



GIG
CYMRU
NHS
WALES

Addysg a Gwellu Iechyd
Cymru (AaGIC)
Health Education and
Improvement Wales (HEIW)



Annual report and accounts 2020/21

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Performance report

2020/21



Welcome from our Chair and Chief Executive

2020/21 has been the most extraordinary year. The COVID-19 pandemic has affected all of us in so many ways. The NHS and Social Care were in the eye of the storm in responding to those patients and families who have been so profoundly affected. It has felt really grim at times, but also uplifting to hear how, as a Nation, we pulled together and supported one another.

What has become more evident than ever is our system leadership role in the health and wellbeing of NHS staff and importantly in compassionate leadership. Working with our breadth of partnerships, HEIW has played its role in supporting the front line of the NHS and Social Care through maintaining education and training and developing new flexible approaches to the way education is delivered. Our wellbeing portal has signposted NHS staff to support and self help for mental wellbeing. Working remotely was of course challenging, but we should openly applaud the way the HEIW staff responded.

We wish to express our gratitude for the professional, innovative and dedicated way our people have gone about their business. This, our second Annual Report, demonstrates that HEIW is now an organisation that can and does deliver on its key responsibilities, and can contribute fulsomely to the agenda of NHS reset and recovery going forward. We have all learned a lot, and in some ways, we have learned a lot together. That spirit of partnership, co-operation and understanding is something we should celebrate and build on going forward. Thank you once again to all our partners and our staff.



Dr. Chris Jones
Chair
10 June 2021

Alex Howells
Chief Executive Officer
10 June 2021

Chief Executive's Foreword

COVID-19 substantially changed the year that we were expecting to have in 2020/21. Welsh Government planning processes were suspended in March 2020 and no Integrated and Medium Term Plans (IMTPs) for 2020–23 were formally approved due to the COVID-19 pandemic. Welsh Government nevertheless confirmed that HEIW's 2020–23 IMTP was deemed approvable.



HEIW's IMTP objectives were largely paused in Q1 of 2020–21, to enable the organisation to focus its resources on supporting the NHS response to the first peak of COVID-19. In line with all NHS organisations, and in accordance with national NHS Quarterly Planning Frameworks, we developed and published three Quarterly Operational Plans (Q1, Q2, Q3 and 4). Our Quarterly Plans were largely based on year one of our 2020–23 IMTP – restarting our strategic work, the response required for COVID-19 and the impact of Winter pressures. We also produced, with Social Care Wales, a 6-month implementation plan for the national Workforce Strategy for Health and Care following its publication in October 2020. Delivery against all of these plans has been closely monitored through our new integrated performance framework.

Importantly, despite the uncertainties of the year and disruption to planned activities HEIW met all financial duties for the 2020/21 financial year. We balanced both Revenue and Capital accounts and met the 30 day Non-NHS Invoice payment target.

HEIW has therefore had to mature quickly during the last year and I believe has stepped up to support the wider pandemic response as well as dealing with the implications for education and training. Thanks to effective partnership working with the Welsh Government, regulators, Higher Education Institutions and our NHS colleagues I am pleased that we have been able to limit disruption to students and trainees although there will be some ongoing consequences that we will need to continue to monitor and address. I am grateful to the HEIW staff involved in our education and training functions for their tireless work behind the scenes in juggling and adapting to what have been enormous changes in terms of recruitment, delivery of education and training, and progression.

The organisation and our workforce adapted rapidly to a remote working model, including a significant shift to digitally delivered education. Despite the challenges presented by this we have been

able to maintain robust governance arrangements as evidenced by internal and external audit, and to deliver on key commitments for 2020/21. We are continuing to focus on developing our culture, as we strive to become an exemplar employer in line with the expectations in 'A healthier Wales'. We have recently received a positive audit report on our organisational culture, our staff engagement score remains high and feedback from our 'Newcomers Network' indicates that HEIW is seen as a welcoming and supportive place to work.

HEIW is also maturing in terms of its financial development and demonstrating competence in financial planning over a five year period and in financial governance. Our in-year financial monitoring and management is to a high standard and by maintaining close contact with Welsh Government finance colleagues we have managed our financial position in a transparent and agreed way, and thereby achieved all financial targets for the third year.

We have had some important additions to our Executive Team, and these have already made a valuable contribution to developing our capacity and capability in areas that were underdeveloped in predecessor organisations. Although remote and virtual working has helped us implement some new ways of working that we will embed, we are keen to return to office based working in line with the roll out of the vaccination programme, so that we can progress the integration and team working which are central to our functions.

Alongside our response to the pandemic we have been able to make substantial progress on key strategic priorities which is again testament to the professionalism and dedication of our staff. These included:

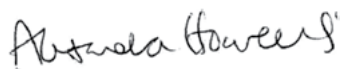
- 🔱 Launch of the Workforce Strategy for Health and Social Care, with its golden threads of Welsh Language, wellbeing, and diversity
- 🔱 The development of the 2021/22 education commissioning and training plan
- 🔱 Completion of Phase 1 of the Strategic Review of Health Professional Education
- 🔱 Establishment of the senior leaders succession planning and talent management arrangements including the National Talent Board
- 🔱 Launch of the graduate management programme
- 🔱 Launch of the Gwella digital leadership platform
- 🔱 Implementation of plans to redesign GP and Pharmacy training.

From a workforce transformation perspective, we have been contributing to national programmes including mental health and primary care, albeit recognising that the focus of these was necessarily diverted to COVID-19 during the majority of 2020/21. We have also taken ownership of a number of new work programmes including the AHP and HCS Frameworks, the Nurse Staffing Levels Team, WOPEC, Train Work Live, Widening Access and the Staff Survey. Progress in some areas has been slower than anticipated due in part to the additional challenges of integrating new teams in a remote working situation as well as the COVID-19 priorities we were

dealing with in 2020/21. These will be important objectives in our plan in 2021/22 and provide a great chance to progress key actions in the Workforce Strategy.

One of our most significant operational and performance challenges during the year was the implementation of the Welsh Bursary two year “tie in” to employment in Wales. This required new ways of working, high levels of engagement from NHS colleagues, and cooperation from students – all during a pandemic. We are very grateful for all the support provided in helping us deal effectively with this new initiative. Significant attention has been focused on developing effective mechanisms for graduate recruitment for the future, in light of lessons learned over the last 12 months, and this will continue to be a key focus for us in 2021/22.

Finally, we recognise that we have a unique set of functions which have a wide ranging impact on the health and care system, and fully understand the need to ensure that we make best use of these opportunities to make an active contribution to Welsh Language, Well Being of Future Generations, Equality and Diversity and the Socio Economic Duty.



Alex Howells
Chief Executive
10 June 2021

Key facts

HEIW –
Special
Health
Authority

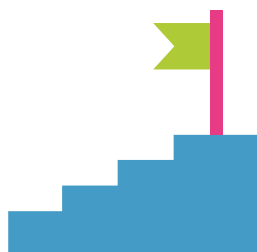
All Wales
remit

£234.8m annual
budget 88% on
education and
training

Over 450
directly
employed
staff

2,227 medical
and dental
trainers and
supervisors

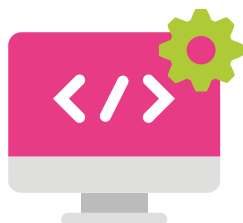
Promotes:



350+
careers in Wales



27
health libraries



NHS Wales e-library for
health managed by
Digital Health and Care Wales

2,300+
subscription e-journals

22+
databases,
e-learning
and guidelines

At any time we are supporting the education, training and CPD of:



c. 3,650

training grade doctors
and staff and associate
specialist doctors across:

58

specialist medical
training programmes

11

district GP
training schemes

19

dental training schemes



2,778

pharmacists

1,650

pharmacy technicians

250+

pre-registration
pharmacists and pharmacy
technician trainees

80

diploma pharmacists



1,000+

trainee community nurses



1,678

dentists

3,675

dental care professionals

157

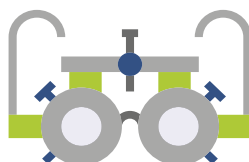
dental trainees

6

career development
dentists

6

dental therapist trainees



800+

optometrists including
c.100 studying in Wales

50

contact lens opticians

278

dispensing opticians



c. 700

NHS employee
advanced practitioners



c. 400+

midwifery students



2,800

allied health
professional students



5,500+

nursing students



300+

healthcare
scientist students

c. 70

healthcare
scientist trainees



c. 830

non-medical
prescribers trainees

Who are we?

HEIW is a unique organisation in NHS Wales, established as a Special Health Authority with a leading role in the education, training, development and shaping of the healthcare workforce in Wales. We are here to make a real difference to patients, to enhance trainee and student experience and to improve the wellbeing and potential of the NHS workforce. Ensuring we have the right staff, with the right skills, to deliver world class healthcare to the people of Wales both now and in the future.

Vision

Our vision is “**Transforming the workforce for a healthier Wales**” which was developed through engagement with staff, stakeholders and partners.

We deliver this vision using our PEOPLE principles as outlined opposite.

P

Planning ahead to predict and embrace changes and build a sustainable health and social care system.

E

Educating training and developing staff to meet the needs of patients and citizens in line with prudent healthcare principles.

O

Offering opportunities for development to new and existing staff from all professional and occupational groups through career pathways.

P

Partnership working to increase value for our citizens, patients, learners and staff.

L

Leading the way, through continuous learning, improvement, and innovation.

E

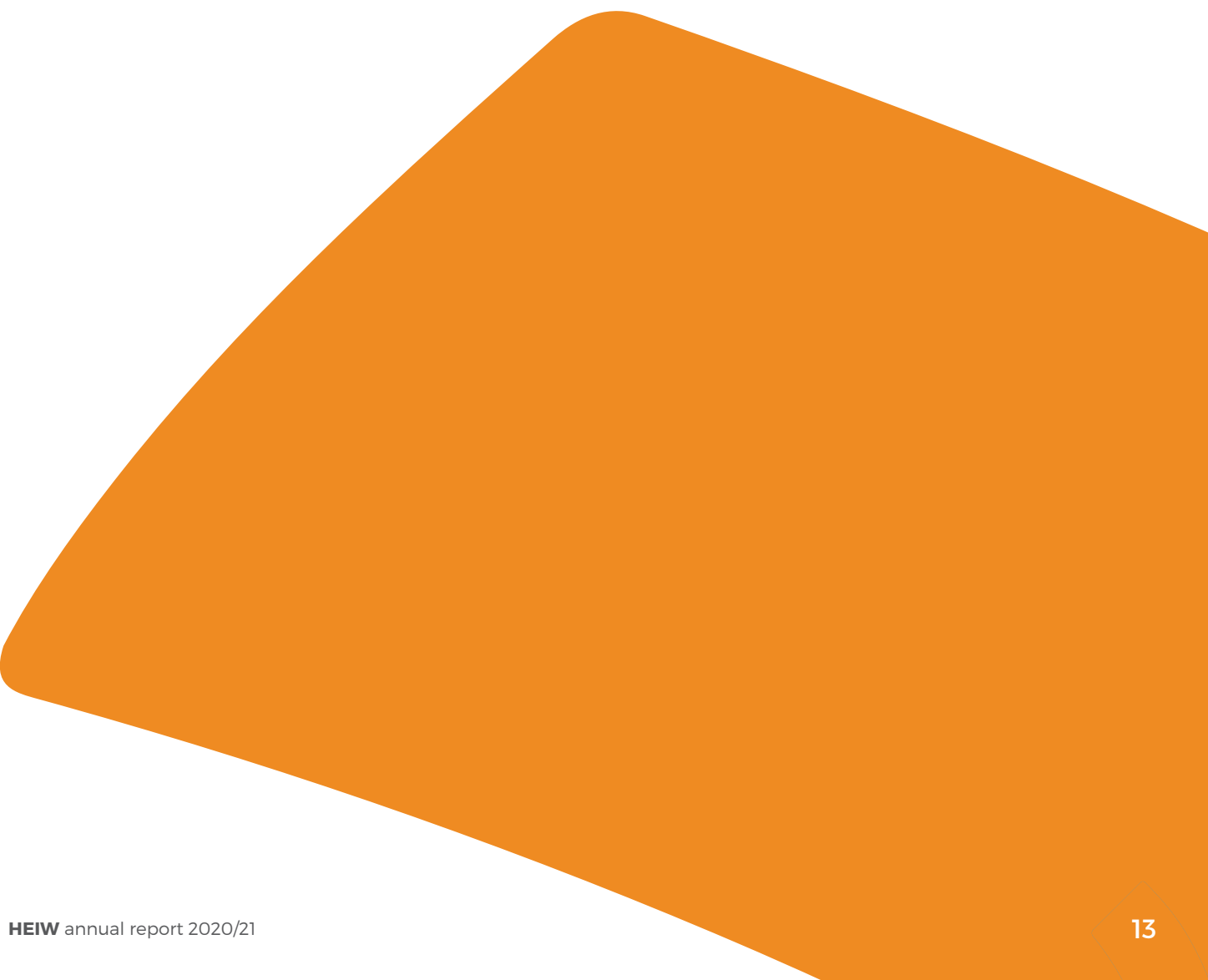
Exciting, Enthusing, Engaging, Enabling and Empowering staff across all professional and occupational groups.

Our purpose is to integrate and grow expertise and capability in planning, developing, shaping, and supporting the health workforce. The publication of A Healthier Wales prior to our establishment reinforce the need for more strategic and sustainable approach to the workforce in health and social care.

Our role in education and training makes a fundamental contribution to the implementation of the Wellbeing of Future Generations (Wales) Act 2015 and the five ways of working. We see this as part of our core purpose, creating the conditions for a sustainable workforce for the future and

widening access to health careers and opportunities. Plus, engaging with partners and stakeholders to shape education and training opportunities making them more accessible no matter what your background or where you live.

As a relatively new organisation, established within NHS Wales in 2018, we are also clear that our purpose is to deliver improvements to the safety and quality of care for patients, to enhance trainee, student and staff experience and to drive benefits to the system as a whole.



What we do – our functions

The organisation undertakes a wide range of functions as outlined below which together help us to achieve and deliver our vision and purpose.

Education Commissioning and Delivery: we plan, commission and deliver education and training for a wide range of health professional groups, and incorporate the Deaneries for Medicine, Dentistry and Pharmacy. This includes undergraduate, postgraduate and CPD activities. This is what the majority of the HEIW budget is spent on, and through the commissioning approach HEIW ensures value and sustainable outcomes are delivered for the NHS system, and promotes equality, diversity and inclusion and the use of the Welsh language.

Quality Management: we quality manage education and training provision ensuring it meets required standards, and improvements are made where needed. This includes supporting teachers, trainers, trainees and students and working closely with education providers, NHS organisations and regulators. We have a specific role supporting the GMC in relation to quality of postgraduate medical education.

Supporting Regulation: we play a key role representing Wales in liaison with regulators, working within the policy framework established by the Welsh Government. We also undertake, independently of the Welsh Government, specific regulatory support roles.

Workforce Intelligence: we are recognised as a primary source for information and intelligence about the Welsh health workforce. We provide analytical insight and intelligence to support the development of the current and future shape of the workforce, including promoting diversity and inclusion. We act as a central body to identify and analyse sources of intelligence from Wales, UK and abroad.

Workforce Strategy and Planning: we provide strategic leadership for workforce planning, working with Health Boards/Trusts and the Welsh Government to produce a forward

strategy to transform the workforce to deliver new health and social care models of service delivery. In addition, through this process, HEIW identifies and develops new workforce models required within the NHS and fosters equality, including a bilingual workforce.

Leadership Development and Succession Planning: we are leading and developing the strategic direction for compassionate leadership development, talent management and succession planning for NHS Wales.

Careers and Widening Access: we provide the strategic direction for promoting health careers and the widening access agenda, delivering an ongoing agenda to promote health careers. This includes a clear focus on inclusion through opening access to the many people in our communities that have valuable skills and experience that are currently under-represented in our workforce.

Workforce Transformation and Improvement: we provide strategic and practical support for workforce transformation and improvement, including skills development, role design, Continuing Professional Development and career pathway development. This work links closely with the development of new workforce models to underpin strategic developments in the NHS including the Strategic Programme for Primary Care, Working Together for Mental Health, national programmes and the strategic programmes led by the NHS Wales Collaborative. During 2020 we also became responsible for several new areas – including the Nurse Staffing Levels (Wales) Act 2016 and the workforce implications arising from the Healthcare Sciences and the Allied Health Professionals Framework.

Professional Support for Workforce and Organisational Development (OD): we have an express function to support the development of the Workforce and OD profession within Wales.

How we do it

Our Culture, Values and Behaviours

As a workforce focused organisation, our culture and the way we do business are very important to us. Our aspiration continues to be an excellent employer and a great place to work, recognising that our workforce is not only distributed across Wales but successfully embraced home working as a result of the pandemic. We continue to develop our people, inclusion and organisational development practises to enable us to reach our aspiration. It is critical that we have a motivated, engaged and sustainable workforce that is competent, confident and with the appropriate capacity to help us deliver our priorities. We are keen to support the development of our existing staff, as well as being attractive to new staff as our organisation continues to mature.

In line with our aim to be an exemplar employer we want our own workforce to be happy, healthy and engaged and we promote wellbeing, equality, diversity, inclusion and bilingualism within HEIW, in line with the national *Workforce Strategy for Health and Social Care*. We created a Values and Behaviour Framework prior to the establishment of the new organisation, which was developed by our staff who came together as a team to form HEIW, and consists of the following values:

Our values are:



Respect for all:

in every contact we have with others



Together as a Team:

we will work with colleagues across NHS Wales and with partner organisations



Ideas that Improve:

harnessing creativity, and continuously innovating and evaluating

We will continue to embed the values and behaviours into our policies, practices and processes and will take all opportunities to be a role model for the national work we are leading on compassionate and collective leadership.

Effective communication and engagement and staff are critical and has been a top priority since the organisation was established. Our communication and engagement strategy describes how we communicate and engage effectively with staff to create an inclusive and respectful work environment. This approach has evolved over past year to reflect the adoption of home working by staff in response to the pandemic.

We are committed to eliminating discrimination, and promoting diversity and inclusion through equality of opportunity and through everything that we do. We have continued to embed our diversity, quality and inclusion agenda which is informed by strong leadership co production, collaboration and direct engagement with those who are affected by the decisions we make.

In October 2020, we launched our Strategic Equality Plan (SEP) 2020-24. This was created using feedback from a robust consultation and engagement process and sets out our direction of travel for the next four years and how we will embed equality, diversity and inclusion at the heart of our work. It also explains how we will eliminate discrimination and foster good relations between those who share a protected characteristic and those who do not, including race equality and Welsh Language status.

The launch of the SEP also formally declared our commitment to being part of Wales' first Public Body Equality Partnership (WPBEP). This group of 11 public sector organisations has come together to share resources, insight and expertise in order to promote equality across all areas. Through this collective approach, the WPBEP works to meet the challenges set out in the *Is Wales Fairer* report whilst reflecting the principles of the *Well-being of Future Generations (Wales) Act*.

HEIW has been fully engaged with the

development of Welsh Government's draft Race Equality Action Plan (REAP). The HEIW Medical Director is a member of the First Minister's REAP Steering Committee which has led on this work. Further details of our work on promoting equality can be found in our Annual Governance Statement on page 70.

Shape of our workforce

Our workforce is made of circa 450 staff who have come from a range of backgrounds including frontline NHS services, various education settings as well as other public sector services or professional sectors such as finance and IT. Full details of the shape and composition of our workforce can be found in the Remuneration and Staff Report 2020-21 on pages 81-83.

When HEIW was established it brought together staff from three former organisations:

- Workforce Education and Development Services
- Wales Deanery and
- Wales Centre for Pharmacy Professional Education.

HEIW continues to have a strong focus on organisational development. In addition to the staff who have transferred to the organisation from predecessor organisations, we have recruited a significant number of new staff over the last three years from both NHS and non-NHS backgrounds.

To continue to build the culture that we want we have commenced our staff surveys including the all Wales staff survey which showed HEIW's engagement score as 81%.

Attraction, recruitment and selection

We use a variety of methods to advertise our vacancies and use values based recruitment across all areas supported by appropriate training for managers including on unconscious bias.

We know that around 80% of our future workforce are already with us today. As an organisation with the primary purpose of current and future workforce development for NHS Wales, it is vital that our own staff have excellent experience in this area.

Key to this is our personal and development review (PADR) policy procedure. During the PADR staff have the opportunity to discuss their progress against their agreed objectives with their line manager, develop ongoing objectives and create and agree a personal development plan to enable ongoing personal and professional development. We are still working hard with our managers to ensure that PADRs are completed and recorded to achieve the expected target of 85%. Our current performance is 61.8%.

All our staff are required to complete the all Wales statutory and mandatory training in line with NHS Wales Health Boards and Trusts. We have worked hard with managers to ensure that we meet the 85% tier one performance target rate as soon as possible. Our current performance is 78.9%.

Communicating effectively with people, stakeholders, partners and the public

We work closely with a wide and diverse range of partners and stakeholders in various sectors to continuously evaluate, reimagine and transform how we need to work to meet the need of an ever changing world. Further details in respect of HEIW's communication strategy can be found in the Annual Governance Statement on pages 72-73.

Our Local Partnership Forum meets bi-monthly and has been well supported by our trade union representatives. Further details on our Local Partnership Forum can be found in our Annual Governance Statement on page 65.

Data analytics and intelligence

In terms of corporate and business reporting, we maintain the local Electronic Staff Survey (ESR) system and work collaboratively with the finance team to ensure accuracy on reporting of vacancies and other workforce resources. As data controllers of ESR within HEIW, the workforce data and analytics team (WDAT) support the whole organisation with ESR related issues and provide reports and analysis and training across HEIW.

WDAT work in partnership with our performance team to support reporting of HEIW key performance indicators across the organisation. The WDAT also work as part of the

education commissioning team to combine multiple data sources to undertake workforce modelling. Externally the WDAT produce national workforce reports and response to national requests for workforce information and analysis.

Digital and Information System

The digital team provide advice and support for the development integration and procurement of new digital solutions for the organisation. They also take a leading role ensuring we make use of current, emerging and future technologies to their fullest potential in the context of enhancing learning teaching and training.

Staff health, safety and wellbeing

The well-being of staff is of paramount importance and we strive to ensure that our working environments and practises both within our homes and in our headquarters support us in achieving this aim.

This has been a particular area of focus over the past year due to the challenges to wellbeing caused by the pandemic generally and the specific challenges of home working.

In our headquarters, the facilities Team have adapted the internal workspace in accordance with public health guidance on responding to the pandemic to ensure that our staff are as safe as possible. The Health and Safety Committee, with representatives from across the organisation, has continued to review health and safety policy and procedures including guidance in respect of COVID-19.

We have a strong wellbeing network across the organisation and as the system leader in staff wellbeing within NHS Wales, we are able to test and promote a wide range of initiatives and resources within HEIW prior to further roll out.

Planning

The organisation had developed an approvable Integrated Medium Term Plan (IMTP) for 2020–23. As a result of the impact of COVID-19 in March 2020 national planning processes were put on hold. In line with national guidance

we developed Quarterly Operational Plans for Q1, Q2, Q3 and Q4 of 2020/21 and we have also developed our final draft Annual Plan for 2021/22. Through the Structured Assessment of the Q3and4 Operational Plan we received substantial assurance on the development and delivery of our plans.

Throughout the year, we have continued to support the development of planning and project management skills across our teams and we have finalised our Case for Change process and documentation.

Student and trainee voice

Critical to our educational training role and successfully contributing to the healthcare agenda in Wales is the voice of students and trainees. We have a number of methods in place to ensure we are hearing what is being said, including:

From a more strategic perspective a 'trainee think tank' has been established which is a group of 12–15 Medical and dental trainees supported by the Deanery to help influence the education and training agenda by representing a range of specialities from across Wales.

The Wales health student forum (WHSF) is an innovative group of over 100 healthcare students from across all healthcare courses who are passionate about shaping the learning experience of healthcare students within Wales.

It has not been possible to undertake the HEIW Roadshow's, where we visited Health Boards and Trusts, this year due to the pandemic.

Governance

As a statutory body, HEIW has a Board consisting of a Chair, Chief Executive, six independent members and four executive directors. Further information about the Board, and our two directors who are not Executive Directors, their roles and responsibilities can be found in the Annual Governance Statement on pages 60–64.

Declarations of interest: details of company directorships and other significant interests held by members of the Board which may conflict with our responsibilities are maintained and updated on a regular basis.

A register of interest is available in the Board meetings section of our website at <https://heiw.nhs.wales/about-us/key-documents/>. A hard copy can be obtained from the Board Secretary on request.

Organisational risk and governance

As an organisation we adhere to the HEIW risk management policy. We maintain a risk management system which enables and empowers staff to identify, assess and manage risks to HEIW. Strategic risks are monitored by the Board and managed by the executive team and operational risks are managed by teams at the most appropriate level. Our risk management policy has been assessed by our internal auditors and in a recent report was rated as providing 'substantial' assurance'.

Annual education and training commissioning meetings

Every year we hold meetings with Health Boards and Trusts to review the provision of postgraduate medical education to ensure that this complies with GMC standards. In accordance with public health requirements in response to the pandemic some of these meetings were held virtually. Such meetings provide valuable opportunities to communicate with executive directors and education teams from individual organisations. This year a key focus area has been the tender process for Phase One of the Strategic Review of Health Professional Education.

Further details on governance, assurance and risk management can be found in the corporate governance report.

Wellbeing of Future Generations (Wales) Act 2015

Our role in education training places in an excellent position to contribute to the implementation of the Wellbeing of Future Generations (Wales) Act 2015. The five ways of working aligned with our objectives as an integral part of our core purpose and are also reflected within our Annual Plan.

As an organisation we do not have a population health responsibility. However, our

key role in scenario planning and forecasting the workforce informs commissioning of future education and training and plans to widen access to NHS careers. This significantly contributes to preventing social deprivation, poverty, long term health and socio-economic issues in Wales.

We are instrumental in developing our existing staff, as well as developing an attractive and accessible pipeline for our future workforce through widening access to all types of roles across all ages, backgrounds and interests, contributing to long term improvement across our remit.

The act's five ways of working are reflected in the inclusive way we collaborate with all our stakeholders including underrepresented and marginalised groups in our society and in the way we carry out our business reflecting our culture and core values. Our recognition of the disability confidence scheme, Dying To Work Charter and the Anti Violence Collaborative is evidence of this.

Legal and policy context for NHS Wales

As well as the Wellbeing of Future Generations Act other legislation and high level policy drivers which underpin our objectives and work. These include:

The Social Services and Wellbeing (Wales) Act 2015

This act imposes duties on local authorities and Health Boards to promote the wellbeing of those who need care and support, or carers who need support and to put in place measures that support a preventative approach and reduce the need to escalate care. HEIW and Social Care Wales already work closely together on several key projects which underpin collaborative working and planning including the Workforce Strategy for Health and Social Care which was published in October.

A Healthier Wales

A Healthier Wales – the long term plan for Health and Social Care embraces the prudent healthcare principles and sets out an ambitious plan for a whole system revolution and provides essential context for all NHS plans going forward. In addition to the Workforce

Strategy referred to above it challenges HEIW, along with other NHS organisations, to develop sustainable plans and actions to deliver care close to home, through strengthening primary and community services, and refocusing on prevention.

Nurse Staffing Act

The Nurse Staffing Act requires organisations to demonstrate that they are providing safe levels of nursing care within adult acute medical and surgical inpatient wards. There are however elements of the act which are relevant for other clinical areas. We are working with partners to support the extension of the act to new clinical areas and the Nurse Staffing Act team was recently TUPE transferred from Public Health Wales.

Performance summary

Our approvable IMTP 2020–23 was developed to deliver the organisation’s six Strategic Aims and some of the highlights of the past year are detailed below.

In March 2020 the IMTP process was paused and Quarterly Frameworks were introduced for NHS Wales. HEIW produced quarterly plans for Quarter 1, Quarter 2 and Quarters 3 and 4.

Our Strategic Aims were developed in conjunction with Welsh Government, tested on partners through our stakeholder engagement and aligned to the functions set out within the legislation. The HEIW Strategic Aims for 2020–23 are as follows:

1	To lead the planning, development and wellbeing of a competent, sustainable and flexible workforce to support the delivery of ‘A Healthier Wales’
2	To improve the quality and accessibility of education and training for all healthcare staff ensuring that it meets future needs
3	To work with partners to influence cultural change within NHS Wales through building compassionate and collective leadership capacity
4	To develop the workforce to support the delivery of safety and quality
5	To be an exemplar employer and a great place to work
6	To be recognised as an excellent partner, influencer and leader

Performance outcomes and highlights for 2020-21

We successfully delivered on the majority of projects and commitments in the Quarterly Plans. Seven strategic objectives were deferred as a result of the pandemic

Here are some of the highlights of the year

HEIW supported the response of the NHS workforce to the COVID-19 pandemic. A wide area of work was undertaken by HEIW and some of the key highlights are outlined below.

- HEIW, developed, a playlist of practice learning resources, providing on one platform comprehensive information to support students and trainees on how to respond to COVID-19. The playlist was developed in conjunction with universities, Health Boards and key stakeholders. It contains a wide range of materials to support the national response to the pressures caused by the pandemic on NHS services together with information on education and training. The resources include current emergency and recovery regulatory standards, all Wales Healthcare Student PACT and organisational pledges aimed at alleviating healthcare student anxiety about safe entry into placement learning. It also includes current COVID-19 frequently asked questions and model exemplars for student supervision and assessment. The playlist is updated regularly.
- We have launched the 'Mental Health during COVID-19' online module. The module provides food for thought on how the pandemic will affect patients with mental health issues and how to recognise new patients. It was developed in response to the concerns about the decrease in patient contact for non-COVID-19 related illness, and the knock on effect the outbreak may have on the general mental health of the population with chronic disease and acute presentations. A proactive response which actively looks for mental health issues is promoted by the module.
- We have made the online blended course on ongoing psychological resilience and wellbeing available to NHS Wales staff during the COVID-19 response. The course material provides a strategy for dealing with

potentially harmful healthcare associated events and a variety of skills to enhance wellbeing. The course emphasises the need for self-care and contains a range of evidence based wellbeing strategies.

- Our online Oxygen therapy training package was developed in response to the large numbers of patients requiring respiratory support as a result of COVID-19. The package was created for healthcare professionals dealing with oxygen supply, prescribing and administration during the pandemic.
- In response to the first wave of the pandemic HEIW published guidance providing information for nursing and midwifery students on how they could support the health and care system during the emergency. This supported the deployment of students who supported front line colleagues. The guidance was developed by the Chief Nursing Office for Wales and HEIW in liaison with Approved Education Assistants, the Nursing and Midwifery Council, royal colleges and trade unions.

HEIW has also provided and continues to provide support for staff wellbeing during these difficult times. In March 2020, the HEIW offices closed and staff had to adapt quickly to working from home virtually. To support them staff were able to take home IT equipment. HEIW's communications evolved quickly to reflect the needs of home working and ensure that staff continued to stay in touch. This has included weekly written updates from the CEO and Deputy CEO, staff open forums online once every two weeks and staff surveys on wellbeing. Various staff networks across the organisation have developed innovative ways to support each other; including Cuppa Catchup – a virtual daily 'water cooler' chat to just meet and talk.

The ten year national workforce strategy for health and social care was endorsed and published by HEIW and Social Care Wales in October. The document represents the culmination of almost a year's development work by HEIW and Social Care Wales in partnership with key stakeholders. Wellbeing of the workforce, quality, diversity and inclusion and the Welsh language are at the heart of the strategy's ambition to have a motivated engaged and valued diverse health and social care workforce with the capacity, confidence

and competence to meet the needs of the people of Wales.

The strategy sets out that Wales:

- ✎ will have a workforce with the values, behaviours, skills and confidence to deliver care and support people's wellbeing as close to home as possible
- ✎ will have a workforce in sufficient numbers to be able to deliver responsive health and social care that meets the needs of its people

✎ will have a workforce that is reflective of the populations diversity , Welsh language and cultural identity; and

✎ will have a workforce that feels included and is valued.

The strategy is underpinned by seven key themes, detailed in the table below. Our Annual Plan Strategic Objectives represent the delivery plan for the health actions that will be undertaken in partnership to deliver the Strategy.

Theme	Descriptor
1. An Engaged, Motivated and Healthy Workforce	By 2030 the health and social care workforce will feel valued, fairly rewarded and supported wherever they work.
2. Attraction and Recruitment	By 2030, health and social care will be well established as a strong and recognisable brand and sector of choice for our future workforce.
3. Seamless Workforce Models	By 2030 multi-professional and multi-agency workforce models will be the norm.
4. Building a Digitally Ready Workforce	By 2030 the digital and technological capabilities of the workforce are well developed and in widespread use to optimise the way we work, to help us deliver the best possible care for people.
5. Excellent Education and Learning	By 2030 the investment in education and learning for health and social care professionals will deliver the skills and capabilities needed to meet the future needs of people in Wales.
6. Leadership and Succession	By 2030 leaders in the health and social care system will display collective and compassionate leadership.
7. Workforce Supply and Shape	By 2030 we will have a sustainable workforce in sufficient numbers to meet the health and social care needs of our population

HEIW has delivered a number of significant achievements in the areas of succession and leadership. We have developed the Compassionate Leadership Principles for Health and Social Care in Wales, which are aimed at guiding leadership behaviours across the system. The Principles were officially launched in May 2021. Compassionate leadership is based on the core values of compassion, wisdom, courage, humanity and justice which have been identified as the principles which underpin fair and healthy societies everywhere. The socialisation of the Compassionate Leadership Principles will be further supported by a range of resources that have been developed with Professor Michael West and curated from experts which include the Kings Fund. Reading materials on Compassionate Leadership has been developed and is being promoted on undergraduate and postgraduate curriculums throughout Wales. HEIW has also created Collective Leadership Champions across NHS Wales so that Compassionate Leadership is modelled within senior leadership roles.

We have also launched 'Gwella' – the Digital leadership portal – providing bilingual digital materials, resources, networks and access to a wider range of resources on Compassionate Leadership. Gwella's material are also available as teaching resources so organisations can integrate into existing leadership and management programmes. An inclusive approach has been taken in the development of the site in order to reach diverse audiences and promote fairness in accessing leadership development opportunities. The Gwella leadership portal is available at – <https://nhs-wales-leadership-portal.heiw.wales>.

HEIW has lead the implementation and management of the NHS succession planning framework. The objective of this framework is to ensure a robust pipeline of leadership talent for very senior executive positions across NHS Wales. 'Talentbury' an ambitious 4-day virtual festival of leadership, learning and engagement, which also provided an opportunity for aspiring executives to engage with renowned experts, was successfully undertaken in October 2020.

We also led on the review, improvement and re-launch of the NHS Wales Graduate training scheme. The purpose of the scheme is to create a diverse leadership capacity and to provide an annual pipeline of aspiring leaders to NHS Wales and the wider system. 300 applications were received for the scheme. Following a rigorous selection process 21 graduate management trainees were selected.

Further detail relating to our performance in implementing our Quarterly Plans 2020-21 through the six strategic objectives can be found in the performance analysis section and our end of year performance report 2020-21 which can be found in the May Board paper on our website.

Performance against the NHS Wales delivery framework 2019-20 and the six domains

As noted above, we are a unique NHS organisation in Wales and very few of the NHS Wales delivery framework measures apply to us. Those that do apply are shown below.

SAFE CARE:

Delivery measure 10

Percentage of compliance for staff appointed to new roles where a child barred list check is required.

Outcome: we had no posts for which this was a requirement

Delivery measure 11

Percentage of compliance for staff appointed to new roles where an adult barred list check is required.

Outcome: we had no posts for which this was a requirement.

EFFECTIVE CARE:

Delivery measure 29

Percentage compliance of the completed level one information governance (Wales) training element of the core skills and training framework

Target – 85%

Outcome:

**All staff: 58.1%

NHS Wales: 72.5% (Oct 20)



OUR STAFF and RESOURCES:	
<p>Delivery measure 87</p> <p>Percentage of headcount by organisation who have had a PADR/medical appraisal in the previous 12 months (excluding doctors and dentists in training)</p> <p>Target – 85% ESR and medical appraisal and revalidation system (MARS).</p> <p>Outcome:</p> <p>**HEIW – all Staff: 43.2%</p> <p>*HEIW – core Staff: 60.8%</p> <p>NHS Wales: 61% (Oct 20)</p>	<p>Delivery measure 88</p> <p>Percentage of staff who have had a performance appraisal who agree it helps them improve how they do their job.</p> <p>Target – Improvement</p> <p>Outcome:</p> <p>**HEIW NHS staff survey 2020: 53%</p> <p>NHS Wales staff survey 2020: 20%</p>
<p>Delivery measure 89</p> <p>Overall staff engagement score – scale score method.</p> <p>Target – Improvement</p> <p>Outcome:</p> <p>**HEIW NHS staff survey 2020 : 81%</p> <p>HEIW local survey : 79% (HNA)</p> <p>NHS Wales staff survey: 75%</p>	<p>Delivery measure 90</p> <p>Percentage compliance for all completed level one competencies within the core skills and training framework by organisation.</p> <p>Target 85%</p> <p>Outcome:</p> <p>**All HEIW Staff 61.8%</p> <p>*Core HEIW Staff 78.9%</p> <p>NHS Wales: 79.4% (Oct20)</p>
<p>Delivery measure 91</p> <p>Percentage of sickness absence rate of staff (12 month rolling)</p> <p>Outcome:</p> <p>**HEIW: 1.8%.</p> <p>NHS Wales: 6.1% (Jan21)</p>	

* HEIW core staff = Staff who work more than 0.3 FTE

** HEIW all staff = core staff + staff who work 0.3 FTE or less



Performance analysis



1.0 Performance Framework

As a unique organisation in NHS Wales, we have developed an approach to performance management that suits our strategic role and responsibilities, drawing on the experience of similar organisations elsewhere in the UK. Whilst formal national performance management processes were stood down in 2020/21, due to the COVID-19 pandemic, we have continued to report to our Board on our progress with the delivery of our Plans and on the performance of our business activities throughout the year. The Board has been able to undertake its assurance of the organisation's performance through the scrutiny of structured reports on the delivery of our Strategic Objectives and key performance indicators relating to education and training, quality and operational indicators. These are demonstrated through the integrated Performance Dashboard and structured performance reports.

Building on our previous work, in January 2021 our Performance Framework was approved by the Board. This Framework describes our system for making continuous improvement to deliver our Strategic Objectives and effectively deliver our business activities. The Framework outlines our proportionate approach to performance improvement in line with the Compassionate Leadership Principles and our values and behaviours. It describes the accountabilities within HEIW for performance reporting, improvement and assurance, how issues of concern will be escalated and what actions will be taken if this happens.

The Performance Framework is based on a cycle of continuous review and improvement and linked closely to the strategic (IMTP) planning cycle. The system is designed to ensure a proportionate, regular and effective approach to planning, monitoring performance, reviewing progress, agreeing actions, improvement and learning in a strategic organisation as shown below:



In addition to the Performance Framework, a Data Glossary for the Performance Dashboard was also published which clearly identifies Executive Leads and Responsible Owners for the Key Performance Indicators on the integrated Dashboard. In addition, our structured programme of Service Review Meetings is working well and we have expanded the end of year reviews to include our corporate departments.

As a result of our work in 2020/21 to further develop our performance management

arrangements, the organisation received a recommendation of Substantial Assurance on Performance Management by Internal Audit at the end of 2020/21. In addition, the draft Structured Assessment on Operational Planning in HEIW (March 2021) found that the organisation had effective arrangements in place to oversee delivery of its operational plans, which were embedded in the approved Performance Framework.

2.0 Impact of COVID-19

Business Continuity

The organisation approved a revised Business Continuity Plan in 2020 to ensure that it was fit-for-purpose following the flooding near Ty Dysgu in early 2020 and the learning of the first wave of the COVID-19 pandemic.

The organisation has deployed its Business Continuity Plan to manage and monitor the effects of the pandemic on the organisation. All staff have had periods of 100% working from home, although the building has also been open for some periods for wellbeing or business purposes. We have been fortunate that only 14 of our staff have tested positive for COVID-19 and, unlike other parts of the NHS, we have had no deaths amongst our colleagues.

As a strategic organisation with a need to focus on the relatively long pathway from education to employment one of our main priorities has been to work with the rest of our NHS colleagues to protect the future workforce supply for NHS Wales. The education and training impacts of the pandemic are monitored and reported via the Education and Training Cell to the organisation's Crisis Management Team (CMT). A formal risk log has been regularly updated and the CMT reports regularly to the Executive Team. In addition, the Executive Team receives reports as required on issues by exception and the Board receives COVID-19 briefings as required.

Education and Training

One of our key priorities during the COVID-19 pandemic has been to protect education and training for our students and trainees as far as possible, and to mitigate any disruption that occurred. This has taken us into new territory, particularly during the first peak of the pandemic, but thanks to the excellent partnership working with Higher Education Institutions, regulators and NHS colleagues we have managed to keep the majority of programmes and courses on track. We have had to move rapidly to new ways of delivery, including virtual learning, simulation and working with regulators to assess competencies in different ways and we will retain many of these ways of working in the future. We have also worked closely on a Four Nations basis to maintain the recruitment and quality management processes and to communicate effectively with our students and trainees.

However, as we emerge from the second wave of the pandemic, it is becoming clear that some of our programmes have experienced a negative impact from both the pandemic and the associated lockdown and the educational and financial effects of these will need to be managed and monitored for several years to come. The main issues are:

- There appears to have been a pandemic impact on nursing undergraduate fill rates although the actual number of students has still increased year on year
- There are some issues with graduation delays (summer 2021) for a range of healthcare professionals
- The take-up of continuing professional education has been impacted with a consequent financial underspend
- All health professional placement issues have been resolved, using innovative approaches in collaboration with the Universities, Health Boards and Trusts
- Dentistry is severely impacted with the emerging figures being around 50% of Foundation Trainees being delayed in their progression. Initial estimates also suggest around a third of students are delayed at undergraduate level across the country and this will necessitate a second intake into Foundation Training in early 2022
- All medical specialties have been affected to some extent but surgical trainees have been particularly affected due to the decrease in elective surgical activity throughout the year. This is being reviewed in detail at an individual level and the overall picture will continue to emerge over the summer
- The impacts of COVID-19 on the Pre-Registration Foundation Pharmacists were mitigated through a switch to online delivery. However, a potential requirement for extensions to work based training programmes for the current 2020-21 cohort is likely to be around 10% (13 posts) to ensure competency across all required standards.

3.0 Prioritising our Strategic Objectives

HEIW developed an approvable Integrated Medium Term Plan (IMTP) for 2020-23 and at the outset of the year, this ambitious 3-year plan identified 42 Strategic Objectives that would support the delivery of our 6 Strategic Aims. The outbreak of COVID-19 in March led to the national planning processes being paused and had a significant impact across the year on the prioritisation of our work to support the system response to the pandemic, the development of quarterly Operational Plans in line with national guidance and the management and monitoring of our organisational performance.

During March 2020 we reviewed our IMTP and, in agreement with the HEIW Board in May 2020 we paused all non-essential work programmes in line with our crisis management and business continuity response. Where relevant we refocused work programmes to support the COVID-19 response and our approach was positively reviewed following a Structured Assessment of our Q1 Operational Plan.

The following Strategic Objectives were agreed to be deferred until 2021/22 due to capacity and the need for engagement with stakeholders and partners:

- 1.7 Develop effective and reciprocal international/global mechanisms to enhance education and training arrangements
- 2.4 Lead the development and implementation of a digital capability framework for the healthcare workforce
- 2.5 Develop a plan in conjunction with Welsh Government for the future allocation of SIFT funding
- 2.7 Implement improvements to ensure equitable access to education and training for SAS and locally employed doctors
- 2.9 Review career pathways and education opportunities for the clinical academic and research workforce
- 4.1 To develop a good practice toolkit and resource guide to support the workforce model in unscheduled care
- 4.7 Support workforce development requirements of integrated care models being developed by Regional Partnership Boards.

System Response

As an active partner in the COVID-19 response, members of our senior and executive team also joined partners and colleagues as part of national emergency planning and coordination groups. Our Chief Executive was seconded to Welsh Government to support the national leadership response in the first wave, our Director of Workforce and OD also jointly chaired the National Workforce Cell and is HEIW's representative on the national Coronavirus Planning and Response Group, the COVID-19 Vaccine Delivery Programme Board and the COVID-19 Vaccine Deployment Battle Rhythm/SITREP Meetings. Furthermore, HEIW has been represented and contributed to the Welsh Government Nosocomial group. At the outset of the pandemic, we also reviewed our strategic priorities to enable our clinical staff to provide additional support to the front-line response.

Building on the solid base of an approvable IMTP, in line with the national NHS Wales Frameworks we developed, and the Board approved, Operational Plans for Quarter 1, Quarter 2 and Quarters 3 and 4 of 2020/21 which included restarting our strategic work, the response required to COVID-19 and the impact of Winter pressures. These changes have been monitored as appropriate on a quarterly basis and progress reported to the Board.

Our system response included providing practical specialist training and education to support the pandemic response in the areas of critical care and remote consultation and rehabilitation infection prevention and control and critical care. As a result, two Strategic Objectives were added to our work programme Quarter 3 and 4 to reflect this work:

- 4.12 Adopt a two-stage approach to support the Infection Prevention and Control (IP&C) agenda across health and social care
- 4.14 Develop support for the care home sector.

In addition, a comprehensive suite of wellbeing resources was developed at pace by HEIW in partnership with staff health and wellbeing leads across NHS Wales and Trade Union partners to support the COVID-19 response.

We supported the national work programme of wellbeing, and facilitated the delivery of a dedicated Samaritans Wales helpline for NHS and Social Care staff including Welsh Language provision as well as an extension of the Health for Health Professionals provision (which was originally only for doctors) to all NHS staff. This includes a confidential help line, counselling and self-guided and professional guided online tools. We also repurposed our HEIW digital leadership portal to enable new ways of working and access for the health system through digital and virtual education.

4.0 New functions

The organisation is continuing to grow and mature. During the year we have taken on new programmes and functions and new Strategic Objectives were added to our Quarter 3 and 4 Plan to reflect two programmes that joined us in the latter part of the year:

- 4.11 Develop a plan in collaboration with Welsh Government and Social Care Wales to support implementation of the multi-

professional workforce and training aspects of the Allied Health Professions Framework for Wales "Looking forward together"

- 4.13 Seamless transition into HEIW for the Healthcare Science Programme Team and minimise disruption to delivery of programme objectives.

As well as these, in-year we became responsible for the Nurse Staffing Levels (Wales) Act 2016 programme.

In summary, our Plans have remained flexible throughout the year to enable us to support the system response to COVID-10 and Winter pressures and to balance this with the need to deliver our strategic direction. Following this review and prioritisation, in Q3/4 we were delivering 39 Strategic Objectives and have monitored and reported progress on them to the Board.

5.0 Progress with Delivery of Strategic Plans

As described the organisation maintained its strategic focus and balanced the need to support the system response to the pandemic and good progress with the delivery of our Strategic Objectives was reported to the May Board in the end of year Performance Report. There have been many achievements in year as shown in the snapshot table in **Appendix 1**.

Summary of Progress by Strategic Aim

The summary of progress towards our Strategic Aims in-year is as follows.

Strategic Aim 1:

To lead the planning, development and wellbeing of a competent, sustainable and flexible workforce to support the delivery of 'A Healthier Wales'

Workforce Strategy – We received endorsement from Welsh Government and together with Social Care Wales published our 10 Year Workforce Strategy for Health and Social Care. The strategy sets out the vision, ambition and actions that put wellbeing at the heart of plans for the NHS and social care workforce in Wales. It reflects a core element of the Parliamentary Review and A Healthier Wales' 'Quadruple Aim' to deliver an inclusive, engaged, sustainable, flexible and responsive workforce to deliver excellent health and social care services. With Social Care Wales we have reported on the first 6-month implementation plan and we are working on the next 12-month implementation plan.

Made in Wales – We have commenced work to drive forward a unique approach to growing our own workforce, from our current staff and attracting a new workforce from our local population. This approach will maximise opportunities to create flexible entry points and transferrable career pathways, 'on-the-job' development, structured programmes and transferrable learning opportunities which give the ability to build formal qualifications from this learning, underpin registration as well as offering future career options for staff who may be looking for alternative careers within the NHS family.

Wellbeing – We have piloted internally a wide variety of workforce wellbeing resources prior to rollout across NHS Wales and we have worked nationally across the UK to identify

and promote new approaches for the benefit of colleagues in Wales and during these challenging times to support organisations and leaders in ensuring staff can access the support they require to cope with the challenges of the pandemic and to improve engagement and resilience.

Careers – In-year we welcomed colleagues into HEIW from the Widening Access Team and #TrainWorkLive to enhance our role into shaping future career opportunities in Wales to offer opportunities through diverse routes. In addition, we have been supporting the revision of the Careers network to incorporate Social Care Wales and to consider the development of a Health and Social Care network.

Multi-professional CPD Strategy – Eighty percent of our workforce will still be with us in 10 years so training and supporting our workforce to work in modern service models is essential. The establishment of a modern, flexible course management system has been a pre-requisite for this work. We have completed a pilot exercise of a course management system across the organisation in support of the development of a multi-professional CPD strategy prior to undertaking a formal procurement exercise. The system has been used to facilitate a wide range of virtual learning opportunities for the existing workforce in the absence of the ability to undertake face to face training.

Strategic Aim 2:

To improve the quality and accessibility of education and training for all healthcare staff ensuring that it meets future needs

Education and Training Plan 2021-22 – In December 2020, the Minister for Health and Social Services agreed the annual education commissioning and training plan 2021-22 with record funding of over £227m. The additional money amounts to an 8.3% increase and will help us to develop the flexible, sustainable and responsive workforce we need in Wales. This will include increases in postgraduate medical training alongside increases in nursing, midwifery, allied health professions and healthcare science of over 9% in 2021 representing the highest ever level of health professional commissioning Wales has seen.

Strategic Review – We progressed Phase 1 of the Strategic Review of education commissioning which aims to improve

value and outcomes for NHS Wales from our commissioned undergraduate programmes across a range of health professions. This is a substantial and complex transformation programme which will result in a different pattern and approach to undergraduate education across Wales, to ensure that we produce the right graduates with the right skills. At the end of the year the procurement process is on-track for implementation in the academic year starting September 2022.

Education and training improvements – New models of dental education and training have been introduced including virtual approaches, e-learning and use of digital systems such as Attend Anywhere. Work-based learning and apprenticeships have been expanded in the wider dental team including developing the bursary offer for dental therapists and a Level four apprenticeship has been introduced.

The General Pharmaceutical Council (GPhC) approved new standards for the initial education and training of pharmacists at their meeting in December 2020. The change programme was established in year and the changes and expansion in pre-registration pharmacist training has been incorporated. In addition, there have been improvements in pharmacy technician training and a rapid move to virtual education and training.

Improvements in medical training are included throughout this section but in common with the other Deaneries, there has been a rapid move to digital approaches and we also established our Quality Improvement training programme.

General Practice – In year we have continued to support the new model of GP specialty training involving the 1+2 model (one year in a hospital setting, two years in a GP practice) which has proved successful and we continue to expand our training practice numbers and educational infrastructure to support it. In addition, we have implemented Longitudinal Integrated Foundation Training (LIFT) for trainees to have multi-sector training across secondary and primary care.

Multi-professional Infrastructure – We professionalised our Training Programme Director responsibilities in the Medical Deanery and developed a draft quality assurance framework for Work-Based Learning to support learners in clinical environments. We have expanded the professional reach of our Clinical

Fellowship programme to include professions such as optometry and the first cohort of nurses has commenced on the Future Nurse Programme to enable access across a breadth of professions

Simulation Based Education – With simulation playing an ever more important role in curricula and as a vital solution to training capacity we have established a new multi-professional clinical leadership team to drive forward our approach to co-ordinate Simulation Based Education. We have hosted two webinars to take forward the agenda and build up networks of expertise and best practice. This will support the future development of our Simulation Based Education Strategy to support virtual and simulated training, building on our learning from the pandemic.

Single Lead Employer Arrangements – In order to provide a more seamless service to trainees, and enhance their training experience, we have worked with NHS Wales Shared Services Partnership to implement enhanced Single Lead Employer arrangements across a breadth of medical specialities, dental and pharmacy. This has built on the work already in place supporting GP Trainees. This has been a significant area of work with some teething problems along the way in the transition to the new model, but these have been resolved in readiness for further expansion.

Differential Attainment – HEIW has established the Differential Attainment Programme Board with the purpose of sharing good practice, plan future initiatives and to act as differential attainment champions to influence, enhance and advance the differential attainment agenda across stakeholder groups and the wider training community.

Strategic Aim 3:

To work with partners to influence cultural change within NHS Wales through building compassionate and collective leadership capacity at all levels

Development of Compassionate Leadership Principles

– the Principles describe the environment and culture leaders should create within organisations to enable continuously improving services and effective working conditions. They are supported by a Compassionate Leadership Compass, aimed at guiding leadership behaviours and interactions across the system, and were agreed in March 2021 with the aim of launching them in May.

Launch of the Leadership Portal – ‘Gwella,’ our Leadership Portal was designed to provide access to a range of bilingual digital leadership materials, resources, networks and be a key enabler to supplementing formal leadership development. Launched in August 2020, Gwella has been central to influencing the shift towards a compassionate and collective culture within teams, organisations and the wider system. The development of the portal won a Learning Technologies award in November in the category for Digital Transformation.

Talentbury – In October 2020, HEIW hosted ‘Talentbury’, an ambitious 4-day virtual festival of leadership. The Talent Summit provided an opportunity for nominated aspiring executive leaders to engage in a series of leadership events with renown experts, whilst providing a vehicle to help co-design the leadership development offerings required by aspiring executives to help them transition into executive roles.

Aspiring Leadership – The Aspiring Executive Leadership Hub was established following ‘Talentbury’. This network actively supports leadership development opportunities including mentoring, master classes, webinars and Leadership development programmes. This network of aspiring executive leadership is key to role modelling the compassionate leadership behaviours required across NHS Wales and will form our Talent Network and future senior leadership pipeline.

Relaunch of NHS Graduate scheme – During the year a proactive marketing strategy to recruit trainees has been undertaken alongside establishing the required infrastructure, governance and operating model. Following a

rigorous process of online tests, interviews, and a final assessment centre, a total of 21 graduate management trainees were selected and are due to commence in September 2021.

Strategic Aim 4:

To develop the workforce to support the delivery of safe, high-quality care

Endoscopy – We established the first All Wales Endoscopy Workforce and Training programme and developed governance mechanisms to support the requirements of the National Endoscopy Programme, including the Endoscopy Recovery Plan. Although two cohorts were intended to commence between March 2020 and March 2021, the second cohort was delayed until April 2021. For the first cohort, out of 12 places available, 6 individuals commenced with five now expected to finish. For the second cohort which commenced in April 2021, 12 places were offered, and 6 places have been taken up. Despite the reduced numbers of trainees commencing in year, when the cohorts complete this will be a significant expansion in the number of clinical endoscopists across Wales.

Mental Health – We are working jointly with Social Care Wales on the development of a workforce plan to support the implementation of Together for Mental Health. In the Autumn we hosted a month-long virtual conference on ‘Informing the Future of the Mental Health Workforce in Wales’ to underpin the development of a strategic workforce model, and curated the outcome of this into a comprehensive report using the seven core themes of the Workforce Strategy. We have also developed CAMHS training for delivery to support the system recovery.

Primary Care – We have actively taken forward approaches to support the workforce priorities in primary care, aligned to the national Strategic Primary Care Programme. We have agreed a vision for multi-professional training and education through a network of Locality Training Hubs, aligned to Health Boards, social care and the independent sector and will be developing detailed plans in 2021/22.

The pandemic also highlighted the requirements for a rapid development of the immunisation workforce and we have worked with Public Health Wales to refresh the Healthcare Assistant (Nursing) – Administering Immunisations and Injections learning unit,

which sits within the Agored Cymru Level three Diploma in Primary Care Health Care Support (General Practice Wales). We have also invested in widening access to careers in social care nursing with the agreement to recruit to three Care Home Educational Facilitators.

New Programmes of Work – We have transferred the All Wales Nurse Staffing Programme, Healthcare Sciences and Allied Health Professionals Framework programme teams into the organisation. Some already had clear work programmes, some have required further work to clarify deliverables and outcomes. Although it has been a challenge taking on new teams and responsibilities during a time of remote working, each of these programmes will benefit from being integrated within the wider work of HEIW.

Strategic Aim 5: **To be an exemplar employer and a great place to work**

Wellbeing – For our staff we piloted and shared a range of wellbeing resources to raise awareness and provide support across areas such as mental health, and money advice. This has been critical during a year of remote working which has inevitably had an impact on communication, social connection and team working.

Values and Behaviours – we have continued to progress and, in some cases, accelerate actions within the People and Organisational Development portfolio. These have included enhanced engagement and networking opportunities; pulse, homeworking, health needs analysis and staff surveys; staff fora and events such as ‘HEIW fun factor’ and the Christmas extravaganza as well as sessions to look at our culture and ways of working.

We have continued to improve our approach to recruitment and attraction, embedding our values, and have added significantly to our suite of workforce policies – mostly recently in respect of agile working, mental health and special leave.

Equality and Inclusion – We published our Strategic Equality Plan which explains how HEIW will promote equality, eliminate discrimination and foster good relations and at the enhanced our head quarter building taking advice from stakeholders in improvements required to make all building

users feel equal and comfortable in HEIW. This included the addition of hearing loops and braille signage. Furthermore, we worked towards and achieved accessibility standards across our websites and applications.

Biodiversity and Decarbonisation – We have taken forward and embraced our organisational approach to the Biodiversity and Decarbonisation agenda and engaged with colleagues on the development of our first strategic plan which will drive the detail required in future action plans.

Strategic Aim 6: **To be recognised as an excellent partner, influencer and leader**

HEIW Profile – This has been a challenging year in terms of stakeholder relationships and we have had to revise and replace many of our usual approaches to engagement due to COVID-19. Despite this we have led substantial engagement exercises in relation to mental health, primary care, simulation and quality improvement. We have engaged on our annual plan for 2021/22 with a range of organisations and have continued to provide comprehensive stakeholder bulletins on a quarterly basis, supplemented by dedicated primary care workforce bulletins every six months. We meet regularly with Social Care Wales, and participate fully in NHS peer groups.

HEIW Website – Our external communication opportunities have been transformed through a new accessibility compliant website which has been created through close working between the digital and communications teams and launched in April 2021. Our new website will facilitate dynamic content enabling users to find the information they require quickly and easily – a key requirement of our audience.

HEIW Brand – We developed and put into use our ‘HEIW style’ branding guidelines ensuring a recognisable presence across all communication platforms and internal documentation.

WIFI Availability – We have worked with stakeholders to facilitate the visibility of the EDUROAM network across NHS Networks and sites proving learners and trainers with a further mechanism to access required learning materials and information.

Areas of Challenge and Escalation

The Welsh Bursary and Streamlining

The first cohort of students who had been beneficiaries of the Welsh bursary graduated in 2020/21 and several challenges emerged in managing and tracking the employment of this cohort. As a result, the bursary performance issues were put into escalation and targeted work has been undertaken to track the employment status of the 2020 cohort and to make recommendations for improving the tracking, appeals and repayment system. The conclusion of the work is that the first year of the bursary tie-in was largely a success with 90% of students taking up employment in NHS Wales. However, there are a small number of students who have not complied with the terms of the bursary and will need to repay their tuition fees.

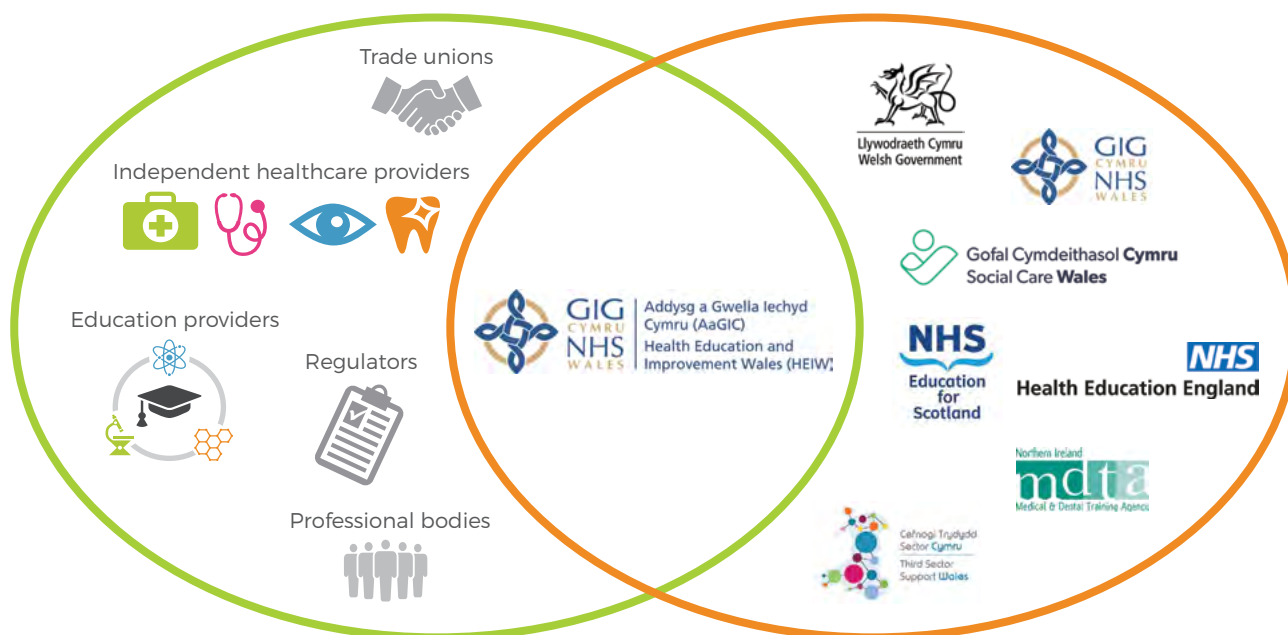
As a consequence of the bursary issues the streamlining process that applied to nursing students (matching students in commissioned places to jobs in the originating Health Boards and Trusts) was rapidly extended to other professions – particularly in recognition of the potential impact of COVID-19 on local recruitment processes. In collaboration with NWSSP the larger Allied Health Professions and Healthcare Sciences student groups were included and processes for Midwifery and Physicians Associates are also being implemented for 2021 recruitment for completion in May and June. For the students graduating in 2021, 405 graduates have currently secure roles out of a total of 507 (80%), and a further review is being undertaken of the remaining 102 students, some of whom did not opt into the process. Whilst this process has been successful in transitioning graduates into jobs a number of lessons have been learned from this and a full evaluation is underway to inform the approach for next year.

Together with the Strategic Review, the Welsh bursary and streamlining could support system workforce sustainability through the 'Made in Wales' ethos and have positive socioeconomic, wellbeing and Welsh Language impacts. However, it is a change to the way that the pipeline has previously managed for these staff groups and a number of stakeholders have expressed concerns about the process. We are undertaking a rapid evaluation process and will continue to engage with all stakeholders and to work with our NHS colleagues to manage the financial and workforce planning aspects through the IMTP processes.

PADR and Mandatory and Statutory Training

We have more work to do on our internal PADR and mandatory and statutory training compliance to meet the national targets (85% for each). At the end of the year we achieved 61% compliance against the PADR target which is an 8% increase over the 12-month period. We achieved 79% compliance with the mandatory and statutory training, which is also an increase from 70% at the start of the year. These indicators are of particular importance in maintaining a highly engaged, high-performing workforce and our work to improve against these targets, including supporting the recording on ESR has been intensified. They have been highlighted in the end of year Service Reviews to all teams as a priority for Quarter 1 of 2021/22.

HEIW and our partners



As an All-Wales strategic organisation, close working with our partners and stakeholders is essential to the way we undertake our business. This includes trainees and students, NHS Wales, Social Care Wales, education providers, regulators, private sector businesses, voluntary sector, professional bodies, the public and Welsh Government. During 2020–21 our communications, engagement and partnership working has been even more important as we work together to meet the challenges presented to us by COVID-19.

As described, our pandemic response included carrying out immediate actions to support the wider NHS and to minimise the impact on education, training and the workforce of the future. All of this entailed integrated working and innovation in partnership with regulators, other statutory education bodies, education providers, Welsh Government and our colleagues across NHS Wales. In addition, we worked closely with the NHS Wales staff health

and wellbeing network, Third Sector partners and Welsh Government to ensure health and social care staff have effective health and wellbeing support during these difficult times and to produce comprehensive guidance and communications for students and trainees. We have also hosted the all-Wales Placement Reference Group with all the Welsh Universities that we commission to successfully mitigate the effects of the pandemic on experiential learning for our students.

In addition, we moved our information and engagement events online to ensure that partners continued to have the opportunity to hear about what we are doing and help shape key national workforce and education programmes. To maintain openness and transparency our Board meetings and Annual General Meeting have been held in public and online, plus we have held larger virtual events such as the Mental Health Workforce in Wales conference and Talentbury.

6.0 Highlights from Education and Training Commissioning

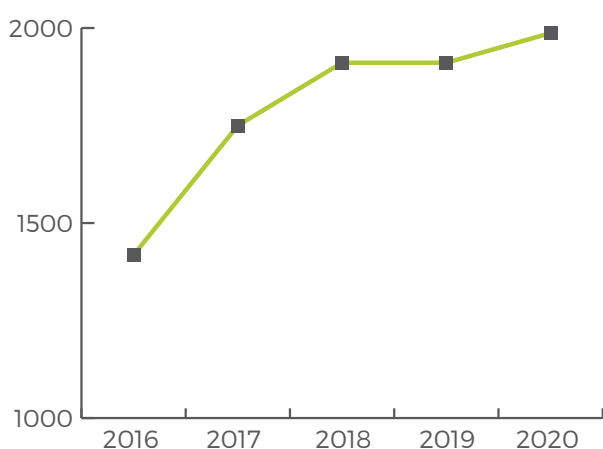
The majority of our budget (88%) is invested in education and training. In 2020-21 we continued to commission an increasing number of training and student places across a range of health professions, in line with continued investment and commitment from Welsh Government in line with our Education and Commissioning Plans.

As shown at any one time we are supporting the training and education of approximately:

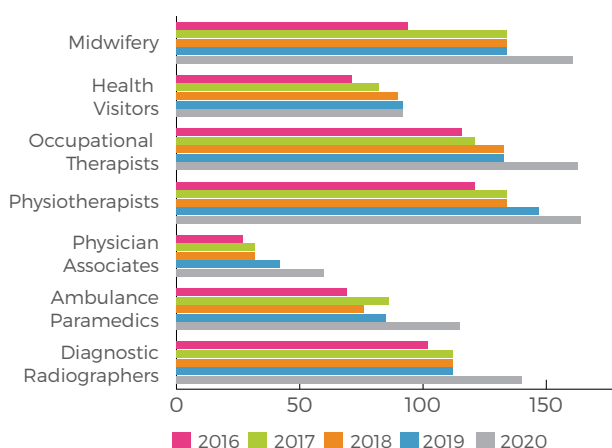
- Postgraduate training for approximately 10,000 staff; 160 GPs, 3,650 secondary care doctors, 2,778 pharmacists, 1,650 pharmacy technicians, 800 optometrists and over 1,000 community nurses.

The trends in commissioning and training numbers for Wales are shown in **Appendix 1** and a number of professions are highlighted below.

Pre Registration Nursing Commissioning Numbers 2016-2020



Selected Profession Commissioning Numbers 2016-20



Overall, our fill rates across the range of education we commission continued to be very good this year as outlined below, notwithstanding the ambitious increase in commissioned numbers. This is very positive news for the future planning of health professional staff in Wales. For example

Health Professional Education – The second lockdown affected Spring 2021 pre-registration nursing rates, with the recruitment rate falling in 2020/21 by 2-3% on the previous year to 93.4%. However, this is against a backdrop of a continued rise in the number of commissioned places which increased from 1911 to 1988 from 2019/20 to 2020/21. Despite the lower percentage recruitment rate, the actual number of recruited students therefore increased from 1815 to 1855 from last year which is an overall increase of 2%. Feedback from students reflect that childcare issues relating to home-schooling and the lockdown impacted on the recruitment. This rate remains provisional until there is confirmation of the actual rate via data validation processes. To fill the additional places, HEIW will further invest in the CertHE Healthcare Nursing Support Worker Qualification. This investment will offer more students the opportunity to progress onto year two of the Pre-registration Nursing Degree programme, thereby ensuring there are additional newly qualified nurses, to meet service need, exiting programmes in Spring 2024.

Secondary Care Medical Training – following initial Round 1, Round 1 Re-advert and Round 2 recruitment processes we achieved an overall 93% fill rate (418 of 450 posts advertised).

Over 99% of core training posts across Wales were filled in Round 1, which is an increase of over 5% from the previous year and up 10% from 2018. According to data published by the UK Medical and Dental Recruitment and Selection Board, Wales has also achieved the highest fill rates across the UK. The number of training posts available in Round 1 was also increased to 252. Of this 252, only three places were not filled this year across 15 different specialties, with 12 specialties achieving 100%.

In addition, Round 2 recruitment was successful in achieving an initial 80% fill rate (135 posts filled of 168 advertised). This is 5% lower than in the previous year but broadly comparable given the variables in the recruitment processes including the mix of

specialty training posts each year.

Round 2 re-advert achieved a 113% fill rate 34 against 30 new vacancies advertised, which is a considerable improvement compared to the same round for 2020 and 2019, in which recruitment rates reached 31% and 44% respectively.

Dentistry – The overall recruitment rate for Dental for 2020/21 is 94% and is a small increase on the 93% reported at the end of 2019/20. In year, we achieved a 100% recruitment rate (62 posts) for Dental Foundation Training. Within Dental Core Training, all 72 posts were appointed to and, currently, 65 posts (90%) are occupied by core trainees and seven by locally appointed trainees not following the DCT curriculum. Of the 25 Dental Specialty Training posts, 23 (92%) were filled in year.

Pre-Registration Pharmacy – 132 trainees have been recruited of the 160 commissioned places offered and budgeted for in 2020/21, which is an 83% fill rate this year. However, the offer of 160 places represents a step-change in the baseline number of pre-registration pharmacists in training, as it is an increase of 39% on last year when only 95 commissioned places were available via NHS Commissioning and Welsh Government Community funded posts.

Future Recruitment – Across the UK system, a 25% increase in applications to medicine schools has been noted this year and the possibility of universities overfilling their places offers a potential opportunity that will require

further future discussion in supporting the future workforce pipeline in Wales.

As previously outlined recruitment to the 2021/22 Dental Foundation Training (DFT) programme continues to be a key issue. New graduates enter DFT via a national recruitment mechanism and apply to DFT in the November of their final year at Dental School to start in the September following graduation. As clinical dentistry has been significantly impacted, Dental Schools are currently unable to commit to how many dental students will graduate as planned in the summer graduation period which is likely to have an impact on future trainee numbers to fill available places.

7.0 Quality of Education and Training

Specifying, monitoring and ensuring the quality of education and training of our future and current NHS Wales workforce, in line with regulations and standards is one of HEIW's core functions and top priorities. We have systems to achieve this across all of our professional groups and during the year we have introduced many innovative ways of working to mitigate the impact of the COVID-19 pandemic, to ensure that the quality of education and training is maintained to the required standards. As described, excellent communication with all our partners, stakeholders, students and trainees has been essential in this work. In addition, we have started to shape our overarching Quality Management Framework which will describe all of our multi-professional quality management systems and will be approved in 2021/22.

7.1 Health Professional Education

Universities are a key partner of the NHS as they provide large volumes of education and training for all health professionals at undergraduate and postgraduate level. The quality aspects of the contract management process assure HEIW, Welsh Government and Health Boards that health professional education commissioned and delivered in Wales adheres to the highest academic and vocational standards in line with contractual agreements.

The annual performance management cycle undertaken by HEIW's Education, Commissioning and Quality (ECQ) Team culminates in the production of individual education provider year-end performance reports. These reports document achievement and concerns, detailing any improvement plans for the following year. This All-Wales performance report summarises the individual reports to establish the All Wales position, highlighting areas of high achievement and any areas of concern at both local university level and the national level.

Each university's performance report highlights not only their own performance but identifies the Welsh average, commissioner targets and provides a scoring system on each area tested. Where performance is below the expected level, an action is raised in the report for the university to address. Responses

to these actions must be submitted to HEIW as the commissioner by a specified date with measurable activity and targeted improvements. These are discussed in future contract business meetings as a part of the continuous improvement agenda.

Components of the ECQ Team's performance and quality framework include:

- Individual university performance reports, based on HEIW KPIs and benchmarking. Performance targets are set each year based on historical trends and industry best-practice. KPI targets are designed to improve performance, be challenging but achievable. The new education contract sets out targets for 2022/23 and these are reviewable on an annual basis to continually drive improvement
- University self-assessment, based on a questionnaire devised by the ECQ Team (incorporating learning from the Medical Directorates Review systems)
- Feedback from student interviews
- Feedback from interviews with Practice Education Facilitators and Practice Assessors
- National Student Survey (NSS)
- In-year reports/conditions from the regulators (Nursing Midwifery Council – NMC, the Health and Care Professions Council – HCPC).

The team co-ordinates yearly feedback sessions with students, Practice Education Facilitators and Practice Mentors, offering a supportive environment to share positive aspects of the quality of education along with any concerns. This contributes to the formulation of the Annual Quality Report, which reviews the delivery of quality education for the previous academic year.

The last full year academic year 2019/20 was completed in August 2020 and the following highlights and challenges were identified:

Highlights

- Improvement in fill rates
- Reductions in attrition rates, notably in,
 - Cardiff University Diagnostic Radiography and Operating Department Practitioners (ODPs) where HEIW set the University an action plan to address this; and,
 - University of South Wales midwifery course.

- Improved data collection surrounding students on Interruption of Studies (IoS). This date has enabled HEIW to build Key Performance Indicators into the new education contract that will drive improvements to University management of students on IoS and the percentages that return to courses will be benchmarked
- Continued growth in the number of applications per place for Health Professional courses
- The challenge set by HEIW for Cardiff University to increase ODP applications has led to the commissioning target being met in 2020 for the first time in five years
- Increased usage in non-medical prescribing budget
- Health professional courses in Wales continue to attract students from diverse education backgrounds and wide age ranges. Collection of student demographic information, in line with GDPR rules, is being strengthened within the new education contracts. This will enable HEIW to track students better throughout their education to ensure that all groups of students are afforded excellent and equal opportunities to progress
- Led by HEIW, in collaboration with Universities, the Health Boards and NWSSP managed and supported student deployment during the first wave of the pandemic
- Strategic Review Phase 1 – tender issued and bids received for every lot and sub-lot.

Concerns and challenges

- Full engagement with Universities has been more challenging this year due to the impact of COVID-19 and the need to re-focus on collaboratively supporting students to remain in academia and on placements.
- Application rates to Learning Disability nursing and bio-medical science remain areas of concern. There is still improvements that need to be made in these areas and progress against plans will continue to be monitored.
- The COVID-19 impact on the management of student placements and on the wider education and training on healthcare professionals has been previously considered within this report.

Engagement with Universities was curtailed to essential and operation business for three months (November 2020 to January 2021) due to the tender process for Strategic Review phase 1. As a result of this the quality business meetings were delayed from the normal December date to March and April. However, stakeholder engagement, with students from all Universities and with practice education facilitators and mentors has taken place during this period as these are conducted independently from universities.

7.2 Postgraduate Medical Training

HEIW's approach to ensuring high quality postgraduate medical education and training in Wales whilst meeting regulatory standards is achieved through the application of our quality management framework. This comprehensive framework comprises routine and responsive practices which enable us to work in collaboration with LEPs (Local Education Providers) across Wales to ensure the delivery of quality education and training in a manner which appropriately prioritises patient safety. A proportionate approach is taken where concerns arise thereby encouraging transparency and effective working relationships in the delivery of solutions.

Quality management activity has continued throughout the pandemic albeit in a different way. Whilst active Targeted Visits were postponed during the first quarter, the need to ensure patient safety and effective learning environments has remained as important as ever. We have adapted and changed our systems and taken pro-active action and overall the quality of training and education has been maintained.

Enhanced Monitoring

'Enhanced Monitoring' status is applied by the GMC to those sites which they consider require an additional level of support.

At the beginning of 2020/21 six sites were in enhanced monitoring, Paediatric Surgery at the University Hospital of Wales was withdrawn from Enhanced Monitoring status at our request, due to significant and sustained improvements to the learning environment.

At the end of the period, the following five sites remain under enhanced monitoring, and improvement action plans remain on track.

Local Education Provider (Health Board)	Site	Specialty
Betsi Cadwaladr UHB	Wrexham Maelor Hospital	Medicine
Cwm Taf Morgannwg UHB	Prince Charles and Royal Glamorgan Hospitals	Obstetrics and Gynaecology
	Princess of Wales Hospital	Obstetrics and Gynaecology
Swansea Bay UHB	Morriston Hospital	Emergency Medicine
		Trauma and Orthopaedics

Whilst the pandemic impacted on standard approaches to quality management, the need to ensure patient safety and effective learning environments remained as important as ever. We worked actively with stakeholders with our stakeholders and the GMC in order to develop alternative approaches to activity. These included:

Virtual Visits

Targeted visits were successfully moved to an online format during Quarter two with a good level of engagement from all parties and have therefore continued throughout the rest of the year. Where undertaken there is evidence that improvement plans are on track despite COVID-19. Further visits will continue to be arranged and we continue to work with LEPs (Health Boards and Trusts) to reprioritise visits to ensure that they are undertaken where it is helpful to do so.

Concerns Management

Good communication and timely response to concerns has been critical to keeping training on-track this year and we have pro-actively triangulated evidence from end-of-placement feedback and responses to risk reports in order to obtain an accurate view of the status of all risks prior to the pandemic. Given the potential for existing learning environments to change because of trainee redeployment during the pandemic, steps were taken to ensure that LEPs had alternative approaches to local quality control. In addition, engagement meetings with Associate Medical Directors (Education) were held to discuss progress around new and existing training concerns as well as provide an opportunity to provide guidance and support to ensure ongoing compliance with training standards.

Field Hospitals

The COVID-19 pandemic resulted in the

need for new training environments to be established either to directly manage COVID-19 patients or to ensure that trainees can achieve the competencies outlined in the curriculum. HEIW developed a concise approval process to provide assurance and meet GMC requirements in relation to the integration of field hospitals into existing LEP governance structures, assurance around key patient safety related areas such as clinical supervision, working within competence, induction approaches to raising and managing concerns and capacity to provide education at field hospitals, including the arrangements for educational leadership. This ensured that field hospitals were part of the actions to mitigate the effects of the pandemic on training whilst also ensuring our trainees could help with the system response.

Annual Training Survey

The GMC postponed the traditional National Training Surveys due to COVID-19 in favour of a shorter survey designed to capture trainee and trainer experiences of the pandemic. Wales response rates were 53.26% against a UK average of 48.67% for trainees and 33.8% against a UK average of 24.3% for trainers. As this survey reflects a unique period, and response rates were lower than average, interpretations of these results was challenging and the variability in response rates meant that drawing comparisons was difficult. In addition, as this was a unique survey it was not possible to utilise this data to analyse trends as is routinely the case. Nevertheless, the key themes detailed below have been obtained from the data and these have recently been disseminated to LEPs for their consideration with the caveat that the last survey cannot be considered to be conclusive given the response rates and the timing of the survey:

- Bullying, undermining and patient safety
- Clinical supervision
- Communications, teamwork and leadership
- Speaking up/having a voice and reporting concerns/governance.

The GMC has confirmed that the National Training Surveys will be undertaken between 20 April and 18 May 2021, with a potential extension to 25 May 2021 depending on the response rates. The completion window for the survey will be shorter even if the extension is applied. As is standard practice, the Quality Unit has a communications strategy in place to maximise response rates in recognition of the need for representative data.

Launch of HEIW Open

During the year we launched HEIW Open, a dedicated email account enabling training grade doctors to raise concerns about training quality directly with HEIW. This mechanism was introduced as one of the ways to help address the outcomes of successive GMC National Trainee Survey results which has reported that Wales has the lowest score in the UK for reporting systems, with scores declining over time. The ethos of the system is to maintain links with existing reporting mechanisms and to seek to close the feedback loop where concerns are raised. The impact of HEIW Open since its launch of HEIW Open in Q3, has seen an increase in trainees contacting HEIW direct, with 13 direct contacts since the launch. Whilst some of these were related to a general query, four valid concerns regarding the quality of training were raised. This resulted in communications with LEP's to ensure that action was taken at an early stage, thereby preventing any unnecessary escalation of the concerns.

Annual Reviews of Competency Progression (ARCP)

The COVID-19 pandemic posed considerable challenges to undertaking this summer's ARCPs and to the ability of trainees to meet the curricula requirements. An early decision was made that ARCPs should proceed and that, where possible, no trainee should be delayed in progressing with their training.

Joint working between the four Statutory Education Bodies (SEBs) and the GMC, Medical Royal Colleges and Faculties led to an agreed derogation of the UK established processes. New "no fault" outcomes were created to ensure

trainees could progress to the next stage of their training. The virtual process has been accepted and is an approach that will be utilised in the future. As described in the Impact of COVID-19 section, there are impacts on progression across all medical specialties which are being managed at an individual level.

Medical Appraisal Process

Over the course of 2020/21, the Revalidation Support Unit (RSU) worked closely with the Chief Medical Officer, Medical Directors, GMC and appraisal leads across the four nations to agree and implement national changes to the medical appraisal process to respond appropriately to the changing needs of the service and the profession during the pandemic.

The GP Appraisal process was suspended in March in light of COVID-19 and our GP appraisers' time was released to support Primary Care services across Wales. We participated in Four Nations discussions in preparation for the recommencement of the appraisal process and medical appraisal recommenced across all sectors in Wales on 1 October with a focus on wellbeing and support.

Trainee Support

We continued to actively support a significant number of trainees across medical and dental specialties dealing with various factors in relation to their training through the Professional Support Unit (PSU).

At the end of 2020/21, the Professional Support Unit were supporting 339 trainees with 28% receiving additional psychological support. The Unit took on 68 new cases in Q4 with 51% being via self-referral. 2020/21 has been a challenging year and PSU continues to see a high demand for support related to COVID-19 pandemic issues, with 60% of current active cases seeking support related to health issues, including COVID-19, compared to 29% historically.

7.3 Dental Quality Management

Dental Foundation Training (DFT)

Quality Assurance of Educational Supervisors

We implemented Dental Educational Supervisor Approval Process (DESAP) – Management system to communicate, collate and manage quality assurance information in respect of the approval of our Educational Supervisors (ESs).

Foundation Dentists

The Review of Competence Progression (RCP) process is used to manage the progress of our trainees against the DFT curriculum and our process has external verification by the South West Deanery.

During 2020-21 Foundation Dentists have had the opportunity to feedback on their training whilst also taking part in a Quality Improvement project overseen by a Quality Improvements Educator

Furthermore, we have piloted APLAN (Anonymous Peer Learning and Assessment Network) this year. This platform is independent of the e-portfolio and gives foundation dentists the opportunity to prepare case presentations and have them viewed by a network of peers for balanced feedback. The process can help to identify and manage educational supervisor bias, identify educational supervisor treatment bias, improve Feedback and Congruence whilst helping to identify educational supervisor and foundation dentist educational needs.

Dental Core Training (DCT)

Further to a detailed Quality Assurance (QA) Review this year our Dental Core Training Programme continues to develop QA processes to ensure trainee fulfilment, satisfaction and safe progression and also to ensure that LEPs are providing safe and effective training placements. The DCT Team engages with stakeholders to collect feedback which informs change management of the programme.

Work on quality this year included ensuring that the DCTs met the curriculum requirements and that this was externally reviewed by HEE South West.

The end of year curriculum requirements were amended for 2019-20 on account of COVID-19 at a UK nationally agreed level. The areas that were QA included Supervised Learning Events, Patient Satisfaction Questionnaires, Multi-source feedback, delivery of a Quality Improvement or Audit project, review of Clinical Logbooks, compliance with Continuous Professional Development requirements, production of and deliver against a Personal Development Plan.

Separately the DCT Trainees had an opportunity to feed back on their training through end of placement questionnaires either at six or 12 months.

Dental Specialty Training (DST)

Interim Review of Competency Progression and Annual Review of Competency Progression took place for all trainees including input from Lay and Specialty Advisory Committee (SAC) Representation. Feedback provided by lay and SAC representatives were complimentary about the processes undertaken and the approach to quality assurance.

The end of year curriculum requirements were amended for 2019-20 on account of COVID-19 at a UK nationally agreed level.

Separately the DST had the opportunity to feedback on their training through questionnaires at the ARCP or interim meetings plus an on-line survey on completion of training, and also by having a representative on each of the Specialty Training Committees (STCs).

A full submission was made to the General Dental Council (GDC) in December 2020 as part of a quality assurance inspection for Dental Specialty Training delivered through HEIW.

Dental Trainee Support

Our Dental Professional Support Unit in year supported 13 professionals in year. Support was facilitated by streamlined and modernised processes with further developments in place to secure an online application system.

7.4 Pharmacy Quality Management

The Pharmacy Deanery has signed a Memorandum of Understanding with the General Pharmaceutical Council (GPhC) for the pre-registration foundation pharmacist programme to set and monitor the quality standards in Wales ensuring the GPhC minimal standards are met and additional standards agreed.

Over the course of the next 12 months, a quality management framework will be refined and tested with the 2021/22 HEIW pre-registration foundation pharmacist multi-sector programmes. The framework will be fully implemented for the 2022/23 all Wales HEIW multi-sector pre-registration foundation pharmacist cohort.

Furthermore, the Pharmacy Deanery provides the quality framework for the pre-registration Pharmacy technician training across Wales which includes:

- Recruitment and management of Pharmacy Technician Educational Supervisors

- Recruitment of Pharmacy Technician trainees
- Quality Management of Trainee Placements
- Progression of Pharmacy Technician Trainees
- Management of Trainee Programme Directors.

For Pharmacy Technicians Quality management is currently measured via Awarding Bodies (Pearsons for BTEC and City and Guilds for NVQ). As a City and Guilds Approved NVQ Centre we have to demonstrate that all processes from recruitment of trainees and staff to completion of training programme certification are effectively managed via a quality assured process.

Furthermore, we implement quality measures from Welsh Government to ensure compliance of delivery of an evolving Modern Apprenticeship Framework.

In the future, a Quality Assurance Framework mapped to the new Initial Education and Training programme for pharmacy technicians will be applicable for all sectors of practice.

Within pre-registration pharmacy technicians it was agreed to prioritise resources from our own

team and secure additional input from NHS Wales organisations to clear the short-term backlog in assessments. HEIW is continuing with further contingency planning in case of any further contractual failure by our partner.

Complaints handling

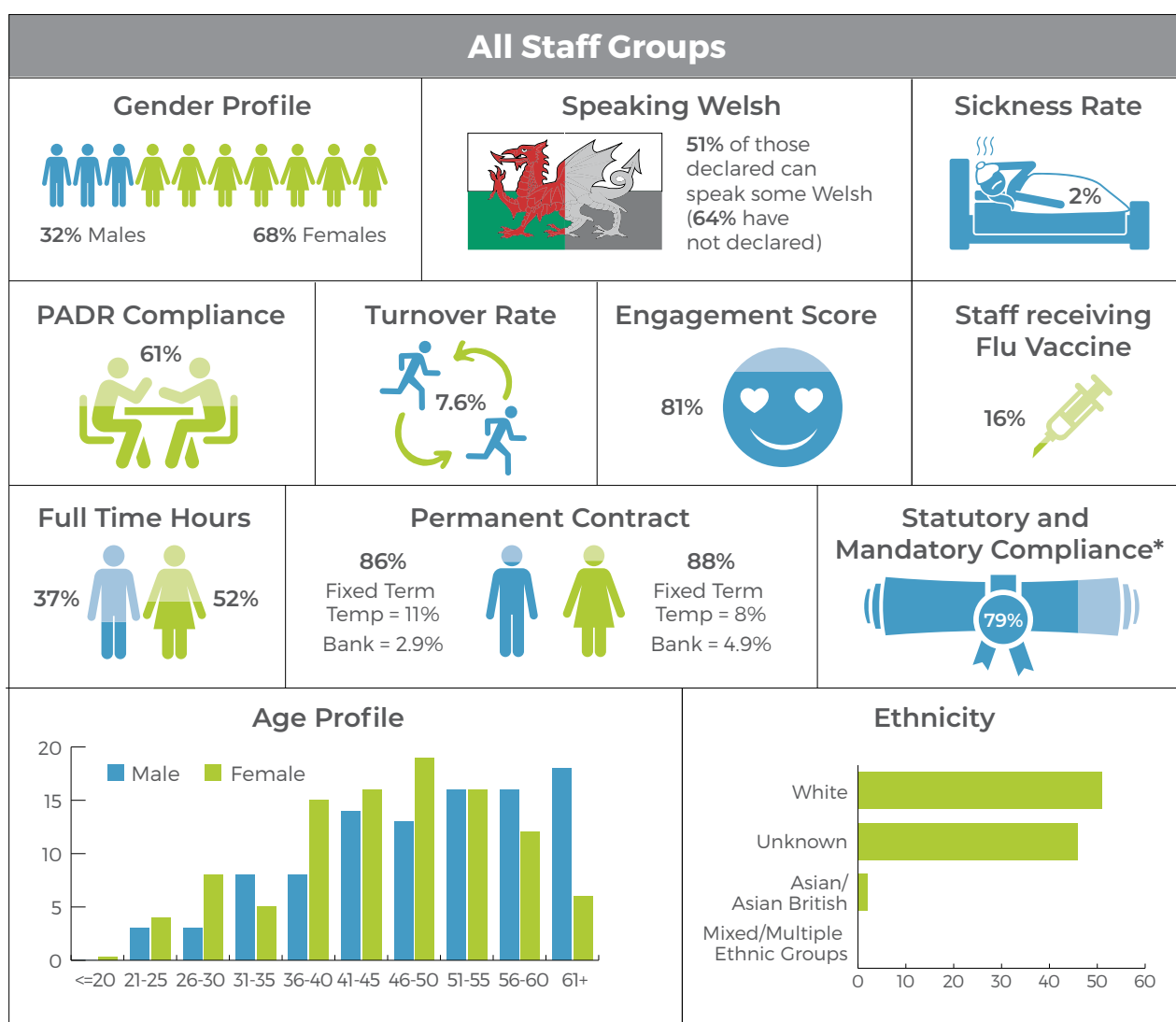
In January the Board approved HEIW's bespoke Complaints Handling Policy which reflects our unique role within NHS Wales as a training and education provider. As a Special Health Authority HEIW does not come under the legislation relating to the NHS Complaints Policy, Putting Things Right, which, in any event, is designed for a patient facing organisation. Our Complaints Handling Policy outlines the process for dealing with concerns and complaints, emphasises a swift resolution of issues where possible and outlines how the implementation of the policy will be monitored. The Policy also supports organisation learning and seeks to identify and share lessons learnt from complaints. HEIW received less than five Complaints under the Complaints Handling Policy during the reporting period.

8.0 Our Workforce

Our people are our most precious asset. HEIW's aspiration is to be an exemplar employer and a great place to work. This has been one of our six Strategic Aims since we were created in 2018, placing it right at the heart of our work and People and Organisational Development practices. Our workforce challenges are different to other organisations in NHS Wales both in respect of the skills our staff need, legacy contractual terms and also the number of sessional workers. It has taken some time

to wholly understand the staff group make-up and to tailor our corporate approaches to embrace their differing needs. For almost half our staff we are the second employer, their main employment being in a health board or trust. Many of these staff work less than three sessions a week for HEIW. In that context we have needed to balance what we need organisationally in areas such as statutory and mandatory training and appraisal with what we can reasonably ask for from these staff.

Workforce Infographic (as at March 2021)



*Excludes employees who work 0.3 FTE or less

Workforce Movement

The HEIW headcount increased to 453 by the end of March 2021, which is an increase of 11 since the end of December and 42 over the 12-month period. This reflects growth in a number of departments, for example, Digital, where there was a need for strengthening the function to include areas such as cyber security and also to provide a strategic presence at Board level. It also reflects specific growth in the workforce transformation agenda including in respect of nursing and Allied Health Professionals and the development of our programmes associated with succession management and compassionate leadership. It also relates to TUPE transfers that have taken place including those relating to the Nurse Staffing Act and Health Care Science Programme staff. New staff continue to be successfully onboarded and inducted whilst working from home, with positive feedback from our new employees.

Turnover

The 12-month rolling turnover rate for HEIW for the period to March 2021 was 7.6%. This remains relatively low but at a level which continues to be healthy enough to continue to support business continuity and organisational memory whilst also bringing in new thinking and new ideas.

Sickness

HEIW's rolling 12-month sickness rate was 1.8%. This is the same level as the beginning of the year. It remains substantially below the NHS Wales target of 4.1% and the NHS Wales average of 4.79%. The sickness absence levels have remained at significantly low levels throughout the year and have not negatively reacted to the impact of COVID-19 conditions or Winter illnesses.

PADR and Mandatory and Statutory Training

We have more work to do on our PADR and mandatory and statutory training compliance to meet the national targets. At the end of the year we achieved 61% compliance against the PADR target and 79% compliance with the mandatory and statutory training. Both of these indicators have national targets of 85% compliance. These indicators are of particular importance in maintaining a highly engaged, high-performing workforce and our work to improve against these targets, including

supporting the recording on ESR has been intensified. They have been highlighted in the end of year Service Reviews to all teams as a priority for Quarter 1 of 2021/22.

Engagement and Wellbeing

We have had no grievance or disciplinary cases during the year, indicating a good level of engagement with our workforce. HEIW also achieved the highest response rate to the Staff Survey in 2021, which was 53% against a national average of 19%. The overall engagement score was 81%, which was higher than the national average (75%) which shows very good engagement of our staff.

Equality, Diversity and Inclusion

We are broadly representative of the overall NHS workforce in terms of the gender profile of the organisation, with nearly 70% of workforce being female, and this includes our senior leaders as represented by the HEIW Board.

In respect of our ethnicity profile we have more work to do in representing the ethnicity of the population. Currently those from ethnic minorities make up 2.4% of our workforce which is less than overall NHS Wales profile of 6.6%, 4% in RCT and 3.2% of the overall population of Wales.

Our age profile is more in keeping with NHS Wales workforce overall with the majority of workforce being between 36 and 60. Across younger age brackets we have work to do with our data indicating a younger workforce to be half of the average of NHS Wales overall.

Strategic Equality Plan

In 2020/21 we developed and approved our first Strategic Equality Plan.

As part of the development process for the Strategic Equality Plan, internal engagement was undertaken utilising focus group methodologies. This allowed us to retest our equality objectives against the new backdrop of the pandemic. Work on individual directorate action plans which deliver the high-level actions within our SEP has been completed.

We continue to engage with external partners to provide an impartial review of our policies and practices to ensure alignment with national standards in respect of equality, diversity and inclusion. Since 2019 we have opted to sign up to:

➤ Stonewall Diversity Champion – tackling

barriers and inequalities faced by lesbian, gay, bisexual and transgender staff

- Disability Confident – supporting HEIW to make the most of the talents that disabled people can bring to the workplace
- Dying to Work TUC – additional employment protection for terminally ill workers
- Anti-Violence Collaboration – sets out the responsibilities of the partners when dealing with violent or aggressive incidents relating to NHS staff
- Communication Access Symbol – 1st organisation in Wales to make a commitment to adopting Communication Access Symbol – giving a voice to people living with a communication disability.

Policy development has continued and last year saw us sign off and implement policies

in relation to Domestic Abuse and Mental Wellbeing in the Workplace and we have also undertaken further work in Ty Dysgu to ensure the building enables people with different types of needs and disabilities to work with us on an equal basis.

On a national basis the pandemic has highlighted race equality as a major issue and we have participated in the development of Welsh Government's Race Equality Plan and expect this to be a major focus in 2021/22.

Local Partnership Forum

Our relationships with our Trade Union partners is extremely positive. We have a well-established Local Partnership Forum which meets bi-monthly and has been well supported by our trade union representatives and a HEIW steward has been appointed to undertake trade union duties.

9.0 Financial Performance

The HEIW Board approved its first IMTP, including a five-year financial plan, at its meeting on 20 January 2020. The plan included an estimated resource requirement of £253.700m for the 2020/21 financial year increasing to £309.286m by 2024/25. Following various funding adjustments during the year, including as a result of the impact of the COVID-19 pandemic, the final resource allocation was £234.819m. HEIW reported an underspend of £95k 2020/21, meeting its financial duty to break-even against the Revenue Resource Limit (RRL).

The key reasons for the underspend variances were vacancies against budgeted staffing levels for Pay Budgets, lower costs in education

and training support activity and for travelling expense costs in Non-Pay budgets, and lower bursary funded placements than planned in commissioned education and training budgets.

The draft annual accounts were submitted to Welsh Government on 30 April 2021.

Expenditure on the two main commissioning areas is shown in the table below. Operating costs of £29.3m relate to non-commissioning expenditure including staff and director costs (£17.1m), premises and related items (£5.2m), establishment costs (£3.0m), supplies and services (£3.3m) and other expenditure (£0.7m). Capital expenditure during the year totalled £84k against the Capital Resource Limit (CRL) of £105k.

Non-Medical Training and Education	£'m
Student Training Fees (Universities)	62,171
Additional Training Costs (Universities)	75
Funding for Healthcare Education Fees (Health Boards and Trusts)	1,830
Student Bursaries Reimbursement (Universities)	23,042
Student Salaries Reimbursement (Health Boards and Trusts)	18,193
Advanced Practice Training fees	1,237
Healthcare Support Working Training	1,964
Non-Medical Prescribing	319
Training related Travel and Subsistence	2,942
TOTAL	111,773

Postgraduate Medical, Dental and Pharmacy Education	£'m
Training Grade Salaries	52,462
Postgraduate Centre and Study Leave	4,768
GP Registrars	25,748
Dental Foundation Trainees	4,269
Pre-Registration Pharmacists	3,688
Induction and Refresher	43
Welsh Clinical Academic Training	1,634
GP CPD and Appraisal Costs	527
Other	447
TOTAL	93,586

10.0 Welsh Language

HEIW comes under the original (1993) Welsh Language Act and the submission of our draft Welsh Language scheme to the Welsh Language Commissioner is considered within the Annual Governance Statement on page 72.

During 2020/21 we have continued to roll out our Welsh Language Policy, and focussed on increasing the services provided by HEIW through the medium of Welsh and strengthening the language skills of our staff. During lockdown we have innovated to reaffirm both the compliance messages and winning 'hearts and minds' in the online environment. This has included holding informal sessions with staff, online singing sessions, and a staff conference focussed on benefits of bilingualism. The successful implementation of our Welsh Language policy over the past year is demonstrated in part by the number of staff learning Welsh increasing from 32 to 52 learners, while demand for translation has grown from just over 1.1 million words, to 3.2 million words per year. To support the growth in our translation requirement we have created an internal translation team and three members joined the team this year. In year we also extremely proud to be able to simultaneously translate our Board meeting to promote the equal use of the language in our business.

Externally, we continue to engage regularly with a wide range of stakeholders, including the Welsh Language Commissioner and the Welsh Language Partnership Board. We have ensured that the contract specification for the Strategic Review of Health Education contains a number of provisions to improve the language skill of the future NHS workforce including: a prescribed amount of compulsory Welsh awareness and basic language training and free Welsh language lessons for those who want to learn Welsh or improve their Welsh language skills. The overall aim is to increase the Welsh language skills of the workforce and these changes will eventually impact over 9000 students from September 2022. We have engaged with both the Medical Schools, The School of Dentistry and the Deanery, as well as with the LHB's, with the aim of creating a continuum of language awareness and learning opportunities at all stages of a health worker's career.

A key factor to the success of these initiatives, as well as contributing to the growth of Welsh usage in health and care settings generally, is the promotion of "More than just Words" the strategic framework for health, social services and social care. An evaluation of the initiative so far has been taking place over the year, and we have been proactive in our input to this process.

11.0 Sustainability

Biodiversity and Decarbonisation

During 2020-21, we have been proactive in our approach to the biodiversity and decarbonisation agenda, culminating in staff engagement on a Biodiversity and Decarbonisation Strategy, developed on the back of earlier proactive facilities work across Ty Dysgu, including the use of LED lighting throughout and improvements to recycling facilities. Our strategy will be delivered via a proportionate HEIW action plan, in line with the Welsh Government decarbonisation strategy, that will support wider plans and ambitions through our functions and activities.

Emissions and Waste

We monitor emissions and waste creation on an ongoing basis, taking account of the impact of COVID-19 and our commitment under the Environment (Wales) Act 2016 and the section 6 enhanced biodiversity and resilience of ecosystems duty for public authorities in the exercise of functions. As a Strategic Health Authority of NHS Wales, our emissions differ considerably as an office-based organisation.

HEIW has been located at Ty Dysgu, Nantgarw, since its go-live date in October 2018. Full occupation was achieved following the completion of building works in January 2019. HEIW's first full year of operation was 2019-20, which provided the first opportunity to review a full year of the organisation's utility and waste emissions. With a second full year of operation in 2020-21, we have been able to compare utility emissions.

In 2020-21, use of Ty Dysgu was restricted due to COVID-19 and staff worked remotely for most of the year, but we continued to maintain the fabric of the building and meet health and safety requirements throughout. At the outset of the pandemic, we moved to a 100% virtual working model. From July 2020, we enabled access to the building for health and wellbeing

purposes whilst maintaining the requirements of government guidelines.

Table 1 shows emissions for the whole of 2020-21, with Table 2 providing a comparison between 2019-20 and 2020-21. As anticipated, we have seen a significant reduction as a result of the pandemic and restricted use of Ty Dysgu with the exception of our gas usage which is

currently being investigated. We anticipate similar usage through the early stages of 2021-22, whilst public health working restrictions are in place.

Prior to the start of 2020-21, HEIW was granted access to All Wales Gas and Electricity contracts ensuring more efficient charges for usage.

Table 1: Utilities (Units and Costs) 2020-21

2020-21	Electricity (KWh)	Gas (KWh)	Water and Sewerage (m3)	Waste* (Tonnage)
Q1	72,043	85,909	1289	0 (no collection)
Q2	84,011	75,364	874	2.1
Q3	72,442	131,010	876	1.7
Q4	75,149	168,034	803	3.2
Total Units	303,646	460,317	3842	7.0
Total cost inc charges (£)	£54,718	£15,502	£6,260	£1,670

*Waste:

100% of waste was diverted from landfill; 62% was recycled

530 kgs of CO2 has been saved; this is equivalent of 2 trees planted

Table 2 Utilities and Waste Comparison 19-20 and 20-21

	Electricity (KWh) 19-20	Electricity (KWh) 20-21	Gas (KWh) 19-20	Gas (KWh) 20-21	Water and Sewerage (m3) 19-20	Water and Sewerage (m3) 20-21	Waste (Tonnes) 19-20	Waste (Tonnes) 20-21
Total Units	364,107	303,646	407,301	460,317	5210	3842	10.0	7.0
Cost (£)	£78,809	£54,718	£17,806	£15,502	£6,549	£6,260	£3,710	£1,670
Difference in units	-60,461		+53,016		-1368		3	
Difference (%)	-18.10%		+12.2%		-30.2%		-53.3%	
Difference (£)	-£24,091		-£2304		-£0.289		-£2040	
Difference £ (%)	-36.1%		-13.83%		-4.5%		-75.8%	

The data shows an increase in gas use in 2021. The supplier has acknowledged that this anomaly may be due to an inaccuracy in the gas readings in 2019. This is currently being investigated.

Appendix 1 – Table of Achievements

Strategic Aim 1: To lead the planning, development and wellbeing of a competent, sustainable and flexible workforce to support the delivery of 'A Healthier Wales'	Strategic Aim 2: To improve the quality and accessibility of education and training for all healthcare staff ensuring that it meets future needs
Achievements	Achievements
<ul style="list-style-type: none"> ➤ Endorsement from WG and publication of the Ten Year Workforce Strategy to 2030. ➤ Transfer of Widening Access team into HEIW. ➤ Transfer of Train Work Live into HEIW portfolio. ➤ Supported the development of BAME risk assessment tool. ➤ Piloted the Continuing Professional Development Course Management System (CMS). ➤ Delivered the first non-clinical qualification for Primary Care Practice administration and reception staff. ➤ Developed and started progression of Made in Wales programme. ➤ Agreed to standardised workforce planning methodology. ➤ Developed and tested a Workforce Capability Matrix. 	<ul style="list-style-type: none"> ➤ Phase 1 of Strategic Review of Education completed. ➤ Approved and endorsed Education and Commissioning Plan. ➤ Implemented enhanced Single Lead employer arrangements across a breadth of Medical specialities, dental and pharmacy. ➤ Invested in an interprofessional team to drive forward our approach to co-ordinate Simulation Based Education and hosted two webinars to take forward the agenda. ➤ We have professionalised our Training Programme Director programme. ➤ First cohort of nurses commenced on Future Nurse Programme. ➤ Expanded Clinical Fellowship to include Pharmacy and Optometry. ➤ Assisted the rollout of Attend Anywhere to dental practices. ➤ Established Differential attainment programme board to drive forward change. ➤ GMC remain satisfied with HEIW's general approach to quality management. ➤ Bilingual and accessible version of the Revalidation Wales site launched. ➤ We rebranded 'developing doctors to deliver' to 'Discovering, Developing and Delivering in healthcare' to reflect the increasingly inter-disciplinary nature of the programme.

Strategic Aim 3: To work with partners to influence cultural change within NHS Wales through building compassionate and collective leadership capacity at all levels	Strategic Aim 4: To develop the workforce to support the delivery of safety and quality
Achievements	Achievements
<ul style="list-style-type: none"> ➤ Developed and utilised 'Gwella' our Leadership Portal. ➤ Led the implementation of the Health and Care Leadership Strategy through the NHS Wales Compassionate and Collective Leadership framework for action. ➤ Produced Talentbury – 4-day festival of Leadership. ➤ Relaunched the NHS Graduate Scheme with inclusive recruitment, assessment and induction processes and plan to over recruit to an initial cohort of 21. ➤ Piloted Executive Leadership programme developed in conjunction with the Kings Fund. ➤ Created Alumni networks to support Leadership cohort. ➤ We established the NHS Wales Talent Board chaired by the Director General of NHS Wales. ➤ Developed the principles of an internship programme in conjunction with students from Cardiff University. 	<ul style="list-style-type: none"> ➤ Established the first All-Wales endoscopy training programme. ➤ Developed an optometry CPD programme to support eye care services. ➤ Developed and delivered critical care training and supported the care home workforce. ➤ Hosted virtual conference on Informing the Future of the Mental Health workforce in Wales and developed CAMHS training. ➤ Delivered workforce developments in Primary Care and started a workforce bulletin. ➤ The Longitudinal Integrated Foundation Training (LIFT) programme is being expanded to a further four areas – Swansea, Cardiff, Bridgend and Wrexham. ➤ Transferred the All Wales Nurse Staffing Programme, Healthcare Sciences and Allied health Professionals Framework programme teams into the organisation. ➤ We received confirmation of investment in supporting the widening access of careers in social care nursing with the ability to recruit to three Care Home Educational Facilitators (CHEF's). ➤ Launched HEIW Open, a dedicated email account enabling training grade doctors to raise concerns about training quality directly with HEIW.

Strategic Aim 5: To be an exemplar employer and a great place to work	Strategic Aim 6: To be recognised as an excellent partner, influencer and leader
Achievements	Achievements
<ul style="list-style-type: none"> Publication of our Strategic Equality Plan which explains how HEIW will promote equality, eliminate discrimination and foster good relations. Piloted and shared a range of wellbeing resources for staff to raise awareness and provide availability of support across mental health, money advice. Taken forward and embraced our organisational approach to the Biodiversity and decarbonisation agenda and engaged on our strategic plan. Enhanced structure of Welsh Language team to meet increasing demands and requirements. Translated 3.5m words into Welsh. A 300% increase on 2019/20. Enabled staff to work virtually from home within 24 hours. We continued with necessary maintenance requirements and ensured legislative requirements were met in relation to our headquarter building. Worked towards and achieved accessibility standards across our websites and applications. We have enhanced our building to enable all visitors to feel comfortable in using our facility through appropriate signage and accessibility requirements. Achieved 95.85% of non-NHS invoices paid within 30 days of receipt in 2020/21 (against the target of 95%). 	<ul style="list-style-type: none"> Continued stakeholder engagement by virtual means including Quality Improvement conference, primary care workshops, SAS and mental health conferences. We launched and utilised our HEIW branding guidelines and utilised across communication channels. We enhanced our social media presence Moved to virtual board meetings and AGM increasing the ability of stakeholders to attend. Publication of detailed stakeholder bulletins. Developed range of bi-lingual materials. Increasing presence across various forms of media and ensuring appropriate engagement. Engaged with health boards on the availability of EDUROAM network across all sites. We identified necessary additional resource requirements to meet the increasing digital requirements of the Organisation. We developed a new website to enable content to meet the needs and accessibility requirements of those it is intended to support.



Accountability report and accounts



Corporate governance report

Annual Governance Statement for the period ended 31 March 2021

1. Scope of Responsibility

The Board of Health Education Improvement Wales (HEIW) is accountable for Governance, Risk Management, and Internal Control. The Chief Executive Officer (CEO) has responsibility for maintaining appropriate governance structures and procedures, as well as a sound system of internal control that supports the achievement of the organisation's policies, aims and objectives, whilst safeguarding the public funds and the organisation's assets for which the CEO is personally responsible. These are carried out in accordance with the responsibilities assigned to the CEO as Accountable Officer by the Chief Executive of NHS Wales.

The Annual Report outlines the different ways the organisation has worked both internally and with partners in response to the unprecedented pressure in planning and providing services arising from supporting the NHS workforce response to the pandemic. It explains arrangements for ensuring standards of governance are maintained, risks are identified and mitigated, and assurance has been sought and provided. Where necessary additional information is provided in the Annual Governance Statement (AGS), however the intention has been to reduce duplication where possible. It is therefore necessary to review other sections in the Annual Report alongside this AGS.

The background to HEIW, its functions, the approvable Integrated Medium Term Plan 2020/23, the Quarterly Operational plans and the Annual Plan 2021/22 are set out in the Performance Report.

This AGS explains the composition and organisation of HEIW's governance structures and how they support the achievement of our objectives.

During 2020/21 we have continued to further develop our system of governance and assurance. Our Board Assurance Framework

(BAF) is reviewed by the Board on an annual basis. The BAF was approved by the Board in September and HEIW's Strategic Risks approved at the November Board. We will continue to evolve our BAF in 2021/22.

The Board sits at the top of our governance and assurance system. It sets strategic objectives, monitors progress, agrees actions to achieve these objectives and ensures appropriate controls are in place and working properly. The Board also takes assurance from its committees, assessments, against professional standards and regulatory frameworks.

Impact of COVID-19 on governance

The main impact on HEIW's governance process during this crisis period has been the suspension of open Board and committee meetings being held in public. These meetings have continued to be held in accordance with our original timetable but held virtually through video conferencing technology. In Quarter one virtual meeting agendas became more streamlined and focussed on supporting the response to COVID-19. There have been no other material changes to HEIW's normal decision-making process.

Where relevant HEIW's actions taken in response to COVID-19 have been explained within this Annual Governance Statement.

Suspension of Board and committee meetings being held in public due to COVID-19

It is acknowledged that in these unprecedented times, there are limitations on Boards and committees being able to physically meet where this is not necessary and can be achieved by other means. In accordance with the Public Bodies (Admissions to Meetings) Act 1960 the organisation is required to meet in public. As a result of the public health risk linked to the pandemic there have been limitations on public gatherings and it has not therefore been possible to allow the public to attend meetings of our Board and committees from 26 March 2020. To ensure business was conducted in as open and transparent manner as possible during this time the following actions were taken:

- A committee briefing placed on HEIW's website within 72 hours of a meeting

- Unconfirmed draft minutes of Board and committee meetings placed on HEIW's website within 14 days of the meeting
- Since July HEIW Board meetings have been streamed live via a videoconference platform
- Given the significant resource required to hold a live streamed meeting it was decided not to extend this solution to committee meetings
- In September additional members were appointed to the Audit and Assurance Committee and the Education Commissioning and Quality Committee to increase their resilience should a member become unwell.

The decision not to hold open Board and committee meetings in public has been regularly reviewed by the Board during 2020/21.

Reporting period

The reporting period for this Annual Governance Statement is primarily focussed on the financial year from 1 April 2020 to 31 March 2021. However, it also includes reporting on material issues that have taken place between 31 March 2021 and the date that the Annual Governance Statement is approved by the HEIW Board on 10 June 2021.

1.1 Our System of Governance and Assurance

HEIW's vision is "Transforming the workforce for a healthier Wales" which was developed through extensive engagement with our staff, stakeholders and partners. We are delivering this vision through our PEOPLE principles as outlined below:

P

Planning ahead to predict and embrace changes and build a sustainable health and social care system

E

Educating, training and developing staff to meet the needs of patients and citizens in line with prudent healthcare principles

O

Offering opportunities for development to new and existing staff from all professional and occupational groups throughout career pathways

P

Partnership working to increase value for our citizens, patients, learners and staff

L

Leading the way, through continuous learning, improvement and innovation

E

Exciting, enthusing, engaging, enabling and empowering staff across all professional and occupational groups

With our staff we also developed and agreed our values which are:

- Respect for all: in every contact we have with others
- Together as a Team: we will work with colleagues across NHS Wales and with partner organisations; and
- Ideas that Improve: harnessing creativity, and continuously innovating and evaluating.

These values are supported by a Values and Behaviours Framework and together these set out clearly the expectations on all staff and the way we work.

HEIW, in line with all Health Boards and Trusts in Wales, has agreed standing orders for the regulation of proceedings and business of the organisation. These are designed to translate the statutory requirements set out in the HEIW (Establishment and Constitution) Order 2017 into day to day operating practice. Together with the adoption of a scheme of matters reserved to the Board; a scheme of delegation to officers and others; and standing financial instructions, they provide the regulatory framework for the business conduct of HEIW and define its 'ways of working'. These documents, together with the range of corporate policies set by the Board, make up the Governance and Assurance Framework.

HEIW's Declarations of Interest and Standards of Behaviour Policy was rolled out across the organisation in 2018/19. Work has continued during 2020/21 in respect of communication to further embed this to better manage any conflicts of interest that might arise for our Board members and staff.

1.2 The Role of the Board

The Board has been constituted to comply with the Health Education and Improvement Wales Regulations 2017. In addition to responsibilities and accountabilities set out in terms and conditions of appointment, Independent Members also fulfil a number of Champion roles where they act as ambassadors (see Table 1).

Three of our Independent Members were recently re-appointed. Gill Lewis was re-appointed for an additional term of four years from 1 February 2021 taking her term to 31 January 2025. Dr Ruth Hall was re-appointed for a term of three years from 1 February 2021 taking her term of office to 31 January 2024.

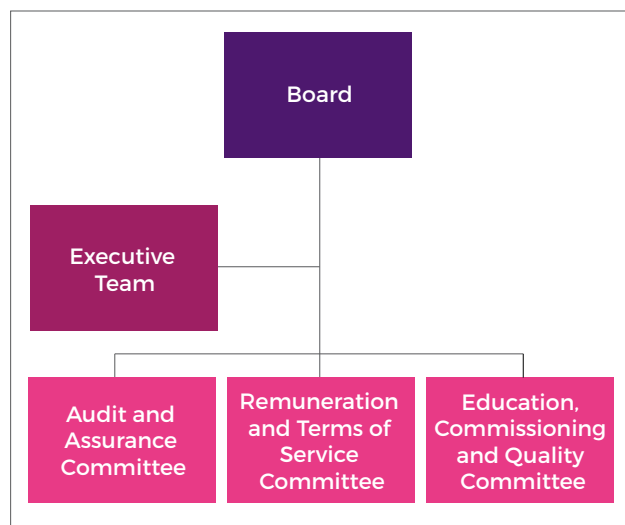
While Ceri Phillips was re-appointed for an additional term of four years he resigned as an Independent Member of HEIW on 31 March 2021 to take up a new role as Vice Chair of Cardiff and Vale University Health Board. The recruitment process to appoint a new Independent Member to fill this vacancy commenced after the Senedd election.

The Board is made up of Independent Members and Executive Directors. Stephen Griffiths retired as Director of Nursing on 31 May 2020 and Angela Parry commenced as Interim Director of Nursing on 1 June 2020. In addition to the Executive Directors appointed in accordance with the HEIW Regulations, two individuals have also been appointed to other director positions. Nicola Johnson was appointed as Director of Planning Performance and Corporate Services on 21 September 2020, and Sian Richards was appointed as Director of Digital on 1 February 2021. Both Directors, together with the Executive Directors, are members of the Executive Team. While both have a standing invitation to Board meetings where they can contribute to discussions, they do not have voting rights as they are not Executive Directors.

During 2020/21 several board development sessions were undertaken which included a focus on the following elements of governance:

- Performance Management Framework
- Risk Appetite
- Wellbeing and Future Generations Act
- Socio Economic Duty
- Board Assurance Framework
- Board's self-assessment of its own effectiveness.

The full membership of the Board, their lead roles and committee responsibilities are outlined in Table 1. Below is a summary of the Board and committees structure:



The Board provides leadership and direction to the organisation and has a key role in ensuring the organisation has sound governance arrangements in place. The Board also seeks to ensure the organisation has an open culture and high standards when conducting its work. Together, Board members share corporate responsibility for all decisions and play a key role in monitoring the performance of the organisation. All the meetings of the Board during 2020/21 were appropriately constituted with a quorum. The key business and risk matters considered by the Board during 2020/21 are outlined in this statement and further information can be obtained from meeting papers available on our website: <https://heiw.nhs.wales/about-us/board-meetings-agendas-and-standing-orders/>.

1.3 Committees of the Board

The Board has established three committees, the Audit and Assurance Committee, Remuneration and Terms of Service Committee and the Education Commissioning and Quality Committee. These committees are chaired by the Chair or Independent Members of the Board and have key roles in relation to the system of governance and assurance, decision making, scrutiny and in assessing current risks. The committees provide assurance and key issue reports to each Board meeting to contribute to the Board's assessment of assurance and to provide scrutiny on the delivery of objectives.

The Board is responsible for keeping the committee structure under review and reviews its standing orders on an annual basis. The Board will consider whether any changes are needed during 2021/2022 in line with the Board's governance framework and priorities of the Annual Plan.

HEIW is committed to openness and transparency with regard to the way in which it conducts its committee business. The HEIW Board and its committees aim to undertake the minimum of its business in closed sessions and ensure business wherever possible is considered in public with open session papers published on HEIW's website. <https://heiw.nhs.wales/about-us/board-meetings-agendas-and-standing-orders/>

The closed session elements of Board and committee meetings are undertaken because of the confidential nature of the business. Such confidential issues may include commercially sensitive issues, matters relating to personal issues or discussing plans in their formative stages.

An important committee of the Board in relation to this Annual Governance Statement is the Audit and Assurance Committee. The Committee keeps under review the design and adequacy of HEIW's governance and assurance arrangements and its system of internal control. During 2020/21, key issues considered by the Audit and Assurance Committee relating to the overall governance of the organisation included:

- Revisiting its terms of reference, which will be kept under regular review
- Approving the Internal Audit Plan for 2020/21 and keeping under review the resulting Internal Audit Reports. Noting key areas of risk and tracking the management responses made to improve systems and organisational policies
- Ensuring effective financial systems and controls procedures are in place
- Further developing the Board's risk management systems and processes and monitoring the same
- Developing arrangements to work with Audit Wales (AW), and considering, the 2020 Structured Assessment and AW's 2021 Audit Plan

- Providing assurance to the Board in respect of Information Management and Information Governance.

The Committee provides an Annual Report of its work to the Board and undertook a self-assessment for 2020/21 in April 2021. A questionnaire based on the National Audit Office Audit and Risk Committee Checklist has been developed and circulated to Committee members and attendees. Respondents included representatives from AW and Internal Audit. An action plan in response to the self-assessment is being developed.

The Remuneration and Terms of Service Committee considers and recommends salaries, pay awards and terms and conditions of employment for the Executive Team and other key senior staff. During 2020/21 key issues considered by the Remuneration and Terms of Service Committee included:

- Performance of Executive Directors against individual objectives
- National pay awards for members of staff
- Retire and return of senior staff
- Secondment agreements.

The Education, Commissioning and Quality Committee enables the Board to undertake greater scrutiny in respect of commissioning, monitoring and quality assessing of education and training. Greater scrutiny will enable HEIW to manage and mitigate risk. The Committee considered the following key matters in 2020/21:

- Reviewed its own terms of reference;
- Reviewed the impact of COVID-19 on education and training for students and trainees and considered the lessons learnt
- Reviewed the draft NHS Wales Education, Commissioning and Training Plan for 2020/21 and recommended the Plan for approval at the HEIW Board in July 2020
- Monitored the tender process for Phase 1 of Health Professional Education Contracts
- Considered the Strategic Review of Health Care Education – Phase 2

- Ensured the effective management and improvement of the quality of HEIW's education and related research activities

- Ensured the effective performance, monitoring, management and value of education and training programmes and contracts

- Monitored compliance of education and training activities

- Completed the establishment of two sub-committees: the Education Advisory Group and the Multi-Professional Quality and Education Group.

The Committee will undertake a self-assessment for 2020/21.

1.4 Membership of the Board and its Committees

In Table 1 the membership of the Board and its committees is outlined for the period ended 31 March 2021, along with attendance at Board and committee meetings for this period. It also highlights the membership of the Board's committees. Members are involved in a range of other activities on behalf of the Board, such as regular board development/briefing meetings, and a range of other internal and external meetings.

Any proposed changes to the structure and membership of Board committees requires Board approval. The Audit and Assurance Committee, together with the Education Commissioning and Quality Committee, has considered its own terms of reference and recommended changes to the Board. The Board will ensure that terms of reference for each committee are reviewed annually to ensure the work of committees clearly reflects any governance requirements, changes to delegation arrangements or areas of responsibility. The Audit and Assurance Committee and the Education Commissioning and Quality Committee are also required to develop annual reports of their business and activities.

Table 1 – Board and committee membership and attendance since 1 April 2020 to 31 March 2021

Name	Position	Area of Expertise/ Representation Role	Board/ Committee Membership	Meeting Attendance 2020/2021	Champion Roles
Chris Jones	Chair	<ul style="list-style-type: none"> Primary Care Widening Access Prevention 	<ul style="list-style-type: none"> Board (Chair) RATS Committee (Chair) 	78/8 76/6	<ul style="list-style-type: none"> Welsh Language
John Hill-Tout	Vice-Chair	<ul style="list-style-type: none"> Performance Governance Finance 	<ul style="list-style-type: none"> Board Audit and Assurance Committee RATS Committee 	8/8 7/7 6/6	<ul style="list-style-type: none"> Primary Care Mental Health
Tina Donnelly	Independent Member	<ul style="list-style-type: none"> Leadership Students Workforce Education/ Training 	<ul style="list-style-type: none"> Board Education, Commissioning and Quality Committee RATS Committee 	6/8 5/5 5/6	<ul style="list-style-type: none"> Student/ Trainee Equality and Diversity
Ruth Hall	Independent Member	<ul style="list-style-type: none"> Rural Education Quality and Improvement 	<ul style="list-style-type: none"> Board Audit and Assurance Committee Education, Commissioning and Quality Committee RATS Committee 	8/8 7/7 5/5 6/6	<ul style="list-style-type: none"> Rural Champion
Gill Lewis	Independent Member	<ul style="list-style-type: none"> Health and Social Care Workforce 	<ul style="list-style-type: none"> Board Audit and Assurance Committee RATS Committee 	7/8 7/7 6/6	<ul style="list-style-type: none"> Health and Social Care Integration
Ceri Phillips	Independent Member	<ul style="list-style-type: none"> Workforce Design Value Agenda Digitalisation 	<ul style="list-style-type: none"> Board Education, Commissioning and Quality Committee (since 10/2020) RATS Committee 	8/8 2/2* 4/6	<ul style="list-style-type: none"> Digital

Name	Position	Area of Expertise/ Representation Role	Board/ Committee Membership	Meeting Attendance 2020/2021	Champion Roles
Heidi Phillips	Independent Member	➤ Integrated Care ➤ Improvement ➤ Widening access ➤ Education/ Training	➤ Board ➤ Audit and Assurance Committee (since 10/2020) ➤ RATS Committee	8/8 1/2* 6/6	➤ Quality Improvement ➤ Widening Access
Alex Howells	Chief Executive	n/a	➤ Board	7/8	n/a
Julie Rogers	Deputy Chief Executive/ Director of Workforce and OD	n/a	➤ Board	7/8	n/a
Stephen Griffiths	Director of Nursing	n/a	➤ Board	2/2**	n/a
Angela Parry	Interim Director of Nursing	n/a	➤ Board	6/6***	n/a
Pushpinder Mangat	Medical Director	n/a	➤ Board	7/8	n/a
Eifion Williams	Director of Finance	n/a	➤ Board	8/8	n/a

Please note the Director of Finance is the lead officer for the Audit and Assurance Committee. The Director of Workforce and Organisational Development is the lead officer for the Remuneration and Terms of Service Committee. The Medical Director and the Director of Nursing are the lead officers for the Education Commissioning and Quality Committee.

(*) – denotes appointment to the committee for the first time by the Board in September. Attendance reflects the number of committee meetings since appointment.

(**) – Stephen Griffiths retired on 31 May 2020.

(***) – Angela Parry commenced as Interim Director of Nursing on 1 June 2020. Attendance reflects the number of Committee meetings since appointment.

Table 2 – Dates of board and committee meetings held during the period 1 April 2020 to 31 March 2021

The Board and its committees are fully established and (other than in respect of the suspension of holding Board and committee meetings in public due to COVID-19 as outlined above) operated in line with the Board's standing orders. The following table outlines dates of Board, Board development and committee meetings held during the period 1 April 2020 – 31 March 2021.

Board/Committee	Apr 2020	May 2020	Jun 2020	Jul 2020	Aug 2020	Sept 2020
Board	30/04/20	28/05/20	25/06/20	30/07/20		24/09/20
Audit and Assurance Committee	01/04/20	06/05/20 and 26/05/20	23/06/20	16/07/20	N/A	N/A
Education Commissioning and Quality Committee	09/04/20	N/A	N/A	02/07/20	N/A	16/09/20
Remuneration and Terms of Service Committee	30/04/20	28/05/20	N/A	30/07/20	27/08/20	N/A

	Oct 2020	Nov 2020	Dec 2020	Jan 2021	Feb 2021	Mar 2021
Board	N/A	26/11/20	N/A	28/01/21	N/A	25/03/21
Audit and Assurance Committee	20/10/20	N/A	N/A	18/01/21	N/A	N/A
Education Commissioning and Quality Committee	08/10/20	N/A	N/A	N/A	09/02/21	N/A
Remuneration and Terms of Services Committee	N/A	26/11/20	N/A	N/A	N/A	25/03/21

Local Partnership Forum

The HEIW Local Partnership Forum (LPF) provides the formal mechanism for social partnership within HEIW as well as providing a vehicle for engagement, consultation, negotiation and communication between trade unions and HEIW management. During 2020/21 the LPF has met bimonthly and focussed on both strategic and practical issues including culture and organisational development, employment policies, equality and diversity, staff wellbeing and welfare.

2. The Purpose of The System of Internal Control

HEIW's Board system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risks. It can therefore only provide reasonable and not absolute assurances of effectiveness.

The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the policies, aims and objectives. It also evaluates the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively, and economically.

The system of internal control has been in place for the year ended 31 March 2021 and up to the date of approval of the Annual Report and Accounts. Our Board Assurance Framework (BAF) was reviewed and approved by the Board in September 2020. We use the BAF system and process to monitor, seek assurance and ensure that shortfalls are addressed through the scrutiny of the Board and its committees. Oversight of our Corporate Risk Register system is provided through the scrutiny and monitoring of the Board and its committees.

Key controls are defined as those controls and systems in place to assist in securing the delivery of the Board's strategic objective. The effectiveness of the system of internal control is assessed by our internal and external auditors.

A diagram of the Board Control Framework is set out below.

Levels of Assurance

First line: operational

- ✎ Organisational structures – evidence of delegation of responsibility through line Management arrangements which includes the Senior Management Team
- ✎ Compliance with appraisal process
- ✎ Compliance with Policies and Procedures
- ✎ Incident reporting and thematic reviews
- ✎ Compliance with Risk Management processes and systems
- ✎ Performance Reports, Complaints and Trainee Experience Reports, Finance Reports



Second line: risk and compliance

Reports to Assurance And Oversight Committees:

- ✎ Audit and Assurance Committee
- ✎ Education Commissioning and Quality Committee
- ✎ Remuneration Committee
- ✎ Health and Safety Groups etc

Findings and/or reports from inspections, Annual Reporting, Performance report through to committees



Third line: independent

- ✎ Internal Audit Plan
- ✎ Audit Wales (Structured Assessment)
- ✎ External Audits (e.g. Annual Accounts and Annual Report)
- ✎ HIW Inspections
- ✎ Regulators
- ✎ Reviews and Reports by Royal Colleges
- ✎ External visits and accreditations
- ✎ Independent Reviews

3. Capacity to Handle Risk

We have continued to develop and embed our approaches to risk management and emergency preparedness throughout 2020/21. Our Risk Management Policy is reviewed on an annual basis and was reviewed and approved by the Board in July 2020.

HEIW's risk appetite statement set out below describes the risks it is prepared to accept or tolerate in the pursuit of its strategic goals:

HEIW recognises that, as an improvement based organisation, it is impossible for it to deliver its services and achieve positive outcomes for its stakeholders without a high appetite for risk. Indeed, only by taking risks can HEIW realise its aims.

HEIW nevertheless recognises that its appetite for risk will differ depending on the activity undertaken. Its acceptance of risk will be based on ensuring that potential benefits and risks are fully understood before decisions

on funding are made, and that appropriate actions are taken.

HEIW's risk appetite takes into account its capacity for risk, which is the amount of risk it is able to bear (or loss we can endure) having regard to its financial and other resources, before a breach in statutory obligations and duties occurs.

HEIW's risk tolerance in respect of each of its statutory function is incorporated within the Corporate Risk Register. This will ensure a consistent, integrated approach whereby all risks are clearly linked to organisational objectives with a line of sight to the BAF.

As a part of the development of our BAF, which included full engagement with the Board, seven strategic risks were identified. In November 2020 the Board approved the strategic risks which faced the organisation in 2020/21. Table 3 outlines the key strategic risks for HEIW.

Table 3 HEIW current Strategic Risks

1	Workforce skills and expertise given specialist nature of organisation. There is a risk that HEIW may find itself without the workforce with the requisite skills it requires to deliver on its Strategic Objectives. This could be caused by a lack of staff with relevant skills in the external market or education system or internally due to a lack of staff skills, career mobility, succession planning and skills management, or due to undesirable employee attrition and sickness absence of key individuals.
2	Capacity to deliver a growing range of functions and responsibilities. The risk of lack of capacity may be caused by a lack of sufficient workforce capacity to deliver the growing functions of the organisation, which could be a result of insufficient planning and an over reliance on existing ways of working, not embracing innovation, new ways of working and not investing in appropriate technology.
3	Cultural change required to deliver an integrated, multi professional approach. There is a risk that HEIW could fail to develop a positive organisational culture which enables, encourages and develops staff engagement in embracing the multi professional approach. This could be caused by an over reliance on existing ways of working or a lack of time and attention focused on Organisational Development and a failure to embed Compassionate Leadership principles.
4	Effective engagement to ensure that we are influencing and shaping the agenda as system leader and can deliver our plans. Acting as a system leader will require effective horizon scanning and insight into the NHS system and workforce trends and clear communication and engagement for coalition building to encourage system change. The risk of failing to influence the agenda as system leader could be caused by a failure to communicate and engage effectively with stakeholders within health and social care.

5	Effective engagement with our partners to ensure the delivery of shared objectives and aims. The successful implementation of HEIW's aims and objectives in several areas will rely on engagement and co-operation with our partners in health, social care and education. The risk of failing to deliver in these areas could be caused by insufficient capacity, not engaging with partners effectively or a failure to achieve buy in from our partners.
6	Volatility of HEIW's financial position including the reliance on commissioning plans, student choices and associated budgets. This could be exacerbated by the increasing financial challenges faced by government and our education providers particularly post COVID-19, leading to a reduction in our flexibility to respond to developments.
7	Workforce intelligence and Data. The risk that the quality of workforce intelligence captured and reported within the NHS does not support accurate decision making and planning for the NHS's future workforce requirements. This could lead to both overcapacity and undercapacity within the workforce.

Risk Management

The Board sees 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.

The Chief Executive/Accountable Officer, has overall responsibility for the management of risk for HEIW. The Board and its committees identify and monitor risks within the organisation. Specifically, executive team meetings present an opportunity for the executive function to consider and address risk, and actively engage with and report to the Board and its committees on the organisation's risk profile. The Corporate Risk Register is reviewed monthly by the Executive Team and at each monthly meeting of the Senior Leadership Team. It is reviewed by the Audit and Assurance Committee on a quarterly basis and by the Board twice a year. Risks are escalated to the Board as appropriate.

At an operational level Executive Directors are responsible for regularly reviewing their Directorate Risk Registers and for ensuring that effective controls and action plans are in place and monitoring progress.

In March we received a substantial assurance report from Internal Audit following an audit of the risk management system.

HEIW's Risks

The Corporate Risk Register was updated in March/April 2020 to align it to the risk log created in response to the impact of the first wave of COVID-19. The key risks caused by COVID-19 and the actions taken to mitigate these risks are outlined below:

- The impact on education and training programmes on progression and outcomes for students and trainees. This was mitigated through dialogue with all stakeholders (including regulators, discussion with peer groups at four nation level and students), to establish an infrastructure to support students and adopting an alternative solutions which included virtual approaches to learning competencies being recognised. The aim was to achieve a four nation approach where possible.
- The wellbeing of staff during the pandemic and the risk associated with adapting to new ways of working and the challenges of homeworking. Support measures were put in place focussing on the impact of working in isolation. All staff were made aware of HEIW's working from home policies and were supported by managers. HEIW has also focussed on regular communication with staff which is considered in more detail within the Performance Report on page 21. A number of surveys were undertaken with positive feedback received from staff.
- The impact on HEIW's ability to deliver the major change programmes relating to GP trainee and Pharmacy pre-registration programmes. This risk was mitigated through HEIW protecting the resources required to maintain the programmes.
- A delay in recruiting to Post Graduate Medical Rotations creating a workforce problem for the NHS in the medium term. A four nation agreement was developed which minimised the impact on the recruitment process. This included

Foundation trainees being deployed to obtain key skills in medicine as required by their programme and in other specialities additional training time given in key areas. The process was managed through revisions to programme management.

HEIW's pre-existing risks, exacerbated by COVID-19, were identified in two areas. Firstly, the shortening of the timetable for the tender process for the Strategic Review of Health and Professional Education. However, this was mitigated through clear communication with all stakeholders and it should be noted that the commencement date of the new contracts currently remains the same. Secondly, the Cybersecurity threat was also felt to be heightened as a result of the pandemic due to fraudsters increasingly targeting health organisations. To mitigate this risk HEIW has adopted and rolled out the Cyber Security Implementation Plan.

Further information can be found in the Board papers on our website: <https://heiw.nhs.wales/about-us/board-meetings-agendas-and-standing-orders/>

During the COVID-19 crisis, the Crisis Management Team in HEIW, established in response to the pandemic, has had the role of monitoring and assessing the impact and risks arising. Also, for assessing which risks should be escalated and included within the corporate risk register.

The Board is also committed to ensuring staff throughout the organisation are trained and equipped to appropriately assess, manage, escalate and report risk. HEIW managers have continued to receive internal training on risk during Q3 and Q4 of the financial year.

Internal Audit has undertaken a report assessing HEIW's systems and controls in place in relation to the organisation's risk management arrangements. The overall rating was one of substantial assurance for this area.

HEIW has a Crisis Management and Business Continuity policy which was deployed in response to the COVID-19 situation.

As previously highlighted the need to plan and respond to the COVID-19 pandemic presented several challenges to the organisation. A number of new and emerging risks were identified. Significant action has been taken by HEIW to support NHS Wales' response to the pandemic. This has also involved working

as members of the Health and Social Services Group (HSSG) COVID-19 Planning group which has representatives from the NHS, Local Government and Welsh Government.

Our COVID-19 response has been led by the CEO and Deputy CEO. At the end of March 2020, the CEO was asked to support Andrew Goodall as Chief Operating Officer/Deputy NHS Wales Chief Executive, dedicated to COVID-19. As such, operational responsibility for HEIW functions passed to the Deputy CEO until July. During this period the CEO has continued in her role as HEIW's Accountable Officer.

HEIW has been contributing to the national response through the Deputy CEO's role as joint chair of the Workforce Deployment and Wellbeing Planning and Response Group (Workforce Cell).

Our operating model has responded to the pandemic in line with Government Guidelines and to safeguard the health of staff. This has included periods where our headquarters, Ty Dysgu, has been closed where the organisation transitioned successfully to near 100% homeworking. Where permitted by public health guidance, Ty Dysgu has been open to staff who need to come to the office for business or wellbeing reasons. Our expectation is that, after the vaccination roll out, HEIW will move to a more blended model which suits the organisation and supports the agile working of our staff.

As previously highlighted the need to plan and respond to the COVID-19 pandemic presented a number of challenges to the organisation as new and emerging risks were identified. Whilst the organisation did have a major incident and business continuity plan in place, the scale and impact of the pandemic has been unprecedented. Significant action has been taken at a national and local level to support the NHS response to the pandemic. This has also involved working in partnership with the Welsh Government, Health Board and Trusts. There does remain a level of uncertainty about the overall impact this will have on the immediate and longer-term delivery of services by the organisation, but appropriate action is being taken to mitigate risk.

The organisation continues to work closely with a wide range of partners, including the Welsh Government as it continues with its response, and planning into the recovery

phase. It will be necessary to ensure this is underpinned by robust risk management arrangements and the ability to identify, assess, and mitigate risks which may impact on the ability of the organisation to achieve their strategic objectives.

4. The Control Framework

NHS Wales organisations are not required to comply with all elements of the corporate governance code for central government departments. However, an assessment was undertaken against the main principles as they relate to NHS public sector organisations in Wales and of the Governance, Leadership and Accountability Standard. The assessment highlighted areas of focus for next year including strengthening the Board self-assessment process to reflect HEIW's role in education and training and further development of the induction processes for Independent Members.

The information provided in this governance statement also provides an assessment of how we comply with the main principles of the Code as they relate to HEIW as an NHS public sector organisation. The Board recognises that not all reporting elements of the Code are outlined in this governance statement but are reported more fully in the organisation's wider Annual Report. The Board is satisfied that it is complying with the main principles of, and is conducting its business in, an open and transparent manner in line with the code. There have been no reported departures from the Corporate Governance Code.

The corporate governance code for central government departments can be found at: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/220645/corporate_governance_good_practice_july2011.pdf

HEIW's risk management framework complies materially with the Orange Book, the public sector guide outlining the major principles on the Management of Risk, taking into account the organisation's size, structure and needs.

There have been no reported departures from the Orange Book.

The Orange Book can be accessed at: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/815635/Orange_Book_Management_of_Risk.pdf

The Health and Care Standards set out the requirement for the delivery of health care in Wales. As an education and training body with no direct contact to patients our focus in respect of the Health and Care Standards relate to staff and resources. Improvements to these areas are captured in our Performance Report.

HEIW has a structure in place for quality governance. In line with Standing Orders, the Board has established a committee to cover the quality of the education and training provided by HEIW – the Education Commissioning and Quality Committee. This Committee holds Executive Directors to account and seeks assurance, on behalf of the Board, that it is meeting its responsibilities in respect of the quality of education and training services. Quality and Quality Improvement is further considered below.

4.1 Other Control Framework Elements

Control measures are in place to ensure compliance with all of the organisation's obligations under equality, diversity and human rights legislation.

HEIW's aspiration is to be an excellent employer and a great place to work. As such we are fully committed to meeting the general and specific duties set out in the Public Sector Equality Duties (2011). It is also essential that these duties are reflected in the functions of the organisation, which affect students, trainees and staff across the wider NHS. Continued progress has been made in relation to our diversity, equality and inclusion agenda.

HEIW has also established its Diversity and Inclusion Group and recruited Workplace Champions. HEIW has committed to several workforce related initiatives for example the Stonewall Diversity Champion Scheme, Time to Change, Disability Confident, TUC's Dying to Work, Anti-Violence Collaboration and Communication Access Symbol.

The organisation has established a Differential Attainment Board to act as Champions in this area and ensured that all Heads of School implement strategies to support those at risk of Differential Attainment. The Board is actively exploring widening diversity of Board members and is proposing to use an Associate member opportunity to support and develop individuals from under-represented backgrounds.

HEIW's first Strategic Equality Plan 2020/24 was

published in October 2020. We have published our second Annual Equality Report 2019/20 in March highlighting progress so far. Our second Gender Pay Gap Report will be published later this year.

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.

Welsh Risk Pool – The Welsh Risk Pool Services (WRPS) is a risk sharing mechanism, akin to an insurance arrangement which provides indemnity to NHS Wales's organisations against negligence claims and losses. Individual NHS organisations must meet the first £25,000 of a claim or loss which is similar to an insurance policy excess charge.

The HEIW Board along with its internal sources of assurance, which includes its internal audit function provided by NHS Shared Services, also uses sources of external assurance and reviews from auditors, regulators and inspectors to inform and guide our development. The outcomes of these assessments are being used by the Board to further inform our planning and the embedding of good governance across a range of the organisation's responsibilities.

Quality and Quality Improvement. During 2020/21 HEIW has implemented or continued to implement the measures detailed below to secure quality and quality improvement in relation to its functions:

- The Education Commissioning and Quality Committee's remit includes; assuring the Board on whether effective arrangements are in place to quality manage education systems and; to make recommendations in respect of the quality of education and monitoring education quality
- The work of the Committee in respect of education quality has been further enhanced through the establishment of the

two new sub-groups the Education Advisory Group and the Multi-Professional Quality and Education Group

- The mid and end of year service reviews with each Directorate team focus on quality and quality improvement
- HEIW monitors postgraduate medical training through several means including: national GMC surveys of medical trainers and trainees, quality assurance visits and constant feedback from education leads within the NHS. Triangulation of adverse information can lead to some specialties in some sites being placed in enhanced monitoring status in conjunction with the GMC
- HEIW gathers information on student and trainee experiences. This information is used to inform improvements within the education and training provision
- HEIW has clearly identified roles within the organisation which support the quality agenda
- Continuous improvement more generally is important to HEIW, both in terms of internal sharing of good practice as well as through learning from our sister organisations in the UK. We have started to roll out Quality Improvement training to ensure that staff are equipped with the skills to deliver improvement science methodologies.

HEIW had originally intended to engage with Welsh Government in 2020/21 to develop bespoke guidance for HEIW to complete an Annual Quality Statement as a training and education organisation. This has not been possible this year as the requirement to produce an Annual Quality Statement was suspended due to the pandemic. HEIW proposes to develop the bespoke guidance in 2021-22 and to complete work on a quality framework for all education and training activity.

Welsh Language – As HEIW was established in 2018 it has not been named as an organisation that comes under the Welsh Language Measure 2011. Given this the Welsh Language Commissioner's Office asked HEIW to prepare a Statutory Language Plan as prescribed under the original (1993) Welsh Language Act.

Our draft Welsh Language Scheme, based on the Welsh Language Standards, was subject to a public consultation which was concluded

in January. While the consultation received a limited number of responses, all material response were positive. The Board approved the Welsh Language Scheme for submission to the Welsh Language Commissioner in March. HEIW looks forward to receiving confirmation from Welsh Government that it has been named under the Welsh Language Measure at the earliest opportunity.

Stakeholders and Partners – As an All-Wales organisation, with several strategic functions, the importance of our partners and stakeholders cannot be over emphasised. This includes trainees and students, NHS Wales, Social Care Wales, Education providers, Regulators, Private sector (business, suppliers), Professional bodies and Welsh Government.

During 2020/21 our face to face communications have been impacted by the coronavirus but we have still continued much of our communications and engagement activity online, continuing to embed our Board approved Communications and Engagement Strategy to build and strengthen relationships and to help shape our work and services. This has included:

- Developing all Wales internet pages with:
 - COVID-19 resources for students/ trainees and trainers across Wales
 - Health and Wellbeing pages for NHS Wales/Social Care Wales
 - Long Covid syndrome resources
 - NHS Wales volunteer vaccination programme
 - NHS Wales COVID-19 vaccination programme
- Regular stakeholder bulletins
- Introducing a Primary Care newsletter
- Increasing Social media posts to inform and update
- Regular stakeholder specific newsletters such as trainee newsletter, dental professionals, medical trainer newsletter
- Participating in national boards and all Wales peer groups and enabling HEIW to play its part in the national dialogue on NHS education and training
- Continued engagement around the Workforce Strategy for Health and Social Care, HEIW's Welsh Language consultation
- Online all Wales conferences and events to focus on key topics including Simulation,

Endoscopy, Mental Health and the Strategic Equality Plan, and to provide access to CPD and support networking

- Introducing blogs from a number of HEIW employees and partners highlighting projects and work – sharing them on social media and with specialist publications
- Promoting the NHS Wales Graduate Scheme
- The Campaign to promote NHS Wales as a career option specifically around areas where there are a shortage of applicants including Learning Disability Nursing, Mental Health Nursing and Healthcare sciences.

We are also working with partners across the UK, including colleagues in NHS Education for Scotland, Health Education England, NHS Improvement, Department of Health in Northern Ireland and several national professional bodies and regulators.

The roadshows we successfully started in 2019 have been on hold whilst Health Board resources concentrate on the response to the Coronavirus pandemic but will be reinstated as soon as it is possible. In the meantime, we held several 'showcase' events where members of the NHS community and public were invited to hear of the work we are undertaking using zoom.

Working together, understanding each other's needs and how we can best support each other is critical if we are to succeed individually and as a system. To achieve this, we will continue to collaborate, communicate, engage and work closely with our partners and stakeholders.

Carbon Reduction – HEIW is in the process of finalising its Decarbonisation Strategy following a process of engagement with staff which will then be followed by developing an Action Plan to implement the strategy.

To date the organisation has engaged with Welsh Government Energy Support (WGES, commissioned via the Carbon Trust) and received a report regarding the potential for large scale projects to reduce carbon emissions including installing solar panels and upgrading our heating/cooling system. We are now undertaking more detailed feasibility studies in conjunction with WGES.

This is considered further within the sustainability section within the Performance

Report part of the Annual Report (pages 50–51).

Ministerial Directions

Whilst Ministerial Directions are received by NHS Wales organisations, these are not always applicable to HEIW. Ministerial Directions issued throughout the year are listed on the Welsh Government website [Health and social care](#).

The following ministerial direction received as at year end 31 March 2021 was applicable to HEIW.

Ministerial Direction/ Date of Compliance
e.g. WHC 2020 (011) – Temporary Amendments to Model Standing Orders, Reservation and Delegation of Powers
Date/Year of Adoption
30 July 2020
Action to demonstrate implementation/response
Standing Orders amended and approved by Board

Data Breaches

Incidents resulting in a data breach are reported in accordance with HEIW's statutory requirements and documented confidentiality breach protocol. Under the Data Protection Act 2018 (DPA) personal data breaches (as defined by the act) are considered a breach of security leading to the accidental or unlawful destruction, loss, alteration, unauthorised disclosure of, or access to, personal data.

Personal data breaches (as defined in the DPA) are required to be risk assessed to determine the risk living individuals and the risks to the rights and freedoms of living individuals. Personal data breaches resulting in likely risk to living individuals and a high risk to individuals rights and freedoms must be reported to the Information Commissioners Office (ICO), and to data subjects where the breach is likely to result in a high risk to the rights and freedoms of individuals.

All data breaches are appropriately investigated and are reported to the Audit and Assurance Committee. Where appropriate or mandated, data breaches are reported to Welsh Government.

During 2020/21, we recorded a total of three cyber security incidents resulting in potential

personal data breaches. Of these incidents, two incidents met the assessment criteria for reporting to the ICO. Welsh Government were notified and updated regarding the three incidents.

The two incidents reported to the ICO included an incident reported by HEIW's Pharmacy website and an incident affecting Sharepoint throughout NHS Wales which was reported to the ICO on behalf of all NHS organisations which included HEIW.

The formal ICO response on the 29 October 2020 regarding the reported incident indicated that no formal enforcement action would be taken and consider the matter to be closed.

4.2 Planning

Welsh Government planning processes were suspended in March 2020 and no IMTPs 2020-23 were formally approved due to the COVID-19 pandemic. Welsh Government has nevertheless confirmed that HEIW's IMTP was deemed approvable. HEIW's IMTP objectives were largely paused in Q1 of 2020-21, to enable the organisation to focus its resources on supporting the NHS' response to COVID-19. In line with all NHS organisations, in-year we developed and published three Quarterly Operational Plans (Q1, Q2 and Q3 and 4). The development of these ensured that HEIW restarted many of our Strategic Objectives from Q2 onwards, but maintained the ability to balance the needs of the immediate response to the pandemic with future strategic direction and workforce pipeline. In March 2021 Audit Wales reported good assurance on the development of the organisation's Operational Plan for Q3 and 4.

In January 2020 the Board approved HEIW's Performance Framework. This Framework describes the organisation's system for making continuous improvements to achieve our Strategic Aims and Objectives and to deliver our 'Business as Usual' activities effectively.

The Board has received regular reports in respect of the implementation of the 2020/21 Quarterly Operational plans through the structured Performance Reports. The Performance reports have shown good progress made by the organisation in the delivery of our Plans demonstrating that it is on track to deliver against the majority of its commitments. This included the publishing of the joint

Workforce Strategy for Health and Social Care in partnership with Social Care Wales.

The Board has played a central role in developing the Annual Plan (2021-22) based on year two of the approvable IMTP for 2020-23. Detailed Board discussions to support the development of the Annual Plan have taken place. As a result of the uncertainties caused by the pandemic, and in line with the request of the Director General of NHS Wales, the Annual Plan was considered as a draft at March Board and approved for sharing with Welsh Government for informal feedback. The final Plan will be considered for approval by the Board in June 2021. Given the continued impact of COVID-19 it will be necessary to undertake a quarterly review of the Strategic Objectives to ensure that HEIW remains agile and our Plans continue to support the pandemic response and recovery.

5. Review of Effectiveness

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

The Board and its committees rely on several sources of internal and external assurances which demonstrate the effectiveness of the Special Health Authority's system of internal control and advise where there are areas of improvement. These elements are detailed above in the diagram of the HEIW Board Control Framework at page 66 of this Annual Governance Statement.

The processes in place to maintain and review the effectiveness of the system of internal control include:

- Board and committee oversight of internal and external sources of assurance and holding to account Executive Directors and Senior Managers
- Executive Directors and Senior Managers who have responsibility for development, implementation and maintenance of the internal control framework and the continuing improvement in effectiveness within the organisation

- The review and oversight of the principal risks on the Corporate Risk Register and the Board Assurance Framework by the Board and committees
- The oversight of operational risk through the Board and its committees
- Oversight of fraud risk through the Counter Fraud team
- The monitoring of the implementation of recommendations through the audit tracker overseen by the Audit and Assurance Committee and
- Audit and Assurance Committee oversight of audit, risk management and assurance arrangements.

HEIW's May 2021 Board received the Audit and Assurance Committee's Annual Report. The Committee Chair's reflections within the Committee's Annual Report were as follows:

It is an overused sentiment, but this year has been like no other and truly unique in every sense of the word!

We moved very swiftly in March 2020 to new working arrangements, in keeping with Government advice. This meant that the majority of staff were asked to work from home and all formal meetings would be held virtually/remotely until further notice.

All parties who contribute to the Audit and Assurance Committee had to adapt quickly to new ways of working. The Officers who support the Committee, the Independent Members who sit on the Committee, External audit, Internal audit, Local Counter Fraud Services and others – we all had to adapt and consider how to continue working under these changed circumstances.

Despite the challenges, we have continued to progress business with very little disruption. Work has continued on all aspects of business with a regular review of changing risks and the governance in place to protect individuals and the organisation.

Engagement and attendance of all parties has not been diminished and thanks must go to everyone for playing their part. The agenda setting has improved considerably as have the minutes and action log. The support for the meeting has been excellent and ensures that the business runs smoothly. Thanks must go to Kay and the team for this.

We continue to receive high quality reports from all participants and the challenge and interest in the subject matter is good. Many of the risks relating to a new organisation have been signed off and closed down during the year – a sign of a maturing organisation.

We will continue to focus going forward on clear lines of responsibility between the Audit and Assurance Committee, the Education, Commissioning and Quality Committee and the Board. We will also take a keen interest in the new Board Assurance Framework and monitoring of progress.

The Audit and Assurance Committee will continue to receive regular performance reports from Audit Wales and Internal Audit, indicating areas which could merit more detailed examination, and we will continue to focus on those recommendations where attention is needed. The digital agenda is also pivotal to future delivery, and the Committee will focus attention on progress in this area along with monitoring of our Cyber Security Plan.

It has been pleasing to see many of the executive team at the Audit Committee, both as presenters and observers, and we hope that this will continue next year.

5.1 Internal Audit

Internal Audit provides the CEO, as Accountable Officer and the Board through the Audit and Assurance Committee, with a flow of assurance on the system of internal control. The CEO commissioned a programme of audit work which has been delivered in accordance with public sector internal audit standards by the NHS Wales Shared Services Partnership. The scope of this work is agreed with the Audit and Assurance Committee.

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

5.2 The Head of Internal Audit Conclusion

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

HOIA assessment should be interpreted in this context when reviewing the effectiveness of the system of internal control and should be seen as an internal driver for continuous improvement. The HOIA opinion on the overall adequacy and effectiveness of the organisation's framework of governance, risk management, and control is set out below.

Assurance rating



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

The audit work undertaken during 2020/21, has been reported to the Audit and Assurance Committee.

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

- An assessment of the range of individual opinions arising from the work undertaken in respect of the individual risk-based audit reports contained within the Internal Audit plan which have been reported to the Audit and Assurance Committee throughout 2020/21. This assessment has taken account of the relative materiality of these areas
- Other assurance reviews, which impact on the Head of Internal Audit Opinion including audit work performed at other organisations.

Internal audit report assurance ratings

A summary of the reviews and associated assurance ratings in each of the domains is set out below:

Corporate governance, risk management and regulatory compliance

- Risk management – Overall Internal Audit

issued a substantial assurance report for our review of risk management.

- Governance arrangements during COVID-19 – Internal Audit issued a positive report which was advisory in nature.
- Internal Group Governance arrangement – Overall Internal Audit issued a substantial assurance report for this review.

Strategic planning, performance management and reporting

- Performance management – Overall Internal Audit issued a substantial assurance report in relation to its work in this area.

Financial governance and management

- Financial systems – Overall, Internal Audit issued a reasonable assurance report.

Information governance and security

- Cyber Security – Overall Internal Audit issued reasonable assurance for this review.

Operational service and functional management

- Medical Commissioning Monitoring – Overall Internal Audit issued reasonable assurance for this review.
- Pharmacy – pre registration – Overall Internal Audit issued reasonable assurance for this review.

Workforce management

- Personal Development Process – Overall Internal Audit issued reasonable assurance for this review.
- Workforce Culture – Overall Internal Audit issued reasonable assurance for this review.

Communication

- Communication and engagement strategy – Overall Internal Audit issued substantial assurance for this review.

5.3 External Audit – Audit Wales (AW)

The Auditor General for Wales is the statutory external auditor for the NHS in Wales. The AW undertakes the external auditor role for HEIW on behalf of the Auditor General.

AW's structured assessment for 2020 was designed in the context of the ongoing response to the pandemic.

The assessment found that HEIW quickly adapted its governance, risk management and assurance arrangements to respond effectively to COVID-19. AW also stated that HEIW had

continued to show strong leadership and maintained oversight of quality and staff wellbeing.

The assessment made two recommendations for the following areas:

Governance

The organisation should ensure that, unless risks are of a sensitive nature, the Corporate Risk Register should be considered at open sessions of the Audit and Assurance Committee.

Finance

That HEIW seek to identify cost and value improvement opportunities and record and report those within HEIW and more widely from its work.

The recommendations from both Internal Audit and Audit Wales together with management's response were implemented and are recorded within the Audit Tracker report. This is monitored and regularly reviewed by the Audit and Assurance Committee.

5.4 Data Quality

The quality and effectiveness of the information and data provided to the Board is continually reviewed at each meeting of the Board and some revisions have been made during the year to provide further clarity for the Board.

5.5 Regulators

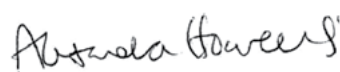
HEIW works with all professional regulators in the development of our education and training programmes. Over the past year, we have worked closely with regulators when adjusting our courses to respond to the workforce demands created by the pandemic. We have a specific role supporting the GMC in relation to quality of postgraduate medical education.

6. Conclusion – Corporate Governance Report

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

During the period 1 April 2020–10 June 2021 there have been no significant internal control or governance issues identified. This is due to the establishment of sound systems of internal control in place to ensure HEIW met its objectives. It is recognised that further work will be necessary in 2021/22 to further develop these arrangements. It will be important to communicate widely with staff to further embed these arrangements.

Signed by:



Alex Howells
Chief Executive
10 June 2021

Directors Report for the Period Ended 31 March 2021

The information required for this report can be found in the tables and pages of the Annual Report detailed below.

Composition of Board: Table 1 (Annual Governance Statement on pages 63–64) – detailed information in relation to the composition of the Board including executive directors and independent members, who have authority or responsibility for directing or controlling the major activities of HEIW during the financial year 2020/21. This includes the names of the Chair and Chief Executive. Table 1 also includes the names of the directors forming the Audit and Assurance Committee.

Board and board level committee meeting dates for the period ending 31 March 2021: Table 2 (Annual Governance Statement on page 65).

Declaration of interest: details of company directorships and other significant interests

held by members of the Board which may conflict with the responsibilities as Board members (Performance Report page 18).

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

Information Governance. There were two personal data incidents reported to the Information Commissioner's Office (Annual Governance Statement pages 73–74).

Environmental, social and community issues: HEIW is cognisant of the impact it has on the environment and takes steps to minimise this, where possible. Details of the finalisation of HEIW's Decarbonisation Strategy and approach to sustainability are outlined in the Annual Governance Statement on page 73.

Statement of directors' responsibilities in respect of the accounts

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

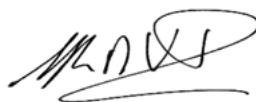
In preparing those accounts, the directors are required to:

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

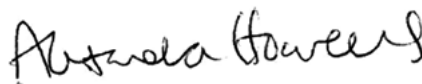
The directors confirm that they have complied with the above requirements in preparing the accounts.

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

By order of the board, signed:



Dr Chris Jones
Chair
10 June 2021



Alex Howells
Chief Executive
10 June 2021



Eifion Williams
Director of Finance
10 June 2021

Statement of Accountable Officer's Responsibilities For the Period Ended 31 March 2021

Statement of the Chief Executive's Responsibilities as Accountable Officer

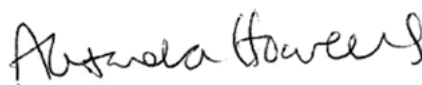
The Welsh ministers have directed that the Chief Executive should be the accountable officer to the Special Health Authority.

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

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

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

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



Alex Howells
Chief Executive
10 June 2021

Remuneration and Staff Report 2020/21

The information contained in this report relates to the remuneration of the senior managers employed by Health Education and Improvement Wales (HEIW).

The Pay Policy Statement set out in Annex 3 relates to HEIW's strategic stance on senior manager remuneration and to provide a clear statement of the principles underpinning decisions on the use of public funds.

The definition of "Senior Manager" is: 'those persons in senior positions having authority or responsibility for directing or controlling the major activities of the NHS body. This means those who influence the decisions of the entity as a whole rather than the decisions of individual directorates or departments.' For HEIW, the senior managers are considered to be the regular attendees of Board meetings, i.e. Members of the Executive Team and the Independent Members.

Two individuals have been appointed to director positions, but who are not members of the Board, and are deemed to come under the Senior Manager definition. Nicola Johnson was appointed as Director of Planning Performance and Corporate Services on 21 September and Sian Richards was appointed as Director of Digital on 1 February. Both Directors, together with the Executive Directors are members of the Executive Team. Their position in respect of the Board is outlined in the Annual Governance Statement on page 60.

Remuneration and Terms of Service Committee

The terms of reference and operating arrangements for the Remuneration and Terms of Service Committee are set out in HEIW's standing orders which were reviewed and updated in November 2020. The purpose of the Committee is to provide advice to the Board on the remuneration and terms of service and performance for the Chief Executive, Executive Directors and other senior staff. It also provides assurance to the Board in relation to HEIW's arrangements for the remuneration and terms of service, including contractual arrangements, for all staff. Further details of the membership

and role of the Remuneration and Terms of Service Committee is provided in the Annual Governance Statement.

Salary and Pension Disclosures

Details of salaries and pension benefits for senior managers captured within this report are given in Annexes 1 and 2. The single figure of remuneration (Annex 1) is intended to be a comprehensive figure that includes all types of reward received by senior managers in the period being reported on, including fixed and variable elements as well as pension provision.

The single figure includes the following:

- Salary and fees both pensionable and non-pensionable elements
- benefits in kind (taxable, total to the nearest £100)
- pension related benefits – those benefits accruing to senior managers from membership of a participating defined benefit pension scheme.

HEIW has paid no annual or long-term performance related bonuses. Annual salary figures are shown prior to any reduction as a result of any salary sacrifice scheme.

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

The value of pension related benefits accrued during the year is calculated as the real increase in pension multiplied by 20 less the contributions made by the individual. The real increase excludes increases due to inflation or any increase or decrease due to a transfer of pension rights.

The pension benefit figure is calculated on the basis of an increase in the value over the financial year. Prior-year comparative information is not available for staff who were

not previously Executive level directors in other NHS Wales organisations. Where this is the case this figure cannot be calculated and therefore is not reported in Annex 1 (Single Figure of Remuneration) nor Annex 2 (Pension Benefits).

Annex 2 gives the total pension benefits for all senior managers. The inflationary rate applied to the 2019/20 figure is 1.7% as set out in the 'Disclosure of Senior Managers' Remuneration (Greenbury) 2021' guidance document.

Remuneration Relationship

NHS Bodies in Wales 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 HEIW in the financial period to 31

March 2021 was £165k to £170k (2019-20 £160k to £165k). This was 3.2 times (2019-20 3.11 times) the median remuneration of the workforce, which was £51,668 (2019-20 £52,306).

During the period, 0 (2019-20, 0) employees received remuneration in excess of the highest-paid director. Remuneration for staff ranged from £14,503 to £165,610 (2019-20, £14,265 to £162,650).

The banded remuneration of the Chief Executive is £150k to £155k (2019-20, £150k to £155k). This is 2.99 times (2019-20, 2.92 times) the median remuneration of the workforce.

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.

2020/21 Staff Report

Number of senior staff

As of 31 March 2021, there were eight senior staff that made up the Executive Team; they were also members of the Board or regular attendees. The Director of Finance who was initially appointed through a secondment agreement is now employed on a fixed term contract until 31 December 2021. The Medical Director, the Director of Workforce and OD/

Deputy Chief Executive, the Director of Planning, Performance and Corporate Services and the Director of Digital Development are on secondment to HEIW from their substantive employers.

Their pay bands are broken down as follows:

Numbers of Senior Staff at 31 March 2021

Consultant (Medical and Dental)	1
Executive and Senior Pay scale	7

Staff Numbers

The following table shows the average number of staff employed (FTE) by Health Education and Improvement Wales, by group from 1 April 2020 to 31 March 2021:

Staff Group	Permanently Employed (Inc. Fixed Term) (Ave FTE)	Agency Staff (Ave FTE)	Staff on Inward Secondment (Ave FTE)	2020/21 Total (Ave FTE)
Administrative and Clerical and Board Members	190.12	5.25	6.64	202.01
Medical and Dental	43.87	0	0.66	44.53
Professional Scientific and Technical Staff	14.53	0	0	14.53
Additional Clinical Services	2.40	0	0	2.4
Nursing and Midwifery	2.66	0	2.02	4.68
Allied Health Professionals	1.00	0	0	1
Totals	254.58	5.25	9.32	269.15

The table above includes the Chair and Independent Members of HEIW, who are not included within the table in note 9.2 of the statutory accounts.

Staff Composition

The gender breakdown of the Executive Team and other employees as of 31 March 2021 was as follows:

Staff Composition at 31 Mar 2021 (headcount)	Male	Female
Senior Staff (Executive Team)	3	5
Other Employees	141	315
All Staff	144	320
% All Staff	31.0	69.0

Sickness Absence data

The following table provides information on the number of days lost due to sickness:

	From 1 April 2020 to 31 March 2021	From 1 April 2019 to 31 March 2020 (Restated)
	Number	Number
Days lost (long term)	1,229.70	1,434.98
Days lost (short term)	412.69	575.01
Total days lost	1,642.39	2,009.99
Total staff years	260	215
Average working days lost	6.32	9.37
Total staff employed in period (headcount)	463	417
Total staff employed in period with no absence (headcount)	408	322
Percentage staff with no sick leave	88.12%	77.22%

The staff numbers in the tables above are calculated on different bases depending on the requirements of the individual disclosures (e.g. full time equivalents, headcount, average for the year, total at a specific point).

HEIW's rolling 12-month sickness rate as at the end of March 2021 was 1.8%. The sickness absence levels have remained at significantly low levels throughout the year and have not negatively reacted to the impact of COVID-19 conditions or Winter illnesses. This may reflect the impact of our staff's compliance with the continued social distancing practices/periodic lockdowns which reduce transmission of more routine viruses (for example, flu) thereby reducing absence. In addition, it may also reflect the flexibility of working from home where a member of staff feeling initially unwell in the morning may feel fit to work later in the day whereas previously it may have meant non-attendance at the office for a full day.

Staff Policies Applied During the Financial Year

When HEIW was established in October 2018, it brought together staff from three former organisations – Workforce Education and Development Service, Wales Deanery and the Wales Centre for Pharmacy Professional Education to sit alongside a number of new corporate and business roles. At this point there were 92% of HEIW staff on Cardiff University Terms and Conditions

who transferred to HEIW under Transfer of Undertakings (Protection of Employment) Regulations (TUPE) arrangements. Most of the former Cardiff University staff are Medical and Dental staff where the terms and conditions, with some variations, essentially mirror NHS terms. However, the non-medical and dental transferred staff continue to be on significantly different contractual terms. Currently 21% of non-medical and dental staff remain on Cardiff University contractual terms, a substantial reduction since October 2018.

Our long-term plan remains the harmonisation of terms and conditions across the organisation, and we are working in partnership with our Trade Union colleagues to progress this. In 2020, following consultation with staff and Trade Unions, Statutes and Ordinances (a Cardiff University set of policies for senior staff related to disciplinary and grievance processes) were replaced by HEIW/ NHS Wales policies. We have commenced the rationalisation of large numbers of Cardiff University policies where there is no detriment and often benefit to moving to the HEIW equivalents. All newly appointed staff are employed on NHS Terms and Conditions, and staff who wish to transfer from existing University contracts are supported to do so.

During 2020/21 the following policies which apply to all HEIW staff were adopted and implemented:

- Travel and Subsistence Policy
- Flexible Working Request Policy
- Domestic Abuse Policy
- All Wales Reserve Forces Training and Mobilisation Policy
- Alcohol and Substance Misuse Policy
- Trade Union Facilities Policy
- Mental Health and Wellbeing Policy
- Lone Working Policy.

In addition, a policy for Maternity, Adoption, New Parents Support and Shared Parental Leave was developed and adopted for staff on NHS contracts. An equivalent policy was TUPE'd over with Cardiff University staff and remains applicable to those transferred staff.

Over the past year, we have continued to recruit to our vacancies, we have taken on new or additional functions and our workforce headcount has increased from 400 at January 2020 to 443 at January 2021. Recruitment to our senior leadership team is now complete with several key appointments being made in the last year including our new Directors for Planning Performance and Corporate Services, Director of Digital Services and our Dental Dean.

Our focus on ensuring our staff feel engaged and that we are listening to their views has been strengthened during the last year, building on a strong engagement platform since 2018. In 2020 we have utilised innovative tools and approaches to measure staff satisfaction and wellbeing. This included four homeworking and wellbeing surveys, two health needs assessments and our second national staff survey which received an engagement score of 81%, up 3.4% from 2018. Facilitated conversations have been taking place across the organisation in line with the implementation of NHS Wales's new 'Healthy Working Relationships' programme and to ensure that staff survey feedback is acted upon locally.

We are working towards ensuring that our organisational Values and Behaviours Framework which was developed in partnership with our staff during 2018 underpins everything we do. In 2020/21 we have made good progress in embedding our values in our recruitment and selection processes, Performance Appraisal and Development Reviews and our health and wellbeing programmes.

Prior to the impact of the pandemic in early 2020 we had introduced a range of bespoke communications to reflect the geographical diversity of our workforce, and to improve the connection with our sessional and/or remote workers. The pandemic led to a rapid change in HEIW's operating model with all office-based staff initially moving to 100% home working. This sudden change led to a substantial step up for many staff in the use of virtual technology for day to day communication and ways of working. This in turn led to remote staff commenting that they felt the playing field had been levelled for them, something we are keen not to lose when we reintroduce an element of office-based working.

In summer 2020, Ty Dysgu, HEIW's office base, was reopened, with appropriate measures in place, to enable staff to access the building for wellbeing or business needs and this was well received by staff. Additionally, during the periods of easement of Government restrictions staff were actively encouraged to return to the office to reconnect with colleagues from other teams and the wider organisation. HEIW is a relatively new organisation and whilst homeworking has been successful in ensuring the continued delivery of our business priorities it has had an impact on 'Team HEIW', our culture and our connectivity to each other. We are actively working on a set of principles to describe the way in which we will work in the future and will be engaging with our staff to discuss the approach during April. Our view is that an agile approach, underpinned by clear principles maximise the benefits of virtual working with the benefits of continuing to build our HEIW team culture and connectedness.

Staff health and wellbeing continues to be a significant priority for the organisation and during 2020-21 we have expanded our Wellbeing Hub for staff which includes information and signposting to a number of internal and external resources via the intranet. Examples of the areas and topics covered are:

HEIW Resources

- Home working advice
- Champions Network
- Domestic Abuse
- Help with sleep and sleeping problems
- Physical Health
- Mental and Emotional Health

National Resources/Sharing best practice

- Bereavement support
- Support for those experiencing isolation and loneliness
- Information and Resources specific to BAME staff
- Links to Trade Unions and other Professional Organisations
- General Health and Wellbeing
- Helplines

Equality, Diversity and Inclusion

We have continued to embed the progress made since April 2019, in relation to our diversity, equality and inclusion agenda. Starting with the publication of our first Diversity, Equality and Inclusion policy early in 2020.

Our network of Inclusion Champions has increased, and we are committed to continuing with this approach through 2021/22. The Champions undertook a wide range of activities throughout the past year starting in January 2020 with Diversity and Inclusion Week, Holocaust Memorial; International Women in Science; LGBT month; St David's Day; International Women's Day; celebrated EID; PRIDE; Black History Project; Tran Health Week; International Men's Day; White Ribbon Day; and Purple Light Up for Disability Month in December 2020

On 1 October 2020 we published our first four-year Strategic Equality Plan (SEP). As part of the development process for the SEP, internal engagement was undertaken utilising focus group methodologies. This allowed us to retest our equality objectives against the new backdrop of the pandemic. Work on individual directorate action plans which hook directly onto high level actions within our SEP has been completed, and these will form the basis of progressing this work as well as monitoring and reporting during 2021/22.

We continue to engage with external partners to provide an impartial review of our policies and practices to ensure alignment with national standards in respect of equality, diversity and inclusion. Since 2019 we have opted to sign up to:

- Stonewall Diversity Champion – tackling barriers and inequalities faced by lesbian, gay, bisexual and transgender staff

- Disability Confident – supporting HEIW to make the most of the talents that disabled people can bring to your workplace
- Dying to Work TUC – additional employment protection for terminally ill workers
- Anti-Violence Collaboration – sets out the responsibilities of the partners when dealing with violent or aggressive incidents relating to NHS staff
- Communication Access Symbol – 1st organisation in Wales to make a commitment to adopting Communication Access Symbol – giving a voice to people living with a communication disability.

Policy development has continued and last year saw us sign off and implement policies in relation to Domestic Abuse and Mental Wellbeing in the Workplace.

Expenditure on Consultancy

For the purpose of the statutory accounts, consultancy is defined as time limited/ad-hoc assignments that are not related to the day-to-day activities of HEIW.

During 2020/21, HEIW's expenditure on consultancy was £152k.

Tax Assurance for Off-Payroll Engagements

HEIW is required to disclose any arrangements it has whereby individuals are paid through their own companies or off payroll.

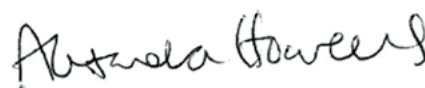
There were none during this period.

Exit Packages

Details of all exit packages are included within note 9.5 of the Annual Accounts. During 2020/21 no exit packages were paid by HEIW.

Statement of Assurance

I confirm that there is no relevant audit information in the Annual Report of which the Audit Wales is unaware. As Chief Executive, I have taken all the steps in order to make myself aware of any relevant information and ensure the Audit Wales is aware of that information.



Alex Howells

Chief Executive and Accountable Officer,
Health Education and Improvement Wales

10 June 2021

Annex 1a: Single Figure of Remuneration 2020/21

Single figure of remuneration					
Name	Title	Salary (bands of £5k)	Benefits in kind (taxable) to nearest £100	Pension benefit to nearest £1,000	Total to nearest (bands of £5k)
Alex Howells	Chief Executive	150 – 155	-	43	195 – 200
Julie Rogers ¹	Director of WOD/Deputy CEO	110 – 115	-	54	165 – 170
Dafydd Bebb	Board Secretary	90 – 95	-	23	110 – 115
Stephen Griffiths ²	Director of Nursing	15 – 20	-	-	15 – 20
Push Mangat ³	Medical Director	165 – 170	-	60	225 – 230
Eifion Williams	Director of Finance	55 – 60	-	-	55 – 60
Angela Parry ⁴	Interim Director of Nursing	50 – 55	-	12	60 – 65
Nicola Johnson ⁵	Director of Planning, Performance and Corporate Services	45 – 50	-	37	85 – 90
Sian Richards ⁶	Director of Digital Development	10 – 15	-	5	15 – 20
Non-Executive Directors					
Chris Jones	Chair	40 – 45	-	-	40 – 45
Tina Donnelly	Non-Executive Director	5 – 10	-	-	5 – 10
Ruth Hall	Non-Executive Director	5 – 10	-	-	5 – 10
John Hill-Tout	Vice Chair	10 – 15	-	-	10 – 15
Gill Lewis	Non-Executive Director	5 – 10	-	-	5 – 10
Ceri Phillips	Non-Executive Director	5 – 10	-	-	5 – 10
Heidi Phillips	Non-Executive Director	5 – 10	-	-	5 – 10

The value of 'Pension Benefit' in the table above is calculated as follows: (real increase in pension* X 20) + (real increase in any lump sum*) – (contributions made by the employee)

*excludes increases due to inflation or any increase or decrease due to a transfer of pension rights.

This is not an amount that has been paid to an individual during the year. These figures can be influenced by many factors e.g. changes in a person's salary, any additional contributions made by the employee and other valuation factors affecting the pension scheme as a whole.

¹ Julie Rogers is seconded from Welsh Government and is a member of the Civil Service Pension Scheme, which uses a different

inflation factor for the calculation of pension increases to the one used in the NHS scheme..

² Stephen Griffiths retired on 31 May 2020.

³ Push Mangat is seconded from Swansea Bay UHB.

⁴ Angela Parry commenced as Interim Director of Nursing on 1 June 2020.

⁵ Nicola Johnson is seconded for Swansea Bay UHB and commenced as Director of Planning, Performance and Corporate Services on 18 September 2020.

⁶ Sian Richards is seconded from Swansea Bay UHB and commenced as Director of Digital Development on 1 February 2021.

Annex 1b: Single Figure of Remuneration 2019/20

Single figure of remuneration					
Name	Title	Salary (bands of £5k)	Benefits in kind (taxable) to nearest £100	Pension benefit to nearest £1,000	Total to nearest (bands of £5k)
Alex Howells	Chief Executive	150 – 155	-	22	170 – 175
Julie Rogers ¹	Director of WOD/Deputy CEO	110 – 115	-	38	145 – 150
Dafydd Bebb	Board Secretary	85 – 90	-	22	110 – 115
Stephen Griffiths	Director of Nursing	95 – 100	-	62	160 – 165
Push Mangat ²	Medical Director	160 – 165	-	70	230 – 235
Eifion Williams ³	Director of Finance	55 – 60	-	-	55 – 60
Danielle Neale ⁴	Director of Finance and Corporate Services	0 – 5	-	-	0 – 5
Non-Executive Directors					
Chris Jones	Chair	40 – 45	-	-	40 – 45
Tina Donnelly	Non-Executive Director	5 – 10	-	-	5 – 10
Ruth Hall	Non-Executive Director	5 – 10	-	-	5 – 10
John Hill-Tout ⁵	Vice Chair	10 – 15	-	-	10 – 15
Gill Lewis	Non-Executive Director	5 – 10	-	-	5 – 10
Ceri Phillips	Non-Executive Director	5 – 10	-	-	5 – 10
Heidi Phillips	Non-Executive Director	5 – 10	-	-	5 – 10

¹ Julie Rogers is seconded from Welsh Government and is a member of the Civil Service Pension Scheme, which uses a different inflation factor for the calculation of pension increases to the one used in the NHS scheme.

² Push Mangat is seconded from Swansea Bay UHB.

³ Eifion Williams was employed part-time (0.26 FTE) as the Interim Director of Finance until 30 June 2019 and was a member of the NHS pension scheme through his substantive employer. The figures included here for the period to 30 June 2019 do not include the pension benefit for this period. Eifion took up the substantive part-time post (0.51 FTE) from 1 July 2019 and chose not to be covered by the NHS pension scheme for the remainder of the reporting year.

⁴ Danielle Neale left HEIW on 14 March 2019. The salary payment made in 2019/20 relates to a Payment in Lieu of Notice (PILON). A further non-contractual payment was made to Ms Neale in 2019/20 as disclosed in the exit packages note in the remuneration report and note 9.5 in the annual accounts.

⁵ John Hill-Tout received remuneration in 2019/20 in respect of his role as Vice Chair of HEIW, which was backdated to the commencement of that role on 1 October 2018. The backdated payment is included within the 2019/20 single figure of remuneration table.

Annex 2: Pension Benefits – 2020/21

		Real increase in pension at pension age (bands of £2,500)	Real increase in pension lump sum at pension age (bands of £2,500)	Total accrued pension at pension age at 31 March 2021 (bands of £5,000)	Lump sum at pension age related to accrued pension at 31 March 2021 (bands of £5,000)	Cash Equivalent Transfer Value at 1 April 2021	Cash Equivalent Transfer Value at 31 March 2020	Real increase in Cash Equivalent Transfer Value	Employer's contribution to stakeholder pension
Name	Title	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Alex Howells	Chief Executive	2.5 – 5	0 – 2.5	65 – 70	140 – 145	1,237	1,149	47	-
Julie Rogers ¹	Director of WOD/Deputy CEO	2.5 – 5	0 – 2.5	45 – 50	115 – 120	988	915	39	-
Dafydd Bebb	Board Secretary	0 – 2.5	-	5 – 10	-	64	42	9	-
Stephen Griffiths ²	Director of Nursing	(2.5) – 0	(2.5) – 0	45 – 50	135 – 140	***2	1,080	***2	-
Push Mangat ³	Medical Director	2.5 – 5	10 – 12.5	75 – 80	230 – 235	***3	***3	***3	-
Eifion Williams ⁴	Director of Finance	-	-	-	-	-	-	-	-
Angela Parry ⁵	Interim Director of Nursing	0 – 2.5	-	0 – 5	-	16	-	9	-
Nicola Johnson ⁶	Director of Planning, Performance and Corporate Services	0 – 2.5	2.5 – 5	25 – 30	60 – 65	542	460	34	-
Sian Richards ⁷	Director of Digital Development	0 – 2.5	0 – 2.5	20 – 25	35 – 40	284	253	3	-

¹ Julie Rogers is seconded from Welsh Government and is a member of the Civil Service Pension Scheme, which uses a different inflation factor for the calculation of pension increases to the one used in the NHS scheme.

² Stephen Griffiths retired on 31 May 2020 and therefore no CETV is reported as at 31 March 2021.

³ Push Mangat has no CETV values as he is over the normal pension age for the relevant pension scheme.

⁴ Eifion Williams chose not to be covered by the NHS pension arrangements for the reporting year.

⁵ Angela Parry commenced as Interim Director of Nursing on 1 June 2020.

⁶ Nicola Johnson commenced as Director of Planning, Performance and Corporate Services on 18 September 2020. The increases reported in the table above relate to the period of employment with HEIW.

⁷ Sian Richards commenced as Director of Digital Development on 1 February 2021. The increases reported in the table above relate to the period of employment with HEIW.

Annex 3: Pay Policy Statement

Salary and pension entitlements of senior managers 2020-21

The pay and Terms and Conditions of Employment for the executive team and senior managers have been, and will be determined by the HEIW Board, based on the recommendations of the Remuneration and Terms of Service Committee, within the framework set by Welsh Government. The Remuneration and Terms of Service Committee also considers applications relating to the Voluntary Release Scheme. The Remuneration and Terms of Service Committee members are all Independent Members of the Board and the committee is chaired by HEIW's chairperson. The Terms of Reference for the Committee are regularly being reviewed.

Auditors

The auditors have reviewed this report for consistency with other information in the financial statements and will provide an opinion on the following disclosures:

- Single total figure of remuneration for each director
- CETV disclosures for each director
- Payments to past directors, if relevant
- Payments for loss of office, if relevant
- Fair pay disclosures (included in annual accounts)
- Exit packages (included in annual accounts) if relevant, and
- Analysis of staff numbers.

The Welsh Parliament

Accountability and Audit Report

For the Year ended 31 March 2021

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 Health Education and Improvement Wales (HEIW) Board ensures 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 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 Special Health Authority will continue in operation.

Fees and Charges

Where HEIW undertakes an activity which is not funded directly by the Welsh Government, HEIW receives income to cover its costs. Further detail of income received is published in the annual accounts.

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

Remote Contingent Liabilities

Remote contingent liabilities are those liabilities that due to the unlikelihood of a resultant charge against HEIW are therefore not recognised as an expense nor as a contingent liability. Detailed below are the remote contingent liabilities as at 31 March 2021.

	2020-21
Guarantees	nil
Indemnities	nil

The Certificate and independent auditor's report of the Auditor General for Wales to the Senedd

Opinion on financial statements

I certify that I have audited the financial statements of Health Education and Improvement Wales for the year ended 31 March 2021 under Section 61 of the Public Audit (Wales) Act 2004. These comprise the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Cash Flow Statement and Statement of Changes in Taxpayers' Equity and related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards as interpreted and adapted by HM Treasury's Financial Reporting Manual.

In my opinion the financial statements:

- give a true and fair view of the state of affairs of Health Education and Improvement Wales as at 31 March 2021 and of its net operating costs for the year then ended
- have been properly prepared in accordance with international accounting standards as interpreted and adapted by HM Treasury's Financial Reporting Manual; and
- have been properly prepared in accordance with the National Health Service (Wales) Act 2006 and directions made there under by Welsh Ministers.

Opinion on regularity

In my opinion, in all material respects, the expenditure and income in the financial statements have been applied to the purposes intended by the Senedd and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis of opinions

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)) and Practice Note ten 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the Board in accordance with the ethical requirements that are relevant to

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

Emphasis of Matter – Clinicians' pension tax liabilities

I draw attention to Note 21.1 of the financial statements, which describes the impact of a Ministerial Direction issued on 18 December 2019 to the Permanent Secretary of the Welsh Government. My opinion is not modified in respect of this matter.

Conclusions relating to going concern

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

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

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

Other Information

The other information comprises the information included in the annual report other than the financial statements and my auditor's report thereon. The Chief Executive is responsible for the other information contained within the annual report. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon. My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If I identify such material inconsistencies

or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Report on other requirements

Opinion on other matters

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

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

- the information given in the Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and the Governance Statement has been prepared in accordance with Welsh Ministers' guidance
- the information given in the Performance Report for the financial year for which the financial statements are prepared is consistent with the financial statements and the Performance Report has been prepared in accordance with Welsh Ministers' guidance.

Matters on which I report by exception

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

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

- adequate accounting records have not been kept, or returns adequate for my audit have not been received from branches not visited by my team
- the financial statements and the audited part of the Remuneration Report are not in agreement with the accounting records and returns
- information specified by HM Treasury or Welsh Ministers regarding remuneration and other transactions is not disclosed; or

- I have not received all the information and explanations I require for my audit.

Responsibilities

Responsibilities of Directors and the Chief Executive for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

My procedures included the following:

- Enquiring of management, the audited entity's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to Health Education and Improvement Wales policies and

procedures concerned with:

- identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
- detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
- the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations

- Considering as an audit team how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in the posting of unusual journals
- Obtaining an understanding of Health Education and Improvement Wales' framework of authority as well as other legal and regulatory frameworks that Health Education and Improvement Wales operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of Health Education and Improvement Wales.

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

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

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

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

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

Responsibilities for regularity

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

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

Report

Please see my Report on pages 69-97.



Adrian Crompton
Auditor General for Wales

24 Cathedral Road
Cardiff
CF11 9LJ

15 June 2021

Report of the Auditor General to the Senedd

Under the Public Audit Wales Act 2004, I am responsible for auditing, certifying and reporting on Health Education and Improvement Wales Special Health Authority's financial statements. I am reporting on these financial statements for the year ended 31 March 2021 to draw attention to a key matter for my audit. This is the implication of the ministerial direction on senior clinicians' pensions. I have not qualified my 'true and fair' opinion in respect of this matter.

Ministerial direction on senior clinicians' pensions

NHS Pension scheme and pension tax legislation is not devolved to Wales. HM Treasury's changes to the tax arrangements on pension contributions in recent years included the reduction in the Annual Allowance limit from over £200,000 in 2011-12 to £40,000 in 2018-19. As a result, in cases where an individual's pension contributions exceed certain annual and/or lifetime pension contribution allowance limits, then they are taxed at a higher rate on all their contributions, creating a sharp increase in tax liability.

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

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

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

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

The solution applies only to annual allowance tax charges arising from an increase in the benefits accrued in the NHS Pension Scheme during the tax year ended 5 April 2020. For the tax year ended 5 April 2021, the Chancellor increased the thresholds for the tapered annual allowance and, as a result, it is anticipated that the risk to the supply of clinical staff has been mitigated.

The Authority currently has insufficient information to calculate and recognise an estimate of the potential costs of compensating senior clinical staff for pension benefits that they would otherwise have lost, by using the 'Scheme Pays' arrangement. As a result, no expenditure is recognised in the financial statements but as required the Authority has disclosed a contingent liability in Note 21.1 of its financial statements.

All NHS bodies will be held harmless for the impact of the Ministerial Direction, however in my opinion any transactions included in the Authority's financial statements to recognise this liability would be irregular and material by their nature. This is because the payments are contrary to paragraph 5.6.1 of Managing Public Money and constitute a form of tax planning which will leave the Exchequer as a whole worse off. The Minister's direction alone does not regularise the scheme. Furthermore, the arrangements are novel and contentious and potentially precedent setting.

I have not modified my regularity opinion in this respect this year because as set out above,

no expenditure has been recognised in the year ended 31 March 2021. I have however placed an Emphasis of Matter paragraph in my audit report to highlight this issue and, have prepared this report to bring the arrangement to the attention of the Senedd.



Adrian Crompton
Auditor General for Wales

15 June 2021

Financial Statements and Notes 2020/21

Foreword

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

These accounts cover the period 1 April 2020 to 31 March 2021.

Statutory background

HEIW was established as a Special Health Authority by establishment order 2017 No. 913 (W. 224), which was made 11 September 2017 and came into force on the 5 October 2017.

HEIW operated in a shadow form until 1 October 2018 with all establishment and set up costs being borne by the Welsh Government, and with the predecessor bodies of NHS Wales Shared Services Partnership (NWSSP) hosted by Velindre University NHS Trust and Cardiff University delivering operational activity to 30 September 2018.

On 1 October 2018 staff were transferred into HEIW and the organisation became fully operational.

HEIW has a leading role in the education, training, development and shaping of the healthcare workforce, supporting high-quality care for the people of Wales.

Performance Management and Financial Results

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

HEIW has an annual requirement to achieve a balanced year end position against the Resource limits set for the year.

Performance against the resource limit is reported in Note 2 to the financial statements.

Statement of Comprehensive Net Expenditure for the period ended 31 March 2021

	Note	2020-21 £000	2019-20 £'000 Restated
Non Medical Education And Training	3.1	111,773	108,559
Postgraduate Medical, Dental and Pharmacy Education	3.2	93,586	77,592
Other Operating Expenditure	3.3	29,897	27,567
		235,256	213,718
Less: Miscellaneous Income	4	(532)	(698)
Net operating costs before interest and other gains and losses		234,724	213,020
Investment Revenue	5	0	0
Other (Gains)/Losses	6	0	0
Finance costs	7	0	0
Net operating costs for the financial period		234,724	213,020

See note 2 on page 122 for details of performance against Revenue and Capital allocations.

The notes on pages 104-166 form part of these accounts

Other Comprehensive Net Expenditure

	2020-21 £000	2019-20 £'000
Net gain/(loss) on revaluation of property, plant and equipment	0	0
Net gain/(loss) on revaluation of intangibles	0	0
(Gain)/loss on other reserves	0	0
Net gain/(loss) on revaluation of available for sale financial assets	0	0
Impairment and reversals	0	0
Other comprehensive net expenditure for the period	0	0
Total comprehensive net expenditure for the period	234,724	213,020

The notes on pages 104-166 form part of these accounts

Statement of Financial Position as at 31 March 2021

	Notes	31 March 2021 £'000	31 March 2020 £'000
Non-current assets			
Property, plant and equipment	11	2,179	2,595
Intangible assets	12	0	0
Trade and other receivables	15	0	0
Other financial assets	16	0	0
Total non-current assets		2,179	2,595
Current assets			
Inventories	14	0	0
Trade and other receivables	15	1,765	1,074
Other financial assets	16	0	0
Cash and cash equivalents	17	6,148	7,465
		7,913	8,539
Non-current assets classified as "Held for Sale"	11	0	0
Total current assets		7,913	8,539
Total assets		10,092	11,134
Current liabilities			
Trade and other payables	18	(7,661)	(7,157)
Other financial liabilities	19	0	0
Provisions	20	(7)	(130)
Total current liabilities		(7,668)	(7,287)
Net current assets/(liabilities)		245	1,252
Non-current liabilities			
Trade and other payables	18	(148)	(171)
Other financial liabilities	19	0	0
Provisions	20	0	0
Total non-current liabilities		(148)	(171)
Total assets employed		2,276	3,676
Financed by:			
Taxpayers' equity			
General Fund		2,276	3,676
Revaluation reserve		0	0
Total taxpayers' equity		2,276	3,676

The financial statements on pages 99-103 were approved by the Board on 10 June 2021

Alexa Howells

Alex Howells, Chief Executive and Accountable Officer, 10 June 2021

The notes on pages 104-166 form part of these accounts

Statement of Changes in Taxpayers' Equity for the period ended 31 March 2021

	General Fund £000s	Revaluation Reserve £000s	Total Reserves £000s
Changes in taxpayers' equity			
Balance at 1 April 2020	3,676	0	3,676
Net operating cost for the period	(234,724)		(234,724)
Net gain/(loss) on revaluation of property, plant and equipment	0	0	0
Net gain/(loss) on revaluation of intangible assets	0	0	0
Net gain/(loss) on revaluation of financial assets	0	0	0
Net gain/(loss) on revaluation of assets held for sale	0	0	0
Impairments and reversals	0	0	0
Other reserve movement	0	0	0
Transfers between reserves	0	0	0
Release of reserves to SoCNE	0	0	0
Transfers to/from (please specify)	0	0	0
Total recognised income and expense for period	(234,724)	0	(234,724)
Net Welsh Government funding	231,777		231,777
Welsh Government notional funding	1,547		1,547
Balance at 31 March 2021	2,276	0	2,276
Included in Net Welsh Government Funding:			
Welsh Government COVID-19 Capital Funding	0		0
Welsh Government COVID-19 Revenue Funding	1,076		1,076

The notes on pages 104-166 form part of these accounts

Statement of Changes in Taxpayers' Equity for the year ended 31 March 2020

	General Fund £000s	Revaluation Reserve £000s	Total Reserves £000s
Changes in taxpayers' equity			
Balance at 1 April 2019	3,685	0	3,685
Net operating cost for the year	(213,020)		(213,020)
Net gain/(loss) on revaluation of property, plant and equipment	0	0	0
Net gain/(loss) on revaluation of intangible assets	0	0	0
Net gain/(loss) on revaluation of financial assets	0	0	0
Net gain/(loss) on revaluation of assets held for sale	0	0	0
Impairments and reversals	0	0	0
Other reserve movement	0	0	0
Transfers between reserves	0	0	0
Release of reserves to SoCNE	0	0	0
Transfers to/from LHBs	0	0	0
Total recognised income and expense for period	(213,020)	0	(213,020)
Net Welsh Government funding	212,496		212,496
Welsh Government notional funding	515		515
Balance at 31 March 2020	3,676	0	3,676

The notes on pages 104-166 form part of these accounts

Statement of Cash Flows for period ended 31 March 2021

		2020-21 £'000	2019-20 £'000
Cash Flows from operating activities	notes		
Net operating cost for the financial period		(234,724)	(213,020)
Movements in Working Capital	27	(210)	740
Other cash flow adjustments	28	1,924	1,112
Provisions utilised	20	0	(8)
Net cash outflow from operating activities		(233,010)	(211,176)
Cash Flows from investing activities			
Purchase of property, plant and equipment		(84)	(95)
Proceeds from disposal of property, plant and equipment		0	0
Purchase of intangible assets		0	0
Proceeds from disposal of intangible assets		0	0
Payment for other financial assets		0	0
Proceeds from disposal of other financial assets		0	0
Payment for other assets		0	0
Proceeds from disposal of other assets		0	0
Net cash inflow/(outflow) from investing activities		(84)	(95)
Net cash inflow/(outflow) before financing		(233,094)	(211,271)
Cash Flows from financing activities			
Welsh Government funding (including capital)		231,777	212,496
Capital receipts surrendered		0	0
Capital grants received		0	0
Capital element of payments in respect of finance leases and on-SoFP		0	0
Cash transferred (to)/ from other NHS bodies		0	0
Net financing		231,777	212,496
Net increase/(decrease) in cash and cash equivalents		(1,317)	1,225
Cash and cash equivalents (and bank overdrafts) at 1 April 2020		7,465	6,240
Cash and cash equivalents (and bank overdrafts) at 31 March 2021		6,148	7,465

The notes on pages 104-166 form part of these accounts

Notes to the Accounts

1. Accounting policies

The Minister for Health and Social Services has directed that the financial statements of Special Health Authorities (SHAs) in Wales shall meet the accounting requirements of the NHS Wales Manual for Accounts. Consequently, the following financial statements have been prepared in accordance with the 2020-21 Manual for Accounts. The accounting policies contained in that manual follow the 2020-21 Financial Reporting Manual (FReM), in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006, except for IFRS 16 Leases, which is deferred until 1 April 2022; to the extent that they are meaningful and appropriate to the NHS in Wales.

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

1.1 Accounting convention

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

1.2 Acquisitions and discontinued operations

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

1.3 Income and funding

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

Non-discretionary funding outside the Revenue Resource Limit is allocated to match actual expenditure incurred for the provision of specific pharmaceutical, or ophthalmic services

identified by the Welsh Government. Non-discretionary expenditure is disclosed in the accounts and deducted from operating costs charged against the Revenue Resource Limit.

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

Miscellaneous income is income which relates directly to the operating activities of the SHA and is not funded directly by the Welsh Government. This includes payment for services uniquely provided by the SHA for the Welsh Government. Income received from LHBs transacting with the SHA is always treated as miscellaneous income.

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

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

Only non-NHS income may be deferred.

1.4 Employee benefits

1.4.1 Short-term employee benefits

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

1.4.2 Retirement benefit costs

Past and present employees are covered by the provisions of the NHS Pensions Scheme. The scheme is an unfunded, defined benefit scheme that covers NHS employers, General Practices and other bodies, allowed under the direction of the Secretary of State, in England and Wales. The scheme is not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, the

scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS body of participating in the scheme is taken as equal to the contributions payable to the scheme for the accounting period.

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

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

However, NHS Wales' organisations are required to account for their staff employer contributions of 20.68% in full and on a gross basis, in their annual accounts. Payments made on their behalf by Welsh Government are accounted for on a notional basis. For detailed information see Note 34.1 within these accounts.

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

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

1.4.3 NEST Pension Scheme

An alternative pensions scheme for employees

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

1.5 Other expenses

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

1.6 Property, plant and equipment

1.6.1 Recognition

Property, plant and equipment is capitalised if:

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

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

1.6.2 Valuation

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

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

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

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

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

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

References in IAS 36 to the recognition of an impairment loss of a revalued asset being treated as a revaluation decrease to the extent that the impairment does not exceed the amount in the revaluation surplus for the same asset, are adapted such that only those impairment losses that do not result from a

clear consumption of economic benefit or reduction of service potential (including as a result of loss or damage resulting from normal business operations) should be taken to the revaluation reserve. Impairment losses that arise from a clear consumption of economic benefit should be taken to the Statement of Comprehensive Net Expenditure (SoCNE).

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

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

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

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

and are valued at fair value using IFRS 13.

1.6.3 Subsequent expenditure

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

1.7 Intangible assets

1.7.1 Recognition

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

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

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

Measurement

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

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

1.8. Depreciation, amortisation and impairments

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

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

on a prospective basis. Assets held under finance leases are depreciated over the shorter of the lease term and estimated useful lives.

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

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

1.9. Research and Development

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

1.10 Non-current assets held for sale

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

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

on the revaluation reserve, is transferred to the General Fund.

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

1.11 Leases

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

1.11.1 The NHS Wales organisation as lessee

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

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

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

1.11.2 The NHS Wales organisation as lessor

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

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

1.12 Inventories

Whilst it is accounting convention for inventories to be valued at the lower of cost and net realisable value using the weighted average or “first-in first-out” cost formula, it should be recognised that the NHS is a special case in that inventories are not generally held for the intention of resale and indeed there is no market readily available where such items could be sold. Inventories are valued at cost and this is considered to be a reasonable approximation to fair value due to the high turnover of stocks. Work-in-progress comprises goods in intermediate stages of production. Partially completed contracts for patient services are not accounted for as work-in-progress.

1.13 Cash and cash equivalents

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

1.14 Provisions

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

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

Present obligations arising under onerous contracts are recognised and measured as a

provision. An onerous contract is considered to exist where the NHS Wales organisation has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

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

1.14.1. Clinical negligence and personal injury costs

The Welsh Risk Pool Services (WRPS) operates a risk pooling scheme which is co-funded by the Welsh Government with the option to access a risk sharing agreement funded by the participative NHS Wales bodies. The risk sharing option was implemented in both 2020-21 and 2019-20, although no costs were apportioned to HEIW during either year. The WRP is hosted by Velindre NHS Trust.

1.15. Financial Instruments

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

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

1.16 Financial assets

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

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

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

1.16.1. Financial assets are initially recognised at fair value

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

1.16.2. Financial assets at fair value through SoCNE

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

1.16.3 Held to maturity investments

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

1.16.4. Available for sale financial assets

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

1.16.5. Loans and receivables

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

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

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

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

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

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

1.17 Financial liabilities

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

1.17.1. Financial liabilities are initially recognised at fair value

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

1.17.2. Financial liabilities at fair value through the SoCNE

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

1.17.3. Other financial liabilities

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

1.18 Value Added Tax (VAT)

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

1.19. Foreign currencies

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

1.20 Third party assets

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

1.21 Losses and Special Payments

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

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

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

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

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

1.22 Pooled budget

The NHS Wales organisation has not entered into pooled budgets with Local Authorities. Under the arrangements funds are pooled in accordance with section 33 of the NHS (Wales) Act 2006 for specific activities defined in the Pooled budget Note.

The pool budget is hosted by one NHS Wales's organisation. Payments for services provided are accounted for as miscellaneous income.

The NHS Wales organisation accounts for its share of the assets, liabilities, income and expenditure from the activities of the pooled budget, in accordance with the pooled budget arrangement.

1.23 Critical Accounting Judgements and key sources of estimation uncertainty

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

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

1.24 Key sources of estimation uncertainty

There are no estimation uncertainties at the SoFP date that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year.

1.25 Private Finance Initiative (PFI) transactions

The NHS Wales organisation has no PFI arrangements.

1.26 Contingencies

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

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the

NHS Wales organisation. A contingent asset is disclosed where an inflow of economic benefits is probable.

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

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

1.27. Absorption accounting

Transfers of function are accounted for as either by merger or by absorption accounting dependent upon the treatment prescribed in the FReM. Absorption accounting requires that entities account for their transactions in the period in which they took place with no restatement of performance required.

Where there is a transfer of function the gain or loss resulting from the assets and liabilities transferring is recognised in the SoCNE and is disclosed separately from the operating costs.

1.28 Accounting standards that have been issued but not yet been adopted

The following accounting standards have been issued and or amended by the IASB and IFRIC but have not been adopted because they are not yet required to be adopted by the FReM

IFRS14 Regulatory Deferral Accounts.

Applies to first time adopters of IFRS after 1 January 2016. Therefore not applicable.

IFRS 16 Leases is to be effective from 1 April 2022.

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

1.29 Accounting standards issued that have been adopted early

During 2020-21 there have been no accounting standards that have been adopted early. All early adoption of accounting standards will be led by HM Treasury.

1.30 Charities

The NHS Organisation has no NHS Charitable Fund.

2 Financial Duties Performance

HEIW was established as a Special Health Authority. The statutory financial duties of Special Health Authorities are set out in section 172 of

the National Health Service (Wales) Act 2006.

Section 172(1) sets out what is referred to as the 'First Financial Duty' – a duty to secure that HEIW expenditure does not exceed the aggregate of the funding allotted to it for a financial year. Under the powers of direction in the National Health Service (Wales) Act section 172(6) WHC/2019/004 clarified that the annual statutory financial duty is set separately for revenue and capital resource allocations.

HEIW was issued with a Remit Letter on 25 October 2018, confirming that the period to 31 March 2019 would remain a transitional period as HEIW commenced full operations. Accordingly the Remit Letter set out objectives for delivery by HEIW for the period to 31 March 2019 and beyond, and set the requirement that HEIW prepare an annual plan for 2019/20 and move to a three year cycle from 2020-23 in accordance with the

NHS Wales Planning Framework. The HEIW Board approved its 2020-2023 IMTP in January 2020 and subsequently submitted it to Welsh Government for its approval. As a result of the COVID-19 pandemic the approval process was paused and Welsh Government required all organisations to complete quarterly plans for 2020-21, and in December 2020 issued a further planning framework that required NHS organisations to develop and submit an annual plan for 2021-2022.

HEIW is therefore not subject to a Second Financial Duty for the period of account to 31 March 2021 given the temporary arrangements and there being no extant administrative duty in place. HEIW is expected to report in the Annual Report and Accounts for the period of account to 31 March 2021 performance against its objectives set out in the 2020-21 annual plan.

2.1 Revenue Resource Performance

	Financial performance 2020-21 £'000
Net operating costs for the period	234,724
Less general ophthalmic services expenditure and other non-cash limited expenditure	0
Less revenue consequences of bringing PFI schemes onto SoFP	0
Total operating expenses	234,724
Revenue Resource Allocation	234,819
Under /(over) spend against Allocation	95

HEIW has met its financial duty to break-even against its Revenue Resource Limit over the period.

2.2 Capital Resource Performance

	2020-21 £'000
Gross capital expenditure	84
Add: Losses on disposal of donated assets	0
Less: NBV of property, plant and equipment and intangible assets disposed	0
Less: capital grants received	0
Less: donations received	0
Charge against Capital Resource Allocation	84
Capital Resource Allocation	105
(Over)/Underspend against Capital Resource Allocation	21

HEIW has met its financial duty to break-even against its Capital Resource Limit over the period.

2.3 Duty to prepare a 1 year plan

Due to the pandemic, the process for the 2020-2023 integrated plan was paused in spring 2020 and a temporary quarterly planning arrangement put in place for 2020-21. HEIW's 2020-21 plan was approved in phases by the Board in May 2020, July 2020 and November 2020.

As a result, HEIW did not have a formal administrative duty to have an approved plan for 2020-21. As HEIW only had an annual duty to report in 2019-20, there is no extant formal planning duty to report against.

The Minister for Health and Social Services extant approval

Status

Date N/A

2.4 Creditor payment

The SHA is required to pay 95% of the number of non-NHS bills within 30 days of receipt of goods or a valid invoice (whichever is the later). The SHA has achieved the following results:

	2020-21	2019-20
Total number of non-NHS bills paid	4,715	6,582
Total number of non-NHS bills paid within target	4,520	6,265
Percentage of non-NHS bills paid within target	95.9%	95.2%

HEIW has met the target.

3. Analysis of gross operating costs

3.1 Non Medical Education and Training

	2020-21 Total £'000	2019-20 Restated £'000
Student Training Fees (Universities)	62,171	58,916
Additional Training Costs (Universities)	75	1,026
Funding for Healthcare Education Fees (Health Boards and Trusts)	1,830	2,450
Student Bursaries Reimbursement (Universities)	23,042	23,126
Student Salaries Reimbursement (Health Boards and Trusts)	18,193	15,604
Advanced Practice Training fees	1,237	1,389
Healthcare Support Working Training	1,964	1,935
Non-Medical Prescribing	319	287
Training related Travel and Subsistence	2,942	3,826
Total	111,773	108,559

3.2 Postgraduate Medical, Dental and Pharmacy Education

	2020-21 £'000	2019-20 £'000 Restated
Training Grade Salaries	52,462	50,319
Postgraduate Centre and Study Leave	4,768	4,745
GP Registrars	25,748	18,452
Dental Foundation Trainees	4,269	0
Pre-Registration Pharmacists.	3,688	1,375
Induction and Refresher	43	83
Welsh Clinical Academic Training	1,634	1,349
GP CPD and Appraisal Costs	527	845
Other	447	424
Total	93,586	77,592

For 2020/21 a new line was included within note 3.2 for the costs of funding 'Pre-registration Pharmacists'. In previous years these costs were included within 'Student Salaries Reimbursement (Health Boards and Trusts)' in note 3.1. For comparative purposes the figures reported in the 2019/20 accounts have been amended to reflect the new classification. For 2020/21 'Pre-registration Pharmacists' includes £2,971k of costs paid through NWSSP as the single lead employer.

3.3 Other Operating Expenditure

	2020-21 £'000	2019-20 £'000
Directors' costs	982	1,052
Operational Staff costs	16,098	13,604
Single lead employer Staff Trainee Cost	0	0
Supplies and services – clinical	82	42
Supplies and services – general	3,246	2,230
Consultancy Services	152	158
Establishment	3,029	4,070
Transport	0	0
Premises	5,211	5,433
External Contractors	294	231
Depreciation	500	489
Amortisation	0	0
Fixed asset impairments and reversals (Property, plant and equipment)	0	0
Fixed asset impairments and reversals (Intangible assets)	0	0
Impairments and reversals of financial assets	0	0
Impairments and reversals of non-current assets held for sale	0	0
Audit fees	166	172
Other auditors' remuneration	0	0
Losses, special payments and irrecoverable debts	47	(21)
Research and Development	0	0
Other operating costs	90	107
Total	29,897	27,567

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

	2020-21 £'000	2019-20 £'000
Increase/(decrease) in provision for future payments:		
Clinical negligence;		
Secondary care	0	0
Primary care	0	0
Redress Secondary care	0	0
Redress Primary care	0	0
Personal injury	0	0
All other losses and special payments	0	0
Defence legal fees and other administrative costs	0	(22)
Gross increase/(decrease) in provision for future payments	0	(22)
Contribution to Welsh Risk Pool	0	0
Premium for other insurance arrangements	0	0
Irrecoverable debts	47	1
Less: income received/due from Welsh Risk Pool	0	0
Total	47	(21)

	2020-21 £	2019-20 £
Permanent injury included within personal injury £:	0	0

4. Miscellaneous Income

	2020-21 £'000	2019-20 £'000
Local Health Boards	0	26
Welsh Health Specialised Services Committee (WHSSC)/Emergency Ambulance Services Committee (EASC)	0	0
NHS trusts	152	85
Foundation Trusts	0	0
Other NHS England bodies	0	0
Local authorities	0	0
Welsh Government	0	100
Welsh Government Hosted Bodies	0	0
Non NHS:		
Prescription charge income	0	0
Dental fee income	0	0
Private patient income	0	0
Overseas patients (non-reciprocal)	0	0
Injury Costs Recovery (ICR) Scheme	0	0
Other income from activities	0	0
Patient transport services	0	0
Education, training and research	380	487
Charitable and other contributions to expenditure	0	0
Receipt of NWSSP COVID-19 centrally purchased assets	0	0
Receipt of COVID-19 centrally purchased assets from other organisations	0	0
Receipt of donated assets	0	0
Receipt of Government granted assets	0	0
Non-patient care income generation schemes	0	0
NWSSP	0	0
Deferred income released to revenue	0	0
Contingent rental income from finance leases	0	0
Rental income from operating leases	0	0
Total	532	698

Welsh Government COVID-19 income included in total above; 0

Injury Cost Recovery (ICR) Scheme income is subject to a provision for impairment re personal injury claims

	2020-21 %	2019-20 %
To reflect expected rates of collection ICR income is subject to a provision for impairment of:	22.43	21.79

5. Investment Revenue

	2020-21 £000	2019-20 £000
Rental revenue:		
PFI Finance lease income		
planned	0	0
contingent	0	0
Other finance lease revenue	0	0
Interest revenue:		
Bank accounts	0	0
Other loans and receivables	0	0
Impaired financial assets	0	0
Other financial assets	0	0
Total	0	0

6. Other gains and losses

	2020-21 £000	2019-20 £000
Gain/(loss) on disposal of property, plant and equipment	0	0
Gain/(loss) on disposal of intangible assets	0	0
Gain/(loss) on disposal of assets held for sale	0	0
Gain/(loss) on disposal of financial assets	0	0
Change on foreign exchange	0	0
Change in fair value of financial assets at fair value through SoCNE	0	0
Change in fair value of financial liabilities at fair value through SoCNE	0	0
Recycling of gain/(loss) from equity on disposal of financial assets held for sale	0	0
Total	0	0

7. Finance costs

	2020-21 £000	2019-20 £000
Interest on loans and overdrafts	0	0
Interest on obligations under finance leases	0	0
Interest on obligations under PFI contracts		
main finance cost	0	0
contingent finance cost	0	0
Interest on late payment of commercial debt	0	0
Other interest expense	0	0
Total interest expense	0	0
Provisions unwinding of discount	0	0
Other finance costs	0	0
Total	0	0

8. Operating leases

HEIW as lessee

As at 31 March 2021 HEIW had one operating lease agreement in place for the lease of a premises, two arrangements in respect of equipment and one in respect of vehicles, with one premises lease having expired in year.

	2020-21 £000	2019-20 £000
Payments recognised as an expense		
Minimum lease payments	380	380
Contingent rents	0	0
Sub-lease payments	0	0
Total	380	380

Total future minimum lease payments

	£000	£000
Payable		
Not later than one year	371	378
Between one and five years	1,456	1,460
After five years	773	1,137
Total	2,600	2,975

HEIW as lessor

	£000	£000
Rental revenue		
Rent	0	0
Contingent rents	0	0
Total revenue rental	0	0

Total future minimum lease payments

	£000	£000
Receivable		
Not later than one year	0	0
Between one and five years	0	0
After five years	0	0
Total	0	0

9. Employee benefits and staff numbers

9.1 Employee costs

	Permanent Staff	Staff on Inward Secondment	Agency Staff	Specialist Trainee (SLE)	Other Staff	Total 31-Mar-21	2019-20
	£000	£000	£000	£000	£000	£000	£000
Salaries and wages	12,522	959	240	0	0	13,721	11,807
Social security costs	1,194	0	0	0	0	1,194	1,020
Employer contributions to NHS Pension Scheme	2,053	0	0	0	0	2,053	1,689
Other pension costs	5	0	0	0	0	5	0
Other employment benefits	0	0	0	0	0	0	0
Termination benefits	0	0	0	0	0	0	31
Total Employee costs	15,774	959	240	0	0	16,973	14,547

Please give detail of staff under "Other".

Charged to capital	0	0
Charged to revenue	16,973	14,547
	16,973	14,547

Net movement in accrued employee benefits (untaken staff leave accrual included above)	0	46
COVID-19 Net movement in accrued employee benefits (untaken staff leave accrual included in above)	68	0

9.2 Average number of employees

	Permanent Staff	Staff on Inward Secondment	Agency Staff	Specialist Trainee (SLE)	Other Staff	Total 31-Mar-21	2019-20
	Number	Number	Number	Number	Number	Number	Number
Administrative, clerical and board members	188	6	5	0	0	199	169
Medical and dental	44	1	0	0	0	45	43
Nursing, midwifery registered	3	2	0	0	0	5	3
Professional, Scientific, and technical staff	15	0	0	0	0	15	12
Additional Clinical Services	2	0	0	0	0	2	3
Allied Health Professions	1	0	0	0	0	1	0
Healthcare Scientists	0	0	0	0	0	0	0
Estates and Ancillary	0	0	0	0	0	0	0
Students	0	0	0	0	0	0	0
Total	253	9	5	0	0	267	230

9.3. Retirements due to ill-health

	31-Mar-21	31-Mar-20
Number	0	0
Estimated additional pension costs £	0	0

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

9.4 Employee benefits

HEIW offers three salary sacrifice schemes for childcare vouchers, bikes and lease cars.

9.5 Reporting of other compensation schemes – exit packages

Exit packages cost band (including any special payment element)	2020-21	2020-21	2020-21	2020-21	2019-20
	Number of compulsory redundancies	Number of other departures	Total number of exit packages	Number of departures where special payments have been made	Total number of exit packages
	Whole numbers only	Whole numbers only	Whole numbers only	Whole numbers only	Whole numbers only
less than £10,000	0	0	0	0	0
£10,000 to £25,000	0	0	0	0	0
£25,000 to £50,000	0	0	0	0	1
£50,000 to £100,000	0	0	0	0	0
£100,000 to £150,000	0	0	0	0	0
£150,000 to £200,000	0	0	0	0	0
more than £200,000	0	0	0	0	0
Total	0	0	0	0	1

Exit packages cost band (including any special payment element)	2020-21	2020-21	2020-21	2020-21	2019-20
	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
	£'s	£'s	£'s	£'s	£'s
less than £10,000	0	0	0	0	0
£10,000 to £25,000	0	0	0	0	0
£25,000 to £50,000	0	0	0	0	31,200
£50,000 to £100,000	0	0	0	0	0
£100,000 to £150,000	0	0	0	0	0
£150,000 to £200,000	0	0	0	0	0
more than £200,000	0	0	0	0	0
Total	0	0	0	0	31,200

Exit costs paid in year of departure

	Total paid in year 2020-21	Total paid in year 2019-20
	£'s	£'s
Exit costs paid in year	0	31,200
Total	0	31,200

Redundancy costs have been paid in accordance with the NHS Redundancy provisions, other departure costs have been paid in accordance with the provisions of the NHS Voluntary Early Release Scheme (VERS). Where HEIW has agreed early retirements, the additional costs are met by HEIW and not by the NHS pension scheme. Ill-health retirement costs are met by the NHS pensions scheme and are not included in the table.

An extra contractual payment was made to a former employee during 2019-20 totalling £31,200. This was not deemed to be an exit payment so has been classified as a 'special payment' in table 9.5 above.

9.6 Remuneration Relationship

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

The banded remuneration of the highest-paid director in HEIW in the financial period to 31 March 2021 was £165k to £170k (2019-20 £160k to £165k). This was 3.2 times (2019-20 3.11 times) the median remuneration of the workforce, which was £51,668 (2019-20 £52,306).

During the period, 0 (2019-20, 0) employees received remuneration in excess of the highest-paid director. Remuneration for staff ranged from £14,503 to £165,610 (2019-20, £14,265 to £162,650).

The banded remuneration of the Chief Executive is £150k to £155k (2019-20, £150k to £155k). This is 2.99 times (2019-20, 2.92 times) the median remuneration of the workforce.

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.

9.7 Pension Costs

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

In order that the defined benefit obligations recognised in the financial statements do not differ materially from those that would be determined at the reporting date by a formal actuarial valuation, the FReM requires that "the period between formal valuations shall be

four years, with approximate assessments in intervening years". An outline of these follows:

a) Accounting valuation

A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary's Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and is accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2021, is based on valuation data as 31 March 2020, updated to 31 March 2021 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

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

b) Full actuarial (funding) valuation

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

The latest actuarial valuation undertaken for the NHS Pension Scheme was completed as at 31 March 2016. The results of this valuation set the employer contribution rate payable from April 2019 to 20.6% of pensionable pay. The 2016 funding valuation was also expected to test the cost of the Scheme relative to the employer cost cap that was set following the 2012 valuation. In January 2019, the Government announced a pause to the cost control element of the 2016 valuations, due to the uncertainty around member benefits caused by the discrimination ruling relating to the McCloud case.

The Government subsequently announced in July 2020 that the pause had been lifted, and so the cost control element of the

2016 valuations could be completed. The Government has set out that the costs of remedy of the discrimination will be included in this process. HMT valuation directions will set out the technical detail of how the costs of remedy will be included in the valuation process. The Government has also confirmed that the Government Actuary is reviewing the cost control mechanism (as was originally announced in 2018). The review will assess whether the cost control mechanism is working in line with original government objectives and reported to Government in April 2021. The findings of this review will not impact the 2016 valuations, with the aim for any changes to the cost cap mechanism to be made in time for the completion of the 2020 actuarial valuations.

c) National Employment Savings Trust (NEST)

NEST is a workplace pension scheme, which was set up by legislation and is treated as a trust-based scheme. The Trustee responsible for running the scheme is NEST Corporation. It's a non-departmental public body (NDPB) that operates at arm's length from government and is accountable to Parliament through the Department for Work and Pensions (DWP).

NEST Corporation has agreed a loan with the Department for Work and Pensions (DWP). This has paid for the scheme to be set up and will cover expected shortfalls in scheme costs during the earlier years while membership is growing.

NEST Corporation aims for the scheme to become self-financing while providing consistently low charges to members.

Using qualifying earnings to calculate contributions, currently the legal minimum level of contributions is 8% of a jobholder's qualifying earnings, for employers whose legal duties have started. The employer must pay at least 3% of this.

The earnings band used to calculate minimum contributions under existing legislation is called qualifying earnings. Qualifying earnings are currently those between £6,240 and £50,000 for the 2020-2021 tax year (2019-2020 £6,136 and £50,000).

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

10. Public Sector Payment Policy – Measure of Compliance

10.1 Prompt payment code – measure of compliance

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

	31-Mar-21 Number	31-Mar-21 £000	31-Mar-20 Number	31-Mar-20 £000
NHS				
Total bills paid	2,072	121,353	2,623	109,713
Total bills paid within target	1,934	116,479	2,293	101,223
Percentage of bills paid within target	93.3%	96.0%	87.4%	92.3%
Non-NHS				
Total bills paid	4,715	102,677	6,582	99,008
Total bills paid within target	4,520	101,991	6,265	98,579
Percentage of bills paid within target	95.9%	99.3%	95.2%	99.6%
Total				
Total bills paid	6,787	224,030	9,205	208,721
Total bills paid within target	6,454	218,470	8,558	199,802
Percentage of bills paid within target	95.1%	97.5%	93.0%	95.7%

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

	31-Mar-21 £	31-Mar-20 £
Amounts included within finance costs (note 7) from claims made under this legislation	0	0
Compensation paid to cover debt recovery costs under this legislation	0	0
Total	0	0

11. Property, plant and equipment

	Land	Buildings excluding dwellings	Dwellings	Assets under construction and payments on account	Plant and machinery	Transport equipment	Information technology	Furniture and fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation at 1 April 2020	0	1,431	0	0	573	0	1,394	482	3,880
Indexation	0	0	0	0	0	0	0	0	0
Additions									
– purchased	0	0	0	0	14	0	70	0	84
– donated	0	0	0	0	0	0	0	0	0
– government granted	0	0	0	0	0	0	0	0	0
Transfer from/into other organisations	0	0	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0	0	0
Revaluations	0	0	0	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0	0	0
At 31 March 2021	0	1,431	0	0	587	0	1,464	482	3,964
Depreciation at 1 April 2020	0	184	0	0	573	0	362	166	1,285
Indexation	0	0	0	0	0	0	0	0	0
Transfer from/into other organisations	0	0	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0	0	0
Revaluations	0	0	0	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0	0	0
Provided during the period	0	147	0	0	0	0	271	82	500
At 31 March 2021	0	331	0	0	573	0	633	248	1,785

	Land	Buildings excluding dwellings	Dwellings	Assets under construction and payments on account	Plant and machinery	Transport equipment	Information technology	Furniture and fittings	Total
Net book value at 1 April 2020	0	1,247	0	0	0	0	1,032	316	2,595
Net book value at 31 March 2021	0	1,100	0	0	14	0	831	234	2,179

Net book value at 31 March 2021 comprises:

Purchased	0	1,100	0	0	14	0	831	234	2,179
Donated	0	0	0	0	0	0	0	0	0
Government Granted	0	0	0	0	0	0	0	0	0
At 31 March 2021	0	1,100	0	0	14	0	831	234	2,179

Asset financing:

Owned	0	1,100	0	0	14	0	831	234	2,179
Held on finance lease	0	0	0	0	0	0	0	0	0
On-SoFP PFI contracts	0	0	0	0	0	0	0	0	0
PFI residual interests	0	0	0	0	0	0	0	0	0
At 31 March 2021	0	1,100	0	0	14	0	831	234	2,179

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

	£000
Freehold	0
Long Leasehold	1,100
Short Leasehold	0
	1,100

'Building Assets' held by HEIW relate to leasehold improvements and are depreciated over the shorter of the remainder of the lease or the assessed life of the asset.

11.1 Property, plant and equipment

	Land	Buildings excluding dwellings	Dwellings	Assets under construction and payments on account	Plant and machinery	Transport equipment	Information technology	Furniture and fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation at 1 April 2019	0	1,413	0	0	573	0	1,358	441	3,785
Indexation	0	0	0	0	0	0	0	0	0
Additions									
– purchased	0	18	0	0	0	0	36	41	95
– donated	0	0	0	0	0	0	0	0	0
– government granted	0	0	0	0	0	0	0	0	0
Transfer from/into other NHS bodies	0	0	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0	0	0
Revaluations	0	0	0	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0	0	0
At 31 March 2020	0	1,431	0	0	573	0	1,394	482	3,880
Depreciation at 1 April 2019	0	37	0	0	573	0	96	90	796
Indexation	0	0	0	0	0	0	0	0	0
Transfer from/into other NHS bodies	0	0	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0	0	0
Revaluations	0	0	0	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0	0	0
Provided during the year	0	147	0	0	0	0	266	76	489
At 31 March 2020	0	184	0	0	573	0	362	166	1,285

	Land	Buildings excluding dwellings	Dwellings	Assets under construction and payments on account	Plant and machinery	Transport equipment	Information technology	Furniture and fittings	Total
Net book value at 1 April 2019	0	1,376	0	0	0	0	1,262	351	2,989
Net book value at 31 March 2020	0	1,247	0	0	0	0	1,032	316	2,595
Net book value at 31 March 2020 comprises:									
Purchased	0	1,247	0	0	0	0	1,032	316	2,595
Donated	0	0	0	0	0	0	0	0	0
Government Granted	0	0	0	0	0	0	0	0	0
At 31 March 2020	0	1,247	0	0	0	0	1,032	316	2,595
Asset financing:									
Owned	0	1,247	0	0	0	0	1,032	316	2,595
Held on finance lease	0	0	0	0	0	0	0	0	0
On-SoFP PFI contracts	0	0	0	0	0	0	0	0	0
PFI residual interests	0	0	0	0	0	0	0	0	0
At 31 March 2020	0	1,247	0	0	0	0	1,032	316	2,595

The net book value of land, buildings and dwellings at 31 March 2020 comprises:

	£000
Freehold	0
Long Leasehold	1,247
Short Leasehold	0
	1,247

'Building Assets' held by HEIW relate to leasehold improvements and are depreciated over the shorter of the remainder of the lease or the assessed life of the asset.

11. Property, plant and equipment

11.2 Non-current assets held for sale

	Land	Buildings excluding dwellings	Other property, plant and equipment	Intangible assets	Other assets	Total
	£000	£000	£000	£000	£000	£000
Balance at 1 April 2020	0	0	0	0	0	0
Plus assets classified as held for sale in the period	0	0	0	0	0	0
Revaluation	0	0	0	0	0	0
Less assets sold in the period	0	0	0	0	0	0
Add reversal of impairment of assets held for sale	0	0	0	0	0	0
Less impairment of assets held for sale	0	0	0	0	0	0
Less assets no longer classified as held for sale, for reasons other than disposal by sale	0	0	0	0	0	0
Balance carried forward 31 March 2021	0	0	0	0	0	0
Balance brought forward 1 April 2019	0	0	0	0	0	0
Plus assets classified as held for sale in the year	0	0	0	0	0	0
Revaluation	0	0	0	0	0	0
Less assets sold in the year	0	0	0	0	0	0
Add reversal of impairment of assets held for sale	0	0	0	0	0	0
Less impairment of assets held for sale	0	0	0	0	0	0
Less assets no longer classified as held for sale, for reasons other than disposal by sale	0	0	0	0	0	0
Balance carried forward 31 March 2020	0	0	0	0	0	0

Assets sold in the period

There were no assets sold in the period.

Assets classified as held for sale during the period

No assets were classified as held for sale during 2020-21.

12. Intangible non-current assets 2020-21

	Software (purchased)	Software (internally generated)	Licences and trademarks	Patents	Development expenditure- internally generated	Carbon Reduction Commitments	Total
	£000	£000	£000	£000	£000	£000	£000
Cost or valuation at 1 April 2020	0	0	0	0	0	0	0
Revaluation	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0
Additions- purchased	0	0	0	0	0	0	0
Additions- internally generated	0	0	0	0	0	0	0
Additions- donated	0	0	0	0	0	0	0
Additions- government granted	0	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0
Gross cost at 31 March 2021	0	0	0	0	0	0	0
Amortisation at 1 April 2020	0	0	0	0	0	0	0
Revaluation	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0	0
Impairment	0	0	0	0	0	0	0
Provided during the period	0	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0
Amortisation at 31 March 2021	0	0	0	0	0	0	0
Net book value at 1 April 2020	0	0	0	0	0	0	0
Net book value at 31 March 2021	0	0	0	0	0	0	0
At 31 March 2021							
Purchased	0	0	0	0	0	0	0
Donated	0	0	0	0	0	0	0
Government Granted	0	0	0	0	0	0	0
Internally generated	0	0	0	0	0	0	0
Total at 31 March 2021	0	0	0	0	0	0	0

12.1 Intangible non-current assets 2019-20

	Software (purchased)	Software (internally generated)	Licences and trademarks	Patents	Development expenditure- internally generated	Carbon Reduction Commitments	Total
	£000	£000	£000	£000	£000	£000	£000
Cost or valuation at 1 April 2019	0	0	0	0	0	0	0
Revaluation	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0
Additions- purchased	0	0	0	0	0	0	0
Additions- internally generated	0	0	0	0	0	0	0
Additions- donated	0	0	0	0	0	0	0
Additions- government granted	0	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0
Gross cost at 31 March 2020	0	0	0	0	0	0	0
Amortisation at 1 April 2019	0	0	0	0	0	0	0
Revaluation	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0	0
Impairment	0	0	0	0	0	0	0
Provided during the year	0	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0
Amortisation at 31 March 2020	0	0	0	0	0	0	0
Net book value at 1 April 2019	0	0	0	0	0	0	0
Net book value at 31 March 2020	0	0	0	0	0	0	0
At 31 March 2020							
Purchased	0	0	0	0	0	0	0
Donated	0	0	0	0	0	0	0
Government Granted	0	0	0	0	0	0	0
Internally generated	0	0	0	0	0	0	0
Total at 31 March 2020	0	0	0	0	0	0	0

13. Impairments

	31-Mar-21 Property, plant and equipment £000	31-Mar-21 Intangible assets £000	31-Mar-20 Property, plant and equipment £000	31-Mar-20 Intangible assets £000
Impairments arising from:				
Loss or damage from normal operations	0	0	0	0
Abandonment in the course of construction	0	0	0	0
Over specification of assets (Gold Plating)	0	0	0	0
Loss as a result of a catastrophe	0	0	0	0
Unforeseen obsolescence	0	0	0	0
Changes in market price	0	0	0	0
Others (specify)	0	0	0	0
Reversal of impairments	0	0	0	0
Total of all impairments	0	0	0	0

Analysis of impairments charged to reserves in period:

Charged to the Statement of Comprehensive Net Expenditure	0	0	0	0
Charged to Revaluation Reserve	0	0	0	0
	0	0	0	0

14.1 Inventories

	31-Mar-21	31-Mar-20
	£000	£000
Drugs	0	0
Consumables	0	0
Energy	0	0
Work in progress	0	0
Other	0	0
Total	0	0
Of which held at realisable value	0	0

14.2 Inventories recognised in expenses

	31-Mar-21	31-Mar-20
	£000	£000
Inventories recognised as an expense in the period	0	0
Write-down of inventories (including losses)	0	0
Reversal of write-downs that reduced the expense	0	0
Total	0	0

15. Trade and other Receivables

	31-Mar-21 £000	31-Mar-20 £000
Current		
Welsh Government	0	0
Welsh Health Specialised Services Committee (WHSSC)/Emergency Ambulance Services Committee (EASC)	0	0
Welsh Health Boards	0	22
Welsh NHS Trusts	347	22
Non-Welsh Trusts	0	0
Other NHS	0	8
2019-20 Scheme Pays – Welsh Government Reimbursement	0	0
Welsh Risk Pool Claim Reimbursement;		
NHS Wales Secondary Health Sector	0	0
NHS Wales Primary Sector FLS Reimbursement	0	0
NHS Wales Redress	0	0
Other	0	0
Local Authorities	0	0
Capital debtors – Tangibles	0	0
Capital debtors – Intangibles	0	0
Other debtors	237	129
Provision for irrecoverable debts	(51)	(4)
Pension Prepayments NHS Pensions	0	0
Other prepayments	1,232	897
Other accrued income	0	0
Sub total	1,765	1,074

	31-Mar-21	31-Mar-20
	£000	£000
Non-current		
Welsh Government	0	0
Welsh Health Specialised Services Committee (WHSSC)/Emergency Ambulance Services Committee (EASC)	0	0
Welsh Health Boards	0	0
Welsh NHS Trusts	0	0
Non-Welsh Trusts	0	0
Other NHS	0	0
2019-20 Scheme Pays – Welsh Government Reimbursement	0	0
Welsh Risk Pool Claim Reimbursement;		
NHS Wales Secondary Health Sector	0	0
NHS Wales Primary Sector FLS Reimbursement	0	0
NHS Wales Redress	0	0
Other	0	0
Local Authorities	0	0
Capital debtors – Tangibles	0	0
Capital debtors – Intangibles	0	0
Other debtors	0	0
Provision for irrecoverable debts	0	0
Pension Prepayments NHS Pensions	0	0
Other prepayments	0	0
Other accrued income	0	0
Sub total	0	0
Total	1,765	1,074

15. Trade and other Receivables

	31-Mar-21 £000	31-Mar-20 £000
Receivables past their due date but not impaired		
By up to three months	51	34
By three to six months	0	2
By more than six months	0	0
	51	36

No debtors past due (but not impaired) are greater than six months old.

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

Balance at 1 April 2020	(4)	(3)
Transfer to other NHS Wales body	0	0
Amount written off during the period	0	0
Amount recovered during the period	0	0
(Increase)/decrease in receivables impaired	(47)	(1)
ECL/Bad debts recovered during period	0	0
Balance at 31 March 2021	(51)	(4)

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

Receivables VAT

Trade receivables	91	69
Other	0	0
Total	91	69

16. Other Financial Assets

	Current		Non-current	
	31-Mar-21	31-Mar-20	31-Mar-21	31-Mar-20
	£000	£000	£000	£000
Financial assets				
Shares and equity type investments				
Held to maturity investments at amortised costs	0	0	0	0
At fair value through SOCNE	0	0	0	0
Available for sale at FV	0	0	0	0
Deposits	0	0	0	0
Loans	0	0	0	0
Derivatives	0	0	0	0
Other (Specify)				
Held to maturity investments at amortised costs	0	0	0	0
At fair value through SOCNE	0	0	0	0
Available for sale at FV	0	0	0	0
Total	0	0	0	0

17. Cash and cash equivalents

	31-Mar-21	31-Mar-20
	£000	£000
Opening Balance	7,465	6,240
Net change in cash and cash equivalent balances	(1,317)	1,225
Balance at 31 March 2021	6,148	7,465
Made up of:		
Cash held at Government Banking Service (GBS)	6,148	7,465
Commercial banks	0	0
Cash in hand	0	0
Cash and cash equivalents as in Statement of Financial Position	6,148	7,465
Bank overdraft – GBS	0	0
Bank overdraft – Commercial banks	0	0
Cash and cash equivalents as in Statement of Cash Flows	6,148	7,465

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

Lease Liabilities £0k

PFI liabilities £0k

The movement relates to cash, no comparative information is required by IAS 7 in 2020-21.

18. Trade and other payables

	31-Mar-21 £000	31-Mar-20 £000
Current		
Welsh Government	0	0
Welsh Health Specialised Services Committee (WHSSC)/Emergency Ambulance Services Committee (EASC)	0	0
Welsh Health Boards	1,575	1,621
Welsh NHS Trusts	999	301
Other NHS	439	93
Taxation and social security payable/refunds	368	329
Refunds of taxation by HMRC	0	0
VAT payable to HMRC	0	0
Other taxes payable to HMRC	0	0
NI contributions payable to HMRC	2	0
Non-NHS trade payables – revenue	1,570	3,095
Local Authorities	0	6
Capital payables – Tangible	0	0
Capital payables – Intangible	0	0
Overdraft	0	0
Rentals due under operating leases	23	23
Obligations under finance leases, HP contracts	0	0
Imputed finance lease element of on SoFP PFI contracts	0	0
Pensions: staff	227	189
Non NHS Accruals	2,446	1,481
Deferred Income:		
Deferred Income brought forward	19	11
Deferred Income Additions	12	8
Transfer to/from current/non current deferred income	0	0
Released to SoCNE	(19)	0
Other creditors	0	0
PFI assets – deferred credits	0	0
Payments on account	0	0
Sub total	7,661	7,157

	31-Mar-21 £000	31-Mar-20 £000
Non-current		
Welsh Government	0	0
Welsh Health Specialised Services Committee (WHSSC)/Emergency Ambulance Services Committee (EASC)	0	0
Welsh Health Boards	0	0
Welsh NHS Trusts	0	0
Other NHS	0	0
Taxation and social security payable/refunds	0	0
Refunds of taxation by HMRC	0	0
VAT payable to HMRC	0	0
Other taxes payable to HMRC	0	0
NI contributions payable to HMRC	0	0
Non-NHS trade payables – revenue	0	0
Local Authorities	0	0
Capital Creditors – Tangible	0	0
Capital Creditors – Intangible	0	0
Overdraft	0	0
Rentals due under operating leases	148	171
Obligations under finance leases, HP contracts	0	0
Imputed finance lease element of on SoFP PFI contracts	0	0
Pensions: staff	0	0
Non NHS Accruals	0	0
Deferred Income:		
Deferred Income brought forward	0	0
Deferred Income Additions	0	0
Transfer to/from current/non current deferred income	0	0
Released to SoCNE	0	0
Other creditors	0	0
PFI assets – deferred credits	0	0
Payments on account	0	0
Sub total	148	171
Total	7,809	7,328

It is intended to pay all invoices within the 30 day period directed by the Welsh Government.

18. Trade and other payables (continued)

	31-Mar-21 £000	31-Mar-20 £000
Amounts falling due more than one year are expected to be settled as follows:		
Between one and two years	23	23
Between two and five years	69	69
In five years or more	56	79
Sub-total	148	171

19. Other financial liabilities

	Current		Non-current	
	31-Mar-21 £000	31-Mar-20 £000	31-Mar-21 £000	31-Mar-20 £000
Financial liabilities				
Financial Guarantees:				
- At amortised cost	0	0	0	0
- At fair value through SoCNE	0	0	0	0
Derivatives at fair value through SoCNE	0	0	0	0
Other:				
- At amortised cost	0	0	0	0
- At fair value through SoCNE	0	0	0	0
Total	0	0	0	0

20. Provisions

	At 1 April 2020	Structured settlement cases transferred to Risk Pool	Transfer of provisions to creditors	Transfer between current and non-current	Arising during the period	Utilised during the period	Reversed unused	Unwinding of discount	At 31 March 2021
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Current									
Clinical negligence:									
Secondary care	0	0	0	0	0	0	0	0	0
Primary care	0	0	0	0	0	0	0	0	0
Redress Secondary care	0	0	0	0	0	0	0	0	0
Redress Primary care	0	0	0	0	0	0	0	0	0
Personal injury	0	0	0	0	0	0	0	0	0
All other losses and special payments	0	0	0	0	0	0	0	0	0
Defence legal fees and other administration	0	0	0	0	0	0	0		0
Pensions relating to former directors	0			0	0	0	0	0	0
Pensions relating to other staff	0			0	0	0	0	0	0
2019-20 Scheme Pays – Reimbursement	0			0	0	0	0	0	0
Restructuring	0			0	0	0	0	0	0
Other	130		0	0	3	0	(126)		7
Total	130	0	0	0	3	0	(126)	0	7

20. Provisions (continued)

	At 1 April 2020	Structured settlement cases transferred to Risk Pool	Transfer of provisions to creditors	Transfer between current and non-current	Arising during the period	Utilised during the period	Reversed unused	Unwinding of discount	At 31 March 2021
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Non Current									
Clinical negligence:									
Secondary care	0	0	0	0	0	0	0	0	0
Primary care	0	0	0	0	0	0	0	0	0
Redress Secondary care	0	0	0	0	0	0	0	0	0
Redress Primary care	0	0	0	0	0	0	0	0	0
Personal injury	0	0	0	0	0	0	0	0	0
All other losses and special payments	0	0	0	0	0	0	0	0	0
Defence legal fees and other administration	0	0	0	0	0	0	0		0
Pensions relating to former directors	0			0	0	0	0	0	0
Pensions relating to other staff	0			0	0	0	0	0	0
2019-20 Scheme Pays – Reimbursement	0			0	0	0	0	0	0
Restructuring	0			0	0	0	0	0	0
Other	0		0	0	0	0	0		0
Total	0	0	0	0	0	0	0	0	0

20. Provisions (continued)

	At 1 April 2020	Structured settlement cases transferred to Risk Pool	Transfer of provisions to creditors	Transfer between current and non-current	Arising during the period	Utilised during the period	Reversed unused	Unwinding of discount	At 31 March 2021
	£000	£000	£000	£000	£000	£000	£000	£000	£000
TOTAL									
Clinical negligence:									
Secondary care	0	0	0	0	0	0	0	0	0
Primary care	0	0	0	0	0	0	0	0	0
Redress Secondary care	0	0	0	0	0	0	0	0	0
Redress Primary care	0	0	0	0	0	0	0	0	0
Personal injury	0	0	0	0	0	0	0	0	0
All other losses and special payments	0	0	0	0	0	0	0	0	0
Defence legal fees and other administration	0	0	0	0	0	0	0		0
Pensions relating to former directors	0			0	0	0	0	0	0
Pensions relating to other staff	0			0	0	0	0	0	0
2019-20 Scheme Pays – Reimbursement	0			0	0	0	0	0	0
Restructuring	0			0	0	0	0	0	0
Other	130		0	0	3	0	(126)		7
Total	130	0	0	0	3	0	(126)	0	7

20. Provisions (continued)

	in year to 31 March 2022	Between 1 April 2022 31 March 2026	Thereafter	Total £000
Expected timing of cash flows:				
Clinical negligence:				
Secondary care	0	0	0	0
Primary care	0	0	0	0
Redress Secondary care	0	0	0	0
Redress Primary care	0	0	0	0
Personal injury	0	0	0	0
All other losses and special payments	0	0	0	0
Defence legal fees and other administration	0	0	0	0
Pensions relating to former directors	0	0	0	0
Pensions relating to other staff	0	0	0	0
2019-20 Scheme Pays – Reimbursement	0	0	0	0
Restructuring	0	0	0	0
Other	7	0	0	7
Total	7	0	0	7

The provision of £7k held on the balance sheet at 31st March 2021 relates to the estimated costs of holiday pay due on overtime for the 2019/20 and 2020/21 financial years.

20. Provisions (continued)

	At 1 April 2019	Structured settlement cases transferred to Risk Pool	Transfer of provisions to creditors	Transfer between current and non-current	Arising during the period	Utilised during the period	Reversed unused	Unwinding of discount	At 31 March 2020
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Current									
Clinical negligence:									
Secondary care	0	0	0	0	0	0	0	0	0
Primary care	0	0	0	0	0	0	0	0	0
Redress Secondary care	0	0	0	0	0	0	0	0	0
Redress Primary care	0	0	0	0	0	0	0	0	0
Personal injury	0	0	0	0	0	0	0	0	0
All other losses and special payments	0	0	0	0	0	0	0	0	0
Defence legal fees and other administration	30	0	0	0	0	(8)	(22)		0
Pensions relating to former directors	0			0	0	0	0	0	0
Pensions relating to other staff	0			0	0	0	0	0	0
2019-20 Scheme Pays – Reimbursement	0			0	0	0	0	0	0
Restructuring	0			0	0	0	0	0	0
Other	0		0	0	130	0	0		130
Total	30	0	0	0	130	(8)	(22)	0	130

20. Provisions (continued)

	At 1 April 2019	Structured settlement cases transferred to Risk Pool	Transfer of provisions to creditors	Transfer between current and non-current	Arising during the period	Utilised during the period	Reversed unused	Unwinding of discount	At 31 March 2020
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Non Current									
Clinical negligence:									
Secondary care	0	0	0	0	0	0	0	0	0
Primary care	0	0	0	0	0	0	0	0	0
Redress Secondary care	0	0	0	0	0	0	0	0	0
Redress Primary care	0	0	0	0	0	0	0	0	0
Personal injury	0	0	0	0	0	0	0	0	0
All other losses and special payments	0	0	0	0	0	0	0	0	0
Defence legal fees and other administration	0	0	0	0	0	0	0		0
Pensions relating to former directors	0			0	0	0	0	0	0
Pensions relating to other staff	0			0	0	0	0	0	0
2019-20 Scheme Pays – Reimbursement	0			0	0	0	0	0	0
Restructuring	0			0	0	0	0	0	0
Other	0		0	0	0	0	0		0
Total	0	0	0	0	0	0	0	0	0

20. Provisions (continued)

	At 1 April 2019	Structured settlement cases transferred to Risk Pool	Transfer of provisions to creditors	Transfer between current and non-current	Arising during the period	Utilised during the period	Reversed unused	Unwinding of discount	At 31 March 2020
	£000	£000	£000	£000	£000	£000	£000	£000	£000
TOTAL									
Clinical negligence:									
Secondary care	0	0	0	0	0	0	0	0	0
Primary care	0	0	0	0	0	0	0	0	0
Redress Secondary care	0	0	0	0	0	0	0	0	0
Redress Primary care	0	0	0	0	0	0	0	0	0
Personal injury	0	0	0	0	0	0	0	0	0
All other losses and special payments	0	0	0	0	0	0	0	0	0
Defence legal fees and other administration	30	0	0	0	0	(8)	(22)		0
Pensions relating to former directors	0			0	0	0	0	0	0
Pensions relating to other staff	0			0	0	0	0	0	0
2019-20 Scheme Pays – Reimbursement	0			0	0	0	0	0	0
Restructuring	0			0	0	0	0	0	0
Other	0		0	0	130	0	0		130
Total	30	0	0	0	130	(8)	(22)	0	130

The provision of £130k held on the balance sheet at 31 March 2020 is made up of:

- £4k for the estimated costs of holiday pay on overtime worked in HEIW since 1 October 2018. This is as a result of a case brought against the East of England Ambulance Service that is pending an appeal.
- £78k for the estimated costs of untaken annual leave as at 31 March 2020 by Dental Trainees in non-NHS settings. This is as a result of the COVID-19 pandemic.
- £48k for the estimated costs of untaken annual leave as at 31 March 2020 by Pharmacy Technicians/Pre-reg Pharmacists in non-NHS settings. This is as a result of the COVID-19 pandemic.

21. Contingencies

21.1 Contingent liabilities

	31-Mar-21	31-Mar-20
	£'000	£'000
Provisions have not been made in these accounts for the following amounts:		
Legal claims for alleged medical or employer negligence		
Secondary Care	0	0
Primary Care	0	0
Secondary Care Redress	0	0
Primary Care Redress	0	0
Doubtful debts	0	0
Equal Pay costs	0	0
Defence costs	0	0
Continuing Health Care costs	0	0
Other	0	0
Total value of disputed claims	0	0
Amounts recovered in the event of claims being successful	0	0
Net contingent liability	0	0

In accordance with a Ministerial Direction issued on 18 December 2019, the Welsh Government have taken action to support circumstances where pensions tax rules are impacting upon clinical staff who want to work additional hours, and have determined that:

clinical staff who are members of the NHS Pension Scheme and who, as a result of work undertaken in the 2019-20 tax year, face a tax charge on the growth of their NHS pension benefits, may opt to have this charge paid by the NHS Pension Scheme, with their pension reduced on retirement.

Welsh Government, on behalf of Health Education and Improvement Wales will pay the members who opt for reimbursement of their pension, a corresponding amount on retirement, ensuring that they are fully compensated for the effect of the deduction.

This scheme will be funded directly by the Welsh Government to the NHS Business Services Authority Pension Division, the administrators on behalf of the Welsh claimants.

Clinical staff have until 31 March 2022 to opt for this scheme and the ability to make changes up to 31 July 2026.

At the date of approval of these accounts, there was insufficient data of take-up of the scheme by the Welsh clinical staff to enable a reasonable assessment of future take up to be made. As no reliable estimate can therefore be made to support the creation of a provision at 31 March 2021, the existence of an unquantified contingent liability is instead disclosed.

21.2 Remote Contingent liabilities

Please disclose the values of the following categories of remote contingent liabilities :

	31-Mar-21 £'000	31-Mar-20 £'000
Guarantees	0	0
Indemnities	0	0
Letters of Comfort	0	0
Total	0	0

21.3 Contingent assets

	31-Mar-21 £'000	31-Mar-20 £'000
None	0	0
	0	0
	0	0
Total	0	0

22. Capital commitments

Contracted capital commitments

	31-Mar-21 £'000	31-Mar-20 £'000
Property, plant and equipment	0	0
Intangible assets	0	0
Total	0	0

23. Losses and special payments

HEIW has made no payments included within the 'losses and special payments' definition during the period. Losses and special payments are charged to the Statement of Comprehensive Net Expenditure in accordance with IFRS but are recorded in the losses and special payments register when payment is made. Therefore this note is prepared on a cash basis.

Gross loss to the Exchequer

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

Amounts paid out during period to 31 March 2021		
	Number	£
Clinical negligence	0	0
Personal injury	0	0
All other losses and special payments	0	0
Total	0	0

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

Cases exceeding £300,000	Number	Case type	Amounts paid out in period	Cumulative amount
			£	£
None				
Sub-total			0	0
All other cases			0	0
Total cases			0	0

24. Finance leases

24.1 Finance leases obligations (as lessee)

HEIW has no finance lease obligations as lessee.

Amounts payable under finance leases:

Land

	31-Mar-21	31-Mar-20
	£000	£000
Minimum lease payments		
Within one year	0	0
Between one and five years	0	0
After five years	0	0
Less finance charges allocated to future periods	0	0
Minimum lease payments	0	0
Included in:		
Current borrowings	0	0
Non-current borrowings	0	0
	0	0
Present value of minimum lease payments		
Within one year	0	0
Between one and five years	0	0
After five years	0	0
Present value of minimum lease payments	0	0
Included in:		
Current borrowings	0	0
Non-current borrowings	0	0
	0	0

24.1 Finance leases obligations (as lessee) continue

Amounts payable under finance leases:

Buildings

	31-Mar-21	31-Mar-20
	£000	£000
Minimum lease payments		
Within one year	0	0
Between one and five years	0	0
After five years	0	0
Less finance charges allocated to future periods	0	0
Minimum lease payments	0	0
Included in:		
Current borrowings	0	0
Non-current borrowings	0	0
	0	0
Present value of minimum lease payments		
Within one year	0	0
Between one and five years	0	0
After five years	0	0
Present value of minimum lease payments	0	0
Included in:		
Current borrowings	0	0
Non-current borrowings	0	0
	0	0

24.1 Finance leases obligations (as lessee) continue

Other

	31-Mar-21	31-Mar-20
	£000	£000
Minimum lease payments		
Within one year	0	0
Between one and five years	0	0
After five years	0	0
Less finance charges allocated to future periods	0	0
Minimum lease payments	0	0
Included in:		
Current borrowings	0	0
Non-current borrowings	0	0
	0	0
Present value of minimum lease payments		
Within one year	0	0
Between one and five years	0	0
After five years	0	0
Present value of minimum lease payments	0	0
Included in:		
Current borrowings	0	0
Non-current borrowings	0	0
	0	0

24.2 Finance leases obligations (as lessor) continued

HEIW has no finance leases receivable as a lessor.

Amounts receivable under finance leases:

	31-Mar-21 £000	31-Mar-20 £000
Gross Investment in leases		
Within one year	0	0
Between one and five years	0	0
After five years	0	0
Less finance charges allocated to future periods	0	0
Minimum lease payments	0	0
Included in:		
Current borrowings	0	0
Non-current borrowings	0	0
	0	0
Present value of minimum lease payments		
Within one year	0	0
Between one and five years	0	0
After five years	0	0
Less finance charges allocated to future periods	0	0
Present value of minimum lease payments	0	0
Included in:		
Current borrowings	0	0
Non-current borrowings	0	0
	0	0

25. Private Finance Initiative contracts

25.1 PFI schemes off-Statement of Financial Position

HEIW has no PFI schemes which are deemed to be on or off the statement of financial position.

	Off-SoFP PFI contracts	Off-SoFP PFI contracts
	31 March 2021	31 March 2020
	£000	£000
Commitments under off-SoFP PFI contracts		
Total payments due within one year	0	0
Total payments due between one and five years	0	0
Total payments due thereafter	0	0
Total future payments in relation to PFI contracts	0	0
Total estimated capital value of off-SoFP PFI contracts	0	0
Capital value of scheme included in Fixed Assets Note 11		£000
Contract start date:		N/A
Contract end date:		N/A
		£000
Contract start date:		N/A
Contract end date:		N/A

25.2 PFI schemes on-Statement of Financial Position

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

	On SoFP PFI Capital element 31 March 2021	On SoFP PFI Imputed interest 31 March 2021	On SoFP PFI Service charges 31 March 2021
	£000	£000	£000
Total payments due within one year	0	0	0
Total payments due between one and five years	0	0	0
Total payments due thereafter	0	0	0
Total future payments in relation to PFI contracts	0	0	0

	On SoFP PFI Capital element 31 March 2020	On SoFP PFI Imputed interest 31 March 2020	On SoFP PFI Service charges 31 March 2020
	£000	£000	£000
Total payments due within one year	0	0	0
Total payments due between one and five years	0	0	0
Total payments due thereafter	0	0	0
Total future payments in relation to PFI contracts	0	0	0

31 March 2021

£000

Total present value of obligations for on-SoFP
PFI contracts

0

25.3 Charges to expenditure

	31-Mar-21 £000	31-Mar-20 £000
Service charges for On Statement of Financial Position PFI contracts (excl interest costs)	0	0
Total expense for Off Statement of Financial Position PFI contracts	0	0
The total charged in the year to expenditure in respect of PFI contracts	0	0

The LHB is committed to the following annual charges

	31-Mar-21 £000	31-Mar-20 £000
PFI scheme expiry date:		
Not later than one year	0	0
Later than one year, not later than five years	0	0
Later than five years	0	0
Total	0	0

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

25.4 Number of PFI contracts

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

PFI Contract

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

PFI Contract

None

25.5 Public Private Partnerships during the year

HEIW has no Public Private Partnerships

26. Financial risk management

Financial reporting standard IFRS 7 requires disclosure of the role that financial instruments have had during the period in creating or changing the risks a body faces in undertaking its activities. HEIW is not exposed to the degree of financial risk faced by business entities. Also financial instruments play a much more limited role in creating or changing risk than would be typical of listed companies, to which these standards mainly apply. HEIW has limited powers to invest and financial assets and liabilities are generated by day-to-day operational activities rather than being held to change the risks facing HEIW in undertaking its activities.

Currency risk

HEIW is principally a domestic organisation with the great majority of transactions, assets and liabilities being in the UK and Sterling based. HEIW has no overseas operations. HEIW therefore has low exposure to currency rate fluctuations.

Interest rate risk

HEIW is not permitted to borrow. HEIW therefore has low exposure to interest rate fluctuations

Credit risk

Because the majority of HEIW funding derives from funds voted by the Welsh Government HEIW has low exposure to credit risk.

Liquidity risk

HEIW is required to operate within cash limits set by the Welsh Government for the financial year and draws down funds from the Welsh Government as the requirement arises. HEIW is not, therefore, exposed to significant liquidity risks.

27. Movements in working capital

	31-Mar-21	31-Mar-20
	£000	£000
(Increase)/decrease in inventories	0	0
(Increase)/decrease in trade and other receivables – non-current	0	0
(Increase)/decrease in trade and other receivables – current	(691)	(273)
Increase/(decrease) in trade and other payables – non-current	(23)	(23)
Increase/(decrease) in trade and other payables – current	504	1,036
Total	(210)	740
Adjustment for accrual movements in fixed assets – creditors	0	0
Adjustment for accrual movements in fixed assets – debtors	0	0
Other adjustments	0	0
	(210)	740

28. Other cash flow adjustments

	31-Mar-21	31-Mar-20
	£000	£000
Depreciation	500	489
Amortisation	0	0
(Gains)/Loss on Disposal	0	0
Impairments and reversals	0	0
Release of PFI deferred credits	0	0
NWSSP COVID-19 assets issued debited to expenditure but non-cash	0	0
COVID-19 assets received credited to revenue but non-cash	0	0
Donated assets received credited to revenue but non-cash	0	0
Government Grant assets received credited to revenue but non-cash	0	0
Non-cash movements in provisions	(123)	108
Other movements	1,547	515
Total	1,924	1,112

29. Events after the Reporting Period

There are no events after the reporting date that have a material impact on the 2020/21 financial statements.

The financial statements were approved by the Chief Executive as Accountable Officer on the date certified by the Auditor General for Wales

30. Related Party Transactions

The Welsh Government is regarded as a related party. During the accounting period HEIW has had a significant number of material transactions with the Welsh Government and with other entities for which the Welsh Government is regarded as the parent body:

	Expenditure to related party	Income from related party	Amounts owed to related party	Amounts due from related party
	£000	£000	£000	£000
Related Party				
Welsh Government	187	231,777	0	0
Welsh LHBS	80,527	0	1,576	0
Welsh NHS Trusts	40,808	152	998	346
Local Authorities	526	0	0	0
Swansea University	24,311	0	406	0
Cardiff University	27,088	0	608	0
University West of England	203	0	47	0
University of South Wales	17,438	0	479	0
Royal College of Nursing	88	0	40	0
Displaced People in Action Ltd (DPIA)	37	0	0	0
General Pharmaceutical Council (GPhC)	1	0	0	0
Royal College of Physicians	13	0	0	0
General Medical Council (GMC)	0	14	0	0
	191,227	231,943	4,154	346

During the year, other than the individuals set out below, there were no other material related party transactions involving other board members or key senior management staff.

Tina Donnelly is a Fellow of the University of South Wales and Royal College of Nursing.

Ruth Hall is a visiting Chair of the University of West of England and an advisory Board Member, Centre for Public Policy Wales at Cardiff University.

Ceri Phillips is Head of College of Human and Health Sciences, Swansea University.

Heidi Phillips is Associate Professor Primary Care, Swansea University.

Mr Eifion Williams is a Member of the Finance Committee of Swansea University.

Pushpinder Mangat, Nicola Johnson and Sian Richards are seconded from Swansea Bay University Health Board.

Julie Rogers is seconded from Welsh Government.

31. Third Party assets

HEIW does not hold cash on behalf of third parties.

32. Pooled budgets

HEIW does not operate any pooled budgets.

33. Operating segments

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

HEIW is deemed to operate as one segment.

34. Other Information

34.1 6.3% Staff Employer Pension Contributions – Notional Element

The notional transactions are based on estimated costs for the twelve month period, calculated from actual Welsh Government expenditure for the 6.3% staff employer pension contributions as at month eleven and the actual employer staff payments for month 12.

Transactions include notional expenditure in relation to the 6.3% paid to NHS BSA by Welsh Government and notional funding to cover that expenditure as follows:

	2020-21 £000	2019-20 £000
Statement of Comprehensive Net Expenditure for the year ended 31 March		
3.2 Postgraduate Medical, Dental and Pharmacy Education	922	0
3.3 Other Operating Expenditure	625	515
Statement of Changes in Taxpayers' Equity For the year ended 31 March		
Net operating cost for the year	-1,547	-515
Notional Welsh Government Funding	1,547	515
Statement of Cash Flows for year ended 31 March		
Net operating cost for the financial year	0	0
Other cash flow adjustments	1,547	515
2.1 Revenue Resource Performance		
Revenue Resource Allocation	1,547	515
3. Analysis of gross operating costs		
3.2 Postgraduate Medical, Dental and Pharmacy Training		
GP Registrars	725	0
Dental Foundation Trainees	74	0
Pre-Registration Pharmacists	123	0
3.3 Expenditure on Hospital and Community Health Services		
Directors' costs	19	37
Staff costs	606	478
9.1 Employee costs		
Permanent Staff		
Employer contributions to NHS Pension Scheme	625	515
Charged to capital	0	0
Charged to revenue	625	515
18. Trade and other payables		
Current		
Pensions: staff	0	0
28. Other cash flow adjustments		
Other movements	1,547	515

34. Other Information

34.2 Welsh Government COVID-19 Funding

	2020-21 £000
Capital	
Capital Funding Field Hospitals	0
Capital Funding Equipment and Works	0
Capital Funding other (Specify)	0
Welsh Government COVID-19 Capital Funding	0
Revenue	
Sustainability Funding	0
C-19 Pay Costs Q1 (Future Quarters covered by SF)	0
Field Hospital (Set Up Costs, Decommissioning and Consequential losses)	0
PPE (including All Wales Equipment via NWSSP)	0
TTP – Testing and Sampling – Pay and Non Pay	0
TTP – NHS and LA Tracing – Pay and Non Pay	0
Vaccination – Extended Flu Programme	0
Vaccination – COVID-19	0
Staff Bonus Payment	924
Annual Leave Accrual – Increase due to COVID-19	152
Urgent and Emergency Care	0
Support for Adult Social Care Providers	0
Hospices	0
Independent Health Sector	0
Mental Health	0
Other Primary Care	0
Other	0
Welsh Government COVID-19 Revenue Funding	1,076

The HEIW SHA has received no other funding directly linked to COVID-19.

34. Other Information

34.3 IFRS 16

IFRS 16 Implementation

HM Treasury agreed with the Financial Reporting Advisory Board (FRAB), to defer the implementation of IFRS 16 Leases until 1 April 2022, because of the circumstances caused by COVID-19.

To ease the pressure on NHS Wales Finance Departments the IFRS 16 detailed impact statement has been removed by the Welsh Government Health and Social Services Group, Finance Department.

We expect the introduction of IFRS16 will not have a significant impact and this will be worked through for disclosure in our 2021-22 financial statements.

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

HEALTH EDUCATION AND IMPROVEMENT WALES

1. Health Education and Improvement Wales (HEIW), a special health authority, shall prepare accounts for the financial period 5 October 2017 to 31 March 2019 and subsequent financial years in the form specified in paragraphs two to four below.

BASIS OF PREPARATION

2. The accounts of HEIW shall comply with:

(a) the accounting principles and disclosure requirements of the Government Financial Reporting Manual ('the FReM') issued by HM Treasury which is in force for that financial year, as detailed in the NHS Wales Manual for Accounts; and

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

3. The accounts shall be prepared so as to:

(a) give a true and fair view of the state of affairs as at the year-end and of the net expenditure, financial position, cash flows and changes in taxpayers' equity for the financial year then ended; and

(b) provide disclosure of any material expenditure or income that has not been applied to the purposes intended by the National Assembly for Wales or material transactions that have not conformed to the authorities which govern them.

4. Compliance with the requirements of the FReM as detailed in the NHS Wales Manual for Accounts will, in all but exceptional circumstances, be necessary for the accounts to give a true and fair view. If, in these exceptional circumstances, compliance with the requirements of the FReM as detailed in the NHS Wales Manual for Accounts is inconsistent with the requirement to give a true and fair view, the requirements of the FReM as detailed in the NHS Wales Manual for Accounts should be departed from only to the extent necessary to give a true and fair view. In such cases, informed and unbiased judgment should be used to devise an appropriate alternative treatment which should be consistent both with the economic characteristics of the circumstances concerned and the spirit of the FReM. Any material departure from the FReM should be discussed in the first instance with the Welsh Government.

Signed by the authority of the Welsh Ministers

Signed:

Dated:

Alan Brace, Director of Finance HSSG



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Cymru (AaGIC)
Health Education and
Improvement Wales (HEIW)

Addysg a Gwellu Iechyd Cymru (AaGIC)
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