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Bwrdd Iechyd Prifysgol
Abertawe Bro Morgannwg
University Health Board



Meeting Date	30 th May 2018	Agenda Item	2a
Report Title	Accountability Report 2017-18		
Report Author	Liz Stauber, Committee Services Manager		
Report Sponsor	Pam Wenger, Director of Corporate Governance		
Presented by	Pam Wenger, Director of Corporate Governance		
Freedom of Information	Open		
Purpose of the Report	The purpose of the report is to set out the health board's accountability report for 2017-18.		
Key Issues	<p>The Chief Executive as accountable officer has been fully involved in the development of the accountability report and subject to review scrutiny and approval by the Audit Committee and the board, will sign the statement of the chief executive's responsibilities.</p> <p>Key issues to note:</p> <ul style="list-style-type: none"> • The accountability report provides an outline of the health board's programme in relation to the board's governance arrangements; • The accountability report has been reviewed by the Audit Committee as well as internal and external audit; • There have been significant challenges that the organisation has faced during 2017/18 with significant changes to the executive team and independent members. The latter part of the financial year has started to bring some stability and progress is beginning to be made; • The board has supported the governance stocktake and work has begun to be progressed to strengthen governance arrangements and agree an integrated governance work programme for 2018/19; • For the period 2017/18, the health board did not meet the two financial duties under section 175 of the National Health Service (Wales) Act. Therefore this has resulted in a breach of the health board standing orders and standing financial instructions; • The board can take limited assurance that arrangements to secure governance, risk management and internal control, within those areas under review, are suitably designed and 		

	<p>applied effectively. Some matters require management attention in control design or compliance with moderate impact on residual risk exposure until resolved; and</p> <ul style="list-style-type: none"> The board has a generally sound system of internal control that supports the achievement of its policies, aims and objectives and that no significant internal control issues have been identified. Detailed action plans have been agreed to improve performance in all these areas along with a governance work programme for 2018/19. 			
Specific Action Required <i>(please ✓ one only)</i>	Information	Discussion	Assurance	Approval
				✓
Recommendations	<p>Members are asked to:</p> <ul style="list-style-type: none"> Approve the accountability report 2017-18 			

ACCOUNTABILITY REPORT 2017-18

1. INTRODUCTION

The purpose of the report is to set out the health board's accountability report for 2017-18.

2. BACKGROUND

The purpose of the accountability report 2016-17 is for the accountable officer to present how she has discharged her role during the year in compliance with the manual for accounts issued by Welsh Government.

Members will note that a draft version was considered by Audit Committee on 17th May 2018 and has been developed further, following receipt of comments from members, Welsh Government and auditors.

3. GOVERNANCE AND RISK ISSUES

The manual for accounts sets out that all NHS organisations are required to publish, as single document, a three part annual report and accounts which includes:

- 1) the performance report;
- 2) the accountability report; and
- 3) the financial statements.

Sections one will be reviewed and agreed by the Audit Committee and board in July 2018 while section three is elsewhere on this agenda for approval.

The purpose of section two, the accountability report, is to meet the key accountability requirements to Welsh Government and comprises:

- Corporate governance report;
- A remuneration and staff report; and
- A National Assembly for Wales accountability and audit report.

a) Corporate Governance Report

This explains the composition and organisation of governance structures and how they support the achievement of the health board's objectives. The corporate governance team has compiled the main document; the annual governance statement (AGS). This section is informed by a review of the board and its sub-committees' business over the last year, and has had input from the executive team, Audit Committee and auditors.

b) Remuneration and Staff Report

This contains information about the remuneration of senior management, fair pay ratios, sickness absence rates, etc. and has been compiled by the finance department.

c) National Assembly for Wales Accountability and Audit Report

This contains a range of disclosures on the regularity of expenditure, fees and charges, compliance with the cost allocation and charging requirements set out in

Her Majesty's Treasury guidance, material remote contingent liabilities, long-term expenditure trends, and the audit certificate and report.

The timescale for production of the annual report 2017-18 varies from that of the accountability report, which will be considered for approval by the Audit Committee and the board on Wednesday 30th May 2018. The annual report must be produced in time for presentation at the annual general meeting in July 2018, having been reviewed by the Wales Audit Office and translated into Welsh in advance of this.

In Summary

The Chief Executive as accountable officer has been fully involved in the development of the accountability report and subject to review scrutiny and approval by the Audit Committee and the Board, will sign the statement of the chief executive's responsibilities.

4. FINANCIAL IMPLICATIONS

There are no specific financial implications to highlight.

5. RECOMMENDATION

Members are asked to **approve** the accountability report for 2017-18.

Governance and Assurance							
Link to corporate objectives (please ✓)	Promoting and enabling healthier communities		Delivering excellent patient outcomes, experience and access		Demonstrating value and sustainability		Embedding effective governance and partnerships
							✓
Link to Health and Care Standards (please ✓)	Staying Healthy	Safe Care	Effective Care	Dignified Care	Timely Care	Individual Care	Staff and Resources
							✓
Quality, Safety and Patient Experience							
This report does not specifically impact patient experience, the report gives an overview of the work of the health board during 2017-2018. The quality information will be captured in the annual quality statement.							
Financial Implications							
There are no specific financial implications identified.							
Legal Implications (including equality and diversity assessment)							
There are no specific legal implications identified.							
Staffing Implications							
There are no specific staffing implications identified.							
Long Term Implications (including the impact of the Well-being of Future Generations (Wales) Act 2015 - https://futuregenerations.wales/about-us/future-generations-act/)							
The accountability report gives an overview of the whole health board to meet its aim to protect and improve population health.							
Report History	The accountability report is received annually by the health board and Audit Committee.						
Appendices	Appendix 1 - the accountability report for 2017-18						



Accountability Report

2017/18

Signed : Tracy Myhill
(Chief Executive)

Date



This Accountability Report includes a number of key documents, namely:

- A Corporate Governance Report. This sets out the composition and organisation of ABMU's governance structures and how these support the achievement of the entity's objectives. This detail is contained within our AGS attached at **Annex 'A'**
- A Directors' Report and a Statement of Accounting Officer's Responsibilities attached at **Annex 'B'**
- A Remuneration and Staff Report attached at **Annex 'C'**
- A Parliamentary Accountability and Audit Report attached at **Annex 'D'**.

Corporate Governance Report 2017/18

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1. INTRODUCTION

The Health Board has responsibility for: assessing the health needs; commissioning; planning and delivering healthcare for the populations of Bridgend, Neath Port Talbot and Swansea Local Authorities. Through our strong partnership arrangements we also have a joint responsibility for improving the health and wellbeing of our diverse communities. As a healthcare provider, we provide health promotion and prevention, primary care, community services, mental health, learning disabilities and hospital-based care for our resident population, and for some specialist services for people from a wider geographical area.

In 2017/18 ABMU had a budget of over £1.0 billion employing just over 16,000 staff, 70% of who are involved in direct patient care.



Our responsibilities extend to both primary (general practitioner, optician, pharmacy and dental services) and secondary (hospital) services together with certain tertiary services such as providing burns and plastic surgery services for Wales and the South West of England. We also provide forensic mental health services for the whole of South Wales and learning disability Services are provided from Swansea to Cardiff as well as for the Rhondda Cynon Taf and Merthyr Tydfil areas. A range of community based services are delivered within patients' own homes, via community hospitals, health centres, and clinics. ABMU also provides general medical and dental services to Hillside Secure Children's Unit and general medical services to HM Prison Swansea.

We have four acute hospital sites these being the Princess of Wales Hospital in Bridgend, Neath Port Talbot Hospital in Port Talbot and the Singleton and Morriston Hospital sites which are both in Swansea. Details of our other hospital sites are published on our [website](#). At the end of March 2018, the total number of beds in the Health Board stood at 2,166.

We also provide a range of specialised services which are provided on a regional basis, including Burns and Plastic Surgery (for the whole of South Wales and South-West England), Forensic Mental Health Services (for South Wales) and Learning Disability Services (for the ABM UHB, Cwm Taf and Cardiff and the Vale Health Board areas). We also host the South West Wales Cancer Centre, providing radiotherapy and oncology for this area and other regional services such as specialised cardio-thoracic and pancreatic surgery. We do not provide specialist Child and Adolescent Mental Health Services (CAMHS) for our population, these are provided by Cwm Taf University Health Board.

2. SCOPE OF RESPONSIBILITY


The Board is accountable for good governance, risk management and internal control of the organisation. As Chief Executive of the Health Board, I have responsibility for maintaining appropriate governance structures and procedures as well as a sound system of internal control that supports the achievement of the organisation's policies, aims and objectives, whilst safeguarding the public funds and the Health Board's assets for which I am personally responsible. These are carried out in accordance with the responsibilities assigned by the Accountable Officer of NHS Wales.

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

2.1 Our purpose, vision and values

The Board has a clear purpose from which its strategic aims and priorities have been developed to fulfil our civic responsibilities by improving the health of our communities, reducing health inequalities and delivering prudent healthcare in which patients and users feel cared for, confident and safe.

The Health Board's agreed objectives seeks to ensure we meet national priorities set by Welsh Government, locally determined priorities and professional standards.

Our Purpose				
To fulfil our civic responsibilities by improving the health of our communities, reducing health inequalities and delivering prudent healthcare in which patients and users feel cared for, confident and safe				
Our Vision				
To be an excellent healthcare, teaching and research organisation for ABMU and the wider region				
Our Values				
				
Our Corporate Objectives				
Promoting and Enabling Healthier Communities	Delivering Excellent Patient Outcomes, Experience and Access	Demonstrating Value and Sustainability	Securing a Fully Engaged and Skilled Workforce	Embedding Effective Governance and Partnerships

A core element of the health board's strategic focus is our *Values and Behavior Framework*. Developed with staff from all our hospitals, these values set out how we work and the values that we share.

caring for each other	working together	always improving
in every human contact in all of our communities and each of our hospitals.	as patients, families, carers, staff and communities so that we always put patients first.	so that we are at our best for every patient and for each other.

2.2 Targeted Intervention

In September 2016 ABMU Health Board 'the Board' was escalated by Welsh Government to "targeted intervention" status under the NHS Wales Escalation Framework arrangements. This increased level of monitoring continued during 2017/18. A firm focus for improvement was set for particular service areas which include unscheduled care, cancer, Referral to Treatment (RTT) times, infection control and the financial management. The Board has strived to make improvements in these areas and continues to do so.

During 2017/18 we established a Recovery and Sustainability Programme with a particular focus on addressing our deteriorating financial performance and to drive delivery of a savings programme which delivered some £17m. This has been informed by lessons from national reviews such as the Carter review; the work of the National Efficiency and Value Board; local benchmarking information; and local reviews and reports commissioned by the Health Board. The Programme has adopted a matrix approach with a 'vertical' focus on clear Financial Recovery and Savings Plans for each Service Delivery Unit and Corporate Department, with 'horizontal' cross-cutting workstreams to drive a standard approach, at pace, across the Health Board. Each workstream has an executive lead and nominated project management support.

The Programme has been reviewed and framed for 2018/19 to reflect learning from 2017/18 and to ensure alignment with the delivery of the Annual Plan. Its focus will shift focus from technical efficiency, reducing waste and improved controls (whilst these continue to be delivered), to a greater focus on new pathways and models, and the outcomes and value we get for patients from the money we spend. This will be critical in enabling the Health Board to move from a 'recovery' focus to a more sustainable trajectory.

[Section 7](#) of this Annual Governance Statement describes the approach taken by the Health Board in relation to the development of an Annual Plan for the periods 2017/18 and 2018/19. During 2017/18, the Board received detailed reports on performance throughout the year as well as receiving assurance via the Performance & Finance Committee which holds responsibility for scrutinising performance for targeted intervention topics in particular.

3. OUR SYSTEM OF GOVERNANCE AND ASSURANCE

3.1 Overview

The Health Board has been constituted to comply with the Local Health Board (Constitution, Membership and Procedures) (Wales) Regulations 2009 and comprises the Chair, Vice Chair, Chief Executive, nine independent members (also known as independent members) and seven executive directors which ensures it is composed of individuals with a range of backgrounds, disciplines and areas of expertise. It can also include associate members with one such post being occupied during 2017/18. A nomination for a second associate member was put forward and approved by the Health Secretary in March 2018.

Our governance structure operates within the Welsh Government's *Governance e-manual & Citizen Centred Governance Principles* in that the seven principles together with their key objectives provide the regulatory framework for ABMU's business conduct and define its 'ways of working'. These arrangements support the principles included in Her Majesty's Treasury's *Corporate Governance in Central Government Departments: Code of Good Practice 2011*.

The Board functions as a corporate decision-making body with executive directors and independent members being equal members sharing corporate responsibility by the Board. Details of Board members are set out in **Appendix 1**.

The principal role of the Board is to exercise effective leadership, direction and control which includes setting the overall strategic direction for the organisation (within Welsh Government policies and priorities) and establishing and maintaining high levels of corporate governance and accountability including risk management and internal control. It is also there to:

- Ensure delivery of aims and objectives through effective challenge and scrutiny of performance across all areas of responsibility.
- Ensure delivery of high quality and safe patient care.
- Build capacity and capability within the workforce to build on the values of the Health Board and creating a strong culture of learning and development.
- Enact effective financial stewardship by ensuring the Health Board is administered prudently and economically with resources applied appropriately and efficiently.
- Instigate effective communication between the organisation and its community to ensure its services are planned and responsive to identified needs.
- Appoint, appraise and oversee arrangements for remunerating of executives.

The Board has approved Standing Orders for the regulation of proceedings and business which translates the statutory requirements set out in the Local Health Board (Constitution, Membership and Procedures) (Wales) Regulations 2009 into day to day operating practice. Together with the adoption of a scheme of matters reserved for the Board, a detailed scheme of delegation to officers and an earned autonomy framework and Standing Financial Instructions, they provide the regulatory framework for the business conduct of the Health Board and define "its ways of working".

The Standing Orders and Standing Financial Instructions (SO & SFIs) are regularly reviewed and updated, with any changes then being submitted to the Board for approval. SO & SFIs are supported by a suite of corporate policies and, together with the Values and Standards of Behaviour Framework and Board Assurance arrangements to form the Health Board's Governance Framework.

There was a review of Board governance arrangements following the appointment of the new Director of Corporate Governance/ Board Secretary with a view to developing a Board Assurance Framework. The outcomes arising from this work will be detailed as part of the 2018/19 Annual Governance Statement.

3.2 Governance Reviews

Financial Governance Review

During 2017/18 the Welsh Government commissioned Deloitte to undertake a Financial Governance Review of the Health Board. As part of the review, Deloitte undertook a number of interviews with key members of staff from the Health Board. The Health Board accepted all the recommendations from this review and developed an action plan which is being monitored by the [Audit Committee](#). Wales Audit Office has completed its annual Structured Assessment process which has been agreed by the Health Board in March 2018 and as a result a number of the recommendations from the financial governance review have now been superseded.

The position as at end of March 2018 is as follows;

- 16 recommendations have been completed (green status);
- There are six recommendations with an amber status and a number of actions have been implemented against these recommendations, however, it is considered that the recommendations cannot be fully closed down at this stage. These recommendations have now been added to the Governance Work Programme;
- There are seven recommendations which have been superseded by the recommendations of the Structured Assessment, it is therefore proposed that these are closed down as these are similar to those identified in 2017.

Our Performance and Finance Committee has been in operation since June 2017 and meets monthly. Arrangements are working well and continue to improve with the changes to independent membership of the Board, which is reflected in the expertise of members of the committee.

The Health Board has put in place a Governance Work Programme for 2018/19 which consolidates the outstanding recommendations of the Deloitte Financial Governance Review, the Wales Audit Office Structured Assessment and the actions from the Governance Stocktake into an integrated work programme.

We have also commissioned The Kings Fund, to undertake a comprehensive Board, Executive and Leadership development programme to be delivered during 2018/19. The programme comprises three work-streams designed to work in tandem to increase board, executive and senior leader confidence and capability.

- **Work-stream 1:** A bespoke board development programme that ensures ABMU's board has the capability, capacity and confidence to lead ABMU through the challenging times ahead;
- **Work-stream 2:** An executive development programme that will work in parallel with the board programme to enable the executive team to work effectively as a team to deliver the organisation's objectives; and
- **Work-stream 3:** A bespoke programme enabling executive and Delivery Unit leaders and their teams to make strong connections across ABMU and to deliver effectively as a collective.

Review of Serious Incident Reporting

In December 2017 fieldwork was carried out by the Welsh Government's Delivery Unit which reviewed the ways in which the Health Board managed serious incidents taking into account complaints, patient safety incidents and clinical negligence claims. This report was finalised in February 2018 and its main issues related to the oversight, scrutiny and challenge at a senior level and consistency in approach to management of such reports. Since the fieldwork was undertaken, significant progress has been made in relation to the approach taken by the Health Board in investigating serious incidents and the approach to learning amongst staff has significantly improved to support a culture where risk and harm are reduced as much as possible.

3.3 Role of the Board

The Board has overall responsibility for the strategic direction of the Health Board and provides leadership and direction to the organisation and has a key role in ensuring that the organisation has sound governance arrangements in place. It also ensures that we have an open culture and high standards in the way in which its work is conducted. Board members share corporate responsibility for all decisions and play a key role in monitoring the performance of the organisation.

The Health Board usually meets six times a year in public. The Board is formed from the appointment of individuals from a range of backgrounds, disciplines and expertise. It consists of the Chair, Vice Chair plus seven independent members (also known as non-officer members), the Chief Executive and seven executive directors. There are also currently two associate board members.

Each Board meeting begins with a patient story which sets out an individual's personal experience of the service. Such feedback is invaluable and is used to learn lessons, further improve services and in the planning of future services.

Details of Board members and when the Board met during 2017/18 are set out in **Appendix 1** along with the level of attendance at such meetings. All Board and Board Committee meetings held in 2017/18 were quorate with the exception of a single meeting of the Workforce & Organisational Development Committee in May 2017.

Board members are also involved in a range of other activities on behalf of the Board, such as development sessions (at least six a year), service visits and a range of other internal and external meetings. The Board also meets in public in June each year (to formally approve its annual accounts following detailed consideration by the Audit Committee) and July to approve its annual report and the Annual Quality Statement. These documents are available via our [website](#).

3.4 Committees of the Board

The Health Board has established a range of committees as detailed in the diagram on page 15. These committees are chaired by Independent members of the board and they have key roles in relation to the system of governance and assurance, decision making, scrutiny, assessment of current risks and performance monitoring.

There was a review of Board Committee arrangements in the final quarter of 2017/18 which was approved at the March 2018 meeting of the Health Board. The following are some of its key conclusions:

- The remit and purpose of the committees to be much more clearly based on delegated functions of the Board;
- Tighter terms of reference would help avoid overlap with executive functions or duplication with other committees;
- Workforce metrics would in future form part of the remit of the Performance and Finance Committee;
- A Health & Safety Committee be established;
- The role of the Workforce & Organisational Development Committee be re-considered to determine how the Board will receive assurance on the wider strategic workforce issues;
- Board Development Sessions to become strategically focussed with a schedule of workshops planned for 2018/19.

At each meeting, the Board receives a key issues summary report from each of its committees and advisory groups which have met since the previous meeting. These set out details of key topics considered, assurances received, key risks and any decisions made.

All papers for the Health Board and Committees which are held in public are available on the Health Board [website](#). The meetings that do not meet in public are either because of the confidential nature of their business such as the Remuneration and Terms of Service Committee or they are development meetings discussing plans in the formative stages.

The Audit Committee supports the Board by critically reviewing governance and assurance processes on which the Board places reliance. It undertakes these duties by providing advice and assurance to the Board on the effectiveness of arrangements in place around strategic governance, assurance framework and processes for risk management and internal control. The Committee independently monitors, reviews and reports to the Board on the processes of governance and where appropriate, facilitates and supports the attainment of effective processes. In discharging its duties, the Audit Committee, working to an agreed annual work programme, reviewed the assurance and prepared an Annual Report highlighting the following areas:

- Internal financial control matters, such as safeguarding of assets, the maintenance of proper accounting records and the reliability of financial information;
- Adequacy of disclosure statements which are supported by the Head of Internal Audit Opinion and other opinions;
- The adequacy of relevant policies, legality issues and the Codes of Conduct, underpinned by review of the health Board's Hospitality Register and Single Tender Actions summary;
- The policies and procedures related to fraud and corruption, together with

information on particular cases and outcomes;

- That the system for risk management is robust in identifying and mitigating risks, providing assurance to the Board that the risks impacting on the delivery of the Board's objectives are being appropriately managed;
- Assurances as to governance arrangements for the operation of any 'hosted' agencies such as the Emergency Medical Retrieval & Transportation Service (EMRTS)*.

*EMRTS Cymru is an all-Wales pre-hospital emergency medical service run as a partnership between NHS Wales and the Welsh Air Ambulance Charity. ABMU acts as the host for this service which is commissioned by the Emergency Ambulance Service Committee (EASC) on behalf of all Health Boards in Wales. The National Director provides a regular governance and activity report to the Medical Director and ABMU's Chief Executive and also to the Commissioner (Chief Ambulance Service Commissioner) at EASC. This report is considered at ABMU's Hosted Agencies Committee and at the Delivery Assurance Group which has representation from all Health Boards. The Medical Director also shares the regular reports with all other Medical Directors in Wales and the service has presented to the all-Wales Medical Directors Group. Welsh Government commissioned an external evaluation of EMRTS Cymru and this reported favourably about the delivery of the key objectives. An external review of the governance processes was also commissioned by ABMU which confirmed that the clinical governance arrangements were of very high quality and were working well.

In providing assurance to the Board, the Audit Committee has specifically:

- Approved risk-based Internal Audit plans and considered the opinions given on reports with Executive Directors held to account where appropriate;
- Considered the Head of Internal Audit Opinion on the overall adequacy and effectiveness of the organisation's risk management, control and governance processes;
- Discussed and approved for recommendation to the Board, ABMU's audited financial statements and Auditor General's Opinion;
- Reviewed and approved the ABMU's Governance Framework, including Standing Orders, Standing Financial Instructions and Scheme of Delegation and the System of Assurance set out in **Appendix 2**.
- Monitored the implementation of the recommendations following the Financial Governance Review in 2017;
- Supported the actions from the internal governance stocktake led by the Director of Corporate Governance/Board Secretary and agreed the Governance Work Programme for 2018-19;
- Continues to work with the Wales Audit Office with regard to the work of external audit on the accuracy of the financial statements. The Committee also works with the Wales Audit Office on the performance audits undertaken and the annual structured assessment.

A list of key issues considered by the Board, the Audit Committee and Quality & Safety Committee during 2016/17 is set out in **Appendix 3**.

Our Quality Priorities have been agreed as part of the process of

Quality Priorities

1. SAFER Patient Flow
2. Comprehensive Geriatric Assessment
3. Reducing harm from falls
4. Improving outcomes following stroke
5. Improving cancer outcomes
6. Improving End of Life Care
7. Improving Surgical Outcomes
8. Reducing Pressure Ulcers
9. Reducing Healthcare Acquired Infections

updating our Quality Strategy which sets out a vision of what we can, and will achieve through a focus on delivering high quality services by addressing those matters that will contribute to the achievement of our strategic objectives. We have nine Quality Priorities which are closely aligned to our targeted intervention areas. More details around this are available in our Annual Quality Statement which will be available from our [website](#) as of the end of July 2018.

The **Quality & Safety Committee** is the main assurance mechanism for reporting evidence based and timely advice to the Board to assist it in discharging its functions and meeting its responsibilities with regard to the quality and safety of healthcare. It is responsible for providing assurance to the Board in relation to the arrangements for safeguarding and improving the quality and safety of patient centred healthcare in accordance with its stated objectives and the requirements and standards determined for the NHS in Wales.

Each meeting begins with a patient story and presentation on governance and performance management arrangements from a service delivery unit team. The committee is supported by the Health and Care Standards Scrutiny Panel and also receives reports from internal and external audit, Health Inspectorate Wales and the ABM Community Health Council and each of these organisations has representatives who attend meetings of the committee. Where reports have identified concerns or deficiencies, action plans are produced to address the issues progress on which is reported through the Quality & Safety Committee. Following each meeting, a report on key issues is produced which is submitted to the bi-monthly meeting of the Health Board to keep it apprised of the topics that have been considered. Quality & Safety Committee agenda [papers](#) are available following each meeting via our website.

Besides receiving reports on quality & safety issues we also have mechanisms in place to ensure that a range of staff are able to see care being delivered. An example of this is the *First Friday* initiative at Morriston Hospital where the senior team work alongside clinicians on the first Friday of every month undertaking audit and gaining patient and staff feedback using bespoke methodology that is linked to the Health and Care Standards. In addition to this, a programme of peer review spot-checks have been carried out both inside and outside normal working hours.

A new initiative, known as 'Breaking the Cycle' was put into place to help us address increased demand during winter period and this was implemented across ABMU between 8th and 22nd January 2018. The initiative aimed to increase system resilience during this traditionally difficult period through staff working in different ways across the unscheduled care system to improve patient flow, and to use the learning from this approach to inform the unscheduled care improvement action plan. We plan to use the analysis from this initiative building the things that worked well into our winter plans for 2018/19 and beyond.

We have systems in place which facilitate independent members and executive directors to make unplanned visits to service areas as part of our 15 Step Challenge Programme. The methodology considers aspects of the clinical care environment to

confirm if it was welcoming, safe, staff were caring, well organised and calm. The findings of such reviews are recorded and any required action is taken forward locally and overseen by the respective management team.

We also encourage service users and their families to provide their views on care and treatment. A report is presented to the Quality and Safety Committee at every meeting that outlines feedback gathered from our *Friends and Family* initiative, the all-Wales Patient Experience Framework results, complaints, compliments, incidents, risk management and patient safety alerts.

ABMU continues to work with partner agencies such as, the Bevan Commission to improve the quality and effectiveness of services that are provided to our patients. We have also continued to engage with the *1000 Lives Improvement Programme* team to promote and deliver improvement across a wide number of areas including both national and more local improvement initiatives.

3.5 Advisory Groups and Joint Committees

The Board also has three Advisory Groups and three joint committees. There are also a range of other boards and groups that report to the Board which include the Public Service Boards, Regional Partnership Boards and ARCH, (A Regional Collaboration for Health) Programme Board. There is also a Chair's Advisory Group which supports the connection between the business of key committees and assurance reporting.

Advisory Groups:

Stakeholder Reference Group (SRG)

The SRG provides a forum to facilitate full engagement and active debate. Its membership includes representatives from specific groups of the community, such as children and young people, sexual orientation, older people, ethnic minorities etc. Members also include statutory bodies such as Police, Fire and Rescue, Environment Agency, etc. This group therefore has excellent links to the wider general public and each representative's role is to highlight the issues raised by their particular groups. The Chair of the SRG is an associate Board member. Reports on key issues considered at meetings of the SRG are provided to the Board on a regular basis and can be accessed via [our key documents pages on our website](#).

Health Professionals Forum (HPF)

Whilst the HPF's role is to provide a balanced, multidisciplinary professional advice to the Board on local strategy and delivery. The HPF has responsibility for facilitating engagement and debate amongst the wide range of clinical interests within the ABMU's area of activity. This advisory fora did not meet during 2017/18 but we have plans for it to do so again during 2018/19.

Local Partnership Forum (LPF)

The LPF's role is to provide a formal mechanism whereby AMBU, as the employer, and trade unions/professional bodies representing employees work together to improve health services. Key stakeholders engage with each other to inform debate

and seek to agree local priorities on workforce and health service issues. The chairmanship of the LPF is alternated between management and staff side. Key issues arising from meetings of the LPF are reported to the Board and can be accessed [via our key documents pages on our website](#).

The Board has four other all-Wales 'joint committees' the outputs from which are reported to the Board:

Welsh Health Specialised Services Joint Committee (WHSSC)

The Welsh Health Specialised Services Committee (WHSSC) is responsible for the joint planning of Specialised and Tertiary Services on behalf of Local Health Boards in Wales. WHSSC was established in 2010 by the seven Local Health Boards in Wales to ensure that the population of Wales has fair and equitable access to the full range of specialised services. WHSSC is hosted by Cwm Taf University Health Board. The Health Board is represented on the Committee by the Chief Executive and reports of the joint committee's discussion and decisions are regularly reported to the Board.

The Emergency Ambulance Services Joint Committee (EASC)

EASC is a joint committee of the seven local health boards, with three Welsh NHS Trusts as Associate Members, which was established in April 2014. EASC is responsible for the joint planning and commissioning of emergency ambulance services on an all Wales basis. EASC is hosted by Cwm Taf University Health Board. ABMU Health Board is represented on the Committee by the Chief Executive and reports of the joint Committee's discussion and decisions are regularly reported to the Board.

NHS Wales Shared Services Partnership Committee

The NHS Wales Shared Services Partnership Committee (NWSSP), a partnership committee of the seven Local Health Board and three NHS Trusts in Wales was established on 2012. NWSSP is hosted by Velindre NHS Trust and is responsible for the exercise of the Shared Services functions across NHS Wales. The Health Board is represented on the Committee by the Director of Finance and reports of the joint committee's discussion and decisions are regularly reported to the Board.

Joint Regional Planning and Delivery Forum (JRPDF)

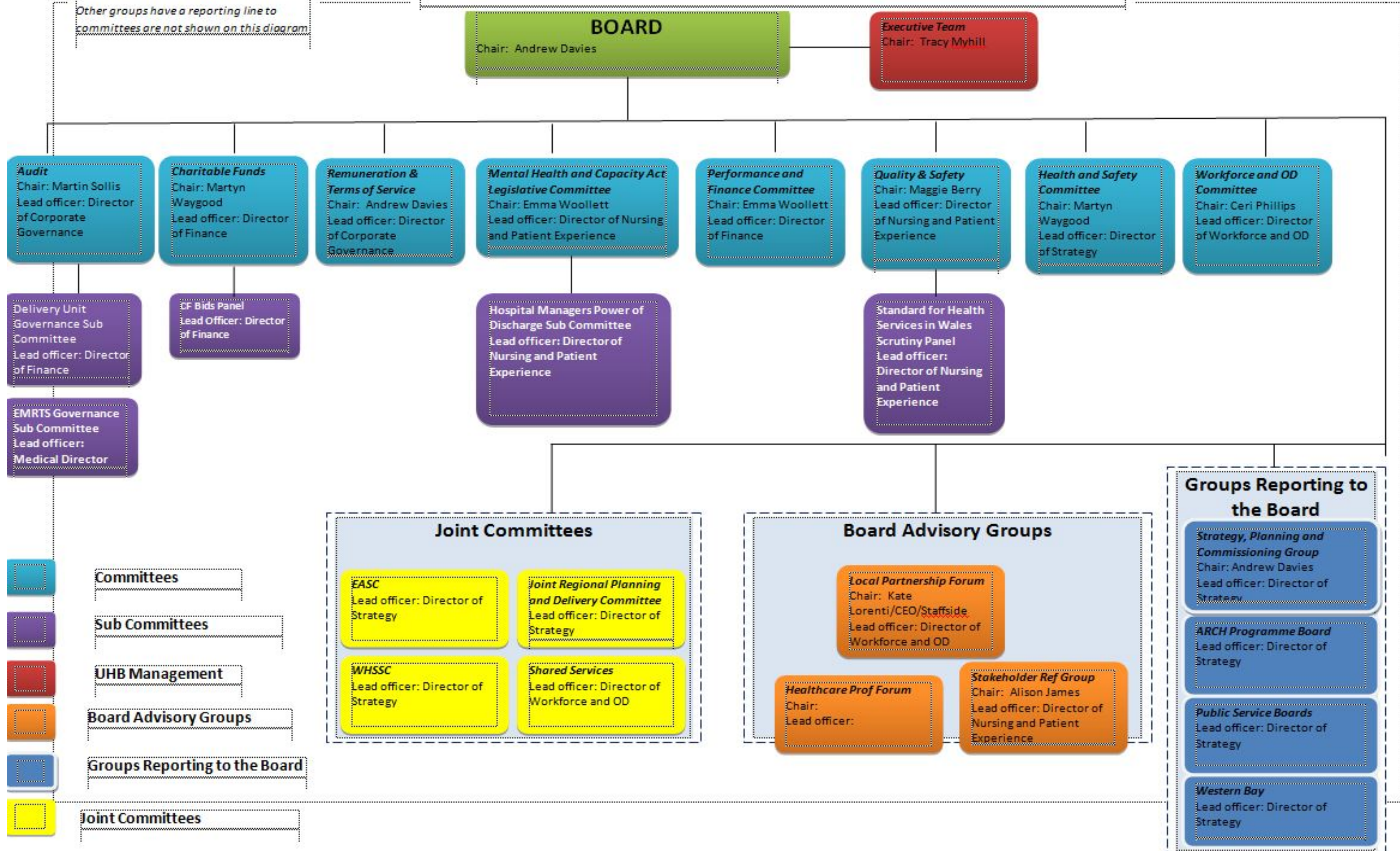
The South Central & East, Joint Regional Planning and Delivery Forum (JRPDF) has been established as a joint committee of Aneurin Bevan, Cardiff & Vale, Cwm Taf, ABMU and Powys teaching Local Health Boards and similar arrangements also exist between ABMU and Hywel Dda University Health Board.

The Health Board works in partnership with a number of organisations including local authorities, mainly through Western Bay Regional Partnership Board, Swansea University, through the Collaboration Board, A Regional Collaboration for Health (ARCH), the NHS Collaborative and Acute Care Alliances. These arrangements continue to develop and mature. Areas of partnership working are reported directly to the Board.

Board and Committee Arrangements

Notes:

Other groups have a reporting line to committees are not shown on this diagram



4. ORGANISATIONAL STRUCTURE

In order to ensure that the values and behaviours drive a caring, supportive and ambitious culture within the organisation, the Board changed our operational management arrangements in 2015 and establish six delivery units. Each unit is led by a core 'triumvirate' which consists of the Service Director, Unit Medical Director and Unit Nurse Director. They are as follows:

- Neath Port Talbot Hospital
- Mental Health & Learning Disability Services
- Morriston Hospital
- Princess of Wales Hospital
- Singleton Hospital
- Primary Care and Community Services

There are also corporate directorates (in terms of finance, governance, information management and technology, workforce and organisational development, nursing, medical and planning) which play a central role in supporting the organisation as well as providing support to the delivery units. Like the delivery units, corporate directorates will also be subject to performance reviews from 2018 onwards bringing scrutiny to effective and efficient performance.

5. THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

Our systems of internal control are 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 this would have and to manage them efficiently, effectively and economically. The system of internal control has been in place for the year ended 31st March 2018 and, up to the date of approval of the annual report and accounts.

6. CAPACITY TO HANDLE RISK

We have continued to develop and embed our approach to risk management over the last year to ensure risk systems continue to be streamlined and inter-connected. The understanding of risks actively informs the Board's key priorities and actions and its overall approach to risk governance. We see active and integrated risk management as key elements of all aspects of our functions and responsibilities especially in order to support the successful delivery of our business. This assists in ensuring high quality and safe health care is provided to local people, that we contribute to improving the health and well-being of our population and that a safe and supportive working environment is provided for our staff.

The Chief Executive has overall responsibility for the management of risk. The executive lead for risk management is the Director of Nursing & Patient Experience who has delegated responsibility for ensuring that arrangements are in place to

effectively assess and manage risks across the organisation, including maintaining and co-ordinating a [Corporate Risk Register](#) and the corporate reporting of risks.

As Accounting Officer I delegate particular aspects of my role to Executive Directors. These arrangements are reflected in job descriptions and performance review mechanisms. The Chief Executive role is directly accountable to the Board, has overall responsibility and accountability for all aspects of the Risk Management Policy and delegates this responsibility to the senior managers of the Health Board, as detailed in the Risk Management Strategy.

6.1 Risk and Control Framework

The risk management strategy sets out the structures and processes for the identification, evaluation and control of risk, as well as the system of internal control. Delivery of the strategy is overseen by the Audit Committee with individual officers having specific delegated responsibilities.

We are committed to ensuring staff throughout the organisation are trained and equipped to appropriately assess, manage escalate and report risks and further work continues to embed good risk management throughout the organisation. This work is being informed by best practice examples and through advice from Internal Auditors, Wales Audit Office and Welsh Government's Delivery Unit.

The delivery of healthcare services carries inherent risk and our risk profile is continually changing. The key risks that emerge which can impact upon our achievement of objectives is documented within ABMU's Corporate Risk Register which is updated quarterly and reported to the Audit Committee and Board and feeds into our Annual Plan.

Risk Registers are used to identify and manage significant risks within an organisation. In addition internal and external reports/reviews are used to inform the framework and register, in terms of new risks or amendments to existing risks.

In acknowledging that effective risk management is integral to the successful delivery of its services, we have systems and processes in place which identifies and assesses risks, decides on appropriate management and then provides assurance the effectiveness of their management. The implications of risks taken in pursuit of improved outcomes, in addition to the potential impact of risk-taking on and by its local communities, partner organisations and other stakeholders, is understood by the Board.

A risk management workshop for Board members was held in the autumn of 2017/18 and the [Corporate Risk Register](#) was most recently received at the March 2018 meeting of the Health Board. As a Health Board we recognise that work is required on strengthening the processes and systems of risk management. This has been highlighted through the internal governance stocktake and the Wales Audit Office Structured Assessment.

The overall assurance arrangements are set out in the Systems of Assurance, regularly reviewed by the Audit Committee, which toward the end of 2017/18 supported proposals for the development of a Board Assurance Framework. We recognise that this is a significant priority and that it will take us some time to put in place an overarching framework. The Audit Committee will receive regular reports on the progress of the Board Assurance Framework.

In enacting the risk appetite of the organisation which is set out in the [ABMU Risk Management Strategy](#) (pages 10-12), the Board has given consideration to its principle objectives, both strategic and operational, and identified the principal risks that may threaten the achievement of those objectives. In doing so, the Board is aware that the process involves managing potential principal risks and not merely being reactive in the event of any risk exposure. It acknowledges that the modernisation of delivery of healthcare services cannot be achieved without risks being taken, the subsequent consequences of taking those risks and mitigating actions to manage any such risks.

In terms of the Health Boards risk profiling, Table 1 sets out the corporate risks by risk rating.

Risk Matrix	LIKELIHOOD				
	1 Rare	2 Unlikely	3 Possible	4 Probable	5 Expected
1 Negligible					
2 Minor					
3 Moderate			RR 7: Adverse Publicity	RR 13: Environment/ Premises	
4 Major			RR 17: Equipment Replacement RR 24: Compliance with PSN's RR 16: Waiting Times RR23 & 29: Business Continuity & Disaster Recovery RR 28: Service Business Interruption 46 Corporate Governance of the Board	RR 4: Infection Control RR9: Access to Services RR 11: Dignity in Care & Needs of Older People RR 27: Clinical Information Systems RR 36: Management of Paper Health Records RR 37: Reporting of Clinical Information RR 38: Lack of Single Integrated Electronic RR 40: Insufficient information governance resources RR 39: IMTP not approved by WG RR 43: Deprivation of Liberties RR 45: Discharge Information RR 47 Sustainability of Primary Care Services	RR48: Compliance with GDPR

Risk Matrix	LIKELIHOOD				
	1 Rare	2 Unlikely	3 Possible	4 Probable	5 Expected
5 Critical			RR 15: Population Health RR 41: Fire Safety for buildings with applied external cladding RR 1: Unscheduled Care	RR 2: Financial deficit risk of special measures RR 3: Workforce Planning Record RR 42: Sustainable services & finances. 44: ED Clinical Systems	

RR – Risk Reference on the Corporate Risk Register

PSA – Patient Safety Notices

The risk management arrangements enable the principal risks to be identified whilst also ensuring that these risks are not considered in isolation as they are derived from the prioritisation of all risks flowing through the organisation. Effective risk management is integral in enabling us to achieve our objectives, both strategic and operational in delivering safe, high quality services and patient care.

We manage risk within a framework that devolves responsibility and accountability throughout the organisation. Each Executive Director is responsible for managing risk within their area of responsibility and they ensure that there:

- are clear responsibilities for clinical, corporate and operational governance and risk management;
- is appropriate training for staff in risk assessment and risk management;
- mechanisms in place for identifying and managing significant risks through regular, timely and accurate reports to the executive team, relevant Board committees and the Board itself;
- are systems in place to learn lessons from any incidents or untoward occurrences and that corrective action is taken where required;
- are processes which allow details of the key risks to be reported to the Board;
- there is compliance with ABMU policies, legislation and regulations and professional standards for their functions.

Executive Directors consider, evaluate and address risk and actively engage with and report such matters to the Board and its committees. The Unit Directors (Service Director, Director of Nursing & Patient Experience and the Medical Director have devolved responsibilities for risk. Together, they ensure that robust systems are in place for risk management. In addition, the Director of Nursing & Patient Experience has specific responsibility for progressing compliance with the Health and Care Standards framework as specific strategic responsibility for key areas of patient safety. The Director of Finance also has specific responsibility for financial risk management and for providing regular, timely and accurate financial reporting to the Board in-line with requirements and professional standards.

Service delivery unit directors are responsible for the management of risk within their Units and must ensure that they have effective arrangements to carry this out. Any risks outside their control are communicated to the Chief Operating Officer with professional issues are relayed to the relevant executive lead e.g. Medical Director and Director of Nursing & Patient Experience.

Service Delivery Units have undertaken a self-assessment against the *Health and Care Standards* which has subsequently been reviewed and agreed by the Executive Team. The Health and Care Scrutiny Panel met in April 2018 to review and agree the overall assessment against the Health and Care standards. There is more about the outcome of this process in Section 8.2.

Finally, each unit has attended an end-of-year Performance Review with the Executive Team to discuss performance and governance arrangements. Each unit is developing structures to ensure the appropriate management of risk which has been confirmed within their mid-year and end-of-year performance reviews.

The Board recognises that there is risk associated with every decision it takes and within any proposed change in service. Therefore, the Board is keen to engage and consult with staff, the public and stakeholders to identify areas of concern and solutions. Working with partner organisations is critical to successful integrated working and delivering services with partners can bring significant benefits and innovation. Working in this way can also lead to risks around failing to align agendas and ineffective communication.

6.2 Top organisational risks

As of 31st March 2018 there were 28 risks on the ABMU [Corporate Risk Register](#) ranging from 12 to 20. In terms of the highest risks these are set out below:

- Workforce sustainability;
- Sustainable services within a sustainable financial position;
- Effective governance arrangements to enable ABMU to achieve its agreed financial deficit target.

Delivery of the financial deficit target

Subject to audit, the draft end-of-year financial position for 2017/18 shows improvement with an over spend of £32.417m against a deficit of £36m forecast in the financial plan. This includes a £7.4m penalty for not achieving 'referral to treatment targets'.

We have stabilised our financial position in 2017/18 and are on track to achieve a figure below our financial control total. This has been supported by our Recovery & Sustainability Programme which will continue to underpin our work to further reduce the deficit in 2018/19.

The financial risk plans in place to mitigate the risk is reported to each Audit Committee meeting and also to each Board meeting. Actions being taken to manage the risk include:

- Monitoring and reporting financial performance;
- Regular financial performance meetings between service delivery units management teams, the Chief Executive and Director of Finance;
- Continuing the operation of the Recovery and Sustainability Programme Board which oversees the delivery of key work streams to support the delivery of service efficiency improvements

In addition to the three key risks above, the following issues were also considered a significant concern during 2017/18:

- Infection control and prevention (otherwise referred to as healthcare acquired infections);
- Waiting times for Child & Adolescent Mental Health Services (which are provided on behalf of ABMU via Cwm Taf University Health Board);
- Sustainability of Primary Care Services particularly levels of GP vacancies;
- Informatics risks in relation to the electronic record, provision of clinical information and management of paper records.

It is recognised that additional work in these areas is required to reduce the risk further and detailed action plans are in place to support such work. The risks and controls in place and planned actions are set out in the Corporate Risk Register.

NHS Wales Informatics Services (NWIS)

The Wales Audit Office have published their report into [Informatics Systems in NHS Wales](#) in January 2018. We will be considering our response to this review at the time of writing this AQS.

The Health Board declared a Business Continuity Level 3 Incident as a result of the National Data Centre Failure on 24 January 2018, which resulted in loss of 17 national IT systems including Pathology (WLIMS), all GP systems, the Welsh Clinical Portal and the Internet and intermittent failure of a further 7 local IT systems. Aside from a very brief update received after a month, the Health Board has received very little formally by way of an explanation as to what went wrong and what is being done to ensure this does not happen again.

Throughout 2017/18 there were 2 other, less significant, incidents regarding the National data centres that affected ABMU services, particularly in pathology. During May, the Health Board has once again had to invoke Business Continuity processes due to loss of access to the pathology LIMS system. The unavailability of WLIMS has a knock on effect to all services awaiting patient tests to be processed, as results are delayed. ABMU continue to work with NWIS to ensure that robust business continuity

arrangements are in place within NWIS and that technical plans are in place to mitigate against further incidents. These outages created a serious governance risk and patient safety risk for the organisation and the Health Board has written to the Chief Executive of Velindre, as the host for NWIS to seek assurance that robust business continuity arrangements are in place within NWIS and that they are doing everything they should to ensure there are no further incidents of this nature.

Nursing Staffing Act

The Nurse Staffing Levels (Wales) Act 2016 became law in March 2016, with a phased commencement. The Act requires health service bodies to make provision for appropriate nurse staffing levels, and ensure that they are providing sufficient nurses to allow the nurses' time to care for patients sensitively. Sections 25A relates to the Health Boards/NHS Trusts overarching responsibility which came into effect in April 2017, requiring Health Boards to ensure they had robust workforce plans, recruitment strategies, and structures and processes in place to ensure appropriate nurse staffing levels across their organisations.

A baseline assessment using current planned rosters, acuity data, quality indicators and professional judgement for the reportable wards has been undertaken. A scrutiny panel has identified that further work was required to ensure that each service delivery unit is consistent in its approach to triangulation, application of the acuity data and its interpretation and professional judgement explanations.

The Health Board has taken reasonable steps to ensure it meets patient-centred care in line with the Act and agreed a number of additional actions which include:

- Agreeing 2018/19 as the 'Year Zero' position to facilitate meeting the reporting requirements of the Act.
- Implement an across Service Delivery Unit peer review process to further validate any assumptions across service delivery unit variations
- Each Service Delivery Unit Senior team to review its most recent acuity data to further triangulate professional judgement decision-making, variations and assumptions.
- Each Service Delivery Unit to benchmark with other health boards with similar wards.
- The designated person to meet with all Service Delivery Unit Nurse Directors to further discuss and review their triangulation approach prior to sign-off of ward establishments.

7. INTEGRATED MEDIUM TERM PLAN (IMTP) / ANNUAL PLAN

The Board agreed that an Annual Plan would be developed for 2017/18 and this was approved by the Health Board in March 2017. Quarterly monitoring reports on the delivery of the Annual Plan are presented to the Health Board for assurance.

There were 109 actions in the Annual Plan 2017/18 and 53 of the actions have been completed demonstrating 49% of actions completed. Of the remaining actions, 37% are still in progress and 11% are closed, on hold or not progressing. Further detail is available in the [report to the Board in May 2018](#). Examples of how we have delivered against our corporate objectives in 2017/18 are set out in our Annual Plan for 2018/19 which describes how we aim to use existing resources more effectively to demonstrate value and sustainability. This Plan was approved by the Board in [March 2018](#) for onward submission to Welsh Government.

We recognise that successful delivery of the corporate objectives is underpinned by the modernisation and redesign of services. This in turn requires us to engage with patients, carers and families to ensure that any proposals reflect the needs of all individuals who either use or engage with our services. In 2017/18 we continued to build on our engagement activities to incorporate these critical views in our plans.

Achievements in 2017/18

- We have made good progress on our quality priorities to reduce the number of pressure ulcers and falls, our primary care access is improving and we largely comply with the Mental Health Measure;
- There are signs of resilience emerging in our unscheduled care system;
- We have more work to do to stabilise our workforce and to improve our unscheduled care performance, 36-week waiting times and cancer performance and reduce our infection rates; and.
- We have stabilised our financial situation in 2017/18 and we have delivered our financial control total. This has been supported by our Recovery and Sustainability Programme which will continue to underpin our work to further reduce our deficit in 2018/19.



Our partnership work across health and social care is developed and delivered through the Western Bay Regional Partnership Board. It is designed to meet the challenges of demographic changes and health inequalities in the population we serve to support the sustainability of patient care and promote a model of care that is aligned with care being delivered 'Closer to Home'.

It also seeks to provide solutions to address the imbalance in demand and capacity in our system. The context includes significant performance, workforce and financial challenges which ultimately impact on the quality of our services.

Through 2017/18 we have increasingly matured the partnership working

arrangements between ourselves and Hywel Dda University Health Board and have developed a robust regional planning agenda together. Through the Joint Regional Planning and Delivery Committee we have developed a work programme to address both operational and longer term pressures across the region. A similar process is in place in the South East of Wales and we link into these planning systems via our team within Princess of Wales Hospital.



On a longer-term strategic basis, we have a key vehicle in ARCH which brings together ourselves with Hywel Dda University Health Board and Swansea University. The ARCH Portfolio is a collaboration which brings together health and science to transform the NHS in South West Wales; train and develop the next generation of doctors, nurses, health workers, scientists, innovators and leaders; and, boost the local economy by encouraging investment and creating new jobs.

Assessment against section 175 of National Health Service (Wales) Act 2006

The National Health Service Finance (Wales) Act 2014 became law in Wales from 27th January 2014, new duties with regard to operational planning were placed upon the Local Health Boards. The legislative changes are effected to section 175 of the NHS Wales Act 2006.

- S175 (1) to secure that its expenditure does not exceed the aggregate of the funding allotted to it over a period of 3 financial years;
- S175 (2A) and the Directions issued by the Welsh Ministers under section 175(2) to prepare a plan which sets out its strategy for securing compliance with the duty under section 175 (1) while improving the health of the people for whom it is responsible, and the provision of health care to such people, and for that plan to be submitted to and approved by the Welsh Ministers.

For the period 2017/18, subject to audit, ABMU has met its financial duty to break-even against its Capital Resource Limit over three years however, failure to achieve financial balance, that is to manage aggregate expenditure within aggregate revenue resource allocations over the first rolling 3 year assessment has resulted in the Health Board failing to meet the first financial duty.

The Health Board was unable to develop an approvable three year plan for the period 2017/18 to 2018/19 for approval by the Minister and therefore did not meet their second financial duty.

	Year 1 2015/16 £000	Year 2 2016/17 £000	Year 3 2017/18 £000	Total £000
Revenue Resource Funding	1,028,395	1,060,938	1,096,250	3,185,583
Total Operating Expenses	1,028,309	1,100,254	1,128,667	3,257,230
Under/(Over) spend against Allocation	86	(39,316)	(32,417)	(71,647)
As a % of Target	0.01%	3.71%	2.96%	2.25%

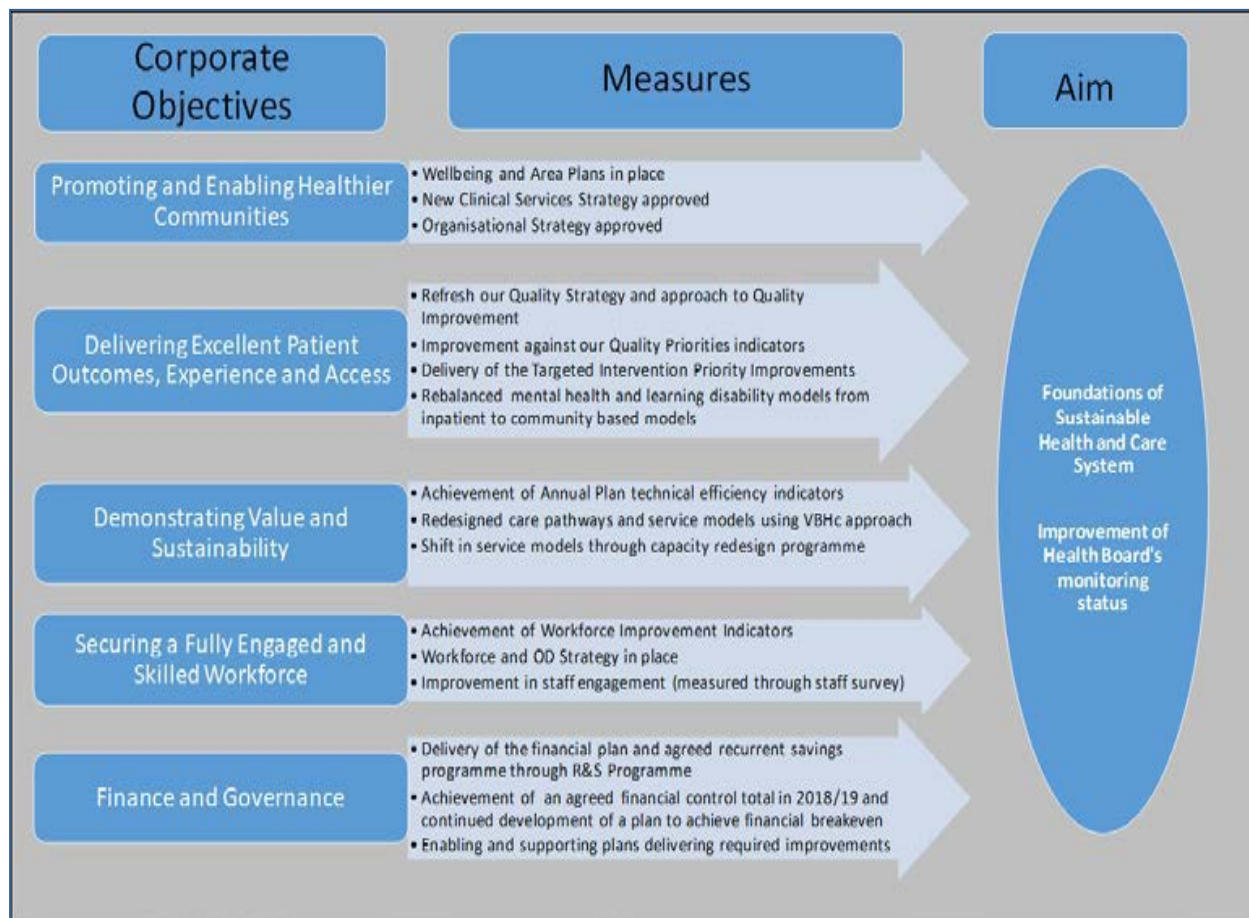
Development of the Annual Plan 2018/19

The Board agreed that a further Annual Plan for 2018/19 would be developed as our systems are currently unsustainable due to the scale of our financial and workforce challenges. These are primarily due to; demographic changes and health inequalities in the population we serve; a model of care which is overly weighted towards inpatient services and an imbalance in demand and capacity, leading to significant performance, workforce and financial challenges.

The overarching aim of our Annual Plan for 2018/19 is to improve our Targeted Intervention monitoring status and to provide the foundation for a sustainable health and care system. We will do this by delivering our Corporate Objectives which were developed and agreed in 2017 and our focus is on strategic development, improving quality and safety, improving efficiency and delivering improved performance through an integrated service, workforce and financial plan which is assured through the delivery mechanism of our Recovery and Sustainability Programme. Our Plan sets out clear, timely, deliverable actions, using the Wellbeing Future Generations Act Five Ways of Working, through five specific Service Improvement Plans for our Targeted Intervention Priority Areas (Unscheduled Care, Stroke, Planned Care, Cancer and Healthcare Acquired Infections). These also include clear financial, workforce and infrastructure enablers.

[Section 2.2](#) of this Annual Governance Statement provides and update on the targeted intervention status and explains that the Board agreed that an Annual Plan would be developed for 2018/19 as our system is currently unsustainable due to the scale of our financial and workforce challenges.

Our Annual Plan has been developed within the national, regional and local health and care Strategic Context, including Prosperity for All, the Parliamentary Review of Health and Social Care, our Wellbeing and Area Plans developed through the Western Bay Regional Partnership Board and our regional planning work with Hywel Dda UHB and the ARCH Programme.

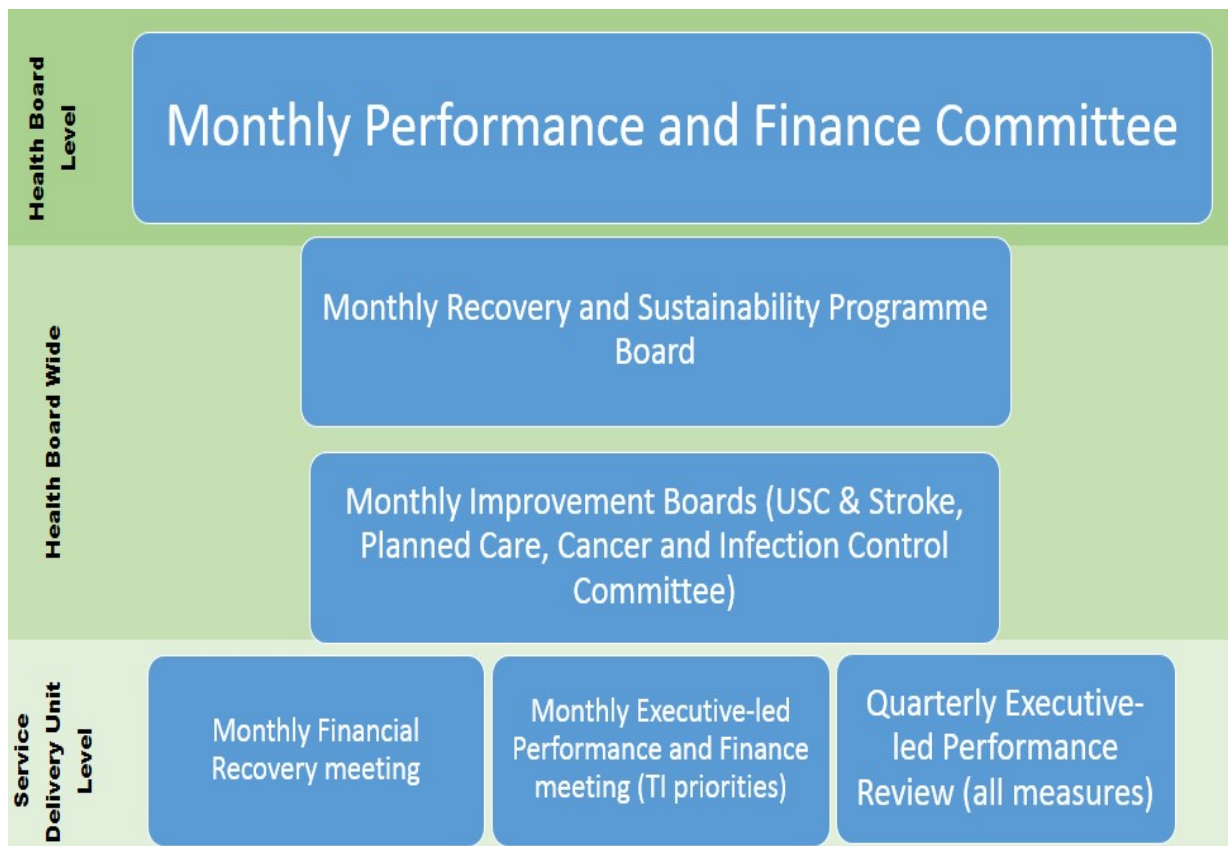


Our Plan aims to deliver:

- Improved quality and safety of services;
- Improved performance against our Targeted Intervention priorities;
- Modernised service models and redesigned capacity to reflect improved length of stay underpinned by a Values Based Healthcare approach;
- Increased sustainability of the workforce;
- Improved efficiency of our services;
- Fit with strategic direction of the Health Board; and,
- A reduced financial deficit.

The monitoring of the delivery of the Annual Plan is undertaken through the Performance & Finance Committee on behalf of the Board as shown in the diagram

below.



8. MANDATORY DISCLOSURES

8.1 Corporate Governance Code – for central Government departments

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



An assessment of compliance with the *Corporate Governance Code* is informed

by:

- The review of Board effectiveness, taking account of Unit based self-assessments against the Health and Care Standards;
- The outcome of the *Structured Assessment* by Wales Audit Office;

The Board is clear that it is complying with the main principles of the *Code*, is following the spirit of the *Code* to good effect and is conducting its business openly and in line with the *Code*. The Board recognises that not all reporting elements of the *Code* are outlined in this Governance Statement but are reported more fully in the ABMU Annual Report published each year.

Any breaches in Standing Orders are reported to the Audit Committee; one occurred in 2017/18 and was reported to the committee in April 2018. The breach related to an engagement of a contractor which exceed the quotation threshold. The original estimated value of the business, in its own right, would have been compliant however, the aggregated expenditure has resulted in a breach with no complaint contract underpinning the expenditure. The Audit Committee were satisfied by the proposed action to enforce a no purchase order/no pay policy during 2018.

[Section 7](#) of this Annual Governance Statement provides the Health Board's position in relation to the two financial duties under section 175 of the National Health Service (Wales) Act. For the period 2017/18, the Health Board did not meet the two financial duties and therefore this has resulted in a breach of the Health Board Standing Orders and Standing Financial Instructions. During 2017/18, the Board has been fully engaged in the development and monitoring of the annual plan through meetings of the Finance and Performance Committee and the Board.

8.2 Health and Care Standards

The current standards came into effect as of April 2015, incorporating the *Standards for Health Services in Wales (2010)* and the *'Fundamentals of Care Standards (2003)'*. The standards place the person at the centre and emphasise the importance of strong leadership, governance and accountability and form the Welsh Government's common framework of standards to support the NHS and partner organisations in providing effective, timely and quality services across all healthcare settings.

The organisation uses the Health and Care Standards as part of its framework for gaining assurance on its ability to fulfil its aims and objectives for the delivery of safe, high quality health services. This involves self-assessment of performance against the standards across all activities and at all levels throughout the organisation.

Service directors, unit medical directors and unit directors of nursing are collectively responsible for ensuring that the Health and Care Standards are embedded across their particular service delivery unit and they self-assess against each of these including the

new Governance, Leadership and Accountability standard to ensure there is effective scrutiny. The ABMU (Health and Care Standards) Scrutiny Panel is comprised of three independent members (including the chairs of the Audit Committee and Quality & Safety Committee) together with the Director of Nursing and Patient Experience. Panel meetings are framed around the three key themes set out in the Governance and Accountability Module.

The Board completed the Module and has openly assessed its performance using the maturity matrix and deliberations including a review of the WAO's Structured Assessment referencing the individual responses to the following survey and received a report from the members of the Scrutiny Panel. This took place on 26th April 2018, the results of which are set out in the following table:

Governance & Accountability Module	The Board are developing plans and processes and can demonstrate progress with some of their key areas for improvement. (3)
Setting the Direction	X
Enabling Delivery	X
Delivering results achieving excellence	X

This concluded that the overall maturity level should remain at three, the same level as in 2016/17. During the assessment process the Board agreed that the Governance Work Programme covers improvement actions for 2018/19. It was further agreed to review the process and mechanisms to assess board effectiveness further which will be aligned to the Board Development Programme 2018/19.

In reviewing governance arrangements as outlined earlier in this statement and taking into account its assessment against the *Governance & Accountability Module*, the Board is clear that it is operating in accordance with the Corporate Governance Code for central government departments: Code of Good Practice 2011 and that there have been no departures from the Code.

8.3 Equality, Diversity and Human Rights

The Health Board is committed to treating everyone fairly. People should not be put at a disadvantage because of their age, disability, religion and belief, gender, race, sexual orientation, pregnancy and maternity or because they are transgender, married or in a civil partnership.

Our equality objectives support us with delivering this commitment. These objectives are published within our Strategic Equality Plan 2017-2020 on our [website](#). Our Plan identifies the actions that will drive forward progress towards achieving each of the equality objectives.

We report annually on progress towards fulfilling each of these objectives. Assurance is provided to the Board through the Workforce and Organisational Development Committee. Examples of key highlights for 2017/2018 include:

- Moving up 93 places in **Stonewall's Workplace Equality Index** from a ranking of 247 in 2017 to 154 in 2018.
Key achievements include:
 - rebranding of ABMU's LGBT+ Network, **Calon**, to be more inclusive through the explicit inclusion of Allies members (including Trans Allies) and improvements made to the visibility of the Network
 - success of the **No Bystanders** campaign run by ABMU Graduate Trainees
 - **collaboration** with other LGBT network groups in NHS Wales at Pride Cymru 2017 joining colleagues on the march and manning the stall.
- Supporting the implementation of the All Wales Standards for Communication and Information for People with Sensory Loss across the Health Board. Awareness raising included:
 - **Supporting your Senses Seminar** on 4 October 2017 jointly arranged by an ABMU Glaucoma Nurse Practitioner, Royal National Institute for the Blind (RNIB), SENSE and the Swansea Sensory Services Team to support individuals with vision and/or hearing loss.
 - Celebration of the national campaign '**It Makes Sense – Sensory Loss Awareness Month**'. We hosted the Cabinet Secretary's national launch of the campaign at Port Talbot Resource Centre on 23rd November 2017. Third sector organisations supported information stands on our sites.
- Becoming the first hospital in Wales to launch an **online access guide** for Morriston Hospital in partnership with *DisabledGo* on 8 May 2017. This tells people everything from how far the car park is from the main entrance to the location of the lifts and disabled toilets. It means that disabled people can find their way around Morriston Hospital before they have set off from home. The access guides will be particularly helpful to disabled people, their carers, family and friends.

8.4 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 into the Scheme are in

accordance with the Scheme rules, and that member Pension Scheme records are accurately updated in accordance with the timescales detailed in the Regulations. The Scheme is managed on our behalf by the NHS Wales Shared Services Partnership.

8.5 Emergency Preparedness / Civil Contingencies / Disaster Recovery/ Environmental Management

The Health Board continues to maintain its duties as a Category 1 responder and has strengthened its level of compliance. There is an Emergency Preparedness Resilience and Response Strategy Group in order to oversee the associated work programme which includes training and exercising; delivered in accordance to the civil protection duties and associated risk register. There are now a suite of emergency response plans in place to support the Health Board Major Incident Procedure and clear linkages to associated multi-agency and Network plans. The response to mass casualty arrangements has been further strengthened with the development of NHS Wales Mass Casualty Arrangements and our capacity to deliver specially trained A&E nurses to form part of a Medical Emergency Response Incident Team (MERIT) at a mass casualty clearing station continues grow. The Teams will be made of staff from Health Boards across Wales and will work alongside the Clinicians from the EMRTS who will provide the pre-hospital medical response and the Welsh Ambulance Service Trust teams.

A further two executive directors attended Wales Gold Command training this year and we have service business continuity plans in place supported by six Service Delivery Unit Overarching Tactical Business Continuity Plans and an ABMU Overarching/Significant Incident Procedure for the purpose of Strategic Command and Control.

In accordance with emergency preparedness and civil contingency requirements (as based on UKCIP 2009 weather projections to ensure that the organisation's obligation under the Climate Change Act and the Adaptation Reporting requirements are complied with), we have contingency plans for extreme weather conditions.

We have also retained ISO14001 accreditation for our environmental management systems. Our Environment Committee, (chaired by ABMU's Chairman and attended by the Director of Strategy) oversees ABMU's long-term carbon reduction strategy which is set to align with the objectives determined within the Environmental (Wales) Act 2016 and the Well-being of Future Generations Act 2015. This has seen a growth in Recycling and Recovery rates.

We have also retained ISO14001 accreditation for our environmental management systems and through our Strategic Environmental Management Group which oversees our long-term carbon reduction strategy aligning with the objectives determined within the Environmental (Wales) Act 2016 and the wellbeing and Future Generations Act 2015. This has seen an increasing in mixed recycling of more than 7% during 2017-18 with an additional 21.9 tonnes of waste being recycled compared with the previous year.

In addition we have reduced generation of 'black bag' non-recyclable waste and confidential waste by almost 5% and more than 17% respectively.

The Health Board working with Refit Cymru a Government initiative set up to support the public sector in the development of energy saving schemes. In the last year the Health Board have been developing the specification for an energy performance contract. ABMU is the first in Wales to enter into such an agreement with Refit Cymru. With the exception of vehicle usage, these plans address scopes 1* and 2** of the Green House Gas Protocol (as set by World Resources Institute and World Business Council on Sustainable Development).

*Scope 1 – Direct emissions are emissions from sources that are owned or controlled by the company. For example, emissions from combustion in owned or controlled boilers, furnaces and vehicles carbon footprint through reducing its energy consumption.

**Scope 2 – Accounts for emissions from the generation of purchased electricity. New buildings are designed to be energy efficient, complying with the energy standards for new buildings and where cost-effective energy saving systems are installed on new builds.

8.6 Data Security

All information governance incidents are reviewed by the Information Governance Board and during the year there were two incidents relating to data security that required reporting to the Information Commissioners Office (ICO). All reportable incidents have been investigated internally and where required support and cooperation has been provided to the ICO to inform their investigations. Of the two reportable incidents, two have been closed by the ICO, with no further action considered necessary.

Incident	Actions taken by the Health Board
– Loss of patient file containing therapy referral details for a small group of pre-school children	Review of procedures undertaken to prevent a recurrence. Staff compliant with information governance mandatory training.
– Information were found in a public area following the historic decommissioning of a health board building.	Major review of the decommissioning policy and procedures to provide a robust operational framework for future projects. Continued drive to ensure staff compliance with information governance mandatory training.

During the year there have been a small number of national data failures incidents which have had a significant impact on the organisation. Further details on the risks and the actions taken are covered in [section 6.2](#).

8.7 Ministerial Directions

The Welsh Government has issued Non-Statutory Instruments and reintroduced Welsh Health Circulars in 2014/15. The Ministerial Directions that are relevant to Health Boards that were issued in 2017/18 are listed in the following table:

Effective From	Directions issued	Impact	Response
12 April 2017	The Primary Medical Services (Care Homes) (Directed Enhanced Services) (Wales) Directions 2017 (2017, No.9)	Requires the establishment of an enhanced service for care home residents, following set review and management of patient criteria, and make appropriate reimbursement of primary care contractors	Health Board has implemented this with effect from 1 April 2017, and we are fully compliant
12 April 2017	Primary Medical Services (Mental Health) (Directed Enhanced Services) (Wales) Directions 2017	Requires the establishment an enhanced service for training and education of primary care contractors in mental health issues, and make appropriate reimbursement of contractors	Health Board has implemented this with effect from 1 April 2017, and we are fully compliant
12 April 2017	Primary Medical Services (Oral Anti-coagulation with Warfarin) Directed Enhanced Service) (Wales) Directions 2017 (No.14)	Requires the establishment an enhanced service for the management of patients with a range of specified conditions through use of warfarin therapy, and make appropriate reimbursement of contractors	Health Board has implemented with effect from 1 October 2017, and we are progressing to full compliance.
26 April 2017	Managed Introduction of New Medicines Into the National Health Service in Wales Directions 2009 (Amendment) (Wales) Directions 2017 (2017 No. 17)	Requires the adoption of new medicines approved for use.	Health Board has implemented this and we are fully compliant.
4 May 2017	General Dental Services Statement of Financial Entitlements (Amendment) Directions 2017 (2017, No.19)	Requires adjustments to payments to general dental service contractors	Health Board has implemented with effect from 1 April 2017, and we are fully compliant
4 May 2017	Personal Dental Services Statement of Financial Entitlements (Amendment) Directions 2017 (2017, No.20)	Requires the adjustment of payments to personal dental service contractors	Health Board has implemented with effect from 1 April 2017, and we are fully compliant
10 August 2017	Financial Entitlements(Amend ment)(No.2) Directions 2017	Requires the adjustment payments to general medical service contractors across a variety of areas	Health Board has implemented with effect from 1 April 2017, and we are fully compliant

Effective From	Directions issued	Impact	Response
1 October 2017	Statement of Financial Entitlements (Amendment) (No. 3) Directions 2017	Requires payments for general medical services contractors for introducing a Hepatitis vaccination regime for children, and prescribing / dispensing payment changes	Health Board has implemented from 1 October 2017, and we are fully compliant
20 March 2018	Financial Entitlements (Relaxation of Quality and Outcomes Framework) 2018 (2018 No.1)	Requires adoption of payment mechanisms for general medical services contractors claiming payment following the relaxation of the Quality and Outcomes Framework	Health Board has implemented from 20 March 2018, and we are fully compliant

Details of Welsh Health Circulars (WHCs) issued during the year are reported at each Board meeting and are available on our [website](#). The Health Board has arrangements in place to ensure compliance.

9. REVIEW OF EFFECTIVENESS

As Accountable Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the system of internal control is informed by the work of internal auditors and the executive officers within the organisation who have responsibility for the development and maintenance of the internal control framework and comments made by external audits in their audit letter and other reports.

Executive directors and delivery unit senior leadership teams also have a responsibility for the development and maintenance of the internal control framework and for continually improving effectiveness within the organisation.

Work has continued to improve the performance information provided to the Board and its committees so that it can be assured on the accuracy and reliability of the information it receives as well as ensuring this is focussed on the achievement of organisational objectives.

As part of revisions to Board committee arrangements ABMU established a Performance & Finance Committee in June 2017 which has played a key role in overseeing improvements in key delivery areas.

The Board functioning as a corporate decision making body, has regularly considered assurance reports, whilst also receiving updates on key issues. Full details of Board reporting arrangements are set out in Section 1. The Board is accountable for maintaining a sound system of internal control that supports the achievement of the organisation's objectives and is primarily supported in this role

by the work of the Audit Committee and the Quality & Safety Committee. Further information about both these committees can be found at **Appendix 1**.

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

9.1 Internal Audit

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

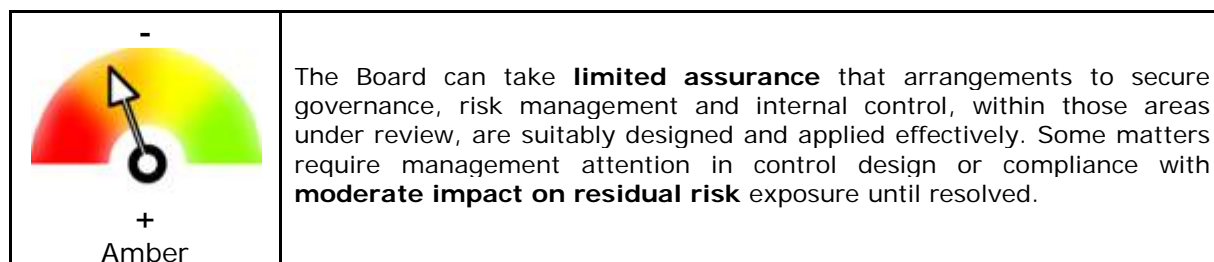
The Head of Internal Audit has noted that during the 2017/18 year ABMU Health Board has remained in targeted intervention status under the NHS Wales Escalation Framework arrangements with focus and support received from the Welsh Government in driving improvement in challenging and difficult times.

In addition, during the year there was significant changes to Board membership and there is almost an entirely new Board in place at the close of 2017/18. At Executive Director level a number of key Executive departures occurred that were filled on an Interim basis. From September 2017 a number of Independent Member changes occurred as a result of their “term of office” ending, these changes resulted in new Independent Member appointments to Chair(s) positions for most of the key Committees.

Towards the end of 2017/18 the newly appointed Director of Corporate Governance completed a governance stocktake and is in the process of developing a Board Assurance Framework and also strengthening the risk management processes. The Board has supported this work and are aiming to strengthen governance arrangements early 2018/19 with the ongoing development of an integrated governance work programme.

Recognising the above, the Head of Internal Audit notes that the audit plan has been delivered with the support of the Board in the context of the challenges that the Health Board has encountered with increased monitoring by Welsh Government and the significant changes at the Board re Executive Director/Interim Executive Director appointments, and new Independent Membership at key committee(s) of the Board. In addition to the support of the Board, Internal Audit has seen increased support and engagement from management that is demonstrated with a report turnaround time taken for management response improving from 41% in 2016/17 to 58% in 2017/18.

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



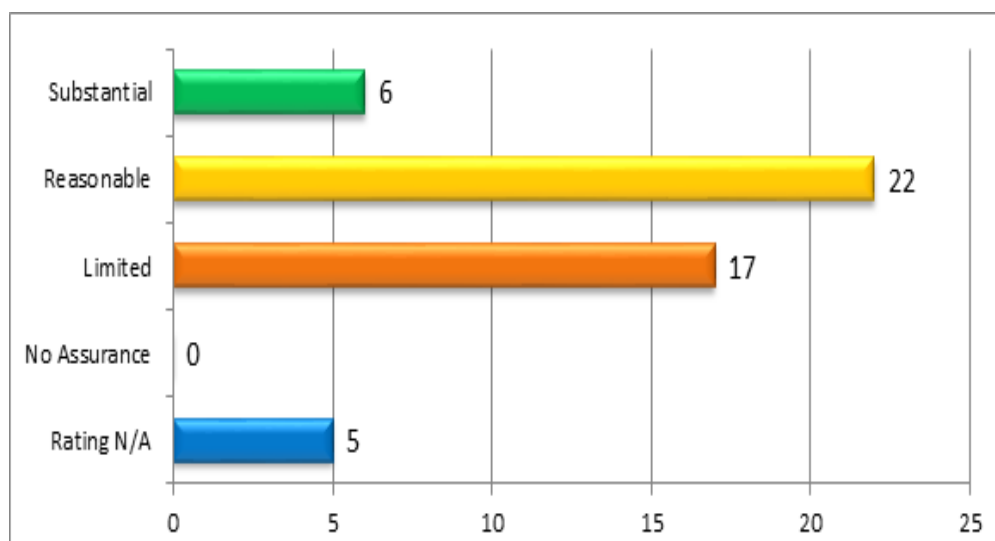
In reaching this opinion the Head of Internal Audit has identified 'reasonable assurance' in five of the eight assurance domains:

- Financial Governance and Management;
- Strategic planning, performance management and reporting;
- Operational Services and functional management;
- Information governance and security;
- Capital and estates management.

The remaining three domains were identified with 'limited assurance';

- Corporate governance, risk management and regulatory compliance;
- Clinical governance quality and safety;
- Workforce management.

There are a number of individual audit subject areas within some domains where limited assurance has been derived this year, or previously. Management are aware of the specific issues identified and have agreed action plans to improve control in these areas. Progress is monitored by the Audit Committee. These planned control improvements should be reference in the Annual Governance Statement where appropriate. The following chart sets out the overall findings for all the audits conducted during 2017/18:



Reports are received at each meeting of the Audit Committee from Internal Audit that provide an executive summary of the issues arising from their work. Copies of these are available from our [website](#) and reports from the [Head of Internal Audit](#).

During the year, Internal Audit issued the following reports with a conclusion of “limited assurance” and details were notified to the Welsh Government:-

- Medical Directorate Review (subsequent review provided substantial assurance);
- Pressure ulcers;
- Medical Devices & Equipment maintenance;
- Protection of Vulnerable Adults (Deprivation of Liberty Standards)
- Health & Safety;
- Fire Safety;
- Fire Safety (follow-up);
- Corporate Legislative Compliance: Wellbeing of Future Generations Act;
- Golau Governance Review;
- Non-Pay Expenditure: Goods Receipting;
- Information Technology infrastructure assets;
- Sickness absence Management (follow-up);
- Staff Performance management & Appraisals;
- Statutory & Mandatory Training;
- Medical Locum Cover;
- European Working Time Directive: Portering Services at Morriston Hospital;
- Backlog maintenance.

As indicated previously, detailed action plans have been agreed to improve performance in all these areas and this will be monitored through the Audit Committee, with follow up Internal Audit reviews undertaken where necessary. Copies of the Audit Committee reports for such audits are available via our website www.abm.wales.nhs.uk. A number of planned audit assignments were deferred following Audit Committee approval, these

included:-

- Putting Things Right;
- Patient Recorded Outcome Measures (PROMS);
- Clinical Audit & Assurance;
- Discharge processes;
- Corporate governance: code compliance;
- System of Assurance-Health Board;
- Partnership Governance- ARCH;
- Information Technology/Cyber Security;
- Data Quality: Outpatient delayed follow-up;
- Human Resources & Organisational Development Directorate – follow-up;
- GP Managed Practices;
- Medical staff revalidation;
- Organisational change/contractual changes;
- Nurse rostering follow-up;
- Junior Doctor Bandings follow-up;
- ARCH programme;
- Transitional Care Unit/Neonatal and Paediatric capacity.

Although the above planned audit assignments were deferred following Audit Committee approval, the Head of Internal Audit has included them in the 2018/19 Internal Audit programme of work.

9.2 External Audit

The Wales Audit Office (WAO) have also scrutinised the Health Board's financial systems and processes, performance management, key risk areas and the internal Audit function on behalf of the Auditor General for Wales, ABMU's external auditor. WAO undertake financial and performance audit work specific to the ABMU and also provide information on the Auditor General's programme of national value for money examinations which impact on the Health Board, with best practice being shared.

The Wales Audit Office 2017 work found 'arrangements that support good governance are largely in place and continue to be strengthened, but the financial position is not sustainable and organisational capacity, connections between programmes and maintaining pace of change present challenges'.

The Wales Audit Office have provided a detailed report to support the Board in understanding the key issues especially in light of the major Board Member turnover with a number of interim executives and transitional arrangements in place during 2017. The Annual Audit Report was received by the Health Board at the March 2018 and it was felt the report presented a fair and balanced view of the organisation, recognising both the positive aspects identified and those areas where further progress is required.

During the year, WAO undertook the *Structured Assessment* which we use to further inform our improvement planning and the embedding of effective governance. The outcome of the review was reported to the Audit Committee in January 2018 and to the Board in March 2018.

It concluded that:

- This year has been an exceptionally difficult year for the Health Board given the fragility of the Board, alongside the need to respond to the issues giving rise to targeted intervention. At the point of producing this structured assessment report, the Health Board continues to find itself in a challenging position, both in terms of its finances, and performance against a number of key national targets. However, the appointment of a new substantive Chief Executive and the introduction of new independent members provide some much needed stability and capacity at Board level to help achieve the turnaround that is required;
- Whilst the Health Board has continued to evolve its corporate arrangements for governance, financial management, strategy development and workforce planning, these have not yet been effective at getting the Health Board to where it needs to be with its finances and performance;
- Whilst the approach to financial savings is strengthening, it is not yet sufficient to recover its cumulative deficit and achieve financial balance. A more focussed asset management is also needed to better prioritise within limited capital funds. Further priorities for 2018 are the need to embed new Board Committee and Delivery Board structures, strengthen aspects of governance and performance management, and build operational management accountability and capacity.
- Whilst working to an Annual Operating Plan, the Health Board is redeveloping its clinical strategy to inform its longer-term, more transformational planning, although planning capacity is limited;
- The Health Board needs to take account of a number of significant regional partnerships including ARCH, the City Deal and regional planning with Hywel Dda University Health Board. It is also involved in consultations on other regional service changes including the major trauma network, thoracic surgery, and potential service transfers for the population of Bridgend. In recognition of the scale of challenge facing the Health Board's planning function, the Welsh Government has agreed to support additional planning capacity.

Some issues identified in previous structured assessments remain, for example, the pace of change being affected by capacity, reorganisations, and the complexity of

programmes as identified in 2014. Other risks and challenges consistent with our previous work include:

- Delivering against plans with a focus on outcome not process and actions;
- Co-ordination and prioritisation of programmes and initiatives;
- Delivering a reasonable and sustained pace of change;
- Workforce planning;
- Living within the resource limit; and
- Frontline culture and capacity, accountability & leadership and ownership of change.

The full conclusions from the *Structured Assessment* are available via the WAO website <http://www.wao.gov.uk>. Management actions arising from the *Structured Assessment* are being incorporated into our Governance Work Programme.

Conclusion

As Accountable Officer and based on the review process outlined above I have reviewed the relevant evidence and assurances in respect of internal control. The Board and its Executive Directors are alert to their accountabilities in respect of internal control. The Board has assessed itself against the *Health and Care Standards* to assist with the identification and management of risk.

In 2016 the Health Board was placed in ‘targeted intervention’ by the Welsh Government and, subsequently there was significant senior leadership turnover. As a result during 2017/18 the posts of Chief Executive, Chief Operating Officer, Director of Nursing & Patient Experience and Director of Workforce positions were held by acting/interim post-holders, while Directors of Finance, Therapies and Public Health were new into post. Alongside executive turnover, completed terms of office for five longstanding independent member posts meant that the Health Board has seen considerable turnover of board independent members in 2017.

The challenges we face remain largely the same as those described in the Annual Governance Statement in 2017. With the support of the Board, as Accountable Officer, I am determined we will address these. We are working on developing an Integrated Medium Term Plan, setting out our clinical strategy alongside our continuing focus on improving quality, reducing waiting times and improving access.

This Governance Statement highlights the significant challenges that the organisation has faced during 2017/18. However, with the changes to the Executive Team and the independent member appointments, I am confident that we have good plans in place to address the weaknesses highlighted in this statement. The Health Board is disappointed with the number of areas across the organisation that have received ‘limited’ assurance reports from the Head of Internal Audit. There are also a significant number of recommendations from the Wales Audit Office Structured Assessment.

Whilst the last year has been difficult and challenging for the organisation the latter part of the financial year has started to bring some stability and progress is beginning to be made. We have seen some progress with regard to its financial status and the Health Board continues to strive to deliver much needed improvement in particular service areas such as unscheduled care, meeting 36 week waiting times, cancer service targets and lowering rates of infection. Key to this will be continuation of improved financial delivery and a robust workforce model. We have series of controls in place to manage and mitigate these risks which are documented within our corporate risk register.

My review confirms that the Board has a generally sound system of internal control that supports the achievement of its policies, aims and objectives and that no significant internal control issues have been identified. Internal Audits identified areas requiring action to strengthen systems and processes as listed on pages 35-38.

Detailed action plans have been agreed to improve performance in all these areas along with a Governance Work Programme for 2018/19. These will be monitored through the Audit Committee, with follow up internal audits undertaken where necessary.

Tracy Myhill
Chief Executive

Date:

Annex B

Directors' Report and Statement of Accountable Officer's Responsibilities

Appendix 1

Board and Committee Dates 2017-2018

Health Board (8)	Audit Committee (8)	Mental Health and Capacity Act Legislative Committee (2)	Remuneration & Terms of Service Committee (8)	Charitable Funds Committee (5)	Finance and Performance Committee (10)	Quality and Safety Committee	Strategy, Planning and Commissioning group (2)	Workforce and OD Committee (4)
25th May 2017	13th April 2017	3rd August 2017	11th May 2017	23rd June 2017	8th June 2017	20th April 2017	4th October 2017	3rd May 2017 (not quorate)
31st May 2017	18th May 2017	8th February 2017	7th June 2017	4th September 2017	30th August 2017	22nd June 2017	10th January	6th September 2017
27th July (AGM) 2017	31st May 2017		12th June 2017	11th October 2017	11th September 2017	17th August 2017		17th January 2018
27th July 2017	20th July 2017		15th June 2017	4th December 2017	27th October 2017	19th October 2017		8th March 2018
28th September 2017	14th September 2017		15th June 2017	13th March 2018	14th November 2017	7th December 2017		
8th December 2017	16th November 2017		28th June 2017		21st December 2017	1st February 2018		
25th January 2018	23rd January 2017		31st August 2017		24th January 2017			
29th March 2018	15th March		26th October 2017		6th February 2018			
			14th December 2017		21st February 2018			
					21st March 2018			

Board and Committee Attendance 2017-2018

	Health Board (8)	Audit Committee (8)	Mental Health and Capacity Act Legislative Committee (2)	Remuneration & Terms of Service Committee	Charitable Funds Committee	Finance and Performance Committee (10)	Quality and Safety Committee	Strategy, Planning and Commissioning Group (2)	Workforce and OD Committee (4)
Andrew Davies Chair	8			8		8		2	
Emma Woollett Vice-Chair (from October 2017)	3		1	1		8	1	1	1
Ceri Phillips Independent Member	8					3	4	1	2
Jackie Davies Independent Member (from August 2017)	4				2	5			3
Maggie Berry Independent Member	7	5	2		1		5	1	
Mark Child Independent Member (from October 2017)	1	2						1	
Martin Sollis Independent Member (from June 2017)	6	5		3	5	10			1
Martyn Waygood Independent Member (from June 2017)	4	2		3	4		2		
Tom Crick Independent Member (from October 2017)	2	3							
Chantal Patel Independent Member	7	2	1				5		3

	Health Board (8)	Audit Committee (8)	Mental Health and Capacity Act Legislative Committee (2)	Remuneration & Terms of Service Committee (8)	Charitable Funds Committee (5)	Finance and Performance Committee (10)	Quality and Safety Committee	Strategy, Planning and Commissioning Group (2)	Workforce and OD Committee (4)
Charles Janczewski Vice-Chair (until September 2017)	5	4	1	5	1	3			
Gaynor Richards Independent Member (until September 2017)	4			2	0				1
Paul Newman Independent Member (until September 2017)	1			5	2		3		2
Melvyn Nott Independent Member (April 2017)	0	1							
Sandra Miller Independent Member (April 2017)	0								
Tracy Myhill Chief Executive (from February 2018)	1					2			
Lynne Hamilton Director of Finance (from June	8	5		1	4	9		1	
Angela Hopkins Interim Director of Nursing and Patient Experience (from December 2017)	2	1	1				2		

	Health Board (8)	Audit Committee (8)	Mental Health and Capacity Act Legislative Committee (2)	Remuneration & Terms of Service Committee (8)	Charitable Funds Committee (5)	Finance and Performance Committee (10)	Quality and Safety Committee	Strategy, Planning and Commissioning Group (2)	Workforce and OD Committee (4)
Sandra Husbands Director of Public Health (from June 2017)	6						4	1	
Kate Lorenti Interim Director of Human Resources	4			7		5			4
Siân Harrop-Griffiths Director of Strategy	6				4	7		2	
Christine Morrell Director of Therapies and Health Sciences	5	1					6		1
Hamish Laing Medical Director	8					1	6	2	
Chris White Interim Chief Operating Officer (from December 2017)	3		1			3			
Alex Howells Interim Chief Executive (until February 2018)	6			8		5		1	
Rory Farrelly Interim Chief Operating Officer/Director of Nursing and Patient Experience (until December 2017)	5	4	1		1	3	2		1

	Health Board (8)	Audit Committee (8)	Mental Health and Capacity Act Legislative Committee (2)	Remuneration & Terms of Service Committee (8)	Charitable Funds Committee (5)	Finance and Performance Committee (10)	Quality and Safety Committee	Strategy, Planning and Commissioning Group (2)	Workforce and OD Committee (4)
Paul Gilchrist Interim Director of Finance (until June 2017)	1	2				1			
Sue Cooper Associate Board Member	3								
Alison James Associate Board Member	4								

Please note that the board membership underwent significant changes throughout 2017-2018 with a number of executive directors and independent members departing and joining the organisation. As such, the membership of the committees has been reviewed, resulting in some board members only attending a small number of meetings, either because they have joined or left a particular group partway through the year or because they have attended at the request of the Chairman to ensure a meeting was quorate.

Appendix 2

Declaration of Interests - ABMU Board Members - 2017/18

Name/Title	Interests Declared
Andrew Davies, Chairman	<ul style="list-style-type: none"> - Localist Limited (not-for-profit company running hyper-local media sites (non-remunerated)) – director; - National Dance Company for Wales (non-remunerated) – chairman; - Ospreys in the Community (non-for-profit body managing the Ospreys' community activities (non-remunerated)) – board member; - Swansea Early Years Strategy Steering Group (non-remunerated) – chairman; - Welsh Government TATA Task Force (non-remunerated) – member.
Charles Janczewski, Independent member (until September 2017)	<ul style="list-style-type: none"> - Dasi Business Solutions – proprietor.
Paul Newman, Independent member (until September 2017)	<ul style="list-style-type: none"> - MP properties – partner; - MPJ properties – partner; - Bexmoor Ltd - director and shareholder; - Penman Properties Ltd - director and shareholder; - Copper Court Ltd – director; - Rivalslot Ltd – director; - Longpark Ltd – director; - Maysouth Ltd – director; - Magnettrade Ltd – director; - Melin Property Partnership – partner; - Winch Wen Industrial Estate Management LTD – director; - Flowlong LTD – director; - Legrocco (No 5) LTD – director and shareholder; - Vivian Court (Swansea) LTD – director; - Neath Rugby LTD – director and shareholder; - Llys Felin Newydd Management LTD – director.

Martyn Waygood, Independent member (From May 2017)	<ul style="list-style-type: none"> - Independent member (legal) for Cardiff and Vale University Health Board until September 2017; - Son is an accountant for Cardiff and Vale University Health Board - Asylum and Immigration Judge
Ceri Phillips, Independent member	<ul style="list-style-type: none"> - Welsh Wound Innovation – director (non-remunerated); - Mundipharma – honorarium for attending meeting.
Chantal Patel, Independent member	<ul style="list-style-type: none"> - Swansea University – head of inter-professional studies at CHHS; - Indian Society of South West Wales – secretary; - Pobl & Tai Gwalia (Housing Group) – board member; - Glamorgan Family Development Centre – chair; - More Green Recycling Charity – board member; - Clinical Ethics Committee at ABMU Health Board – member from university perspective.
Mel Nott, Independent member (Until May 2017)	<ul style="list-style-type: none"> - Bridgend County Borough Council – leader; - National Adoption Service – chair; - Welsh Local Government Association – presiding officer.
Mark Child, Independent member (From October 2017)	<ul style="list-style-type: none"> - Cabinet member for health and wellbeing for Swansea Council; - Wales National Pool board member.
Gaynor Richards, Independent member (Until September 2017)	<ul style="list-style-type: none"> - Neath Port Talbot Council for Voluntary Service – executive director; - BIG Lottery Wales Committee – board member; - NPTC Group of Colleges – chair of board of governors; - Neath Port Talbot Children's Rights Unit – company secretary/co-director.
Sandra Miller, Independent member (Until May 2017)	<ul style="list-style-type: none"> - Neath Port Talbot County Borough Council – cabinet member/councillor; - Neath Port Talbot Council for Voluntary Service – elected member interest.
Jackie Davies, Independent member	<ul style="list-style-type: none"> - Royal College of Nursing board member; - Labour party member
Maggie Berry, Independent member	<ul style="list-style-type: none"> - Cardiff and Vale Care and Repair – chair (board member)
Debra Williams, Independent member	<ul style="list-style-type: none"> - Careers Wales – chair; - Swansea University – trustee;

(until May 2017)	<ul style="list-style-type: none"> - Alacrity Foundation – trustee; - Wireless Group GB - paid consultant; - Swansea Sound/The Wave - consultant
Tom Crick, Independent member (from October 2017)	<ul style="list-style-type: none"> - BCS, Chartered Institute for IT vice-presidency trustee; - Dwr Cymru board member
Susan Cooper, Associate Board Member	<ul style="list-style-type: none"> - Nothing to declare
Alison James, Associate Board Member	<ul style="list-style-type: none"> - Neath Port Talbot Carers' Service
Alex Howells, Interim Chief Executive (Until January 2018)	<ul style="list-style-type: none"> - Nothing to declare
Tracy Myhill, Chief Executive (from February 2018)	<ul style="list-style-type: none"> – Omimark Ltd (incorporated 5th April 2013, dissolved 4th August 2015) - Director – not trading but registered with Companies House; – Trivallis Housing Association - Chair (September 2017-December 2017) – Trivallis Housing Association - Board member (January 2018 – present – Highfield Close Management Ltd - Director 29th November - present
Paul Gilchrist, Acting Director of Finance (Until June 2017)	<ul style="list-style-type: none"> - Nothing to declare
Lynne Hamilton, Director of Finance (From June 2017)	<ul style="list-style-type: none"> - Nothing to declare
Hamish Laing, Medical Director	<ul style="list-style-type: none"> - Maggie's Cancer Centre Charity (national) – professional advisory board member; - Swansea University – honorary professor (school of medicine).

<p>Rory Farrelly, Director of Nursing and Patient Experience/ Interim Chief Operating Officer/ Interim Deputy Chief Executive (Until December 2017)</p>	<ul style="list-style-type: none"> - Association of British Paediatric Nurses (ABPN) – chair and president; - University of Swansea – honorary professorial post in nursing; - Royal College of Nursing – member.
<p>Angela Hopkins, Interim Director of Nursing & Patient Experience</p>	<ul style="list-style-type: none"> - Royal College of Nursing Foundation expert advisor; - Angela Hopkins consultancy – training provision in Wales; reviews within NHS Wales; interim roles in NHS organisation.

(From December 2017)	
Kate Lorenti, Acting Director of Human Resources (Until March 2018)	- Nothing to declare.
Siân Harrop-Griffiths, Director of Strategy	- Nothing to declare.
Christine Morrell, Director of Therapies and Health Sciences	- Nothing to declare
Steve Combe, Director of Corporate Governance	- Wife and daughter are employed by ABMU Health Board.
Pamela Wenger, Director of Corporate Governance (from January 2018)	- Nothing to declare

Appendix 3**KEY REPORTS RECEIVED IN 2017/18****ABMU Board**

- Patient Story;
- Performance reports;
- Key issues reports from board committees, stakeholder reference group and partnership forum;
- Finance positions;
- Integrated Medium Term Plan/annual plan;
- Minutes and summaries of the meetings of the Joint Regional Planning and Delivery Committee; Welsh Health Specialised Services (WHSSC) joint committee; Emergency Ambulance Committee and NHS Wales Shared Services Partnership Committee;
- Affixing of the common seal;
- Welsh Health Circulars;
- Annual accounts;
- Annual governance statement;
- Organ donation;
- Recovery and sustainability programme;
- Medical engagement scale;
- Older persons' mental health issues;
- Arts in health;
- Children and young persons' services;
- Primary and community services strategy;
- Discretionary capital;
- Framework for engagement and consultation with the community health council;
- Funded nursing care;
- Major trauma services;
- Thoracic surgery review;
- Public service board's wellbeing plans and Western Bay Regional Public Service Board area plan;
- Research and development;
- Annual report from the Director of Public Health;
- 111 service evaluation report;
- Medical locum cap;
- Older persons' charter;
- Western Bay adult mental health strategic framework;
- Partnership between ABM and Cardiff and Vale university health boards;
- Business case for transforming cancer services;
- Nurse Staffing Act (Wales) 2016;
- Wales Audit Office annual report and structured assessment;
- Corporate risk register;

- Proposed changes to Bridgend boundary;
- Board committee arrangements;
- Emergency preparedness resilience and response annual report.

Audit Committee:

- Annual governance statement;
- Risk management system and risk register;
- Annual quality statement;
- Organisational annual report;
- Review of standing orders and financial instructions;
- Minutes and terms of reference of hosted agencies governance sub-committees;
- Declarations of interest register;
- Hospitality register;
- NHS Wales Shared Services Partnership (NWSSP) internal audit assignment summary and progress reports;
- Wales Audit Office performance reports, structured assessment and annual report;
- Post-payment verification reports;
- Information governance board updates;
- Wales Audit Office reviews, management responses and action plans:
- Radiology services;
- Review of emergency ambulance services commissioning arrangements;
- GP out-of-hours;
- Discharge planning;
- Follow-up of outpatients.
- Wales Audit Office annual report and structured assessment;
- Medical appraisal to support revalidation action plan progress report;
- Continuing healthcare performance reports;
- Consultant contract follow-up management response progress report;
- NWSSP accounts payable;
- Annual accounts reports;
- Remuneration and staff report;
- Bridgend trading clinic trading account;
- Summary on capital contracts and consultant appointments;
- Financial control procedure review plan;
- Risk and controls around financial management;
- Losses and special payments;
- Review audit registers and status of recommendations;
- NWSSP single tender actions and quotations;
- NWSSP contract extensions;
- Clinical audit plan, mid-year progress report and annual report;
- Counter fraud reports, annual plan and report and self-assessment;
- Annual review of Quality and Safety Committee work;
- Capital contracts and consultant appointments;

- WHSSC and EASC annual governance statements;
- Standards of business conduct and scheme of delegation;
- Oracle – new service provider;
- General data protection regulation;
- Governance stock take and outline work programme;
- Financial governance review update;
- Draft board assurance framework
- Audit Committee annual report and terms of reference.

Quality and Safety Committee:

- Delivery Units' performance presentation and patient stories;
- Quality and safety dashboard;
- Older person's dashboard;
- Patient feedback report;
- Reports from external review and regulatory bodies;
- Quality and safety priorities;
- Big Fight campaign;
- Catering and nutrition update;
- Proposed improvement to mortality reporting and themes from mortality reviews;
- Internal audit and clinical audit reports;
- Pharmacy and medicines management report;
- External review of theatres;
- Staying healthy update;
- Annual quality statement;
- Safeguarding;
- Infection control;
- NHS Wales prior approval policy;
- Concerns and claims annual report;
- Quality and safety committee annual report, self-assessment and terms of reference;
- Health and care standards annual scrutiny report;
- Controlled drugs accountable officer's annual report;
- Quality and Safety Forum reports;
- Welsh Government quality division feedback report;
- External review of decontamination and theatres reports and action plans;
- Blood Glucometry;
- Emergency Medical and Retrieval Transfer Service (EMRTS) clinical governance reports;
- Volunteering policy;
- Quality assurance framework toolkit;
- 111 pathfinder;
- Microbiology;
- Decontamination;
- Combined safeguarding children guidance;
- Estates and environment report;

- Child and adolescent mental health services (CAMHS);
- Desktop review and lessons learned report;
- Clinical outcome group updates;
- Wales Audit Office – follow-up not booked;
- Improvement in the management of gallstone disease;
- Health board female genital mutilation policy for ratification;
- Clinical coding;
- Thoracic surgery review;
- Discharge information improvement;
- Never event report;
- Management of medical devices policy;
- Welsh Risk Pool annual report.

Annex C

Remuneration and Staff Report

Remuneration and Staff Report

Annex C

REMUNERATION AND STAFF REPORT

This report provides information in relation to Executive Directors' and Non-officer Members' remuneration, and outlines the arrangements which operate within the Health Board to determine this. It also includes information on staff numbers, composition, sickness absence data, staff policies applied during the year, expenditure on consultancy, off-payroll engagements and exit packages.

1. The Remuneration and Terms of Services Committee

This Committee considers the remuneration and performance of Executive Directors in accordance with the policy detailed below.

The norm is for Executive Directors and very senior managers' salaries (those outside of Agenda for Change) to be uplifted in accordance with the Welsh Government identified normal pay inflation percentage. For 2017/18 there was a pay inflation uplift of 1% for Executive Directors and very senior managers in line with the pay award agreed nationally for NHS staff.

If there were to be an up-lift over and above this level, this would always be agreed as a result of changes in roles and responsibilities and with advice from an independent consultancy with specialist knowledge of job evaluation and executive pay within the NHS. The Remuneration and Terms of Services Committee would receive a detailed report in respect of issues to be considered in relation to any uplift to Executive Directors salaries (including advice from the Welsh Government) and having considered all the advice and issues put before them, would report their recommendations to the Health Board for ratification.

The Committee also reviews objectives set for Executive Directors and assesses performance against those objectives when considering recommendations in respect of annual pay uplifts. It should be noted that Executive Directors are not on any form of performance related pay.

The Remuneration and Terms of Services Committee is chaired by the Health Board's Chairman, and the membership includes three other Non-officer Members (Chairs of Board Committees). The Committee meets as often as required to address business and formally reports in writing its recommendations to the Health Board. Meetings are minuted and decisions fully recorded.

The Committee also recommends to the Board annual pay uplifts in respect of Executive Directors and very senior managers in the Health Board who are not within the remit of Agenda for Change. For 2017/18, the only uplifts recommended were an inflationary uplift of 1%.

2. Non-officer Members' Remuneration

Remuneration for Non-officer Members is decided by the Welsh Government, who also determines tenure of appointment.

3. Single Remuneration Report

The Single Total Remuneration for each Director and Non-officer Member for 2017/18 and 2016/17 are shown in the table below. Total remuneration includes salary, non-consolidated performance-related pay and benefits-in-kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

The salaries disclosed in the table below reflect new appointments and leavers during the financial years 2017/18 and 2016/17. Whilst the salaries disclosed relate to the period in post during the year, the NHS Pensions Agency is unable to attribute part year pension benefits to post holders and therefore, the full financial year Pension Benefits are shown. It should also be noted that the table below only includes Directors in post at 31st March 2018 since the NHS Pensions Agency is unable to provide the relevant information on pensions for staff who have left or are no longer acting as Executive Directors.

The value of pension benefits is calculated as follows: (real increase in pension¹ multiplied by 20 plus real increase in lump sum) less (contributions made by the individual).

The pension calculation is based on information received from NHS BSA Pensions Agency, included in the Disclosure of Senior Managers' Remuneration (Greenbury) 2018 report. Further details on the Single Total Remuneration figure from Cabinet Office can be found at the following Employer Pension Notices website in EPN 536 (2017-18)

<http://www.civilservicepensionscheme.org.uk/employers/employer-pension-notices/epn536-annual-resource-accounts-2017-18-disclosure-of-salary-pension-and-compensation-information/>

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

Names	Titles	2017/18					2016/17				
		Salary £5k Bands) £000	ther Remun. £5k Bands £000	Benefits in Kind (to nearest £100) £00	Pension Benefits (to nearest £1000) £000	Total £5k Bands) £000	Salary £5k Bands) £000	ther Remun. £5k Bands £000	Benefits in Kind (to nearest £100) £00	Pension Benefits (to nearest £1000) £000	Total £5k Bands) £000
A Davies	Chairman	65-70	0	0	0	65-70	65-70	0	0	0	65-70
C Janczewski	Vice Chairman until 30 th September 2017	25-30	0	0	0	25-30	55-60	0	0	0	55-60
E Woollett	Vice Chairman from 1 st October 2017	25-30	0	0	0	25-30					
T Myhill	Chief Executive from 1 st February 2018	30-35	0	0	117	150-155					
A Howells	Interim Chief Executive from 1 st February 2017 to 31 st January 2018. Chief Operating Officer until 31 st January 2017	170-175	0	0	0	170-175	140-145	0	0	96	235-240
P Roberts	Chief Executive until 7 th March 2017						350-355	0	4	0	350-355
L Hamilton	Director of Finance from 29 th May 2017	110-115	0	0	25	140-145					
P Gilchrist	Interim Director of Finance from 27 th October 2016 until 12 th June 2017	25-30	0	0	0	25-30	55-60	0	0	144	200-205
E Williams	Director of Finance until 31 st October 2016						80-85	0	0	0	80-85
H Laing	Medical Director	210-215	0	0		210-215	210-215	0	0		210-215
C White	Interim Chief Operating Officer from 1 st December 2017	45-50	0	0	26	70-75					
A Hopkins	Interim Director of Nursing & Patient Experience from 4 th December 2017	80-85	0	0		80-85					
R Farely	Acting Deputy Chief Executive, Acting Chief	85-90	0	7	0	85-90	125-130	0	10	28	150-155

Names	Titles	2017/18					2016/17				
		Salary £5k Bands) £000	Other Remun. £5k Bands £000	Benefits in Kind (to nearest £100) £00	Pension Benefits (to nearest £1000) £000	Total £5k Bands) £000	Salary £5k Bands) £000	Other Remun. £5k Bands £000	Benefits in Kind (to nearest £100) £00	Pension Benefits (to nearest £1000) £000	Total £5k Bands) £000
	Operating Officer and Director of Nursing & Patient Experience until 6 th December 2017										
B Edgar	Director of Human Resources until 21 st July 2017	90-95	0	0	0	90-95	95-100	0	0	0	95-100
K Lorenti	Acting Director of Human Resources from 1 st October 2016	125-130	0	0	74	195-200	60-65	0	0	138	200-205
A Hall	Interim Director of Therapies & Health Sciences until 28 th February 2017						90-95	0	0	0	90-95
C Morrell	Director of Therapies & Health Sciences from 6 th February 2017	95-100	0	0		95-100	15-20	0	0		15-20
S Husbands	Director of Public Health from 5 th June 2017	90-95	0	0	155	245-250					
S Hayes	Director of Public Health until 31 st March 2017						15-20	0	0	8	120-125
S-H-Griffiths	Director of Strategy	120-125	0	26	10	135-140	120-125	0	20	20	145-150
P Wenger	Director of Corporate Governance/Board Secretary from 1 st January 2018	25-30	0	0	81	105-110					
S Combe (*)	Board Secretary until 31 st December 2017	75-80	0	0		75-80	90-95	0	0		90-95

Names	Titles	2017/18					2016/17				
		Salary £5k Bands) £000	Other Remun. £5k Bands £000	Benefits in Kind (to nearest £100) £00	Pension Benefits (to nearest £1000) £000	Total £5k Bands) £000	Salary £5k Bands) £000	Other Remun. £5k Bands £000	Benefits in Kind (to nearest £100) £00	Pension Benefits (to nearest £1000) £000	Total £5k Bands) £000
P Newman	Non-officer Member until 30 th September 2017	5-10	0	0	0	5-10	15-20	0	0	0	15-20
M Berry	Non-officer Member	15-20	0	0	0	15-20	15-20	0	0	0	15-20
M Nott	Non-officer Member until 4 th May 2017	0-5	0	0	0	0-5	15-20	0	0	0	15-20
G Richards	Non-officer Member until 30 th September 2017	5-10	0	0	0	5-10	15-20	0	0	0	15-20
C Patel	Non-officer Member	15-20	0	0	0	15-20	15-20	0	0	0	15-20
C Phillips	Non-officer Member	15-20	0	0	0	15-20	15-20	0	0	0	15-20
D Evans Williams	Non-officer Member until 8 th May 2017	0-5	0	0	0	0-5	15-20	0	0	0	15-20
M Sollis	Non-officer Member from 8 th June 2017	10-15	0	0	0	10-15					
M Waygood	Non-officer Member from 1 st June 2017	5-10	0	0	0	5-10					
T Crick	Non-officer Member from 16 th October 2017	5-10	0	0	0	5-10					
M Child	Non-officer Member from 16 th October 2017	5-10	0	0	0	5-10					
J Davies	Non-officer Member	0	0	0	0	0					
S Miller	Non-officer Member						0	0	0	0	0

(*) As Board Secretaries were not included in the remuneration disclosures in 2016/17, prior year comparator information is not available in respect of pension benefits.

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

- P Roberts, Chief Executive left on 7th March 2017. In line with the Settlement Agreement for his departure, the salary reported within the table above includes payment for accrued but untaken annual leave of £3,452, an ex-gratia payment for the termination of his employment of £113,213 and a payment of £50,000 in respect of his contractual entitlement to

payment in lieu of notice. The terms of this exit package were agreed by the Remuneration Committee and made in accordance with Welsh Government guidance.

- E Williams, Director of Finance was seconded to Powys Teaching Health Board from 1st November 2016.
- C White commenced as Interim Chief Operating Officer on 1st December 2017 on a 12 month secondment from Cwm Taf Health Board.
- A Hopkins commenced as Interim Director of Nursing & Patient Experience on 4th December 2017 and was engaged on a 6 month contract via a Personal Services Contract (PSC). This arrangement falls within the remit of the IR35 regulations.
- R Farrelly, Director of Nursing & Patient Experience was also Acting Deputy Chief Executive and Acting Chief Operating Officer from 20th March 2017 until 6th December 2017. No additional remuneration was accepted for these additional responsibilities.
- B Edgar, Director of Human Resources was on long term sickness absence from 20th July 2016 until 17th January 2017, and seconded to NWSSP from 16th January 2017 until departure on 21st July 2017. In line with the settlement agreement for her departure, the salary reported within the table above represents a repayment for over taken annual leave of £2,359.50, an ex-gratia payment for termination of employment of £63,125 and a payment of £31,562.50 in respect of her contractual entitlement to payment in lieu of notice.
- M Waygood, Non Officer Member, commenced on 1st June 2017 but did not take any remuneration until 1st October 2017
- S Miller and her replacement as Non-Officer Members, J Davies, are full time employees of the Health Board and as such, have not received the remuneration that is normally paid to a Non-officer Member.

The former Chief Executive left the Health Board on 7th March 2017, receiving payments in line with the Settlement Agreement. The former Director of Human Resources also left the Health Board on 21st July 2017. These payments (excluding the payment for accrued but untaken annual leave and over taken annual leave respectively) are disclosed in this report, and in full within the Annual Accounts within Note 3.3 (Expenditure on Hospital and Community Services) and also within Note 5.5 (Reporting of other compensation schemes – exit packages).

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median remuneration of the organisation's workforce. The banded remuneration of the highest-paid director in the LHB in the financial year 2017/18 was £210,000 - £215,000 (2016/17, £210,000 - £215,000). This was 7.4 times (2016/17, 7.7) the median remuneration of the workforce, which was £28,667 (2016/17, £27,552).

As in 2016/17, the highest paid director in the LHB in 2017/18 was the Medical Director. Whilst the remuneration for the post of Medical Director is below that of the Chief Executive, the Medical Director is in receipt of a Clinical Excellence Award, the value of which when added to the remuneration as Medical Director results in the Medical Director becoming the highest-paid director.

The banded remuneration of the Chief Executive in the LHB in the financial year 2017/18 was £200,000 - £205,000 (2016/17, £200,000 - £205,000). This was 7.1 times (2016/17, 7.3) the median remuneration of the workforce, which was £28,667 (2016/17, £27,552).

In 2017/18, 2 (2016/17, 3) employees received remuneration in excess of the highest-paid director. The remuneration for these 2 employees includes payments in respect of waiting list initiatives undertaken in addition to their normal salary. Remuneration for staff ranged from £16,523 to £222,051 (2016/17 £16,132 to £289,519).

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

The employees who received remuneration in excess of the highest paid director in 2017/18 were all medical staff as in 2016/17. None of these staff are related to the Chairman, Executive Directors or Non-officer Members.

4. Directors Pension Benefits

The NHS scheme requires that employees pay from 5% up to 14.5%, on a tiered scale, of their earnings, into the NHS Pension Scheme, with the employer contributing 14.3%. The employer's contribution to the NHS Pension Scheme is excluded from the salary figures shown below for Executive Directors.

Cash Equivalent Transfer Value

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capital value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's

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

Real Increase in CETV

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

The disclosures in the table below do not apply to non-officer members as they are not members of the NHS Pension Scheme and do not receive pensionable remuneration. It should be noted that the table below only includes Directors in post at 31st March 2018 since the NHS Pensions Agency is unable to provide the relevant information on pensions for staff who have left or are no longer acting as Executive Directors.

Name	Title	Real Increase/ (Decrease) in Pension @ Age 60 (bands of £2,500) £000	Real Increase/ (Decrease) in Pension Lump Sum @ Age 60 (bands of £2,500) £000	Total accrued Pension at age 60 at 31 March 2018 (bands of £5,000) £000	Lump Sum at age 60 related to accrued Pension at 31 March 2018 (bands of £5,000) £000	Cash Equiv. Transfer Value at 01/04/2018 £000	Cash Equiv. Transfer Value at 31/03/2017 £000	Real increase in Cash Equiv. Transfer Value £000	Employer's contrib. to stakeholder pension £000
T Myhill	Chief Executive	5-7.5	0-2.5	60-65	170-175	1178	1021	126	0
L Hamilton	Director of Finance	0-2.5		0-5		25	0	25	0
C White	Interim Chief	0-2.5	5-7.5	50-55	155-160	1104	980	95	0

Name	Title	Real Increase/ (Decrease) in Pension @ Age 60 (bands of £2,500) £000	Real Increase/ (Decrease) in Pension Lump Sum @ Age 60 (bands of £2,500) £000	Total accrued Pension at age 60 at 31 March 2018 (bands of £5,000) £000	Lump Sum at age 60 related to accrued Pension at 31 March 2018 (bands of £5,000) £000	Cash Equiv. Transfer Value at 01/04/2018 £000	Cash Equiv. Transfer Value at 31/03/2017 £000	Real increase in Cash Equiv. Transfer Value £000	Employer's contrib. to stakeholder pension £000
	Operating Officer								
K Lorenti	Acting Director of Human Resources	2.5-5	7.5-10	20-25	55-60	429	334	85	0
S Husbands	Director of Public Health	5-7.5	20-22.5	30-35	95-100	651	473	163	0
S Harrop-Griffiths	Director of Strategy	0-2.5	(0-2.5)	45-50	115-120	801	724	55	0
P Wenger	Director of Corporate Governance/Board Secretary	2.5-5	5-7.5	30-35	75-80	504	424	68	0

- L Hamilton has no lump sum as she is not a member of the 1995 NHS Pension Scheme. She is a member of the 2015 NHS Pension Scheme where no lump sum is payable.
- A Hopkins chose not to be covered by the NHS Pensions Arrangement in 2017/18
- H Laing and C Morrell were not covered by the NHS Pension Arrangements in 2016/17 or 2017/18.

5. Contracts of employment

With the exception of the Interim Director of Nursing & Patient Experience (A Hopkins) and the Interim Chief Operating Officer (C White), all Executive Directors are on permanent Contracts of Employment. Executive Directors are required to give the Health

Board three months notice and are eligible to receive three months notice from the Health Board. The policy on duration of contracts, notice period and termination periods is that set by the Welsh Government.

A Hopkins, Interim Director of Nursing has been appointed on a 6 month contract via a PSC which commenced on 4th December 2017.

C White, Interim Chief Operating Officer is employed on a 12 month secondment from Cwm Taf Health Board which commenced on 1st December 2017. C White has a permanent contract with Cwm Taf Health Board.

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

6. Other information

There are no local pay bargaining initiatives within the Health Board. No payments have been made for Professional Indemnity Insurance for any Officer or Director.

7. Staff Report Section

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

7.1 Staff Numbers and Composition

The average number of employees by staff group for 2017/18 is set out in the table below, along with the comparison for 2016/17. The average is calculated as the whole time equivalent number of employees under contract of service at the end of each calendar month in the financial year, divided by the number of months in the financial year.

Staff Group	Permanent Staff	Agency Staff	Total 2016/17	2015/16
Administration, Clerical & Board Members	2,475	26	2,501	2,494
Medical & Dental	1,351	35	1,386	1,376
Nursing, Midwifery registered	4,458	109	4,567	4,540
Professional, Scientific & technical staff	439	0	439	473
Additional Clinical Services	2,780	18	2,798	2,795
Allied Health Professions	904	3	907	890
Healthcare Scientists	322	6	328	320
Estates and Ancillary	1,384	35	1,419	1,451
Students	9	0	9	14
Totals	14,122	232	14,354	14,353

This Health Board has 16,094 employees, of which 8 are Executive Directors, of these staff, 3,512 are male, including 2 Executive Directors, and 12,582 are female, including 6 female Executive Directors.

There are also 10 Non-officer Members, of which 6 are male and 4 are female.

7.2 Sickness Absence Data

	2017/18	2016/17
Total days lost	294,456.22	290,047.56
Short Term Sickness (27 days or less)	85,798.25	81,514.99
Long Term Sickness (28 days or more)	208,657.91	208,532.56
Total staff years	13,990.25	13,880.68
Average working days lost	13	13
Total staff employed in period (headcount)	16,081	15,946
Total staff employed in period with no absence (headcount)	6,062	5,916
Percentage staff with no sick leave	38.08%	37.76%

7.3 Staff Policies applied during the year:

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

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

7.4 Expenditure on Consultancy

As disclosed in Note 3.3 of the Health Board's Accounts, the Health Board incurred expenditure of £0.476m on Consultancy Services in 2017/18. Expenditure on Consultancy Services is incurred when outside expertise is required by the Health Board to support the Health Board in managing its services and functions on a day to day basis. Such examples include:

- Management Consultancy to support performance improvement through independent reviews of the Health Board's Clinical Services and benchmarking of clinical and other performance data.
- Management Consultancy to support the Health Board with staffing and other operational management issues.
- External advice and support to the Health Board in implementing staff development and training programmes including coaching for performance and mentoring.

7.5 Off-payroll Engagements

Table 1: For all off-payroll engagements as of 31 March 2018, for more than £245 per day and that last for longer than six months

Number of existing engagements as of 31 March 2018	2
Of which...	
Number that have existed for less than one year at time of reporting.	2
Number that have existed for between one and two years at time of reporting.	0

Number that have existed for between two and three years at time of reporting.	0
Number that have existed for between three and four years at time of reporting.	0
Number that have existed for four or more years at time of reporting.	0

Table 2: For all new off-payroll engagements, or those that reached six months in duration, between 1 April 2017 and 31 March 2018, for more than £245 per day and that last for longer than six months

Number of new engagements, or those that reached six months in duration, between 1 April 2017 and 31 March 2018	4
Number of these engagements which were assessed as caught by IR35	3
Number of these engagements which were assessed as not caught by IR35	1
Number of these engagements that were engaged directly (via PSC contracted to department) and are on the departmental payroll;	2
Number of these engagements that were reassessed for consistency/assurance purposes during the year whom assurance has been requested but not received;	1
Number that saw a change to IR35 status following the consistency review.	1

Table 3: For any off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, between 1 April 2017 and 31 March 2018

Number of off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, during the financial year.	1
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Details of the exceptional circumstances that led to each of these engagements.	On resignation of the Director of Nursing & Patient Experience in December 2017, temporary cover has been provided off payroll via a PSC for a 6 month period. The permanent Director of Nursing & Patient Experience has been appointed who is not the person providing the temporary cover and will commence in post in July 2018.
Details of the length of time each of these exceptional engagements lasted	Commenced on 4 th December 2017 for a 6 month period
Total number of individuals both on and off-payroll that have been deemed “board members and/or senior officials with significant financial responsibility”, during the financial year. This figure includes engagements which are ON PAYROLL as well as those off-payroll.	1

The 4 off payroll engagements during the year covered the roles of Interim Director of Nursing (arrangement still in place at 31st March 2018), Director of Recovery and Sustainability (engagement ceased), provision of Human Resources specialist advice (arrangement still in place at 31st March 2018) and provision of specialist I.T. support to configure and implement specialist software (engagement ceased).

It is confirmed that all existing off-payroll engagements, outlined above, have at some point been subject to an IR35 assessment using the HM Revenue & Customs online assessment tool.

7.6 Exit packages

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

	2017-18				2016-17
Staff Numbers Exit packages cost band (including any special payment element)	Number of compulsory redundancies	Number of other departures	Total number of exit packages	Number of departures where special payments have been made	Total number of exit packages
less than £10,000	0	0	0	0	0
£10,000 to £25,000	0	1	1	0	0
£25,000 to £50,000	0	0	0	0	0
£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	1
more than £200,000	0	0	0	0	0
Total	0	2	2	0	3
Exit Packages Costs Exit packages cost band (including any special payment element)	Cost of compulsory redundancies	Cost of other departures	Total cost of exit packages	Cost of special element included in exit packages	Total cost of exit packages
	£	£	£	£	£'
less than £10,000	0	0	0	0	0
£10,000 to £25,000	0	24,421	24,421	0	0
£25,000 to £50,000	0	0	0	0	0
£50,000 to £100,000	0	92,328	92,328	0	103,433
£100,000 to £150,000	0	0	0	0	107,988
£150,000 to £200,000	0	0	0	0	166,665
more than £200,000	0	0	0	0	0
Total	0	116,749	116,749	0	270,098

Of the exit packages disclosed above:

- 1 packages comprises redundancy and other departure costs paid in accordance with the provisions of the NHS Voluntary Early Release Scheme (VERS); and
- 1 package relates to the former Director of Human Resources under a Settlement Agreement whereby the terms were approved by the Remuneration Committee and in accordance with Welsh Government guidance.

Exit costs are accounted for in full in the year of departure. Where the Health Board has agreed early retirements, the additional costs are met by the Health Board and not by the NHS pension's scheme. Ill health retirement costs are met by the NHS pension's scheme and are not included in the table.

Annex D

Parliamentary Accountability and Audit Report

National Assembly for Wales Accountability and Audit Report

1. Regularity of Expenditure

Regularity is the requirement for all items of expenditure and receipts to be dealt with in accordance with the legislation authorising them, any applicable delegated authority and the rules of Government Accounting.

The Abertawe Bro Morgannwg University Health Board ensures that the funding provided by Welsh Ministers has been expended for the purposes intended by Welsh Ministers and that the resources authorised by Welsh Ministers to be used have been used for the purposes for which the use was authorised.

The Health Board's Chief Executive is the Accountable Officer and ensures that the financial statements are prepared in accordance with legislative requirements and the Treasury's Financial Reporting Manual. In preparing the financial statements, the Chief Executive is 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 the Health Board will continue in operation.

2. Remote Contingent Liabilities

Remote contingent liabilities are made for three categories, comprising indemnities, letters of comfort and guarantees.

Indemnity in the legal sense may also refer to an exemption from liability for damages. The concept of indemnity is based on a contractual agreement made between two parties, in which one party agrees to pay for potential losses or damages caused by the other party

Letters of comfort, however vague, give rise to moral and sometimes legal obligations. They should therefore be treated in the same way as any other proposal for a liability. Great care should be taken with proposals to offer general statements of awareness of a third party's position, or oral statements with equivalent effect. Creditors could easily take these to mean more than intended and threats of legal action could result.

Guarantees should normally arise using statutory powers. They typically involve guarantees against non-payment of debts to third parties.

The Health Board has identified remote contingent liabilities in the form of indemnities in respect of the net liability for remote clinical negligence and personal injury claims. This remote contingent liability comprises the first £25,000 of such claims with all indemnities above this value being met by the Welsh Risk Pool.

The value of remote contingent liabilities for 2017-18 is £1.0320m and is disclosed in note 21.2 of the Health Board's accounts.