775
Total bills paid within target	6,684	336,633	5,072	286,700
Percentage of bills paid within target	85.0%	97.6%	80.3%	95.6%
Non-NHS				
Total bills paid	362,856	1,024,980	306,094	880,894
Total bills paid within target	345,405	980,609	284,850	842,548
Percentage of bills paid within target	95.2%	95.7%	93.1%	95.6%
Total				
Total bills paid	370,720	1,369,938	312,408	1,180,669
Total bills paid within target	352,089	1,317,242	289,922	1,129,248
Percentage of bills paid within target	95.0%	96.2%	92.8%	95.6%

## 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.

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

	2022-23 £	2021-22 £
Amounts included within finance costs (note 7) from claims made under this legislation	4	0
Compensation paid to cover debt recovery costs under this legislation	0	0
<b>Total</b>	<b>4</b>	<b>0</b>

## 11.1 Property, plant and equipment

	Land £000	Buildings, excluding dwellings £000	Dwellings £000	Assets under construction & payments on account £000	Plant and machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
Cost at 31 March bf	105,461	656,690	4,538	34,107	156,379	1,446	25,237	116	983,974
NHS Wales Transfers	0	0	0	0	0	0	0	0	0
Prepayments	0	0	0	0	0	0	0	0	0
Transfer of Finance Leases to ROU Asset Note	0	(1,724)	0	0	(2,388)	0	0	0	(4,112)
<b>Cost or valuation at 1 April 2022</b>	<b>105,461</b>	<b>654,966</b>	<b>4,538</b>	<b>34,107</b>	<b>153,991</b>	<b>1,446</b>	<b>25,237</b>	<b>116</b>	<b>979,862</b>
Indexation	(2,543)	5,343	225	0	0	0	0	0	3,025
Additions									
- purchased	0	8,108	0	28,322	9,190	19	1,012	0	46,651
- donated	0	0	0	0	386	0	21	0	407
- 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	40	9,924	0	(9,964)	0	0	0	0	0
Revaluations	(520)	(27,720)	0	0	0	0	0	0	(28,240)
Reversal of impairments	32	29,583	200	0	0	0	0	0	29,815
Impairments	(11,609)	(46,773)	0	0	0	0	0	0	(58,382)
Reclassified as held for sale	0	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	(7,728)	(11)	(1,740)	0	(9,479)
<b>At 31 March 2023</b>	<b>90,861</b>	<b>633,431</b>	<b>4,963</b>	<b>52,465</b>	<b>155,839</b>	<b>1,454</b>	<b>24,530</b>	<b>116</b>	<b>963,659</b>
Depreciation at 31 March bf	0	82,157	571	0	96,775	410	14,338	116	194,367
NHS Wales Transfers	0	0	0	0	0	0	0	0	0
Transfer of Finance Leases to ROU Asset Note	0	(508)	0	0	(2,388)	0	0	0	(2,896)
<b>Depreciation at 1 April 2022</b>	<b>0</b>	<b>81,649</b>	<b>571</b>	<b>0</b>	<b>94,387</b>	<b>410</b>	<b>14,338</b>	<b>116</b>	<b>191,471</b>
Indexation	0	17	2	0	0	0	0	0	19
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	(42,382)	0	0	0	0	0	0	(42,382)
Reversal of impairments	0	(12,737)	(570)	0	0	0	0	0	(13,307)
Impairments	0	(28,408)	0	0	0	0	0	0	(28,408)
Reclassified as held for sale	0	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	(7,595)	(3)	(1,741)	0	(9,339)
Provided during the year	0	22,082	424	0	13,150	142	3,763	0	39,561
<b>At 31 March 2023</b>	<b>0</b>	<b>20,221</b>	<b>427</b>	<b>0</b>	<b>99,942</b>	<b>549</b>	<b>16,360</b>	<b>116</b>	<b>137,615</b>
<b>Net book value at 1 April 2022</b>	<b>105,461</b>	<b>573,317</b>	<b>3,967</b>	<b>34,107</b>	<b>59,604</b>	<b>1,036</b>	<b>10,899</b>	<b>0</b>	<b>788,391</b>
<b>Net book value at 31 March 2023</b>	<b>90,861</b>	<b>613,210</b>	<b>4,536</b>	<b>52,465</b>	<b>55,897</b>	<b>905</b>	<b>8,170</b>	<b>0</b>	<b>826,044</b>



**Net book value at 31 March 2023**

comprises :

Purchased	90,861	595,027	4,536	52,440	54,743	905	8,102	0	806,614
Donated	0	18,183	0	25	968	0	68	0	19,244
Government Granted	0	0	0	0	186	0	0	0	186
<b>At 31 March 2023</b>	<b>90,861</b>	<b>613,210</b>	<b>4,536</b>	<b>52,465</b>	<b>55,897</b>	<b>905</b>	<b>8,170</b>	<b>0</b>	<b>826,044</b>
<b>Asset financing :</b>									
Owned	90,269	592,720	3,232	52,465	55,897	905	8,170	0	803,658
Held on finance lease	0	0	0	0	0	0	0	0	0
On-SoFP PFI contracts	592	20,490	1,304	0	0	0	0	0	22,386
PFI residual interests	0	0	0	0	0	0	0	0	0
<b>At 31 March 2023</b>	<b>90,861</b>	<b>613,210</b>	<b>4,536</b>	<b>52,465</b>	<b>55,897</b>	<b>905</b>	<b>8,170</b>	<b>0</b>	<b>826,044</b>

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

	£000
Freehold	686,221
Long Leasehold	20,490
Short Leasehold	1,896
	<b>708,607</b>

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

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The land and buildings were revalued by the Valuation Office Agency with an effective date of 1st April 2022. The valuation has been prepared in accordance with the terms of the latest version of the Royal Institute of Chartered Surveyors' Valuation Standards. LHB s are required to apply the revaluation model set out in IAS 16 and value its capital assets to fair value. Fair value is defined by IAS 16 as the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction. This has been undertaken on the assumption that the property is sold as part of the continuing enterprise in occupation.

Of the totals at 31st March 2023, £0 related to land valued at open market value and £0 related to buildings, installations and fittings valued at open market value.

Figures for freehold land and buildings are given gross with separate accumulated depreciation.

The LHB had to charge accelerated depreciation on the following: (1) Park View Health centre which is going be demolished as the LHB is building a new Health and Wellbeing centre in Ely, £1.016m. (2) Llanedeyrn Health centre has been earmarked for closure as the LHB is building a new Health and Wellbeing centre in Llanedeyrn, £0.159m.

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## 11.1 Property, plant and equipment

	Land £000	Buildings, excluding dwellings £000	Dwellings £000	Assets under construction & payments on account £000	Plant and machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
<b>Cost or valuation at 1 April 2021</b>	103,373	601,237	4,333	32,680	143,799	1,054	26,276	116	912,868
Indexation	2,068	5,680	205	0	0	0	0	0	7,953
Additions									
- purchased	0	17,660	0	26,475	19,705	506	5,456	0	69,802
- donated	0	0	0	1,191	158	0	25	0	1,374
- government granted	0	0	0	0	126	0	0	0	126
Transfer from/into other NHS bodies	0	0	0	0	0	0	0	0	0
Reclassifications	0	25,710	0	(25,710)	0	0	0	0	0
Revaluations	0	0	0	0	0	0	0	0	0
Reversal of impairments	20	22,662	0	0	0	0	0	0	22,682
Impairments	0	(16,259)	0	(529)	0	0	0	0	(16,788)
Reclassified as held for sale	0	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	(7,409)	(114)	(6,520)	0	(14,043)
<b>At 31 March 2022</b>	<b>105,461</b>	<b>656,690</b>	<b>4,538</b>	<b>34,107</b>	<b>156,379</b>	<b>1,446</b>	<b>25,237</b>	<b>116</b>	<b>983,974</b>
<b>Depreciation at 1 April 2021</b>	0	60,279	436	0	91,337	479	17,866	116	170,513
Indexation	0	969	21	0	0	0	0	0	990
Transfer from/into other NHS bodies	0	0	0	0	0	0	0	0	0
Reclassifications	0	(2)	0	2	0	0	0	0	0
Revaluations	0	0	0	0	0	0	0	0	0
Reversal of impairments	0	1,855	0	0	0	0	0	0	1,855
Impairments	0	(2,284)	0	(2)	0	0	0	0	(2,286)
Reclassified as held for sale	0	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	(7,096)	(114)	(6,520)	0	(13,730)
Provided during the year	0	21,340	114	0	12,534	45	2,992	0	37,025
<b>At 31 March 2022</b>	<b>0</b>	<b>82,157</b>	<b>571</b>	<b>0</b>	<b>96,775</b>	<b>410</b>	<b>14,338</b>	<b>116</b>	<b>194,367</b>
<b>Net book value at 1 April 2021</b>	<b>103,373</b>	<b>540,958</b>	<b>3,897</b>	<b>32,680</b>	<b>52,462</b>	<b>575</b>	<b>8,410</b>	<b>0</b>	<b>742,355</b>
<b>Net book value at 31 March 2022</b>	<b>105,461</b>	<b>574,533</b>	<b>3,967</b>	<b>34,107</b>	<b>59,604</b>	<b>1,036</b>	<b>10,899</b>	<b>0</b>	<b>789,607</b>
<b>Net book value at 31 March 2022 comprises :</b>									
Purchased	105,461	556,690	3,967	34,082	58,385	1,026	10,820	0	770,431
Donated	0	17,843	0	25	982	10	79	0	18,939
Government Granted	0	0	0	0	237	0	0	0	237
<b>At 31 March 2022</b>	<b>105,461</b>	<b>574,533</b>	<b>3,967</b>	<b>34,107</b>	<b>59,604</b>	<b>1,036</b>	<b>10,899</b>	<b>0</b>	<b>789,607</b>
<b>Asset financing :</b>									
Owned	104,875	555,632	2,931	34,107	59,604	1,036	10,899	0	769,084
Held on finance lease	0	1,216	0	0	0	0	0	0	1,216
On-SoFP PFI contracts	586	17,685	1,036	0	0	0	0	0	19,307
PFI residual interests	0	0	0	0	0	0	0	0	0
<b>At 31 March 2022</b>	<b>105,461</b>	<b>574,533</b>	<b>3,967</b>	<b>34,107</b>	<b>59,604</b>	<b>1,036</b>	<b>10,899</b>	<b>0</b>	<b>789,607</b>

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

	£000
Freehold	663,439
Long Leasehold	18,901
Short Leasehold	1,622
	<b>683,962</b>

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

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The land and buildings were revalued by the Valuation Office Agency with an effective date of 1st April 2017. The valuation has been prepared in accordance with the terms of the Royal Institute of Chartered Surveyors Valuation Standards, 6th Edition. LHB s are required to apply the revaluation model set out in IAS 16 and value its capital assets to fair value. Fair value is defined by IAS 16 as the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction. This has been undertaken on the assumption that the property is sold as part of the continuing enterprise in occupation.

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

### Disclosures:

#### i) Donated additions 2022/23

Of the donated additions shown in Note 11.1, the Noah's Ark Charity funded £0.238m of equipment for the Children's Hospital. The LHB's Charitable Fund contributed £0.084m towards the purchase of equipment during the year. Other donors funded £0.085m towards the purchase of equipment.

ii) The LHBs land and Buildings were revalued by the Valuation Office Agency with an effective date of 1st April 2022. The valuation has been prepared in accordance with the terms of the latest version of the Royal Institute of Chartered Surveyors' Valuation Standards.

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

As part of the revaluation as at 1st of April the value of the LHB Estate increased by £12.070m of which: upward revaluations set against reserves were £20.556m, downward revaluations (Impairments) set against reserves were (£6.414m), impairments written off via the Statement of Comprehensive Net Expenditure (SoCNE) were (£22.264m) and reversals of Impairments set against the SoCNE in prior periods were £20.192m.

Also, the LHB will periodically instruct the District Valuer to Carry out "Good Housekeeping Valuations" when assets resulting from major capital schemes are first brought into use. During the year the LHB carried out 6 such revaluations, the total effect of which were:

Impairments written off via the Statement of Comprehensive Net Expenditure (SoCNE) were (£7.443m).

The significant scheme brought into use was:

UHW SDEC Unit (Same Day Emergency Care) (£5.491m) was written off the carrying value via the SoCNE.

In addition 5 minor schemes were completed and (£1.952m) was written off the carrying value via the SoCNE.

iii) The useful economic life of LHB buildings has been determined on an asset by asset basis by the District Valuer. These lives are reviewed by the LHB on an annual basis to ascertain their appropriateness and are reviewed every five years by the District Valuer. Major new construction projects are allocated useful economic lives by the District Valuer when they are first brought into use, smaller alterations to existing structures are initially allocated a useful life of 30 years and alterations to mechanical and engineering assets are allocated 15 year lives. Equipment assets are allocated lives on an individual basis based on the professional judgement and past experience of clinicians, finance staff and other LHB professionals. Again the appropriateness of these lives is reviewed on an annual basis.

iv) During the year the LHB has received Non Cash Allocation from the Welsh Government for impairment to assets charged to the SoCNE and this Allocation is included in our Revenue Resource Limit.

v) As per Welsh Government guidance the LHB has applied an Indexation factor to its Land and Buildings for 2022/23. For a handful of sites this has resulted in a reversal of a prior period impairment charge and therefore £22.930m has been credited to the SoCNE, a handful of sites were impaired as a result of the application of the indices and therefore (£0.267m) has been debited to the SoCNE.

- vi) There has been no compensation received from third parties for assets impaired, lost or given up, that is included in the income statement.
- vii) The LHB does not hold any property where the value is materially different from its open market value.
- viii) There are no assets held for sale or sold in the period.
- ix) All fully depreciated assets still in use are being carried at nil net book value.
- x) IFRS 16 leases is effective across public sector from 1 April 2022. The transition to IFRS 16 has been completed in accordance with paragraph C5 (b) of the Standard, applying IFRS 16 requirements retrospectively recognising the cumulative effects at the date of initial application.

Prior to the implementation of IFRS16 the LHB had one finance lease included in Note 11.1 this has now been transferred to Note 11.3. On transition a number of leases and contracts have been reviewed and those that include Right of Use assets are now included in Note 11.3.

As part of the revaluation as at 1st of April the value of the finance lease that was included in Note 11.1 in prior years was increased by £0.151m of which: upward revaluations set against reserves were £0.151m.

Further details about the implementation of IFRS16 are included on pages 232 to 235

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## 11. Property, plant and equipment

11.2 Non-current assets held for sale	Land	Buildings, including dwelling	Other property, plant and equipment	Intangible assets	Other assets	Total
	£000	£000	£000	£000	£000	£000
<b>Balance brought forward 1 April 2022</b>	0	0	0	0	0	0
Plus assets classified as held for sale in the year	0	0	0	0	0	0
Revaluation	0	0	0	0	0	0
Less assets sold in the year	0	0	0	0	0	0
Add reversal of impairment of assets held for sale	0	0	0	0	0	0
Less impairment of assets held for sale	0	0	0	0	0	0
Less assets no longer classified as held for sale, for reasons other than disposal by sale	0	0	0	0	0	0
<b>Balance carried forward 31 March 2023</b>	0	0	0	0	0	0
<b>Balance brought forward 1 April 2021</b>	0	0	0	0	0	0
Plus assets classified as held for sale in the year	0	0	0	0	0	0
Revaluation	0	0	0	0	0	0
Less assets sold in the year	0	0	0	0	0	0
Add reversal of impairment of assets held for sale	0	0	0	0	0	0
Less impairment of assets held for sale	0	0	0	0	0	0
Less assets no longer classified as held for sale, for reasons other than disposal by sale	0	0	0	0	0	0
<b>Balance carried forward 31 March 2022</b>	0	0	0	0	0	0

*There are no assets held for sale or sold in the period.*

### 11.3 Right of Use Assets

The organisation's right of use asset leases are disclosed across the relevant headings below. Most are individually insignificant, however, 4 are significant in their own right:

Whitchurch GP Surgery held under buildings with a NBV of £3091k at 31 March 2023, SE Wales Renal Units held under buildings with a NBV of £2556k at 31 March 2023, Cardiff Edge Business Park held under Land and Buildings with a NBV of £7124k at 31 March 2023 and a Surgical Robot held under Plant & Machinery with a NBV of £3218k at 31 March 2023.

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2022-23	Land £000	Land & buildings £000	Buildings £000	Dwellings £000	Plant and machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
<b>Cost or valuation at 31 March</b>	0	0	0	0	0	0	0	0	0
Lease prepayments in relation to RoU Assets	0	0	0	0	0	0	0	0	0
Transfer of Finance Leases from PPE Note	0	0	1,724	0	2,388	0	0	0	4,112
Operating Leases Transitioning	130	9,836	4,919	0	674	145	151	0	15,855
<b>Cost or valuation at 1 April</b>	130	9,836	6,643	0	3,062	145	151	0	19,967
Additions	143	405	3,461	0	4,031	385	5	0	8,430
Transfer from/into other NHS bodies	0	0	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0	0	0
Revaluations	0	0	-357	0	0	0	0	0	-357
Reversal of impairments	0	0	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0	0	0
De-recognition	0	0	0	0	0	0	0	0	0
<b>At 31 March</b>	273	10,241	9,747	0	7,093	530	156	0	28,040
<b>Depreciation at 31 March</b>	0	0	0	0	0	0	0	0	0
Transfer of Finance Leases from PPE Note	0	0	508	0	2,388	0	0	0	2,896
Operating Leases Transitioning	0	0	0	0	0	0	0	0	0
<b>Depreciation at 1 April</b>	0	0	508	0	2,388	0	0	0	2,896
Recognition	0	0	0	0	0	0	0	0	0
Transfers from/into other NHS bodies	0	0	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0	0	0
Revaluations	0	0	-508	0	0	0	0	0	-508
Reversal of impairments	0	0	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0	0	0
De-recognition	0	0	0	0	0	0	0	0	0
Provided during the year	2	793	1,460	0	695	98	66	0	3,114
<b>At 31 March</b>	2	793	1,460	0	3,083	98	66	0	5,502
<b>Net book value at 1 April</b>	130	9,836	6,135	0	674	145	151	0	17,071
<b>Net book value at 31 March</b>	271	9,448	8,287	0	4,010	432	90	0	22,538
<b>RoU Asset Total Value Split by Lessor</b>									
<b>Lessor</b>	Land £000	Land & buildings £000	Buildings £000	Dwellings £000	Plant and machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
NHS Wales Peppercorn Leases	0	0	0	0	0	0	0	0	0
NHS Wales Market Value Leases	0	0	0	0	0	0	0	0	0
Other Public Sector Peppercorn Leases	142	0	49	0	0	0	0	0	191
Other Public Sector Market Value Leases	0	57	0	0	0	0	0	0	57
Private Sector Peppercorn Leases	129	0	290	0	0	0	0	0	419
Private Sector Market Value Leases	0	9,391	7,948	0	4,010	432	90	0	21,871
<b>Total</b>	271	9,448	8,287	0	4,010	432	90	0	22,538

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<b>11.3 Right of Use Assets continued</b>	
<b>Quantitative disclosures</b>	
<b>Maturity analysis</b>	
<b>Contractual undiscounted cash flows relating to lease liabilities</b>	<b>£000</b>
Less than 1 year	3,239
2-5 years	8,131
> 5 years	10,304
<b>Total</b>	<b>21,674</b>
<b>Lease Liabilities (net of irrecoverable VAT)</b>	<b>£000</b>
Current	3,036
Non-Current	17,413
<b>Total</b>	<b>20,449</b>
<b>Amounts Recognised in Statement of Comprehensive Net Expenditure</b>	<b>£000</b>
Depreciation	3,114
Impairment	-
Variable lease payments not included in lease liabilities - Interest expense	200
Sub-leasing income	-
Expense related to short-term leases	-
Expense related to low-value asset leases (excluding short-term leases)	-
<b>Amounts Recognised in Statement of Cashflows (net of irrecoverable VAT )</b>	<b>£000</b>
Interest expense	200
Repayments of principal on leases	2,742
<b>Total</b>	<b>2,942</b>

The organisation's right of use asset leases are varied in nature and include property, lease vehicles, photocopiers and medical equipment.

Property leases have rent review clauses built in and therefore rent costs are likely to increase.

The Health Board does not have any sale and leaseback transactions.

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<b>12. Intangible non-current assets</b>							
<b>2022-23</b>							
	Software (purchased)	Software (internally generated)	Licences and trademarks	Patents	Development expenditure- internally generated	Assets under Construction	Total
	£000	£000	£000	£000	£000	£000	£000
Cost or valuation at 1 April 2022	9,251	0	112	0	500	0	9,863
Revaluation	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0
Additions- purchased	362	0	254	0	0	0	616
Additions- internally generated	0	0	0	0	0	0	0
Additions- donated	0	0	7	0	0	0	7
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	(267)	0	0	0	0	0	(267)
<b>Gross cost at 31 March 2023</b>	<b>9,346</b>	<b>0</b>	<b>373</b>	<b>0</b>	<b>500</b>	<b>0</b>	<b>10,219</b>
Amortisation at 1 April 2022	6,797	0	112	0	343	0	7,252
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	846	0	0	0	125	0	971
Reclassified as held for sale	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0
Disposals	(267)	0	0	0	0	0	(267)
<b>Amortisation at 31 March 2023</b>	<b>7,376</b>	<b>0</b>	<b>112</b>	<b>0</b>	<b>468</b>	<b>0</b>	<b>7,956</b>
<b>Net book value at 1 April 2022</b>	<b>2,454</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>157</b>	<b>0</b>	<b>2,611</b>
<b>Net book value at 31 March 2023</b>	<b>1,970</b>	<b>0</b>	<b>261</b>	<b>0</b>	<b>32</b>	<b>0</b>	<b>2,263</b>
<b>NBV at 31 March 2023</b>							
Purchased	1,967	0	254	0	0	0	2,221
Donated	3	0	7	0	0	0	10
Government Granted	0	0	0	0	0	0	0
Internally generated	0	0	0	0	32	0	32
<b>Total at 31 March 2023</b>	<b>1,970</b>	<b>0</b>	<b>261</b>	<b>0</b>	<b>32</b>	<b>0</b>	<b>2,263</b>

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## 12. Intangible non-current assets 2021-22

	Software (purchased)	Software (internally generated)	Licences and trademarks	Patents	Development expenditure- internally generated	Assets under Construction	Total
	£000	£000	£000	£000	£000	£000	£000
<b>Cost or valuation at 1 April 2021</b>	8,135	0	112	0	500	0	8,747
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	1,175	0	0	0	0	0	1,175
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	(59)	0	0	0	0	0	(59)
<b>Gross cost at 31 March 2022</b>	<b>9,251</b>	<b>0</b>	<b>112</b>	<b>0</b>	<b>500</b>	<b>0</b>	<b>9,863</b>
<b>Amortisation at 1 April 2021</b>	<b>6,179</b>	<b>0</b>	<b>112</b>	<b>0</b>	<b>218</b>	<b>0</b>	<b>6,509</b>
Revaluation	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0	0
Impairment	0	0	0	0	0	0	0
Provided during the year	674	0	0	0	125	0	799
Reclassified as held for sale	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0
Disposals	(56)	0	0	0	0	0	(56)
<b>Amortisation at 31 March 2022</b>	<b>6,797</b>	<b>0</b>	<b>112</b>	<b>0</b>	<b>343</b>	<b>0</b>	<b>7,252</b>
<b>Net book value at 1 April 2021</b>	<b>1,956</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>282</b>	<b>0</b>	<b>2,238</b>
<b>Net book value at 31 March 2022</b>	<b>2,454</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>157</b>	<b>0</b>	<b>2,611</b>
<b>NBV at 31 March 2022</b>							
Purchased	2,436	0	0	0	0	0	2,436
Donated	18	0	0	0	0	0	18
Government Granted	0	0	0	0	0	0	0
Internally generated	0	0	0	0	157	0	157
<b>Total at 31 March 2022</b>	<b>2,454</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>157</b>	<b>0</b>	<b>2,611</b>

### Additional Disclosures re Intangible Assets

#### Disclosures:

##### i) Donated Assets

The LHB's Charitable Fund contributed £0.007m towards the purchase of intangible assets.

##### ii) Recognition

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

### iii) Asset Lives

The useful economic life of Intangible non-current assets are assigned on an individual basis based on the professional judgement and past experience of clinicians, finance staff and other LHB professionals. The appropriateness of these lives is reviewed on an annual basis.

All fully depreciated assets still in use are being carried at nil net book value.

## 13. Impairments

	2022-23	2022-23	2022-23	2021-22	2021-22	2021-22
	Property, plant & equipment	Right of Use Assets	Intangible assets	Property, plant & equipment	Right of Use Assets	Intangible assets
	£000	£000	£000	£000	£000	£000
Impairments arising from :						
Loss or damage from normal operations	0	0	0	0		0
Abandonment in the course of construction	0	0	0	0		0
Over specification of assets (Gold Plating)	0	0	0	0		0
Loss as a result of a catastrophe	0	0	0	0		0
Unforeseen obsolescence	0	0	0	0		0
Changes in market price	8,487	0	0	0		0
Others (specify)	7,710	0	0	14,501		0
Reversal of Impairments	(22,931)	0	0	(20,826)		0
<b>Total of all impairments</b>	<b>(6,734)</b>	<b>0</b>	<b>0</b>	<b>(6,325)</b>		<b>0</b>
<b>Analysis of impairments charged to reserves in year :</b>						
Charged to the Statement of Comprehensive Net Expenditure	(13,148)	0	0	(6,325)		0
Charged to Revaluation Reserve	6,414	0	0	0		0
<b>Total</b>	<b>(6,734)</b>	<b>0</b>	<b>0</b>	<b>(6,325)</b>		<b>0</b>

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

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

As part of the revaluation as at 1st of April the value of the LHB Estate increased by £12.070m of which: upward revaluations set against reserves were £20.556m, downward revaluations (Impairments) set against reserves were (£6.414m), impairments written off via the Statement of Comprehensive Net Expenditure (SoCNE) were (£22.264m) and reversals of Impairments set against the SoCNE in prior periods were £20.192m.

Also, the LHB will periodically instruct the District Valuer to Carry out "Good Housekeeping Valuations" when assets resulting from major capital schemes are first brought into use. During the year the LHB carried out 6 such revaluations, the total effect of which were:

Impairments written off via the Statement of Comprehensive Net Expenditure (SoCNE) were (£7.443m).

The significant scheme brought into use was:

UHW SDEC Unit (Same Day Emergency Care) (£5.491m) was written off the carrying value via the SoCNE.

In addition, 5 minor schemes were completed and (£1.952m) was written off the carrying value via the SoCNE.

During the year the LHB has received Non-Cash Allocation from the Welsh Government for impairment to assets charged to the SoCNE and this Allocation is included in our Revenue Resource Limit.

As per Welsh Government guidance the LHB has applied an Indexation factor to its Land and Buildings for 2022/23. For a handful of sites this has resulted in a reversal of a prior period Impairment charge and therefore £22.930m has been credited to the SoCNE, a handful of sites were impaired as a result of the application of the indices and therefore (£0.267m) has been debited to the SoCNE.

## 14.1 Inventories

	31 March 2023 £000	31 March 2022 £000
Drugs	6,105	6,255
Consumables	11,990	14,018
Energy	66	118
Work in progress	0	0
Other	0	0
<b>Total</b>	<b>18,161</b>	<b>20,391</b>
Of which held at realisable value	0	0

## 14.2 Inventories recognised in expenses

	31 March 2023 £000	31 March 2022 £000
Inventories recognised as an expense in the period	3,297	3,229
Write-down of inventories (including losses)	73	58
Reversal of write-downs that reduced the expense	0	0
<b>Total</b>	<b>3,370</b>	<b>3,287</b>

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## 15. Trade and other Receivables

Current	31 March 2023 £000	31 March 2022 £000
Welsh Government	490	6,353
WHSSC / EASC	3,539	6,807
Welsh Health Boards	6,140	4,588
Welsh NHS Trusts	2,150	2,667
Welsh Special Health Authorities	626	542
Non - Welsh Trusts	0	2,605
Other NHS	3,080	207
2019-20 Scheme Pays - Welsh Government Reimbursement	1,606	2,193
<b>Welsh Risk Pool Claim reimbursement</b>		
NHS Wales Secondary Health Sector	194,791	178,762
NHS Wales Primary Sector FLS Reimbursement	75	0
NHS Wales Redress	304	155
Other	0	0
Local Authorities	2,028	1,529
Capital debtors - Tangible	0	0
Capital debtors - Intangible	0	0
Other debtors	21,853	24,660
Provision for irrecoverable debts	(7,543)	(8,643)
Pension Prepayments NHS Pensions	0	0
Pension Prepayments NEST	0	0
Other prepayments	8,457	6,490
Other accrued income	0	0
<b>Sub total</b>	<b>237,596</b>	<b>228,915</b>

### Non-current

Welsh Government	0	0
WHSSC / EASC	0	0
Welsh Health Boards	0	0
Welsh NHS Trusts	0	0
Welsh Special Health Authorities	0	0
Non - Welsh Trusts	0	0
Other NHS	465	0
2019-20 Scheme Pays - Welsh Government Reimbursement	0	0

**Welsh Risk Pool Claim reimbursement;**

NHS Wales Secondary Health Sector	67,195	30,298
NHS Wales Primary Sector FLS Reimbursement	0	0
NHS Wales Redress	0	0
Other	0	0
Local Authorities	121	0
Capital debtors - Tangible	0	0
Capital debtors - Intangible	0	0
Other debtors	7,714	3,111
Provision for irrecoverable debts	(5,267)	(1,073)
Pension Prepayments NHS Pensions	0	0
Pension Prepayments NEST	0	0
Other prepayments	960	1,091
Other accrued income	0	0
<b>Sub total</b>	<b>71,188</b>	<b>33,427</b>
<b>Total</b>	<b>308,784</b>	<b>262,342</b>

**15. Trade and other Receivables (continued)****Receivables past their due date but not impaired**

	31 March 2023 £000	31 March 2022 £000
By up to three months	19,347	22,523
By three to six months	763	1,812
By more than six months	2,453	5,068
	<u>22,563</u>	<u>29,403</u>

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

Balance at 1 April	(9,716)	(8,683)
Transfer to other NHS Wales body	0	0
Amount written off during the year	113	575
Amount recovered during the year	0	0
(Increase) / decrease in receivables impaired	(3,208)	(1,608)
Bad debts recovered during year	0	0
Balance at 31 March	<u>(12,811)</u>	<u>(9,716)</u>

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

## Receivables VAT

Trade receivables	0	0
Other	3,240	2,816
Total	3,240	2,816

## 16. Other Financial Assets

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

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## 17. Cash and cash equivalents

	2022-23 £000	2021-22 £000
Balance at 1 April	4,607	3,637
Net change in cash and cash equivalent balances	(1,761)	970
Balance at 31 March	2,846	4,607
Made up of:		
Cash held at GBS	2,352	4,445
Commercial banks	0	0
Cash in hand	494	162
<b>Cash and cash equivalents as in Statement of Financial Position</b>	<b>2,846</b>	<b>4,607</b>
Bank overdraft - GBS	0	0
Bank overdraft - Commercial banks	0	0
<b>Cash and cash equivalents as in Statement of Cash Flows</b>	<b>2,846</b>	<b>4,607</b>

In response to the IAS 7 requirement for additional disclosure, the changes in liabilities arising from financing activities are;

PFI liabilities £425,000

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

## 18. Trade and other payables

Current	31 March 2023 £000	31 March 2022 £000
Welsh Government	7	2
WHSSC / EASC	5,620	3,878
Welsh Health Boards	2,947	1,445
Welsh NHS Trusts	4,574	6,209
Welsh Special Health Authorities	112	130
Other NHS	19,257	18,771
Taxation and social security payable / refunds	9,246	6,822
Refunds of taxation by HMRC	0	0
VAT payable to HMRC	7	0
Other taxes payable to HMRC	0	0
Ni contributions payable to HMRC	10,022	8,628
Non-NHS payables - Revenue	39,260	61,909
Local Authorities	16,731	12,908
Capital payables- Tangible	12,677	25,960
Capital payables- Intangible	46	407
Overdraft	0	0
Rentals due under operating leases	0	0
RoU Lease Liability	3,036	
Obligations under finance leases, HP contracts		0
Imputed finance lease element of on SoFP PFI contracts	513	425
Pensions: staff	0	0
Non-NHS Accruals	78,143	70,431
Deferred Income:		
Deferred Income brought forward	1,808	1,305
Deferred Income Additions	504	559
Transfer to / from current/non current deferred income	0	0
Released to SoCNE	(319)	(56)
Other creditors	22,929	24,849
PFI assets –deferred credits	18	18
Payments on account	1,720	223,310
<b>Sub Total</b>	<b>228,858</b>	<b>245,910</b>

<b>Non-current</b>		
Welsh Government	0	0
WHSSC / EASC	0	0
Welsh Health Boards	0	0
Welsh NHS Trusts	0	0
Welsh Special Health Authorities	0	0
Other NHS	0	0
Taxation and social security payable / refunds	0	0
Refunds of taxation by HMRC	0	0
VAT payable to HMRC	0	0
Other taxes payable to HMRC	0	0
NI contributions payable to HMRC	0	0
Non-NHS payables - Revenue	0	0
Local Authorities	0	0
Capital payables- Tangible	0	0
Capital payables- Intangible	0	0
Overdraft	0	0
Rentals due under operating leases	0	0
RoU Lease Liability	17,413	
Obligations under finance leases, HP contracts		0
Imputed finance lease element of on SoFP PFI contracts	7,138	7,651
Pensions: staff	0	0
Non NHS Accruals	0	0
Deferred Income :		
Deferred Income brought forward	0	0
Deferred Income Additions	0	0
Transfer to / from current/non current deferred income	0	0
Released to SoCNE	0	0
Other creditors	0	0
PFI assets –deferred credits	14	32
Payments on account	0	0
<b>Sub Total</b>	<b>24,565</b>	<b>7,683</b>
<b>Total</b>	<b>253,423</b>	<b>253,593</b>

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

#### RoU Lease Liability Transitioning & Transferring

RoU liability as at 31 March 2022

Transfer of Finance Leases from PPE Note

Operating Leases Transitioning

RoU Lease liability as at 1 April 2022

£000

0

0

15,008

15,008

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18. Trade and other payables (continued).							
Amounts falling due more than one year are expected to be settled as follows:						31 March	31 March
						2023	2022
						£000	£000
Between one and two years						3,453	531
Between two and five years						8,632	2,219
In five years or more						12,480	4,933
Sub-total						24,565	7,683
19. Other financial liabilities							
				Current		Non-current	
Financial liabilities				31 March	31 March	31 March	31 March
				2023	2022	2023	2022
				£000	£000	£000	£000
Financial Guarantees:							
	At amortised cost			0	0	0	0
	At fair value through SoCNE			0	0	0	0
Derivatives at fair value through SoCNE				0	0	0	0
Other:							
	At amortised cost			0	0	0	0
	At fair value through SoCNE			0	0	0	0
Total				0	0	0	0

20. Provisions									
	At 1 April 2022	Structured settlement cases transferred to Risk Pool	Transfer of provisions to creditors	Transfer between current and non-current	Arising during the year	Utilised during the year	Reversed unused	Unwinding of discount	At 31 March 2023
Current	£000	£000	£000	£000	£000	£000	£000	£000	£000
Clinical negligence:-									
Secondary care	151,456	(221)	(2,498)	(12,523)	59,962	(11,378)	(6,180)	0	178,618
Primary care	0	0	0	0	60	0	0	0	60
Redress Secondary care	74	0	(56)	0	266	(67)	(18)	0	199
Redress Primary care	0	0	0	0	0	0	0	0	0
Personal injury	579	0	77	847	875	(907)	(763)	(49)	659
All other losses and special payments	0	0	0	0	1,185	(60)	0	0	1,125
Defence legal fees and other administration	1,806	0	0	(150)	1,238	(1,063)	(304)		1,527
Pensions relating to former directors	0			0	0	0	0	0	0
Pensions relating to other staff	138			128	17	(138)	0	(11)	134
2019-20 Scheme Pays - Reimbursement	49			0	22	(40)	(1)	0	30
Restructuring	0			0	0	0	0	0	0
RoU Asset Dilapidations CAME	0			0	104	0	0	0	104
Other Capital Provisions	0			0	0	0	0	0	0
Other	11,607		(143)	0	4,174	(471)	(5,600)		9,567
Total	165,709	(221)	(2,620)	(11,698)	67,903	(14,124)	(12,866)	(60)	192,023

<b>Non Current</b>									
Clinical negligence:-									
Secondary care	30,142	0	(400)	12,523	21,911	(1,233)	(180)	0	62,763
Primary care	0	0	0	0	0	0	0	0	0
Redress Secondary care	0	0	0	0	0	0	0	0	0
Redress Primary care	0	0	0	0	0	0	0	0	0
Personal injury	3,491	0	0	(847)	0	0	0	0	2,644
All other losses and special payments	0	0	0	0	0	0	0	0	0
Defence legal fees and other administration	317	0	0	150	367	(166)	(3)		665
Pensions relating to former directors	0			0	0	0	0	0	0
Pensions relating to other staff	736			(128)	0	0	0	0	608
2019-20 Scheme Pays - Reimbursement	2,144			0	659	0	(1,227)	0	1,576
Restructuring	0			0	0	0	0	0	0
RoU Asset Dilapidations CAME	0			0	0	0	0	0	0
Other Capital Provisions	0			0	0	0	0	0	0
Other	2,474		0	0	0	0	(289)		2,185
<b>Total</b>	<b>39,304</b>	<b>0</b>	<b>(400)</b>	<b>11,698</b>	<b>22,937</b>	<b>(1,399)</b>	<b>(1,699)</b>	<b>0</b>	<b>70,441</b>
<b>TOTAL</b>									
Clinical negligence:-									
Secondary care	181,598	(221)	(2,898)	0	81,873	(12,611)	(6,360)	0	241,381
Primary care	0	0	0	0	60	0	0	0	60
Redress Secondary care	74	0	(56)	0	266	(67)	(18)	0	199
Redress Primary care	0	0	0	0	0	0	0	0	0
Personal injury	4,070	0	77	0	875	(907)	(763)	(49)	3,303
All other losses and special payments	0	0	0	0	1,185	(60)	0	0	1,125
Defence legal fees and other administration	2,123	0	0	0	1,605	(1,229)	(307)		2,192
Pensions relating to former directors	0			0	0	0	0	0	0
Pensions relating to other staff	874			0	17	(138)	0	(11)	742
2019-20 Scheme Pays - Reimbursement	2,193			0	681	(40)	(1,228)	0	1,606
Restructuring	0			0	0	0	0	0	0
RoU Asset Dilapidations CAME	0			0	104	0	0	0	104
Other Capital Provisions	0			0	0	0	0	0	0
Other	14,081		(143)	0	4,174	(471)	(5,889)		11,752
<b>Total</b>	<b>205,013</b>	<b>(221)</b>	<b>(3,020)</b>	<b>0</b>	<b>90,840</b>	<b>(15,523)</b>	<b>(14,565)</b>	<b>(60)</b>	<b>262,464</b>

<b>Expected timing of cash flows:</b>									
						In year	Between	Thereafter	Total
						to 31 March 2024	1 April 2024		
							31 March 2028		£000
Clinical negligence:-									
Secondary care						178,618	62,763	0	241,381
Primary care						60	0	0	60
Redress Secondary care						199	0	0	199
Redress Primary care						0	0	0	0
Personal injury						659	756	1,888	3,303
All other losses and special payments						1,125	0	0	1,125
Defence legal fees and other administration						1,527	665	0	2,192
Pensions relating to former directors						0	0	0	0
Pensions relating to other staff						134	521	87	742
2019-20 Scheme Pays - Reimbursement						30	58	1,518	1,606
Restructuring						0	0	0	0
RoU Asset Dilapidations CAME						104	0	0	104
Other Capital Provisions						0	0	0	0
Other						9,567	1,081	1,104	11,752
<b>Total</b>						<b>192,023</b>	<b>65,844</b>	<b>4,597</b>	<b>262,464</b>

## 20. Provisions ... continued

The expected timing of cashflows in respect of provisions arising from clinical negligence or personal injury claims (together with the associated defence costs) are based on legal opinion obtained by the UHB. The nature of litigation however means that these could be subject to change.

Amounts due in respect of pensions are profiled based on the regime which the NHS Pensions Agency currently uses to recover payments in respect of such amounts. This could be subject to change in the future.

The UHB is able to recover amounts paid out in respect of clinical negligence or personal injury claims (subject to an excess per case of £25k) from the Welsh Risk Pool. An amount of £262.366m has been shown within note 15 (Trade and Other receivables) in respect of such expected reimbursements.

### Other Provisions include:

Continuing Healthcare claims £0.048m

Potential payments to staff in respect of time off in lieu £0.343m

Employment Tribunal litigation cases £1.525m

Banding pay claims £0.092m

Other provisions considered commercially sensitive £9.744m

### Continuing Healthcare cost uncertainties

Liabilities for continuing healthcare costs continue to be a significant financial issue for the UHB. Following various annual deadlines for the submission of new claims, effected since 31<sup>st</sup> July 2014, which increased the number of claims registered each financial year, a rolling deadline now applies which allows new claims to go back one year only.

Cardiff and Vale University Health Board is responsible for post 1<sup>st</sup> April 2003 costs and the financial statements include the following amounts relating to those uncertain continuing healthcare costs:

Note 20 sets out the £0.048m provision made for probable continuing care costs relating to 3 claims received;

Note 21.1 sets out the £0.045m contingent liability for possible continuing care costs relating to 3 claims received;

The UHB is providing £0.048m in respect of three Phase 7 (21/22) claims received between 1<sup>st</sup> April 2021 and 31<sup>st</sup> March 2022.

For Phase 7 (22/23) claims received between 1<sup>st</sup> April 2022 and 31<sup>st</sup> March 2023, due to only two claims having been completed to date, the UHB does not currently have sufficient information available regarding the likelihood of claim success to calculate a provision for this Phase.

## Scheme Pays

In accordance with a Ministerial Direction issued on 18 December 2019, the Welsh Government have taken action to support circumstances where pensions tax rules are impacting upon clinical staff who want to work additional hours, and have determined that clinical staff who are members of the NHS Pension Scheme and who, as a result of work undertaken in the 2019-20 tax year, face a tax charge on the growth of their NHS pension benefits, may opt to have this charge paid by the NHS Pension Scheme, with their pension reduced on retirement.

Welsh Government, on behalf of Cardiff & Vale UHB, will pay the members who opt for reimbursement of their pension, a corresponding amount on retirement, ensuring that they are fully compensated for the effect of the deduction.

## 20. Provisions (continued)

	At 1 April 2021	Structured settlement cases transferred to Risk Pool	Transfer of provisions to creditors	Transfer between current and non-current	Arising during the year	Utilised during the year	Reversed unused	Unwinding of discount	At 31 March 2022
Current	£000	£000	£000	£000	£000	£000	£000	£000	£000
Clinical negligence:-									
Secondary care	120,607	0	(5,644)	4,393	50,281	(12,154)	(6,027)	0	151,456
Primary care	0	0	0	0	0	0	0	0	0
Redress Secondary care	292	0	29	0	74	(84)	(237)	0	74
Redress Primary care	0	0	0	0	0	0	0	0	0
Personal injury	2,011	0	(180)	133	1,201	(1,198)	(1,351)	(37)	579
All other losses and special payments	0	0	0	0	66	(66)	0	0	0
Defence legal fees and other administration	2,068	0	0	(32)	1,046	(771)	(505)		1,806
Pensions relating to former directors	0			0	0	0	0	0	0
Pensions relating to other staff	165			139	0	(139)	(17)	(10)	138
2019-20 Scheme Pays - Reimbursement	0			0	49	0	0	0	49
Restructuring	0			0	0	0	0	0	0
Other	8,531		(108)	0	6,015	(2,228)	(603)		11,607
<b>Total</b>	<b>133,674</b>	<b>0</b>	<b>(5,903)</b>	<b>4,633</b>	<b>58,732</b>	<b>(16,640)</b>	<b>(8,740)</b>	<b>(47)</b>	<b>165,709</b>

<b>Non Current</b>									
Clinical negligence:-									
Secondary care	4,394	0	0	(4,393)	30,166	(25)	0	0	30,142
Primary care	0	0	0	0	0	0	0	0	0
Redress Secondary care	0	0	0	0	0	0	0	0	0
Redress Primary care	0	0	0	0	0	0	0	0	0
Personal injury	3,624	0	0	(133)	0	0	0	0	3,491
All other losses and special payments	0	0	0	0	0	0	0	0	0
Defence legal fees and other administration	122	0	0	32	246	(72)	(11)		317
Pensions relating to former directors	0			0	0	0	0	0	0
Pensions relating to other staff	875			(139)	0	0	0	0	736
2019-20 Scheme Pays - Reimbursement	0			0	2,144	0	0	0	2,144
Restructuring	0			0	0	0	0	0	0
Other	1,499		0	0	975	0	0		2,474
<b>Total</b>	<b>10,514</b>	<b>0</b>	<b>0</b>	<b>(4,633)</b>	<b>33,531</b>	<b>(97)</b>	<b>(11)</b>	<b>0</b>	<b>39,304</b>

<b>TOTAL</b>									
Clinical negligence:-									
Secondary care	125,001	0	(5,644)	0	80,447	(12,179)	(6,027)	0	181,598
Primary care	0	0	0	0	0	0	0	0	0
Redress Secondary care	292	0	29	0	74	(84)	(237)	0	74
Redress Primary care	0	0	0	0	0	0	0	0	0
Personal injury	5,635	0	(180)	0	1,201	(1,198)	(1,351)	(37)	4,070
All other losses and special payments	0	0	0	0	66	(66)	0	0	0
Defence legal fees and other administration	2,190	0	0	0	1,292	(843)	(516)		2,123
Pensions relating to former directors	0			0	0	0	0	0	0
Pensions relating to other staff	1,040			0	0	(139)	(17)	(10)	874
2019-20 Scheme Pays - Reimbursement	0			0	2,193	0	0	0	2,193
Restructuring	0			0	0	0	0	0	0
Other	10,030		(108)	0	6,990	(2,228)	(603)		14,081
<b>Total</b>	<b>144,188</b>	<b>0</b>	<b>(5,903)</b>	<b>0</b>	<b>92,263</b>	<b>(16,737)</b>	<b>(8,751)</b>	<b>(47)</b>	<b>205,013</b>

## 21. Contingencies

### 21.1 Contingent liabilities

	2022-23 £'000	2021-22 £'000
Provisions have not been made in these accounts for the following amounts :		
Legal claims for alleged medical or employer negligence:-		
Secondary care	96,302	109,917
Primary care	299	65
Redress Secondary care	180	0
Redress Primary care	0	0
Doubtful debts	0	0
Equal Pay costs	0	0
Defence costs	1,400	1,319
Continuing Health Care costs	45	114
Other	0	0
Total value of disputed claims	98,226	111,415
Amounts (recovered) in the event of claims being successful	(95,503)	(108,732)
<b>Net contingent liability</b>	<b>2,723</b>	<b>2,683</b>

Other litigation claims could arise in the future due to known incidents. The expenditure which may arise from such claims cannot be determined and no provision has been made for them. The amounts disclosed as contingent liabilities in relation to potential clinical negligence or personal injury claims against the UHB arise where legal opinion as to the possibility of the claims success has deemed this to be possible, rather than remote, and no provision has already been made for such items within note 20. The UHB is assuming that all such costs would be reimbursed by the Welsh Risk Pool

(subject to a £25k excess per claim). The net contingent liability contains £2.278m re clinical negligence and £0.400m re personal injury.

Continuing Healthcare cost uncertainties

Liabilities for continuing healthcare costs continue to be a significant financial issue for the UHB. Following various annual deadlines for the submission of new claims, effected since 31<sup>st</sup> July 2014, which increased the number of claims registered each financial year, a rolling deadline now applies which allows new claims to go back one year only.

Cardiff and Vale University Health Board is responsible for post 1<sup>st</sup> April 2003 costs and the financial statements include the following amounts relating to those uncertain continuing healthcare costs:

Note 20 sets out the £0.048m provision made for probable continuing care costs relating to 3 claims received;

Note 21.1 sets out the £0.045m contingent liability for possible continuing care costs relating to 3 claims received;

The UHB is providing £0.048m in respect of three Phase 7 (21/22) claims received between 1<sup>st</sup> April 2021 and 31st March 2022.

For Phase 7 (22/23) claims received between 1<sup>st</sup> April 2022 and 31st March 2023, due to only two claims having been completed to date, the UHB does not currently have sufficient information available regarding the likelihood of claim success to calculate a provision for this Phase.

21.2 Remote Contingent liabilities

	2022-23 £000	2021-22 £000
Guarantees	0	0
Indemnities	341	155
Letters of Comfort	0	0
Total	341	155

The figure shown above under Indemnities relates to Clinical Negligence & Personal Injury claims against the UHB, where our legal advisors informed us that the claimants chance of success is remote

21.3 Contingent assets							2022-23	2021-22
							£000	£000
							0	0
							0	0
							0	0
Total							0	0

## 22. Capital commitments

### Contracted capital commitments at 31 March

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

	2022-23 £000	2021-22 £000
Property, plant and equipment	6,555	18,840
Right of Use Assets	0	
Intangible assets	0	0
<b>Total</b>	<b>6,555</b>	<b>18,840</b>

The in year decrease in commitments disclosed is largely due to the progress made on several major capital scheme contracts.

## 23. Losses and special payments

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

### Gross loss to the Exchequer

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

	Amounts paid out during period to 31 March 2023	
	Number	£
Clinical negligence	87	12,678,964
Personal injury	75	906,788
All other losses and special payments	374	854,830
<b>Total</b>	<b>536</b>	<b>14,440,582</b>

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Analysis of cases in excess of £300,000					
	Case Type	In year claims in excess of		Cumulative claims in excess of	
		£300,000		£300,000	
		Number	£	Number	£
<b>Cases in excess of £300,000:</b>					
CLA7A4-0027/TS	Clinical Negligence	1	346,204	1	346,204
CLA7A4-0043/MC	Clinical Negligence	1	400,000	1	2,218,653
CLA7A4-0062/DS	Clinical Negligence	1	331,178	1	428,678
CLA7A4-0113/LC	Clinical Negligence	1	333,812	1	333,812
CLA7A4-0122/RM	Clinical Negligence	1	1,700,000	1	1,700,000
CLA7A4-0181/SD	Clinical Negligence			1	1,795,000
CLA7A4-0185/JL	Clinical Negligence			1	1,140,000
CLA7A4-0186/SA	Clinical Negligence	1	463,386	1	1,028,386
CLA7A4-0196/AMB	Clinical Negligence			1	826,150
CLA7A4-0205/LP	Clinical Negligence	1	4,076,789	1	7,236,789
CLA7A4-0336/AW	Clinical Negligence			1	1,550,000
DR/7A4/05/16	Clinical Negligence			1	1,050,259
HN/7A4/06/15	Clinical Negligence			1	525,000
LH/7A4/04/14	Clinical Negligence			1	401,000
OLD-/JD/7A4/08/16	Clinical Negligence	1	335,000	1	2,835,000
RJ/7A4/12/12	Clinical Negligence			1	2,050,000
SY/7A4/06/16	Clinical Negligence	1	330,000	1	330,000
<b>Sub-total</b>		<b>9</b>	<b>8,316,369</b>	<b>17</b>	<b>25,794,931</b>
<b>All other cases</b>		<b>527</b>	<b>6,124,213</b>	<b>519</b>	<b>9,330,182</b>
<b>Total cases</b>		<b>536</b>	<b>14,440,582</b>	<b>536</b>	<b>35,125,113</b>

## 24. Right of Use / Finance leases obligations

### 24.1 Obligations (as lessee)

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

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



Included  
in:

Current borrowings	0	0
Non-current borrowings	0	0
	<u>0</u>	<u>0</u>

#### Present value of minimum lease payments

Within one year	0	0
Between one and five years	0	0
After five years	0	0
Present value of minimum lease payments	<u>0</u>	<u>0</u>

Included  
in:

Current borrowings	0	0
Non-current borrowings	0	0
	<u>0</u>	<u>0</u>

### 24.1 Right of Use / Finance leases obligations

						Post Implementation of IFRS 16 (RoU)	Pre implementation of IFRS 16 (FL)
<b>Buildings</b>						<b>31 March</b>	<b>31 March</b>
						<b>2023</b>	<b>2022</b>
<b>Minimum lease payments</b>						<b>£000</b>	<b>£000</b>
Within one year						2,288	0
Between one and five years						5,814	0
After five years						9,013	0
Less finance charges allocated to future periods						(1,066)	0
Minimum lease payments						<u>16,049</u>	<u>0</u>
Included in:							
Current borrowings						2,135	0
Non-current borrowings						13,914	0
						<u>16,049</u>	<u>0</u>
<b>Present value of minimum lease payments</b>							
Within one year						2,135	0
Between one and five years						5,395	0
After five years						8,519	0
Present value of minimum lease payments						<u>16,049</u>	<u>0</u>
Included in:							
Current borrowings						2,135	0
Non-current borrowings						13,914	0
						<u>16,049</u>	<u>0</u>

In note 11.3 there are three categories that include building values namely 'Land & Buildings', 'Buildings' and 'Dwellings'. These categories are not replicated in Note 24 and therefore all values for the three categories are included in the 'Buildings' table above.

Other- Non property	Post Implementation of IFRS 16 (RoU)	Pre implementation of IFRS 16 (FL)
	31 March 2023 £000	31 March 2022 £000
<b>Minimum lease payments</b>		
Within one year	952	0
Between one and five years	2,317	0
After five years	1,291	0
Less finance charges allocated to future periods	(160)	0
Minimum lease payments	4,400	0
Included in:		
Current borrowings	901	0
Non-current borrowings	3,499	0
	4,400	0
<b>Present value of minimum lease payments</b>		
Within one year	901	0
Between one and five years	2,230	0
After five years	1,269	0
Present value of minimum lease payments	4,400	0
Included in:		
Current borrowings	901	0
Non-current borrowings	3,499	0
	4,400	0

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

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

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

## 25. Private Finance Initiative contracts

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

The LHB has no PFI Schemes off-statement of financial position

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Commitments under off-SoFP PFI contracts	Off-SoFP PFI contracts	Off-SoFP PFI contracts
	31 March 2023 £000	31 March 2022 £000
Total payments due within one year	0	0
Total payments due between 1 and 5 years	0	0
Total payments due thereafter	0	0
Total future payments in relation to PFI contracts	0	0
Total estimated capital value of off-SoFP PFI contracts	0	0

25.2
PFI schemes on-Statement of Financial Position

Capital value of scheme included in Fixed Assets Note 11	£000
	20,490
Contract start date:	31/03/2000
Contract end date:	30/03/2031

On 31st March 2000, a 31-year Private Finance Initiative (PFI) Contract was signed between the former Cardiff & Vale Trust and IMC (Impregilio/Macob consortium) for the provision of a new hospital to be built on the former St. David's site. The hospital, which opened on 1st March 2002 provides a range of services but primarily services linked to the care for older people. The estimated capital value of the scheme at the time of construction was £13.847m and the annual payments to be made for the provision of the site and for a range of facilities management services is currently £4.246m.

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

	On SoFP PFI Capital element	On SoFP PFI Imputed interest	On SoFP PFI Service charges
	31 March 2023	31 March 2023	31 March 2023
	£000	£000	£000
Total payments due within one year	513	1,064	2,841
Total payments due between 1 and 5 years	3,220	3,337	11,117
Total payments due thereafter	3,918	970	8,367
Total future payments in relation to PFI contracts	7,651	5,371	22,325

	On SoFP PFI Capital element	On SoFP PFI Imputed interest	On SoFP PFI Service charges
	31 March 2022	31 March 2022	31 March 2022
	£000	£000	£000
Total payments due within one year	425	1,128	2,726
Total payments due between 1 and 5 years	2,718	3,739	10,658
Total payments due thereafter	4,933	1,632	10,550
Total future payments in relation to PFI contracts	8,076	6,499	23,934

	31/03/2023
	£000
Total present value of obligations for on-SoFP PFI contracts	20,385

**25.3 Charges to expenditure**

	2022-23	2021-22
	£000	£000
Service charges for On Statement of Financial Position PFI contracts (excl interest costs)	2,693	2,427
Total expense for Off Statement of Financial Position PFI contracts	0	0
The total charged in the year to expenditure in respect of PFI contracts	2,693	2,427

The LHB is committed to the following annual charges

PFI scheme expiry date:	£000	£000
Not later than one year	2,841	2,726
Later than one year, not later than five years	11,117	10,658
Later than five years	8,367	10,550
<b>Total</b>	<b>22,325</b>	<b>23,934</b>

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

25.4 Number of PFI contracts

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

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

<b>PFI Contract</b>	On
---------------------	----

25.5 The LHB has/has no Public Private Partnerships

In addition to the St David's PFI Scheme set out previously in Note 25.2, the LHB had one other Public Private Partnerships (PPP) Scheme during 2022/23 as set out below:

Llandough Hospital Staff Accommodation

On 28th October 1999, the former University Hospital and Llandough NHS Trust entered into an agreement with Charter Housing for the design, construction, fit out and the subsequent operation of its staff accommodation at Llandough Hospital. The contract period is 25 years; however during 2020-21 Charter Housing had all its assets, liabilities and contractual obligations transferred into a new company Pobl Homes and Communities Limited.

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## **25.5 The LHB had 1 Public Private Partnerships during the year (Continued)**

In return for the provision of the new serviced accommodation, the Trust transferred a parcel of surplus land to Charter on which seven of its existing properties resided. These properties were subsequently demolished and the land sold off by Charter. The accommodation is located on the remaining land, which had previously housed three additional properties. This is granted to Charter under a 99 year head lease for a peppercorn rent. Charter then leases the properties back to the LHB in return for an annual unitary payment of £0.048m. The LHB then leases the property back to Charter under a 27 year sub-underlease. The value of the property transferred to Charter in 1999/2000 was £0.763m.

The scheme has been assessed as being "on-statement of financial position" under IFRIC 12 and therefore the building is currently valued at £1.304m and the land at £0.592m on the LHB's statement of financial position (note 11).

On initial recognition of the asset a deferred income creditor balance was recognised in the LHB's accounts at a value of £0.454m. In line with Department of Health Guidance this creditor is being released to the SoCNE annually over the 25 year life of the contract. The amount that has been credited to operating expenses in 2022/23 was £0.018m.

## **26. Financial risk management**

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

### **Currency risk**

The LHB is principally a domestic organisation with the great majority of transactions, assets and liabilities being in the UK and Sterling based. The LHB has no overseas operations. The LHB therefore has low exposure to currency rate fluctuations.

### **Interest rate risk**

LHBs are not permitted to borrow. The LHB therefore has low exposure to interest rate fluctuations.

### **Credit risk**

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

### **Liquidity risk**

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

## 27. Movements in working capital

	2022-23 £000	2021-22 £000
(Increase)/decrease in inventories	2,230	(3,707)
(Increase)/decrease in trade and other receivables - non-current	(37,761)	(26,778)
(Increase)/decrease in trade and other receivables - current	(8,681)	(38,901)
Increase/(decrease) in trade and other payables - non-current	16,900	(425)
Increase/(decrease) in trade and other payables - current	(17,052)	26,804
<b>Total</b>	<b>(44,364)</b>	<b>(43,007)</b>
Adjustment for accrual movements in fixed assets - creditors	13,644	(4,230)
Adjustment for accrual movements in fixed assets - debtors	0	0
Other adjustments	(20,129)	356
	<b>(50,849)</b>	<b>(46,881)</b>

## 28. Other cash flow adjustments

	2022-23 £000	2021-22 £000
Depreciation	42,675	37,025
Amortisation	971	799
(Gains)/Loss on Disposal	34	307
Impairments and reversals	(13,148)	(6,325)
Release of PFI deferred credits	(18)	(18)
NWSSP Covid assets issued debited to expenditure but non-cash	0	0
Covid assets received credited to revenue but non-cash	0	0
Donated assets received credited to revenue but non-cash	(414)	(1,374)
Government Grant assets received credited to revenue but non-cash	0	(126)
Right of Use Grant (Peppercorn Lease) credited to revenue but non cash	(143)	
Non-cash movements in provisions	72,974	77,563
Other movements	34,012	31,602
<b>Total</b>	<b>136,943</b>	<b>139,453</b>

## 29. Events after the Reporting Period.

1. NHS Wales Recovery payment 2022-23. NHS Wales bodies were notified in a pay circular letter issued on 25th May 2023 by the Welsh Government, of the additional pay arrangements for employees covered by the Agenda for Change terms and conditions in Wales for 2022-23, which will be funded by the Welsh Government. NHS Wales bodies will make a one off non-consolidated, prorated "recovery payment" for staff employed on the Agenda for Change terms and conditions (this includes most NHS staff including nursing staff but excludes medical staff). These costs have not been recognised in the 2022-23



financial statements because the obligating event was the publication of the offer agreed with the Minister on 20 April 2023 and therefore post 31st March 2023. The costs will be accounted for in the 2023-24 Annual Accounts of NHS Wales bodies. The estimated cost is £14.4million.

The UHB is unaware of any other significant Post Balance Sheet Events.

These financial statements were authorised for issue by the Chief Executive and Accountable Officer on 27th July 2023; post the date the financial statements were certified by the Auditor General for Wales.

### 30. Related Party Transactions

The Welsh Government is regarded as a related party. During the year the LHB have had a significant number of material transactions with the Welsh Government and with other entities for which the Welsh Government is regarded as the parent body, namely Related Party

	Expenditure to related party £000	Income from related party £000	Amounts owed to related party £000	Amounts due from related party £000
Aneurin Bevan	2,569	38,310	807	1,277
Betsi Cadwaladr				
LHB	365	1,335	101	191
Cardiff and Vale	0	0	0	0
Cwm Taf Morgannwg	17,806	37,209	1,296	1,962
Hywel Dda	664	7,575	125	681
Powys	53	2,405	28	655
Swansea Bay	6,347	7,472	590	1,374
Welsh Health Specialist Services Committee	168,593	331,181	5,620	3,539
Public Health Wales	7,836	6,850	642	559
Velindre	95,552	5,173	3,814	21,306
Welsh Ambulance Services	216	106	118	24
HEIW	124	25,503	31	429
Digital Health and Care Wales (DHCW)	5,397	1,093	81	197
Welsh Government	25	1,325,563	7	490
	<b>305,547</b>	<b>1,789,775</b>	<b>13,260</b>	<b>32,684</b>

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The LHB has close links with Cardiff University which includes the sharing of staff as well as sharing accommodation at the University Hospital of Wales site.

The LHB is a member of the Welsh Risk Pool for Clinical Negligence, Personal Injury and other qualifying claims. During 2022/23 the LHB has received settlements of **£22.702m** in respect of claims for reimbursements made. In addition as at 31st March the LHB had a debtor balance of £262.366m in respect of amounts due from the Welsh Risk Pool.

The corporate body is a registered charity and as Corporate Trustees, the LHB Board were responsible for the management of charitable fund expenditure in the period connected with Cardiff and Vale University Health Board. During the period, other than the individuals set out below, there were no other material related party transactions involving other board members or key senior management staff.

There were no invoices written off for any of the related parties during Financial Period 2022/23

### **30. Related Party Transactions... continued**

Fiona Kinghorn is Executive Director of Public Health for Cardiff and Vale University Health Board. Her husband is Chief Executive Rhondda Cynon Taf Council.

Prof Gary Baxter was an Independent Member of Cardiff and Vale University Health Board until 31.12.22. He was a Professor of Pharmacology Cardiff University until May 2022 and undertook research at the British Heart Foundation.

Ceri Phillips is Vice Chair of the Cardiff and Vale Health Board. He is also Emeritus Professor at Swansea University, Honorary Professor at Cardiff University.

Mrs Abigail Harris is the Executive Director of Strategic Planning for Cardiff & Vale University Health Board. Her husband is an Independent member of the Wales Council for Voluntary Action and works for Competition and Markets Authority. Also, her Uncle is a Trustee of Teenage Cancer Trust. She is also Independent board member of Social Care Wales.

Charles Janczewski is Chair of the Cardiff and Vale Health Board. He is also Chair of Governance Board for Health & Wellbeing Academy at Swansea University.

Rhian Thomas is an Independent Member of Cardiff and Vale University Health Board. She is the owner of Dr Rhian Thomas Consultancy and Training, also a member of Glas Cymru Cyf and a Board Director of Cardiff and Vale Credit Union.

Meriel Jenney is Executive Medical Director Cardiff and Vale University Health Board . She is also Chief Investigator of an International Clinical Trial funded by Bayer.

Suzanne Rankin is Chief Executive Officer of Cardiff and Vale University Health Board. She is also Director of Welsh Wound Innovation Centre and Lay Member (NHS) Cardiff University Council.

Lance Carver is an Associate Member of Cardiff and Vale University Health Board and the Director of Social Services in the Vale of Glamorgan Council.

Councillor Susan Elsmore is an Independent Member of Cardiff and Vale University Health Board and Cabinet Member for Social Care Health & Wellbeing for Cardiff Council. She is also Cardiff Council elected member for Canton Ward, Welsh Local Government Association Cabinet member Mentor and a Fellow of Institute of Welsh Affairs

Sara Moseley is an Independent Member of Cardiff and Vale University Health Board. She is also Chief Executive of Moondance Cancer Initiative.

Catherine Phillips is Executive Director of Finance of Cardiff and Vale University Health Board. She is also President of the HMFA Wales Branch and a Trustee of the HMFA organisation.

Sam Austin is the Chair of Stakeholder Reference Group Cardiff and Vale University Health Board. He is also Deputy Chief Executive of Llamau and Chair of the Board of Trustess for Cymorth Cymru.

Keith Harding is an Indendent Member of Cardiff & Vale University Health Board. He is also Non Executive Director Welsh Wound Innovation Initiative. Director Acesos Holdings Ltd. Director and Chief Medical Officer of Transdiagen Ltd. Editor in Chief of The International Wound Journal. Patron of the Lindsey Leg Club Foundation. His son is Director/Owner of Acesos Holdings Ltd/Global Wound Services Ltd/Transdiagen Ltd.

James Quance was appointed Interim Director of Corporate Governance on the 18/1/2023. His wife works as part of the Audit and Assurance team in NWSSP, hosted by Velindre University NHS Trust.

### 30. Related Party Transactions (Continued)

The material transactions involving the related parties were as follows unless shown in the table re Welsh Government Bodies on page 242.

		Expenditure to	Income from	Amounts owed	Amounts due
		related party	related party	to related party	from related party
		£'000	£'000	£'000	£'000
Rhonnda Cynon Taf Council		175	8	1	0
Cardiff University		5,671	7,127	3,611	4,402
Teenage Cancer Trust		0	122	0	49
Social Care Wales		0	6	0	0
Swansea University		49	751	32	522
Cardiff Council		28,058	7,885	13,391	1,446
University of South Wales		190	7	8	11
Vale of Glamorgan Local Authority		8,143	1,748	2,880	655
Bayer		3,288	29	0	20
Moondance		0	296	61	0
Cardiff Metropolitan University		23	86	4	2
Welsh Wound innovation Centre		110	71	0	14
HFMA		34	0	11	3
Llamau		60	0	60	0
Cardiff Credit Union		0	0	57	0
Endowments		0	987	0	349
Total £'000s		45,801	19,123	20,116	7,473

### 31. Third Party assets

The LHB held £159,431 cash at bank and in hand at 31 March 2023 (31st March 2022, £161,334) which relates to monies held by the LHB on behalf of patients. Cash held in patient Investment Accounts amounted to £0 at 31st March 2023 (31st March 2022, £0). This has been excluded from the Cash and Cash equivalents figure reported in the accounts.

In addition, the LHB had located on its premises a significant quantity of consignment stock. This stock remains the property of the supplier until it is used. The value of consignment stock at 31 March 2023 amounted to £9,404,932 (£8,526,646 as at 31st March 2022).

### 32. Pooled budgets

The Health Board has entered into a pooled budget arrangement with Cardiff and Vale of Glamorgan Local Authorities, as permissible under section 33 of the NHS (Wales) Act 2006 for the operation of a Joint Equipment Store (JES). The purpose of the JES is the provision and delivery of common equipment and consumables to patients who are resident in the localities of the partners to the pooled budget. The pooled budget arrangement became operational from 1st January 2012.

The pool is hosted by Cardiff Council, who are the lead body and act as principal for this scheme. The financial operation of the pool is governed by a pooled budget agreement between Cardiff Council, Vale of Glamorgan Council and the Health Board. The Health Board makes payments to Cardiff Council on receipt of an invoice in line with the agreed contributions to the pooled budget as set out in the agreement. Expenditure incurred is subject to regular review by the partners to the agreement. Any expenditure incurred by Cardiff Council above the agreed contributions in respect of NHS equipment and consumables is invoiced separately. As the funding for the UHB's contribution to the pooled budget has not yet been top sliced and is being provided via invoicing, then no adjustment in respect of the income and expenditure arising from the activities of the pooled budget is required in these accounts. In addition, as the UHB's proportion of the assets and liabilities held by the pool are not material in relation to the UHB, they have therefore not been consolidated within these financial statements.

The JES service had an agreed budget for the 2022-23 of £1.988m of which Cardiff & Vale UHB's contribution was £1.599m. In addition, Cardiff and Vale made an agreed contribution of £0.041m towards the cost of drivers/installers.

Overall the Pooled Budget was overspent by £0.539m in the year. The Health element of the overspend was £0.303m and Cardiff & Vale has accounted for this in its annual accounts for the year ended 31/3/23.

The Health and Social Care Regional Integration Fund (the RIF) is a 5-year fund to deliver a programme of change from April 2022 to March 2027. The RIF builds on the learning and progress made under the previous Integrated Care Fund (ICF) and Transformation Fund (TF) and will seek to create sustainable system change through the integration of health and social care services. In 2022-3 the UHB received a RIF allocation of £19.401m from the

Welsh Government. The UHB acts as a banker for this allocation which funded the following priority areas and strategic programmes:

- Ageing Well - @ Home, Dementia strategy
- Starting Well - Emotional Health & Wellbeing, Complex health & disabilities, Enabling Starting Well
- Living Well - Learning Disabilities & Carers
- Integration infrastructure

which were managed with the following partner organisations:

- Cardiff and Vale UHB
- Cardiff Local Authority
- Vale of Glamorgan Local Authority
- Cardiff and Vale Third Sector

Part 9 of the Social Services and Well-being (SSWWA) (Wales) Act 2014 requires Local Authorities and the Health Board for each region to establish and maintain pooled funds in relation to the exercise of care home accommodation functions. A pooled budget arrangement has been agreed between Cardiff and Vale Local Authorities and Cardiff and Vale University Health Board in relation to the provision of care home accommodation for older people. The arrangement came into effect on 1<sup>st</sup> April 2018 for a period of 12 months renewable on an ongoing basis. Cardiff Council is acting as host authority during this period. Whilst there is one pooled budget in place, the processes for commissioning and payment for services has remained with the three organisations, with each partner continuing to be responsible for their own budget and expenditure. The accountability for the functions of the statutory bodies remains with each individual organisation, in accordance with the Part 9 Guidance under SSWWA 2014. The transactions into the pool for 2022/23 were £25,572,666.

### 33. Operating segments

IFRS 8 requires bodies to report information about each of its operating segments.

The LHB has formed the view that the activities of its divisions are sufficiently similar for the results of their operations not to have to be disclosed separately. In reaching this decision we are satisfied that the following criteria are met:

- (1) Aggregation still allows users to evaluate the business and its operating environment.
- (2) Divisions have similar economic characteristics.
- (3) The Divisions are similar re all of the following:

- (1) The nature of the services provided.
- (2) The Divisions operate fundamentally similar processes.
- (3) The end customers to the processes (the patients) fall into broadly similar categories.
- (4) They share a common regulatory environment.

The LHB did operate as a home to one hosted body during the period, The Wales External Quality Assessment Service (WEQAS). During 2022/23 these accounts contain income of £4.296m and expenditure of £3.911m in respect of WEQAS. The UHB does not consider the amounts involved to be sufficiently material to be reported as a separate segment.

## **34. Other Information**

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

The value of notional transactions is based on estimated costs for the twelve-month period 1 April 2022 to 31 March 2023. This has been calculated from actual Welsh Government expenditure for the 6.3% staff employer pension contributions between April 2022 and February 2023 alongside Health Board/Trust/SHA data for March 2023.

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

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	2022-23 £000	2021-22 £000
<b>Statement of Comprehensive Net Expenditure for the year ended 31 March 2023</b>		
Expenditure on Primary Healthcare Services	332	847
Expenditure on Hospital and Community Health Services	33,680	30,755

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

Net operating cost for the year	34,012	31,602
Notional Welsh Government Funding	34,012	31,602

### Statement of Cash Flows for year ended 31 March 2023

Net operating cost for the financial year	34,012	31,602
Other cash flow adjustments	-34,012	-31,602

### 2.1 Revenue Resource Performance

Revenue Resource Allocation	34,012	31,602
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### 3. Analysis of gross operating costs

#### 3.1 Expenditure on Primary Healthcare Services

General Medical Services	0	0
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#### 3.3 Expenditure on Hospital and Community Health Services

Directors' costs	85	92
Staff costs	33,927	31,510

### 9.1 Employee costs

#### Permanent Staff

Employer contributions to NHS Pension Scheme	34,012	31,602
Charged to capital	0	0
Charged to revenue	34,012	31,602

### 18. Trade and other payables

#### Current

Pensions: staff	0	0
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## 28. Other cash flow adjustments

Other movements

34,012

31,602

## 34. Other Information

### 34.2 Welsh Government Covid 19 Funding

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

	2022-23 £000	2021-22 £000
<b>Capital</b>		
Capital Funding Field Hospitals		0
Capital Funding Equipment & Works	1274	5457
Capital Funding other (Specify)		0
<b>Welsh Government Covid 19 Capital Funding</b>	<b>1,274</b>	<b>5,457</b>
<b>Revenue</b>		
Stability Funding	35,365	69,887
Covid Recovery	0	27,530
Cleaning Standards	0	806
PPE (including All Wales Equipment via NWSSP)	2,978	3,984
Testing / TTP- Testing & Sampling - Pay & Non Pay	1,191	3,159
Tracing / TTP - NHS & LA Tracing - Pay & Non Pay	4,486	13,158
Extended Flu Vaccination / Vaccination - Extended Flu Programme	1,243	1,137
Mass Covid-19 Vaccination / Vaccination - COVID-19	8,016	13,420
Annual Leave Accrual - Increase due to Covid		0
Urgent & Emergency Care		2,548
Private Providers Adult Care / Support for Adult Social Care Providers		2,348
Hospices		0
Other Mental Health / Mental Health		0
Other Primary Care	2,000	2,355
Social Care		0
Other	1,519	349
<b>Welsh Government Covid 19 Revenue Funding</b>	<b>56,798</b>	<b>140,681</b>



### **34.3 Changes to accounting standards - IFRS 16 Impact**

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

### **34.4 Cardiff Medicentre**

On its formation on 1st October 2009 the UHB inherited an interest in a joint venture which had been entered into by one of its predecessor organisations (South Glamorgan Health Authority) in 1992.

Our original partners in this venture are Cardiff Council, Cardiff University and the Welsh Government. The purpose of the venture was to provide dedicated business incubation facilities for start-up and spin-out companies operating in the medical healthcare and life sciences. On 1st April 2016 Welsh Government and Cardiff Council withdrew from the joint venture and sold their shares in it to Cardiff University.

The UHB does not make any direct financial contribution into the venture and ordinarily does not ordinarily directly benefit financially from its operations. Given the immaterial amount involved, no adjustment has been made to these accounts to reflect the UHB's share of the joint venture. For illustrative purposes, had the UHB fully applied IFRS 11 "Joint Arrangements", then based on the last available published accounts of the Medicentre and applying the UHB's 11% share would mean that the UHB would show an investment in a joint venture (as defined by IAS 28 Investments in Associates and Joint Ventures) of £0.444m.

## **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.

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