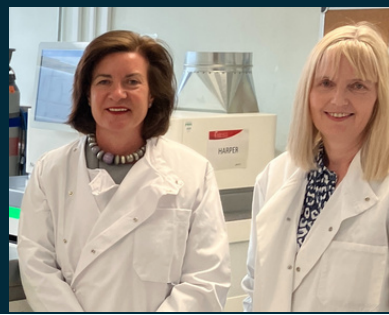
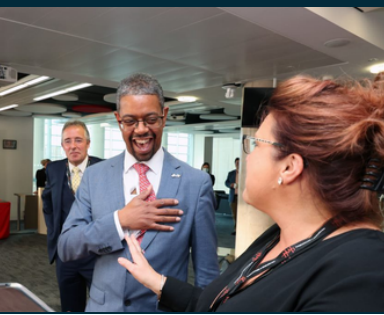




Hwb Gwyddorau Bywyd Cymru
Life Sciences Hub Wales

Our Impact 2022 – 2023





Hwb Gwyddorau Bywyd Cymru
Life Sciences Hub Wales

Strategic report



Strategic report contents

| | |
|---|-----------|
| <u>Chief Executive Summary</u> | 4 |
| <u>Chairman's Insights</u> | 6 |
| <u>We are Life Sciences Hub Wales</u> | 9 |
| <u>Wales' innovation landscape</u> | 10 |
| <u>Delivery highlights</u> | 11 |
| <u>Crunching the numbers: How we've made a difference</u> | 12 |
| <u>Convening partners & DHEW</u> | 13 |
| <u>Orchestrating the system</u> | 14 |
| <u>Accelerating opportunities</u> | 18 |
| <u>Building for the future</u> | 22 |
| <u>What's next?</u> | 24 |
| <u>What's it like working for us?</u> | 26 |
| <u>How we manage our funding</u> | 27 |

Making Wales a place of choice for health and social care innovation.

Here's what our Chief Executive Officer, Cari-Anne Quinn, had to say about the innovation landscape in Wales and our role in it over the past year.

It's been another rewarding year at the helm of Life Sciences Hub Wales. Welcome to our Annual Report, highlighting how we're supporting health and social care innovation, benefiting clinicians, healthcare professionals and, ultimately, patients.

I'd like to start with a heartfelt thank you to everyone working across the NHS and social care. Your dedication and drive to making life better for people across Wales hasn't gone unnoticed, and we are all incredibly grateful.

You all do this under often challenging circumstances; the impact of resource constraints, a backlog of people needing to access vital care and our ageing population cannot be understated. However, I hope this report helps to paint a picture of just some of the incredible efforts helping to tackle these immense system pressures.

Life Sciences Hub Wales is playing a critical role in this by driving innovation to the frontline: helping to improve patient outcomes, enhance delivery efficiencies and encourage economic



“ We create opportunities to forge long-lasting collaborations, not only between health and social care innovators and potential end users, but also researchers, funders, and other helpful partners along the way. ”

growth and jobs growth. Wales' vibrant and growing life sciences innovation ecosystem provides a fantastic backdrop for this work. Office of Life Sciences and Welsh Government data bring this sentiment home, demonstrating strong rises in income and employment for life sciences businesses in Wales. This includes the life sciences industry generating whopping £2.62 billion in turnover in Wales – a significant 12.1% rise on the previous year – versus a UK rise of 9%. Employment in the industry in Wales also grew by 1.9%, continuing a trend of steady growth in employment figures, and keeping pace with figures seen across the rest of the UK.

Our work sees us convening and integrating these partners by acting as a dynamic interface. We create opportunities to forge long-lasting collaborations, not only between health and social care innovators and potential end users, but also researchers, funders, and other helpful partners along the way.



We align our work with health and social care needs to help make the biggest impact. This includes impetus on earlier cancer detection and diagnosis. Statistics are not where we'd like them to be, but getting innovation to the frontline and encouraging better collaborative working can help us to tackle this. We've specifically homed in on this critical unmet need, working closely with third sector organisations like Moondance Cancer Initiative and playing an active role in exciting evaluations like QuicDNA that could speed up lung cancer diagnoses and cut down agonising waiting times for patients.

I'm immensely proud of the projects we've delivered over the year. We're involved in many long-term projects, where the outcomes aren't always immediate, but come into fruition over time. This includes the All-Wales National Robotics Programme, where it's been rewarding to see how it's making life better for cancer patients and help create jobs in Wales. We provided early-stage support, helping the business justification case writing process and horizon scanning.

The programme is now at a stage where over 100 patients in Wales have received minimally invasive and more precise cancer surgery, reducing time spent in hospital and overall recovery time.

Innovation is woven into the fabric of Welsh Government policy, too, who launched their

new strategy this year – 'Wales innovates: creating a stronger, fairer, greener Wales' (2023). We welcome this approach, placing a strong, consistent, and connected culture of innovation at the forefront all aspects of government. We'll continue to work alongside Welsh Government to support health and social care innovation delivery plans to make this ambition a reality.

“ **There's a wealth of potential opportunity for collaboration out there that can help deliver strong economic value and health and social care benefits for Wales.** ”

Beyond the borders of Wales, it's vital that the life sciences innovation community contributes significantly to the UK Government-led Life Sciences Vision and Health Missions. There's a wealth of potential opportunity for collaboration out there that can help deliver strong economic value and health and social care benefits for Wales.

This year, we've strengthened our position as an integrator between Wales and the UK. It was a real privilege to join the Treasury Connect Conference with the Chancellor of the Exchequer and life sciences CEOs. We look forward to continued advocacy for Wales across the UK and further afield.

I'd like to thank our staff and partners, including our colleagues at Welsh Government, who are continuing to support our organisation and our broader ambitions to make Wales a place of choice for health and social care innovation and investment. This report is a testament to everyone's hard work and dedication to help propel inspiring life science innovations into frontline use in Wales, and we're really excited to see where next year takes us.

Join us on this exciting journey.



Insights from our Chair.

Our Chair, Chris Martin, talks about all things innovation and reflects on our work from the past year.

How would you summarise our performance in 2022/2023?

Impact is the word I'd use to sum up our work. We're continuing to see a real appetite amongst our partners for using innovation to improve patient outcomes, make our services more efficient, and drive economic growth. We've delivered a range of important projects across the sector that are at varying stages of their journey through the innovation pipeline, and we're seeing positive outcomes from both new and longer lasting partnerships.

We're now firmly back to business as usual and proactively driving transformation across health and social care. We're proud to be a catalyst for change; providing our partners with a vital interface for cross-sector collaboration and offering essential guidance and resource to drive innovation to the frontline. This includes facilitating a number of key events, including the Wales Cancer Industry Forum and international networking sessions to bring together Welsh and Irish life sciences companies.



I'm immensely proud of our team's work in supporting the NHS and social care organisations across Wales with the challenges they're facing, working closely with them to understand their needs and how we can best support them. We're also working closely with industry partners who are doggedly creating solutions that drive innovation development and, ultimately, adoption. This last year, we've supported over 262 organisations and assisted with 105 jobs.

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Our work is about how we can best support health and social care. We've focused our delivery in two strategic areas where we can generate the biggest impact.

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What were your key highlights for 2023?

Our work is about how we can best support health and social care. We've focused our delivery in two strategic areas where we can generate the biggest impact.

The first is helping unlock the exciting potential of digital innovation, covering big data, robotics, and artificial intelligence. This includes remote monitoring, where we've supported a range of projects bringing care closer to home for patients, whilst freeing up valuable time for clinical staff.

Outcomes have been enormously positive. In one



health board, patients with heart failure can now be discharged from hospital earlier and manage their condition through an app; in another wound care management scanning technology allows specialists to advise and assess without requiring a patient to come in for a physical check-up.

We've also done some valuable work strengthening our funding advice and guidance support, which was identified by our stakeholders as a barrier to innovation adoption. This last year alone, our team supported 37 funding proposals with a total value of £23,477,220, really helping to prove our value in this crucial area of activity.

Precision medicine is our second area of focus. We know that Wales needs to improve cancer detection and diagnosis figures; innovation can provide quicker and more accurate ways of treating patients. The QuicDNA project has been a huge highlight: we helped convene key stakeholders to launch and progress a national service evaluation of non-invasive liquid biopsy technology for lung cancer patients. Genomic analysis is used to create targeted treatments that can be decided and administered faster, with the hope of improving patient outcomes and survival rates. We're very excited to see how it will benefit cancer patients and staff – our study, involving 1260 patients across Wales, continues.

It's been fantastic to see the dedication, resilience, and creativity in social care in response to the challenges they are facing. Its integration with healthcare has long been a priority for Welsh Government, uniting the two services. We're proud to be driving this by deepening our own ties with the sector. This includes sponsoring Social Care Wales' Social Care Accolades this year, which highlighted some of the brilliant work being delivered by stand-out organisations and individuals.

We're also supporting the delivery of key service evaluations of innovative technology in social care. One uses artificial intelligence to provide more accurate baseline assessments of pain experienced by people with limited ability to communicate; another is a digital medication management tool that helps people take their medication when scheduled. Preliminary feedback and results are very positive; we think both tools will improve quality of life for those using them, and make life easier for social care and clinical staff.

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We'll be focusing on work that relates to prevention and care closer to home.
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What are our plans for 2023/2024?

Next year we're putting our Term of Government Plan into action. We've developed it after listening to our partners across health and social care, to further refine and target our activities to their needs and help drive transformation. Through this, we can continue to generate an economy of well-being, drawing upon Wales' strengths as a well-connected region to drive innovation and produce health and wellness benefits, social value and increasing economic growth.

We'll be focusing on work that relates to prevention and care closer to home. New delivery models and a whole-system approach



can help to catalyse long-lasting change across the sectors. Our strategy will still be guided by projects related to precision medicine and digital. This will all be driven by us convening, integrating, advocating, and accelerating – generating improved wellbeing, growth, and prosperity for Wales.

Bold systemic change is needed to address health inequalities and benefit all patients, so our plans prioritise national programmes and work that drives this, supporting national thematic teams within NHS Wales. We're also hoping to further foster cohesive working across Wales which will speed up innovation – we're involved in boards and interest groups like Health and Care Wales, Health Technology Wales and other NHS Wales-affiliated parties and health boards, which helps us stay close to what's happening across the entire health and social care landscape.

We're also furthering our commitment to driving economic growth through life sciences companies in Wales via a new team. I'd like to welcome our new Head of Economic Development, Dr Gareth Healey, who's started this new role having successfully brought the [Accelerate programme](#) to a close. He'll be heading up our economic development function to encourage further growth of the life sciences ecosystem in Wales.

All of this is complemented by our funding team, which we are looking to expand in the upcoming year following the fantastic economic value they delivered to Wales this past year. We hope this extra capacity will go even further in our support for collaborative funding applications for health



innovation, in particular aligning local industry with opportunities from central Government and Office of Life Sciences that are associated with Health Missions.

What are our longer-term ambitions?

Every day we hear about technologies at varying phases of development with the potential to transform health and well-being. It's busy but exciting out there! We must continue to keep abreast of this, connecting innovation to areas of genuine need. We know our health and social care systems face significant challenges that aren't going away. Bold transformation can help address this. By deepening ties between health, social care, life sciences, and beyond whilst facilitating innovation adoption that provides solutions, we can create a sustainable future that meets our nation's evolving needs. A big part of this is pushing forward with a preventative agenda. It can help people slow, manage, or even stop life-limiting conditions, reducing pressures on health and social care.



We are Life Sciences Hub Wales.



Who we are

We help to drive the development and adoption of life science innovation in health and social care in Wales. We act as a dynamic interface, connecting life science innovators with research partners, funding opportunities and ultimately with the front-line health and social care, the end users. And because we're in continual dialogue with all of these groups, we're able to make sure that we make the biggest impact by supporting innovations that address the most vital needs.

Ultimately, our work helps not only with the mental and physical well-being of people living in Wales, propelling new innovations into mainstream use, but it also generates growth, jobs and prosperity across our whole nation.



What we do

We are connectors, facilitators, and drivers. We support industry, health and social care organisations and academic institutions who share our goal: to manage, slow and prevent poor health, through new ideas. Our open dialogue with frontline providers means we have a deep understanding of the most critical challenges and priorities facing the sector. So, when innovators approach us, we'll help them to shape their ideas to make them most relevant to an end user. Or, we'll take those frontline needs and priorities to innovators for dedicated development, too.

The other important thing we do is bring all these groups to the table, to listen, share and explore. Put simply, we match health and social care needs with innovation to drive progress, together.



Our support services

- Project management
- Market reporting and rapid scans
- Developing business cases for adoption
- Funding advice
- Partnership development and facilitation
- Events and networks
- Support with communication and amplification
- Signposting services in other areas

Life Sciences Hub Wales offers high-quality services and consultations to help build business cases that drives innovation in Wales. From the start, they have shared our ambitions and vision for this landmark programme and worked with us closely through every step to make sure investment in CMR's innovation will deliver success. CMR is very satisfied with the service, strategies and insight they provided.

Mike Yang - CMR Surgical

Fitting into the innovation landscape.

Wales is an ideal location for developing and applying life science innovation in health and social care. Our three million strong population means our approach can be agile but enables us to show robust outcomes quickly, compared with industry norms. A progressive culture of support for innovation – through highly engaged academic institutions, advice, infrastructure and connection, and funding – makes Wales a compelling location for life science organisations.

We exist to make the most of these combined qualities. We help drive the development and adoption of needs-focussed life science innovation in health and social care, for the well-being and prosperity of the people of Wales.

We work with partners across all areas of innovation in health and social care, including Wales' seven local health boards and three NHS trusts, Digital Health & Care Wales (DHCW), Social Care Wales, TEC Cymru and Health Technology Wales (HTW). We also support the diverse mix of ground-breaking life sciences businesses who choose to work in Wales by getting their innovation to the frontline of health and social care.



Within the UK

The UK has a globally leading life sciences sector. Our research strength, clusters of pioneering SMEs, and multinational organisations makes us a key player in using life sciences innovation to create a better tomorrow. We help to fly this flag for life sciences innovation Wales in the UK.

We're currently strengthening links with colleagues in Westminster and organisations such as the Academic Health Science Networks and the Academy of Medical Sciences. Helping to forge lasting relationships is opening doors to improved co-working and sharing experience and resource.

Innovation adoption pathway



Delivery highlights: What we've done.

Last year, we drove a mix of impactful projects forward to help life sciences innovation reach the frontline of health and social care. We've done this in collaboration with leading stakeholders working across our two priority areas.

Digital, Artificial Intelligence (AI) & Robotics

Like so many aspects of our lives, the future of healthcare is digital. Getting technologies like predictive analytics, AI and big data into health and social care encourages providers to deliver services outside of hospitals and closer to home, streamlines work, and can make treatments more effective and accurate.

We also run the Digital Health Ecosystem Wales (DHEW) programme in partnership with Digital Health and Care Wales (DHCW). DHEW is the networking arm of Life Sciences Hub Wales specifically for digital, robotics and AI: bringing together industry, clinicians, policy makers, academics, innovators, and funders to create a thriving environment of digital innovation in Wales.

Precision Medicine

We have bold aspirations to make sure precision medicine technologies are put into practice across NHS Wales. Doing this means we can provide a personalised approach to patient care in ways that are currently not possible, significantly enhancing outcomes through improved accuracy.

Our support here includes advanced therapy innovation, focusing on advanced therapies, genomics and diagnostics, where we can restore normal function in cells by repairing, replacing, regenerating and re-engineering genes, cells, and tissues.

“ We help drive the development and adoption of needs-focussed life science innovation in health and social care, for the well-being and prosperity of the people of Wales. ”



Crunching the numbers.

We're proud to have made a difference in 2022-2023 by...



Supporting 262 organisations



Assisting with 105 jobs



Inducing £13,196,348 worth of investment



Providing increased GVA of £5,813,500



Supporting with 39 adoption-ready funding proposals



Supporting with 37 funding proposals



Delivering £23,477,220 value of funding proposals



Delivering £4,703,324 of value

Convening partners.

We connect health, social care, industry, and academia to collaborate with purpose. This can include sitting the right people around a table to progress projects, facilitating events that make the most out of partnerships or organising smaller, bespoke special interest groups that tackle specific health and social care challenges. The sum of our stakeholders' expertise and experience is greater than their already strong parts, allowing them to accelerate work that improves health and social care and delivers economic benefit for Wales.

Forging connections between Ireland and Wales



We continue to go from strength to strength facilitating collaboration between Wales and Ireland. We hosted a cross-nation roundtable with key figures from both nation's healthcare industry, discussing working together to improve patient care.

These meetings have directly led to Welsh companies partnering with Irish counterparts to create joint technical solutions for the healthcare market. This includes RWG Mobile and PMD from Ireland. They now have a formal partnership and have begun work integrating their mutual solutions to create a virtual ward service for respiratory monitoring – encouraging economic growth for both companies.

Inspiring international collaboration like this has benefits that are two-fold. It facilitates important business and jobs growth for Welsh companies, whilst also improving health and wellbeing outcomes in Wales due to the innovations developed.

AI Special Interest Group



We organise a monthly AI Special Interest Group (SIG) that aims to deploy safe, ethical AI into health and social care quickly and effectively. Over 150 senior leaders from academia and clinical backgrounds meet up to share knowledge, experience, ideas and concerns.

Industry is also welcome to showcase their technologies. Presenting companies include ThinkSono, an AI-guided ultrasound where healthcare professionals can learn and perform key ultrasound examinations via app-based training modules, and Novabioelectrics, who create devices that interface with the brain and nervous system.

We provide this unique space for cross-sector partners from Wales to have crucial conversations and collaborate on projects that otherwise may not happen, ultimately helping to progress innovation that will benefit patients and improve efficiencies.

Orchestrating the system.

We need large-scale transformation to make a lasting impact to Wales' health and economic wellbeing. Our team helps to drive this system change. We get partners from across the nation to work seamlessly together and avoid internal competition using a 'One Wales' approach.

Creating solutions to precision medicine challenges

Precision medicine could transform healthcare as we know it. Bespoke treatments tailored to a patient's needs can help us treat diseases more accurately and efficiently. But it won't be easy to facilitate the large-scale adoption of such cutting-edge technologies into existing healthcare systems. We worked to tackle this a series of precision medicine challenge events. We welcomed leading experts from academia, healthcare, and industry to identify barriers within precision medicine that need addressing – including the challenges within the healthcare system. Industry stakeholders then submitted challenge proposals to support these priorities, with nine successful submissions.



We then offered support - including project management, sector intelligence, or partnership convening. Our support here has seen us deepen ties with companies like Kiffik Biomed and ThinkSono, who have technologies that can benefit patients and staff alike.

Bid support

Securing funding is an often vital step in driving innovation to the health and social frontline. We help people from across health, social care, academia and business secure collaborative grant funding. This is an important driver for economic growth. Across 2022/3, we had 91 enquiries. 71 of these were connected to relevant funding calls and 13 were referred to other support or funding mechanisms.

We have continued to build our intelligence on funding calls and awards made, and use this as a resource to facilitate grant applications. Our help included, for example:

- **Biomedical Catalyst: Advanced Precision Medicine**

Funded by Innovate UK, the Biomedical Catalyst is a regular competition which provides funding to businesses to test and develop innovative health and care products. Also funded by Innovate UK, the Advancing Precision Medicine funding competition was open to support development of digital and data-enabled tools, and multi-model approaches. We used our marcomms activities to amplify messaging and to encourage applications, and supported applicants with advice on bid writing, including bid reviews.

- **LaunchPad**

We applied, with a range of partners, for the opportunity to put a full business case to Innovate UK for a £7.5 million Launchpad, which if successful, will support the development of a targeted business innovation cluster in data-driven MedTech. This will have benefits for industry, academia, healthcare and civic actors.

- **UKRI Digital Health Hub Pilot**

Encouraging partnership working, knowledge and skills sharing is essential for allowing new research ideas and digital technology development to flourish. The UKRI Digital Health Hub Pilot scheme was a funding pot of up to £8,000,000 available for projects that create spaces to help this happen. We guided and supported Cardiff, Swansea and Aberystwyth Universities, who all were all lead partners in applications. These had a total value of over £7.5m. Our help included reviewing bid documents, knowledge sharing about relevant stakeholders, project management of the bid application processes, as well as coordinating and providing letters of support.

- **Various major funding calls**

We've amplified messaging around a range of key funding calls including those with the Medical Research Council, Moondance Cancer Initiative, SBRI Healthcare Competitions and Health and Care Research Wales. Our team has also supported applicants in submitting bids for these calls, as well as many others.

Wales Cancer Industry Forum

The Wales Cancer Industry Forum (WCIF) is a collaborative interface that actively engages healthcare leaders in a bid to accelerate improved cancer outcomes in Wales. It supports a meaningful dialogue between industry and healthcare. In-person meetings allow stakeholders to create purposeful connections, providing a space for impactful co-working.

WCIF is led by the Wales Cancer Network and we have been involved with the meetings since inception. WCIF has formed four sub-groups focusing on how we can treat cancer more effectively using Welsh cancer data, early cancer diagnosis, research and development in Wales and clinical research models, and genomics, advanced therapies, and precision medicine.



Evaluating pioneering non-invasive cancer diagnosis

Lung cancer is the fourth most common cancer in Wales and the leading cause of cancer deaths. By increasing the use of non-invasive liquid biopsy (blood sample) at an earlier stage of the cancer pathway, targeted treatments can be decided and administered quicker, improving patient outcomes and survival rates.

We're supporting an evaluation of liquid biopsy's benefits in people with suspected lung cancer. Partners include All-Wales Medical Genomics Service (AWMGS), Illumina technology, NHS Wales organisations and Welsh Government. Our work here has included project support and convening partners working across many sectors. It launched in April 2023, with outcomes set to evolve over the coming years. It's hoped that this evaluation will demonstrate reduced waiting times for cancer patients and an overall quicker clinical pathway.

Craig Maxwell, patient representative of the QuicDNA steering group, commented on the project: *"Let's make sure all of Wales has access to these new innovative tests, and our amazing nurses and doctors have access to this technology to help them help us."*

ARCH Pathway

We provided project management support to A Regional Collaboration for Health (ARCH). This involved helping to set up workstreams to support the development of an ARCH Mid- and South-West Wales Regional Centre of Excellence Cellular Pathology Laboratory, prior to a dedicated delivery manager starting in April 2022.

Continued support of ATW

We're continuing to work closely with Advanced Therapies Wales in the scoping phase of their programme, which will lead to increased investment in infrastructure and services. We're helping to provide a pipeline of industry engagement to aid delivery and have created sector intelligence reports, mapping and providing event support. We hope the long-term outcomes of our support will help Advanced Therapies Wales move towards their strategic goal of identifying and addressing the hurdles stopping the advance therapeutics being adopted into NHS Wales.

Empowering people with patient-activation measures

Patient activation describes the knowledge, skills, and confidence a person has in managing their own health and care. We can use this information to better support people in managing conditions which, in turn, will improve their experience of care. We've engaged with the National Diabetic Foot Co-ordinator for Wales and Clinical Lead at Swansea Bay University Health Board who're working on a project supporting patients with diabetic foot disease using patient activation measures. This involves using a digital platform by Phreesia. We've supported this by engaging other health boards and people working across NHS through organising an online event and face-to-face meeting with senior leaders.

“ Let's make sure all of Wales has access to these new innovative tests, and our amazing nurses and doctors have access to this technology to help them help us. ”



Using robotic-assisted surgery to improve cancer outcomes

Announced in March 2022, the All-Wales Robotic Assisted Surgery Programme aims to transform care and outcomes for cancer patients and clinical staff across Wales by increasing availability of advanced technologies and techniques for precision surgery. With funding of £4.2 million from Welsh Government and £13.35 million from health boards, NHS Wales partnered with Life Sciences Hub Wales and Moondance Cancer Initiative to launch the programme. [CMR Surgical](#) was soon selected as the chosen industry partner to implement their Versius surgical system, initially across two health boards.

We played a key role in the early stages of this programme. In close consultation with collaborators involved, we worked to develop the National Business Justification Case, which helped secure the approval and funding from Welsh Government in February 2022. Our horizon scanning and engagement with ground-breaking companies also helped identify potential technology partners offering innovative solutions. These introductions culminated in a competitive procurement process

won by CMR Surgical. As the programme progresses, we continue to provide long-term communications support. Our work with clinical teams within NHS Wales also continues, as we seek out new areas for innovation in the future. To support the programme, CMR Surgical have also created new jobs in Wales.

After the programme had been live for 10 months, there were three active robotic teams, 38 staff members trained and 65 robotic case studies completed. The minimally invasive surgery offers more precision and control during robotic-assisted surgery; patients can spend a reduced amount of time in hospital, and experience quicker recovery and return to normal activity.

A colorectal cancer patient spoke about his experiences:

“The robotics surgery has been life changing for me, as it enabled me to get back home to my family just four days after my procedure, and aside from my stoma bag, I have virtually no scarring and am now in a position to progress with the next stage of my recovery journey.”

“The entire team at the hospital have been incredible, from the specialist teams, the consultants and the radiographers, everyone has been amazing, and I truly would bang the drum for the innovations made in robotics surgery and what this has meant for me and my recovery.”

Mike Yang, Commercial Area Lead of CMR Surgical, shared his thoughts on our support:

“CMR’s partnership with Life Sciences Hub Wales has been exemplary. Life Sciences Hub Wales offers high-quality services and consultations to help build business cases that drives innovation in Wales.”

“

The robotics surgery has been life changing for me...The entire team at the hospital have been incredible, from the specialist teams, the consultants and the radiographers, everyone has been amazing. I truly would bang the drum for the innovations made in robotics surgery and what this has meant for me and my recovery.

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Accelerating opportunities.

Our work is always relevant to our two priority areas: Digital, AI & Robotics and Precision Medicine. Project management, market reporting and rapid scans, business case development, funding advice, and partnership support are just some of the ways we support partners progressing relevant projects.

Using the power of AI to better manage pain

We played a vital role in the service evaluation for an AI-powered pain assessment tool PainChek, which scans facial movements and non-facial indicators to assess someone's pain levels. Caregivers can therefore make more informed and evidence-based clinical decisions about pain relief for people with limited or no verbal communication skills.

This evaluation was instigated and led by us through our work actively scanning for new solutions to support health and social care provision in Wales. After researching and engaging with PainChek's providers, we approached local authorities and funding providers to gauge interest.



Following the funding agreement with Gwent Regional Partnership Board, we led the evaluation, engaging with both care homes and PainChek to oversee its launch and roll-out of licensing and training programmes.

Within six months of launch, 18 care homes were taking part with 905 licences in use. This adds up to 905 residents benefitting.

Preliminary results have shown improvement in quality of life for some people on medication who have had prescriptions reevaluated.

As the project continues, there's going to be a drive to ensure staff know this a tool that complements their skillset, rather than replacing it, which was an initial concern fed back.



Partners will present the outcomes of the evaluation to Welsh Government to make a decision on a national adoption proposal. Another funded evaluation has also been agreed in North Wales, with a focus on learning disability services.

Matt Lloyd, Assistive Technology Programme Lead at Gwent Regional Partnership Board, gave insight into our support:

“Our Life Sciences Hub Wales lead has been superb and has given us access to a range of services we were previously unaware of or not currently using. Our partnership with Life Sciences Hub Wales has resulted in a comprehensive market scan, the testing of a new product in Gwent, and event planning support. Aimee has provided us with clear guidance, opened up opportunities, and - most importantly - provided practical support that saves time and resources. We look forward to continuing our relationship and making use of the services and support available.”

Tandeep Gill, Senior Business Development Manager at PainChek, also commented:

“Life Sciences Hub Wales have provided us with invaluable opportunities to speak to influential people across Wales. From the start, we appreciated how approachable our project lead was. She asked a lot of questions about PainChek and saw the potential for use within social care. As a result of the team’s hard work at Life Sciences Hub Wales, we now have PainChek on the national agenda and are seeking to create a business case once again for roll out throughout Wales.

They are a multi-faceted team who are highly skilled in accessing the right people, at the right time. What they say is what they do, and the partnership working we have established over the last year has been central to our success. Without them, we would not be where we are today. They are influential, supportive, and passionate. This is what drives the innovation through to where it is most needed.”

Keeping wound care closer to home **HEW**

This year saw us continue supporting the evaluation of a remote wound care app in Swansea Bay University Health Board.

Wound care services cost NHS Wales £330 million per year, which is 6% of its total budget. Improperly assessing wounds also may result in unnecessary follow up visits and outpatient appointments, causing capacity issues and delays for patients.

Healthy.io’s technology allows patients to have their

wounds assessed and monitored from the comfort of their own home. This work was prompted by the funding that Healthy.io received from Welsh Government’s Digital Solutions Fund. We coordinated the application and selection process for all entries, helping to connect successful innovations with parts of the Welsh health service that could benefit from them. We then provided project management and logistics support to get projects off the ground.

This involved leading weekly meetings to support delivery of the project, troubleshooting any challenges the team faced, and coordinating reporting and communication with the Welsh Government. Trialling the wound management technology across the district nursing teams has improved communication and multidisciplinary working around wound management, reduced unnecessary clinic appointments, and improved patient engagement with their own care and recovery. As of March 2023, over 1,800 patients had benefited from the new technology across the health board, with a total of 3,499 wounds scanned over 21,507 assessments by district nurses or at the

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Life Sciences Hub Wales are influential, supportive, and passionate. This is what drives the innovation through to where it is most needed.
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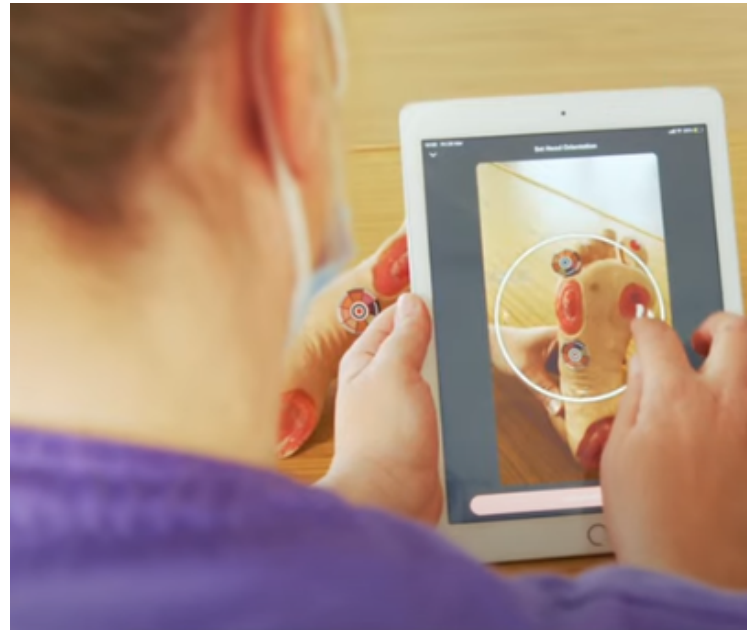
the wound clinic. 73 clinicians are now using the app, with new staff being trained all the time.

The next phase of the project will focus on expanding the service across other specialties in the Health Board. This includes homelessness services, podiatry, community hospital settings, and referrals to the vascular hot clinic.

Catherine Davies and Catrin Codd, Swansea Bay University Health Board, said:

“Life Sciences Hub Wales co-ordinated engagement between Healthy.io and the District Nursing team at Swansea Bay University Hospital, providing project management support during the delivery of our wound care management app pilot.

“Our designated project lead has been invaluable to us. Not only has she provided essential programme support but has also given us clear direction and structure. She has also worked with us to develop a clear plan for adoption and prompting us to consider wider roll out requirements.”



Supporting community-based respiratory diagnostics

Respiratory Innovation Wales worked with a range of cross-sector partners, including us, to provide a Mobile Respiratory Unit to deliver diagnostic services in Cwm Taf Morgannwg University Health Board and Hywel Dda University Health Board. This tackled urgent needs such as the shortfall within community services and increased demand and diagnostic backlog from people with respiratory issues. The Unit also helped bring care closer to home and limited the need for people to travel to hospitals for check-ups.

We gave initial project management support. Our team also worked with health board departments and NHS Wales Shared Services Partnership to ensure the Mobile Respiratory Unit met the standards needed for healthcare buildings.

As of November 2022, over 900 patients were seen and over 1250 offered an appointment.

Remote monitoring of mental health care delivery



We continued supporting Spirit Health and Swansea Bay University Health Board in implementing remote digital technology to support mental health care triage. The evaluation uses the CliniTouch Vie platform to monitor the mental health of people living in care homes, supporting earlier intervention methods.

By the end of the evaluation, 74 patients were onboarded. The technology wasn't put forward for wider adoption in Wales because of factors outside the collective control of the Swansea Bay In-Reach team and Spirit Health, but we identified important learnings to help guide future work including the need to ensure evaluation sites were suitably resourced and had a senior leader championing the relevant technology.

Supporting a vital weight management programme

According to NHS Wales, one in four adults aged 16 and over in Wales are living with obesity. Cwm Taf Morgannwg has some of the highest obesity rates in Wales. Yet, until 2022, the area had no full weight management service that covered all the recommended levels of support. We provided project management support to help launch a full service in the area's Health Board. This included developing project documentation and governance structures, alongside looking into weight management services in other health boards.

Digitising medication management support

Increasing medication needs are a major challenge facing social care. It's estimated up to 50% of prescribed medicines are not taken as intended. We're collaborating with Cwm Taf Morgannwg University Health Board and Bridgend County Borough Council to evaluate a digital medication management system. We completed horizon scanning and are now project managing its evaluation, which will be done with a Value-Based Health Care framework. Its success will be assessed with a view for long-term adoption and wider roll out across Wales. Outcomes will be fully demonstrated as the evaluation continues, but it's hoped that it will improve medication adherence and help users to independently manage their health and well-being. It could also support social care staff and services with resource management by reducing reliance on home calls and telecare prompts.

Thomas Sauter, clinical lead pharmacist at Cwm Taf Morgannwg University Health Board, said: *"We've seen a growing demand for support, so by having services like ours to remotely monitor whether people are managing okay, we can focus our efforts where help is really needed and we're seeing people in a timely manner."*

Scoping and reporting on point of care testing

We scoped priority point of care testing options for Powys Teaching Health Board to help optimise these services within primary care and Minor Injuries Units. Point of care testing is usually performed by non-clinical staff in proximity to the patient and provides data that can be used in clinical decision making.

Powys is a large, rural county with limited secondary care services. Enhancing point of care testing could limit patients travelling outside the county to access diagnostic services currently not provided. Also, samples sent outside the health board region lead to additional cost and slow turnaround times.

This increased accessibility, alongside how it could increase resources for staff, could transform how patients manage conditions and improve earlier detection and diagnosis. Our team extensively reviewed current provision and opportunities and convened primary care providers to support baselining for identifying key priority areas.

Our point of care testing support has also seen us provide reports on new innovations to meet high priority testing needs, at a national and health board level. This has been further assisted through extensive stakeholder mapping and definition of current priorities across different health settings.

Our point of care testing scoping and support allows us to act as a vital resource for NHS Wales, providing a pipeline of new innovations for evaluation and key sector intelligence to help inform decision making.

We appreciate the importance of the bigger picture. Our work contributes to the wider system change needed to transform the health and economy of Wales. We do this by improving key skills, infrastructure and resource, propelling innovation into frontline use in health and social care whilst maximising opportunities for Wales at a national and international level.

Launching a collaborative Academy of Medical Sciences programme

We've partnered with the London-based Academy of Medical Sciences to drive collaboration through networking events and a collaborative funding scheme in Wales. The programme is boosting connections and activity in areas of specific priority to health research, including data analytics and artificial intelligence for genomics, pathology, drug development and medical imaging and cell and gene therapy.

This year saw us launch the partnership and host our first event with partners. We're following up with a second and third across 2023. Encouraging this cross-sector working can help progress research that will eventually help transform peoples' lives and support our health and social care systems. Ultimately, this work contributes to the Academy of Medical Sciences' vision to drive good health for all supported by the best research and evidence.

Making waves with our latest podcast series

This year saw us launch a second series of our podcast, Healthy Thinking, to great acclaim. This provided a platform for thought leaders working at the forefront of health and social care innovation to share fresh insights and honest opinions.

We produced six episodes in English and six in Welsh covering compelling topics, with guest speakers including Minister for Health and Social Services, Eluned Morgan. She bilingually discussed her latest priorities for NHS Wales and how innovation can deliver a healthier Wales.

The podcast gave a voice to people driving change on the frontline of Wales' ecosystem – advocating impactful and exciting work and highlighting how we're a place of choice for innovation and investment.

Partners and our target audiences found our content relevant and engaging. We saw this through the excellent stakeholder support, who shared and amplified each episode, and our listening figures. We had over 900 plays of our English and Welsh language episodes.

“

The podcast gave a voice to people driving change on the frontline of Wales' ecosystem – advocating impactful and exciting work and highlighting how we're a place of choice for innovation and investment.

”

Prioritising public affairs

We've developed and began implementing a detailed public affairs strategy. With this we can identify, monitor, and build a programme of activity to manage our key stakeholders effectively. We've always had strong stakeholder engagement, but this provides structure to help us deliver further impact and allows us to advocate for Wales and the work we do with a strategic framework in place.

This year we've built the foundations of the strategy, working with a leading public affairs specialist to identify and strengthen relationships with key personnel across UK and Welsh Government, innovation organisations and healthcare organisations. We've also begun work on our brand and messaging strategy, ensuring we're talking about our work and the Welsh innovation ecosystem to our audiences in the right way.

Stakeholder survey

Our biannual stakeholder survey offered feedback on our organisation and Welsh innovation ecosystem from industry, academia, health, social care, and others who have a link to the life sciences sector. We tailor our service delivery to the changing needs of our partners and the dynamic environment we work within. Their opinions and insights are crucial for helping us to evolve our support offering.

It also shed light into perceptions of the innovation ecosystem in Wales. Cross-sector collaboration is becoming increasingly common, highlighting the importance of what we do. Many also identified innovation as highly important, with barriers to its success including funding, resources, and lack of opportunity to engage with people outside their sector. We feedback all information gathered into our evolving organisational plans to ensure we're always helping partners to collaborate and innovate.

On speaking about Wales' Academic strength, one stakeholder stated:

"You've got world class universities [in Wales] that have the power to support innovation that is happening. I think that's important."

An industry partner commented on our continued collaboration:

"So far, it's been brilliant. It definitely feels like their direction of travel is going to be really helpful [...] The work that the team are doing in terms of connecting us to relevant individuals and potentially other health boards, feels like it's going to be a really, really great opportunity for us."



“ They've had some good initiatives going that have actually proved positive for us out of, for example last [year] which was probably the first event I went to, there was a roundtable event . . . and out of that we've got two partnerships that we are working on at the moment which are serious and they want to move ahead with us. . . . Life Sciences Hub Wales, my experience with them so far is very, very positive. ”

Stakeholder survey respondent

What's next?

We're incredibly proud of our own and our partners' achievements since relaunching in 2018. In these five years we've supported countless organisations across multiple sectors drive innovation to health and social care's frontline, while helping to generate growth, jobs, and prosperity in Wales.

It's now time to build on these strong foundations. We've developed a bold Term of Government Plan that highlights how we can use our experience and expertise to create an economy of wellbeing. We're using innovation as a driver in a virtuous circle to produce health and well-being benefits, social value and increasing economic growth.

Our greatest priority is meeting our stakeholders' evolving needs. We can't continue investing in the same past service models to keep doing this. The increasing pressures our health and social care systems face from post-Covid-19 recovery, an ageing population and emergence of new therapeutic approaches need large-scale transformation. Embracing innovation and joining up our system is essential for achieving this.

Our plan can help to drive this while bridging system gaps and accelerating innovation adoption at pace and scale. We've engaged extensively with relevant stakeholders to identify our focus at a thematic level (care closer to home and prevention) and strategic level (digital health and precision medicine).

All our work falls across four key activity areas:

Convening *Brokering cross-sector relationships*

Convening is all about bringing diverse groups of people together, facilitating introductions and strengthening relationships. This is particularly important to get the most out of existing interdependent relationship of the NHS, social care providers, academia, and life sciences companies - both big and small. However, siloes, resource constraints, and the complexity of this ecosystem can make convening difficult.

We'll further develop our position as an experienced and trusted collaboration broker for these partners, helping address these challenges with an intelligence-led approach found right across the technology development pipeline. It includes listening to stakeholders in health and social care to understand their needs and thoroughly validate the 'innovation pull' from the sector. We'll also support the 'innovation push' aspect by working with industry to understand their solution's real-world advantages for health and social care.

Integrating *Joining up working*

We're strengthening our commitment to a 'One Wales' approach. Here, partners work seamlessly together, recognise the strength of collaboration, avoid internal competition and build upon the strengths of the existing component parts. Wales' innovation ecosystem is very busy. There are countless partners striving hard to improve our health and well-being within their own niche. We'll help cut through the noise and make it easier to navigate.

We'll do this through creating a front door for the Welsh health and care innovation ecosystem based on investment on our website, providing information, support and signposting to partners. The depth of our understanding of the healthcare system and our sector insight will also mean we can speed up adoption and its scale to address unmet needs. Our organisation will also continue to strengthen ties with our innovation agency counterparts across the UK, sharing knowledge, tools and practices.

Accelerating *Getting innovation to the frontline, faster*

We want to speed up how long it takes to spread and scale innovation. We'll do this by facilitating a national approach for accelerated adoption by supporting the development and curating a national pipeline of innovation. This will take you from implementation right through to national roll out.

We'll do this through supporting the development of tools for pipeline, portfolio, and project management. To help keep our processes consistent, we'll create a framework covering all stages of innovation, from discovery to rollout at scale moving supporting shift from pilot to accelerated adoption. Our team will also identify and map out barriers to broad adoption, working with key stakeholders to address these and deliver system change.

At the heart is our range of support services:

- Horizon scanning
- Partnerships
- Market analytics
- Business cases
- Communication
- Project management

“
Wales' innovation ecosystem is very busy. There are countless partners striving hard to improve our health and well-being within their own niche. We'll help cut through the noise and make it easier to navigate.
”

Advocating *Flying the flag for Wales*

There are many reasons why organisations should make Wales a place of choice for health and social care innovation and investment. We want to celebrate and highlight this to the right people: raising the profile of strengths and capabilities internationally with a view to developing cross-sector partnerships and securing more funding. Our aspiration is to provide a central resource to demonstrate health and social care innovation and make opportunities for collaboration visible nationally and internationally.

We'll continue to amplify health and social innovation success through marketing and communications campaigns, with content creation of case studies and articles supporting this. Our team will build on this by move towards advocacy-based business to business-style marketing built on quality of service provided, networking and building long-term partnerships.



Aligned with Welsh and UK Government policy:

- Well-being of Future Generations (Wales) Act 2015
- Programme for Government (2021-2026) incorporating Co-operation Agreement
- A Healthier Wales (2018)
- Prosperity for All (2017)
- Innovation Strategy for Wales (2023)
- Life Sciences Vision (2021)

To find out more about our Term of Government Plan and how we can use this to support your organisation, please email hello@lshubwales.com

What's it like working for us?

Our people

Our people are our greatest asset and strength; this is reflected across our ambitious People agenda and backed up by our focus and commitment within this portfolio area. We are aspiring to continually develop our culture through positive colleague engagement and simply by wanting to ensure that our workplace is as rewarding and progressive as it can possibly be.

Working within the life sciences sector demands talent, skill and a passion for innovation and improvement. Therefore, developing a team of people and by building these skills and capabilities needed to deliver our vision, is a key area of our strategy, framed by individual personal development plans for each member of the team and a supportive learning culture.

Important achievement within this area during the past year includes implementing a progressive pay and reward framework, reviewing our benefits package, expanding our colleague engagement practices and attracting new talent into the organisation. And these are just some of our people improvement touchpoint areas.

Employee engagement

During the last year, we have also successfully strengthened our employee engagement practices and opportunities to seek colleague feedback, helping to shape key improvement areas. Our Colleague Engagement Pulse Survey results demonstrated that over 90% of our workforce felt proud to work for us and were also happy within their roles.

We have also embedded regular monthly Business Update sessions to share key business activity and performance headlines and priorities with the whole team; plus quarterly Team Days to echo and build upon these themes helping to translate business strategy and plans into tangible deliverables for our team. Regular opportunities for colleagues to attend coffee sessions with our CEO and Head of HR also reflects our open culture and a desire to listen to our colleagues, to help drive change and improvements.

Well-being

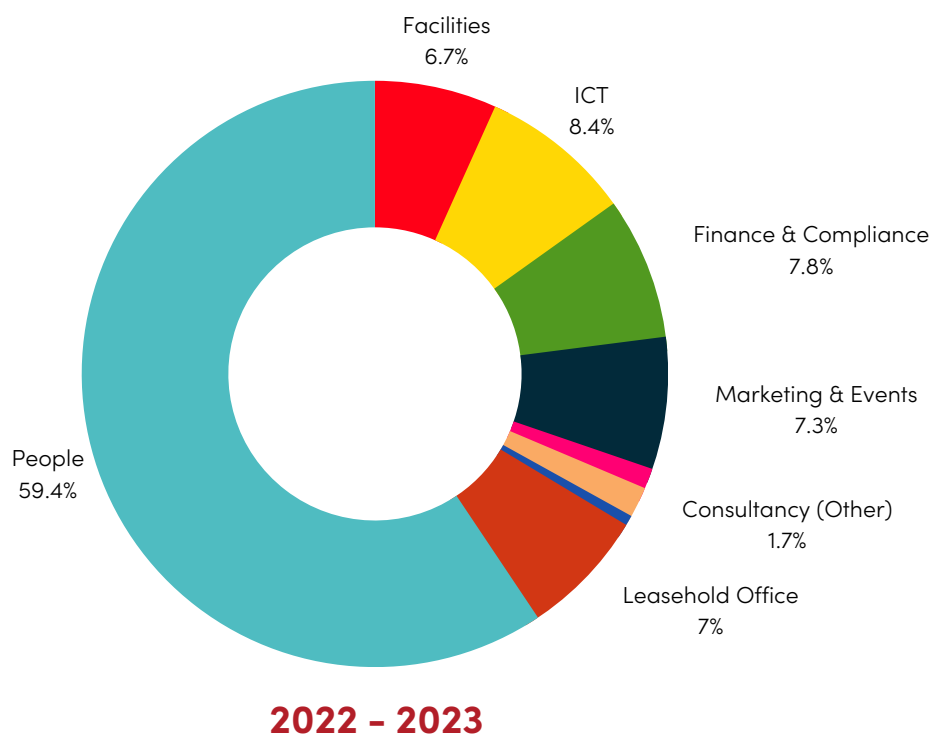
Colleague well-being is actively promoted, with a dedicated LSHW Well-being group now in place supported by Well-being Champions across the business, to help promote a workplace environment that supports meaningful well-being activities for all colleagues. Colleagues are also supported by our Employee Assistance Programme which all employees can access for confidential support and advice when needed.



How we manage our funding

We received £3.5m of Welsh Government Funding in 2022-23 (£3.5m in 2021-22). The original budget allocation in the Remit Letter was £3.8m and the underspend of £0.3m (primarily relating to vacant posts) was declared in January 2023.

| Expenses | £M |
|--------------------------|-------------|
| People | 2.12 |
| Facilities | 0.24 |
| ICT | 0.30 |
| Finance & Compliance | 0.28 |
| Marketing & Events | 0.26 |
| Office Costs | 0.04 |
| Consultancy (Other) | 0.06 |
| Travel | 0.02 |
| Leasehold Office | 0.25 |
| Total Expenditure | 3.57 |





Hwb Gwyddorau Bywyd Cymru
Life Sciences Hub Wales

Governance and accountability



Introduction

This section sets out how Life Sciences Hub Wales' (LSHW) governance and risk management framework supports the achievement of the Company's aims and objectives.

We outline how Life Sciences Hub Wales is managed, the role and constitution of the Board of Directors and its two sub-committees, the assurance and accountability arrangements, and the risks the Company is exposed to and how these are managed. We also describe the ongoing work to continuously improve the governance system and processes.

These governance processes also ensure that the annual report and financial statements, when taken as a whole, provide a fair and balanced reflection of LSHW's governance arrangements and how these support the Company's business model, strategy and performance (detailed in the Strategic Report on pages 4-27).

This section comprises the following reports/statements:

- Directors' Report – this sets out the membership of the Board, Board member responsibilities and includes various statutory performance disclosures required by the Companies Act 2006. It also lists the responsibilities of the Directors in the preparation of the annual report and financial statements, as well as providing an overview of the key risks that LSHW is exposed to and the risk management system in place (pages 33-36).
- The Corporate Governance Statement – this discloses LSHW's governance framework, the activities of the Board of Directors and includes annual (summary) reports of the Board's two sub-committees. This statement also makes disclosures as required by Managing Welsh Public Money (pages 41-50).
- The Independent Auditor's Report - this provides an overview of the outcome of the annual audit undertaken by LSHW's external auditors, Audit Wales (pages 51-56).

1 Director's Report

The Directors present their annual report together with the audited financial statements and independent auditor's report for Life Sciences Hub Wales Limited (LSHW) for the year ended 31 March 2023.

- The following information required by the Companies Act 2006 can be found in the following section of the annual report.
- Details of LSHW's objectives, future developments and significant events since the balance sheet date are included in Strategic Report (pages 4–27).
- LSHW's risk management disclosures are set out on pages 33–36.
- Information about the use of financial instruments by LSHW is given in note 19 to the financial statements.
- LSHW's capital structure is discussed in the financial statements.

1.1 Dividends

No dividends will be distributed for the period ended 31 March 2023.

1.2 Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

- Mr C Martin (Chair) *
- Mr J Evans *
- Mr R P Jones *
- Ms C O'Brien *
- Mr P Max +
- Mr L Richards +
- Ms E Cassin +
- Ms V Bates +
- Professor H Laing +

As LSHW is an Arms-Length Body of Welsh Government, all (Non-Executive) Directors are appointed by the Minister for Health and Social Services. At the start of the financial year four directors (reference *) in post had been in position since their appointment on 9 October 2017. In September 2020, the Minister re-appointed these Directors for a second, three-year term of office including the Chair.

Five Directors (reference +) were successfully appointed by the Minister to fill vacancies following a public appointments process. These Directors were appointed from 1 January 2021, for a three-year term.

1.3 Responsibilities of the Directors

The following should be read in conjunction with the responsibilities of the external auditor as set out in their report on page 53.

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the Company's state of affairs and of its profit or loss for that period. In preparing these financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

1.4 Directors' responsibilities in respect of accounting records and internal control

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain LSHW's transactions, disclose with reasonable accuracy at any time the financial position of the Company, and enable them to ensure that the financial statements comply with the Companies Act 2006.

They are also responsible for safeguarding the assets of LSHW and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Each of the Directors, whose names are listed on page 30 of the annual report and financial statements, confirms that to the best of their knowledge:

- the financial statements, which have been prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit of LSHW;
- the annual report includes a fair review of the development and performance of the business and the position of LSHW, together with a description of the principal risks and uncertainties it faces; and
- the annual report and financial statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for LSHW's shareholders to assess the Company's position, performance, business model and strategy.

1.5 Going concern and events after the reporting year end

In adopting the going concern basis for preparing the Financial Statements, the Directors have considered the business activities as well as LSHW's principal risks and uncertainties, as set out in the Company's Board Assurance Framework and Corporate Risk Register.

The Company received its Remit letter from the Welsh Government for 2023-25 on 26 July 2023, and a separate Funding Letter dated 28 July 2023 which confirmed the budget available for 2023-24. It also provides an indication for the budget allocation for 2023-25. This represents formal confirmation of the Welsh Government's support to LSHW for the remaining Term of Government up to 31 March 2025. The Board is content to conclude for the Company to adopt the going concern basis in the preparation of the annual reports and accounts.

1.6 Events since the end of the year

Information relating to events since the end of the period is given further in the report and in the notes to the financial statements.

1.7 Non-current assets

Details of non-current assets, being fixtures and fittings are shown in Note 11 to the financial statements. Details of intangible assets are shown in Note 12.

1.8 Risk Management

Our overall aim is to make effective risk management an integral part of LSHW's culture. LSHW is committed to a proactive approach to risk management. It recognises the value of maintaining an effective risk management culture, seeking to identify, analyse, manage and control the risks it faces.

The management of LSHW is subject to a number of risks. Accountability for the management of risks relating to the operations of the Company lies with the Board of Directors, including: evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives and maintaining sound and effective risk management and internal controls.

The Chief Executive, as Accounting Officer, has responsibility for reviewing the effectiveness of the system of internal control. This is informed by the work of appointed internal auditors and the management of LSHW who have responsibility for the development and maintenance of the internal control framework, together with comments and recommendations made by the external auditors in their management letter and internal auditors in their reports.

LSHW has in place management structures, policies and procedures designed to enable the achievement of these objectives, while managing the risks associated with the environment in which it operates. These are reviewed regularly.

LSHW seeks to continually improve further the company's risk and assurance system. The Risk Management Policy (and supporting procedure) fully incorporates LSHW's Board Assurance Framework (BAF), the model of which positions it as a key conduit for the Company's integrated risk and assurance system (of internal control) and a practical tool to inform board and committee business and agenda. The Audit and Risk Assurance Committee scrutinised one-to-two strategic risks at each of its committee meetings in 2022/23. The Board formally received the BAF on two occasions.

LSHW's strategic risks were revised by the Board in alignment with the strategic business planning process in October 2022. Within the context of the Term of Government Plan, an additional strategic risk was added. The BAF (and all amendments) were approved by the Audit and Risk Assurance Committee on 16 February 2023).

In parallel, the Board re-considered its risk appetite. The risk appetite is set against a number of identified risk domains. The annual statement is intended as a guide for risk owners to inform how they manage their risk, with target risk scores for each type of risk being set. The revised annual risk appetite statement for 2023/24 was approved by the Audit and Risk Assurance Committee on 16 February 2023.

Work is ongoing to further embed the risk appetite more effectively across the business operations of the Company. Risk training will continue to be periodically delivered to ensure consistency of approach, strengthened incorporation in decision-making and project management as part of the maturity of an active risk management culture.

1.9 Principal risks and uncertainties

The principal strategic risks are identified on the BAF, with the assurances on the effectiveness of the controls mapped accordingly. Corporate Risks are identified on the Corporate Risk Register which is continually monitored by the Senior Leadership Team and received at each meeting of the Audit and Risk Assurance Committee, and the Board of Directors on a bi-annual basis.

The principal strategic risks are identified on the Board Assurance Framework. These are:

| | |
|---|--|
| Insufficient Resources (Financial) | The risk that financial resources will be insufficient to deliver Life Sciences Hub Wales' (LSHW) strategic objectives. This will be caused by reduced funding due to public sector constraints as a result of the economic downturn. The impact will be failure to deliver agreed business plans and meet Key Performance Indicators. |
| Insufficient Resources (Non-Financial) | The risk that non-financial resources will be insufficient to deliver Life Sciences Hub Wales' (LSHW) strategic objectives. This will be caused by the failure to recruit and retain people with the requisite skills to fill vacancies, and access to appropriate physical resources and facilities. The impact will be failure to deliver agreed business plans and meet Key Performance Indicators. |

| | |
|---|---|
| <p>Meeting Expectations</p> | <p>The risk that the outcomes of the Company's business activities (e.g. programmes and projects) will not meet the expectations of stakeholders. This will be caused by a mis-alignment with the aims and objectives of stakeholders across the health and care system, within the limitations of available resources. The impact of this will be failure to affect systemic change.</p> |
| <p>Benefits Realisation</p> | <p>The risk that benefits from solutions adopted are not realisable within an appropriate timeframe. This will be caused by a lack of evidence of the longitudinal outcomes of the projects, programmes and solutions supported (and led) by the Company. The impact of this will be LSHW's ability to demonstrate its value to stakeholders, Value for Money (VfM) to Welsh Government and evidence the impact of change for the health and care sector.</p> |
| <p>Governance and Compliance Failure</p> | <p>The risk that governance systems and processes will not enable effective and efficient business operations. This will be caused by out-of-date policies and procedures, gaps in the system of internal control and business processes, and employee failure to comply. The impact of this would be a failure to actively enable the delivery of strategic objectives, poor financial stewardship or failure to comply with statutory, regulatory and legislative requirements.</p> |
| <p>System Maturity</p> | <p>The risk that the Company will not be able to facilitate impactful change across health and social care, as set out in its strategic business plans. This will be caused by the maturity of the system and a lack of cohesion and coordination in life sciences / innovation in Wales. The impact of this will be failure to deliver the organisation's strategic aims and a lack of sector intelligence to inform innovation adoption.</p> |

| | |
|---|---|
| Insufficient external resource / partnership failure | The risk that the Company's partners and stakeholders across the health and care system may not be able to adopt innovation. This will be caused by partners and stakeholders having insufficient external resources or capacity. The impact of this will be the failure of partnerships and initiatives and the achievement of LSHW's strategic objectives. |
| Failure to build influencing role | The risk that the Company will not develop a sufficient level of systemic influence to shape and support the innovation agenda across health and care in Wales. This will be caused by the lack of a successful track record in delivering innovation projects with significant impact and limited engagement and communication. The impact of this will be the failure to deliver the organisation's strategic objectives. |

The Company continues to maintain a corporate and operational risk register in line with the LSHW risk architecture. These registers are regularly scrutinised and updated, including formally by the Senior Leadership and Senior Management Teams on (at least) a monthly basis, with assurance provided through both the BAF and board/committee reporting.

1.10 Financial Risk Management Objectives and Policies

The main financial risks for LSHW are cash flow management and budgeting. For both, LSHW works closely with the Welsh Government to ensure it maintains a healthy cash balance and exerts strong budgetary control as per requirements of the Framework Document with Welsh Government.

With regards to cashflow management, there is no significant credit risk and the Company maintains a healthy cash balance. At the end of the financial year, with assurances in place from Welsh Government LSHW held a positive cash balance of £788k and therefore, credit, liquidity and cashflow risks are not considered to be a material risk to the Company.

1.11 Financial Performance for the Year

The results for the year are shown on page 58 onwards.

LSHW's financial statements currently show that the Company has reserves of £12k.

Performance against remit is monitored by the Welsh Government and the Company provides regular reports to the Welsh Government to assist in this monitoring process. LSHW is required to manage its financial performance within the budget that has been agreed with the Welsh Government. Further details of this are set out in the annually agreed Remit Letter and Framework Document.

The Framework Document allows LSHW to carry over from one year to the next any drawn but unspent cash balances of up to 2% of the agreed total gross annual budget (as set out in the Remit Letter and being exclusive of income deemed to be private funds). Any proposal to carry over sums in excess of this amount is required to be agreed with the Welsh Government.

The table below shows the position for the 2022/23 financial year:

| | £000s |
|--|--------------|
| Agreed total gross budget | 3,670.0 |
| Allowable carry-over (2% of gross budget) | 73.4 |
| | |
| Cash and cash equivalents at 31 March 2023 | 788 |
| Current assets- trade and other receivables at 31 March 2023 | 2,939 |
| Current liabilities - trade and other payables at 31 March 2023 | (3,304) |
| Less: Accelerate cash | (358.8) |
| NET TOTAL CASH: Unspent Grant in Aid as at 31 March 2023 | 63.8 |

1.12 Excess to be paid back to Welsh Government

The 2022/23 allowable cash carry over (£73.4k) is calculated as 2% of the budget granted.

After calculating the Welsh Grant in Aid cash held at the end of 2022/23, considering cash balances, assets and liabilities, LSHW held positive cash of £63.8k and is therefore compliant with the Welsh Government allowable cash carry over limit of £73.4k.

Throughout the year, management and the Welsh Government have continued to monitor the required level of funding and the Welsh Government has made in year adjustments to the level of funding where necessary. LSHW accordingly utilised surplus reserves in the delivery of services to minimise the cash balances held by the end of 31 March 2023.

The Business Plan for 2023/24 and Remit Letter outlining the operational and financial plans for the year have been approved by the Welsh Government. Adequate income has been secured to meet the budget expenditure for the year.

1.13 Company Performance

2022/23 was another successful period for LSHW, which has continued to consolidate its position as the lead facilitator for the development and adoption of innovation in health and social care across Wales. This was within the challenging context of the sector's recovery from the coronavirus pandemic.

The Company has tracked its progress against its agreed key performance indicators and reported this to Welsh Government on a quarterly basis.

Further details of LSHW's performance is provided in the Strategic Report (pages 4-27).

1.14 Equality and Diversity

LSHW is committed to promoting equality of opportunity for all employees and job applicants. It is committed to creating a working environment in which all individuals are able to make best use of their skills, free from discrimination or harassment, and in which all decisions are based on merit.

LSHW does not discriminate against employees on the basis of age, disability, gender reassignment, marital or civil partner status, pregnancy or maternity, race, colour, nationality, ethnic or national origin, religion or belief, sex or sexual orientation. LSHW has a comprehensive Equality and Diversity Policy and all our team members are provided with annual Equality, Diversity and Inclusion (ED&I) training.

Ensuring that we attract and retain the widest and most diverse range of talent in the Company's employees is vital to developing a dynamic and creative environment which will benefit all stakeholders and ultimately the people of Wales. Recruiting line managers are provided with additional ED&I training, and all job opportunities are advertised through multiply channels to maximise market reach.

The principles of non-discrimination and equality of opportunity also apply to the way in which LSHW treats visitors, job applicants, clients, customers, suppliers and former employees. This applies in the workplace, outside the workplace (when dealing with customers, suppliers or other work-related contacts, and on work-related trips or events including social events).

All employees have a duty to act in accordance with our Equality and Diversity Policy and treat colleagues with dignity at all times, and not to discriminate against or harass other employees, regardless of their status.

In 2023/24, LSHW will be looking to further develop its positioning on equality, diversity and inclusion, which will include supporting Welsh Government in the implementation of its agreed Anti-racist Wales Action Plan. LSHW has developed its own plan, aligned to that of Welsh Government.

1.15 Supplier Payment Policy

LSHW is committed to the prompt settlement of invoices and other claims for payments. In the case of goods and services where the supply has been satisfactorily completed, LSHW's objective is to pay within 30 days of receipt of the invoice.

1.16 Environmental Summary

In line with the Well-being of Future Generations (Wales) Act 2015, LSHW is committed to sustainable development and the seven interconnected well-being goals.

The Seven Well-being Goals



LSHW acknowledges a responsibility for, and a commitment to, protection of the environment at all levels. We are privileged to occupy an energy efficient office in Cardiff. LSHW strives to ensure that we follow best practice throughout the business operation across all locations.

In 2022, LSHW reported its carbon emissions for 2021/22 to the Welsh Government. The carbon emissions were calculated based on the guidance provided in Welsh Public Sector Net Zero Reporting Guide. The tracking of the whole Welsh Public Sector Carbon emissions supports work towards the target of collective net zero by 2030.

This reporting covered the main sources of emissions from all organisations: buildings (including home working), fleet, business travel, commuting, waste streams, land use emissions and removals and supply chain related emissions. It also covered reporting of renewable energy used and generated.

The Company's individual emissions report indicated that LSHW were ranked towards the lower end of the peer group selected for comparison in all areas reported. It should be acknowledged that improvement to data collation and quality is required to improve the monitoring of emissions associated with LSHW activities. This was identified as a common issue across all Welsh Public Bodies. LSHW will explore ways to strengthen its carbon reporting in 2023/24 as part of the ongoing development of the organisation's sustainability policy.

Annual Corporate Governance Statement

2 Annual Corporate Governance Statement

Corporate Governance is the system by which organisations are directed and controlled.

The Governance Statement below brings together in one place all disclosures about matters relating to LSHW's governance risk and control. As Accounting Officer, I am personally responsible for the Corporate Governance Statement which outlines how I have discharged my responsibility in managing and controlling the resources of the Company throughout the year.

2.1 The Board of Directors

The Board of Directors is responsible for the governance of LSHW and compliance with the UK Corporate Governance Code. The Board's role is to satisfy itself that an appropriate governance structure is in place and to ensure that through the Chief Executive Officer, the Company operates within the policy framework set by the Welsh Government. It also has responsibility for the strategic direction, organisational culture and the successful delivery of the Company's aims and objectives.

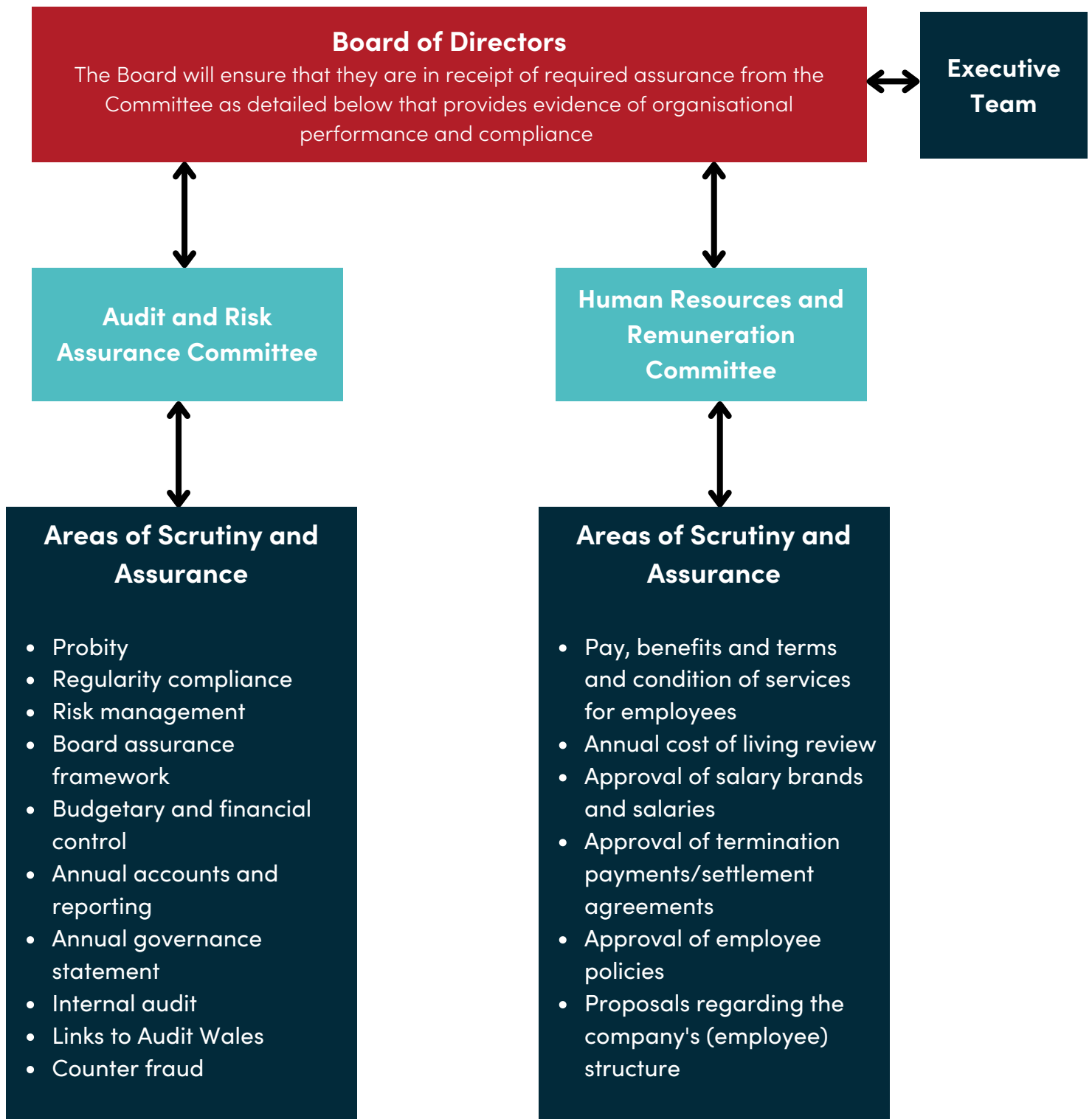
The Board has established two standing Board Committees, chaired by Non-Executive Directors, that have key roles in relation to the system of governance and assurance, decision-making, scrutiny, development discussions, an assessment of current risks and performance monitoring.

Figure 1 details the relationship between the Board and its committees, together with the Senior Leadership (Executive) Team.

For the year ended 31 March 2023, the Board comprised nine Directors (one vacancy) appointed by the Minister of Health and Social Services. The Chair is a remunerated position, as are the positions of each Non-Executive Director. The Board met six times during the financial year.

Annual Corporate Governance Statement

Figure 11: Overview of Governance Framework



Annual Corporate Governance Statement

During the year, the Board's area of focus included:

- the Company's performance against the 2022/23 Business Plan, including the development of Key Performance Indicators and performance monitoring process;
- business activity undertaken within the Impact Areas and two programmes (Accelerate and Digital Health Ecosystem Wales);
- consideration of proposals to develop a new Accelerate Programme (beyond the conclusion of the current programme in December 2022);
- the development of the Company's Term of Government Plan;
- consideration and approval of the annual LSHW Business Plan for 2023/24;
- the options available in respect of the LSHW business premises.

The Board maintained its oversight of Company finance and received the Management Accounts (Finance Report) at each meeting.

2.1.1 Non-Executive Director vacancy

The Board has carried a non-executive director vacancy throughout 2022/23 following the resignation of Professor Sir Mansel Aylward CB on 31 March 2022.

This post will be recruited to in 2023/24 as part of a wider public appointments recruitment process, due to the completion of the second terms of three members of the Board in October 2023.

2.1.3 Board development and effectiveness

In accordance with the good governance principle of continuous improvement, the Board is committed to reflecting on its effectiveness. The Board undertook four scheduled board development sessions in 2022/23 to discuss strategic issues in line with a Board Development Plan which was approved for by the Board at its meeting on 30 March 2022. This plan ensured that the Board contributed to the Company's strategic planning and development, considered risk management and appetite, and stakeholder / market engagement. Members also received training and awareness sessions aligned with the Board's role and responsibilities, including consideration of performance management arrangements (development of Key Performance Indicators and benefits realisation methodology), the implementation of the communications strategy, the service offer, and a review of LSHW's brand. This plan was adapted throughout the year to ensure that the Board considered current issues at opportune points.

Annual Corporate Governance Statement

2.1.4 Board and Committee effectiveness

The Board (and each committee) undertook a comprehensive self-assessment of its effectiveness. This included consideration of its administrative processes, the information it received, the skills and development needs of its members and its compliance with its Framework document and Terms of Reference. This exercise was undertaken towards the end of the financial year, the results of which were discussed and enabled improvement actions to be identified. The committee self-assessments also informed the review of their respective terms of reference and workplans.

2.1.5 Board Interests

A register of Director and Senior Leadership Team interests was maintained in 2022/23 to ensure that potential conflicts of interest are identified. Board and Committee members are asked to disclose conflicts as a standard agenda item for all formal meetings. This Register was published on the LSHW website, as part of its Publication Scheme.

All interests were registered and managed in line with the Company's policy and procedure for the management of conflict and declarations of interests, gifts, hospitality and sponsorship.

2.1.6 Framework document

LSHW has been operating under an interim Framework document since the Company was re-purposed in 2018. The document was due for review in 2020, but this was delayed due to the Covid-19 pandemic.

In the 2022/23 remit letter, a commitment was made to the review and finalisation of the Framework. A new model for all Welsh Public Bodies was introduced by the Public Bodies Unit in 2022. The LSHW Framework was finalised with the Welsh Government Partnership Team, in the Health and Social Services Group, in March 2023. The final version was presented to (and approved by) the Board on 30 March 2023.

2.1.7 LSHW Office

LSHW has occupied its 12,000 square foot business premises on the second floor of 3 Assembly Square, Cardiff Bay, since 2014. The facility was envisaged as a central resource for the Life Sciences sector in Wales; a physical hub that brought together academia, industry, health and social care and funding organisations to help support collaboration and innovation in Wales.

Annual Corporate Governance Statement

LSHW sub-leases the Building from the Welsh Government, who in turn have a long-term lease agreement with the building's landlord. The lease period came to an end on 31 July 2023.

In parallel with many other public bodies, LSHW recognised that the current physical footprint of its business premises is no longer required to support the organisation's business operations, working model or strategic delivery activity. This was catalysed by the Covid-19 pandemic and the shift to flexible, remote working practices.

As LSHW approaches the end of the current sub-lease, the annual business plan for 2022/23 set out a commitment to consider the future facilities requirements and to demonstrate a reduction in facilities costs over the Term of Government period. This cost reduction is also necessary to financially plan for cost rises elsewhere in the business over the Term of Government period.

The Board received two options appraisals in July and September 2022. Options considered included seeking alternative accommodation, co-location with other public bodies and a reduction of the existing premises. The option to reduce the scale of the existing premises was approved as the most viable.

LSHW is undertaking the practical steps needed to plan and fund the capital works, which will be undertaken in the 2023/24 financial year.

2.2 Audit and Risk Assurance Committee

The Committee comprised four Directors who met five times in the financial year. The Internal Auditor (TIAA appointed June 2019) and External Auditors (Audit Wales) attend all meetings of the Committee.

The Committee discharges its responsibilities over issues of risk management, internal control, internal audit, statutory audit of consolidated financial statements and wider governance of LSHW through its terms of reference. These were reviewed and approved by the Committee in February 2023, for the 2023/24 financial year. This approval was ratified by the Board on 29 March 2023.

Annual Corporate Governance Statement

During the year, the Committee's area of focus included:

- reviewing risk management arrangements and key risks. This included the consideration of the strategic risks on the Board Assurance Framework and the revised statement of risk appetite (approval delegated by Board).
- reviewing and actioning governing policies and procedures.
- receiving the reports of the Internal and External Auditors.
- receiving assurance on counter fraud arrangements.
- receiving assurance on asset management arrangements.
- receiving assurance on information governance, procurement and health and safety.

The Committee also held an additional development session on 29 June 2022 which focused on all aspects of LSHW's information governance. This included data protection, freedom of information, cyber security and resilience. The Senior Information Risk Owner (SIRO), Professor Hamish Laing, attended this session as well as representatives of LSHW's IT Support Services and Data Protection Officer Services.

For further details regarding LSHW's risk and assurance system and risk profile, see the Director's Report, pages 33–37.

2.3 Human Resource and Remuneration Committee

The Committee comprised four Directors who met three times in the financial year. The Committee ensures a focus on LSHW's commitment to the well-being and the importance of recruitment, retention and development of employees. During the year the Committee's area of focus included:

- ensuring appropriate employment policies are adopted and adhered to.
- considering and reviewing key employee policies and benefits.
- ensuring appropriate pay and benefit awards.
- a review of the organisational structure to ensure that resources are allocated to enable strategic delivery.
- the development and monitoring of people-related performance metrics.
- the implementation (and benchmarking review) of the revised remuneration (pay and benefits) strategy.

The Committee reviewed and approved its Terms of Reference for the 2023/24 reporting year at its meeting on 25 January 2023 (ratified by the Board on 29 March 2023).

Annual Corporate Governance Statement

2.4 Board and Committee attendance

The Directors' attendance at the Board and Committee meetings is shown in the table below. The Chief Executive Officer was in attendance at all meetings of the Board and its sub-committees.

Board of Directors

| | 25 May '22 | 27 July '22 | 28 Sept '22 | 30 Nov '22 | 25 Jan '23 | 29 March '23 |
|--------------------------------|---------------|----------------|----------------|---------------|---------------|-----------------|
| Dr Chris Martin (Chair) | Y | Y | Y | Y | Y | Y |
| Mr Jarred Evans | Y | Y | Y | Y | Y | Y |
| Ms Catherine O'Brien | N | Y | N | Y | Y | Y |
| Mr Rupert Jones | Y | Y | Y | Y | Y | Y |
| Mr Peter Max | Y | Y | Y | Y | Y | Y |
| Prof Hamish Laing | Y | Y | Y | Y | Y | Y |
| Ms Victoria Bates | Y | Y | Y | Y | Y | Y |
| Ms Erica Cassin | Y | Y | Y | Y | Y | Y |
| Mr Len Richards | N | Y | Y | N | N | N |

Audit and Risk Assurance Committee

| | 27 Apr '22 | 29 Jun '22 | 27 Jul '22 | 14 Sep '22 | 16 Nov '23 | 16 Feb '23 |
|-----------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Mr Peter Max (Chair) | Y | Y | Y | Y | Y | Y |
| Ms Catherine O'Brien | Y | Y | Y | Y | Y | Y |
| Mr Rupert Jones | Y | Y | Y | N | N | Y |
| Ms Victoria Bates | Y | Y | Y | Y | Y | Y |

Human Resource and Remuneration Committee

| | 27 Apr '22 | 29 Jun '22 | 27 Jul '22 | 14 Sep '22 | 16 Nov '23 | 16 Feb '23 |
|--------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Ms Erica Cassin (Chair) | Y | Y | Y | Y | Y | Y |
| Dr Chris Martin | Y | Y | Y | Y | Y | Y |
| Mr Rupert Jones | Y | N | Y | Y | Y | Y |
| Ms Catherine O'Brien | Y | Y | Y | Y | Y | Y |

Annual Corporate Governance Statement

2.4 The Senior Leadership Team

The Senior Leadership Team (SLT) was led by the Chief Executive, Ms Cari-Anne Quinn, who was appointed in October 2018.

The Chief Executive and Board meet regularly to discuss and agree corporate and operational matters as full responsibility for the operation of LSHW is delegated to the Chief Executive by the Board. LSHW reports its performance to Welsh Government as per management framework and remit.

During the year, the SLT comprised the Chief Executive, Rhodri Griffiths, Innovation Adoption Director, and Gemma Bafico, Operations Director (until 15 April 2022).

Miriam Lambert, Director of Finance and Resources, commenced in post from 1 November 2022. This post, which required a financial-accountancy qualification, was created to strengthen LSHW's strategic and operational financial management. As with the previous Operations Director, the Director of Finance and Resources retains overall responsibility for the Governance, Procurement, Human Resources and Facilities functions.

The SLT, which meets on a weekly basis, is responsible for the day-to-day running of LSHW in line with the agreed strategy and reports and makes recommendations to the Board.

The Chief Executive and the Board of Directors is supported in the organisation's governance by the Head of Corporate Governance, Risk and Compliance.

2.6 UK Corporate Governance Code

LSHW is required to comply with the UK Corporate Governance Code. The information provided in this corporate governance statement provides an assessment of how LSHW complies with the main principles of the Code as they relate to an Arms Length Body in Wales. It should be noted that not all reporting elements of the Code are outlined in this governance statement but are reported more fully in the wider Annual Report. There have been no reported departures from the Corporate Governance Code.

2.7 Quality of Data

The Board felt that the information it and its key committees received generally supports scrutiny and assurance. Assurances against strategic risks are also mapped and monitored through the Board Assurance Framework. Indeed, in its annual self-assessment the Board (and its committees) noted that board and committee reporting and administration has remained consistently robust during 2022/23. The Board and committees reflected on the quality of the data and information received at the conclusion of each meeting, as part of the ongoing maintenance of its effectiveness.

2.8 Information Governance and Data Security

LSHW has well established arrangements for information governance, which includes considerations of data protection and information security (including the current cyber security landscape) to ensure that information is processed in line with relevant information governance law, regulations and Information Commissioner's Office (ICO) guidance. The Audit and Risk Assurance Committee provides oversight, advice and assurance to the Board with regard to information governance issues. During 2022/23, a comprehensive quarterly information governance report was introduced to strengthen assurance provision to the committee.

The Senior Information Risk Officer (SIRO) for 2022/23 was the Professor Hamish Laing, Non-Executive Director. The role of the SIRO is that of the advocate for information risk on the Board. The SIRO is responsible for setting up an accountability framework within the organisations to achieve a consistent and comprehensive approach to information risk assessment.

Information governance incidents and 'near misses' are reported through the organisation's incident management system. Any serious incidents are reported fully to the SIRO and full Root Cause Analysis investigations are undertaken, the result of which are presented to the Operations Director and CEO (as appropriate) who ensure that the SIRO is made aware of conclusion of the investigation. We did not report any data security lapses to the ICO during 2022/23.

Annual Corporate Governance Statement

2.9 Freedom of Information Requests

The Freedom of Information Act (FOIA) 2000 gives the public right of access to a variety of records and information held by public bodies and provides commitment to greater openness and transparency in the public sector. LSHW has a Freedom of Information Policy, which was approved by the Audit and Risk Assurance Committee in November 2021. LSHW also proactively publishes key classes of information via its Publication Scheme, in accordance with the model set out by the Information Commissioner's Office.

LSHW has not received any Freedom of Information or Subject Access Requests in 2022/23.

2.10 Whistleblowing Procedures

LSHW communicates with and reminds all employees with regard to whistleblowing, and a Whistleblowing Policy is in place. Training is provided through the induction process, on an annual basis through the Company's online training provision and periodically discussed in staff meetings.

2.11 Conclusion

I am satisfied that, for the year ended 31 March 2023, a proportionate and robust governance framework and system of internal controls has been in place. They supported the achievement of the Life Sciences Hub Wales's aims and objectives; facilitated effective exercise of the Company's functions and safeguarded public funds and assets for which the Accounting Officer is personally responsible. These matters of governance and control are in accordance with the responsibilities in the Framework Document issued to us by the Welsh Government.

Cari-Anne Quinn
Chief Executive Officer
Life Sciences Hub Wales Limited

Auditor

The Auditor General for Wales is the Company's statutory external auditor appointed by Welsh Government.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the Company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the Company's auditor is aware of that information.

On behalf of the board

Chris Martin
Chair

Opinion on financial statements

I have audited the financial statements of Life Sciences Hub Wales Limited for the year ended 31 March 2023 which comprise Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards.

In my opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2023 and of its financial position for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 for opinions

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

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

Conclusions relating to going concern

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

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

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

Other Information

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

I have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the annual report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the annual report has been prepared in accordance with applicable legal requirements.

Matters on which I report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, I have not identified material misstatements in the annual report.

I have nothing to report in respect of the following matters where the Companies Act 2006 requires me to report to you, if, in my opinion:

- I have not received all the information and explanations I require for my audit;
- adequate accounting records have not been kept, or returns adequate for my audit have not been received from branches not visited by my team;
- the financial statements are not in agreement with the accounting records and returns;
- certain disclosures of directors' remuneration specified by law are not made; or
- the directors' were not entitled to take advantage of the small companies exemption.

Responsibilities of the directors for the financial statements

As explained more fully in the statement of directors' responsibilities, the directors are responsible for:

- maintaining proper accounting records;
- the preparation of the financial statements and Annual Report in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- internal controls as the directors determine is necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error;
- assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors anticipate that the services provided by the company will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit and report on the financial statements in accordance with the Companies Act 2006.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue 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 company's internal auditors and those charged with governance, including obtaining and reviewing supporting documentation relating to Life Sciences Hub Wales Limited's policies and procedures concerned with:

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

Considering as an audit team how and where fraud might occur in the financial statements and any potential indicators of fraud.

- Obtaining an understanding of Life Sciences Hub Wales Limited's framework of authority as well as other legal and regulatory frameworks that Life Sciences Hub Wales Limited 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 Life Sciences Hub Wales Limited; and
- Obtaining an understanding of related party relationships.

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

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

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

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of Life Sciences Hub Wales Limited's controls, and the nature, timing and extent of the audit procedures performed.

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

Other auditor's responsibilities

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

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

Report

I have no observations to make on these financial statements.

Adrian Crompton
Auditor General for Wales

1 Capital Quarter
Tyndall Street
Cardiff, CF10 4B



Hwb Gwyddorau Bywyd Cymru
Life Sciences Hub Wales

Financial Statements

For the Year Ended 31 March 2023



Financial Statements

For the year ended 31 March 2023

STATEMENT OF COMPREHENSIVE INCOME

| | Notes | 2023 £ | 2022 £ |
|--|-------|-------------|-------------|
| Revenue | 4 | 7,011,880 | 6,605,500 |
| Gross profit | | 7,011,880 | 6,605,500 |
| Administrative expenses | 5 | (6,999,032) | (6,578,667) |
| Operating profit | 6 | 12,848 | 26,833 |
| Finance costs | 9 | (12,848) | (26,833) |
| Profit before taxation | | - | - |
| Income tax expense | 10 | - | - |
| Profit and total comprehensive income for the year | 19 | - | - |

The income statement has been prepared on the basis that all operations are continuing operations.

Financial Statements

For the year ended 31 March 2023

STATEMENT OF CHANGES IN EQUITY

| | Retained earnings £ |
|---------------------------|---------------------------|
| Balance at 1 April 2021 | 12,259 |
| Year ended 31 March 2022: | |
| Balance at 31 March 2022 | <u>12,259</u> |
| Year ended 31 March 2023: | |
| Balance at 31 March 2023 | <u><u>12,259</u></u> |

Financial Statements

For the year ended 31 March 2023

STATEMENT OF FINANCIAL POSITION

| | Notes | 2023 £ | 2022 £ |
|--------------------------------|-------|------------------|------------------|
| Non-current assets | | | |
| Intangible assets | 12 | 32,335 | 5,083 |
| Property, plant and equipment | 11 | 82,405 | 329,623 |
| | | <u>114,740</u> | <u>334,706</u> |
| Current assets | | | |
| Trade and other receivables | 14 | 2,950,496 | 2,977,143 |
| Cash and cash equivalents | | 787,688 | 3,540,577 |
| | | <u>3,738,184</u> | <u>6,517,720</u> |
| Total assets | | <u>3,852,924</u> | <u>6,852,426</u> |
| Current liabilities | | | |
| Trade and other payables | 15 | 3,316,138 | 6,137,485 |
| Lease liabilities | 16 | 90,547 | 261,910 |
| Deferred revenue | 17 | 433,980 | 350,226 |
| | | <u>3,840,665</u> | <u>6,749,621</u> |
| Net current liabilities | | <u>(102,481)</u> | <u>(231,901)</u> |
| Non-current liabilities | | | |
| Lease liabilities | 16 | - | 90,546 |
| Total liabilities | | <u>3,840,665</u> | <u>6,840,167</u> |
| Net assets | | <u>12,259</u> | <u>12,259</u> |
| Equity | | | |
| Retained earnings | 19 | <u>12,259</u> | <u>12,259</u> |

For the year ended 31 March 2023, the Company was entitled to exemption from the requirements of Part 16 of the Companies Act 2006 under section 482 of this Act (non-profit making companies subject to public sector audit).

The financial statements were approved by the board of directors and authorised for issue on and are signed on its behalf by:

.....
Chris Martin
Chair

Financial Statements

For the year ended 31 March 2023

STATEMENT OF CASH FLOWS

| | Notes | 2023 £ | £ | 2022 £ | £ |
|---|-------|--------------------|---|------------------|---|
| Cash flows from operating activities | | | | | |
| Cash (absorbed by)/generated from operations | 27 | (2,449,186) | | 2,951,561 | |
| | | | | | |
| Net cash (outflow)/inflow from operating activities | | (2,449,186) | | 2,951,561 | |
| Investing activities | | | | | |
| Purchase of intangible assets | | (28,946) | | (5,083) | |
| | | | | | |
| Net cash used in investing activities | | (28,946) | | (5,083) | |
| Financing activities | | | | | |
| Payment of lease liabilities | | (274,757) | | (274,758) | |
| | | | | | |
| Net cash used in financing activities | | (274,757) | | (274,758) | |
| Net (decrease)/increase in cash and cash equivalents | | (2,752,889) | | 2,671,720 | |
| Cash and cash equivalents at beginning of year | | 3,540,577 | | 868,857 | |
| Cash and cash equivalents at end of year | | 787,688 | | 3,540,577 | |

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting policies

Company information

Life Sciences Hub Wales Limited is a private company limited by guarantee incorporated in England and Wales. The registered office is 2nd Floor, 3 Assembly Square, Britannia Quay, Cardiff Bay, Cardiff, United Kingdom, CF10 4PL.

1.1 Accounting convention

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the UK and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS, except as otherwise stated.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

1.2 Going concern

The directors have at the time of approving the financial statements, a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Revenue

Income receivable from Welsh Government is recognised in the year in which the income is received in line with the Remit Letter which outlines funding for the period normally to 31 March each year.

Grants receivable from the Welsh Government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with the condition attached thereto.

Income from desk, meeting room and conference suite hire is recognised at the date of the booking. Deposits paid in advance are held and income recognised on the date that the event takes place.

Other income relates to income arising from the provision of a coffee machine for the use of visitors and is recognised when received.

Interest income and expense is accrued on a time basis, by reference to the principal outstanding and at the interest rate applicable.

1.4 Intangible assets other than goodwill

Intangible assets with a finite life are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases of 3 years.

Intangible assets in the course of construction are not amortised.

1.5 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses. The Company does not group assets for capitalisation.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

| | |
|------------------------------|--|
| Leasehold land and buildings | Over the remaining period of the lease |
| Fixtures and fittings | 3 years |
| Office equipment | 3 years |

1 Accounting policies**(Continued)**

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statement.

1.6 Impairment of tangible and intangible assets

At each reporting end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

1.7 Fair value measurement

IFRS 13 establishes a single source of guidance for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The resulting calculations under IFRS 13 affected the principles that the company uses to assess the fair value, but the assessment of fair value under IFRS 13 has not materially changed the fair values recognised or disclosed. IFRS 13 mainly impacts the disclosures of the company. It requires specific disclosures about fair value measurements and disclosures of fair values, some of which replace existing disclosure requirements in other standards.

1.8 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts.

1.9 Financial assets

Financial assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument. Financial assets are classified into specified categories, depending on the nature and purpose of the financial assets.

At initial recognition, financial assets classified as fair value through profit and loss are measured at fair value and any transaction costs are recognised in profit or loss. Financial assets not classified as fair value through profit and loss are initially measured at fair value plus transaction costs.

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

Loans and receivables comprise cash and cash equivalents, and trade and other receivables.

1 Accounting policies**(Continued)*****Impairment of financial assets***

Financial assets carried at amortised cost and FVOCI are assessed for indicators of impairment at each reporting end date.

The expected credit losses associated with these assets are estimated on a forward-looking basis. A broad range of information is considered when assessing credit risk and measuring expected credit losses, including past events, current conditions, and reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

For trade receivables, the simplified approach permitted by IFRS 9 is applied, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

1.10 Financial liabilities

The company recognises financial debt when the company becomes a party to the contractual provisions of the instruments. Financial liabilities are classified as either 'financial liabilities at fair value through profit or loss' or 'other financial liabilities'.

Other financial liabilities

Other financial liabilities, including borrowings, trade payables and other short-term monetary liabilities, are initially measured at fair value net of transaction costs directly attributable to the issuance of the financial liability. They are subsequently measured at amortised cost using the effective interest method. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

1.11 Provisions

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event and it is probable that the company will be required to settle that 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 consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

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

1 Accounting policies**(Continued)****1.12 Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of inventories or non-current assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.13 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.14 Leases

At inception, the company assesses whether a contract is, or contains, a lease within the scope of IFRS 16. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Where a tangible asset is acquired through a lease, the company recognises a right-of-use asset and a lease liability at the lease commencement date. Right-of-use assets are included within property, plant and equipment, apart from those that meet the definition of investment property.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct costs and an estimate of the cost of obligations to dismantle, remove, refurbish or restore the underlying asset and the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of other property, plant and equipment. The right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are unpaid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise fixed payments, variable lease payments that depend on an index or a rate, amounts expected to be payable under a residual value guarantee, and the cost of any options that the company is reasonably certain to exercise, such as the exercise price under a purchase option, lease payments in an optional renewal period, or penalties for early termination of a lease.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in: future lease payments arising from a change in an index or rate; the company's estimate of the amount expected to be payable under a residual value guarantee; or the company's assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The company has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less, or for leases of low-value assets including IT equipment. The payments associated with these leases are recognised in profit or loss on a straight-line basis over the lease term.

1 Accounting policies

(Continued)

1.15 Grants

Government grants are recognised when there is reasonable assurance that the grant conditions will be met and the grants will be received.

Government grants relating to costs yet to be incurred are deferred and recognised in the Statement of Profit or Loss over the period necessary to match them with the costs for which they are intended to compensate.

Grants received for the purchase of capital equipment are credited to a deferred income account and released to the Statement of Profit or Loss over the expected useful lives of the assets concerned.

1.16 Taxation

The charge for current tax is based on the results for the year as adjusted for items which are non-assessable or disallowed. It is calculated using rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated at the rates that are expected to apply when the asset or liability is settled. Deferred tax is charged or credited in the income statement, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

2 Critical accounting estimates and judgements

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount 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 these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below.

Accrual estimates at the year-end have been based on work completed or goods received but not invoiced.

Accrued income in relation to the Accelerate project has been estimated based on costs incurred but not yet claimed up to 31 December 2022 when the project ended. This totalled £103,980 for the year ended 31 March 2023 (2022: £180,317). The claims for quarters 13 to 17 have been submitted and paid with the final two quarters 18 and 19 being outstanding.

The implementation of IFRS 16 in 2019/20 included an element of estimate and judgement. The weighted average lessee's incremental borrowing rate applied to lease liabilities recognised in the statement of financial position at the date of initial application was 5.5%. An incremental borrowing rate has been applied to the lease which was calculated using the average property yield in the area of the premises. The lease term of the premises is deemed to be the period stated in the rental contract which is 46 months. The lease contract does not include any extension options or early termination options.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3 Mabwysiadu safonau newydd a diwygiedig a newidiadau mewn polisïau cyfrifyddu

Yn y flwyddyn bresennol, nid oedd unrhyw effeithiau o ganlyniad i'r newidiadau i Safonau neu Ddehongli a gyhoeddwyd gan IASB ac sy'n weithredol am gyfnod blynyddol sy'n dechrau ar 1 Ionawr 2022 neu ar ôl hynny. Mae'r rhain wedi'u hepgor oherwydd nad ydynt yn berthnasol i'r cwmni.

Safonau sy'n cael eu cyhoeddi ond nad ydynt yn effeithiol eto

Ar ddyddiad awdurdodi'r datganiadau ariannol hyn, roedd y Safonau a'r Dehongliadau canlynol, nad ydynt wedi cael eu cymhwyso eto yn y datganiadau ariannol hyn, yn cael eu cyhoeddi ond nid ydynt wedi dod i rym eto (ac mewn rhai achosion nid oedd yr UE wedi eu mabwysiadu eto):

Diwygiadau i IAS 1 a Datganiad Ymarfer IFRS (1 Ionawr 2023)
2: Datgelu Polisïau Cyfrifyddu

Diwygiadau i IAS 8: Diffiniad o Gyfrifeg (1 Ionawr 2023)
Amcangyfrifon

Diwygiadau i IAS 12: Treth Ohriedig yn gysylltiedig ag (1 Ionawr 2023)
Asedau a Rhwymedigaethau sy'n deillio o Un
Trafodiad

Mae'r Cyfarwyddwyr yn rhagweld na fydd mabwysiadu'r safonau a'r dehongliadau hyn yn y dyfodol yn cael unrhyw effaith sylweddol ar ddatganiadau ariannol y Cwmni.

4 Refeniw

| | 2023 £ | 2022 £ |
|--|------------------|------------------|
| Refeniw a ddadansoddwyd yn ôl dosbarth busnes | | |
| Llywodraeth Cymru - Cyllid craidd | 3,071,700 | 3,292,893 |
| Ffioedd trwyddedau | 36,784 | 36,784 |
| Arall | 11,520 | 41,325 |
| WEFO - Prosiect Cyflymu | 3,533,037 | 3,106,208 |
| Llywodraeth Cymru - Prosiect Cyflymu | 358,839 | 128,290 |
| | <u>7,011,880</u> | <u>6,605,500</u> |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4 Revenue

(Continued)

Accelerate project

Accelerate was a three year programme that supports the translation of new technology, products and services, through research and development projects, to improve health and social care within Wales. It was delivered through a collaboration between the Life Sciences Hub Wales Ltd as Lead Beneficiary, Swansea University, Cardiff University and University of Wales Trinity Saint David. It was jointly funded by the Wales European Funding Office through the European Regional Development Fund (ERDF) (financial award £12,339,771) and Welsh Government (financial award £650,000) in addition to match funding from the partners. As Lead Beneficiary, LSHW made a retrospect claim against the ERDF financial award on behalf of all partners and pays the appropriate proportion to each partner on receipt of an appropriate invoice.

The impact of the Accelerate project can be seen in the Statement of Comprehensive Income (administrative expenses), note 4 - revenue, note 13 - trade receivables and other receivables (prepayments and accrued income) and note 15 - trade and other payables (accruals).

During the 2023 financial year income of £3,533,037 (2022 £3,106,208) has been recognised in the financial statements from WEFO of which £3,333,037 (2022: £2,973,064) was due to partners. Actual income due to the company totalled £358,839 (2022: £128,290) of which £130,470 related to a retrospective change in rate calculations from previous claims that arose during the financial year.

5 Administrative expenses

Contained in administrative expenses is:

| | 2023 | 2022 |
|---|----------------|----------------|
| | £000 | £000 |
| Staff costs | 2,144.3 | 2,239.7 |
| Re-distribution of WEFO grant to partner bodies | 3,483.0 | 2,973.1 |
| Facilities/ accommodation costs | 241.4 | 295.7 |
| ICT costs | 283.2 | 250.2 |
| Office running costs | 34.5 | 38.4 |
| Marketing | 216.9 | 267.9 |
| Events | 47.3 | 17.8 |
| Travel | 22.4 | (0.8) |
| Depreciation and Amortisation | 248.9 | 247.5 |
| Finance and compliance | 270.7 | 247.2 |
| Other | 6.5 | 2.0 |
| Total expenditure | 6,999.1 | 6,578.7 |

Contained within the staff costs category above are recruitment expenses and training costs.

6 Operating profit

| | 2023 | 2022 |
|---|-------------------|-------------------|
| | £ | £ |
| Operating profit for the year is stated after charging/(crediting): | | |
| Fees payable to the company's auditor for the audit of the company's financial statements | 19,910 | 18,132 |
| Depreciation of property, plant and equipment | 247,218 | 247,513 |
| Amortisation of intangible assets (included within administrative expenses) | 1,694 | - |
| | <u> </u> | <u> </u> |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

| | 2023 | 2022 |
|-------------------------|---------------|---------------|
| | Number | Number |
| Directors | 9 | 10 |
| Administrative | 8 | 12 |
| Marketing and comms | 4 | 8 |
| DHEW | 1 | 1 |
| Chief Executive Officer | 1 | 1 |
| Innovation & Adoption | 21 | 16 |
| Accelerate | 1 | 3 |
| | <hr/> | <hr/> |
| Total | 45 | 51 |
| | <hr/> <hr/> | <hr/> <hr/> |

Their aggregate remuneration comprised:

| | 2023 | 2022 |
|-----------------------|-------------|-------------|
| | £ | £ |
| Wages and salaries | 1,750,720 | 1,857,029 |
| Social security costs | 188,144 | 186,106 |
| Pension costs | 110,951 | 122,889 |
| | <hr/> | <hr/> |
| | 2,049,815 | 2,166,024 |
| | <hr/> <hr/> | <hr/> <hr/> |

8 Directors' remuneration

| | 2023 | 2022 |
|--------------------------------------|-------------|-------------|
| | £ | £ |
| Remuneration for qualifying services | 62,022 | 70,069 |
| | <hr/> <hr/> | <hr/> <hr/> |

The remuneration of Directors comprises salary and National Insurance and is included in the wages and salaries disclosure above.

No directors accrued retirement benefits in the current year or prior year.

9 Finance costs

| | 2023 | 2022 |
|--|-------------|-------------|
| | £ | £ |
| Unwinding of lease interest regarding IFRS 16 implementation | 12,848 | 26,833 |
| | <hr/> | <hr/> |
| | 12,848 | 26,833 |
| | <hr/> <hr/> | <hr/> <hr/> |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 Income tax expense

The charge for the year can be reconciled to the loss per the income statement as follows:

| | 2023 £ | 2022 £ |
|---|-------------|-------------|
| Loss before taxation | - | - |
| Expected tax charge based on a corporation tax rate of 19.00% | - | - |
| Effect of expenses not deductible in determining taxable profit | 1,371,890 | 1,294,188 |
| Income not taxable | (1,324,314) | (1,246,854) |
| Utilisation of tax losses not previously recognised | (282) | (307) |
| Depreciation on assets not qualifying for tax allowances | (46,972) | (47,027) |
| Amortisation on assets not qualifying for tax allowances | (322) | - |
| Taxation charge for the year | - | - |

11 Property, plant and equipment

| | Leasehold land and buildings £ | Fixtures and fittings £ | Total £ |
|--|---|-------------------------------|------------|
| Cost | | | |
| At 1 April 2021 | 947,669 | 404,484 | 1,352,153 |
| Disposals | - | (328,428) | (328,428) |
| At 31 March 2022 | 947,669 | 76,056 | 1,023,725 |
| At 31 March 2023 | 947,669 | 76,056 | 1,023,725 |
| Accumulated depreciation and impairment | | | |
| At 1 April 2021 | 370,828 | 404,189 | 775,017 |
| Charge for the year | 247,218 | 295 | 247,513 |
| Eliminated on disposal | - | (328,428) | (328,428) |
| At 31 March 2022 | 618,046 | 76,056 | 694,102 |
| Charge for the year | 247,218 | - | 247,218 |
| At 31 March 2023 | 865,264 | 76,056 | 941,320 |
| Carrying amount | | | |
| At 31 March 2023 | 82,405 | - | 82,405 |
| At 31 March 2022 | 329,623 | - | 329,623 |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11 Property, plant and equipment

(Continued)

Property, plant and equipment includes right-of-use assets, as follows:

| Right-of-use assets | 2023 | 2022 |
|---|-------------------|-------------------|
| | £ | £ |
| Net values at the year end | | |
| Property | 82,406 | 329,623 |
| | <u> </u> | <u> </u> |
| Depreciation charge for the year | | |
| Property | 247,218 | 247,218 |
| | <u> </u> | <u> </u> |

12 Intangible assets

| | Desk Booking System | Website Development | Total |
|------------------------------------|----------------------------|----------------------------|-------------------|
| | £ | £ | £ |
| Cost | | | |
| At 1 April 2021 | 23,050 | 19,950 | 43,000 |
| Additions | - | 5,083 | 5,083 |
| | <u> </u> | <u> </u> | <u> </u> |
| At 31 March 2022 | 23,050 | 25,033 | 48,083 |
| Additions | - | 28,946 | 28,946 |
| | <u> </u> | <u> </u> | <u> </u> |
| At 31 March 2023 | 23,050 | 53,979 | 77,029 |
| | <u> </u> | <u> </u> | <u> </u> |
| Amortisation and impairment | | | |
| At 1 April 2021 | 23,050 | 19,950 | 43,000 |
| | <u> </u> | <u> </u> | <u> </u> |
| At 31 March 2022 | 23,050 | 19,950 | 43,000 |
| Charge for the year | - | 1,694 | 1,694 |
| | <u> </u> | <u> </u> | <u> </u> |
| At 31 March 2023 | 23,050 | 21,644 | 44,694 |
| | <u> </u> | <u> </u> | <u> </u> |
| Carrying amount | | | |
| At 31 March 2023 | - | 32,335 | 32,335 |
| | <u> </u> | <u> </u> | <u> </u> |
| At 31 March 2022 | - | 5,083 | 5,083 |
| | <u> </u> | <u> </u> | <u> </u> |

13 Trade receivables - credit risk

Fair value of trade receivables

The directors consider that the carrying amount of trade and other receivables is approximately equal to their fair value.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14 Trade and other receivables

| | 2023 £ | 2022 £ |
|--------------------------------|------------------|------------------|
| Trade receivables | 2,311 | - |
| VAT recoverable | 11,339 | 18,789 |
| Prepayments and accrued income | 2,936,846 | 2,958,354 |
| | <u>2,950,496</u> | <u>2,977,143</u> |

Trade receivables disclosed above are classified as loans and receivables and are therefore measured at amortised cost.

Included within prepayments and accrued income above is £2.7m (2022: £2.7m) relating to Accelerate partner expenditure which LSHW claims on their behalf and pays to the partner on receipt of an appropriate invoice.

15 Trade and other payables

| | 2023 £ | 2022 £ |
|------------------------------------|------------------|------------------|
| Trade payables | 381,842 | 441,461 |
| Accruals | 2,929,999 | 5,676,671 |
| Social security and other taxation | 617 | - |
| Other payables | 3,680 | 19,353 |
| | <u>3,316,138</u> | <u>6,137,485</u> |

Included within trade payables and accruals above is £23,914 (2022: £361,909) owed by the Company to the Welsh Government in relation to facilities management, electricity and soundproofing works re-charged to the Company (see note 23 for further details).

Included within Accruals above £2.7m (2022: £2.7m) relating to Accelerate partner expenditure which LSHW claims on their behalf and pays to the partner on receipt of an appropriate invoice.

16 Lease liabilities

| | 2023 £ | 2022 £ |
|--------------------------|---------------|----------------|
| Maturity analysis | | |
| Within one year | 90,547 | 261,910 |
| In two to five years | - | 90,546 |
| | <u>90,547</u> | <u>352,456</u> |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16 Lease liabilities

(Continued)

Lease liabilities are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

| | 2023 £ | 2022 £ |
|-------------------------|---------------|----------------|
| Current liabilities | 90,547 | 261,910 |
| Non-current liabilities | - | 90,546 |
| | <u>90,547</u> | <u>352,456</u> |

On the 31 July 2013, The Welsh Ministers signed a 10-year superior lease agreement with a third party in relation to the property that the Company occupies. On the 4 July 2014, The Welsh Ministers entered a license agreement with the same third party relating to the underletting of this property to the Company. On the same day, the under-lease between The Welsh Ministers and the Company was signed. The under-lease ceased on the 29 June 2018. On 7 October 2019 completion on a new under-lease to 25 July 2023 was completed under IFRS 16. See note 2 for the effects of IFRS 16.

The fair value of the company's lease obligations is approximately equal to their carrying amount.

17 Deferred revenue

| | 2023 £ | 2022 £ |
|--------------------------------|----------------|----------------|
| Arising from government grants | 433,980 | 350,226 |
| | <u>433,980</u> | <u>350,226</u> |

All deferred revenues are expected to be settled within 12 months from the reporting date.

18 Retirement benefit schemes

| | 2023 £ | 2022 £ |
|---|----------------|----------------|
| Defined contribution schemes | | |
| Charge to profit or loss in respect of defined contribution schemes | 110,951 | 122,889 |
| | <u>110,951</u> | <u>122,889</u> |

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

19 Retained earnings

| | 2023 £ | 2022 £ |
|--------------------------------------|---------------|---------------|
| At the beginning and end of the year | 12,259 | 12,259 |
| | <u>12,259</u> | <u>12,259</u> |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

20 Capital commitments

There were no capital commitments at 31 March 2023 (2022: £nil).

21 Capital risk management

The company is not subject to any externally imposed capital requirements.

22 Events after the reporting date

The Financial Statements were authorised for issue on 30 September 2023. The Welsh Government has the power to amend the Financial Statements after issue.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

23 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel, including directors, is set out below in aggregate for each of the categories specified in IAS 24 *Related Party Disclosures*.

| | 2023 £ | 2022 £ |
|------------------------------|-----------|-----------|
| Short-term employee benefits | - | 70,069 |

The company is a wholly controlled subsidiary of the Welsh Government and therefore the Welsh Government is regarded as a related party. Directors Professor Hamish Laing and Chris Martin have an interest in Welsh Government due to their roles within the organisation.

During the year, the company received income from the Welsh Government of £3,430,539 consisting of £3,071,700 of core funding and £358,839 WG project income for Accelerate and DHEW (2022: £3,292,893 of core funding and £128,290 WG project income). During the year, the Welsh Government invoiced £518,945 for services provided including the cost of rent, service charges, facilities management, and website (2022: £788,373). At 31 March 2023, the company owed the Welsh Government £23,914 (2022: £361,909) in relation to facilities management, electricity and soundproofing works re-charged to the Company (See note 15).

Victoria Bates, Professor Hamish Laing and Chris Martin have an interest in Swansea University due to their roles within the organisation. During the year Swansea University invoiced the company £2,192,932 (2022: £221,735) and the company received income from the university of £nil (2022: £nil). The company owed the university £nil (2022: £75,603) and was owed £nil by the university (2022: £nil) at the year end. The Accelerate income and expenditure transactions with the University in the year totalled £736,769 (2022: £736,769). There is both an accrual and accrued income value contained in the financial statements for these amounts.

Cath O'Brien is the Acting Chief Operating Officer in Velindre NHS Trust. Invoices for the supply of services were received from Velindre NHS Trust totalling £nil (2022: £nil) Velindre NHS Trust were invoiced for £39,879 (2022: £38,085) for services supplied by Life Sciences Hub Wales during the year and owed £nil (2022: £nil) at the year end.

Cath O'Brien's relative is the Innovation Director at Cardiff and Vale University Health Board where Len Richards (and for 2021-22) Sir Mansel Aylward also have an interest. Invoices for the supply of services were received from Cardiff and Vale University Health Board totalling £13,406 (2022: £13,406). There were no amounts outstanding at the current or prior year end.

The Accelerate income and expenditure transactions with Cardiff University in the year totalled £1,506,247 (2022: £1,290,317). There is both an accrual and accrued income value contained in the financial statements for £1,319,190.

Peter Max's relative is the owner of EST Ltd. Invoices for the supply of services were received from EST totalling £2,418 (2022: £25,663). At 31 March 2023, the company owed EST Ltd £360 (2022: £nil).

Peter Max holds a Non-Executive Board Member of Social Care Wales. Invoices for the supply of services were received from Social Care Wales totalling £2,500 (2022: £nil). There were no amounts outstanding at the current year end.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

24 Controlling party

The Welsh Ministers has ultimate control of the Company, being the sole member.

25 Going Concern

In adopting the going concern basis for preparing the Financial Statements, the Directors have considered the business activities as well as the Company's principal risks and uncertainties as set out in the risk register.

The Company received it's Remit Letter from the Welsh Government for 2023-25 on 26 July 2023 and a separate Funding Letter dated 28 July 2023 confirming the budget available for 2023-24 and an indication of the budget allocation for 2024-25.

The Welsh Government has pledged ongoing support for the Life Sciences Hub and are closely involved in the development of the long-term strategy and direction of the Company.

26 Share Capital

The Company is limited by guarantee with the Welsh Ministers agreeing to contribute the sum of £1 in the event of the Company being wound up.

27 Cash (absorbed by)/generated from operations

| | 2023 £ | 2022 £ |
|--|--------------------|------------------|
| Adjustments for: | | |
| Finance costs | 12,848 | 26,833 |
| Amortisation and impairment of intangible assets | 1,694 | - |
| Depreciation and impairment of property, plant and equipment | 247,218 | 247,513 |
| Movements in working capital: | | |
| Decrease/(increase) in trade and other receivables | 26,647 | (227,837) |
| (Decrease)/increase in trade and other payables | (2,821,347) | 3,056,070 |
| Increase/(decrease) in deferred revenue outstanding | 83,754 | (151,018) |
| | <hr/> | <hr/> |
| Cash (absorbed by)/generated from operations | (2,449,186) | 2,951,561 |
| | <hr/> <hr/> | <hr/> <hr/> |

Life Sciences Hub Wales
The Chris McGuigan Hub
3 Assembly Square
Cardiff
CF10 4PL

hello@lshubwales.com

029 2046 7030