Changing for the Future

GIG CYMRU NHS WALES

Bwrdd Iechyd Prifysgol Bae Abertawe

Swansea Bay University Health Board

Swansea Bay University Health Board Annual Report 2021-22

Contents

Statement of the Chief Executive's Responsibilities as Accountable Officer

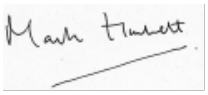
The Welsh ministers have directed that the Chief Executive should be the accountable officer to the health board.

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

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

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

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

Date: 8th June 2022 Chief Executive: 

Statement of Directors' Responsibilities in Respect of the Accounts

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

In preparing those accounts, the directors are required to:

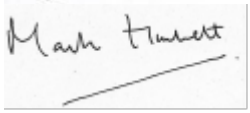
- apply on a consistent basis accounting principles laid down by the Welsh ministers with the approval of the Treasury;
- make judgements and estimates which are responsible and prudent;
- state whether accounting standards have been followed, subject to any material departures disclosed and explained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

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

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

By order of the board, signed:

Chair  Date: 8th June 2022

Chief Executive  Date: 8th June 2022

Director of Finance  Date: 8th June 2022

About the Health Board

Swansea Bay University Health Board plans, commissions and delivers healthcare services for the people of Neath Port Talbot and Swansea, and works to improve their health and wellbeing. We serve a population of approximately 390,000, have a budget of around £1.3billion and employ almost 13,500 staff.

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

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

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

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

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

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

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

- Lymphoedema Network – manages the Lymphoedema Network Wales National Team.

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

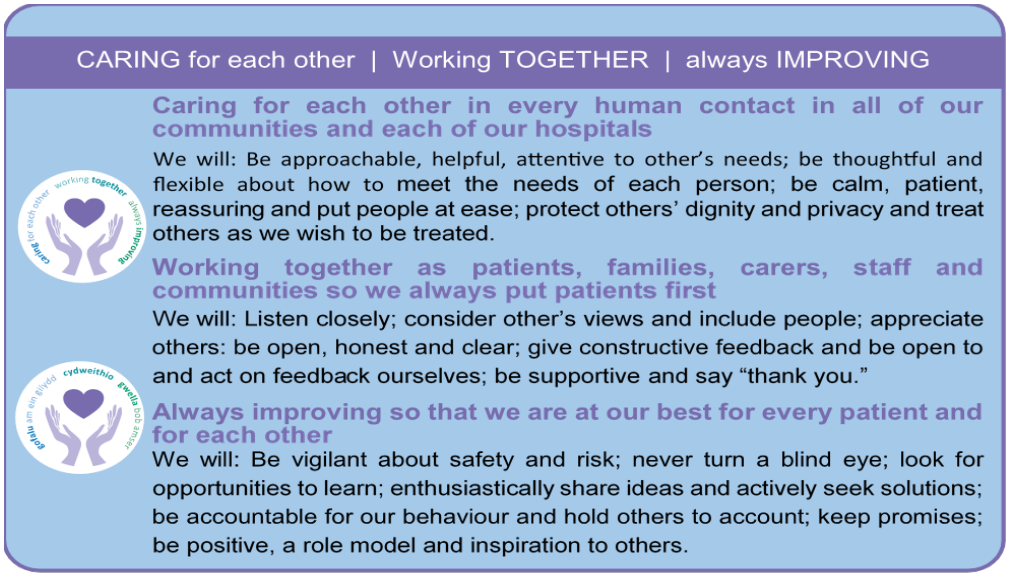
- Neonatal Transport Service - the Neonatal Transport Service is the service which safely moves babies (neonates) between hospitals across Wales and further when this is required. The service is staffed by specialist medical and nursing staff to provide ongoing neonatal care before and during the journey. If required, the service will also undertake transfers of neonates back to the local unit, at the end of their treatment.

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

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

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

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



Introduction: Chief Executive's Overview

2021-22 was an extraordinary year Swansea Bay University Health Board. While our staff continued to face and respond to Covid-19, we also took the chance to develop our services to make the health board more sustainable in the longer-term. The challenge we face is potentially one of the toughest the NHS has seen in decades, recovering from Covid-19 and meeting the current demand for care which has accelerated during the pandemic.

The engagement programme, 'Changing for the Future', took place over the summer of 2021 and consulted on a number of service change proposals to address longstanding challenges, such as significant local health inequalities, a growing and ageing population, prevalence of long-term illness and recruitment and financial challenges. These were part of our annual plan priorities for 2021-22.

The proposals built on our previous consultation, 'Changing for the Better'; temporary changes made in response to the pandemic which have been effective and we want to make permanent; and areas highlighted by staff and the public as needing to improve our quality of care and the way services are organised at Morriston, Singleton and Neath Port Talbot hospitals. These included consistent feedback of poor patient experience in some services, continuing challenges to achieve acceptable waiting times for urgent and emergency care, hospital stays which are too long and poorer outcomes for older patients as well as increased cancellations of planned treatments and longer waiting times. They will be built on a foundation of thriving primary, community and mental health schemes to support local care to the public which asks for service excellence.

'Changing for the Future' set out proposals to recreate our three main hospitals as centres of excellence, and each one having a concentrated focus to play to the strengths of our staff and address the improvements that are essential. Morriston Hospital for urgent, specialist and regional care, Singleton Hospital for planned care, cancer care, maternity and diagnostics and Neath Port Talbot Hospital for orthopaedic and spinal care, diagnostics, rehabilitation and rheumatology. We are now in the process of moving these forward.

In addition, the pandemic encouraged us to think differently across all our activity and especially as to how we manage services in local communities, closer to people's homes, to reduce the need for them to travel to hospital sites. These are also opportunities we are taking through 'Changing for the Future'. One example is the creation of a phlebotomy (blood test) service at the Bay Field Hospital (in addition to the three main hospital sites), managed by phone and online booking systems - this was something that has been welcomed by patients and we aim to keep a phlebotomy service in a community setting. Another example is the

considerable investments we have made in supporting our most frail patients with our virtual wards and palliative care teams.

We established a preparedness and response framework to the Covid-19 pandemic on 31st January 2020, and implemented a major incident response with associated command, control and communication arrangements. These arrangements remained in place for 2021-22, but we also started recovering and resetting our non-Covid services. Although we did start to see an increase in Covid cases in October/November 2021 resulting from the Delta variant, and again in January 2022 due to Omicron, our services were able to continue for the most part, due to the hard work and commitment of our staff. All essential services were maintained, with cancellations of outpatient and elective services kept to as low as possible. This was also testament to our comprehensive vaccine programme leading to fewer admissions.

Urgent and emergency care remained a significant challenge for us throughout the year, with the numbers of patients presenting at the emergency department returning to pre-pandemic levels. Our unscheduled care services continue to be run in-line with Covid-19 guidelines, with different pathways for those with, or suspected to have, the virus, and those who do not. Initiatives have been put in place to bolster and centralise urgent and emergency care services in one place (Morriston Hospital) so patients can be directed to the most appropriate care and where possible, discharged home either the same day or after a very short stay. There are still patients who will need an admission to a ward, and this is proving challenging due to the numbers of clinically optimised patients on our wards who are still waiting for a package of care or care home placement before they can be discharged. As part of our work to address this, we commissioned a number of care homes beds. These are used by patients for a maximum of six weeks by patients awaiting a permanent bed elsewhere or a care package to return home.

Our staff have been under huge pressure throughout the year and their dedication and expertise were crucial to services adapting quickly to Covid so that patients continued to access the care they needed. The need for them to protect their patients and themselves has led to very significant workforce pressures, with high numbers of staff needing to self-isolate for Covid-19 related reasons. The same pressures were experienced in the care home and domiciliary care sector, and we worked very closely with our local authority colleagues in managing risks, but there was an impact on our patient flow with less capacity to discharge clinically optimised patients.

Quality of care has been a critical focus for us this year as while we recognise the need to provide timely care, it is vital that care is of a quality that is safe for patients and services users, and provides good patient experience. Unfortunately a few areas in which care had not been of the optimum standard came to light during the year (review of the children's community nursing team and the 'Getting Things Right First Time' review of cardiac surgery). These, coupled with internal and external audits of quality governance, found that there was urgent need to develop a quality management system. During February and March 2022 workshops were held with the senior leadership team, facilitated by an external colleague, to discuss what world-class systems looked like and to design a quality management system. Work

is now underway to implement this and will start with a board away session in April on quality and culture.

Five quality priorities were included within the annual plan for 2021-22 – sepsis, falls, end-of-life care, suicide and infection control. Good progress is being made across all of these and will carry on into the next financial year. Particular focus is being given to infection control as our rates are stubbornly high. A 'state of the nation' position statement was shared with the Management Board in November 2021 and a process agreed whereby every case is reviewed by the relevant service group as a 'never event' and then a monthly scrutiny panel of all cases by the Medical Director and Director of Nursing and Patient Experience. A comprehensive action plan was agreed in March 2022 and the actions underway.

Planned care has been particularly difficult, because all non-urgent care was stopped at the start of the pandemic, as directed by Welsh Government. We have a significant backlog of patients to see, as well as new patients now being referred. While we were able to provide non-urgent, non-Covid services during 2021-22, our capacity was reduced for a number of reasons, the most significant being workforce, with high numbers of staff needing to self-isolate for Covid-19 related reasons. Distancing requirements and the changing of PPE (personal protective equipment) also meant we could not work as quickly or as efficiently as we would have liked.

Some of the changes we have made to the way we work, such as the rapid expansion of digital infrastructure to support virtual consultations, will remain critical components of the services we offer in the future. We are still working to address the backlog of patients caused by Covid-19 as well as see new patients referred this year. For example, one of the investments agreed by the board was for modular theatres to be established at Neath Port Talbot Hospital to create a centre for orthopaedic surgery, a service which has been challenging to provide since before Covid-19 due to the capacity issues at Morriston Hospital.

The financial position was also challenged during 2021-22. We not only had to continue our Covid-19 expenditure for vaccination, testing and other measures, but it was important to continue to make investments in order to provide elective and cancer services, and these included innovative new ways of working.

We met our forecast year-end position of a £24.4m deficit and also achieved balance for our capital resource limit, which was boosted towards the end of the year through national slippage, enabling us to bring forward some schemes, such as new CT scanners, from next year. Included in this achievement was the delivery of our £27.4m savings plan (achieving £28.2m), for which staff and their managers should be recognised.

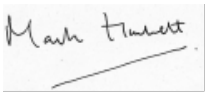
We did not have an approved integrated medium term plan (IMTP – three-year plan) this year, but we did have an annual plan which we delivered the majority of throughout the year. It is our ambition to have an IMTP for 2022 – 2025 and our recovery and sustainability plan was agreed by the board in March 2022 for submission to Welsh Government for approval. While it has been another challenging year for the health board and for the communities that we serve, we are

continuing our transition from responding to the pandemic to recovery, and this will progress further in 2022-23.

The last year has been immensely challenging for the Board and our staff, patients and the communities we serve. But we should draw strength and pride from how much we achieved to keep our communities and ourselves safe as Covid raged. We are not done with Covid, but we now know much more about how to work with and around it, while we focus on restoring and building the NHS services people depend on.

This year is about creating and delivering services that offer the best patient experience and outcomes possible. We have strong values that we draw on and feel in our work. These values epitomise the difference we come to work to make as a team. This is not about working harder or being more committed, the last two years exemplified hard work and commitment. It is about organising ourselves so that our skills and dedication make the most impact by recognising and removing barriers that get in the way.

Improving the patient experience is at the heart of our values and at the heart of how and why we are improving services and care for the people we serve.



Mark Hackett
Chief Executive

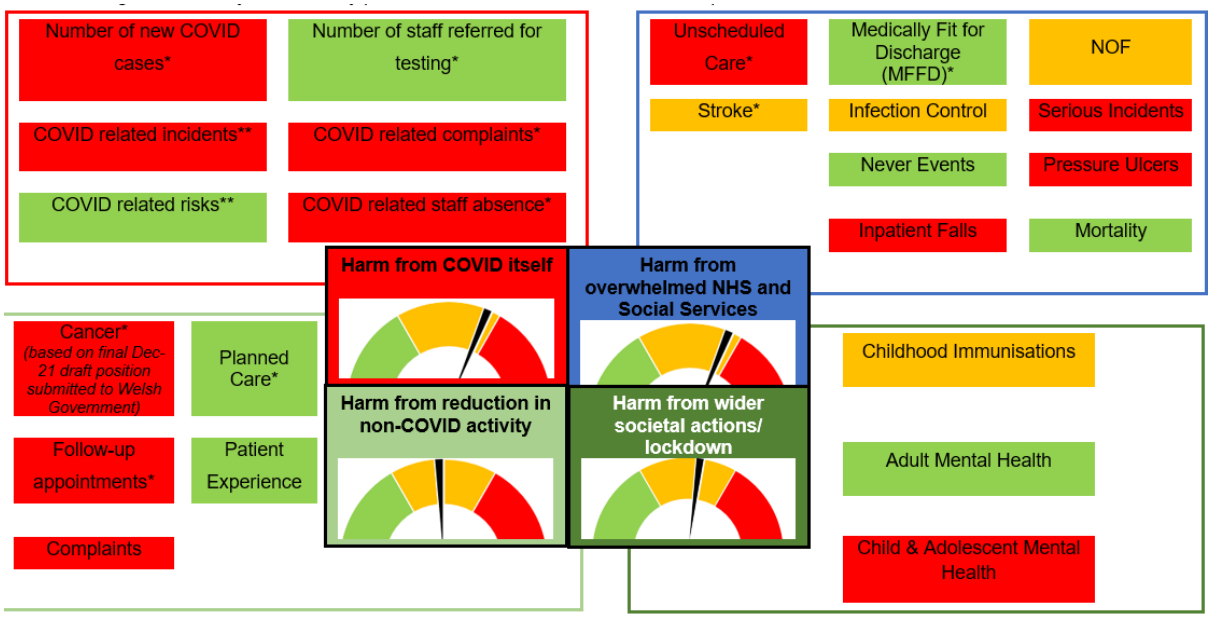
Performance Report
2021-22

Our Performance Summary

Performance during 2021-22 comprised both some successes and areas to improve. A monthly performance report was shared with the Performance and Finance and Quality and Safety committees based on the NHS Wales Delivery Framework as well reported bi-monthly to the board. This summary provides a snapshot of some of things which went well, and others which need to improve in 2022-23.

Successes	Concerns
830,389 Total vaccinations undertaken (11.4.22)	**269 (10%↓)** Clinically Optimised patients
24,728 (3%↓) Stage 1 > 26 weeks	
0 Never Events reported	**5,863 (4%↓)** Waiting > 8 weeks for reportable diagnostics
820 (11%↓) Patients waiting over 14 weeks for reportable therapies	
435 (17.1%↓) USC backlog over 63 days	**72% (1%↑)** Improved theatre utilisation
44,650 (19.6%↑) Outpatient Activity figures	
13,587 (4%↑) Patients waiting over 104 weeks for treatment	**7** Serious Incidents reported
4,749 (11.4%↓) Covid Cases has increased	
11,084 (20%↑) A&E attendances	**4,198 (6.9%↑)** Endoscopy patients waiting >8 weeks
14,870 (17%↑) Total GP referrals	
62 (11.3%↑) Critical Care admissions	**71.39% (0.9%↓)** 4hr ED performance
Covid Staff sickness (1.3%↑) Percentage has increased	

To improve visibility of measuring and managing harm, performance reporting has been aligned with the four quadrants of harm as set out in the NHS Wales Delivery Framework. The illustration below gives a year-end summary of the final position for key performance indicator (red is deterioration, amber is on-track and green improved performance).



NB- RAG status is against national or local target
** Data not available*

*RAG status based on in-month movement in the absence of local profiles

Our Performance Report

Covid-19

The approach to testing has evolved as the pandemic has continued and throughout the year we had access to:

- Two testing centres (Fabian Way and the regional testing centre in Baglan);
- Community mobile testing units.

Anyone who tested positive for Covid-19 was contacted by one of our test, trace and protect team to provide advice on next steps and identifying potential contacts.

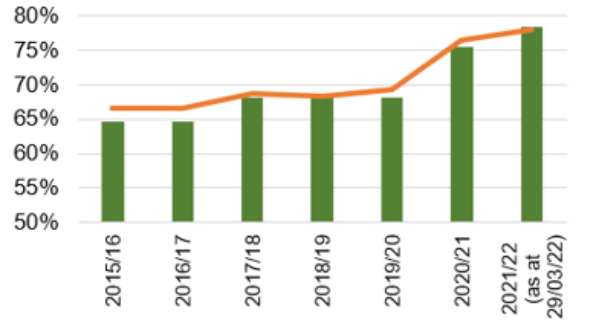
Our comprehensive vaccination programme has continued throughout 2021-22. By 31st March 2022, **306,221** first doses, **288,360** second doses and more than **225,000** boosters were administered to adults aged over 18. We also administered **31,301** vaccines to young people aged 12 and 18 as part of the programme. We have used a variety of facilities to deliver the vaccine during the year, including:

- Mass vaccination centres - Bay Field Hospital, Margam Orangery, Canolfan Gorseinion and The Princess Royal Theatre, Port Talbot;
- A mobile service targeting hard to reach groups and geographically isolated communities via an 'Immbulance';
- Local vaccination centres in containers across the two local authority areas;
- Primary care centres;
- Community pharmacies.

In January 2022, the vaccination programme opened to children aged between five and 11. To date, **25,994** vaccines have been delivered to these in an environment more suited to that age group.

The national flu campaign began in the autumn of 2021 as planned. Fortunately there were relatively low levels of the flu virus reported but it was more important than ever to reduce the potential impact of seasonal influenza on both individuals and healthcare services.

Chart 9: Influenza uptake for amongst 65 year olds and over

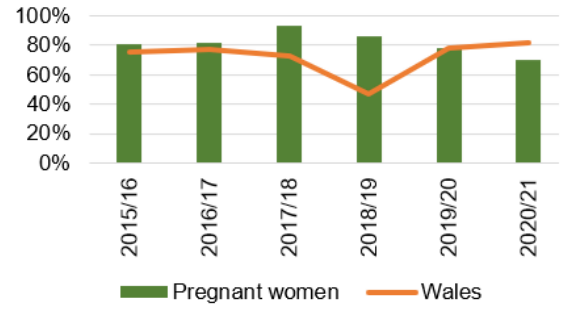


Data prior to April 2019 relates to Abertawe Bro Morgannwg University Health Board

Chart 10: Influenza uptake for amongst under 65s in risk groups

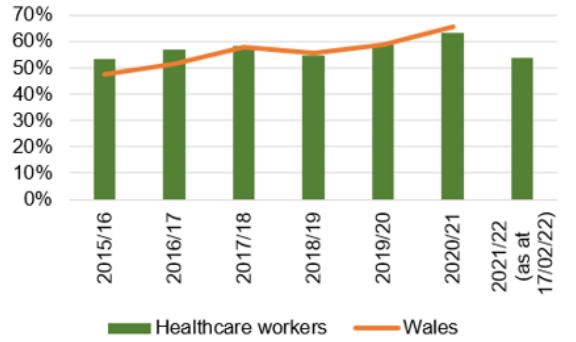
Data prior to April 2019 relates to Abertawe Bro Morgannwg University Health Board

Chart 11: Influenza uptake for amongst pregnant women



Data prior to April 2019 relates to Abertawe Bro Morgannwg University Health Board.
2020/21 data not available

Chart 12: Influenza uptake for amongst healthcare workers



Data prior to April 2019 relates to Abertawe Bro Morgannwg University Health Board.
2020/21 all-Wales data not yet available

Thanks to the success of the Covid vaccination programme, as we started 2021-22, we no longer needed additional critical care capacity from the previous year as we managed through our core intensive care unit. The area in Morriston Hospital set-up in 2020-21 was originally our outpatient department. While a small portion of this has returned to its original use, the remainder has been transformed to support urgent and emergency care.

Our field hospital remains open but we have yet to need it for Covid-19 patients. Instead it has provided us with an opportunity to redesign how we provide blood-tests for those in the community as well as being our main mass vaccination centre. While some tests are available on our hospital sites, the majority of patients attended the Bay Field Hospital for bloods, reducing the need for unnecessary trips to a hospital site, especially at a time when we need to be reducing footfall.

A significant amount of work was required to plan and manage for excess deaths associated with the pandemic. Utmost consideration was given to maintain respect and dignity of the deceased in this difficult situation. A verification of death team was introduced to support community death in care homes and deaths at home. There was a requirement to develop additional mortuary space at three sites. This involved working in partnership across the Swansea Bay area with local authorities, registrars, fire and rescue services and police as well as with local funeral directors. Detailed transport plans were developed and tested for both local movement of the deceased and this local response was linked to a plan within the local resilience forum with additional mortuary facilities available in Cardiff if required.

We have continued to provide appropriate PPE/respiratory personal equipment (RPE) distributing:

- **2,728,800** surgical masks;
- **231,139** filtering face peace (FFP)3 masks;
- **188,778** gowns.

Non-Covid-19

We have continued to provide all non-Covid services throughout 2021-22, although we did stand-down adhoc clinics and services as operational pressures increased during the Delta and Omicron variant peaks.

Our communications team has been extensively promoting messages around choosing the right services for the public's needs, from self-care via pharmacy, visiting a GP or attending a minor injury unit rather than the emergency department. 111 is a key service that is publicised so people can get sound advice as to which service they should be accessing.

❖ *Urgent and Emergency Care*

Urgent and emergency care continues to be one of our biggest challenges. To focus our efforts, we have co-located the GP out-of-hours and acute GP unit on the Morriston Hospital site with the emergency department, and we have established an urgent primary care centre (with a second one in Neath Port Talbot Hospital) and older people's assessment unit. These were enhanced further in March 2022 with the opening of a short stay unit and same day emergency care centre to avoid patients having to be admitted unnecessarily and instead, enable them to recover in their homes. In addition, partnership working with the Welsh Ambulance Services NHS Trust continues to reduce the number of handover delays at the emergency department. Initiatives include reviewing the stack within the acute hub, creating alternative pathways for chest pain, respiratory illnesses and frailty to reduce ambulance conveyances and three static vehicles on the Morriston Hospital site in which patients can safely wait to release the emergency ambulances for other calls.

Recognising the pressures on its urgent emergency care system, our financial plan for 2021-22 identified investment to develop service models which provide care for patients outside of the acute hospital settings. These services would provide care to prevent patients being admitted supporting them to live independently, or with care and support rather than need to be admitted to hospital care. Our financial plan identified more than £5m which we have internally generated through savings delivery to recurrently fund our virtual ward, specialist palliative care and intermediate care models in this regard.

In addition to our own internally generated funding, the health board has received more than £3m from Welsh Government to develop post anaesthetic care units and develop same day emergency care models.

Finally, through a combination of Welsh Government funding and internally prioritised discretionary capital funding, we are investing £3.9m to develop new facilities within Morriston Hospital to modernise and increase our emergency care capacity, which will allow us to stream patients from the emergency department for specialist care which will either result in no requirement for admission or for far shorter lengths of stay in our hospitals. These developments are the foundations upon which we will reconfigure our emergency care models in 2022-23.

Our main aim for the coming year is to centralise the acute medical services at Morriston Hospital. This will help to address the current issues by concentrating resources onto one site as well as support a new service model to be developed for managing acute medical patients based on providing rapid assessment supported by early diagnostic investigations (as appropriate). This allows earlier treatment to be provided and for people to be discharged without a hospital admission. As well as admission avoidance, the programme will reduce the pressure on the emergency

department by referring patients who could be treated at an alternative same day emergency care service on the site and be sent home, or via the acute medical unit where patients can be assessed by senior clinicians during a short stay. This will leave specialist wards to be available for those who really need them.

Despite these improvements, there are considerable challenges in this area and we are working continually to improve services to our patients.

❖ *Planned Care*

During 2021-22, the health board received £21.899m of additional revenue funding from Welsh Government to improve access to care which had been impacted by the Covid-19 pandemic. This funding was used for a wide range of purposes, but included solutions which increased capacity for diagnostic imaging, diagnostic pathology, outpatients and surgical procedures. Towards the end of 2021-22, the impact of this additional capacity was visible with our waiting list numbers starting to stabilise and access for imaging diagnostics and pathology improving. We were also allocated capital funding to allow us to develop our medium to long terms plans to increase operating capacity for ophthalmology and orthopaedics. These are exciting opportunities to increase capacity and to allow for the reconfiguration of other surgical services as we move into 2022-23 and begin the recovery of access times.

For 2022-23, the health board has been allocated £21.6m for COVID recovery and this will be deployed to meet priorities in planned care, diagnostics, critical care and cancer.

As at 31st March 2022, we had more than **70,000** patients waiting for elective care – this is everybody waiting for some aspect of planned care, whether it be a new outpatient appointment, diagnostic service or treatment. The elective care process usually starts with an outpatient appointment. Currently total outpatient capacity is 80% of pre-Covid levels (and 35% of this is now virtual). A range of schemes with primary care were successfully introduced during the pandemic to provide care outside hospital and these were expanded during 2021-22. They include GPs providing a service to remove basal cell (skin) cancers and spirometry (respiratory) and community optometrists assessing and monitoring patients referred from the diabetic eye care screening service.

Patients are being encouraged and supported to self-care where possible and clinicians have increased the number of patients on “see on symptoms” or “patient initiated follow up” pathways to reduce unnecessary follow up appointments. Work is ongoing with primary care to identify suitable alternative pathways for patients who would otherwise be referred in for an outpatient appointment.

During 2021-22, the focus was again predominantly on providing treatment with the highest clinical need, based on the criteria prescribed by the Royal College of Surgeons at the start of the pandemic, such as cancer patients and those requiring urgent treatment. However as the year has progressed and restrictions have eased, we have been able to increase the number of theatre sessions per week from a baseline of **98** in October 2021 to **158** in March 2022. This has resulted in significantly more patients being treated during this period. The work has been backed-up by the use of the independent sector for specialities such as:

- Ophthalmology;
- Gastroenterology;
- Hand surgery;
- Gynecology surgery;
- Oral maxilla-facial;
- Orthopaedics;
- Spinal;
- Plastic surgery;
- General surgery.

Validation work was also undertaken during the year to remove patients from the waiting list who no longer needed to be there, with around 20% of those waiting more than 52 weeks coming off. In addition, a waiting list review between cardiology consultants and GPs meant 23% could be removed from the list and 27% redirected to more appropriate pathways.

Through all these measures, the number of patients waiting for elective care has plateaued and there are signs of a slight reduction from February 2022. There were occasions during the year where the health board returned to pre-Covid levels for inpatient elective work and sometimes held the best position in Wales.

To maintain diagnostic waiting times at a reasonable level, the health board has employed a number of independent organisations to provide additional capacity in endoscopy and provide mobile solutions for radiology. Waiting times for therapies have been maintained around their target thanks to a significant use of virtual consultation across all of the specialties.

❖ *Mental Health and Learning Disability Services*

A significant achievement in mental health was the opening of the perinatal mother and baby unit at Tonna Hospital, which gives new mums struggling with severe mental health conditions a place to receive inpatient care and have their baby with them. Until now, no facility has been available in Wales with women having to travel to England for such a service, leaving them at a distance from their families.

We also went out to engagement around our plans for older person's mental health service and acute adult mental health services. While there was some criticism of the plans in the first round of engagement, the revised proposals were supported by the community health council and our board in October 2021. This was followed by an engagement to centralise acute adult mental health services on the Cefn Coed Hospital site to create a single service. The engagement closed in March 2022 with the outcome to be presented to the community health council and board in April 2022 for approval.

A single point of access was launched for all mental health enquiries made by health care professionals. This allows all referrers to speak directly to a mental health professional and agree an outcome and early indications is that it is evaluating well. The service forms part of an assessment and response team based in Neath Port Talbot Hospital but offering a service for the whole of Swansea Bay. The next stage

of this development would be to make the referral platform open access via 111 and it is envisaged that this will go live in July 2022, one of the first two in Wales.

We continue to meet the 26 week target for access to psychological therapy from the date of referral despite demand for this therapy increasing. In order to sustain performance as demand is predicted to increase further during 2022-23, a bid has been submitted to Welsh Government to use a part of this year's mental health service improvement fund monies to further enhance the service by recruiting an additional two cognitive behaviour therapists.

This year we have scoped out and implemented plans to enable one of our inpatient learning disability units, Hafod Y Wennol, to adapt its assessment function for people with complex health needs and challenging behaviour that had previously led them to be placed in the independent hospital sector. This has involved capital improvements to address anti ligature requirements, development of a purpose built seclusion suite and investment in our workforce. This investment now provides a higher ratio of staff per patient reflecting the increased complexity of people being supported and increased therapies provision to improve the interventions available to prepare individuals to move on to community placements. So far we have been able to bring five people back to this specialist NHS care from independent hospitals one of which has already stepped down to a lower level of care and the feedback from families has been positive:

We are looking forward to working together with local authority partners over the coming year to further develop community accommodation and support that will mean even fewer people are cared for in hospital settings.

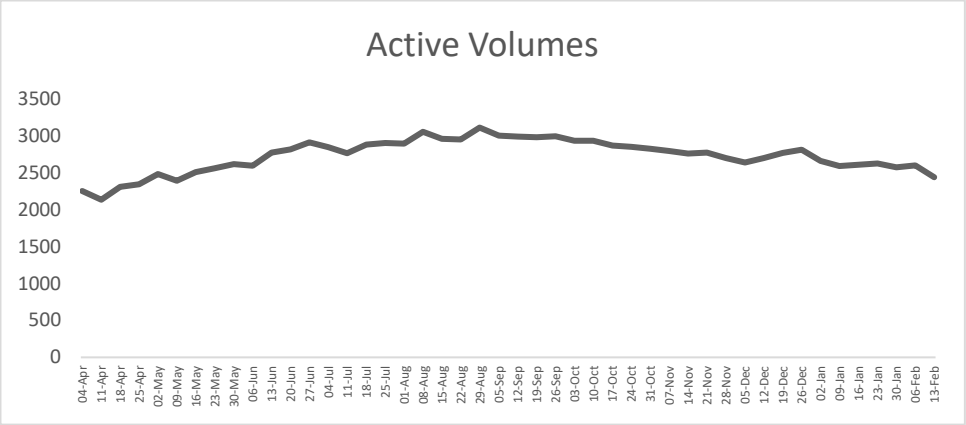
❖ *Cancer*

Standardised prioritisation guidelines published for surgery, SACT (systemic anti-cancer therapy) and radiotherapy were adopted throughout the pandemic and adapted collaboratively as it progressed.

We have continued, wherever possible, to reduce non-urgent, face-to-face patient contact within health board and outreach settings. This meant modifying face-to-face appointments and maximising use of remote monitoring, continuously

reviewing the intervals between visits, surveillance and monitoring. Other initiatives included reviewing mode and choice of treatments, strengthening home care and reducing fractions of radiotherapy where appropriate. There are also revised pathways for surgical, palliative and end-of-life care patients.

The volume of new suspected cancer patients on pathway has been reducing gradually since August 2021.



Tackling the backlog has been particularly challenging for a number of reasons including increased demand on diagnostic services. Reduced staff availability due to sickness, self-isolation, leave and vacancies also continues to impact on all aspects of the pathway as well as on unscheduled care. We have worked tirelessly to address these and continue to do so in our commitment to improve services for local people by improving access to care.

Services are progressing with their recovery plans that will further reduce the waiting list and backlog. Recent developments, innovation and current plans include:

- FIT (faecal immunochemical testing) is now available to primary care in all clusters;
- Appointment of consultant posts in radiology, pathology and surgery, with further posts currently advertised;
- Waiting list initiatives to address diagnostic backlog in breast and gynaecology;
- Extended weekday working in radiology to improve timely access to CT and MRI;
- Expansion of the rapid diagnostic clinic service (RDC) from February 2022 to include colorectal and neck lump and streamline diagnostic assessment; This is thanks to funding from Moondance Cancer Initiative, a not-for-profit organisation;
- A one-stop ovarian rapid access clinic is being piloted, following a successful bid to the Bevan Commission, in place since 17th January 2022, this provides rapid assessment, diagnosis and management of patients presenting with suspected ovarian cancer. Referral to the multi-disciplinary team for discussion and an agreed treatment plan will be facilitated earlier and patients are supported by a clinical nurse specialist earlier in their journey;

- Gynaecology surgery prehab and enhanced recovery after surgery pilot which has enabled day case laparoscopic surgery to be undertaken.

We have committed more than £1.5m in new developments in 2021-22 and have set aside at least £1m per year going forward in internal cancer developments.

Nuclear medicine at the South West Wales Cancer Centre had the oldest scanner in the UK. Following Welsh Government investment in excess of £4.1million, the department has procured two new SPECT/CT scanners, and these were installed into a renovated department. One of the scanners is GE 3D CZT StarGuide scanner (with 16-slice CT) and is the first in the UK. It will increase resolution and sensitivity of SPECT/CT scans, and also make other clinical options possible (calculation of coronary flow reserve, whole body SPECT/CT scanning, etc). It also allows the establishment academic and clinical links with European leaders in nuclear medicine at Oxford (UK), Orléans (France) and Lund (Sweden). This technology further allows nuclear medicine to become a UK reference site.

Radiotherapy at the South West Wales Cancer Centre (SWWCC) has received significant investment over the last year. Around £9m has been spent in conjunction with Welsh Government to replace two existing linear accelerators. This means that as of July 2023, all the radiotherapy treatment machines will be under four years old and providing a state of the art service. Also, these machines have come with surface guided radiotherapy equipment allowing us to offer modern 4D treatments which reduce side effects. In addition, they have integrated 3D image guided radiotherapy tools, allowing us to adopt shorter fractionations, so patient visits for some tumour sites have reduced from 20 to seven (prostate) and 15 to five (breast), making patient experience better, and improving the environment. These shorter treatments have also resulted in the centre being able to treat 20% more patients each year, meaning we are well positioned to treat more patients safely, in a more timely manner. We are also at the planning stage to add a second CT scanner and increase our infrastructure from four to five linear accelerators.

The centre also now offers very specialist treatments, like stereotactic lung radiotherapy meaning patients no longer have to travel to Cardiff for these modern high dose treatments

❖ *Primary Care*

New digital services, such as ‘askmyGP’, remain in place in many GP practices for people to access advice and healthcare from their GP, reducing the number of avoidable face-to-face appointments. Consultant Connect is being rolled out to appropriate primary care services to provide specialist advice direct to surgeries, improving access and reducing the pressure on referrals to hospital based services.

Primary care has continued to respond rapidly in order to minimise the spread of infection and allow safe and successful reactivation of services. Our teams have identified ways to provide additional workforce capacity to reduce the planned care backlog including dermatology, spirometry, and through participation in weekend opening hours to support pressures across the whole system. Community optometry has developed new schemes for glaucoma and diabetic retinopathy referrals and there has been an increase in provision of community pharmacy independent

prescribing services and access to palliative care medicines. Access to GP services is of key importance for our patients and the health board will be working closely with GP practices during 2022-2023 to help support their sustainability and to implement new Welsh Government access standards that will come into force in April 2022.

Dental colleagues have worked relentlessly within strict infection prevention and control measures to ensure urgent need and high risk patients can continue to access timely oral health care. New pathways have been introduced or are being piloted to continue to improve access for urgent and long term dental. Therapist led oral health screening and dental care in care homes is now established with good outcomes reported. The 'Designed to Smile' programme has been re-established and take-up by schools has been positive with new methods of delivery developed. Access to dental services is a key priority for the health board and we will be working with dental practices to bring in a national change to the contract which will enable more new patients to be seen in dental practices.

Primary care clusters have continued to work throughout the year to extend and improve local services. Each cluster has produced a plan for next year focusing on preventing ill heath, strengthening primary care services and working more closely with hospital colleagues. Multi-disciplinary professions have continued to expand significantly, enhanced by additional specialist community chronic conditions nursing, therapy and pharmacist teams, complex needs workers, and mental health and wellbeing/triage workers, delivering care closer to home and often avoiding the need for secondary care or repeat primary care services. Of particular note has been the cluster focus on delivery against clinical pathway work such as pre-diabetes and obesity, including addressing backlogs arising from Covid-19 such as the cluster led spirometry clinics. The nutrition and dietetic service has delivered a successful pilot of a primary care irritable bowel service, which will be rolled out across the health board in 2022.

The development of first contact point practitioners within primary care has improved access and provided specialist assessment and intervention for our population closer to their home and reduced demand on GPs. This has included physiotherapy within five clusters, targeting those with musculo-skeletal presentations and primary care audiology service enabling the population to receive specialist first contact assessment and advice regarding their hearing and tinnitus. The services are endeavouring to roll these first contact practitioner services out across the health board. In addition, the audiology service is receiving multiple compliments regarding its new model of delivery for hearing aid repairs and maintenance.

There a focus on both trying to help patients stay out of hospital, and systems were put in place, in conjunction with local authority colleagues, to help people return to the community once they were well enough to do so. A rapid discharge process creates fast-track pathways including streamlined assessments, a trusted triage model and a multi-disciplinary community based team in-reaching into the hospital sites to support in the identification of those requiring care.

There has been significant investment in the development of "virtual wards" across four clusters in phase one in 2021-22. This multi-disciplinary primary care service impacts positively on patient care with the provision of a timely, holistic assessment

in the patients' own homes supporting them with self-management, health promotion and admission avoidance. As a result of the value of this service further investment for phase two has been released supporting the development of the service across the remaining four clusters in the region.

Supporting children with complex respiratory needs the physiotherapy service has developed a paediatric community respiratory service focused on preventing admission, and also facilitating early discharge of children with complex needs from hospital.

There has also been considerable support by district nursing, acute clinical teams and long-term care nurses to support residents in care homes where outbreaks occurred to ensure that residents were able to be cared for at home wherever possible. This has included supporting people in their last days of life.
The care home sector has experienced significant fragility as a result of workforce constraints. The health board worked with its local authority partners, the voluntary sector and care home providers to provide support and guidance when required: in particular, direct staffing input, infection control advice and support with testing, tracing and outbreak management when needed.

Therapy services have also increased support to acute hospitals and since September 2021 have developed a seven-day occupational therapy and physiotherapy targeted service on some wards including trauma within Morriston Hospital initially on a temporary basis. The results have been positive, with improvements in the quality of patient care including preventing admissions, early assessment and support to mobilise and increasing weekend discharges. Due to the impact the services are now embedding seven-day working across these medical and trauma wards on a permanent basis.

Therapy services and audiology are continuing to activate face to face services and manage the backlog of patients associated with the pandemic. Virtual consultations and resources have been developed and continue to be utilised to support services. Physiotherapy and Podiatry continue to offer direct self-referral access and this year commenced the development of a community exercise and lifestyle programme which has proved to increase self-management and decrease pain for those people with knee osteoarthritis.

Long-Covid programmes have also been designed and delivered by physiotherapy, occupational therapy and dietetics as part of the pulmonary rehabilitation service supporting people to manage these debilitating symptoms, increase their independence and return to work where appropriate.

The therapy services have also focused on developing their workforce skills with increasing numbers of clinicians being able to prescribe thus supporting holistic management especially for those with chronic conditions, for example, within the haemophilia regional team.

- ***Patient Experience***

A core value for the health board is ‘always improving’. While every effort was made to do what is right for our patients, there have been times when we have got it wrong, and it is essential that we listen to people’s feedback in order to learn.

To capture patients’ experiences, social media and text messaging is used to send patients a survey following their discharge. The feedback is shared across the services as appropriate. We have also developed bespoke surveys to help heads of services and clinical teams improve their services.

We received **36,415** ‘Friends and Family’ responses in 2021-22 and the report below shows the number of responses received via each mode of collection and the total responses per site:

Data Collection Method

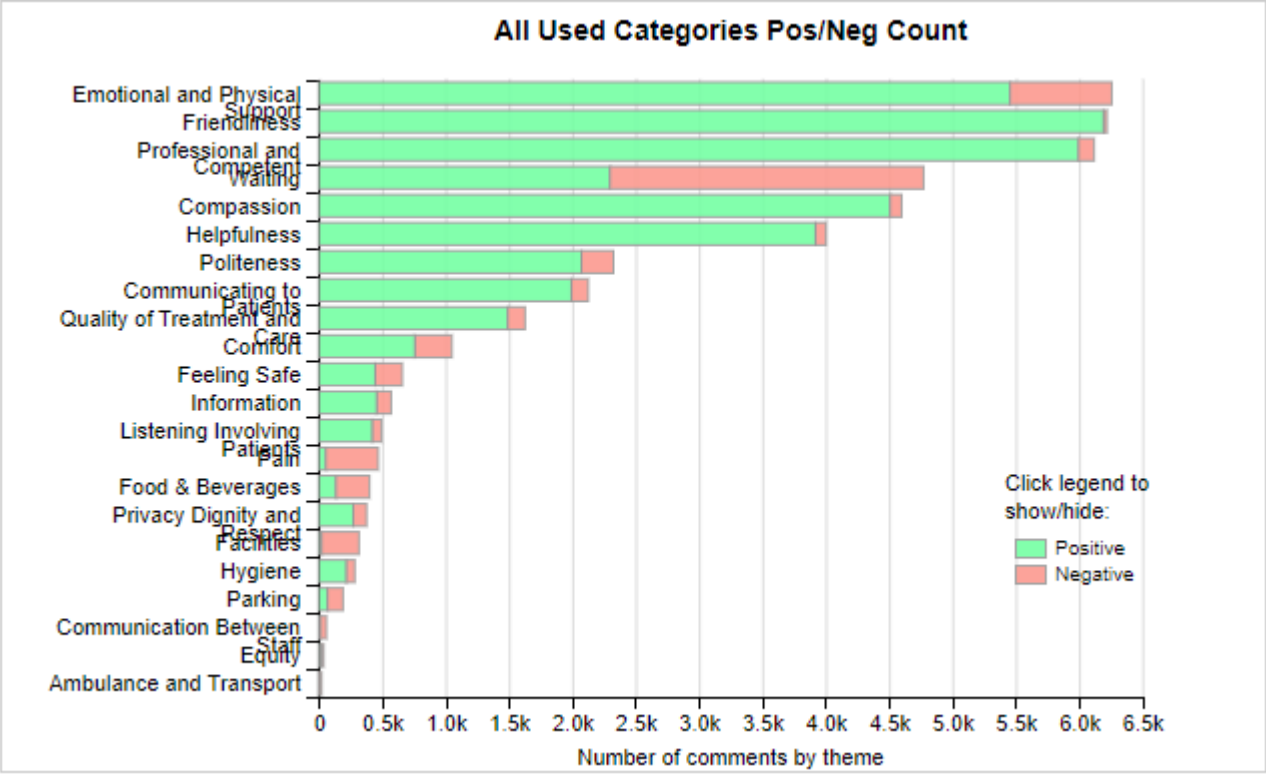
Number of responses received via each mode of collection							
SMS/ Text/ Smartphone app	Electronic tablet/ Kiosk	Paper/ Postcard in care/at discharge	Paper survey sent to home	Telephone survey	Online survey	Other	
30441	125	2668	0	127	3054	0	36415

Results by Site

Site	% Good	% Poor	Total Responses	Very good	Good	Neither good nor poor	Poor	Very poor	Don't Know
Total	92.2%	4.3%	36415	28915	4657	1141	686	865	151
Community	95.0%	2.4%	3379	2900	310	72	37	43	17
Gorseinon Hospital	86.5%	5.4%	37	26	6	1	1	1	2
Learning Disabilities	100.0%	0.0%	13	10	3	0	0	0	0
Mental Health	79.3%	12.6%	87	53	16	3	5	6	4
Morriston Hospital	90.4%	5.4%	12505	9503	1807	469	279	396	51
N/A	91.0%	3.7%	402	314	52	17	7	8	4
Neath Port Talbot Hospital	93.4%	3.4%	6681	5498	745	178	99	129	32
Singleton Hospital	92.6%	4.1%	13311	10611	1718	401	258	282	41

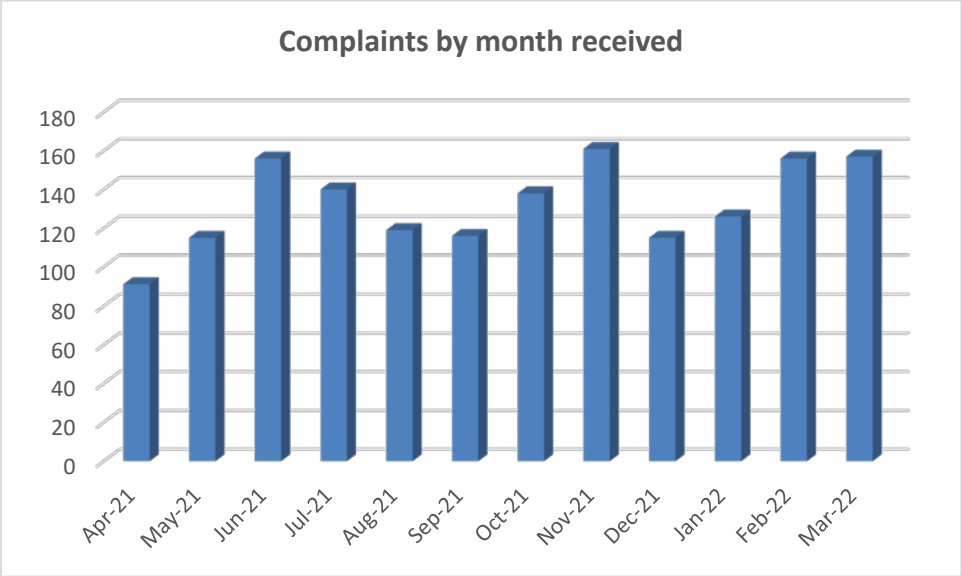
We have broken down the responses by percentage:

	Very Good	Good	Neither Good Nor Poor	Poor	Very Poor	Don't Know
Community	86%	9%	2%	1%	1%	1%
Gorseinon Hospital	70%	16%	3%	3%	3%	5%
Learning Disabilities	77%	23%	-	-	-	-
Mental Health	61%	18%	3%	6%	7%	5%
Morriston Hospital	76%	14%	4%	2%	3%	-
N/A	78%	13%	4%	2%	2%	1%
Neath Port Talbot Hospital	82%	11%	3%	1%	2%	-
Singleton Hospital	80%	13%	3%	2%	2%	-



In addition to the 'Friends and Family' survey, we also worked with clinics and departments to develop bespoke surveys unique to their service. We currently have **28** bespoke surveys live on the system and we have four closed surveys within the period of 2021-22. These have been collected via online, paper and also SMS.

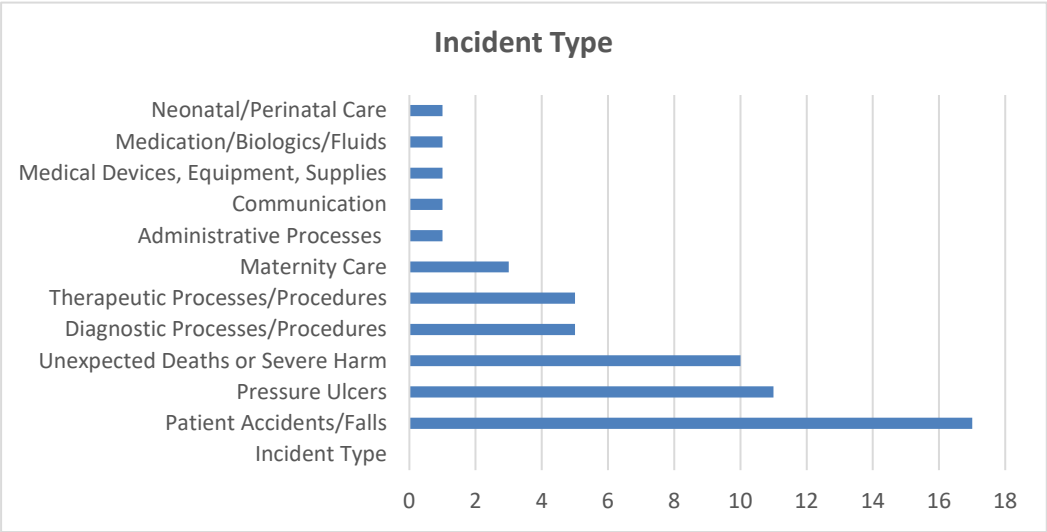
We received **1,590** formal complaints during 2021-22 and the graph below breaks this down per month:



Waiting time is, understandably, the biggest concern for our citizens and the work we are doing to address this is outlined in the planned care section.

Communication is also a common theme for complaints throughout the health board and as a result, communication training has been arranged and delivered by the Ombudsman's Office.

The health board reported 56 nationally reportable incidents to the NHS Wales Delivery Unit since 1st April 2021 – 31st March 2022. The type of these incidents is shown below:

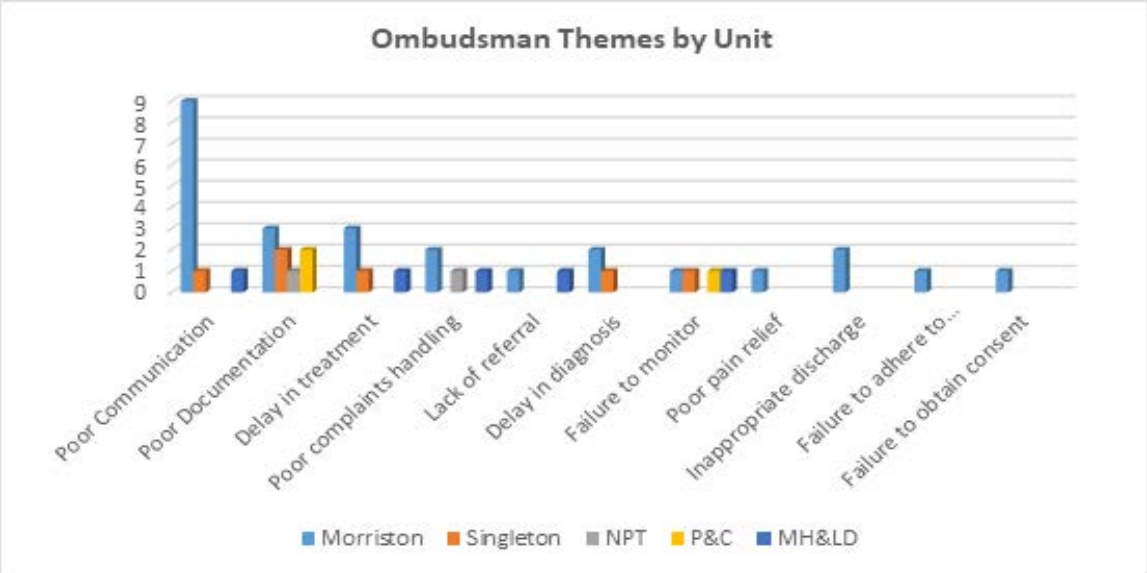


During the same time period, four never events were reported:

- 1 x retained foreign object post-procedure;
- 1 x wrong implant/prosthesis;
- 2 x wrong site surgery.

The number of serious incidents and never events reported is not acceptable, and we take these very seriously. Every incident is reviewed thoroughly with the multi-disciplinary team to determine what happened and how/why. An improvement plan is developed to address any issues. In addition, the learning is presented to the Quality and Safety Governance Group to ensure similar incidents do not occur elsewhere in the health board.

Since 1st April 2021 – 31st March 2022, 17 investigations were undertaken by the Public Services Ombudsman for Wales. During this time period, the Health board has not received any public interest reports. However, the main themes identified from these investigations can be seen below:



As poor communication is again the highest theme, dates have been secured with the Ombudsman until October 2022 in order for communication training to be rolled out across the health board. Further training in relation to human rights and delivering bad news has been arranged with external organisations. In addition, work is ongoing within the organisation to create a directorate of insight, communication and engagement to take forward a comprehensive communications strategy to ensure patients, families, staff and local communities are continually engaged and aware of what is happening within the organisation. The board approved the first phase of this work in March 2022.

Working in Partnership

Good partnership working has been a core feature of our pandemic response as well as a broader partnership agenda and the health board participated with the local resilience forum as a category one responder.

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

Our Stakeholder Reference Group is a key part of our mechanisms for engaging with the public over the health board's plans and actions. It has continued to meet, albeit virtually, during 2021-22 and while Covid-19 has understandably been a focus for these meetings, consideration of health board plans and actions has also been included so that any concerns or issues raised by members are taken into account by the board prior to making any relevant decisions.

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

❖ *Workforce*

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

Although Covid related absence did not reach the peak seen in early 2020, it did significantly impact services delivered by the health board throughout 2021-22 and reached a peak of more than 800 in December 2021, after which numbers have continued to reduce, although not yet to the very low level seen in summer 2020. One area which was particularly affected by staff absences was maternity. For this reason, the difficult decision was made to temporarily close the midwife-led unit at Neath Port Talbot Hospital and stop home births so resources could be centralised at Singleton Hospital in order to provide one robust and comprehensive service. As the position is now improving, a decision will be made in the new financial year as to when to reopen these services.

The health board continued to focus on the effective deployment of staff to Covid impacted environments. This was managed daily, based on risk assessment and staff availability, with rotas being adjusted as required and reliance on the exceptional flexibility demonstrated by our staff.

The health board has enhanced its recruitment efforts to secure additional staff. It also renewed efforts to secure substantive employees where vacancies arose and used additional bank staff to address gaps, which saw levels of additional staff used at more than twice the levels seen pre-pandemic. Supporting and extending the Covid immunisation programme saw significant recruitment into clinical/administrative roles and development of the volunteer programme to support the mass vaccination centres

The health board continued to make use of the risk assessment tools available and targeted wellbeing services/advice to ensure staff were able to work as safely as possible. With shielding ending in March 2021, staff now categorised as clinically vulnerable were reviewed individually, and only returned to their substantive roles where it was safe to do so or where adjustments were able to be made. Staff were

also used in alternative roles working from home wherever appropriate. Over the last year and with only a handful of exceptions, all employees had returned to an appropriate role.

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

In response to changes resulting from the pandemic and to support staff moving into new roles, in particular new managers, learning and development adapted scheduled leadership and management programmes to be run virtually, ensuring maximum opportunity for staff to attend. Content has also been reviewed and updated to ensure it is current and relevant to new ways of working. To enhance the current programme, new modules have been developed on ‘managing virtual teams’ and ‘courageous conversations’. Further modules are now in development on the topics of dealing with and managing change.

The career development team works with employees and people from our local communities to support them with their career aspirations. The team specialises in apprenticeships, vocational training, careers, widening access, and graduate and talent development.

New to the organisation this year is the mutual mentoring programme, a leadership development programme designed to create transformational change and enable a culture of diversity, equality and inclusion, where the power of difference is valued.

On the back of the NHS Wales staff survey results, ‘Thinking Allowed’ sessions took place between 15th – 26th February 2021 to further understand the results, provide a further opportunity for staff to speak up and inform a health board-wide and local action plans for improvement. A total of 229 staff were part of the conversation. Progress against the improvement plans are being reviewed through local partnership groups as well as the Workforce and OD Committee.

The health board has developed a post-Covid staff wellbeing strategy to outline the support available for staff during 2021-22. This includes enhanced support for mental health and trauma. Additional resource has been made available during the pandemic for both occupational health and the staff wellbeing service to meet increased demand.

Conclusion and Forward Look

This has been another incredibly challenging year for the health board, but also one of hope and opportunity, as we started our recovery journey in earnest. ‘Changing for the Future’ is providing us with the starting blocks to make the service changes we need to have a robust and sustainable organisation for the long-term.

Much has already been achieved but there is significant work ahead to recover backlogs of care; to continue to modernise our services and to stabilise the health

board's financial position on the road to long term sustainability. To support this, our recovery and sustainability plan was approved by the board in March 2022. This sets out what we will achieve over the next few years, and how. It plans to rejuvenate our hospitals as well as our primary care, community and therapy services to link improvements in a number of areas, including cancer and emergency medicine. For example, we plan to:

- Deliver a single point of access for mental health emergency care;
- Expand the local primary mental health service;
- Deliver a wellness centre model across the Swansea Bay region;
- Roll-out virtual wards in all eight clusters to include palliative care and care of the elderly;
- Centralise medical take at Morriston Hospital including seven-day same day emergency care centre and amalgamated urgent primary care centre/ ambulatory emergency care/acute GP unit;
- Implement Infection prevention and control reduction targets for primary and secondary care;
- Improve the recognition and compliance of end of life care;
- Reduce mortality and incidence of falls;
- Recognition and treatment of all patients with sepsis within the hospital setting;
- Implement early recognition of anxiety and depression, reducing risk of suicide;
- Deliver our estates strategy including establishing decant wards;
- Deliver a staff health and wellbeing strategy;
- Deliver organisational culture programme;
- Invest in cancer services;
- Invest in population health schemes;
- Deliver cost improvement plans;
- Create a centre of excellence for orthopaedics at Neath Port Talbot Hospital comprising three modular theatres to clear the backlog and provide a sustainable solution;
- Establish additional theatres at Singleton Hospital to create a centre of excellence for elective care and support the transfer of planned care from Morriston Hospital as well as additional funding for a day case theatre for ophthalmology as part of sustainable solution;
- Modernise learning disabilities services.

Accountability Report 2021-22

Annual Governance Statement

❖ 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 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 governance statement.

In March 2022, we received confirmation that our escalation status would remain at ‘enhanced monitoring’ due to the need to enhance quality governance arrangements, temporary closure of the burns service and the need to address the underlying financial deficit.

Our Governance Framework

❖ Overview

The health board has a statutory requirement to comply with the Local Health Board (Constitution, Membership and Procedures) (Wales) Regulations 2009 and comprises chair, vice-chair, chief executive, nine independent members and seven executive directors.

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

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

- Ensure delivery of aims and objectives through effective challenge and scrutiny of performance across all areas of responsibility;
- Ensure delivery of high quality and safe patient care;
- Build capacity and capability within the workforce to build on the values of the health board and creating a strong culture of learning and development;
- Enact effective financial stewardship by ensuring the health board is administered prudently and economically with resources applied appropriately

and efficiently;
- Instigate effective communication between the organisation and its community to ensure its services are planned and responsive to the identified needs;
- Appoint, appraise and oversee arrangements for remunerating executives.

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

During 2021-22, the following improvements were made:
- Full implementation of the board assurance framework and alignment made to the health board risk register and board committees;
- A performance management framework established to monitor and support improvement in areas of insufficient performance;

❖ Director's Report

The board is made-up of executive directors, who are employees of the health board, and independent members appointed by the Minister through the public appointment process. Current board members and other members of the senior team are set out below along with the changes for the year. There are have been challenges around a permanent chair of the Stakeholder Reference Group with independent members chairing the meetings, as such, there is no associate board member for this role currently. In addition, to provide support to key areas of the board, Paul Mapson was appointed as a board advisor for performance and finance and Martyn Waygood now supports the health board charity as an advisor.

❖ Chair and Independent Members

	**Emma Woollett, Chair** **Appointment:** Emma was appointed as Chair in April 2020. Prior to this she held the office of vice-chair but also undertook the interim Chair role from July 2019. **Board and Committee Membership** Emma chairs the board and Remuneration and Terms of Service Committee.
	**Stephen Spill, Vice-Chair** Stephen was appointed as Vice-Chair in January 2021. Prior to this he was a special advisor to the board on performance and finance from May 2020. **Board and Committee Membership** Stephen chairs the Quality and Safety Committee and Mental Health Legislation Committee. He is a member of the board, Remuneration and Terms of Service Committee and Performance and Finance Committee.

Reena Owen, Independent Member

Appointment:

Reena was appointed as an independent member in August 2018.

Area of Expertise:

Community.

Board and Committee Membership

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

Tom Crick, Independent Member

Appointment:

Tom was appointed as an independent member in October 2017 (reappointed October 2020).

Area of Expertise:

Information and Communications Technology.

Board and Committee Membership

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

Maggie Berry, Independent Member

Appointment:

Maggie was appointed as an independent member in May 2015 (reappointed May 2019).

Board and Committee Membership

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

Nuria Zolle, Independent Member

Appointment:

Nuria was appointed as an independent member in October 2019.

Area of Expertise:

Third sector

Board and Committee Membership

Nuria chairs the Audit Committee and Charitable Funds Committee. She is a member of the board, Audit Committee, Workforce and OD Committee, Remuneration and Terms of Service Committee and Stakeholder Reference Group.

Jackie Davies, Independent Member
Appointment:
Jackie was appointed as an independent member in August 2017.
Area of Expertise:
Trade union
Board and Committee Membership
Jackie is a member of the board, Mental Health Legislation Committee, Audit Committee, Workforce and Organisational Development, Health and Safety Committee and Charitable Funds Committee.

Mark Child, Independent Member
Appointment:
Mark was appointed as an independent member in October 2017 (reappointed October 2021).
Area of Expertise:
Local authority
Board and Committee Membership
Mark is a member of the board, Remuneration and Terms of Service Committee and Performance and Finance Committee.

Keith Lloyd, Independent Member
Appointment:
Keith was appointed as an independent member in May 2020.
Area of Expertise:
University
Board and Committee Membership
Keith is a member of the board, Audit Committee, Charitable Funds Committee and Remuneration and Terms of Service Committee.

Patricia Price, Independent Member
Appointment:
Patricia was appointed as an independent member in October 2021.
Area of Expertise:
Finance
Board and Committee Membership
Patricia is a member of the board, Audit Committee, Performance and Finance Committee and Remuneration and Terms of Service Committee.

❖ Associate Board Members

Andrew Jarrett, Director of Social Services, Neath Port Talbot Council
Appointment:
Andrew was appointed as an associate board member in April 2020 and attends board meetings.

❖ Chief Executive and Executive Directors

Mark Hackett, Chief Executive
Appointment:
Mark joined the health board as Chief Executive in January 2021.
Board and Committee Membership
Mark is a member of the board and attends the Remuneration and Terms of Service Committee.

Richard Evans, Medical Director/Deputy Chief Executive
Appointment:
Richard was appointed as Medical Director in November 2018 and Deputy Chief Executive from March 2021.
Board and Committee Membership
Richard is a member of the board and attends Quality and Safety Committee and Workforce and OD Committee.

Gareth Howells, Interim Director of Nursing and Patient Experience
Appointment:
Gareth was appointed as Interim Director of Nursing and Patient Experience in September 2021.
Board and Committee Membership
Gareth is a member of the board and Health and Safety Committee. He attends Audit Committee Quality and Safety Committee, Mental Health Legislation Committee and Workforce and OD Committee.

Debbie Eyitayo, Director of Workforce and Organisational Development (OD)
Appointment:
Debbie was appointed as Interim Director of Workforce and OD in August 2021 and substantively in September 2021.
Board and Committee Membership
Debbie is a member of the board and Health and Safety Committee. She attends Workforce and OD Committee and Remuneration and Terms of Service Committee.

Darren Griffiths, Director of Finance
Appointment:
Darren was appointed as Interim Director of Finance in February 2020 and substantively in July 2021.
Board and Committee Membership
Darren is a member of the board, Performance and Finance Committee, Charitable Funds Committee. He attends Audit Committee.

Siân Harrop-Griffiths, Director of Strategy
Appointment:
Sian was appointed as Director of Strategy in November 2014.
Board and Committee Membership
Siân is a member of the board, Performance and Finance Committee and Charitable Funds Committee. She attends Quality and Safety Committee

Keith Reid, Director of Public Health
Appointment:
Keith was appointed as Director of Public Health in December 2019.
Board and Committee Membership
Keith is a member of the board and Health and Safety Committee. He attends Quality and Safety Committee.

Christine Morrell, Director of Therapies and Health Science
Chris was appointed as Interim Director of Therapies and Health Science in March 2021 and substantively in August 2021.
Board and Committee Membership
Chris is a member of the board. She attends Quality and Safety Committee and Workforce and OD Committee.

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

Inese Robotham, Chief Operating Officer
Appointment:
Inese was appointed as Chief Operating Officer in October 2021.
Board and Committee Membership
Inese attends the board in a non-voting capacity and Performance and Finance Committee.

Matt John, Director of Digital
Appointment:
While Matt has worked at the health board for a number of years, he was appointed as Associate Director of Digital Services in August 2018 and then Director of Digital in August 2020.
Board and Committee Membership
Matt attends the board in a non-voting capacity

Hazel Lloyd
Appointment:
Hazel was appointed as Acting Director of Corporate Governance in December 2021.
Board and Committee Membership
Hazel is the main governance advisor to the board. She attends the board in a non-voting capacity, Quality and Safety Committee, Health and Safety Committee, Charitable Funds Committee, Audit Committee, Mental Health Legislation Committee, Performance and Finance Committee, Remuneration and Terms of Service Committee and the Workforce and Organisational Development Committee.

Nick Samuels
Appointment:
Nick was appointed Interim Director of Communications in June 2021.
Board and Committee Membership
Nick attends the board in a non-voting capacity

❖ Board Advisors

Martyn Waygood, Board Advisor (Charity)
Appointment:
Martyn stood-down as an independent member in January 2022 but took on a role as a board advisor to support the development of the health board charity.

Paul Mapson, Board Advisor (Performance and Finance)
Appointment:
Paul took on a role as a board advisor in January 2022 to support the development of the Performance and Finance Committee, which he attends.

❖ Board Member Departures for 2021-22

Martyn Waygood, Independent Member
Appointment:
Martyn was appointed as an independent member in June 2017 but was interim vice-chair in July 2019 until January 2021. He returned to his post as an independent member in January 2021 and stood-down at the end of his first term in December 2021.
Area of Expertise:
Legal
Board and Committee Membership
Martyn chaired the Quality and Safety Committee and Charitable Funds Committee. He was a member of the board, Remuneration and Terms of Service Committee and Mental Health Legislation Committee, which he chaired as interim Vice-Chair.

Martin Sollis, Independent Member

Appointment:

Martin was appointed as an independent member in June 2017 and stood-down at the end of his first term in June 2021.

Area of Expertise:

Finance

Board and Committee Membership

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

Christine Williams, Interim Director of Nursing and Patient Experience

Appointment:

Christine was appointed as Interim Director of Nursing and Patient Experience in July 2020 until September 2021.

Board and Committee Membership

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

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

Appointment:

Kathryn was appointed as Interim Director of Workforce and OD in August 2020 until July 2021.

Board and Committee Membership

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

Rab McEwan, Interim Chief Operating Officer

Appointment:

Rab was appointed as Interim Chief Operating Officer in March 2021 until August 2021.

Board and Committee Membership

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

Irfon Rees, Director of Communications/Chief of Staff

Appointment:

Irfon was appointed as Chief of Staff in August 2018 until June 2021.

Board and Committee Membership

Irfon attended the board in a non-voting capacity.

Pamela Wenger, Director of Corporate Governance
Appointment:
Pam was appointed as Director of Corporate Governance in January 2018 until November 2021.
Board and Committee Membership
Pam was the main governance advisor to the board. She attended the board in a non-voting capacity, Quality and Safety Committee, Health and Safety Committee, Charitable Funds Committee, Audit Committee, Mental Health Legislation Committee, Performance and Finance Committee, Remuneration and Terms of Service Committee and the Workforce and Organisational Development Committee.

Hannah Evans, Director of Transformation
Appointment:
Hannah was appointed as Director of Transformation in August 2018 until August 2021.
Board and Committee Membership
Hannah attended the board in a non-voting capacity and Performance and Finance Committee.

Alison Stokes, Chair of the Stakeholder Reference Group
Appointment:
Alison was appointed as an associate board member in November 2020 and stood-down in November 2021.
Board and Committee Membership
Alison attended the board.

Where there have been vacancies amongst the independent members, those still in post have been available to take on additional duties or attend committees on adhoc basis to ensure quoracy. In terms of executive directors, interim arrangements were put in place to cover vacancies and these are set out above.

Each board member has stated in writing that he/she has taken steps to make the auditors aware of any relevant audit information. Board members and senior managers have advised of any interests in which may have a conflict with their board responsibilities and no material interests have been declared in 2021-22. A full register of interests is available upon request from the Director of Corporate Governance and details are also included in the remuneration report.

❖ Role of the Board

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

As a standard, the board meets in public six times a year, but there will be occasions when special board meetings will take place, for example in June to agree the

annual accounts. Each regular meeting begins with a patient or staff story, setting out the personal experience of someone who has used one of the health board's services. This is an opportune way to learn lessons and help improve and plan services for the future. The stories received in 2021-22 discussed:

- a patient who had been admitted to the intensive care unit (ITU) with Covid-19 and had been part of a trial testing the impact of having occupational therapy while in ITU;
- Annabel and her family as she had treatment for terminal stomach cancer;
- the experience of the family of an elderly gentleman who was admitted to Morriston Hospital during lockdown;
- a patient's experience of one the health board's virtual wards, implemented to help avoid unnecessary hospital admissions;
- the impact of waiting for breast reconstruction for women who have been treated for cancer.

The health board runs accredited digital storytelling training for the NHS across the UK. We have also convened a series of international conferences on storytelling for health. But above all, we have helped people have their voices heard and have listened and improved our services. More information can be found on the Arts in Health website.

Due to the Covid-19 pandemic, changes were made to the way in which board meetings were run in order to comply with social distancing guidance as well as the Public Bodies (Admissions to Meetings) Act 1960 which requires the organisation to meet in public. To ensure public and staff safety, meetings took place virtually via Zoom, with only the Chair, Chief Executive and Director of Corporate Governance in the same room, along with the secretariat. The public session is then livestreamed to enable members of the public to observe safely and the recording remains on YouTube for people to watch after the meeting. This option will be maintained if/when the board is able to meet physically once more. Due to the number of committees and frequency of these, it is too resource intensive to livestream committee meetings but the health board will look at ways in which committees could be held in public where possible.

In addition to formal board meetings, there are a mixture of board briefings and development sessions. These are a chance to talk through plans or strategies in the developmental stage, undertake training or hear about good practice internal and external to the organisation. The topics covered during the year included:

Board Briefing
Population Health (July 2021)
Annual Plan 2021-22 (July 2021)
Annual Plan execution of planned care and Urgent and Emergency Care (July 2021)
Campus Business Case (August 2021)
Conducting Public Engagement/Consultation for Service Change (externally led) (October 2021)
Annual Plan Assumptions 2021-22 (December 2021)
Recovery and Sustainability Plan Progress Update (December 2021)

Recovery and Sustainability Plan Progress Update (January 2022)
Estates and Capital Priorities (January 2022)
Digital Priorities (January 2022)
Regional Pathology (January 2022)

Board Development
Clinical Ethics (May 2021)
Board Effectiveness (May 2021)
Effective Challenge (externally provided) (June 2021)
Cyber Security (October 2021)
Risk Appetite (February 2022)

Members are also involved in a range of other activities on behalf of the board, such as service visits and meetings with local partners.

In May 2021 at a board development session, members undertook the annual assessment of board effectiveness, the results of which, along with the action plan, were received at the formal board meeting in July 2021. The Audit Committee is now monitoring progress against the action plan, with all actions due to be completed by September 2022. The review for 2021-22 is to be undertaken in June 2022, for which a new action plan will be developed and monitored by the Audit Committee.

❖ Committees of the Board

The health board has established a number of committees as set out in the diagram at **appendix one**. Each one is chaired by an independent member and has a key role in relation to the system of governance and assurance, decision making, scrutiny, assessment of current risks and performance monitoring. Following each meeting, a summary of the discussion is shared with the board at its next formal meeting and all the papers for the public sessions of board and committee meetings are on the health board's website. There are some meetings for which papers are not made public either because of the confidential nature of the business or because the items are in a developmental stage. The board recognises that it has a commitment to holding its committee meetings in public however, given the ongoing pandemic, this has not been possible. While no meetings were stood-down during 2021-22 due to Covid-19, during peak pressures, agendas were streamlined to focus on key areas of risk and meetings reduced to 90 minutes, with executives offered the opportunity to attend just for their agenda items, rather than the full meeting.

Assurance committees the health board is required comprise:

Audit Committee

The Audit Committee supports the overall board assurance framework arrangements, including the development of the annual governance statement, and provides advice and assurance as to the effectiveness of arrangements in place around strategic governance, risk management and internal controls. More specifically it has:

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

Quality and Safety Committee

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

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

Remuneration and Terms of Service Committee

The purpose of the Remuneration and Terms of Service Committee is to provide advice to the board on remuneration and terms of service for the Chief Executive, Executive Directors and other senior staff within the framework set by Welsh Government and assurance to the board in relation to the health board's arrangements for the remuneration and terms of service, including contractual arrangements, for ***all staff***, in accordance with the requirements and standards determined for the NHS in Wales and to perform certain, specific functions on behalf of the board.

Mental Health Legislation Committee

The remit of this committee is to consider and monitor the use of the Mental Health Act 1983 (MHA), as amended, the Mental Capacity Act 2005 (which includes the Deprivation of Liberty Safeguards (DoLS)) (MCA) and the Mental Health (Wales) Measure 2010 (the measure).

Information Governance

It is also required to have a committee which monitors information governance. This is discharged through the Audit Committee which has a s sub-group the Information

Governance Group. Its remit is to to support and drive the broad information governance agenda and provide the health boardwith the assurance that effective, best practice mechanisms are in place within the organisation.

Charitable Funds Committee

The health board was appointed as corporate trustee of the charitable funds and the serves as its agent in the administration of the charitable funds held by the organisation. The purpose of the committee is to make and monitor arrangements for the control and management of the charitable funds.

In addition to the committes the health board is required to have under its standing orders, the following committees have also been established:

❖ *Health and Safety Committee*

The purpose of the Health and Safety Committee is to:

- *Advise* and *assure* the board and the accountable officer on whether effective arrangements are in place to ensure organisational wide compliance of the health board's health and safety policy, approve and monitor delivery against the health and Safety priority action plan and ensure compliance with the relevant standards for Health Services in Wales.
- This will be achieved by encouraging strong leadership in health and safety, championing the importance of a common sense approach to motivate focus on core aims distinguishing between real and trivial issues.

Where appropriate, the committee will *advise* the board and the accountable officer on where and how, its health and safety management may be strengthened and developed further.

❖ *Performance and Finance Committee*

The Performance and Finance Committee applies appropriate scrutiny and review to a level of detail not possible in board meetings in respect of performance relating to:

- financial planning and monitoring, including delivery of savings programmes;
- activity and productivity including operation efficiency and effectiveness.

❖ *Workforce and OD Committee*

The Workforce and OD Committee seeks assurance on:

- **Health and Wellbeing** – that there is an integrated approach to staff health and wellbeing with the aim of reducing staff sickness related to mental health and increasing resilience of staff;
- **Staff Experience** – that there is a strategic approach to increasing positive engagement index, and reducing formal grievance procedures;
- **Recruitment and Retention** that there is a robust and strategic approach on which progress is made;
- **Workforce Development –** to ensure there is effective, integrated approaches to the development of the workforce and its contribution to the objectives of the organisation;;
- **Widening access and participation** – compliance with workforce

equality, diversity and inclusion legislative requirements, including Welsh language and cultural identity**.**

❖ Advisory Groups and Joint Committees

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

Advisory Boards

- *Stakeholder Reference Group*

The Stakeholder Reference Group is formed from a range of partner organisations from across the health board's local communities and engages with the strategic direction, provides feedback on service improvement proposals and advises on the impact on local communities of the current ways of working. Its membership includes representatives from wide ranging community groups, including children and young people, LGBTQ+, older people and ethnic minorities, as well as statutory bodies such as police and fire, rescue services and environment agency. As a result, the group has excellent links to the wider general public and each member can highlight issues raised by their particular communities.

- *Health Professionals' Forum*

The role of the Health Professionals' Forum provides balanced, multidisciplinary professional advice to the board on local strategy and delivery. During 2019-20 the Health Professionals' Forum was due to be re-instated with refreshed membership but was delayed due to the pandemic. An introductory meeting took place in March 2022 to start to develop arrangements for it to be re-established, including electing a chair.

- *Health Board Partnership Forum*

The health board's partnership forum's role is to provide a way by which the health board, as an employer, and the professional bodies, such as trade unions, who represent staff, can work together to improve health services. It is an opportunity to engage with each other, inform debate and agree local priorities for workforce within health services.

Joint and all-Wales Committees

There are three all-Wales committees as detailed below:

- *Welsh Health Specialised Services Committee (WHSSC)*

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

- *Emergency Ambulance Services Committee (EASC)*

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

represented on the joint committee by the Chief Executive and regular reports are received by the board.

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

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

❖ Partnership Working

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

❖ Organisational Structure

The organisation is comprised four service groups:

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

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

❖ System of 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 31st March 2022 and up to the date of approval of the annual report and accounts.

❖ Capacity to Handle Risk

Building on work undertaken in previous years, risk management processes have continued to develop and improve. Alongside the existing training provided to new staff joining the organisation, in the summer of 2021, the health board commenced a programme of enhanced risk management training sessions for existing managers within service groups which is continuing into 2022-23 to cover all services.

The understanding of risk continues to inform the board's priorities, actions and overall approach to how it manages them, in order to ensure high quality and safe

care to the local communities as well as a safe and effective work environment for staff.

While overall responsibility for the management of risk sits with the Chief Executive, the Director of Corporate Governance is responsible for the risk management framework and the Director of Nursing and Patient Experience has a lead role in ensuring that established risk management processes operate effectively in practice across the organisation. All executive directors are accountable for the management of their own risks in accordance with the health board risk management policy.

Arrangements are in place to effectively assess and manage risks across the organisation, which included the ongoing review and updating of the health board risk register. The Chief Executive also delegates elements of risk management to other senior managers, and this is set out in the risk management policy.

❖ Risk Control and Framework

The risk management policy sets out a framework for consistent management of risk in the health board, directing the way in which risks are identified, evaluated and controlled. The operation of the risk management framework is overseen by the Audit Committee, with individual executives and senior managers having specific delegated responsibilities.

Within the service groups, the service group directors manage risk and ensure there are effective arrangements to carry this out. Any risks outside of a group's control are escalated to the Chief Operating Officer and/or the executive director professionally responsible for the risk area.

Risks are escalated via a risk scrutiny panel. A process is in place to seek and collate risks for regular consideration by the Panel. The panel scrutinises each risk presented, and considers the sufficiency of information provided against the assessment recorded, directing each for decision to the executive director responsible for the area. Feedback is provided to service groups and the process and outcomes reported to the Management Board. The Management Board, chaired by the Chief Executive and comprised of executive directors and service group directors, receives and ratifies changes made to the health board risk register.

Special arrangements were put in place at the outset of the pandemic, with the development of a Covid-19 risk register overseen by a gold command meeting, reported together with the health board risk register to the board, Audit Committee and executive team. In 2021, as part of the review undertaken at Gold Command longer term risks and those associated with Covid recovery were considered and consolidated alongside existing risks within the health board risk register providing one overall view of board level risk. A risk log continued to be maintained at gold command and any new risks that needed to be escalated would be reported as part of the agreed risk management process. Among those transferred were *Whole Service Closure* (considering emergency preparedness and business continuity), *Partnership Working*, *Workforce Resilience* and *Nosocomial Transmission*.

Communicating and consulting with internal and external stakeholders and partners, as appropriate, at each stage of the risk management process and concerning the

process as a whole is important. The frequency of the communication will vary depending upon the severity of the risk and is discussed and agreed with the stakeholders and partners. This process is led by the person nominated as the lead to manage the risk and for communication with external stakeholders this will be the appointed executive director lead for the risk.

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

The health board risk register was most recently reviewed by the Audit Committee and the board at the March 2022 meetings. As part of the risk management framework, the board has considered its main objectives and identified the risks most likely to prevent the achievement of these. By taking a more proactive, rather than reactive, approach to management of its key risks, it increases the likelihood of achieving its objectives.

❖ Risk Appetite

Early in the onset of the Covid-19 pandemic, in April 2020, the board reviewed its risk appetite and tolerance levels and set new levels for the staff to follow during the Covid-19 pandemic. Previously, the board's risk appetite was such that risks with risk scores of 16 and above were considered high risks and the board considered actions should be taken as a priority to mitigate. There was, and there remains, a low threshold to taking risk where it would have a high impact on the quality and safety of care being delivered to patients. In April 2020, members of the board, agreed that the risk appetite, whilst dealing with Covid-19, would increase to a risk score of 20 and above. The appetite has been subject to ongoing review by the executive team and board throughout 2021-22 and has remained the extant position, indicating that risks assessed at a score of 20 or above should be addressed as a priority. The board has continued to express a low tolerance to risks with a high impact on the quality and safety of staff and patient care. Now that the health board is transitioning into recovery, the board will be reviewing its risk appetite in the new financial year with a view to having a nuanced approach rather than a blanket one.

❖ Risk Profile 2021-22

The risk register is updated regularly during the year and reported to the Management Board, Audit Committee and the board periodically. It has also been used to inform development of the annual plan.

While the Audit Committee has the overarching responsibility for overseeing risk management, it has delegated relevant risks to each of the other board committees. Committees receive corresponding extracts of the health board risk register to enable alignment of their work programmes to ensure they review and receive reports on the progress made to mitigate key risks as far as possible. Regular

reports are submitted to each of the committees of the board to accompany the specific health board risk register extracts assigned to the committees. Some of the main risks the health board is currently managing include:

- Access to services (for example planned care, urgent and emergency care and cancer) and patient flow;
- Midwifery services;
- Cyber and digital outages;
- Financial risks;
- Health and safety

Key actions taken to manage risks are captured in the health board risk register, reported to Executive Team, Audit Committee and Board. Actions and controls to address the top 4 risks included:

Risk	Controls and Actions
#1: Access to Unscheduled Care *If we fail to provide timely access to unscheduled care then this will have an impact on quality and safety of patient care as well as patient and family experience and achievement of targets.There are challenges with capacity/staffing across the health and social care sectors.*	• Programme management office in place to improve unscheduled care; • Daily health board-wide conference calls/ escalation process in place; • Regular reporting to Executive Team and health board/Quality and Safety Committee; • Increased reporting as a result of escalation to targeted intervention status; • Targeted unscheduled care investment of £8.5m in the annual plan, including a new acute medical model focused on increasing ambulatory care; • Development of a 'Phone First' for emergency department model in conjunction with 111 to reduce demand; • 24/7 ambulance triage nurse in place.
#50: Access to Cancer Services *A backlog of patients now presenting with suspected cancer has accumulated during the pandemic, creating an increase in referrals into the health board which is greater than the current capacity for prompt diagnosis and treatment. Because of this there is a risk of delay in diagnosing patients with cancer, and consequent delay in commencement of treatment, which could lead to*	• Robust management processes to manage each individual case on the urgent suspected cancer pathway. Enhanced monitoring and weekly monitoring of action plans for top six tumour sites; • Initiatives to protect surgical capacity to support urgent suspected cancer pathways have been put in place; • Additional investment in multi-disciplinary coordinators, with cancer trackers appointed in April 2021; • Prioritised pathway in place to fast track urgent suspected cancer patients; • Ongoing comprehensive demand and capacity analysis with directorates to maximise efficiencies. This will form part of the remit of the Cancer Performance Group;

Risk	Controls and Actions
poor patient outcomes and failure to achieve targets.	• Weekly cancer performance meetings are held for both Neath Port Talbot and Singleton and Morriston Service Groups by specialty; • The top six tumour sites of concern have developed cancer improvement plans; • Additional work being undertaken as part of diagnostic recovery and theatre recovery workstreams; • Endoscopy contract has been extended for insourcing.
#51: Nurse Staffing Levels Act Compliance *There is a risk of non-compliance with the Nurse Staffing Levels Act (2016)*	• Approved registered staff who have retired from the Nursing Midwifery Council register in the last three years have been contacted with a view to return to practice and into the health board workforce; • Service groups appropriately deployed ward nurses to key areas. Also administration staff utilised to release nurses into providing care; • Student nurses returned to clinical practice which has been supported corporately; • A health board steering group continues to meet on a monthly basis, ensuring risks are presented at each meeting, chaired by the Interim Deputy Director of Nursing and Patient Experience and reports to Nursing and Midwifery Board and Workforce and OD Committee; • Health board representation at the all-wales nurse staffing group and its sub groups; • Bi-annual calculations undertaken across all acute service groups for calculating and reporting nurse staffing requirements • Health board continues with workforce planning and redesign, training and development; • Scrutiny panels are held for each service group following the submission of acuity templates; • Impact assessment work to prepare for further roll out of the Act and extension to paediatrics; • Reporting to board.
#64: Health and Safety Infrastructure *Insufficient resource and capacity of the health, safety and fire function within SBUHB to maintain legislative and*	• Assistant Director of Health and Safety post supported the strengthening and development of the health and safety function to support the organisation; • Business case submitted for additional resources – some appointments made;

Risk	Controls and Actions
regulatory compliance for the workforce and for the sites across SBUHB.	• Health and Safety Operational Group and the Health and Safety Committee monitor compliance; • Refreshed the Fire Safety Group with additional controls in place; • Fire risk assessments are being prioritised with temporary additional resources put in place in March 2021 to reduce the number of fire risk assessments overdue; • Fire training in place and fire wardens in place

❖ Emergency Preparedness

As previously highlighted the need to plan and respond to the Covid-19 pandemic presented a number of challenges to the organisation. A number of new and emerging risks were identified. Whilst the organisation did have a major incident and business continuity plan in place, as required by the Civil Contingencies Act 2004, the scale and impact of the pandemic has been unprecedented. Significant action has been taken at a national and local level to prepare and respond to the likely impact on the organisation and population. This has also involved working in partnership on the multi-agency response as a key member of the Strategic Co-ordination Group. There does remain a level of uncertainty about the overall impact this will have on the immediate and longer term delivery of services by the organisation, although I am confident that all appropriate action is being taken.

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.

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

The Covid-19 coordination centre was established in March 2020 and has continued to operate and the governance structure is regularly reviewed to ensure fitness for purpose. Frequency of gold and silver meetings are reviewed to ensure they reflect system pressures and requirements. A retreat process from this current response format will be reviewed during March/April 2022 to reflect national policy and also the end of the Coronavirus Act at the end of Mach 2022.

There is also a specific *emergency preparedness, resilience and response* (*EPRR*) risk register, which is aligned with that of the national and regional risk registers, and continues to be reviewed quarterly. It includes the necessary scorings and mitigations to either manage or tolerate the risks identified and there is an EPRR strategy, training and exercising strategy and programme in place to support the work programme. The EPRR Strategy Group has continued to meet throughout the pandemic to ensure that Health Board preparedness and consequence resilience is maintained. The major incident plans have recently been reviewed and re-launched in January 2022 and there is an active programme in place to progress all emergency response plans.

In addition the health board works in collaboration with other appropriate local and national groups and in particular, there is excellent collaboration with other health boards, Welsh Ambulance Service Trust (WAST), Welsh Blood Service and Public Health Wales. Throughout the pandemic, the health board has been actively engaged in the various Local Resilience Forum Groups and has been a consistent member of the Welsh Government Health and Social Care Group.

❖ The Control Framework

Quality Governance Arrangements

Quality governance is currently under review within the health board. While there is Quality and Safety Committee in place to take assurance on a board level, there is also quality and safety governance group which oversees a number of areas of quality governance on an operational level, including clinical audit, patient safety, outcomes and experience. In 2021-22, Audit Wales undertook a review of the quality governance which identified a number of areas for improvement. This was supported by our own review of quality arrangements. As such, a review of the Quality and Safety Governance group was commissioned. The main change to the group's arrangements is its name to the **Quality and Safety of Patient Services Group (QSPSG)** with a view to focussing on putting patients at the heart of quality and safety. In addition, the chair of the group has been changed to have the three clinical executives as co-chairs. This will enable all three to have the opportunity to lead the scrutiny of key areas as well as be held to account as appropriate.

The membership has been streamlined to ensure is has the right people in order to have the right discussion and this includes the clinical and operational executives as well as the service group nurse and medical directors. Other key people have also been included as 'attendees' rather than members as they are there predominantly to provide assurance. These include the head of quality and safety, head of hotel services, chief pharmacist and assistant director of health and safety.

The terms of reference were previously quite long and detailed, featuring areas of duplication as well as themes outside of the remit. As such, its role has been streamlined to:

- ensure correct leadership and attitudes to quality and safety across the organisation;
- focus on delivery of the health board's quality priorities;

- assurance that appropriate systems are in place to manage clinical effectiveness, patient outcomes, patient experience and patient safety (detail to be managed through sub-groups);
- compliance with key quality standards (internal/external/regulatory);

By having a more focused remit, the group can really focus on critical areas, particularly any which may be of concern. Also, it will have a sub-structure through which responsibility for more routine reporting can be discharged, with the QSPSG as the escalation route. The sub-structure now comprises fewer sub-groups, one each to focus on patient outcomes and clinical effectiveness, patient safety and compliance, and patient and stakeholder experience. This will reduce the workload of the QSPSG. Also included in its sub-structure is the Quality Priorities Programme Board and reporting by the clinical hosted services, such as the Major Trauma Network or the Emergency Medical Retrieval and Transfer Service. There is also provision to create short-term task and finish groups to focus on areas of escalation, such as infection control.

Quality and safety are going to be of paramount importance in the recovery process from Covid-19 and it is essential there is a quality and safety focus at every level. In support of a reset, the health board undertook a piece of work considering the quality governance arrangements in the service groups and this coincided with Audit Wales and internal audit reviews of quality governance and the quality governance framework respectively.

Two externally facilitated quality and safety workshops were held on 23rd February and 23rd March 2022 in support of the reset. An action plan has been drafted which includes the actions identified during the workshops and also the response to the recommendations from the three pieces of work on quality governance. This work will also enable the health board to comply with the new duties of the Health and Social Care (Quality and Engagement) (Wales) Act 2020 which places both an enhanced duty of quality and an organisational duty of candour on organisations and will strengthen the approach to high quality, safe care.

The first workshop collated thoughts on what a world class system looks like, discussing international evidence of best practice and personal experience. This was followed by an executive time-out on 9th March 2022 with the facilitator to discuss the outcomes of that session, focussing on what the Swansea Bay way will look like, how to develop a more robust culture of quality and safety in everything the health board does and what the quality governance system should look like. The second workshop took place on 23rd March and focussed on designing the quality management system as well as having a really clear plan moving forward.

Culture and quality are intrinsically linked. The next stage is to start to create a quality management system by putting the right structures in place, and this will be supported by a board away day in April 2022 to feedback the outcomes of the sessions and discuss the overall approach to culture moving forward.

It should be noted that it is intended the duty of candour will come into legal force in April 2023, in line with the Health and Social Care (Quality and Engagement) (Wales) Act 2020. The new reporting requirements will therefore be captured in the

reporting period 2023-24. It is anticipated there will be a non-statutory implementation lead up period during the autumn/winter 2022 to allow for NHS bodies, including primary care providers to prepare for the new reporting requirements under the duty of candour and also undertake and roll out training and awareness sessions.

We are linked into the national work streams that are supporting the preparedness for the act and will:

- strengthen the existing duty of quality on NHS bodies and extend this to the Welsh ministers in relation to their health service functions;
- establish an organisational duty of candour on providers of NHS services, requiring them to be open and honest with patients and service users when things go wrong;
- strengthen the voice of citizens, by replacing community health councils with a new all-Wales Citizen Voice Body that will represent the interests of people across health and social care; and
- enable the appointment of vice-chairs for NHS trusts, bringing them into line with health boards.

In addition the work we are undertaking as a health board to refresh and refocus our quality strategy, priorities and governance arrangements will support a system-wide way of working to provide safe, effective, person-centred, timely, efficient and equitable health care in the context of a culture of openness, transparency, candour and a learning culture.

Corporate Governance Code

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

An assessment of compliance with the code was undertaken in March 2022 and found no departures from the code. This was reported to the Audit Committee in May 2022.

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

- Where requirements of extreme urgency must be procured, the use of Regulation 32 may be considered. This can only be used under the specific circumstances set out within the regulation, allowing a contracting authority to simplify the procurement process to award a public contract without prior notification in order to reduce the time and administrational requirements in conducting an award;
- Any use of Regulation 32 must be approved in advance by the Head of Procurement and Chief Executive;

- In considering the use of regulation 32, the following criteria must be met:
    1. The procurement must be strictly necessary
    2. The procurement must be for reasons of extreme urgency
    3. The event that brought about the requirement for extreme urgency must have been unforeseeable

Health and Care Standards

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

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

Through listening and learning from previous years, we added increased support and scrutiny to service groups in completing their annual health and care standards self-assessments in 2021-2022. Two scrutiny panels were held during the year, where service groups have discussed their progress against the standards and their planned improvements; additionally subject experts have met with service groups to discuss individual standards.

The end of year self-assessment reflects a year of increased operational demands and disruption due to the on-going effects of the pandemic. Service groups have reflected on the challenges they have faced, in particular in relation to the provision of timely care and their self-assessments reflect this. The self-assessment includes examples of innovation, including pro-active work to promote health and wellbeing for our staff, patients and communities.

We look forward to receiving and adopting the Welsh Government's revised approach to health and care standards in order drive forward our commitment to quality across the organisation.

❖ Planning Arrangements

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

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

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

For 2021-22, while the health board met its financial duty to breakeven against capital resource limit, reporting an underspend of £67.385m against a £67.417m budget, it failed to meet its first requirement as it did not achieve financial balance, as set out below. In addition, as it did not have a three-year plan approved by Welsh Government, it also failed to meet the second requirement.

	2019-20	2020-21	2021-22	**Total**
	£'000	£'000	£'000	£'000
Net operating costs for the year	931,777	1,096,986	1,113,261	3,142,024
Less general ophthalmic services expenditure and other non-cash limited expenditure	993	739	1,156	2,888
Less revenue consequences of bringing PFI schemes onto SoFP	(1,925)	(2,164)	(2,406)	(6,495)
Total operating expenses	930,845	1,095,561	1,112,011	3,138,417
Revenue Resource Allocation	914,561	1,071,257	1,087,612	3,073,430
Under /(over) spend against Allocation	(16,284)	(24,304)	(24,399)	(64,987)

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

- **Integrated Medium Term Plan**

The organisation did not submit an IMTP in 2021-22 due the changes in the Welsh Government requirements in response to Covid-19. However it did submit an annual plan following board approval in June 2021. Progress against the actions in the plans was considered by the Performance and Finance and Quality and Safety committees as well as the board. These included performance, finance and workforce elements. In December 2021, a review was undertaken of the assumptions of the plan to determine which had been delivered or were on track, and those which needed to be revised. For the latter, the board agreed the revised assumptions in January 2022.

In autumn 2021, work commenced on a three to five year recovery and sustainability plan. As a result, the board agreed a recovery and sustainability plan for 2022-2025 in March 2022 which has been submitted to Welsh Government for approval.

❖ Disclosure Statements

Equality, Diversity, Inclusion and Human Rights

The health board is committed to treating everyone fairly and does not tolerate discrimination on the grounds of age, disability, gender identity, marriage or civil partnership status, pregnancy or maternity, race or nationality, religion or belief, sex or sexual orientation. It continues to widen access to opportunities to employment

and training to attract, develop and nurture people from different backgrounds. This is documented in the strategic equality plan 2020-2024, which includes an objective to increase diversity in workforce to reflect the communities supported through its services. Steps being taken include supporting under-represented groups to access apprenticeship places and vocational training, as well as the roll out of Project SEARCH to enable people with learning disabilities to have work experience. The health board facilities and promotes staff networks.

The health board ensures that the potential impacts on any changes to its services are considered on the above protected characteristic groups under the Equality Act 2010. It does this by developing equality impact assessments for these proposed changes which outline any impacts, including under the socioeconomic duty, so that these can be taken into account when decisions on changing services are made. This is done in partnership with the Swansea Bay Community Health Council, as the local NHS watchdog, to ensure that they are identified and considered appropriately as part of this.

Data Security

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

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

The health board follows a dedicated strategic work plan to maintain, review and improve organisational compliance with data protection legislation. It continues to further develop its data protection compliance via a number of measures, and assurances that the organisation has compliant information governance practices are evidenced in a number of ways including quarterly reports to the Information Governance Group, including key performance indicators and a raft of information governance and information security policies and procedures.

Data protection legislation requires that where personal data breaches meet a certain set criteria that they be notified to the Information Commissioner's Office (ICO).

For the financial year 2021-22, 6 data breaches were notified to the ICO (one of which was subsequently shown not to be a breach) - these are summarised in the table below. Each of these breaches, apart from the most recent, has been reviewed and closed by the ICO.

Where recommendations were made by the ICO, these have been considered for implementation by the health board.

Breach Category	Summary of Breach	Summary of Actions
Disclosure - Paper	A misfiled third party result letter was disclosed in error within a patient's requested casenote copies	• Apology given to recipient and affected patient; • Investigation into how the error occurred and actions to prevent re-occurrence; • Departmental procedure review and update; • Information governance audit process undertaken and recommendations given.
Unauthorised Access	Inappropriate access to an electronic record by a staff member	• Disciplinary process undertaken • Information governance audit process undertaken and recommendations given
Disclosure - Paper	Inappropriate levels of patient information disclosed to an unauthorised party	• Formal apology offered to affected party; • Information governance audit process undertaken and recommendations given; • Investigation undertaken into what occurred and lessons learned.
Disclosure - Paper	A document was misfiled into the incorrect patient handheld record leading to a disclosure of information.	• Written apology sent to data subject; • Apology issued to receiver of incorrect information; • Investigation undertaken into what occurred and lessons learned.
Lost/Stolen Paperwork	Paper copies of P45s/payslips were temporarily misplaced by a courier service used by a data processor	• The payslips were found and so no further action required.
Unauthorised Access	Inappropriate access to an electronic record by a staff member	• Formal apology offered to affected party • Disciplinary process undertaken and ongoing access monitored; • Information governance audit process to be undertaken and recommendations given; • This breach remains open having only been reported in full to the ICO in March 2022 – ICO conclusion awaited

Ministerial Directions

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

Ministerial Direction/ Date of Compliance	Year of Adoption	Action to demonstrate implementation/response
Senedd Election 2021	2021	Principles for pre-election behaviour shared with staff
Amendments to Model Standing Orders, Reservation and Delegation of Powers and Model Standing Financial Instructions	2021	Local documents updated in-line with the changes

Wellbeing of Future Generations Act

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

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

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

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

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

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

“In our role as an anchor institution in the region we are a major employer, commissioner, provider of health and care services and key contributor to the

reduction of health inequalities. In support of this we will collaborate with communities and partners to:

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

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

Welsh Language

As a health board, the vital part that the Welsh language and culture has to play in the provision of health and social care services to our resident population is recognised. Many people choose to receive services in Welsh because that is what they prefer. For others, however, it is more than a matter of choice - it is a matter of need. It is especially important for many vulnerable people and their families who need to access services in their first language, such as older people with dementia or stroke who may lose their second language and children who speak only Welsh. In addition, when discussing mental health, being able to communicate in your first language to express feelings, thoughts and emotions is important. The annual report for our Welsh language service will be received by the board and available on our website in September 2022.

Carbon Reduction

Welsh Government has an ambition for the public sector to be carbon neutral by 2030. This ambition sits alongside the Environment (Wales) Act 2016 and Wellbeing of Future Generations (Wales) Act 2015 as legislative drivers for decarbonisation of the Public Sector in Wales. In accordance with emergency preparedness and civil contingency requirements (as based on UKCIP 2009 weather projections to ensure that the organisation's obligation under the climate change act and the adaptation reporting requirements are complied with), the health board has contingency plans for extreme weather conditions.

The health board has achieved and maintained ISO:14001, the accreditation for our environmental management system, since 2012. It has a comprehensive risk assessment matrix for the identification and monitoring of all environmental impacts and aspects, subject to independent audit.

The health board has been updating its carbon reduction strategy. Existing initiatives comprise six key visions covering scopes one, two and three of the Green

House Gas Protocol, as set by World Resources Institute (WRI) and World Business Council on Sustainable Development (WBCSD) and has a number of objectives:

- decarbonise its facilities in line with national targets;
- decarbonise our travel and transport operations and minimise the environmental and health impacts associated with the movement of staff and materials;
- contribute to staff and well-being by supporting a shift away from car dependency to more sustainable travel options that deliver additional environmental and health benefits;
- reduce waste CO2 emissions;
- the health board will reduce waste through our operational activities in-line with Welsh Government targets to recycle or recover 70% of waste by 2025 (baseline year 2007);
- eliminate waste from our supply chain through the implementation of our procurement policies and tendering processes and through proactive collaboration with our major supply chain partners;
- develop its training programme to ensure all staff receive carbon reduction and climate change training as appropriate to their role;
- inform, empower and motivate our workforce to take action to deliver high quality care today that does not compromise our ability to deliver care in the future and ensure this becomes part of the values;
- commitment to a future without carbon.

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

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

While focussing on energy reduction and efficiency improvements, through Re:fit, it is possible to invest in renewable energy generation also. The current scheme includes a roof mounted solar scheme at Singleton Hospital with a much larger solar farm at Morriston Hospital, which opened during the year. It is expected to save a further 1,000 tonnes of carbon dioxide a year as well as a further £580k on electricity.

NHS Pensions

As an employer with staff entitled to membership of the NHS Pension Scheme, control measures are in place to ensure all employer obligations contained within the scheme regulations are complied with. This includes ensuring that deductions from salary, employer's contributions and payments are in accordance with the scheme rules, and that member records are accurately updated in accordance with the timescales detailed in the regulations.

Quality of Data

The Management Board, Performance and Finance Committee and Board receives a report on regular basis setting out key performance data. In addition, the health

board has a comprehensive information team. Through all these mechanisms, assurance can be taken around the quality of the data of the organisation. Also, in January 2022, the Management Board approved a business intelligence strategy which will create an even more robust data process once fully implemented.

❖ Review of Effectiveness

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

Internal Audit

Internal audit provide me as Accountable Officer and the board through the Audit Committee with a flow of assurance on the system of internal control. I have commissioned a programme of audit work which has been delivered in accordance with public sector internal audit standards by the NHS Wales Shared Services Partnership. The scope of this work is agreed with the Audit Committee and is focussed on significant risk areas and local improvement priorities.

The overall opinion by the head of internal audit on governance, risk management and control is a function of this risk based audit programme and contributes to the picture of assurance available to the board in reviewing effectiveness and supporting our drive for continuous improvement.

As a result of the continued impact of Covid-19, the audit programme has been subject to change during the year. 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.

❖ Head of Internal Audit Opinion

The purpose of the annual head of internal audit opinion is to contribute to the assurances available to the Chief Executive as Accountable Officer and the Board which underpin the board's own assessment of the effectiveness of the system of internal control. The approved Internal Audit plan is focused 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 2021-22 is that:

Reasonable assurance		The board can take **Reasonable Assurance** that arrangements to secure governance, risk management and internal control, within those areas under review, are suitably designed and applied effectively. Some matters require management attention in control design or compliance with low to moderate impact on residual risk exposure until resolved.

❖ *Delivery of the Audit Plan*

Due to the considerable impact of Covid-19 on the health board, the internal audit plan has needed to be agile and responsive to ensure that key developing risks are covered. As a result of this approach, and with the support of officers and independent members across the health board, the plan has been delivered substantially in accordance with the agreed schedule and changes required during the year, as approved by the Audit Committee. In addition, regular audit progress reports have been submitted to the 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 2021-22 year was initially presented to the committee in March 2021. Changes to the plan have been made during the course of the year and these changes have been reported to the Audit Committee as part of our regular progress reporting.

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

Our latest external quality assessment (EQA), conducted by the Chartered Institute of Internal Auditors (in 2018), and our own annual quality assurance and improvement programme (QAIP) have both confirmed that our internal audit work continues to 'generally conform' to the requirements of the Public Sector Internal Audit Standards (PSIAS) for 2021-22. For this year, as in 2020/21, our QAIP has considered specifically the impact that Covid-19 has had on our audit approach and programmes. We are able to state that our service 'conforms to the IIA's professional standards and to PSIAS.'

❖ *Summary of Audit Assignments*

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

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

Where we have given 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, and in part reflecting the impact of Covid-19, we also undertook a number of advisory and non-opinion reviews to support our overall opinion. A summary of the audits undertaken in the year and the results is shown in the table below:

Substantial Assurance	Reasonable Assurance
• Digital project management • General dental services	• Risk management and Board Assurance Framework • Financial reporting and monitoring • Network and Information Systems (NIS) Directive • Welsh Language Standards compliance • Standards of Business Conduct: Declarations (draft) • Mental Health legislative compliance • Annual planning approach • Planned care recovery arrangements • E-prescribing • I.T. service management • Staff wellbeing & occupational health • Follow up review (draft) • Waste management • Elective Orthopaedic Unit development • Singleton Hospital replacement cladding • Environmental / modernisation infrastructure programme • Capital follow up (draft) • Estates assurance follow up (draft)
Limited Assurance	**Advisory/Non-Opinion**
• Quality and Safety Governance Framework • Procurement and tendering • External Standards assurance: NICE Guidance • CAMHS (Child and Adolescent Mental Health Services) commissioning	• Delivery Framework • Controlled Drugs Governance Framework • COVID-19 governance arrangements follow up

• Safety notices and alerts (draft)	
No Assurance	
• N/A	

Every internal audit review is reported to the Audit Committee with the executive leads for any which receive limited assurance asked to attend to explain the findings and present an action plan. These are also referred to the relevant board committee to monitor improvement and progress. There is also an audit tracker in place which records the status of every internal and external audit recommendation. This is reported to the Audit Committee at every meeting to ensure progress is being made and the leads for the ones which are overdue are asked to attend a committee meeting to outline the reasons why.

In response to the limited assurance report for quality governance, an integrated action plan has been developed with progress monitored by the Audit Committee.

In relation to the CAMHS report, an action plan is being finalised which will take into consideration the internal governance structure and quality measures. The CAMHS risk register is now a standing item for the commissioning process and any significant concerns escalated through the Management Board and appropriate board committees.

❖ External Audit

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

"Overall, we found that the health board has generally effective board and committee arrangements, is committed to high quality services and staff wellbeing, and has well-developed plans which are routinely monitored. While, the health board continues to face significant financial challenges, it has maintained effective financial controls and reporting, and is working hard to achieve financial recovery. However, changes to the executive team need to embed, operational arrangements for risk and quality governance need to be strengthened and there are opportunities to improve information for scrutiny and assurance.

"The board continues to conduct business in an open and transparent way, but the health board's website needs to improve to enable easier access to content. The health board has maintained good governance arrangements, varying the frequency of board and committee meetings as appropriate, whilst being sighted of pressure on senior staff. The health board is committed to reviewing board effectiveness and has largely maintained continuity in independent members, although there is a need to reinstate the Health Professional Forum. There is also scope to improve the quality of information provided to board and committees, reducing the volume whilst increasing the focus on actions. The health board has maintained opportunities to ensure rapid decision making and increased the extent to which its service groups are engaged. There have been a significant number of changes to the executive team over the last year, but recent appointments will help stability.

"The health board has well developed plans for continuing its response to Covid-19 and to plan and reset services, whilst looking to provide longer-term sustainability. There has been positive engagement on service changes and partnerships are working well. Progress reports to board on delivery of plans are good. The health board has now made good progress in implementing a board assurance framework, and corporate risk management arrangements continue to work well. However, service level risk management needs improving. The health board continues to make a commitment to staff wellbeing. The quality and safety of services is a priority and responsive action to improve is taken when needed. However, our quality governance review has found that significant work is needed to strengthen operational quality governance arrangements. While arrangements for tracking audit recommendations are in place, a lack of routine information in relation to individual recommendations limits scrutiny, and a number of recommendations are now overdue.

"While the health board continues to face significant financial challenges, it has maintained effective financial controls and reporting, and is working hard to strengthen its financial recovery. The Health Board was unable to meet its financial duties for 2020-21, ending the year with a deficit of £24.3 million and while the health board is on track with its financial plan for 2021-22, it will continue to fail its financial duties due to a planned year-end financial deficit of £24.4 million. The health board continues to maintain appropriate financial controls and is continuing to strengthen its financial management to support financial recovery. Timely oversight and scrutiny of the health board's financial position continues to be in place, supported by comprehensive reporting."

The full structured assessment report is available from Audit Wales's website and the management response is being monitored through the Audit Committee.

❖ Conclusion

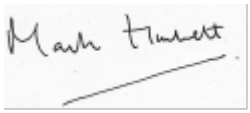
As accountable officer, and based on the process outlined above, I have reviewed the relevant evidence and assurance relating to internal control. While the challenges faced remain similar to those outlined last year, with the support of the board there is confidence these can be addressed and improvement in governance has been demonstrated.

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

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

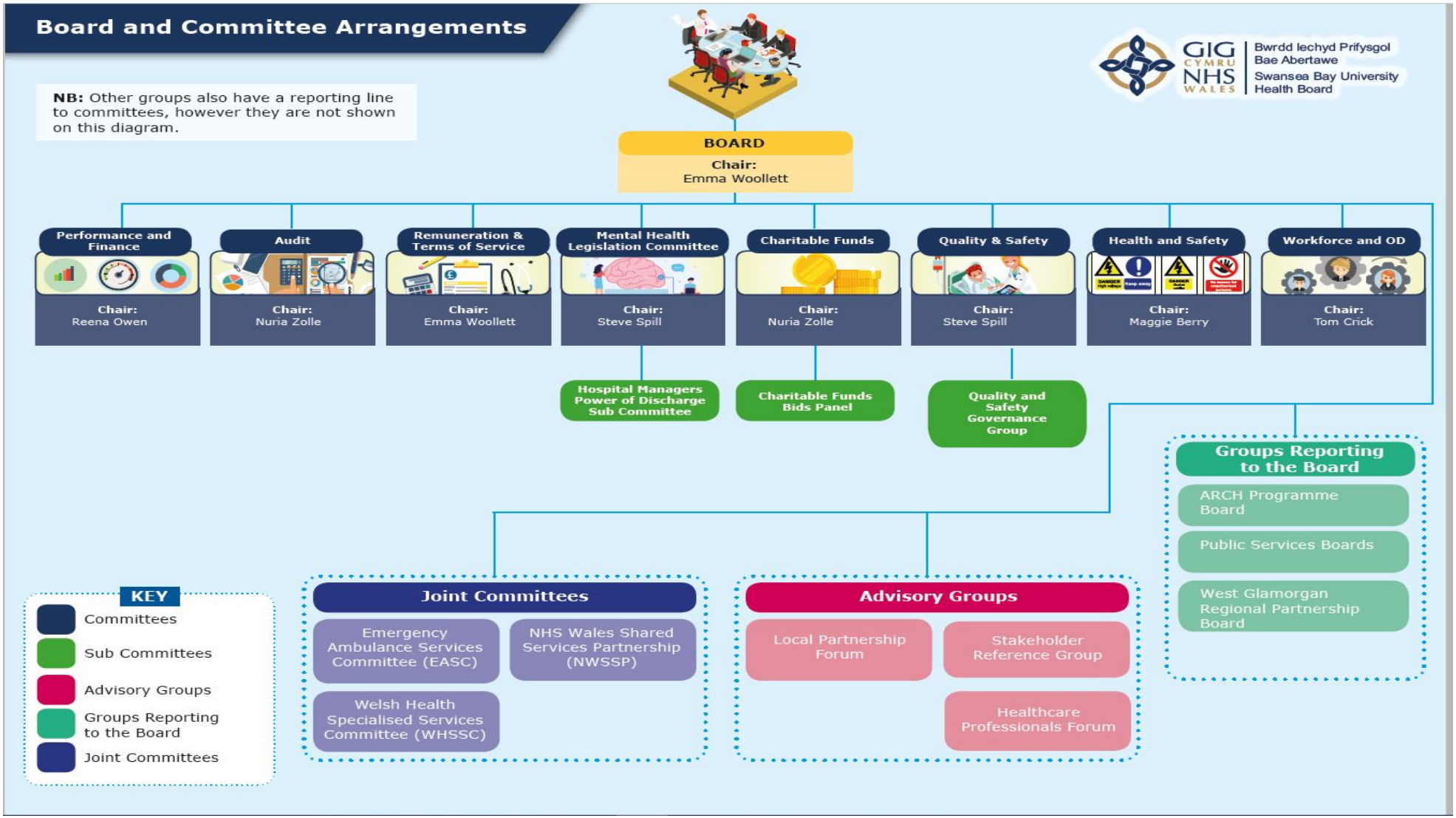
performance in all areas and these will be monitored through the governance structure.

As indicated throughout this statement, the need to plan and respond to the Covid-19 pandemic has had a significant impact on the organisation, wider NHS and society as a whole. It has required a dynamic response which has presented a number of opportunities in addition to the risks. The need to respond and recover from the pandemic will be with the organisation and wider society throughout the 2021-22 and beyond. I will ensure our governance framework considers and responds to this need.



Mark Hackett
Chief Executive
Swansea Bay University Health Board

Appendix One – Board and Committee Structure



Appendix Two – Board and Committee Dates 2021-22

The table outlines dates of board and committee meetings held during 2021-22. Where meetings were not quorate, escalation arrangements were in place to ensure that any matters of significant concern that could not be brought to the attention of the committee could be raised with the health board chair.

Board/Committee	Dates in 2020-21												
Health Board	27th May	7th June (Special Final Accounts)	23rd June (special)	22nd July (Special)	29th July	19th August	7th October	28th October	25th November	16th December	27th January 2022	24th February 2022 (special)	31st March
Quorate/Not Quorate	Quorate	Quorate	Quorate	Quorate	Quorate	Quorate	Quorate	Quorate	Quorate	Quorate	Quorate	Quorate	Quorate
Audit Committee	18th May (Draft Accounts)	7th June (Special Final Accounts)	13th July	14th September	9th November	19th January 2022	10th March	-	-	-	-		-
Quorate/Not Quorate	Quorate	Quorate	Quorate	Quorate	Quorate	Quorate	Quorate	-	-	-	-		-
Mental Health Legislation Committee	6th May	5th August	4th November	3rd February 2022	-	-	-	-	-	-	-		-
Quorate/Not Quorate	Quorate	Quorate	Quorate	Quorate	-	-	-	-	-	-	-		-
Remunerations and Terms of Service Committee	24th June	26th August	26th October	16th December	24th March		-	-	-	-	-		-
Quorate/Not Quorate	Quorate	Quorate	Quorate	Quorate	Quorate		-	-	-	-	-		-

Board/Committee	Dates in 2021-22											
Performance and Finance Committee	27th April	25th May	22nd June	27th July	24th August	28th September	26th October	23rd November	21st December	25th January 2022	22nd February	29th March
Quorate/Not Quorate	Quorate	Quorate	Quorate	Quorate	Quorate	Quorate	Quorate	Quorate	Quorate	Quorate	Quorate	Quorate
Charitable Funds Committee	6th July	14th October	11th November (Trustees)	10th February 2022	-	-	-	-	-	-	-	-
Quorate/Not Quorate	Quorate	Quorate	Quorate	Quorate	-	-	-	-	-	-	-	-
Quality and Safety Committee	27th April	25th May	22nd June	27th July	24th August	28th September	26th October	23rd November	21st December	25th January 2022	22nd February	29th March
Quorate/Not Quorate	Quorate	Quorate	Quorate	Quorate	Quorate	Quorate	Quorate	Quorate	Quorate	Quorate	Quorate	Quorate
Workforce and OD Committee	13th April	15th June	10th August	12th October	13th December	8th February 2022	-	-	-	-	-	-
Quorate/Not Quorate	Quorate	Quorate	Quorate	Quorate	Quorate	Quorate	-	-	-	-	-	-
Health and Safety Committee	1st April	1st July	15th July (Special)	5th October	20th January	-	-	-	-	-	-	-
Quorate/Not Quorate	Quorate	Quorate	Quorate	Quorate	Quorate	-	-	-	-	-	-	-

Appendix Three – Board and Committee Membership

The board has been constituted to comply with the Local Health Boards (constitution, Membership and Procedures) (Wales) Regulations 2009. In addition to responsibilities and accountabilities set out in term and conditions of appointment, board members also fulfil a number a champions roles where they act ambassadors for these matters. In January 2021, Welsh Government issued a revised circular on board champion roles and the health board is currently reviewing this to align the roles to board committees.

Name	Position	Area of Expertise Representation Role	Board Committee Membership	Champion Roles
Emma Woollett	Chair	N/A	• Health Board (Chair) • RATS Committee (Chair)	• Whistleblowing Champion
Steve Spill	Vice-Chair (from December 2020)	Mental Health Primary Care	• Health Board (Member) • Mental Health Legislative Committee (Chair) • RATS Committee (Member) • Performance and Finance Committee (Member) • Quality and Safety Committee (Chair)	• Primary Care • Mental Health and Learning Disabilities • Veterans
Keith Lloyd	Independent Member (from May 2020)	University	• Health Board (Member) • Charitable Funds Committee (Member) • Audit Committee (Member)	
Tom Crick	Independent Member	ICT	• Health and Safety (Member) • Audit Committee (Member) • Workforce and OD Committee (Chair)	

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

Name	Position	Area of Expertise Representation Role	Board Committee Membership	Champion Roles
Reena Owen	Independent Member	Community	• Health Board (Member) • RATS Committee (Member) • Performance and Finance Committee (Chair)	
Nuria Zolle	Independent Member	Voluntary Sector	• Workforce and OD Committee (Member) • RATS Committee (Member) • Audit Committee (Chair) • Charitable Funds (Chair)	
Martyn Waygood	Independent Member	Legal	• Health Board (Member) • Mental Health Legislative Committee (Member) • RATS Committee (Member) • Charitable Funds Committee (Chair) • Quality and Safety Committee (Member) • Audit Committee (Member)	
Andrew Jarrett	Associate Board Member	Social Services	• Health Board (Member)	

Name	Position	Area of Expertise Representation Role	Board Committee Membership	Committee Roles
Mark Hackett	Chief Executive (from January 2021)	N/A	• Health Board (Member)	• Emergency Ambulance Services Committee (Member)
Darren Griffiths	Director of Finance	N/A	• Health Board (Member) • Audit Committee (In attendance) • Chartable Funds (Lead Director/Member) • Performance and Finance (Lead Director/Member) • Health and Safety (Lead Director/Member)	
Gareth Howells	Interim Director of Nursing and Patient Experience (from September 2021)	N/A	• Health Board (Member) • Audit Committee (In attendance) • Mental Health Legislative Committee (Lead Director/In attendance) • Quality and Safety Committee (Lead Director/In attendance) • Workforce and OD Committee (In attendance)	
Keith Reid	Director of Public Health	N/A	• Health Board (Member) • Quality and Safety Committee (In attendance) • Health and Safety Committee (In attendance)	

Name	Position	Area of Expertise Representation Role	• Board Committee Membership	Committee Roles
Christine Williams	Director of Nursing and Patient Experience (interim) (until September 2021)	N/A	• Health Board (Member) • Audit Committee (In attendance) • Mental Health Legislative Committee (Lead Director/In attendance) • Quality and Safety Committee (Lead Director/In attendance) • Health and Safety (Lead Director/Member attendance) • Workforce and OD Committee (In attendance)	
Debbie Eyitayo	Director of Workforce and OD (from August 2021)	N/A	• Health Board (Member) • RATS (Lead Director/In attendance) • Workforce and OD (Lead Director/In attendance) • Health and Safety Committee (Member)	• NHS Wales Shared Services Partnership Committee (NWSSP) Member
Kathryn Jones	Director of Workforce and OD (interim) (until July 2021)	N/A	• Health Board (Member) • RATS (Lead Director/In attendance) • Workforce and OD (Lead Director/In attendance) • Health and Safety Committee (Member)	• NHS Wales Shared Services Partnership Committee (NWSSP) Member

Name	Position	Area of Expertise Representation Role	• Board Committee Membership	• Committee Roles
Siân Harrop-Griffiths	Director of Strategy	N/A	• Health Board (Member) • Charitable Funds Committee (Member) • Performance and Finance Committee (Member) • Quality and Safety Committee (In Attendance)	• Western Bay Partnership Board • ARCH Programme Board Member
Richard Evans	Medical Director/ Deputy Chief Executive (from March 2021)	N/A	• Health Board (Member) • Quality and Safety Committee (In attendance) • Workforce and OD Committee (In Attendance)	• ARCH Programme Board • Advisory Committee on Clinical Excellence Awards
Christine Morrell	Director of Therapies and Health Science		• Health Board (Member) • Quality and Safety Committee (In Attendance) • Workforce and OD Committee (In Attendance)	

Appendix Four – Members' Attendance at Meetings

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

	Health Board	Audit Committee	Charitable Funds Committee	Health and Safety Committee	Mental Health Legislation Committee	Performance and Finance Committee	Quality and Safety Committee	Remuneration and Terms of Service Committee	Workforce and OD Committee
	(13)	(7)	(4)	(5)	(4)	(12)	(12)	(5)	(6)
Emma Woollett, Chair	13	1	-	-			-	5	
Steve Spill, Vice-Chair	13	2	-	-	4	10	12	4	
Jackie Davies, Independent Member	12	3	4	5	2		1	2	6
Keith Lloyd, Independent Member	11	2	1	-			0	2	
Maggie Berry, Independent Member	11	-	-	5	2		9	3	
Mark Child, Independent Member	11	-	-	-		11	-	4	
Martin Sollis, Independent Member (until June 2021)	2	2	-	-		2	-	0	
Martyn Waygood, Independent Member (until December 2021)	9	4	3	-	3		9	3	
Nuria Zolle, Independent Member	12	7	3	-			4	5	6
Reena Owen, Independent Member	10	-	-	-		12	11	4	
Tom Crick, Independent Member	12	6	-	4			-	2	5
Alison Stokes, Associate Board Member	0	-	-	-	-	-	-	-	-
Patricia Price (from October 2021)	4	2	-	-		5	-	-	
Andrew Jarrett, Associate Board Member	9	-	-	-			-	-	

	Health Board	Audit Committee	Charitable Funds Committee	Health and Safety Committee	Mental Health Legislation Committee	Performance and Finance Committee	Quality and Safety Committee	Remuneration and Terms of Service Committee	Workforce and OD Committee
	(13)	(7)	(4)	(5)	(4)	(12)	(12)	(5)	(6)
Mark Hackett, Chief Executive	13	1	-	-			-	4	
Christine Morrell, Director of Therapies and Health Science	13	-	-	-			5	-	2
Christine Williams, Interim Director of Nursing and Patient Experience (until September 2021)	6	4	-	3	3		5	-	3
Darren Griffiths, Director of Finance	12	6	3	1		12	12	-	
Debbie Eyitayo, Interim Director of Workforce and OD (from August 2021)	11	-	-	1			-	2	4
Gareth Howells, Director of Nursing and Patient Experience (from September 2021)	7	1	-	1	1		7	-	1
Kathryn Jones, Interim Director of Workforce and OD (until July 2021)	2	-	-	1			-	-	2
Keith Reid, Director of Public Health	11	-	-	-			4	-	
Richard Evans, Medical Director	13	-	-	-			12	-	6
Siân Harrop-Griffiths, Director of Strategy	11	-	2	-		7	7	-	

Appendix Five – Links to Reports Considered by the Board and Sub-Committes

- Health Board
- Audit Committee
- Mental Health Leglisation Committee
- Health and Safety Committee
- Peformance and Finance Committee
- Quality and Safety Committee
- Workforce and OD Committee

Parliamentary Accountability and Audit Report 2021-22

Parliamentary Accountability

Swansea Bay University Health Board makes the following parliamentary disclosures for 2021-22:

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

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

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

- All remote contingent liabilities are disclosed under IAS37.

Staff and Remuneration Report 2021-22

Staff Report

❖ Pre-Employment

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

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

❖ Managing Attendance

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

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

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

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

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

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

❖ Redeployment Policy

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

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

❖ Off Payroll Policy

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

❖ Staff Composition

The health board has 13,478 employees. During the year, the average full time equivalent number of staff permanently employed was 11,874. The average number of employees is calculated as the full time equivalent number of employees in each week of the financial year divided by the number of weeks in the financial year. The tables below provides a breakdown of the workforce by gender and then staff grouping, which as well as permanently employed staff, also shows staff on inward secondment, agency staff, and other staff. (*FTE – fulltime equivalent*)

Gender	Headcount	FTE	% of headcount
Female	10,421	8,974	77.32
Male	3,057	2,894	22.68
Grand Total	**13,478**	**11,868**	**100.00**

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

Job Title	Gender	Headcount	FTE	% of headcount
Executive Directors	Male	5	5	62.5
Executive Directors	Female	3	3	37.5
Independent Members	Male	4	4	44.4
Independent Members	Female	5	5	55.6

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

	2021-22	2020-21
Days lost (long term)	226,863	227,265
Days lost (short term)	105,674	89,362
Total days lost	332,537	316,627

Remuneration Report

This report provides information in relation to executive directors' and independent members' remuneration, and outlines the arrangements which operate within the health board to determine this. It also includes information on staff numbers, composition, sickness absence data, staff policies applied during the year, expenditure on consultancy, off-payroll engagements and exit packages.

1. The Remuneration and Terms of Services Committee

This committee considers the remuneration and performance of executive directors in accordance with the policy detailed below. The norm is for executive directors and very senior managers' salaries (those outside of Agenda for Change) to be uplifted in accordance with the Welsh Government identified normal pay inflation percentage. For 2021/22 there was a pay inflation uplift of 3% for executive Directors and very senior managers in line with the pay award agreed nationally for NHS staff.
If there were to be an up-lift over and above this level, this would always be agreed as a result of changes in roles and responsibilities and with advice from an independent consultancy with specialist knowledge of job evaluation and executive pay within the NHS. The Remuneration and Terms of Services Committee would receive a detailed report in respect of issues to be considered in relation to any uplift to executive directors salaries (including advice from the Welsh Government) and having considered all the advice and issues put before them, would report their recommendations to the health board for ratification. The committee also reviews objectives set for executive directors and assesses performance against those objectives when considering recommendations in respect of annual pay uplifts. It should be noted that executive directors are not on any form of performance related pay.

The Remuneration and Terms of Services Committee is chaired by the health board's Chair, and the membership includes all independent members . The committee meets as often as required to address business and formally reports in writing its recommendations to the health board. Meetings are minuted and decisions fully recorded. The committee also recommends to the board annual pay uplifts in respect of executive directors and very senior managers in the health board who are not within the remit of Agenda for Change. For 2021-22, the only uplifts recommended were an inflationary uplift of 3%.

2. Independent Members' Remuneration

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

3. Single Remuneration Report

The single total remuneration for each director and independent member for 2021/22 and 2020/21 are shown in the table below. Total remuneration includes salary (excluding the NHS Covid bonus of £735 gross paid in May 2021), non-consolidated performance-related pay and benefits-in-kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

The salaries disclosed in the table below reflect new appointments and leavers during the financial years 2021/22 and 2020/21. Whilst the salaries disclosed relate to the period in post during the year, the NHS Pensions Agency is unable to attribute part year pension benefits to post holders and therefore, the full financial year pension benefits are shown.

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

The pension calculation is based on information received from NHS BSA Pensions Agency included in the Disclosure of Senior Managers' Remuneration (Greenbury) 2022 report. Further details on the single total remuneration and salary allowances figure from Cabinet Office can be found at the Employer Pension Notices website: disclosure of salary pension and compensation information.

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

Names	Titles	2021/22					2020/21				
		Salary (£5k Bands) £000	Other Remun. £5k Bands £000	Benefits in Kind (to nearest £100) £00	Pension Benefits (to nearest £1000) £000	Total (£5k Bands) £000	Salary (£5k Bands) £000	Other Remun. £5k Bands £000	Benefits in Kind (to nearest £100) £00	Pension Benefits (to nearest £1000) £000	Total (£5k Bands) £000
E Woollett	Chair	70-75	0	0	0	**70-75**	70-75	0	0	0	**70-75**
S Spill	Vice Chair from 15th December 2020.	55-60	0	0	0	**55-60**	15-20	0	0	0	**15-20**
M Waygood	Interim Vice Chair to 18th January 2021. Independent Member from 19th January 2021 until 31st December 2021	10-15	0	0	0	**10-15**	45-50	0	0	0	**45-50**
M Hackett	Chief Executive from 1st January 2021	220-225	0	0		**220-225**	50-55	0	0		**50-55**
T Myhill	Chief Executive until 31st December 2020						160-165	0	0	0	**160-165**
R Evans	Medical Director and Deputy Chief Executive from 8th February 2021	190-195	0	0	85	**275-280**	175-180	0	0	125	**300-305**
C White	Deputy Chief Executive, Chief Operating Officer, Director of Therapies and Health Science, Director of Primary, Community and Mental Health Services until 31st March 2021.						160-165	0	0	4	**160-165**

Names	Titles	2021/22					2020/21				
		Salary (£5k Bands) £000	Other Remun. £5k Bands £000	Benefits in Kind (to nearest £100) £00	Pension Benefits (to nearest £1000) £000	Total (£5k Bands) £000	Salary (£5k Bands) £000	Other Remun. £5k Bands £000	Benefits in Kind (to nearest £100) £00	Pension Benefits (to nearest £1000) £000	Total (£5k Bands) £000
D Griffiths	Director of Finance and Performance from 9th August 2021. Interim Director of Finance from 2nd March 2020 to 8th August 2021	145-150	0	0	86	**235-240**	140-145	0	0	230!	**375-380!**
G Howells	Interim Director of Nursing & Patient Experience from 20th September 2021 and from 1st April until 8th July 2020	70-75	0	0		**70-75**	40-45	0	0		**40-45**
C Williams	Interim Director of Nursing & Patient Experience from 9th July 2020 to 30th September 2021.	65-70	0	0		**65-70**	95-100	0	0		**95-100**
C Morrell	Director of Therapies and Health Science from 1st April 2021	85-90	0	0		**85-90**					
D Eyitayo	Director of Workforce & OD from 9th August 2021	90-95	0	0	*0	**90-95**					
K Jones	Interim Director of Workforce & OD from	40-45	0	0	*0	**40-45**	75-80	0	0	138	**215-220**

Names	Titles	2021/22					2020/21				
		Salary (£5k Bands) £000	Other Remun. £5k Bands £000	Benefits in Kind (to nearest £100) £00	Pension Benefits (to nearest £1000) £000	Total (£5k Bands) £000	Salary (£5k Bands) £000	Other Remun. £5k Bands £000	Benefits in Kind (to nearest £100) £00	Pension Benefits (to nearest £1000) £000	Total (£5k Bands) £000
	25th August 2020 to 31st July 2021.										
H Robinson	Director of Workforce & OD until 24th August 2020						55-60	0	0		**55-60**
K Reid	Director of Public Health	125-130	0	0	30	**155-160**	120-125	0	0	63	**185-190**
S. Harrop-Griffiths	Director of Strategy	135-140	0	36	58	**195-200**	125-130	0	56	75	**205-210**
P Wenger	Director of Corporate Governance/Board Secretary until 28th November 2021	80-85	0	0	*0	**80-85**	105-110	0	0	75	**180-185**
H Lloyd	Interim Director of Corporate Governance/Board Secretary from 15th November 2021	35-40	0	0	29	**60-65**					
M Berry	Independent Member	15-20	0	0	0	**15-20**	15-20	0	0	0	**15-20**
M Sollis	Independent Member until 7th June 2021	0-5	0	0	0	**0-5**	15-20	0	0	0	**15-20**
P Price	Independent Member from 16th October 2021	5-10	0	0	0	**5-10**					

Names	Titles	2021/22					2020/21				
		Salary (£5k Bands) £000	Other Remun. £5k Bands £000	Benefits in Kind (to nearest £100) £00	Pension Benefits (to nearest £1000) £000	Total (£5k Bands) £000	Salary (£5k Bands) £000	Other Remun. £5k Bands £000	Benefits in Kind (to nearest £100) £00	Pension Benefits (to nearest £1000) £000	Total (£5k Bands) £000
T Crick	Independent Member	15-20	0	0	0	**15-20**	15-20	0	0	0	**15-20**
M Child	Independent Member	15-20	0	0	0	**15-20**	15-20	0	0	0	**15-20**
R Owen	Independent Member	15-20	0	0	0	**15-20**	15-20	0	0	0	**15-20**
N Zolle	Independent Member	15-20	0	0	0	**15-20**	15-20	0	0	0	**15-20**
K Lloyd	Independent Member	0	0	0	0	**0**	0	0	0	0	**0**
J Davies	Independent Member	0	0	0	0	**0**	0	0	0	0	**0**
A Jarrett	Associate Board Member	0	0	0	0	**0**	0	0	0	0	**0**
A Stokes	Associate Board Member to 30th November 2021	0	0	0	0	**0**	0	0	0	0	**0**

The NHS and social care financial recognition scheme bonus of £735 payment to reward eligible NHS staff has not been included in the NHS Remuneration Report calculations in the table above. This bonus payment is not a contractual payment, but a one off payment to reward eligible staff for their commitment and tireless efforts in the most challenging circumstances. The bonus payment was made in error to 2 independent board members who were not entitled to receive the payment, these payments are in the process of being recovered by the health board.

* This indicates that the pension benefits have been set to zero as the pension benefit calculation results in a negative figure. Where the calculation produces a negative figure the Greenbury Disclosure of Senior Managers Remuneration states that zero value should be disclosed. The reasons for the negative pension calculations are as follows:

- D Eyitayo – opted out of and then rejoined the NHS Pension Scheme during the year. As a result of the break in contributions the pension entitlements as at age 60 are lower than those reported in 2020/21 which are based on continuous contributions to aged 60.
- K Jones – no longer contributes to the NHS Pension Scheme following her departure in July 2021. As a result the pension entitlements as at age 60 are lower than those reported in 2020/21 which are based on continuous contributions to aged 60.
- P Wenger – took the pension benefits available under the 1995 element of the NHS pension Scheme on departure from the health board in November 2021.

! The prior year figures for D Griffiths have been restated as the figures provided as at 31st March 2021 by the NHS Pensions Agency were incorrectly calculated. The NHS Pensions Agency provided figures on the basis that D Griffiths had been a member of the NHS Pension Scheme for the whole of the 2020/21 financial year, which was incorrect. The NHS Pensions Agency have now provided updated figures based on D Griffiths part year membership of the scheme in 2020-21.

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

- G Howells was the Director of Nursing from July 2018 until retirement in June 2020. G Howells has returned in an interim capacity in September 2021 on secondment from Welsh Government. The remuneration figures disclosed for G Howells cover the period from September 2021 to March 2022. The annualised salary for the post is in the salary range £130-£135k

- C Morrell was appointed as Director of Therapies and Health Science from 1st April 2021. This post has been classed as a full voting post on the Board following the splitting of the role of Chief Operating Officer and Director of Therapies, Health Science and Director of Mental Health and Community Services previously held by C White who retired on 31st March 2021.

- The job description for the post of Director of Corporate Governance/Board Secretary held by P Wenger was reviewed during 2021/22 and a salary increase awarded for the role with the salary increase backdated. Within the salary figure disclosed for P Wenger is salary arrears of £10-£15k relating to the salary increase awarded following the review of the job description.

- The remuneration disclosed for D Eyitayo covers the period from 9th August 2021 to 31st March 2022. The annualised salary for the post is in the range £140-£145k.

- The remuneration disclosed for H Lloyd covers the period from 15th November 2021 to 31st March 2022. The annualised salary for the post is in the range £90-95k.

- K Lloyd has declined remuneration for his post as an Independent Member

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

- A Jarrett and A Stokes as Associate Board Members receive no remuneration

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the 25th percentile, median and 75th percentile remuneration of the organisation's workforce. The 2021-22 financial year is the first year disclosures in respect of the 25th percentile pay ratio and 75th percentile pay ratio are required.

The highest paid director in the LHB in 2021/22 as in 2020/21 was the Chief Executive and the tables below provide details on the relationship between the remuneration of the Chief Executive and the 25th percentile, median and 75th percentile remuneration of the organisation's workforce

	2021/22			**2020/21**		
	Chief Executive Salary (£5k bands)	**Employee Salary £000**	**Ratio**	**Chief Executive Salary (£5k bands)**	**Employee Salary £000**	**Ratio**
25th percentile pay ratio	220-225	21	10.62:1	215-220	21	10.14:1
Median pay	220-225	28	7.96:1	215-220	28	7.68:1
75th percentile pay ratio	220-225	39	5.72:1	215-220	40	5.32:1

In 2021-22, 1 (2020-21, 0) employee received remuneration in excess of the highest-paid director. The remuneration for that employee in 2021-22 included payments in respect of waiting list initiatives undertaken in addition to their normal salary. Remuneration for staff ranged from £18,546 to £240,823 (2020-21 £18,005 to £214,938).

Total remuneration includes salary, non-consolidated performance-related pay, and benefits-in-kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions. Benefits in kind relate to benefits derived from the provision of a leased car.

The employee who received remuneration in excess of the highest paid director in 2021-22 was a member of the medical staff. This individual is not related to the Chair, Executive Directors or Independent Members.

The 2021-22 financial year is also the first year that the percentage change in the remuneration of the highest paid director and the percentage change in the remuneration of the employees of the entity taken as a whole are required to be disclosed the table below discloses this information

	2020/21 - 2021/22 (%)	2019-20- 2020/21 (%)
Percentage Change from previous year in respect of the Chief Executive		
Salary and Allowances	2.73	4.87
Performance Pay and Bonuses	0.00	0.00
Average % Change from previous financial year in respect of employees takes as a whole		
Salary and Allowances	(12.13)	(2.70)
Performance Pay and Bonuses	0.00	0.00

The reduction in the average salary and allowances of employees taken as a whole is linked to staff turnover within the health board with an increase in the number of newly appointed staff replacing staff who have been in post for many years and will have earned higher salaries than the new entrants to the NHS.

4. Directors Pension Benefits

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

Cash Equivalent Transfer Value
A cash equivalent transfer value (CETV) is the actuarially assessed capital value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures and the other pension details include the value of any pension benefits in another scheme or arrangement which the individual has transferred to the NHS pension scheme. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

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

The disclosures in the table below do not apply to independent members as they are not members of the NHS Pension Scheme and do not receive pensionable remuneration.

Name	Title	Real Increase/ (Decrease) in Pension @ Age 60 (bands of £2,500) £000	Real Increase/ (Decrease) in Pension Lump Sum @ Age 60 (bands of £2,500) £000	Total accrued Pension at age 60 at 31 March 2022 (bands of £5,000) £000	Lump Sum at age 60 related to accrued Pension at 31 March 2022 (bands of £5,000) £000	Cash Equiv. Transfer Value at 31/03/2022 £000	Cash Equiv. Transfer Value at 31/03/2021 £000	Real increase in Cash Equiv. Transfer Value £000	Employer's contrib. to stake-holder pension £000
D Griffiths	Director of Finance and	2.5-5	12.5-15	50-55	130-135	969	854!	111	0

Name	Title	Real Increase/ (Decrease) in Pension @ Age 60 (bands of £2,500) £000	Real Increase/ (Decrease) in Pension Lump Sum @ Age 60 (bands of £2,500) £000	Total accrued Pension at age 60 at 31 March 2022 (bands of £5,000) £000	Lump Sum at age 60 related to accrued Pension at 31 March 2022 (bands of £5,000) £000	Cash Equiv. Transfer Value at 31/03/2022 £000	Cash Equiv. Transfer Value at 31/03/2021 £000	Real increase in Cash Equiv. Transfer Value £000	Employer's contrib. to stake-holder pension £000
	Performance from 9th August 2021. Interim Director of Finance from 2nd March 2020 to 8th August 2021								
K Reid	Director of Public Health	0-2.5	(0-2.5)	20-25	45-50	466	420	44	0
S Harrop-Griffiths	Director of Strategy	2.5-5	2.5-5	55-60	120-125	1,179	1,088	85	0
R Evans	Medical Director and Deputy Chief Executive from 8th February 2021	5-7.5	2.5-5	65-70	140-145	1,330	1,211	113	0
D Eyitayo	Director of Workforce & OD from 9th August 2021	(7.5-10)	(27.5-30)	30-35	65-70	641	849	∗0	0
K Jones	Interim Director of Workforce & OD from 25th August 2020 to 31st July 2021.	(7.5-10)	(22.5-25)	20-25	35-40	407	579	∗0	0

Name	Title	Real Increase/ (Decrease) in Pension @ Age 60 (bands of £2,500) £000	Real Increase/ (Decrease) in Pension Lump Sum @ Age 60 (bands of £2,500) £000	Total accrued Pension at age 60 at 31 March 2022 (bands of £5,000) £000	Lump Sum at age 60 related to accrued Pension at 31 March 2022 (bands of £5,000) £000	Cash Equiv. Transfer Value at 31/03/2022 £000	Cash Equiv. Transfer Value at 31/03/2021 £000	Real increase in Cash Equiv. Transfer Value £000	Employer's contrib. to stake-holder pension £000
P Wenger	Director of Corporate Governance/Board Secretary until 28th November 2021	(27.5-30)	(90-92.5)	10-15	0	184	766	∗0	0
H Lloyd	Interim Director of Corporate Governance/Board Secretary from 15th November 2021	0-2.5	0-2.5	25-30	50-55	463	424	37	0

- P Wenger opted to take the benefits available under the 1995 NHS Pension Scheme when leaving the health board in November 2021. There is no lump sum available under the 2015 NHS Pension Scheme

- M Hackett, Chief Executive, G Howells, Director of Nursing and Patient Experience, C Williams, Interim Director of Nursing and Patient Experience and C Morrell, Director of Therapies and Health Science chose not to be covered by the NHS Pension Arrangements during 2021-22.

- D Eyitayo, Director of Workforce and OD recommenced contributions to the NHS Pension Scheme during 2021/22 but was not a member of the scheme for the whole period.

5. Contracts of employment

With the exception of the Director of Nursing and Patient Experience, (G Howells) who rejoined the health board on secondment from his permanent contract at Welsh Government, all executive directors are on permanent contracts of employment with Swansea Bay University Local Health Board. Executive directors are required to give the health board three months notice and are eligible to receive three months notice from the health board. The policy on duration of contracts, notice period and termination periods is that set by the Welsh Government.

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

6. Other information

There are no local pay bargaining initiatives within the health board. No payments have been made for professional indemnity insurance for any officer or director.

7. Staff Report Section

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

7.1 Staff Numbers and Composition

The average number of employees by staff group for 2021-22 is set out in the table below, along with the comparison for 2020/21. The average is calculated as the whole time equivalent number of employees under contract of service at the end of each calendar month in the financial year, divided by the number of months in the financial year.

Staff Group	Permanent Staff	Agency Staff	Staff on Inward Secondment	Specialist Trainees (SLE)	Collaborative Bank	Other	Total 2021/22	Total 2020/21
Administration, Clerical & Board Members	2,334	40	8	0	0	0	**2,382**	**2,196**

Staff Group	Permanent Staff	Agency Staff	Staff on Inward Secondment	Specialist Trainees (SLE)	Collaborative Bank	Other	Total 2021/22	Total 2020/21
Medical & Dental	905	37	0	266	0	29	**1,237**	**1,185**
Nursing, Midwifery registered	3,573	278	0	0	6	0	**3,857**	**3,724**
Professional, Scientific & technical staff	350	0	3	0	0	0	**353**	**384**
Additional Clinical Services	2,405	5	0	0	0	0	**2,410**	**2,377**
Allied Health Professions	863	7	0	0	0	0	**870**	**793**
Healthcare Scientists	317	0	0	0	0	8	**325**	**310**
Estates and Ancillary	1,016	25	0	0	0	0	**1,041**	**1,103**
Students	0	0	0	0	0	0	**0**	**110**
Totals	**11,763**	**392**	**11**	**266**	**6**	**37**	**12,475**	**12,182**

Staff included as specialist trainees (SLE) in the table above are medical, dental and GP trainees employed under the single lead employer Arrangement by Velindre NHS Trust but who are placed for their training within the Health Board. Prior to August 2020 these trainees were directly employed by the health Board and as such would have been classified as permanent staff.

Staff included as collaborative bank staff in the table above are also directly employed by Velindre NHS Trust and provide bank nurse cover across Wales. Currently only Swansea Bay University Health Board and Cwm Taf Morgannwg Health Board are members of the collaborative bank scheme.

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

As at 31st March 2022, the health board has 13,478 employees, of which 8 are Executive Directors. Of these staff, 3,057 are male, including 5 Executive Directors, and 10,421 are female, including 3 female Executive Directors.

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

7.2 Sickness Absence Data

	2021/22	2020/21
Total days lost	332,536.75	316,626.93
Short Term Sickness (27 days or less)	105,673.65	89,361.93
Long Term Sickness (28 days or more)	226,863.10	227,265
Total staff years	11,740.65	11,728.76
Average working days lost	18	17
Total staff employed in period (headcount)	13,347	13,346
Total staff employed in period with no absence (headcount)	4,296	5,517
Percentage staff with no sick leave	31.55%	40.40%

7.3 Staff Policies applied during the year:

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

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

7.4 Expenditure on Consultancy

As disclosed in Note 3.3 of the health board's accounts, the health board incurred expenditure of £0.594m on consultancy services in 2021/22, (£0.368m in 2020-21). Expenditure on consultancy services is incurred when outside expertise is required by the Health Board to support the Health Board in managing its services and functions on a day to day basis. Such examples include:

- Management consultancy to support performance improvement schemes such as the major trauma network, to support the review of upper gastrointestinal services and to support capacity and demand modelling.
- Management consultancy to support the health board with staffing and other operational management issues such as the development of a decarbonisation plan.
- External advice and support to the health board in implementing staff development and training programmes including coaching for business partnering.

7.5 Off-payroll Engagements

Table 1: For all off-payroll engagements as of 31 March 2022, for more than £245 per day and that last for longer than six months

Number of existing engagements as of 31 March 2022	0
Of which...	
Number that have existed for less than one year at time of reporting.	0
Number that have existed for between one and two years at time of reporting.	0
Number that have existed for between two and three years at time of reporting.	0
Number that have existed for between three and four years at time of reporting.	0
Number that have existed for four or more years at time of reporting.	0

Table 2: For all new off-payroll engagements, or those that reached six months in duration, between 1 April 2021 and 31 March 2022, for more than £245 per day and that last for longer than six months

Number of new engagements, or those that reached six months in duration, between 1 April 2021 and 31 March 2022	0
Number of these engagements which were assessed as caught by IR35	0
Number of these engagements which were assessed as not caught by IR35	0
Number of these engagements that were engaged directly (via PSC contracted to department) and are on the departmental payroll;	0
Number of these engagements that were reassessed for consistency/assurance purposes during the year whom assurance has been requested but not received;	0
Number that saw a change to IR35 status following the consistency review.	0

Table 3: For any off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, between 1 April 2021 and 31 March 2022

Number of off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, during the financial year.	0
Details of the exceptional circumstances that led to each of these engagements.	Not Applicable
Details of the length of time each of these exceptional engagements lasted	Not Applicable

Total number of individuals both on and off-payroll that have been deemed "board members and/or senior officials with significant financial responsibility", during the financial year. This figure includes engagements which are ON PAYROLL as well as those off-payroll.	0

There were 0 off payroll engagements in place at the start of the 2021-22 financial year. There have been no new off payroll engagements during the year.

7.6 Exit packages

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

	2021-22				2020-21
Staff Numbers **Exit packages cost band (including any special payment element)**	**Number of compulsory redundancies**	**Number of other departures**	**Total number of exit packages**	**Number of departures where special payments have been made**	**Total number of exit packages**
less than £10,000	0	0	0	0	0
£10,000 to £25,000	0	0	0	0	0
£25,000 to £50,000	0	0	0	0	0
£50,000 to £100,000	0	0	0	0	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

	2021-22				2020-21
Total	**0**	**0**	**0**	**0**	**0**
Exit Packages Costs **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**

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

£0 exit costs were paid in 2021-22, the year of departure (2020-21, £73,922). The exit package paid in 2020/21 was paid in April 2020 and related to a payment made to the former Director of Finance who left the Health Board on 29th February 2020 and was therefore recorded as agreed in the 2019/20 financial year. The package comprised payments in lieu of notice, for untaken annual leave and an ex-gratia payment on termination.

Long Term Expenditure Trends

Long Term Expenditure Trends

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

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

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

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

The expenditure reported in this report for the 2019-20, 2020-21 and 2021-22 financial years relates to Swansea Bay University Health Board whilst expenditure in previous years relates to the former Abertawe Bro Morgannwg University Health Board and this must be borne in mind when making comparisons of expenditure between years. To help understand the reduction in expenditure between years it is important to note that the baseline resource allocation to the Swansea Bay University Health Board is 28% lower than the baseline allocation for the former Abertawe Bro Morgannwg University Local Health Board.

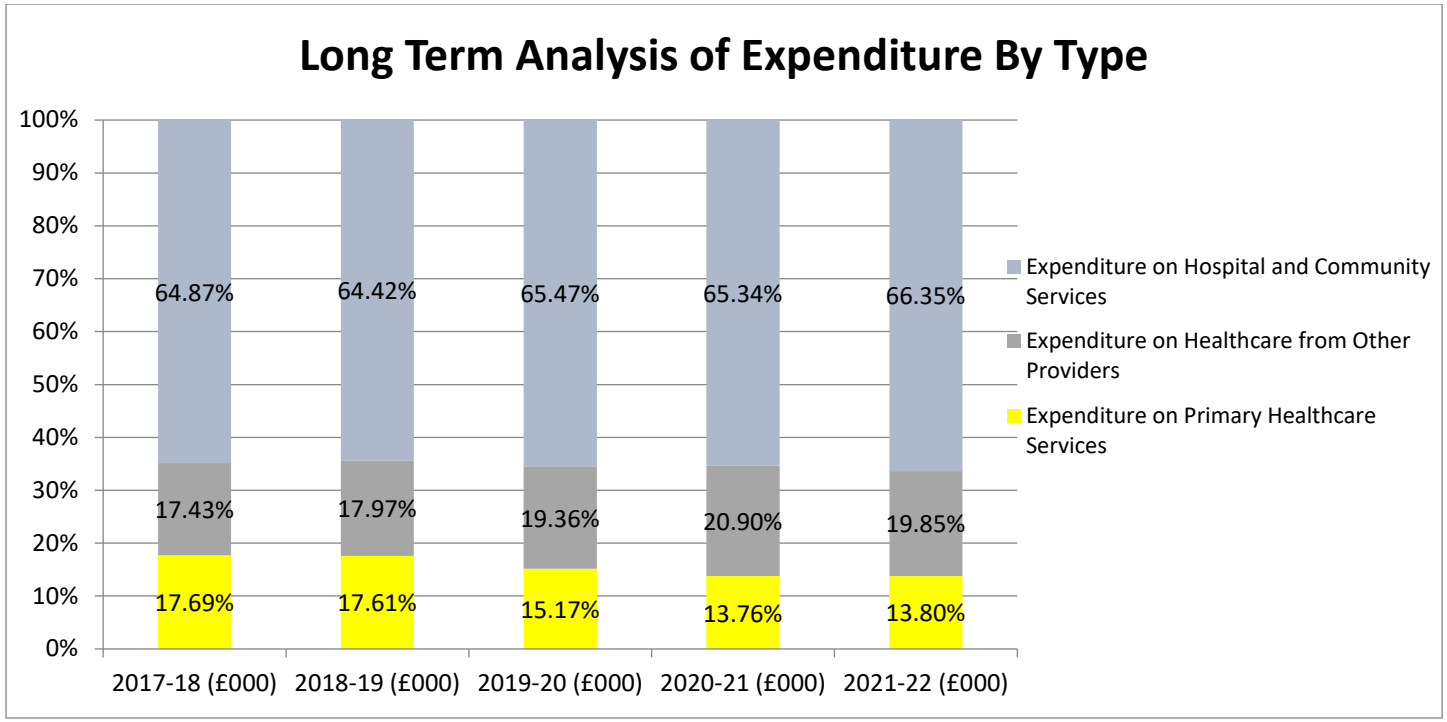
The 2021-22 financial year continued to provide challenges for the health board due to the ongoing Covid-19 pandemic and the recovery from the pandemic with the gradual re-introduction of services suspended during 2020-21. In recognition of the challenges faced and the increased costs associated with the pandemic, the health board received specific additional Covid-19 revenue funding of £130.407m, having received Covid funding £148.887m 2020/21. The health board also received additional capital funding of £7.038m as compared to £8.549m in 2020-21. The increased costs associated with the pandemic manifest themselves in the long term expenditure trends in both 2020-21 and 2021-22 as outlined later in this section

The movements in expenditure for the financial years 2017-18 to 2021-22 are documented below by the main expenditure headings of:

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

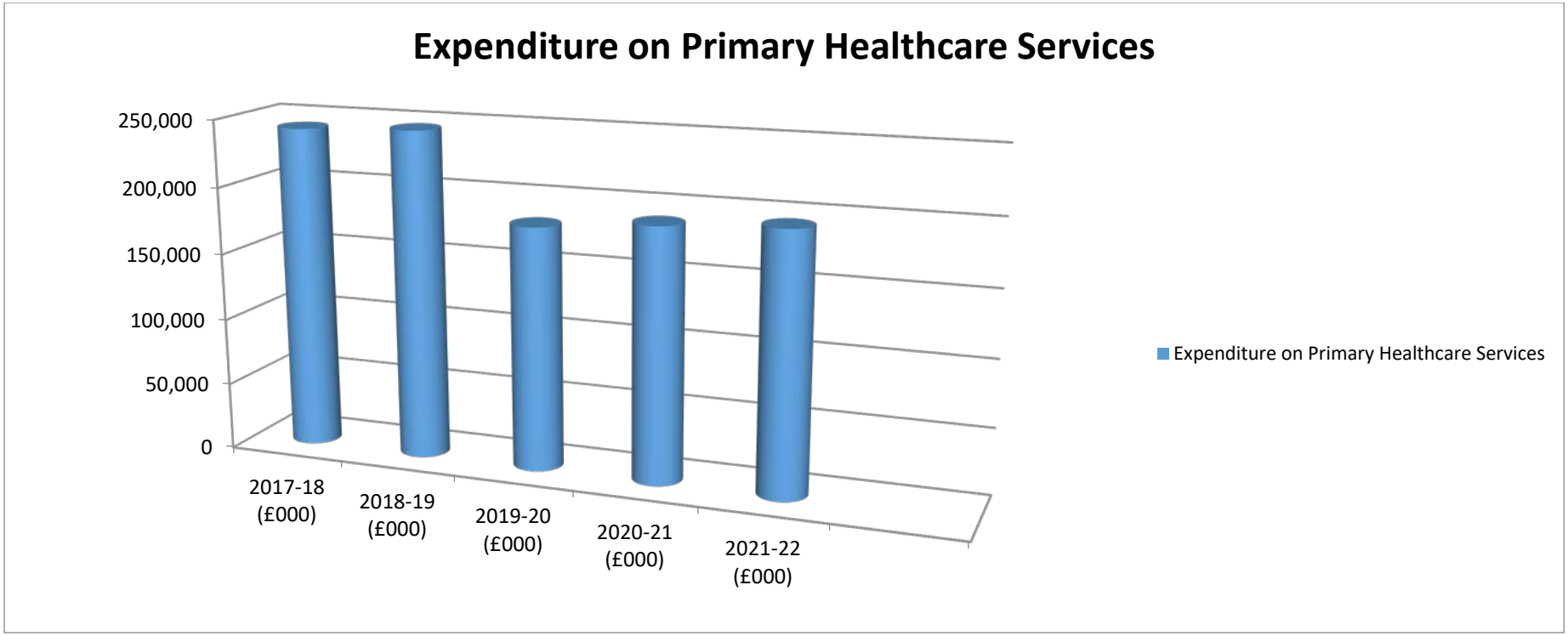
As demonstrated in the table below whilst there have been movements in each of these headings over the last 5 years, an analysis of the expenditure shows that the mix of expenditure has been broadly consistent year until the change of health board on 1st April 2019 when there was a reduction of 2.44% in the expenditure share of Primary Healthcare Services as a percentage of the health board's total expenditure, with increases of 1.39% for Healthcare from Other Providers and 1.05% for Hospital and Community Health Services. During 2021/22 there have been only small movements in the distribution of expenditure with an increase of 1% in hospital and community services being offset by a reduction in expenditure on healthcare from other providers.

	2017-18 £000	2018-19 £000	2019-20 £000	2020-21 £000	2021-22
Primary Healthcare Services	242,052	245,546	181,823	189,358	194,075
Healthcare from Other Providers	238,469	250,518	232,061	287,515	279,082
Hospital and Community Services	887,423	898,238	784,902	898,889	933,099



❖ Expenditure on Primary Healthcare Services

Expenditure on primary healthcare services comprises expenditure on the primary care contracts for general medical services, pharmaceutical services, general dental services, general ophthalmic services, prescribed drugs and appliances and other primary health care expenditure.



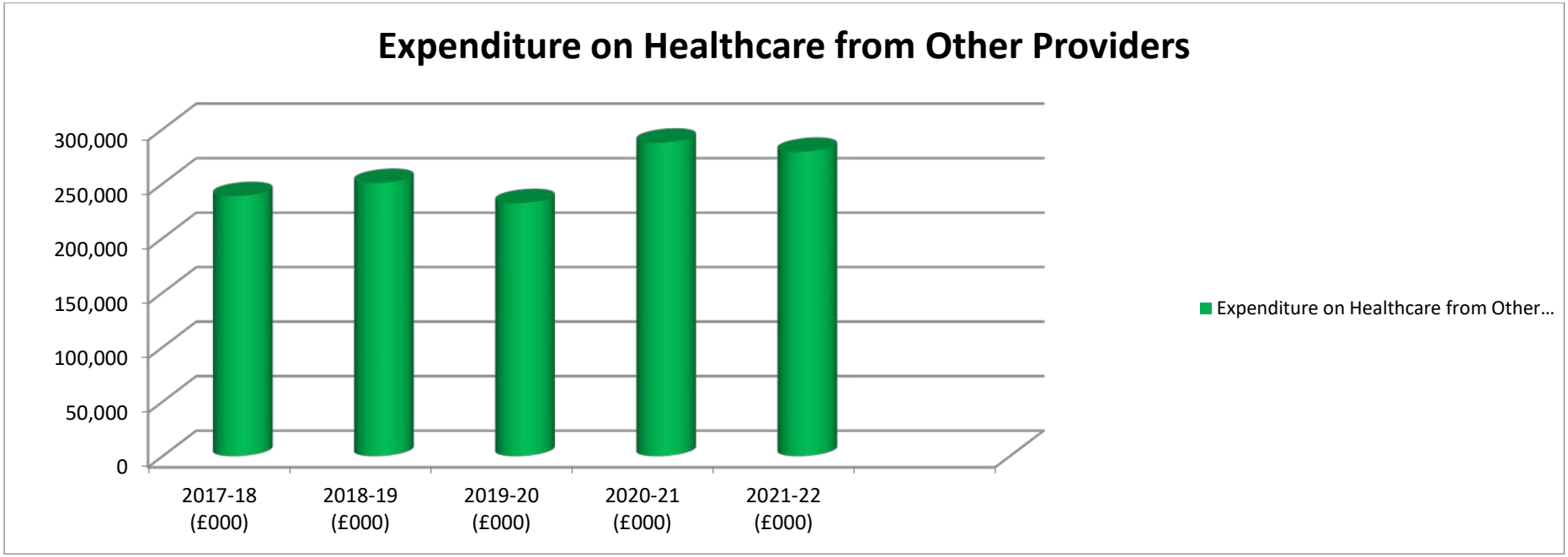
During 2018-19 expenditure on primary health care services increased from £242m to £246m. The increase was due to general medical services of £8.4m relating primarily to the uplift in the general medical services contract, increased costs of enhanced services and the fact that expenditure was not reduced by ratings appeals as in 2017-18. There was also an increase of £1.6m in dental services expenditure linked to an increase in the general dental services contract. These increases were offset by a reduction of £4.5m in the costs of prescribed drugs and appliances.

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

In 2020-21 expenditure increased to £189m, with increases in the global sum uplift for general medical services of 3%, in professional fee payments to pharmacists and a £5m increase in primary care prescribing costs. These increases were partly offset by a reduction in general dental services due to reduced dental contract payments during the Covid pandemic.

In 2021-22 expenditure again increased rising to £294m, comprising a £2m increase in general medical services as a result of the 3% uplift to the global sum payment, with an increase of £4m in general dental services due to an increase in the general dental services contract with a 3% pay award to dentists and reintroduction of services following Covid.

❖ Expenditure on Healthcare from Other Providers



Expenditure on healthcare from other providers comprises expenditure with other NHS organisations, local authorities, voluntary organisations, private providers and for NHS funded nursing and continuing healthcare. In 2019-20 expenditure in this area reduced following to £232m following the creation of the new Swansea Bay University Health Board. The impact of Covid and the

increased payments to local authorities in respect of the setup of the field hospitals, test trace and protect facilities and the mass vaccination centres saw this expenditure increase significantly to £287m in 2020/21, reducing back down to £279m in 2021-22.

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

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

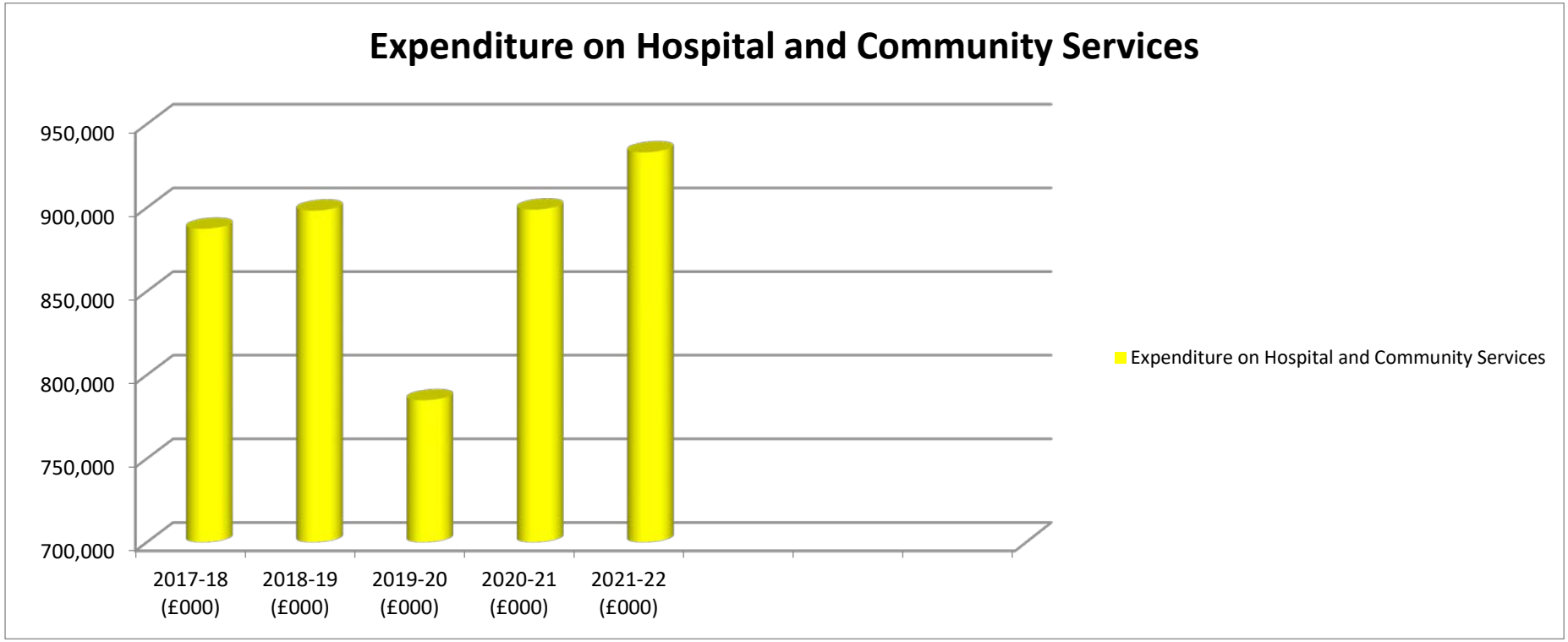
In 2019-20 expenditure incurred reduced by 7.4% as a result of the health board change. A significant factor in the 2019/20 expenditure was the almost doubling of expenditure with other NHS Wales bodies from £21.9m in 2018-19 to £42m in 2019/20. This was due to the clinical service level agreements put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

In 2020-21 expenditure increased by 23.9% to £287m and was largely related to Covid, most significantly with Local Authorities. Expenditure with the City and County of Swansea and Neath Port Talbot County Council relating to the Bay Field Hospital (£29.1m), Llandarcy Field Hospital (£3.9m) and Community Testing (£3.9m) was incurred. Continuing healthcare expenditure saw additional expenditure with care homes as a result of the Covid-19 pandemic over and above that normally paid to cover voids (beds that could not be filled due to Covid restrictions.) with funding provided from Welsh Government to support these payments. These increases were offset by a reduction in expenditure with private providers due to the inability to outsource activity to private providers during the Covid pandemic.

The one off costs associated with the establishment of the field hospitals in 2021-21 inevitably resulted in expenditure reducing in 2021-22 with a reduction of £30m in expenditure with local authorities. However, this reduction was offset by increases of £8.5m with the Welsh Health Specialised Services Commission (WHSSC) through growth and inflation funding. An increase of £5m in continuing healthcare costs with increased costs in mental health and learning disabilities and the introduction of the Home First Nursing team designed to allow patients fit for discharge to be discharged to care homes until car packages could be put in place to free up hospital beds and an increase of £5m in expenditure with private providers to assist with clearing the backlog of patients waiting for treatment as a result of the Covid pandemic.

❖ Expenditure on Hospital and Community Health Services

This area represent the majority of the health board's expenditure and as such sees the biggest fluctuations over time.



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

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

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

In 2020-21 expenditure increased by 14.5% to £899m. Most significantly, staff costs increased by £80m. Of this it is estimated that £67m was related to the COVID pandemic with expenditure increases in additional hours and bank staff costs (£27m), agency staff costs (£4.3m), additional temporary staff (£2.7m) and costs for medical and dental and nursing students (£4.8m). The increase also included £13.28m relating to untaken annual leave and an estimated £14.4m in respect of the £500 bonus payment (£735 gross) per staff member announced by the Welsh Health Minister and funded by Welsh Government. Non staff costs increased in areas such as personal protective equipment (PPE), clinical consumables, mass vaccination centre running costs including security and maintenance costs and cleaning materials due to the enhanced cleaning regimes required throughout the pandemic.

In 2021-22 expenditure increased by £34m, an increase of 3.78%. Staff costs increased by £19m as a result of the 3% pay award to all staff, £9.8m for additional staff to support Covid recovery, £5.8m for mass vaccination centre staff and £1.1m for testing and tracing staff costs, with the increase reduced by the inclusion in 2020-21 of the one off Covid bonus. Non staff costs increased by £15m, with £9m being in increased drug, vaccine and blood products costs with the remaining increase being in respect of research and development costs and in losses and special payments.

Financial Statements and Notes 2021-20

SWANSEA BAY UNIVERSITY LOCAL HEALTH BOARD

FOREWORD

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

Statutory background

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

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

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

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

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

Performance Management and Financial Results

Welsh Health Circular WHC/2016/054 replaces WHC/2015/014 'Statutory and Administrative Financial Duties of NHS Trusts and Local Health Boards' and further clarifies the statutory financial duties of NHS Wales bodies and is effective for 2021-22. The annual financial duty has been revoked and the statutory breakeven duty has reverted to a three year duty, with the first assessment of this duty in 2016-17.

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

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

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

COVID-19

The 2021/22 financial year continued to provide challenges for the health board due to the COVID-19 pandemic with further waves of infection and pressures on the service to not only deal with the ongoing pandemic, but to also undertake the mass COVID-19 vaccination programme at the same time as attempting to recover from COVID through reducing the backlog of patients waiting for treatment for non-COVID illness. In recognition of the challenges faced and the increased costs incurred during the pandemic, the health board received specific additional COVID-19 revenue funding of £130.407m and additional capital funding of £7.038m, the details of which are disclosed in Note 34.2 of these accounts. The increased costs associated with the ongoing impact of and recovery from the pandemic manifest themselves in notes 3.1 to 3.3 of the accounts. Whilst the income shown in note 4 has increased during the year as services begin to return to normal, there remain areas where income is below pre-pandemic levels.

The health board also received Government Granted assets of £0.707m comprising items supplied by the Department of Health. Of this sum £0.621m are capital assets with the remaining £0.086m relating to revenue equipment.

Statement of Comprehensive Net Expenditure for the year ended 31 March 2022

	Note	2021-22 £000	2020-21 £000
Expenditure on Primary Healthcare Services	3.1	**194,075**	189,358
Expenditure on healthcare from other providers	3.2	**279,082**	287,515
Expenditure on Hospital and Community Health Services	3.3	**933,099**	898,888
		1,406,256	1,375,761
Less: Miscellaneous Income	4	**(297,902)**	(283,717)
LHB net operating costs before interest and other gains and losses		**1,108,354**	1,092,044
Investment Revenue	5	**0**	0
Other (Gains) / Losses	6	**(249)**	(33)
Finance costs	7	**5,156**	4,975
Net operating costs for the financial year		**1,113,261**	**1,096,986**

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

The notes on pages 8 to 74 form part of these accounts.

Other Comprehensive Net Expenditure

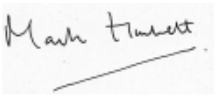
	2021-22 £000	2020-21 £000
Net (gain) / loss on revaluation of property, plant and equipment	**(10,891)**	(6,486)
Net (gain) / loss on revaluation of intangibles	**0**	0
(Gain) / loss on other reserves	**0**	0
Net (gain)/ loss on revaluation of PPE & Intangible assets held for sale	**0**	0
Net (gain)/loss 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	**(10,891)**	(6,486)
Total comprehensive net expenditure for the year	**1,102,370**	1,090,500

The notes on pages 8 to 74 form part of these accounts.

Statement of Financial Position as at 31 March 2022

	Notes	31 March 2022 £000	31 March 2021 £000
Non-current assets			
Property, plant and equipment	11	**542,917**	488,388
Intangible assets	12	**5,542**	5,249
Trade and other receivables	15	**120,572**	96,637
Other financial assets	16	**0**	0
Total non-current assets		**669,031**	590,274
Current assets			
Inventories	14	**9,372**	9,415
Trade and other receivables	15	**65,390**	93,670
Other financial assets	16	**0**	0
Cash and cash equivalents	17	**4,398**	1,270
		79,160	104,355
Non-current assets classified as "Held for Sale"	11	**0**	532
Total current assets		**79,160**	104,887
Total assets		**748,191**	695,161
Current liabilities			
Trade and other payables	18	**(237,873)**	(199,286)
Other financial liabilities	19	**0**	0
Provisions	20	**(24,449)**	(47,019)
Total current liabilities		**(262,322)**	(246,305)
Net current assets/ (liabilities)		**(183,162)**	(141,418)
Non-current liabilities			
Trade and other payables	18	**(30,916)**	(33,815)
Other financial liabilities	19	**0**	0
Provisions	20	**(126,206)**	(102,490)
Total non-current liabilities		**(157,122)**	(136,305)
Total assets employed		**328,747**	312,551
Financed by :			
Taxpayers' equity			
General Fund		**282,899**	273,547
Revaluation reserve		**45,848**	39,004
Total taxpayers' equity		**328,747**	312,551

The financial statements on pages 2 to 7 were approved by the Board on 8th June 2022 and signed on its behalf by:

Chief Executive and Accountable Officer  Date: 8th June 2022

The notes on pages 8 to 74 form part of these accounts.

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

	General Fund £000	Revaluation Reserve £000	Total Reserves £000
Changes in taxpayers' equity for 2021-22			
Balance as at 31 March 2021	273,547	39,004	**312,551**
Adjustment	0	0	**0**
Balance at 1 April 2021	273,547	39,004	**312,551**
Net operating cost for the year	(1,113,261)		**(1,113,261)**
Net gain/(loss) on revaluation of property, plant and equipment	0	10,891	**10,891**
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	4,047	(4,047)	**0**
Release of reserves to SoCNE	0	0	**0**
Transfers to/from LHBs	0	0	**0**
Total recognised income and expense for 2021-22	(1,109,214)	6,844	**(1,102,370)**
Net Welsh Government funding	1,091,784		**1,091,784**
Notional Welsh Government Funding	26,782		**26,782**
Balance at 31 March 2022	282,899	45,848	**328,747**

Included in Net Welsh Government Funding:		
Welsh Government Covid 19 Capital Funding	7,038	7,038
Welsh Government Covid 19 Revenue Funding	130,407	130,407

The notes on pages 8 to 74 form part of these accounts.

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

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

Included in Net Welsh Government Funding:		
Welsh Government Covid 19 Capital Funding	8,549	8,549
Welsh Government Covid 19 Revenue Funding	148,947	148,947

The notes on pages 8 to 74 form part of these accounts.

Statement of Cash Flows for year ended 31 March 2022

	Notes	2021-22 £000	2020-21 £000
Cash Flows from operating activities			
Net operating cost for the financial year		**(1,113,261)**	(1,096,986)
Movements in Working Capital	27	**23,735**	46,677
Other cash flow adjustments	28	**80,729**	72,064
Provisions utilised	20	**(29,149)**	(16,280)
Net cash outflow from operating activities		**(1,037,946)**	(994,525)
Cash Flows from investing activities			
Purchase of property, plant and equipment		**(54,082)**	(41,817)
Proceeds from disposal of property, plant and equipment		**1,602**	175
Purchase of intangible assets		**(1,129)**	(642)
Proceeds from disposal of intangible assets		**0**	0
Payment for other financial assets		**0**	0
Proceeds from disposal of other financial assets		**0**	0
Payment for other assets		**0**	0
Proceeds from disposal of other assets		**0**	0
Net cash inflow/(outflow) from investing activities		**(53,609)**	(42,284)
Net cash inflow/(outflow) before financing		**(1,091,555)**	(1,036,809)
Cash Flows from financing activities			
Welsh Government funding (including capital)		**1,091,784**	1,034,272
Capital receipts surrendered		**0**	0
Capital grants received		**0**	0
Capital element of payments in respect of finance leases and on-SoFP PFI Schemes		**2,899**	3,321
Cash transferred (to)/ from other NHS bodies		**0**	0
Net financing		**1,094,683**	1,037,593
Net increase/(decrease) in cash and cash equivalents		**3,128**	784
Cash and cash equivalents (and bank overdrafts) at 1 April 2021		**1,270**	486
Cash and cash equivalents (and bank overdrafts) at 31 March 2022		**4,398**	1,270

The notes on pages 8 to 74 form part of these accounts.

Notes to the Accounts

1. Accounting policies

The Minister for Health and Social Services has directed that the financial statements of Local Health Boards (LHB) in Wales shall meet the accounting requirements of the NHS Wales Manual for Accounts. Consequently, the following financial statements have been prepared in accordance with the 2021-22 Manual for Accounts. The accounting policies contained in that manual follow the 2021-22 Financial Reporting Manual (FReM) in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006, except for IFRS 16 Leases, which is deferred until 1 April 2022; to the extent that they are meaningful and appropriate to the NHS in Wales.

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

1.1. Accounting convention

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

1.2. Acquisitions and discontinued operations

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

1.3. Income and funding

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

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

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

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

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

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

Only non-NHS income may be deferred.

1.4. Employee benefits

1.4.1. Short-term employee benefits

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

1.4.2. Retirement benefit costs

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

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

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

However, NHS Wales organisations are required to account for **their staff** employer contributions of 20.68% in full and on a gross basis, in their annual accounts. Payments made on their behalf by Welsh Government are accounted for on a notional basis.For detailed information see Note 34, other information within these accounts.

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

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

1.4.3. NEST Pension Scheme

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

1.5. Other expenses

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

1.6. Property, plant and equipment

1.6.1. Recognition

Property, plant and equipment is capitalised if:

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

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

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

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

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

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

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

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

1.6.2. Valuation

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

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

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

● Specialised buildings – depreciated replacement cost

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

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

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

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

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

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

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

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

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

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

1.6.3. Subsequent expenditure

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

1.7. Intangible assets

1.7.1. Recognition

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

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

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

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

● the ability to use the intangible asset.

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

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

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

Measurement

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

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

1.8. Depreciation, amortisation and impairments

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

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

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

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

1.9. Research and Development

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

1.10 Non-current assets held for sale

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

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

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

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

1.11. Leases

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

1.11.1. The NHS Wales organisation as lessee

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

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

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

1.11.2. The NHS Wales organisation as lessor

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

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

1.12. Inventories

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

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

1.13. Cash and cash equivalents

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

1.14. Provisions

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

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

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

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

1.14.1. Clinical negligence and personal injury costs

The Welsh Risk Pool Services (WRPS) operates a risk pooling scheme which is co-funded by the Welsh Government with the option to access a risk sharing agreement funded by the participative NHS Wales bodies. The risk sharing option was implemented in both 2021-22 and 2020-21. The WRP is hosted by Velindre NHS Trust.

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

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

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

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

1.15. Financial Instruments

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

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

1.16. Financial assets

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

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

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

1.16.1. Financial assets are initially recognised at fair value

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

1.16.2. Financial assets at fair value through SoCNE

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

1.16.3 Held to maturity investments

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

1.16.4. Available for sale financial assets

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

1.16.5. Loans and receivables

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

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

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

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

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

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

1.17. Financial liabilities

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

1.17.1. Financial liabilities are initially recognised at fair value

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

1.17.2. Financial liabilities at fair value through the SoCNE

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

1.17.3. Other financial liabilities

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

1.18. Value Added Tax (VAT)

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

1.19. Foreign currencies

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

1.20. Third party assets

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

1.21. Losses and Special Payments

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

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

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

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

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

1.22. Pooled budget

The NHS Wales organisation has entered into a pooled budget with the City & County of Swansea and Neath Port Talbot County Borough Council Local Authorities. Under the arrangements funds are pooled in accordance with section 33 of the NHS (Wales) Act 2006 for specific activities defined in the Pooled budget Note.

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

1.23. Critical Accounting Judgements and key sources of estimation uncertainty

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

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

1.24. Key sources of estimation uncertainty

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

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

claims would be recoverable through the Welsh Risk Pool.

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

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

1.24.1. Provisions

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

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

1.24.2. Probable & Certain Cases – Accounting Treatment

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

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

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

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

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

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

1.24.3 Annual Leave Accrual

In line with International Accounting Standard (IAS) 19, the Health Board has included in its accounts an accrual for untaken annual leave as at 31st March 2022. The impact of Covid-19 and the availability of staff across the service due to sickness absence and the requirement for staff to shield has had a significant impact on the ability of staff to take annual leave during both 2020-21 and 2021-22.

For the 2020-21 financial year employees who were unable to take their annual leave allocation within the 2020-21 leave year, were allowed to carry forward of up to 20 days outstanding leave (pro rata for part time staff) in accordance with Welsh Government guidance. 50% of the leave carried over could be further carried forward to the 2022-23 leave year with the requirement that all carried forward annual leave must be used by the end of that leave year.

In January 2022, Welsh Government updated the annual leave guidance to allow staff who have been unable to take their annual leave to carry forward up to 10 days outstanding leave (pro rata for part time staff) from 2021-22 into 2022-23 and to sell back to the health board up to 10 days untaken annual leave from 2021-22 (pro rata for part time staff). An additional day's annual leave was also provided to all staff. It is the expectation that given the ability to sell back leave that the normal carry forward arrangements of a maximum of 5 days untaken leave with managers approval will be in place at the end of the 2022-23 financial year. The health board has put in place an application process for the sell back of annual leave with payments anticipated to be made to staff in June 2022.

For 2021-22, the impact of the guidance on untaken annual leave has been to reduce the annual leave accrual by £2.518m as detailed in Note 9.1 to the accounts. As the increase in the accrual in 2020-21 was partly funded by Welsh Government, £2.294m of funding has been returned to Welsh Government.

1.24.4 Primary Care Expenditure

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

General Medical Services Quality and Assurance Improvement Framework (QAIF)

From 1st October 2019, QAIF was introduced as part of the 2019/20 GMS contract reform, replacing the quality and outcomes framework. The QAIF consists of three domains; Quality Assurance (QA), Quality Improvement (QI) and the new domain of Access.
The points available for QAIF are:
QA-382, QI – 185 and Access - 125

As for 2020-21 the value of QAIF points remains at £179 per point.

The Access standards have remained in place for 2021-22 though some of the requirements have been stood down due to COVID-19 and therefore the assumption has been made in calculating the year end accrual that there will be full achievement for 2021-22.

An amount of £2.077m (2020-21, £1.823m) has therefore been accrued on the basis of the number of points achieved by each GP Practice in 2021/22 capped at 692 points payable at £179 per point.

Prescribing Costs

For 2021/22, the Health Board has used the accrual methodology used in previous years. This has resulted in an accrual of £11.896m (2020-21: £12.397m) in respect of prescribing costs for the months of February and March 2022.

The costs were derived using the average daily charge for the 4 month period October to January to derive an average weighted daily run rate for prescribing. This weighted daily run rate is based on 50% calendar days in the month and 50% prescribing days in the month. This average cost was then applied to the number of days in February and March to arrive at an amount for accrual.

As in previous years, this amount was then reviewed to take into account the estimated impact of any category M changes effective from January 2022 which impact in February and March. In addition No Cheaper Stock Option (NCSO) information was assessed to determine whether adjustments needed to be made for any specific drugs within the accrual methodology.

Pharmacy

A total of £4.190m (2020-21: £3.638m) was accrued for February and March pharmacy contract payments.

For the past six years, the run rate for November to January was used to accrue for February and March due to several changes to the fees and allowances within the pharmacy contract from April to October. This approach was used again for 2021-22 with estimated adjustments made for the increase in contract price per item for February and March 2022.

The basis of the primary care estimates disclosed above was agreed in advance with the Health Board's Auditors and reported to the Health Board's Audit Committee in March 2022.

1.25 Discount Rates

Where discount is applied, a disclosure detailing the impact of the discounting on liabilities to be 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 16 Leases is to be effective from 1st April 2022.

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

1.30. Accounting standards issued that have been adopted early

During 2021-22 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 Swansea Bay University LHB NHS Charitable Fund, it is considered for accounting standards compliance to have control of the Swansea Bay University LHB NHS Charitable Fund as a subsidiary and therefore is required to consolidate the results of the Swansea Bay University LHB NHS Charitable Fund within the statutory accounts of the NHS Wales organisation.

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

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

2. Financial Duties Performance

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

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

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

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

2.1 Revenue Resource Performance

	Annual financial performance			
	2019-20	2020-21	2021-22	**Total**
	£000	£000	£000	**£000**
Net operating costs for the year	931,777	1,096,986	1,113,261	**3,142,024**
Less general ophthalmic services expenditure and other non-cash limited expenditure	993	739	1,156	**2,888**
Less revenue consequences of bringing PFI schemes onto SoFP	(1,925)	(2,164)	(2,406)	**(6,495)**
Total operating expenses	930,845	1,095,561	1,112,011	**3,138,417**
Revenue Resource Allocation	914,561	1,071,257	1,087,612	**3,073,430**
Under /(over) spend against Allocation	(16,284)	(24,304)	(24,399)	**(64,987)**

Swansea University LHB has not met its financial duty to break-even against its Revenue Resource Limit over the 3 years 2019-20 to 2021-22.

The health board received no strategic cash support in 2021-22.

2.2 Capital Resource Performance

	2019-20	2020-21	2021-22	**Total**
	£000	£000	£000	**£000**
Gross capital expenditure	31,196	49,799	69,545	**150,540**
Add: Losses on disposal of donated assets	0	0	0	**0**
Less NBV of property, plant and equipment and intangible assets disposed	(38)	(140)	(1,354)	**(1,532)**
Less capital grants received	(197)	(1,517)	(621)	**(2,335)**
Less donations received	(88)	(186)	(185)	**(459)**
Charge against Capital Resource Allocation	30,873	47,956	67,385	**146,214**
Capital Resource Allocation	30,901	47,984	67,417	**146,302**
(Over) / Underspend against Capital Resource Allocation	28	28	32	**88**

Swansea Bay University LHB has met its financial duty to break-even against its Capital Resource Limit over the 3 years 2019-20 to 2021-22.

2.3 Duty to prepare a 3 year integrated plan

Due to the pandemic, the process for the 2020-23 integrated plan was paused in spring 2020 temporary planning arrangement were implemented.

As a result the extant planning duty for 2021-22 remains the requirement to submit and have approved a 2019-22 integrated plan, as set out in the NHS Wales Planning Framework 2019-22.

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

The Health Board has stabilised its financial position during the two financial years of the pandemic, with the 2021/22 outturn being in line with the plan agreed with Welsh Government. The health board plans to maintain this stability for the next three financial years based on current financial planning assumptions

The Minister for Health and Social Services extant approval

Status	**Not Approved**
Date	

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

The Health Board remains on the enhanced monitoring level of escalation as confirmed on 3rd March 2022 by the Director General for Health and Social Care/Chief Executive of NHS Wales; one of the reasons for this level of escalation relates to the Health Board's underlying financial deficit.

The Health Board has submitted a final draft three year plan for consideration of Welsh Government which sets out this financial sustainability, but which seeks support to move the sustainable plan to a balanced financial plan. Further discussion are scheduled to determine whether, with support, the Health Board could submit an Integrated Medium Term Plan (IMTP).

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:

	2021-22	2020-21
Total number of non-NHS bills paid	**271,459**	233,909
Total number of non-NHS bills paid within target	**255,707**	219,612
Percentage of non-NHS bills paid within target	94.2%	93.9%

The LHB has not met the target.

3. Analysis of gross operating costs

3.1 Expenditure on Primary Healthcare Services

	Cash limited	Non-cash limited	2021-22 Total	2020-21 Total
	£000	£000	£000	£000
General Medical Services	69,024		**69,024**	67,012
Pharmaceutical Services	22,218	(5,098)	**17,120**	17,307
General Dental Services	28,717		**28,717**	24,778
General Ophthalmic Services	1,293	3,942	**5,235**	5,014
Other Primary Health Care expenditure	697		**697**	869
Prescribed drugs and appliances	73,282		**73,282**	74,378
Total	**195,231**	**(1,156)**	**194,075**	189,358

The expenditure above for General Medical Services includes £0.581m in respect of staff costs relating to the Cymmer managed GP practice, (2020-21: £0.426m).

3.2 Expenditure on healthcare from other providers

	2021-22	2020-21
	£000	£000
Goods and services from other NHS Wales Health Boards	**42,528**	42,701
Goods and services from other NHS Wales Trusts	**12,705**	10,720
Goods and services from Welsh Special Health Authorities	**375**	0
Goods and services from other non Welsh NHS bodies	**1,648**	1,194
Goods and services from WHSSC / EASC	**113,158**	104,585
Local Authorities	**26,967**	56,821
Voluntary organisations	**5,043**	4,830
NHS Funded Nursing Care	**7,530**	8,301
Continuing Care	**61,501**	55,606
Private providers	**7,542**	2,748
Specific projects funded by the Welsh Government	**0**	0
Other	**85**	9
Total	**279,082**	287,515

Expenditure with Local Authorities in 2020-21 includes £29.1m to City & County of Swansea in respect of the Bay Field Hospital Commisioning and other costs, £3.9m to Neath Port Talbot Council in respect of the commisioning, decommisioning and other costs of the Llandarcy Field Hospital.

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

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

3.3 Expenditure on Hospital and Community Health Services

	2021-22 £000	2020-21 £000
Directors' costs	1,761	1,858
Operational Staff costs	654,489	647,051
Single lead employer Staff Trainee Cost	17,385	5,746
Collaborative Bank Staff Cost	214	149
Supplies and services - clinical	143,765	134,339
Supplies and services - general	11,916	13,486
Consultancy Services	594	368
Establishment	15,959	14,981
Transport	1,645	1,701
Premises	35,017	35,073
External Contractors	4,346	4,149
Depreciation	28,512	26,763
Amortisation	1,848	1,752
Fixed asset impairments and reversals (Property, plant & equipment)	(5,567)	(577)
Fixed asset impairments and reversals (Intangible assets)	0	0
Impairments & reversals of financial assets	0	0
Impairments & reversals of non-current assets held for sale	0	0
Audit fees	378	372
Other auditors' remuneration	0	0
Losses, special payments and irrecoverable debts	14,484	2,510
Research and Development	6,105	4,947
Other operating expenses	248	4,220
Total	**933,099**	898,888

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

Increase/(decrease) in provision for future payments:	2021-22 £000	2020-21 £000
Clinical negligence;		
Secondary care	28,403	34,874
Primary care	0	70
Redress Secondary Care	797	734
Redress Primary Care	0	0
Personal injury	930	1,400
All other losses and special payments	591	149
Defence legal fees and other administrative costs	1,271	1,679
Gross increase/(decrease) in provision for future payments	**31,992**	**38,906**
Contribution to Welsh Risk Pool	0	0
Premium for other insurance arrangements	0	0
Irrecoverable debts	0	0
Less: income received/due from Welsh Risk Pool	(17,508)	(36,396)
Total	**14,484**	2,510

	2021-22 £	2020-21 £
Permanent injury included within personal injury £:	313,000	481,000

The (£5.567m) included in Note 3.3 above in respect of fixed asset impairments and reversals comprises a reversal of impairment of (£10.427m) due to an upward revaluation, reversing a previous downward revaluation charged to revenue under IAS16.
This credit is offset by an impairment of £4.860m for the write down to depreciated replacement cost following the initial professional valuation on completion of 6 specialised bulding assets as detailed in Note 13 (page 47) of these accounts.

4. Miscellaneous Income

	2021-22 £000	2020-21 £000
Local Health Boards	103,418	99,758
Welsh Health Specialised Services Committee (WHSSC)/Emergency Ambulance Services Committee (EASC)	126,961	120,179
NHS Wales trusts	6,603	6,251
Welsh Special Health Authorities	14,914	12,627
Foundation Trusts	0	0
Other NHS England bodies	2,281	1,381
Other NHS Bodies	58	15
Local authorities	5,974	5,876
Welsh Government	10,126	9,778
Welsh Government Hosted bodies	0	0
Non NHS:		
Prescription charge income	0	0
Dental fee income	2,413	1,042
Private patient income	70	73
Overseas patients (non-reciprocal)	57	134
Injury Costs Recovery (ICR) Scheme	1,185	703
Other income from activities	2,894	2,091
Patient transport services	0	0
Education, training and research	10,644	6,778
Charitable and other contributions to expenditure	544	725
Receipt of NWSSP Covid centrally purchased assets	0	7,606
Receipt of Covid centrally purchased assets from other organisations	0	0
Receipt of donated assets	185	186
Receipt of Government granted assets	707	2,097
Non-patient care income generation schemes	486	357
NHS Wales Shared Services Partnership (NWSSP)	0	0
Deferred income released to revenue	509	1,528
Contingent rental income from finance leases	0	0
Rental income from operating leases	47	92
Other income:		
Provision of laundry, pathology, payroll services	222	21
Accommodation and catering charges	2,002	1,571
Mortuary fees	369	571
Staff payments for use of cars	2,962	2,069
Business Unit	0	0
Scheme Pays Reimbursement Notional	1,953	0
Other	318	208
Total	**297,902**	283,717

Other income Includes;		
Grant income	5	36
Pharmacy and other sales income	45	27
Clinical trial income	131	86
All other income	136	59
Total	**318**	208

Injury Cost Recovery (ICR) Scheme income

	2021-22 %	2020-21 %
To reflect expected rates of collection ICR income is subject to a provision for impairment of:	23.76	22.43

The Receipt of Government Granted assets of £707k comprises items supplied by the Department of Health. Of this sum £621k are capital assets and included in note 11.1 with the remaining £86k relating to revenue equipment which is disclosed in Note 3.3 in Clinical Supplies and Services.

5. Investment Revenue

	2021-22	2020-21
	£000	£000
Rental revenue :		
PFI Finance lease income		
planned	0	0
contingent	0	0
Other finance lease revenue	0	0
Interest revenue :		
Bank accounts	0	0
Other loans and receivables	0	0
Impaired financial assets	0	0
Other financial assets	0	0
Total	0	0

6. Other gains and losses

	2021-22	2020-21
	£000	£000
Gain/(loss) on disposal of property, plant and equipment	249	33
Gain/(loss) on disposal of intangible assets	0	0
Gain/(loss) on disposal of assets held for sale	0	0
Gain/(loss) on disposal of financial assets	0	0
Change on foreign exchange	0	0
Change in fair value of financial assets at fair value through SoCNE	0	0
Change in fair value of financial liabilities at fair value through SoCNE	0	0
Recycling of gain/(loss) from equity on disposal of financial assets held for sale	0	0
Total	249	33

7. Finance costs

	2021-22	2020-21
	£000	£000
Interest on loans and overdrafts	0	0
Interest on obligations under finance leases	0	2
Interest on obligations under PFI contracts		
main finance cost	2,051	2,221
contingent finance cost	3,163	2,782
Interest on late payment of commercial debt	0	0
Other interest expense	0	0
Total interest expense	5,214	5,005
Provisions unwinding of discount	(58)	(30)
Other finance costs	0	0
Total	5,156	4,975

8. Operating leases

LHB as lessee

As at 31st March 2022 the LHB had 33 operating leases agreements in place for the leases of premises, 276 arrangements in respect of equipment and 244 in respect of vehicles, with 0 premises, 78 equipment and 77 vehicle leases having expired in year. The periods in which the remaining leases expire are shown below

Payments recognised as an expense	**2021-22**	2020-21
	£000	£000
Minimum lease payments	**5,567**	6,647
Contingent rents	**0**	0
Sub-lease payments	**0**	0
Total	**5,567**	6,647

Total future minimum lease payments		
Payable	**£000**	£000
Not later than one year	**4,404**	5,962
Between one and five years	**10,664**	9,969
After 5 years	**9,056**	7,392
Total	**24,124**	23,323

There are no future sub lease payments expected to be received

LHB as lessor

Rental revenue	**£000**	£000
Rent	**47**	91
Contingent rents	**0**	0
Total revenue rental	**47**	91

Total future minimum lease payments		
Receivable	**£000**	£000
Not later than one year	**247**	105
Between one and five years	**1,406**	1,659
After 5 years	**590**	766
Total	**2,243**	2,530

As a result of the COVID pandemic, during the 2020/21 financial year the health board entered into operating lease arrangements for field hospitals at the Bay Studios and the Llandarcy Academy for Sport.
The Llandarcy Academy of sport lease ceased in 2020/21 but the Bay Studios Lease will continue until July 2022 with the building being used as a mass vaccination centre.
These operating leases were at nil value and so no payments in respect of these leases are included in the figures for LHB as lessee reported above.

9. Employee benefits and staff numbers

9.1 Employee costs

	Permanent Staff	Staff on Inward Secondment	Agency Staff	Specialist Trainee (SLE)	Collaborative Bank Staff	Other	Total	2020-21
	£000	£000	£000	£000	£000	£000	£000	£000
Salaries and wages	497,990	799	31,392	13,883	180	3,125	547,369	534,452
Social security costs	43,741	0	0	1,627	11	505	45,884	43,142
Employer contributions to NHS Pension Scheme	82,196	0	0	1,955	23	0	84,174	81,794
Other pension costs	71	0	0	0	0	0	71	304
Other employment benefits	0	0	0	0	0	0	0	0
Termination benefits	0	0	0	0	0	0	0	42
Total	623,998	799	31,392	17,465	214	3,630	677,498	659,734

Charged to capital	591	512
Charged to revenue	676,907	659,222
	677,498	659,734
Net movement in accrued employee benefits (untaken staff leave total accrual included in note above)	787	147
The net movement in accrued employee benefits footnote above includes Covid 19 Net movement in accrued employee benefits	(2,518)	13,281

The employer contributions to the NHS Pension Scheme disclosed above include £26.782m of NHS Pension contributions paid by Welsh Government for the twelve month period, 1 April 2021 to 31 March 2022. This has been calculated from actual Welsh Government expenditure for the 6.3% staff employer pension contributions between April 2021 and February 2022 alongside Health Board data for March 2022. This expenditure accounted for by the health board as notional expenditure paid to NHS BSA by Welsh Government has been covered off by notional funding provided to the health board. There is therefore no impact on the health board's Revenue Resource Performance as a result of the inclusion of these notional transactions. Further information is disclosed in Note 34.1.

Included within Note 9.1 above are £162k (2020-21 £333K) of final pay control charges relating to 5 (2020-21, 8) individuals. Final pay control is applicable to all Officer and Practice Staff members of the 1995 Section of the NHS Pension Scheme, including 1995/2015 transition members, who retire with entitlement to pension benefits.

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

The £3,630k other staffing cost included within Note 9.1 relates to the cost of temporary staff sourced through the MEDACS managed service contract. These staff are paid through the NHS payroll.

9.2 Average number of employees

	Permanent Staff	Staff on Inward Secondment	Agency Staff	Specialist Trainee (SLE)	Collaborative Bank Staff	Other	Total	2020-21
	Number	Number	Number	Number	Number	Number	Number	Number
Administrative, clerical and board members	2,334	8	40	0	0	0	2,382	2,196
Medical and dental	905	0	37	266	0	29	1,237	1,185
Nursing, midwifery registered	3,573	0	278	0	6	0	3,857	3,724
Professional, Scientific, and technical staff	350	3	0	0	0	0	353	384
Additional Clinical Services	2,405	0	5	0	0	0	2,410	2,377
Allied Health Professions	863	0	7	0	0	0	870	793
Healthcare Scientists	317	0	0	0	0	8	325	310
Estates and Ancilliary	1,016	0	25	0	0	0	1,041	1,103
Students	0	0	0	0	0	0	0	110
Total	11,763	11	392	266	6	37	12,475	12,182

9.3. Retirements due to ill-health

	2021-22	2020-21
Number	8	11
Estimated additional pension costs £	412,632	347,218

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

9.4 Employee benefits

The LHB does not have an employee benefit scheme.

9.5 Reporting of other compensation schemes - exit packages

Exit packages cost band (including any special payment element)	2021-22 Number of compulsory redundancies	2021-22 Number of other departures	2021-22 Total number of exit packages	2021-22 Number of departures where special payments have been made	2020-21 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

Exit packages cost band (including any special payment element)	2021-22 Cost of compulsory redundancies	2021-22 Cost of other departures	2021-22 Total cost of exit packages	2021-22 Cost of special element included in exit packages	2020-21 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 2021-22 £	Total paid in year 2020-21 £
Exit costs paid in year	0	73,922
Total	0	73,922

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

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

There were no exit packages for either 2021/22 or 2020/21.

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

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

9.6 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. The 2021-22 financial year is the first year disclosures in respect of the 25th percentile pay ratio and 75th percentile pay ratio are required.

	2021-22	**2021-22**	**2021-22**	2020-21	2020-21	2020-21
	£000	**£000**	**£000**	£000	£000	£000
Total pay and benefits	**Chief Executive**	**Employee**	**Ratio**	Chief Executive	Employee	Ratio
25th percentile pay ratio	**223**	**21**	**10.62:1**	213	21	10.14:1
Median pay	**223**	**28**	**7.96:1**	213	28	7.68:1
75th percentile pay ratio	**223**	**39**	**5.72:1**	213	40	5.32:1
Salary component of total pay and benefits						
25th percentile pay ratio	**223**	**21**	**10.62:1**	213	21	10.14:1
Median pay	**223**	**28**	**7.96:1**	213	28	7.68:1
75th percentile pay ratio	**223**	**39**	**5.72:1**	213	40	5.32:1

	Highest Paid			Highest Paid		
Total pay and benefits	**Director**	**Employee**	**Ratio**	Director	Employee	Ratio
25th percentile pay ratio	**223**	**21**	**10.62:1**	213	21	10.14:1
Median pay	**223**	**28**	**7.96:1**	213	28	7.68:1
75th percentile pay ratio	**223**	**39**	**5.72:1**	213	40	5.32:1
Salary component of total pay and benefits						
25th percentile pay ratio	**223**	**21**	**10.62:1**	213	21	10.14:1
Median pay	**223**	**28**	**7.96:1**	213	28	7.68:1
75th percentile pay ratio	**223**	**39**	**5.72:1**	213	40	5.32:1

In 2021-22, 1 (2020-21, 0) employees received remuneration in excess of the highest-paid director.

Remuneration for all staff ranged from £18,546 to £240,823 (2020-21, £18,005 to £214,938).

The all staff range includes directors (including the highest paid director) and excludes pension benefits of all employees. For the ratio calculation the salary of the Chief Executive and highest paid director is the mid point of the band range £220-£225k (2020-21, £210-£215k) as per the single remuneration figure.

Financial year summary

The increase in the ratio of the Chief Executive salary to the 25th percentile, median and 75% percentile is due to the higher salary disclosed for the Chief Executive in year.

The current Chief Executive commenced on 1st January 2021 on higher salary scale than his predecessor with the salary for the role agreed with Welsh Government. Therefore the 2020/21 salary includes only 3 months of the higher salary whereas the 2021/22 salary includes the full 12 month impact of the higher salary.

There has been a slight reduction in the 25th percentile salary in 2021/22 with the median and 75th percentile remaining at the same figure as in 2020/21.

9.6.2 Percentage Changes	**2020-21 to 2021-22**	2019-20 to 2020-21
	%	**%**
% Change from previous financial year in respect of Chief Executive		
Salary and allowances	**2.73**	**4.87**
Performance pay and bonuses	**0**	0
% Change from previous financial year in respect of highest paid director		
Salary and allowances	**2.73**	**4.87**
Performance pay and bonuses	**0**	0
Average % Change from previous financial year in respect of employees takes as a whole		
Salary and allowances	**(12.1)**	**(2.7)**
Performance pay and bonuses	**0**	0

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

The Health Board does not pay any performance pay or other bonuses.

9.7 Pension costs

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

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

a) Accounting valuation
A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary's Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and is accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2022, is based on valuation data as 31 March 2021, updated to 31 March 2022 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

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

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

The latest actuarial valuation undertaken for the NHS Pension Scheme was completed as at 31 March 2016. The results of this valuation set the employer contribution rate payable from April 2019 to 20.6% of pensionable pay.

The 2016 funding valuation also tested the cost of the Scheme relative to the employer cost cap that was set following the 2012 valuation. There was initially a pause to the cost control element of the 2016 valuations, due to the uncertainty around member benefits caused by the discrimination ruling relating to the McCloud case.

HMT published valuation directions dated 7 October 2021 (see Amending Directions 2021) that set out the technical detail of how the costs of remedy are included in the 2016 valuation process. Following these directions, the scheme actuary has completed the cost control element of the 2016 valuation for the NHS Pension Scheme, which concludes no changes to benefits or member contributions are required. The 2016 valuation reports can be found on the NHS Pensions website at

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 2021-2022 tax year (2020-2021 £6,240 and £50,000).

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

10. Public Sector Payment Policy - Measure of Compliance

10.1 Prompt payment code - measure of compliance

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

	2021-22	**2021-22**	2020-21	2020-21
NHS	**Number**	**£000**	Number	£000
Total bills paid	**4,393**	**213,253**	5,054	196,206
Total bills paid within target	**3,675**	**206,127**	4,314	186,550
Percentage of bills paid within target	**83.7%**	**96.7%**	85.4%	95.1%
Non-NHS				
Total bills paid	**271,459**	**419,512**	233,909	418,479
Total bills paid within target	**255,707**	**382,894**	219,612	384,896
Percentage of bills paid within target	**94.2%**	**91.3%**	93.9%	92.0%
Total				
Total bills paid	**275,852**	**632,765**	238,963	614,685
Total bills paid within target	**259,382**	**589,021**	223,926	571,446
Percentage of bills paid within target	**94.0%**	**93.1%**	93.7%	93.0%

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

	2021-22	2020-21
	£	£
Amounts included within finance costs (note 7) from claims made under this legislation	**0**	0
Compensation paid to cover debt recovery costs under this legislation	**0**	0
Total	**0**	**0**

11.1 Property, plant and equipment

	Land £000	Buildings, excluding dwellings £000	Dwellings £000	Assets under construction & payments on account £000	Plant and machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
Cost or valuation at 1 April 2021	38,825	405,439	9,591	25,318	123,397	1,295	43,007	4,439	651,311
Indexation	546	8,870	452	0	0	0	0	0	9,868
Additions									
- purchased	(43)	642	0	48,401	13,861	88	5,011	315	68,275
- donated	0	94	0	0	88	0	3	0	185
- government granted	0	0	0	0	621	0	0	0	621
Transfer from/into other NHS bodies	(79)	(1,077)	0	0	(413)	(33)	(3)	0	(1,605)
Reclassifications	0	26,527	0	(33,244)	4,995	0	46	0	(1,676)
Revaluations	0	(5,516)	0	0	0	0	0	0	(5,516)
Reversal of impairments	244	10,183	0	0	0	0	0	0	10,427
Impairments	0	(6,400)	0	0	0	0	0	0	(6,400)
Reclassified as held for sale	0	0	0	0	0	0	0	0	0
Disposals	357	(451)	0	0	(2,468)	0	(3,593)	(757)	(6,912)
At 31 March 2022	39,850	438,311	10,043	40,475	140,081	1,350	44,471	3,997	718,578
Depreciation at 1 April 2021	0	43,083	909	0	87,042	1,124	28,394	2,371	162,923
Indexation	0	2,007	43	0	0	0	0	0	2,050
Transfer from/into other NHS bodies	0	(415)	0	0	(322)	(33)	(2)	0	(772)
Reclassifications	0	0	0	0	0	0	0	0	0
Revaluations	0	(8,590)	0	0	0	0	0	0	(8,590)
Reversal of impairments	0	0	0	0	0	0	0	0	0
Impairments	0	(1,540)	0	0	0	0	0	0	(1,540)
Reclassified as held for sale	0	0	0	0	0	0	0	0	0
Disposals	0	(105)	0	0	(2,468)	0	(3,592)	(757)	(6,922)
Provided during the year	0	14,914	255	0	8,020	75	4,871	377	28,512
At 31 March 2022	0	49,354	1,207	0	92,272	1,166	29,671	1,991	175,661
Net book value at 1 April 2021	38,825	362,356	8,682	25,318	36,355	171	14,613	2,068	488,388
Net book value at 31 March 2022	39,850	388,957	8,836	40,475	47,809	184	14,800	2,006	542,917
Net book value at 31 March 2022 comprises :									
Purchased	39,850	386,166	8,836	40,470	45,530	184	14,687	1,997	537,720
Donated	0	1,927	0	5	565	0	113	1	2,611
Government Granted	0	864	0	0	1,714	0	0	8	2,586
At 31 March 2022	39,850	388,957	8,836	40,475	47,809	184	14,800	2,006	542,917
Asset financing :									
Owned	37,830	329,177	8,836	40,350	47,809	184	14,800	2,006	480,992
Held on finance lease	0	0	0	0	0	0	0	0	0
On-SoFP PFI contracts	2,020	59,780	0	125	0	0	0	0	61,925
PFI residual interests	0	0	0	0	0	0	0	0	0
At 31 March 2022	39,850	388,957	8,836	40,475	47,809	184	14,800	2,006	542,917

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

	£000
Freehold	374,942
Long Leasehold	62,701
Short Leasehold	0
	437,643

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 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 arms length transaction. This has been undertaken on the assumption that the property is sold as part of the continuing enterprise in occupation.

Within the above note reclassifications of (£1,676k) are shown. This is due to reclassification of an intangible asset from assets under construction with the opposite entry shown in Note 12.

11.1 Property, plant and equipment

	Land £000	Buildings, excluding dwellings £000	Dwellings £000	Assets under construction & payments on account £000	Plant and machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	**Total £000**
Cost or valuation at 1 April 2020	39,555	388,019	9,321	13,002	110,315	1,342	36,925	3,892	**602,371**
Indexation	(540)	5,150	270	0	0	0	0	0	**4,880**
Additions									
- purchased	257	3,074	0	25,804	11,423	0	5,897	547	**47,002**
- donated	0	0	0	0	171	0	15	0	**186**
- government granted	0	0	0	0	1,517	0	0	0	**1,517**
Transfer from/into other NHS bodies	0	0	0	0	0	0	0	0	**0**
Reclassifications	0	11,011	0	(13,488)	1,331	0	170	0	**(976)**
Revaluations	0	(708)	0	0	0	0	0	0	**(708)**
Reversal of impairments	0	6,151	0	0	0	0	0	0	**6,151**
Impairments	(248)	(7,258)	0	0	0	0	0	0	**(7,506)**
Reclassified as held for sale	(187)	0	0	0	0	0	0	0	**(187)**
Disposals	(12)	0	0	0	(1,360)	(47)	0	0	**(1,419)**
At 31 March 2021	38,825	405,439	9,591	25,318	123,397	1,295	43,007	4,439	**651,311**
Depreciation at 1 April 2020	0	33,476	648	0	80,886	1,086	23,727	1,988	**141,811**
Indexation	0	975	19	0	0	0	0	0	**994**
Transfer from/into other NHS bodies	0	0	0	0	0	0	0	0	**0**
Reclassifications	0	0	0	0	0	0	0	0	**0**
Revaluations	0	(3,307)	0	0	0	0	0	0	**(3,307)**
Reversal of impairments	0	0	0	0	0	0	0	0	**0**
Impairments	0	(1,932)	0	0	0	0	0	0	**(1,932)**
Reclassified as held for sale	0	0	0	0	0	0	0	0	**0**
Disposals	0	0	0	0	(1,360)	(46)	0	0	**(1,406)**
Provided during the year	0	13,871	242	0	7,516	84	4,667	383	**26,763**
At 31 March 2021	0	43,083	909	0	87,042	1,124	28,394	2,371	**162,923**
Net book value at 1 April 2020	39,555	354,543	8,673	13,002	29,429	256	13,198	1,904	**460,560**
Net book value at 31 March 2021	38,825	362,356	8,682	25,318	36,355	171	14,613	2,068	**488,388**
Net book value at 31 March 2021 comprises :									
Purchased	38,825	359,647	8,682	25,312	34,297	171	14,421	2,055	**483,410**
Donated	0	1,858	0	6	672	0	190	3	**2,729**
Government Granted	0	851	0	0	1,386	0	2	10	**2,249**
At 31 March 2021	38,825	362,356	8,682	25,318	36,355	171	14,613	2,068	**488,388**
Asset financing :									
Owned	36,845	308,418	8,682	25,318	36,355	171	14,613	2,068	**432,470**
Held on finance lease	0	0	0	0	0	0	0	0	**0**
On-SoFP PFI contracts	1,980	53,938	0	0	0	0	0	0	**55,918**
PFI residual interests	0	0	0	0	0	0	0	0	**0**
At 31 March 2021	38,825	362,356	8,682	25,318	36,355	171	14,613	2,068	**488,388**

The net book value of land, buildings and dwellings at 31 March 2021 comprises :

	£000
Freehold	**353,049**
Long Leasehold	**56,814**
Short Leasehold	**0**
	409,863

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 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 arms length transaction. This has been undertaken on the assumption that the property is sold as part of the continuing enterprise in occupation.

Within the above note reclassifications of (£976k) are shown. This is due to reclassification of an intangible asset from assets under construction with the opposite entry shown in Note 12.

11. Property, plant and equipment (continued)

Disclosures:

i) Donated Assets
All donated assets were purchased by Swansea Bay University LHB Charitable Funds. Government Granted assets of £0.620m were received via income from Welsh Government following the transfer of COVID medical equipment from the UK Government Department of Health.

ii) Valuations
The LHBs land and Buildings were revalued by the Valuation Office Agency with an effective date of 1st April 2017. The valuation has been prepared in accordance with the terms of the 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.

iii) Asset Lives
Depreciated as follows:
- Land is not depreciated.

- Buildings as determined by the Valuation Office Agency and range from 2 to 84 years.

Equipment assets are allocated lives on based on the professional judgement and past experience of clinicians, finance staff and other Health Board professionals. The appropriateness of these lives is reviewed regularly

Medical Equipment range from 5 to 15 Years
Non-clinical Equipment - 5 Years
Vehicles - 7 Years
Furniture - 10 Years
IMT Hardware & Software - 5 years or reflects contract life for some software assets

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

v) Write Downs
£4.860m of assets have been written down to depreciated replacement cost following the initial professional valuation on completion of 6 specialised building assets. These are detailed in Note 13 on page 47 of these accounts.

vi) The LHB does not hold any property where the value is materially different from its open market value.

vii) Assets Held for Sale or sold in the period.
All assets held for sale at the beginning of the period were sold in the period. These were:

- Coelbren Health Centre
- Fairfield Cefn Coed
- Trehafod Cefn Coed

The following assets were valued on completion by the District Valuer:

Perinatal Mother & Baby Unit at Tonna Hospital - April 2021
ICF - CAMHS Clinics - April 2021
National Imaging Programme - Neath Port Talbot MRI - July 2021
Singleton Cladding - April 2021
Replacement Gamma Cameras - Singleton Hospital - October 2021
National Programmes - Imaging - January 2022
Linear Accelerator C at Singleton Hospital - January 2022
Refit phase 2 Solar Farm - January 2022

IFRS 13 Fair value measurement

There are no assets requiring Fair Value measurement under IFRS 13.

11. Property, plant and equipment

11.2 Non-current assets held for sale

	Land	Buildings, including dwelling	Other property, plant and equipment	Intangible assets	Other assets	Total
	£000	£000	£000	£000	£000	£000
Balance brought forward 1 April 2021	532	0	0	0	0	**532**
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	(532)	0	0	0	0	**(532)**
Add reversal of impairment of assets held for sale	0	0	0	0	0	**0**
Less impairment of assets held for sale	0	0	0	0	0	**0**
Less assets no longer classified as held for sale, for reasons other than disposal by sale	0	0	0	0	0	**0**
Balance carried forward 31 March 2022	0	0	0	0	0	**0**
Balance brought forward 1 April 2020	475	0	0	0	0	**475**
Plus assets classified as held for sale in the year	187	0	0	0	0	**187**
Revaluation	0	0	0	0	0	**0**
Less assets sold in the year	(130)	0	0	0	0	**(130)**
Add reversal of impairment of assets held for sale	0	0	0	0	0	**0**
Less impairment of assets held for sale	0	0	0	0	0	**0**
Less assets no longer classified as held for sale, for reasons other than disposal by sale	0	0	0	0	0	**0**
Balance carried forward 31 March 2021	532	0	0	0	0	**532**

The following assets classified as Held for Sale as at 31st March 2021 were sold during the year:-

- Coelbren Health Centre
- Fairfield Cefn Coed
- Trehafod Cefn Coed

12. Intangible non-current assets

2021-22

	Software (purchased)	Software (internally generated)	Licences and trademarks	Patents	Development expenditure-internally generated	Total
	£000	£000	£000	£000	£000	£000
Cost or valuation at 1 April 2021	**10,885**	**0**	**1,035**	**0**	**0**	**11,920**
Revaluation	0	0	0	0	0	0
Reclassifications	1,676	0	0	0	0	1,676
Reversal of impairments	0	0	0	0	0	0
Impairments	0	0	0	0	0	0
Additions- purchased	433	0	32	0	0	465
Additions- internally generated	0	0	0	0	0	0
Additions- donated	0	0	0	0	0	0
Additions- government granted	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0
Transfers	0	0	0	0	0	0
Disposals	(132)	0	(38)	0	0	(170)
Gross cost at 31 March 2022	**12,862**	**0**	**1,029**	**0**	**0**	**13,891**
Amortisation at 1 April 2021	**6,516**	**0**	**155**	**0**	**0**	**6,671**
Revaluation	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0
Impairment	0	0	0	0	0	0
Provided during the year	1,848	0	0	0	0	1,848
Reclassified as held for sale	0	0	0	0	0	0
Transfers	0	0	0	0	0	0
Disposals	(132)	0	(38)	0	0	(170)
Amortisation at 31 March 2022	**8,232**	**0**	**117**	**0**	**0**	**8,349**
Net book value at 1 April 2021	**4,369**	**0**	**880**	**0**	**0**	**5,249**
Net book value at 31 March 2022	**4,630**	**0**	**912**	**0**	**0**	**5,542**
At 31 March 2022						
Purchased	4,626	0	912	0	0	5,538
Donated	4	0	0	0	0	4
Government Granted	0	0	0	0	0	0
Internally generated	0	0	0	0	0	0
Total at 31 March 2022	**4,630**	**0**	**912**	**0**	**0**	**5,542**

The reclassification of £1,676k relates to the transfer of an asset in-year from assets under construction disclosed in Note 11.1.

12. Intangible non-current assets
2020-21

	Software (purchased)	Software (internally generated)	Licences and trademarks	Patents	Development expenditure- internally generated	**Total**
	£000	£000	£000	£000	£000	**£000**
Cost or valuation at 1 April 2020	9,194	0	653	0	0	**9,847**
Revaluation	0	0	0	0	0	**0**
Reclassifications	976	0	0	0	0	**976**
Reversal of impairments	0	0	0	0	0	**0**
Impairments	0	0	0	0	0	**0**
Additions- purchased	715	0	382	0	0	**1,097**
Additions- internally generated	0	0	0	0	0	**0**
Additions- donated	0	0	0	0	0	**0**
Additions- government granted	0	0	0	0	0	**0**
Reclassified as held for sale	0	0	0	0	0	**0**
Transfers	0	0	0	0	0	**0**
Disposals	0	0	0	0	0	**0**
Gross cost at 31 March 2021	**10,885**	**0**	**1,035**	**0**	**0**	**11,920**
Amortisation at 1 April 2020	4,764	0	155	0	0	**4,919**
Revaluation	0	0	0	0	0	**0**
Reclassifications	0	0	0	0	0	**0**
Reversal of impairments	0	0	0	0	0	**0**
Impairment	0	0	0	0	0	**0**
Provided during the year	1,752	0	0	0	0	**1,752**
Reclassified as held for sale	0	0	0	0	0	**0**
Transfers	0	0	0	0	0	**0**
Disposals	0	0	0	0	0	**0**
Amortisation at 31 March 2021	**6,516**	**0**	**155**	**0**	**0**	**6,671**
Net book value at 1 April 2020	**4,430**	**0**	**498**	**0**	**0**	**4,928**
Net book value at 31 March 2021	**4,369**	**0**	**880**	**0**	**0**	**5,249**
At 31 March 2021						
Purchased	4,359	0	880	0	0	**5,239**
Donated	10	0	0	0	0	**10**
Government Granted	0	0	0	0	0	**0**
Internally generated	0	0	0	0	0	**0**
Total at 31 March 2021	**4,369**	**0**	**880**	**0**	**0**	**5,249**

The reclassification of £976k relates to the transfer of an asset in-year from assets under construction disclosed in Note 11.1.

Additional Disclosures re Intangible Assets

For each class of intangible asset disclose :

the effective date of revaluation - **None**
the methods and significant assumptions applied in estimating fair values **- Estimated at Cost less depreciation to date**

the carrying amount had they been told at cost **- £0**

For each class of intangible asset, distinguishing between internally generated intangible assets and others disclose :

whether the useful lives are indefinite or finite **- Finite**

the useful lives or the amortisation rates used - **Standard life of 5 years or the period that the licence covers as applicable**
Intangible assets, assessed as having indefinite useful lives - **None**

13 . Impairments

	2021-22 Property, plant & equipment £000	2021-22 Intangible assets £000	2020-21 Property, plant & equipment £000	2020-21 Intangible assets £000
Impairments arising from :				
Loss or damage from normal operations	0	0	0	0
Abandonment in the course of construction	0	0	38	0
Over specification of assets (Gold Plating)	0	0	0	0
Loss as a result of a catastrophe	0	0	0	0
Unforeseen obsolescence	0	0	0	0
Changes in market price	0	0	0	0
Others (specify)	4,860	0	6,079	0
Reversal of Impairments	(10,427)	0	(6,152)	0
Total of all impairments	**(5,567)**	**0**	(35)	0
Analysis of impairments charged to reserves in year :				
Charged to the Statement of Comprehensive Net Expenditure	(5,567)	0	(577)	0
Charged to Revaluation Reserve	0	0	542	0
	(5,567)	0	(35)	0

The impairment losses disclosed above as "other" comprise

£4.860m for the write down to depreciated replacement cost following the initial professional valuation on completion of 6 specialised building assets as detailed below;

Perinatal Mother and Baby Unit - Tonna Hospital	£1.071m
ICF - CAMHS Clinics	£0.419m
Singleton Cladding Enabling Works	£0.339m
Replacement Gamma Cameras - Singleton Hospita	£0.344m
Linear Accelarator C - Singleton Hospital	£0.153m
Refit Phase 2 Solar farm	£2.534m

14.1 Inventories

	31 March 2022	31 March 2021
	£000	£000
Drugs	4,172	4,499
Consumables	4,794	4,659
Energy	406	257
Work in progress	0	0
Other	0	0
Total	9,372	9,415
Of which held at realisable value	0	0

14.2 Inventories recognised in expenses

	31 March 2022	31 March 2021
	£000	£000
Inventories recognised as an expense in the period	0	0
Write-down of inventories (including losses)	0	0
Reversal of write-downs that reduced the expense	0	0
Total	0	0

Note 14.1 discloses the stock values held at 31st March 2022. Where stock is counted manually stock takes are undertaken throughout February and March in order to ensure that stock valuations are available at the balance sheet date due to the time taken to price the items of stock counted.

In line with the 2015-16 guidance Note 14.2 only relates to Health bodies that purchase assets to sell and as such does not apply to the Health Board.

Consumables stock in note 14.1 includes £222k (2020-21, £245k) of PPE items relating to the COVID-19 pandemic.

15. Trade and other Receivables

Current	**31 March 2022 £000**	31 March 2021 £000
Welsh Government	**3,805**	4,542
WHSSC / EASC	**2,259**	3,526
Welsh Health Boards	**2,564**	1,831
Welsh NHS Trusts	**1,225**	1,365
Welsh Special Health Authorities	**494**	103
Non - Welsh Trusts	**88**	53
Other NHS	**323**	88
2019-20 Scheme Pays - Welsh Government Reimbursement	**28**	0
Welsh Risk Pool Claim reimbursement		
NHS Wales Secondary Health Sector	**37,856**	67,449
NHS Wales Primary Sector FLS Reimbursement	**108**	87
NHS Wales Redress	**1,363**	1,646
Other	**0**	0
Local Authorities	**1,662**	3,447
Capital debtors - Tangible	**0**	0
Capital debtors - Intangible	**0**	0
Other debtors	**9,071**	7,696
Provision for irrecoverable debts	**(2,916)**	(4,377)
Pension Prepayments NHS Pensions	**0**	0
Pension Prepayments NEST	**0**	0
Other prepayments	**7,170**	6,034
Other accrued income	**290**	180
Sub total	**65,390**	93,670
Non-current		
Welsh Government	**0**	0
WHSSC / EASC	**0**	0
Welsh Health Boards	**0**	0
Welsh NHS Trusts	**0**	0
Welsh Special Health Authorities	**0**	0
Non - Welsh Trusts	**0**	0
Other NHS	**0**	0
2019-20 Scheme Pays - Welsh Government Reimbursement	**1,925**	0
Welsh Risk Pool Claim reimbursement;		
NHS Wales Secondary Health Sector	**118,647**	96,629
NHS Wales Primary Sector FLS Reimbursement	**0**	0
NHS Wales Redress	**0**	8
Other	**0**	0
Local Authorities	**0**	0
Capital debtors - Tangible	**0**	0
Capital debtors - Intangible	**0**	0
Other debtors	**0**	0
Provision for irrecoverable debts	**0**	0
Pension Prepayments NHS Pensions	**0**	0
Pension Prepayments NEST	**0**	0
Other prepayments	**0**	0
Other accrued income	**0**	0
Sub total	**120,572**	96,637
Total	**185,962**	190,307

15. Trade and other Receivables (continued)

Receivables past their due date but not impaired

	31 March 2022 £000	31 March 2021 £000
By up to three months	**12,151**	8,001
By three to six months	**314**	226
By more than six months	**767**	470
	13,232	8,697

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

Balance at 1 April	**(4,377)**	(3,518)
Transfer to other NHS Wales body	**0**	0
Amount written off during the year	**22**	4
Amount recovered during the year	**2,230**	4
(Increase) / decrease in receivables impaired	**(791)**	(867)
Bad debts recovered during year	**0**	0
Balance at 31 March	**(2,916)**	(4,377)

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

Receivables VAT

Trade receivables	**2,377**	2,179
Other	**0**	0
Total	**2,377**	2,179

16. Other Financial Assets

	Current		Non-current	
	31 March 2022	31 March 2021	**31 March 2022**	31 March 2021
	£000	£000	**£000**	£000
Financial assets				
Shares and equity type investments				
Held to maturity investments at amortised costs	**0**	0	**0**	0
At fair value through SOCNE	**0**	0	**0**	0
Available for sale at FV	**0**	0	**0**	0
Deposits	**0**	0	**0**	0
Loans	**0**	0	**0**	0
Derivatives	**0**	0	**0**	0
Other (Specify)				
Held to maturity investments at amortised costs	**0**	0	**0**	0
At fair value through SOCNE	**0**	0	**0**	0
Available for sale at FV	**0**	0	**0**	0
Total	**0**	**0**	**0**	**0**

As at 1st April 2021, the Health Board held a shareholding of 855,641 ordinary shares in Zoobiotic (trading as Biomonde) at a nominal value of £0.01, those shares being valued at Nil value. The company specialises in the manufacture and distribution of larval debridement therapy (also known as maggot therapy) products for use in chronic and hard to heal wounds. The shareholding derived from the creation of the company from the Surgical Material Testing Laboratory (SMTL), part of the former Bro Morgannwg NHS Trust.

A financial restructuring of the company took place during the 2021/22 financial year at which point the Health Board relinquished the shares that it held in the company. No procceds were received when the shares were relinquished. The Health Board also no longer hosts SMTL as this transferred to the NHS Wales Shared Services Partnership on 1st October 2016

17. Cash and cash equivalents

	2021-22	2020-21
	£000	£000
Balance at 1 April	**1,270**	486
Net change in cash and cash equivalent balances	**3,128**	784
Balance at 31 March	**4,398**	1,270
Made up of:		
Cash held at GBS	**4,308**	1,176
Commercial banks	**0**	0
Cash in hand	**90**	94
Cash and cash equivalents as in Statement of Financial Position	**4,398**	1,270
Bank overdraft - GBS	**0**	0
Bank overdraft - Commercial banks	**0**	0
Cash and cash equivalents as in Statement of Cash Flows	**4,398**	1,270

In response to the IAS 7 requirement for additional disclosure, the changes in liabilities arising for financing activities are;

Lease Liabilities £0
PFI liabilities £3,321k

The movement relates to cash, no comparative information is required by IAS 7 in 2021-22.

18. Trade and other payables

Current	**31 March 2022**	31 March 2021
	£000	£000
Welsh Government	**4**	1
WHSSC / EASC	**264**	486
Welsh Health Boards	**2,663**	2,020
Welsh NHS Trusts	**2,116**	2,032
Welsh Special Health Authorities	**117**	0
Other NHS	**1,503**	1,058
Taxation and social security payable / refunds	**5,399**	5,344
Refunds of taxation by HMRC	**0**	0
VAT payable to HMRC	**82**	72
Other taxes payable to HMRC	**1**	0
NI contributions payable to HMRC	**6,881**	6,769
Non-NHS payables - Revenue	**33,940**	19,124
Local Authorities	**1,565**	873
Capital payables- Tangible	**24,193**	11,603
Capital payables- Intangible	**471**	526
Overdraft	**0**	0
Rentals due under operating leases	**0**	0
Obligations under finance leases, HP contracts	**0**	0
Imputed finance lease element of on SoFP PFI contracts	**2,899**	3,321
Pensions: staff	**8,884**	8,663
Non NHS Accruals	**146,107**	136,504
Deferred Income:		
Deferred Income brought forward	**558**	1,899
Deferred Income Additions	**612**	188
Transfer to / from current/non current deferred income	**0**	0
Released to SoCNE	**(510)**	(1,529)
Other creditors	**124**	332
PFI assets –deferred credits	**0**	0
Payments on account	**0**	0
Sub Total	**237,873**	199,286
Non-current		
Welsh Government	**0**	0
WHSSC / EASC	**0**	0
Welsh Health Boards	**0**	0
Welsh NHS Trusts	**0**	0
Welsh Special Health Authorities	**0**	0
Other NHS	**0**	0
Taxation and social security payable / refunds	**0**	0
Refunds of taxation by HMRC	**0**	0
VAT payable to HMRC	**0**	0
Other taxes payable to HMRC	**0**	0
NI contributions payable to HMRC	**0**	0
Non-NHS payables - Revenue	**0**	0
Local Authorities	**0**	0
Capital payables- Tangible	**0**	0
Capital payables- Intangible	**0**	0
Overdraft	**0**	0
Rentals due under operating leases	**0**	0
Obligations under finance leases, HP contracts	**0**	0
Imputed finance lease element of on SoFP PFI contracts	**30,916**	33,815
Pensions: staff	**0**	0
Non NHS Accruals	**0**	0
Deferred Income :		
Deferred Income brought forward	**0**	0
Deferred Income Additions	**0**	0
Transfer to / from current/non current deferred income	**0**	0
Released to SoCNE	**0**	0
Other creditors	**0**	0
PFI assets –deferred credits	**0**	0
Payments on account	**0**	0
Sub Total	**30,916**	33,815
Total	**268,789**	233,101

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

18. Trade and other payables (continued).

Amounts falling due more than one year are expected to be settled as follows:	**31 March 2022 £000**	31 March 2021 £000
Between one and two years	**3,194**	2,899
Between two and five years	**12,721**	11,136
In five years or more	**15,001**	19,780
Sub-total	**30,916**	33,815

19. Other financial liabilities

	Current		**Non-current**	
Financial liabilities	**31 March 2022 £000**	31 March 2021 £000	**31 March 2022 £000**	31 March 2021 £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

:0. Provisions

	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
:urrent	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
:linical negligence:-									
Secondary care	42,159	0	(3,977)	6,855	25,939	(23,510)	(27,497)	0	19,969
Primary care	70	0	0	0	0	0	0	0	70
Redress Secondary care	669	0	(166)	5	1,082	(767)	(285)	0	538
Redress Primary care	0	0	0	0	0	0	0	0	0
ersonal injury	856	0	0	389	874	(1,222)	(188)	(57)	652
ll other losses and special payments	0	0	0	0	591	(591)	0	0	0
efence legal fees and other administration	2,028	0	0	159	1,799	(1,362)	(1,000)		1,624
ensions relating to former directors	0			0	0	0	0	0	0
ensions relating to other staff	45			6	37	(43)	(3)	(1)	41
019-20 Scheme Pays - Reimbursement	0			0	28	0	0	0	28
estructuring	0			0	0	0	0	0	0
ther	1,192		0	0	555	(182)	(38)		1,527
otal	47,019	0	(4,143)	7,414	30,905	(27,677)	(29,011)	(58)	24,449
lon Current									
:linical negligence:-									
Secondary care	95,422	0	0	(6,855)	33,661	(1,421)	(3,700)	0	117,107
Primary care	0	0	0	0	0	0	0	0	0
Redress Secondary care	5	0	0	(5)	0	0	0	0	0
Redress Primary care	0	0	0	0	0	0	0	0	0
ersonal injury	5,617	0	0	(389)	244	0	0	0	5,472
ll other losses and special payments	0	0	0	0	0	0	0	0	0
efence legal fees and other administration	1,423	0	0	(159)	475	(51)	(3)		1,685
ensions relating to former directors	0			0	0	0	0	0	0
ensions relating to other staff	23			(6)	0	0	0	0	17
019-20 Scheme Pays - Reimbursement	0			0	1,925	0	0	0	1,925
estructuring	0			0	0	0	0	0	0
ther	0		0	0	0	0	0		0
otal	102,490	0	0	(7,414)	36,305	(1,472)	(3,703)	0	126,206
'OTAL									
:linical negligence:-									
Secondary care	137,581	0	(3,977)	0	59,600	(24,931)	(31,197)	0	137,076
Primary care	70	0	0	0	0	0	0	0	70
Redress Secondary care	674	0	(166)	0	1,082	(767)	(285)	0	538
Redress Primary care	0	0	0	0	0	0	0	0	0
ersonal injury	6,473	0	0	0	1,118	(1,222)	(188)	(57)	6,124
ll other losses and special payments	0	0	0	0	591	(591)	0	0	0
efence legal fees and other administration	3,451	0	0	0	2,274	(1,413)	(1,003)		3,309
ensions relating to former directors	0			0	0	0	0	0	0
ensions relating to other staff	68			0	37	(43)	(3)	(1)	58
019-20 Scheme Pays - Reimbursement	0			0	1,953	0	0	0	1,953
estructuring	0			0	0	0	0	0	0
ther	1,192		0	0	555	(182)	(38)		1,527
otal	149,509	0	(4,143)	0	67,210	(29,149)	(32,714)	(58)	150,655

:xpected timing of cash flows:

	In year to 31 March 2023	Between 1 April 2023 31 March 2027	Thereafter	Total £000
:linical negligence:-				
Secondary care	19,969	117,107	0	137,076
Primary care	70	0	0	70
Redress Secondary care	538	0	0	538
Redress Primary care	0	0	0	0
ersonal injury	652	1,632	3,840	6,124
ll other losses and special payments	0	0	0	0
efence legal fees and other administration	1,624	1,685	0	3,309
ensions relating to former directors	0	0	0	0
ensions relating to other staff	41	14	3	58
019-20 Scheme Pays - Reimbursement	28	44	1,881	1,953
estructuring	0	0	0	0
ther	1,527	0	0	1,527
otal	24,449	120,482	5,724	150,655

The expected timing of cash flows are based on best available information but they could change on the basis of individual case changes.

Reimbursements are anticipated from Welsh Risk Pool against the provisions detailed above for Clinical Negligence, Redress, Personal Injury Claims and defence legal fees and other administration provisions. The value of the anticipated reimbursement against these provisions amounts to £157.974m and is disclosed as part of the Welsh Risk Pool line in note 15 Trade and Other Receivables.

2019-20 Scheme Pays Reimbursemnt
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 cha rge paid by the NHS Pension Scheme, with their pension reduced on retirement.

Welsh Government on behalf of Swansea Bay University LHB, will pay the members who opt for reimbursement of their pension, a corresponding amount on retirement, ensuring that they are fully compensated for the effect of the deduction.

This scheme will be funded directly by the Welsh Government to the NHS Business Services Authority Pension Division, the administrators on behalf of the Welsh claimants. The figure disclosed above as a provision is based on details provided to Welsh Government by the Government Actuary Department in respect of indi viduals employed by the Health Board who took up the option by the deadline of 31st March 2022. The provision is backed off by a debtor with Welsh Govermnent disclosed in Note 15 to these accounts.

20. Provisions (continued)

	At 1 April 2020	Structured settlement cases transferred to Risk Pool	Transfer of provisions to creditors	Transfer between current and non-current	Arising during the year	Utilised during the year	Reversed unused	Unwinding of discount	At 31 March 2021
Current	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Clinical negligence:-									
Secondary care	25,224	0	(11,228)	27,586	20,441	(11,162)	(8,702)	0	**42,159**
Primary care	0	0	0	0	70	0	0	0	**70**
Redress Secondary care	800	0	(335)	(5)	1,106	(519)	(378)	0	**669**
Redress Primary care	0	0	0	0	0	0	0	0	**0**
Personal injury	703	0	(57)	325	1,085	(1,111)	(59)	(30)	**856**
All other losses and special payments	0	0	0	0	149	(149)	0	0	**0**
Defence legal fees and other administration	1,682	0	0	534	1,551	(1,184)	(555)		**2,028**
Pensions relating to former directors	0			0	0	0	0	0	**0**
Pensions relating to other staff	52			6	40	(46)	(7)	0	**45**
2019-20 Scheme Pays - Reimbursement	0			0	0	0	0	0	**0**
Restructuring	0			0	0	0	0	0	**0**
Other	300		0	0	1,527	(545)	(90)		**1,192**
Total	**28,761**	**0**	**(11,620)**	**28,446**	**25,969**	**(14,716)**	**(9,791)**	**(30)**	**47,019**
Non Current									
Clinical negligence:-									
Secondary care	101,351	0	0	(27,566)	25,406	(1,499)	(2,270)	0	**95,422**
Primary care	0	0	0	0	0	0	0	0	**0**
Redress Secondary care	15	0	0	(15)	5	0	0	0	**5**
Redress Primary care	0	0	0	0	0	0	0	0	**0**
Personal injury	5,568	0	0	(325)	374	0	0	0	**5,617**
All other losses and special payments	0	0	0	0	0	0	0	0	**0**
Defence legal fees and other administration	1,339	0	0	(534)	714	(65)	(31)		**1,423**
Pensions relating to former directors	0			0	0	0	0	0	**0**
Pensions relating to other staff	28			(6)	1	0	0	0	**23**
2019-20 Scheme Pays - Reimbursement	0			0	0	0	0	0	**0**
Restructuring	0			0	0	0	0	0	**0**
Other	0		0	0	0	0	0		**0**
Total	**108,301**	**0**	**0**	**(28,446)**	**26,500**	**(1,564)**	**(2,301)**	**0**	**102,490**
TOTAL									
Clinical negligence:-									
Secondary care	126,575	0	(11,228)	20	45,847	(12,661)	(10,972)	0	**137,581**
Primary care	0	0	0	0	70	0	0	0	**70**
Redress Secondary care	815	0	(335)	(20)	1,111	(519)	(378)	0	**674**
Redress Primary care	0	0	0	0	0	0	0	0	**0**
Personal injury	6,271	0	(57)	0	1,459	(1,111)	(59)	(30)	**6,473**
All other losses and special payments	0	0	0	0	149	(149)	0	0	**0**
Defence legal fees and other administration	3,021	0	0	0	2,265	(1,249)	(586)		**3,451**
Pensions relating to former directors	0			0	0	0	0	0	**0**
Pensions relating to other staff	80			0	41	(46)	(7)	0	**68**
2019-20 Scheme Pays - Reimbursement	0			0	0	0	0	0	**0**
Restructuring	0			0	0	0	0	0	**0**
Other	300		0	0	1,527	(545)	(90)		**1,192**
Total	**137,062**	**0**	**(11,620)**	**0**	**52,469**	**(16,280)**	**(12,092)**	**(30)**	**149,509**

The expected timing of cash flows are based on best available information but they could change on the basis of individual case changes.

Other provisions relates to retrospective Continuing Healthcare (CHC) claims which are subject to review by the CHC team in Swansea Bay University LHB together with a provision for decommissioning costs for the COVID surge ward at Morriston Hospital which is due to be decommissioned in 2021/22.

Reimbursements are anticipated from Welsh Risk Pool against the provisions detailed above for Clinical Negligence, Redress, Personal Injury Claims and defence legal fees and other administration provisions. The value of the anticipated reimbursement against these provisions amounts to £140.013m and is disclosed as part of the Welsh Risk Pool line in note 15 Trade and Other Receivables.

21. Contingencies

21.1 Contingent liabilities

	2021-22 £'000	2020-21 £'000
Provisions have not been made in these accounts for the following amounts :		
Legal claims for alleged medical or employer negligence:-		
Secondary care	214,448	195,386
Primary care	80	0
Redress Secondary care	0	0
Redress Primary care	0	0
Doubtful debts	0	0
Equal Pay costs	0	0
Defence costs	5,509	4,707
Continuing Health Care costs	46	64
Other	0	0
Total value of disputed claims	220,083	200,157
Amounts (recovered) in the event of claims being successful	(216,307)	(196,309)
Net contingent liability	3,776	3,848

Continuing Healthcare Cost Uncertainties

Prior to 2019/20, liabilities for continuing healthcare costs were a significant issue for the LHB. However, since the 2017 -18 financial year significant progress has made in progressing phase 3, 4, 5 and 7 claims, to the extent that as at 31st March 2021 there are no phase 3 or phase 5 cases remaining and only 1 phase 6 claim remains.

As at 31st March 2022, the LHB has included the following amounts relating to these uncertain continuing healthcare costs:

Note 20 sets out the £75,516 provision for probable continuing care costs relating to 13 claims received.

Note 21.1 sets out the £45,597 contingent liability for possible continuing care costs relating to 12 claims received.

21.2 Remote Contingent liabilities

	2021-22 £000	2020-21 £000
Guarantees	0	0
Indemnities	25	122
Letters of Comfort	0	0
Total	**25**	**122**

21.3 Contingent assets

	2021-22 £000	2020-21 £000
The Health Board has no contingent assets	0	0
	0	0
	0	0
Total	**0**	0

22. Capital commitments

Contracted capital commitments at 31 March	2021-22 £000	2020-21 £000
Property, plant and equipment	9,473	15,893
Intangible assets	0	0
Total	**9,473**	15,893

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 2022	
	Number	£
Clinical negligence	158	25,697,473
Personal injury	48	823,354
All other losses and special payments	143	591,005
Total	349	27,111,832

Analysis of cases in excess of £300,000

	Case Type	In year claims in excess of £300,000		Cumulative claims in excess o £300,000	
		Number	£	Number	£
Cases in excess of £300,000:					
08RVCMN0008	Clinical Negligence			1	390,000
08RVCMN0021	Clinical Negligence			1	1,129,996
10RYMMN0033	Clinical Negligence			1	1,200,000
10RYMMN0205	Clinical Negligence			1	481,250
10RYMMN0212	Clinical Negligence	1	5,300,000	1	6,051,100
11RYMMN0156	Clinical Negligence			1	2,331,278
12RYMMN0001	Clinical Negligence			1	1,254,880
12RYMMN0130	Clinical Negligence			1	658,319
13RYMMN0037	Clinical Negligence			1	331,247
13RYMMN0094	Clinical Negligence			1	778,061
13RYMMN0218	Clinical Negligence			1	850,000
13RYMMN0225	Clinical Negligence			1	940,000
13RYMMN0234	Clinical Negligence			1	565,000
13RYMMN0235	Clinical Negligence			1	5,595,000
14RYMMN0034	Clinical Negligence			1	1,871,281
14RYMMN0047	Clinical Negligence			1	547,837
14RYMMN0083	Clinical Negligence			1	351,904
14RYMMN0103	Clinical Negligence			1	2,610,619
14RYMMN0120	Clinical Negligence			1	4,362,000
14RYMMN0122	Clinical Negligence			1	400,000
14RYMMN0131	Clinical Negligence	1	600,573	1	600,573
15RYMMN0040	Clinical Negligence	1	2,335,851	1	2,845,000
15RYMMN0151	Clinical Negligence	1	5,195,000	1	6,700,000
15RYMMN0154	Clinical Negligence	1	753,222	1	1,103,222
15RYMMN0176	Clinical Negligence			1	1,778,329
15RYMMN0190	Clinical Negligence			1	1,588,000
15RYMMN0232	Clinical Negligence			1	522,550
15RYMMN0240	Clinical Negligence			1	417,100
16RYMMN0057	Clinical Negligence			1	855,133
16RYMMN0161	Clinical Negligence	1	1,221,831	1	2,146,831
16RYMMN0185	Clinical Negligence			1	360,000
16RYMMN0199	Clinical Negligence			1	446,069
17RYMMN0006	Clinical Negligence			1	1,912,500
17RYMMN0030	Clinical Negligence			1	1,360,284
17RYMMN0047	Clinical Negligence			1	311,830
17RYMMN0090	Clinical Negligence			1	325,000
17RYMMN0102	Clinical Negligence	1	1,197,500	1	1,220,000
17RYMMN0114	Clinical Negligence	1	1,395,000	1	1,395,000
18RYMMN0061	Clinical Negligence	1	710,000	1	710,000
20RYMMN0002	Clinical Negligence	1	330,000	1	402,000
20RYMPI0037	Personal Injury			1	555,562
22RYMEG0046	Ex-Gratia	1	364,966	1	364,966
Sub-total		**11**	**19,403,943**	**42**	**60,619,721**
All other cases		338	7,707,889	307	19,170,936
Total cases		**349**	**27,111,832**	**349**	**79,790,657**

24. Finance leases

24.1 Finance leases obligations (as lessee)

The Health Board has no finance leases receivable as a lessee.

The Health Board does not hold any finance leases in respect of land and buildings.

Amounts payable under finance leases:

Land	**31 March 2022 £000**	31 March 2021 £000
Minimum lease payments		
Within one year	**0**	0
Between one and five years	**0**	0
After five years	**0**	0
Less finance charges allocated to future periods	**0**	0
Minimum lease payments	**0**	0
Included in:		
Current borrowings	**0**	0
Non-current borrowings	**0**	0
	0	0
Present value of minimum lease payments		
Within one year	**0**	0
Between one and five years	**0**	0
After five years	**0**	0
Present value of minimum lease payments	**0**	0
Included in:		
Current borrowings	**0**	0
Non-current borrowings	**0**	0
	0	0

24.1 Finance leases obligations (as lessee) continued

Amounts payable under finance leases:

Buildings	**31 March 2022**	31 March 2021
Minimum lease payments	**£000**	£000
Within one year	**0**	0
Between one and five years	**0**	0
After five years	**0**	0
Less finance charges allocated to future periods	**0**	0
Minimum lease payments	**0**	0
Included in:		
Current borrowings	**0**	0
Non-current borrowings	**0**	0
	0	0
Present value of minimum lease payments		
Within one year	**0**	0
Between one and five years	**0**	0
After five years	**0**	0
Present value of minimum lease payments	**0**	0
Included in:		
Current borrowings	**0**	0
Non-current borrowings	**0**	0
	0	0

Other	**31 March 2022**	31 March 2021
Minimum lease payments	**£000**	£000
Within one year	**0**	0
Between one and five years	**0**	0
After five years	**0**	0
Less finance charges allocated to future periods	**0**	0
Minimum lease payments	**0**	0
Included in:		
Current borrowings	**0**	0
Non-current borrowings	**0**	0
	0	0
Present value of minimum lease payments		
Within one year	**0**	0
Between one and five years	**0**	0
After five years	**0**	0
Present value of minimum lease payments	**0**	0
Included in:		
Current borrowings	**0**	0
Non-current borrowings	**0**	0
	0	0

24.2 Finance leases obligations (as lessor) continued

The Local Health Board has no finance leases receivable as a lessor.

Amounts receivable under finance leases:

	31 March 2022	31 March 2021
Gross Investment in leases	**£000**	£000
Within one year	**0**	0
Between one and five years	**0**	0
After five years	**0**	0
Less finance charges allocated to future periods	**0**	0
Minimum lease payments	**0**	0
Included in:		
Current borrowings	**0**	0
Non-current borrowings	**0**	0
	0	0
Present value of minimum lease payments		
Within one year	**0**	0
Between one and five years	**0**	0
After five years	**0**	0
Less finance charges allocated to future periods	**0**	0
Present value of minimum lease payments	**0**	0
Included in:		
Current borrowings	**0**	0
Non-current borrowings	**0**	0
	0	0

25. Private Finance Initiative contracts

25.1 PFI schemes off-Statement of Financial Position

The LHB has no PFI Schemes off-statement of financial position.

Commitments under off-SoFP PFI contracts	Off-SoFP PFI contracts	Off-SoFP PFI contracts
	31 March 2022	31 March 2021
	£000	£000
Total payments due within one year	**0**	0
Total payments due between 1 and 5 years	**0**	0
Total payments due thereafter	**0**	0
Total future payments in relation to PFI contracts	**0**	0
Total estimated capital value of off-SoFP PFI contracts	**0**	0

25.2 PFI schemes on-Statement of Financial Position

Capital value of scheme included in Fixed Assets Note 11	**£000**
	61,925
Contract start date:	**12th May 2000**
Contract end date:	**31st May 2030**

On 12th May 2000, a 30 year Private Finance Initiative (PFI) contract was signed between the Health Board's predecessor organisation Bro Morgannwg NHS Trust and Baglan Moors Healthcare for the provision of a 270 bed local general hospital to serve the population of Neath and Port Talbot. The services to be provided in the new hospital which was completed in Autumn 2002 resulted in the transfer of services from the subsequently closed Neath and Port Talbot Hospitals.

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

	On SoFP PFI Capital element 31 March 2022 £000	**On SoFP PFI Imputed interest 31 March 2022 £000**	**On SoFP PFI Service charges 31 March 2022 £000**
Total payments due within one year	**2,899**	**4,863**	**5,402**
Total payments due between 1 and 5 years	**15,915**	**21,417**	**18,695**
Total payments due thereafter	**15,001**	**22,709**	**10,753**
Total future payments in relation to PFI contracts	**33,815**	**48,989**	**34,850**

	On SoFP PFI Capital element 31 March 2021 £000	On SoFP PFI Imputed interest 31 March 2021 £000	On SoFP PFI Service charges 31 March 2021 £000
Total payments due within one year	3,321	5,215	4,306
Total payments due between 1 and 5 years	14,035	20,579	20,047
Total payments due thereafter	19,780	28,410	14,802
Total future payments in relation to PFI contracts	37,136	54,204	39,155

	31/03/2022 £000
Total present value of obligations for on-SoFP PFI contracts	**117,654**

25.3 Charges to expenditure	2021-22	2020-21
	£000	£000
Service charges for On Statement of Financial Position PFI contracts (excl interest costs)	2,680	2,614
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	2,680	2,614

The LHB is committed to the following annual charges

PFI scheme expiry date:	£000	£000
Not later than one year	0	0
Later than one year, not later than five years	0	0
Later than five years	13,163	12,842
Total	13,163	12,842

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

25.4 Number of PFI contracts

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

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

PFI Contract	
Neath Port Talbot Hospital	On

25.5 The LHB has no Public Private Partnerships

26. Financial risk management

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

Currency risk

The LHB is principally a domestic organisation with the great majority of transactions, assets and liabilities being in the UK and Sterling based. The LHB has no overseas operations. The LHB therefore has low exposure to currency rate fluctuations.

Interest rate risk

LHBs are not permitted to borrow. The LHB therefore has low exposure to interest rate fluctuations.

Credit risk

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

Liquidity risk

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

27. Movements in working capital

	2021-22 £000	2020-21 £000
(Increase)/decrease in inventories	**43**	597
(Increase)/decrease in trade and other receivables - non-current	**(23,935)**	5,922
(Increase)/decrease in trade and other receivables - current	**28,280**	(27,403)
Increase/(decrease) in trade and other payables - non-current	**(2,899)**	(3,321)
Increase/(decrease) in trade and other payables - current	**38,587**	71,655
Total	**40,076**	47,450
Adjustment for accrual movements in fixed assets - creditors	**(12,534)**	(5,639)
Adjustment for accrual movements in fixed assets - debtors	**0**	0
Other adjustments	**(3,807)**	4,866
	23,735	46,677

28. Other cash flow adjustments

	2021-22 £000	2020-21 £000
Depreciation	**28,512**	26,763
Amortisation	**1,848**	1,752
(Gains)/Loss on Disposal	**(249)**	(33)
Impairments and reversals	**(5,567)**	(577)
Release of PFI deferred credits	**0**	0
NWSSP Covid assets issued debited to expenditure but non-cash	**0**	0
Covid assets received credited to revenue but non-cash	**0**	(7,606)
Donated assets received credited to revenue but non-cash	**(185)**	(186)
Government Grant assets received credited to revenue but non-cash	**(707)**	(2,097)
Non-cash movements in provisions	**30,295**	28,727
Other movements	**26,782**	25,321
Total	**80,729**	72,064

Other adjustments in Note 27 relates to the capital element of payments in respect of finance leases and on SoFP PFI schemes and the notional costs of the COVID assets received from the Department of Health

Other movements in Note 28 relates to the notional funding provided by Welsh Government in respect of the 6.3% NHS Pension Contributions paid by Welsh Government and notionally charged to the Health Board.

29. Events after the Reporting Period

These financial statements were authorised for issue by the Chief Executive and Accountable Officer on 14th June 2022; the date the financial statements were certified by the Auditor General for Wales.

30. Related Party Transactions

A number of the LHB's Board members have interests in related parties as follows:

Name	Details	Related Party Interest
Mrs. M Berry	Independent Member	Trust and Vice Chair - Care & Repair Cymru
Mr. M Child	Independent Member	Councillor, City & County of Swansea
Professor T.Crick	Independent Member	Non Executive Director of Welsh Water/Dwr Cymru
Mrs. J Davies	Independent Member	Board Member Royal College of Nursing Wales
Mr. D Griffiths	Director of Finance and Performance	Wife is Director for Wales for the British Red Cross
Mr. A Jarrett	Associate Board Member	Director of Social Services for Neath Port Talbot CBC
Mr. K Lloyd	Independent Member	Executive Dean and Pro Vice Chancellor at Swansea University and Board Member MIND Cymru
Mrs. R Owen	Independent Member	Spouse is a Trustee of Bikeability
Mr.S Spill	Vice Chair	Non Executive Director - Coastal Housing Group and Trustee Platform for Change
Mr. M Waygood	Independent Member	Trustee of the Ospreys in the Community Charity
Ms. N Zolle	Independent Member	Trustee of the Ospreys in the Community Charity

The total value of transactions with related parties in 2021/22 were as follows:

Related Party		Payments to related party	Receipts from related party	Amounts owed to related party	Amounts due from related party
		£000	£000	£000	£000
Care and Repair Cymru		43	0	0	0
City & County of Swansea Council		25,530	3,463	1,865	407
Welsh Water - Dwr Cymru		687	0	0	0
Royal College of Nursing		8	6	1	0
British Red Cross		532	0	419	0
Neath Port Talbot County Council		17,905	3,864	37	450
Swansea University		6,056	1,033	436	182
MIND Cymru		17	0	0	0
Bikeability		2	0	0	0
Coastal Housing Group		1,120	0	104	0
Platform for Change		13	0	4	0
Ospreys in the Community		65	0	6	0

The Swansea Bay University Health Board Charity is the linked charity to the Swansea Bay University Health Board. During the financial year the health board for operational reasons may make payments on behalf of the NHS Charity and the NHS Charity may make payments on behalf of the heath board. These payments are cleared monthly via an intercompany transfer within the financial ledgers. In 2021/22 the health board made cash payments of £825,004 on behalf of the NHS Charity and the NHS Charity made payments of £71,918 on behalf of the health board. As at 31st March 2022 the amount owed to the health board by the NHS Charity amounted to £158,538 with the health board owing the NHS Charity £24,574. These balances will be cleared in April 2022.

The Welsh Government is regarded as a related party. During the year Swansea Bay University Local Health Board has had a significant number of material transactions with the Welsh Government and with other entities for which the Welsh Government is regarded as the parent body, namely:

Entity	Payments to related party	Receipts from related party	Amounts owed to related party	Amounts due from related party
	£000	£000	£000	£000
Welsh Government	153	1,108,028	4	3,805
Welsh Health Specialised Services Commission	113,177	126,961	264	2,259
Aneurin Bevan LHB	895	3,863	199	395
Betsi Cadwaladr LHB	337	132	114	49
Cardiff & Vale LHB	6,700	5,823	756	449
Cwm Taf LHB	32,188	44,634	1,521	860
Digital Health Care Wales	4,413	682	117	216
Health Education & Improvement Wales	10	14,532	0	278
Hywel Dda LHB	4,398	39,567	89	471
Powys LHB	1,282	9,963	34	339
Public Health Wales NHS Trust	4,100	4,803	669	226
Velindre NHS Trust	26,268	5,213	1,288	992
Welsh Ambulance Services NHS Trust	6,093	97	159	7
Total	**200,014**	**1,364,298**	**5,214**	**10,346**

31. Third Party assets

The LHB held £590,080 cash at bank and in hand at 31 March 2022 (31st March 2021, £653,521) which relates to monies held by the LHB on behalf of patients.

Cash held in Patients' Investment Accounts amounted to £491,452 at 31st March 2022 (31st March 2021, £491,402). 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 2022 was £436,794 (£468,874 as at 31st March 2021).

32. Pooled budgets

The Health Board has participated in a formal pooled budget arrangement in 2021/22 which commenced in April 2012 and replaced previous agreements in place between 2008/09 and March 2012. The pooled budget arrangement is accounted for in accordance with IFRS 11, Joint Arrangements and IFRS 12, Disclosure of Interests in Other Entities.

Section 33 Partnership : Community Equipment

1. Statutory Partners

City & County of Swansea
Neath Port Talbot County Borough Council
Swansea Bay University Health Board

2. Aims of the Partnership

To provide an integrated community equipment service that meets the defining criteria and good practice within the guidance provided by the Welsh Assembly Government.

To provide a flexible and responsive service for users and practitioners through a unified assessment and provisioning system which avoids duplication and barriers to provision.

To meet national and local standards and performance indicators, in particular to provide a high percentage of equipment and minor adaptations within a seven day target.

To support intermediate care, palliative care and hospital discharge initiatives and to build on and consolidate existing joint arrangements.

To develop more accessible services with consistent eligibility criteria, which will improve co-ordination between partner agencies and service users.

To provide an assessment, demonstration display and learning facility for service users and practitioners from health, education and social services.

To meet the above in respect of beds, mattresses and cot sides and other equipment.

3. Pooled Budget Memorandum Account

Gross Funding	**2021/22**	**2020/21**
	£	**£**
City & County of Swansea	634,800	700,500
Neath Port Talbot County Borough Council	357,190	394,000
Swansea Bay University Health Board	1,308,010	1,405,500
Other	356,365	1,772,565
Total Funding	**2,656,365**	**4,272,565**
Expenditure	3,101,992	2,936,630
Net (under)/over spend	**445,627**	**(1,335,935)**

The overspend will be funded through an equivalent drawdown from a ring fenced reserve specific to the Equipment Pool.

33. Operating segments

IFRS 8 requires bodies to report information about each of its operating segments.

Swansea Bay University Health Board has organised its operational services into 4 Service Groups.
Two of these service groups are centred on the Health Board's main hospital sites of Morriston, Neath Port Talbot, and Singleton. The remaining two Service Groups cover Mental Health and Learning Disabilities Services and Primary Care and Community Services

The LHB has formed the view that the activities of its service groups are sufficiently similar for the results of their operations not to have to be disclosed separately. In reaching this decision the Health Board is satisfied that the following criteria are met:

1. Aggregation still allows users to evaluate the business and its operating environment

2. Service Groups have similar economic characteristics

3. The Service Groups are similar in respect of all of the following

> The nature of the service provided
> The Service Groups operate fundamentally similar processes
> The end customers (the patients) fall into broadly similar categories
> The Service Groups share a common regulatory environment

The LHB did operate as a home to one hosted body during 2021/22, which is the NHS Wales Delivery Unit (DU). This unit is responsible for the functions of assurance, improvement of performance and delivery for NHS Wales . with the unit being aligned to the priorities of and directly funded by the Welsh Government.

During 2021/22 these accounts contain income of £3.630m and expenditure of £4.245m in respect of the DU.

The LHB does not consider the amounts involved to be sufficiently material to be reported as a separate segment.

34. Other Information

34.1. 6.3% Staff Employer Pension Contributions - Notional Element

The value of notional transactions is based on estimated costs for the twelve month period 1 April 2021 to 31 March 2022. This has been calculated from actual Welsh Government expenditure for the 6.3% staff employer pension contributions between April 2021 and February 2022 alongside Health Board/Trust/SHA data for March 2022.

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:

	2021-22
Statement of Comprehensive Net Expenditure for the year ended 31 March 2022	**£000**
Expenditure on Primary Healthcare Services	**0**
Expenditure on Hospital and Community Health Services	**26,782**
Statement of Changes in Taxpayers' Equity For the year ended 31 March 2022	
Net operating cost for the year	**26,782**
Notional Welsh Government Funding	**26,782**
Statement of Cash Flows for year ended 31 March 2022	
Net operating cost for the financial year	**26,782**
Other cash flow adjustments	**26,782**
2.1 Revenue Resource Performance	
Revenue Resource Allocation	**26,782**
3. Analysis of gross operating costs	
3.1 Expenditure on Primary Healthcare Services	
General Medical Services	**0**
3.3 Expenditure on Hospital and Community Health Services	
Directors' costs	**50**
Staff costs	**26,732**
9.1 Employee costs	
Permanent Staff	
Employer contributions to NHS Pension Scheme	**26,782**
Charged to capital	**33**
Charged to revenue	**26,749**
18. Trade and other payables	
Current	
Pensions: staff	**0**
28. Other cash flow adjustments	
Other movements	**26,782**

34. Other Information

34.2 Welsh Government Covid 19 Funding

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

	2021-22 £000	2020-21 £000	
Capital			
Capital Funding Field Hospitals		521	
Capital Funding Equipment & Works	7,038	8,028	
Capital Funding other (Specify)	0	0	
Welsh Government Covid 19 Capital Funding	**7,038**	**8,549**	
			As previously reported in 2020-21
Revenue			
Sustainability Funding			48,200
C-19 Pay Costs Q1 (Future Quarters covered by SF)			6,831
Field Hospital (Set Up Costs, Decommissioning & Consequential losses)			35,985
Bonus Payment			14,401
Independent Health Sector			1,044
Stability Funding	59,758	106,461	
Covid Recovery	25,307	0	
Cleaning Standards	2,366	0	
PPE (including All Wales Equipment via NWSSP)	4,797	8,644	
Testing / TTP- Testing & Sampling - Pay & Non Pay	3,104	2,461	
Tracing / TTP - NHS & LA Tracing - Pay & Non Pay	13,090	4,901	
Extended Flu Vaccination / Vaccination - Extended Flu Programme	825	893	
Mass Covid-19 Vaccination / Vaccination - COVID-19	13,647	3,678	
Annual Leave Accrual - Increase due to Covid	0	11,615	
Urgent & Emergency Care	3,383	3,375	
Private Providers Adult Care	2,243	2,905	
Hospices	0	0	
Other Mental Health / Mental Health	0	666	
Other Primary Care	0	1,603	
Social Care	1,816	0	
Other	71	1,744	
Welsh Government Covid 19 Revenue Funding	**130,407**	**148,947**	

The Health Board has also received Government Granted assets of £707k comprising items supplied by the Department of Health. This income is disclosed in Note 4 to the accounts.

Of this sum £621k are capital assets and included in note 11.1 with the remaining £86k relating to revenue equipment which is disclosed in Note 3.3 in Clinical Supplies and Services.

34. Other Information

34.3 Changes to accounting standards not yet effective - IFRS 16 Impact

IFRS 16 Leases supersedes IAS 17 Leases and is effective in the public sector from 1 April 2022. IFRS 16 provides a single lessee accounting model and requires a lessee to recognise right-of-use assets and liabilities for leases with a term more than 12 months unless the underlying value is of low value. The FReM makes two public sector adaptions

- The definition of a contract is expanded to include intra UK government agreements that are not legally enforceable;
- The definition of a contract is expanded to include agreements that have nil consideration.

IFRS 16 gives a narrower definition of a lease that IAS 17 and IFRIC 4 by requiring that assets and liabilities will be recognised initially at the discounted value of minimum lease payments After initial recognition, right of use assets will be depreciated on a straight line basis and interest recognised on the liabilities. Except where modified for revaluation where material, the cost model will be applied to assets other than peppercorn leases which will be measured on a depreciated replacement cost basis. The right of use asset in a peppercorn lease is accounted for similarly to a donated asset.

As required by the FReM IFRS 16 will be implemented using the accumulated catch up method.

The right of use assets and leasing obligation have been calculated and indicated that the total discounted value of right of use assets and liabilities under IFRS 16 is lower than the value of minimum lease commitments under IAS 17. This is due to the exclusion of the VAT element of the annual lease payments under IFRS 16 for those leases within scope of IFRS 16.

The impact of implementation is an

- increase in expenditure £83k;
- increase in assets and liabilities of £22,528k and £21,557k

These figures are calculated before intercompany eliminations are made, these will not have a material impact on the figures.

34.3 Changes to accounting standards not yet effective - IFRS 16 Impact (Cont'd)

Right of Use (RoU) Assets Impact

		Property £000	Non Property £000	Total £000
Statement of financial Position				
RoU Asset Recognition				
+	Transitioning Adjust	16,904	5,624	**22,528**
+	As at 1 April 2022	16,904	5,624	**22,528**
+	Renewal / New RoU Assets 2022-23	4,707	63,441	**68,148**
-	Less (Depreciation)	-1,609	-5,630	**-7,239**
+	As at 31 March	20,002	63,435	**83,437**

RoU Asset Liability		Property £000	Non Property £000	Total £000
-	Transitioning Adjust	-15,934	-5,624	**-21,558**
-	As at 1 April 2022	-15,934	-5,624	**-21,558**
-	Renewal / New RoU Liability 2022-23	-4,707	-63,441	**-68,148**
+	Working Capital	1,684	5,932	**7,616**
-	Interest	-177	-575	**-752**
-	As at 31 March	-19,134	-63,708	**-82,842**

Charges		Property £000	Non Property £000	Total £000
Expenditure				
	RoU Asset DEL depreciation [1]	1,570	5,630	**7,200**
	Rou Asset AME decpreciation	39	0	**39**
	Interest on obligations under RoU Asset leases [2]	177	575	**752**
		1,786	6,205	**7,991**

LHB

1 Expenditure on Hospital and Community Health Services
2 Finance Costs

The Certificate of the Auditor General for Wales to the Senedd

Opinion on financial statements

I certify that I have audited the financial statements of Swansea Bay University Local Health Board for the year ended 31 March 2022 under Section 61 of the Public Audit (Wales) Act 2004. These comprise the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Cash Flow Statement and Statement of Changes in Taxpayers' Equity and related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards as interpreted and adapted by HM Treasury's Financial Reporting Manual.

In my opinion the financial statements:

> give a true and fair view of the state of affairs of Swansea Bay University Local Health Board as at 31 March 2022 and of its net operating costs for the year then ended;

> have been properly prepared in accordance with UK adopted international accounting standards as interpreted and adapted by HM Treasury's Financial Reporting Manual; and

>have been properly prepared in accordance with the National Health Service (Wales) Act 2006 and directions made there under by Welsh Ministers.

Opinion on regularity

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

Basis for Qualified Opinion on regularity

The Health Board has breached its resource limit by spending £64.987 million over the £3,073 million that it was authorised to spend in the three-year period 2019-2020 to 2021-2022. This spend constitutes irregular expenditure. I have qualified my opinion on the regularity of Swansea Bay University Local Health Board's financial statements because those statements include a provision of £1.9 million relating to the estimated liability arising from the Ministerial Direction dated 18 December 2019 on senior clinicians' pensions. In my view, this expenditure is irregular and material by its nature.

Further detail is set out in the attached Report.

Basis of opinions

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the Board in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK, including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinions.

Conclusions relating to going concern

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

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

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

Other Information

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

I have nothing to report in this regard.

Report on other requirements

Opinion on other matters

In my opinion, the part of the remuneration report to be audited has been properly prepared in accordance with the National Health Service (Wales) Act 2006 and directions made thereunder by Welsh Ministers.
In my opinion, based on the work undertaken in the course of my audit:

> the information given in the Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and the Governance Statement has been prepared in accordance with Welsh Ministers' guidance;

> the information given in the Foreword and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements and the Foreword and Accountability Report has been prepared in accordance with Welsh Ministers' guidance.

Matters on which I report by exception

In the light of the knowledge and understanding of the Board and its environment obtained in the course of the audit, I have not identified material misstatements in the Foreword and Accountability Report or the Governance Statement.
I have nothing to report in respect of the following matters, which I report to you, if, in my opinion:

> adequate accounting records have not been kept, or returns adequate for my audit have not been received from branches not visited by my team;

> the financial statements and the audited part of the Remuneration Report are not in agreement with the accounting records and returns;

>information specified by HM Treasury or Welsh Ministers regarding remuneration and other transactions is not disclosed; or

> I have not received all the information and explanations I require for my audit.

Responsibilities

Responsibilities of Directors and the Chief Executive for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

My procedures included the following:

> Enquiring of management, the audited entity's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to Swansea Bay University Local Health Board policies and procedures concerned with:

identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;

detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and

the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.

> Considering as an audit team how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in the following areas: revenue recognition, posting of unusual journals, and biases in accounting estimates;

> Obtaining an understanding of Swansea Bay University Local Health Board's framework of authority and other legal and regulatory frameworks that Swansea Bay University Local Health Board operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of Swansea Bay University Local Health Board.

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

>reviewing the financial statement disclosures and testing supporting documentation to assess compliance with relevant laws and regulations discussed above;

>enquiring of management, those charged with governance and legal advisors about actual and potential litigation and claims;

> reading minutes of meetings of those charged with governance and the Board; 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 teams and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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

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

Responsibilities for regularity

The Chief Executive is responsible for ensuring the regularity of financial transactions.
I am required to obtain sufficient evidence to give reasonable assurance that the expenditure and income have been applied to the purposes intended by the Senedd and the financial transactions conform to the authorities which govern them.

Report

Please see my Report on pages 78 to 80.

Adrian Crompton
Auditor General for Wales
14 June 2022

24 Cathedral Road
Cardiff
CF11 9LJ

Report of the Auditor General to the Senedd

Introduction

Under the Public Audit Wales Act 2004, I am responsible for auditing, certifying and reporting on Swansea Bay University Local Health Board's (the LHB's) financial statements. I am reporting on these financial statements for the year ended 31 March 2022 to draw attention to three key matters for my audit. These are the failure against the first financial duty and consequential qualification of my 'regularity' opinion, the failure of the second financial duty, and the qualification of my 'regularity' opinion relating to expenditure recognised as a result of the ministerial direction on senior clinicians' pensions. I have not qualified my 'true and fair' opinion in respect of any of these matters.

Financial duties

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

For 2021-22, Swansea Bay University Local Health Board (the Health Board) failed to meet both the first and the second financial duty.

Failure of the first financial duty

The **first financial duty** gives additional flexibility to LHBs by allowing them to balance their income with their expenditure over a three-year rolling period. The three-year period being measured under this duty this year is 2019-20 to 2021-22.

As shown in Note 2.1 to the Financial Statements, the LHB did not manage its revenue expenditure within its resource allocation over this three-year period, exceeding its cumulative revenue resource limit of £3,073 million by £64.987 million.

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

Failure of the second financial duty

The **second financial duty** requires LHBs to prepare and have approved by the Welsh Ministers a rolling three-year integrated medium-term plan. This duty is an essential foundation to the delivery of sustainable quality health services. An LHB will be deemed to have met this duty for 2021-22 if it submitted a 2019-20 to 2021-22 plan approved by its Board to the Welsh Ministers who then approved it by the 30 June 2019. This duty is unchanged from 2019-20 because the duty to prepare a new three-year plan for the period 2021-22 to 2023-24 was paused due to the pandemic, leaving the previous year's duty in place.

As shown in Note 2.3 to the Financial Statements, the LHB did not meet its second financial duty to have an approved three-year integrated medium-term plan in place for the period 2019-20 to 2021-22.

Ministerial direction on senior clinicians' pensions

NHS Pension scheme and pension tax legislation is not devolved to Wales. HM Treasury's changes to the tax arrangements on pension contributions in recent years included the reduction in the Annual Allowance limit from over £200k in 2011-12 to £40k in 2018-19. As a result, in cases where an individual's pension contributions exceed certain annual and / or lifetime pension contribution allowance limits, they are taxed at a higher rate on all their contributions, creating a sharp increase in tax liability.

In a Written Statement on 13 November 2019, the Minister for Health and Social Services noted that NHS Wales bodies were: 'regularly reporting that senior clinical staff are unwilling to take on additional work and sessions due to the potentially punitive tax liability'. In certain circumstances this could lead to additional tax charges in excess of any additional income earned.

On 18 December 2019, the First Minister (mirroring earlier action by the Secretary of State for Health and Social Care for England) issued a Ministerial Direction to the Permanent Secretary to proceed with plans to commit to making payments to clinical staff to restore the value of their pension benefits packages. If NHS clinicians opted to use the 'Scheme Pays' facility to settle annual allowance tax charges arising from their 2019-20 NHS pension savings (i.e. settling the charge by way of reduced annual pension, rather than by making an immediate one-off payment), then their NHS employers would meet the impact of those tax charges on their pension when they retire.

The Ministerial Direction was required because this solution could be viewed by HMRC to constitute tax planning and potentially tax avoidance, hence making the expenditure irregular. Managing Welsh Public Money (which mirrors its English equivalent) specifically states that 'public sector organisations should not engage in…tax evasion, tax avoidance or tax planning'.

A Ministerial Direction does not make regular what would otherwise be irregular, but it does move the accountability for such decisions from the Accounting Officer to the Minister issuing the direction.

The solution applies only to annual allowance tax charges arising from an increase in the benefits accrued in the NHS Pension Scheme during the tax year ended 5 April 2020. For the tax year ended 5 April 2021, the Chancellor increased the thresholds for the tapered annual allowance and, as a result, it is anticipated that the risk to the supply of clinical staff has been mitigated.

The LHB has received sufficient information during the year to calculate and recognise an estimate of the potential costs of compensating senior clinical staff for pension benefits that they would otherwise have lost, by using the 'Scheme Pays' arrangement. As a result, expenditure has been recognised as a provision as shown in note 20 of the financial statements.

All NHS bodies will be held harmless for the impact of the Ministerial Direction however, in my opinion, the transactions included in the LHB's financial statements to recognise this liability are irregular and material by their nature. This is because the payments are contrary to paragraph 5.6.1 of Managing Public Money and constitute a form of tax planning which will leave the Exchequer as a whole worse off. The Minister's direction alone does not regularise the scheme. Furthermore, the arrangements are novel and contentious and potentially precedent setting. As a result, I have qualified my 'regularity' opinion for 2021-22.

Adrian Crompton
Auditor General for Wales
14 June 2022

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.