

Bundle Extra-Ordinary Audit Committee 13 June 2022

- 1.0.0 STANDARD BUSINESS
 - Led by Martin Veale, Chair*
- 1.1.0 Apologies
 - Led by Martin Veale, Chair*
- 1.2.0 In Attendance
 - Led by Martin Veale, Chair*
- 1.3.0 Declarations of Interest
 - Led by Martin Veale, Chair*
- 2.0.0 ACCOUNTABILITY REPORT & ANNUAL ACCOUNTS 2021-22
- 2.1.0 Cover Paper for Accountability Report & Annual Accounts 2021-22
 - Led by Emma Stephens, Head of Corporate Governance and Claire Bowden, Head of Financial Operations*
 - 2.1.0 Cover Paper Accountability Report Annual Accounts Sign Off .docx
- 2.1.0A Accountability Report for 2021-22
 - Led by Emma Stephens, Head of Corporate Governance*
 - 2.1.0A Final Draft Accountability Report_2021-22.pdf
- 2.1.0B Velindre University NHS Trust Final Accounts 2021-22
 - Led by Claire Bowden, Head of Financial Operations*
 - 2.1.0B Velindre UNHST 2021-22 v2 10062022 AC VERSION.pdf
- 2.1.0Bi Appendix 1 - Letter of Representation 2021-22
 - Led by Matthew Bunce, Executive Director of Finance*
 - 2.1.0BiMB review Letter of rep v2.docx
- 2.1.0Bii Appendix 2 - Trust Response to Audit Wales regarding Trust Governance and Management Arrangements
 - Led by Matthew Bunce, Executive Director of Finance*
 - 2.1.0Bii Velindre 2021-22 CJ - fraud enquiries letter Trust response final.docx
- 3.0.0 AUDIT WALES – AUDIT OF FINANCIAL STATEMENTS
 - Led by Steve Wyndham, Audit Wales*
- 3.1.0 AUDIT WALES ISA 260 REPORT
 - Led by Steve Wyndham, Audit Wales*
 - 3.1.0 Audit of Accounts ISA 260 2021-22 - Velindre UNHST.pdf
- 4.0.0 HEAD OF INTERNAL AUDIT OPINION & ANNUAL REPORT
 - Led by Simon Cookson, Director of Audit & Assurance. Supported by Emma Rees, Deputy Head of Internal Audit*
 - 4.0.0a VT 21-22 Final HIA Opinion - cover paper.pdf
 - 4.0.0b VT 21-22 HIA FINAL Annual Report and Opinion - Trust issue.pdf
- 5.0.0 ANY OTHER BUSINESS
 - Prior Approval by the Chair Required*
- 6.0.0 DATE AND TIME OF NEXT MEETING
 - The next meeting of the Audit Committee is the 19th July 2022*
- 7.0.0 CLOSE



AUDIT COMMITTEE

ACCOUNTABILITY REPORT & ANNUAL ACCOUNTS 2021-22

DATE OF MEETING	13 th June 2022
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PUBLIC OR PRIVATE REPORT	Public
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IF PRIVATE PLEASE INDICATE REASON	Not Applicable - Public Report
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PREPARED BY	<ul style="list-style-type: none">• Emma Stephens, Head of Corporate Governance• Claire Bowden, Head of Financial Operations• Sue Thomas, Deputy Director of OD & Workforce
PRESENTED BY	<ul style="list-style-type: none">• Emma Stephens, Head of Corporate Governance• Claire Bowden, Head of Financial Operations
EXECUTIVE SPONSOR APPROVED	<ul style="list-style-type: none">• Lauren Fear, Director of Corporate Governance & Chief of Staff• Matthew Bunce, Executive Director of Finance

REPORT PURPOSE	ENDORSE FOR BOARD APPROVAL
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COMMITTEE/GROUP WHO HAVE RECEIVED OR CONSIDERED THIS PAPER PRIOR TO THIS MEETING		
COMMITTEE OR GROUP	DATE	OUTCOME
~	~	~

ACRONYMS	
AW	Audit Wales
HM	Her Majesty
HSSG	Health and Social Services Group
WG	Welsh Government



1. SITUATION/BACKGROUND

- 1.1 In line with Welsh Government and HM Treasury Guidance, the Trust has produced an Accountability Report (**Appendix A**) and Audited Annual Accounts (**Appendix B**) for the financial reporting period 2021-22.
- 1.2 The Accountability Report and Audited Annual Accounts 2021-22 will be presented to the Trust Board for **BOARD APPROVAL** on the **14th June 2022**, together with the Annual Performance Report, which was received by the Quality, Safety & Performance Committee on the 12th May 2022.
- 1.3 The Accountability Report and Audited Annual Accounts 2021-22 is to be submitted by Audit Wales to the Finance Health and Social Service Group (HSSG), by Wednesday **15 June 2022**, as a single unified PDF document, together with the Annual Performance Report.
- 1.4 The Trust Annual Report 2021-22 will be presented at the Trust's Annual General Meeting on the **26th July 2022**.

2. ASSESSMENT / SUMMARY OF MATTERS FOR CONSIDERATION

- 2.1 The purpose of the **Accountability Report**, which sits within the suite of Annual Report documents, is to report to the National Assembly for Wales in respect of the key accountability requirements and captures the following key areas:

1. Corporate Governance Report

2. Financial Accountability Report

3. Remuneration and Staff Report

4. A Parliamentary Accountability and Audit Report

- 2.2 During the reporting period 2021-22 the Trust has worked in close collaboration with the Deputy Board Secretaries Group in partnership with Welsh Government to review the content, structure and reporting requirements of the Accountability Report. The purpose of which was to support a consistent approach across NHS Wales in regard of information and level of detail reported for assurance.

This has been reflected in the guidance on how to complete this report issued by Welsh Government in Chapter 3 of the Manual for Accounts, in accordance with HM Treasury reporting requirements as stipulated in the HM Treasury Financial Reporting Manual (FReM). Through this engagement process, where possible the length of the report has been streamlined, whilst still ensuring the necessary requirements of Welsh Government and HM Guidance continue to be met and provide the requisite assurance.

- 2.3 In developing the Accountability Report this has also been discussed at various stages with Trust Officers, and presented at the April 2022 Trust Board Development Session, colleagues from NHS Wales Shared Services Internal Audit were also in attendance. It has also been shared with Audit Wales and any feedback incorporated as appropriate.
- 2.4 The Trust Governance Statement, which is contained within the Accountability Report, is supported by a separate Governance Statement from the Director of NHS Wales Shared Services Partnership and a Governance Compliance Statement signed by the Director of Health Technology Wales. These are not contained within the Annual Report, however, are available from the Director of Corporate Governance & Chief of Staff. These were also shared with the Trust Board for assurance at the April 2022 Trust Board Development Session.
- 2.5 The Audited Annual Accounts outline the financial performance up to year end 31st March 2022. These have been reviewed in draft form at various stages by the Trust, Audit Wales and Welsh Government during April - June 2022. Any comments from these reviews have been incorporated as appropriate.

3. IMPACT ASSESSMENT

QUALITY AND SAFETY IMPLICATIONS/IMPACT	Yes (Please see detail below)
	The Accountability Report and Audited Annual Accounts provide information in an honest and transparent way about the key accountability requirements of the Trust and the Financial Position up to year end 31 st March 2022.
RELATED HEALTHCARE STANDARD	Governance, Leadership and Accountability
	If more than one Healthcare Standard applies please list below:
EQUALITY IMPACT ASSESSMENT COMPLETED	Not required
LEGAL IMPLICATIONS / IMPACT	There are no specific legal implications related to the activity outlined in this report.
FINANCIAL IMPLICATIONS / IMPACT	Yes (Include further detail below)
	The Accountability Report will be translated in Welsh which will have a cost implication for translation.

4. RECOMMENDATION

The Audit Committee is asked to:

- **NOTE** the contents of the Accountability Report (**Appendix A**) and Annual Accounts (**Appendix B**) for 2021-22, including the Letter of Representation (**Appendix Bi**) and Trust

Response to Audit Wales regarding Trust Governance and Management Arrangements
(*Appendix Bii*).

- **ENDORSE for BOARD APPROVAL** the Accountability Report and Annual Accounts for 2021-22.

Next Steps:

- The Accountability Report and Audited Annual Accounts for 2021-22 will be presented to the Trust Board for **BOARD APPROVAL** on the **14th June 2022**.

Velindre University NHS Trust

Accountability Report

2021-2022



GIG
CYMRU
NHS
WALES

Ymddiriedolaeth GIG
Prifysgol Felindre
Velindre University
NHS Trust



Canolfan Ganser Felindre
Velindre Cancer Centre



Gwasanaeth Gwaed Cymru
Welsh Blood Service

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VELINDRE UNIVERSITY NHS TRUST SCOPE OF RESPONSIBILITY

Velindre University NHS Trust provides specialist services to the people of Wales. The operational delivery of services is managed through the Velindre Cancer Service and the Welsh Blood Service.

The Velindre Cancer Service delivers specialist cancer services for South East Wales using a hub and spoke model and provides a specialist treatment, teaching, research and development centre for non-surgical oncology. We treat patients with chemotherapy, Systemic Anti-Cancer Treatments (SACTs), radiotherapy and related treatments, together with caring for patients with specialist palliative care needs.

The Welsh Blood Service plays a fundamental role in the delivery of healthcare and covers the whole of Wales. It works to ensure that the donor's gift of blood is transformed into safe and effective blood components, which allow NHS Wales to improve the quality of life and save the lives of many thousands of people in Wales every year. We provide an antenatal screening service to several hospitals and offer all customer hospitals specialist laboratory services to assist in the investigation of complex serological problems. The Welsh Transplantation and Immunogenetics Laboratory, within the Welsh Blood Service, provides direct support to local providers of Renal and Stem Cell Transplant Services. It also operates a national panel of unrelated potential blood and stem cell donors – the Welsh Bone Marrow Donor Registry.

Velindre University NHS Trust Board is accountable for Governance, Risk Management, and Internal Control for those services directly managed, and those managed via hosting arrangements. As Accountable Officer, the Chief Executive has 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 the Chief Executive is personally responsible. These are carried out in accordance with the responsibilities assigned by the Accounting Officer of NHS Wales.

Velindre University NHS Trust 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 against the backdrop of the ongoing pandemic. It explains arrangements for ensuring standards of governance are maintained, risks are identified and assurance has been sought and provided. Where necessary additional information is provided in the sections of the Governance Statement, however the intention has been to reduce duplication where possible. It is therefore necessary to review other sections in the Velindre University NHS Trust wider Annual Report alongside this Governance Statement.

Throughout 2021-2022, Velindre University NHS Trust and NHS Wales has continued to face unprecedented and increasing pressure in planning and providing services to meet the needs of those who are affected by COVID-19, details of the impact on delivery of services is provided in the Velindre University NHS Trust Annual Performance Report for the reporting period.

The required response has meant the whole organisation has had to work very differently both internally and with our staff, partners and stakeholders and it has been necessary to revise the way the governance and operational framework is discharged. In recognition of this, at the outset of the pandemic, Dr. Andrew Goodall, the then Director General Health and Social Services/NHS Wales Chief Executive, wrote to all NHS Chief Executives in Wales, with regard to “COVID-19 Decision Making and Financial Guidance”. The letter recognised that organisations would be likely to make potentially difficult decisions at pace and without a firm evidence base or the support of key individuals, which under normal operating circumstances would be available. Nevertheless, it set out a clear expectation of how the organisation is still required to demonstrate that decision-making has been efficient and will stand the test of scrutiny with respect to compliance with Managing Welsh Public Money, demonstrating Value for Money after the COVID-19 crisis has abated, and the organisation returns to more normal operating conditions.

To demonstrate this, Velindre University NHS Trust is recording how the effects of COVID-19 have impacted on any changes to normal decision making processes. Where relevant these, and other actions taken have been explained within this Governance Statement.

During the reporting period 2021-2022, Velindre University NHS Trust also hosted two organisations, which are explained in more detail below. Directors of the Hosted Organisations are bound by a Governance Compliance Statement (or their own Governance Statement in the case of NHS Wales Shared Services Partnership) with the Velindre University NHS Trust Chief Executive and in accordance with the individual hosting agreements with Velindre University NHS Trust. Organisations hosted by Velindre University NHS Trust are:

NHS WALES SHARED SERVICES PARTNERSHIP (NWSSP)

On 11 May 2012, the Velindre National Health Service Trust Shared Services Committee (Wales) Regulations 2012 No.1261 (W.156) was laid before the National Assembly for Wales and came into force on 1 June 2012. The NWSSP is a dedicated organisation that supports the statutory bodies of NHS Wales through the provision of a comprehensive range of high quality, customer focused support functions and services.

NWSSP is hosted by Velindre University NHS Trust via a formal Hosting Agreement, signed by each statutory organisation in NHS Wales. The Director of NWSSP holds

Accountable Officer status and holds a separate Accountability Statement with the Director General for Health in the Welsh Government. The Director of NWSSP produces and signs his own Governance Statement to support the Trust Chief Executive in signing the Velindre University NHS Trust Governance Statement.

HEALTH TECHNOLOGY WALES (HTW)

Velindre University NHS Trust received grant funding to continue the operation of Health Technology Wales. HTW is funded by Welsh Government under the Efficiency through Technology Programme. HTW was established to facilitate the timely adoption of clinically and cost effective health technologies in Wales, working with, but independently of, NHS Wales. Its remit covers all health technologies that are not medicines. This could be medical devices, surgical procedures, telemonitoring, psychological therapies, rehabilitation or any health intervention that is not a medicine.

HTW independently critically assesses the best available international evidence about the clinical and cost effectiveness of a health technology. This evidence is reviewed by experts and the HTW Appraisal Panel to put the evidence into the Welsh context. HTW also coordinates a Front Door process to support health technology developers to navigate NHS Wales. As well as its Front Door and appraisal functions, HTW also has roles in horizon scanning, evaluating uptake and disinvestment of technologies and providing advice to health technology developers. It does this in partnership with other organisations in NHS Wales to ensure there is no duplication of work and sharing of limited skilled assessment resources. The Director signs a Governance Compliance Statement to support the Trust Chief Executive in signing the Velindre University NHS Trust Governance Statement.

SCOPE OF THE ACCOUNTABILITY REPORT

In line with Welsh Government and HM Treasury Guidance, Velindre University NHS Trust has produced an Accountability Report for the financial reporting period 2021 - 2022.

The purpose of the Accountability Report, which sits within the suite of Velindre University NHS Trust Annual Report documents, is to report to the Welsh Government in respect of the key accountability requirements.

The Accountability Report will be signed and dated by the Velindre University NHS Trust's Accountable Officer - Chief Executive, and is made up of the following four sections:

- I. Corporate Governance Report
- II. Financial Accountability Report
- III. Remuneration and Staff Report
- IV. Parliamentary Accountability and Audit Report

CORPORATE GOVERNANCE REPORT

The purpose of the Corporate Governance Report is to explain the composition of Velindre University NHS Trust and its governance structures and how these support the achievement of the Trust's objectives.

The Corporate Governance Report includes the following sub sections:

- Director's Report
- The Statement of Accountable Officers' Responsibilities
- The Statement of Directors' Responsibilities in Respect of the Accounts
- The Governance Statement

DIRECTORS' REPORT

This Directors' report brings together information about the Velindre University NHS Trust Board including the Independent Members and Executive Directors, the composition of the Trust Board and other elements of its governance and risk management structure. It also includes the disclosures and reporting required by Velindre University NHS Trust relating to the day-to-day execution of the Trust's business.

Velindre University NHS Trust Board is made up of Executive Directors, who are employees of the Trust, and Independent Trust Board Members (IMs), who were appointed to the Trust Board by the Minister via an open and competitive public appointment process. The Board's main role is to add value to the organisation through the exercise of strong leadership and control, including: setting the organisation's strategic direction; establishing and upholding the organisation's governance and accountability framework, including its values and standards of behaviour, and ensuring delivery of the organisation's aims and objectives through effective challenge and scrutiny of the Trust's performance across all areas of activity.

CHAIR & INDEPENDENT MEMBERS OF THE TRUST 2021-2022



Professor Donna Mead, OBE, Chair

Appointment:

Professor Mead was appointed Chair of Velindre University NHS Trust in May 2018.

Areas of Expertise:

Higher Education, Research, the NHS and Education, Partnerships and Collaboration.

Trust Board Committee Membership

Professor Mead Chairs the Trust Board, Remuneration Committee, Advisory Consultant Appointment Committee, Charitable Funds Committee, Academic Partnership Board and the Advancing Radiotherapy Committee. Professor Mead is also a member of the Quality, Safety & Performance Committee, Strategic Development Committee and Research, Development & Innovation Sub-Committee

Champion Role:

Trust Champion for Armed Forces and Veterans, University Trust.

Professor Mead is supported by six other Independent Members.



Mr. Stephen Harries, Interim vice Chair and Independent Member

Appointment:

Mr. Harries was appointed as an Independent Member of Velindre University NHS Trust in April 2017. In November 2018, Mr. Harries was appointed as Interim vice Chair of the Trust.

Areas of Expertise:

Information Governance, Information Management and Technology.

Trust Board Committee Membership

Mr. Harries is Chair of the Strategic Development Committee and Transforming Cancer Services Programme Scrutiny Sub-Committee. He is also a member of the Remuneration Committee and the Quality, Safety & Performance Committee.

Champion Role:

Trust Champion for Digital, Mental Health and Equality.



Professor Donald Fraser, Independent Member

Appointment:

Professor Fraser was appointed as an Independent Member of Velindre University NHS Trust in December 2019. Professor Fraser's appointment with the Trust ended on the 3rd September 2021.

Area of Expertise:

University Representative.

Trust Board Committee Membership

During his tenure Professor Fraser was a member of the Research, Development & Innovation Sub-Committee, Strategic Development Committee, and the Academic Partnership Board.

Champion Role:

Professor Fraser was the Trust Champion for Research, Development & Innovation.



**Professor Andrew Westwell,
Independent Member**

Appointment:

Professor Westwell was appointed as an Independent Member of Velindre University NHS Trust in August 2021.

Area of Expertise:

University Representative.

Trust Board Committee Membership

Professor Westwell is Chair of the Research, Development & Innovation Sub-Committee, and is also a member of the Strategic Development Committee, the Advancing Radiotherapy Fund Programme Board and the Academic Partnership Board.

Champion Role:

Trust Champion for Research, Development & Innovation.



Mrs. Janet Pickles, Independent Member

Appointment:

Mrs. Pickles was appointed as an Independent Member of Velindre University NHS Trust in October 2012. Mrs. Pickle's term came to an end with the Trust on the 30th September 2021.

Area of Expertise:

Quality & Safety.

Trust Board Committee Membership

Mrs. Pickles Chaired the Quality, Safety & Performance Committee and was a member of the Audit Committee, Charitable Funds Committee and the Advancing Radiotherapy Board.

Champion Role:

Mrs. Pickles was the Trust Champion for Infection, Prevention & Control, and Vulnerabilities: Older People, Children & Young People and Violence & Aggression.



Mrs. Vicky Morris, Independent Member

Appointment:

Mrs. Morris was appointed as an Independent Member of Velindre University NHS Trust in November 2021.

Area of Expertise:

Quality & Safety.

Trust Board Committee Membership

Mrs. Morris Chairs the Quality, Safety & Performance Committee and is a member of the Trust Audit Committee, NWSSP Audit Committee and the Trust Research, Development & Innovation Sub-Committee.

Champion Role:

Trust Champion for Infection Prevention, Vulnerability and Violence & Aggression.



Mrs. Hilary Jones, Independent Member

Appointment:

Mrs. Hilary Jones was appointed as an Independent Member of Velindre University NHS Trust in March 2020.

Area of Expertise:

Estates & Planning.

Trust Board Committee Membership

Mrs. Jones is a member of the Quality, Safety & Performance Committee, Charitable Funds Committee, Investment Performance Review Sub-Committee, Advancing Radiotherapy Fund Programme Board and Transforming Cancer Services Programme Scrutiny Sub-Committee.

Champion Role:

Trust Champion for Patient Engagement & Experience, Sustainable Development and Design.



Mr. Gareth Jones, Independent Member

Appointment:

Mr. Jones was appointed as an Independent Member of the Velindre University NHS Trust in December 2019.

Area of Expertise:

Legal.

Trust Board Committee Membership

Mr. Jones is a member of the Strategic Development Committee, Trust Audit Committee, Transforming Cancer Services Programme Scrutiny Sub-Committee and the NWSSP Audit Committee.

Champion Role:

Trust Champion for Patient Information and Welsh Language.



Mr. Martin Veale, JP, Independent Member

Appointment:

Mr. Veale was appointed as an Independent Member of the Velindre University NHS Trust in April 2017.

Area of Expertise:

Finance, Audit & Governance.

Trust Board Committee Membership

Mr. Veale is Chair of the Trust Audit Committee, NWSSP Audit Committee and the Investment Performance Review Sub-Committee.

Mr. Veale is also a member of the Remuneration Committee and the Charitable Funds Committee.

Champion Role:

Trust Champion for Hosted Organisations and Performance Framework.

EXECUTIVE DIRECTORS (BOARD MEMBERS)



**Mr. Steve Ham, Chief Executive
Accountable Officer**

Trust Board Committee Membership

Mr. Ham is a member of the Charitable Funds Committee and attends the Quality, Safety and Performance Committee, Strategic Development Committee, Local Partnership Forum, Remuneration Committee and Advisory Consultant Appointments Committee.



Dr. Jacinta Abraham, Executive Medical Director

Trust Board Committee Membership

Dr. Abraham attends the Quality, Safety and Performance Committee, Strategic Development Committee, Research, Development & Innovation Sub-Committee and Advisory Consultant Appointments Committee.

Lead Function: Medical Director and Research



**Mrs. Nicola Williams, Executive Director of
Nursing, Allied Health Professionals and
Health Science**

Trust Board Committee Membership

Mrs. Williams attends the Quality, Safety and Performance Committee, Strategic Development Committee and Research, Development & Innovation Sub-Committee.

Lead Function: Quality, Safety and Nursing.



Ms. Sarah Morley, Executive Director of Organisational Development & Workforce

Trust Board Committee Membership

Ms. Morley is Joint Chair of the Local Partnership Forum and attends the Strategic Development Committee and the Quality, Safety & Performance Committee.

Lead Function: Organisational Development & Workforce



Mr. Mark Osland, Executive Director of Finance

Mr. Osland was appointed as Executive Director of Finance for Velindre University NHS Trust on the 5th January 2015 to the 30th September 2021.

Trust Board Committee Membership

Mr. Osland was a member of the Charitable Funds Committee and attended the Investment Performance Review Sub-Committee, Strategic Development Committee, Quality, Safety & Performance Committee, Audit Committee (Trust), Audit Committee (NWSSP) and the Local Partnership Forum.



Mr. Matthew Bunce, Executive Director of Finance

Mr. Matthew Bunce was appointed as Executive Director of Finance for Velindre University NHS Trust on the 27th September 2021.

Trust Board Committee Membership

Mr. Bunce is a member of the Charitable Funds Committee and attends the Investment Performance Review Sub-Committee, Strategic Development Committee, Quality, Safety & Performance Committee, Audit Committee (Trust), Audit Committee (NWSSP) and the Local Partnership Forum.

Lead Function: Finance and Charitable Funds.

EXECUTIVE TEAM MEMBERS (NON-BOARD MEMBERS)



**Mr. Carl James,
Director of Strategic Transformation, Planning,
& Digital**

Responsible for strategic developments and planning and the continuous improvement of performance on behalf of the Trust.

Lead Function: Strategic Transformation, Planning, Digital & Estates.



**Mrs. Lauren Fear,
Director of Corporate Governance & Chief of
Staff**

Principal advisor to the Trust Board and the organisation as a whole on all aspects of governance and ensuring that the Trust meets the standards of good governance set for the NHS in Wales.

Mrs. Fear commenced a fixed term position with the Trust in December 2019 and was appointed on a permanent basis in September 2020.

Lead Function: Governance.



Mrs. Cath O'Brien, Chief Operating Officer

Mrs. O'Brien was appointed as Interim Chief Operating Officer for the Trust in March 2019 and was appointed on a permanent basis in November 2021. Prior to that, Mrs. O'Brien was the Director of the Welsh Blood Service.



Mr. Alan Prosser, Director – Welsh Blood Service

Mr. Prosser was appointed as Interim Director for the Welsh Blood Service in March 2019 and was appointed on a permanent basis in April 2022. Prior to that, Mr. Prosser was the Deputy Director of the Welsh Blood Service. Mr. Prosser is responsible for the operational management of the Service Division.



Mr. Paul Wilkins, Interim Director – Velindre Cancer Service

Mr. Paul Wilkins was appointed as Interim Director of the Velindre Cancer Service in November 2019. As Interim Director of Velindre Cancer Service, Mr. Wilkins is responsible for the operational management of the Service Division.

Further information in respect of the Trust Board, a Review of its Effectiveness, Committee Activity, the System of Internal Control and the Trust Assurance Framework are captured in the Governance Statement section of this report, which starts on page 24 and **Appendix 1** on page 60.

PUBLIC INTEREST DECLARATION

Each Velindre University NHS Trust Board Member has stated in writing that they have taken all the steps that they ought to have taken as a Director in order to make the Trust's auditors aware of any relevant audit information.

All Trust Board Members and Senior Managers within the Trust (including Directors of all Hosted Organisations) have declared any interests in companies, which may result in a conflict with their managerial responsibilities. No material interests have been declared during 2021-2022: a full register of interests for 2021-2022 is available upon request from the Director of Corporate Governance & Chief of Staff.

DISCLOSURE STATEMENTS

Information Governance:

The Trust operates an Information Governance (IG) Framework that ensures the Trust meets its Mandatory and Statutory obligations and other standards in relation to applicable legislation. Applicable legislation includes but is not exclusive to legislation which supports the principles of the Human Rights Act 1998, the Data Protection Act 2018 (includes the retained EU General Data Protection Regulations 679/2016 (UK GDPR)), Freedom of information Act 2000, Environmental Information Regulations 2004, Common Law Duty of Confidence and the Access to Medical Records Act 1990. This legislation is supported by non-legislative guidance such as; Caldicott Principles and the Records Management Code of Practice for Health and Social Care 2022 which is in itself based on the Freedom of Information Act's Section 46 Information Management Code of Practice.

The Trust's Executive Director of Finance is the designated Senior Information Risk Owner (SIRO) who holds responsibility for information risk to the Trust Board. As an NHS Body, the Trust has in place a Caldicott Guardian, which is the Trust Executive Medical Director. The two main divisions of the Trust also have a Caldicott Guardian in place. The lead for Information Governance for the Trust is the Head of Information Governance (HoIG), the post of Head of Information Governance was vacant between June 2021 and December 2021 which has increased the risk to the Trust overall within the reporting period, it is assessed that this risk will reduce for Financial Year 2022/23 with the new incumbent in post.

The role of the Head of Information Governance is to ensure that there are effective controls and mechanisms in place to ensure that the Trust complies with its Mandatory and Statutory obligations as well as supporting staff ability via the delivery of Training and Awareness to comply with Information Governance fundamental principles and procedures.

The Trust utilises the Welsh Information Governance Toolkit (IG Toolkit) to measure its level of

compliance against national IG standards and legislation. The toolkit is completed annually and provides evidence of areas of improvement achieved and identifies actions for the following year. Due to the departure of the previous HoIG in June 2021, the action plan for 2021/22 was not realised. The HoIG is undertaking the annual completion of this to identify previous areas for improvement and provide background information. The priority areas for improvement will form the basis of the IG work plan for 2022/23.

The Trust processes personal data using the “Privacy by Design” approach when procuring new systems and maintaining existing ones where personal data is processed. “Privacy by Design” enables the Trust to consider risk by using the Information Commissioner mandated Data Protection Impact Assessment process. The process helps analyse, identify and minimise the data protection risks of a system (both electronic and manual records). Article 35 of the UK GDPR states that Data Protection Impact Assessments (DPIA) are a legal requirement for processing data that is likely to result in high risk to the rights and freedoms of individuals. The ICO advises that the completion of a Data protection Impact Assessment is good practice when processing personal data. A Data Protection Impact Assessment does not have to eradicate all risk but should help to minimise and determine whether the level of risk is acceptable in the circumstances. Under UK GDPR, failure to carry out a Data Protection Impact Assessment when required may leave the Trust open to enforcement notice where the Information Commissioners Office will tell the Trust that it MUST carry out an action and if it does not, the Information Commissioners Office may impose a financial penalty at the higher rate of up to 20 million Euros (£16.52m) or 4% of annual turnover, whichever is the highest. In the period 1 April 2021 – 31 March 2022, 5 Data Protection Impact Assessments were approved with another 14 in progress.

The public have the right to request information held by the trust under the Subject Access Process in relation to the Freedom of Information Act 2000 (FOIA) and Environmental Information Regulations 2004 (EIR). In the period 1 April 2021 – 31 March 2022, the Trust received 141 requests for information under the Freedom of Information Act/Environmental Information Regulations. 140 were processed under FOIA, 1 request was processed under EIR, 56 requests breached the 20-working day mandatory response timeframe. The Trust undertook 3 reviews requested by members of the public, 1 of which overturned the original decision to withhold information, the other 2 were acknowledged and apologised for a time limit breach.

The Trust received 3 notices from the Information Commissioner’s Office to produce information under FOIA as requested by members of the public, all notices were enacted within the mandatory response timeframe. In relation to Subject Access Requests made under the Data Protection Act 2018, the Trust received 223 requests of which there are no recorded breaches of the one month statutory deadline.

During 2021/22 the Trust reported 4 personal data breach incidents to the Information Commissioners Office. All notifications were submitted within the 72 hour breach reporting timeframe.

Reported May 2021 – An individual received clinical correspondence which was not authorized to be sent to the private address of an Occupational Health Advisor. The correspondence included the patient's demographic data, NHS Number, diagnosis, CT scans and pathology reports and employment status. The Information Commissioners Office was contacted on 11 May 2021 via a formal breach report. A Root Cause Analysis investigation was undertaken within the Trust. The result of the investigation was that medical secretarial teams were reminded that they were not to use private residential address details for Occupational Health Advisors when transmitting patient information as part of the service. The information was returned safely to the Velindre Cancer Service. Welsh Government were notified via the “early warning” process. The patient was informed via a telephone call on 18th May 2021 with written notification sent on 24th May 2021.

Reported December 2021 – Complaint by protestors against the build for the new Velindre Cancer Hospital that the Trust breached Data Protection legislation by sharing video of individuals (including one individual reported to be under the age of 18) by Trust officers on social media. In addition, a complaint was made that a legal document was shared inappropriately by Trust Officers. Immediate investigation found that the Trust had not shared any data externally on social media, that the data was taken and shared by a member of the public. In relation to the sharing of the legal document, it related to a legal document served on a protestor which was abandoned by the protestor. The investigation found that all data in relation to the complaint was processed and shared lawfully internally in relation to ongoing legal activity in relation to the protests. Reported to the ICO as a precaution on 16 December 2021. The ICO found that the Trust had not breached Data Protection legislation and processed data lawfully with no further action required.

Reported December 2021 - Complaint by protestors against the build of the new Velindre Cancer Hospital that the Trust breached Data Protection legislation by sharing video of individuals recorded by Trust officers on social media. Immediate investigation found that the Trust had not shared any data externally on social media, that the data was taken and shared by a member of the public. It found that all data recorded was processed and shared lawfully internally in relation to ongoing legal activity in relation to the protests. Reported to the Information Commission Officer as a precaution on 16 December 2021. The Information Commission Officer found that the Trust had not breached Data Protection legislation and processed data lawfully with no further action required.

Reported February 2022 – A Data Processor under contract to the Trust reported severe damage to a document storage site in which documentation was assessed by the Processor as completely destroyed. Reported to the Information Commission Officer on 24th February 2022. The incident remains ongoing and is subject to review by the Trust Board, Quality, Safety and Performance Committee and Executive Management Board. The Information Commission Officer is being kept informed as to the progress of the investigation at the time of writing.

In addition to quarterly reporting to the Executive Management Board and Quality, Safety and Performance Committee, an Annual Information Governance Report is produced which

provides an overview of the previous year's activity to the Board thereby providing assurance that the Trust is meeting its Mandatory and Statutory responsibilities in relation to Information Governance.

Corporate Governance Code for Central Government Departments:

Whilst there is no requirement to comply with all elements of the Corporate Governance Code for Central Government Departments, Velindre University NHS Trust has undertaken an assessment against the main principles as they relate to an NHS public sector organisation in Wales. This assessment has been informed by the Trust's assessment of governance undertaken by the Trust Board in April 2022 (outlined on Page 49 of this report) and also evidenced by internal and external audits. The Trust Board is committed to the continuous review and pursuit of excellence in ensuring good governance. This includes the programme of work underway to review and strengthen the quality/detail of information provided to the Board for assurance.

The Trust is complying with the main principles of the Code where applicable, and follows the spirit of the Code to good effect and is conducting its business openly and in a transparent manner in line with the Code. The Trust Board recognises that not all reporting elements of the Code are outlined in this Governance Statement but are reported more fully in the Trust wider Annual Report. There have been no reported/identified departures from the Corporate Governance Code during the year.

Sustainability:

Our Trust Strategy 'Destination 2032' outlines a clear ambition for the organisation over the coming years; the delivery of high quality, sustainable health care services which reduce our impact on the environment and provides wider value to our communities. This is an exciting challenge for us which will require us to continue to pursue excellence in our clinical services whilst also making a contribution to the wealth, health and prosperity across the country. Our Sustainability Strategy has created a roadmap for us to contribute to our communities and mitigate our impact on the planet whilst continuing to deliver world class services for our donors, patients and carers. These are driven by the United Nations Sustainable Development Goals and the Well-Being of Future Generations Act and are designed to achieve our Trust Well-being Objectives.

The Trust recognises that its day to day operational activities have a direct impact upon the environment and is committed to meeting the legislative drivers set out by Welsh Government. Welsh Government have 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. Aligned with the NHS Wales Decarbonisation Strategy, the Trust has created tangible actions to achieve carbon neutrality. Alongside our major capital infrastructure schemes: new Velindre Cancer Hospital, Radiotherapy Satellite Centre and Talbot Green Infrastructure upgrade, we are actively educating our staff to instigate meaningful behavioural change. The Trust will continue its work on carbon footprint monitoring in line with the recommendations of the NHS Wales Carbon Footprint document. In particular, it will review CO2 emissions arising

from the use of electricity consumption (Scope 2), and those emissions associated with the use of Fleet vehicles (Scope 3).

NHS Pension Scheme:

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

MINISTERIAL DIRECTIONS

A list of Ministerial Directions issued by the Welsh Government during 2021-2022 is available at: <https://gov.wales/publications>. Whilst Ministerial Directions are received by Local Health Boards, these are not always applicable to Velindre University NHS Trust. Those considered of relevance to the Trust are listed below:

- **Ministerial Direction regarding the NHS Pension Tax Proposal 2019-2020**

The Trust has disseminated this direction as appropriate and reported it to the Trust Remuneration Committee.

All Ministerial Directions issued throughout the year are listed on the Welsh Government website above.

Welsh Health Circulars issued by Welsh Government are logged by the Corporate Governance Function and assigned an Executive Lead(s) to assess the impact to the Trust and take forward any necessary actions as appropriate. A register and action log is maintained by the Corporate Governance Function. A list of Welsh Health Circulars issued by the Welsh Government during 2021-2022 considered of relevance to the Trust are listed in **Appendix 3**.

**STATEMENT OF THE CHIEF EXECUTIVE'S
RESPONSIBILITIES AS ACCOUNTABLE OFFICER
OF
VELINDRE UNIVERSITY NHS TRUST**

The Welsh Ministers have directed that the Chief Executive should be the Accountable Officer to the Velindre University NHS Trust.

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

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

The Accountable Officer is required to confirm that the Annual Report and Accounts as a whole is fair, balanced and understandable and that they take personal responsibility for the Annual Report and Accounts and the judgments required for determining that it is fair, balanced and understandable.

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

Signed by:

Mr. Steve Ham
Chief Executive

Dated: 14/06/2022

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 NHS Trust and of the income and expenditure of the NHS Trust 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 judgments and estimates which are responsible and prudent.
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the account.

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

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

By Order of the Board

Signed:

Professor Donna Mead OBE
Chair

Dated: 14/06/2022

Mr. Steve Ham,
Chief Executive

Dated: 14/06/2022

Mr. Matthew Bunce,
Executive Director of Finance

Dated: 14/06/2022

GOVERNANCE STATEMENT

GOVERNANCE AND ACCOUNTABILITY FRAMEWORK

This Governance Statement details the arrangements in place for discharging the Chief Executive's responsibility to manage and control Velindre University NHS Trust's resources, and the organisations, which it hosts, during the financial year 2021-2022.

Due to the unique Accountable Officer status of the Managing Director of Shared Services Partnership (NWSSP), a Governance Statement for NWSSP has been requested and submitted by the Director of NWSSP to the Trust Chief Executive. This is available from the Director of Corporate Governance & Chief of Staff upon request and helps to inform this report.

The Director of Health Technology Wales (the Trust second hosted body), has also signed and submitted a '*Governance Compliance Statement*', detailing and declaring compliance with Velindre University NHS Trust governance arrangements. This has been submitted to the Velindre University NHS Trust's Chief Executive to provide assurance that Trust policy, systems and processes are being complied with to support good governance.

DISCHARGING RESPONSIBILITIES

The Trust Board has been constituted to comply with the National Health Service Wales, Velindre University NHS Trust (Establishment) Order 1993 No.2838 and subsequent Amendment Orders (1995 No. 2492, 1999 No.808, 1999 No 826, 2002 No.442 (W.57) and 2002 No.2199 (W.219 2009 No.2059, 2012 No.1261, 2012 No.1262, 2015 No.22, 2017 No.912, 2018 No.887). In addition to responsibilities and accountabilities set out in terms and conditions of appointment, Trust Board members also fulfil a number of "champion" roles where they act as ambassadors for these matters (detailed on pages 8-12).

The Trust Board discharges its responsibilities through its Committees (listed in the table below) and scheme of delegation, which is set out in its Standing Orders.

There are nine Committees/Partnership Forums reporting directly to the Trust Board, which is supported by sub-Committees/groups in the discharge of functions outlined below:

Committee	Sub Committee
Academic Partnership Board	N/A
Advisory Consultant Appointments Committee	N/A
Audit Committee (Trust)	N/A
Audit Committee (For Shared Services to consider NHS Wales Shared Services Partnership) [NWSSP] Matters)	N/A
Charitable Funds Committee	Investment Performance Review Sub-Committee
Quality, Safety & Performance Committee	<ul style="list-style-type: none"> • Research, Development and Innovation Sub-Committee (for Research & Development activity) • Transforming Cancer Services Programme Scrutiny Sub-Committee (for programme delivery)
Local Partnership Forum	N/A
Remuneration Committee	N/A
Strategic Development Committee	<ul style="list-style-type: none"> • Research, Development and Innovation Sub-Committee (for Strategic / Innovation activity) • Transforming Cancer Services Programme Scrutiny Sub-Committee (for future direction setting)

At a local level, the Trust Board has agreed Standing Orders (SOs) for the regulation of proceedings and business.

The *Trust Standing Orders and Standing Financial Instructions* have been adopted from the Welsh Government's Model Standing Orders for NHS Trusts in Wales and are designed to translate the statutory requirements set out in the *National Health Service Trusts (Membership and Procedures) Regulations 1990 (1990/2024)* into day to day operating practice. Together with the adoption of a scheme of matters reserved to the Trust Board; a scheme of delegations to officers and others; and Standing Financial Instructions, the SOs provide the regulatory framework for the business conduct of the Trust and define its 'ways of working'.

These documents, together with the range of policies set by the Trust Board make up the Governance and Accountability Framework. The Standing Orders have been periodically updated to account for alterations in year; details in respect of the reviews are outlined on page 32.

The dates the Trust Board and Committees met during the period 2021-2022 are captured in **Appendix 1** on page 60.

Since the onset of the pandemic, the Trust has continually adapted and made changes to its governance arrangements to meet the challenges faced by COVID 19. The required response has meant that the whole organisation has had to work very differently both internally and with our staff, partners and stakeholders and it has been necessary to revise the way the Board governance and operational framework is discharged.

It is acknowledged that in these unprecedented times, there are limitations on Boards and Committees being able to physically meet where this is not necessary and can be achieved by other means. In accordance with the Public Bodies (Admission to Meetings) Act 1960, the organisation is required to meet in public. As a result of the public health risk linked to the pandemic there have been limitations on public gatherings and has not therefore been possible to allow the public to attend meetings of our Board and Committees since the 24 March 2020. Whilst this is not strictly in compliance with our Standing Orders with regards to allowing the public to attend meetings of our Board and Committees meetings, since that time, to ensure that the Trust's business has continued to be conducted in as open and transparent a manner as possible, the following actions have been taken and remain in place:

- The Trust is inviting all regular attendees to its Public Board and Committees via technological solutions.
- The meetings are closed session i.e. public are not invited to join the meetings in person. This has allowed the Trust to act in accordance with the social distancing guidelines. From July 2020, the Trust has held its virtual Trust Board meeting in public. The public are able to observe the meeting from the widely available video conferencing platform Zoom. A video recording of the meetings is also made available on the Trust website. From March 2021, our Trust Board meetings are

being held in person for Board members and members of the public continue to be able to observe the meeting via the video conferencing platform Zoom. Our Committee meetings will continue to be held virtually for the time being.

- Papers are published in advance of the Trust Board and Committee meetings and the minutes following their formal approval to be an accurate and true record at the subsequent meeting.

At the beginning of Wave #4 of the pandemic, to ensure a combined and coordinated response to the emergence and prevalence of the Omicron variant the Velindre University NHS Trust re-activated its agreed dedicated incident Command and Control structure on the 15/12/2021. The structure provides a formal escalation and de-escalation path and is consistent with the nationally recognised three tiered Command and Control structure. This has included a strengthened clinical support infrastructure, ensuring effective agile decision making with robust clinical oversight, placing clinicians (Medical, Nursing, AHP's, & Health / Clinical Scientists) firmly at the centre of risk based decision making. All decisions have been formally recorded via decision logs in line with the agreed principles for the operation of the Command and Control structure.

The frequency of GOLD COMMAND meetings has been continually assessed and flexed in line with the needs of the incident and its interface with the Welsh Blood Service and Velindre Cancer Service SILVER COMMANDs.

In parallel, the Board agreed revised temporary arrangements which included, streamlining Board Committee agendas utilising a risk based approach to focus key reporting activity and enable all Board Committees to remain operational. As in previous waves, a recovery plan was developed alongside this with two principal aims, namely:

- I. To ensure we continue to manage and oversee those areas and actions that we needed to.
- II. Structured way of cataloguing everything else that was placed in the "Recovery Log," so that this could all be tracked and then re-started in a planned and controlled way.

The Trust Board were sent an email on the 20/12/2021 via Chairs Urgent Action (the route provided for within the Trust Standing Orders), inviting the Board to **APPROVE**:

- I. Re-instatement of the £5m temporary delegated authority limit for COVID-related expenditure for the Chair and Managing Director of NWSSP to the end of June 2022.
- II. Re-establishment of the NWSSP Finance Governance Group noting that the associated Terms of Reference be updated to reflect the recent appointment of Matthew Bunce as the new Executive Director of Finance, replacing Mark Osland following his retirement.
- III. The Trust Interim Vice-Chair, Stephen Harries reassume his role on the NWSSP Financial Governance Group to support Trust oversight and scrutiny of NWSSP procurement requests in response to COVID 19 Personal Protective Equipment

requirements. Due to the role proposed to be reassumed by the Interim Vice-Chair on this group, it should be noted that the Interim Vice-Chair abstained from this approval request.

Due to the urgency of this matter, it could not wait until the January 2022 Trust Board meeting. This was subsequently **APPROVED** with no objections to approval received and formally **RATIFIED** at the January 2022 Trust Board meeting.

An Extra-ordinary Private meeting of the Trust Board was held on the 07/01/2022 for the Trust Board to **APPROVE** an updated 'Velindre Cancer Service Clinical Framework for Defining the Clinical Model and Treatment Decision Making' to respond to the Wave #4 of the pandemic, with the core principles remaining unchanged from the previous three iterations, and optimising the learning and development that has been applied over the past two year period. This was formally **NOTED** and received at the Public January 2022 Trust Board meeting.

In January 2022, fortnightly Trust Board briefings on COVID-19 were also re-instigated and due to the critical role of the Quality, Safety & Performance Committee during the public health emergency, the meeting frequency was increased from bi-monthly to monthly until March 2022, when the incidence and prevalence of the Omicron variant in the community had reduced.

COMMITTEE ACTIVITY

In line with the Trust's Standing Orders, each Committee formally reports annually to the Trust Board on its work during the year detailing the business, activities, attendance and main issues dealt with by the Committee in the reporting year. Copies of the Committee Annual Reports for 2021-2022, which outline the activity of each of the Committees for the year ending 31 March 2022, are available on the Trust Internet site [here](#). In addition, each Trust Board meeting receives a highlight report outlining the issues and activity considered and addressed by each Committee at its last meeting. The Trust has a process where Committees schedule a pause at the end of each meeting to discuss the key issues they want to raise with the Trust Board through the highlight report process under the following headings:

ALERT / ESCALATE
ADVISE
ASSURE
INFORM
APPENDICES (<i>as required</i>)

Each Committee Highlight Report is presented to the Trust Board by the Committee Chair. Similarly, each Committee Annual Report is available within the Trust Board papers on the Trust's Internet site [here](#).

The Terms of Reference for each Committee are reviewed annually in line with the Trust's Standing Orders, or more frequently if deemed necessary by the Committee or Trust Board. The Terms of Reference for all Committees are available on the Trust's Internet site [here](#).

Key highlights and issues considered by the Trust Board and its Committees during 2021-2022 are included in **Appendix 1** of the Governance Statement on page 60.

Minutes and papers of all Public Trust Board and Committee meetings are also published on the Trust Internet site [here](#).

During 2021-2022, key aspects of Trust Board business and issues delegated to the Audit Committee for consideration and advice, including action taken, included but were not limited to the following:

- Agreement of the Internal and External Audit Plans for the year.
- Receiving Internal and External Audit Reports and subsequently monitoring progress against Audit Action Plans. The Audit Action Plan, which tracks the implementation of the recommendations of Audits is regularly reviewed by the Audit Committee. A review of the existing monitoring and tracking arrangements has been undertaken at the beginning of 2022-2023 to strengthen this process in partnership with Internal Audit.
- Agreeing the Annual Counter Fraud Plan and monitoring counter fraud activities.
- Regular review of the Declaration of Interests and Gifts, Hospitality, Sponsorship and Honoraria Register.
- Monitoring the development of the Trust's Accountability Report.
- Monitoring of Governance Arrangements across the organisation, including hosted bodies.
- Monitoring overall risk management process by reviewing the Trust Risk Register at each meeting.

Further detail in respect of the activity of the Audit Committee during 2021- 2022 is captured in **Appendix 1** on page 60.

BOARD ASSURANCE FRAMEWORK

To provide a holistic overview and avoid duplication, please refer to the **Risk Section** on Page 38 of this **Governance Statement** where the **Board Assurance Framework** is fully detailed in the context of the wider Trust Risk Management Framework.

ENGAGEMENT WITH THE LOCAL PARTNERSHIP FORUM

In support of the Trust Board, the Trust also has a Local Partnership Forum that met four times during 2021-2022, with Joint Chairs who are each nominated from the Trade Union Representatives and Executive Directors. The role of the Local Partnership Forum is to supply the main (but not only) forum within the Trust where the Directors of the Trust and Trade Union Representatives can discuss together and develop appropriate directions and responses to all major service development and change management issues.

Examples of engagement with the Local Partnership Forum during 2021-2022 are outlined in **Appendix 1** on page 60.

TRUST BOARD DEVELOPMENT AND EFFECTIVENESS

Trust Board Development Sessions were paused at the outset of the Wave #1 of the COVID-19 pandemic to enable Trust Board meetings to increase in frequency from bi-monthly to monthly with additional fortnightly COVID-19 Board Briefings instigated.

The Trust Board continued to operate on this basis, until August 2020 when Trust Board meetings returned to meeting on a bi-monthly basis and fortnightly briefings stood down. However, following the onset of the Wave #2 of the COVID-19 pandemic, Board Briefings were re-established on a fortnightly basis from December 2020 until the end of April 2021, and the new Board Development Programme re-initiated in May 2021. Between May 2021 and March 2022 the Trust Board has received five Board Development sessions covering a number of key areas including the following:

May 2021

- Velindre Cancer Service Show and Tell.
- New Velindre Cancer Hospital Project – Reference and Design.
- Advanced Therapies Programme.
- Transforming Access to Medicines (TrAMS).

August 2021

- Trust's Putting Things Right Responsibilities including Complaints Management.
- Cardiff & Vale University Health Board Strategic Programme – Shaping our Future Hospitals.
- Draft National Quality & Safety Framework.
- Velindre Futures.

October 2021

- Health Education Improvement Wales (HEIW) Key Strategic Programmes and Developments.
- Planning for a Public Inquiry into the COVID Pandemic.
- WBS Update on Blood Health Oversight Group (BHNOC) – NHS Wales Blood Health Plan.
- Infected Blood Inquiry.
- Cyber Security – Board Responsibilities.
- Development of IMTP.
- Organisational Design & Developments.

December 2021

- Safeguarding Training – National Training Framework on Violence against women, domestic abuse and sexual violence.
- Development of Integrated Medium Term Plan.
- Performance Management Framework.
- Trust Strategies.
- Transforming Cancer Services Matters, including Enabling Works, Integrated Radiotherapy Solution and Legal Matters.
- COVID-19 Update.

February 2022

- Development of Integrated Medium Term Plan.
- New Velindre Cancer Hospital Competitive Dialogues.

In addition to the Board Development arrangements outlined above, in September 2020, the Trust also commissioned an external Board Development Programme designed to support the Board and Executive Team in meeting the challenges it is facing in the continually evolving environment within which it is operating. The Programme commenced in October 2020 and continued during 2021-2022 covering but not limited to the following key areas of development:

- Building a high performing leadership team.
- Strategic decision-making capabilities and prioritisation.
- Building organisational capacity and capability including developing a highly effective and business-focused cadre of senior managers.
- Challenging areas of conflicting styles and behaviour.
- Developing clear strategies for harnessing individual differences to enable the Executive Team to work as a cohesive whole.
- Better understanding organisational dynamics in order to improve matrix working and embed change management capability across a diverse and dispersed organisation.

STANDING ORDERS AND STANDING FINANCIAL INSTRUCTIONS

The Trust approved a revised set of Standing Orders and Standing Financial Instructions for the regulation of proceedings and business to ensure the following issues were addressed:

- **July 2021** – Issue of revised Model Standing Orders, Reservations and Delegation of Powers (SO's) for NHS Trusts, following a review by officials in association with representatives of the Board Secretaries and Directors of Finance Peer Groups in accordance with the Ministers Powers of direction contained within sections 12(3) (for Local Health Boards) and 19(1) (for NHS Trusts) and 23(1) (Special Health Authorities) of the National Health Service (Wales) Act 2006.
- **January 2022** – Amendments to Standing Orders Schedule 3.0, resulting from the Annual review of the Terms of Reference and Operating Arrangements in respect of the Trust Board:
 - Charitable Funds Committee
 - Strategic Development Committee
 - Quality, Safety & Performance Committee
 - Audit Committee

TRUST BOARD APPOINTMENTS DURING 2021-2022

The Trust made the following Trust Board appointments/reappointments during 2021-2022:

Independent Members

- Mr. Stephen Harries, Interim vice Chair and Independent Member, Information Governance and Digital, commenced his third term with the Trust on the 1st May 2021.
- Professor Andrew Westwell commenced his first term with Velindre University NHS

Trust on the 10th August 2021.

- Mrs. Vicky Morris commenced her first term with Velindre University NHS Trust on the 12th November 2021. Between the 30th September 2021 and 12th November 2021, Mr. Stephen Harries assumed the role of Acting Chair of the Quality, Safety & Performance Committee, to support the vacancy held for the Quality & Safety Independent Member lead, following the end of Mrs. Jan Pickle's tenure with the Trust.

Executive Team (Non Board Members)

- Mr. Matthew Bunce was appointed as Executive Director of Finance on the 27th September 2021.
- Mrs. Cath O'Brien was appointed as Chief Operating Officer on 1st November 2021 on a permanent basis.

Further details on the Trust Board appointments are provided in the Trust Remuneration Report on page 78.

PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

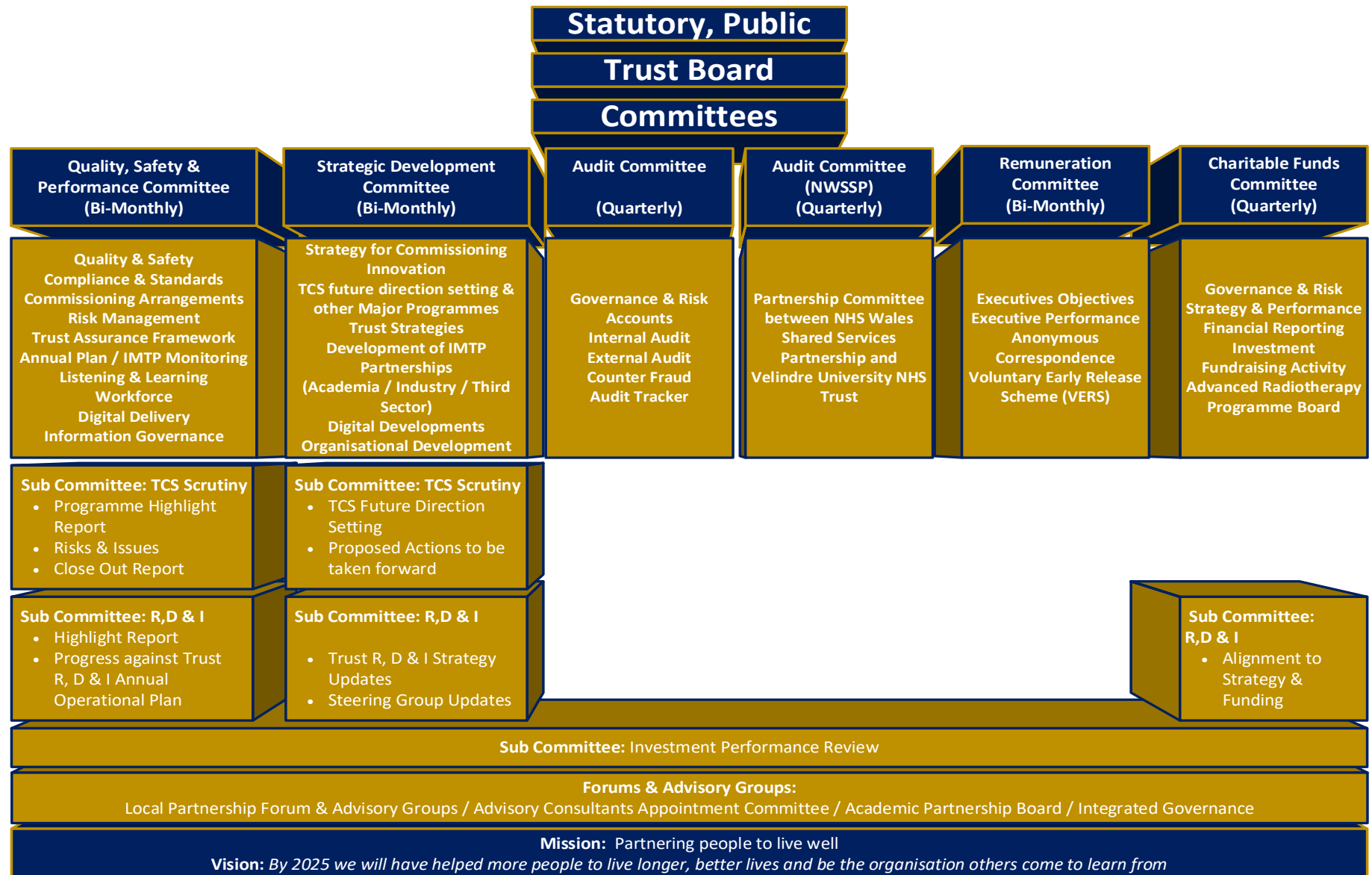
The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risks, it can therefore only provide reasonable and not absolute assurances of effectiveness.

The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place for the year ended 31 March 2022, and up to the date of approval of the 2021-2022 Annual Report and Accounts.

The Welsh Government requires that the Trust operates within the wider governance framework set for the NHS in Wales and incorporating the standards of good governance set for the NHS in Wales (as defined within the Citizen Centred Governance principles and Standards for Health Services in Wales), together with its planning and performance management frameworks.

An overarching summary of the Trust's Governance and Accountability Framework is illustrated overleaf:

Trust's Governance and Accountability Framework



GOVERNANCE OF THE CHARITABLE FUNDS

The Velindre University NHS Trust Board was appointed as Corporate Trustee of the Charitable Funds by virtue of the Velindre National Health Service Trust (Establishment) Order No. 2838 that came into existence on 1st December 1993, and the Trust Board serves as its agent in the administration of the Charitable Funds held by the Trust.

As part of their induction programme, new Executive Directors and Independent Members of the Trust are made aware of their responsibilities as Board Members of Velindre University NHS Trust and as Corporate Trustees of Velindre University NHS Trust Charity.

The Trust Board as Corporate Trustee is ultimately accountable for Charitable Funds given to Velindre University NHS Trust Charity. In order to facilitate the administration and management of these funds the Trust Board has established a Charitable Funds Committee (CFC) to provide advice and recommendations to the Board. Committee meetings are held every three months and otherwise as the Committee Chair deems necessary. At least two members must be present to ensure the quorum of the Committee.

The CFC is supported by the Charitable Funds Senior Leadership Group that meets on a monthly basis.

The CFC is also supported by an Investment Performance Review - Sub Committee, to oversee the investments made by the Charity.

Further information in respect of the Charitable Funds is available in the Trustee's Annual Report which can be found on the Trust website [here](#).

HOSTED ORGANISATIONS SYSTEMS OF INTERNAL CONTROL AND ASSURANCE

Hosted organisations utilise the existing Trust Committee Structure (Accountability & Governance Framework) illustrated on page 34 of this Governance Statement.

A separate Velindre University NHS Trust Audit Committee is held to consider issues relating specifically to NWSSP, having the same Chair and Independent Membership as the Velindre University NHS Trust Audit Committee. Information relating to the governance arrangements in NWSSP is contained within the Director's Governance Statement to the Velindre University NHS Trust Chief Executive which is available from the Director of Corporate Governance and Chief of Staff upon request.

NWSSP has an 'NHS Wales Shared Services Partnership Committee' which was established as a sub-committee of Velindre University NHS Trust Board in 2012 to comply with Ministerial Directions. The NWSSP Committee has membership from each statutory body in NHS Wales, and is chaired by an Independent Chair. The NWSSP Committee reports to Velindre University NHS Trust Board and all other health body Boards in Wales via their representative member on the Committee. NWSSP have their own Standing Orders which are appended to the Velindre University NHS Trust Standing Orders.

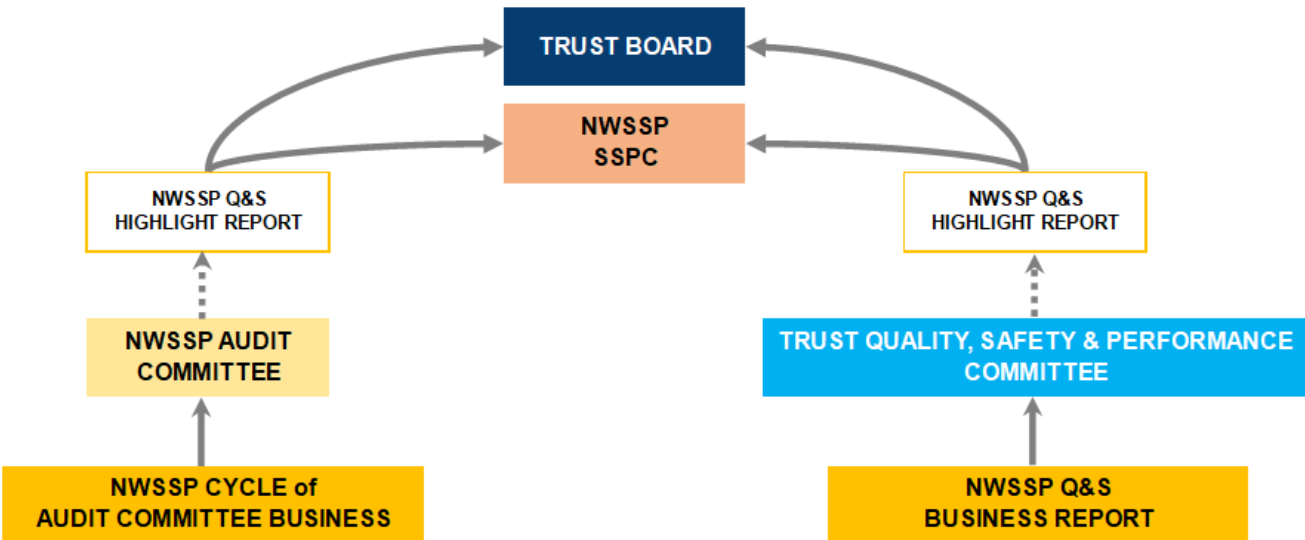
Currently, organisations hosted by Velindre University NHS Trust are able to link with Trust Board Committees and Management Groups where appropriate to ensure assurance is provided for the governance arrangements, including statutory compliance for the areas remaining within the Trust's area of responsibility.

In May 2021, a review was undertaken by Velindre University NHS Trust in partnership with NWSSP to consider arrangements for Quality & Safety governance in respect of the Shared Services Partnership Committee. This included consideration of the culture and approach adopted by the Velindre Board following the creation of the Quality, Safety & Performance Committee in November 2020. In addition, it also considered the approaches with other hosted organisations to support in considering different models and what may work best to fulfill the purpose agreed by the Shared Services Partnership Committee – to “advise and assure the Shared Services Partnership Committee and Accountable Officer on whether effective arrangements are in place for quality and safety” (in line with the approved NWSSP Standing Orders). This was coupled with ensuring that Velindre University NHS Trust Board, as the host organisation and statutory body, also having

appropriate assurance to fulfill its accountabilities in this respect. The review recommended that an additional section be added to the start of each Trust Quality, Safety & Performance Committee to cover NWSSP Quality and Safety business. This approach was considered sufficient for the volume of business at this time, although this will be kept under review as the NWSSP business model continues to develop.

In line with the arrangements for the Velindre Audit Committee for Shared Services, it was proposed that a separate highlight report would be produced for this section of the Committee and this would then be shared with the Shared Services Partnership Committee and ultimately to the Trust Board to provide assurance. The recommended approach was approved by the Velindre University NHS Trust Board at its May 2021 meeting. A summary overview of these arrangements is provided below:

**Quality & Safety (Q&S) Governance Arrangements for
NHS Wales Shared Services Partnership Committee (SSPC)**



A review of the existing governance reporting arrangements in place for Health Technology Wales has also been initiated and will be taken forward for development and implementation during the 2022-2023 reporting period onwards.

CAPACITY TO HANDLE RISK

The organisations hosted by Velindre University NHS Trust maintain and manage their own risk registers and comply with the Trust escalation processes to ensure the Trust Board is made aware of any significant relevant risks relating to the Trust Board's responsibilities via the Trust Risk Register as necessary.

Risks relating to hosted organisations will only be escalated to the Velindre University NHS Trust risk register where matters directly affecting the Trust are apparent. Matters relating to service delivery and performance are a matter for hosted bodies to receive, manage, and escalate as necessary to the relevant sponsor body.

The Trust involves its public stakeholders in managing risks that impact on them. For example, there is ongoing public engagement as an integral part of the development process of the Transforming Cancer Services (TCS) Programme and the new Velindre Cancer Centre (nVCC) Project. A series of stakeholder events have been undertaken, and will continue throughout the lifespan of the TCS Programme. Risks from the TCS Programme are reviewed and monitored by the TCS Programme Scrutiny Sub-Committee and are escalated to the Trust risk register in accordance with the Trust risk escalation process. Information on the risks managed and mitigated during 2021-2022 is detailed in the Trust Risk Register which is received by the Trust Board. Trust Board papers are available on the Trust Internet site [here](#).

RISK MANAGEMENT

The Trust has an approved Risk and Assurance Framework and associated policies in place. The policies detail a robust risk assessment process to identify, assess and manage organisational risks, which are reported on a risk register to the Trust Board, in line with risk appetite levels set by the Trust Board. The underlying risk principles applied throughout this framework are consistent with the overarching principles of HM Treasury's Orange Book *'Management of Risk – Principles and Concepts'*, 2020; and ISO 31000: 2018 *'Risk Management – Guidelines'*. The framework also supports the UK Corporate Governance Code 2018 and the Financial Reporting Council's *'Guidance on Risk Management, Internal Control and Related Financial and Business Reporting'*.

The refreshed Trust Risk Management Framework, approved by the Trust Board in September 2020 sets out the risk strategy, which can be summarised as:

The management of risk is a key factor in the provision of high-quality care to our patients, donors and service users. Of equal importance is the legal duty of the Trust to control any potential risk to staff and the general public, as well as safeguarding the assets of the Trust. It is the responsibility of all staff to be involved in the identification and reduction of risks.

It also sets out risk governance; key accountabilities, roles and responsibilities; risk domains and categories; risk and control interdependencies; risk documentation; risk reporting; and view of implementation, training and support. Alongside the Risk Management Framework, the Trust Board also approved a Risk Management Process document which explains the detail of risk assessment, in terms of risk identification, analysis and evaluation; model for assessing risk treatment and response including how to prepare and implement risk treatment and actions plans, taking into account any weaknesses in the control environment; risk recording and reporting processes; and process for risk monitoring and review, including how to assess effectiveness. The core of the risk culture the refreshed Framework is addressing is that risk is everyone's responsibility to assess and record risks. The systems and processes are now aligned to support this important part of our culture. Staff are trained or equipped to manage risk in a way appropriate to their authority and duties. This now includes a training package of three levels of training, for all staff, for management level and for leadership level. The full roll out of the newly approved Risk Framework and Risk Processes was paused during the second wave of Covid-19 response. The final elements of the core implementation and associated training are due to complete by June 2022.

The Trust Board is ultimately responsible for overseeing the Trust's risk register and holding the Executive to account for ensuring management action is taken to minimise risk. The Trust Board delegates' responsibility to the Trust's Quality, Safety and Performance Committee for overseeing the risk management process and the Trust's Audit Committee retains the oversight to ensure the system of risk management is effective. The overall aim of the Trust's Risk Management approach is to progress a comprehensive risk management programme to ensure that:

- There is compliance with statutory legislation.
- All sources and consequences of risk are identified.
- Risks are assessed and either eliminated or minimised.
- Damage and injuries are reduced, and people's health and well-being is optimised.
- Resources diverted away from patient/service user care to fund risk reduction are minimised.
- Lessons are learnt from concerns in order to share best practice and prevent re-occurrence.

The Trust has a series of controls in place to manage and mitigate these risks.

The Chief Executive, as Accountable Officer for the Trust, has overall accountability and responsibility for having an effective risk management system in place within the Trust, including hosted organisations. The Chief Executive is responsible for meeting all statutory requirements and adhering to guidance issued by the Welsh Government Department of Health & Social Services in respect of governance. Within the Trust's Risk Management Policy, the Chief Executive has set clear measurable risk management objectives for the Executive Directors and Service Directors with delegated responsibility for risk management and governance.

The Director of Corporate Governance & Chief of Staff has organisational lead responsibility for the risk framework to the Chief Executive and the Board. Each Executive Director is responsible for overseeing effective management of risk within their area of responsibility, and Executive Directors are supported in these duties by the Service Directors and Senior Managers across the organisation.

Every member of staff, including clinicians, is responsible for ensuring that their own actions contribute to the wellbeing of patients/service users, staff, visitors and the organisation. They are expected to contribute to the identification, reporting and assessment of risks and to take positive action to manage them appropriately.

Risk management is embedded in Trust decision making and service delivery. This is supported by continually considering and assessing Trust compliance with key clinical guidance including:

- Guidance and technology appraisals from the National Institute for Health and Care Excellence (NICE).
- National Service Frameworks (NSFs).
- National Enquiries for example Confidential Inquiries.
- Patient Safety Alerts.
- Professional Guidelines for example from Royal Colleges.
- Guidelines or standards from other national/local bodies.
- Local and national audit.
- Research & Development.
- Participation in clinical trials.
- Health and Care Standards (Wales).

Risk Management and risk resourcing is managed by Divisional Directors through their business plans. All divisions/departments have processes for assessing risk and risk registers are created as appropriate. Risks are updated and reviewed within the service divisions. The divisional Senior Management Team (SMT) and Senior Leadership Team (SLT) works with their supporting

groups/Committees to ensure effective controls are in place for their risks to be managed at a tolerable level.

Risks are referred to the appropriate Committees of the Trust Board for scrutiny and to identify additional control measures. In turn, the Committees provide assurance to the Trust Board that all reasonably practicable steps have been taken to reduce the risk, that effective controls are in place and the risk is being managed at a tolerable level.

TRUST RISK REGISTERS

The organisation's risk profile is visible through the Trust Risk Registers. Risks are identified at the commencement of new or amended activities and through the ongoing review of existing risks. Risk assessments are undertaken to assess the impact upon the service and other stakeholders. Public Stakeholders are involved in the assessment of risk through public consultations, Patient Liaison Group representation and Community Health Council at Trust Board and Committee meetings, feedback received in respect of Patient Experience surveys and Donor Forums and learning from Concerns received from patients, donors, relatives and/or carers.

All risks are assessed and awarded a score, informed by potential impact and likelihood. Risks are escalated resulting in the highest level of risk being referred to the Executive Management Trust Board for appraisal prior to inclusion on the Trust's risk register and reported to Trust Board and relevant Trust Board Committee/s. Each risk entered onto the Trust register is given a 'target' score informed by the appetite for the risk, which is the level of risk the Trust Board is prepared to accept before action is deemed necessary to reduce it. The risk appetite is used in decision making to inform the prioritisation of actions and the resources required to mitigate risks on the Trust risk register. The system of record and for risk management is Datix. The Trust is updating the module used in Datix and the revised forms have been aligned to the refreshed framework. This is due for full roll out by June 2022 for all parts of the organisation.

During the period of the waves of the Covid-19, the approach to risk management reporting was adapted in response to the pandemic and also as part of the review of the overall framework. Risk reporting, through a quality and safety lens, has been a strong feature of Divisional reporting into the Quality, Safety and Performance Committee. Management of Covid-19 related risks has been through the Covid-19 Incident Command Structure and then reported into Trust Board as part of the Covid-19 reporting mechanisms. This has also been captured in the formal planning cycles during

the year, approved by the Trust Board. In addition, key risks have been reported into the relevant Committees – for instance regarding Transforming Cancer Services and Research, Development and Innovation. Divisional risks have been reported through each Quality, Safety & Performance Committee. Significant risk matters have also been escalated to the Trust Board during the period. During the period the overall Trust Risk Register was not presented to the Trust Board between April and September 2021. Whilst this approach was agreed informally with Independent Members, it was acknowledged in the November 2022 Internal Audit review of the Trust Assurance Framework that this decision had not been recorded formally in Board or Committee minutes.

During the period, Internal Audit reviewed the Divisional Risk Frameworks in October 2021, which were assessed as reasonable assurance level, with Policies and Procedure at substantial assurance level. Regarding reporting to Trust Board, taking into account the reporting approach set out in the paragraph above, was also assessed as reasonable assurance. As part of the Internal Audit review of the Trust Assurance Framework, corporate risk management was also assessed, with substantial assurance being provided over the Risk Management Framework. The full audit findings were reported to the Trust Audit Committee in October 2021 and January 2022, and are available [here](#). Improvement opportunities identified from the Internal Audit Report will be managed by the Executive Management Board, and ongoing continued progress will be monitored via the Audit Committee by scrutiny of the Audit Action Plan.

The highest scored risks as at end of March 2022, governed through the May Committee and Trust Board cycle are summarised below, for access to fuller detail, including mitigating actions and controls, please review the May 2022 Trust Board Risk Paper [here](#).

Risk Type	Division	Title	Rating (Current)	Rating (Target)
Workforce and OD	Transforming Cancer Services	There is a risk that the lack of appropriate project support for Project 5, Outreach, from the programme will lead to delays in developing the solutions required for the project success.	20	6

Risk Type	Division	Title	Rating (Current)	Rating (Target)
Performance and Service Sustainability	Velindre Cancer Service	There is a risk that patient treatment is delayed as a result of a lack of medical workforce holding a prostate brachytherapy practitioners Licence.	16	10
Performance and Service Sustainability	Velindre Cancer Service	There is a risk that patient treatment is delayed due to lack of staffing because of COVID 19 related absence.	16	6
Workforce and OD	Corporate Services	Digital Services Capacity / Skill Mix.	16	8
Performance and Service Sustainability	Velindre Cancer Service	There is a risk that lack of Medical Physics Expert cover impacts on the Molecular Radiotherapy (Nuclear Medicine) services.	16	4
Compliance	Velindre Cancer Centre	There is a risk of increased infection transmission within the cancer centre due to poor ventilation resulting in increased sickness and absence of staff and patients.	16	8
Financial Sustainability	Velindre Cancer Centre	VCC may face financial loss, legal action, inadequate service provision as a result of no coordinated system for SLAs, contracts.	16	6

Risk Type	Division	Title	Rating (Current)	Rating (Target)
Performance and Service Sustainability	Transforming Cancer Services	There is a risk that Programme Master Plan objectives / outcomes are delayed and/or not met.	16	6
Financial Sustainability	Transforming Cancer Services	Risk of Inflation leading to increased costs.	16	12
Financial Sustainability	Transforming Cancer Services	There is a risk that the competitive dialogue participants' tenders exceed the CAPEX limit leading to increase project costs.	16	12

A link to the Trust Board papers for the period can be found [here](#).

RISK APPETITE STATEMENT

The Trust faces a broad range of risks reflecting its responsibilities. The risks arising from its responsibilities can be significant. These risks are managed through detailed processes that emphasise the importance of integrity, intelligent inquiry, maintaining high quality staff and public accountability.

The Trust makes resources available to control operational risks at acceptable levels and we recognise that it is not possible or indeed necessarily desirable to eliminate some of the risks inherent in our activities. Acceptance of some risk is often necessary to foster innovation within the services for which we are responsible.

The Trust's Risk Appetite Statement was refreshed and approved at Trust Board in September 2020, and considers the most significant risks to which the Trust is exposed. It provides an outline of the approach to managing these risks. All strategic and business plans for operational areas must be consistent with this Statement. Given the range of the Trust's activities and responsibilities, it is not appropriate to make a single overarching statement of the Trust's attitude to risk. Instead, a range of risk appetite statements arising from the different areas of our work has been developed and approved by the Trust Board, in the following areas. The Risk Appetite categorisation approach is based on the Good Governance Institute (GGI) Risk Appetite for NHS Organisations Matrix.

- Safety - 1 - Minimal
- Quality - 2 - Cautious
- Compliance - 2 - Cautious
- Research & Development – 3 - Open
- Reputation & Public Confidence - 2 - Cautious
- Performance & Service Sustainability - 2 - Cautious
- Financial Sustainability - 2 - Cautious
- Workforce & Organisational Development - 2 - Cautious
- Partnerships – 4 - Seek

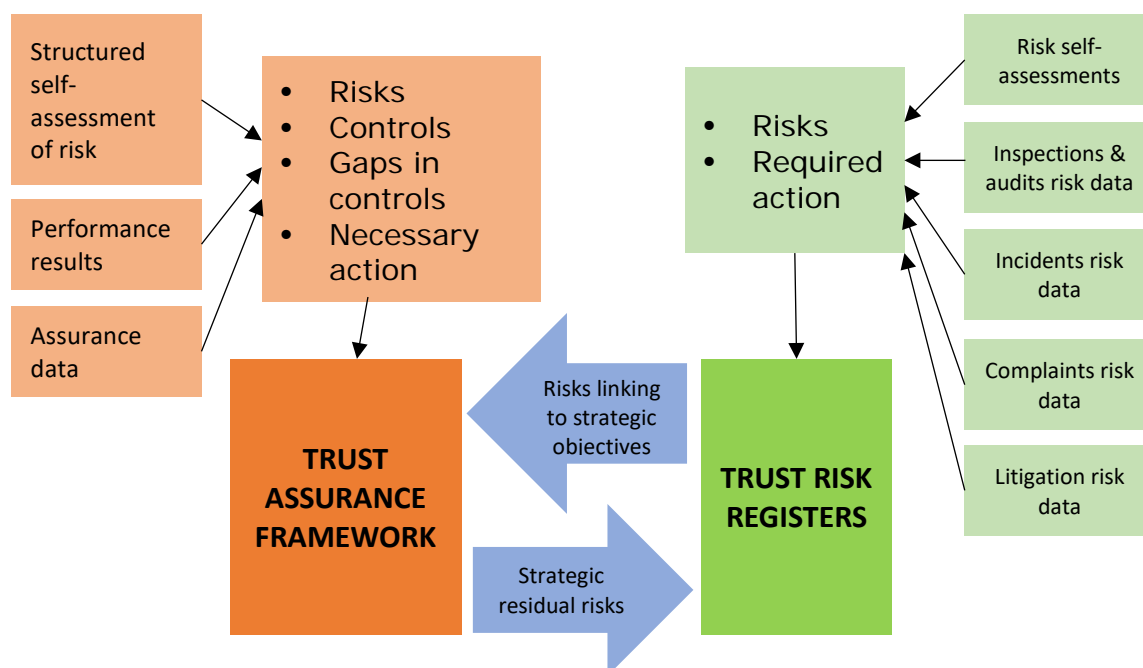
TRUST ASSURANCE FRAMEWORK (TAF)

The Audit Committee and Trust Board approved a new Board Assurance Framework (BAF) in September 2020. It was agreed to name this document and process the Trust Assurance Framework (TAF) to firstly reflect the fact that the process should be of value for the whole Trust and secondly to reflect the ambition of this framework to, in time, effectively link with both the Quality & Safety and Performance frameworks.

The TAF enables the Board to identify and understand the principal risks to achieving its strategic objectives; receive assurance that suitable controls are in place to manage these risks, and where improvements are needed suitable action plans are in place and being delivered; and to provide an assessment of the risk to achieving the related objective.

The TAF is the key source of information that links the Velindre University NHS Trust's Strategic Objectives to risk and assurance, as demonstrated in **Figure 1**:

Figure 1: Information flows between the Trust Risk Register & TAF



There is not expected to be significant movement in the articulation of the Trust's principal risks in the short-term, instead these would be reviewed and evolved in line with the organisation's strategic development cycles or in response to significant external changes.

The focus of the management of the TAF is twofold:

- I. Setting out the key controls, identifying any gaps in controls and taking action to address these;
- II. Setting out the sources of assurance, from first, second and third line of defence sources, and then tracking the insight that each of these sources of assurance is demonstrating against each of the risks. In addition, identifying any gaps in assurance and taking action to address these. To clarify on these terms:
 - **First line of defence** – are sources of assurance from the functions that own and manage the risk.
 - **Second line of defence** – are sources from the functions that oversee the day-to-day operations – e.g. Quality & Safety, Corporate / Clinical Governance.
 - **Third line of defence** – are sources from functions that provide independent assurance – e.g. Internal /External Audit, Regulators, Audit Wales.

Each of the risks has an Executive owner, who is responsible for co-ordinating the actions required to improve the effectiveness of the key controls and assurance on an on-going basis. The Head of Corporate Governance works with each of the Executive owners to update the Trust Assurance Framework on a bi-monthly basis for reporting at Audit Committee, Strategic Development Committee and Trust Board. Work on populating the TAF recommenced in the summer 2021 following its initial pause during the first and second wave of the pandemic, with progress updates being provided to the Trust Strategic Development Committee and Audit Committee in June and July 2021 respectively. The first iteration of the TAF was subsequently reported to the Trust Board in September 2021. Since then, the Trust has continued to further develop, mature and operationalise the TAF. This has been further enhanced and supported by an independent assessment undertaken by Shared Services Partnership Audit and Assurance Services in November 2021, which sought to provide the Trust with assurance that the TAF is robust, and that the Trust is managing its principal risks. The audit findings were reported to the Trust Audit Committee in January 2022, and are available [here](#). Improvement opportunities identified from the Internal Audit Report will be managed by the Executive Management Board, and ongoing continued progress will be monitored via the Audit Committee by scrutiny of the Audit Action Plan.

HEALTH & CARE STANDARDS FOR WALES

The Health and Care Standards published in April 2015, set out the requirements for the delivery of health care in Wales at every level and in every setting. The 'Health and Care Standards' programme for NHS Wales provides a framework for ensuring compliance and ongoing improvements in the provision of high quality, safe and effective care.

In 2020, the Trust reviewed its internal self-assessment process with the Health Care Standards, and it was recognised that in order to drive quality improvement, the Health and Care Standards needed to be more firmly embedded into the core business of the Divisional and Corporate Teams. As such, it was agreed by the Executive Management Team that the Trust would adopt a more rigorous approach to the Health and Care Standards, which would include a quarterly review and progress update at a Divisional, and a bi-annual Executive Review.

2021-2022 is the first year in which the Trust has implemented the strengthened process for the Health and Care Standards. The Divisional and Corporate Teams have undertaken a comprehensive review of their compliance with the Health and Care Standards during each quarter of 2021-2022, and have also ensured that the Improvement Plan has been updated. The Trust Health and Care Standards Compliance Report with the enhanced quarterly Health and Care Standards self-assessment process is reported to both the Trust Quality, Safety & Performance

Committee and Trust Board.

It was agreed during the Internal Audit Annual Planning Process for 2021/22 that Internal Audit would not undertake an independent review of the Trust's compliance against the Health and Care Standards at the end of Quarter 4 2021-2022. This was based on risk assessment, previous audits undertaken in this area and discussions/agreement with Executive Management Board and the Trust Audit Committee, combined with it no longer being an audit mandated by Welsh Government. Internal Audit links its audit briefs to the relevant Health and Care Standards where the audit may contribute to assurance over compliance. It remains the Trust's responsibility to assess the level of assurance it can take from these reports in terms of the Health and Care Standards.

A national review of the Health and Care Standards has commenced in order to ensure they reflect the requirements of the Wales Quality and Engagement Act (2020) and the national Quality & Safety Framework (2021) requirements. The revised standards are not expected until later in 2022.

GOVERNANCE & ACCOUNTABILITY ASSESSMENT / TRUST BOARD EFFECTIVENESS

The Trust Board is required to undertake an annual self-assessment of its effectiveness. The approach taken this year was to bring together the various sources of assurance, internal and external, that would support the Board in considering its overall level of maturity for the Trust in respect of good governance and Board effectiveness. At the Trust's Annual Board Governance and Effectiveness Assessment meeting on the 26 April 2022, Board members were taken through the process and concluded that the Trust's self-assessment of the overall maturity level for 2021-2022 was assessed at Level (4).

Governance, Leadership & Accountability – Self Assessment	1. Do not yet have a clear, agreed understanding of where they are (or how they are doing) and what / where they need to improve.	2. Are aware of the improvements that need to be made and have prioritised them, but are not yet able to demonstrate meaningful action.	3. Are developing plans and processes and can demonstrate progress with some of their key areas for improvement.	4. Have well developed plans and processes and can demonstrate sustainable improvement throughout the organisation /business.	5. Can demonstrate sustained good practice and innovation that is shared throughout the organisation/ business, and which others can learn from.
Rating				✓	

The above assessment was informed by contributions from the Interim Head and Interim Deputy Head of Internal Audit. Both were in attendance to present the Head of Internal Audit Opinion for 2021-2022 and support any queries arising from the findings of the Board Committee Effectiveness Internal Audit Report, provided as an additional source of assurance. Improvement opportunities identified from the Board Committee Effectiveness Internal Audit Report will be managed by the Executive Management Board, and ongoing continued progress will be monitored via the Audit Committee by scrutiny of the Audit Action Plan.

REVIEW OF EFFECTIVENESS (ADDITIONAL SOURCES OF ASSURANCE)

As Accountable Officer, the Chief Executive has responsibility for reviewing the effectiveness of the system of internal control. The Chief Executive's review of the effectiveness of the system of internal control is informed by the work of Internal and External Auditors, the Executive Directors and other assessment and assurance reports, including the work of Healthcare Inspectorate Wales. The Chief Executive has listened to the Board on their views of the strengths and opportunities in the system of internal control and been advised by the work of the Audit Committee and other Committees established by the Board.

The Chief Executive's performance in the discharge of these personal responsibilities is assessed by the Director General of the Department of Health & Social Services/Chief Executive of NHS Wales.

At the Annual Board Governance and Effectiveness Assessment meeting (mentioned above) the Trust Board concluded an overall maturity level for 2021-2022 as Level (4); which is defined as 'having well developed plans and processes and can demonstrate sustainable improvement throughout the organisation'. The scrutiny of these arrangements is in part informed through the internal mechanisms already referred to, but also through the independent and impartial views expressed by a range of bodies external to the Trust, these include:

- Children's Commissioner.
- Community Health Councils.
- Health & Safety Executive.
- Healthcare Inspectorate Wales.
- Older Peoples Commissioner.
- Audit Wales.
- Welsh Government.
- Internal Audit (NHS Wales Shared Services).
- Welsh Language Commissioner.
- Welsh Risk Pool Services.
- Equality & Human Rights Commission.
- Future Generations Commissioner.
- Other accredited bodies.

INTERNAL AUDIT OPINION & SCORES FOR 2021–2022

Internal audit provides the Chief Executive as Accountable Officer and the Trust Board through the Audit Committee with a flow of assurance on the system of internal control. The Chief Executive and Internal Audit agreed a programme of audit work, which was approved by the Audit Committee, and delivered in accordance with Public Sector Internal Audit Standards by the NHS Wales Internal Audit Service, part of the NHS Wales Shared Services Partnership. The programme of audit work is designed to focus on significant risks and local improvement priorities. The eight areas used to frame the 2021/22 internal audit planning process were:

1. Corporate Governance, Risk and Regulatory Compliance
2. Strategic Planning, Performance Management and Reporting
3. Financial Governance and Management
4. Clinical Governance Quality & Safety
5. Information Governance and Security
6. Operational Service and Functional Management
7. Workforce Management
8. Capital and Estates

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

The programme has been impacted by the need to respond to the COVID-19 pandemic with some audits deferred, cancelled or curtailed as the organisation has responded to the pandemic. The Head of Internal Audit is satisfied that there has been sufficient internal audit coverage during the reporting period in order to provide the Head of Internal Audit Annual Opinion. In forming the Opinion the Head of Internal Audit has considered the impact of the audits that have not been completed.

A summary of the audits undertaken in the year and their results is outlined in the table overleaf. Improvement opportunities identified from the findings are actively being addressed by the Executive Management Board, and ongoing continued progress will be monitored via the Audit Committee by scrutiny of the Audit Action Plan.


Substantial Assurance	Reasonable Assurance
<ul style="list-style-type: none"> • New Velindre Cancer Centre (nVCC) Mutual Investment Model (MIM) Governance • nVCC Financial Reporting (draft report) • nVCC MIM Procurement (draft report) 	<ul style="list-style-type: none"> • Infection Prevention & Control • Digital Health & Care Record for Cancer (CaNISC Replacement) • Divisional Review – Incident Management • Divisional Review – Risk Management • Board Committee Effectiveness • Trust Assurance Framework • Financial Systems • Scrutiny of Expenditure above £100,000 • Estates Assurance – Waste Management • Disclosure Barring Service Checks • Charitable Funds • Follow-up of prior year recommendations • nVCC Contract Management
Limited Assurance	Advisory/Non-Opinion
N/A	<ul style="list-style-type: none"> • Use of Technology – Fit for the Future • Wellbeing of Future Generations Act
No Assurance	
N/A	

THE HEAD OF INTERNAL AUDIT OPINION FOR 2021–2022)

The Head of Internal Audit is satisfied that sufficient audit work has been undertaken during the year to be able to give an overall opinion in line with the requirements of the Public Sector Internal Audit Standards. Regular audit progress reports have been submitted to the Audit Committee during the year.

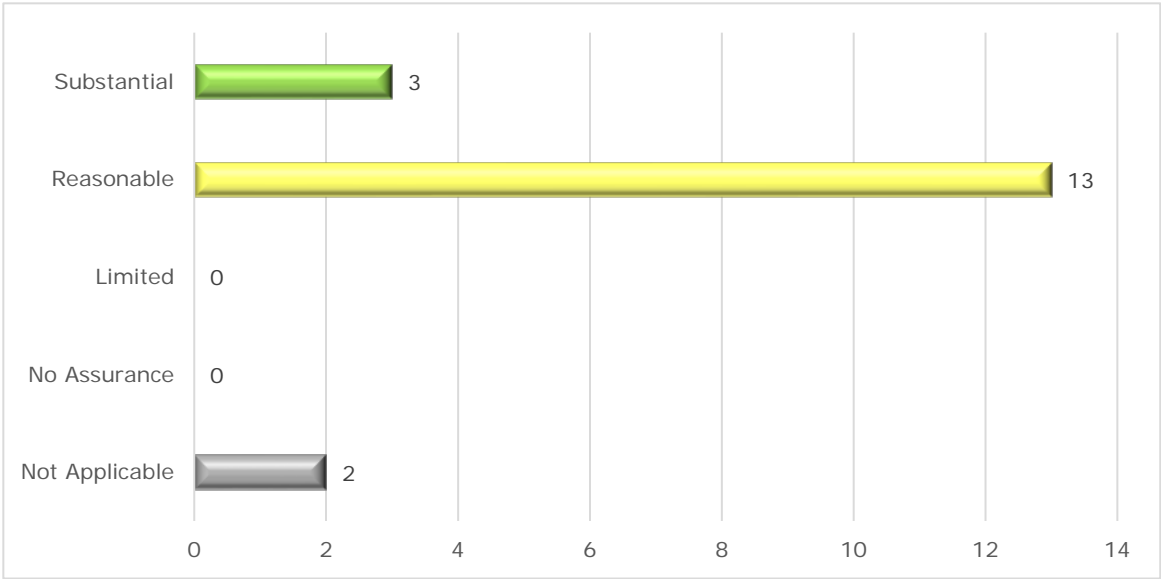
The Head of Internal Audit assessment should be interpreted in this context when reviewing the effectiveness of the system of internal control and be seen as an internal driver for continuous improvement.

The Head of Internal Audit opinion on the overall adequacy and effectiveness of the organisation’s framework of governance, risk management, and control is set out below. The overall opinion was classified as Reasonable Assurance.

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.
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In reaching this opinion the Head of Internal Audit identified that all reviews during the year concluded positively with robust control arrangements operating in some areas. From the reports issued during the year, two were allocated Substantial Assurance and fourteen were allocated Reasonable Assurance. There were no limited or no assurance reports. In total 18 audits were reported during the year. The chart below presents the assurance ratings and the number of audits derived for each.

Summary of audit ratings



AUDIT WALES STRUCTURED ASSESSMENT 2021 - 2022

The Trust's External Auditors, Audit Wales, conducted a Structured Assessment during 2021 that was designed in the context of the ongoing response to the pandemic. The work was undertaken in two phases:

- I. **Phase 1** considered the planning arrangements underpinning the developments and delivery of the operational plan for quarters three and four of 2020-2021.
- II. **Phase 2** considered how corporate governance and financial management arrangement adapted over the year. Auditors also paid attention to progress made to address previous recommendations.

The main conclusions from **Phases 1** and **2** are outlined below:

Operational planning arrangements

The Trust's planning framework was assessed with regard to the maintenance of effective and efficient operational planning arrangements to guide its response to the pandemic as well as responding to winter pressures and laying the foundations for effective recovery of services. It was determined that:

- The Trust's arrangements for developing operational plans and monitoring their delivery are effective and have the flexibility to respond to changing circumstances.
- The Trust's Quarters' 3-4 Plan for 2020-2021 was submitted to the Welsh Government within the required timeframe, covers all necessary areas within the planning framework guidance and received the required Board scrutiny.
- The Trust has maintained the same approach for developing its quarterly plans as was the case for developing plans in previous years. The Quarters' 3-4 Plan is a progression from the previous two quarterly plans and is underpinned with the best possible information available given the uncertainty the pandemic presents. Arrangements to deliver the Quarters' 3-4 Plan are dynamic and have responded to the changing circumstances and supported the wider NHS.
- The Trust has effective operational and strategic arrangements to monitor progress against operational plans. The Board regularly reviews progress in delivering the priorities set out in operational plans.

Governance arrangements

The Trust's ability to maintain sound governance arrangements while having to respond to the unprecedented challenges presented by the pandemic was assessed. The key focus of the work assessed the corporate arrangements for ensuring that resources are used efficiently, effectively, and economically. It also considered how business deferred in 2020 was reinstated and how learning from the pandemic is shaping future arrangements for ensuring continued good governance and recovery. It was determined that:

- The Trust has good arrangements to conduct Board and Committee business.
- The Trust has good governance arrangements which adapted well to the pandemic. The Trust has streamlined its Board Committee structure, and postponed Board and Committee business is being reactivated.
- The quality and presentation of information at Board and Committees is good, on occasions, papers include content which is perhaps too detailed.
- Transparency of Board business to the public is good, there are some opportunities for improvements, including ensuring that video recordings and Committee papers are uploaded to the website shortly after meetings. It was noted at the time of issuing the report that measures to address this have already been addressed and actioned.
- The Trust has introduced improved risk management arrangements and is currently refreshing quality governance arrangements. The Trust is developing detailed plans to ensure ongoing business continuity and increase capacity to respond to increasing demand for services. Further work is being progressed to include time bound actions for delivery to support implementation of the Trust's strategic priorities.

Managing financial resources

The Trust's financial performance, financial controls and arrangements for monitoring and reporting financial performance was assessed. It was determined that:

- The Trust achieved its financial duties at the end of 2020-2021, and a clear financial plan to deliver services in 2021-2022.
- The Trust has good arrangements to manage its financial resources and continues year on year to meet its financial duties. Financial controls are effective, and the Trust uses clear, timely financial information to monitor and report its performance.

Improvement opportunities identified from **Phase 1** and **2** are actively being addressed by the Executive Management Board, and ongoing continued progress will be monitored via the Audit Committee by scrutiny of the Audit Action Plan.

BUSINESS CONTINUITY AND EMERGENCY PREPAREDNESS

The Trust continues to make significant progress in its Business Continuity and Emergency Preparedness framework. A Trust wide Business Continuity & Emergency Preparedness steering group supports the framework and governance within the Trust. This is supported by a Trust wide policy, communications plan and command and control guidance.

The focus of the Trust for the past year has continued around the planning and response to the evolving Covid-19 global pandemic, and in ensuring the Trust continues to deliver core service provision throughout this exceptional time. The Covid-19 pandemic presented a number of challenges to the organisation.

The response to Covid-19 has been unprecedented in UK history, in terms of the scale, duration and impact. This response required prolonged establishment of UK and Welsh structures, including Local Resilience Forum structures. Robust incident management structures were put in place across the Trust to manage the Covid-19 response. The Trust has actively engaged with UK activities, Welsh Government and Public Health Wales on the Coronavirus Planning & Response.

Both the Welsh Blood Service and Velindre Cancer Service have focused on reviewing its Business Impact Analyses and Major Incident Plan to ensure the learning from Covid-19 and other business continuity related incidents are captured and mitigated.

As previously reported, the Trust completed a significant amount of work with regards to EU Exit consisting of detailed planning and preparation to mitigate against core service disruption encountered from EU Exit. This position has been maintained until Q4 2022, where an assurance position has been reached.

The changing environment of risk results in the strategies and plans being reviewed regularly and in line with the National and Wales Risk Registers. Emerging threats are considered in the development and enhancement of risk mitigation strategies and the organisations response mechanisms. These plans are commensurate with the level of risk the Trust anticipates exposure to.

Co-operation and Information Sharing:

The Trust has continued to engage with multi-faceted planning and based on risk, across a number of varying themes and integrated with NHS Wales, Local Authorities, the Welsh Government and the Local Resilience Forum it partners with and key stakeholders. In addition, the Welsh Blood

Service continues to work closely with UK Blood services to further enhance the mutual aid arrangements between services to ensure the continuity and safety of the blood supply chain. Over the next 12 months, the Welsh Blood Service plans to encourage focused work around the alignment of blood shortage plans across the UK.

Training and Exercising:

The Trust continues to engage with Welsh Government Emergency Planning Advisory Group and Local Resilience Forums around key strategies for workload, training and exercises. Over the past 12 months, in addition to exercising internal Business Continuity Plans (planned and unplanned), the Trust has participated in the following training and exercising:

- Participation of key individuals across the Trust on Local Resilience Forum led Wales Gold and Wales Silver training.
- Participation of key individuals across the Trust for Strategic Management and Tactical Management training delivered by Emergency Planning College.
- Major Incident awareness training delivered to key staff.
- Major Incident Communications test and workshop,
- Clinical Emergency Communication tests
- Participation in Exercise Wales Connect
- Welsh Government supported Cyber Incident exercise
- Celtic Consolidation Exercise

Engagement in such multidisciplinary exercises allows the Trust to encompass lessons learned, align to wider health emergency planning and to further improve the current procedures.

Site wide security assessments have been completed in partnership with the Counter Terrorism unit of South and North Wales Police.

Work Programme 2022/2023:

During 2022/2023, the Trust plans to continually review and enhance its business continuity management system to ensure alignment with current best practice guidelines and to ensure the Trust is prepared in any future emergency planning and business continuity arrangements.

INTEGRATED MEDIUM TERM PLAN (IMTP)2022-2025

We are an ambitious organisation striving to provide services which are recognised as outstanding by the people who use them, the people who work in them and by our peer organisations.

Velindre University NHS Trust purpose is to 'improve lives' and we have a vision of 'excellent care,

inspirational learning and healthier people’.

Our guiding principles are founded upon the Well-being of Future Generations Act (Wales) 2015.



Our purpose and vision are supported by a clear set of five Strategic Goals to be achieved through a focused set of key deliverables, which provide the framework for our IMTP over the coming three years:

1. Outstanding for quality, safety and experience
2. Internationally renowned provider of exceptional clinical services that always meet, and routinely exceed, expectations
3. Beacon for research, development and innovation in our stated areas of priority
4. Established ‘University’ Trust which provides highly valued knowledge and learning for all
5. Sustainable organization that plays its part in creating a better future for people across the globe

The NHS in Wales is a planned system and each Health Board and Trust is required to have a fully costed three-year rolling Integrated Medium Term Plan. In accordance with the set statutory duty, we have submitted our IMTP, covering the period 2022-2025, to Welsh Government. However, the focus of the first year of our IMTP remains upon the challenges of COVID-19 pandemic and recovery. Following review by Welsh Government we were informed that:

‘Following a robust assessment, your IMTP is considered to be approvable, which stands you in good stead for the future and provides a baseline for future planning discussions’.

During 2021-2022 the full three year IMTP process was paused, and Health Boards and Trusts were required to produce a one year plan to respond to the particular challenges of COVID-19. Quarterly progress reports against our one year plan have continued during 2021-2022, with all plans formally scrutinised by the Executive Management Board, Quality, Safety and Performance Committee and Trust Board. Despite the very real pressures caused by the pandemic, it is clear that great progress has been made across the organisation in working towards the realisation of the Velindre Cancer Service (VCS) and the Welsh Blood Service (WBS) strategic objectives.

In respect of financial performance, the Trust reported an overall underspend of £41k for the Trust and consequently delivered on our statutory duty to achieve a financial breakeven over a three year period. This underspend includes an amount of £11k for NWSSP and £30k against our core services.

EQUALITY & DIVERSITY

Control measures are in place to ensure that all the organisation’s obligations under equality, diversity and inclusion are complied with.

The control measures include:

- Trust Strategic Equality Plan and Objectives (2020 – 2024).
- Trust Gender Pay Gap Report
- Trust Annual Equality Monitoring Report.
- Equality reports to Quality, Safety & Performance Committee on the Trust's Equality Objectives and Actions.
- Reports to the Equality and Human Rights Commissions’ enquiries.
- Report to the Welsh Government Equalities Team.
- Provision of evidence to the Health Care Standards Audit, specifically Standard 2.
- Integrated Equality Impact Assessments.

CONCLUSION

As indicated throughout this statement, the need to plan and respond to the ongoing COVID-19 pandemic has continued to have 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, reset and recover from the pandemic will be with the organisation and wider society throughout 2022-2023 and beyond. I will ensure our Governance Framework considers and responds to this need.

The system of internal control has been in place for the year ended 31 March 2022 and up to the date of approval of the 2021-2022 Annual Report and Accounts.

There have been no significant governance issues identified during this period.

Signed by:

Mr. Steve Ham
Chief Executive

Date: 14/06/2022

APPENDIX 1 – GOVERNANCE STATEMENT – TRUST BOARD & COMMITTEE ACTIVITY 2021-2022

The table below outlines the key highlights and activity considered by the Trust Board and its Committees during 2021-2022, please note this is not an exhaustive list.

Meeting:	Meeting Dates:	Activity:
<p>Velindre University NHS Trust - Public Trust Board meeting.</p> <p>Meeting Agendas, Minutes and Papers are available on the Trust Internet site here:</p> <p>https://velindre.nhs.wales/about-us/trust-board/public-trust-board-meetings/</p>	<ul style="list-style-type: none"> • 08.06.2021 • 29.07.2021 • 30.09.2021 • 25.11.2021 • 27.01.2022 • 31.03.2022 <p>All meetings were quorate.</p>	<p>High level summary/headlines of key topics received by the Trust Board during 2021-2022:</p> <ul style="list-style-type: none"> • Chair and CEO Update Reports • Chair's Urgent Actions Reports • Commitment of Expenditure Exceeding Chief Executive's Limit • Policy Update Reports • Documents 'Sealed' Reports • Board Committee Highlight & Annual Reports • Welsh Health Specialist Services Committee & Emergency Ambulance Services Committee Joint Committee Briefings • Performance Reports • Financial Reporting • Annual Report and Accounts 2020/21 • Trust Risk Register and TAF • Development of Integrated Medium Term Plan & Progress Delivery Reports • Equality, Diversity & Inclusion Ambassadors Showcases • Trust Strategy 2022-2032 and Overarching Cancer R&D Ambitions for 2021-2031 • Revisions to Velindre University NHS Trust Model Standing Orders and Standing Financial Instructions • Decision Making Framework in Command Structure • COVID-19 Updates • Support for the All Wales Positron Emission Tomography Programme (PET) Programme Business Case • South East Wales Acute Oncology Service Business Case

Meeting:	Meeting Dates:	Activity:
		<ul style="list-style-type: none"> • Infected Blood Inquiry Reporting • Wales Infected Blood Support Service (WIBSS) Annual Report • Velindre University NHS Trust Clinical Audit Report 2020/21 • Blaenavon Data Centre Transition Project Update • Memorandum of Understanding for Partnership Board with Cardiff & Vale UHB • Cardiff Cancer Research Hub, Proposal for Tripartite partnership between Cardiff and Vale UHB, Cardiff University and Velindre University NHS Trust
Advisory Consultant Appointments Committee	Panels were held: <ul style="list-style-type: none"> • 12.01.2022 • 17.01.2022 • 09.02.2022 	As and when required the Advisory Consultant Appointment Committee meet to manage the arrangements for appointments to NHS Consultant posts within the Trust.
Trust Audit Committee Meeting Agendas, Minutes and Papers are available on the Trust Internet site here: https://velindre.nhs.wales/about-us/audit-committee/	<ul style="list-style-type: none"> • 08.06.2021 • 08.07.2021 • 14.10.2021 • 11.01.2022 <p>All meetings were quorate.</p>	<p>The purpose of the Audit Committee is to:</p> <p>Advise and assure the Board and the Accountable Officer on whether effective arrangements are in place - through the design and operation of the Trust's system of assurance - to support them in their decision taking and in discharging their accountabilities for securing the achievement of the Trust's objectives, in accordance with the standards of good governance determined for the NHS in Wales.</p> <p>Where appropriate, the Committee will advise the Board and the Accountable Officer on where and how its system of assurance may be strengthened and developed further.</p> <p>The Audit Committee Annual Report which outlines the activity of the Committee for the year ending 31 December 2021 was approved by the Audit Committee on 11 January 2022 and is available on the Trust Internet site here:</p> <p>https://velindre.nhs.wales/about-us/audit-</p>

Meeting:	Meeting Dates:	Activity:
		committee-papers-2022/audit-committee-agenda-and-papers-11-01-2022/
NHS Wales Shared Services Partnership Committee (SSPC) Meeting Agendas, Minutes and Papers are available on the Trust Internet site here: https://nwssp.nhs.wales/nwssp-governance-and-assurance-arrangements/committee-schedule-and-papers/	<ul style="list-style-type: none"> • 21.01.2021 • 18.03.2021 • 20.05.2021 • 22.07.2021 • 23.09.2021 • 18.11.2021 • 24.03.2022 <p>All meetings were quorate.</p>	<p>The SSPC has been established for the purpose of exercising Velindre's functions in relation to Shared Services, including the setting of policy and strategy and the management and provision of Shared Services to HBs, Trusts and Special Health Authority in Wales.</p>
NHS Wales Shared Services Partnership Audit Committee (NWSSP) Meeting Agendas, Minutes and Papers are available on the Trust Internet site here: https://nwssp.nhs.wales/nwssp-governance-and-assurance-arrangements/committee-schedule-and-papers/	<ul style="list-style-type: none"> • 20.04.2021 • 29.06.2021 • 12.10.2021 • 25.01.2022 <p>All meetings were quorate.</p>	<p>The NWSSP Audit Committee Annual Review will be received at its July 2022. The previous review is available on the NWSSP website: https://nwssp.nhs.wales/about-us/our-publications/annual-review/</p>
Charitable Funds Committee Meeting Agendas, Minutes and Papers are available on the Trust Internet site here: https://velindre.nhs.wales/about-us/charitable-funds/	<ul style="list-style-type: none"> • 06.05.2021 • 14.09.2021 • 04.11.2021 • 03.02.2022 <p>All meetings were quorate.</p>	<p>The Velindre University NHS Trust Board was appointed as Corporate Trustee of the Charitable Funds by virtue of the Velindre National Health Service Trust (Establishment) Order No. 2838 that came into existence on 1st December 1993 and that its Board serves as its agent in the administration of the Charitable Funds held by the Trust.</p> <p>The purpose of the Committee "is to make and monitor arrangements for the control and management of the Trust's Charitable Funds".</p> <p>The Charitable Funds Committee Annual Report for 2021/22, which outlines the activity of the Committee for the year ending 31 March 2022, will be received by the Committee for approval in May 2022.</p>

Meeting:	Meeting Dates:	Activity:
Local Partnership Forum (LPF)	<ul style="list-style-type: none"> • 03.03.2021 • 22.07.2021 • 21.10.2021 • 13.01.2022 <p>All meetings were quorate.</p>	<p>The purpose of the Local Partnership Forum (LPF) is:</p> <p>To provide a formal mechanism where the Trust, as employer and trade unions / professional bodies representing Trust employees (hereafter referred to as staff organisations) work together to improve health services for the citizens served by the Trust – achieved through a regular and timely process of consultation, negotiation and communication. In doing so, the LPF must effectively represent the Trust's workforce.</p> <p>It is the forum where the Trust and staff organisations will engage with each other to inform, debate and seek to agree local priorities on workforce and health service issues; and inform thinking around national priorities on health matters.</p> <p>The Trust may specifically request advice and feedback from the LPF on any aspect of its business and the LPF may also offer advice and feedback even if not specifically requested by the Trust. The LPF may provide advice to the Board:</p> <ul style="list-style-type: none"> ○ In written advice or, ○ In any other form specified by the Board. <p>The Local Partnership Forum Annual Report for 2021/22, which outlines the activity of the Committee for the year ending 31 March 2022 will be submitted for approval at its meeting in insert date.</p>
Quality, Safety & Performance Committee <p>Meeting Agendas, Minutes and Papers are available on the Trust Internet site here:</p> <p>https://velindre.nhs.wales/about-</p>	<ul style="list-style-type: none"> • 15.03.2021 • 13.05.2021 • 15.07.2021 • 16.09.2021 • 18.11.2021 • 20.01.2022 • 24.03.2022 	<p>The purpose of the Quality, Safety and Performance Committee is to provide:</p> <p>Evidence based and timely advice to the Board to assist it in discharging its functions and meeting its responsibilities with regard to the: quality, safety and performance of healthcare; all aspects of workforce; digital</p>

Meeting:	Meeting Dates:	Activity:
us/quality-safety-performance/	<p>All meetings were quorate.</p>	<p>delivery and information governance; and</p> <p>Assurance to the Board in relation to the Trust's arrangements for safeguarding and improving the quality, safety and performance of patient and service user centred healthcare, workforce matters, digital delivery and information governance in accordance with its stated objectives, legislative responsibilities and the requirements and standards determined for the NHS in Wales.</p> <p>The Quality, Safety & Performance Committee Annual Report for the year ending 31 December 2021 was approved by the Committee on 18 November 2021 and is available on the Trust Internet site: https://velindre.nhs.wales/about-us/trust-board/trust-board-meeting-papers-2021/trust-board-agenda-and-papers-25-11-2021/</p>
<p>Strategic Development Committee</p> <p>Meeting Agendas, Minutes and Papers are available on the Trust Internet site here:</p> <p>https://velindre.nhs.wales/about-us/strategic-development-committee/</p>	<ul style="list-style-type: none"> • 08.04.2021 • 10.06.2021 • 12.08.2021 • 07.10.2021 • 08.11.2021 • 09.12.2021 • 10.02.2022 <p>All meetings were quorate.</p>	<p>The purpose of the Strategic Development Committee is to provide:</p> <p>Evidence based and timely advice to the Board to assist it in discharging its functions and responsibilities with regard to the:</p> <ul style="list-style-type: none"> • strategic direction • strategic planning and related matters • organisational development • digital services, estates and other enabler services • sustainable development and the implementation of strategy through the spirit and intention of the Well Being of Future Generations Act • investment in accordance with Value-based healthcare <p>Assurance to the Board in relation to strategic decision-making, ensuring it is supported with a robust understanding of risks in relation to the achievement of organisational goals and strategic objectives.</p> <p>Where appropriate, the Committee will advise</p>

Meeting:	Meeting Dates:	Activity:
		<p>the Board and the Accountable Officer on where, and how, its system of assurance may be strengthened and developed further.</p> <p>The Strategic Development Committee Annual Report which outlines the activity of the Committee for the year ending 31 December 2021 will be approved by the Committee on 23rd March 2022.</p>
Remuneration Committee	<ul style="list-style-type: none"> • 28.04.2021 • 24.06.2021 • 26.08.2021 • 28.10.2021 • 30.12.2021 • 24.02.2022 <p>All meetings were quorate.</p>	<p>The purpose of the Remuneration Committee is to provide:</p> <ul style="list-style-type: none"> • advice to the Board on remuneration and terms of service for the Chief Executive, Executive Directors and other senior staff within the framework set by the Welsh Assembly Government; and • assurance to the Board in relation to the Trust's arrangements for the remuneration and terms of Service, including contractual arrangements, for <u>all staff</u>, in accordance with the requirements and standards determined for the NHS in Wales. <p>And to perform certain, specific functions on behalf of the Board.</p>
Research, Development & Innovation (RDI) Sub-Committee <p>Meeting Agendas, Minutes and Papers are available on the Trust Internet site here:</p> <p>https://velindre.nhs.wales/about-us/research-development-and-innovation/research-development-and-innovation-meeting-papers/</p>	<ul style="list-style-type: none"> • 28.04.2021 • 22.07.2021 • 21.10.2021 • 13.01.2022 <p>All meetings were quorate.</p>	<p>The purpose of the RD&I Sub-Committee is to provide:</p> <ul style="list-style-type: none"> • Strategy and policy oversight for Innovation and Research activities at the Trust and advise on and monitor performance in these areas. • Promotion and encouragement of an Innovation and Research ethos and culture which is integral to the Trusts vision, mission and values. • Evidence based timely advice to the Board to assist it in discharging its functions and meeting its responsibilities with regards to the quality and safety of Innovation and Research activity. In the relation to research this includes activity carried out within the Trust both as a research sponsor and host organisation. • Assurance to the Board in relation to the

Meeting:	Meeting Dates:	Activity:
		<p>Trust's arrangements for ensuring compliance with the, and the EU Clinical Trials Directive 2004 as amended from time to time.</p> <ul style="list-style-type: none"> • Foster collaboration and make recommendations on adoption and dissemination. • Consideration of relevant matters with reference to the parameters identified for risk appetite in relation to research, development and innovation as set by the Board. <p>The RD&I Sub-Committee Annual Report for 2021/22, which outlines the activity of the Committee for the year ending 31 March 2022 will be received for approval by the Committee in April 2022.</p>
<p>Transforming Cancer Services Programme Scrutiny Sub-Committee</p> <p>Meeting Agendas, Minutes and Papers are available on the Trust Internet site here:</p>	<ul style="list-style-type: none"> • 19.04.2021 • 20.05.2021 • 24.06.2021 • 20.07.2021 • 21.09.2021 • 25.10.2021 • 11.11.2021 • 22.12.2021 • 19.01.2022 • 22.02.2022 • 22.03.2022 <p>All meetings were quorate.</p>	<p>The purpose of the Transforming Cancer Services (TCS) Programme Scrutiny Sub-Committee is to:</p> <ul style="list-style-type: none"> • Provide assurance that the leadership, management and governance arrangements are sufficiently robust to deliver the outcomes and benefits of the programme. • Scrutinise the progress of the programme and provide the Trust Board with assurance that implementation is effective, efficient and within the budget available. • Undertake any other scrutiny activity relating to the TCS Programme as directed by the Trust Board or Senior Responsible Owner (SRO). • Seek advice and guidance from appropriate Technical Advisors as well as the MIM Transactor (if relating to the nVCC Project) to assist the Committee with their scrutiny of the TCS Programme. • Provide assurance to the Trust Board on all aspects of the TCS Programme in relation to approvals sought on all decisions reserved for the full Board. • Receive all audit, gateway and

Meeting:	Meeting Dates:	Activity:
		<p>assurance reviews pertaining to the programme or its constituent projects and provide assurance (or otherwise) to the Trust that the programme is being delivered in accordance with all professional, financial and Trust standards.</p> <ul style="list-style-type: none"> • Provide assurance to the Trust Board and support to the Senior Responsible Officer in signalling the TCS closure activities once it has met its objectives. • Where appropriate, the Committee will advise the Trust Board and the Accountable Officer on where, and how, its system of assurance in relation to the TCS Programme may be strengthened and developed further.

APPENDIX 2–Board Member AttendanceTrust Board Meetings 2021- 2022

Key: ✓ In Attendance
 ☒ Not in Attendance

Board Member	08/06/2021	29/07/2021	30/09/2021	25/11/2021	27/01/2022	31/03/2022
Prof. Donna Mead, Chair	✓	✓	✓	✓	✓	✓
Mr. Stephen Harries, Interim Vice Chair and Independent Member	✓	✓	✓	✓	✓	✓
Mr. Martin Veale, Independent Member	✓	✓	✓	✓	✓	✓
Mrs. Janet Pickles, Independent Member (up to 30 September 2021)	✓	✓	✓	N/A	N/A	N/A
Mrs. Vicky Morris, Independent Member (from November 2021)	N/A	N/A	N/A	✓	✓	✓
Mrs. Hilary Jones, Independent Member	✓	✓	✓	✓	✓	✓
Mr. Gareth Jones, Independent Member	✓	✓	☒	✓	✓	✓

Board Member	08/06/2021	29/07/2021	30/09/2021	25/11/2021	27/01/2022	31/03/2022
Professor Donald Fraser Independent Member (up to 3 September 2021)	<input checked="" type="checkbox"/>	✓	N/A	N/A	N/A	N/A
Professor Andrew Westwell Independent Member (from August 2021)	N/A	N/A	✓	✓	✓	✓
Mr. Steve Ham, Chief Executive	✓	✓	✓	✓	✓	✓
Mr. Mark Osland, Executive Director of Finance (up to 30 September 2021)	✓	✓	N/A	N/A	N/A	N/A
Mr. Matthew Bunce, Executive Director of Finance (from 27 September 2021)	N/A	N/A	✓	✓	✓	✓
Dr. Jacinta Abraham, Executive Medical Director	<input checked="" type="checkbox"/>	✓	<input checked="" type="checkbox"/>	✓	✓	<input checked="" type="checkbox"/>
Ms. Sarah Morley, Executive Director of Organisational Development & Workforce	✓	✓	✓	✓	✓	✓
Mrs. Nicola Williams, Executive Director of Nursing, AHPs & Health Science	✓	✓	✓	✓	✓	✓

APPENDIX 3 – Ministerial Directions (Welsh Health Circulars)

Ministerial Directions (Welsh Health Circulars)	Date/Year of Adoption	Executive Lead(s)	Status
(WHC/2021/012) Implementing the agreed approach to preventing Violence & Aggression towards NHS staff in Wales.	22 April 2021	Director of Strategic Transformation, Planning & Digital and Chief Operating Officer.	This Ministerial Direction has been enacted.
(WHC/2021/011) 2021/22LHB, SHA & Trust Monthly Financial Monitoring Return Guidance.	23 April 2021	Executive Director of Finance.	This Ministerial Direction has been enacted.
(WHC/2021/019) The National Influenza Immunisation Programme.	04 August 2021	Executive Director of Nursing, Allied Health Professions and Health Science.	This Ministerial Direction has been enacted.
(WHC/2021/024) NHS Wales' contribution towards a net-zero public sector by 2030.	08 September 2021	Director of Strategic Transformation, Planning & Digital.	This Ministerial Direction has been enacted.
(WHC/2021/010) Amendment to model standing orders, reservation and delegation of powers and model standing financial instructions – NHS Wales.	16 September 2021	Director of Corporate Governance & Chief of Staff and Executive Director of Finance.	This Ministerial Direction has been enacted.
(WHC/2021/022) Publication of the quality and safety framework.	17 September 2021	Executive Director of Nursing, Allied Health Professions and Health Science.	This Ministerial Direction has been enacted.
(WHC/2021/023) Care Decisions for the Last Days of Life.	23 September 2021	Executive Director of Nursing, Allied Health Professions and Health Science.	This Ministerial Direction has been enacted.
(WHC/2021/027) NHS Wales Blood Health Plan	27 September 2021	Chief Operating Officer.	This Ministerial Direction has been enacted.

Ministerial Directions (Welsh Health Circulars)	Date/Year of Adoption	Executive Lead(s)	Status
(WHC/2021/031) NHS Wales Planning Framework 2022-2025	09 November 2021	Director of Strategic Transformation, Planning & Digital.	This Ministerial Direction has been enacted.
(WHC/2021/034) Health Board Allocations 2022- 2023	09 February 2022	Executive Director of Finance.	This Ministerial Direction has been enacted.
(WHC/2022/014) AMR & HCAI Improvement Goals For 2021-23	01 March 2022	Executive Director of Nursing, Allied Health Professions and Health Science.	This Ministerial Direction has been enacted.
(WHC/2022/011) COVID 19 Patient Testing Framework – Updated Guidance	24 March 2022	Executive Director of Nursing, Allied Health Professions and Health Science.	This Ministerial Direction has been enacted.
(WHC/2022/005) Data requirements for Value Based Healthcare	24 March 2022	Executive Director of Finance and Director of Strategic Transformation, Planning & Digital.	This Ministerial Direction has been enacted.
(WHC/2022/010) Reimbursable vaccines and eligible cohorts for the 2022/23 NHS Seasonal Influenza (flu) Vaccination Programme	29 March 2022	Executive Director of Nursing, Allied Health Professions and Health Science.	This Ministerial Direction has been enacted.

FINANCIAL ACCOUNTABILITY REPORT

The Trust continues to operate in a challenging financial environment like all organisations in NHS Wales, which was particularly difficult in 2021/2022 as a result of the ongoing impact of the COVID-19 pandemic. Despite the pandemic, opportunities to make efficiency savings and identify recurring reductions in costs whilst maintaining and improving services are sought wherever possible by Directors, finance teams and staff across the organisation.

The Core Trust Services incurred additional revenue spend of £11.521m and capital spend of £675k (2020/2021 revenue spend of £6.291m and capital spend of £1.845m) in its response to the pandemic. Welsh Government provided the Trust with funding to cover these COVID-19 related issues which ensured they did not impact on the Trust meeting the key target of its expenditure not exceeding income.

Despite these challenges, the Trust was able to achieve all three financial targets set by Welsh Government in 2021/2022. This will remain a difficult task in 2022/2023 and the foreseeable future as the Trust continues to respond to the transition out of the pandemic and invest in additional capacity to enable it to deal with activity backlogs, which will require additional Commissioner and Welsh Government funding in order that the Trust can continue to meet its financial targets.

The Trust remains committed to providing high value, quality and safe care with the best possible outcomes for its patients, while striving to deliver this through efficient and effective services, and therefore seeking opportunities to make efficiency savings and identify recurring reductions in costs will continue to be a priority focus for the organisation.

FINANCIAL TARGETS

The Trust has met all three of its financial targets for the year ended 31st March 2022:

- Breakeven duty - The Trust achieved a surplus of £41k in 2021/2022 (2020/2021: surplus of £38k; 2019/2020 surplus of £24k), resulting in a surplus of £103k over a three year period. The Trust has therefore achieved its statutory financial duty to achieve financial breakeven over a rolling three year period.
- Duty to prepare a 3 year integrated plan – Due to the pandemic, the process for the 2020/2023 integrated plan was paused in spring 2020 and temporary quarterly planning arrangements were implemented. As a result, the extant planning duty for 2021/2022 remains the

requirement to submit and have approved a 2019/2022 integrated plan, as set out in the NHS Wales Planning Framework 2019/2022. The Trust submitted a 2019/2022 integrated plan in accordance with the planning framework and has therefore met its statutory duty to have an approved financial plan.

- Creditor payments - The Trust is required to pay 95% of the number of non- NHS bills within 30 days of the receipt of goods or a valid invoice (whichever is the later). The Trust has met this target, paying 95.7% (2020/2021: 96.7%) within the required time.

The Trust ordinarily would have four financial targets to meet: the fourth being the External Finance Limit (EFL). The Welsh Government temporarily removed this target in 2019/2020 and are expected to reintroduce it in 2022/2023.

FEES & CHARGES - AUDITOR REMUNERATION

Fees paid to Audit Wales for their statutory audit and performance audit work were £223,783 by the Trust, and £15,000 by the Trust's Charitable Fund.

MATERIAL REMOTE CONTINGENT LIABILITIES

The Trust hosts the Welsh Risk Pool (WRP) as part of NHS Wales Shared Services Partnership (NWSSP). The WRP returns from Welsh Health Organisations estimate that in 2021/2022 the Trust has remote contingent liabilities of £60m (2020/2021: £61m) which relate to potential litigation claims against NHS Wales that could arise in the future due to known incidents. Due to the nature and uncertainty of these potential claims, no provision has been made for them within the accounts.

LONG TERM EXPENDITURE TRENDS

	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022
	£000	£000	£000	£000	£000
Total Revenue	712,828	525,607	572,642	848,405	1,044,074
Pay	149,866	160,551	182,684	242,072	294,020
Non Pay	549,774	352,075	373,015	587,320	738,544
Depreciation	17,595	16,466	17,186	17,554	10,222
Total Expenditure	717,235	529,092	572,885	846,946	1,042,786
Non-operating revenue and costs	5,613	3,295	440	(207)	(953)
Total consolidated surplus / (deficit)	1,206	(190)	197	1,252	335

The table above includes the income and expenditure of the Trust's charitable fund and assets that have been donated to the Trust, and, in the case of 2021/2022, assets that have been donated by NWSSP. The Trust's annual surplus / (deficit) excluding the charitable fund and donated assets is shown below:

	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022
	£000	£000	£000	£000	£000
Surplus / (deficit) excluding charitable fund and donated assets	49	31	24	38	41

Notes

- During 2018/2019 the Wales Workforce Education & Development Services (WEDS), which was part of the NHS Wales Shared Services Partnership (NWSSP), was transferred from the Trust into the newly established Health Education & Improvement Wales (HEIW). The transfer of WEDS resulted in a significant reduction in the income and expenditure reported within the above table, but had no impact on the surplus / deficit for the year.
- During 2019/2020 two new all Wales services were established within NWSSP - the Medical Examiner Scheme and the General Medical Practice Indemnity Scheme.
- During 2020/2021 a new All Wales service was established within NWSSP – the Collaborative Bank Partnership; and two existing services commenced expansion – the Single Lead Employer Scheme and the General Medical Practice Indemnity Scheme to include the first phased intake to the Existing Liability Scheme.

- 2021/2022 saw the NHS Wales Informatics Service (NWIS), transition out of the Trust on 1st April 2021 to the newly established Special Health Authority, Digital Health & Care Wales (DHCW). NWSSP continued expansion of the Single Lead Employer Scheme and established a new All Wales service – the All Wales Laundry Service.

MODERN SLAVERY ACT 2015

TRANSPARENCY IN SUPPLYCHAINS STATEMENT 2021/2022

This statement is made to comply with Section 54 of the Modern Slavery Act 2015 and the Welsh Government's Code of Practice: Ethical Employment in Supply Chains. The Statement sets out the steps that Velindre University NHS Trust has taken and is continuing to take, to make sure that modern slavery and / or human trafficking is not taking place within the Trust or its supply chains during the year ending 31st March 2022.

Modern slavery encompasses slavery, servitude, human trafficking and forced labour. The Trust has a zero-tolerance approach to any form of modern slavery (slavery, servitude, human trafficking and forced labour). We are committed to acting ethically and with integrity and transparency in all business activity and to establish effective systems and controls, to safeguard against any form of modern slavery occurring within the Trust's supply chains.

The Trust is also fully committed to complying with its legal obligations. In doing so, it is committed as an NHS employer, to eradicate modern slavery and human trafficking, by combating unlawful and unethical employment practices and to support those affected.

The Trust will not undertake any employment practices that;

- Support modern slavery and human rights abuses;
- Support or abet the operation of blacklist / prohibited lists;
- Facilitate false self-employment;
- Permits the use of unfair umbrella schemes;
- Provide employees or workers with zero hours contracts; and
- Facilitate the payment of salaries which are lower than the National Living Wage.

Current Policies and Initiatives

The Trust is fully aware of its responsibilities towards patients, donors, service users, employees and the local community, and expects all employees and suppliers to act ethically and with integrity, in all our business relationships.

The Trust produced its first 'Ethical Employment Statement' in 2019, which was approved by the Trust Board and published in the 2019/2020 Annual Report and on the Trust's Internet / Intranet sites. This report set out the Trust's commitment to producing an annual written statement, in relation to its obligations under the Modern Slavery Act (2015) in 2019.

The Trust takes the following steps, to ensure that there is no modern slavery or human trafficking in our supply chains or in any part of our business:

People

- The Trust is fully compliant with the six NHS pre-employment check requirements, to verify that applicants meet the preconditions of the role they are applying for. This includes a right to work in the UK check;
- The Trust has a robust IR35 policy and processes in place, which ensures that there is no unfair use of false self-employed workers or workers being engaged under umbrella schemes. This process ensures the fair and appropriate engagement of all workers and prevents individuals from avoiding paying Tax and National Insurance contributions.
- The Trust does not engage or employ employees or workers on Zero Hours Contracts. The Trust does employ Bank Staff, but these staff are provided with the opportunity to apply for substantive posts should they wish to.
- The Trust pays our lowest paid employees on Pay Band 2 (the lowest NHS Wales pay band). This salary is compliant with the National Living Wage.
- The Trust has an Equality and Diversity Policy and a range of processes and procedures which ensures that no potential applicant, employee or worker engaged by the Trust is in any way unduly disadvantaged in terms of pay, employment rights, employment, training and development and career opportunities;
- In 2020 the Trust has launched a Working in Confidence platform that allows staff to raise and resolve concerns confidentially
- The Trust has in place a range of workforce policies e.g. Respect and Resolution Policy, Grievance Policy, Dignity at Work Procedure, Anonymous Communications, Violence, Domestic Abuse and Sexual Violence in the Workplace; etc. Our policies enable our employees to raise concerns about poor working practices.
- The Trust complies fully with the Transfer of Undertaking (Protection of Employment)

Regulations ensuring that Trust employees that may be required to transfer to a new organisation, will retain their current NHS Terms and Conditions of Service; and

- The Trust does not make use of blacklist / prohibited list information.

Procurement and our Supply Chain

- The Trust's Procurement Team operates within the current UK and NHS procurement regulations and includes a mandatory exclusion question regarding the Modern Slavery Act 2015.
- The Trust's NWSSP Supplier Policy sets out the manner in which we behave as an organisation and how we expect procurement employees and suppliers to act.
- The Trust's Procurement Team's approach to procurement and our supply chain includes:
 - Ensuring that our suppliers are carefully selected through robust supplier selection criteria/processes;
 - Requiring that the main contractor provides details of its sub- contractor(s), to enable the Procurement Team on behalf of the Trust to check their credentials;
 - Randomly request that the main contractor provide details of its supply chain;
 - Ensuring invitation to tender documents contain a clause on human rights issues;
 - Ensuring invitation to tender documents also contain clauses giving the Trust the right to terminate a contract for failure to comply with labour laws;
 - Using a Supplier Selection Questionnaire which includes a section on Modern Day Slavery;
 - Trust staff must contact and work with the Procurement Team when looking to work with new suppliers, to ensure that appropriate checks can be undertaken;
 - Ensuring supplier adherence to the Trust and NHS Wales values. We are zero tolerant to slavery and human trafficking and thereby expect all our direct and indirect suppliers /contractors to be compliant;
- Assurances are sought from suppliers, via the tender process, that they do not make use of blacklists/prohibited lists. The Trust is also able to provide confirmation and assurances that the Trust does not make use of blacklist/prohibited list information.
- The Transparency in Supply Chain (TISC) Report – Modern Slavery Act (2015) compliance tracker is used, through contracts procured by NWSSP Procurement Services on the Trust's behalf.

Training

- Advice and training about modern slavery and human trafficking is provided to employees

through our mandatory safeguarding children and adults training programmes, our safeguarding policies and procedures and our safeguarding lead. The Trust is exploring new ways to continuously increase awareness within our organisation and to ensure a high level of understanding of the risks involved with modern slavery and human trafficking, in our supply chains and in our business.

Policies and Initiatives 2021 /2022

In the forthcoming year, the Trust is committed to taking the following actions to continue to ensure that modern slavery and / or human trafficking is not taking place within our organisation or supply chain during the year ending 31st March 2022.

People

- The Trust complies with the IR35 Legislation, which came into effect on the 6th April 2021.
- The Trust will use internal communications to promote and raise employee awareness of modern slavery and human trafficking.
- The Trust has purchased a Working in Confidence Platform
- The Trust's Safeguarding lead will be updating the Safeguarding Guidance Booklet for staff to include the modern slavery pathway.

REMUNERATION & STAFF REPORT

The details of the Remuneration Relationship are reported on page 83 of the Accountability Report, and note 10.6 of the Annual Accounts.

The pay and terms and conditions of employment for the Executive Team and senior managers have been and will be determined by the Velindre University NHS Trust Remuneration and Terms of Service Committee, within the framework set by the Welsh Government. The Remuneration and Terms of Service Committee also considered and approved applications relating to the voluntary early release scheme. The Trust Remuneration Committee members are Independent Members of the Board and a Trade Union Representative. The Committee is chaired by the Trust Chair. Details of the membership of the Remuneration & Terms of Service Committee are captured on pages 8-12 of the Directors' Report section of this report.

Existing public sector pay arrangements apply to all staff including members of the Executive Team. All members of the Executive Team are on pay points and not pay scales. The performance of

members of the Executive Team is assessed against personal objectives and against the overall performance of the Trust. The Trust does not operate a performance related pay scheme.

All Executive Directors have the option to have a lease car, under the terms of the Trust's lease car agreement.

The Chief Executive and Executive Directors are employed on permanent contracts, which can be terminated by giving due notice unless for reasons of misconduct.

There have been no payments to former Executives or other former senior managers during the year.

The remuneration report is required to contain information about senior managers' remuneration. The senior management team consists of the Chief Executive, the Executive Directors and the Independent Members (Non-Executive Directors), the Director of Transformation, Planning, and Digital, the Chief Operating Officer and the Director of Corporate Governance / Board Secretary / Chief of Staff. Full details of senior managers' remuneration are shown later in the table that starts on page 84.

The totals in some of the following tables may differ from those in the Annual Accounts as they represent staff in post as at 31st March 2022 whilst the Annual Accounts (note 10.2) shows the average number of operational employees during the year.

Transparency of senior remuneration in the devolved Welsh Public Sector – ANNEX 10.

Guide to Tackling Unfair Employment Practices and False Self-Employment -

<https://gov.wales/docs/dpsp/publications/valuewales/170620-unfair-employment-en.pdf> - ANNEX 10

STAFF COMPOSITION BY GENDER

A breakdown of the workforce by gender is set out in the table below. This figure represents the composition as at 31st March 2022. To note it excludes those in Bank, Locum and Honorary positions.

*FTE – Full-time Equivalent

Gender	Headcount	FTE*	% of Headcount
Female	1,221	1,050.84	75.00%
Male	407	381.52	25.00%
Grand Total	1,628	1,432.35	100%

A breakdown of the Trust Executive Directors and Senior Managers by gender is set out in the table below. This figure represents the composition as at 31st March 2022. The data confirms that there are more female than male Trust Executive Directors and Senior Managers. Female employees are employed in five out of the eight Trust Executive Directors and Senior Manager posts.

Job Title	Gender	Headcount	FTE*	% of Headcount
Chief Executive Officer	Male	1	1	12.50%
Chief Operating Officer	Female	1	1	12.50%
Executive Director of Finance	Male	1	1	12.50%
Executive Medical Director	Female	1	1	12.50%
Executive Director of Nursing, AHP and Healthcare Science	Female	1	1	12.50%
Executive Director of Organisational Development & Workforce	Female	1	1	12.50%
Director of Strategic Transformation, Planning & Digital	Male	1	1	12.50%
Director of Corporate Governance & Chief of Staff	Female	1	1	12.50%
Grand Total		8	8	100%
	Male	3		37.50%
	Female	5		62.50%

STAFF COMPOSITION BY STAFF GROUP

During 2021/2022 the average full time equivalent (FTE) number of operational staff permanently employed by the Trust was 3,606. 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 table below provides a breakdown of the workforce by staff grouping and in addition to permanently employed staff, shows staff on inward Secondment, agency staff and other staff.

	Average FTE Number of Operational Employees						
	Permanently Employed	Staff on Inward Secondment	Agency Staff	Specialist Trainee	Other Staff	2021/2022 Total	2020/2021 Total
Administrative, Clerical and Board Members	1,957	13	21	0	38	2,029	2,643
Medical and Dental	95	4	0	13	5	117	121
Nursing and Midwifery Registered	198	0	0	0	6	204	195
Professional, Scientific and Technical Staff	72	0	0	0	1	73	65
Additional Clinical Services	219	0	3	0	25	247	316
Allied Health Professionals	130	3	6	0	0	139	132
Healthcare Scientists	144	1	0	0	8	153	142
Estates and Ancillary	503	0	45	0	93	641	456
Students	3	0	0	0	0	3	3
Total	3,321	21	75	13	176	3,606	4,073

SICKNESS ABSENCE DATA 2021/22

The data shows that, whilst more staff have had sickness absence during 2021/22, the average length of absence has been shorter than in 2020/21.

Report	2021/22	2020/21	Variance
Total Days Lost (Long Term):	23793	43443	-19,649
Total Days Lost (Short Term):	9803	14089	-4,286
Total Days Lost:	33596	57532	-23935.96
Average Staff Employed in the Period – FTE	2618.27	4378.12	-1759.85
Average Working Days Lost (FTE):	9.40	13.72	-4.32
Total Staff Employed in Period:	2083	4796	-2713
Total Staff Employed in Period with No Sickness Absence (Headcount):	645	3133	-2,488
Percentage Staff with No Sick Leave:	40.09	62.19	-22.1

The Workforce team work with Divisions to manage the wellbeing of staff and sickness absence. Monthly performance reports are developed for Divisions and Executive colleagues to monitor sickness and COVID sickness absence. Interventions to support managers are aligned to reasons for sickness to ensure effective interventions that support staff. Regular sickness audits are undertaken and manager drop in session are available to support managers in ensuring staff are encouraged back to work.

The Trust also offers and provides staff with free access to a diverse range of traditional medical, psychological and complementary therapy interventions, to assist them to proactively and reactively manage their health and wellbeing. This includes an Employee Assistance Programme (EAP), which family members can also access for free.

The top reason for sickness absence across the Trust continues to be psychological ill health. To provide staff with appropriate and additional support in an unprecedented year, the Trust has focused on interventions to support the psychological wellbeing of our staff. This has included drop in session with our wellbeing team as well as on site support from our EAP service. As part of our Health and Wellbeing plan we are training mental health first aid champions and run a number of staff networks to support staff.

STAFF POLICIES

All Trust policies and procedures are equality impact assessed against the nine protected characteristics, to ensure that they do not discriminate against people who apply to work in the Trust or are employed by the Trust. All Trust policies and procedures are available to access via the Trust Internet website.

SALARY AND PENSION DISCLOSURE TABLES (AUDITED) – SINGLE TOTAL FIGURE OF REMUNERATION

This Remuneration Report includes a single total figure of remuneration. The amount of pension benefits for the year which contributes to the single total figure is calculated based on guidance provided by the NHS Business Services Authority Pensions Agency.

The amount included in the table for pension benefit is based on the increase in accrued pension adjusted for inflation. This will generally take into account an additional year of service together with any changes in pensionable pay. This is not an amount which has been paid to an individual by the Trust during the year; it is a calculation which uses information from the pension benefit table. These figures can be influenced by many factors e.g. changes in a person's salary, whether or not they choose to make additional contributions to the pension scheme from their pay, and other valuation factors affecting the pension scheme as a whole.

The salary and pension disclosures reflect the senior managers' information. As indicated on pages 8-16 the senior management team consists of the Chief Executive, the Executive Directors and the Independent Members (Non-Executive Directors), the Director of Strategic Transformation, Planning, and Digital, the Chief Operating Officer, and the Director of Corporate Governance / Board Secretary / Chief of Staff.

**SALARY AND PENSION DISCLOSURE TABLES (AUDITED) –
SINGLE TOTAL FIGURE OF REMUNERATION (CONTINUED)**

	2021/2022					2020/2021				
Name and Title	Salary (bands of £5,000)	Other Remuneration (bands of £5,000)	Benefits in Kind (to the nearest £100)	Pension benefits (to the nearest £1,000)	Total (to the nearest £5,000)	Salary (bands of £5,000)	Other Remuneration (bands of £5,000)	Benefits in Kind (to the nearest £100)	Pension benefits (to the nearest £1,000)	Total (to the nearest £5,000)
Executive Directors and Senior Managers										
Steve Ham Chief Executive	145-150	0	0	45	190-195	140-145	0	0	23	165-170
Mark Osland Executive Director of Finance ¹	55-60	0	0	16	70-75	105-110	0	0	27	130-135
Matthew Bunce Executive Director of Finance ²	55-60	0	0	79	135-140					
Jacinta Abraham Executive Medical Director ³	115-120	30-35	0	86	230-235	110-115	25-30	0	48	190-195
Catherine O'Brien Chief Operating Officer ⁴	120-125	0	0	63	180-185	115-120	0	0	22	135-140
Lauren Fear Director of Corporate Governance	90-95	0	0	22	110-115	85-90	0	0	21	105-110
Nicola Williams Executive Director of Nursing, AHP and Healthcare Scientists	110-115	0	0	53	165-170	105-110	0	0	38	145-150

Name and Title	2021/2022					2020/2021				
	Salary (bands of £5,000)	Other Remuneration (bands of £5,000)	Benefits in Kind (to the nearest £100)	Pension benefits (to the nearest £1,000)	Total (to the nearest £5,000)	Salary (bands of £5,000)	Other Remuneration (bands of £5,000)	Benefits in Kind (to the nearest £100)	Pension benefits (to the nearest £1,000)	Total (to the nearest £5,000)
Sarah Morley Executive Director of Organisational Development and Workforce	95-100	0	0	38	135-140	95-100	0	0	26	120-125
Carl James Director of Strategic Transformation, Planning, and Digital ⁵	120-125	0	1	50	170-175	115-120	0	40	32	150-155

Notes:

1. M Osland left the Trust on 30/09/2021. The annualised salary band for this role was £110-115k.
2. M Bunce was appointed to the role of Executive Director of Finance on 27/09/2021. The annualised salary band for this role was £110-115k. The Pensions Agency are unable to provide comparator information for 2020/2021 as it was not generated at the time and cannot be reproduced at a later date.
3. Other remuneration for J Abraham relates to clinical responsibilities
4. C O'Brien was appointed on an interim basis in 2019. This appointment was made permanent on 01/11/2021
5. Benefits in kind for C James relate to the use of a Trust lease car and taxable mileage payments

**SALARY AND PENSION DISCLOSURE TABLES (AUDITED) –
SINGLE TOTAL FIGURE OF REMUNERATION (CONTINUED)**

Name and Title	2021/2022					2020/2021				
	Salary (bands of £5,000)	Other Remuneration (bands of £5,000)	Benefits in Kind (to the nearest £100)	Pension benefits (to the nearest £1,000)	Total (to the nearest £5,000)	Salary (bands of £5,000)	Other Remuneration (bands of £5,000)	Benefits in Kind (to the nearest £100)	Pension benefits (to the nearest £1,000)	Total (to the nearest £5,000)
Independent Members/Non -Executive Directors										
Donna Mead	40-45	0	0	0	40-45	40-45	0	0	0	40-45
Janet Pickles ¹	0-5	0	0	0	0-5	5-10	0	0	0	5-10
Martin Veale	5-10	0	0	0	5-10	5-10	0	0	0	5-10
Stephen Harries	30-35	0	0	0	30-35	30-35	0	0	0	30-35
Donald Fraser ²	0-5	0	0	0	0-5	5-10	0	0	0	5-10
Gareth Jones	5-10	0	0	0	5-10	5-10	0	0	0	5-10
Hilary Jones	5-10	0	0	0	5-10	5-10	0	0	0	5-10
Andrew Westwell ³	0-5	0	0	0	0-5					
Vicky Morris ⁴	0-5	0	0	0	0-5					

1. J Pickles' term ended on 30/09/2021
2. D Fraser's term ended on 03/09/2021
3. A Westwell's term started on 10/08/2021
4. V Morris' term stated on 12/11/2021

SALARY AND PENSION DISCLOSURE

CASH EQUIVALENT TRANSFER VALUES

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capital value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or an arrangement to secure pension benefits in another pension scheme or an 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.

SALARY AND PENSION DISCLOSURE TABLES (AUDITED) – BOARD MEMBER AND VERY SENIOR MANAGER PENSIONS

Name and Title	Real increase in pension at pension age (bands of £2,500)	Real increase in pension lump sum at pension age (bands of £2,500)	Total accrued pension at pension age at 31 March 2022 (bands of £5,000)	Lump sum at pension age related to accrued pension at 31 March 2022 (bands of £5,000)	Cash Equivalent Transfer Value at 31 March 2022	Cash Equivalent Transfer Value at 31 March 2021	Real increase in Cash Equivalent Transfer Value	Employer's contribution to stakeholder pension
	£000	£000	£000	£000	£000	£000	£000	£000
Steve Ham Chief Executive ¹	2.5-5	7.5-10	40-45	130-135	-	-	-	-
Mark Osland Executive Director of Finance ²	0-2.5	0	10-15	0	185	143	12	-
Matthew Bunce Executive Director of Finance ³	2.5-5	10-12.5	45-50	110-115	948	756	75	-
Jacinta Abraham Executive Medical Director	5-7.5	5-7.5	50-55	100-105	1,035	919	89	-
Catherine O'Brien Chief Operating Officer ⁴	2.5-5	0	25-30	0	419	347	51	-
Lauren Fear Director of Corporate Governance	0-2.5	0	0-5	0	35	19	4	-
Nicola Williams Executive Director Nursing, AHP and Healthcare Scientists	2.5-5	2.5-5	50-55	130-135	1,035	956	59	-

Name and Title	Real increase in pension at pension age (bands of £2,500)	Real increase in pension lump sum at pension age (bands of £2,500)	Total accrued pension at pension age at 31 March 2022 (bands of £5,000)	Lump sum at pension age related to accrued pension at 31 March 2022 (bands of £5,000)	Cash Equivalent Transfer Value at 31 March 2022	Cash Equivalent Transfer Value at 31 March 2022	Real increase in Cash Equivalent Transfer Value	Employer's contribution to stakeholder pension
	£000	£000	£000	£000	£000	£000	£000	£000
Sarah Morley Executive Director of Organisational Development and Workforce	0-2.5	0-2.5	30-35	65-70	638	581	40	-
Carl James Director of Strategic Transformation, Planning & Digital	2.5-5	0	50-55	0	706	647	38	-

Notes:

1. S Ham - no CETV will be shown for senior managers over Normal Pension Age (NPA)
2. M Osland left the Trust on 30/09/2021
3. M Bunce was appointed on 27/09/2021
4. C O'Brien was appointed on an interim basis in 2019. This appointment was made permanent on 01/11/2021

As Independent Members do not receive pensionable remuneration, there are no entries in respect of pensions for Independent Members.

REPORTING OF OTHER COMPENSATION SCHEMES – EXIT PACKAGES

During 2021/2022 exit packages were approved for 2 staff with a value of £101,773 (7 staff, value £252,756 2020/2021). £25,899 exit costs were paid in 2021/2022, the year of departure (£34,419 2020/2021). These packages were paid in accordance with recognised NHS terms and conditions of service/Trust Policy. None of the exit packages reported related to senior officers. None of the payments related to a special severance payment. The actual date of departure might be in a subsequent period.

REMUNERATION RELATIONSHIP

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

The banded remuneration of the highest paid director in Velindre University NHS Trust in the financial year 2021/2022 was £145,000 - £150,000 (2020/2021, £140,000 - £145,000). This was 5.6 times (2020/2021, 4.7) the median remuneration of the workforce, which was £26,365 (2020/2021, £30,516).

In 2021/2022, 8 (2020/2021, 13) employees received remuneration in excess of the highest paid Director.

Remuneration for all staff ranged from £18,600 to £227,500 (2020/2021 £18,000 to £234,100).

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

Overtime payments are included in the calculation of both elements of the relationship.

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 was 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 cost of this payment was included in the operating expenses reported in the year 2020/2021, whilst the payment was made in early 2021/2022.

EXPENDITURE ON CONSULTANCY

During 2021/2022 the Trust spent £4.224m of its revenue funding on external consultancy fees (£3.383m related to the NHS Wales Shared Services Partnership); and £2.407m of its capital funding on external consultancy fees (£nil related to the NHS Wales Shared Services Partnership).

Examples include:

- Accountancy fees
- Legal fees
- Design fees
- Project management fees & support costs
- IT consultancy and advice
- Fees relating to building management, including surveyor & electrical costs.

TAX ASSURANCE FOR OFF-PAYROLL ENGAGEMENTS

Following the Review of Tax Arrangements of Public Sector Appointees published by the Chief Secretary to the Treasury on 23rd May 2012, departments must publish information on their highly paid and/or senior off-payroll engagements. The information, contained in the three tables below, includes all off-payroll engagements as at 31st March 2022 for those earning more than £245 per day for the core Trust and its hosted organisations.

Table 1: For all off-payroll engagements as of 31st March 2022, for those earning more than £245 per day

No. of Existing Engagements as of 31 st March 2022	16
Of which the number that have existed.	
for less than one year at time of reporting.	8
for between one and two years at time of reporting.	2
for between two and three years at time of reporting.	3
for between three and four years at time of reporting.	0
for four or more years at time of reporting.	3

Within the total number of off-payroll engagements disclosed, four engagements related to staff seconded from other NHS Wales Organisations.

All the off-payroll engagements, outlined above, have at some point been subject to a risk based assessment as to whether assurance is required that the individual is paying the right amount of tax, and where necessary, that assurance has been sought.

Table 2: For all new off-payroll engagements between 1st April 2021 and 31st March 2022, for more than £245 per day

No. of new engagements, between 1 st April 2021 and 31 st March 2022	8
Of which:	
No. assessed as caught by IR 35.	6
No. assessed as not caught by IR 35.	2
No. engaged directly (via PSC contracted to department) and are on the departmental payroll.	1
No. of engagements reassessed for consistency/assurance purposes during the year.	5
No. of engagements that saw a change to IR 35 status following the consistency review.	0

Within the total number of new off-payroll engagements disclosed, no engagements related to staff seconded from other NHS Wales Organisations.

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

No. of off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, during the financial year.	0
No. of individuals that have been deemed “board members, and/or, senior officials with significant financial responsibility”, during the financial year. This figure should include both off-payroll and on-payroll engagements.	0

PARLIAMENTARY ACCOUNTABILITY AND AUDIT REPORT

Where the Trust undertakes activities that are not funded by the Welsh Government the Trust receives income to cover its costs. Further detail of income received is published in the Trust's annual accounts; within note 4 headed 'other operating revenue'.

The Trust confirms it has complied with cost allocation and the charging requirements set out in HM Treasury guidance during the year.

The Trust ensures public funds are used appropriately and to deliver the intended objectives. With the exception of the expenditure of £337k outlined by the Auditor General for Wales in the 'Basis of Qualified Regularity Opinion' section of his report, shown on page 95, that we incurred in line with a Ministerial Direction, we consider that expenditure this year was again regular and compliant with the relevant legislation. Fees and charges for services provided by public sector organisations pass on the full cost of providing those services and are in accord with Welsh Government requirements.

The Trust hosts the Welsh Risk Pool (WRP) as part of NHS Wales Shared Services Partnership (NWSSP) and therefore its accounts include the estimates of remote contingent liabilities from Welsh Health Organisations for potential litigation claims that could arise in the future due to known incidents. In 2021/2022, the financial statements of the Trust are reporting total remote contingent liabilities of £60m.

AUDIT CERTIFICATE AND AUDITOR GENERAL FOR WALES REPORT

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion on financial statements

I certify that I have audited the financial statements of Velindre University NHS Trust and its group for the year ended 31 March 2022 under Section 61 of the Public Audit (Wales) Act 2004. These comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Cash Flow Statement and the Consolidated 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 Velindre University NHS Trust and its group as at 31 March 2022 and of its surplus for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards as interpreted and adapted by HM Treasury's Financial Reporting Manual; and
- have been properly prepared in accordance with the National Health Service (Wales) Act 2006 and directions made there under by Welsh Ministers.

Opinion on regularity

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

Basis for Qualified Opinion on regularity

I have qualified my opinion on the regularity of Velindre University NHS Trust and its group's financial statements because those statements include a provision of £337,000 relating to the Trust's estimated liability arising from the Ministerial Direction dated 18 December 2019 on senior clinicians' pensions.

In my view, this expenditure is irregular and material by its nature. Further detail is set out in my Report starting on page 101.

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

Conclusions relating to going concern

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

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

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

Other Information

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

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Report on other requirements

Opinion on other matters

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

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

- the information given in the 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 Performance and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements and the Performance 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 Trust and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance Report, 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 and Staff 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

As explained more fully in the Statements of Directors' and Chief Executive's Responsibilities set out on pages 22 and 23, the Directors and the Chief Executive are responsible for the preparation of financial statements which give a true and fair view and for such internal control as the Directors and Chief Executive determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors and Chief Executive are responsible for assessing the Trust'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, internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to Velindre University NHS Trust's policies and procedures concerned with:

- identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
- detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
- the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- Considering as an audit team how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in the following areas: revenue recognition and the posting of unusual journals; and
- Obtaining an understanding of Velindre University NHS Trust's framework of authority as well as other legal and regulatory frameworks that the Trust 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 Velindre University NHS Trust and its group.

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

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

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

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of Velindre University NHS Trust and its group's controls, and the nature, timing and extent of the audit procedures performed.

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

Responsibilities for regularity

The Chief Executive is responsible for ensuring the regularity of financial transactions.

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

Report

Please see my Report on pages 101 to 102.

Adrian Crompton

Auditor General for Wales

15 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 Velindre University NHS Trust (the Trust) financial statements. I am reporting on these financial statements for the year ended 31 March 2022 to draw attention to one key matter for my audit. This concerns 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.

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, then they are taxed at a higher rate on all their contributions, creating a sharp increase in tax liability.

In a Written Statement on 13 November 2019, the Minister for Health and Social Services had noted that NHS Wales' bodies were: 'regularly reporting that senior clinical staff are unwilling to take on additional work and sessions due to the potentially punitive tax liability'. In certain circumstances this could lead to additional tax charges in excess of any additional income earned.

On 18 December 2019, the First Minister (mirroring earlier action by the Secretary of State for Health and Social Care for England) issued a Ministerial Direction to the Permanent Secretary to proceed with plans to commit to making payments to clinical staff to restore the value of their pension benefits packages. If NHS clinicians opted to use the 'Scheme Pays' facility to settle annual allowance tax charges arising from their 2019-20 NHS pension savings (i.e. settling the charge by way of reduced annual pension, rather than by making an immediate one-off payment), then their NHS employers would meet the impact of those tax charges on their pension when they retire.

The Ministerial Direction was required because this solution could be viewed by HMRC to constitute tax planning and potentially tax avoidance, hence making the expenditure irregular. Managing Welsh Public Money (which mirrors its English equivalent) specifically states that 'public sector organisations should not engage in...tax evasion, tax avoidance or tax planning'.

A Ministerial Direction does not make regular what would otherwise be irregular, but it does move the accountability for such decisions from the Accounting Officer to the Minister issuing the direction.

The solution applies only to annual allowance tax charges arising from an increase in the benefits accrued in the NHS Pension Scheme during the tax year ended 5 April 2020. For the tax year ended 5 April 2021, the Chancellor increased the thresholds for

the tapered annual allowance and, as a result, it is anticipated that the risk to the supply of clinical staff has been mitigated.

The Trust has received sufficient information 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 notes 5.1 and 23 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 Trust'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
15 June 2022

Velindre University NHS Trust

Finance Report

2021-2022



GIG
CYMRU
NHS
WALES

Ymddiriedolaeth GIG
Prifysgol Felindre
Velindre University
NHS Trust



Canolfan Ganser Felindre
Velindre Cancer Centre



Gwasanaeth Gwaed Cymru
Welsh Blood Service

Velindre University NHS Trust

Foreword

These accounts for the period ended 31 March 2022 have been prepared to comply with International Financial Reporting Standards (IFRS) adopted by the European Union, in accordance with HM Treasury's FReM by Velindre University NHS Trust 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, with the approval of the Treasury, directed.

These are Group accounts showing the accounts of the Trust including those organisations hosted by it (see 'Statutory background' below), and are consolidated with the Trust's Charitable Fund of which the Trust is the Corporate Trustee.

Statutory background

The Trust was established by Statutory Instrument on 1 April 1994 and at that time was a single specialty Trust providing only Cancer Services. Over the last 28 years, the Trust has significantly evolved and expanded. The main function of the Trust is to provide all-Wales and regional clinical health services to the NHS and the people of Wales. The Trust consists of two clinical divisions: the Welsh Blood Service and Velindre Cancer Centre.

In addition to the above services, the Trust is host to two organisations. At period ended 31 March 2022, these were:

- NHS Wales Shared Services Partnership (NWSSP) which was set up on 1 April 2011; following which the functions of a number of separate services were transferred into NWSSP. NWSSP became a hosted body within Velindre NHS Trust on 1 June 2012. One new All Wales service was established within NWSSP during 2021-2022: the All Wales Laundry Service; and one existing service commenced expansion - the Single Lead Employer Scheme to include the phased intake of core and specialty medical trainees, the rollout of which will continue until May 2022.
- Health Technology Wales (HTW) which was established on 1 April 2016 and continued to receive grant funding from Welsh Government under the Efficiency through Technology Programme.

The NHS Wales Informatics Service (NWIS) which had been established as a hosted body on 1 April 2010 transferred out of the Trust on 1 April 2021 into a new Special Health Authority, Digital Health & Care Wales.

Performance Management and Financial Results

This 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 2021-2022. 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 2016-2017.

Under the National Health Services (Wales) Act 2006 the financial obligations of the NHS Trust are contained within Schedules 4 2(1) and 4 2(2). Each NHS trust must ensure that its revenue is not less than sufficient, taking one financial year with another, to meet outgoings properly chargeable to the revenue account. The first assessment of performance against the 3-year statutory duty under Schedules 4 2(1) and 4 2(2) was at the end of 2016-2017, being the first three year period of assessment.

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2022

	Note	2021-22 £000 NHS Trust	2020-21 £000	2021-22 £000 Consolidated	2020-21 £000
Revenue from patient care activities	3	736,708	576,716	736,708	576,716
Other operating revenue	4	307,091	271,507	307,366	271,689
Operating expenses	5.1	(1,042,935)	(846,661)	(1,042,786)	(846,946)
Operating (deficit)/surplus		864	1,562	1,288	1,459
Investment revenue	6	23	0	137	133
Other gains and losses	7	3	25	3	25
Finance costs	8	(1,093)	(365)	(1,093)	(365)
Consolidated Total				335	1,252
Retained surplus/(deficit) (excluding donated assets received or issued)	2.1.1	(203)	1,222		
Other Comprehensive Income					
Items that will not be reclassified to net operating costs:					
Net gain/(loss) on revaluation of property, plant and equipment		3,074	1,543	3,074	1,543
Net gain/(loss) on revaluation of intangible assets		0	0	0	0
Net gain/(loss) on revaluation of financial assets		0	0	124	727
Movements in other reserves		9,833	0	9,833	0
Net gain/(loss) on revaluation of PPE and Intangible assets held for sale		0	0	0	0
Impairments and reversals		0	0	0	0
Transfers between reserves		0	0	0	0
Reclassification adjustment on disposal of available for sale financial assets		0	0	0	0
Sub total		12,907	1,543	13,031	2,270
Items that may be reclassified subsequently to net operating costs					
Net gain/(loss) on revaluation of financial assets held for sale		0	0	0	0
Sub total		0	0	0	0
Total other comprehensive income for the year		12,907	1,543	13,031	2,270
Total comprehensive income for the year		12,704	2,765	13,366	3,522

The notes on pages 6 to 75 form part of these accounts.

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2022

	Note	31 March 2022	31 March 2021	31 March 2022	31 March 2021
		NHS Trust		Consolidated	
		£000	£000	£000	£000
Non-current assets					
Property, plant and equipment	13	143,136	136,558	143,136	136,558
Intangible assets	14	8,667	20,821	8,667	20,821
Trade and other receivables	17.1	1,092,008	817,142	1,092,008	817,142
Other financial assets	18	0	0	5,826	5,613
Total non-current assets		1,243,811	974,521	1,249,637	980,134
Current assets					
Inventories	16.1	65,207	95,564	65,207	95,564
Trade and other receivables	17.1	540,227	548,836	539,146	548,529
Other financial assets	18	0	0	0	0
Cash and cash equivalents	19	30,404	43,263	33,116	44,811
		635,838	687,663	637,469	688,904
Non-current assets held for sale	13.2	0	0	0	0
Total current assets		635,838	687,663	637,469	688,904
Total assets		1,879,649	1,662,184	1,887,106	1,669,038
Current liabilities					
Trade and other payables	20	(277,601)	(353,136)	(277,649)	(353,243)
Borrowings	21	0	(8)	0	(8)
Other financial liabilities	22	0	0	0	0
Provisions	23	(341,123)	(316,959)	(341,123)	(316,959)
Total current liabilities		(618,724)	(670,103)	(618,772)	(670,210)
Net current assets/(liabilities)		17,114	17,560	18,697	18,694
Total assets less current liabilities		1,260,925	992,081	1,268,334	998,828
Non-current liabilities					
Trade and other payables	20	(7,336)	(7,301)	(7,336)	(7,301)
Borrowings	21	0	0	0	0
Other financial liabilities	22	0	0	0	0
Provisions	23	(1,094,206)	(818,782)	(1,094,206)	(818,782)
Total non-current liabilities		(1,101,542)	(826,083)	(1,101,542)	(826,083)
Total assets employed		159,383	165,998	166,792	172,745
Financed by Taxpayers' equity:					
Public dividend capital		112,982	122,468	112,982	122,468
Retained earnings		15,466	15,552	15,466	15,552
Revaluation reserve		30,935	27,978	30,935	27,978
Other reserves		0	0	0	0
Funds Held on Trust Reserves				7,409	6,747
Total taxpayers' equity		159,383	165,998	166,792	172,745

The financial statements were approved by the Board on 14 June 2022 and signed on behalf of the Board by:

Steve Ham, Chief Executive and Accountable Officer

Date: 14 June 2022

The notes on pages 6 to 75 form part of these accounts.

STATEMENT OF CHANGES IN TAXPAYERS' EQUITY

2021-22	Public Dividend Capital £000	Retained earnings £000	Revaluation reserve £000	Total £000	FHOT Reserves £000	Consolidated Total £000
Changes in taxpayers' equity for 2021-22						
Balance as at 31 March 2021	122,468	15,552	27,978	165,998	6,747	172,745
NWIS to DHCW Transfer adjustment	(27,872)	(9,833)	0	(37,705)	0	(37,705)
Balance at 1 April 2021	94,596	5,719	27,978	128,293	6,747	135,040
Retained surplus/(deficit) for the year		(203)		(203)		(203)
Net gain/(loss) on revaluation of property, plant and equipment		0	3,074	3,074		3,074
Net gain/(loss) on revaluation of intangible assets		0	0	0		0
Net gain/(loss) on revaluation of financial assets		0	0	0	124	124
Net gain/(loss) on revaluation of assets held for sale		0	0	0		0
Net gain/(loss) on revaluation of financial assets held for sale		0	0	0		0
Impairments and reversals		0	0	0		0
Other reserve movement		9,833	0	9,833		9,833
Transfers between reserves		117	(117)	0		0
Reclassification adjustment on disposal of available for sale financial assets		0	0	0		0
Reserves eliminated on dissolution	0			0		0
Total in year movement	0	9,747	2,957	12,704	124	12,828
New Public Dividend Capital received	18,386			18,386		18,386
Public Dividend Capital repaid in year				0		0
Public Dividend Capital extinguished/written off	0			0		0
Other movements in PDC in year	0			0		0
FHOT - Endowment					0	0
FHOT - Restricted					0	0
FHOT - Unrestricted					538	538
Balance at 31 March 2022	112,982	15,466	30,935	159,383	7,409	166,792

The notes on pages 6 to 75 form part of these accounts.

STATEMENT OF CHANGES IN TAXPAYERS' EQUITY

2020-21	Public Dividend Capital £000	Retained earnings £000	Revaluation reserve £000	Total £000	Funds held on Trust Reserves £000	Consolidated Total £000
Changes in taxpayers' equity for 2020-21						
Balance at 31 March 2020	113,118	12,432	28,333	153,883	5,990	159,873
Adjustment	0	0	0	0	0	0
Balance at 1 April 2020	113,118	12,432	28,333	153,883	5,990	159,873
Retained surplus/(deficit) for the year		1,222		1,222		1,222
Net gain/(loss) on revaluation of property, plant and equipment		0	1,543	1,543		1,543
Net gain/(loss) on revaluation of intangible assets		0	0	0		0
Net gain/(loss) on revaluation of financial assets		0	0	0	727	727
Net gain/(loss) on revaluation of assets held for sale		0	0	0		0
Net gain/(loss) on revaluation of financial assets held for sale		0	0	0		0
Impairments and reversals		0	0	0		0
Other reserve movement		0	0	0		0
Transfers between reserves		1,898	(1,898)	0		0
Reclassification adjustment on disposal of available for sale financial assets		0	0	0		0
Reserves eliminated on dissolution	0			0		0
Total in year movement	0	3,120	(355)	2,765	727	3,492
New Public Dividend Capital received	9,485			9,485		9,485
Public Dividend Capital repaid in year	(135)			(135)		(135)
Public Dividend Capital extinguished/written off	0			0		0
Other movements in PDC in year	0			0		0
FHoT - Endowment					0	0
FHoT - Restricted					0	0
FHoT - Unrestricted					30	30
Balance at 31 March 2021	122,468	15,552	27,978	165,998	6,747	172,745

The notes on pages 6 to 75 form part of these accounts.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2022

	Note	2021-22 £000	2020-21 £000	2021-22 £000	2020-21 £000
Cash flows from operating activities		NHS Trust		Consolidated	
Operating surplus/(deficit)	SOCI	864	1,562	1,288	1,459
Movements in working capital	30	(315,095)	25,279	(314,364)	25,751
Other cash flow adjustments	31	453,490	127,532	453,490	127,532
Provisions utilised		(143,680)	(111,055)	(143,680)	(111,055)
Interest paid		0	0	0	0
Net cash inflow (outflow) from operating activities		(4,421)	43,318	(3,266)	43,687
Cash flows from investing activities					
Interest received		23	0	137	133
(Payments) for property, plant and equipment		(22,771)	(19,738)	(22,771)	(19,738)
Proceeds from disposal of property, plant and equipment		11,931	192	11,931	192
(Payments) for intangible assets		(4,103)	(7,783)	(4,103)	(7,783)
Proceeds from disposal of intangible assets		15,976	0	15,976	0
Payments for investments with Welsh Government		0	0	0	0
Proceeds from disposals with Welsh Government		0	0	0	0
(Payments) for financial assets.		0	0	(2,005)	(1,886)
Proceeds from disposal of financial assets.		0	0	1,900	1,460
Net cash inflow (outflow) from investing activities		1,056	(27,329)	1,065	(27,622)
Net cash inflow (outflow) before financing		(3,365)	15,989	(2,201)	16,065
Cash flows from financing activities					
Public Dividend Capital received		0	9,485	0	9,485
Public Dividend Capital repaid		(9,486)	(135)	(9,486)	(135)
Loans received from Welsh Government		0	0	0	0
Other loans received		0	0	0	0
Loans repaid to Welsh Government		0	0	0	0
Other loans repaid		0	0	0	0
Other capital receipts		0	0	0	0
Capital elements of finance leases and on-SOFP PFI		(8)	(21)	(8)	(21)
Cash transferred (to)/from other NHS Wales bodies		0	(318)	0	(318)
Net cash inflow (outflow) from financing activities		(9,494)	9,011	(9,494)	9,011
Net increase (decrease) in cash and cash equivalents		(12,859)	25,000	(11,695)	25,076
Cash [and] cash equivalents at the beginning of the financial year	19	43,263	18,263	44,811	19,735
Cash [and] cash equivalents at the end of the financial year	19	30,404	43,263	33,116	44,811

The notes on pages 6 to 75 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 NHS Trusts (NHST) 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 2021-2022 Manual for Accounts. The accounting policies contained in that manual follow the 2021-2022 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 NHST 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 NHST for the purpose of giving a true and fair view has been selected. The particular policies adopted by the NHST 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 Revenue

Revenue in respect of services provided is recognised when, and to the extent that, performance occurs, and is measured at the fair value of the consideration receivable.

From 2018-2019, 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 is received from third parties for a specific activity to be delivered in the following financial year, that income will be deferred.

Only non-NHS income may be deferred.

1.4 Employee benefits

Short-term employee benefits

Salaries, wages and employment-related payments are recognised in the period in which the service is received from employees. The 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.

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 2019-2020 where employers in the Scheme would continue to pay 14.38% employer contributions under their normal monthly payment process, and in Wales the additional 6.3% would be 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 37 'Other Information' on page 72 of 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.

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

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.

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 2017-2018 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 Income (SoCI).

From 2015-2016, 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.

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 SoCI. 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 ensures 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

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 SoCI. Impairment losses that arise from a clear consumption of economic benefit are taken to the SoCI. The balance on any revaluation reserve (up to the level of the impairment) to which the impairment would have been charged under IAS 36 are transferred to retained earnings.

1.9 Research and Development

Research and development expenditure is charged to operating costs in the year in which it is incurred, except insofar as it relates to a clearly defined project, which can be separated from patient care activity and benefits therefrom can reasonably be regarded as assured. Expenditure so deferred is limited to the value of future benefits expected and is amortised through the SoCI 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 SoCI. On disposal, the balance for the asset on the revaluation reserve is transferred to retained earnings.

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 recognised in calculating the NHS Trust's surplus/deficit charged.

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. Where inventories are not subject to high turnover levels, stocks are valued at current purchase price as an approximation to net realisable value and fair value.

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) operate a risk pooling scheme which is co-funded by the Welsh Government with the option to access a risk sharing agreement funded by the participating NHS Wales bodies. The risk sharing option was implemented in 2021-2022, 2020-2021 and 2019-2020. The WRPS is hosted by the 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 GP services in Wales.

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

1.15 Financial Instruments

From 2018-2019 IFRS 9 Financial Instruments is applied, as interpreted and adapted for the public sector, in the FReM. The principal impact of IFRS 9 adoption by NHS Wales organisations is a change to the calculation basis for bad debt provisions: changing from an incurred loss basis to a lifetime expected credit loss (ECL) basis.

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 SoCI; '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 SoCI

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 SoCI. They are held at fair value, with any resultant gain or loss recognised in the SoCI. 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 SoCI 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 expenditure and the carrying amount of the asset is reduced directly, or through a provision of impairment of receivables.

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

1.16.6 Other financial assets

Listed investments are stated at market value. Unlisted investments are included at cost as an approximation to market value. Quoted stocks are included in the balance sheet at mid-market price, and where holdings are subject to bid / offer pricing their valuations are shown on a bid price. The shares are not held for trading and accordingly are classified as available for sale. Other financial assets are classified as available for sale investments carried at fair value within the financial statements.

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. Loans from Welsh Government are recognised at historical cost.

1.17.1 Financial liabilities are initially recognised at fair value through SoCI

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

1.17.2 Financial liabilities at fair value through the SoCI

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 SoCI. 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 VAT does not apply and input VAT 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 VAT 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 SoCI. 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 SoCI 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 WRPS).

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

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

1.22 Pooled budget

The NHS Wales organisation has not entered into pooled budgets with Local Authorities.

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 WRPS.

1.25 Provisions for legal or constructive obligations for clinical negligence, personal injury & defence costs

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 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 organisations, 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.

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 -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 Trust's 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.

Discounting provisions

The WRPS discounts estimated future lump sums within the provisions which are assumed to settle over a 3 year period.

A proportion of the lump sum estimates are assumed to settle with RPI indexed annual payments and the remainder as Annual Survey of Hours and Earnings (ASHE) indexed annual payments.

The HM Treasury short term nominal discount rate of 0.47% (2020/2021: -0.02%) is applied to the RPI proportion of the lump sum estimate using the retail price index (RPI) inflation rates of 5.00% for Year 1, 3.6% for Year 2 and 3% for Year 3. The RPI rates have been calculated by reference to CPI for general provisions, with a 1% margin added to CPI indices to the period to 31st January 2030 and 0.1% thereafter. These are the rates recommended by the Government's Actuary's Department in lieu of published RPI rates which were omitted from the December 2021 HMT Public Expenditure System (PES) paper.

The remainder is discounted by applying the Annual Survey of Hours and Earnings (ASHE) nominal discount rate of 1.9% (3.7% 2021) with the underlying RPI rates for Years 1 – 3 as above.

PPO Provisions

The majority of high value (>£1M) claims settle with a Periodical Payment Order (PPO) where part or all of the final settlement value is paid over the life time of the claimant.

When cases settle with a PPO arrangement, an individual provision is created by multiplying the claimants' index linked annual payment value by the number of years' life expectancy.

Future cashflows are modelled based on individual claim data and include any agreed future steps in payment value.

The number of years' life expectancy is discounted according to the Ogden table multipliers using HM Treasury's nominal discount rate for general provisions issued annually in the Public Expenditure System (PES) paper and an inflation factor.

For 2021-2022, the nominal short, medium, long and very long term rates are: 0.47%, (0-5 years), 0.70%, (+5-10 years) 0.95%(+10-40 years) and 0.66% (over 40 years) respectively.

The inflation factor applied is dependent upon the rate agreed as part of the settlement of the claimant's case. Where annual payments are required to be uplifted by the RPI, the RPI rate of 3.22% has been used for the period up to and including 31st January 2030 and 2.32% thereafter. Where annual payments are required to be uplifted based on market data for carers' wages, the annual survey of hours and earnings (ASHE) discount rate of 0.7% has been applied.

The probabilities of survival for each claimant are based on estimated life expectancy, agreed by medical experts in each case.

1.26 Discount Rates

Where discount is applied, a disclosure detailing the impact of the discounting on liabilities will 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 will be included.

1.27 Private Finance Initiative (PFI) transactions

The Trust has no PFI arrangements.

1.28 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.

1.29 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.

For transfers of functions involving NHS Wales Trusts in receipt of PDC the double entry for the fixed asset NBV value and the net movement in assets is PDC.

1.30 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 1 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.

1.31 Accounting standards issued that have been adopted early

During 2021-2022 there have been no accounting standards that have been adopted early. All early adoption of accounting standards will be led by HM Treasury.

1.32 Charities

Following Treasury's agreement to apply IAS 27 to NHS Charities from 1 April 2013, the Trust has established that as it is the corporate trustee of the Velindre University NHS Trust Charitable Fund it is therefore considered for accounting standards compliance to have control of Velindre University NHS Trust Charitable Fund as a subsidiary, and with the agreement of Welsh Government has made the decision to consolidate the Velindre University NHS Trust Charitable Fund within the statutory accounts of the Trust.

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

Welsh Government as the ultimate parent of the NHS Wales organisations will disclose the Charitable Accounts in the Welsh Government Consolidated Accounts. Details of the transactions with the charity are included in the related parties notes.

1.33 Subsidiaries

Material entities over which the NHS Wales organisation has the power to exercise control so as to obtain economic or other benefits are classified as subsidiaries and are consolidated. Their income and expenses; gains and losses; assets, liabilities and reserves; and cash flows are consolidated in full into the appropriate financial statement lines. Appropriate adjustments are made on consolidation where the subsidiary's accounting policies are not aligned with the NHS Wales organisation or where the subsidiary's accounting date is before 1 January or after 30 June.

Subsidiaries that are classified as 'held for sale' are measured at the lower of their carrying amount or 'fair value less costs to sell'.

1.34 Borrowing costs

Borrowing costs are recognised as expenses as they are incurred.

1.35 Public Dividend Capital (PDC) and PDC dividend

PDC represents taxpayers' equity in the NHS Wales organisation. At any time the Minister for Health and Social Services with the approval of HM Treasury can issue new PDC to, and require repayments of, PDC from the NHS Wales organisation. PDC is recorded at the value received. As PDC is issued under legislation rather than under contract, it is not treated as an equity financial instrument.

From 1 April 2010 the requirement to pay a public dividend over to the Welsh Government ceased.

2. Financial Performance

2.1 STATUTORY FINANCIAL DUTIES

Under the National Health Services (Wales) Act 2006 the financial obligations of the NHS Trust are contained within Schedules 4 2(1) and 4(2).

The Trust is required to achieve financial breakeven over a rolling 3 year period.

Welsh Health Circular WHC/2016/054 replaced WHC/2015/014 'Statutory and Financial Duties of Local Health Boards and NHS Trusts' and further clarifies the statutory financial duties of NHS Wales bodies.

2.1.1 Financial Duty

	Annual financial performance			2019-20 to 2021-22 Financial duty £000
	2019-20 £000	2020-21 £000	2021-22 £000	
Retained surplus / (deficit)	41	1,222	(203)	1,060
Less Donated asset / grant funded revenue adjustment	(17)	(1,184)	244	(957)
Adjusted surplus/ (Deficit)	24	38	41	103

Velindre University NHS Trust has met its financial duty to break even over the 3 years 2019-2020 to 2021-2022.

In 2021/2022 the Trust, via NWSSP, issued assets totalling £244k that had previously been donated by DHSC in 2020/2021. This is in contrast to previous years where assets have been donated to the Trust.

2.1.2 Integrated Medium Term Plan (IMTP)

Due to the pandemic, the process for the 2020-2023 integrated plan was paused in Spring 2020 temporary planning arrangement were implemented.

As a result the extant planning duty for 2021-2022 remains the requirement to submit and have approved a 2019-2022 integrated plan, as set out in the NHS Wales Planning Framework 2019-2022.

Velindre University NHS Trust submitted a 2019-2022 integrated plan in accordance with the planning framework.

The Minister for Health and Social Services extant approval.

Status	Approved
Date	26/03/2019

Velindre University NHS Trust has therefore met its statutory duty to have an approved financial plan.

2. Financial Performance (cont)

2.2 ADMINISTRATIVE REQUIREMENTS

2.2.1. External financing

Due to circumstances that arose as a result of the COVID 19 pandemic, the requirement to achieve the External Financing Target has been suspended for 2021-2022. It is expected to be reintroduced for 2022-2023.

2.3. Creditor payment

The Trust 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 Trust has achieved the following results:

	2021-22	2020-21
Total number of non-NHS bills paid	72,627	76,838
Total number of non-NHS bills paid within target	69,488	74,285
Percentage of non-NHS bills paid within target	95.7%	96.7%
The Trust has met the target.		

3. Revenue from patient care activities	2021-22	2020-21	2021-22	2020-21
	NHS Trust		Consolidated	
	£000	£000	£000	£000
Local health boards	88,569	74,582	88,569	74,582
Welsh Health Specialised & Emergency Ambulance Services Committees (WHSSC & EASC)	49,172	47,099	49,172	47,099
Welsh NHS Trusts	1,512	2,506	1,512	2,506
Welsh Special Health Authorities	1,465	993	1,465	993
Foundation Trusts	0	62	0	62
Other NHS England bodies	107	52	107	52
Other NHS Bodies	1	0	1	0
Local Authorities	0	0	0	0
Welsh Government	13,533	11,144	13,533	11,144
Welsh Government Welsh Risk Pool Reimbursements				
NHS Wales Secondary Health Sector	424,563	120,386	424,563	120,386
NHS Wales Primary Sector Future Liability Scheme Reimbursement	93	0	93	0
NHS Wales Redress	1,679	2,491	1,679	2,491
Other	0	0	0	0
Welsh Government - Hosted Bodies	153,833	315,169	153,833	315,169
Non NHS:				
Private patient income	2,017	1,952	2,017	1,952
Overseas patients (non-reciprocal)	0	0	0	0
Injury Costs Recovery (ICR) Scheme	0	0	0	0
Other revenue from activities	164	280	164	280
Total	736,708	576,716	736,708	576,716

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
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4. Other operating revenue	2021-22	2020-21	2021-22	2020-21
	£000	£000	£000	£000
	NHS Trust		Consolidated	
Income generation	842	1,027	842	1,027
Patient transport services	0	0	0	0
Education, training and research	5,431	4,452	5,431	4,452
Charitable and other contributions to expenditure	3,105	3,998	314	1,497
Incoming FHoT Revenue				
Unrestricted - donations and legacies			3,066	2,683
Restricted - donations and legacies			0	0
Receipt of Covid Items free of charge from other NHS Wales Organisations	0	0	0	0
Receipt of Covid Items free of charge from other organisations	0	0	0	0
Receipt of donations for capital acquisitions	0	50	0	50
Receipt of government grants for capital acquisitions	0	1,134	0	1,134
Non-patient care services to other bodies	936	705	936	705
Rental revenue from finance leases	0	0	0	0
Rental revenue from operating leases	133	0	133	0
Other revenue:				
Provision of pathology/microbiology services	0	0	0	0
Accommodation and catering charges	180	105	180	105
Mortuary fees	0	0	0	0
Staff payments for use of cars	103	158	103	158
Business unit	0	0	0	0
Scheme Pays Reimbursement Notional	339	0	339	0
Other	296,022	259,878	296,022	259,878
Total	307,091	271,507	307,366	271,689
Total Patient Care and Operating Revenue	1,043,799	848,223	1,044,074	848,405

Other revenue comprises:

NHS Wales Shared Services Partnership	291,705	223,532	291,705	223,532
NHS Wales Informatics Services	0	33,813	0	33,813
Other	4,317	2,533	4,317	2,533
Total	296,022	259,878	296,022	259,878

Note 37.2 provides detail on the Welsh Government funding received in relation to the COVID 19 pandemic.

In addition to the income shown in the above note, the Trust also received £4.5m of pass through funding from Welsh Government for Hospices which has been netted off within the accounts to ensure Trust income and expenditure was not overstated.

On 1st April 2019 employer pension contributions increased by 6.3%. Welsh Government funded this by making payment directly to the NHS Business Services Agency on the Trust's behalf. The notional income of £11.4m is reported with the above notes, with further detail provided in note 37.1.

On 1st April 2021 the NHS Wales Informatics Service (NWIS) transitioned out of the Trust into a Special Health Authority, Digital Health and Care Wales (DHCW), and therefore there is no income included in the 2021/2022 statements in relation to this organisation. NWIS income reported in 2020/2021 totalled £101,929k.

Revenue rental from operating leases totalled £111k in 2020/2021 and was reported as 'other' income.

5. Operating expenses	2021-22	2020-21	2021-22	2020-21
5.1 Operating expenses	£000	£000	£000	£000
	NHS Trust		Consolidated	
Local Health Boards	11,464	9,861	11,464	9,861
Welsh NHS Trusts	23	753	23	753
Welsh Special Health Authorities	1,170	19	1,170	19
Goods and services from other non Welsh NHS bodies	0	0	0	0
WHSSC/EASC	0	0	0	0
Local Authorities	0	174	0	174
Purchase of healthcare from non-NHS bodies	0	0	0	0
Welsh Government	0	0	0	0
Other NHS Trusts	514	506	514	506
Directors' costs	1,392	1,353	1,392	1,353
Operational Staff costs	153,982	177,956	153,982	177,956
Non operational trainee staff costs	137,379	62,340	137,379	62,340
Non operational collaborative bank staff costs	234	176	234	176
Single lead employer Staff Trainee Cost	1,033	247	1,033	247
Collaborative Bank Staff Cost	0	0	0	0
Supplies and services - clinical	96,226	130,206	96,226	130,206
Supplies and services - general	117,995	61,768	117,995	61,768
Consultancy Services	4,224	5,972	4,224	5,972
Establishment	12,383	15,128	12,383	15,128
Transport	3,160	2,709	3,160	2,709
Premises	24,771	65,218	24,771	65,218
FHoT Resources expended				
Costs of generating funds			157	90
Charitable activities			(306)	183
Governance Costs			(15)	0
Impairments and Reversals of Receivables	0	0	0	0
Depreciation	9,110	11,739	9,110	11,739
Amortisation	1,112	5,815	1,112	5,815
Impairments and reversals of property, plant and equipment	0	0	0	0
Impairments and reversals of intangible assets	0	0	0	0
Impairments and reversals of financial assets	0	0	0	0
Impairments and reversals of non current assets held for sale	0	0	0	0
Audit fees	224	216	239	228
Other auditors' remuneration	0	0	0	0
Losses, special payments and irrecoverable debts	447,889	128,176	447,889	128,176
Research and development	0	0	0	0
NWSSP centrally purchased and donated Covid assets issued free of charge to NHS Wales organisations	0	49,598	0	49,598
NWSSP centrally purchased Covid assets issued free of charge to other organisations	0	100,247	0	100,247
Other operating expenses	18,650	16,484	18,650	16,484
Total	1,042,935	846,661	1,042,786	846,946

On 1st April 2019 employer pension contributions increased by 6.3%. Welsh Government funded this by making payment directly to the NHS Pensions Agency on the Trust's behalf. The notional expenditure of £11.406m (£9.725m 2020/2021) is reported above under the various staff cost headings. Further detail is provided in note 37.1.

Staff costs are split over a number of different headings. Operational staff costs are those staff employed by the Trust and deemed operational within it. Non-operational trainee staff costs are those trainees employed by NWSSP under the All Wales Single Lead Employer Scheme (SLE) on behalf of other NHS Wales organisations, and who are operational within those organisations rather than the Trust. Where NWSSP employ staff under the SLE scheme on behalf of the Trust, these costs are reported as Single Lead Employer Staff Trainee costs. Staff employed under another NWSSP scheme, which commenced in 2020/2021, the All Wales Collaborative Bank, are also identified separately and split between those operational within the Trust and those operational in other NHS Wales organisations. Further analysis of these costs is shown in notes 10.1 and 10.7, with details of average numbers of employees shown in notes 10.2 and 10.8.

On 1st April 2021 the NHS Wales Informatics Service (NWIS) transitioned out of the Trust into a Special Health Authority, Digital Health and Care Wales (DHCW), and therefore there is no expenditure included in the 2021/2022 statements in relation to this organisation. NWIS expenditure reported in 2020/2021 totalled £101,929k.

Other operating expenses include £244k of assets donated to NWSSP by DHSC in 2020/2021 that were donated free of charge to other organisations during 2021/2022.

5. Operating expenses (continued)

5.2 Losses, special payments and irrecoverable debts:

Charges to operating expenses

Increase/(decrease) in provision for future payments:

	2021-22 £000	2020-21 £000	2021-22 £000	2020-21 £000
	NHS Trust		Consolidated	
Clinical negligence;-				
Secondary care	299,158	126,411	299,158	126,411
Primary care	92	122	92	122
Redress Secondary Care	951	1,754	951	1,754
Redress Primary Care	0	0	0	0
Personal injury	(1,777)	4,205	(1,777)	4,205
All other losses and special payments	23,441	5,761	23,441	5,761
Defence legal fees and other administrative costs	2,057	1,901	2,057	1,901
Structured Settlements Welsh Risk Pool	123,967	(11,978)	123,967	(11,978)
Gross increase/(decrease) in provision for future payments	447,889	128,176	447,889	128,176
Contribution to Welsh Risk Pool	0	0	0	0
Premium for other insurance arrangements	0	0	0	0
Irrecoverable debts	0	0	0	0
Less: income received/ due from Welsh Risk Pool	0	0	0	0
Total charge	447,889	128,176	447,889	128,176

The Clinical Negligence figure includes £1,908,747 (2020/2021 £1,478,645) in respect of payments made under Redress during 2021/2022. The Redress creditor reduced by £229,000 in 2021/22 compared to the increase in the creditor movement of £1,012,000 in 2020/21.

Other losses includes: donations of £11.8m in respect of PPE, equipment and other aid to India, Namibia and Ukraine; stock losses of £11.2m; plus a foreign exchange loss of £0.3m.

	2021-22 £	2020-21 £
Permanent injury included within personal injury:	0	0

6. Investment revenue	2021-22	2020-21	2021-22	2020-21
Rental revenue :	£000	£000	£000	£000
	NHS Trust		Consolidated	
PFI finance lease revenue:				
Planned	0	0	0	0
Contingent	0	0	0	0
Other finance lease revenue	0	0	0	0
Interest revenue:				
Bank accounts	23	0	23	0
Other loans and receivables	0	0	0	0
Impaired financial assets	0	0	0	0
Other financial assets	0	0	114	133
Total	23	0	137	133

On 19th March 2020, the interest rate on the Trust's bank accounts was reduced to nil and remained at that rate until 16th December 2021. Interest received in 2021/2022 therefore relates to the period 16th December 2021 to 31st March 2022.

7. Other gains and losses	2021-22	2020-21	2021-22	2020-21
	£000	£000	£000	£000
	NHS Trust		Consolidated	
Gain/(loss) on disposal of property, plant and equipment	3	25	3	25
Gain/(loss) on disposal of intangible assets	0	0	0	0
Gain/(loss) on disposal of assets held for sale	0	0	0	0
Gain/(loss) on disposal of financial assets	0	0	0	0
Gains/(loss) on foreign exchange	0	0	0	0
Change in fair value of financial assets at fair value through income statement	0	0	0	0
Change in fair value of financial liabilities at fair value through income statement	0	0	0	0
Recycling of gain/(loss) from equity on disposal of financial assets held for sale	0	0	0	0
Total	3	25	3	25

8. Finance costs	2021-22	2020-21	2021-22	2020-21
	£000	£000	£000	£000
	NHS Trust		Consolidated	
Interest on loans and overdrafts	0	0	0	0
Interest on obligations under finance leases	0	0	0	0
Interest on obligations under PFI contracts:				
Main finance cost	0	0	0	0
Contingent finance cost	0	0	0	0
Interest on late payment of commercial debt	0	0	0	0
Other interest expense	0	0	0	0
Total interest expense	0	0	0	0
Provisions unwinding of discount	(50)	(183)	(50)	(183)
Periodical Payment Order unwinding of discount	1,143	548	1,143	548
Other finance costs	0	0	0	0
Total	1,093	365	1,093	365

9. Operating leases

9.1 Trust as lessee

Operating lease payments represent rentals payable by Velindre University NHS Trust for properties and equipment.

Payments recognised as an expense

	2021-22	2020-21	2021-22	2020-21
	£000	£000	£000	£000
	NHS Trust		Consolidated	
Minimum lease payments	2,276	2,863	2,276	2,863
Contingent rents	0	0	0	0
Sub-lease payments	0	0	0	0
Total	2,276	2,863	2,276	2,863

Total future minimum lease payments

	2021-22	2020-21	2021-22	2020-21
	£000	£000	£000	£000
	NHS Trust		Consolidated	
Payable:				
Not later than one year	1,762	2,733	1,762	2,733
Between one and five years	2,843	4,260	2,843	4,260
After 5 years	570	967	570	967
Total	5,175	7,960	5,175	7,960

Total future sublease payments expected to be received

0 0 0 0

9. Operating leases (continued)

9.2 Trust as lessor

NWSSP leases an area of the IP5 warehouse to DHSC for the lighthouse laboratory. It also leased an area of the IP5 warehouse to a commercial entity, but this arrangement ended during 2021/2022.

Following the purchase of Matrix House in Swansea on 30th March 2022, NWSP leases areas of Matrix House to the Welsh Ambulance NHS Trust and Public Health Wales NHS Trust, and also leases further parts of the building to two commercial entities.

Velindre Cancer Centre has an ongoing agreement with Cancer Research Wales to lease space in the research block building of Velindre Cancer Centre.

Rental Revenue

Receipts recognised as income

	2021-22 £000	2020-21 £000	2021-22 £000	2020-21 £000
	NHS Trust		Consolidated	
Rent	133	111	133	111
Contingent rent	0	0	0	0
Other	0	0	0	0
Total rental revenue	133	111	133	111

Total future minimum lease payments

Receivable:	2021-22 £000	2020-21 £000	2021-22 £000	2020-21 £000
	NHS Trust		Consolidated	
Not later than one year	266	55	266	55
Between one and five years	691	0	691	0
After 5 years	414	0	414	0
Total	1,371	55	1,371	55

10. Employee costs and numbers

						2021-22	2020-21
10.1 Employee costs	Permanently	Staff on	Agency	Specialist	Other	£000	£000
Operational Staff	employed	Inward	Staff	Trainee	Staff		
	staff	Secondment		(SLE)			
	£000	£000	£000	£000	£000	£000	£000
Salaries and wages	110,716	1,131	3,095	828	5,830	121,600	138,710
Social security costs	12,606	8	0	97	190	12,901	14,432
Employer contributions to NHS Pensions Scheme	22,661	6	0	108	472	23,247	28,879
Other pension costs	42	0	0	0	0	42	44
Other post-employment benefits	0	0	0	0	5	5	(3)
Termination benefits	102	0	0	0	0	102	0
Total	146,127	1,145	3,095	1,033	6,497	157,897	182,062

Of the total above:

Charged to capital	1,633	2,639
Charged to revenue	156,264	179,423
Total	157,897	182,062

Net movement in accrued employee benefits (untaken staff leave total accrual included in note above) 35 1,610

The net movement in accrued employee benefits footnote above includes Covid 19 Net movement in accrued employee benefits 538 1,546

The net movement in accrued employee benefits footnote includes accruals that transferred to DHCW on 1st April 2021 of £503k.

Other staff includes temporary workers paid directly by the Trust and staff sub-contracted or recharged from other NHS or public bodies.

Since 1st April 2019, Welsh Government have paid additional employer's pension contributions to the NHS Business Services Agency. This is recognised in the "employer contributions to NHS pensions scheme" line above. Further information is provided in note 37.1.

Staff costs and average number of employees for 2020/2021 included costs for NWIS who left the Trust on 1st April 2021. Their staff costs in 2020/2021 were £35,989k and average number of employees 698.

10.2 Average number of employees

						2021-22	2020-21
	Permanently	Staff on	Agency	Specialist	Other	Total	Total
	Employed	Inward	Staff	Trainee	Staff		
		Secondment		(SLE)			
	Number	Number	Number	Number	Number	Number	Number
Administrative, clerical and board members	1,957	13	21	0	38	2,029	2,643
Medical and dental	95	4	0	13	5	117	121
Nursing, midwifery registered	198	0	0	0	6	204	195
Professional, scientific and technical staff	72	0	0	0	1	73	65
Additional Clinical Services	219	0	3	0	25	247	316
Allied Health Professions	130	3	6	0	0	139	132
Healthcare scientists	144	1	0	0	8	153	142
Estates and Ancillary	503	0	45	0	93	641	456
Students	3	0	0	0	0	3	3
Total	3,321	21	75	13	176	3,606	4,073

The average number is calculated using the full time equivalent (FTE) of employees.

10.3. Retirements due to ill-health

	2021-22	2020-21
Number	5	6
Estimated additional pension costs £	310,700	228,710

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.

10.4 Employee benefits

The Trust operates four salary sacrifice schemes (childcare vouchers, cycle to work, home electronics and lease cars) for the financial benefit of its employees. In addition, staff have access to a non contributory Employee Assistance Programme which provides financial wellbeing support, and a financial wellbeing scheme to provide staff with access to simple financial education, salary deducted loans, and a range of savings and investment products.

10.5 Reporting of other compensation schemes - exit packages

	2021-22	2021-22	2021-22	2021-22	2020-21
Exit packages cost band (including any special payment element)	Number of compulsory redundancies Whole numbers only	Number of other departures Whole numbers only	Total number of exit packages Whole numbers only	Number of departures where special payments have been made Whole numbers only	Total number of exit packages Whole numbers only
less than £10,000	0	0	0	0	2
£10,000 to £25,000	0	0	0	0	1
£25,000 to £50,000	1	0	1	0	2
£50,000 to £100,000	0	1	1	0	2
£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	1	1	2	0	7

	2021-22	2021-22	2021-22	2021-22	2020-21
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	16,302
£10,000 to £25,000	0	0	0	0	18,117
£25,000 to £50,000	25,899	0	25,899	0	71,669
£50,000 to £100,000	0	75,874	75,874	0	146,668
£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	25,899	75,874	101,773	0	252,756

Exit costs paid in year of departure	Total paid in year 2021-22 £	Total paid in year 2020-21 £
Exit costs paid in year	25,899	34,419
Total	25,899	34,419

Redundancy and other departure costs have been paid in accordance with the provisions of the relevant schemes or legislation. Where the Trust has agreed early retirements or compulsory redundancies, the additional costs are met by the Trust 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 (see notes 10.3 & 10.9 for details of ill health retirement costs).

The disclosure reports the number and value of exit packages agreed in the year in line with the Welsh Government manual for accounts. The values payable to the individuals are shown. Any on costs are excluded as they do not form part of the payment to the individual.

There were no special payments agreed in 2021/2022.

10.6 Fair Pay disclosures

10.6.1 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.

	2021-2022 £000 Chief Executive	2021-2022 £000 Employee	2021-2022 Ratio	2020-2021 £000 Chief Executive	2020-2021 £000 Employee	2020-2021 Ratio
Total pay and benefits						
25th percentile pay ratio	147.5	22.0	6.7	142.5	22.0	6.5
Median pay	147.5	26.4	5.6	142.5	31.0	4.7
75th percentile pay ratio	147.5	40.3	3.7	142.5	45.0	3.2
Salary component of total pay and benefits						
25th percentile pay ratio	147.5	21.8	6.8	142.5	19.7	7.2
Median pay	147.5	24.9	5.9	142.5	25.8	5.5
75th percentile pay ratio	147.5	40.1	3.7	142.5	37.9	3.8

	Highest Paid Director	Employee	Ratio	Highest Paid Director	Employee	Ratio
Total pay and benefits						
25th percentile pay ratio						
Median pay						
75th percentile pay ratio						
Salary component of total pay and benefits						
25th percentile pay ratio						
Median pay						
75th percentile pay ratio						

In 2021-22, 8 (2020-2021, 13) employees received remuneration in excess of the highest-paid director / Chief Executive.

Remuneration for all staff ranged from £18,600 to £227,500 (2020-2021, £18,000 to £234,100).

The all staff range includes directors (including the highest paid director) and excludes pension benefits of all employees.

As the highest paid director has no control over the performance of the Trust, the information in the lower half of the table has not been completed.

The NHS and social care financial recognition scheme bonus of £735 to reward eligible NHS staff has not been included in the NHS Remuneration Report calculations. This bonus payment was 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 cost of this payment was included in the operating expenses reported in the year 2020-2021, whilst the payment was made in early 2021-2022.

Annual salary figures are shown prior to any reduction as a result of any salary sacrifice scheme.

Financial year summary

The current financial year's pay ratios are not dissimilar to the previous year. The increase in the median pay ratio is generally attributable to an increase in the banding of the remuneration of the Chief Executive combined with a lower median pay for the Trust's employees taken as a whole.

10.6.2 Percentage Changes	2020-2021 to 2021-2022	2019-2020 to 2020-2021
% Change from previous financial year in respect of Chief Executive	%	%
Salary and allowances	3.5	0
Performance pay and bonuses	0	0
% Change from previous financial year in respect of highest paid director		
Salary and allowances		
Performance pay and bonuses		
Average % Change from previous financial year in respect of employees taken as a whole		
Salary and allowances	-5.6	3.7
Performance pay and bonuses	0	0

The average % change from the previous financial year in respect of employees taken as a whole has reduced primarily due to the transfer of the NWIS staff on 1st April 2021 from the Trust to Digital Health and Care Wales. Generally the NWIS workforce were paid at higher salaries than the whole Trust average.

The employees of the Trust do not receive any performance pay or bonuses.

10.7 Operational and Non Operational Employee costs

	Operational Staff Total	Non operational staff SLE Trainee Staff	Collaborative Bank Staff	Total 2021-22	2020-21
	£000	£000	£000	£000	£000
Salaries and wages	121,600	109,228	199	231,027	188,600
Social security costs	12,901	12,710	11	25,622	20,103
Employer contributions to NHS Pension Scheme	23,247	15,441	24	38,712	35,835
Other pension costs	42	0	0	42	44
Other employment benefits	5	0	0	5	(3)
Termination benefits	102	0	0	102	0
Total	157,897	137,379	234	295,510	244,579
Charged to capital	1,633	0	0	1,633	2,639
Charged to revenue	156,264	137,379	234	293,877	241,940
	157,897	137,379	234	295,510	244,579
Net movement in accrued employee benefits (untaken staff leave total accrual included in note above)	35	0	0	35	1,610
The net movement in accrued employee benefits footnote above includes Covid 19 net movement in accrued employee benefits	538	0	0	538	1,546
The net movement in accrued benefits footnote includes accruals that transferred to DHCW on 1st April 2021	(503)	0	0	(503)	0

10.8 Average number of operational and non operational employees

	Operational Staff Total Number	Non operational staff SLE Trainee Staff	Collaborative Bank Staff	Total 2021-22	2020-21
	Number	Number	Number	Number	Number
Administrative, clerical and board members	2,029	0	0	2,029	2,643
Medical and dental	117	2,014	0	2,131	1,061
Nursing, midwifery registered	204	0	5	209	198
Professional, Scientific, and technical staff	73	0	0	73	65
Additional Clinical Services	247	121	0	368	381
Allied Health Professions	139	0	0	139	132
Healthcare Scientists	153	0	0	153	142
Estates and Ancillary	641	0	0	641	456
Students	3	0	0	3	3
Total	3,606	2,135	5	5,746	5,081

10.9. Retirements due to ill-health

There are no retirements due to ill-health for the Single Lead Employer Trainees therefore the figures reported in Note 10.3 remain unchanged.

10.10 Employee benefits

The Single Lead Employer Trainees are entitled to the same employee benefits as the Velindre operational staff.

10.11 Reporting of other compensation schemes - exit packages

There have been no exit package payments for the Single Lead Employer Trainee staff, therefore the figures reported in Note 10.5 remain unchanged.

11. Pensions

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 <https://www.nhsbsa.nhs.uk/nhs-pension-scheme-accounts-and-valuation-reports>.

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 £50,000 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.

12. Public Sector Payment Policy

12.1 Prompt payment code - measure of compliance

The Welsh Government requires that trusts 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 trust financial targets a requirement to pay 95% of the number of non-NHS creditors within 30 days of delivery or receipt of a valid invoice, whichever is the later.

	2021-22	2021-22	2020-21	2020-21
	Number	£000	Number	£000
NHS				
Total bills paid in year	2,635	90,939	2,677	54,304
Total bills paid within target	2,388	81,381	2,209	42,844
Percentage of bills paid within target	90.6%	89.5%	82.5%	78.9%
Non-NHS				
Total bills paid in year	72,627	279,961	76,838	619,674
Total bills paid within target	69,488	270,196	74,285	580,699
Percentage of bills paid within target	95.7%	96.5%	96.7%	93.7%
Total				
Total bills paid in year	75,262	370,900	79,515	673,978
Total bills paid within target	71,876	351,577	76,494	623,543
Percentage of bills paid within target	95.5%	94.8%	96.2%	92.5%

12.2 The Late Payment of Commercial Debts (Interest) Act 1998	2021-22	2020-21
	£	£
Amounts included within finance costs from claims made under legislation	0	0
Compensation paid to cover debt recovery costs under legislation	0	0
Total	0	0

13. Property, plant and equipment :

2021-22

	Land	Buildings, excluding dwellings	Dwellings	Assets under construction and payments on account	Plant & machinery	Transport Equipment	Information Technology	Furniture and fittings	Total	FHoT	Consolidated Total
Cost or valuation	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
At 31 March 2021	17,463	72,876	270	23,315	36,743	6,409	42,072	1,864	201,012	0	201,012
NWIS to DHCW Transfer adjustment	0	(1,428)	0	(29)	(172)	(9)	(23,047)	(5)	(24,690)	0	(24,690)
At 1 April 2021	17,463	71,448	270	23,286	36,571	6,400	19,025	1,859	176,322	0	176,322
Indexation	214	3,333	13	0	0	0	0	0	3,560	0	3,560
Additions - purchased	0	8,628	0	8,459	2,500	1,502	2,171	7	23,267	0	23,267
Additions - donated	0	0	0	0	0	0	0	0	0	0	0
Additions - government granted	0	0	0	0	0	0	0	0	0	0	0
Transfers from/(into) other NHS bodies	79	1,077	0	0	5,933	70	31	0	7,190	0	7,190
Reclassifications	0	2	0	(2,081)	0	0	0	0	(2,079)	0	(2,079)
Revaluation	0	0	0	0	0	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0	0	0	0	0	0
Disposals other than by sale	0	0	0	0	(1,596)	(62)	(19)	0	(1,677)	0	(1,677)
At 31 March 2022	17,756	84,488	283	29,664	43,408	7,910	21,208	1,866	206,583	0	206,583
Depreciation											
At 31 March 2021	0	11,679	36	0	23,970	3,297	24,578	894	64,454	0	64,454
NWIS to DHCW Transfer adjustment	0	(729)	0	0	(34)	(9)	(12,016)	(5)	(12,793)	0	(12,793)
At 1 April 2021	0	10,950	36	0	23,936	3,288	12,562	889	51,661	0	51,661
Indexation	0	485	1	0	0	0	0	0	486	0	486
Transfers from/(into) other NHS bodies	0	415	0	0	3,322	70	29	0	3,836	0	3,836
Reclassifications	0	0	0	0	0	0	0	0	0	0	0
Revaluation	0	0	0	0	0	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0	0	0	0	0	0
Disposals other than by sale	0	0	0	0	(1,565)	(62)	(19)	0	(1,646)	0	(1,646)
Charged during the year	0	3,120	9	0	3,170	664	1,970	177	9,110	0	9,110
At 31 March 2022	0	14,970	46	0	28,863	3,960	14,542	1,066	63,447	0	63,447
Net book value											
At 1 April 2021	17,463	60,498	234	23,286	12,635	3,112	6,463	970	124,661	0	124,661
Net book value											
At 31 March 2022	17,756	69,518	237	29,664	14,545	3,950	6,666	800	143,136	0	143,136
Net book value at 31 March 2022 comprises :											
Purchased	17,756	65,002	237	29,664	14,496	3,950	6,660	800	138,565	0	138,565
Donated	0	4,516	0	0	49	0	6	0	4,571	0	4,571
Government Granted	0	0	0	0	0	0	0	0	0	0	0
At 31 March 2022	17,756	69,518	237	29,664	14,545	3,950	6,666	800	143,136	0	143,136
Asset Financing:											
Owned	17,756	69,518	237	29,664	14,545	3,950	6,666	800	143,136	0	143,136
Held on finance lease	0	0	0	0	0	0	0	0	0	0	0
On-SoFP PFI contract	0	0	0	0	0	0	0	0	0	0	0
PFI residual interest	0	0	0	0	0	0	0	0	0	0	0
At 31 March 2022	17,756	69,518	237	29,664	14,545	3,950	6,666	800	143,136	0	143,136

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

	£000	£000	£000
Freehold	66,047	0	66,047
Long Leasehold	21,464	0	21,464
Short Leasehold	0	0	0
Total	87,511	0	87,511

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. Trusts 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.

The Trust transferred NWIS assets to Digital Health & Care Wales (DHCW) on 1st April 2021. The transfer had a net effect of (£27,872,928): a transfer out of gross assets (£69,544,253), and a transfer out of depreciation £41,672,325. These values include both tangible (note 13) and intangible (note 14) assets. Those relating to the tangible assets are shown on lines 12 and 30 above.

The Trust received laundry assets from the following University Health Boards: Swansea Bay, Cwm Taf Morgannwg, Hywel Dda and Aneurin Bevan. The transfers have a net effect of £3,353,930: a transfer in of gross assets £7,189,927, and a transfer in of depreciation (£3,835,997). All assets are tangible and the elements can be found in their relevant categories above under "transfer from / (into) other NHS Bodies".

13. Property, plant and equipment :

2020-21

	Land	Buildings, excluding dwellings	Dwellings	Assets under construction and payments on account	Plant & machinery	Transport Equipment	Information Technology	Furniture and fittings	Total	FHoT	Consolidated Total
Cost or valuation	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
At 1 April 2020	17,928	67,428	263	24,983	32,316	5,809	33,528	1,451	183,706	0	183,706
Indexation	(353)	1,973	7	0	0	0	0	0	1,627	0	1,627
Additions - purchased	0	2,405	0	3,336	2,724	944	7,846	439	17,694	0	17,694
Additions - donated	0	50	0	0	29	0	0	0	79	0	79
Additions - government granted	0	0	0	0	0	0	0	0	0	0	0
Transfers from/(into) other NHS bodies	(131)	0	0	0	(273)	0	0	0	(404)	0	(404)
Reclassifications	0	1,110	0	(5,004)	2,189	0	1,705	0	0	0	0
Revaluation	149	0	0	0	0	0	0	0	149	0	149
Reversal of impairments	0	0	0	0	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0	0	0	0	0	0
Disposals other than by sale	(130)	(90)	0	0	(242)	(344)	(1,007)	(26)	(1,839)	0	(1,839)
At 31 March 2021	17,463	72,876	270	23,315	36,743	6,409	42,072	1,864	201,012	0	201,012
Depreciation											
At 1 April 2020	0	8,750	26	0	21,334	3,055	20,216	771	54,152	0	54,152
Indexation	0	232	1	0	0	0	0	0	233	0	233
Transfers from/(into) other NHS bodies	0	0	0	0	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0	0	0	0	0
Revaluation	0	0	0	0	0	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0	0	0	0	0	0
Disposals other than by sale	0	(90)	0	0	(242)	(344)	(969)	(26)	(1,671)	0	(1,671)
Charged during the year	0	2,787	9	0	2,878	586	5,331	149	11,740	0	11,740
At 31 March 2021	0	11,679	36	0	23,970	3,297	24,578	894	64,454	0	64,454
Net book value											
At 1 April 2020	17,928	58,678	237	24,983	10,982	2,754	13,312	680	129,554	0	129,554
Net book value											
At 31 March 2021	17,463	61,197	234	23,315	12,773	3,112	17,494	970	136,558	0	136,558
Net book value at 31 March 2021 comprises :											
Purchased	17,463	56,717	234	23,315	12,702	3,112	17,485	970	131,998	0	131,998
Donated	0	4,480	0	0	71	0	9	0	4,560	0	4,560
Government Granted	0	0	0	0	0	0	0	0	0	0	0
At 31 March 2021	17,463	61,197	234	23,315	12,773	3,112	17,494	970	136,558	0	136,558
Asset Financing:											
Owned	17,463	61,197	234	23,315	12,773	3,112	17,486	970	136,550	0	136,550
Held on finance lease	0	0	0	0	0	0	8	0	8	0	8
On-SoFP PFI contract	0	0	0	0	0	0	0	0	0	0	0
PFI residual interest	0	0	0	0	0	0	0	0	0	0	0
At 31 March 2021	17,463	61,197	234	23,315	12,773	3,112	17,494	970	136,558	0	136,558

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

	£000	£000	£000
Freehold	61,657	0	61,657
Long Leasehold	4,950	0	4,950
Short Leasehold	12,288	0	12,288
Total	78,895	0	78,895

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.

Ventilators with a net book value of £0.273m were transferred to NHS Wales organisations during 2020/2021 which was recorded through the S1 process.

13. Property, plant and equipment :

Disclosures:

i) Donated Assets

Velindre University NHS Trust received no donated assets during the financial year 2021/2022.

ii) Valuations

The Trust's 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 Trust 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.

The next District Valuation is due to take place during 2022/2023.

iii) Asset Lives

Depreciated as follows:

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

iv) Compensation

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

v) Write Downs

There have been no write downs during the year.

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

vii) Assets Held for Sale or Sold in the Period

The Trust does not hold any assets for sale at the end of the financial year.

The Trust sold a Cobra Jet (plant & machinery) with a net book value of £37,876 for £36,000 resulting in a net loss on the sale of (£1,876).

The Trust sold a Support Vehicle (transport equipment) with a net book value of £nil for £5,000 resulting in a net gain on the sale of £5,000.

vii) Consultancy Services

The Trust capitalised a total of £2,407,491 of consultancy services during the financial year.

Gain/(Loss) on Sale

Asset description	Reason for sale	Gain/(Loss) on sale £000
Cobra Jet (laboratory equipment) V003424	Sale of asset	(2)
Support Vehicle V000541	Sale of asset	5
		<u>3</u>

13.2 Non-current assets held for sale

	Land	Buildings, including dwellings	Other property plant and equipment	Intangible assets	Other assets	Total	FHoT assets	Consolidated Total
	£000	£000	£000	£000	£000	£000	£000	£000
Balance b/f 1 April 2021	0	0	0	0	0	0	0	0
Plus assets classified as held for sale in year	0	0	0	0	0	0	0	0
Revaluation	0	0	0	0	0	0	0	0
Less assets sold in year	0	0	0	0	0	0	0	0
Plus reversal of impairments	0	0	0	0	0	0	0	0
Less impairment for assets held for sale	0	0	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	0	0
Balance c/f 31 March 2022	0	0	0	0	0	0	0	0
Balance b/f 1 April 2020	0	0	0	0	0	0	0	0
Plus assets classified as held for sale in year	0	0	0	0	0	0	0	0
Revaluation	0	0	0	0	0	0	0	0
Less assets sold in year	0	0	0	0	0	0	0	0
Plus reversal of impairments	0	0	0	0	0	0	0	0
Less impairment for assets held for sale	0	0	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	0	0
Balance c/f 31 March 2021	0	0	0	0	0	0	0	0

14. Intangible assets

	Computer software purchased	Computer software internally developed	Licenses and trade-marks	Patents	Development expenditure internally generated	Total	FHoT	Consolidated Total
Cost or valuation	£000	£000	£000	£000	£000	£000	£000	£000
At 31 March 2021	42,122	6,710	4,658	0	0	53,490	0	53,490
NWIS to DHCW Transfer adjustment	(37,352)	(4,183)	(3,319)	0	0	(44,854)	0	(44,854)
At 1 April 2021	4,770	2,527	1,339	0	0	8,636	0	8,636
Revaluation		0			0	0	0	0
Reclassifications	1,340	739	0	0	0	2,079	0	2,079
Reversal of impairments	0	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0	0
Additions								
- purchased	1,797	1,055	3	0	0	2,855	0	2,855
- internally generated	0	0	0	0	0	0	0	0
- donated	0	0	0	0	0	0	0	0
- government granted	0	0	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0	0	0
Transfers from/(into) other NHS bodies	0	0	0	0	0	0	0	0
Disposals other than by sale	0	0	0	0	0	0	0	0
At 31 March 2022	7,907	4,321	1,342	0	0	13,570	0	13,570
Amortisation								
At 31 March 2021	26,793	1,759	4,117	0	0	32,669	0	32,669
NWIS to DHCW Transfer adjustment	(24,344)	(1,528)	(3,006)	0	0	(28,878)	0	(28,878)
At 1 April 2021	2,449	231	1,111	0	0	3,791	0	3,791
Revaluation		0			0	0	0	0
Reclassifications	0	0	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0	0
Charged during the year	855	112	145	0	0	1,112	0	1,112
Reclassified as held for sale	0	0	0	0	0	0	0	0
Transfers from/(into) other NHS bodies	0	0	0	0	0	0	0	0
Disposals other than by sale	0	0	0	0	0	0	0	0
Accumulated amortisation at 31 March 2022	3,304	343	1,256	0	0	4,903	0	4,903
Net book value								
At 1 April 2021	2,321	2,296	228	0	0	4,845	0	4,845
Net book value								
At 31 March 2022	4,603	3,978	86	0	0	8,667	0	8,667
Net book value								
Purchased	4,599	3,978	86	0	0	8,663	0	8,663
Donated	4	0	0	0	0	4	0	4
Government granted	0	0	0	0	0	0	0	0
Internally Generated	0	0	0	0	0	0	0	0
At 31 March 2022	4,603	3,978	86	0	0	8,667	0	8,667

The Trust transferred NWIS assets to Digital Health & Care Wales (DHCW) on 1st April 2021. The transfer had a net effect of (£27,872,928): a transfer out of gross assets (£69,544,253), and a transfer out of depreciation £41,672,325. These values include both tangible (note 13) and intangible (note 14) assets. Those relating to intangible assets are shown on lines 11 and 28 above.

14. Intangible assets

	Computer software purchased	Computer software internally developed	Licenses and trade-marks	Patents	Development expenditure internally generated	Total	FHoT	Consolidated Total
Cost or valuation	£000	£000	£000	£000	£000	£000	£000	£000
At 1 April 2020	47,919	7,412	4,905	0	0	60,236	0	60,236
Revaluation		0			0	0	0	0
Reclassifications	0	0	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0	0
Additions								
- purchased	7,097	1,172	0	0	0	8,269	0	8,269
- internally generated	0	0	0	0	0	0	0	0
- donated	0	0	0	0	0	0	0	0
- government granted	0	0	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0	0	0
Transfers from/(into) other NHS bodies	531	191	0	0	0	722	0	722
Disposals other than by sale	(13,425)	(2,065)	(247)	0	0	(15,737)	0	(15,737)
At 31 March 2021	42,122	6,710	4,658	0	0	53,490	0	53,490
Amortisation								
At 1 April 2020	35,843	2,955	3,794	0	0	42,592	0	42,592
Revaluation		0			0	0	0	0
Reclassifications	0	0	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0	0
Charged during the year	4,375	870	570	0	0	5,815	0	5,815
Reclassified as held for sale	0	0	0	0	0	0	0	0
Transfers from/(into) other NHS bodies	0	0	0	0	0	0	0	0
Disposals other than by sale	(13,425)	(2,066)	(247)	0	0	(15,738)	0	(15,738)
Accumulated amortisation at 31 March 2021	26,793	1,759	4,117	0	0	32,669	0	32,669
Net book value								
At 1 April 2020	12,076	4,457	1,111	0	0	17,644	0	17,644
Net book value								
At 31 March 2021	15,329	4,951	541	0	0	20,821	0	20,821
Net book value								
Purchased	15,323	4,951	541	0	0	20,815	0	20,815
Donated	6	0	0	0	0	6	0	6
Government granted	0	0	0	0	0	0	0	0
Internally Generated	0	0	0	0	0	0	0	0
At 31 March 2021	15,329	4,951	541	0	0	20,821	0	20,821

14. Intangible assets

Disclosures:

i) Donated Assets

There were no intangible assets donated or received by Government Grant this financial year.

ii) Recognition

Intangible assets comprise of licences for use of purchased IT software such as financial systems, internally generated IT software and various licences and trade marks.

An assessment is performed on an annual basis to determine that the assets are still available for use and that there is a continued market for their use. The fair values are based on the original cost and amortised based upon finite lives detailed below, and are as detailed in the notes to the accounts.

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

iii) Asset Lives

The useful economic life (UEL) of intangible non-current assets are assigned on an individual asset basis. Software is generally assigned a 5 year UEL and the UEL of internally generated software is based on the professional judgement of Trust professionals and Finance staff. No intangible assets are assessed as having indefinite useful lives.

iv) Additions During the Period

Intangible additions were acquired from All Wales & Discretionary funding during the year, and have been analysed into the relevant categories on line 18 of note 14.

v) Disposals During the Period

The Trust did not dispose of any intangible assets during the year, other than the those that transferred to DHCW and can be seen on lines 11 and 28 of note 14.

15. Impairments

Impairments in the period arose from:	2021-22		2020-21	
	Property, plant & equipment	Intangible assets	Property, plant & equipment	Intangible assets
	£000	£000	£000	£000
Loss or damage from normal operations	0	0	0	0
Abandonment of assets in the course of construction	0	0	0	0
Over specification of assets (Gold Plating)	0	0	0	0
Loss as a result of a catastrophe	0	0	0	0
Unforeseen obsolescence	0	0	0	0
Changes in market price	0	0	0	0
Other	0	0	0	0
Reversal of impairment	0	0	0	0
Impairments charged to operating expenses	0	0	0	0
FHoT Impairments charged to operating expenses	0	0	0	0
Consolidated impairment charged to operating expenses	0	0	0	0

Analysis of impairments :

Operating expenses in Statement of Comprehensive Income	0	0	0	0
Revaluation reserve	0	0	0	0
Total	0	0	0	0
FHoT Operating expenses in SoCNI	0	0	0	0
FHoT reserves	0	0	0	0
NHS Consolidated Total	0	0	0	0

There have been no impairments of capitalised assets during the year ended 31st March 2022.

16. Inventories

16.1 Inventories

	31 March 2022 £000	31 March 2021 £000	31 March 2022 £000	31 March 2021 £000
	NHS Trust		Consolidated	
Drugs	2,217	1,730	2,217	1,730
Consumables	57,422	89,692	57,422	89,692
Energy	0	0	0	0
Work in progress	0	0	0	0
Other	5,568	4,142	5,568	4,142
Total	65,207	95,564	65,207	95,564
Of which held at net realisable value:	2,290	0	2,290	0

	31 March 2022		31 March 2021	
	Capital £000	Revenue £000	Capital £000	Revenue £000
DH Assets within other covered under				
Memorandum of Understanding 1	227	0	561	544
Memorandum of Understanding 2	0	0		
Memorandum of Understanding 3	0	0		
	227	0	561	544

Department of Health and Social Care and National Health Commissioning Board Donated Assets

	31 March 2022		31 March 2021	
	Capital £000	Revenue £000	Capital £000	Revenue £000
At 1 April 2021	561	544		
Transferred under Memorandum of Understanding 1			5,294	2,438
Transferred under Memorandum of Understanding 2	730	86		
Transferred under Memorandum of Understanding 3	1,491	0		
Issued to NHS Wales bodies	(2,234)	(317)	(4,733)	(1,894)
Other Issues	(321)	(313)	0	0
AME Impairment	0	0	0	0
Returned to DH	0	0	0	0
Replacement from DH	0	0	0	0
As at 31 March	227	0	561	544

16.2 Inventories recognised in expenses

	31 March 2022 £000	31 March 2021 £000	31 March 2022 £000	31 March 2021 £000
	NHS Trust		Consolidated	
Inventories recognised as an expense in the period	173,686	181,745	173,686	181,745
Write-down of inventories (including losses)	13,066	5,823	13,066	5,823
Reversal of write-downs that reduced the expense	0	0	0	0
Total	186,752	187,568	186,752	187,568

Of the stock balance at 31st March 2022, approximately £48m is due to COVID and the Welsh Government request for NWSSP to hold 16 weeks stock of PPE to meet NHS Wales' demand. This is a reduction from the 24 weeks stock held at 31st March 2021.

£0.565m of COVID equipment stock is held at 31st March 2022, of which £0.227m was donated from DHSC in 2020/2021. There have been two further donations of equipment in 2021/2022 from DHSC totalling £2.307m which have been issued in full to NHS Wales organisations.

The continued high value of inventories recognised as an expense in the period is reported due to the significant quantities of PPE that continue to be issued from NWSSP stores to support the pandemic during 2021/2022.

Included in the write down of inventories is a loss of £10.25m in respect of the revaluation of stocks to net realisable value, the write off of £0.603m of expired COVID test kits, and £1.981m of provisions for the potential write off of items nearing their expiry date that are unlikely to be utilised.

During 2021/2022 donations were made to other countries to support their COVID responses. £0.522m of equipment was donated to India, and PPE, test kits and ventilators totalling £11.147m were provided to Namibia. In addition an aid package totalling £0.131m was made to support the Ukraine which included both COVID and medical items.

17. Trade and other receivables

17.1 Trade and other receivables

	31 March 2022 £000	31 March 2021 £000	31 March 2022 £000	31 March 2021 £000
Current				
	NHS Trust		Consolidated	
Welsh Government	498,807	478,271	498,807	478,271
WHSSC & EASC	81	7	81	7
Welsh Health Boards	15,859	14,235	15,859	14,235
Welsh NHS Trusts	710	1,241	710	1,241
Welsh Special Health Authorities	2,911	938	2,911	938
Non - Welsh Trusts	160	0	160	0
Other NHS	141	145	141	145
2019-20 Scheme Pays - Welsh Government Reimbursement	339	0	339	0
Welsh Risk Pool Claim reimbursement:-	0	0	0	0
NHS Wales Secondary Health Sector	9	382	9	382
NHS Wales Primary Sector FLS Reimbursement	0	0	0	0
NHS Wales Redress	0	0	0	0
Other	0	0	0	0
Local Authorities	0	431	0	431
Capital debtors- Tangible	0	187	0	187
Capital debtors- Intangible	0	0	0	0
Other debtors	16,934	20,085	15,849	19,746
FHoT debtor			4	32
Provision for impairment of trade receivables	(5,276)	(2,411)	(5,276)	(2,411)
Pension Prepayments				
NHS Pensions Agency	0	0	0	0
NEST	0	0	0	0
Other prepayments	5,103	30,308	5,103	30,308
Accrued income	4,449	5,017	4,449	5,017
Sub-total	540,227	548,836	539,146	548,529
Non-current				
Welsh Government	1,091,598	816,440	1,091,598	816,440
WHSSC & EASC	0	0	0	0
Welsh Health Boards	0	0	0	0
Welsh NHS Trusts	0	0	0	0
Welsh Special Health Authorities	0	0	0	0
Non - Welsh Trusts	0	0	0	0
Other NHS	23	22	23	22
2019-20 Scheme Pays - Welsh Government Reimbursement	0	0	0	0
Welsh Risk Pool Claim reimbursement	0	0	0	0
NHS Wales Secondary Health Sector	0	0	0	0
NHS Wales Primary Sector FLS Reimbursement	0	0	0	0
NHS Wales Redress	0	0	0	0
Other	0	0	0	0
Local Authorities	128	0	128	0
Capital debtors- Tangible	0	0	0	0
Capital debtors- Intangible	0	0	0	0
Other debtors	0	0	0	0
FHoT debtor			0	0
Provision for impairment of trade receivables	0	0	0	0
Pension Prepayments				
NHS Pensions Agency	0	0	0	0
NEST	0	0	0	0
Other prepayments	259	680	259	680
Accrued income	0	0	0	0
Sub-total	1,092,008	817,142	1,092,008	817,142
Total trade and other receivables	1,632,235	1,365,978	1,631,154	1,365,671

The great majority of trade is with other NHS bodies. As NHS bodies are funded by Welsh Government, no credit scoring of them is considered necessary.

The value of trade receivables that are past their payment date but not impaired is £3,935,000 (£8,756,000 in 2020-21).

17.2 Receivables past their due date but not impaired

	31 March 2022 £000	31 March 2021 £000	31 March 2022 £000	31 March 2021 £000
	NHS Trust		Consolidated	
By up to 3 months	2,236	6,907	2,236	6,907
By 3 to 6 months	1,040	1,213	1,040	1,213
By more than 6 months	659	636	659	636
Balance at end of financial year	3,935	8,756	3,935	8,756

The balances at 31st March 2022 show a significant reduction in the recovery of debts up to 6 months old. These are now much closer to values reported in 2018/2019, prior to the COVID pandemic.

17.3 Expected Credit Losses (ECL) Allowance for bad and doubtful debts

	31 March 2022 £000	31 March 2021 £000	31 March 2022 £000	31 March 2021 £000
	NHS Trust		Consolidated	
Balance at 1 April	(2,411)	(1,809)	(2,411)	(1,809)
Transfer to other NHS Wales body	0	0	0	0
Provision utilised (Amount written off during the year)	100	8	100	8
Provision written back during the year no longer required	0	0	0	0
(Increase)/Decrease in provision during year	(3,567)	(610)	(3,567)	(610)
ECL/Bad debts recovered during year	602	0	602	0
Balance at end of financial year	(5,276)	(2,411)	(5,276)	(2,411)

The increase in the provision during the year is primarily due to a full provision for a NWSSP doubtful debt of £3.248m.

The increase in the value of provision utilised has arisen as very aged irrecoverable debt write offs have been processed in year.

17.4 Receivables VAT

	31 March 2022 £000	31 March 2021 £000	31 March 2022 £000	31 March 2021 £000
	NHS Trust		Consolidated	
Trade receivables	252	94	252	94
Other	0	0	0	0
Total	252	94	252	94

18. Other financial assets

	31 March 2022 £000 NHS Trust	31 March 2021 £000	31 March 2022 £000 Consolidated	31 March 2021 £000
Current				
Shares and equity type investments				
Held to maturity investments at amortised costs	0	0	0	0
At fair value through SOCI	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 SOCI	0	0	0	0
Available for sale at FV	0	0	0	0
Total	0	0	0	0
Non-Current				
Shares and equity type investments				
Held to maturity investments at amortised costs	0	0	0	0
At fair value through SOCI	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 SOCI	0	0	5,826	5,613
Available for sale at FV	0	0	0	0
Total	0	0	5,826	5,613

19. Cash and cash equivalents

	31 March 2022 £000	31 March 2021 £000	31 March 2022 £000	31 March 2021 £000
	NHS Trust		Consolidated	
Balance b/f	43,263		44,811	
NWIS to DHCW Transfer adjustment	0		0	
Opening Balance	43,263	18,263	44,811	19,735
Net change in year	(12,859)	25,000	(11,695)	25,076
Closing Balance	30,404	43,263	33,116	44,811
Made up of:				
Cash with Government Banking Service (GBS)	30,385	43,244	30,385	43,244
Cash with Commercial banks	0	0	2,712	1,548
Cash in hand	19	19	19	19
Total cash	30,404	43,263	33,116	44,811
Current investments	0	0	0	0
Cash and cash equivalents as in SoFP	30,404	43,263	33,116	44,811
Bank overdraft - GBS	0	0	0	0
Bank overdraft - Commercial banks	0	0	0	0
Cash & cash equivalents as in Statement of Cash Flows	30,404	43,263	33,116	44,811

The opening cash balance was higher than usual, and was primarily due to the need to pay a number of large invoices in early April 2021, and the temporary closure of the National Loans Fund to deposits on 31st March 2021. There has since been a subsequent reduction in the closing cash balance at 31st March 2022, which is more in line with previous years.

In response to the IAS 7 requirement for additional disclosure, the changes in liabilities arising for financing activities are:

Lease Liabilities £nil
PFI liabilities £nil

The movement relates to cash, no comparative information is required by IAS 7 in 2021-22.

20. Trade and other payables at the SoFP Date	31 March	31 March	31 March	31 March
	2022	2021	2022	2021
Current	£000	£000	£000	£000
	NHS Trust		Consolidated	
Welsh Government	51,216	120,136	51,216	120,136
WHSSC & EASC	877	2,011	877	2,011
Welsh Health Boards	163,061	148,416	163,061	148,416
Welsh NHS Trusts	3,363	2,334	3,363	2,334
Welsh Special Health Authorities	62	16	62	16
Other NHS	2,418	2,285	2,418	2,285
Taxation and social security payable / refunds:				
Refunds of taxation by HMRC	0	0	0	0
VAT payable to HMRC	0	2,064	0	2,064
Other taxes payable to HMRC	26	151	26	151
National Insurance contributions payable to HMRC	155	121	155	121
Non-NHS trade payables - revenue	22,305	26,143	22,305	26,143
Local Authorities	91	360	91	360
Capital payables-Tangible	8,097	4,434	8,097	4,434
Capital payables- Intangible	537	1,785	537	1,785
Overdraft	0	0	0	0
FHoT payables	0	0	48	107
Rentals due under operating leases	0	0	0	0
Obligations due under finance leases and HP contracts	0	0	0	0
Imputed finance lease element of on SoFP PFI contracts	0	0	0	0
Pensions: staff	3,918	3,540	3,918	3,540
Non NHS Accruals	20,307	38,130	20,307	38,130
Deferred Income:				
Deferred income brought forward	1,210	1,985	1,210	1,985
Deferred income additions	753	559	753	559
Transfer to/from current/non current deferred income	0	(301)	0	(301)
Released to the Income Statement	(795)	(1,033)	(795)	(1,033)
Other liabilities - all other payables	0	0	0	0
PFI assets – deferred credits	0	0	0	0
PFI - Payments on account	0	0	0	0
Sub-total	277,601	353,136	277,649	353,243

The Trust aims to pay all invoices within the 30 day period directed by the Welsh Government.

20. Trade and other payables at the SoFP Date (cont)

	31 March 2022 £000	31 March 2021 £000	31 March 2022 £000	31 March 2021 £000
Non-current	NHS Trust		Consolidated	
Welsh Government	7,000	7,000	7,000	7,000
WHSSC & EASC	0	0	0	0
Welsh Health Boards	0	0	0	0
Welsh NHS Trusts	0	0	0	0
Welsh Special Health Authorities	0	0	0	0
Other NHS	0	0	0	0
Taxation and social security payable / refunds:				
Refunds of taxation by HMRC	0	0	0	0
VAT payable to HMRC	0	0	0	0
Other taxes payable to HMRC	0	0	0	0
National Insurance contributions payable to HMRC	0	0	0	0
Non-NHS trade payables - revenue	0	0	0	0
Local Authorities	0	0	0	0
Capital payables- Tangible	0	0	0	0
Capital payables- Intangible	0	0	0	0
Overdraft	0	0	0	0
FHoT payables			0	0
Rentals due under operating leases	0	0	0	0
Obligations due under finance leases and HP contracts	0	0	0	0
Imputed finance lease element of on SoFP PFI contracts	0	0	0	0
Pensions: staff	0	0	0	0
Non NHS Accruals	0	0	0	0
Deferred Income:				
Deferred income brought forward	301	0	301	0
Deferred income additions	35	301	35	301
Transfer to/from current/non current deferred income	0	0	0	0
Released to the Income Statement	0	0	0	0
Other liabilities - all other payables	0	0	0	0
PFI assets –deferred credits	0	0	0	0
Payments on account	0	0	0	0
Sub-total	7,336	7,301	7,336	7,301
Total	284,937	360,437	284,985	360,544

21. Borrowings**Current**

	31 March 2022 £000	31 March 2021 £000	31 March 2022 £000	31 March 2021 £000
	NHS Trust		Consolidated	
Bank overdraft - Government Banking Service (GBS)	0	0	0	0
Bank overdraft - Commercial bank	0	0	0	0
Loans from:				
Welsh Government	0	0	0	0
Other entities	0	0	0	0
PFI liabilities:				
Main liability	0	0	0	0
Lifecycle replacement received in advance	0	0	0	0
Finance lease liabilities	0	8	0	8
Other	0	0	0	0
Total	0	8	0	8

Non-current

Bank overdraft - GBS	0	0	0	0
Bank overdraft - Commercial bank	0	0	0	0
Loans from:				
Welsh Government	0	0	0	0
Other entities	0	0	0	0
PFI liabilities:				
Main liability	0	0	0	0
Lifecycle replacement received in advance	0	0	0	0
Finance lease liabilities	0	0	0	0
Other	0	0	0	0
Total	0	0	0	0

21.2 Loan advance/strategic assistance funding

	31 March 2022 £000	31 March 2021 £000	31 March 2022 £000	31 March 2021 £000
Amounts falling due:				
In one year or less	0	0	0	0
Between one and two years	0	0	0	0
Between two and five years	0	0	0	0
In five years or more	0	0	0	0
Sub-total	0	0	0	0
Wholly repayable within five years	0	0	0	0
Wholly repayable after five years, not by instalments	0	0	0	0
Wholly or partially repayable after five years by instalments	0	0	0	0
Sub-total	0	0	0	0
Total repayable after five years by instalments	0	0	0	0

The Trust has not received a loan advance or strategic funding from the Welsh Government.

22. Other financial liabilities

	31 March 2022 £000	31 March 2021 £000	31 March 2022 £000	31 March 2021 £000
	NHS Trust		Consolidated	
Current				
Financial Guarantees				
At amortised cost	0	0	0	0
At fair value through SoCI	0	0	0	0
Derivatives at fair value through SoCI	0	0	0	0
Other				
At amortised cost	0	0	0	0
At fair value through SoCI	0	0	0	0
Total	0	0	0	0

	31 March 2022 £000	31 March 2021 £000	31 March 2022 £000	31 March 2021 £000
	NHS Trust		Consolidated	
Non-current				
Financial Guarantees				
At amortised cost	0	0	0	0
At fair value through SoCI	0	0	0	0
Derivatives at fair value through SoCI	0	0	0	0
Other				
At amortised cost	0	0	0	0
At fair value through SoCI	0	0	0	0
Total	0	0	0	0

23. Provisions

2021-22

	At 1 April 2021	Structured settlement cases transferred to Risk Pool	Transfers to creditors	Transfers between current and non current	Transfers (to)/from other NHS body	Arising during the year	Utilised during the year	Reversed unused	Unwinding of discount	At 31 March 2022
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Current										
Clinical negligence:-										
Secondary Care	286,428	(56,929)	(8,495)	(9,360)	0	285,210	(94,727)	(93,594)	(50)	308,483
Primary Care	122	0	0	0	0	134	(81)	(42)	0	133
Redress Secondary Care	2,843	0	227	(10)	0	3,176	(1,712)	(2,224)	0	2,300
Redress Primary Care	0	0	0	0	0	0	0	0	0	0
Personal injury	6,428	0	(229)	1,292	0	5,932	(1,911)	(7,709)	0	3,803
All other losses and special payments	0	0	0	0	0	23,441	(23,441)	0	0	0
Defence legal fees and other administration	5,590	0	0	420	0	3,725	(1,930)	(2,401)	0	5,404
Structured Settlements - WRPS	15,111	1,700	0	0	0	18,568	(16,645)	(1,807)	1,143	18,070
Pensions relating to: former directors	0		0	0	0	0	0	0	0	0
Pensions relating to: other staff	18		(6)	22	0	0	(19)	0	0	15
2019-20 Scheme Pays - Reimbursement	0		0	0	0	2	0	0	0	2
Restructurings	0		0	0	0	0	0	0		0
Other	419		0	0	0	3,311	0	(817)		2,913
Total	316,959	(55,229)	(8,503)	(7,636)	0	343,499	(140,466)	(108,594)	1,093	341,123
FHoT	0	0	0	0	0	0	0	0	0	0
Consolidated Total	316,959	(55,229)	(8,503)	(7,636)	0	343,499	(140,466)	(108,594)	1,093	341,123
Non Current										
Clinical negligence:-										
Secondary Care	359,188	0	0	9,195	0	130,985	(3,100)	(23,443)	0	472,825
Primary Care	0	0	0	0	0	0	0	0	0	0
Redress Secondary Care	6	0	0	9	0	10	(2)	(11)	0	12
Redress Primary Care	0	0	0	0	0	0	0	0	0	0
Personal injury	1,292	0	0	(1,292)	0	0	0	0	0	0
All other losses and special payments	0	0	0	0	0	0	0	0	0	0
Defence legal fees and other administration	3,289	0	0	(254)	0	1,026	(112)	(293)	0	3,656
Structured Settlements - WRPS	452,672	55,229	0	0	0	108,342	0	(1,136)	0	615,107
Pensions relating to: former directors	0		0	0	0	0	0	0	0	0
Pensions relating to: other staff	71		0	(22)	0	4	0	0	0	53
2019-20 Scheme Pays - Reimbursement	0		0	0	0	337	0	0	0	337
Restructurings	0		0	0	0	0	0	0		0
Other	2,264		0	0	0	642	0	(690)		2,216
Total	818,782	55,229	0	7,636	0	241,346	(3,214)	(25,573)	0	1,094,206
FHoT	0	0	0	0	0	0	0	0	0	0
Consolidated Total	818,782	55,229	0	7,636	0	241,346	(3,214)	(25,573)	0	1,094,206
TOTAL										
Clinical negligence:-										
Secondary Care	645,616	(56,929)	(8,495)	(165)	0	416,195	(97,827)	(117,037)	(50)	781,308
Primary Care	122	0	0	0	0	134	(81)	(42)	0	133
Redress Secondary Care	2,849	0	227	(1)	0	3,186	(1,714)	(2,235)	0	2,312
Redress Primary Care	0	0	0	0	0	0	0	0	0	0
Personal injury	7,720	0	(229)	0	0	5,932	(1,911)	(7,709)	0	3,803
All other losses and special payments	0	0	0	0	0	23,441	(23,441)	0	0	0
Defence legal fees and other administration	8,879	0	0	166	0	4,751	(2,042)	(2,694)	0	9,060
Structured Settlements - WRPS	467,783	56,929	0	0	0	126,910	(16,645)	(2,943)	1,143	633,177
Pensions relating to: former directors	0		0	0	0	0	0	0	0	0
Pensions relating to: other staff	89		(6)	0	0	4	(19)	0	0	68
2019-20 Scheme Pays - Reimbursement	0		0	0	0	339	0	0	0	339
Restructurings	0		0	0	0	0	0	0		0
Other	2,683		0	0	0	3,953	0	(1,507)		5,129
Total	1,135,741	0	(8,503)	0	0	584,845	(143,680)	(134,167)	1,093	1,435,329
FHoT	0	0	0	0	0	0	0	0	0	0
Consolidated Total	1,135,741	0	(8,503)	0	0	584,845	(143,680)	(134,167)	1,093	1,435,329

Expected timing of cash flows:

	In year to 31 March 2023 £000	Between 01-Apr-23 to 31 March 2027 £000	Thereafter £000	Totals £000
Clinical negligence:-				
Secondary Care	308,483	356,924	115,901	781,308
Primary Care	133	0	0	133
Redress Secondary Care	2,300	12	0	2,312
Redress Primary Care	0	0	0	0
Personal injury	3,803	0	0	3,803
All other losses and special payments	0	0	0	0
Defence legal fees and other administration	5,404	3,656	0	9,060
Structured Settlements - WRPS	18,070	77,846	537,261	633,177
Pensions - former directors	0	0	0	0
Pensions - other staff	15	50	3	68
2019-20 Scheme Pays - Reimbursement	2	1	336	339
Restructuring	0	0	0	0
Other	2,913	1,997	219	5,129
Total	341,123	440,486	653,720	1,435,329
FHoT	0	0	0	0
Consolidated Total	341,123	440,486	653,720	1,435,329

23. Provisions NHS Trust 2021-22

	At 1 April 2021	Structured settlement cases transferr-ed to Risk Pool	Transfers to creditors	Transfers between current and non current	Transfers (to)/from other NHS body	Arising during the year	Utilised during the year	Reversed unused	Unwinding of discount	At 31 March 2022
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Current										
Clinical negligence:-										
Secondary Care	54	0	0	0	0	90	0	(54)	0	90
Primary Care	0	0	0	0	0	0	0	0	0	0
Redress Secondary Care	0	0	0	0	0	0	0	0	0	0
Redress Primary Care	0	0	0	0	0	0	0	0	0	0
Personal injury	18	0	0	0	0	22	0	(14)	0	26
All other losses and special payments	0	0	0	0	0	23,441	(23,441)	0	0	0
Defence legal fees and other administration	90	0	0	0	0	93	0	(94)	0	89
Structured Settlements - WRPS	0	0	0	0	0	0	0	0	0	0
Pensions relating to: former directors	0	0	0	0	0	0	0	0	0	0
Pensions relating to: other staff	18	0	(6)	22	0	0	(19)	0	0	15
2019-20 Scheme Pays - Reimbursement	0	0	0	0	0	2	0	0	0	2
Restructurings	0	0	0	0	0	0	0	0	0	0
Other	419	0	0	0	0	3,311	0	(816)	0	2,914
Total	599	0	(6)	22	0	26,959	(23,460)	(978)	0	3,136
FHoT	0	0	0	0	0	0	0	0	0	0
Consolidated Total	599	0	(6)	22	0	26,959	(23,460)	(978)	0	3,136
Non Current										
Clinical negligence:-										
Secondary Care	0	0	0	0	0	0	0	0	0	0
Primary Care	0	0	0	0	0	0	0	0	0	0
Redress Secondary Care	0	0	0	0	0	0	0	0	0	0
Redress Primary Care	0	0	0	0	0	0	0	0	0	0
Personal injury	0	0	0	0	0	0	0	0	0	0
All other losses and special payments	0	0	0	0	0	0	0	0	0	0
Defence legal fees and other administration	0	0	0	0	0	0	0	0	0	0
Structured Settlements - WRPS	0	0	0	0	0	0	0	0	0	0
Pensions relating to: former directors	0	0	0	0	0	0	0	0	0	0
Pensions relating to: other staff	71	0	0	(22)	0	4	0	0	0	53
2019-20 Scheme Pays - Reimbursement	0	0	0	0	0	337	0	0	0	337
Restructurings	0	0	0	0	0	0	0	0	0	0
Other	2,264	0	0	0	0	642	0	(690)	0	2,216
Total	2,335	0	0	(22)	0	983	0	(690)	0	2,606
FHoT	0	0	0	0	0	0	0	0	0	0
Consolidated Total	2,335	0	0	(22)	0	983	0	(690)	0	2,606
TOTAL										
Clinical negligence:-										
Secondary Care	54	0	0	0	0	90	0	(54)	0	90
Primary Care	0	0	0	0	0	0	0	0	0	0
Redress Secondary Care	0	0	0	0	0	0	0	0	0	0
Redress Primary Care	0	0	0	0	0	0	0	0	0	0
Personal injury	18	0	0	0	0	22	0	(14)	0	26
All other losses and special payments	0	0	0	0	0	23,441	(23,441)	0	0	0
Defence legal fees and other administration	90	0	0	0	0	93	0	(94)	0	89
Structured Settlements - WRPS	0	0	0	0	0	0	0	0	0	0
Pensions relating to: former directors	0	0	0	0	0	0	0	0	0	0
Pensions relating to: other staff	89	0	(6)	0	0	4	(19)	0	0	68
2019-20 Scheme Pays - Reimbursement	0	0	0	0	0	339	0	0	0	339
Restructurings	0	0	0	0	0	0	0	0	0	0
Other	2,683	0	0	0	0	3,953	0	(1,506)	0	5,130
Total	2,934	0	(6)	0	0	27,942	(23,460)	(1,668)	0	5,742
FHoT	0	0	0	0	0	0	0	0	0	0
Consolidated Total	2,934	0	(6)	0	0	27,942	(23,460)	(1,668)	0	5,742

Expected timing of cash flows:

	In year to 31 March 2023 £000	Between 01-Apr-23 to 31 March 2027 £000	Thereafter £000	Totals £000
Clinical negligence:-				
Secondary Care	90	0	0	90
Primary Care	0	0	0	0
Redress Secondary Care	0	0	0	0
Redress Primary Care	0	0	0	0
Personal injury	26	0	0	26
All other losses and special payments	0	0	0	0
Defence legal fees and other administration	89	0	0	89
Structured Settlements - WRPS	0	0	0	0
Pensions - former directors	0	0	0	0
Pensions - other staff	15	50	3	68
2019-20 Scheme Pays - Reimbursement	2	1	336	339
Restructuring	0	0	0	0
Other	2,914	1,997	219	5,130
Total	3,136	2,048	558	5,742
FHoT	0	0	0	0
Consolidated Total	3,136	2,048	558	5,742

23. Provisions WRP

2021-22

	At 1 April 2021	Structured settlement cases transferred to Risk Pool	Transfers to creditors	Transfers between current and non current	Transfers (to)/from other NHS body	Arising during the year	Utilised during the year	Reversed unused	Unwinding of discount	At 31 March 2022
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Current										
Clinical negligence:-										
Secondary Care	286,397	(56,929)	(8,495)	(9,360)	0	285,096	(94,728)	(93,540)	(50)	308,391
Primary Care	122	0	0	0	0	134	(81)	(42)	0	133
Redress Secondary Care	2,843	0	218	(10)	0	3,194	(1,720)	(2,224)	0	2,301
Redress Primary Care	0	0	0	0	0	0	0	0	0	0
Personal injury	6,410	0	(229)	1,292	0	5,910	(1,911)	(7,695)	0	3,777
All other losses and special payments	0	0	0	0	0	0	0	0	0	0
Defence legal fees and other administration	5,532	0	0	420	0	3,655	(1,967)	(2,324)	0	5,316
Structured Settlements - WRPS	15,111	1,700	0	0	0	18,568	(16,645)	(1,807)	1,143	18,070
Pensions relating to: former directors	0		0	0	0	0	0	0	0	0
Pensions relating to: other staff	0		0	0	0	0	0	0	0	0
2019-20 Scheme Pays - Reimbursement	0		0	0	0	0	0	0	0	0
Restructurings	0		0	0	0	0	0	0		0
Other	0		0	0	0	0	0	0		0
Total	316,415	(55,229)	(8,506)	(7,658)	0	316,557	(117,052)	(107,632)	1,093	337,988
FHoT	0	0	0	0	0	0	0	0	0	0
Consolidated Total	316,415	(55,229)	(8,506)	(7,658)	0	316,557	(117,052)	(107,632)	1,093	337,988
Non Current										
Clinical negligence:-										
Secondary Care	359,188	0	0	9,195	0	130,985	(3,100)	(23,443)	0	472,825
Primary Care	0	0	0	0	0	0	0	0	0	0
Redress Secondary Care	6	0	0	9	0	10	(2)	(11)	0	12
Redress Primary Care	0	0	0	0	0	0	0	0	0	0
Personal injury	1,292	0	0	(1,292)	0	0	0	0	0	0
All other losses and special payments	0	0	0	0	0	0	0	0	0	0
Defence legal fees and other administration	3,289	0	0	(254)	0	1,025	(112)	(293)	0	3,655
Structured Settlements - WRPS	452,672	55,229	0	0	0	108,342	0	(1,136)	0	615,107
Pensions relating to: former directors	0		0	0	0	0	0	0	0	0
Pensions relating to: other staff	0		0	0	0	0	0	0	0	0
2019-20 Scheme Pays - Reimbursement	0		0	0	0	0	0	0	0	0
Restructurings	0		0	0	0	0	0	0		0
Other	0		0	0	0	0	0	0		0
Total	816,447	55,229	0	7,658	0	240,362	(3,214)	(24,883)	0	1,091,599
FHoT	0	0	0	0	0	0	0	0	0	0
Consolidated Total	816,447	55,229	0	7,658	0	240,362	(3,214)	(24,883)	0	1,091,599
TOTAL										
Clinical negligence:-										
Secondary Care	645,585	(56,929)	(8,495)	(165)	0	416,081	(97,828)	(116,983)	(50)	781,216
Primary Care	122	0	0	0	0	134	(81)	(42)	0	133
Redress Secondary Care	2,849	0	218	(1)	0	3,204	(1,722)	(2,235)	0	2,313
Redress Primary Care	0	0	0	0	0	0	0	0	0	0
Personal injury	7,702	0	(229)	0	0	5,910	(1,911)	(7,695)	0	3,777
All other losses and special payments	0	0	0	0	0	0	0	0	0	0
Defence legal fees and other administration	8,821	0	0	166	0	4,680	(2,079)	(2,617)	0	8,971
Structured Settlements - WRPS	467,783	56,929	0	0	0	126,910	(16,645)	(2,943)	1,143	633,177
Pensions relating to: former directors	0		0	0	0	0	0	0	0	0
Pensions relating to: other staff	0		0	0	0	0	0	0	0	0
2019-20 Scheme Pays - Reimbursement	0		0	0	0	0	0	0	0	0
Restructurings	0		0	0	0	0	0	0		0
Other	0		0	0	0	0	0	0		0
Total	1,132,862	0	(8,506)	0	0	556,919	(120,266)	(132,515)	1,093	1,429,587
FHoT	0	0	0	0	0	0	0	0	0	0
Consolidated Total	1,132,862	0	(8,506)	0	0	556,919	(120,266)	(132,515)	1,093	1,429,587

Expected timing of cash flows:

	In year to 31 March 2023 £000	Between 01-Apr-23 to 31 March 2027 £000	Thereafter £000	Totals £000
Clinical negligence:-				
Secondary Care	308,391	356,925	115,901	781,217
Primary Care	133	0	0	133
Redress Secondary Care	2,301	11	0	2,312
Redress Primary Care	0	0	0	0
Personal injury	3,777	0	0	3,777
All other losses and special payments	0	0	0	0
Defence legal fees and other administration	5,316	3,655	0	8,971
Structured Settlements - WRPS	18,070	77,846	537,261	633,177
Pensions - former directors	0	0	0	0
Pensions - other staff	0	0	0	0
2019-20 Scheme Pays - Reimbursement	0	0	0	0
Restructuring	0	0	0	0
Other	0	0	0	0
Total	337,988	438,437	653,162	1,429,587
FHoT	0	0	0	0
Consolidated Total	337,988	438,437	653,162	1,429,587

The provisions relate to amounts over £25,000 in respect of ongoing claims against the NHS in Wales, the outcome of which will not be determined until the case has been finalised.

Timings of cashflow have been profiled to match total current liabilities. However, the total will include cases which may settle with a structured settlement, so the underlying cashflows will be over a number of years. Also, there can be delays in settlement dates anticipated for next year which will further impact the cashflow timings.

23. Provisions (continued)

2020-21

NHS Trust and Welsh Risk Pool

	At 1 April 2020	Structured settlement cases transferred to Risk Pool	Transfers to creditors	Transfers between current and non current	Transfers (to)/from other NHS body	Arising during the year	Utilised during the year	Reversed unused	Unwinding of discount	At 31 March 2021
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Current										
Clinical negligence:-										
Secondary Care	244,404	(53,022)	(17,397)	123,233	0	126,936	(80,728)	(56,815)	(183)	286,428
Primary Care	0	0	0	0	0	122	0	0	0	122
Redress Secondary Care	3,335	0	(664)	34	0	3,451	(1,611)	(1,702)	0	2,843
Redress Primary Care	0	0	0	0	0	0	0	0	0	0
Personal injury	4,803	0	(134)	(1,060)	0	5,681	(1,504)	(1,358)	0	6,428
All other losses and special payments	1	0	0	0	0	5,761	(5,762)	0	0	0
Defence legal fees and other administration	4,614	0	0	1,080	0	2,854	(1,584)	(1,374)	0	5,590
Structured Settlements - WRPS	14,555	988	0	0	0	15,785	(14,873)	(1,892)	548	15,111
Pensions relating to: former directors	0		0	0	0	0	0	0	0	0
Pensions relating to: other staff	19		(6)	24	0	0	(19)	0	0	18
2019-20 Scheme Pays - Reimbursement	0		0	0	0	0	0	0	0	0
Restructurings	0		0	0	0	0	0	0		0
Other	645		0	0	0	745	0	(971)		419
Total	272,376	(52,034)	(18,201)	123,311	0	161,335	(106,081)	(64,112)	365	316,959
FHoT	0	0	0	0	0	0	0	0	0	0
Consolidated Total	272,376	(52,034)	(18,201)	123,311	0	161,335	(106,081)	(64,112)	365	316,959
Non Current										
Clinical negligence:-										
Secondary Care	431,038	0	0	(123,354)	0	61,390	(4,786)	(5,100)	0	359,188
Primary Care	0	0	0	0	0	0	0	0	0	0
Redress Secondary Care	40	0	0	(39)	0	5	0	0	0	6
Redress Primary Care	0	0	0	0	0	0	0	0	0	0
Personal injury	341	0	0	1,069	0	91	0	(209)	0	1,292
All other losses and special payments	0	0	0	0	0	0	0	0	0	0
Defence legal fees and other administration	4,019	0	0	(963)	0	943	(188)	(522)	0	3,289
Structured Settlements - WRPS	426,508	52,034	0	0	0	3,866	0	(29,736)	0	452,672
Pensions relating to: former directors	0		0	0	0	0	0	0	0	0
Pensions relating to: other staff	90		0	(24)	0	5	0	0	0	71
2019-20 Scheme Pays - Reimbursement	0		0	0	0	0	0	0	0	0
Restructurings	0		0	0	0	0	0	0		0
Other	1,223		0	0	0	1,110	0	(69)		2,264
Total	863,259	52,034	0	(123,311)	0	67,410	(4,974)	(35,636)	0	818,782
FHoT	0	0	0	0	0	0	0	0	0	0
Consolidated Total	863,259	52,034	0	(123,311)	0	67,410	(4,974)	(35,636)	0	818,782
TOTAL										
Clinical negligence:-										
Secondary Care	675,442	(53,022)	(17,397)	(121)	0	188,326	(85,514)	(61,915)	(183)	645,616
Primary Care	0	0	0	0	0	122	0	0	0	122
Redress Secondary Care	3,375	0	(664)	(5)	0	3,456	(1,611)	(1,702)	0	2,849
Redress Primary Care	0	0	0	0	0	0	0	0	0	0
Personal injury	5,144	0	(134)	9	0	5,772	(1,504)	(1,567)	0	7,720
All other losses and special payments	1	0	0	0	0	5,761	(5,762)	0	0	0
Defence legal fees and other administration	8,633	0	0	117	0	3,797	(1,772)	(1,896)	0	8,879
Structured Settlements - WRPS	441,063	53,022	0	0	0	19,651	(14,873)	(31,628)	548	467,783
Pensions relating to: former directors	0		0	0	0	0	0	0	0	0
Pensions relating to: other staff	109		(6)	0	0	5	(19)	0	0	89
2019-20 Scheme Pays - Reimbursement	0		0	0	0	0	0	0	0	0
Restructurings	0		0	0	0	0	0	0		0
Other	1,868		0	0	0	1,855	0	(1,040)		2,683
Total	1,135,635	0	(18,201)	0	0	228,745	(111,055)	(99,748)	365	1,135,741
FHoT	0	0	0	0	0	0	0	0	0	0
Consolidated Total	1,135,635	0	(18,201)	0	0	228,745	(111,055)	(99,748)	365	1,135,741

24 Contingencies

24.1 Contingent liabilities

Provision has not been made in these accounts for the following amounts:

	31 March 2022 £000	31 March 2021 £000	31 March 2022 £000	31 March 2021 £000
	NHS Trust		Consolidated	
Legal claims for alleged medical or employer negligence;				
Secondary care	1,252,357	1,346,180	1,252,357	1,346,180
Primary Care	1,790	275	1,790	275
Secondary care - Redress	712	1,173	712	1,173
Primary Care - Redress	0	0	0	0
Doubtful debts	0	0	0	0
Equal pay cases	0	0	0	0
Defence costs	0	0	0	0
Other	0	0	0	0
Total value of disputed claims	1,254,859	1,347,628	1,254,859	1,347,628
Amount recovered under insurance arrangements in the event of these claims being successful	(1,254,460)	(1,347,156)	(1,254,460)	(1,347,156)
Net contingent liability	399	472	399	472

Other litigation claims could arise in the future due to known incidents. The expenditure which may arise from such claims cannot be determined and no provision has been made for them.

Liability for Permanent Injury Benefit under the NHS Injury Benefit Scheme lies with the employer. Individual claims to the NHS Pensions Agency could arise due to known incidents.

Contingent liabilities includes claims relating to alleged clinical negligence, personal injury and permanent injury benefits under the NHS Injury Benefits Scheme. The above figures include contingent liabilities for all Health Bodies in Wales.

24.2. Remote contingent liabilities

	31 March 2022 £000	31 March 2021 £000	31 March 2022 £000	31 March 2021 £000
	NHS Trust		Consolidated	
Guarantees	0	0	0	0
Indemnities	60,204	60,981	60,204	60,981
Letters of comfort	0	0	0	0
Total	60,204	60,981	60,204	60,981

24.3 Contingent assets

	31 March 2022 £000	31 March 2021 £000	31 March 2022 £000	31 March 2021 £000
	NHS Trust		Consolidated	
	0	0	0	0
	0	0	0	0
	0	0	0	0
Total	0	0	0	0

25. Capital commitments

Commitments under capital expenditure contracts at the statement of financial position sheet date were:

	31 March	31 March	31 March	31 March
	2022	2021	2022	2021
	NHS Trust		Consolidated	
	£000	£000	£000	£000
Property, plant and equipment	19,553	1,565	19,553	1,565
Intangible assets	83	6,656	83	6,656
Total	19,636	8,221	19,636	8,221

Following business case approval, enabling works for the new hospital site development will progress. The Capital commitments above largely relate to contract obligations in that respect, requiring financial obligations during 2022/2023.

26. Losses and special payments

Losses and special payments are charged to the Income statement 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 year to 31 March 2022	
	Number	£
Clinical negligence	332	96,367,599
Personal injury	89	3,606,150
All other losses and special payments	350	28,172,483
Structured Settlements managed by WRP	235	16,644,570
Total	1,006	144,790,802
FHoT losses and special payments	0	0
Consolidated Total	1,006	144,790,802

Analysis of cases in excess of £300,000

		In year claims in excess of £300,000		Cumulative claims in excess of £300,000	
	Case Type	Number	£	Number	£
Cases in excess of £300,000:					
Velindre University NHS Trust	Clinical Negligence	2	522,400	2	825,846
Velindre University NHS Trust	Other Losses	7	24,653,257	7	24,653,257
WRP - Secondary Care:					
Aneurin Bevan UHB	Clinical Negligence 1 X Personal Injury,	8	8,275,298	8	8,275,298
Betsi Cadwaladr UHB	6 X Clinical Negligence	7	7,641,020	7	7,641,020
Cardiff and Vale UHB	Clinical Negligence	11	14,843,969	11	15,437,620
Cwm Taf Morgannwg UHB	Clinical Negligence	18	19,319,263	18	26,756,801
Hywel Dda UHB	Clinical Negligence 11 X Clinical Negligence, 1 X Personal Injury	6	6,209,435	6	7,138,218
Swansea Bay UHB	Personal Injury	12	20,461,188	12	25,359,561
Welsh Ambulance Services NHS Trust	Clinical Negligence	1	681,646	1	681,646
Sub-total		72	102,607,476	72	116,769,267
All other cases		929	40,453,981	929	88,663,484
Structured Settlements managed by WRP		5	1,729,345	5	11,241,522
Total cases		1,006	144,790,802	1,006	216,674,273

The Welsh Risk Pool (WRP) reimburses Trusts, Local Health Boards and Special Health Authorities for payments made in year.

The WRP also manages annual payments directly to WRP claimants. These were not reported in last year's Note 26 but are included from 2021/22. They arise when a case settles with a Structured Settlement arrangement. The comparative figure of annual payments for 2020/21 is **£14,873,393** for **251** transactions. Structured settlements relate to cases which have settled with a lower lump sum element within the total settlement value, plus annual payments over the lifetime of the claimant (the Periodical Payment Order). They typically relate to high value cases over £1M and are primarily used to meet the future care costs of the claimant as they fall due.

26.2 Velindre NHS Trust excluding WRP Losses and special payments

Losses and special payments are charged to the Income statement 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 year to 31 March 2022	
	Number	£
Clinical negligence	3	43,751
Personal injury	1	8,406
All other losses and special payments	15	25,425,903
Structured Settlements managed by WRP	0	0
Total	19	25,478,060
FHoT losses and special payments	0	0
Consolidated Total	19	25,478,060

Analysis of cases in excess of £300,000

	In year claims in excess of £300,000		Cumulative claims in excess of £300,000	
	Number	£	Number	£
Cases in excess of £300,000:				
Clinical Negligence	2	522,400	2	825,846
Other Losses	7	24,653,257	7	24,653,257
Sub-total	9	25,175,657	9	25,479,103
All other cases	10	302,402	10	648,363
Total cases	19	25,478,059	19	26,127,466

Other losses includes donations of £11.8m in respect of PPE, equipment and other aid to India, Namibia and Ukraine; stock losses of £11.2m; plus a foreign exchange loss of £0.3m.

26. 3 WRP Losses and special payments

Losses and special payments are charged to the Income statement 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 year to 31 March 2022	
	Number	£
Clinical negligence	329	96,323,848
Personal injury	88	3,597,744
All other losses and special payments	335	2,746,581
Structured Settlements managed by WRP	235	16,644,570
Total	987	119,312,743
FHoT losses and special payments	0	0
Consolidated Total	987	119,312,743

Analysis of cases in excess of £300,000

		In year claims in excess of £300,000		Cumulative claims in excess of £300,000	
		Number	£	Number	£
Cases in excess of £300,000:					
Aneurin Bevan UHB	Clinical Negligence	8	8,275,298	8	8,275,298
	1 X Personal Injury,				
Betsi Cadwaladr UHB	6 X Clinical Negligence	7	7,641,020	7	7,641,020
Cardiff and Vale UHB	Clinical Negligence	11	14,843,969	11	15,437,620
Cwm Taf Morgannwg UHB	Clinical Negligence	18	19,319,263	18	26,756,801
Hywel Dda UHB	Clinical Negligence	6	6,209,435	6	7,138,218
	11 X Clinical				
	Negligence, 1 X				
Swansea Bay UHB	Personal Injury	12	20,461,188	12	25,359,561
Welsh Ambulance Services NHS Trust	Clinical Negligence	1	681,646	1	681,646
Sub-total		63	77,431,819	63	91,290,164
WRP Managed Structured Settlements		5	1,729,345	5	11,241,522
All other cases		919	40,151,579	919	88,015,121
Total cases		987	119,312,743	987	190,546,807

The Welsh Risk Pool (WRP) reimburses Trusts, Local Health Boards and Special Health Authorities for payments made in year.

The WRP also manages annual payments directly to WRP claimants. These were not reported in last year's Note 26 but are included from 2021/22. They arise when a case settles with a Structured Settlement arrangement. The comparative figure of annual payments for 2020/21 is £14,873,393 for 251 transactions. Structured settlements relate to cases which have settled with a lower lump sum element within the total settlement value, plus annual payments over the lifetime of the claimant (the Periodical Payment Order). They typically relate to high value cases over £1M and are primarily used to meet the future care costs of the claimant as they fall due.

27. Finance leases**27.1 Finance leases obligations (as lessee)**

The Trust currently has no finance lease obligations.

Amounts payable under finance leases:

LAND	31 March 2022 £000	31 March 2021 £000	31 March 2022 £000	31 March 2021 £000
	NHS Trust		Consolidated	
Minimum lease payments				
Within one year	0	0	0	0
Between one and five years	0	0	0	0
After five years	0	0	0	0
Less finance charges allocated to future periods	0	0	0	0
Minimum lease payments	0	0	0	0
Included in:				
Current borrowings	0	0	0	0
Non-current borrowings	0	0	0	0
Total	0	0	0	0
Present value of minimum lease payments				
Within one year	0	0	0	0
Between one and five years	0	0	0	0
After five years	0	0	0	0
Total present value of minimum lease payments	0	0	0	0
Included in:				
Current borrowings	0	0	0	0
Non-current borrowings	0	0	0	0
Total	0	0	0	0

27.1 Finance leases obligations (as lessee) continued

Amounts payable under finance leases:

BUILDINGS

	31 March 2022 £000	31 March 2021 £000	31 March 2022 £000	31 March 2021 £000
	NHS Trust		Consolidated	
Minimum lease payments				
Within one year	0	0	0	0
Between one and five years	0	0	0	0
After five years	0	0	0	0
Less finance charges allocated to future periods	0	0	0	0
Minimum lease payments	0	0	0	0
Included in: Current borrowings	0	0	0	0
Non-current borrowings	0	0	0	0
Total	0	0	0	0
Present value of minimum lease payments				
Within one year	0	0	0	0
Between one and five years	0	0	0	0
After five years	0	0	0	0
Total present value of minimum lease payments	0	0	0	0
Included in: Current borrowings	0	0	0	0
Non-current borrowings	0	0	0	0
Total	0	0	0	0

OTHER

	31 March 2022 £000	31 March 2021 £000	31 March 2022 £000	31 March 2021 £000
	NHS Trust		Consolidated	
Minimum lease payments				
Within one year	0	8	0	8
Between one and five years	0	0	0	0
After five years	0	0	0	0
Less finance charges allocated to future periods	0	0	0	0
Minimum lease payments	0	8	0	8
Included in: Current borrowings	0	8	0	8
Non-current borrowings	0	0	0	0
Total	0	8	0	8
Present value of minimum lease payments				
Within one year	0	8	0	8
Between one and five years	0	0	0	0
After five years	0	0	0	0
Total present value of minimum lease payments	0	8	0	8
Included in: Current borrowings	0	8	0	8
Non-current borrowings	0	0	0	0
Total	0	8	0	8

27.2 Finance lease receivables (as lessor)

The Trust has no finance lease receivables.

Amounts receivable under finance leases:

	31 March 2022 £000	31 March 2021 £000	31 March 2022 £000	31 March 2021 £000
	NHS Trust		Consolidated	
Gross investment in leases				
Within one year	0	0	0	0
Between one and five years	0	0	0	0
After five years	0	0	0	0
Less finance charges allocated to future periods	0	0	0	0
Present value of minimum lease payments	0	0	0	0
Included in: Current borrowings	0	0	0	0
Non-current borrowings	0	0	0	0
Total	0	0	0	0
Present value of minimum lease payments				
Within one year	0	0	0	0
Between one and five years	0	0	0	0
After five years	0	0	0	0
Less finance charges allocated to future periods	0	0	0	0
Total present value of minimum lease payments	0	0	0	0
Included in: Current borrowings	0	0	0	0
Non-current borrowings	0	0	0	0
Total	0	0	0	0

27.3 Finance Lease Commitment

The Trust does not have any commitments becoming operational in a future period.

28. Private finance transactions

Private Finance Initiatives (PFI) / Public Private Partnerships (PPP)

The Trust has no PFI or PPP Schemes.

29. Financial Risk Management

IFRS 7, Derivatives and Other Financial Instruments, requires disclosure of the role that financial instruments have had during the period in creating or changing the risks an entity faces in undertaking its activities.

NHS Trusts are not exposed to the degree of financial risk faced by business entities. Financial instruments play a much more limited role in creating or changing risk than would be typical of the listed companies to which IFRS 7 mainly applies. NHS Trusts have limited powers to borrow or invest surplus funds and financial assets and liabilities are generated by day to day operational activities rather than being held to change the risks facing NHS Trusts in undertaking its activities.

The Trust's treasury management operations are carried out by the finance department within parameters defined formally within the Trust's standing financial instructions and policies agreed by the board of directors. The Trust treasury activity is subject to review by the Trust's internal auditors.

Liquidity risk

The Trust's net operating costs are incurred under annual service agreements with various Health bodies, which are financed from resources voted annually by parliament. NHS Trusts also largely finance their capital expenditure from funds made available from the Welsh Government under agreed borrowing limits. NHS Trusts are not, therefore, exposed to significant liquidity risks.

Interest-rate risks

The great majority of NHS Trusts' financial assets and financial liabilities carry nil or fixed rates of interest. NHS Trusts are not, therefore, exposed to significant interest-rate risk.

Foreign currency risk

NHS Trusts have no significant foreign currency income or expenditure and any such risk for Velindre University NHS Trust is underwritten by Welsh Government.

Credit Risk

Because the majority of the Trust's income comes from contracts with other public sector bodies, the Trust has low exposure to credit risk. The maximum exposures are in receivables from customers as disclosed in the trade and other receivables note.

General

The powers of the Trust to invest and borrow are limited. The Board has determined that in order to maximise income from cash balances held, any balance of cash which is not required will be invested. The Trust does not borrow from the private sector. All other financial instruments are held for the sole purpose of managing the cash flow of the Trust on a day to day basis or arise from the operating activities of the Trust. The management of risks around these financial instruments therefore relates primarily to the Trust's overall arrangements for managing risks to their financial position, rather than the Trust's treasury management procedures.

30. Movements in working capital

	31 March 2022 £000	31 March 2021 £000	31 March 2022 £000	31 March 2021 £000
	NHS Trust		Consolidated	
Movements in working capital				
(Increase) / decrease in inventories	30,357	(82,430)	30,357	(82,430)
(Increase) / decrease in trade and other receivables - non-current	(274,866)	45,820	(274,866)	45,820
(Increase) / decrease in trade and other receivables - current	8,609	(134,576)	9,383	(134,176)
Increase / (decrease) in trade and other payables - non-current	35	7,301	35	7,301
Increase / (decrease) in trade and other payables - current	(75,535)	186,866	(75,594)	186,793
Total	(311,400)	22,981	(310,685)	23,308
Adjustment for accrual movements in fixed assets - creditors	(2,415)	1,455	(2,415)	1,455
Adjustment for accrual movements in fixed assets - debtors	(187)	103	(187)	103
Other adjustments	(1,093)	740	(1,077)	885
Total	(315,095)	25,279	(314,364)	25,751

31. Other cash flow adjustments

	31 March 2022 £000	31 March 2021 £000	31 March 2022 £000	31 March 2021 £000
	NHS Trust		Consolidated	
Other cash flow adjustments				
Depreciation	9,110	11,740	9,110	11,740
Amortisation	1,112	5,815	1,112	5,815
(Gains)/Loss on Disposal	0	0	0	0
Impairments and reversals	0	0	0	0
Release of PFI deferred credits	0	0	0	0
NWSSP Covid assets issued debited to expenditure but non-cash	0	0	0	0
NWSSP Covid assets received credited to revenue but non-cash	0	0	0	0
Donated assets received credited to revenue but non-cash	0	(50)	0	(50)
Government Grant assets received credited to revenue but non-cash	0	(1,134)	0	(1,134)
Non-cash movements in provisions	443,268	111,161	443,268	111,161
Total	453,490	127,532	453,490	127,532

32. Events after reporting period

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

33. Related Party transactions

The Trust is a body corporate established by order of the Welsh Minister for Health and Social Services.

The Welsh Government is regarded as a related party. During the year, the Trust 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:

Related Party	Expenditure to related party £000	Income from related party £000	Amounts owed to related party £000	Amounts due from related party £000
Welsh Government	33,021	160,352	58,216	14,833
WHSSC	0	49,274	877	81
Aneurin Bevan UHB	7,599	63,783	5,118	3,543
Betsi Cadwaladr UHB	6,164	39,833	2,613	2,133
Cardiff and Vale UHB	5,341	66,954	1,677	4,509
Cwm Taf Morgannwg UHB	8,117	51,139	2,985	2,262
Hywel Dda UHB	5,136	22,490	3,068	1,514
Powys THB	780	3,358	431	610
Swansea Bay UHB	5,213	26,268	992	1,288
Public Health Wales NHS Trust	379	3,649	63	491
Welsh Ambulance Service NHS Trust	1,021	2,311	181	219
Health Education & Improvement Wales	11	46,645	0	2,824
Digital Health & Care Wales	2,511	299	169	87
Welsh Risk Pool	0	418	0	9
Welsh Local Authorities (excluding those listed below where declarations of interest have been received):	1,505	31	83	128

Parties where specific interests have been declared	Name of individual declaring interest	Nature of the relationship				
Blaenau Gwent County Borough Council	Martin Veale, Independent Member	Lay Member of Audit Committee	2	0	0	0
Merthyr Tydfil County Borough Council	Martin Veale, Independent Member	Lay Member of Standards Committee	1	0	0	0
Pembrokeshire County Council	Martin Veale, Independent Member	Lay Member of Audit Committee	15	0	6	0
Cardiff University	Donna Mead, Chair	Visiting Professor	1,260	410	187	115
University of Wales Trinity St David	Donna Mead, Chair	Consultancy	14	0	13	0
Capita	Donna Mead, Chair	Party employs son	20	0	23	0
City Hospice	Stephen Harries, Vice Chair	Member	222	300	79	24
	Sarah Morley, Executive Director of Organisational Development & Workforce					
Healthcare People Management Association	Bethan Tranter, Chief Pharmacist	Deputy President & Trustee	13	0	1	0
IPSEN	Cath O'Brien, Chief Operating Officer	Joint working arrangement	0	21	0	0
Life Sciences Hub	Donna Mead, Chair	Director	50	0	4	0
Llandarcy Park Ltd	David Mason Hawes, Head of Digital Delivery	Director	4	0	2	0
Matthew Tyson Design		Personal friend	1	0	0	0
			78,400	537,535	76,788	34,670

In addition, the Trust has had a number of material transactions with other Government departments and other central and local Government bodies. The majority of these transactions have been with universities; and other transactions include payments to English, Scottish and Irish NHS organisations amounting to £10,053,000 (2020/2021 £7,409,000); of this total £1,610,550 (2020/2021 £1,442,000) related to an English Trust that provides a lease car salary sacrifice scheme to Trust employees.

The Trust Board is the corporate trustee of Velindre University NHS Trust Charitable Funds. During the year the Trust received £2,791,000 (2020/2021 £2,501,000) from Velindre University NHS Trust Charitable Funds.

Welsh Government expenditure excludes £9,486,000 that relates to Public Dividend Capital (PDC) repaid during 2021/2022 (2020/2021 £9,485,000 was received).

Transactions with Cardiff University, University of Wales Trinity St David, Capita, City Hospice, Healthcare People Management Association, IPSEN, Life Sciences Hub, Llandarcy Park Ltd and Matthew Tyson Design have been disclosed due to senior Trust managers declaring an interest in these parties and as the transactions could be of material value to these companies.

34. Third party assets

The Trust held £nil cash at bank and in hand at 31 March 2022 (31 March 2021, £nil) which relates to monies held by the Trust on behalf of patients. Cash held in Patient's Investment Accounts amounted to £nil at 31 March 2022 (31 March 2021, £nil).

35. Pooled budgets

Velindre University NHS Trust has no pooled budgets.

36. Operating Segments

IFRS 8 requires organisations to report information about each of its operating segments.

36. Operating Segments

	VELINDRE		NWIS		NWSSP		WRP		TOTAL		FHOT		ELIMINATIONS		CONSOLIDATED	
	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Operating Revenue																
Segmental Income	171,601	148,746	0	101,929	444,770	470,735	427,428	126,811	1,043,799	848,223	3,066	2,683	(2,791)	(2,501)	1,044,074	848,405
	171,601	148,746	0	101,929	444,770	470,735	427,428	126,811	1,043,799	848,223	3,066	2,683	(2,791)	(2,501)	1,044,074	848,405
Operating Expenses																
Local Health Boards	250	218	0	3,416	11,214	6,227	0	0	11,464	9,861	0	0	0	0	11,464	9,861
Welsh NHS Trusts	0	0	0	732	23	21	0	0	23	753	0	0	0	0	23	753
Health Education and Improvement Wales	10	0	0	19	1,160	0	0	0	1,170	19	0	0	0	0	1,170	19
Goods and services from other NHS bodies	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
WHSSC & EASC	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Local Authorities	0	0	0	174	0	0	0	0	0	174	0	0	0	0	0	174
Purchase of healthcare from non-NHS bodies	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Welsh Government	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other NHS Trusts	0	0	0	0	514	506	0	0	514	506	0	0	0	0	514	506
Directors' costs	1,392	1,353	0	0	0	0	0	0	1,392	1,353	0	0	0	0	1,392	1,353
Operational staff costs	72,919	69,894	0	35,989	81,063	72,073	0	0	153,982	177,956	0	0	0	0	153,982	177,956
Non operational trainee staff costs	0	0	0	0	137,379	62,340	0	0	137,379	62,340	0	0	0	0	137,379	62,340
Non operational collaborative bank staff costs	0	0	0	0	234	176	0	0	234	176	0	0	0	0	234	176
Single lead employer staff trainee costs	1,033	0	0	0	0	247	0	0	1,033	247	0	0	0	0	1,033	247
Collaborative bank staff costs	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Supplies and services - clinical	77,334	61,940	0	(319)	18,892	68,584	0	0	96,226	130,205	0	0	0	0	96,226	130,205
Supplies and services - general	292	1,693	0	148	117,703	59,927	0	0	117,995	61,768	0	0	0	0	117,995	61,768
Consultancy Services	841	700	0	4,337	3,383	935	0	0	4,224	5,972	0	0	0	0	4,224	5,972
Establishment	3,053	2,304	0	6,279	9,330	6,544	0	0	12,383	15,127	0	0	0	0	12,383	15,127
Transport	811	1,058	0	10	2,349	1,640	0	0	3,160	2,708	0	0	0	0	3,160	2,708
Premises	5,891	6,659	0	42,647	18,880	15,914	0	0	24,771	65,220	0	0	0	0	24,771	65,220
Costs of generating funds	0	0	0	0	0	0	0	0	0	0	362	267	(205)	(177)	157	90
Charitable activities	0	0	0	0	0	0	0	0	0	0	2,206	2,471	(2,512)	(2,288)	(306)	183
Governance Costs	0	0	0	0	0	0	0	0	0	0	59	36	(74)	(36)	(15)	0
Impairments and Reversals of Receivables	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Depreciation	5,987	5,943	0	3,504	3,123	2,292	0	0	9,110	11,739	0	0	0	0	9,110	11,739
Amortisation	680	411	0	5,019	432	385	0	0	1,112	5,815	0	0	0	0	1,112	5,815
Impairments and reversals of property, plant and equipment	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Impairments and reversals of intangible assets	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Impairments and reversals of financial assets	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Impairments and reversals of non current assets held for sale	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Audit fees	224	216	0	0	0	0	0	0	224	216	15	12	0	0	239	228
Other auditors' remuneration	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Losses, special payments and irrecoverable debts	472	(4,413)	0	0	21,082	6,143	426,335	126,446	447,889	128,176	0	0	0	0	447,889	128,176
Research and development	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
COVID items issued free of charge to NHS Wales organisations	0	(570)	0	0	0	50,167	0	0	0	49,597	0	0	0	0	0	49,597
COVID items issued free of charge to other organisations	0	0	0	0	0	100,247	0	0	0	100,247	0	0	0	0	0	100,247
Other operating expenses	408	1,275	0	(26)	18,242	15,236	0	0	18,650	16,486	0	0	0	0	18,650	16,486
Total	171,597	148,681	0	101,929	445,003	469,604	426,335	126,446	1,042,935	846,661	2,642	2,786	(2,791)	(2,501)	1,042,786	846,946
Investment Revenue	23	0	0	0	0	0	0	0	23	0	114	133	0	0	137	133
Other Gains and Losses	3	30	0	0	0	(5)	0	0	3	25	0	0	0	0	3	25
Finance Costs	0	0	0	0	0	0	(1,093)	(365)	(1,093)	(365)	0	0	0	0	(1,093)	(365)
SURPLUS / (DEFICIT)	30	95	0	0	(233)	1,126	0	0	(203)	1,222	538	30	0	0	335	1,252
(excluding donated assets received or issued)																

37. Other Information**37.1. 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 Trust 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	2020-21
STATEMENT OF COMPREHENSIVE INCOME		
FOR THE YEAR ENDED 31 MARCH 2022	£000	£000
Revenue from patient care activities	11,406	9,725
Operating expenses	11,406	9,725
3. Analysis of gross operating costs		
3. Revenue from patient care activities		
Welsh Government	3,160	2,972
Welsh Government - Hosted Bodies	3,535	4,633
Local Health Boards	3,487	1,198
Welsh NHS Trusts	3	0
Welsh Special Health Authorities	1,221	922
5.1 Operating expenses		
Directors' costs	58	66
Operational staff costs	6,604	7,532
Non operational trainee staff costs	4,704	2,114
Non operational collaborative bank staff costs	7	6
Single lead employer staff trainee cost	33	8
Collaborative bank staff cost	0	0

Notional income from Local Health Boards, Welsh NHS Trusts and Welsh Special Health Authorities shown above is in respect of the Single Lead Employer (SLE) trainees employed via NWSSP and operational within the respective organisation.

The increase this year is primarily due to increases in NWSSP operational and non operational staff, and is offset by a reduction in the values previously attributed to NWIS who left the Trust on 1st April 2021.

37. Other Information (continued)

37.2 Other (continued)

Welsh Government Covid 19 Funding

Details of Covid 19 Pandemic Welsh Government funding amounts provided to the Trust:

	NWSSP 2021-22 £000	Velindre 2021-22 £000	Total 2021-22 £000	Total 2020-21 £000	
Capital					
Capital Funding Field Hospitals				0	
Capital Funding Equipment & Works	0	675	675	5,062	
Capital Funding other (Specify)	0	0	0	674	
Welsh Government Covid 19 Capital Funding	-	675	675	5,736	
					As previously reported in 2020-21 £000
Revenue					
Sustainability Funding					10,448
C-19 Pay Costs Q1 (Future Quarters covered by SF)					1,947
Field Hospital (Set Up Costs, Decommissioning & Consequential losses)					0
Bonus Payment					4,135
Independent Health Sector					0
Stability Funding	5,328	2,078	7,406	16,530	
Covid Recovery	0	3,479	3,479	0	
Cleaning Standards	0	769	769	0	
PPE (including All Wales Equipment via NWSSP)	46,954	226	47,180	152,918	
Testing / TTP- Testing & Sampling - Pay & Non Pay	3,941	0	3,941	1,222	
Tracing / TTP - NHS & LA Tracing - Pay & Non Pay	0	0	0	3,061	
Extended Flu Vaccination / Vaccination - Extended Flu Programme	0	0	0	0	
Mass Covid-19 Vaccination / Vaccination - COVID-19	1,461	392	1,853	1,826	
Annual Leave Accrual - Increase due to Covid	0	0	0	0	
Urgent & Emergency Care	0	77	77	0	
Private Providers Adult Care / Support for Adult Social Care Providers	0	0	0	0	
Hospices	0	4,500	4,500	9,300	
Other Mental Health / Mental Health	0	0	0	0	
Other Primary Care	0	0	0	300	
Social Care	0	0	0	0	
Other	0	0	0	4,060	
Welsh Government Covid 19 Revenue Funding	57,684	11,521	69,205	189,217	

Velindre also received £4.5m (2020/2021 £9.3m) of pass through funding from Welsh Government for Hospices which has been netted off within the accounts to ensure Trust income and expenditure is not overstated.

2020/2021 costs included £2.1m capital and £8.9m revenue funding for NWIS, who left the Trust on 1st April 2021.

37. Other Information (continued)

37.3 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 adaptations:

- 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 included agreements that have nil consideration.

IFRS 16 gives a narrower definition of a lease than 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.

Core Trust services

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 higher than the value of minimum lease commitments under IAS 17. The impact of implementation is:

- a decrease in expenditure of £199k;
- an increase in assets of £476k and an increase in liabilities of £476k.

NWSSP

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. The impact of implementation is:

- a decrease in expenditure of £3.684m;
- an increase in assets of £7.105m and an increase of liabilities of £3.605m.

These figures are calculated before intercompany eliminations are made, and may have a material impact on the figures.

37. Other Information (continued)

37.3 Changes to accounting standards not yet effective - IFRS 16 Impact (continued)

Right of Use (RoU) Assets Impact

	Property £000	Non Property £000	Total £000
Statement of financial Position			
RoU Asset Recognition			
+ Transitioning Adjust	6,923	658	7,581
+ As at 1 April 2022	6,923	658	7,581
+ Renewal / New RoU Assets 2022-23	419	407	826
- Less (Depreciation)	(1,526)	(236)	(1,762)
+ As at 31 March	5,816	829	6,645
RoU Asset Liability			
	Property £000	Non Property £000	Total £000
- Transitioning Adjust	(3,423)	(658)	(4,081)
- As at 1 April 2022	(3,423)	(658)	(4,081)
- Renewal / New RoU Liability 2022-23	(419)	(407)	(826)
+ Working Capital	1,214	239	1,453
- Interest	(30)	(8)	(38)
- As at 31 March	(2,658)	(834)	(3,492)
Charges			
	Property £000	Non Property £000	Total £000
Expenditure			
RoU Asset depreciation ⁽¹⁾	1,526	236	1,762
Interest on obligations under RoU Asset leases ⁽²⁾	30	8	38
	1,556	244	1,800

Notes:

⁽¹⁾ Operating Expenses⁽²⁾ Finance Costs

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

NHS TRUSTS

1. Welsh Ministers direct that an account shall be prepared for the financial year ended 31 March 2010 and subsequent financial years in respect of the NHS Wales Trusts in the form specified in paragraphs [2] to [7] below.

BASIS OF PREPARATION

2. The account of the NHS Wales Trusts shall comply with:

(a) the accounting guidance of the Government Financial Reporting Manual (FReM), which is in force for the financial year for which the accounts are being prepared, as detailed in the NHS Wales Trust Manual for Accounts;

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

FORM AND CONTENT

3. The account of the Trust for the year ended 31 March 2010 and subsequent years shall comprise a foreword, an income statement, 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 to the NHS Wales Manual for Accounts, including such notes as are necessary to ensure a proper understanding of the accounts.

4. For the financial year ended 31 March 2010 and subsequent years, the account of the Trust 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.

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 : 17.06.2010

1 Please see regulation 3 of the 2009 No 1558(W.153); NATIONAL HEALTH SERVICE, WALES; The National Health Service Trusts (Transfer of Staff, Property Rights and Liabilities)



GIG
CYMRU
NHS
WALES

Ymddiriedolaeth GIG
Prifysgol Felindre
Velindre University
NHS Trust



Pencadlys Ymddiriedolaeth GIG
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www.velindre-tr.wales.nhs.uk

Final Letter of Representation

Auditor General for Wales
Wales Audit Office
24 Cathedral Road
Cardiff
CF11 9LJ

14 June 2022

Representations regarding the 2021-22 financial statements

This letter is provided in connection with your audit of the financial statements (including that part of the Remuneration Report that is subject to audit) of Velindre University NHS Trust for the year ended 31 March 2022 for the purpose of expressing an opinion on their truth and fairness, their proper preparation and the regularity of income and expenditure.

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

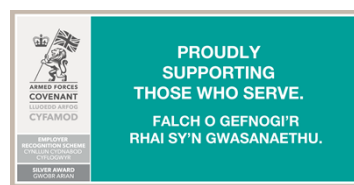
Management representations

Responsibilities

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

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

Mae Ymddiriedolaeth GIG Prifysgol Felindre yn hapus i dderbyn gohebiaeth yn y Gymraeg neu'r Saesneg.
Velindre University NHS Trust is happy to receive communication in Welsh or English.





Ymddiriedolaeth GIG
Prifysgol Felindre
Velindre University
NHS Trust



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www.velindre-tr.wales.nhs.uk

Information provided

We have provided you with:

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

Financial statement representations

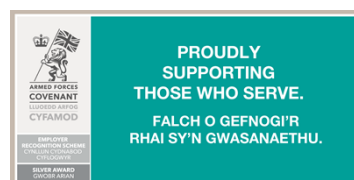
All transactions, assets and liabilities have been recorded in the accounting records and are reflected in the financial statements.

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

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

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

Mae Ymddiriedolaeth GIG Prifysgol Felindre yn hapus i dderbyn gohebiaeth yn y Gymraeg neu'r Saesneg.
Velindre University NHS Trust is happy to receive communication in Welsh or English.





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

The financial statements are free of material misstatements, including omissions. The effects of uncorrected misstatements identified during the audit are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. A summary of these items is set out below:

- Indexation of land and buildings assets: the net book values are understated by £1,107k and the annual depreciation charged to expenditure is understated by £13k. These were not amended as they are not material values and the lack of amendment is deemed to be of no relevance to the reader's understanding of the financial position of the Trust.
- Property, plant and equipment overstatements: some fully depreciated assets had been disposed off by the Trust but not removed from the Fixed Asset Register and therefore the accounts. The gross book values and accumulated depreciation figures of £570k solely relating to NWSSP have not been removed from the accounts and therefore are both overstated. Adjustments have not been made as the net book values of these assets were nil, and again, the assessment is they are not material values and would not impact on a reader's understanding of the Trust's financial position.

Representations by Velindre University NHS Trust

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

We acknowledge our responsibility for the preparation of true and fair financial statements in accordance with the applicable financial reporting framework. The financial statements were approved by the Board on 14 June 2022.

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

Signed by:

Chief Executive

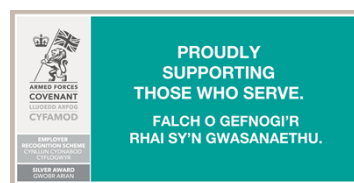
Date:

Signed by:

Trust Chair

Date:

Mae Ymddiriedolaeth GIG Prifysgol Felindre yn hapus i dderbyn gohebiaeth yn y Gymraeg neu'r Saesneg.
Velindre University NHS Trust is happy to receive communication in Welsh or English.



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Steve Ham, Chief Executive
Professor Donna Mead, Chair
Via email

Reference: SWVEL 2021-22

Date issued: 4 March 2022

Dear Steve and Donna

Velindre NHS Trust 2021-22 – Audit enquiries to those charged with governance and management

You will recall from our previous audit work that I am responsible for obtaining reasonable assurance that the financial statements of Velindre NHS Trust, including its hosted services, are free from material misstatement, whether caused by fraud or error.

This letter formally seeks documented consideration and understanding on a number of governance areas that impact on my audit of your financial statements. These considerations are relevant to both the management of the Velindre NHS Trust (the Trust) and ‘those charged with governance’ (the Board).

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

1. Management processes in relation to:

- undertaking an assessment of the risk that the financial statements may be materially misstated due to fraud;
- identifying and responding to risks of fraud in the organisation;
- communication to employees of views on business practice and ethical behaviour; and
- communication to those charged with governance the processes for identifying and responding to fraud.

2. Management’s awareness of any actual or alleged instances of fraud.

3. How management gain assurance that all relevant laws and regulations have been complied with.
4. Whether there is any potential litigation or claims that would affect the financial statements.
5. Management processes to identify, authorise, approve, account for and disclose related party transactions and relationships.

The information you provide will inform our understanding of the Trust and its business processes and support our work in providing an audit opinion on your 2021-22 financial statements.

I would be grateful if you could complete the attached tables in **Appendices**. For information purposes this table also includes the responses you provided in 2019-20.

Your responses should be formally considered and communicated to us on behalf of both management and those charged with governance by **20 April 2022**. In the meantime, if you have queries, please contact Steve Wyndham on 07891 179033 or by e-mail at steve.wyndham.@audit.wales

Yours sincerely

Clare James

Engagement Director

Appendix 1

Matters in relation to fraud

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

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

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

What are we required to do?

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

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

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

Enquiries of management - in relation to fraud

Question	2021-2022 Response	2020-2021 Response
1. What is management's assessment of the risk that the financial statements may be materially misstated due to fraud and what are the principal reasons?	<p>The Trust's Standing Financial Instructions are designed to achieve probity, accuracy, economy, efficiency, effectiveness and sustainability in the conduct of business: they translate statutory and Welsh Government financial requirements for the NHS in Wales into day to day operating practice. Together with the adoption of Standing Orders, a Schedule of decisions reserved to the Board and a Scheme of delegation to officers and others, they provide the regulatory framework for the business conduct of the Trust.</p> <p>This regulatory framework, together with detailed and regular financial reporting throughout the year significantly mitigates the risk of the financial statements being materially misstated due to fraud. This risk is further mitigated by issuing clear guidance and instructions to management and budgetary holders regarding their financial management responsibilities.</p>	<p>The Trust's Standing Financial Instructions are designed to achieve probity, accuracy, economy, efficiency, effectiveness and sustainability in the conduct of business: they translate statutory and Welsh Government financial requirements for the NHS in Wales into day to day operating practice. Together with the adoption of Standing Orders, a Schedule of decisions reserved to the Board and a Scheme of delegation to officers and others, they provide the regulatory framework for the business conduct of the Trust.</p> <p>This regulatory framework, together with detailed and regular financial reporting throughout the year significantly mitigates the risk of the financial statements being materially misstated due to fraud. This risk is further mitigated by issuing clear guidance and instructions to management and budgetary holders regarding their financial management responsibilities.</p>

Enquiries of management - in relation to fraud		
Question	2021-2022 Response	2020-2021 Response
2. What processes are employed to identify and respond to the risks of fraud more generally and specific risks of misstatement in the financial statements?	<p>The Trust has in place a Counter Fraud Policy which is intended to provide direction and help to those officers and directors who find they have to deal with suspected cases of theft, fraud or corruption. It gives a framework for response, advice, and information on various aspects and implications of an investigation.</p> <p>The fundamental financial systems are robustly reviewed by internal audit on a cyclical basis to test that they are being used appropriately and that adequate controls are in place.</p> <p>The Trust has other policies that would support this in identifying and reporting risks, such as:</p> <ul style="list-style-type: none"> • Counter Fraud Policy and contact details for the Local Counter Fraud Policy (as mentioned above) • Incident Reporting Policy • Raising Concerns (Whistle blowing Policy) <p>A series of Counter Fraud awareness events are held by the Trust which staff are encouraged to attend. A short summary of the Counter Fraud strategy</p>	<p>The Trust has in place a Counter Fraud Policy which is intended to provide direction and help to those officers and directors who find they have to deal with suspected cases of theft, fraud or corruption. It gives a framework for response, advice, and information on various aspects and implications of an investigation.</p> <p>The fundamental financial systems are robustly reviewed by internal audit on a cyclical basis to test that they are being used appropriately and that adequate controls are in place.</p> <p>The Trust has other policies that would support this in identifying and reporting risks, such as:</p> <ul style="list-style-type: none"> • Counter Fraud Policy and contact details for the Local Counter Fraud Policy (as mentioned above) • Incident Reporting Policy • Raising Concerns (Whistle blowing Policy) <p>A series of Counter Fraud awareness events are held by the Trust which staff are encouraged to attend. Two sessions have been run in the later part of</p>

Enquiries of management - in relation to fraud		
Question	2021-2022 Response	2020-2021 Response
	and contact details are also available on the Trust intranet pages, and a newsletter from the Counter Fraud team is shared periodically with Trust staff.	2020/2021 specifically for Finance staff. A short summary of the Counter Fraud strategy and contact details are also available on the Trust intranet pages, and a newsletter from the Counter Fraud team is shared periodically with Trust staff.
3. What arrangements are in place to report fraud issues and risks to the Audit Committee?	<p>As noted in (2) above the Trust has in place a Counter Fraud Policy which provides direction and help to those officers and directors who find they have to deal with suspected cases of theft, fraud or corruption. It gives a framework for response, advice, and information on various aspects and implications of an investigation.</p> <p>This Policy is approved by the Audit Committee and managed by the Local Counter Fraud Specialist who also attends the Audit Committee and presents progress and other relevant reports at each meeting, including an annual plan and annual report.</p>	<p>As noted in (2) above the Trust has in place a Counter Fraud Policy which provides direction and help to those officers and directors who find they have to deal with suspected cases of theft, fraud or corruption. It gives a framework for response, advice, and information on various aspects and implications of an investigation.</p> <p>This Policy is approved by the Audit Committee and managed by the Local Counter Fraud Specialist who also attends the Audit Committee and presents progress and other relevant reports at each meeting, including an annual plan and annual report.</p>

Enquiries of management - in relation to fraud		
Question	2021-2022 Response	2020-2021 Response
4. How has management communicated expectations of ethical governance and standards of conduct and behaviour to all relevant parties, and when?	<p>The Standards of Behaviour Framework Policy outlines how the Trust is committed to ensuring that its employees and Independent Members practice the highest standards of conduct and behaviour. This policy sets out those expectations and provides supporting guidance so that all employees and Independent Members are supported in delivering those requirements.</p> <p>There is also a dedicated webpage supporting this policy including Frequently Asked Questions, guidance documents, and contact details for support on the Trust's intranet pages.</p> <p>As stated in (2) above it is a requirement that annual declaration of interests are obtained from specific groups of employees and Independent Members, and this is completed in March each year.</p> <p>Annual Performance Appraisals and Development Reviews undertaken support and reinforce the code of conduct and performance expected from Trust employees.</p>	<p>The Standards of Behaviour Framework Policy outlines how the Trust is committed to ensuring that its employees and Independent Members practice the highest standards of conduct and behaviour. This policy sets out those expectations and provides supporting guidance so that all employees and Independent Members are supported in delivering those requirements.</p> <p>There is also a dedicated webpage supporting this policy including Frequently Asked Questions, guidance documents, and contact details for support on the Trust's intranet pages.</p> <p>As stated in (2) above it is a requirement that annual declaration of interests are obtained from specific groups of employees and Independent Members, and this is completed in March each year.</p> <p>Annual Performance Appraisals and Development Reviews undertaken support and reinforce the code of conduct and performance expected from Trust employees.</p>

Enquiries of management - in relation to fraud		
Question	2021-2022 Response	2020-2021 Response
5. Are you aware of any instances of actual, suspected or alleged fraud within the audited body since 1 April 2021?	Yes - as part of their meetings, the Audit Committee receives a Counter Fraud Progress Report which includes relevant reference to any new cases, significant changes with ongoing investigations, together with outcomes from cases that are already in the public domain.	Yes - as part of their meetings, the Audit Committee receives a Counter Fraud Progress Report which includes relevant reference to any new cases, significant changes with ongoing investigations, together with outcomes from cases that are already in the public domain.
6. How does the Board, exercise oversight of management's processes for identifying and responding to the risks of fraud within the audited body and the internal control that management has established to mitigate those risks?	<p>The Audit Committee are charged with reviewing and approving key policies in this area, such as:</p> <ul style="list-style-type: none"> • Counter Fraud Policy • Standards of Behaviour Framework Policy <p>and as such receive updates and reports relating to this area of activity at each meeting, for example, declaration of interest report, any incidents of fraudulent activity etc.</p> <p>There is also a full Internal Audit programme reviewed at each Audit Committee meeting with a highlight report presented to each main Board meeting.</p>	<p>The Audit Committee are charged with reviewing and approving key policies in this area, such as:</p> <ul style="list-style-type: none"> • Counter Fraud Policy • Standards or Behaviour Framework Policy <p>And as such receive updates and reports relating to this area of activity at each meeting, for example, declaration of interest report, any incidents of fraudulent activity etc.</p> <p>There is also a full Internal Audit programme reviewed at each Audit Committee meeting with a highlight report presented to each main Board meeting.</p>

Enquiries of management - in relation to fraud		
Question	2021-2022 Response	2020-2021 Response
	<p>Incidents of fraud are reported to the Audit Committee by the Local Counter Fraud Specialist.</p> <p>An overview of any fraudulent activity is provided in the Head of Internal Audit's Opinion, received via a formal report on annual basis by the Audit Committee.</p> <p>Any irregularities or reports outlining that fraudulent activity may have been detected or that there is a potential risk to the organisation would be reported to the Committee throughout the year. The Committee would be provided with investigation reports, explanations and assurances to the action taken and control measures in place. If appropriate risks will be added to the Trust risk register.</p>	<p>Incidents of fraud are reported to the Audit Committee by the Local Counter Fraud Specialist.</p> <p>An overview of any fraudulent activity is provided in the Head of Internal Audit's Opinion, received via a formal report on annual basis by the Audit Committee.</p> <p>Any irregularities or reports outlining that fraudulent activity may have been detected or that there is a potential risk to the organisation would be reported to the Committee throughout the year. The Committee would be provided with investigation reports, explanations and assurances to the action taken and control measures in place. If appropriate risks will be added to the Trust risk register.</p>
7. Are you aware of any instances of actual, suspected or alleged fraud with the audited body since 1 April 2021?	Yes - as part of their meetings, the Audit Committee receives a Counter Fraud Progress Report which includes relevant reference to any new cases, significant changes with ongoing investigations, together with outcomes from cases that are already in the public domain.	Yes - as part of their meetings, the Audit Committee receives a Counter Fraud Progress Report which includes relevant reference to any new cases, significant changes with ongoing investigations, together with outcomes from cases that are already in the public domain.

Appendix 2

Matters in relation to laws and regulations

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

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

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

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

What are we required to do?

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

Enquiries of management – in relation to laws and regulations		
Question	2021-2022 Response	2020-2021 Response
1. How have you gained assurance that all relevant laws and regulations have been complied with?	<p>Employees and Senior Officers within the Finance Function are professionally qualified and experienced and are required as part of their role within the Trust to ensure that they remain aware of any legislative or regulatory changes.</p> <p>All Wales groups such as the Directors of Finance Forum, Deputy Directors of Finance Forum, and the All Wales Technical Accounting Group help facilitate this shared learning.</p> <p>Cyclical audits on systems and processes applied in the Trust are reviewed in light of expected current practice and would highlight any breaches or compliance issues in respect of current legislation and/or regulation.</p> <p>Also, the Trust compiles a Legislative & Regulatory Compliance Register which is presented to the Audit Committee on a quarterly basis. The purpose of the register is to ensure the Trust has a comprehensive and up-to-date list of the legislation that applies to it. It is also a mechanism which</p>	<p>Employees and Senior Officers within the Finance Function are professionally qualified and experienced and are required as part of their role within the Trust to ensure that they remain aware of any legislative or regulatory changes.</p> <p>All Wales groups such as the Directors of Finance Forum, Deputy Directors of Finance Forum, and the All Wales Technical Accounting Group help facilitate this shared learning.</p> <p>Cyclical audits on systems and processes applied in the Trust are reviewed in light of expected current practice and would highlight any breaches or compliance issues in respect of current legislation and/or regulation.</p> <p>Also, the Trust compiles a Legislative & Regulatory Compliance Register which is presented to the Audit Committee on a quarterly basis. The purpose of the register is to ensure the Trust has a comprehensive and up-to-date list of the legislation that applies to it. It is also a mechanism which</p>

Enquiries of management – in relation to laws and regulations		
Question	2021-2022 Response	2020-2021 Response
	demonstrates that the Trust can ensure that by regular updating and monitoring of the register there is a process in place that ensures compliance with legislation is being managed effectively.	demonstrates that the Trust can ensure that by regular updating and monitoring of the register there is a process in place that ensures compliance with legislation is being managed effectively.
2. Have there been any instances of non-compliance or suspected non-compliance with relevant laws and regulations since 1 April 2021, or earlier with an ongoing impact on the 2021-22 financial statements?	<p>HMRC commenced a review of the Trust's treatment of VAT and employment taxes during 2017-2018. Following HMRC's review of Trust records, there was an assessment in June 2019 of unpaid VAT and default interest. Both have been paid to HMRC and were recorded in the 2019/2020 financial statements.</p> <p>A further review commenced in 2019 and indicated there may be a small number of instances of non-compliance identified in another area.</p> <p>Where appropriate, provision was made in the relevant financial statements to recognise this potential liability. A response is still awaited from HMRC and it is assumed that this has been delayed due to the COVID-</p>	<p>HMRC commenced a review of the Trust's treatment of VAT and employment taxes during 2017-2018. Following HMRC's review of Trust records, there was an assessment in June 2019 of unpaid VAT and default interest. Both have been paid to HMRC and were recorded in the 2019/2020 financial statements.</p> <p>A further review commenced in 2019 and indicated there may be a small number of instances of non-compliance identified in another area.</p> <p>Where appropriate, provision was made in the 2019-2020 financial statements to recognise this potential liability. A response is still awaited from HMRC and it is assumed that this has been delayed due to the COVID-</p>

Enquiries of management – in relation to laws and regulations		
Question	2021-2022 Response	2020-2021 Response
	<p>19 pandemic. The provision has therefore been reviewed and will be recognised within the 2021/2022 financial statements as appropriate.</p> <p>During the final quarter of 2020/2021, liaison with VAT advisors identified potential non-compliance in another area. A provision was made within the 2020/21 financial statements which has been reviewed, updated, and is reflected in the 2021/2022 financial statements.</p>	<p>19 pandemic. The provision will therefore be reviewed and recognised within the 2020/2021 financial statements as appropriate.</p> <p>During the final quarter of 2020/2021, liaison with VAT advisors has identified potential non-compliance in another area. Appropriate provision will be made within the 2020/21 financial statements.</p>
3. Are there any potential litigations or claims that would affect the financial statements?	<p>The Director of Finance and the Head of Financial Operations monitor and are not aware of any litigation claims against the Trust which could impact the financial statements.</p> <p>Losses and Redress reports detailing claims are received at each meeting of the Audit Committee.</p> <p>In respect of civil litigation claims against the Trust, quantum values of each case are provided and based on the probability of success, the Trust</p>	<p>The Director of Finance and the Head of Financial Operations monitor and are not aware of any litigation claims against the Trust which could impact the financial statements.</p> <p>Losses and Redress reports detailing claims are received at each meeting of the Audit Committee.</p> <p>In respect of civil litigation claims against the Trust, quantum values of each case are provided and based on the probability of success, the Trust</p>

Enquiries of management – in relation to laws and regulations		
Question	2021-2022 Response	2020-2021 Response
	accrues the relevant cost against each case as appropriate. This ensures that the quantum value assigned to each case is monitored and reported within the financial accounts.	accrues the relevant cost against each case as appropriate. This ensures that the quantum value assigned to each case is monitored and reported within the financial accounts.
4. Have there been any reports from other regulatory bodies, such as HM Revenues and Customs which indicate non-compliance?	<p>HMRC commenced a review of the Trust's treatment of VAT and employment taxes during 2017-18. This review is ongoing, and, as outlined in the response to question 2 above, it is possible that there may be a small number of instances of non-compliance identified as this review continues.</p> <p>There have not been any reports from other regulatory bodies indicating non-compliance.</p>	<p>HMRC commenced a review of the Trust's treatment of VAT and employment taxes during 2017-18. This review is ongoing, and, as outlined in the response to question 2 above, it is possible that there may be a small number of instances of non-compliance identified as this review continues.</p> <p>There have not been any reports from other regulatory bodies indicating non-compliance.</p>

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

Question	2021-22 Response	2020-2021 Response
<p>1. How does the Board, in its role as those charged with governance, obtain assurance that all relevant laws and regulations have been complied with?</p>	<p>Audit reports provide the Audit Committee with assurance as to whether appropriate control measures are in place and whether the Trust is compliant with current standard practice.</p> <p>The Audit Committee provide a highlight report to each Trust Board meeting to provide assurance and inform them of any issues.</p>	<p>Audit reports provide the Audit Committee with assurance as to whether appropriate control measures are in place and whether the Trust is compliant with current standard practice.</p> <p>The Audit Committee provide a highlight report to each Trust Board meeting to provide assurance and inform them of any issues.</p>
<p>2. Are you aware of any instances of non-compliance with relevant laws and regulations?</p>	<p>The Board is not aware of any non-compliance issues in relation to relevant laws and regulations. Any such incidents would be reported to the Board via the Audit Committee if they occurred as happens in instances of non-compliance with for example, Standing Orders or Standing Financial Instructions.</p>	<p>The Board is not aware of any non-compliance issues in relation to relevant laws and regulations. Any such incidents would be reported to the Board via the Audit Committee if they occurred as happens in instances of non-compliance with for example, Standing Orders or Standing Financial Instructions.</p>

Appendix 3

Matters in relation to related parties

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

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

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

What are we required to do?

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

Enquiries of management – in relation to related parties		
Question	2021-2022 Response	2020-2021 Response
<p>1. Confirm that you have disclosed to the auditor:</p> <ul style="list-style-type: none"> the identity of any related parties, including changes from the prior period; the nature of the relationships with these related parties; details of any transactions with these related parties entered into during the period, including the type and purpose of the transactions. 	<p>The Statement of Accounts discloses the identity of related parties and is compliant with the requirements of accounting legislation.</p>	<p>The Statement of Accounts discloses the identity of related parties and is compliant with the requirements of accounting legislation.</p>
<p>2. What controls are in place to identify, authorise, approve, account for and disclose related party transactions and relationships?</p>	<p>Statements are included in the Statement of Accounts acknowledging the relationships. These statements are produced by experienced and qualified officers with an in-depth knowledge of Trust operations.</p> <p>Audit reviews are undertaken to ensure appropriate control measures are in place.</p> <p>Annual declaration of interests are obtained from specific groups of Employees and Independent Members.</p>	<p>Statements are included in the Statement of Accounts acknowledging the relationships. These statements are produced by experienced and qualified officers with an in-depth knowledge of Trust operations.</p> <p>Audit reviews are undertaken to ensure appropriate control measures are in place.</p> <p>Annual declaration of interests are obtained from specific groups of Employees and Independent Members.</p>

Enquiries of management – in relation to related parties		
Question	2021-2022 Response	2020-2021 Response
	Access is provided to the Trust to examine Welsh Ministers interest delegations.	Access is provided to the Trust to examine Welsh Ministers interest delegations.

Enquiries of the those charged with governance – in relation to related parties		
Question	2021-22 Response	2020-2021 Response
1. How does the Board, in its role as those charged with governance, exercise oversight of management's processes to identify, authorise, approve, account for and disclose related party transactions and relationships?	<p>The Audit Committee receives the Statement of Accounts and receives assurance from Senior Officers and through audit mechanisms that they are accurate.</p> <p>The Audit Committee are able to scrutinise, challenge and query any aspect of the accounts and request further supporting information or initiate any additional work to assure themselves this area is addressed.</p> <p>Any relevant issues are subsequently reported to the Board.</p>	<p>The Audit Committee receives the Statement of Accounts and receives assurance from Senior Officers and through audit mechanisms that they are accurate.</p> <p>The Audit Committee are able to scrutinise, challenge and query any aspect of the accounts and request further supporting information or initiate any additional work to assure themselves this area is addressed.</p> <p>Any relevant issues are subsequently reported to the Board.</p>

Audit of Accounts Report **Velindre University NHS Trust**

Audit year: 2021-22

Date issued: June 2022

Document reference: 3013A2022

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

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

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

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

Contents

We intend to issue an unqualified true and fair audit opinion on your accounts. The audit opinion in respect of the regularity of expenditure is however proposed to be qualified as, following a Ministerial Direction, the accounts include expenditure and funding in relation to clinicians' pension tax liabilities.

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Audit of Accounts Report

Introduction

- 1 We summarise the main findings from our audit of your 2021-22 financial statements in this report.
- 2 We have already discussed these issues with Executive Director of Finance and senior finance colleagues.
- 3 Auditors can never give complete assurance that accounts are correctly stated. Instead, we work to a level of 'materiality'. This level of materiality is set to try to identify and correct misstatements that might otherwise cause a user of the accounts into being misled.
- 4 We set this level at £10.4m for this year's audit.
- 5 There are some areas of the accounts that may be of more importance to the reader and we have set a lower materiality level for these, as follows:
 - Remuneration report / senior pay disclosure - £5,000;
 - Related parties - £10,000 for individuals interests; and
 - the Ministerial Direction for Clinician's Pension Tax.
- 6 We have nearly completed this year's audit but the following work remains outstanding at the time of drafting this report:
 - Resolving some audit queries related to our audit testing of income;
 - Review of the revised Financial Statements; and
 - Completion of our internal file review arrangements.
- 7 A verbal update will be provided to the Audit Committee on 13 June 2022.
- 8 In our professional view, we have complied with the ethical standards that apply to our work; remain independent of yourselves; and, our objectivity has not been compromised in any way. There are no relationships between ourselves and yourselves that we believe could undermine our objectivity and independence.

Impact of COVID-19 on this year's audit

- 9 The COVID-19 pandemic has had a continuing impact on how our audit has been conducted. We summarise in **Exhibit 1** the main impacts. Other than where we specifically make recommendations, the detail in **Exhibit 1** is provided for information purposes only to help you understand the impact of the COVID-19 pandemic on this year's audit process.

Exhibit 1 – impact of COVID-19 on this year’s audit.

Timetable	<ul style="list-style-type: none">• We received the draft accounts on 29 April 2022.• The deadline for submitting your audited accounts to the Welsh Government is 15 June 2022.• We expect the Auditor General to certify his audit report on 15 June 2022 and for your accounts to be laid before the Senedd, shortly afterwards.
Audit evidence	<p>Our audit work on the financial statements was undertaken remotely. Trust officers effectively supported us in this by continuing to provide us with appropriate and timely information to inform our audit. Specifically:</p> <ul style="list-style-type: none">• officers provided electronic working papers in accordance with our agreed Audit Deliverables;• our Analytics Assisted Audit application was also used during the audit for risk assessing journals, carrying out financial statement tests and sampling populations. This application uses the Trust’s general ledger data which was provided independently by NWSSP;• officers provided audit evidence to the audit team via e-mail or a shared folder accessible via the Trust’s shared server;• the audit team had remote read only access to the Trust’s Oracle ledger which enabled the team to query the ledger and hence reduce the burden on officers to provide this information; and• officers were available by video conferencing for discussions, and for the sharing of on-screen information/evidence.

Proposed audit opinion

- 10 We issue a ‘qualified’ audit opinion where we have material concerns about some aspects of your accounts; otherwise we issue an unqualified opinion.
- 11 **We intend to issue an unqualified true and fair opinion, but a qualified regularity opinion, on this year’s accounts** once you have provided us with a Letter of Representation based on that set out in **Appendix 1**. The Letter of Representation contains certain confirmations we are required to obtain from you under auditing standards.
- 12 Our proposed audit report is set out in **Appendix 2**. The audit report explains that the regularity opinion for 2021-22 is qualified as the accounts including £0.337million of expenditure and funding in respect of clinicians’ pension tax liabilities. The amounts are included following a Ministerial Direction issued on 18

December 2019 to the Permanent Secretary of the Welsh Government to proceed with plans to commit to making payments to clinical staff to restore the value of their pension benefits packages for additional work undertaken. 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'.

- 13 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.
- 14 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.
- 15 The Trust 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 23 of the financial statements.
- 16 All NHS bodies will be held harmless for the impact of the Ministerial Direction. However, in my opinion, the transactions included in the Trust'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, the 'regularity' opinion for 2021-22 has been qualified.

Significant issues arising from the audit

Uncorrected misstatements

- 17 There are two misstatements above our trivial level but lower than materiality that we have identified in the accounts. These have both been discussed with management and they remain uncorrected. These misstatements are not material, individually or in aggregate, and so have no impact on our intended audit opinion, although if you decide not to correct this misstatement we ask that you provide us with the reasons in writing.

Indexation of Land and Buildings Assets

- 18 Land and building assets on NHS bodies balance sheets have full revaluations every five years and are subject to indexation annually. The District Valuer (DVS) provides the indices in each interim year between the full revaluation exercise. The rates to be used in 2021-22 were provided in August 2021. The index quoted for buildings was 111 compared to a base rate of 100 from 2017-18 when the last full revaluation exercise was completed.
- 19 Due to movement in building costs in quarter four of 2021-22, the DVS provided an updated index for buildings (113) in March 2022. In line with many other Welsh health bodies and in compliance with instructions from Welsh Government under Technical Update 7, the Trust has not applied the latest rate in their calculation of indexation within the financial statements. This has resulted in the asset carrying values (Net Book Value) being understated by £1,107k and the annual depreciation charged to expenditure being understated by £13k.

Property, Plant and Equipment overstatements within Note 13

- 20 Our sample testing identified a number of fully depreciated assets that have been disposed of by NWSSP but not removed from the Trust's Fixed Asset Register and therefore the accounts. As these assets have been fully depreciated, they have no Net Book Value and are therefore carried at nil value in the Statement of Financial Position, however the Gross Book Values and Accumulated Depreciation figures within Note 13 are both overstated by £570k.

Corrected misstatements

- 21 As a result of our audit there have been a number of adjustments to the financial statements. None of these misstatements are material and they are summarised, for information, in **Appendix 3**.

Other significant issues arising from the audit

- 22 In the course of the audit, we consider a number of matters relating to the accounts and report any significant issues arising to you. There is one issue arising from this year's audit that we need to bring to your attention.

Bonus payments to Independent Members

- 23 In May 2021, NHS staff in Wales were paid a bonus of £735 for work undertaken during the pandemic. A Welsh Government pay circular issued to NHS bodies on 25th March 2021 set out the criteria for payment which specifically stated that Independent Members were not to be paid the bonus. Our testing identified that seven independent members were paid the bonus in error. The Trust has subsequently taken action to recover these payments.

Recommendations

- 24 We will be reporting a number of recommendations in a separate report to the Trust which will be presented to a future Audit Committee. None of these recommendations are considered of to be of sufficient gravity to necessitate reporting at this time.

Appendix 1

Final Letter of Representation

Audited body's letterhead

Auditor General for Wales
Wales Audit Office
24 Cathedral Road
Cardiff
CF11 9LJ

13 June 2022

Representations regarding the 2021-22 financial statements

This letter is provided in connection with your audit of the financial statements (including that part of the Remuneration Report that is subject to audit) of Velindre University NHS Trust for the year ended 31 March 2022 for the purpose of expressing an opinion on their truth and fairness, their proper preparation and the regularity of income and expenditure.

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

Management representations

Responsibilities

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

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

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

Information provided

We have provided you with:

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

Financial statement representations

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

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

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

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

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

The financial statements are free of material misstatements, including omissions. The effects of uncorrected misstatements identified during the audit are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. A summary of these items is set out below:

- Indexation of land and buildings assets: the net book values are understated by £x and the annual depreciation charged to expenditure is understated by £13k. These were not amended as they are not material values and the lack of amendment is deemed to be of no relevance to the reader when considering the financial position of the Trust.
- Property, plant and equipment overstatements: some fully depreciated assets had been disposed off by the Trust but not removed from the Fixed Asset Register and therefore the accounts. The gross book values and accumulated depreciation figures of £570k have not been removed from the accounts and therefore are both overstated. Adjustments have not been made as the net book values of these assets were nil, and again, it was felt they were non material values that would not be of impact to a reader's opinion when considering the Trust's financial position.

Representations by Velindre University NHS Trust

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

We acknowledge our responsibility for the preparation of true and fair financial statements in accordance with the applicable financial reporting framework. The financial statements were approved by the Board on 13 June 2022.

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

Signed by:

Chief Executive

Date:

Signed by:

Trust Chair

Date:

Appendix 2 - Proposed Audit Reports

The Certificate and independent auditor's report of the Auditor General for Wales to the Senedd

Opinion on financial statements

I certify that I have audited the financial statements of Velindre University NHS Trust and its group for the year ended 31 March 2022 under Section 61 of the Public Audit (Wales) Act 2004. These comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Cash Flow Statement and the Consolidated 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 Velindre University NHS Trust and its group as at 31 March 2022 and of its surplus for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards as interpreted and adapted by HM Treasury's Financial Reporting Manual; and
- have been properly prepared in accordance with the National Health Service (Wales) Act 2006 and directions made there under by Welsh Ministers.

Opinion on regularity

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

Basis for Qualified Opinion on regularity

I have qualified my opinion on the regularity of Velindre University NHS Trust and its group's financial statements because those statements include a provision of £337,000 relating to the Trust's estimated liability arising from the Ministerial Direction dated 18 December 2019 on senior clinicians' pensions. In my view, this expenditure is irregular and material by its nature.

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

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

Conclusions relating to going concern

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

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

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

Other Information

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

I have nothing to report in this regard.

Report on other requirements

Opinion on other matters

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

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

- the information given in the 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 Performance and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements and the Performance 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 Trust and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance Report, 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 and Staff 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

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

In preparing the financial statements, the Directors and Chief Executive are responsible for assessing the Trust'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, internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to Velindre University NHS Trust's policies and procedures concerned with:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- Considering as an audit team how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in the following areas: revenue recognition and the posting of unusual journals; and
- Obtaining an understanding of Velindre University NHS Trust's framework of authority as well as other legal and regulatory frameworks that the Trust 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 Velindre University NHS Trust and its group.

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

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

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

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of Velindre University NHS Trust and its group's controls, and the nature, timing and extent of the audit procedures performed.

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

Responsibilities for regularity

The Chief Executive is responsible for ensuring the regularity of financial transactions.

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

Report

Please see my Report on pages x to y.

Adrian Crompton
Auditor General for Wales
15 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 Velindre University NHS Trust (the Trust) financial statements. I am reporting on these financial statements for the year ended 31 March 2022 to draw attention to one key matter for my audit. This concerns 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.

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, then they are taxed at a higher rate on all their contributions, creating a sharp increase in tax liability.

In a Written Statement on 13 November 2019, the Minister for Health and Social Services had noted that NHS Wales bodies were: 'regularly reporting that senior clinical staff are unwilling to take on additional work and sessions due to the potentially punitive tax liability'. In certain circumstances this could lead to additional tax charges in excess of any additional income earned.

On 18 December 2019, the First Minister (mirroring earlier action by the Secretary of State for Health and Social Care for England) issued a Ministerial Direction to the Permanent Secretary to proceed with plans to commit to making payments to clinical staff to restore the value of their pension benefits packages. If NHS clinicians opted to use the 'Scheme Pays' facility to settle annual allowance tax charges arising from their 2019-20 NHS pension savings (i.e. settling the charge by way of reduced annual pension, rather than by making an immediate one-off payment), then their NHS employers would meet the impact of those tax charges on their pension when they retire.

The Ministerial Direction was required because this solution could be viewed by HMRC to constitute tax planning and potentially tax avoidance, hence making the expenditure irregular. Managing Welsh Public Money (which mirrors its English equivalent) specifically states that 'public sector organisations should not engage in...tax evasion, tax avoidance or tax planning'.

A Ministerial Direction does not make regular what would otherwise be irregular, but it does move the accountability for such decisions from the Accounting Officer to the Minister issuing the direction.

The solution applies only to annual allowance tax charges arising from an increase in the benefits accrued in the NHS Pension Scheme during the tax year ended 5 April 2020. For the tax year ended 5 April 2021, the Chancellor increased the thresholds for the tapered annual allowance and, as a result, it is anticipated that the risk to the supply of clinical staff has been mitigated.

The Trust has received sufficient information 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 x 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 Trust'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

15 June 2022

Appendix 3

Summary of Corrections Made

As a result of our audit some adjustments have been made to the Financial Statements. These have been corrected by management. A summary of the most significant corrections made are summarised below.

Exhibit 3: summary of corrections made

Value of correction	Nature of correction
£471,000 £nil impact on disclosed surplus	Welsh Risk Pool A number of audit adjustments have been made to the accounts and associated disclosures in regard to the Welsh Risk Pool. As result the WRP provision (and the associated debtor) has increased by £471,000 (net) : <ul style="list-style-type: none">• The WRP provision for Structured Settlement cases per Note 23 (and the associated debtor) was found to be understated by £958,000;• The Trust's accounts have been amended to reflect the findings arising from the audits of the WRP returns of the various LHBs and Trusts:<ul style="list-style-type: none">– A decrease in provisions of £0.487m;– A decrease in the associated debtor of £0.487m;– an increase in contingent liabilities of £8.547m• The cumulative value of WRP managed structured settlement claims in excess of £300,000 as disclosed within the WRP losses and special payments disclosure (Note 26.3) was understated by £318,000.
£863,000 £nil impact on disclosed surplus	Property Plant & Equipment misclassification error The accounts have been amended to correct a £863,000 misclassification error as a number of Intangible Fixed Assets were included within the Property, Plant and Equipment balance.
N/A	Other Information - Note 37.1 The note disclosing the value of notional transactions concerning some employer pension contributions paid by the Welsh Government has been amended to clearly disclose the amounts relating to other NHS Wales bodies as a result of the Trust's Single Lead Employer role.

£nil impact on disclosed surplus	Cashflow Statement The cashflow statement has been amended to more appropriately account for the outward transfer of NWIS from the Trust and the laundry service into the Trust.
N/A	Related Party Transactions In accordance with the Manual for Accounts requirements, additional disclosures have been included within Note 33 to provide more detail of the nature and circumstances of the related party.
N/A	Other narrative amendments Several other narrative and presentational amendments have been made to the Financial Statements and the Annual Report, including the Remuneration Report and Governance Statement.



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



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AUDIT COMMITTEE

2021/22 FINAL INTERNAL AUDIT OPINION

DATE OF MEETING	13/06/2022	
PUBLIC OR PRIVATE REPORT	Public	
IF PRIVATE PLEASE INDICATE REASON	Not Applicable - Public Report	
PREPARED BY	Simon Cookson, Director of Audit & Assurance	
PRESENTED BY	Simon Cookson, Director of Audit & Assurance	
EXECUTIVE SPONSOR APPROVED	LAUREN FEAR, DIRECTOR OF CORPORATE GOVERNANCE	
REPORT PURPOSE	FOR NOTING	
COMMITTEE/GROUP WHO HAVE RECEIVED OR CONSIDERED THIS PAPER PRIOR TO THIS MEETING		
COMMITTEE OR GROUP	DATE	OUTCOME
Trust Board (Integrated Annual Board Effectiveness Assessment)	26/04/2022	NOTED
Audit Committee (Initial Draft Opinion)	03/05/2022	NOTED
ACRONYMS		
-	-	

1. SITUATION/BACKGROUND

Internal Audit has developed the 2021/22 Final Head of Internal Audit Opinion (the Final Opinion) to support the development of the Trust's Annual Governance Statement.

2. ASSESSMENT / SUMMARY OF MATTERS FOR CONSIDERATION

The Final Opinion provides the Board with **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.

In developing the Final Opinion, we have considered:

- fourteen assurance reports and two advisory review reports issued as final;
- two assurance reports in draft report stage; and
- six assurance reviews undertaken at other bodies:
 - NHS Wales Shared Services Partnership – one assurance report issued as final, and one assurance report issued as draft; and
 - Digital Health and Care Wales – four assurance reports issued as final.

At the time of writing this report and the Final Opinion, fieldwork was ongoing for two 2021/22 assurance reviews from the new Velindre Cancer Centre Integrated Audit & Assurance Plan. Therefore, these reports will be deferred to 2022/23 and included within the 2022/23 Head of Internal Audit Opinion.

3. IMPACT ASSESSMENT

QUALITY AND SAFETY IMPLICATIONS/IMPACT	Yes (Please see detail below)
	The 21/22 Internal Audit work covered aspects of Quality and Safety, as outlined in section 2.4.2 of the Initial Draft Opinion

RELATED HEALTHCARE STANDARD	Governance, Leadership and Accountability
	The Final Opinion covers multiple Healthcare Standards.
EQUALITY IMPACT ASSESSMENT COMPLETED	Not required
LEGAL IMPLICATIONS / IMPACT	There are no specific legal implications related to the activity outlined in this report.
FINANCIAL IMPLICATIONS / IMPACT	There is no direct impact on resources as a result of the activity outlined in this report.

4. **RECOMMENDATION**

The Audit Committee is invited to **NOTE** the content of the 2021/22 Final Head of Internal Audit Opinion.

Head of Internal Audit Opinion & Annual Report 2021/22

May 2022

Velindre University NHS Trust



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Shared Services
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NHS Trust



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

Report status:	Final
Draft report issued:	19 th April 2022
Final report issued:	26 th May 2022
Author:	Simon Cookson, Director of Audit & Assurance
Executive Clearance:	Lauren Fear, Director of Corporate Governance
Audit Committee:	June 2022

Disclaimer notice - please note

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

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

1. EXECUTIVE SUMMARY

1.1 Purpose of this Report


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

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

As a result of the continued impact of COVID-19 our audit programme has been subject to change during the year. In this report we have set out how the programme has changed and the impact of those changes on the Head of Internal Audit opinion.

1.2 Head of Internal Audit Opinion 2021-22

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.
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1.3 Delivery of the Audit Plan

Due to the considerable impact of COVID-19 on the Trust, 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 Trust, the plan has been delivered substantially in accordance with the agreed schedule and changes required during the year, as approved by the Audit Committee (the

Committee). In addition, regular audit progress reports have been submitted to the Committee. Although changes have been made to the plan during the year, we can confirm that we have undertaken sufficient audit work during the year to be able to give an overall opinion in line with the requirements of the Public Sector Internal Audit Standards.

The Internal Audit Plan for 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 and DHCW that support the overall opinion for NHS Wales health bodies (see section 3).

Our latest External Quality Assessment (EQA), conducted by the Chartered Institute of 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.'

1.4 Summary of Audit Assignments

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

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

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

Where we have identified high priority matters arising, 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 are summarised in table 1 below.

Table 1 – Summary of Audits 2021/22

Substantial Assurance	Reasonable Assurance
<ul style="list-style-type: none"> New Velindre Cancer Centre (nVCC) Mutual Investment Model (MIM) Governance nVCC Financial Reporting (draft report) nVCC MIM Procurement (draft report) 	<ul style="list-style-type: none"> Infection Prevention & Control Digital Health & Care Record for Cancer (CaNISC Replacement) Divisional Review – Incident Management Divisional Review – Risk Management Board Committee Effectiveness Trust Assurance Framework Financial Systems Scrutiny of Expenditure above £100,000 Estates Assurance – Waste Management Disclosure Barring Service Checks Charitable Funds Follow-up of prior year recommendations nVCC Contract Management
Limited Assurance	Advisory/Non-Opinion
N/A	<ul style="list-style-type: none"> Use of Technology – Fit for the Future Wellbeing of Future Generations Act
No Assurance	
N/A	

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

2. HEAD OF INTERNAL AUDIT OPINION

2.1 Roles and Responsibilities

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

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

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

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

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

The opinion does not imply that Internal Audit has reviewed all risks and assurances relating to the Trust. The opinion is substantially derived from the conduct of risk-based audit work formulated around a selection of key organisational systems and risks. As such, it is a key component that the Board takes into account but is not intended to provide a comprehensive view.

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

2.2 Purpose of the Head of Internal Audit Opinion

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

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

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

2.3 Assurance Rating System for the Head of Internal Audit Opinion

The overall opinion is based primarily on the outcome of the work undertaken during the course of the 2021/22 audit year. We also consider other information available to us such as our overall knowledge of the organisation, the findings of other assurance providers and inspectors, and the work we undertake at other NHS Wales organisations. The Head of Internal Audit considers the outcomes of the audit work undertaken and exercises professional judgement to arrive at the most appropriate opinion for each organisation.

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

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

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


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

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

2.4 Head of Internal Audit Opinion

2.4.1 Scope of opinion

The scope of my opinion is confined to those areas examined in the risk-based audit plan which has been agreed with senior management and approved by the Audit Committee. The Head of Internal Audit assessment should be interpreted in this context when reviewing the effectiveness of the system of internal control and be seen as an internal driver for continuous improvement. The Head of Internal Audit opinion on the overall adequacy and effectiveness of the organisation's framework of governance, risk management, and control is set out below.

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.
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This opinion will need to be reflected within the Annual Governance Statement along with confirmation of action planned to address the issues raised. Particular focus should be placed on the agreed response to any significant recommendations made.

2.4.2 Basis for Forming the Opinion

The audit work undertaken during 2021/22 and reported to the Audit Committee has been aggregated at Section 5.

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

- An assessment of the range of individual opinions and outputs arising from risk-based audit assignments contained within the Internal Audit plan that have been reported to the Audit Committee throughout the year. In addition, and where appropriate, work at either draft report stage or in progress but substantially complete has also been considered, and where this is the case then it is identified in the report. This assessment has taken account of the relative materiality of these areas and the results of any follow-up audits in progressing control improvements (see section 2.4.3).
- The results of any audit work related to the Health & Care Standards including, if appropriate, the evidence available by which the Board has arrived at its declaration in respect of the self-assessment for the Governance, Leadership and Accountability module.
- Other assurance reviews which impact on the Head of Internal Audit opinion including audit work performed at other organisations (see Section 3).

- Other knowledge and information that the Head of Internal Audit has obtained during the year including cumulative information and knowledge over time; observation of Board and other key committee meetings; meetings with Executive Directors, senior managers and Independent Members; the results of *ad hoc* work and support provided; liaison with other assurance providers and inspectors; research; and cumulative audit knowledge of the organisation that the Head of Internal Audit considers relevant to the Opinion for this year.

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

In reaching this opinion we have identified that all reviews during the year concluded positively, with robust control arrangements operating in most areas.

From the opinions issued during the year, three were allocated Substantial Assurance and 13 were allocated Reasonable Assurance. No reports were allocated a 'limited' or 'no assurance' opinion. In addition, two advisory or non-opinion reports were also issued.

In addition, the Head of Internal Audit has considered residual risk exposure across those assignments where limited assurance was reported. Further, the Head of Internal Audit has considered the impact where audit assignments planned this year did not proceed to full audits following preliminary planning work and these were either: removed from the plan; removed from the plan and replaced with another audit; or deferred until a future audit year. The reasons for changes to the audit plan were presented to the Audit Committee for consideration and approval. Notwithstanding that the opinion is restricted to those areas which were subject to audit review, the Head of Internal Audit has considered the impact of changes made to the plan when forming their overall opinion.

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

Corporate Governance, Risk Management and Regulatory Compliance
--

We have undertaken three reviews in this area, all of which received **reasonable assurance** opinions.

Regarding the **Trust Assurance Framework** (TAF), significant matters arising included timely completion of the development of the TAF, completion of the refinement of operational risk reporting through the Trust Risk Register and ensuring key decisions and supporting justifications are clearly demonstrated in Board and Committee papers / minutes. We also noted that there was no formal risk reporting to Board level during the period under review (September 2020 to September 2021).

We reviewed **Board Committee Effectiveness** in light of the September 2020 restructuring of the Trust's committees, noting the Trust had plans in place or was already acting to address many of the matters we identified throughout the review. We highlighted further actions to ensure robustness in the process and support the Trust in maximising efficiency and effectiveness, including clearer alignment of the committee cycles of business and agendas with the Trust's objectives and risks and ensuring a robust benefits realisation is undertaken on the restructuring.

No significant matters arising were identified in our audit of the Trust's new process for **Scrutiny of Expenditure above the Chief Executive's Limit**.

During the year, we were asked to undertake an advisory review on the Trust's Ways of Working, to look at whether governance arrangements in place are sufficient to deliver the strategic transformation plans. However, this review was cancelled due to the impact of the Covid-19 pandemic.

Strategic Planning, Performance Management & Reporting

We have undertaken one review in this area, an **advisory review** on the **Wellbeing of Future Generations Act**. The review provided support and guidance on embedding the Sustainable Development Principle (SDP) and Five Ways of Working (5WoW) throughout the Trust's operations. Overall, the report concluded that the Trust is demonstrating a clear commitment to embedding the SDP and 5Wow, whilst acknowledging it is not yet at a point where they are consistently embedded throughout the organisation. Key areas for strengthening and enhancement included undertaking analysis to understand the Trust's sustainability culture, developing mechanisms to capture and report on contributions to the wellbeing goals and seeking further opportunity to pursue joined up working within NHS Wales and the wider Welsh public sector.

Financial Governance and Management

The two reviews undertaken in this area – **Financial Systems** and **Charitable Funds** – received **reasonable assurance** opinions. No significant matters were identified for reporting in either audit, although we note that management action regarding our prior year debt management findings was ongoing at the time of the Financial Systems review.

The audits of the payment systems provided by NWSSP, which we audit each year, concluded with positive assurance. The audits of Payroll (draft report) and Accounts Payable both received reasonable assurance opinion ratings.

Quality & Safety

We have provided **reasonable assurance** opinions on the two reviews undertaken in this area.

Infection Prevention & Control (IPC) has been an area of enhanced focus for the Trust and the positive assurance outcome (with no significant matters to report) is a result of this focus and the work undertaken by the Trust's IPC team and leads.

Our audit of **Disclosure Barring Service (DBS) Checks** was requested during the year to provide assurance the Trust has appropriate arrangements in place. We did not identify any significant matters for reporting.

The audit of the Trust's Quality and Safety Framework was deferred for inclusion in the internal audit plan for 2022/23 to a time when the Framework is sufficiently advanced to enable audit scrutiny. This also ensured our work did not overlap with the Audit Wales Quality Governance review which has taken place throughout 2021/22.

Information Governance & Security

We undertook two reviews in this area.

We provided a **reasonable assurance** opinion over our audit of the **Digital Health & Care Record for Cancer (CaNISC Replacement)**. Due to delays in implementation of the project, we could not complete a full review of the project. Key findings from the work we undertook were the need to ensure functionality is delivered so the ways of working can be finalised and that the delivery of full functionality was reliant upon further phases of development being approved nationally. We intend to revisit this area as part of our 2022/23 Internal Audit Plan.

Our **Use of Technology – Fit for the Future** report was an **advisory review** providing an assessment of the Trust's position and preparedness for the current and future provision of services using digital technology. Overall, the report concluded the Trust is well positioned to take forward the use of technologies whilst noting key barriers to progress in the lack of a Digital Strategy or Transformation Programme, a lack of visibility and leadership on digital at a Board level and a lack of security on the digital funding position.

Operational Service and Functional Management

We have undertaken two reviews in this area, being **divisional deep dives into risk and incident management**.

Whilst both reviews received **reasonable assurance opinions**, we noted a lack of consistency between the divisions in the approach to these areas, both in terms of our findings and the management responses received.

Our planned review of Private and Overseas Patients was deferred because the Trust commissioned a separate comprehensive independent review of Private Patients and developed an action plan in response. Our planned review would have duplicated this work. We intend to revisit this area early in our 2023/24 Internal Audit Plan to follow-up on action taken in response to the independent report.

Workforce Management

We did not undertake any reviews under this domain, although note that our audit of DBS Checks (covered under the Quality & Safety domain) covers some aspects of workforce management.

Capital & Estates Management

We have undertaken five reviews in this area.

The audit of **Estates Assurance – Waste Management** received a **reasonable assurance** opinion.

Two positive reports were issued regarding the Integrated Audit and Assurance Plan (IAAP) for the new Velindre Cancer Centre (nVCC) development. The audit of the **Mutual Investment Model (MIM) Governance** received a **substantial assurance** opinion and the audit of **nVCC Contract Management** received a **reasonable assurance** opinion.

Additionally, two nVCC IAAP reviews were in draft report stage at the time of drafting this report, both of which received a **substantial assurance** rating. These reports covered **Financial Reporting** and **MIM Procurement**.

The nVCC IAAP audits of Design and Change Management and Enabling Works were in fieldwork stage at the time of drafting this report. Therefore, they will be included within the 2022/23 Annual Report and Opinion.

2.4.3 Approach to Follow Up of Recommendations

As part of our audit work, we consider the progress made in implementing the actions agreed from our previous reports. In particular, as the only 2020/21 limited assurance report issued to the Trust was followed up during 2020/21, we considered progress made on a risk-based sample of findings in reports where we were able to give Reasonable Assurance, focusing mainly on high and medium priority findings. We also undertook some testing on the accuracy and effectiveness of the audit recommendation tracker.

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

For the second year in a row, due to the impact of COVID-19, we are aware that it has been more difficult than usual for NHS organisations to implement recommendations to the timescales they had originally agreed. In addition, we also recognise that for new recommendations it may be more difficult to be precise on when exactly actions can be implemented by. However, it remains the role of Audit Committees to consider and agree the adequacy of management responses and the dates for implementation, and any subsequent request for revised dates, proposed by Management. Where appropriate, we have adjusted our approach to follow-up work to reflect these challenges.

Going forward, given that it is very likely that the number of outstanding recommendations will have grown during the course of the pandemic, audit committees will need to reflect on how best they will seek to address this position.

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

The Trust's recommendation tracking process continued during 2021/22, but the pandemic affected the ability of management to take forward recommendations in some areas. Our follow-up of prior year findings took this into account in our assessment of the implementation of the recommendations.

Whilst we were able to provide a **reasonable assurance** opinion in our **follow-up of prior year recommendations** report, we identified areas for improvement in the Trust's audit recommendation tracker process. This included the need for clearer accountability and ownership in the process to ensure recommendations are appropriately implemented on a timely basis.

2.4.4 Limitations to the Audit Opinion

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

As mentioned above the scope of the audit opinion is restricted to those areas which were the subject of audit review through the performance of the risk-based Internal Audit plan. In accordance with auditing standards, and with the agreement of senior management and the Board, Internal

Audit work is deliberately prioritised according to risk and materiality. Accordingly, the Internal Audit work and reported outcomes will bias towards known weaknesses as a driver to improve governance risk management and control. This context is important in understanding the overall opinion and balancing that across the various assurances which feature in the Annual Governance Statement.

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

2.4.5 Period covered by the Opinion

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

By previous agreement with the Trust, audit work reported to draft stage has been included in the overall assessment, with all other work in progress rolled-forward and reported within the overall opinion for next year.

The majority of audit reviews will relate to the systems and processes in operation during 2021/22 unless otherwise stated and reflect the condition of internal controls pertaining at the point of audit assessment.

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

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

2.5 Required Work

Please note that following discussions with Welsh Government we were not mandated to audit any areas in 2021/22.

2.6 Statement of Conformance

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

The provision of professional quality Internal Audit is a fundamental aim of our service delivery methodology and compliance with PSIAS is central to our audit approach. Quality is controlled by the Head of Internal Audit on an ongoing basis and monitored by the Director of Audit & Assurance. The work of Internal Audit is also subject to an annual assessment by Audit Wales. In addition, at least once every five years, we are required to have an External Quality Assessment. This was undertaken by the Chartered Institute of Internal Auditors (IIA) in February and March 2018. The IIA concluded that NWSSP's Audit & Assurance Services conforms with all 64 fundamental principles and 'it is therefore appropriate for NWSSP Audit & Assurance Services to say in reports and other literature that it conforms to the IIA's professional standards and to PSIAS.'

The NWSSP Audit and Assurance Services can assure the Audit & Risk Committee that it has conducted its audit at Trust in conformance with the Public Sector Internal Audit Standards for 2021/22.

Our conformance statement for 2021/22 is based upon:

- the results of our internal Quality Assurance and Improvement Programme (QAIP) for 2021/22 which will be reported formally in the Summer of 2022; and
- the results of the work completed by Audit Wales.

We have set out, in **Appendix A**, the key requirements of the Public Sector Internal Audit Standards and our assessment of conformance against these requirements. The full results and actions from our QAIP will be included in the 2021/22 QAIP report. There are no significant matters arising that need to be reported in this document.

2.7 Completion of the Annual Governance Statement

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

- direct assurances from management on the operation of internal controls through the upward chain of accountability;
- internally assessed performance against the Health & Care Standards;
- results of internal compliance functions including Local Counter-Fraud, Post Payment Verification, and risk management;

- reported compliance via the Welsh Risk Pool regarding claims standards and other specialty specific standards reviewed during the period; and
- reviews completed by external regulation and inspection bodies including Audit Wales and Healthcare Inspectorate Wales.

3. OTHER WORK RELEVANT TO THE TRUST

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

- NHS Wales Shared Services Partnership; and
- Digital Health & Care Wales.

NHS Wales Shared Services Partnership (NWSSP)

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

Audit	Opinion	Outline scope
Accounts Payable	Reasonable	The purpose of the audit review was to evaluate and determine the adequacy of the systems and controls in place over the management of the NWSSP Procure to Pay (P2P) service.
Payroll (draft report)	Reasonable	The overall objective of this audit was to evaluate and determine the adequacy of the systems and controls in place for the management of Payroll Services.

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

Digital Health & Care Wales (DHCW)

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

Audit	Opinion	Outline scope
Welsh Radiology Information System	Reasonable	To provide assurance over the adequacy of the processes in place in DHCW for the management of the WRIS and the data within it.
Data Centre Transition	Substantial	To evaluate and determine the adequacy of the processes in place in DHCW for the management of the Data Centre move and the current Data Centre Service.
Data Analytics (Information)	Reasonable	To provide assurance to DHCW that arrangements are in place to enable NHS Wales to maximise the use of analytics in an appropriate and secure manner.
System Development	Reasonable	To provide assurance over the adequacy of the processes in place in DHCW for securely developing and maintaining applications for NHS Wales.

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

Full details of the NWSSP audits are included in the NWSSP Head of Internal Audit Opinion and Annual Report and are summarised in the Velindre University NHS Trust Head of Internal Audit Opinion and Annual Report. DHCW audits are summarised in the DHCW Head of Internal Audit Opinion and Annual Report.

4. DELIVERY OF THE INTERNAL AUDIT PLAN

4.1 Performance against the Audit Plan

The Internal Audit Plan has been delivered substantially in accordance with the schedule agreed with the Audit Committee, subject to changes agreed as the year progressed. Regular audit progress reports have been submitted to the Audit Committee during the year. Audits that remain to be reported but are reflected within this Annual Report will be reported alongside audits from the 2022/23 operational audit plan.

The audit plan approved by the Committee in March 2021 contained 15 planned reviews (excluding the separately agreed Integrated Audit and Assurance Plan for the new Velindre Cancer Centre). Changes have been made to the plan, with two audits added and three deferred/cancelled. All these changes have been reported to and approved by the Audit Committee. As a result of these agreed changes, we have delivered 14 reviews under the core audit plan.

Additionally, we have delivered four reviews relating to the nVCC Integrated Audit and Assurance Plan. A further two were in the fieldwork stage at the time of drafting this report, so will be included within the 2022/23 Annual Report and Opinion.

The assignment status summary is reported at section 5.

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

4.2 Service Performance Indicators

In order to monitor aspects of the service delivered by Internal Audit, a range of service performance indicators have been developed.

Indicator Reported to NWSSP Audit Committee	Status	Actual	Target	Red	Amber	Green
Operational Audit Plan agreed for 2020/21	G	March 2021	By 30 June	Not agreed	Draft plan	Final plan
Total assignments reported against adjusted plan for 2020/21	G	100%	100%	v>20%	10%<v<20%	v<10%
Report turnaround: time from fieldwork completion to draft reporting [10 working days]	G	100%	80%	v>20%	10%<v<20%	v<10%
Report turnaround: time taken for management response to draft report [15 working days]	R	57%	80%	v>20%	10%<v<20%	v<10%
Report turnaround: time from management response to issue of final report [10 working days]	G	100%	80%	v>20%	10%<v<20%	v<10%

5. RISK BASED AUDIT ASSIGNMENTS

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

5.1 Overall summary of results

In total 18 audit reviews were reported during the year. Figure 2 below presents the assurance ratings and the number of audits derived for each.

Figure 2 Summary of audit ratings

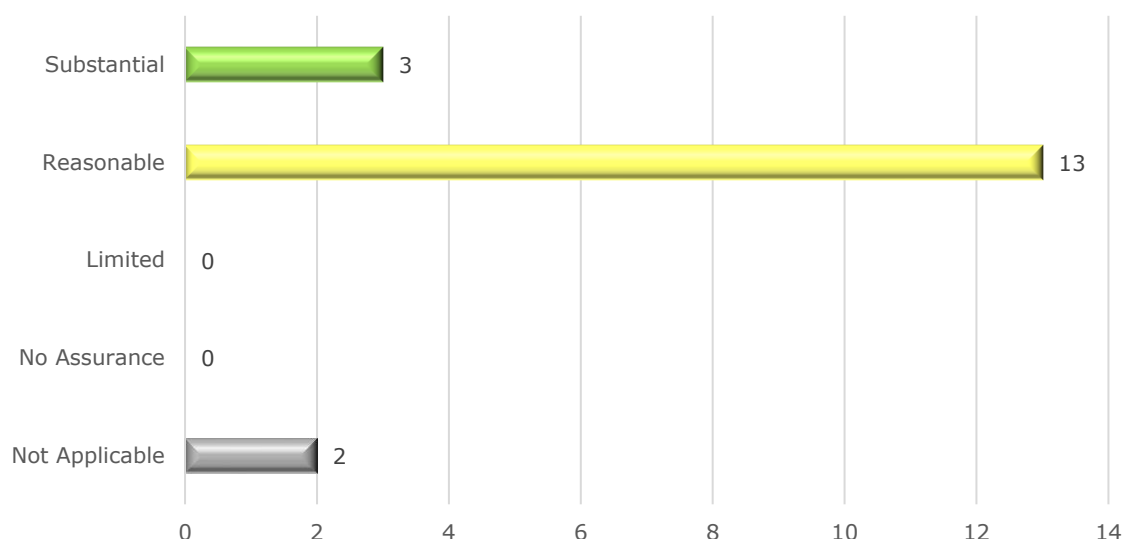


Figure 2 above does not include the audit ratings for the reviews undertaken at NWSSP and DHCW.

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

In addition to the above, there were several audits which did not proceed following preliminary planning and agreement with management. In some cases, the impact of COVID-19 was the reason for the deferral or cancellation and in other cases, it was recognised that there was action required to address issues and/or risks already known to management and an audit review at that time would not add additional value. These audits are documented in section 5.7.

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

5.2 Substantial Assurance (Green)



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

Review Title	Objective
nVCC Mutual Investment Model (MIM) Governance	The audit was undertaken to determine whether governance arrangements were in place at the nVCC project as it enters the competitive dialogue phase of the Project Master Plan.
nVCC Financial Reporting (draft report)	To determine whether appropriate financial reporting / management is in place at the nVCC project as it enters the next stages of the Project Master Plan.
MIM Procurement (draft report)	To determine the adequacy of the procurement process undertaken by the Trust in receiving Pre-Qualification Questionnaires to participate in competitive dialogue for the Design & Build contract at the nVCC.

5.3 Reasonable Assurance (Yellow)



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

Review Title	Objective
Infection Prevention & Control (IPC)	<p>We assessed adherence to:</p> <ul style="list-style-type: none"> the Trust's IPC policies; and the Health and Care Standards. <p>We focused on IPC activities within the Trust's divisions.</p>
Digital Health & Care Record for Cancer (Canisc Replacement)	To provide assurance to the Trust that arrangements are in place for appropriate management of the Canisc replacement enabling the successful implementation of the system.

Review Title	Objective
Divisional Review – Incident Management	To provide the Trust with assurance that: <ul style="list-style-type: none"> its divisions and directorates / operational service groups are compliant with Trust incident management policies and procedures; and incidents are being effectively managed at a divisional and directorate / operational service group level.
Divisional Review – Risk Management	To provide the Trust with assurance that: <ul style="list-style-type: none"> its divisions, directorates and departments are compliant with Trust risk management policies and procedures; and risks are being effectively managed at a divisional, directorate and departmental level.
Board Committee Effectiveness	To provide the Trust with assurance over the: <ul style="list-style-type: none"> effectiveness of the new Board Committee structure; and the adequacy and effectiveness of controls in operation.
Trust Assurance Framework (TAF)	To provide assurance that the TAF is robust, and that the Trust is managing its principal risks.
Financial Systems	To provide the Trust with assurance that core financial systems are operating effectively. We considered the key controls over the following areas: <ul style="list-style-type: none"> non-pay expenditure; and fixed assets. <p>We also followed up on our three 2020/21 high and medium priority matters arising, all of which related to debt management.</p>
Scrutiny of Expenditure above £100,000	To provide the Trust with assurance that the newly implemented scrutiny process for expenditure over the Chief Executive's limit is operating effectively.

Review Title	Objective
Estates Assurance – Waste Management	The audit was undertaken to assess the Trust's compliance with relevant waste management legislation and guidance, and progress towards agreed national and local waste reduction targets.
Disclosure Barring Service (DBS) Checks	To ensure the Trust has appropriate arrangements in place in relation to DBS checks and that national DBS standards / requirements are complied with.
Charitable Funds	To review whether the operational procedure is compliant with policies of the Trust as trustee.
Follow-up of previous recommendations	To provide assurance that recommendations are implemented appropriately and in a timely manner.
nVCC Contract Management	The audit was undertaken to determine whether appropriate contractual arrangements are in place at the nVCC project, for technical and professional advisory services, as it enters the next stages of the Project Master Plan including competitive dialogue.

5.4 Limited Assurance (Amber)



No reviews were assigned a 'limited assurance' opinion.

5.5 No Assurance (Red)



No reviews were assigned a 'no assurance' opinion.

5.6 Assurance Not Applicable (Grey)



The following reviews were undertaken as part of the audit plan and reported without the standard assurance rating indicator, owing to the

nature of the audit approach. The level of assurance given for these reviews are deemed not applicable – these are reviews and other assistance to management, provided as part of the audit plan, to which the assurance definitions are not appropriate but which are relevant to the evidence base upon which the overall opinion is formed.

Review Title	Objective
Use of Technology – Fit for the Future	<p>To provide an assessment of the Trust's position and preparedness for the current and future provision of services using digital technology.</p> <p>To evaluate and determine the ability of the Trust to move to a digitally enabled organisation and ensure that it drives value from investment in new technology.</p>
Wellbeing of Future Generations Act	<p>To support the Trust in its development of the Sustainability Strategy and supporting implementation plan.</p> <p>Regarding the content and development of the Sustainability Strategy, we are identified:</p> <ul style="list-style-type: none"> • what the Trust is doing well; and • areas for development and improvement. <p>We also provided an independent review of the sustainability gap analysis undertaken by the Trust on its Transforming Cancer Services Strategy.</p>

5.7 Deferred Audits

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

Review Title	Objective / Reason for Deferral
Quality & Safety Framework	<p>To review key aspects of the Trust Quality and Safety Framework to ensure it is operating effectively in practice.</p> <p>Deferred for inclusion in the internal audit plan for 2022/23 to a time when the Framework is sufficiently advanced to enable audit scrutiny. This also ensured our work did not overlap with</p>

Review Title	Objective / Reason for Deferral
	the Audit Wales Quality Governance review which has taken place throughout 2021/22.
Private & Overseas Patients	<p>To review processes and controls in relation to Private and/or overseas Patients.</p> <p>Deferred because the Trust commissioned a separate comprehensive independent review of Private Patients and developed an action plan in response. Our planned review would have duplicated this work. We intend to revisit this area early in our 2023/24 Internal Audit Plan to follow-up on action taken in response to the independent report.</p>
Ways of Working (Advisory)	<p>To look at whether governance arrangements in place are sufficient to deliver the strategic transformation plans.</p> <p>Cancelled due to the Covid-19 pandemic.</p>
nVCC Design Development & Change Management	<p>To determine whether appropriate design development and change management processes are in place at the nVCC project as it enters the next stages of the Project Master Plan.</p> <p>Delayed and deferred to the 2022/23 plan due to Trust engagement in competitive tender stage for the development of the new Cancer Centre.</p>
nVCC Enabling Works	<p>To determine the adequacy of arrangements in place at the Enabling Works project, forming part of the wider nVCC project.</p> <p>Delayed and deferred to the 2022/23 plan due to Trust engagement in competitive tender stage for the development of the new Cancer Centre.</p>

6. ACKNOWLEDGEMENT

In closing I would like to acknowledge the time and co-operation given by Directors and staff of the Trust to support delivery of the Internal Audit assignments undertaken within the 2021/22 plan.

Simon Cookson

**Gyfarwyddwr Archwilio a Sicrwydd / Director of Audit & Assurance
Gwasanaethau Archwilio a Sicrwydd/Audit and Assurance Services**

**Partneriaeth Cydwasanaethau GIG Cymru/NHS Wales Shared
Services Partnership**

May 2022




Appendix A – Conformance with Internal Audit Standards

ATTRIBUTE STANDARDS	
1000 Purpose, authority and responsibility	Internal Audit arrangements are derived ultimately from the NHS organisation's Standing orders and Financial Instructions. These arrangements are embodied in the Internal Audit Charter adopted by the Audit Committee on an annual basis.
1100 Independence and objectivity	Appropriate structures and reporting arrangements are in place. Internal Audit does not have any management responsibilities. Internal audit staff are required to declare any conflicts of interests. The Head of Internal Audit has direct access to the Chief Executive and Audit Committee chair.
1200 Proficiency and due professional care	Staff are aware of the Public Sector Internal Audit Standards and code of ethics. Appropriate staff are allocated to assignments based on knowledge and experience. Training and Development exist for all staff. The Head of Internal Audit is professionally qualified.
1300 Quality assurance and improvement programme	Head of Internal Audit undertakes quality reviews of assignments and reports as set out in internal procedures. Internal quality monitoring against standards is performed by the Head of Internal Audit and Director of Audit & Assurance. Audit Wales complete an annual assessment. An EQA was undertaken in 2018.
PERFORMANCE STANDARDS	
2000 Managing the internal audit activity	The Internal Audit activity is managed through the NHS Wales Shared Services Partnership. The audit service delivery plan forms part of the NWSSP integrated medium term plan. A risk based strategic and annual operational plan is developed for the organisation. The operational plan gives detail of specific assignments and sets out overall resource requirement. The audit strategy and annual plan is approved by Audit Committee.

	Policies and procedures which guide the Internal Audit activity are set out in an Audit Quality Manual. There is structured liaison with Audit Wales, HIW and LCFS.
2100 Nature of work	The risk based plan is developed and assignments performed in a way that allows for evaluation and improvement of governance, risk management and control processes, using a systematic and disciplined approach.
2200 Engagement planning	The Audit Quality Manual guides the planning of audit assignments which include the agreement of an audit brief with management covering scope, objectives, timing and resource allocation.
2300 Performing the engagement	The Audit Quality Manual guides the performance of each audit assignment and report is quality reviewed before issue.
2400 Communicating results	<p>Assignment reports are issued at draft and final stages. The report includes the assignment scope, objectives, conclusions and improvement actions agreed with management. An audit progress report is presented at each meeting of the Audit Committee.</p> <p>An annual report and opinion is produced for the Audit Committee giving assurance on the adequacy and effectiveness of the organisation's framework of governance, risk management and control.</p>
2500 Monitoring progress	An internal follow-up process is maintained by management to monitor progress with implementation of agreed management actions. This is reported to the Audit Committee. In addition audit reports are followed-up by Internal Audit on a selective basis as part of the operational plan.
2600 Communicating the acceptance of risks	If Internal Audit considers that a level of inappropriate risk is being accepted by management it would be discussed and will be escalated to Board level for resolution.

Appendix B – Audit Assurance Ratings

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

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



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